


















# Catalyzing Private Sector Solutions for the Sustainable Development Goals

<p><b>Key results:</b></p> <ul style="list-style-type: none"> <li>- <i>Improve sustainability</i> by promoting sustainable land use management and climate smart agricultural practices</li> <li>- <i>Improve livelihoods</i> by creating better jobs and living wage for small holder farmers and workers in developing countries.</li> </ul> <p><b>Justification for support:</b></p> <ul style="list-style-type: none"> <li>- There is a need to shift global value chains to become greener and more sustainable to meet the SDGs and the Paris agreement.</li> <li>- Unsustainable farming and production is a main driver of climate change, and lack of employment opportunities and the persistent living wage gap is a driver of poverty and inequality.</li> <li>- IDH works to increase sustainable farming and production by improving regulatory frameworks, increasing demand and supporting local farmers, thereby contributing to better jobs, better income and better environment.</li> <li>- IDH's efforts and approach are in line with Denmark's Strategy for Development Cooperation and Humanitarian Action, "The World 2030" (2017) as well as the Danish Government's new global climate action plan.</li> </ul> <p><b>Major risks and challenges:</b></p> <ul style="list-style-type: none"> <li>- Disruption of value chains due to COVID-19, which is changing the context for both suppliers, businesses and retailers and their demand for IDH support.</li> <li>- Changes in core donor support due to COVID-19, presenting a need to adjust ambitions and programmes.</li> <li>- IDH is addressing all these risks by re-evaluating their programme planning and ambitions for their new strategy 2021-2025.</li> </ul>	<p><b>File No.</b></p> <p>2014-15597</p>																		
	<p><b>Country</b></p> <p>Developing countries with focus on Africa</p>																		
	<p><b>Responsible Unit</b></p> <p>GDI</p>																		
	<p><b>Sector</b></p> <p>Climate and sustainable development</p>																		
	<p><b>Partner</b></p> <p>IDH – the Sustainable Trade Initiative</p>																		
	<p><i>DKK mill.</i></p> <table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>Tot.</th> </tr> </thead> <tbody> <tr> <td><b>Commitment</b></td> <td>15</td> <td></td> <td></td> <td></td> <td>15</td> </tr> <tr> <td><b>Projected ann. disb.</b></td> <td>15</td> <td></td> <td></td> <td></td> <td>15</td> </tr> </tbody> </table>		2020	2021	2022	2023	Tot.	<b>Commitment</b>	15				15	<b>Projected ann. disb.</b>	15				15
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	<b>Commitment</b>	15				15													
	<b>Projected ann. disb.</b>	15				15													
	<p><b>Duration</b></p> <p>One year (2021)</p>																		
	<p><b>Previous grants</b></p> <p>Since 2012: DKK 110,200,000 in total</p>																		
	<p><b>Finance Act code</b></p> <p>06.38.02.12</p>																		
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<p><b>Relevant SDGs</b> [<i>Maximum 5 – highlight with grey</i>]</p>																			
<p> No Poverty</p>	<p> No Hunger</p>	<p> Good Health, Wellbeing</p>	<p> Quality Education</p>	<p> Gender Equality</p>	<p> Clean Water, Sanitation</p>														
<p> Affordable Clean Energy</p>	<p> Decent Jobs, Econ. Growth</p>	<p> Industry, Innovation, Infrastructure</p>	<p> Reduced Inequalities</p>	<p> Sustainable Cities, Communities</p>	<p> Responsible Consumption &amp; Production</p>														
<p> Climate Action</p>	<p> Life below Water</p>	<p> Life on Land</p>	<p> Peace &amp; Justice, strong Inst.</p>	<p> Partnerships for Goals</p>															

## Strategic objectives:

Contributing to climate change mitigation and adaptation in developing countries (with a special focus on Africa), by catalysing private sector solutions and leveraging investments for decarbonisation of global value chains and through these efforts also create better jobs and living wages for male and female small-holder farmers and workers.

## Justification for choice of partner:

Denmark has been a donor to IDH since 2012 and since 2016 has been one of three core donors. IDH's work is in line with both the Danish development strategy; the new climate law; the government's new global action plan; the minister's priorities; as well as Danish green diplomacy efforts and engagement with the private sector

## Summary:

With Danish support, IDH is promoting sustainable development by increasing both demand and supply of sustainable goods, thereby promoting skills development to ensure better jobs, better income and better environment.

## Budget:

Core funding	15
<b>Total, DKK million</b>	<b>15</b>

Ministry of Foreign Affairs

Green Diplomacy Department

## **PROJECT DOCUMENT**

**FINAL**

**Support to the Sustainable Trade Initiative (IDH) 2021**

**for the 2021-2025 Multi-year Plan:**

**Catalyzing Private Sector Solutions for the Sustainable  
Development Goals - Addressing climate change and  
inequalities through public-private action**

## TABLE OF CONTENT

<i>Abbreviations</i>	<i>ii</i>
<b>1 INTRODUCTION</b>	<b>1</b>
<b>2 CONTEXT</b>	<b>1</b>
2.1 Key challenges to be addressed	1
2.2 The IDH offer	4
2.3 IDH's response to COVID-19	6
<b>3 STRATEGIC CONSIDERATIONS AND JUSTIFICATION</b>	<b>7</b>
3.1 Past Danish engagement with IDH	7
3.2 Results and lessons learned	7
3.3 Alignment with Danish policies and strategies	8
3.4 Relevance and justification for support	10
<b>4 THEORY OF CHANGE AND KEY ASSUMPTIONS</b>	<b>11</b>
<b>5 PROJECT OBJECTIVE AND RESULTS FRAMEWORK</b>	<b>14</b>
5.1 Objective and strategic priorities	14
5.2 Summary of results framework	14
<b>6 BUDGET</b>	<b>16</b>
<b>7 INSTITUTIONAL AND MANAGEMENT ARRANGEMENT</b>	<b>17</b>
7.1 Management and Donor Committee	17
7.2 Monitoring and evaluation	19
7.3 Reporting and Communication of results	20
<b>8 FINANCIAL MANAGEMENT, PLANNING AND REPORTING</b>	<b>21</b>
<b>9 RISK MANAGEMENT</b>	<b>22</b>

## ANNEXES

Annex 1	Context analysis
Annex 2	Partner description
Annex 3	Results framework
Annex 4	Budget details
Annex 5	Risk management matrix
Annex 6	List of supplementary materials
Annex 7	Plan for communication of results
Annex 8	Process action plan
Annex 9	Signed Quality Assurance Checklist
Annex 9b:	Summary of Recommendations

## ABBREVIATIONS

CEO	Chief Executive Officer
COO	Chief Operating Officer
DAC	Development Assistance Committee of OECD
DIEH	Danish Initiative for Ethical Trade
DKK	Danish Kroner
EUR	Euro (1 EUR ~7.5 DKK)
FAO	The Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
GHG	Greenhouse Gasses
IDH	The Sustainable Trade Initiative
ILO	International Labour Organisation
IPCC	Intergovernmental Panel on Climate Change
KPI	Key Performance Indicators
MFA	Ministry of Foreign Affairs, Denmark
MYP	Multi-year Plan
NGO	Non-Governmental Organisation
RMF	Results measurement framework
SDG	Sustainable Development Goals
SIFAV	Sustainability Initiative Fruits & Vegetables
SME	Small and medium-sized enterprises
SWOT	Strengths, weaknesses, opportunities and threats
TOC	Theory of Change

## 1 INTRODUCTION

This project document covers a grant of DKK 15 million for IDH, “The Sustainable Trade Initiative”, covering year 2021 and in support of implementation of the first year of IDH’s Multi Year Plan 2021-2025, titled: *Catalysing private Sector Solutions for the Sustainable Development Goals – Addressing climate change and inequalities through public-private action.*

The Danish support builds on lessons learned from a previous partnership with IDH since 2012. Initially, a three-year grant was allocated through the Danish Finance Bill 2020. It was decided instead to enter a one-year commitment of DKK 15 million. The main reason for entering in a one-year commitment is related to the impact of COVID-19 on Danish development aid. Moreover, the one-year grant also provides opportunities to assess the strategic relevance of the collaboration between Denmark and IDH. A continued Danish support to IDH post 2021 will be subject to the findings and recommendations of a strategic review to be carried out late 2020 and concluded in 2021.

IDH was created in 2008 jointly by the Dutch government, private companies, NGOs and trade unions. In 2011, it was formally established as a non-profit foundation under Dutch law. Through a business-driven approach focusing on making international trade a driver for economic, environmental and social sustainable development in developing countries, IDH works towards realizing two overall goals: 1) climate change mitigation and adaptation and 2) improved livelihoods of smallholder farmers and workers. This is done by mobilizing private companies in pre-competitive collaboration to commit to sustainable sourcing and by co-financing programs and development of innovative business models to support smart and climate friendly agricultural practices and processing as well as better working conditions and living wage for smallholder farmers and workers. In their new strategy, IDH’s has an increased focus on climate change, Africa and gender in line with Danish priorities.

IDH funds its activities by (a) non-earmarked funding from ‘core donors’ (the Dutch, Danish and Swiss governments) and (b) ear-marked funding from ‘programme donors’ (e.g. the Dutch, UK, US, Belgian, Norwegian and Australian governments, Bill and Melinda Gates Foundation, ILO, GEF, UNDP, and recently also IKEA Foundation and the EU). As matter of principle, IDH’s programme activities are matched by private sector co-financing of at least 50%. On average, IDH programme expenditures are matched by the double amount of private funding.

## 2 CONTEXT

### 2.1 Key challenges to be addressed

#### **The urgent climate and environmental crisis**

The impacts of climate change are among the greatest risks to the global community and are jeopardizing the realization of the Sustainable Development Goals. Currently, the world is far from being on track to limit global warming to 1.5 degrees as per the Paris Agreement. According to the Intergovernmental Panel on Climate Change (IPCC), agriculture, forestry and other land uses account for 23 percent of global human-caused emissions with deforestation linked to farming as a main driver. Commodity production continues to be associated with negative climate and environmental impacts. For example, tropical deforestation is driven by a few specific commodities; beef, soy, palm oil and to a lesser extent timber, coffee, cocoa and rubber. In addition to well-known hotspots in Latin America

and Asia deforestation levels are increasing in Africa as new deforestation hotspots emerge in West Africa and the Congo Basin.

Moreover, the impacts of climate change are putting further pressure on ecosystems and natural resources such as arable land and fresh water. This pressure is exacerbated by unsustainable farming practices, fuelled by the need to feed a growing world population that is set to double in Africa alone by 2050. As a consequence, water scarcity is equally set to displace populations and increase migration patterns. Hence, sustainable land use, water management and de-linking commodity production from tropical deforestation has a great potential to not only reduce but also remove CO<sub>2</sub> emissions from the atmosphere as well as mitigate the effects of climate change.

Despite these obvious advantages and various efforts pursued by governments, international organizations, NGOs and the private sector, there still remains much to be done to ensure sustainable practices throughout value chains. In a new report by IDH it is estimated that only 6% of soy and 7% of tropical timber is responsibly produced. The percentage for palm oil (19%) and rubber (30%) are slightly better while coffee has the highest score of 55%. However, according to IDH there are still major sustainability gaps throughout supply chains, both in terms of transparency and traceability as well as access to finance for sustainable practices. The processing of commodities such as textile in especially developing countries are still in need of better practices to reduce climate and environmental impact, incl. responsible use of plastics and circularity (energy and water savings, waste management).

### **Inequality and lack of economic opportunities**

Despite a decline in the percentage of the global population living in extreme poverty, the absolute numbers remain alarmingly high, especially in Africa. At the same time the gap in income inequalities at the extremes are increasing, primarily caused by lack of employment opportunities as well as living wage gaps. Again, the situation remains particularly alarming in sub-Saharan Africa, where the share of working poor was 38 percent in 2018. The majority of the world's poor live in rural areas and are dependent on agriculture. As 65 percent of the poor are working in the primary sector, agricultural development is widely considered to be the most important way to tackle extreme poverty, boost national economic development and empower farmers, workers and their families to increase their income. In a report about future trends and challenges related to food and agriculture, FAO highlights that smallholder farmers are the first to lose out, when food systems become more capital intensive and vertically integrated. At the same time, FAO points to development opportunities, if smallholder farmers gain access to global value chains through fair contracts with processors and traders. According to the World Development Report 2020, global value chains account for almost 50 percent of global trade and can continue to be a driver of sustainable development. However, the positive effects are not evenly distributed and especially for unskilled workers in developing countries there are challenges linked to decent work, living wage and workers' rights. Hence, promoting workers' rights, better working conditions and income presents an opportunity to make global trade work for developing countries.

The economic challenges has been further amplified by the COVID-19 outbreak, where hundreds of millions of jobs are lost and millions of people will be pushed into extreme poverty. The effects on workers and smallholder farmers in developing countries with little or no savings or social security is severe. Lockdown measures across the world have left hundreds of millions of workers without a job, notably in the tea and in the apparel industry

where plantations and factories have closed down all operations. Due to the lockdown measures, smallholder farmers find themselves cut off from supply chains and unable to channel their production to the market or receive agricultural inputs, leading to a risk of a severe food crisis notably in Africa. There is a strong call from the global community to focus on Building Back Better and Greener post COVID19. While the total effects of the crisis will be devastating in many ways, the socio-economic responses present opportunities to shape the future and contribute to a societal and green transformation required for a prosperous future for people and planet.

### **The role of the private sector and consumers**

There is broad consensus that engaging the private sector is crucial to the realization of the 2030 Agenda and the Paris Agreement to create jobs, finance, technology and innovation. Businesses and retailers are facing increasing consumer demands for social and environmentally sustainable products, and it is increasingly clear that a lack of responsible business practices poses a reputational risk. Consequently, a growing number of companies have sustainable sourcing as part of their business strategy, which can be a driver for climate change mitigation and adaptation, preservation of ecosystems and decent work and living wage. That said, research undertaken during reviews of IDH revealed that many companies were not comfortable in embarking on this alone; without guidance, tools and co-financing support.

There is a risk the COVID19 outbreak will shift away companies' focus on long-term sustainability over to a short term focus on financial gains. On the other side, international organisations and initiatives such as the OECD, the UN Global Compact and the World Economic Forum argue that the integration of responsible business into business conduct will contribute to creating more robust supply chains to the benefit of companies.

### **2.2 The IDH offer**

The *raison d'être* of IDH is to make international trade a driver for environmental, social and economic sustainable development, by facilitating a shift in demand towards sustainably produced agricultural commodities and to support the transition towards more sustainable production through private sector co-financed programs. Their objective is two-fold: 1) climate change mitigation and adaptation and 2) improved livelihoods of smallholder farmers and workers. To achieve these goals IDH focuses on a) *improving sector governance*<sup>1</sup> through joint commitments by public and private actors in order to b) *change business practices* towards sustainable sourcing and production by co-investing in new models for production, processing and trade, and c) *create field level sustainability* by promoting sustainable land use management and climate smart agricultural practices that do not lead to deforestation and by creating better jobs and living wage for small holder farmers and workers.

With its new Multi Year Plan (MYP) 2021-2025, IDH has enhanced its focus on (a) climate change mitigation and adaptation, (b) Africa, and (c) gender equality. IDH continues to focus on better jobs and income. The enhanced focus on climate will be reflected in concrete targets on reduced GHG emissions and improved GHG storage from IDH interventions. Using the Rio-markers, all IDH programmes are considered at least 40% climate relevant. Six

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<sup>1</sup> Improved sector governance, change of business practices, and field-level sustainability constitute the three “result areas” of IDH.

programmes are considered 100% climate relevant<sup>2</sup>. The relative share of climate relevant activities is expected to rise in the coming period. IDH will focus on activities in 26 countries, 13 in Africa<sup>3</sup>, 7 in Asia and 6 in Latin America. In terms of budget allocation, more than 50% of program funding will be allocated towards activities in Africa.

IDH activities to transform markets can be broken down into the following three headings:

1. Convening public-private partnerships for collective action both globally and locally – building on identifying common interests and jointly setting and committing to targets for environmental and social standards, e.g. through sector wide initiatives such as Better Cotton Initiative the Cocoa and Forest Initiative, or the Sustainability Initiative Fruits & Vegetables (SIFAV). Through commitments to sustainable sourcing these initiatives promote enhanced environmental farming practices (less use of agro-chemicals, water resource management) and better working conditions as well as inclusion of smallholder farmers and SMEs in global value chains. Further, the Cocoa and Forest Initiative directly targets deforestation.
2. Co-financing and de-risking sustainability investments that drives companies to upscale sustainable production and trade, e.g. the Neumann Kaffee Gruppe's Coffee Smallholder Livelihoods Facility in Kenya; a global investment into sustainable sourcing that will provide credit and access to farm investments to 300.000 coffee farmers in cooperation with ABN-AMRO
3. Learning and innovating for delivering and testing new business cases (replicable models for up-scaling). For instance, all learnings acquired on servicing farmers through Farmfit (point 2) are shared externally to IDH partners on the Farmfit Intelligence Portal to create a level-playing field. This includes the IDH Salary Matrix and the Living Wage roadmap that are tools for suppliers to assess how the remuneration (they provide to their workers) compare to living wage benchmarks and to help them take next steps to bridge the gap

IDH funds its activities<sup>4</sup> by (a) non-earmarked funding from 'core donors' (the Dutch, Danish and Swiss governments) and (b) ear-marked funding from 'programme donors' to specific programmes (e.g. the Dutch, UK, US, Belgian, Norwegian and Australian governments, Bill and Melinda Gates Foundation, ILO, GEF, UNDP, and recently also the IKEA Foundation and the EU). As matter of principle, IDH's programme activities are matched by private sector co-financing of at least 50%. On average, IDH programme expenditures are matched by the double amount of private funding.

### **IDH's partnership approach**

One of IDH's strengths is the organisation's partnership approach (see figure): On one hand IDH works directly with front-running multinational companies as well as governments and civil society organisations to test and co-finance innovative business models and drive market transformation. On the other hand, IDH engages Small and Medium Sized Enterprises (SMEs) in sector-wide platforms that collaborate in a pre-competitive setting to set minimum sustainability standards and gradually raise the bar using a sectorial approach.

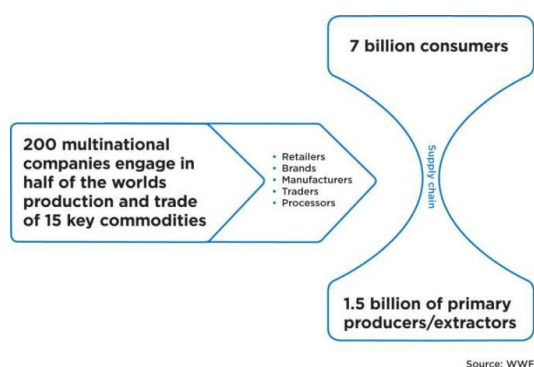
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<sup>2</sup> Source: Trinomics (May 2020): Mobilised private (climate) finance report 2019

<sup>3</sup> Tanzania, Kenya, Madagascar, Uganda, Ethiopia, Malawi, Mozambique, Rwanda, Cameroon, Côte d' Ivoire, Ghana, Mali, Nigeria

<sup>4</sup> The total IDH expenditures equalled EUR 39 million in 2019





Examples of those broader sector initiatives/platforms are Cocoa & Forest Initiative, Better Cotton Initiative (including Better Cotton Growth and Innovation Fund), Floriculture Sustainability Initiative, Grown Sustainably in Africa, Life & Building Safety Initiative, Sustainable Apparel Coalition, Sustainability Initiative for Fruits and Vegetables (SIFAV), Sustainable Spices Initiative, and Sustainable Vanilla Initiative.

Figure 2.1: IDH's partnership approach

IDH has proved its ability to mobilize private sector commitments backed by private funding at least a ratio of 1:1 and on average 1:1.6<sup>5</sup>. In addition, one of IDH's strengths lies in its ability to manoeuvre, through its established networks across what is often wrongly perceived as opposing public-private interests. By having gradually expanded its ability to access and communicate with large international companies as well as governments and civil society organisations, IDH has been successful (see section 3.2) in developing, promoting and co-financing hands-on action in a number of commodity value chain programmes ("Agtech"), manufacturing programmes (mainly textiles) and also territorial sourcing programmes (named 'landscapes' in IDH). During the past few years, IDH has also engaged with international finance in developing, testing and de-risking business cases ("Fintech", now under FarmFit initiatives) for international banks to venture into sustainability investments with private companies.

### 2.3 IDH's response to COVID-19

COVID-19 has had a dramatic impact across the globe, not least for local producers, who are highly dependent on disruption in local and global demand and disturbances in value chains. IDH has managed to adjust their programming in several ways to try to mitigate these challenges and new circumstances, i.e. by providing information on how to halt the spread of COVID-19 through webinars. IDH has also moved the majority of its convening and knowledge-sharing work online and is in close contact with its implementing partners to adapt program delivery based on the specific country situations. IDH program adaptation includes COVID-19 insurance to provide income security for 180,000 smallholder cotton and tea farmers in India, and the provision of cargo flights in Rwanda to avoid total disruption of supply chain of fresh fruits and vegetables. Apparel factories enrolled in IDH programs have switched their production to Personal Protective Equipment (PPE) that are currently in high demand globally, providing jobs for workers in Ethiopia and South East Asia<sup>6</sup>.

To account for the changes and challenges in programming, IDH has been granted a budget neutral extension of the Dutch grant until June 2021, enabling them to use the funding and implementation framework of 2016-2020 until June 2021. On this basis, IDH has requested

<sup>5</sup> Meaning that public funding for main programmes is matched by the at least the same amount of private funding. There is a significant difference between commodities and landscapes programs: commodities (2016-2019) achieved a ratio of 1:2.2; whereas landscape (2016-2020) ratio lower than 1:05

<sup>6</sup> For more information on IDH's COVID-19 response, see: <https://www.idhsustainabletrade.com/covid-19-and-supply-chains/>

to extent their reporting on 2020 by six months in order to capture the results under the budget extension (see section 7.3 on reporting of results for more information).

COVID-19 has not only impacted programming, but also the funding situation for 2021-2025, as donors have been delayed in their commitments to IDH. While the funding for 2021 is now in place, the postponement has caused some delay in the planning and finalization of budget, result framework and ToC for 2021 and for the Multi-Year Plan 2021-2025 (see section 6 for more information). However, a solid plan for the delivery of those elements have been agreed (see Annex 3 section 6 for a comprehensive timeline). In spite of the challenging impact of COVID19 on the programming, the pandemic also brings out new opportunities for IDH to work together with the private sector on a build back better and greener agenda. These opportunities will be further explored in the coming programming.

### **3 STRATEGIC CONSIDERATIONS AND JUSTIFICATION**

#### **3.1 Past Danish engagement with IDH**

Denmark has been a donor to IDH since 2012 and since 2016 has been one of three core donors (others being the Dutch and Swiss governments) providing un-earmarked core funding. Denmark has been a full and active member of the Donor Committee since 2016. There has been a high level of constructive cooperation and dialogue between IDH and MFA (see chapter 7). Denmark has most recently provided a non-ear-marked contribution of DKK 20 million annually that ran from 2016-2020, covering the current Multi Year Plan (MYP) of IDH.

The Danish engagement with IDH has been guided by an Organization Strategy covering the period of 2015-2020. The main focus areas for Denmark have been 1) enhanced smallholder inclusion, productivity, and livelihood improvement in key sectors<sup>7</sup>, 2) mainstreaming of gender equality and women's empowerment across IDH activities. During 2018-2020, Denmark seconded a specialist to IDH with a focus on organizational development as well as synergies with other Danish development cooperation engagements and Danish private sector stakeholders.

#### **3.2 Results and lessons learned**

In its dialogue and direct engagement with more than 535 companies, 35 civil society organisations, and national and local governments in more than 40 countries across Africa, Asia and Latin America, IDH has achieved the following from 2016 to 2019:

- 4.7 million farmers reached through training and other services
- 9.5 million hectares of land under sustainable production practises
- 548,500 hectares of forest with implemented interventions that support protection, restoration and sustainable rehabilitation
- 8.4 million metric tonnes of sustainably produced commodities
- EUR 179 million of private sector investments leveraged across programmes in 2016-2019.

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<sup>7</sup> Cotton, coffee, tea, cocoa, palm oil, aqua culture and “fresh and ingredients” (fruit vegetables, spices and flowers).

Two mid-term reviews and a mid-term evaluation<sup>8</sup> concluded *inter alia* that IDH’s reputation is outstanding amongst its stakeholders. This is well justified due to the fact that both the role played and work undertaken by IDH is found to be highly relevant, competent and influential. This is based on the fact that IDH has been very successful in convening multi-stakeholder coalitions and is capable of jump-starting processes with frontrunners, both through knowledge provision and by co-funding. The reviews also concluded that IDH delivers towards and in some cases above its output and outcome targets. Outcomes are expected to translate into changes at impact level and IDH has engaged in applying the most recent thinking and expertise on impact measurement methodology<sup>9</sup>. The table below outlines the main conclusions from the most recent assessments of IDH.

**Table 3.1: Overall conclusions from selected external assessments of IDH**

<b>KMPG impact assessment 2019</b>	<ul style="list-style-type: none"> <li>• Successfully jump-starts processes with frontrunners, IDH clearly contributes to increased market demand in different sectors</li> <li>• Contribution to interventions with regard to field level sustainability is clearly visible, evidence of adoption of good agricultural practices is, however, more limited.</li> </ul>
<b>Swiss unicity study 2019</b>	<ul style="list-style-type: none"> <li>• High relevance along the lines of partners’ strategies and interests, unique in PPP-world.</li> <li>• Pragmatic and business driven work makes IDH highly relevant. However, engaging at low level of standards not fully synchronized with the needs of parts of the target group.</li> <li>• Linkages between outputs, out-comes and impact could be strengthened</li> </ul>
<b>Danish review 2018</b>	<ul style="list-style-type: none"> <li>• IDH’s reputation is outstanding among stakeholders, highly relevant, competent and influential.</li> <li>• IDH delivers towards and in some cases above its targets, however communication of results could be improved.</li> </ul>
<b>Danish mid-term review 2017</b>	<ul style="list-style-type: none"> <li>• Fully aligned with the Danish strategy for development cooperation and humanitarian assistance with an increased focus on the inclusion and livelihood of small-holders. Limited gender focus.</li> <li>• Good progress in IDH’s delivery of outputs and outcomes, catalyzing private investments successfully.</li> </ul>

Some more critical issues identified by the reviews were risks of organisational overstretching due to high delivery expectations while at the same time being expected to diversify its funding and expand ambitions. Also, the observed high staff turnover rate was a concern as well as issues with the engagement of Danish stakeholders. Nonetheless, the reviews concluded that IDH - being a relatively young and still maturing organisation - appeared to be ambitious and dynamic to a degree above usual. Organisational risks are included in the risk management framework (Annex 5). The issue of engaging Danish stakeholders will be addressed in the strategic forward-looking review. In summary, IDH has consistently delivered satisfactorily and is considered a trusted partner by both Denmark and the other core donors.

<sup>8</sup> A Danish mid-term review in 2017 (due to renewed appropriation) and a multi-donor mid-term review in 2018 (with a much larger scope). A mid-term evaluation was carried out by KPMG in 2019

<sup>9</sup> IDH has commissioned the Wageningen University & Research and KPMG Advisory to assist in developing methodology for and in applying the DCED standards throughout IDH’s impact results measurement framework

### **3.3 Alignment with Danish policies and strategies**

IDH's approach, programming and activities are well-aligned with Danish priorities. Below is a description of IDH's work in relation to the Danish development strategy; the new climate law; the government's global action plan; the minister's four-year plans; as well as Danish green diplomacy efforts and engagement with the private sector.

#### The SDGs and Danish Development Strategy

The work of IDH delivers on several priorities in Denmark's Strategy for Development Cooperation and Humanitarian Action. IDH's combined focus on climate and environmental sustainability and better jobs and living wage contributes to "Sustainable, inclusive growth and development" and through this also addressing the root causes of migration. The work of IDH is thus very well aligned with Danish climate and development cooperation priorities and contributes to the Sustainable Development Goals (especially 1, 5, 8, 12, 13, and 17). It has a direct contribution to SDG 13 on Climate Action, SDG 12 on Responsible Consumption and Production and SDG6 on Water Management as well as SDG 8 'Decent Work and Economic Growth', and SDG 1 'No Poverty'.

In a broad sense, IDH's work is increasingly focused on women's empowerment and worker's rights. Hence the work of IDH contributes directly to SDG 5 on gender equality and the government's priorities on "Freedom and development – democracy, human rights and gender equality" in the Danish strategy. Furthermore, IDH's partnership approach is well aligned with Danish priorities and commitment to SDG 17 on Partnerships. Finally, the geographical focus of IDH matches Danish priorities, as more than 50 percent of its activities are in Africa, and the new multiyear plan emphasizes focus on Africa.

#### The Danish climate law, the new global climate action strategy and the ministers' priorities

The Danish climate law states that Denmark shall actively work to limit the global temperature rise to 1.5 degrees by raising global ambitions for green transition. It further states that Danish foreign, development and trade policy must contribute towards this ambition. IDH's strong focus on climate mitigation and adaptation through green transformation of global value chains presents an opportunity to deliver concrete results against these priorities. The climate focus has been reinforced in the IDH's proposed multi-year plan 2021-2025, including through targets on reduced GHG emissions and improved GHG-storage.

The focus of IDH's activities are also well-aligned with the Danish government's new global climate action strategy "A Green and Sustainable World", which aims to "raise global climate ambitions, reduce global emissions, strengthen focus on climate adaptation and sustainable development and raise climate financing". Efforts against deforestation and towards sustainable value chains are specifically mentioned as part of the priorities in this strategy. Through its programmes, IDH is contributing to all these parameters; with its convening power on policy level they help build regulatory frameworks; at business level IDH pushes to align priorities and raise ambitions; and at field level IDH work with farmers to reduce water waste, avoid deforestation, build resilience against climate change, and increase income. In line with Denmark's priorities on water and energy, IDH works to provide sustainable energy and water to smallholder farmers in Africa by loans to solar grid-solutions and water-management systems. The work of IDH also fits well with the Danish approach to private sector cooperation, where a call for higher ambitions and responsibility for sustainable value

chains are accompanied by support, capacity building and access to international networks – all services that IDH has to offer.

In addition to the Danish government's overall priorities, IDH delivers against the priorities of both the foreign minister and the minister of development cooperation. Notably, the IDH approach aligns well with the emphasis of the minister of development cooperation on sustainable jobs. Through programs in Danish priority countries, IDH helps smallholder farmers to build skills on sustainable farming practices and engage in collective bargaining, thereby ensuring that partners attain better jobs, higher income and more resilient and climate-friendly products. This unique focus on combining climate action with skill-development and more and better jobs makes IDH a relevant partner for furthering the ambitions of both ministers.

Lastly, the work of IDH is considered highly relevant in a COVID19 recovery context and the Danish ambition to support efforts to build back better and greener. IDH has a key role to play in terms of making the value proposition for companies for their active engagement in decarbonizing their production and value chains and do so in a socially just manner, and to develop and co-finance new business models, which also creates more decent jobs in developing countries.

#### Danish climate diplomacy

IDH can serve as a strategic partner that helps advance the global efforts on sustainability that Denmark is committed to, not least through its coming action plan against deforestation, which will be published within the coming months. The two Amsterdam Declaration Partnerships on Deforestation and Palm Oil, which Denmark is one of seven signatories to, are central to this work. The Amsterdam Declaration is a non-legally binding commitment to end deforestation caused by commodity production, where IDH is closely involved. Halting deforestation and protecting ecosystems by promoting sustainable land use management is a central focus area of IDH, supporting the diplomatic work of Denmark to push for commitment from countries with high deforestation rates. It can also be an asset in Denmark's work for green trade agreements, and the Danish engagement in IDH is thus a way to not only demand green transition in partner countries, but also supporting partner countries in achieving it.

#### Danish engagement with the private sector and embassies

Through 13 Climate Partnerships, the Danish government tasked the Danish private sector to develop recommendations to the Governments to achieve the national 70 per cent GHG emissions reduction target. Several recommendations relate to international issues, not least GHG emissions outside Denmark caused by production, import, and emissions from global value chains etc. Working with the private sector on developing and financing new business models is part of IDH's core business. IDH thus has the potential to be an important partner for Danish companies and associations in addressing such value chain issues. IDH also has an indirect impact on the availability of sustainable products for the Danish market by working together with sector-wide platforms such as fruits & vegetable, coffee, cotton and cocoa.

While the recommendations of the Climate Partnerships provides good opportunities for IDH engagement with the Danish private sector, the participation of Danish companies in

IDH's partnerships has so far been limited. IDH has previously engaged with a limited number of Danish private sector stakeholders such as Nordic Seafood, Danish Fashion Institute, GrønFokus, Bestseller and IC Company (the latter two through the Better Cotton Initiative). At the moment, IDH has an ongoing partnership with Bestseller through the Life & Building Safety program (LABS) and through the Better Cotton Initiative and with DIEH both on soy and on palm. Finally, IDH has partnered up with P4G to scale the VSA approach in India in 2020 (for more details, please see Annex 1, Section 7).

However, several major Danish stakeholders have remained critical of the work of IDH and its ability to provide relevant support for Danish companies. The willingness of co-financing pre-competitive initiatives in developing countries has so far been limited, especially among SMEs, and stakeholders point towards a need for more transparency, tangible results and a clear pathway for engagement of Danish stakeholders. The IDH and the Danish MFA is assessing the relevance of placing an IDH secondment in Denmark to strengthen the relationship to Danish stakeholders and address the concerns that have been raised. Reasons for the low interest of Danish stakeholders in partnering with IDH will be assessed further by the upcoming strategic review, just as future possibilities for cooperation – i.e. in relation to the Danish Climate Partnership on Trade – will be assessed.

At country level, there seems to be good opportunities for synergies with Danish priorities, which could be further elaborated. In countries where both Denmark and IDH are present (i.e. Ethiopia, Ghana, Tanzania, Vietnam, Indonesia), several Danish embassies have expressed interest in a strengthened collaboration, and concrete areas of cooperation as well as relevant partner organizations have been identified. The potential for future synergies and partnerships, i.e. with Danish embassies, various Aid for Trade programmes as well as organizations like WRI, P4G or World Economic Forum, will be further explored in the coming strategic review.

### **3.4 Relevance and justification for support**

In summary, the justification for continued Danish support to IDH is considered to live up to the five DAC criteria as follows:

As described above, the support to IDH is highly relevant and aligned to Danish climate and development cooperation strategies and policies. In terms of contextual relevance, climate mitigation and adaptation through sustainable land use-management and convening of stakeholders in addressing the issue of sustainability, deforestation, and transparency along the value chains, is one of IDH's two overarching goals. Developing skills and providing better jobs and income for both men and women is the second overarching goal

In terms of relevance to stakeholders, those interviewed as a part of mid-term reviews and evaluation expressed that what IDH is offering is considered relevant from their various perspectives. The same holds for stakeholders' positive judgement of IDH's methodologies, tools, capacity, and operations (effectiveness). IDH's proven success in combining public-private interests and leveraging donor funding, further accentuates the effectiveness.

In terms of efficiency, IDH management and its core donors are very aware of and cautious about operational costs. Since 2016, organisational expenditures have been in the range of 14-16% of total IDH expenditures (6-7% if calculated based on both core funding, earmarked program funding and leveraged private sector co-finance), decreasing slightly to 13.4% in the preliminary budget for the next MYP. IDH has re-organized twice during the present MYP in

order to improve efficiency of operations, the latest reorganisation being in 2019 with the introduction of five business units, a leaner management team, and with a stronger and more formalised presence in focus countries (devolution).

Impact measurement is receiving significant attention and IDH's innovative impact measurement methodology as well as results are overseen by a sub-committee of IDH's Supervisory Board. IDH is developing an elaborate impact assessment tool to measure their impact on better jobs, better income and better environment (for an in-depth explanation on IDH's impact measurement, see section 5 on results framework). From the mid-term evaluation it can be concluded that IDH activities contributes towards measurable impact, and that they are on the right track in terms of tracking impact, i.e. by redesigning project models that are not delivering as expected.

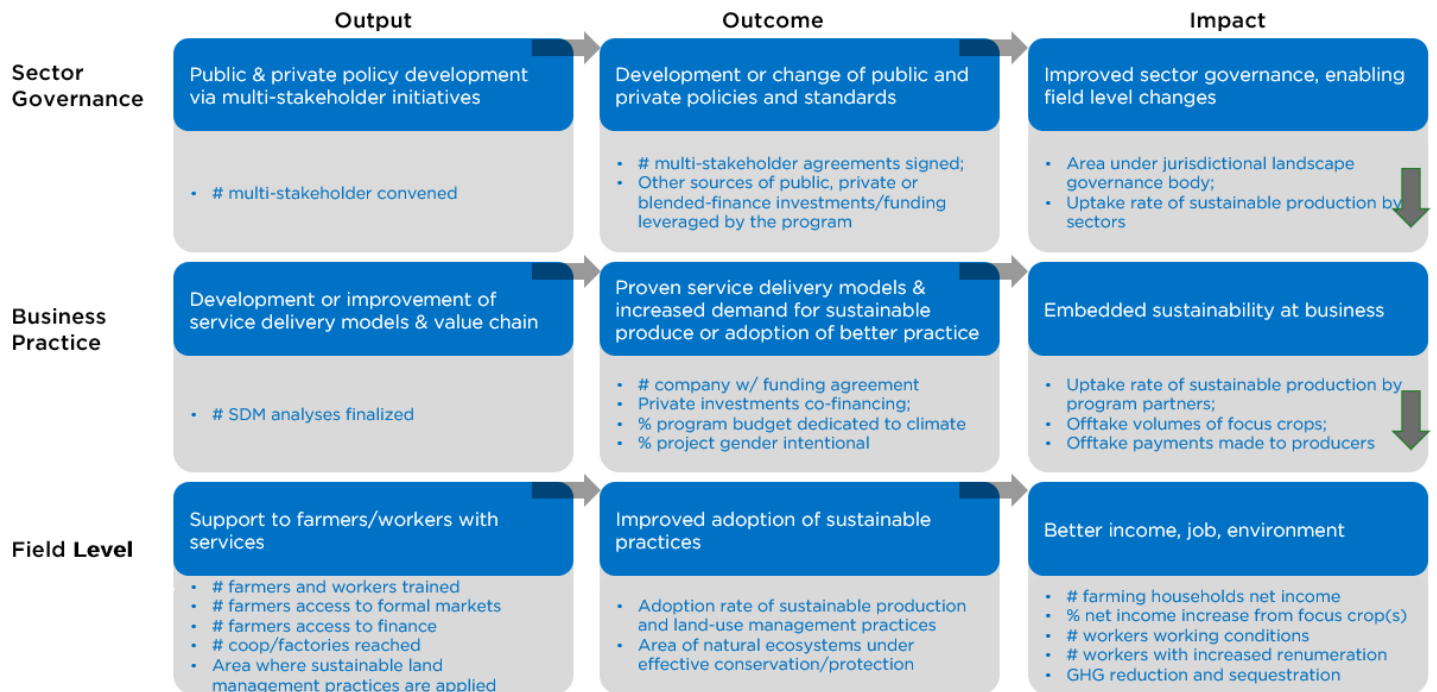
Sustainability is an integral part of the IDH approach, as IDH aims to develop sustainable business models that are taken up by businesses and retailers, who will continue their efforts without IDH involvement. This is why private co-financing is an important principle for IDH programming. Market uptake of business models frees up resources for IDH to invest in and scale up new and existing activities, for example on learning, innovation, piloting and co-financing. Core funding is a central part of this work, allowing for deep learning, flexibility and support.

#### **4 THEORY OF CHANGE AND KEY ASSUMPTIONS**

IDH is at present - in consultation with its core donors - developing and refining its Results Measurement Framework and its Theory of Change due to the changes in budget estimates and the COVID-19 situation as described in section 2.2. At the Donor Committee meeting in December, IDH will present its annual plan for 2021 including indicators and targets for 2021 as well as a budget for 2021. The preliminary indicators for 2021-2025 will also be presented and discussed at this meeting. In end-June, IDH will present the revised MYP 2021-2025 including final indicators, targets, baselines, budget and revised ToC for the entire period of 2021-2025. Annex 3.7 contains a table that outlines the process for the results framework for 2021 (mainly focusing on output level) and the process for finalizing the comprehensive results framework for the MYP 2021-2025 including ToC.

IDH's activities are diverse and span across several sectors, continents and countries with each their specific realities and needs for sustainable market transformation. Most often, tailored convening efforts and subsequent transformation strategies are called for – all of those determining exactly what activities are needed in order to generate desired results. Therefore, each IDH programme has its own specific approach that is tailored to the context and purpose of that program. Whether it is improved water management in coffee production, skills development in the fishing industry, loans to solar-grid solutions for cocoa farmer or training of financial institutions, each program is designed with an individual strategy that feeds into the overall ToC of IDH. Each programme also specifies how its funding and activities are expected to generate outputs, outcomes and impact, and how it is ensured that assumed causalities embedded in its strategy are tested and how the actual achievement of targets will be monitored. Consequently, the wish of presenting here a unified corporate ToC involves significant simplification – and not necessarily capturing all IDH efforts and results. Nonetheless, the figure below presents IDH's corporate ToC as per mid-November 2020.

Figure 2: CORPORATE THEORY OF CHANGE (incl. key performance indicators)



### IDH intervention logic

The basics of the intervention logic is that activities generate outputs and subsequently outcomes that ultimately are expected to transform business and field practises to the benefit of *better jobs, better income and better environment (impact)*. A walk-through of the logic and causality of the corporate ToC could be the following for a given sector (i.e. tea, soy, textile) or a national ‘landscape’:

- IDH convenes and advocates to facilitate dialogue between multi-stakeholders for the formation of a policy framework or sector/regional governance body, which promotes pre-competitive changes of sustainable sourcing practices of individual participating companies.
- In the meantime, with individual business, IDH convenes and advocates for sustainable sourcing practices, and co-finances/de-risks field level projects with multinational companies (and/or local SME or agri-service providers) to raise the awareness on smallholder inclusive business and sustainable production practices.

With the enabling policy and governance structures at the top, and available co-finance in the field,

- Businesses (and often IDH implementing partners) are well-supported by IDH to invest and implement at field-level in (a) smallholders for skills development, productivity enhancement and environment sustainability projects and (b) invest in local SMEs and cooperatives to professionalize local value chains and promote regional economies.



Through improvement of productivity and sustainable production practices in the field, business cases are identified, social/environmental benefit is explored by key players of the value chain, who after partnership with IDH, continue investing in sustainable practices without external support of IDH. The success of a given business case is analyzed and documented by the innovation and learning team of IDH in order to provide business insight to business partners who look for proven business case in sustainability. The cycle of invest-and-harvest becomes self-sustained and replicated by others, leading to impact within the three impact headings.

While innovation and learning activities are not directly included in the figure above, they are crucial to a successful achievement of results and a central part of any program's implementation strategy. The need for innovation varies across programmes and is mostly needed for new sectors, new countries, new partners or less mature implementation solutions. Learning and sharing of knowledge on the other hand takes place at every step and across all result areas.

### **Assumptions**

Key assumptions are that IDH – through receiving core funding as well as tied programme funding – is able to generate the expected results and document assumed causalities through its monitoring, evaluation and learning framework. Below is an assessment of the likelihood of the causality assumptions underpinning the ToC:

#### Activity and Output assumption

There is ample evidence from earlier cooperation that:

- a) IDH uses funding (inputs) to carry out activities according to plans and
- b) activities do translate into measurable outputs according to plans.

#### Outcome assumption

Evidence from the mid-term evaluation and mid-term review suggests – with expected variations across programmes – that important overall achievements at outcome levels are found and based on significantly higher evidence than earlier.

#### Impact assumption

The 2018 mid-term review and mid-term evaluation are both positive in terms of IDH's ability to document its attributions to its three impact headings/areas: better income, better jobs and better environment for men and women. Testing of these causality assumptions is one of the tasks of the scheduled external mid-term and final evaluations, and it is therefore too early to draw conclusions on IDH's impact.

## **5 PROJECT OBJECTIVE AND RESULTS FRAMEWORK**

### **5.1 Objective and strategic priorities**

Climate and environmental impacts are at the forefront of Danish priorities for the work of IDH. In addition, IDH efforts contribute skills to skills development, leading to better jobs and income for farmers and workers in international value chains. The objective of the Danish support to IDH's MYP is:

*Contributing to climate change mitigation and adaptation in developing countries (with a special focus on Africa), by catalysing private sector solutions and leveraging investments for ‘decarbonisation’ of global value chains and through these efforts also create better jobs and living wages for male and female small-holder farmers and workers.*

The objective refers directly to IDH goals as they are presented in the MYP “Catalyzing Private Sector Solutions for the SDG (2021-2025)”:

- a. Climate change mitigation and adaptation
- b. Improved livelihoods of smallholder farmers and workers

On basis of the shared priorities between Denmark and IDH, Danish support of DKK 15 million will be provided as core funding in 2021 to IDH under the following set of strategic priorities:

- The enhanced focus on climate change mitigation and adaptation as per the MYP 2021-2025, is reflected in all of IDH’s work and especially in its Africa programs.
- Better jobs and income are integrated parts of IDH’s climate related effort.
- Results in GHG reductions and storage as well as field level climate adaption should be measurable, and Rio-markers should be included in the Results Measurement Framework.
- IDH continues to be a strong partner for companies, including to a gradually increased degree also SMEs, in decarbonizing value chains.
- A continued strong focus on Africa throughout IDHs programs.

Further, Denmark will continue to support IDHs work on gender equality and employment opportunities for women throughout its programs.

Denmark will pursue these priorities through strategic dialogue with IDH in the Donor Committee, through bilateral meetings and through joint initiatives and ongoing dialogue including on synergies with Danish programs at country level i.e. through Danish embassies.

## 5.2 Summary of results framework

A draft organisational results framework for all of IDH’s activities is included in Annex 3. Due to COVID-19 and accompanied uncertainties on funding and programming, IDH has not been able to provide a final results framework with agreed baselines and targets for 2021. The results framework is under development in close consultations with the core donors, also in terms of including measurable outcome and impact indicators on GHG and gender disaggregation where possible. The final results framework will be available by end-June 2021. However, even though specific *targets and baselines* for 2021 have not yet been established, IDH has – in consultation with donors – identified a set of indicators on impact, outcome and output level that will be monitored during 2021.

Table 5.1 below contains IDH overall impact indicators. Tables 5.2-5.3 contain the selected outcome and output indicators that will form the basis for the Danish support in 2021.

**Table 5.1: IDH impact indicators**

Project title	Danish support to IDH implementing the multi-year plan “Catalyzing Private Sector Solutions for the SDG (2021-2025)”
Strategic project objective	Contributing to climate change mitigation and adaptation in developing countries (with a special focus on Africa), by catalysing private sector solutions and

		leveraging investments for decarbonisation of global value chains and through these efforts also create better jobs and living incomes/wages for male and female small-holder farmers and workers	
Partner objectives (IDH goals)		a. Climate change mitigation and adaptation b. Improved livelihoods of smallholder farmers and workers	
Partner impact		a. Better environment b. Better income (men and women) c. Better jobs (men and women)	
Impact Indicators (measured at baseline (2020), mid-term (2023) and end-term (2026))		a.1 Greenhouse gas emissions reduced (tCO2eq) (methodology under development) a.2 Greenhouse gas emissions sequestered (tCO2eq) (methodology under development) a.3 Area under the jurisdiction of a functioning sustainable landscape governance body (off-site) (hectares) b.1 Number of farming households with increased net income b.2 Percentage of net income increase from focus crop(s) c.1 Number of workers with improved working conditions c.2 Number of workers with reduced living wage gap c.3 Number of jobs supported	
Baseline	Year	End 2020	All to be established
Target	Year	2025	All to be established

Due to only a single year duration of the present project, it is not meaningful to require IDH to measure and document progress for impact indicators. Therefore, to meet Danida's reporting requirements – and reflecting Danish strategic priorities of climate change, gender and better jobs - the following key two outcome and three output indicators have been selected from the overall RFM to document progress:

**Table 5.2: Selected outcome indicators**

Outcome indicator 1 ( <i>climate change priority</i> )	Total amount program budget dedicated to climate change mitigation and climate change adaptation		
Baseline	Year	2020	To be established
Target	Year 1	2021	To be established

Outcome indicator 2 ( <i>gender priority</i> )	Percentage of projects in IDH portfolio that are gender intentional; percentage of projects in IDH portfolio that are gender transformative		
Baseline	Year	2020	To be established
Target	Year 1	2021	To be established

**Table 5.3: Selected output indicators**

Output indicator 1	Number of multi-stakeholder coalitions, committees, secretariats, initiatives, and platforms convened to sign and support a common vision, goals, or strategy on sustainable development or sourcing		
Baseline	Year	2020	To be established
Target	Year 1	2021	To be established

Output indicator 2 ( <i>skills development priority</i> )	Number of farmers and workers trained		
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Baseline	Year	2020	To be established
Target	Year 1	2021	To be established

Output indicator 3		Area where sustainable land management practices are applied on-site (hectares)	
Baseline	Year	2020	To be established
Target	Year 1	2021	To be established

Preliminary indicator definitions and methodologies for data collection and analysis are provided in Annex 3.

## 6 BUDGET

The suggested Danish funding is core funding grant of DKK 15 million (approximately EUR 2 million) for 2021. Core funding contributes to financing of programs in developing countries as well as IDH's institutional costs. Transfer will be made in 2021 in accordance with the signed cooperation agreement.

Due mainly to the COVID-19, there has been a budget decrease at core donor level affecting the expected impact on overall fundraising opportunities. The budget estimate for 2021 is roughly at the same level as for 2019 and 2020 and thereby not leading to a dramatic cuts in programming. However, it requires some adjustments compared to growth in budgets that had been expected. Similarly, the initial projections in the MYP 2021-2025 has been adjusted downwards from EU 350 million to approximately EUR 270 million. Final projections will be updated by end-June 2021. The total projected budget for the MYP 2021-2025 is therefore readjusted to approximately EUR 270 million, of which EUR 134 million is expected from core donors and EUR 136 million from other donors (programme specific). The preliminary and indicative budget for core donors' funding for 2021 is EUR 19 million (out of a total of EUR 46 million).

The final 2021 Annual Plan and Budget cannot be included in this project document, as it has not yet been approved by the IDH Supervisory Board. The reason behind the delayed annual plan is mainly that all core donors are entering into new or changed appropriation periods and the uncertainties created by COVID-19. However, funding for 2021 has now been secured, although at a lower level than first estimated, and the Annual Plan and Budget will be approved by the IDH Supervisory Board in December 2020 and subsequently reviewed by the Donor Committee.

On top of the envisaged Danish funding of DKK 15 million for 2021, the Swiss government is anticipated to provide annual core funding of EUR 2.32 million under a four-year commitment. The Dutch MFA has decided, based on a unicity-test, that it can proceed with the 10-year strategic partnership agreement with IDH. The funding level for the 10-year commitment has been shared with core donors, and it is at a minimum at similar level to previous cooperation agreement. As it has not been publicly announced, the specific number cannot be included in this document at current state. Below is the preliminary budget for 2021, please see Annex 4 for a more detailed preliminary budget on 2021.

**Table 6.1: FUNDING PROJECTIONS 2021-2025**

EUR million	Core Donors	Other Donors	Total Program
<b>Total income</b>	<b>134</b>	<b>136</b>	<b>270</b>
<b>Programs and Projects</b>	<b>100</b>	<b>114</b>	<b>214</b>
Agri Commodities	31	26	57
Food Crops & Ingredients	19	20	39
Textiles & Manufacturing	32	7	40
Landscapes	18	61	79
Innovation & Insights	7	5	12
Support and outreach	4	1	5
<b>Total program cost</b>	<b>111</b>	<b>119</b>	<b>230</b>
Corporate Communication	1	1	2
<b>Total communication</b>	<b>1</b>	<b>1</b>	<b>2</b>
Personnel cost	18	13	31
Organizational cost	4	3	7
<b>Total organizational cost</b>	<b>22</b>	<b>16</b>	<b>38</b>
<b>Total expenditures</b>	<b>134</b>	<b>136</b>	<b>270</b>

## 7 INSTITUTIONAL AND MANAGEMENT ARRANGEMENT

### 7.1 Management and Donor Committee

The cooperation between IDH and the Danish Ministry of Foreign Affairs is governed by a cooperation agreement signed by the two parties for a one-year period of 2021. Denmark's engagement with IDH primarily takes place through the Donor Committee combined with *ad hoc* communication with IDH and the other core donors as needed.

The Donor Committee – the major platform for all the core donors' consultations with IDH on policy dialogue and performance - meets twice annually to discuss and provide input to the Executive Board, and also provide inputs and comments to annual plans and report. The Donor Committee consists of the core donors (the Dutch, Swiss and Danish governments).

The objectives of the Donor Committee meetings are:

- to establish a platform for ongoing policy dialogue between IDH management and donors,
- to follow-up on the performance of the partnership and discuss progress of IDH programs, and

- to provide input and comments to annual plans and annual reports (including audits, reviews, evaluations, etc).

The timing of these strategic meetings (normally May and October, in 2020/21 meetings are delayed due to COVID-19) is aligned with the IDH planning and reporting cycle in order to provide the basis for discussion. The October meeting is organized to discuss the IDH Annual Plan for the coming year (including core donors funds distribution). This meeting is hosted by IDH with input from the core donors on the agenda. The May meeting is organized to discuss the Annual Report. This meeting is hosted by a core donor, in rotation, where IDH supports in the agenda and preparations.

Core donor cooperation has by all parties been found excellent, effectively driving forward shared priorities, e.g. gender and smallholder inclusion as well as climate change. For the two smaller core donors (Denmark and Switzerland), the Donor Committee as well as intra-donor consultations has worked well in advancing core donor priorities irrespective of funding level. Although the Donor Committee does not possess formal decision powers, *de facto* it has had and will continue to have a significant influence on IDH's strategy, prioritisation, annual planning and budgeting, reporting as well as results measurement.

IDH has a dedicated International Partnerships and Fundraising (IPF) team that liaises and engages with core- and program donors. To increase mutual understanding and expertise between core donors and IDH there is an option to place a secondment to IDH. The Danish and Dutch governments have made use of this option with mutual satisfaction.

IDH is managed by a two-person Executive Board (assisted by a five-person management team) and overlooked (in terms of strategy, budget, finance, remuneration, accounting, audit, impact) by an independent Supervisory Board<sup>10</sup> which is the governing body of IDH. To support its steering and governance of IDH, the Supervisory Board has established a number of sub-committees such as Audit Committee, Impact Committee, Remunerations and Nomination Committee. In addition, the Executive Board has established an Investment Committee. COOP Chairman Lasse Bolander joined IDH's Supervisory Board in 20XX, providing another platform for strategic dialogue on IDH's progress and performance, as well as outreach to Danish stakeholders.

For description of IDH management and operations, including more details on the various boards and committees governing and steering IDH, please refer to Annex 2.

## 7.2 Monitoring and evaluation

The Results Measurement Framework (RMF) is currently being revised and updated to reflect the revised organisation and theory of change contained in the 2021-2025 multiyear plan. The revised RFM will be ready by June 2021 and used for planning and reporting from 2021 forward.

Core donors are mainly updated on the few core RMF indicators that are aggregated at corporate level, which all programmes have to report on. However, this only forms the minimum basis of indicators, and all programmes have an additional set of indicators to track progress and insure learning within and across programmes (see illustration below). The RMF

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<sup>10</sup> The Supervisory Board (the supreme governance body) consists of self-selecting representatives of stakeholders. At present, the Supervisory Board consists of 9 representatives from representatives of private sector actors (Nestlé, COOP Denmark, RaboBank, PWC, Unilever) and civil society/public sector (German Ministry for Economic Cooperation, the World Economic Forum, the Consumer Goods Forum, WWF).

is based on an extensive and multi-layered M&E system that provides quantitative Key Performance Indicators (KPI) at output, outcome and impact levels; complemented with qualitative outcome and impact data.

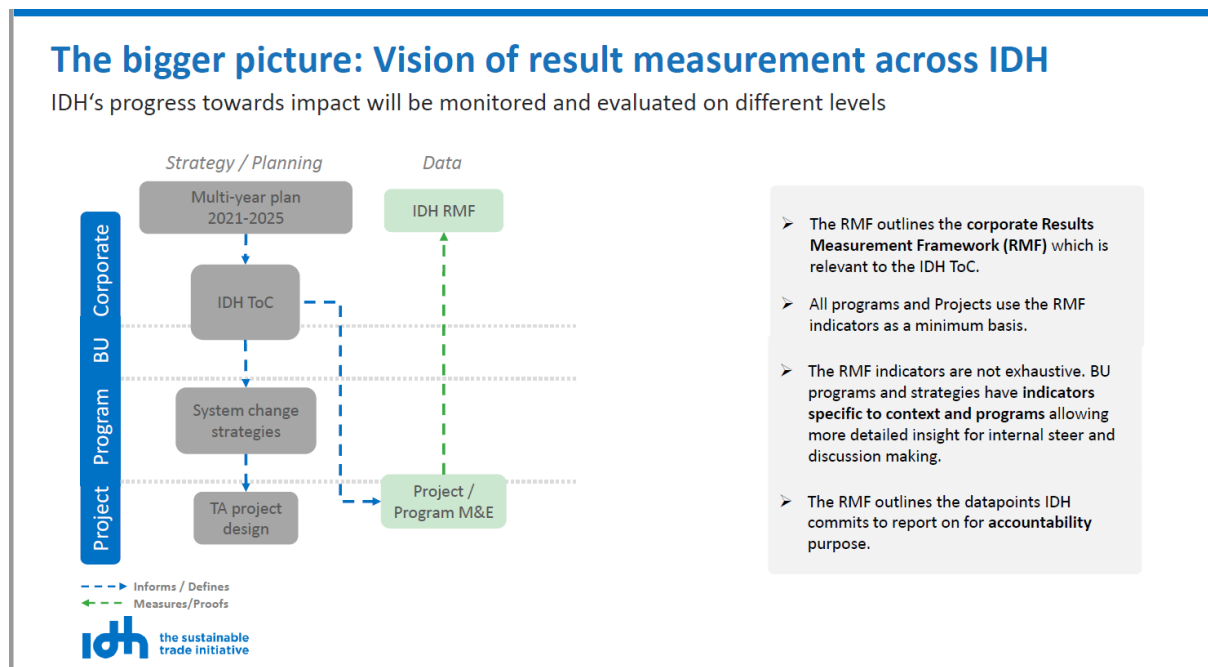


Figure 7.1: IDH reporting

Through the RMF, IDH keeps track of progress reported by business units, programme teams and Implementing Partners (IPs). IDH contracts IPs to execute projects and set strict rules for IP spending, for measurement of the KPIs, and for reporting cycles. The formulated KPIs are based upon an input, output, outcomes and impact framework for the specific project. In addition to IP reporting, IDH program teams are informed through field visits and regular meetings and discussions.

While output and outcome is measured through programmatic data, impact is measured through special impact studies combined with additional research assessed by external evaluations at project, program and corporate level before and after interventions. A dedicated Impact Committee (including external M&E experts) is established by the Supervisory Board, providing strategic advice on delivering, measuring and communicating impact of IDH activities.

### 7.3 Reporting and Communication of results

As described in section 2.2, IDH has due to a budget neutral extension from the Dutch MFA requested to submit its five-year report for 2016-2020 six months later than planned. Below is a table providing overview of the scheduled reporting and evaluations. A synthesized progress and issue reporting will be provided by IDH to the Donor Committee prior to its scheduled meetings. IDH submits an Annual Plan for 2021 by December 2020, which will be reported on in June 2022 (see table below). The Ministry of Foreign Affairs of Denmark is committed to the joint reporting to core donors for the year 2021 and will in its agreement with IDH not require reporting on specific indicators in the RMF. However, the ministry is in dialogue with IDH on the reporting on IDH’s activities in Africa to ensure adherence to the strategic priorities of Denmark.

<b>Table 7.1: REPORTING AND EVALUATIONS</b>		
<b>Reporting</b>	<b>Status</b>	<b>Presentation to Donor Committee</b>
<b>Annual plan 2021</b>	Plan submitted with indicators and preliminary targets.	<b>December 2020</b>
<b>Annual Report 2020</b>	Report submitted as planned.	<b>June 2021</b>
<b>5-year report for 2016-2020</b>	<b>Initially planned for June 2021</b> , extended to December to capture the remainder of the implementation work that will be carried out between January and June 2021 in the frame of the budget neutral extension from DDE for the 2016-2020 framework.	<b>December 2021</b>
<b>KPMG end-line impact evaluation</b>	<b>Initially planned for July 2021</b> , extended to September to capture the results achieved under the budget neutral extension but also to build on the results of another impact evaluation carried out in parallel for the landscape program.	<b>Ultimo September 2021</b>
<b>Annual report 2021</b>	Report submitted as planned	<b>Ultimo June 2022</b>

Depending on the findings and recommendations of the strategic review to be performed late 2020 and depending on a decision on future Danish support to IDH, a detailed Danish communication strategy will be prepared in collaboration with IDH.

## **8 FINANCIAL MANAGEMENT, PLANNING AND REPORTING**

As has been the case during previous Danish support, financial management, the use and flow of funds will follow the established internal rules, procedures and systems of IDH. Those rules and procedures have developed during the past decade and are supported by ICT systems across the organisation and its country offices.

### Quality of IDH rules and systems, including anti-corruption

The gradual development and strengthening of procedures, rules and systems has been overlooked by a dedicated Audit Committee under the Supervisory Board that provides advice on the legality and validity of IDH's financial management, policies and activities. It assesses IDH's internal planning and control system and provides advice on the appointment of the external auditor; reviews the draft financial statements; discusses results of the financial audit with the external auditor and ensures that recommendations are complied with; reviews the interim financial reports and finally, assesses the risks and the effectiveness of treasury policies.



The present set of rules, regulations and systems are found to be of high standards, e.g. as reported by the external auditor in their 2018 management letter; stating that IDH has reached a high overall maturity level of internal controls. In addition, financial management was subject to a Danish MFA review in September 2019 and performance was found to be satisfactory. As part of the appraisal process for this project document, IDH has done a financial management self-assessment. The appraisal did not observe any contradictions to the conclusion of the MFA financial monitoring visit.

IDH controls are supported by its ‘Code of Conduct’, ‘Anti-bribery and Anti-Corruption Policy’ and ‘Speak-up Policy’; including whistle blower policies and recently also an anti-fraud hotline.

### Implementing partners

Since a significant part of IDH’s finances are spent by Implementing Partners (IPs), tender and contract management is essential. Through a global contract management system, IDH brings key data together in one tool for approvals, reporting and document management. Financial controls over project, programme and business unit management as well as reporting are all built into the system.

An Investment Committee acts as an independent decision body, tasked with revising and sharpening project funding decisions while at the same time ensuring a broad discussion about how specific investments are contributing to business unit strategies and IDH’s goals and results more generally (including that of gender). It also ensures that proper due diligence has been undertaken of IPs as well as their specific investment proposals.

In support of IP management, IDH has comprehensive guidelines for planning and reporting, which are referred to in all contracts with IPs. Various guidelines document the minimum requirements for all reporting expected of IPs along the three major phases of project planning, implementation and closure – including requirements for IPs having safeguarding and anti-corruption policies. In addition to these guidelines, IDH has specific requirements for project proposals, project budget and eligible private sector investments. These criteria are included in the Criteria for Calls for Proposals. IDH may also request additional documentation when agreed upon with the IPs. Regular exchange of information between IDH and IPs is required by IDH.

## **9 RISK MANAGEMENT**

A risk management matrix for the Danish support is included in Annex 5. The risk management matrix is mainly based on IDH’s own risk management framework but has been elaborated to include more details required by Danish Aid Management Guidelines.

IDH’s risk management framework is subject to review in annual reports as well as during Donor Committee meetings.

Main contextual risks are identified as disruptions to production, trade and markets as a consequence of (a) the COVID-19 outbreak and (b) climate change, and to a partly parallel weakening global economy.

Main programmatic risks are identified as attracting planned amounts of core and programme funding for IDH activities including donor diversification, lack of government legal support

for IDH programme ambitions, and exposure to fraud, corruption, or illegal action by IDH partners.

Main institutional risks are those of vulnerability to loss of key staff and access to their expertise and networks, internal fraud or illegal action, and hacking attacks.

For all risks, mitigating action is integrated into existing planning, implementation and control routines and systems, and residual risks are consequently reduced as far possible.

**ANNEXES**  
**Separate file**



# ANNEX CONTENT

- 1 ANNEX 1: CONTEXT ANALYSIS ..... 3
- 2 ANNEX 2: PARTNER SELECTION AND DESCRIPTION..... 12
  - 2.1 Summary of Stakeholder Analysis..... 12
  - 2.2 Criteria for partner selection ..... 13
  - 2.3 Brief presentation of partner..... 15
  - 2.4 COVID-19 and its impact on budget, results framework and Theory of Change ..... 21
  - 2.5 Results management framework ..... 22
  - 2.6 Financial management ..... 24
  - 2.7 Staffing and capacity..... 25
  - 2.8 Communication ..... 25
  - 2.9 Risk management..... 25
- 3 ANNEX 3: RESULTS FRAMEWORK..... 26
  - 3.1 IDH indicators – full list including definitions ..... 27
- 4 ANNEX 4: BUDGET ..... 54
- 5 ANNEX 5: RISK MANAGEMENT MATRIX ..... 60
- 6 ANNEX 6: LIST OF SUPPLEMENTARY MATERIALS ..... 66
- 7 ANNEX 7: PLAN FOR COMMUNICATION OF RESULTS ..... 66
- 8 ANNEX 8: PROCESS ACTION PLAN ..... 67
- 9 ANNEX 9: QUALITY ASSURANCE CHECKLIST ..... 68
- 10 ANNEX 9B: SUMMARY OF RECOMMENDATIONS ..... 72

# 1 ANNEX 1: CONTEXT ANALYSIS

## 1. Overall development challenges, opportunities and risks

*Briefly summarise the key conclusions from the analyses consulted and their implications for the programme regarding each of the following points:*

### **Climate crisis and the role of agriculture:**

- The world is far from being on track to realize the goal of the Paris Agreement of keeping global temperature rise to 1.5 degrees. The COVID19 outbreak and the economic slowdown have had some immediate positive mitigative effects, however these are expected to be short term.
- According to the IPCC, agriculture, forestry and other land uses account for 23 percent of global human-caused emissions with deforestation linked to farming as a main driver.
- Despite increasing focus on sustainable production, global deforestation is at record rates and commodity production is the single largest driver.
- European countries import a significant share of global demand for agricultural commodities of which the majority are not sustainably produced.
- Raising global population and a growing middle class raises the demand for natural resources such as arable land and water and puts ecosystems further under pressure.
- Approximately one third of the world's population depends, at least in part, on smallholder agriculture.
- Sustainable land use management presents an option for halting deforestation, preserving eco systems and creating a better livelihood for small holder farmers.

### **Global inequality and lack of economic opportunities:**

- Despite progress the absolute numbers of people living in poverty remains alarmingly high. According to the World Bank the percentage of people living in extreme poverty globally fell to a new low of 10 percent in 2015 — the latest number available — to 736 million. COVID-19 has turned this downward trend as millions of people has been pushed into poverty. Sub-Saharan Africa still has the highest percentage of population living in extreme poverty
- Global inequality is rising and lack of employment opportunities in developing countries especially for women is part of the explanation.
- Despite having a job, 8 per cent of the world's workers and their families still lived in extreme poverty in 2018. The situation remains particularly alarming in sub-Saharan Africa, where the share of working poor stood at 38 per cent in 2018
- As 65 percent of the poor are working in the primary sector, agricultural development and alternative livelihood opportunities in manufacturing are **widely considered to be the most important way to tackle extreme poverty, boost national economic development and empower farmers, workers and their families to increase their income.**

### **The role of global trade and the private sector in promoting sustainable development:**

- According to the World Bank, global value chains (GVCs) account for almost 50% of global trade today. Over the past 30 years, they have helped poor countries grow faster, lifting many out of poverty and have the potential to continue to contribute to sustainable development, if inter alia frameworks for social and environmental protection are in place.
- Despite the aggregate gains global value chains create, trade, automation and digital technologies can cause disruption and widen existing disparities across regions and individuals.
- While small and medium-sized enterprises (SMEs) are under-represented in global value chains, the digital economy provides new opportunities for SMEs to play a more active role.

- In a report about the future trends and challenges of food and agriculture, FAO highlights that smallholder farmers are the first to lose out, as food systems are becoming more capital intensive and vertically integrated, but that this can constitute development opportunities, if they gain access through fair contracts with processors and traders. Hence, inclusion in global value chains represents an economic opportunity for small holder farmers.

### **COVID19 and the call to build back better and greener:**

- The COVID 19 outbreak is not only a global health crisis but as much an economic and social crisis with massive impact. A global recession is foreseen and for the first time in 25 years, we expect to see economic recession on the African continent.
- ILO estimates that the drop in working hours in second quarter of 2020 will be equivalent to 305 million full time jobs.
- The World Bank estimates that the COVID-19 pandemic will push an additional 88 million to 115 million people into extreme poverty this year, with the total rising to as many as 150 million by 2021, depending on the severity of the economic contraction.
- The impacts from COVID will hit the most vulnerable the hardest, including women children and marginalized groups.
- Global trade has been disrupted by extensive lock down causing global value chains to collapse, impacting both workers and small holder farmers negatively.
- Across the global community there is a strong call to Build Back Better and Greener – the economic recovery from COVID19 should set the world on track to realize the Sustainable Development Goals and the Paris Agreement.
- OECD as well as the World Economic Forum have argued that in recovering from COVID19, the integration of responsible business practices will contribute to create more robust supply chains to the benefit of companies.

### ***List the key documentation and sources used for the analysis:***

- IPCC: <https://www.wri.org/blog/2019/08/7-things-know-about-ipcc-special-report-land-and-climate>
- Various IDH related documents (including draft Multi Year Plan 2021-2025, annual reports, studies conducted by IDH, IDH webpage, policies and internal guidance documents, Danish Midterm Review 2017, Joint Donor Midterm Review 2018, KPMG impact evaluation 2018 etc.)
- FAO 2017: *the Future of Food and Agriculture, Trends and Challenges*
- ILO Monitor: *COVID-19 and the world of work. Third edition*
- ILO Issue Brief Prepared for the 2nd Meeting of the Global Commission on the Future of Work, 2018, *Global value chains for an inclusive and sustainable future*
- OECD note 2020: *COVID-19 and Responsible Business Conduct*
- UNSG report: *Shared responsibility, global solidarity:*  
[https://www.un.org/sites/un2.un.org/files/sg\\_report\\_socio-economic\\_impact\\_of\\_covid19.pdf](https://www.un.org/sites/un2.un.org/files/sg_report_socio-economic_impact_of_covid19.pdf)
- World Bank on COVID19: <https://blogs.worldbank.org/opendata/impact-covid-19-coronavirus-global-poverty-why-sub-sabaran-africa-might-be-region-hardest>
- <https://www.worldbank.org/en/news/press-release/2020/10/07/covid-19-to-add-as-many-as-150-million-extreme-poor-by-2021#:~:text=The%20COVID%2D19%20pandemic%20is,severity%20of%20the%20economic%20contraction>
- WRI 2019 on special IPCC report <https://www.wri.org/blog/2019/08/7-things-know-about-ipcc-special-report-land-and-climate>
- World Bank; *World Development Report 2020, Trading for Development in the Age of Global Value Chains*
- UNCTAD: *Commodities and Development Report 2015 – Smallholder farmers and sustainable commodity development*
- World Economic Forum 2020 White Paper: *How to rebound stronger from COVID-19, Resilience in manufacturing and supply systems*

- *Report of the Secretary-General 2019; Special edition: progress towards the Sustainable Development Goals*
- *World Bank and WTO: Global Value Chain Development Report 2019: Technological Innovation, Supply Chain Trade and Workers in a Globalized World*

***Are additional studies / analytic work needed? How and when will it be done?***

**No additional studies needed.**

## 2. Fragility, conflict, migration and resilience

***Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:***

IDH's activities, programming and general approach fits well with Denmark's approach to tackling migration and fragility by providing sustainable jobs and skill-development. The proposed engagement directly addresses resilience as part of climate action. Through sustainable land use management and enhanced agricultural practices forests, water resources and ecosystems are preserved and hence the resilience towards the impact of climate changes is built.

By focusing on better jobs and income as well as climate change mitigation and adaptation, the work of IDH contributes directly to addressing key drivers of migration being economic opportunities and climate change.

***List the key documentation and sources used for the analysis:***

*Various IDH documents*

*IOM, Migration Factsheet no 1: Drivers of migration*

***Are additional studies / analytic work needed? How and when will it be done?***

**Not needed**

## 3. Assessment of human rights situation (HRBA) and gender<sup>1</sup>

***Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:***

Human Right Standards (international, regional and national legislation)

The work of IDH is directly promoting human rights, especially workers' rights and smallholder farmers land rights. What IDH does is to engage private companies and push them to demand and support higher standards in terms of social and economic responsibility throughout their supply chain. Through its convening role and engagement of public authorities and civil society in addition to private companies, IDH creates multi-stakeholder agreements e.g. on sustainable sourcing areas or commitments to a decent living wage and hereby empowers right holders (farmers and/or workers) to have a voice and to hold companies and governments accountable.

IDH have in place a Code of Conduct, a Safeguarding Policy related to prevention of exploitation and sexual abuse of children and vulnerable adults as well as an International Corporate Responsibility Policy (ICRP), integrating OECD guidelines for Multinational Enterprises and ILO

<sup>1</sup> The purpose of the analysis is to facilitate and strengthen the application of the Human Rights Based Approach, and integrate gender in Danish development cooperation. The analysis should identify the main human rights issues in respect of social and economic rights, cultural rights, and civil and political rights. Gender is an integral part of all three categories.



conventions on workers' rights, which are applied throughout the organization.

Before entering any agreement with implementing partners, a potential partner is subject to due diligence through a formalized Partner Assessment as well as an assessment of the program (formalized in an Investment Note). These includes assessment of gender issues, capacity, governance and reputation of the partner as well compliance with ICRP.

### **Universal Periodic Review**

- N.a.

Key rights holders are smallholder farmers and workers in developing countries.

Key duty bearers are companies as well as local and national authorities.

### **Human Rights Principles (PANT)**

#### Participation

At the core of IDH's work is the convening of stakeholders to further inclusion of smallholder farmers and workers in global and regional value chains and hereby creating better income and livelihood for them. Participation is therefor an integral part of their work.

#### Accountability

In their Code of Conduct, IDH describes their policies for accountability towards donors, businesses, partners and workers/farm holders. Through their monitoring and evaluation as well as their learning and innovation efforts, IDH work to improve their engagement with key stakeholders in a continued dialogue.

#### Non-discrimination

The work of IDH is directly promoting human rights, especially workers' rights and smallholder farmers land rights. In their work, IDH is working to promote inclusion and combat discrimination. Their non-discrimination efforts are mainly concerned with non-discrimination of women

#### Transparency

Building transparency throughout the supply chains is embedded in IDH's strategy. In its territorial programmes (e.g. Verified Sourcing Areas) the joint identification of and sustainable exploitation/protection of natural resources adds transparency.

### **Gender**

IDH identifies gender-based violence and sexual harassment, gender pay gap, unequal economic opportunities for female smallholders, lack of access to finance and lack of equal career opportunities as key gender related challenges in the field of IDH's work.

Ensuring a broader and deeper promotion of gender equality and empowerment across IDH's operation has been one of Danish, Swiss and Dutch priorities during the present phase (2016-2021). Two mid-terms reviews pointed out that while significant progress has been achieved (see Annex 2) IDH has not yet reached a stage of being gender transformative.

In the MYP 2021-2025 IDH will further integrate gender across programs and the organization itself including by having a specific outcome target related to gender and specific gender indicators as well as gender disaggregated data in their Results Measurement Framework. IDH will roll out their newly developed Gender Toolbox across the entire organisation in 2021.

### **Youth**

The work of IDH does not have a specific focus on youth. However, a number of the approaches applied (e.g. digitalisation through the use of mobile 'apps' for contract farming, trading and payment transfers) indirectly targets the younger farmers and traders. Secondly, by transforming the primary

production of small-holders it becomes more attractive to younger farmers to engage and become involved at household or village levels; not migrating to the larger cities or abroad. Youth awareness is also part of the training on gender awareness that IDH is conducting.

***List the key documentation and sources used for the analysis:***

1. IDH 2021-2025 Multi-year plan (partnership proposal + annexes): “Catalyzing Private Sector Solutions for the Sustainable Development Goals – Addressing climate change and inequalities through public-private action”
2. IDH Strategic Direction 2021-2030 “Catalyzing Private Sector Solutions for the Sustainable Development Goals”
3. IDH multi-donor Mid-term review (2018)
4. Danish IDH Mid-term review of organizational strategy (2017)
5. IDH Mid-term evaluation by KPMG and Wageningen (2019): Assessing IDH’s contribution to public good impacts at scale (2016–2020)

***Are additional studies / analytic work needed? How and when will it be done?***

**Not at this point**

**4. Inclusive sustainable growth, climate change and environment**

***Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:***

Funding to IDH directly targets climate change mitigation and adaptation as well as environmental protection, including water resource management and biodiversity. IDH focus areas are sustainable land management, improved farming practices (including those of small-holder farmers) and forest protection. Further the work of IDH contributes to sustainable growth through its focus on better jobs and living wage and economic opportunities of smallholder farmers by inclusion in global and regional value chains.

***List the key documentation and sources used for the analysis:***

1. IDH 2021-2025 Multi-year plan (partnership proposal + annexes): “Catalyzing Private Sector Solutions for the Sustainable Development Goals – Addressing climate change and inequalities through public-private action”
2. IDH Strategic Direction 2021-2030 “Catalyzing Private Sector Solutions for the Sustainable Development Goals”
3. IDH multi-donor Mid-term review (2018)
4. Danish IDH Mid-term review of organizational strategy (2017)
5. IDH Mid-term evaluation by KPMG and Wageningen (2019): Assessing IDH’s contribution to public good impacts at scale (2016–2020)

***If this initial assessment shows that further work will be needed during the formulation phase, please list how and when will it be done?***

**No need for further assessments.**

## 5. Capacity of public sector, public financial management and corruption

***Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:***

One of IDH's core strengths is its convening role, making companies, civil society and public authorities come together to formulate joint commitments and strategies to tackle issues of deforestation and environmental protection more broadly and promote better livelihoods for smallholder farmers and workers.

Through engaging national and local authorities in e.g. joint compacts to improve sustainable land use, production practices and livelihoods IDH is contributing to better and more inclusive governance. Further IDH is developing a jurisdictional approach called Verified Sourcing Areas (VSA), which also contributes to better governance of both environmental and social matters. The VSA model aims to provide a market mechanism that enables responsible sourcing and sustainable development at scale, by connecting sourcing jurisdictions to markets. Central to the VSA model is a neutral online platform to link buyers to coalitions of regional stakeholders such as local governments, CSOs and local producers, processors and traders. These stakeholders agree on ambitious locally relevant priorities and indicators on forest protection, labour conditions, land tenure and livelihoods, for example. The VSA online platform is the interactive clearinghouse for producers and committed buyers and provides sustainability data relating to the jurisdictions.

***List the key documentation and sources used for the analysis:***

1. IDH 2021-2025 Multi-year plan (partnership proposal + annexes): "Catalyzing Private Sector Solutions for the Sustainable Development Goals – Addressing climate change and inequalities through public-private action"
2. IDH Strategic Direction 2021-2030 "Catalyzing Private Sector Solutions for the Sustainable Development Goals"
3. IDH multi-donor Mid-term review (2018)
4. Danish IDH Mid-term review of organizational strategy (2017)
5. IDH Mid-term evaluation by KPMG and Wageningen (2019): Assessing IDH's contribution to public good impacts at scale (2016–2020)

***Are additional studies / analytic work needed? How and when will it be done?***

**No need for further studies**

## 6. Matching with Danish strengths and interests, engaging Danish actors, seeking synergy

***Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:***

The IDH's approach, programming and activities are well-aligned with Danish priorities. Below is a description of IDH's work in relation to the Danish development strategy; the new climate law; the government's global action plan; the minister's four-year plans; as well as Danish green diplomacy efforts and engagement with the private sector.

The SDGs and Danish Development Strategy

The work of IDH delivers on several priorities in Denmark's Strategy for Development Cooperation and Humanitarian Action. IDH's combined focus on climate and environmental sustainability and

better jobs and living wage contributes to “Sustainable, inclusive growth and development” and through this also addressing the root causes of migration.

The work of IDH is thus very well aligned with Danish climate and development cooperation priorities and contributes to the Sustainable Development Goals (especially 1, 5, 8, 12, 13, and 17). It has a direct contribution to SDG 13 on Climate Action, SDG 12 on Responsible Consumption and Production and SDG6 on Water Management as well as SDG 8 ‘Decent Work and Economic Growth’, and SDG 1 ‘No Poverty’.

#### The Danish climate law, the government’s global action plan and the priorities of the ministers

The focus of IDH’s activities are also well-aligned with the Danish government’s global climate action plan, which aims to “raise global climate ambitions, reduce global emissions, strengthen focus on climate adaptation and sustainable development and raise climate financing.” Through its programmes, IDH is contributing to all these parameters; with its convening power on policy level they help build regulatory frameworks; at business level IDH pushes to align priorities and raise ambitions; and at field level IDH work with farmers to reduce water waste, avoid deforestation, build resilience against climate change, and increase income. In line with Denmark’s priorities on water and energy, IDH works to provide sustainable energy and water to smallholder farmers in Africa by loans to solar grid-solutions and water-management systems.

#### Danish engagement in climate diplomacy

The work of IDH also fits well with Denmark’s role in international forums on sustainability. Halting deforestation and protection of ecosystems by promoting sustainable land use management is a central focus area of IDH. In terms of Danish climate diplomacy, this can also become an asset; positioning Denmark as a credible partner that contributes to developing concrete solutions, making it easier to push for commitment from countries with high deforestation rates.

#### ***List the key documentation and sources used for the analysis:***

- *Anbefalinger fra regeringens 13 klimapartnerskaber*
- *Follow up note by IDH on the conference Creating Green Value*
- *Four year plans of the Minister for Development Cooperation and the Minister of Foreign Affairs*
- *Input from Danish embassies*
- IDH 2018 and 2019 annual reports (public + in-depth versions)
- 

#### ***Are additional studies / analytic work needed? How and when will it be done?***

As part of the planned strategic review of IDH, selected Danish stakeholders will be interviewed to identify possible opportunities for further engagement of Danish private sector and civil society actors. Furthermore, past interviews with Danish stakeholders carried out during the two midterm reviews will inform this process.

## 7. Stakeholder analysis

***Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:***

Key stakeholders and beneficiaries from the work of IDH are smallholder farmers within key commodity sectors and workers in developing countries, where IDH have activities. Through the engagement in IDH facilitated partnerships smallholder farmers have their voice heard, get trained in sustainable farming practices, gain access to finance for investments in their farms and become included in global and regional value chains and hereby engages their economic situation and livelihood. Workers have their voice heard and gets access to training and improved working conditions and better wage.

Companies as well are key stakeholders. They engage with IDH in a pre-competitive context to create sustainability and accountability in the value chains they are engaged in. All IDH activities are co-financed by the private sector and hence their engagement is backed by economic commitment. Finally, governments and local authorities in developing countries are key stakeholders. By engaging with IDH they commit to deliver e.g. better regulatory frameworks.

### Regarding Danish stakeholders:

Working with the private sector on developing and financing new business models is part of IDH's core business, and they could be a potential partner for Danish companies and associations in addressing such value chain issues.

IDH has previously engaged with a limited number of Danish private sector stakeholders such as Nordic Seafood, Danish Fashion Institute, GrønFokus, Bestseller and IC Company (the latter two through the Better Cotton Initiative). At the moment, IDH has an ongoing partnership with Bestseller through the Life & Building Safety program (LABS) and through the Better Cotton Initiative.

IDH has an ongoing partnership with DIEH both on soy and on palm:

- On Palm Oil, IDH supports DIEH through the European Palm Oil Alliance, an organisation that plays the role of secretariat at for IDH, as IDH does not have the capacity to manage 13 national initiatives on sustainable palm oil. A large part of the budget to support these national initiatives comes from IDH, as does the budget for the EPOA secretariat. IDH initiated and facilitated the connection between DIEH and EPOA. IDH always supports EPOA in development of national initiative plans and is closely involved in their implementation.
- On soy, a co-financing agreement has been signed directly with DIEH a few months ago with activities that started in February 2020 to support the Danish soy alliance. IDH coordinates all the European soy initiatives and helps them to align and professionalise through its convening expertise. The first progress report from DIEH is due in Autumn 2020, and the contract to be renewed before end-2020. IDH has also just finished a tender for a European National Soy Initiative Secretariat, so also on soy there will be overarching support to different national soy initiatives.

Finally, IDH has partnered up with P4G to scale the VSA approach in India in 2020

IDH also has an indirect impact on the availability of sustainable products for the Danish market by working together with sector-wide platforms such as fruits & vegetable, coffee, and cocoa.

However, the participation of Danish companies in IDH's partnerships has so far been limited. Reasons for the low interest of Danish stakeholders in partnering with IDH will be assessed by the upcoming strategic review, just as future possibilities for cooperation – i.e. in relation to the Danish

Climate Partnership on Trade – will be assessed. In addition, further opportunities for the engagement of Danish SMEs will be further explored as part of the strategic review.

From the initial assessment, there seems to be good opportunities for IDH to enter in partnerships with Danish and international stakeholders, which could be further elaborated. In countries where both Denmark and IDH is present (i.e. Ethiopia, Ghana, Tanzania, Vietnam, Indonesia), several Danish embassies have expressed interest in a strengthened collaboration, and concrete areas of cooperation as well as relevant partner organizations have been identified. The potential for future synergies and partnerships, i.e. with Danish embassies, various Aid for Trade programmes as well as organizations like WRI, P4G or World Economic Forum, will be further explored in the coming strategic review.

***List the key documentation and sources used for the analysis:***

- *Input from IDH*
- *Input from Danish stakeholders*

***Are additional studies / analytic work needed? How and when will it be done?***

**No further studies needed at this point.**

## 2 ANNEX 2: PARTNER SELECTION AND DESCRIPTION

### 2.1 Summary of Stakeholder Analysis

Stakeholder analysis is presented in Annex 1.

By having gradually expanded its ability to access and speak the languages of board rooms of large international companies as well as corridors of governments and civil society organisations, IDH has developed its own unique features as compared to other stakeholders.

A major uniqueness of IDH is its ability to generate private sector financing through de-risking and co-financing projects and programmes. Compared to Solidaridad, who in 2018 mobilised private capital by factor 1:0.22 to public finance, IDH mobilised private capital by factor 1:1.98<sup>2</sup>. The Climate Investor One (CIO) mobilised private capital by factor 1:1.05, the Global Environmental Facility (GEF) by factor 1:0.05, and the Green Climate Fund (GCF) by factor 1:0.27.

IDH's uniqueness can be further illustrated by the figure below<sup>3</sup> which is an attempt to place a variety of major global stakeholders in terms of their positioning within four action areas:

- Is the stakeholder (a) mission driven or (b) business driven – or both?
- Is the stakeholder mainly involved in (c) action on the ground or (d) on sector governance – or both?

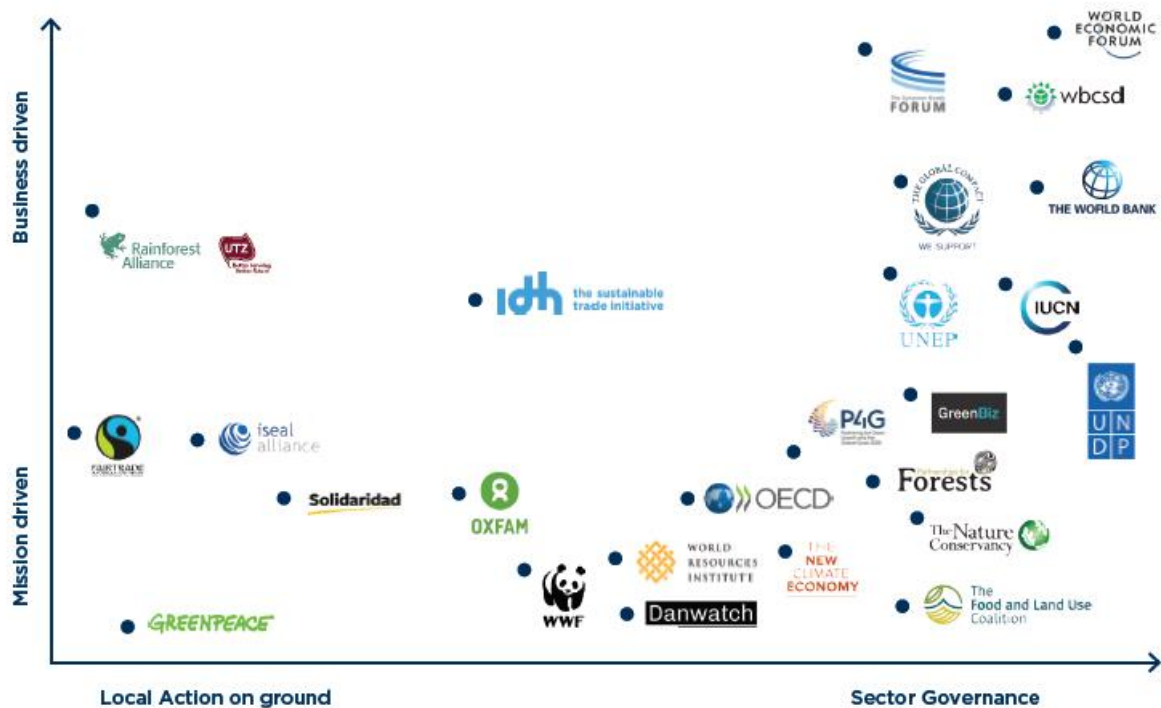
IDH's positioning in the diagram overleaf shows that it is combining activities in the field with those of sector governance while – at the same time – it is mission as well as business driven. In doing that, and placing itself almost alone in the middle, it distances itself from most other global actors. This means that IDH has succeeded – as indicated by stakeholder appreciation and private funding leverage – in achieving a broad and consensus-based engagement from the most important actors.

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<sup>2</sup> Source: Trinomics (May 2020): Mobilised private (climate) finance report 2019

<sup>3</sup> Source: IDH MYP 2021-2025

FIGURE 6: IDH POSITIONING



## 2.2 Criteria for partner selection

Alignment with Danish policies and priorities of mitigating and adapting to climate change – with a special focus on Africa - have been important criteria during partner selection. Other Danish priorities of inclusion and rights have also been important criteria. IDH’s uniqueness in terms of leveraging public funds by successfully convincing and engaging the private sector is significant and IDH also provides opportunities for Danish stakeholders. Finally, it has been a criteria to select a trustworthy partner with a proven track record.

### Justification for selection of IDH as partner

IDH has been found to meet all of the above selection criteria. In summary, and as described in the main text of the project document, the justification for continued Danish support to IDH is considered to live up to the five DAC criteria.

The support to IDH is highly relevant and aligned to Danish climate and development cooperation strategies and policies. In terms of contextual relevance, climate mitigation and adaptation through sustainable land use-management and convening of stakeholders in addressing the issue of sustainability, deforestation, and transparency along the value chains, is one of IDH’s two overarching goals. Providing better jobs and income for both men and women is the second overarching goal and as such farmers and workers enrolled in IDH



activities can be expected to recover faster from the break-down of value chains due to the impacts of the COVID19 outbreak<sup>4</sup>.

In terms of relevance to stakeholders, those interviewed as a part of mid-term reviews and evaluation expressed that what IDH is considered relevant from their various perspectives. The same holds for stakeholders' positive judgement of IDH's methodologies, tools, capacity, and operations (effectiveness). IDH's uniqueness in its proven success in combining public-private interests and leveraging donor funding, further accentuates the effectiveness.

In terms of efficiency, IDH management and its core donors are very aware of and cautious about operational costs. Since 2016, organisational expenditures have been in the range of 14-16% of total IDH expenditures (6-7% if calculated based on both core funding, earmarked program funding and leveraged private sector co-finance), decreasing slightly to 13.4% in the preliminary budget for the next MYP. IDH has re-organized twice during the present MYP in order to improve efficiency of operations, the latest reorganisation being in 2019 with the introduction of five business units, a leaner management team, and with a stronger and more formalised presence in focus countries (devolution).

Impact measurement is receiving significant attention and IDH's innovative impact measurement methodology as well as results are overseen by a sub-committee of IDH's Supervisory Board. It is concluded in the mid-term evaluation that IDH activities contributes towards larger measurable impact compared to earlier assessments. The evaluation proved IDH's contribution across all impact themes at outcome level and underpinned that IDH is on the right track. The report clearly carved out IDH's strength: convening stakeholders to accelerate change. An integrated part of IDH's learning processes across business units is applied to ensure that models, which do not provide impact, are redesigned or eventually abandoned.

In terms of sustainability, a market uptake of proven business models and Sustainability Solutions is an important part of IDH's future strategy. Market uptake of business models frees up resources for IDH to invest in and scale up new and existing activities. Core funding enables IDH to finance those of its activities considered public goods such as learning and innovation, piloting, and co-financing. Core funding furthermore provides stability and continuity as well as ensures agility in operations, giving the ability to respond to global or local opportunities. As such, core funding will remain – as also reflected in IDH's long term strategy – an important contribution to maintain the uniqueness of IDH and thus necessary to ensure continued innovation and to leverage private funding.

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<sup>4</sup> Farmers and workers supported through IDH programs experience an easier access to markets and a stronger economic resilience. This is already the case for palm smallholder farmers taking part of IDH's programs in Indonesia that are able to sell their sustainably certified RSPO products at a good premium; or for cotton farmers in India that received insurance against COVID19. As soon as the vegetable production recovered in Rwanda, smallholder farmers that comply with high-quality and sustainability standards through IDH's support, were able to directly restore their exports towards to the European market. Similarly, apparel factories enrolled in IDH programs have also started to hire workers again in Ethiopia and in South-East Asia by switching their production to Personal Protective Equipment (PPE) that are currently in high demand globally. This type of response facilitated by IDH helps both the industry and the workers to recover from the economic crisis caused by the corona virus.

## 2.3 Brief presentation of partner

### Background and activities

The Sustainable Trade Initiative (IDH) was originally created in 2008 jointly by the Dutch government, private companies, NGOs and trade unions. In 2011, it was formally established as a non-profit foundation (“*Stichting*”) under Dutch law with the formal and registered purpose of being “*involved in promotion of sustainability within the main international trade chains. It wishes to reinforce public-private consortiums that operate in those international trade chains in order to achieve high impact and value creation (from an economic, social and ecological perspective) in developing countries and emerging markets.*”

The mission of IDH is to drive systematic market transformation in order to actively mitigate and adapt to climate change and to improve the livelihoods of smallholder farmers and workers. The new IDH Multi Year Plan (MYP) 2021-2025, which is currently being finalized in close consultations with core donors, has enhanced its focus on climate change mitigation and adaptation as well as on Africa, the strong focus on better jobs and income remains. IDH will focus on activities in 26 countries, 13 in Africa<sup>5</sup>, 7 in Asia and 6 in Latin America.

As illustrated in the figure below, IDH activities to transform markets fall under the following three headings:

Convening public-private partnerships for collective action both globally and locally – building on identifying common interests and jointly setting and committing to targets for market transformation,

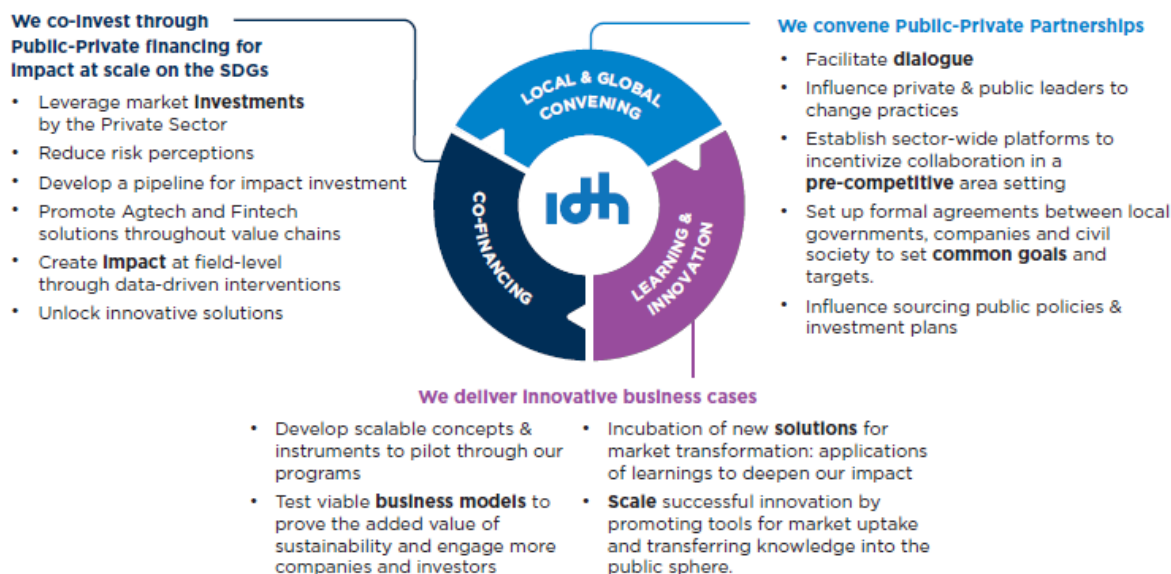
Co-financing and de-risking sustainability investments that drives companies to upscale sustainable production and trade, and

Learning and innovating for delivering and testing new business cases (replicable models for up-scaling).

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<sup>5</sup> Tanzania, Kenya, Madagascar, Uganda, Ethiopia, Malawi, Mozambique, Rwanda, Cameroon, Côte d’Ivoire, Ghana, Mali, Nigeria

FIGURE 3: IDH ESSENTIALS



### Value proposition to companies, governments and civil society

IDH summarises in the 2030 strategy its own relevance and usefulness to companies, government and civil society/NGOs as follows:

#### “IDH value to companies:

To reduce company risk (supply, reputation) and create new business opportunities (innovation, funding, pre-competitive collaboration):

- (Convening) Mobilizing pre-competitive collaboration and public private partnerships for joint action, at global and local levels. We are founders of the Better Cotton Initiative to ensure mainstream market demand and supply of responsible cotton. We pilot and implement verified sourcing areas for palm oil and soy.
- (Investment) Mobilizing funds for innovation and improvement, grants and market finance through blended finance. In coffee, IDH has mobilized 10m public funding for sustainable coffee, and market funding for smallholder finance.
- (Innovation): Building and testing business cases based on a wide range of best practices we generate across countries and value chains with different partners. We generate data and provide benchmarks, e.g. service delivery models for sourcing from smallholder farmers, or benchmark information on sustainable import of fruits and vegetables. These data support sourcing decisions.

#### IDH value to governments:

To drive partnerships between governments and private partners increasing public good impact through market mechanisms and private funding.

- (Convening): We drive local public-private partnerships where mutual accountability optimizes results for sustainable development. Our landscapes programs facilitate policy improvement, investment and adjusted production and sourcing practices resulting in sustainable land use and water management.
- (Investment): By leveraging grants, we have secured double (and with blended finance even tenfold) private sector investment into joint projects generating impact on jobs, income, working conditions, gender and land use in Africa, Asia and Latin-America.

- (Innovation): Driving innovation in multiple sectors and countries generates lessons learned and innovations for more effective aid and trade policies. Our experience with sustainable palm oil production impacted on the EU agenda and on design of national support programs in Norway and UK.

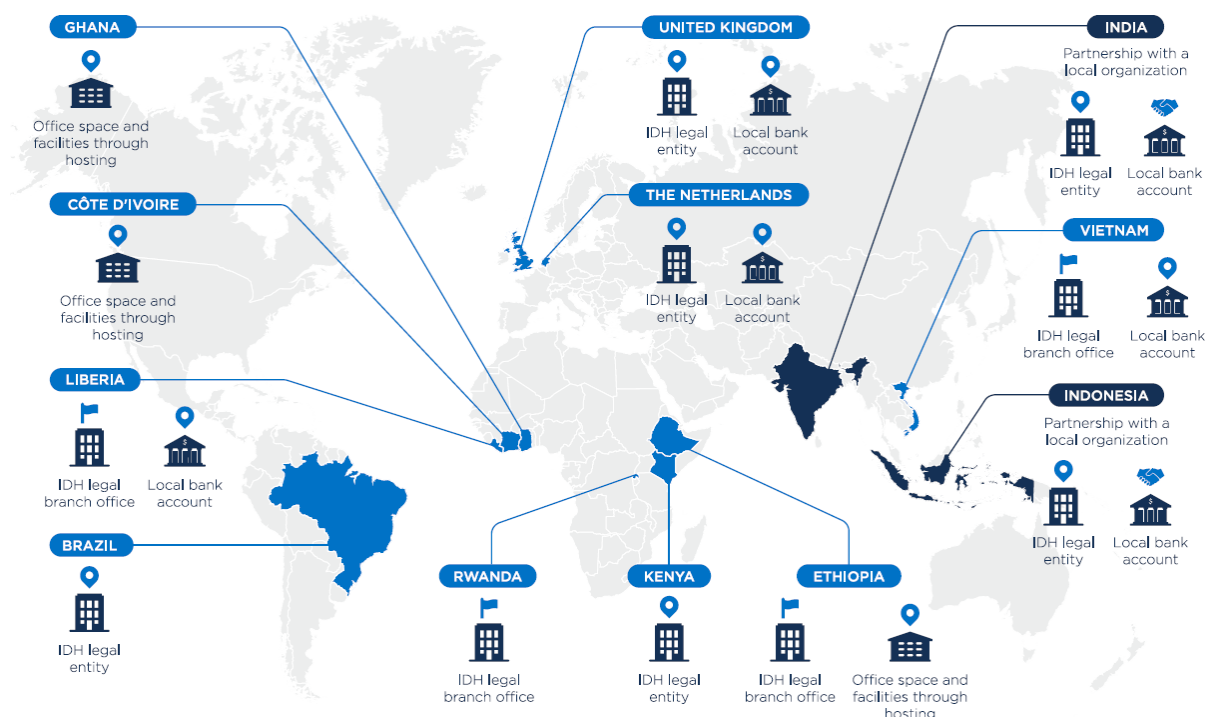
### IDH value to civil society/NGO's:

To support effective participation by civil society organization in public-private partnerships and secure that the voice and implementing capacity of civil society is incorporated in our programs, to the benefit of inclusive growth.

- (Convening): We drive inclusive local and global public private partnerships where mutual accountability optimizes results for sustainable development. Civil society is key to assure local voice and accountability, mobilizing consumers and communities for sustainable trade.
- (Investment): We partner with NGO's and invest through NGO's as implementing partners where have most leverage for lasting impact.
- (Innovation): We partner with NGO's as knowledge institutions to co-design innovations that work on the ground. Together we drive innovation that pushes governments and businesses to next level sustainability.”

### **Geographical presence and focus**

The IDH headquarters is located in Utrecht (the Netherlands). IDH has gradually expanded its international presence to having international offices in Brazil, Côte d'Ivoire, Ethiopia, India, Indonesia, Kenya, Liberia, Malawi, Nigeria, South Africa, Tanzania and Vietnam. Global presence is illustrated in the figure below.



In terms of allocation of efforts between continents, the largest emphasis in the 2021-2025 MYP is on Africa where 50% of IDH's focus countries are located (13 countries). Asia contains 27% of focus countries and Latin America 23%. In terms of budgetary allocations, over 50% of total programme spending is in the MYP 2021-2025 planned for Africa.

## Gender equality and empowerment

Since gender ambitious at the outset of Danish support to IDH were found to be low, gender equality has been at the centre of cooperation agreements (incl. performance framework). Continuous Danish attention to gender quality and empowerment has been given during consultation on annual planning, strategy setting (for the MYP 2025) at not at least reporting. The attention to the subject – and driving IDH to a more ambitious and scientific approach – has been of equal importance to the other two core donors (BUZA and SECO).

Two years into the MYP 2016-2020, a separate and additional impact theme on gender equality and empowerment was included. Various initiatives have seen then been carried out to start seeing a positive impact, including that of a Gender Kit/Tool. Shaping of a gender approach, internal staff competencies, resource allocation and actual activities in the field have since then improved gradually.

The two mid-term reviews found that progress had been achieved and that IDH has embarked on a journey towards becomes gender transformative (see illustration below) in its operations and initiatives, but that a there is a way to go before this is going to be fully integrated and not at least to have measurable impact.

### The IDH gender equality journey:

#### Gender blind (*pre-2016*)

- ➡ **neutral** (*'do no harm' as an absolute minimum*)
- ➡ **aware** (*ongoing, through applying gender strategies and separate POCs*)
- ➡ **sensitive** (*ongoing gradual organisational process, also having investment proposals gender screened. Development and testing of gender transformation models, e.g. on Gender Based Violence*)
- ➡ **transformative** (*future/post-2020, as models have been tested and mainstreamed into POCs/programmes*).

The 2019 mid-term evaluation concluded that it was too early to measure impact for the gender equality impact theme and noted that IDH remains on a 'growing curve' and need to improve evidence and reporting its gender ambitions. The evaluation also concluded that IDH has high potential to drive gender transformative activities, for example seen in the Kenya tea programme. IDH possesses the resources, knowledge, convening power and independence to work effective with companies and being a catalyst on the ground for gender transformation.

In the MYP 2021-2025, IDH expresses the following on its immediate gender journey:

“IDH believes that equality between men and women is a human right that should be respected at all times. Moreover, when the private sector has gender inclusive strategies and gender smart interventions integrated in their core business, their impact increases and their business models will be more commercially viable.

There are several gender related challenges linked to international supply chains, such as gender-based violence and sexual harassment, gender pay gap for equal tasks, unequal economic opportunities for female smallholders, lack of access to finance and lack of equal career opportunities.

These are all topics IDH is addressing through our work.

In the MYP 2021-2025 IDH will further integrate gender across all Business Units and Impact areas (Better Income, Better Jobs and Better Environment) by:

- Convening of platforms and coalitions with the private sector, farmers and governments, where gender is integrated as a core part of the overall strategy on better incomes, better jobs and better environment
- Integrating gender intentional and transformative interventions into IDH co-funding projects that relate to any of the 3 impact areas: better jobs, better incomes and better environment
- Creating insights and innovations through gathering and analysing sex disaggregated data; developing easy to use tools and innovations (such as the gender tool and the Salary matrix) to promote gender equality and inclusive business practices; and performing program evaluations and ensuring a continuously learning loops

Internally, IDH will apply the Salary Matrix and is currently rolling out a gender training mandatory for all staff?.

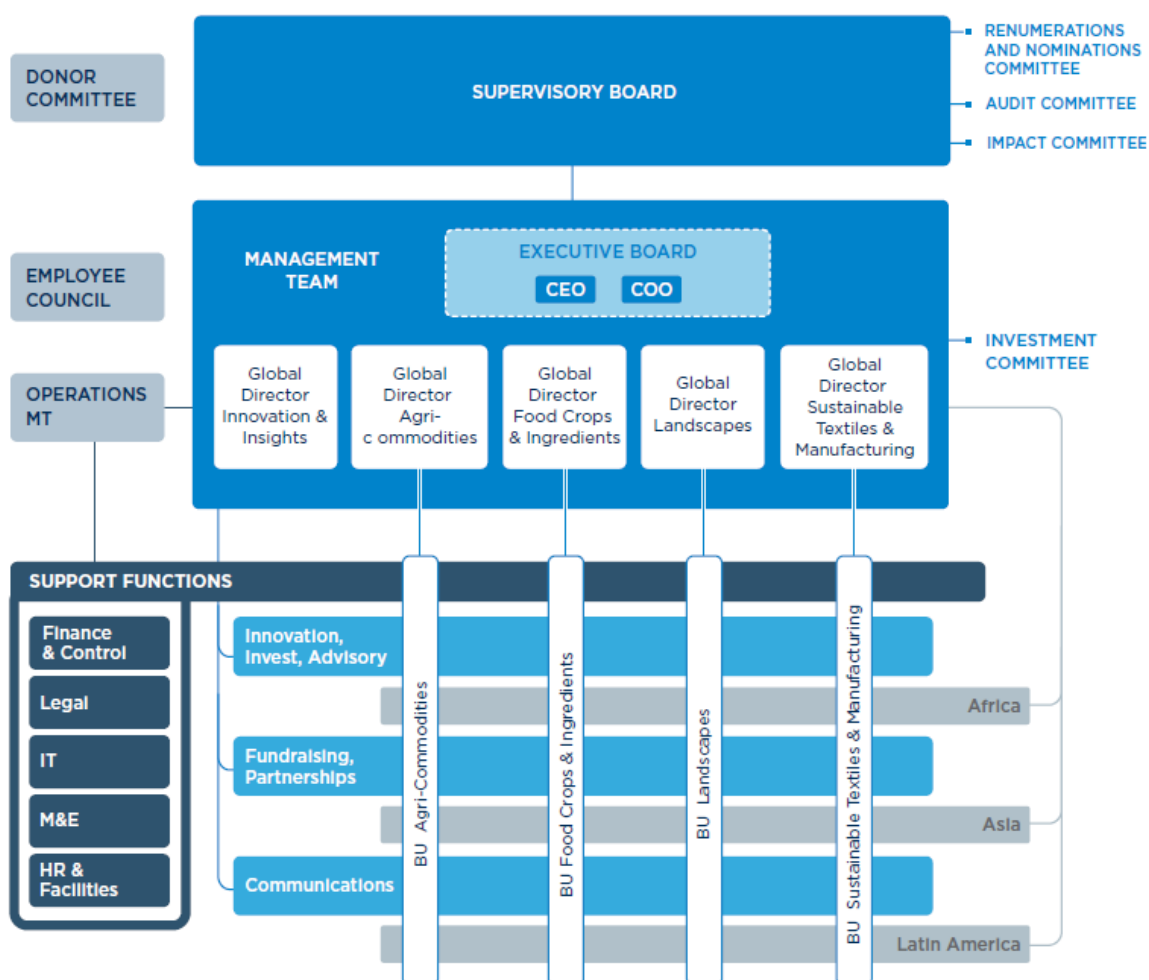
### **Organisation and Governance**

An organigram is presented below. IDH has re-organized twice during the present MYP in order to improve efficiency of operations, the latest reorganisation being in 2019 with the introduction of five business units, a leaner management team (formerly 13 directors, now 7), and with a stronger and more formalised presence in focus countries (devolution).

The Supervisory Board is the formal governance body of IDH and guards the policy and functioning of the IDH office. The Supervisory Board (SB) is charged with supervising the policy of the Executive Board, IDH's general business framework and IDH's performance. The Supervisory Board periodically discusses the performance of IDH with the Executive Board and intervenes, where necessary, to provide (strategic) advice to the Executive Board. This includes budget, financial statements and the accounting system maintained by the Executive Board. The SB is guided by the interests of IDH, and has an Audit, Remuneration & Nominations and an Impact Committee. It appoints and selects its own members and meets about three times a year. Core donors are entitled to suggest candidates for vacant seats at IDH Supervisory Board. Ultimately the SB itself is the final decision maker in the appointment of a vacant seat. At present, the Supervisory Board consists of 9 representatives from representatives of private sector actors (Nestlé, COOP Denmark, RaboBank, PWC, Unilever) and civil society/public sector (German Ministry for Economic Cooperation, the World Economic Forum, the Consumer Goods Forum, WWF).

The Supervisory Board appoints the Audit Committee from among its members. The Audit Committee provides the SB with advice on the legality and validity of IDH's financial management, policies and activities. It assesses IDH's internal planning and control system, including internal accountability. The Audit Committee provides advice on the appointment of the external auditor; reviews the draft financial statements; discusses results of the financial audit with the external auditor and ensures that recommendations are complied with; reviews the interim financial reports and assesses the risks and the effectiveness of the treasury policy pursued.

## GLOBAL ORGANIZATION AND GOVERNANCE OF IDH



The Impact Committee is appointed by the Supervisory Board and consists of at least one of its members and external experts. Members are selected based on relevant knowledge/experience of impact/impact measurement. The Impact Committee provides the Supervisory Board with (strategic) advice on delivering, measuring and communicating the social and environmental impact of IDH activities, with a special focus on small-scale farmers and producers. Core donors are entitled to suggest candidates for vacant seats at the Impact Committee. Ultimately the Impact Committee itself is the final decision-maker in the appointment of a vacant seat.

The Remunerations and Nomination Committee supports the Supervisory Board by assessing the performance of the Executive Board and setting performance targets.

The two-person Executive board consists of the CEO and COO and is supported by a wider Management Team with another five global directors. The Executive Board is responsible for the management of IDH; i.e. the realization of IDH's objectives, the strategy, the finance and the overall policy making and policy implementation. The Executive Board's management is under supervision of the Supervisory Board.

An internal Investment Committee was introduced in 2017 with the aim of improving quality of interventions, alignment of interventions and ultimately create better value for money. The IC is set to meet every month to decide – based on due diligence and assessment of projects'

additionality - on project proposals; based on for example pre-contracting guidelines with partner assessment tools, screening for gender equality etc.

The Donor Committee works to ensure donor alignment and facilitates strategic dialogue on policy making and IDH’s future direction. Members are representatives from the core donor countries (The Netherlands, Switzerland, and Denmark). Twice a year, a Donor Committee meeting is organized to foster exchange between IDH management and representatives from core donors’ governments. Via these meetings, core donors are invited to provide input (where appropriate) on IDH policy and program matters; provide sector and country insights and share their priority areas; provide guidance to IDH on the direction of the annual plan or other inputs.

Objectives of the Donor Committee meetings are:

- to establish a platform for ongoing policy dialogue between IDH management and donors,
- to follow-up on the performance of the partnership and discuss progress of IDH programs, and
- to provide input and comments on (high level version of) the Annual Plan and Annual Report.

The timing of these strategic meetings (May and October) is aligned with the IDH planning and reporting cycle in order to provide the basis for discussion. The October meeting is organized to discuss the IDH Annual Plan for the coming year (including core donors funds distribution). This meeting is hosted by IDH with input from the core donors on the agenda. The May meeting is organized to discuss the Annual Report. This meeting is hosted by a core donor, in rotation, where IDH supports in the agenda and preparations.

Although the Donor Committee does not possess formal decision powers, *de facto* it has had and will continue to have a significant influence on IDH’s strategy, prioritisation, annual planning and budgeting, reporting as well as results measurement. Core donor cooperation has been excellent; driving forward shared priorities, e.g. gender and smallholder inclusion. For the two relatively smaller core donors (Denmark and Switzerland), the significance of the Donor Committee as well as intra-donor consultations is outspoken.

**2.4 COVID-19 and its impact on budget, results framework and Theory of Change**

Due to COVID-19, donors have had to revise their funding priorities, and this has led to a considerable delay in donor commitments – both for 2021 and beyond. The table below outlines the timeline for the

<b>BUDGET, RESULT FRAMEWORK AND THEORY OF CHANGE</b>		
<b>Reporting</b>	<b>Status</b>	<b>Presentation to Donor Committee</b>
<b>Annual Plan 2021</b>	Presented at donor meeting in December with revised ambitions based on new funding situation	<b>Primo December 2020</b>
<b>Indicators for 2021</b>	Indicators presented as part of the Annual Plan. Preliminary indicators have been shared and included in Project Document.	<b>Primo December 2020</b>



<b>Baselines and targets 2021</b>	1-year targets at output level will be presented in the Annual Plan 2021 and to the Donor Committee in December	<b>Primo December with potential revisions in ultimo Q1 2021</b>
<b>Budget 2021</b>	As part of the Annual Plan 2021, a budget will be presented to Donor Committee in December	<b>Primo December 2020</b>
<b>Indicators for 2021-2025 (MYP)</b>	Preliminary indicators for MYP 2021-2025 will be presented to Donor Committee in December	<b>Primo December 2020 with revision until ultimo June 2021</b>
<b>Baselines and targets 2021-2025 (MYP)</b>	Initial targets were presented in the MYP 2021-2025 and will be lowered by 20-30% to reflect the impact of COVID19 on the funding situation. A revised MYP will be presented end-June 2021	<b>Ultimo June 2021</b>
<b>Budget 2021-2025</b>	A revised budget for 2021-2025 will be presented to the Donor Committee reflecting the new 10-year commitment of the Dutch MFA.	<b>Ultimo June 2021</b>
<b>Theory of Change 2021-2025</b>	Revised ToC will be presented to the Donor Committee, clarifying the relationship between output, outcome and impact.	<b>Ultimo June 2021</b>

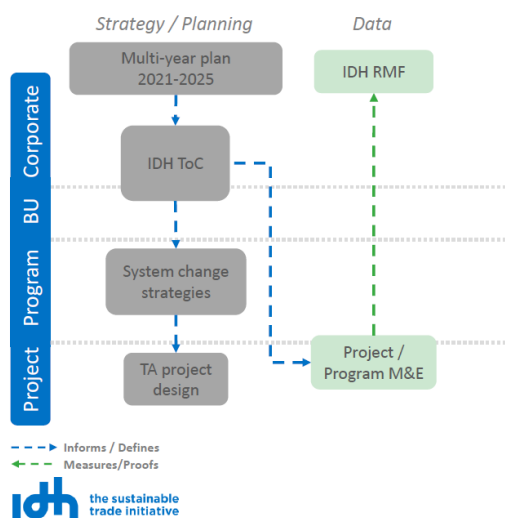
## 2.5 Results management framework

The Results Measurement Framework (RMF) is currently being revised and updated to reflect the revised organisation and theory of change contained in the 2021-2025 multiyear plan. The revised RFM will be ready by June 2021 and used for planning and reporting from 2021 forward.

Core donors are mainly updated on the RMF indicators that are aggregated at corporate level, which all programmes have to report on. However, this only forms the minimum basis of indicators, and all programmes have an additional set of indicators to track progress and ensure learning within and across programmes (see figure below). The RMF is based on an extensive and multi-layered M&E system that provides quantitative Key Performance Indicators (KPI) at output, outcome and impact levels; complemented with qualitative outcome and impact data.

## The bigger picture: Vision of result measurement across IDH

IDH's progress towards impact will be monitored and evaluated on different levels



- The RMF outlines the corporate Results Measurement Framework (RMF) which is relevant to the IDH ToC.
- All programs and Projects use the RMF indicators as a minimum basis.
- The RMF indicators are not exhaustive. BU programs and strategies have indicators specific to context and programs allowing more detailed insight for internal steer and discussion making.
- The RMF outlines the datapoints IDH commits to report on for accountability purpose.

Through the RMF, IDH keeps track of progress reported by business units, programme teams and Implementing Partners (IPs). IDH contracts IPs to execute projects and set strict rules for IP spending, for measurement of the KPIs, and for reporting cycles. The formulated KPIs are based upon an input, output, outcomes and impact framework for the specific project. In addition to SP reporting, IDH program teams are informed through field visits and regular meetings and discussions.

Impact is measured through special impact studies combined with additional research assessed by external evaluations at project, program and corporate level before and after interventions. A dedicated Impact Committee (including external M&E experts) is established by the Supervisory Board, providing strategic advice on delivering, measuring and communicating impact of IDH activities.

## 2.6 Financial management

The financial statements for 2019 and 2018 are presented in the table to the right. As has been the case during previous Danish support, financial management, the use and flow of funds will follow the established internal rules, procedures and systems of IDH. Those rules and procedures have developed during the past decade and are supported by ICT systems across the organisation and its country offices.

### Quality of IDH rules and systems

The present set of rules, regulations and systems are found to be of high standards, e.g. as reported by the external auditor in their 2018 management letter; stating that IDH has reached a high overall maturity level of internal controls. In addition, financial management was subject to a Danish MFA review in September 2019 and performance was found to be satisfactory. As part of the appraisal process for this project document, IDH has done a financial management self-assessment. The appraisal did not observe any contradictions to the conclusion of the MFA financial monitoring visit. IDH controls are supported by its 'Code of Conduct', 'Anti-bribery and Anti-Corruption Policy' and 'Speak-up Policy'; including whistle blower policies and recently also an anti-fraud hotline.

### Accountability of implementing partners

Since a significant part of IDH's finances are spent by Implementing Partners (IPs), tender and contract management is essential. Through a global contract management system, IDH brings key data together in one tool for approvals, reporting and document management. Financial controls over project, programme and business unit management as well as reporting are all built into the system. An Investment Committee acts as an independent decision body, tasked with revising and sharpening project funding decisions while at the same time ensuring a broad discussion about how specific investments are contributing to business unit strategies and IDH's goals and results more generally (including that of gender). It also ensures that proper due diligence has been undertaken of IPs as well as their specific investment proposals.

Amounts in millions of Euros	Actual 2019	Actual 2018
<b>Program Contributions:</b>		
Private partners - via IDH	1.73	1.49
Private partners - directly to project	44.43	35.87
<b>Total private partners</b>	<b>46.16</b>	<b>37.36</b>
Other donors - via IDH	0.19	0.35
Other donors - directly to project	5.44	1.69
<b>Total other donors</b>	<b>5.63</b>	<b>2.04</b>
IDH	28.60	19.71
<b>Total Program Contributions</b>	<b>80.39</b>	<b>59.11</b>
<b>IDH Expenditures:</b>		
IDH Program Contributions	28.60	19.71
IDH contribution on behalf of private partners	1.73	1.49
IDH contribution on behalf of other donors	0.19	0.35
<b>Total IDH Program Contributions</b>	<b>30.52</b>	<b>21.55</b>
Learning, Innovation and Impact	1.66	2.47
Support and outreach	0.93	1.07
<b>Total Program Related Costs</b>	<b>2.59</b>	<b>3.54</b>
Congress and communication	0.36	0.61
Personnel	4.37	2.99
Organization	1.56	1.13
<b>Total IDH organizational expenditures</b>	<b>6.29</b>	<b>4.73</b>
Financial income & expenses and taxes	-0.02	-0.06
<b>Total Fin Income/expenses</b>	<b>-0.02</b>	<b>-0.06</b>
<b>Total IDH Expenditures (Incl. contributions via IDH)</b>	<b>39.37</b>	<b>29.76</b>
<b>Total Incl. Partner Contributions</b>	<b>89.2</b>	<b>67.3</b>
Ratio program contributions IDH: private	1:16	1:9
Percentage IDH organizational Expenditures: Total IDH	16.0%	15.9%
Percentage IDH organizational Expenditures: Total incl. Partner contributions	7.0%	7.0%

In support of IP management, IDH has comprehensive guidelines for planning and reporting, which are referred to in all contracts with IPs. Various guidelines document the minimum requirements for all reporting expected of IPs along the three major phases of project planning, implementation and closure – including requirements for IPs having safeguarding and anti-corruption policies. In addition to these guidelines, IDH has specific requirements for project proposals, project budget and eligible private sector investments. These criteria are included in the Criteria for Calls for Proposals. IDH may also request additional documentation when agreed upon with the IPs. Regular exchange of information between IDH and IPs is required by IDH.

## **2.7 Staffing and capacity**

In IDH's Utrecht office, at year-end 2019

it employed 85 FTEs, plus 142 contracted team members in the 24 countries in which IDH operates. This is an increase of 34% compared to 2018, mainly due to additional donors and number of included landscapes in landscape programs and strengthening of FinTech teams. IDH's total turnover increased by an impressive 33% from 2018 to 2019.

IDH's organisational performance and capacity has been assessed during mid-term reviews. Staff were found to be extremely hardworking, competent and dedicated. Only about half of the persons met were Dutch nationals, having taken up positions in IDH for various reasons; the main being personal interests in the sustainability agenda and the chance to work in a highly international and innovative environment. The culture appeared to be corporate, but with a good mix of NGO and business-oriented individuals.

## **2.8 Communication**

IDH's main communication tool to donors is its annual report, accompanied by its extensive webpage and other social media. Planning and reporting are being simplified forward-looking, responding to recommendations of mid-term reviews.

Depending on the findings and recommendations of the strategic review to be performed late 2020 and depending on a decision on future Danish support to IDH, a detailed Danish communication strategy will be prepared in collaboration with IDH.

## **2.9 Risk management**

Risk management is an integral part of IDH's internal control system and provides input into decision-making process by identifying (potential) risks and measures to mitigate them. IDH risk management is currently performed at corporate, project and partner level.

IDH is continuously working to further improve its risk framework, e.g. by organizing risk sessions to identify risks at business-unit level. Risk analysis and planned mitigation measures are updated regularly based on ongoing new insights, testing of these measures, or materialization of specific risks.

A risk management matrix is included in Annex 5. The risk management matrix is subject to review in annual reports as well as during Donor Committee meetings. Main risks that have been taken into consideration during formulation of the Danish support include core funding uncertainties and effects of COVID19.

### 3 ANNEX 3: RESULTS FRAMEWORK

Due to COVID-19 and accompanied uncertainties on funding and programming, IDH has not been able to provide a final results framework with agreed baselines and targets for 2021. The results framework is under development in close consultations with the core donors, also in terms of including measurable outcome and impact indicators on GHG and gender disaggregation where possible. The final results framework will be shared to donors by end-June 2021.

However, even though specific *targets and baselines* for 2021 have not yet been established, IDH has – in consultation with donors – identified a set of indicators on impact, outcome and output level that will be monitored during 2021.

Table 1 below contains IDH overall impact indicators. Tables 2-3 contain the selected outcome and output indicators that will form the basis for the Danish support in 2021.

**Table 1: IDH impact indicators**

Project title		Danish support to IDH implementing the multi-year plan “Catalyzing Private Sector Solutions for the SDG (2021-2025)”	
Strategic project objective		Contributing to climate change mitigation and adaptation in developing countries (with a special focus on Africa), by catalysing private sector solutions and leveraging investments for decarbonisation of global value chains and through these efforts also create better jobs and living wages for male and female small-holder farmers and workers	
Partner objectives (IDH goals)		a. Climate change mitigation and adaptation b. Improved livelihoods of smallholder farmers and workers	
Partner impact		a. Better environment b. Better income (men and women) c. Better jobs (men and women)	
Impact Indicators (measured at baseline (2020), mid-term (2023) and end-term (2026))		a.1 Greenhouse gas emissions reduced (tCO <sub>2</sub> eq) (methodology under development) a.2 Greenhouse gas emissions sequestered (tCO <sub>2</sub> eq) (methodology under development) a.3 Area under the jurisdiction of a functioning sustainable landscape governance body (off-site) (hectares) b.1 Number of farming households with increased net income b.2 Percentage of net income increase from focus crop(s) c.1 Number of workers with improved working conditions c.2 Number of workers with reduced living wage gap c.3 Number of jobs supported	
Baseline	Year	End 2020	All to be established
Target	Year	2025	All to be established

Due to only a single year duration of the present project, it is not meaningful to require IDH to measure and document progress for most of the outcome indicators and for all of the impact indicators.

Therefore, to meet Danida’s reporting requirements – and reflecting Danish strategic priorities of climate change, gender and skills development - the following key two outcome and three output indicators have been selected from the overall RFM to document progress:

**Table 2: Selected outcome indicators**

Outcome indicator 1 <i>(climate change priority)</i>		Total amount program budget dedicated to climate change mitigation and climate change adaptation	
Baseline	Year	2020	To be established
Target	Year 1	2021	To be established

Outcome indicator 2 <i>(gender priority)</i>		Percentage of projects in IDH portfolio that are gender intentional; percentage of projects in IDH portfolio that are gender transformative	
Baseline	Year	2020	To be established
Target	Year 1	2021	To be established

**Table 3: Selected output indicators**

Output indicator 1		Number of multi-stakeholder coalitions, committees, secretariats, initiatives, and platforms convened to sign and support a common vision, goals, or strategy on sustainable development or sourcing	
Baseline	Year	2020	To be established
Target	Year 1	2021	To be established

Output indicator 2 <i>(skills development priority)</i>		Number of farmers and workers trained	
Baseline	Year	2020	To be established
Target	Year 1	2021	To be established

Output indicator 3		Area where sustainable land management practices are applied on-site (hectares)	
Baseline	Year	2020	To be established
Target	Year 1	2021	To be established

### 3.1 IDH indicators – full list including definitions

(as of 13 November 2020)

## HARMONIZED IMPACT INDICATORS

Result area	Coding	Indicator	
1	Better income	Impact: Income 1	Number of farming households with increased net income
		Impact: Income 2	Percentage of net income increase from focus crop(s)
3	Better jobs	Impact: Jobs 1	Number of workers with improved working conditions
		Impact: Jobs 2	Number of workers with remuneration increase
		Impact: Jobs 3	Number of jobs supported
4	Better environment	Impact: Environment 1	Greenhouse gas emissions reduced (tCO2eq)
		Impact: Environment 2	Greenhouse gas emissions sequestered (tCO2eq)
		Impact: Environment 3	Area under the jurisdiction of a functioning sustainable landscape governance body (off-site) (hectares)

## HARMONIZED OUTCOME INDICATORS

Result area	Coding	Indicator	
7	Change in sector governance	Outcome: SG 1	Number of multi-stakeholder agreements signed as a result of IDH interventions
		Outcome: SG 2	Uptake rate of sustainable production by program partners/sectors
		Outcome: SG 3	Other sources of public, private or blended-finance investments/funding leveraged by the program
		Outcome: BP 1	Private investments co-funding in the program
		Outcome: BP 2	Number of companies with funding agreement or Letter of Assignment to invest, trade, and/or provide services
		Outcome: BP 3	Percentage of projects in IDH portfolio that are gender intentional; percentage of projects in IDH portfolio that are gender transformative
12	Change in business practices	Outcome: BP 4	Total amount program budget dedicated to climate change mitigation and climate change adaptation
		Outcome: BP 5	Offtake volumes of focus crops as a result of project interventions (metric tons)
		Outcome: BP 6	Average offtake payments made per metric ton
		Outcome: FL 1	Adoption rate of sustainable production and land-use management practices
15	Change in field-level sustainability	Outcome: FL 2	Area of natural ecosystems under effective conservation or protection or restoration measures/practices (hectares)
16			

## HARMONIZED OUTPUT INDICATORS

Result area	Coding	Indicator	
17	Change in sector governance	Output: SG 1	Number of multi-stakeholder coalitions, committees, secretariats, initiatives, and platforms convened to sign and support a common vision, goals, or strategy on sustainable development or sourcing
18	Change in business practices	Output: BP 1	Number of service delivery model analyses finalized
19		Output: FL 1	Number of farmers and workers trained

20	Change in field-level sustainability	Output: FL 2	Number of farmers gained access to formal markets
21		Output: FL 3	Number of farmers gained access to finance
22		Output: FL 4	Number of cooperatives/factories reached
23		Output: FL 5	Area where sustainable land management practices are applied on-site (hectares)

Impact area: Better income		Impact: Income 1
Impact indicator		
Indicator	Number of farming households with increased net income	
Definition	<p>Measurement of the number of smallholder households with an increased income due to IDH intervention, adjusted as per the consumer price index during the course of the intervention.</p> <p>Smallholders' household income (net revenue) consists of the following components:  Production-based estimates of income, such as farm production to calculate the value of sales of product (production x price of unit being sold), either for the main crop(s) only, or also for other crops' revenue sales. Minus net smallholder or household income costs, including costs for hired labor, and inputs costs for focus crop production, other crop(s) and livestock production costs. Other earnings may be added (from activities such as off-farm employment, services provided such as training, nurseries, land and equipment rental, etc.), business revenue, gifts and remittances.</p>	
Organizational target (2021-2025)	2,540,000 smallholder households	
Unit of measurement	Number of households	
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the number of households with increased income by December 2021 that have accumulated since the start of the project, including the number reached by December 2020. In other words, the 2021 annual result should include results from the previous years.	
Administrative level	This an indicator functions at project level and measured through close collaboration with implementing partners.	
Disaggregation	By male-led/female-led households	
<b>Measurement</b>		
Data source	Primary data collection, such as household surveys, farmer field books, farmer focus groups or interviews.	
Frequency of reporting	From IDH to donor: May 1	
Measurement guidance	<p>At a minimum, measurements need to be taken before and after the intervention to establish baseline and endline values by third parties.</p> <p>The proportion of farmers with increased income among the target population is estimated via sampled research, which is ideally taken when the scale of the target population is known. Based on sample results, the proportion of farmers whose incomes have risen will be applied to the total number of farmers receiving services.</p> <p>This sampling approach can be undertaken via surveys among a sample group of smallholders and possibly household members, asking detailed questions on smallholder production per focus crop(s), crop sales, prices, and cost of production. Alternatively, smallholders and possibly household members may be asked to self-report such data using self-assessment tools, such as diaries or farmer field books.</p> <p>IDH attribution is only possible to assess by using an additional control group that allows external factors to be isolated, and therefore confirms the extent to which results can be attributed to the intervention.</p>	



Baseline value	Baseline value should be taken before project activities kick starts.
Means of verification	Actual measurement from household surveys or farmer field books can be triangulated using qualitative measurements (such as interviews) with farmers or other business parties, in consultation with community members.

Impact area: Better income		Impact: Income 2
Impact indicator		
Indicator	Percentage of net income increase from focus crop(s)	
Definition	<p>Net crop income is defined as production-related revenues minus expenditures. Focus crop(s) refer to crop(s) under intervention.</p> <p>Focus crop(s) income consists of the following components:</p> <p>Production-based income, such as farm production to calculate the value of sales of product (production x price of unit being sold) for the focus crop only. Minus production costs, including costs for hired labor, and inputs and business costs for businesses run by household members.</p>	
Organizational target (2021-2025)	15%-30%	
Unit of measurement	Percentage (%)	
Nature	Time-specific. The result reported in a given year is a snapshot of the status at the point of reporting.	
Administrative level	This an indicator functions at project level and measured through close collaboration with implementing partners.	
Disaggregation	By male-led/female-led household	
<b>Measurement</b>		
Data source	<p>Approach 1: Sourcing data from implementing partners</p> <p>Approach 2: Primary data collection such as household surveys, farmer field books, farmer focus groups or interviews.</p>	
Frequency of reporting	From IDH to donor: May 1	
Measurement guidance	<p>At a minimum, measurements need to be taken before and after the intervention in order to establish baseline and endline values.</p> <p>Approach 1: Modelling approach to track progress on farmer net incomes of main crops throughout a project. This methodology requires reporting data on the farm-gate price, volumes sourced and average cost per farmer, which can be used as a proxy to calculate average farmer net income of focus crop increment over several periods. For detailed calculation of this modelling approach, see “Calculation” below.</p> <p>Approach 2: Primary data collection approach via surveys among (a sample of) smallholders and possibly household members, asking detailed questions on smallholder production per main/focus/all crop(s), crop sales and prices, own consumption, additional wages earned, and other non-farm income. Alternatively, smallholders and possibly household members may be asked to self-report such data using self-assessment tools, such as diaries or farmer field books.</p> <p>The decision on which approach to take depends on the total budget value of a given project, specific donor requirements, or the project’s strategic significance to IDH’s overall learning agenda.</p> <p>IDH attribution is only possible to assess by using the second approach with an additional control group that allows external factors to be isolated, and therefore confirms the extent to which results can be attributed to the intervention.</p> <p>For aggregation at program, business unit or corporate level, it is recommended that program managers and operational managers apply a weighted average to consolidate results from both the modelling and evaluation approaches, taking into account the representativeness of projects undertaken by the evaluation approach and the wider targeted population covered by the modelling approach.</p>	
Calculation	<b>Calculation of average net income of focus crop per farmer</b>	

	<p>Step 1: Average price paid per metric ton by the company in the last year x total volumes purchased in the last year = annual total revenue.</p> <p>Step 2: Annual total revenue / average number of farmers Companies sourced from in the last year = annual revenue per farmer.</p> <p>Step 3: Annual revenue per farmer - annual total cost per farmer (based on projection from first analysis) = average net income per farmer.</p> <p><b>Calculation of average farmer net income increase of focus crop</b>  <math>((\text{Net income per farmer at moment of measuring}) - (\text{baseline net income per farmer})) / (\text{baseline net income per farmer}) \times 100 = \text{percentage of farmer net income increase.}</math></p> <p><b>Calculation of average farmer net income increase (over a portfolio)</b>  <math>((\text{Average percentage of farmer net income increase in case A} \times \text{number of farmers in case A}) + (\text{average percentage of farmer net income increase in case B} \times \text{number of farmers in case B}) + (\dots)) / \text{total farmers in all cases} = \text{weighted percentage of farmer net income increase.}</math></p>
Baseline value	Baseline value should be taken before project activities kick starts.
Means of verification	Actual measurement from household surveys or farmer field books can be triangulated using qualitative measurements (such as interviews) with farmers or other business parties, in consultation with community members.

Impact area: Better Jobs		Impact: Jobs 2
Impact indicator		
Indicator	Number of workers with improved working conditions	
Definition	<p>Measurement of the unique number of workers who are employed by target factories or plantations which are directly supported by IDH. For those workers, Their Working conditions are considered improved when one or more of the following conditions are improved, due to IDH intervention:</p> <ol style="list-style-type: none"> <li>1) # workers (men and women) affiliated to unions or relevant workers' representation bodies</li> <li>2) # workers (men and women) covered by Collective Bargain Agreements</li> <li>3) # of workers under newly established grievance procedure mechanisms</li> <li>4) # of workers with access to Personal Protection Equipment (PPE)</li> <li>5) # of workers working in factory/plantations with reduction of issues (incidents, accidents, grievance, gender-based violence cases/sexual harassment cases) raised by workers</li> </ol> <p>A worker can only be counted once by the same employer when one of the above conditions applies.</p> <ul style="list-style-type: none"> <li>• Elements in the technical definition: <ul style="list-style-type: none"> <li>○ Workers employed by target companies/plantation = individual employed directly by the target companies or plantations, or individual who are direct recipients of interventions that are co-financed by IDH</li> <li>○ Target company/plantation = enterprise/plantation which is supported by IDH</li> <li>○ Supported = supported by a project plan (approved and backed financially), confirmed by a contract with IDH</li> </ul> </li> </ul>	
Organizational target (2021-2025)	1,315,000 workers	
Unit of measurement	Number of Workers (Permanent and temporary, men and women) at factories and/ or plantations	
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the number of workers with improved working conditions by December 2021 that have accumulated since the start of the project, including the number reached by December 2020. In other words, the 2021 annual result should include results from the previous years.	

Disaggregation	Mandatory: by gender; Optional: by factories and plantations
<b>Measurement</b>	
Data source	Factories and plantations
Frequency of reporting	From IP to IDH: January 1 From IDH to donor: May 1
Measurement guidance	<p>This indicator is sourced from factories/plantations where the following policy/procedures are implemented due to IDH's intervention:</p> <ol style="list-style-type: none"> <li>1) Introduction of workers unions or relevant workers' representation bodies</li> <li>2) Introduction of Collective Bargain Agreements</li> <li>3) Establishment of grievance procedure mechanisms</li> <li>4) Provision of Personal Protection Equipment (PPE)</li> <li>5) Reduction of issues of Incidents or Accidents or Grievances or Gender-based violence cases/ sexual harassment</li> </ol> <p>The value of this indicators therefore is the number of unique individual workers working in the given factories or plantations during the reporting period.</p>
Baseline Value	Number of unique individuals that work in the factories or plantations that IDH had implemented activities in up till December 2020
Means of verification	The self-reported data by IPs that can be verified through field visit of factories (Company HR administration documents), unions or other worker representation bodies (Union documents and CBA documents). To be verified during BME

Impact area: Better Jobs		Impact: Jobs 1
Impact indicator		
Indicator	Number of workers with remuneration increase	
Definition	<p>Measurement of the number of workers with an increased remuneration due to IDH intervention which includes</p> <ul style="list-style-type: none"> <li>• Measurement of the reduction on the living wage gap against relevant benchmark (if available) due to IDH intervention.</li> </ul> <p>Both measurements can be tracked using IDH Salary Matrix.</p> <p>When relevant living wage benchmarks are available for a specific region, then the remuneration can be compared against a living wage benchmark, which allows the second measurement.</p> <p>Remuneration includes not only the <b>cash</b> component of remuneration, but also the <b>in-kind benefits</b> (e.g. housing, meals) and the <b>bonusses</b>, excluding overtime.</p> <p>A <b>living wage</b> is the remuneration received for a standard work week by a worker in a particular time and place sufficient to afford a decent standard of living include food, water, housing, education, healthcare, transport, clothing and other essential needs including provision for unexpected events</p>	
Organizational target (2021-2025)	200,000 workers with remuneration increase	
Unit of measurement	Number of workers (permanent and temporary, men and women) at the factories and/or plantations	

Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the number of workers by December 2021 that have accumulated since the start of the project, including the number reached by December 2020. In other words, the 2021 annual result should include results from the previous years.
Disaggregation	By job level, by gender at equal job level, by factory and/or plantation
<b>Measurement</b>	
Data source	Factories and plantations
Frequency of reporting	From IP to IDH : January 1 From IDH to donor: May 1
Measurement guidance	<p>At a minimum, measurements need to be taken before and after the intervention to establish baseline and end line values.</p> <p><b>Approach 1:</b> IDH has created the <b>Salary Matrix</b>, which is a tool that helps companies, sustainability standards, workers' organizations and others, to evaluate how the total remuneration (including cash, in-kind benefits and bonuses) compares to the relevant living wage benchmarks. Data points to include in the salary matrix are:</p> <ul style="list-style-type: none"> <li>• <b>Facility information:</b> location, production, and season timing</li> <li>• <b>Job categories:</b> list of work areas, all job categories, and number of men and women in each job category</li> <li>• <b>Wages and bonuses:</b> seasonal unit and rate at which each job category is paid and average bonus amount per job category in gross values</li> <li>• <b>In-kind benefits:</b> amount by company to provide in-kind benefits, number of workers who receive in-kind benefits.</li> </ul> <p><b>IDH Salary Matrix</b> is publicly available and can be shared with any external partner: <a href="https://www.idhsustainabletrade.com/matrix-living-wage-gap/">https://www.idhsustainabletrade.com/matrix-living-wage-gap/</a> For more information on the tool check out the guidance document: <a href="https://www.idhsustainabletrade.com/uploaded/2020/06/IDH-Salary-Matrix-V.2.pdf">https://www.idhsustainabletrade.com/uploaded/2020/06/IDH-Salary-Matrix-V.2.pdf</a></p> <p><a href="https://www.idhsustainabletrade.com/publication/living-wage-benchmark-methodologies-criteria/">For more information on how to choose a living wage benchmark:</a> <a href="https://www.idhsustainabletrade.com/publication/living-wage-benchmark-methodologies-criteria/">https://www.idhsustainabletrade.com/publication/living-wage-benchmark-methodologies-criteria/</a></p> <p>Measurements can be undertaken either by the companies themselves filling the salary matrix or via surveys among facilities and companies asking detailed questions on company/facility information, job categories, wages and bonuses and in-kind benefits and then filling in the salary matrix.</p> <p><b>Approach 2:</b> Self-reported data by companies.</p>
Baseline value	To be collected before initiation of project activities.
Means of verification	Data can be verified through visits to factories and/ or plantations and can be triangulated using qualitative measurements The Salary Matrix has an auditing system in place: <a href="https://www.idhsustainabletrade.com/publication/verifying-calculations-of-living-wage-gaps/">https://www.idhsustainabletrade.com/publication/verifying-calculations-of-living-wage-gaps/</a>

<b>Impact area: Better Jobs</b>		<b>Impact: Jobs 3</b>
<b>Impact indicator</b>		
Indicator	Number of jobs supported or created	
Definition	The number of jobs that were provided by target companies or target plantations who are directly supported by IDH.	

	<ul style="list-style-type: none"> <li>• Elements in the technical definition: <ul style="list-style-type: none"> <li>○ Direct jobs supported or created = individual employed directly by the target companies or plantations, or individual who are direct recipients of interventions that are co-financed by IDH</li> <li>○ Target company/plantation = enterprise/plantation which is supported by IDH to invest or trade</li> <li>○ Supported = supported by a project plan (approved and backed financially), confirmed by a contract with IDH</li> </ul> </li> </ul>
Organizational target (2021-2025)	
Unit of measurement	Number of job in terms of FTEs
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the number of workers by December 2021 that have accumulated since the start of the project, including the number reached by December 2020. In other words, the 2021 annual result should include results from the previous years.
Disaggregation	Compulsory: by job created/job supported; by gender, Optional: by factory, company and/or plantation
<b>Measurement</b>	
Data source	Implementing partners/companies, factories, and plantations
Frequency of reporting	From IP to IDH: January 1 From IDH to donor: May 1
Measurement guidance	<p>At a minimum, measurements need to be taken before and after the intervention to establish baseline and end line values.</p> <p>Per company/plantation:</p> <ul style="list-style-type: none"> <li>• # of direct jobs supported within the companies, factories and/or on plantations due to IDH intervention</li> </ul> <p>This indicator includes full-time equivalent jobs worked by seasonal, contractual and part-time employees, and informal employment. Part-time/informal jobs are converted to full time equivalent jobs on a pro rata basis, based on the local definition of a working week. Seasonal or short-term jobs are prorated on the basis of the portion of the reporting period that was worked (e.g. a full-time job during the harvest season of three months would equal a 0.25 FTE job for the reporting period of one year). If the information is not available, the rule-of-thumb is two part-time jobs equal a full-time job.</p> <p><b>Guidance:</b> Only count direct jobs that are supported or created by a significant intervention to raise the scale of production or service level. An intervention is significant if one can reasonably expect and hold the project responsible for achieving progress toward significant changes in behavior of the entrepreneur or other positive outcomes for workers, based on the scope of provided support. Should be measured before and after the intervention for project evaluation (Donor Committee for Enterprise Development).</p>
Means of verification	The self-reported data by IPs that can be verified through field visit of factories or plantations (company HR administration documents), unions or other worker representation bodies (Union documents and CBA documents). Or to be verified through project evaluations.

Impact area: Better income, Better jobs, Better environment		Impact: Environment 1
Impact indicator: Change in field-level sustainability		
Indicator	Area under the jurisdiction of a functioning sustainable landscape governance body (off-site) (hectares)	
Definition	A landscape governance body are multi-stakeholder coalitions/platforms convened at a particular area or at the scale of a country's administrative division (landscape and at compact). Governance bodies include stakeholders from the	

	<p>public sector, the private sector, CSOs, worker/producer representatives or organizations.</p> <p>A landscape governance body is considered <u>established</u> when the governance structure is agreed upon by all actors in the coalition/partnership. For example, when roles and responsibilities of the different actors in the implementation of the Green Grow Plan or Protection Production Inclusion goals. Action plans set a roadmap of the actions and interventions necessary to achieve the GGP goals in the landscape.</p> <p>A landscape governance body is considered <u>operational</u> when they have developed processes to gather and analyze information about the needs the priorities of the administrative division or the area under their jurisdiction, social and environmental data to land use decision or to enforce an agreed upon sustainable land use plan (such as the Green Growth Plan or the PPI strategy or goals).</p> <p>A landscape governance body is considered <u>functional</u> when they have evidence of following the developed processes and of how their decisions are being implemented in the field.</p>
Organizational target (2021-2025)	7,000,000
Unit of measurement	Hectares
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the area covered between January 2020 and December 2021. In other words, the 2021 annual result should include results from the previous years.
Administrative level	This an indicator functions at project level and measured through close collaboration with implementing partners.
Disaggregation	By country, region
<b>Measurement</b>	
Data source	Implementing partner progress report
Frequency of reporting	From IP to IDH: Jan 31 From IDH to donor: May 1
Measurement guidance	<p>This indicator is closely related to the signing of multi-stakeholder agreement, which is tracked by indicator “Outcome: SG 1 Number of multi-stakeholder agreements signed as a result of IDH interventions”, therefore the two should always be reported together for verification purpose.</p> <p>Additionally, program staff must collect information of the development status of the government body (established, operational, functional) from evidence gathering or interviews surveys with different stakeholders in the governance body or associated with it.</p> <p>At a minimum, measurements need to be taken before and after the intervention in order to establish baseline and endline values.</p> <p>And at IDH program level, program managers are required to maintain a registry of multi-stakeholder agreements with the names of the parties involved, roles, responsibilities, the geographical area covered by the agreement and links to the Salesforce or Share folder record of the associated legal document.</p>

Baseline value	The area under the jurisdiction of a functioning landscape governance body by December 2020.
Means of verification	<p>The geographical area and its size that is covered by the landscape governance body is described in the agreement documents and can be verified through secondary public sourced information.</p> <p>The development stage of the sustainable governance body can be verified following standardized protocols such the <a href="#">Framework for Assessing and Monitoring Forest Governance</a> published by FAO and PROFOR.</p>

Impact area: Better income, Better jobs, Better environment		Impact: Environment 2
Impact indicator: Change in field-level sustainability		
Indicator	Greenhouse gas emissions reduced (tCO <sub>2</sub> eq); Greenhouse gas emissions sequestered (tCO <sub>2</sub> eq)	
Definition	Greenhouse gas emissions reduced: ? Greenhouse gas emissions sequestered: ?	
Organizational target (2021-2025)		
Unit of measurement	tCO <sub>2</sub> eq	
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the GHG emission reduced between January 2020 and December 2021. In other words, the 2021 annual result should include results from the previous years.	
Administrative level	The input data points required for calculation all function at project level and measured through close collaboration with implementing partners.	
Disaggregation	By commodity programs/landscape countries;	
<b>Measurement</b>		
Data source	Project proposal, Implementing partners progress report, primary data from third-party verification and certification reports	
Frequency of reporting	From IDH to donor: May 1	

Measurement guidance	<p>Input data points required for the calculation varies across Business Unit. For Agricommodity, Food Crops &amp; Ingredients and Landscape Business Unit, key inputs data points are:</p> <ul style="list-style-type: none"> <li>• Area where agroforestry practices are applied on-site (hectares);</li> <li>• Area where forest/natural ecosystem area restored/rehabilitated off-site (hectares), disaggregate by country and type of restoration/rehabilitation;</li> <li>• Area where forest/natural ecosystem area protected off-site (hectares) with specification of reference conversion/degradation/deforestation rate</li> <li>• Estimated tons of fertilizer use reduction</li> </ul> <p>Area where agroforestry applied is a sub-indicator of area where sustainable land management practices are applied on-site (hectares), for measurement guidance of which please refer to indicator Output: FL 3.</p> <p>Area where forest/natural ecosystem area restored/rehabilitated off-site (hectares) and area where forest/natural ecosystem area protected off-site (hectares) are sub-indicators of area of natural ecosystems under effective conservation or protection or restoration measures/practices (hectares). For measurement guidance of which please refer to indicator Outcome: FL 2.</p> <p>Input data points required for Textiles and Manufacturing Business Unit are:</p> <ul style="list-style-type: none"> <li>• MWh reduced per country: the total amount reduced by factories per countries; e.g. Vietnam, China, Pakistan</li> <li>• MWh renewable energy generated per country: the total amount generated by factories per countries; e.g. Vietnam</li> <li>• Estimated tons of virgin plastic reduced: Indicate plastic types;</li> <li>• Estimated tons of plastic recycled rather than incinerated: Indicate plastic types;</li> </ul>
Baseline value	The baseline value is to be established based on actuals collected before January 2021.
Means of verification	For the hectares/areas related indicators, the initial project proposal must include the delineation of the project area, e.g. in a shapefile. Additionally, when verification and certification schemes are in place, the certified production area can be calculated. Alternatively, third-party verification of self-reported data can be commissioned for a select number of projects.

Impact area: Better income, Better jobs, Better environment		Outcome: SG 1
Outcome indicator: Change in sector governance		
Indicator	Number of multi-stakeholder agreements signed as a result of IDH interventions	
Definition	<p>A multi-stakeholder agreement is a collection of institutional arrangements, decision-making processes, policy instruments, and underlying values in the system by which multiple actors pursue their interests in sustainable food and manufacturing, ecosystem service conservation, and livelihood security. These institutional arrangements include multi-stakeholder platforms and coalitions that represent the main actors in the sector and landscapes responsible for sustainable production, landscape governance and planning.</p> <p>Typical activities through which IDH seeks to influence sector or landscape governance include: supporting the development of policy frameworks – such as</p>	



	<p>Green Growth Plans and PPI compacts – including the convening of the multi-stakeholder platforms and coalitions required for these; influencing policy changes or supporting improved enforcement; attracting and mobilizing investments for sustainability solutions; and capacity building of local government. A partnership of various stakeholders from the private sector, public sector, civil society, and/or worker/producer representatives or organizations representing the main interests of different stakeholder groups in the defined sector, landscape and compact area.</p> <p>A multi-stakeholder agreement is considered as formed or completed when a governance structure is agreed by all actors in the coalition/partnership: for example, roles and responsibilities of the different actors in the implementation of a given sustainability goal, or an action plan to set a roadmap of the actions and interventions necessary to achieve the goals.</p>
Organizational target (2021-2025)	
Unit of measurement	Number of agreements
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the number of agreements reached by December 2021 that have accumulated since the start of the program, including the number reached by December 2020. In other words, the 2021 annual result should include results from the previous years.
Administrative level	This indicator functions at program level and measured directly by IDH staff.
Disaggregation	By commodities/landscape country programs; by geography, i.e. international, national and regional.
<b>Measurement</b>	
Data source	<p>Type of evidence: Action plans to implement the sustainability goals; MoUs at sector or compact level, with clear targets, roles and responsibilities (as part of the action plan) of IDH and parties involved. Evidence of the sector or compact coalition or landscape partnership must have processes or protocols to obtain and analyze data from production and land-use practices.</p> <p>This indicator does not include NDAs signed with companies that provide commercial information for calculation of the salary matrix.</p>
Frequency of reporting	From IDH to donor: May 1
Measurement guidance	<p>At IDH program level, program managers are required to maintain a registry of multi-stakeholder agreements with the names of the parties involved, roles, responsibilities, the geographical area covered by the agreement (when applicable) and links to the Salesforce or Share folder record of the associated legal document.</p> <p>Before the IDH Salesforce-AMP management system goes live, IDH program managers are required to maintain a registry in Excel format in which the individual data source (per project or activity) is recorded to allow aggregation at program, business unit, and corporate level.</p>
Baseline value	Number of multi-stakeholder agreements signed by December 2020.
Means of verification	The registry should include the name of the agreement, the year it was signed, the names of the external parties involved, IDH's role and responsibilities, and a link to the Salesforce or Share folder record of the legal documents that define the agreement. It is essential for IDH program managers to be able to store, manage, and extract the legal documents that can be used as evidence for this indicator.

<b>Impact area: Better income, Better jobs, Better environment</b>		<b>Outcome: SG 2</b>
<b>Outcome indicator: Change in sector governance</b>		
<b>Indicator</b>	Uptake rate of sustainable production by program partners/sectors	
<b>Definition</b>	<p>Sub-indicators:</p> <ul style="list-style-type: none"> <li>• Total sustainable procurement by the program partner of certified, verified or sustainable production (according to sector definitions);</li> <li>• Total volume procured by the program partner.</li> </ul>	

	The percentage of the total volume (in metric tons) that is sourced sustainably by IDH program partners and/or the sector. Volume of sustainably sourced production can only be counted when certification or verification standards are in place, and where sustainable production can be measured against these standards (e.g. BCI, ASC, RSPO, RTRS, ETP, UTZ, SIFAV).
Organizational target (2021-2025)	Increase 10%
Unit of measurement	Percentage (%)
Nature	Time-specific. The result reported in a given year is a snapshot of the status at the point of reporting.
Administrative level	This indicator functions at project and program level and measured through close collaboration with implementing partners.
Disaggregation	By commodities/landscape country programs; by implementing partners.
<b>Measurement</b>	
Data source	Implementing partner or project partner progress reports; company or sector sustainability report.
Frequency of reporting	From IP to IDH: January 31 From IDH to donor: May 1
Purpose of measurement	To capture the indirect impact of IDH's role as convener. It is therefore not possible to assess IDH attribution by using this indicator alone. The intention of this measurement is not to claim in full or to quantify the rate of change due to IDH intervention.
Measurement guidance	<p>Measurements need to be taken before and after the intervention in order to establish baseline and endline values.</p> <p>The following information needs to be captured:</p> <ul style="list-style-type: none"> <li>• How sustainable production is defined within the sector (e.g. against standards, implementation of specific good agricultural practices, recycled feedstocks versus virgin feedstocks, etc.);</li> <li>• Total sustainable procurement by the program partner of certified, verified or sustainable production (according to sector definitions);</li> <li>• Total volume procured by the program partner.</li> </ul> <p>Aggregation of percentage from different companies is possible when the total volume of production per company is available, based on which a weighted average can be applied to reach an aggregated figure for a given commodity program.</p> <p>It is important to include this indicator in the contractual agreement with the implementing partners in order to obtain the information during formal reporting cycles and/or to make agreements with non-IP program partners that the data is submitted on an annual basis. If detailed data are not available, then an estimated guess is made of the implementing partners' production. This should include proper justification and information sources used to reach this estimate.</p> <p>Before the IDH Salesforce-AMP management system goes live, IDH program managers are required to maintain a registry in Excel format in which the individual data source (per project or activity) is recorded to allow aggregation at program, business unit, and corporate level.</p>
Calculation	Uptake rate = total sustainable procurement (metric tons) / total procurement (metric tons). Metric tons applies to most commodities except flowers.
Baseline value	Aggregated uptake rate per programs by December 2020.
Means of verification	<p>For figures reported by implementing partners or project partners, the name of the sustainability standard applied must be explicitly stated, together with the volume amount, in order to be counted.</p> <p>Figures reported by implementing partners or project partners can be verified via impact measurement taken by third party evaluators, or sustainability reporting audited via primary data collection.</p>

Impact area: Better income, Better jobs, Better environment		Outcome: SG 3													
Outcome indicator: Change in sector governance															
Indicator	Other sources of public, private or blended-finance investments/funding leveraged by the program														
Definition	<p>The total value of all indirect public, private and blended-finance investments/funding (in euros) committed by (impact) investment funds, donor organizations, and government institutions to support project activities in sustainable commodity production and natural resource protection. These go beyond the co-funded projects within the program, but are a result of IDH's convening work or co-funding of preparatory or capacity building (de-risking) work.</p> <p>Indirect funding refers to leveraged funding that is not captured in contracts but is a result of IDH's work.</p>														
Organizational target (2021-2025)	350,000,000														
Unit of measurement	Euros (€)														
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the monetary value by December 2021 that has accumulated since the start of the program, including the value reached by December 2020. In other words, the 2021 annual result should include results from the previous years.														
Administrative level	This indicator functions at program level and measured through close collaboration with implementing partners.														
Disaggregation	By type of funder, i.e. public/private/blended finance; by commodity; by geographic area, i.e. country/region.														
<b>Measurement</b>															
Data source	Partner fund progress reports; company or sector sustainability reports.														
Frequency of reporting	From IP to IDH: January 31 From IDH to donor: May 1														
Measurement guidance	<p>The indicator's main purpose is to show that the investment of IDH grant funding or IDH's role as a convener can help leverage much larger private-sector or public-sector (other donors or local governments) investments. Examples include the &amp;Green Fund, LDN Fund, IDH Farmfit Fund or AGRI3, but also large investors such as ADB, WB, etc.</p> <p>To illustrate which amounts need to be reported for this indicator (as opposed to the "private investments in co-funding in the program" indicator), see the table below as an example:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Loan/equity investment to finance sustainable production activities</th> <th>Grant to strengthen operational capacities of project developer to accept loan for sustainable production activities (pre-investment)</th> <th>Grant to build capacity of operators that need to coordinate implementation of sustainable production activities (post-investment)</th> </tr> </thead> <tbody> <tr> <td>Investor (e.g. impact investment fund)</td> <td>€10 million</td> <td></td> <td></td> </tr> <tr> <td>IDH</td> <td></td> <td>€50,000</td> <td>€100,000</td> </tr> </tbody> </table>				Loan/equity investment to finance sustainable production activities	Grant to strengthen operational capacities of project developer to accept loan for sustainable production activities (pre-investment)	Grant to build capacity of operators that need to coordinate implementation of sustainable production activities (post-investment)	Investor (e.g. impact investment fund)	€10 million			IDH		€50,000	€100,000
	Loan/equity investment to finance sustainable production activities	Grant to strengthen operational capacities of project developer to accept loan for sustainable production activities (pre-investment)	Grant to build capacity of operators that need to coordinate implementation of sustainable production activities (post-investment)												
Investor (e.g. impact investment fund)	€10 million														
IDH		€50,000	€100,000												

	Project developer		Co-funding of €100,000 (contracted with IDH)	Co-funding of €200,000 (contracted with IDH)
	Reported by IDH as “private investments co-funding in the program” (direct)		€300,000	
	Reported by IDH as “other sources of private investments leveraged” (indirect)		€10 million	
	<p>For reporting on this indicator, only the lowest row in the table above applies.</p> <p>Since this result is not trackable via IDH’s accounting system, before the IDH Salesforce-AMP management system goes live, IDH program managers are required to maintain a registry in Excel format in which the individual data source (per project or activity) is recorded to allow aggregation at program, business unit, and corporate level.</p>			
Baseline value	Other sources of public, private or blended-finance investments/funding leveraged by the programs by December 2020.			
Means of verification	It is essential to obtain the externally produced documentation where a causal link between IDH activities and the leveraged investment is described – as well as the objective of the investment(s) raised and the activities it supports.			

Impact area: Better income, Better jobs, Better environment		I1
Outcome indicator: Change in business practices		
Indicator	Private investments co-funding in the program	
Definition	<p>This measurement is based on the general assumption that the private sector would not have invested without the official finance interventions (additionality assumption). A causal link between a standard grant or loan and a private co-investment is established only if it can be demonstrated (e.g. through contractual/financial agreement, project documentation) that the provision of official funds are conditioned to Private sector co-financing. In any case, the total project costs have to exceed the amount provided by the official agency.</p> <p>This indicator comprises two components:</p> <ol style="list-style-type: none"> <li>Total value of all realized eligible private-sector investments (in euros) as co-funding in the program;</li> <li>Co-funding ratio.</li> </ol> <p>Co-funding is considered <i>private</i> when it comes from private sector companies that have their main source of income from the specific commodity supply chain or landscape of a program.</p>	
Organizational target (2021-2025)	330,000,000	
Unit of measurement	Euros (€)	
Nature	<p>For the monetary amount: cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the value by December 2021 that has accumulated since the start of the program, including the value reached by December 2020. In other words, the 2021 annual result should include results from the previous years.</p> <p>For the co-funding ratio: time-specific. Only applies to the status at the point of reporting.</p>	
Administrative level	This indicator functions at program level and measured directly by IDH financial controllers.	
Disaggregation	By commodities/landscape country programs	

<b>Measurement</b>	
Data source	IDH accounting system
Frequency of reporting	From IDH to audit committee: May 1st, from IDH to Donor: 1st of June.
Measurement guidance	<p>Eligible investment refers to what is registered in the annual accounts of the finance department, as reported by the implementing partners or project partners. No other investments, whether from NGOs or other non-institutional donors, are counted in this indicator. Eligible private-sector investments are defined in the IDH match funding criteria.</p> <p>The point of measurement of this indicator is when expenditure incurred, rather than at the commitment stage. This differs from the accounting principle of indicator “total amount program budget dedicated to climate change mitigation and climate change adaptation,” which is measured at commitment stage.</p> <p>This indicator applies only to funding of directly sponsored program activities, not funding received via membership fees.</p>
Calculation	<p>Private investments total = private investments linked to institutional donors + private investments linked to other donors.</p> <p>Co-funding ratio = (IDH institutional donor + IDH program donor) : (private institutional donors + private program donors).</p>
Baseline value	0
Means of verification	The total value of all realized eligible private-sector investments per individual program can be inferred from the “Private total” column of the "Program contribution per donor" table of IDH’s Annual Accounts.

<b>Impact area: Better income, Better jobs, Better environment</b>		<b>I1</b>
<b>Outcome indicator: Change in business practices</b>		
Indicator	Number of companies with funding agreement or Letter of Assignment to invest, trade, and/or provide services	
Definition	Unique number of companies with signed funding agreements or Letters of Assignment can only be counted once for the year in which these companies joined a contractual partnership with IDH.	
Organizational target (2021-2025)		
Unit of measurement	Number of companies	
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the amount by December 2021 that has accumulated since the start of the program, including the amount reached by December 2020. In other words, the 2021 annual result should include results from the previous years.	
Administrative level	This indicator functions at program level and measured directly by IDH staff.	
Disaggregation	By commodities/landscape country programs; by country of origin of private companies.	
<b>Measurement</b>		
Data source	IDH contract registry, i.e. Salesforce	
Frequency of reporting	From IDH to donor: May 1	
Measurement guidance	It is essential that IDH's Salesforce contract registry captures the names of the partners, year of signing, scope of work, and legal obligations. The system should be able to extract the total number of contracts produced in a given reporting period, disaggregated by country of origin of the companies and commodities.	
Baseline value	Number of companies with funding agreement or Letter of Assignment to invest, trade, and/or provide services by December 2020.	
Means of verification	Signed agreements can be extracted from Salesforce for verification purposes.	

<b>Impact area: Better income, Better jobs, Better environment</b>		<b>I1</b>
<b>Outcome indicator: Change in business practices</b>		
Indicator	Total amount program budget dedicated to climate change mitigation and climate change adaptation	

Definition	Climate change mitigation and adaptation is defined by Rio Markers convention ( <a href="http://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf">http://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf</a> ).
Organizational target (2021-2025)	
Unit of measurement	In Euro
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the amount by December 2021 that has accumulated since the start of the program, including the amount reached by December 2020. In other words, the 2021 annual result should include results from the previous years.
Administrative level	This indicator functions at program level and measured directly by IDH finance staff.
Disaggregation	By commodities/landscape country programs
<b>Measurement</b>	
Data source	IDH accounting system
Frequency of reporting	From IDH to donor: May 1
Measurement guidance	<p>The point of measurement of this indicator is at the commitment stage. This differs from indicator Private investments co-funding in the program which is measured when expenditure incurred.</p> <p>In order to report on this indicator, a stepwise process is required:</p> <p><b>Step 1.</b> Assess program at aggregated level (i.e. Cocoa, Coffee, Tea, Landscape) by its level of commitment on climate. There are three possible values (or scores) for the Rio markers, indicating whether the Rio Convention themes are (0) not targeted, (1) a significant objective or (2) a principal objective of the action.</p> <p>In order to qualify for scoring against a Rio Marker as a 'principal objective', the objective (climate change mitigation, climate change adaptation, biodiversity, combating desertification) must be explicitly stated as fundamental in the design of, or the motivation for, the action. Promoting the objective will thus be stated in the activity documentation to be one of the principal reasons for undertaking the action. In other words, the activity would not have been funded (or designed that way) but for that objective.</p> <p>In order to qualify for scoring against a Rio Marker as a 'significant objective', the objective must also be explicitly stated, but is not the fundamental driver or motivation for undertaking and designing the activity. The activity has other prime objectives but has been formulated or adjusted to help meet the relevant environmental concerns.</p> <p><i>Note: Vague references to 'sustainable agriculture', 'increased resilience' or 'sustainable energy' are insufficient to consider that climate change adaptation or mitigation is an objective. For detail description of the criteria of scoring please refers to Rio Marker handbook (<a href="http://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf">http://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf</a>).</i></p> <p><b>Step 2.</b> Depending on the Rio Marker score, fixed percentages of the overall program budget are considered to be relevant for the respective themes. The EU has decided to report 0% of program budget when program is assessed as climate-not targeted, 40% of program budget for program scored as climate-significant, and 100% for program scored as climate-principal.</p>
Baseline value	0
Means of verification	NA

Outcome indicator: Change in business practices	
Indicator	Percentage of projects in IDH portfolio that are gender intentional; percentage of projects in IDH portfolio that are gender transformative
Definition	<p>Gender intentionality can be defined through self-assessment via the IDH gender tool, which is mandatory for all IDH projects during the pre-contracting phase.</p> <p>Gender unintentional = The project has not taken steps to understand or address the different needs and constraints of women and men in its internal processes, strategy, or service design.</p> <p>Gender intentional = The project has taken steps to understand the different needs and constraints of women and men in the project context, strategy, or service design, with the goal of ensuring both women and men have access to resources.</p> <p>Gender transformative = The project takes a data-driven/strategic approach to understanding the different needs and constraints of women and men, tailoring services to ensure that both men and women have equitable access to resources, and control over the benefits of those resources, or are working to create an inclusive and safe workplace. Gender transformative interventions address the structural inequalities that constitute social norms and values. Transformative interventions include increasing women's access to leadership and strategic decision-making spaces, as well as addressing gender-based violence from a worker, management, and community perspective.</p>
Organizational target (2021-2025)	100% Gender intentional; XX% Gender transformative
Unit of measurement	Percentage
Nature	Time-specific. The result reported in a given year is a snapshot of the status at the point of reporting.
Administrative level	This indicator functions at program level and measured directly by IDH staff.
Disaggregation	By business unit, commodities/landscape country programs; by geographic area, i.e. country/region.
Measurement	
Data source	IDH contract registry, i.e. Salesforce
Frequency of reporting	From IDH to donor: May 1
Measurement guidance	<p>All IDH projects, with or without gender intentionality, are required to go through a self-assessment process using the gender tool during the pre-contracting phase. The score must be logged in the IDH Salesforce system, so that each funding agreement is tagged with the level of commitment on gender, i.e. unintentional/intentional/transformative.</p> <p>Aggregation at program, business unit, and corporate level can be done by applying a weighted average technique.</p>
Baseline value	N/A
Means of verification	Gender assessment results and analysis records can be extracted from Salesforce for verification purposes.

Impact area: Better income, Better jobs, Better environment		I1
Outcome indicator: Change in business practices		
Indicator	Offtake volumes of focus crops as a result of project interventions (metric tons)	
Definition	Total increase in volumes sourced by project partners from targeted SMEs, cooperatives or farmers as a result of project interventions, and meeting required (social and environmental) sustainability criteria.	
Organizational target (2021-2025)		
Unit of measurement	Metric tons	
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the volume sourced from the project area by December 2021 that has accumulated since the start of the	

	program, including the amount reached by December 2020. In other words, the 2021 annual result should include results from the previous years.
Administrative level	The indicator functions at project level and measured through close collaboration with implementing partners.
Disaggregation	By commodities/landscapes; by programs/projects; by cooperatives (where applicable).
<b>Measurement</b>	
Data source	IDH contract registry, i.e. Salesforce
Frequency of reporting	From IP to IDH: January 31 From IDH to donor: May 1
Measurement guidance	At a minimum, measurements need to be taken before and after the intervention in order to establish baseline and endline values.  This indicator, together with indicators "Number of farmers/workers reached" and "Average offtake payments made per metric ton" can be plugged into the formula detailed in "Percentage of net income increases from focus crop(s)" to estimate percentage of net income from focus crop (s).  For implementing partners sourcing from cooperatives, it is essential for the implementing partners to maintain a registry of cooperatives and keep track of the volume sourced per individual cooperative.
Baseline value	Offtake volumes of focus crops as a result of project interventions (metric tons) before project (with implementing partners) activities kick start.
Means of verification	Sourcing data of implementing partners.

<b>Impact area: Better income, Better jobs, Better environment</b>		<b>I1</b>
<b>Outcome indicator: Change in business practices</b>		
Indicator	Average offtake payments made per metric ton	
Definition	Average offtake payments made (last year) to targeted SMEs, cooperatives and/or farmers as a result of project interventions, and meeting the required (social and environmental) sustainability criteria.	
Organizational target (2021-2025)		
Unit of measurement	Local currency	
Nature	Time-specific. The result reported in a given year is a snapshot of the status at the point of reporting.	
Administrative level	The indicator functions at project level and measured through close collaboration with implementing partners.	
Disaggregation	By commodities/landscape country programs	
<b>Measurement</b>		
Data source	Implementing partner or project partner progress reports	
Frequency of reporting	From IP to IDH: January 31 From IDH to donor: May 1; October 1	
Measurement guidance	At a minimum, measurements need to be taken before and after the intervention in order to establish baseline and endline values.  This indicator, together with indicators "Number of farmers/workers reached" and "Offtake volumes of focus crops resulting from project interventions" can be plugged into the formula detailed in "Percentage of net income increases from focus crop(s)" to estimate percentage of net income from focus crop (s).  For implementing partners sourcing from cooperatives, it is essential for the implementing partners to maintain a registry of cooperatives and keep track of the volume sourced per individual cooperative for verification purpose.	
Baseline value	Average offtake payments made per metric ton before project (with implementing partners) activities kick start.	
Means of verification	Sourcing and payments data of implementing partners.	



Impact area: Better income, Better jobs, Better environment		11
Outcome indicator: Change in field-level sustainability		
Indicator	Adoption rate of sustainable production and land-use management practices	
Definition	<p>Increased adoption of sustainable production practices (e.g. good agricultural practices, crop diversification, responsible use of agro-inputs, agro-forestry practices, irrigation and water resource management, climate-smart agriculture, clean and safe manufacturing).</p> <p>Practices refer to a collection of principles applicable to on-farm or on-factory production and post-production processes, resulting in safe and healthy food and non-food products, while taking into account economic, social, and environmental sustainability criteria.</p>	
Organizational target (2021-2025)		
Unit of measurement	Percentage	
Nature	Time-specific. The result reported in a given year is a snapshot of the status at the point of reporting.	
Administrative level	The indicator functions at project level and measured through close collaboration with implementing partners.	
Disaggregation	By commodities/landscape country programs; by projects. Specific adoption rate on agroforestry is needed for calculation of GHG reduction and sequestration.	
<b>Measurement</b>		
Data source	Approach 1: Data from implementing partners Approach 2: Surveys, farmer diaries, interviews or focus groups	
Frequency of reporting	From IP to IDH: January 31 From IDH to donor: May 1	
Measurement guidance	<p>At a minimum, measurements need to be taken between control group and treatment group, before and after project intervention in order to establish baseline and endline values.</p> <p>This indicator consists of three sub-indicators:</p> <ul style="list-style-type: none"> <li>• Percentage of farmers and workers using <i>at least one</i> project targeting sustainable production and land-use management/protection practices;</li> <li>• Percentage of farmers and workers using <i>half</i> of the projects targeting sustainable production and land-use management/protection practices;</li> <li>• Percentage of farmers and workers using <i>all</i> projects targeting sustainable production and land-use management/protection practices.</li> </ul> <p>Sustainable production and land-use management/protection practices include:</p> <ul style="list-style-type: none"> <li>• Rotational or strip fallowing</li> <li>• Vegetative strip cover</li> <li>• Contour ploughing/planting</li> <li>• Agro-forestry</li> <li>• Live fencing</li> <li>• No/minimum tillage</li> <li>• Crop rotation</li> <li>• Cover crops</li> <li>• Integrated soil fertility management</li> <li>• Intercropping</li> <li>• Green manuring</li> <li>• Composting/mulching</li> <li>• Integrated crop/livestock systems</li> <li>• Conservation agriculture</li> <li>• Minimum fertilizer use</li> <li>• Increased productivity on existing land</li> <li>• Improved livestock management</li> <li>• Agricultural diversification</li> <li>• Improved grazing-land management</li> <li>• Integrated water management</li> </ul>	

	<ul style="list-style-type: none"> <li>• Reduced grassland conversion to cropland</li> <li>• Sustainable forest management</li> <li>• Sustainable manufacturing in terms of resource efficiency, renewables, and cleaner production</li> <li>• Sustainable manufacturing in terms of improved working conditions and worker representation</li> <li>• Sustainable manufacturing in terms of building safety</li> </ul> <p>Approach 1: Estimate by implementing partners through data collected from cooperatives or training facilities.</p> <p>Approach 2: Primary data collection via either qualitative methods (interviews or focus groups with farmers, workers, community members, service providers) or quantitative methods (household/factory surveys or farmer field books).</p> <p>For aggregation at program, business unit, or corporate level, it is recommended that program managers, operational managers and M&amp;E advisors apply a weighted average to consolidate results from both the modelling and evaluation approach, taking into account the representativeness of projects undertaken by the evaluation approach and the wider targeted population covered by the modelling approach.</p>
Baseline value	Adoption rate of sustainable production and land-use management practices before project (with implementing partners) activities kick start.
Means of verification	Primary data can be triangulated with the interviews with business partners and relevant stakeholders.

<b>Impact area: Better income, Better jobs, Better environment</b>		<b>11</b>
<b>Outcome indicator: Change in field-level sustainability</b>		
Indicator	Area of natural ecosystems under effective conservation or protection or restoration measures/practices (off-site) (hectares)	
Definition	<p>Conservation or protection measures refers to an area or jurisdictional approach to implement activities related to afforestation, ecological restoration, land restoration, reforestation, rehabilitation or other ecosystem conservation or protection measures to, for example, reduce or eliminate encroachment or illegal deforestation or degradation.</p> <p>The concept covered by this indicator specifically refers to the area that is beyond the farmland area where Sustainable Land Management is applied, the latter area of hectares is reported under Area where sustainable land management practices are applied on-site (hectares).</p>	
Organizational target (2021-2025)	2,500,000	
Unit of measurement	Hectares	
Nature	Cumulative. This means if a program starts in January 2020, the result reported in the 2021 Annual Report should include the number of hectares reached between January 2020 and December 2021. In other words, the 2021 annual result should include results from the previous years.	
Administrative level	The indicator functions at project level and measured through close collaboration with implementing partners.	
Disaggregation	<p>By countries/regions; by type of activity: type 1: conservation, protection, maintaining existing forest etc. type 2: restoration, rehabilitation, afforestation, reforestation; by type of ecosystem protected (forest/peatland/grassland).</p> <p>It is important to distinguish type of activities to allows calculation of GHG reduction and sequestration.</p>	
<b>Measurement</b>		
Data source	<p>Approach 1: Implementing partner progress report</p> <p>Approach 2: Remote sensing, field-level data collection</p>	
Frequency of reporting	<p>From IP to IDH: Jan 31</p> <p>From IDH to donor: May 1</p>	

Measurement guidance	<ul style="list-style-type: none"> <li>•# of ha forest/natural ecosystem area restored/rehabilitated</li> <li>•# of ha of forest/natural ecosystem area protected (against conversion and against degradation)</li> </ul> <p>At a minimum, measurements need to be taken before and after the intervention in order to establish baseline and endline values.</p> <p>Activities can be classified according to the following categories:</p> <ul style="list-style-type: none"> <li>• Protection: The legal framework/agreement via a multi-stakeholder framework that targets on a recognized area for protection. Where relevant, please specify the legal category, e.g. National Park, Forest Reserve, Permanent Protected Area or APP (Brazil), Legal Reserve (Brazil).</li> <li>• Conservation: The sustainable use, care, management, and maintenance of ecosystems, habitats, wildlife species, and populations, within or outside of their natural environments, in order to safeguard the natural conditions for their long-term permanence (IUCN).</li> <li>• Rehabilitation: The process of making the land useful again after a disturbance, involving the recovery of ecosystem functions and processes in a degraded habitat. Rehabilitation does not necessarily re-establish the pre-disturbance condition but does involve establishing geological and hydrologically stable landscapes that support the natural ecosystem mosaic (Willamette Restoration Initiatives, 1999).</li> <li>• Restoration: The re-establishment of the presumed structure, productivity, and species diversity of the forest originally present at a site (adapted from UNEP World Conservation Monitoring Centre).</li> </ul> <p><i>Note: Area of protection/restoration/conservation is sometimes described as means to Avoid Deforestation, which is input data point for GHG modelling.</i></p>
Baseline value	Area covered by conservation, protection, rehabilitation and restoration activities by December 2020.
Means of verification	Third-party verification of self-reported data can be commissioned for a select number of projects.

<b>Impact area: Better income, Better jobs, Better environment</b>		<b>11</b>
<b>Output indicator: Change in sector governance</b>		
Indicator	Number of multi-stakeholder coalitions, committees, secretariats, initiatives, and platforms convened to sign and support a common vision, goals or strategy on sustainable development or sourcing	
Definition	A multi-stakeholder coalition is a partnership of various stakeholders from the private sector, public sector, civil society, and/or worker/producer representatives or organizations representing the main interests of different stakeholder groups in defined sector, landscape or compact area. This coalition it is often referred to as a “platform” or “partnership”. They are mainly convened and work at sector, landscape or compact scales. Multi-stakeholder platforms at the market level are convened at the national (India, China) or multinational level (EU).	
Organizational target (2021-2025)		
Unit of measurement	Number of multi-stakeholder coalitions, committees, secretariats, and platforms	
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the number of multi-stakeholder coalitions convened between January 2020 and December 2021. In other words, the 2021 annual result should include results from the previous years.	
Administrative level	This indicator functions at program level and measured directly by IDH staff.	
Disaggregation	By commodities/landscape country programs; by countries	
<b>Measurement</b>		
Data source	IDH internal activity record;	
Frequency of reporting	From IDH to donor: May 1	

Measurement guidance	<p>Activities related to “convening” can only be counted when a formal and consistent engagement with stakeholders occurred. It does not include one-off meetings attended by IDH staff or unofficial engagement with stakeholders.</p> <p>IDH program managers are required to maintain a registry in Excel format in which the individual data source (per project or activity) is recorded to allow aggregation at program, business unit, and corporate level.</p> <p>IDH program managers are also required to document a clear explanation by the program team on what has been done to convene the different stakeholders from the different groups as well as in leading the discussions to create a common vision on sustainable development.</p>
Baseline value	Number of multi-stakeholder coalitions by December 2020.
Means of verification	Figures reported by individual programs can be verified through program expenditures.

<b>Impact area: Better income, Better jobs, Better environment</b>		<b>11</b>
<b>Output indicator: Change in business practices</b>		
Indicator	Number of service delivery model analyses finalized	
Definition	Service delivery model (SDM) analyses are in-depth business case studies conducted by Farmfit Business Support on companies' service delivery to smallholder farmers. The SDM study is considered finalized when the report has been published online or privately distributed between companies and IDH.	
Organizational target (2021-2025)		
Unit of measurement	Number of analysis	
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the number of SDM analyses carried out between January 2020 and December 2021. In other words, the 2021 annual result should include results from the previous years.	
Administrative level	This indicator functions at program level and measured directly by IDH staff.	
Disaggregation	By companies' country of origin; by commodities/landscape country programs.	
<b>Measurement</b>		
Data source	IDH internal project/activity record; Farmfit Business Support operational record.	
Frequency of reporting	From IDH to donor: May 1	
Measurement guidance	IDH program managers are required to maintain a registry in Excel format in which the individual data source (per project or activity) is recorded to allow aggregation at program, business unit, and corporate level.	
Baseline value	Number of service delivery model analyses finalized by December 2020.	
Means of verification	Figures reported by individual programs can be verified through Farmfit Business Support's project records.	

<b>Impact area: Better income, Better jobs, Better environment</b>		<b>11</b>
<b>Output indicator: Change in field-level sustainability</b>		
Indicator	Number of farmers and workers trained	
Definition	The unique number of farmers/workers with access to trainings that are co-financed by IDH. This does not refer to the number of times in which a farmer/worker has been trained. If a person attended training twice, they may only be counted once.	
Organizational target (2021-2025)		
Unit of measurement	Number of farmers or workers	
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the number of farmers	

	reached in the project area between January 2020 and December 2021. In other words, the 2021 annual result should include results from the previous years.
Administrative level	The indicator functions at project level and measured through close collaboration with implementing partners.
Disaggregation	By farmers/workers; by gender; by cooperatives/factories (when applicable), by companies.
<b>Measurement</b>	
Data source	Implementing partner or project partner progress reports
Frequency of reporting	From IP to IDH: Jan 31; April 30; July 31; October 31 From IDH to donor: May 1
Measurement guidance	This indicator excludes trainees whose training activities are not financed by IDH, in instance where IDH only sponsor the development of the training materials.  Implementing partners are required to track the number of people who receive services that are partially or fully funded by IDH.  At IDH program level, before the IDH Salesforce-AMP management system goes live, program managers are required to maintain a registry in Excel format in which the individual data source (per implementing partner) is recorded to allow aggregation at program, business unit, and corporate level.
Baseline value	0
Means of verification	Verification can take place at multiple levels: at producer level, cooperatives level, SME level or at sourcing company level. Results can be verified through interview or surveys of stakeholders that take place during an evaluation.

<b>Impact area: Better income, Better jobs, Better environment</b>		<b>11</b>
<b>Output indicator: Change in field-level sustainability</b>		
Indicator	Number of farmers gained access to new, formal markets	
Definition	The unique number of farmers gained access to new, formal markets as a result of activities co-financed by IDH. This does not refer to the number of times in which a farmer/worker has made sales to the market. If a person made sales twice, they may only be counted once.	
Organizational target (2021-2025)		
Unit of measurement	Number of farmers or workers	
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the number of farmers reached in the project area between January 2020 and December 2021. In other words, the 2021 annual result should include results from the previous years.	
Administrative level	The indicator functions at project level and measured through close collaboration with implementing partners.	
Disaggregation	By gender; by access to global/domestic markets; by companies; by cooperatives/factories (when applicable)	
<b>Measurement</b>		
Data source	Implementing partner or project partner progress reports	
Frequency of reporting	From IP to IDH: Jan 31; April 30; July 31; October 31 From IDH to donor: May 1	
Measurement guidance	Before project activities start, implementing partners are required to measure the proportion of farmers within targeted group have existing access to formal markets.  And during project implementation, implementing partners are required to measure periodically the number of unique individuals receive services that are partially or fully funded by IDH that enable them to gain access to new, additional formal markets.  The measurement should be focus on “additional”, meaning farmers who gained additional access to one or multiple markets due to IDH intervention are counted.	

	At IDH program level, before the IDH Salesforce-AMP management system goes live, program managers are required to maintain a registry in Excel format in which the individual data source (per implementing partner) is recorded to allow aggregation at program, business unit, and corporate level.
Baseline value	0
Means of verification	Verification can take place at multiple levels: at producer level, cooperatives level, SME level or at sourcing company level. Results can be verified through interview or surveys of stakeholders that take place during an evaluation.

<b>Impact area: Better income, Better jobs, Better environment</b>		<b>I1</b>
<b>Output indicator: Change in field-level sustainability</b>		
Indicator	Number of farmers gained access to finance	
Definition	The unique number of farmers/workers gained access to finance as a result of activities co-financed by IDH. This does not refer to the number of times in which a farmer/worker has been serviced. If a person received services twice, they may only be counted once.	
Organizational target (2021-2025)		
Unit of measurement	Number of farmers	
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the number of farmers reached in the project area between January 2020 and December 2021. In other words, the 2021 annual result should include results from the previous years.	
Administrative level	The indicator functions at project level and measured through close collaboration with implementing partners.	
Disaggregation	By gender; by companies; by cooperatives/factories (when applicable)	
<b>Measurement</b>		
Data source	Implementing partner or project partner progress reports	
Frequency of reporting	From IP to IDH: Jan 31; April 30; July 31; October 31 From IDH to donor: May 1	
Measurement guidance	<p>This measurement needs to be taken at least twice but preferably quarterly during the project implementation. This indicator is to measure the additional financial access gained by farmers due to IDH's intervention.</p> <p>Before project activities start, implementing partners are required to measure the proportion of farmers within the targeted group have existing access to financial products.</p> <p>During project implementation, implementing partners are required to measure periodically the number of unique individuals receive services that are partially or fully funded by IDH that enable them to gain new access to financial products.</p> <p>By the end of the project, the differences between the last measurement and the baseline is the "additional" access gained due to IDH intervention.</p> <p>At IDH program level, before the IDH Salesforce-AMP management system goes live, program managers are required to maintain a registry in Excel format in which the individual data source (per implementing partner) is recorded to allow aggregation at program, business unit, and corporate level.</p>	
Baseline value	Proportion of farmers have pre-existing access to financial product.	
Means of verification	Verification can take place at multiple levels: at producer level, cooperatives level, SME level or at sourcing company level. Results can be verified through interview or surveys of stakeholders that take place during an evaluation.	

Impact area: Better income, Better jobs, Better environment		11
Output indicator: Change in field-level sustainability		
Indicator	Number of cooperatives/factories reached by project activities	
Definition	The unique number of cooperatives or factories with access to selected categories of services (training, access to inputs, markets (of formal supply chain), and finance) that are co-financed by IDH.	
Organizational target (2021-2025)		
Unit of measurement	Number of cooperatives/factories	
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the number of entities reached in the project area between January 2020 and December 2021. In other words, the 2021 annual result should include results from the previous years.	
Administrative level	The indicator functions at project level and measured through close collaboration with implementing partners.	
Disaggregation	In commodity programs: by commodities, programs, projects, and countries. In manufacturing programs: by projects and countries.	
<b>Measurement</b>		
Data source	Implementing partner or project partner progress reports	
Frequency of reporting	From IP to IDH: January 31; April 30; July 31; October 31 From IDH to donor: May 1	
Measurement guidance	<p>This indicator only applies to implementing partners sourcing from, or providing direct services to, cooperatives or factories. In these projects, implementing partners are required to maintain a registry of cooperatives/factories that receive services that are partially or fully funded by IDH. This cooperative/factory management system should contain the type and level of services received by individual cooperatives or factories.</p> <p>At IDH program level, before the IDH Salesforce-AMP management system goes live, program managers are required to maintain a registry in Excel format in which the individual data source (per implementing partner) is recorded to allow aggregation at program, business unit, and corporate level.</p>	
Baseline value	Number of cooperatives and factories that is reached by IDH co-financed activities by December 2020.	
Means of verification	Figures should be verified by IDH staff during field visits.	

Impact area: Better income, Better jobs, Better environment		11
Output indicator: Change in field-level sustainability		
Indicator	Area where sustainable land management practices are applied on-site (hectares)	
Definition	<p>Sustainable land management (SLM) encompasses soil, water and vegetation conservation measures, and is based on the key principles of enhancing the productivity and protection of natural resources, while being economically viable and socially acceptable (UNCCD). SLM practices are applied to agricultural and forest plantation operations (i.e. on-site) that substantially support at least one of the IDH “Better environment” areas (water, soil, forests and other natural ecosystems, and greenhouse gases) without doing any significant harm to another, and which comply with minimum social safeguards laid out in existing conventions and UN guidelines, and/or as described under the IDH themes of “Better jobs” and “Better incomes”.</p> <p>Commonly applied SLM practices/technologies (also sometimes known as essential management practices) include:</p> <ul style="list-style-type: none"> <li>• Rotational or strip fallowing</li> <li>• Vegetative strip cover</li> <li>• Contour ploughing/planting</li> <li>• Agroforestry</li> <li>• Live fencing</li> <li>• No/minimum tillage</li> <li>• Crop rotation</li> </ul>	

	<ul style="list-style-type: none"> <li>• Cover crops</li> <li>• Integrated soil fertility management</li> <li>• Intercropping</li> <li>• Green manuring</li> <li>• Composting/mulching</li> <li>• Integrated crop/livestock systems</li> <li>• Conservation agriculture</li> <li>• Minimum fertilizer use</li> <li>• Increased productivity on existing land</li> <li>• Improved livestock management</li> <li>• Agricultural diversification</li> <li>• Improved grazing-land management</li> <li>• Integrated water management</li> <li>• Reduced grassland conversion to cropland</li> <li>• Sustainable forest management</li> </ul>
Organizational target (2021-2025)	
Unit of measurement	Hectares
Nature	Cumulative. This means that if a program starts in January 2020, the result reported in the 2021 Annual Report should include the area covered between January 2020 and December 2021. In other words, the 2021 annual result should include results from the previous years.
Administrative level	The indicator functions at project level and measured through close collaboration with implementing partners.
Disaggregation	<p>By area where SLM practices are applied with the primary goal of contributing to land degradation neutrality; by area where SLM practices are applied with the primary goal of improving soil quality/health/condition (avoiding double counting).</p> <p>It is important to track the percentage of targeted area where agroforestry applied to allow calculation of GHG reduction and sequestration.</p>
<b>Measurement</b>	
Data source	Implementing partner progress report
Frequency of reporting	From IP to IDH: Jan 31 From IDH to donor: May 1
Measurement guidance	At a minimum, measurements need to be taken before and after the intervention in order to establish baseline and endline values. SLM practices applied should be well documented.
Baseline value	Area covered by existing SLM activities before project activities kick start.
Means of verification	<p>The initial project proposal must include the delineation of the project area, e.g. in a shapefile.</p> <p>When verification and certification schemes are in place, the certified production area can be calculated.</p> <p>Alternatively, third-party verification of self-reported data can be commissioned for a select number of projects.</p>



## 4 ANNEX 4: BUDGET

The suggested Danish funding is core funding grant of DKK 15 million (approximately EUR 2 million) for 2021. Core funding contributes to IDH's institutional costs (covering for example parts of its learning, innovation, and convening costs) as well as to the financing of programs upon IDH's discretion. A single transfer of the total funds is expected to take place in January 2021.

Due mainly to the COVID-19, there has been a budget decrease at core donor level affecting the expected impact on overall fundraising opportunities. Therefore, the initial projections in the MYP 2021-2025 has been adjusted downwards from EU 350 million to approximately EUR 270 million. Final projections will be updated by end-June 2021. The total projected budget for the MYP 2021-2025 is therefore readjusted to approximately EUR 270 million, of which EUR 134 million is expected from core donors and EUR 136 million from other donors (programme specific). The preliminary and indicative budget for core donors' funding for 2021 is EUR 19 million (out of a total of EUR 46 million).

The final 2021 Annual Plan and Budget cannot be included in this project document, as it has not yet been approved by the IDH Supervisory Board. The reason behind the delayed annual plan is mainly that all core donors are entering into new or changed appropriation periods and the uncertainties created by COVID-19. However, funding for 2021 has now been secured, although at a lower level than first estimated, and the Annual Plan and Budget will be approved by the IDH Supervisory Board in December 2020 and subsequently reviewed by the Donor Committee.

On top of the envisaged Danish funding of DKK 15 million for 2021, the Swiss government is anticipated to provide annual core funding of EUR 2.32 million under a four-year commitment. The Dutch MFA has decided, based on a unicity-test, that it can proceed with the 10-year strategic partnership agreement with IDH. The level of funding is known to the core donors, but has not been publicly announced.

**Table: Preliminary total IDH budget for 2021-2025**

<b>FUNDING PROJECTIONS 2021-2025</b>			
<b>EUR million</b>	<b>Core Donors</b>	<b>Other Donors</b>	<b>Total Program</b>
<b>Total income</b>	<b>134</b>	<b>136</b>	<b>270</b>
<b>Programs and Projects</b>	<b>100</b>	<b>114</b>	<b>214</b>
Agri Commodities	31	26	57
Food Crops & Ingredients	19	20	39
Textiles & Manufacturing	32	7	40
Landscapes	18	61	79
Innovation & Insights	7	5	12
Support and outreach	4	1	5
<b>Total program cost</b>	<b>111</b>	<b>119</b>	<b>230</b>
Corporate Communication	1	1	2
<b>Total communication</b>	<b>1</b>	<b>1</b>	<b>2</b>
Personnel cost	18	13	31
Organizational cost	4	3	7
<b>Total organizational cost</b>	<b>22</b>	<b>16</b>	<b>38</b>
<b>Total expenditures</b>	<b>134</b>	<b>136</b>	<b>270</b>

<b>PROJECTED PRIVATE SECTOR FUNDING 2021-2025</b>	
<b>IDH PROGRAMS</b>	<b>EUR million</b>
<b>Agri Commodities</b>	<b>71</b>
<b>Food Crops &amp; Ingredients</b>	<b>28</b>
<b>Textiles &amp; Manufacturing</b>	<b>88</b>
<b>Landscapes</b>	<b>32</b>
<b>Total</b>	<b>219</b>

Table – detailed budget for 2021 categorized by donor

Budget IDH (in EUR)	Actuals 2018	Actuals 2019	Annual Plan 2020	Forecast 2020	Annual Plan 2021
Subsidies BuZa (*)	16,445,541	18,543,108	23,224,430	18,934,766	15,000,000
Subsidies Danida	1,858,253	2,430,581	3,054,029	3,495,205	1,950,000
Subsidies SECO	1,463,374	2,169,120	2,672,474	3,731,479	2,350,000
Subsidies USAID	175,534	114,520	-	100,000	-
Subsidies EKN	278,731	179,479	135,000	250,000	127,000
Subsidies EZ	161,811	485,538	922,326	720,000	600,000
Subsidies Buza II Ni- Scops	-	525,438	206,784	1,400,000	3,586,000
Subsidies SNV	358,372	638,076	1,300,000	1,000,000	1,484,000
Subsidies KLD	2,770,981	3,860,271	3,154,483	4,200,000	5,600,000
Subsidies ISLA	3,263,110	3,227,350	4,720,566	3,440,000	5,360,000
Subsidies Palladium	269,654	631,306	818,549	400,000	-
Subsidies Belgian Government (DGD)	91,586	125,450	-	60,000	1,200,000
Subsidies EU	-	-	-	1,040,000	1,330,000
Subsidies DFAT Australia	21,986	9,949	-	-	-
Subsidies UKCCU	21,004	8,176	-	-	-
Subsidies Buza-IRBC	-	34,761	-	-	-
Subsidies PPP	-	79,154	-	-	-
Subsidies ILO	56,804	83,833	100,000	150,000	-
Subsidies UNDP	-	104,822	206,784	255,000	180,000
Subsidies AFD France	-	178,861	-	-	-
Subsidies FCDO (former DFID)	-	1,680,907	2,385,450	879,120	1,114,000
Total subsidies from Governments	27,236,741	35,110,700	42,900,876	40,055,570	39,881,000
Bill & Melinda Gates Foundation	438,154	1,554,547	2,385,450	1,784,880	3,344,000
GDI RAF-LL	147,120				-
Walton foundation	51,599	94,915	330,924	100,000	217,000
Rockefeller foundation	274,085	341,678	500,000	500,000	490,000

WWF		110,542	910,000	916,000	842,000
IKEA Foundation		8,622		160,000	-
Laudes Foundation					1,276,000
Other income	761,519	1,019,827	1,266,437	245,000	750,000
Total other income	1,672,478	3,130,131	5,392,811	3,705,880	6,919,000
<b>Total income (**)</b>	<b>28,909,219</b>	<b>38,240,831</b>	<b>48,293,686</b>	<b>43,761,450</b>	<b>46,800,000</b>
Programs and Projects	20,699,470	29,566,164	38,431,186	33,650,000	37,100,000
Learning and Innovation	2,198,641	1,366,242	2,190,500	2,189,592	1,300,000
Impact assessment and evaluation	274,469	294,001	302,000	650,934	537,000
Support and outreach	1,070,284	928,787	1,225,000	603,439	860,500
Total program cost	24,242,864	32,155,194	42,148,686	37,093,965	39,797,500
Corporate Communication	324,457	342,063	325,000	350,808	200,000
Program Communication	283,341	13,539	20,000	26,198	20,000
Total communication	607,798	355,602	345,000	377,006	220,000
Personnel cost	2,991,004	4,319,798	4,375,000	4,953,239	5,178,931
Organizational cost	1,125,378	1,459,643	1,400,000	1,456,047	1,518,072
Total organizational cost	4,116,382	5,779,441	5,775,000	6,409,286	6,697,003
<b>Total expenditures</b>	<b>28,967,044</b>	<b>38,290,237</b>	<b>48,268,686</b>	<b>43,880,256</b>	<b>46,714,503</b>
Interest	634	1,935	-	2,225	50,000
Bank charges and other	82,352	78,303	25,000	32,401	35,497
Foreign Exchange and Revaluation	25,161	30,832	-	153,432	-
Financial income and expenses	57,825	49,406	25,000	118,806	85,497
Share in profit/loss participations		109,161			

Total P&L	-	109,161	0	0	- 0
Ratio Organisational Cost / Total IDH costs (%)	16.3%	16.0%	12.7%	15.5%	14.8%
(*) Budget is exclusive potential carry-over Buza 2 (circa 4 million expected as part of budget neutral extension)					
(**) In the past, we only reflected contracted/secured funding/grants. Exceptionally this year, given the delay caused by Covid-19 for our core donors to confirm their funding, we reflect the tentative grants indicated by Buza (contract is in progress), Danida and Seco					

## Budget – Abbreviations sources of income

Institutional funding from governments:
• Dutch Ministry of Foreign Affairs ( <a href="#">BUZA</a> )
• State Secretariat for Economic Affairs of Switzerland ( <a href="#">SECO</a> )
• Danish Ministry of Foreign Affairs ( <a href="#">DANIDA</a> )
Program Funding from governments:
• Dutch Ministry of Foreign Affairs for the implementation of the Initiative for Sustainable Landscapes ( <a href="#">ISLA</a> )
• Norwegian Agency for Development Cooperation ( <a href="#">NORAD</a> ) for the implementation of our Landscape Deforestation project
• Norwegian Ministry of Climate and Environment ( <a href="#">KLD</a> ) for the implementation of connecting production, protection & inclusion – conserving and restoring forests and peatland in commercially productive landscapes
• Palladium International Limited ( <a href="#">PALLADIUM</a> ) for the implementation of the Cocoa and the Forest Initiative (CFI) and the project 'Livestock production intensification' (LPI). The funding is coming from the UK Department for International Development ( <a href="#">DFID</a> )
• Dutch Ministry of Economic Affairs ( <a href="#">EZ</a> ) for the implementation of the Cocoa Origins program
• European Union ( <a href="#">EU</a> ) for the implementation of Tanzania Agriconnect program
• Belgian Ministry of Foreign Affairs, Foreign Trade and Development Cooperation ( <a href="#">DGD</a> ) for the implementation of the Beyond Chocolate program
• Embassy of the Kingdom of the Netherlands ( <a href="#">EKN</a> ) in Mozambique for the Pilot project building small farmer climate resilience in Mozambique
• Netherlands Development Organization ( <a href="#">SNV</a> ) for the implementation of the Hortinvest Program in Rwanda. Funding by The Embassy of the Kingdom of the Netherlands in Rwanda
Program Funding from other public organizations and foundations
• Bill & Melinda Gates Foundation ( <a href="#">BMGF</a> ) for two projects: 1. Cost-effective & Sustainable Delivery Models Smallholder farming Systems and 2. Developing a model to sustainably include smallholder farmers in Dangote's rice supply chain in Nigeria
• Bill & Melinda Gates Foundation ( <a href="#">BMGF</a> ) and UK Foreign, Commonwealth & Development Office ( <a href="#">FCDO</a> ) for Farmfit Business Support: Investing in inclusive agri-business for sustainable food markets

<ul style="list-style-type: none"> <li>• Global Development Incubator Inc. (GDI) to provide support to the Rural and Agricultural Learning Lab (RAF-LL). IDH is conducting analyses on the delivery of services to farmers by private sector partners in order to contribute broadly to improving the sustainability of the agricultural sector, particularly in developing countries. Funding by the MasterCard Foundation</li> </ul>
<ul style="list-style-type: none"> <li>• The Rockefeller Foundation (RF) for the project to provide technical assistance to cassava processors in Nigeria in order to integrate smallholder farmers into their supply chains and resolve systemic challenges in the cassava value chain</li> </ul>
<ul style="list-style-type: none"> <li>• IKEA Foundation Inception phase for the Coffee Farmer Income Resilience Program</li> </ul>
<ul style="list-style-type: none"> <li>• International Labour Organization (ILO) to support sustainable and child labor free vanilla for vanilla-growing communities at Sava, Madagascar. Funding by the United States Department of Labor</li> </ul>
<ul style="list-style-type: none"> <li>• Agence Francaise de Developpement (AFD) for the operationalization of the Technical Assistance Facility (TAF) of the Land Degradation Neutrality Fund (LDN)</li> </ul>
<ul style="list-style-type: none"> <li>• Laudes Foundation for landscapes program in India Madhya Pradesh</li> </ul>
<p><b>Program Funding agreements to be finalized</b></p>
<ul style="list-style-type: none"> <li>• IKEA Foundation for the Coffee Farmer Income Resilience Program</li> </ul>
<ul style="list-style-type: none"> <li>• European Union (EU) for scaling sustainable production and trade of Vietnamese Pepper</li> </ul>

In its original MYP budget, IDH planned to allocate over 50% of the core funding going to programs and projects cost to Africa (see table below). Due to the nature of activities, the relative allocation towards Africa is less for “landscapes” and “textile and manufacturing” programmes (15% and 40% respectively) than for “agricultural commodities” (80%) and “food crops & ingredients” (70%).

<b>Business Unit</b>	<b>Core funding</b>	<b>Allocation Africa %</b>	<b>Nominal</b>
Agri Commodities	40.5 M	80%	32.4 M
Food crops & Ingredients	24.5 M	70%	17.4 M
Textiles & Manufacturing	42. M	40%	17.0 M
Landscapes	24 M	15%	3.5 M
<b>Total</b>	<b>131.4 M</b>		<b>70.3 M (54%)</b>

## 5 ANNEX 5: RISK MANAGEMENT MATRIX

### Contextual risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Standstill of countries and business around the globe due to the Covid-19 virus	Almost certain	Major	<p>Pro-active communication with partners and donors.</p> <p>Optimal use of ICT applications and platforms to continue our work online.</p> <p>Restructure workplans, targets and planning to new field realities.</p>	<p>After initial delays, IDH and partners are revising planning and targets to adapt to the new field situation.</p> <p>Residual risk may be those of less progress than initially targeted and related organisational cost-efficiency in the short term.</p>	IDH is agile and can adjust quickly. Although field activities are running low, much of the convening work has not been affected, as most companies, organizations and governments are working online.
Weakening global economy and/or downturn in key sectors in Europe and/or N America	Likely	Major	<p>Use evidence to demonstrate the business case for companies to invest in sustainable sourcing in the long run.</p> <p>Promote and enable local sourcing and access to new markets.</p>	<p>Risk will be reduced considerably in the medium-long term.</p> <p>In the short run, IDH interventions can be revised or targets reduced to adjust to current situation.</p>	Build Back Better & Greener agenda may be used to increase momentum on sustainability. Many opportunities were already identified to build back better.
Downturn in public interest in sustainability	Unlikely	Minor	Use Communications to provide evidence for private and public sector partners to influence public opinion.	Risk will be reduced considerably	Building Back Better & Greener agenda will be used to increase momentum on sustainability. Projections show rather increased public interest in sustainability and transparency.

			Use evidence to demonstrate the business case for sustainable sourcing over the long run.		
Production downturn in key producer countries because of climate, political or economic disruption	Likely	Minor	IDH Sustainability Solutions can be mobilised where relevant and are helpful to support efficiency in production and reduce costs of production (e.g. Service Delivery Models, PPI, VSA)	Residual risk not reduced considerably in the short term. IDH and partner engagement in producer countries can reduce the risk in the medium/long term.	This risk is variable per supply chain and per geography.
Catastrophic incident at head/local office	Very unlikely	Major	Business continuity plan. Staff training & emergency response team. Data storage offsite and offline	Risk is reduced considerably.	

### Programmatic risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
IDH is not successful in attracting new core and/or program funding	Unlikely	Major	<p>Increase efforts with current and new donors to further diversify donor base.</p> <p>Strengthen capacity in fundraising and adapt fundraising strategies.</p> <p>Active scenario planning to adjust programs</p>	Risk is reduced through IDH's active engagement but remains considerable due to unpredictability of donor commitments.	<p>New fundraising team has been operational since 2019. A fundraising strategy has been prepared and is being implemented.</p> <p>IDH is agile and can adapt quickly to new funding scenarios. Ambitions in MYP may need to be adjusted down. This will be done through the Annual Plans and according to funding projections.</p>



			and organization to available funding.		
Governments fail to provide adequate legal support for social, labour or environmental programs	Unlikely	Major	Work (more) closely with the national and subnational governments  Invest in 'stand-alone' systems that can work without government budgets Create the real business case: companies as our agents to persuade governments to act	Risk will be reduced considerably in the medium/long term as collaboration with local governments and companies is increasingly strengthened	IDH has built capacity for increased dialogue with governments, and benefits from the support of local public/private partners.
Exposure to fraud, corruption or illegal action by IDH partner organisations/businesses	Likely	Minor	Integrity (including anti-bribery and anticorruption) training is part of the IDH onboarding program.  IDH conducts a partner assessment	Risk will be reduced through partner assessments, training and raising awareness, but cannot be eliminated totally.	Integrity is one of the key values of IDH and is part of the IDH Code of Conduct <sup>6</sup> . IDH checks if partners have the appropriate policies in place and if their financial systems are sound before engaging with the partner in a project.  IDH has invested in setting up an online SpeakUp system lowering the threshold as much

<sup>6</sup> This text is part of all implementation projects: 4.1 The Parties are aware of the IDH Code of Conduct (which can be found [here](https://www.idhsustainabletrade.com/policies), or via the 'Our policies' tab on the 'About' webpage: <https://www.idhsustainabletrade.com/policies>). The IDH Code of Conduct provides the ethical framework in which IDH and any party contracted by IDH must operate. It provides an overview of the values, commitments, responsibilities and integrity that IDH stands for. IDH expects its business partners to apply similar standards of conduct when working for IDH.  
4.2 The Parties will not offer to third parties or seek or accept from third parties, for themselves or for any other party, any gift, remuneration, compensation or benefit of any kind whatsoever, which would be deemed corrupt or illegal.  
4.3 The Parties will refrain from providing any form of support to activities that have the goal of undermining the political independence of a state, or unlawfully overthrowing a lawful government. The 'lawfulness' (or unlawfulness) referred to in this clause is not solely defined by the opinions or views of the government in question, but is also defined by international standards and/or international law.  
4.4 IDH partners and persons associated with IDH projects who become aware or suspect the existence of fraud, corruption or bribery shall bring it to the attention of IDH.

			before engaging with a partner in a project. Additionally, partners are regularly informed about the Speak Up policy, through which they are encouraged to flag any suspicions of misconduct or irregularities (this can also be done anonymously).		as possible for employees and third parties to notify IDH of any suspicion of misconduct or irregularity.
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### Institutional risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Loss of key personnel, excessive staff turnover, and/or organisational overstretching.	Likely	Minor	<p>The new organisational structure into different Business Units enables to divide and share expertise across the organization</p> <p>Existing staff retention and career development systems being applied and expanded</p> <p>Institutionalise &amp; digitalise knowledge, network and</p>	Risk of a lack of continuity, loss of knowledge, network and experience is largely reduced, but cannot be entirely removed.	<p>Until now, despite observed staff turnover, IDH has been able to maintain its strength.</p> <p>It has not proven difficult to attract new and highly competent staff.</p> <p>Risk responses will address organisational efficiency and performance to avoid overstretching.</p>

			experience on shared platforms (Salesforce, Citrix Files), new learning management system. This is being addressed through the revision of the IT strategy.		
Insufficient expertise to innovate continuously and respond to changing priorities and emerging technologies	Unlikely	Major	Staff recruitment and retention strategies and partnership management to ensure that IDH possesses the necessary expertise within IDH or its partners.  Staff competencies are continuously built.	Risk is reduced considerably	As above
Internal fraud, corruption or illegal action	Unlikely	Major	IDH enforces a strict anti-bribery and anticorruption policy.  Staff and external parties are regularly informed about the Speak Up policy, through which they are encouraged to flag any suspicions of misconduct or irregularities (this can also be done anonymously).	Risk is reduced significantly through policies, employee trainings and raising awareness but cannot be eliminated totally.	IDH reports transparently on incidents that are flagged through the Speak Up policy.

Loss or damage through internet hacking/fraud	Unlikely	Major	All IDH staff followed a cyber security training and was examined based on this training. A follow-up training on cyber security is scheduled.	Risk is reduced considerably through cyber security trainings but cannot be fully eliminated.	IDH has raised awareness of global staff on the risk of cyber security breaches, through conducting cyber security training that was followed by all staff that was subsequently tested.  An external IT audit has been conducted.
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## **6 ANNEX 6: LIST OF SUPPLEMENTARY MATERIALS**

6. Concept Note
7. Minutes from Programme Committee Meeting and hearing process contributions
8. IDH 2021-2025 Multi-year plan (partnership proposal + annexes): “Catalyzing Private Sector Solutions for the Sustainable Development Goals – Addressing climate change and inequalities through public-private action”
9. IDH Strategic Direction 2021-2030 “Catalyzing Private Sector Solutions for the Sustainable Development Goals”
10. IDH multi-donor Mid-term review (2018)
11. Danish IDH Mid-term review of organizational strategy (2017)
12. IDH Mid-term evaluation by KPMG and Wageningen (2019): Assessing IDH’s contribution to public good impacts at scale (2016–2020)
13. IDH 2018 and 2019 annual reports (public + in-depth versions)
14. IDH Annual accounts 2019
15. IDH Code of Conduct
16. Various IDH papers available at <http://www.idhsustainabletrade.com/> and policies at <https://www.idhsustainabletrade.com/policies>
17. Financial management review (2019) by MFA
18. Trinomics (May 2020): Mobilised private (climate) finance report 2019

## **7 ANNEX 7: PLAN FOR COMMUNICATION OF RESULTS**

For 2021, communication of results will be based on IDH’s public reporting (homepage as well as annual reports) as well as synthesized progress and issue reporting from IDH to core donors.

Depending on the findings and recommendations of the strategic review to be performed late 2020 and depending on a decision on future Danish support to IDH, a detailed Danish communication strategy will be prepared in collaboration with IDH.

## 8 ANNEX 8: PROCESS ACTION PLAN

Timeline	Activity	Documentation	Responsible
August –September	Formulation of Project Document based on inputs from Program Committee	Project Document	GDI
5 October	Project Document forwarded to ELK/GJL for appraisal/strategic review	Final draft	GDI
5 October - 2 November	Appraisal incl. consultation of Danish stakeholders in cooperation with GDI.	Appraisal note/report. To be discussed with GDI before finalization.	ELK (with participation of GDI)
2 November -17 November	Finalization of project document	Final Project Document and appropriation cover	GDI
December 2020 - February 2021	Strategic review (forward looking)	Review report	ELK
24 November	Presentation of project to undersecretary for Development Policy	Approval	GDI
30 November	Presentation of project to the Minister for Development Cooperation	Approval	GDI
Mid December	Signing of Agreement with IDH	Legally binding agreement	GDI with support from FRU
January 2021	Disbursement of grant	Receipt	GDI
End- June 2021	IDH shares the revised MYP with donors (adjusted budgets and 5-year targets, improved TOC)	Revised Multi-Year Plan 2021-2025	GDI

## 9 ANNEX 9: QUALITY ASSURANCE CHECKLIST

### Quality Assurance checklist for appraisal of programmes and projects<sup>7</sup>

File number/F2 reference: 2014-15597

Programme/Project name: Sustainable Trade

Initiative

Programme/Project period:

2021

Budget: DKK 15 million

Presentation of quality assurance process:

*Subsequent to the Danida Programme Committee meeting July 2<sup>nd</sup> 2020, it was decided that the one-year appropriation for IDH should undergo a light appraisal for the grant period of 2021, followed by a forward-looking strategic review on the potential support post-2021.*

*Even though the appraisal was conducted in a short time frame and as a desk appraisal due to COVID-19, the collaboration between IDH and the Danish MFA has worked well. However, the formulation and appraisal took place at a time when the IDH's budget, result management framework and Theory of Change was still under development as part of the reprogramming of the Multi-Year Plan underway for 2021-2025 and due to the core donors' budget uncertainties (as a results of COVID-19).*

*The information included in the draft programme document submitted for appraisal was thus the best available information at the time, but with limitations regarding central issues on Theory of Change and result management framework. This has posed some challenges in the quality assurance process as reflected in the recommendations of the appraisal team. These aspects are still under revision by IDH and cannot be presented in its final format in the final project document. However, the final project document has been updated with the latest available information from IDH and revised in accordance with the recommendations of the appraisal report. The final budget, indicators and targets for 2021 will be presented to the Donor Committee in December 2020. A presentation of the revised MYP 2021-2025 including its indicators, baseline, targets and ToC will be presented to the Donor Committee in end-June 2021 (for a full overview, see Annex 2.4).*

The design of the programme/project has been appraised by someone independent who has not been involved in the development of the programme/project.

*Comments: Yes, by ELK*

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<sup>7</sup> This Quality Assurance Checklist should be used by the responsible MFA unit to document the quality assurance process of appropriations where TQS is not involved. The checklist does not replace an appraisal, but aims to help the responsible MFA unit ensure that key questions regarding the quality of the programme/project are asked and that the answers to these questions are properly documented and communicated to the approving authority.

- The recommendations of the appraisal has been reflected upon in the final design of the programme/project.

*Comments: Yes, see Annex 9b of the Appraisal Report.*

- The programme/project complies with Danida policies and Aid Management Guidelines.

*Comments: Yes. Following the recommendation of the appraisal team, the document has been revised to provide more details in accordance with AMG.*

- The programme/project addresses relevant challenges and provides adequate responses.

*Comments: Yes. IDH's activities addresses key issues on climate change, poverty, marginalization and exploitation in a way that is aligned with Danish development priorities. A more thorough assessment of the alignment between IDH and Danish priorities will be included in the coming review conducted by ELK. The strategic review will form important input for a decision on possible continued Danish funding of IDH beyond 2021.*

- Issues related to HRBA/Gender, Green Growth and Environment have been addressed sufficiently.

*Comments: Yes. GDI and other core donors are in continuous dialogue with IDH on issues related to HRBA, especially the organisation's gender focus. In section 2 "The IDH offer", IDH's work on gender, green growth and environment is described. Furthermore, in section 5.2 "Summary of Results Framework", indicators on gender and climate mitigation and adaptation have been specifically selected for monitoring against Danish priorities.*

- Comments from the Danida Programme Committee have been addressed (if applicable).

*Comments: Subsequent to the Danida Programme Committee meeting July 2<sup>nd</sup> 2020, it was decided that the one-year appropriation for IDH should undergo a light appraisal for the grant period of 2021, followed by a forward-looking strategic review on the potential support post-2021. While the recommendations of the PC regarding Theory of Change and results framework were addressed in the project document as far possible with the information available, the more forward-looking PC questions on engagement with Danish stakeholders and strategic cooperation will be covered in the coming strategic review.*

- The programme/project outcome(s) are found to be sustainable and is in line with the partner's development policies and strategies. Implementation modalities are well described and justified.

*Comments: Yes. The outcomes of IDH's programmes are found to be sustainable and in line with the policies and strategies of both IDH and the Danish MFA. Implementation modalities vary across sectors and contexts, but are in general well-described and justified. The organisation's Theory of Change is still under development, but will be finalized and approved by June 2021. A preliminary ToC is found in section 4 of the project document.*

- The results framework, indicators and monitoring framework of the programme/project provide an adequate basis for monitoring results and outcome.

*Comments: the results framework, including indicators and baselines/targets, are still work-in-progress as part of the new Multi-Year Plan, which will be finalized and approved by June 2021. However, there are*



*still relevant output and outcome indicators reported on for 2021, which will provide the basis for the Danish support for 2021 (see section 5.2).*

- The programme/project is found sound budget-wise.

*Comments: A revised budget has been provided, and on basis of the preliminary commitment of the two other core donors (with a total budget of Euro 19 million of core funding), the organisation is found economically viable. IDH has revised their ambitions and programming based on the level of funding for 2021, which is considerably lower than first expected. The initial budget adjustments seem sound and in accordance with the new funding level. However, a final budget and targets for 2021 still remains to be finalized and approved by the Donor Committee.*

- The programme/project is found realistic in its time-schedule.

*Comments: Yes. IDH has consistently delivered against budget and results in previous partnership. Denmark is providing core funding and thus for 2021 mainly supporting ongoing activities in the organisation. Due to COVID-19 there has been some delay in project implementation, and with the current situation it is difficult to assess the consequence of the pandemic on the programme implementation 2021. However, IDH is planning accordingly and adjusting their project implementation (see section 2.3 "IDH response to COVID-19").*

- Other donors involved in the same programme/project have been consulted, and possible harmonised common procedures for funding and monitoring have been explored.

*Comments: Yes. There is excellent and close coordination between the three core donors (the Netherlands, Switzerland and Denmark), who are providing aligned input to Theory of Change and results framework. The other core donors have been consulted during this appraisal process.*

- Key programme/project stakeholders have been identified, the choice of partner has been justified and criteria for selection have been documented.

*Comments: Yes. IDH has been assessed against Danish priorities, including Denmark's Strategy for Development Cooperation and Humanitarian Action, the Danish Climate Law and the two minister's priorities on climate action, skills development and job creation. The ability of IDH to deliver on Danish priorities, including on climate action and sustainable development, has been assessed in section 3 "Strategic Consideration and Justification".*

- The executing partner(s) is/are found to have the capacity to properly manage, implement and report on the funds for the programme/project and lines of management responsibility are clear.

*Comments: Yes. IDH has been a trusted partner for many years and has shown sufficient capacity to implement and report on programmes.*

- Risks involved have been considered and risk management integrated in the programme/project document.

*Comments: Yes. Risks have been assessed in section 9 of the project document and in the risk matrix in Annex 5, and for all risks, mitigating action is integrated into existing planning, implementation and control routines and systems, and residual risks are consequently reduced as far possible*

- In conclusion, the programme/project can be recommended for approval: **yes**

Date and signature of desk officer: \_\_\_\_\_

Date and signature of management: \_\_\_\_\_

## 10 ANNEX 9B: SUMMARY OF RECOMMENDATIONS

### Appraisal of Danish Support to the Sustainable Trade Initiative (IDH) 2021: *Catalysing Private Sector Solutions for the Sustainable Development Goals - Addressing climate change and inequalities through public-private action*

<b>Title of Programme</b>	Support to the Sustainable Trade Initiative (IDH) 2021
<b>File number/F2 reference</b>	2014-15597
<b>Appraisal report date</b>	12/11/2020
<b>Council for Development Policy meeting date</b>	N/A
<b>Summary of possible recommendations not followed</b>	
<p>The update on budget, result framework and Theory of Change requested by the appraisal team have been included based on the latest available information from IDH. However, none of the above are in their final stage, and draft version have been included to best answer the recommendations.</p>	
<b>Overall conclusions of the QA</b>	
<p><b>Overall:</b> The AT finds the choice of IDH as a partner and the one-year support justified and well aligned to the Danish priorities, while it is noted that a continuation of the core funding modality after 2021 may not be the preferred choice for Denmark. The appraisal team recommends to go ahead and present the proposed core support to IDH for 2021 for approval, however after significant update of the project document has been done with due considerations to the appraisal teams observations and recommendations.</p>	
<b>Recommendations:</b>	
(The engagement a single partner programme; the document appraised is a single partner project document as per the AMG).	
<b>Recommendations by the Quality Assurer</b>	<b>Follow up by the responsible unit</b>
1. <i>The project document to be revised and updated by GDI according to the guidance and instructions found in AMG Template for single-partner projects above DKK 10 million before presentation for approval.</i>	The project document has been updated in line with AMG template and appraisal recommendations.
2. <i>The project document to be revised and updated by GDI to further strengthen and show the alignment with the government's 4 year plans and ensure to highlight where the</i>	The government's 4 years plans are not official and can therefor not be referred to directly in this programme document.

<p><i>priority areas are mirrored in IDH's strategy and areas of expertise.</i></p>	<p>However, the description of alignment to Danish plans and priority areas has been updated and expanded. Section 3.3 has been updated with a section focusing specifically on the ambitions of the minister of development cooperation and the foreign minister to highlight common priorities.</p>
<p><i>3. The project document to be revised and updated by GDI by refocusing the section on COVID 19 to describe clearly how IDH has adapted its approaches and work in response to the crisis.</i></p>	<p>IDH response to COVID-19 has been updated and expanded under a new heading (Section 2.2)</p>
<p><i>4. GDI to follow up with IDH to: a) clarify whether or not IDH is still waiting for input from Denmark in order to finalise the RMF, and b) to discuss and complete the table with the additional strategic priority areas IDH will report.</i></p>	<p>IDH has been consulted and the issues have been clarified. GDI is in continuous contact with IDH through the donor group on the finalization of the RMF. GDI is also in dialogue with IDH on the additional strategic priority areas.</p>
<p><i>5. The project document to be revised and updated by GDI to ensure the ToC is updated to reflect the latest version and include a narrative explanation to fit the ToC diagram. IDH could be requested to contribute to this.</i></p>	<p>The chapter on Theory of Change has been revised significantly, based on IDH's latest version of the results framework for the MYP 2021-2025. In addition, a narrative has been added based on IDH's input.</p>
<p><i>6. The project document to be revised and updated by GDI incorporating the comments provided by IDH on the ToC and the RMF text in order to ensure accuracy in the statements. In addition the AT recommends that text from the annexes is lifted into the project document to strengthen these chapters.</i></p>	<p>All comments from IDH to the project document have been taken into consideration and incorporated into the project document wherever possible and relevant. During the process, IDH has provided comments to the documents three times including comments to the final project document to ensure accuracy in all statements. Text from annexes has been lifted to the project document.</p>
<p><i>7. The project document to be revised and updated by GDI in particular the Chapters on the RMF and Me&amp;E (Chapters 5 and 7) and provide a narrative explanation in line with the guidelines in the template. The AT has suggested that IDH provide some narrative that could be used for this purpose.</i></p>	<p>Chapters 4, 5, 6, 7 and 8 have all been updated and expanded significantly in line with the recommendations of the appraisal team. Content in chapters 5 and 7 are based on the latest available information available from IDH.</p>
<p><i>8. Denmark in its dialogues with IDH and through the donor committee requests gender dis-aggregated data.</i></p>	<p>Together with the other core donors, GDI is in continuous dialogue with IDH on their</p>

	gender-reporting. GDI has on the donor committee meeting the 7 <sup>th</sup> of October specifically requested gender dis-aggregated data. In the MYP 2021-2025 IDH has informed donors that (a) all key performance indicators will be gender disaggregated where possible and (b) a specific gender transformation performance indicator has been introduced.
<i>9. The project document to be revised and updated by GDI to provide budget estimate for 2021 and update the project document with a budget overview for 2021.</i>	Budget remains draft and will be approved by Supervisory Board and reviewed by Donor Committee in December. A budget estimate for 2021 has been included.
<i>10. Denmark request IDH – for the next Donor Committee meeting - IDH to give a general briefing on how IDH pursue cost efficiency and an update on follow-up to the 2019-MTR.</i>	GDI will request an update on IDH’s budget efficiency at a coming Donor Committee Meeting. By GDI it is noted that IDH in 2019/2020 underwent an organisational restructuring with the aim to improve organisational efficiency – a major part of IDH’s response to recommendations of the 2018 mid-term review. GDI will follow up on this process.
<i>11. The project document to be revised and updated by GDI to ensure that the various information regarding donor coordination is brought together under one heading in the document, and highlight the important role of the Committee as the primary dialogue forum for Denmark.</i>	Donor coordination has been brought together under one section heading in Chapter 8.
<i>12. Denmark to further pursue clarification on IDH’s classification of donors attempting to get clear definitions on the different categories and the different contractual terms before deciding on contributions to IDH beyond 2021.</i>	GDI will follow up with IDH on their classification of donors subsequent to the strategic review and its recommendations.
<i>13. Denmark should engage with the core donors to explore the appetite for widening the donor coordination group to also include donors that provide ear-marked funding.</i>	Consultations with other core donors on possibilities for widening the donor coordination group is expected to be a part of the GDI follow-up to the findings and recommendations of the ongoing strategic review.

I hereby confirm that the above-mentioned issues have been addressed and recommendation provided by the review team as stated above.

Copenhagen, 12 November 2020, Birthe Elisabeth Larsen

Quality Assurer, ELK representative

I hereby confirm that the responsible unit has undertaken the follow-up activities stated above. In cases where recommendations have not been accepted, reasons for this are given either in the table or in the notes enclosed.

Signed in.....on the.....

Head of Unit/Mission