



Navigating systemic market transformation

Mid-term Review of IDH 2021 – 2025

Summary Report
2 December 2024

Navigating systemic market transformation: mid-term review of IDH 2021-2025

Summary Report

Main Authors: Rob Kuijpers, Jodie Thorpe, and Greetje Schouten
Contributors: Diana Lopez-Ramirez, Keir MacDonald, and Giel Ton

Principal investigators deep dives and portfolio analysis:

Grains for Growth:	Keir Macdonald and Henry Anim-Somuah
Living Income Cocoa:	Jodie Thorpe and Oscar Toukpo
LABS:	Keir Macdonald and Thang Dang Phan
Living Wage Bananas:	Keir Macdonald and Jodie Thorpe
Sustainable Calves:	Jodie Thorpe and Michiel Meijer
WSAF:	Diana Lopez-Ramirez, Anamika Amani, Keir Macdonald, and Jodie Thorpe

Portfolio Analysis: Greetje Schouten, Diana Lopez-Ramirez, and Maria Emilia Di Giampaolo

Advisory Committee: Koos Dijkstra (Ministry of Foreign Affairs), David Ameyaw (ICED), Matthew Alford (Manchester Business School), Alejandro Guarin (IIED), Anna Laven (independent expert), Alexander Otgaar (IOB, Ministry of Foreign Affairs), Patrick Sieber (SECO), and Daan van der Meer (Ministry of Foreign Affairs)

Commissioned by: IDH: Dave Boselie, Alexandra Yanez Casalombo, Lizet Friesen-Leibbrandt, and Daan Wensing

KIT Institute

Mauritskade 64
1092 AD Amsterdam
The Netherlands

Institute of Development Studies

University of Sussex
Library Rd
Falmer, Brighton BN1 9RE
United Kingdom

Contact:

Rob Kuijpers (r.kuijpers@kit.nl)

Contents

Acronyms	2
Executive Summary	3
1. Introduction	5
1.1 IDH at a Glance	6
1.2 Evaluation Objectives and Approach	8
2. Findings	9
2.1 Relevance, Coherence and Additionality	10
Relevance	10
Coherence	10
Additionality	11
2.2 Programme Effectiveness and Efficiency	11
Improved sector governance	11
Field-level projects	12
Improved business practices	13
Efficiency	14
2.3 Contribution to Impact	15
2.4. Scaling and Sustainability	17
Scaling	17
Sustainability	18
2.5. Systemic Market Transformation	19
3. Conclusion and Recommendations	25
Endnotes	27

Acronyms

BU	Business Unit
CFI	Cocoa and Forest Initiative
CIGHCI	Côte d'Ivoire-Ghana Cocoa Initiative
CNA	National Farmers Confederation (Brazil)
CS3D	Corporate Sustainability Due Diligence Directive
CSA	Climate-smart agriculture
DANIDA	Danish International Development Agency
DD	Deep dive
DDE	Dutch Sustainable Economic Development Department
DISCO	Dutch Initiative on Sustainable Cocoa
EAE	Ex Ante Evaluation
EE	Endline Evaluation
EUDR	European Union Deforestation free Regulation
G4G	Grains for Growth
GBV	Gender-based violence
GWSF	Global Women's Safety Framework
IDH	Initiatief Duurzame Handel – Sustainable Trade Initiative
IDS	Institute of Development Studies
ISLA	Initiative for Sustainable Landscapes
KIT	Royal Tropical Institute
LABS	Life and Building Safety
LI	Living income
LIC	Living Income Cocoa
LW	Living wage
LWB	Living Wages Banana
MAPA	Ministry of Agriculture, Livestock and Food Supply (Brazil)
MFA NL	Dutch Ministry of Foreign Affairs
MTE	Mid-Term Evaluation
MYP	Multi-Year Plan
NGO	Non-Governmental Organisation
NICFI	Norway's International Climate and Forest Initiative
ODA	Official Development Assistance
PPI	Production, Protection & Inclusion
PPP	Public-private partnership
SECO	Swiss State Secretariat for Economic Affairs
SHF	Small-holder farmer
SMT	Salary Matrix Tool
T&M	Textiles and Manufacturing
VAW	Violence against women
VCD	Value Chain Development
VCT	Value Chain Transformation
VSLA	Village savings and loan associations
WSAF	Women Safety Accelerator Fund

Executive Summary

This report presents a summary of a mid-term review (MTR) assessing the performance of IDH's corporate portfolio three years into its five-year funding period (2021-2025). IDH's mission is to drive systemic market transformation towards better jobs, incomes, and environmental outcomes. IDH intends to achieve this by working on improved sector governance, business practice change, and field-level projects. Headquartered in the Netherlands, IDH works globally with over 368 staff in about 60 programmes with an annual budget of approximately EUR 60 million.

The MTR is guided by the OECD-DAC evaluation criteria—relevance, coherence, effectiveness, efficiency, impact, and sustainability—and also assesses additionality, scalability, and organisational performance. Six main data sources are used: 1) IDH documentation; 2) seventeen third-party evaluations; 3) six deep dive case studies; 4) a sector survey with 244 responses from external stakeholders; 5) 130 key informant interviews; and 6) workshops with different teams within IDH.

Relevance, coherence and additionality The MTR finds that, despite a certain level of uniformity in approaches, IDH programmes respond well to stakeholder needs and priorities, including the needs of farmers, workers, and communities. The quality of programme and intervention design is generally high, showing a comprehensive understanding of the unique challenges and opportunities within each sector or landscape. The IDH programmes not only align closely with efforts of other actors in the same sectors and landscapes but also further enhance this coherence through convening activities. The work that IDH does is also largely found to be additional: processes would not have materialised without IDH or would have materialised on a smaller scale, slower, or with less quality.

Effectiveness on sector governance IDH has significantly contributed to improved sector and landscape governance, particularly by raising

awareness about sustainability issues, convening relevant actors, and aligning understanding on critical issues. To date, this has led to 95 multi-stakeholder agreements, many with ambitious, specific, measurable, and timely sustainability targets. IDH supports these multi-stakeholder coalitions by brokering knowledge generated in the sector, by IDH and others, and by creating relevant and easy-to-use tools and concepts.

Effectiveness on field-level projects IDH supports coalitions by co-financing field-level projects. According to third-party evaluations, these projects are generally effective in achieving their objectives. They are, however, not only used to pilot sustainable business models—as suggested by IDH's theory of change—but also to provide direct services and solutions to meet multi-stakeholder sustainability targets, and, more generally, to foster collaboration and action, establishing a culture of “getting things done.”

Effectiveness on business practices The outcome area where progress has been most challenging is “improved business practices”. IDH has raised company awareness about sustainability issues, secured commitments to sustainability targets, and stimulated private-sector co-financing for field-level projects. However, achieving deep business practice change in line with commitments is challenging. This is especially the case among Northern-based multinational companies that operate in global market systems. Particularly, we find yet insufficient progress among multinational companies in changing practices that would enable living incomes and living wages to be earned by farmers and workers in their supply chains.

Impact Three years into a five-year funding period, it can be argued that it is still early to assess impact. What we can say is that in terms of better jobs, impact evaluations show quite some evidence of IDH improving better working conditions, for example, related to safer workplaces. We have, however, not yet



observed impact on the wages of workers. In terms of better income, evaluations show some improvements in some of the programmes, but this remains at small-scale—reaching a limited number of farmers—with relatively small net-income increases. The income effects that can be discerned are primarily the result of field-level projects rather than systemic changes at the business level. In terms of better environment, there is too little evidence yet to draw firm conclusions. In terms of gender equality, it is clear women are being reached by IDH programmes, but there is limited evidence on increased representation and decision-making by women or transformation of restrictive gender norms.

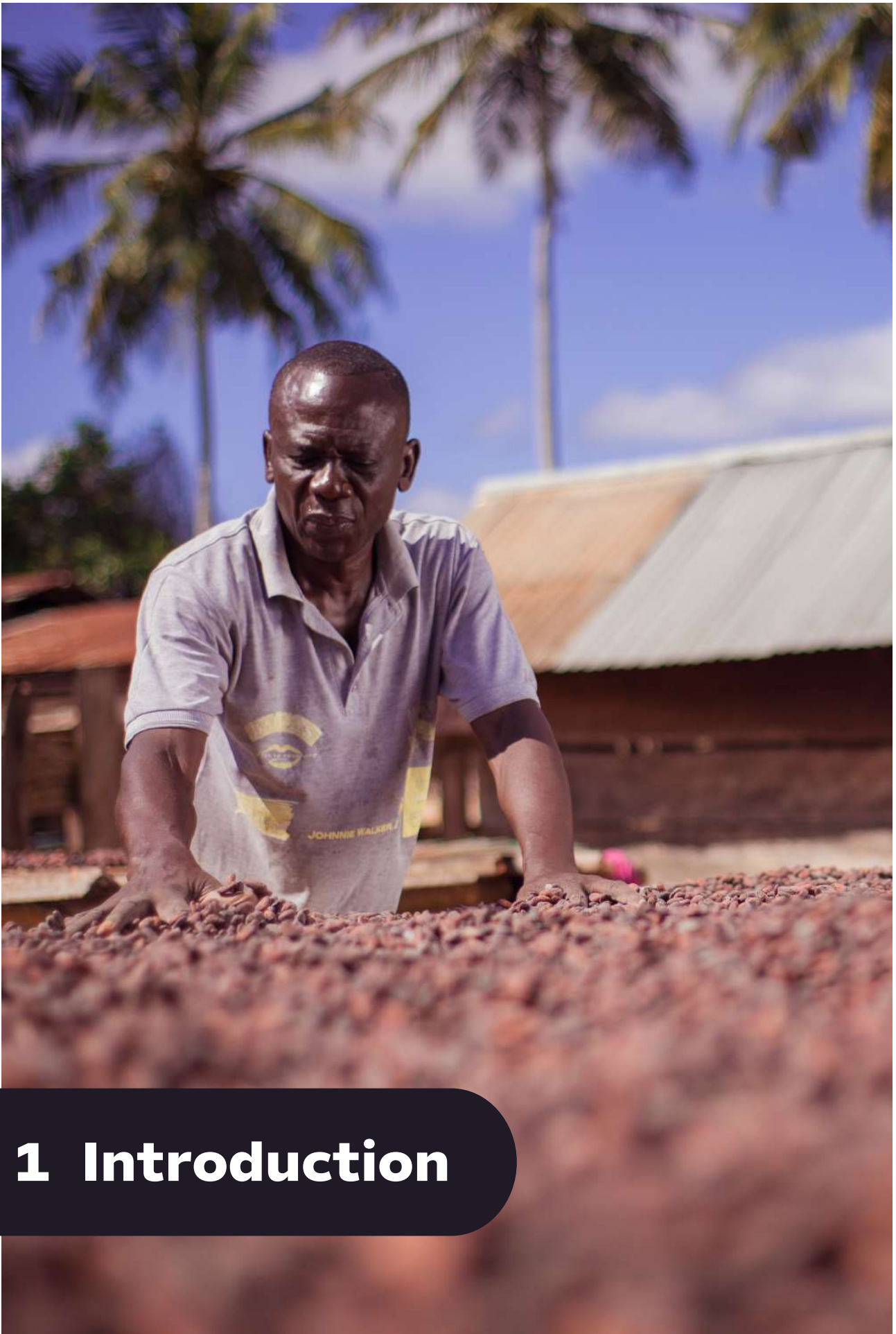
Scaling and sustainability According to the theory of change, IDH's programmes are expected to be sustainable and scaled up through replication and duplication by the private sector. However, evidence of actual scaling is limited. Successful and sustainable scaling through further investments and practice adoption is observed where there are strong incentives, often supported by government policies and regulations. A major barrier to scaling and sustainability identified is the constrained access to finance in many contexts where IDH operates.

Systemic market transformation IDH's mission is to drive systemic market transformation. We find this being achieved in programmes with more narrowly

defined market systems and a clear business case driven by legislation, market demand, and/or NGO pressure. Such programmes have generated effects on business practice with potential for tangible impact at scale. More ambitious programmes seeking to address complex problems across international markets face greater challenges. While successful sector governance and field-level pilots are creating awareness, knowledge and commitments, these do not sufficiently affect company motivation, capabilities, and market opportunities for deeper business practice change. In these cases, structural, relational, and transformational changes in market systems are required, beyond individual-company practices and beyond IDH's direct sphere of influence.

Based on these findings, it might be tempting for IDH and its donors to focus more resources on these smaller and less complex market systems to achieve more tangible results for larger numbers of farmers and workers in the short term. We would, however, argue that IDH's relevance and additionality is highest in addressing the more wicked systemic problems at the sector and landscape level. The investment of public funds, through IDH, is required precisely because the business case is yet to be created, there is high risk, and there is a longer time horizon. Moreover, the expected societal benefit from a shift towards more sustainable global market systems is large.

Recommendations Over its 15-year history, IDH has progressively evolved its approach from accelerating certification to raising the bar for better incomes, jobs, and the environment. IDH is now advocating for more integrated sustainability agendas and more sustainable procurement practices, drawing lessons from failures as well as successes. This highlights IDH's ability to adapt and innovate in response to complex challenges. Our evaluation concludes with 13 recommendations to support IDH's continued evolution, especially in response to systemic challenges at sector and landscape levels.



1 Introduction

1 Introduction

This report presents the high-level findings of the mid-term review (MTR) of the IDH corporate portfolio in its 2021-2025 funding period, performed by KIT Institute and the Institute of Development Studies (IDS). It is a summary of a more elaborate evaluation report.¹

1.1 IDH at a Glance

IDH was founded in 2008 as a public-private partnership to drive sustainability in international trade. Emerging from the 2007 Schokland Agreements in the Netherlands, IDH was conceived to foster collaboration between businesses, trade unions, NGOs, and government to promote sustainable production and trade practices across key global commodity chains.

IDH's strategy was based on influencing major companies that dominate the trade of key commodities. Rather than executing support programmes for large numbers of smallholder farmers all over the world, IDH focused on leveraging change in a few selected commodities by following, supporting, and accelerating the sustainability efforts of frontrunner companies.² During this first period frontrunning companies were mainly using the instrument of certification, and initially

this became an important focus of IDH. However, after a few years, the limits of certification became clear to actors from the public and private sphere alike, triggering IDH to shift focus to living income and living wage as benchmarks.³ At the same time came the deep realisation that convening only the private sector is not enough to achieve market transformation. Also the public sector needs to be involved.⁴ Subsequently, IDH changed its strategy to accommodate these newly gained insights.

For the 2021-2025 funding period, the mission of IDH is to drive systemic market-transformation towards better jobs, better income and better environment for both men and women. “Systemic change” refers to changes in network structures or behavioural norms. “Market transformation” refers to stakeholders in a sector addressing systemic issues by improved practices in three inter-connected spaces. The *sector governance* space refers to the policy and regulatory environment, and the capability of the sector to collect revenue and reinvest it in a strategic manner. It also involves coordinating and aligning stakeholders. The *field level* space represents production units (which may be farms, forests, or factories) and their relationship with surrounding communities and ecosystems. The *business practice and market* space refers to business practices and the relationships between



producers, their organisations, service providers, value chains, and consumers within a sector. IDH considers the private sector as the key driver for transformational change. Improved governance and proof of concepts and pilots in the field level space are instrumental in creating private sector commitments to adopt improved practices and bring them to scale.

The roles that IDH plays as a “market system change agent” are centred around convening stakeholders, co-financing field-level projects, and learning and innovation. The IDH Corporate Theory of Change (ToC) illustrates how IDH intends to achieve its goals (Figure 1).

At the end of 2023, IDH employed 368 full-time equivalents (FTE), representing a diverse workforce consisting of 54 different nationalities. The organisation operates from 16 country offices around the globe, with its headquarters based in Utrecht, the Netherlands. IDH's yearly is around EUR 60 million.

IDH is organised in business units and corporate departments, operating in a matrix structure. IDH has five main Business Units (BUs): Strategy & Insights (S&I); Agri-Commodities; Value Chain Transformation (VCT); Landscapes; and Textiles & Manufacturing (T&M). IDH has a portfolio of about 60 programmes that are organised by the different BUs, and which are operating in over 40 countries.

Figure 1: IDH corporate theory of change 2021-2025

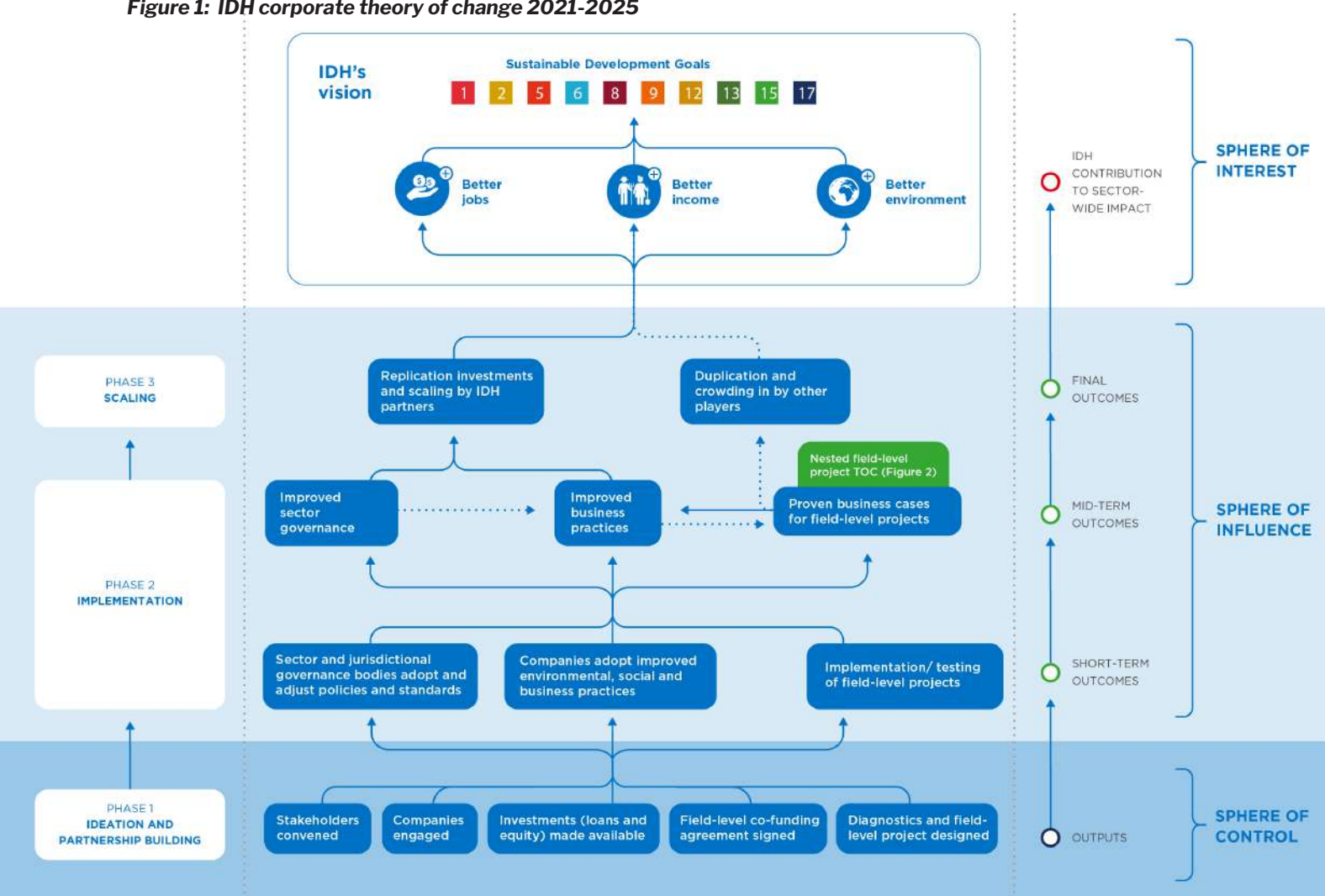


Figure 1: Copyright IDH

1.2 Evaluation Objectives and Approach

The MTE serves five evaluation objectives:

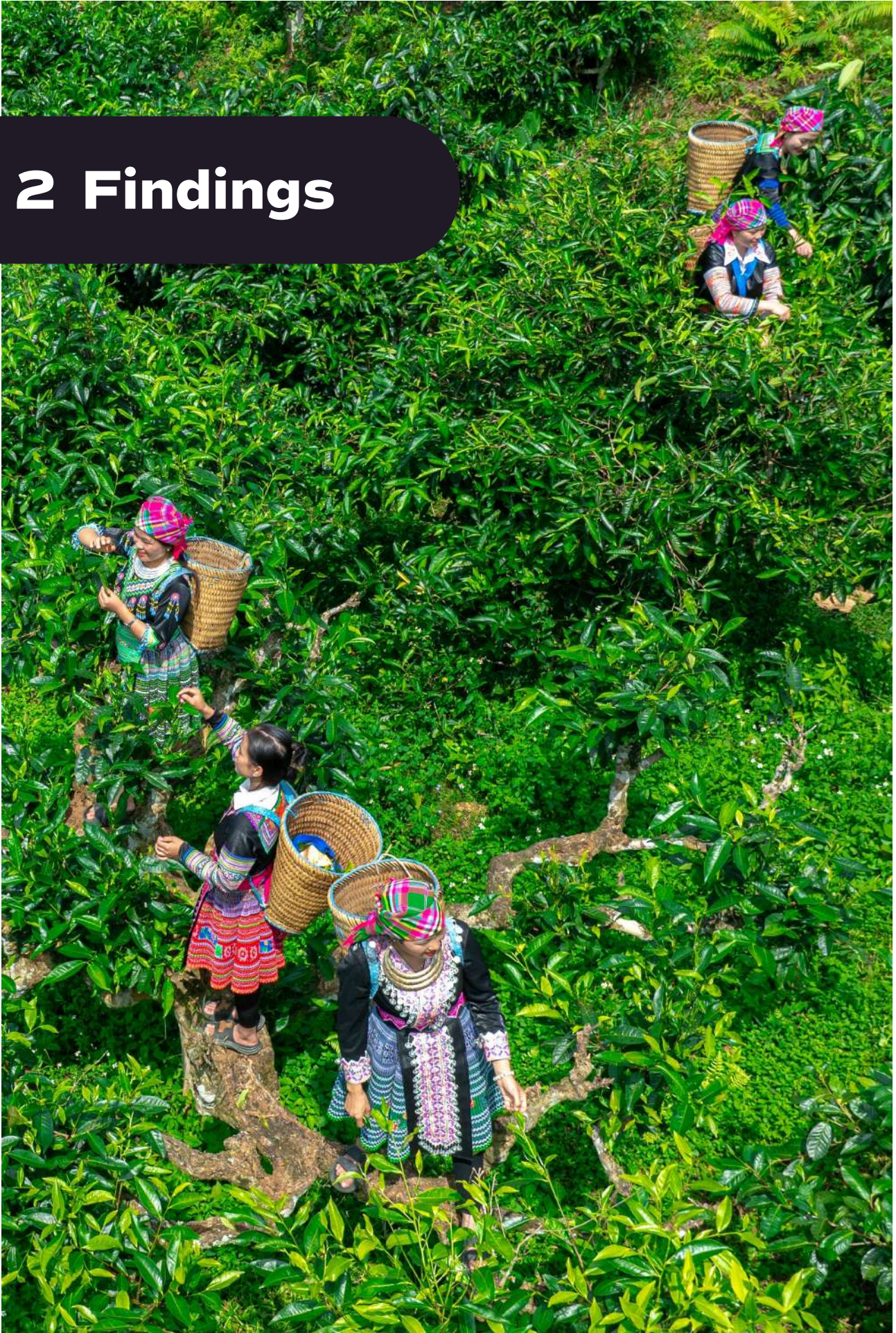
1. Evaluate the relevance, coherence, effectiveness, efficiency, impact and sustainability (OECD DAC Criteria) and scalability of IDH's portfolio of programmes.
2. Ensure accountability and evaluability.
3. Assess additionality of IDH investments.
4. Conduct an assessment of IDH's organisational performance (including its financial viability), in relation to its organisational motivation, capacity, and external environment.
5. Identify areas of learning and recommendations for improvement

To meet these objectives the evaluation synthesises evidence from six information sources (Table 1).

Table 1: Information sources underlying the MTR

Evidence	Description																																										
IDH Documentation	We reviewed a wide range of IDH documents, including theories of change, concept notes, policies, annual plans, monitoring data, and reports.																																										
Third-Party Evaluations	We analysed third-party evaluations of IDH programmes using the OECD/DAC criteria. These evaluations provided insights into IDH's performance and contribution towards the goals of the MYP 2021-2025. The coverage of these evaluations was uneven across BUs and not fully representative of IDH's entire portfolio. The evaluations were checked against IOB quality criteria and systematically analysed using NVivo.																																										
Deep Dive case studies	We developed 6 deep-dive case studies to generate learning regarding IDH roles and their contribution to systemic market transformation and increased gender equality (see list below). The cases critically reflect on contribution claims and underlying assumptions in the IDH ToC, plus IDH additionality and other conditions enabling or hindering results. The cases were selected for their learning value, while also reflecting the variation in IDH's programme portfolio <table><tr><th>Code</th><th>Name</th><th>Short name</th><th>Start date</th><th>Country</th><th>Sector</th></tr><tr><td>DD 1</td><td>Living income in the cocoa sector</td><td>LIC</td><td>Various</td><td>Côte d'Ivoire</td><td>Cocoa</td></tr><tr><td>DD 2</td><td>Living wages in the banana sector</td><td>LWB</td><td>2019/ 2020</td><td>-</td><td></td></tr><tr><td>DD 3</td><td>Women Safety Accelerator Fund</td><td>WSAF</td><td>2021</td><td>India</td><td>Tea</td></tr><tr><td>DD 4</td><td>Life and Building Safety</td><td>LABS</td><td>2019</td><td>Vietnam</td><td>Apparel</td></tr><tr><td>DD 5</td><td>Sustainable calves</td><td>Calves Programme</td><td>2015</td><td>Brazil</td><td>Calves</td></tr><tr><td>DD 6</td><td>Grains for growth</td><td>G4G</td><td>2022</td><td>Ghana</td><td>Grains</td></tr></table>	Code	Name	Short name	Start date	Country	Sector	DD 1	Living income in the cocoa sector	LIC	Various	Côte d'Ivoire	Cocoa	DD 2	Living wages in the banana sector	LWB	2019/ 2020	-		DD 3	Women Safety Accelerator Fund	WSAF	2021	India	Tea	DD 4	Life and Building Safety	LABS	2019	Vietnam	Apparel	DD 5	Sustainable calves	Calves Programme	2015	Brazil	Calves	DD 6	Grains for growth	G4G	2022	Ghana	Grains
Code	Name	Short name	Start date	Country	Sector																																						
DD 1	Living income in the cocoa sector	LIC	Various	Côte d'Ivoire	Cocoa																																						
DD 2	Living wages in the banana sector	LWB	2019/ 2020	-																																							
DD 3	Women Safety Accelerator Fund	WSAF	2021	India	Tea																																						
DD 4	Life and Building Safety	LABS	2019	Vietnam	Apparel																																						
DD 5	Sustainable calves	Calves Programme	2015	Brazil	Calves																																						
DD 6	Grains for growth	G4G	2022	Ghana	Grains																																						
Sector Survey	An online survey was administered among 244 external stakeholders, including investors, private sector representatives, policymakers, NGOs, and researchers. They provided feedback on changes in the sector over the past four years and IDH's role in these changes.																																										
Key Informant Interviews	In total 130 interviews were conducted with key stakeholders both within and outside IDH to gather detailed insights. These interviews supported the overall evaluation, contributed to the deep dives, and provided context to the data.																																										
Workshops	Workshops with the BUs, the M&E and S&I teams, and the impact committee were held at different stages of the evaluation to discuss findings and refine our analysis. These sessions included discussions on IDH's strategies and validation of preliminary results.																																										

2 Findings



2 Findings

2.1 Relevance, Coherence and Additionality

In this section, we present our high-level findings on the relevance, coherence, and additionality of IDH's portfolio of programmes. This section particularly draws on the results of third-party evaluations, summarised in Table 2, which are complemented with insights from the deep dives.

Relevance

IDH works in a highly diverse set of international sectors, countries, and landscapes. IDH's approach is, however, surprisingly uniform: similar concepts and ToCs are applied in different contexts. Despite this, IDH programmes are consistently found to respond well to stakeholder needs and priorities, including the needs of farmers, workers, and communities. The quality of programme and intervention design is generally considered high, showing a comprehensive understanding of the unique challenges and opportunities within each sector or landscape. IDH is thus successful in contextualising their ToCs and concepts to specific sectors or landscapes. A key success factor seems to be IDH's local presence in key countries and having knowledgeable country office staff.

However, there is one point of attention. Not all interventions are designed in an inclusive way,

particularly with respect to the involvement of beneficiaries, Southern partners, and CSOs. This issue was identified in several third-party evaluations⁵ and in some deep dives. For example, the living wage banana evaluation finds that: "Not involving producer groups and worker unions from the onset in tool development and implementation comes at a cost. IDH has not been giving priority to engaging with local producers and labour unions."⁶ This has led producers and labour unions to criticise IDH for a top-down and European dominated approach, which resulted in a lack of trust and disagreement among stakeholders.

Coherence

IDH programmes demonstrate substantial coherence with the efforts of other actors in the same sectors and landscapes. Programmes are not only well-aligned with policies, regulations, and other interventions but actively contribute to increased coherence within sectors and landscapes, particularly through convening stakeholders. Alignment between different stakeholders is not only an outcome of IDH's work. It is also a pre-condition for success. In areas where stakeholder positions diverge tremendously or are internally inconsistent, IDH's convening power reaches limits.

A key factor contributing to coherence is IDH staff's ability to engage high-level company decision-makers across various sectors. This is particularly evident in IDH's convening work and in the development of

Table 2: Assessment of relevance and external coherence in third-party evaluations

Evaluation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Type	MTE	MTE	EE	EE	EE	EE	MTE	MTE	MTE	EAE	MTE	MTE	EE	MTE	EE	MTE	MTE
BU	AC	AC	AC	AC	AC	AC	AC	AC	AC	AC	AC	LS	LS	LS	VCT	VCT	TM
Sector governance																	
Business Practices																	

Legend:

	Performing well against impact area;		Underperforming relative to criterion;
	Performing well against impact area, with minor shortcomings;		Inconclusive;
	Performing moderately well against criterion;		Not evaluated in the respective report

MTE = Mid-Term Evaluation; EE = End Evaluation; EAE = Ex Ante Evaluation; BU = Business Unit; AC = Agri-commodities; LS = Landscapes; VCT = Value Chain Transformation; TM = Textiles & Manufacturing.

concepts and tools, such as the roadmap to living income, which simplify complex ideas and make intervention strategies more actionable for companies.

Additionality

IDH programmes are largely found to be additional: processes would not have materialised without IDH or would have materialised on a smaller scale, slower, or with less quality. This is apparent in two areas. First, IDH is credited with the development of novel, high-quality and practical solutions to critical challenges, which either fill gaps or speed up change. For example, in the Cassava project in Nigeria, the third-party evaluation finds that IDH “worked on introducing a novel model for processors to source sustainable supply of inputs at moderated prices. None of the previous programmes included this approach, and the participating processors did not have out-grower farming schemes in place (before the support), thus a new business model was introduced.”⁷ The Calves Programme (DD 5) is creating conditions for forest protection and remediation measures amongst indirect suppliers in the beef sector. While other sustainability initiatives also work in the sector, interviewees identified IDH’s integration of traceability, economic benefits for farmers, and provision of technical assistance as speeding up these processes.

Second, IDH’s role in strengthening sector governance through public-private convening is seen by stakeholders as additional to what other organisations

do. For example, there are others working on living income in cocoa, including some with convening power, but the combination of IDH’s size, solid sector knowledge, and trust among stakeholders is widely considered as unique. It has enabled IDH to convene dialogues on difficult and sensitive issues such as pricing and procurement practices.

2.2 Programme Effectiveness and Efficiency

This section presents our insights on IDH’s progress towards achieving its outcome objectives and explore the factors behind this performance. We analyse each of the three outcome areas in the corporate ToC: improved sector governance, field-level projects, and improved business practices. We also assess the extent to which these results are achieved efficiently.

Improved sector governance

All sources of evidence, including third-party evaluations (Table 3), deep dives and sector survey, find that IDH has made significant contributions to improved sector governance, particularly by raising awareness, convening relevant actors, and aligning understanding on critical issues.

Internationally, IDH has predominantly convened large brands, retailers and traders that are important

Table 3: Assessment of outcome areas in third-party evaluations

Evaluation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Type	MTE	MTE	EE	EE	EE	EE	MTE	MTE	MTE	EAE	MTE	MTE	EE	MTE	EE	MTE	MTE
BU	AC	AC	AC	AC	AC	AC	AC	AC	AC	AC	AC	LS	LS	LS	VCT	VCT	TM
Sector governance																	
Business Practices																	
Field-level projects																	

Legend:

	Performing well against impact area;		Underperforming relative to criterion;
	Performing well against impact area, with minor shortcomings;		Inconclusive;
	Performing moderately well against criterion;		Not evaluated in the respective report

Evaluation numbers correspond to the list in Annex 8.

MTE = Mid-Term Evaluation; EE = End Evaluation; EAE = Ex Ante Evaluation; BU = Business Unit; AC = Agri-commodities; LS = Landscapes; VCT = Value Chain Transformation; TM = Textiles & Manufacturing.

buyers of cocoa, coffee, tea and other food crops and ingredients. In the cocoa sector (DD 1) IDH is credited with contributing to awareness and acceptance that the living income gap of farmers is a critical sector challenge. Through involving and enabling the right participants, including commercial decision-makers and motivated individuals, IDH has supported the sector to set specific, measurable and time-bound sustainability targets to close this gap for farmers supplying the Dutch and Belgian markets. On the other hand, IDH's convening efforts do not always lead to concrete commitments, as shown by the experience of the tea sector. "...IDH efforts for convening the GTC has increased awareness on the need for transformative changes in the tea sector. However, this has not resulted in concrete commitments by the participants from producer and packer/brand companies to take concrete steps towards transformative changes."⁸

International convening is complemented by efforts in commodity origin countries. For the Landscapes BU, multi-stakeholder agreements are between stakeholders within a landscape and typically take the form of compacts with targets for sustainable production and community participation and benefit. The ISLA evaluation across seven landscapes found that local ownership of PPI Compacts, particularly by government authorities, is high in most cases. In the Calves programme (DD 5) specifically, the compact in Mato Grosso state has enabled private investment in more sustainable calf production due to political support, a solid governance structure and concrete targets. The programme's tools are now being adapted for a national-level protocol that creates the opening to scale results beyond Mato Grosso.

IDH also adds value by brokering knowledge generated in the sector, by IDH and others, combining this with its own expertise and an effective knowledge communication strategy. This has resulted in the creation of easy-to-use tools and concepts which speak to company managers. Examples include IDH roadmaps on living income and on living wages, which provide stakeholders with a systematic approach to closing gaps in their sectors. In the case of WSAF (DD 3), IDH was approached by Unilever to adopt, operationalise and scale a tool designed by Unilever and UN Women, the Global Women's Safety Framework in Rural Spaces (GWSF).

Deep dive on Sustainable Calves

The Sustainable Production of Calves project is part of IDH's landscape work in Brazil. It supports small-scale calf producers to meet Brazilian requirements on land use, with traceability to verify the absence of deforestation. An initial pilot led to Carrefour selling the first batch of 100% traceable deforestation-free meat through the programme's Protocol in 2019. By linking the Protocol with government systems, IDH is helping generate infrastructure for a national-level solution. In 2023, IDH leveraged a pledge by meatpackers and the leather industry to support the registration of 1 million head of cattle in a Sustainable Calves Platform by 2025, including tagged animals from farms outside the Programme.

Effectiveness on sector governance in IDH's programmes depends on high quality facilitation, high-level company engagement, and a strong in-country reputation, which are all evident to varying degrees in the work of the cocoa cluster on living income (DD1). IDH's ability to engage top-level executives related to living income has proven essential, although maintaining this engagement is challenging. Effective facilitation involves managing complexity, investing in meaningful discussions, reconciling conflicting views, and maintaining focus on ultimate objectives. IDH staff working with Beyond Chocolate were cited for their ability to think and work with this complexity. The cocoa cluster has also developed a good reputation in Côte d'Ivoire through past successes with the FCIP programme, and the ability to bring co-funding for the Côte d'Ivoire–Ghana Cocoa Initiative (CIGHCI). On the other hand, challenges such as staff turnover, lack of trust, and varying external conditions like political support and public enforcement capacity can present hurdles to effect change.

Field-level projects

Achieving the targets set by multi-stakeholder coalitions is theorized to be further aided by providing co-financing for developing and testing innovative business models. According to the corporate ToC, IDH and its coalitions of partners "actively promote co-

investments in field level change to demonstrate the business case for new sustainability models that can later be brought to scale by dissemination to both IDH partners and other players in the sector". In the Cassava project in Nigeria, for example, IDH tested two schemes to close the gap between supply and demand for cassava while integrating smallholders into the supply chain: block farming and community farming. The third-party evaluation concludes that the pilots demonstrated the feasibility of these models in various contexts and it is highly likely that processors will continue using them.

The third-party evaluations and the deep dives are largely positive about the field-level effects IDH has had through their projects. Out of the 14 external evaluations that report on field-level outcomes, 13 evaluators judge the effectiveness of IDH as "very good" or "good" (Table 4). However, while IDH-supported field-level projects perform well, they do not necessarily function as best practice cases or pilots that generate sector-wide impact through being scaled up (e.g., through Farmfit).⁹ While this is sometimes the pathway pursued, we identify at least three other purposes of field level projects.

First, studies are co-funded to generate knowledge and recommendations on key issues, informing strategies and interventions. For example, LWB (DD 2) funds one project to understand the root causes of living wage gaps in the banana sector in Costa Rica, Belize, and Colombia, and another aimed at empowering workers in Cote d'Ivoire to better negotiate wages. Second, field-level projects are sometimes directly providing services and solutions in order to reach programme or multi-stakeholder objectives. In G4G (DD 6), IDH provides co-funding to SMEs to help them to improve their practices

and the practices of smallholder farmers who supply them, as well as technical assistance to enable SMEs to demonstrate creditworthiness to commercial lenders. Lastly, field-level projects are used for coalition building and influencing, fostering collaboration and establishing a culture of "getting things done". Beyond Chocolate co-funded pilots have this role. However, there is a risk that projects, while creating a sense of momentum, also distract from more difficult change that is needed.

Improved business practices

Through multi-stakeholder convening and supporting innovation, the ultimate objective of IDH is to change the practices of retailers, processors, factories, traders and plantations. This aligns with IDH's original starting point of influencing major agri-food companies, although in recent years, IDH has also started working with other types of businesses, including in the textile and manufacturing sector and African SMEs.

Although IDH's monitoring data shows good progress towards improved business practices, our findings suggest IDH effectiveness is weaker here when compared to the other two outcome areas. IDH programmes have enabled or influenced some businesses to change some practices, particularly where positive incentives are in place. However, deeper change in line with sector sustainability commitments is not yet secured. This is especially a challenge among Northern-based brands and retailers, where the system being influenced is broad and the scale of change required is deep.

In some cases, the required business practice is not yet clear. In the case of LWB (DD 2), the programme's

Deep dive on Grains for Growth (G4G)

G4G aims to build a domestic grain market from which large offtakers will be able to reliably source five major grains within Ghana. The focus is on building market linkages between actors, helping SMEs access finance, and helping SMEs provide smallholder farmers with the inputs and assistance they require. Since the beginning of the programme, targets for grain sourced domestically by offtakers have been exceeded. G4G is particularly credited for its role in creating networking opportunities and connecting SMEs with each other, with offtakers, with farmers, and with finance providers. It is relatively early to judge the likely scale and sustainability of results, especially once direct grant support ends.

focus so far has been on obtaining retailers' commitments and enabling them to quantify the gap between living wages and workers' salaries. This is an important pre-condition, since companies need to be able to understand the scale of finance required to close gaps. Two retailers, Lidl and Sainsbury's, have also announced actions to close gaps, through additional payments or premiums. However, there is considerable debate regarding the path to scalable, sustainable changes in wages and whether retailers taking action separately is a feasible solution.¹⁰ IDH has helped stimulate these debates and provides some support for field-level work, and more time will be required to whether this is leading to business practice change in line with living wage goals.

In other cases, while successful sector governance and field-level pilots are creating awareness and knowledge, these do not sufficiently affect company motivation, capabilities, and market opportunities to take the step from commitment to deeper business practice change. Stronger pressures from NGOs and government policies and regulation could help, but companies appear stuck in a system that demands cost minimisation, leaving very limited room to make the required investments or pay higher prices and wages.

For example, the ISLA landscape programme is evaluated as performing very well in terms of improving sector governance; however, overall the third-party evaluation concludes that "when it comes to changes in business practices and field-level sustainability, the progress of ISLA landscapes against country-level ToCs is more challenging". Despite some successes in Brazil and Vietnam, it has proven challenging to link landscapes as preferential sourcing areas to global buyers. This suggests that the business case for a landscape-based sourcing model is not yet clear.¹¹

Where we do see business practice change as a result of IDH programmes is where solutions are known and there is a clear business case due to legislation, market demand, and/or NGO pressure. In some cases, IDH has successfully influenced market demand through influencing company procurement practices. For example, LABS (DD 4), which supports improved building safety, works

Deep dive on Living Wages in the Banana sector (LWB)

IDH works with large European retailers to confront low wages amongst banana workers, providing tools for companies to identify the living wage gap and creating a positive environment which encourages them to take action. Retailers in four European countries have committed to close the gap in their supply chains, with two UK retailers publicly announcing specific plans for additional payments and multi-year contracts. IDH has contributed through creating retailer consortia, obtaining commitments, and creating tools to measure the living wage gap. As yet, there is no measurable gap closure, and solutions are left in the hands of individual retailers. However, IDH is committed to ongoing piloting, learning, and knowledge sharing to improve understanding of relevant solutions in different contexts.

with factories that are recommended by the brands which source from them. Factories seeking to secure their market access are thus incentivised to comply with LABS standards. The brands themselves are partly motivated by the Rana Plaza disaster in Bangladesh in 2013, seeing LABS as a way to operationalise necessary changes.

In other successful cases, especially in the VCT business unit where the focus is addressing market imperfections and reducing value chain inefficiencies, practice changes are in line with company incentives. For example, the evaluation of the Nigeria Cassava project concludes that processors are very likely to continue to implement the farming model innovations introduced by the project, since they lead to moderately priced, consistent, high quality and high-volume cassava root production.

Efficiency

When it comes to the efficient use of programme resources, third-party evaluations mostly make positive assessments. Timeliness—to what extent the results were achieved within the intended timeframe—is more critically assessed. Reasons include design issues (e.g., overly ambitious

timelines and targets), external contextual conditions (e.g., COVID-19 and government changes) and internal factors (e.g., communication and staff turnover).

For example, while WSAF is considered operationally efficient, the evaluator found that: “The programme design conceived an intense 1-year timeframe for delivery – whereas in reality only half of that time was available for on-ground delivery (only the off-season for tea plucking). This meant that many key actions were crunched into a shorter period reducing the number of feasible touch points between the implementation partners and the community. This meant timeliness of delivery was not a strength of the programme and key follow-up action couldn’t happen.”¹²

2.3 Contribution to Impact

According to its own monitoring data, IDH is largely on track to achieve its 2023 KPI targets. There is, however, limited independent evidence from third-party evaluations that confirm the positive impact reported by IDH on incomes, jobs, the environment, and gender equality (Table 6).

In terms of *better jobs*, there is no evidence for impact on wages so far. However, we see quite a bit of evidence of IDH improving working conditions. Workers in garment factories in Asia are better protected from preventable factory risks like fires (LABS). Workers on tea plantations in India have greater awareness of gender-based violence and

complaints and redressal mechanisms are available (through WSAF). However, the third-party evaluation indicates it is too early to realistically assess WSAF impacts. Instead, they identify some early, anecdotal, evidence of impact, e.g. “an enhanced sense of safety due to project activities.”¹³

In terms of *better income*, one programme—the climate-smart cotton landscapes programme—accounts for 90% of farmers reported to have increased their incomes according to IDH’s own monitoring system. However, this is not yet covered by a third-party evaluation so the results could not be validated. Evaluations of other programmes show improvements in income have happened in some cases, but these reach a limited number of farmers with relatively small net-income increases. These evaluations also suggest that closing living income gaps for all farmers supplying to a specific market remains an ambition that is very far away. The income effects that can be discerned are primarily the result of field-level projects rather than systemic changes at the business level, for example, related to changed procurement practices or other broad company policies and strategies.

The impact by IDH on *better environment* is arguably the most difficult to assess. Deforestation rates are volatile, and it is difficult to estimate what would have happened in absence of an IDH programme. Past evaluations of IDH programmes largely lack sufficient evidence to demonstrate impact on forest cover in a convincing way. The exception is the South-West Mau landscape where a case can be made that there was a strong decline in deforestation

Table 4: Assessment of efficiency in third-party evaluations

Evaluation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Type	MTE	MTE	EE	EE	EE	EE	MTE	MTE	MTE	EAE	MTE	MTE	EE	MTE	EE	MTE	MTE
BU	AC	AC	AC	AC	AC	AC	AC	AC	AC	AC	AC	LS	LS	LS	VCT	VCT	TM
Efficiency																	

Legend:

	Performing well against impact area;		Underperforming relative to criterion;
	Performing well against impact area, with minor shortcomings;		Inconclusive;
	Performing moderately well against criterion;		Not evaluated in the respective report

MTE = Mid-Term Evaluation; EE = End Evaluation; EAE = Ex Ante Evaluation; BU = Business Unit; AC = Agri-commodities; LS = Landscapes; VCT = Value Chain Transformation; TM = Textiles & Manufacturing.

Deep dive on Women's Safety Accelerator Fund (WSAF)

WSAF aims to address the root causes of gender-based violence (GBV) in the Indian tea sector, through interventions targeting tea garden management, women workers and communities, and local government. IDH's biggest contribution to change has been at community level, working through implementing partners with strong expertise. This has enabled increased awareness of what constitutes GBV, with examples of enhanced agency, courage and confidence of women to speak out, and the resolution of some GBV cases. However, for these changes to become transformative, it will require greater and ongoing attention by WSAF to the depth and continuity of new attitudes and behaviours.

rates and that IDH contributed significantly to the conservation and rehabilitation of forest.

Gender equality has been a key impact theme for IDH since the 2016–2020 strategic plan. As of January 2022, all programmes need to apply a gender tool, which is IDH's main method to integrate gender considerations into its programming. Good progress has been made to ensure all IDH programmes are gender intentional, with clear requirements for reporting sex-disaggregated data. Gender awareness and women's inclusion in key field activities are observed across programmes and ambitions for developing more gender transformative programmes are significant. However, the available evidence indicates a limited use of the gender tool beyond designating a project as applying a gender intentional or gender

transformative approach. Sex-disaggregated data collection is often lacking, with limited gender analysis to inform programmes' strategies.

A key insight from the meta-analysis of third-party evaluations is that understanding and assessment of 'impact' varies across evaluations and programmes but is mostly assessed (with corresponding KPIs) in relation to gender awareness and sensitisation activities and the inclusion of women and youth in training or other elements of programme implementation. Most of the evidence for results thus focus on women being reached by programmes, rather than on outcomes such as increased representation and decision-making by women or transformation of restrictive gender norms at field level. Women and youth representation beyond field activities, including

Table 5: Assessment of impact in third party evaluations.

Evaluation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Type	MTE	MTE	EE	EE	EE	EE	MTE	MTE	MTE	EAE	MTE	MTE	EE	MTE	EE	MTE	MTE
BU	AC	AC	AC	AC	AC	AC	AC	AC	AC	AC	AC	LS	LS	LS	VCT	VCT	TM
Better jobs	NA	NA	NA		NA					NA						NA	
Better income								NA	NA		NA						
Better environment								NA	NA		NA						
Gender equality			NA					NA	NA								

Legend:

	Performing well against impact area;		Underperforming relative to criterion;
	Performing well against impact area, with minor shortcomings;		Inconclusive;
	Performing moderately well against criterion;		Not evaluated in the respective report

MTE = Mid-Term Evaluation; EE = End Evaluation; EAE = Ex Ante Evaluation; BU = Business Unit; AC = Agri-commodities; LS = Landscapes; VCT = Value Chain Transformation; TM = Textiles & Manufacturing.

in programmes' governance structure, was found lacking. This was the case, for example, in the Cocoa & Forest Initiative.

Where impact assessments did assess the development and implementation of gender policies and strategies in a value chain or workplace or a programme's role in shifting gender norms, attitudes and behaviours, there were some positive IDH contributions. For example, NI-SCOPS addressed women's access to land via its block farming model and through engagement with traditional authorities. WSAF (DD3) is addressing violence against women in the tea sector.

2.4. Scaling and Sustainability

Scaling and sustainability of programmes are considered pre-requisites for changing markets towards creating benefits for workers, farmers, communities, and natural areas. In this section, we examine the evidence of the scaling and sustainability of IDH programmes.

Scaling

A central assumption in IDH's corporate-level ToC is that the models and sustainability solutions with proven business cases in the implementation phase will be taken to scale.¹⁴ If the ToC holds true, the market-driven models developed by IDH

in partnership with business will be replicated by further investments and scaling by IDH partners (pathway 1), and new stakeholders will crowd-in bringing additional investments in the models and solutions (pathway 2).

We find successful scaling through the first pathway has occurred when there is a clear business case and incentives, often supported by government policies and regulations. For LABS, for example, the first scaling pathway has already materialised. The third-party evaluation assesses it as "quick and effective", especially due to the strategic collaboration with international brands, which either recommend or mandate supplier factories to participate. IDH is also scaling the number of brands involved. However, there may be a natural limit to this pathway, as the brands that support LABS expect it to work only with the factories they source from. Moving beyond these internationally-oriented factories towards broader market transformation will require a different approach, likely through IDH's national convening role. The IDH team is planning outreach to non-LABS factories for the coming year.

This second scaling pathway is outside the direct control of IDH, but IDH hopes to contribute to this pathway by sharing knowledge and insights generated from interactions with direct partners.¹⁵ The sector survey shows that external stakeholders value the role of IDH in sharing learning about

Table 6: Assessment of scaling and sustainability in third-party evaluations

Evaluation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Type	MTE	MTE	EE	EE	EE	EE	MTE	MTE	MTE	EAE	MTE	MTE	EE	MTE	EE	MTE	MTE
BU	AC	AC	AC	AC	AC	AC	AC	AC	AC	AC	AC	LS	LS	LS	VCT	VCT	TM
Replication and scaling																	
Duplication and crowding-in																	
Sustainability																	

Legend:

	Performing well against impact area;		Underperforming relative to criterion;
	Performing well against impact area, with minor shortcomings;		Inconclusive;
	Performing moderately well against criterion;		Not evaluated in the respective report

MTE = Mid-Term Evaluation; EE = End Evaluation; EAE = Ex Ante Evaluation; BU = Business Unit; AC = Agri-commodities; LS = Landscapes; VCT = Value Chain Transformation; TM = Textiles & Manufacturing.

inclusive business models and supporting partnerships and coordination mechanisms. However, gathering evidence to assess the degree of change via this second pathway is complicated, since it involves organisations beyond direct IDH partners. There is yet insufficient evidence to firmly conclude that scaling based on indirect, non-IDH supported change is occurring. However, the Calves programme (DD 5) offers an example of scaling field level work through the second pathway. A protocol for the sustainable production of calves, which was initially piloted with Carrefour, was launched nationally in 2022. This national protocol enables integration of information on the social and environmental production of calves with new technological solutions for calf traceability being developed in Brazil. IDH has now secured a collective commitment from the three largest meatpackers in Brazil and the leather industry to support the registration of at least 1 million head of cattle in this Platform by 2025. This is still a fraction of the total Brazilian cattle population but means that tagged animals from outside the IDH-supported programme will be included.

Scaling processes are challenging in a number of programmes. One of the main factors limiting the potential for scale is a lack of finance for companies wanting to take up innovations. This is mentioned, for example, in the third-party evaluations of Cassava Nigeria and ISLA. Another factor is diversity within in a sector. Solutions for large (global) companies are not automatically applicable to or attainable for medium-sized companies, or may vary across geographies. For example, in LWB (DD 2), ensuring that producers pay living wages might involve different mechanisms or stakeholders depending on the strength of a country's trade unions or the quality of industrial relations. Therefore, 'proven business cases' will always apply to only a specific subset of companies.

Another hindering factor is the reluctance of individual companies to share data. The third-party evaluation of the Cocoa Soils programme finds challenges in getting some of the private sector partners to sign the scaling agreement due to their policy on data sharing. It finds that most of the companies treat each other as competitors and that "the key lesson here is not to

easily assume that entities would be willing to share information so easily".¹⁶

Sustainability

Around half of the third-party evaluations rated the sustainability of IDH's programmes as 'good' or 'very good'. One key success factor is actively embedding programmes in national structures or government programmes. According to the NICFI evaluation, for example, "alignment with government plans at provincial and district level, and shared objectives among stakeholders are important factors in place that can ensure that the results attained by the programme will be sustainable."¹⁷ Another factor is access to finance for long-term investments. For G4G (DD 6), IDH's introduction of SMEs to commercial banks enables relationships that can endure beyond the programme. Initially financiers require the risk-sharing arrangements created by G4G to make investments in SMEs feasible. However, they indicated that when G4G support ends, they will continue to lend to those SMEs with a good track record of creditworthiness. A third factor involves clear incentives for the private sector. With the cassava programme in Nigeria, evaluators consider it very likely that processors will continue to implement the new farming model, because it directly responds to their needs for increased and higher quality of cassava roots at moderated prices.¹⁸

In the other half of the cases, sustainability was rated 'moderately'. Challenges include insufficient institutional anchoring, weak governance structures, lack of private sector interest, and challenges in securing ongoing funding. A lack of institutional anchoring, for example, was affected the sustainability of the CFI while the NICFI evaluation identified lack of interest by big private sector actors as a barrier to long-term change. However, a challenge in securing finance is the most frequently mentioned risk to sustainability, including for CFI and for the cassava work in Nigeria. While the sustainability of the cassava work is assessed as good, the evaluators state that "the most critical factor that needs to be addressed for sustainability is [continued] access to finance."¹⁹ Training is expensive and without funding, new farmers will not be trained.

Concerns were also raised regarding the planned exit of IDH from certain programmes, and whether this was premature, jeopardising the longevity of positive outcomes. For WSAF, questions are raised with respect to training and technical assistance and whether these have been sufficient for long-lasting and widespread change. Ensuring that VAW is truly addressed hinges on continued management interest and commitment on tea estates as well as broad support from other stakeholders. Yet, this continued commitment is not ensured and may require more focus, such as on demonstrating business returns for tea companies and garden management.

2.5. Systemic Market Transformation

IDH's mission is to drive systemic market transformation. We identify two distinct approaches to this goal in IDH: 1. fostering change in large, complex systems, and 2. fostering change in less complex, more narrowly-bounded systems. Guided by the 'Conditions of systems change' framework by Kania et al. (2018) presented in the Text box below, we consider how IDH has been influencing the conditions which hold systems in place in each approach.

Six Conditions of Systems Change

The IDH working definition of a system is a dynamic set of actors, relationships, functions and mindsets that are interconnected and determine the prevailing way of working or operating in a certain domain.²⁰

Kania et al. (2018: 4) identify six interdependent conditions that hold a (systemic) problem in place and which can act as levers of systemic change.

The first three conditions are structural. These are visible, explicit and tangible elements that shape how a system works, and is the level that most programmes are familiar and comfortable working in:

- **Policies:** Principles, standards, rules and regulations set by entities like governments or sectoral organisations that inform and guide actions.
- **Practices:** The plans and activities adopted by organisations like businesses or NGOs, or by sectoral or multi-stakeholder platforms or networks, which lead to particular economic, social and/or environmental outcomes.
- **Resource Flows:** The distribution and intersection of resources including inputs, finance, information, infrastructure, technology, human resources between different actors and sites in the system.

The next two conditions are relational. These are partially visible and partially hidden, and relate to the interconnected actors and relationships that fundamentally make up a system:

- **Relationships & Connections:** The web of relationships and interactions that shape the communication, interdependence and trust between actors in a system, especially between those who have different experiences and perspectives.
- **Power Dynamics:** The distribution of power, legitimacy and authority to make decisions, particularly decisions about the system's structure (policies, practices and resource flows). It includes both formal and informal influence, and can be individual or collective.

The last condition relates to the invisible or implicit paradigm out of which the system arises:

- **Mental Models:** Shared and unstated assumptions amongst a group or society about 'how the world works', that influence how actors think, their understanding of problems and potential solutions, and the sense of what is fair or reasonable.

Mental models are the most difficult to influence but are the most effective lever of change.

Kania, J., Kramer, M. & Senge, P. (2018). *The Water of Systems Change*, FSG. Available at: www.fsg.org/wp-content/uploads/2021/08/The-Water-of-Systems-Change_rc.pdf

The first approach involves programmes that address so-called ‘wicked’ problems beyond the direct sphere of influence of IDH, working to align larger international sectors with sustainability goals. Here market transformation requires deep structural, relational, and transformational changes to make programme objectives attainable.

An example can be found in DD1. The ambition of a living income for all cocoa farmers supplying to the Netherlands and Belgium only seems attainable if policies become more conducive, if power imbalances between farmers and other actors are taken into account, if social and environmental externalities are priced-in, and if there is a less skewed land distribution among cocoa farmers. These changes are evidently beyond IDH’s direct sphere of influence.

IDH is tackling low incomes in the cocoa sector through implementing multiple programmes to influence the conditions that are holding the problem in place. Both the deep dive and stakeholder survey showed that the respondents perceived improvements in relationships, practices and resource flows and that IDH plays a contributory role in these change processes.²¹

➤ **Relationships:** By convening international and national platforms and organising international conferences, key actors from a range of different backgrounds in private, public, and non-profit sectors are now communicating more effectively about the living income gap and how it can be closed, and better aligning strategies with this new understanding.

➤ **Resource flows:** Through European-level collaborations and field-level projects in origin countries, IDH has influenced resource flows towards farmers, including both knowledge and money (premiums). Knowledge resources also flow in the opposite direction, through enabling data and insights on progress towards living income objectives to be monitored and shared.

➤ **Practices:** Through sharing knowledge, tools and concepts, such as the living income roadmap, smart-mix of interventions, and procurement practices principles, IDH has facilitated company

commitments in the Netherlands and Belgium to close LI gaps by 2030. New strategies are being implemented by partners and IDH is working to support effective models for scaling.

➤ **Mental models:** Since its inception, IDH has contributed to shifting mental models within the sector, elevating sustainability on the agenda of large cocoa companies. Specifically, IDH has raised awareness about the living income gaps experienced by cocoa farmers and contributed to an acceptance that businesses have a role to play in addressing this gap, with farmgate prices being a legitimate consideration.

Deep dive on living income in the cocoa sector (LIC)

IDH is convening public-private partnerships to leverage commitments to improve smallholder incomes and establish a pre-competitive environment for positive change in the cocoa sector. It is also partnering with large corporates to link farmer support with core business activities. Overtime, IDH has contributed to a shift in company mindsets, with more attention being given to the need for farmers to achieve a living income, and willingness to discuss price as a driver. IDH partners have begun experimenting with new practices that can contribute to a living income. The challenge is whether conditions are in place for the sector to translate commitments and pre-competitive knowledge sharing into structural changes in purchasing practices that improve farmer incomes.

Despite these advances, the continued significant living income gap indicates that there are other conditions keeping the problem in place. These may include ‘structural’ factors such as insufficient or inappropriate government policy or small land sizes which limit farmers’ income potential despite higher prices or productivity increases.²² They also include ‘relational’ factors. Power imbalance is a significant feature of the cocoa system, which is dominated by a small number of large traders and brands. Their large market and political power is at odds with attempts at market transformation. With respect to ‘mental

models', despite some shifts, the dominant paradigm of shareholder value maximisation remains, and it conflicts with the goal of improving cocoa suppliers' income. As a result, conventional sourcing practices dominate. These elements are resistant to change, and most likely beyond IDH's sphere of influence. In sectors like cocoa, with a handful of powerful buyers and global commercial pressures, studies suggest that structural change is likely to require a combination of public, private and social forms of governance, underpinned by complementarities between transnational forces and local institutions.²³ This puts even more emphasis on IDH's work through international and local partnerships, and fostering synergies between these different levels.

The second approach comprises less complex, more narrowly-bounded systems with somewhat less ambitious objectives. Here, IDH is able to leverage market incentives to address technical issues or upstream value chain inefficiencies. LABS and G4G are examples. These programmes arguably have more potential to reach their objectives as a result of the "simpler" systems, with market transformation that can be achieved in shorter timeframes. The required change lies within IDH's sphere of influence.

IDH is tackling this problem by influencing structural and relational factors that affect worker safety:

- **Resource flows and practices:** LABS has induced resource flows towards investments in improving safety. LABS supports factories to implement standards prescribed by global brands, while engaging with government and industry bodies to share best practices. Financial resources from brands fund technical assistance. We also see incipient signs of the reallocation by factories of time and money to safer working environments.

- **Policies:** There is evidence that LABS has helped the Vietnamese government enhance technical safety standards to align with international best practices.

- **Relationships:** LABS has helped create an ecosystem of trainers that understand and can address safety issues in Vietnam, provided that resources continue to be available. This may rely on brands funding technical assistance on an ongoing basis. In addition, IDH is also working to raise broader awareness on building safety, aiming for new brands to join and refer factories to the programme. Already one more brand has been onboarded. However, we do not find evidence of non-LABS factories adopting LABS standards as yet.

Enabling factors include the clear business case for factories to improve safety conditions, linked to accessing international markets, as well as the alignment with national and sector-level policies. There are, however, questions regarding whether conditions are in place for wider transformation, such that resources continuing to flow to factory safety, and other factories in Vietnam, which do not have brands imposing safety conditions as a supply chain requirement, make the necessary changes.

Based on these analyses, it might be tempting to focus more resources on easier to change market systems in order to achieve more tangible results for larger numbers of farmers and workers in the short term. We would, however, argue that IDH's relevance and additionality is highest in addressing the more wicked systemic problems at sector and landscape level. A movement towards more equitable and sustainable global commodity markets bears the potential for widespread societal benefit. The investment of public funds, through IDH, is required

Deep dive on Life and Building Safety (LABS)

LABS aims to foster a safer working environment in the apparel and footwear industry, supporting a high level of factory remediation related to preventable fire, electrical, and structural safety risks. IDH's main contribution has been in convening major garment brands at international level, which introduce their suppliers to the programme and create the motivation for these factories to act. LABS coordinators oversee factory reviews and remediation, while also convening stakeholders in the industry to share best practices.

precisely because the business case is yet to be created, and because there is a longer time horizon with high risks of failure.

When we zoom out, we can see how IDH has progressively evolved its approach and altered the course of a number of sectors in its fifteen-year history. IDH has shifted from accelerating certification initiatives to raising the bar for better incomes, jobs, and environment, and is now advocating for more integrated sustainability agendas and more sustainable procurement practices. It has been drawing lessons from failures as well as successes. This highlights IDH's ability to adapt and innovate in response to complex challenges. Our recommendations support IDH to continue to evolve its approach especially in response to systemic challenges at sector and landscape level.

2.6. Reflections on Organisational Performance

IDH is considered a highly professional organisation with the ability to attract skilled and motivated staff. Its local presence and diverse workforce enhance its effectiveness, although staff turnover in some cases poses a challenge. IDH excels in collaborating with high-level company managers and developing tools for complex strategies—although this is found to be more challenging with SMEs. IDH expects synergies in four mutually reinforcing roles which it uses to foster market system change, and this is confirmed by the evaluation. International convening, intelligence and IDH tools enable and inform programmes, field level projects, and investments. Vice-versa, intelligence & insights and learning from field experiences enable and inform convening at national and international levels. However, there are gaps in connecting international and national activities, with room for better integration of local insights into international dialogues.

An integrated learning model combining S&I and M&E has not yet fully materialised. Currently positioned under the CFO, M&E has received increased resources, including more operational budget and

more staff at corporate-, BU-, and country-levels. We see signs that the additional M&E capacity at BU-level is leading to more learning, reflection, and adjustments based on insights from third-party evaluations.²⁴ However, the corporate M&E team has so far focused primarily on accountability, establishing a more robust and reliable result measurement framework.²⁵

While IDH has adapted over its fifteen-year history, this has mostly been through undocumented learning-by-doing without a structured reflection process for adaptive management based on monitoring, evaluation, and learning. This omission is significant because adaptive management is crucial for organisations like IDH that operate in complex environments.²⁶ When the path to achieving envisioned change is uncertain, systems that allow rapid adaptation based on timely, robust, and relevant insights are essential. Such a system requires closer interaction between programme management and MEL staff, ensuring decisions are informed by solid MEL insights and MEL is adjusted to meet knowledge needs.²⁷ Currently, there is no organisation-wide knowledge agenda. There is an annual cycle of reporting and planning, complemented by mid-year reviews that allow reflection at the corporate level, but this is driven primarily by progress on KPIs rather than evaluations and other forms of learning.²⁸ Field-level projects often lack designs optimised for learning, replication, and scaling, partly due to limited in-country capacity and limited involvement of S&I or M&E experts.

Reasons for this likely include the emphasis on accountability by donors.²⁹ Additionally, there appears to be a mindset within IDH focused on “getting things done,” with KPIs being a key measure of success. This focus on KPIs may create a perverse incentive not adapting if doing so makes achieving KPI targets in the short-term more uncertain.

IDH has integrated gender considerations into its processes since 2015. In 2021 gender became a key impact area. While good progress has been made, as previously discussed, gender equality is not yet fully mainstreamed within IDH. The gender strategy has been led by the IDH gender team consisting of 2 ½ FTE (as of May 2023), with the support of IDH

management and additional gender knowledge and staff resources. In total, staff resources include the gender team and gender champions across BUs who are responsible for training and assisting programme teams. One BU also has a 50% dedicated local gender expert. Additional gender expertise is procured as needed. As noted by the gender champions and focal points interviewed for this evaluation, the overall limited gender capacity across programmes, particularly for gender intentional programmes, is a key limiting factor to achieve impact on gender equality.

A multitude of external factors contribute to or impede the effectiveness of IDH in reaching its goals. For example, price volatility can instantly erase progress towards improved farmer incomes. However, in this mid-term evaluation we specifically home in on one specific external factor: recent regulation coming from the EU and the adaptation process of IDH vis-à-vis that newly established regulation. Recent EU regulation is highly relevant to the work of IDH. IDH's strategy towards this regulation includes brokering private sector solutions, facilitating government-company collaborations, and providing insights to influence stakeholders. So far, the new EU regulations seem

to open up space for accelerated business practice change. Large companies that were previously not interested to collaborate with IDH are now actively approaching the organisation to engage with them, creating new opportunities for IDH to support sustainable production practices.³⁰

Core donor funding is essential for the current setup of IDH, because it allows the organisation to work on insights and intelligence and on convening roles, which are essential for IDH as “market system change agent” and for the ToC of the organisation. On average 10% of the budget is spent on IDH's global insights and intelligence role, 25% on international convening, 10% on national convening, while 45% of the budget is spent on field programmes and technical assistance. The remaining 10% is spent on enabling roles, such as M&E.³¹

While core funding is essential for IDH as agent contributing to market system transformation, securing this type of funding is not without its challenges as restricted funding tied to specific programmes seems to be on the rise. While earmarked funding contributes to the financial viability of the organisation, it might undermine the potential for creating synergies between IDH's roles.



3 Conclusion and Recommendations

3 Conclusion and Recommendations

Overall, IDH is found to be a highly professional organisation that is making significant progress in convening multi-stakeholder coalitions, signing multi-stakeholder agreements, leveraging co-financing, and reaching the targeted number of farmers, workers, and companies through its programmes. IDH's programmes are responsive to sector and landscape needs, contributing to greater coherence and improved governance. Businesses have become more aware of sustainability issues, showing increased commitment to sustainable change. They have gained more knowledge on how to achieve this change, making small but impactful improvements that enhance working conditions, benefit farmers, and reduce deforestation risk.

However, the deep business practice changes needed to meet global sustainability commitments, such as on living income, are not occurring quickly or widely enough. Therefore, the committed targets seem highly ambitious at this point. Throughout its fifteen-year history, IDH has demonstrated an ability to adapt and innovate in response to complex challenges. What is needed now is a next iteration in IDH's approach such that systemic transformation of global commodity markets, with the potential for widespread societal benefit, becomes attainable in the longer term.

Recommendations

1. Persist in driving systemic market transformation towards better incomes, better jobs, better environment, and gender equality by continuing to combine the synergetic IDH roles of convening, co-financing, and learning.
2. Create programme-level strategies, based on a diagnosis of the six conditions of systemic change, clearly setting out the changes required to achieve programme objectives, and the assumed pathways to these changes.
3. Re-configure the three roles of IDH to serve broader system change objectives:
 - a. Strengthen collaborations with civil society organisations, governments, and knowledge institutes. While the private sector will remain IDH's key focus and its ability to convene private decision-makers is core to its additionality, market failures cannot be solved by market solutions alone. Driving transformational system change beyond IDH's direct influence will require using IDH roles in convening, co-financing, and learning to promote aligned action also among non-private actors, which can fill gaps in the conditions necessary for systemic change.
 - b. Clearly articulate the full range of objectives that can be achieved through IDH's co-financing role, beyond testing innovative business models, and how funding acts as a change mechanism in these different cases. Embed these objectives within a comprehensive systems change strategy.
 - c. Play the role of knowledge broker, instead of generator, linking demand and supply for knowledge in the sector by co-financing and steering knowledge institutes, re-packaging knowledge in digestible formats, and convening more frequent interaction between knowledge institutes and governments, companies, and civil society organisations.
4. Elevate profound sector-wide changes in business practices as the ultimate outcome within IDH's ToC. Improved sector governance and field-level outcomes should remain important ingredients, because of their synergy, but there is room for expanding towards other outcome areas, if deemed necessary based on a system diagnosis.
5. Ensure that all programmes drive systemic market transformation—this is where the additionality of IDH lies. This might involve incremental change and “small wins”, but these should always relate to more profound changes, (radically) new practices, insights and values.³² This provides energy and progress in the transformation process.

6. Continue to actively monitor the developments related to the EU regulations and directives to identify spaces to use IDH's influence and roles to leverage positive impact and avoid harm, particularly related to exclusion of smallholders and disengagement from high-risk deforestation landscapes.
7. Ensure gender goals, targeting, and intervention logic are realistic, context-specific, and better integrated into BUs and programme-level ToCs, with adequate resource allocation and gender-specific KPIs.
8. Evaluate the realism of IDH's targets in programmes and projects, differentiate aspirational goals from attainable targets on impact level, and establish interim targets for the most ambitious programmes.
9. Introduce a more systematic adaptive management cycle at both the programme and corporate levels, allowing for timely adjustments. Ensure monitoring, evaluation, and learning is designed and implemented to feed in this adaptive management cycle and that adaptive management feeds the design of monitoring, evaluation, and learning activities.
10. Develop a rolling agenda that outlines IDH's corporate learning objectives across the organisation. Business unit and programme level learning agendas can feed into this corporate agenda, which also allows identification of common learning themes. Develop relevant monitoring indicators for learning purposes, including capturing more qualitative changes, and not only KPIs for accountability.
11. Centralise evaluations to ensure they contribute systematically to the learning agenda.
12. Ensure meaningful involvement of beneficiaries, Southern partners, and CSOs in system diagnosis, programme designs and adaptive management processes.
13. Donor recommendations:
 - a. Continue providing core funding to support IDH's work on achieving systemic change in global commodity sectors. This will be essential also to ensure the type of adaptive management and learning approach set out in these recommendations.
 - b. Allow IDH to be flexible in adjusting short-term objectives, theories of change, and activities evidenced in documented adaptive management processes.
 - c. Hold IDH accountable through a streamlined set of KPIs to track progress with less emphasis on the outcomes and impacts of field-level activities and more precise indicators that capture deeper business practice change. Complement this with yearly reporting on internal learnings and organisational adjustments, as well as independent mid-term and end-term evaluations based on synthesised evidence.

Endnotes

- 1 The full report can be accessed upon request
- 2 Interview data (former) IDH management
- 3 Ibid.
- 4 Ibid.
- 5 ADE and IDS (2022) IDH Farmfit Africa -Impact Evaluation: Mid-Term Report Volume I.
- 6 AidEnvironment. (2023). From knowing the living wage gap to closing it: Mid-term evaluation of the project on living wages in the banana sector.
- 7 Baastel. (2023). Ex-ante evaluation of the cocoa & forests initiative and the roadmap to deforestation-free cocoa. Le Groupe Conseil Baastel, Brussels.
- 8 AidEnvironment. (2023). From knowing the living wage gap to closing it: Mid-term evaluation of the project on living wages in the banana sector. p. 18.
- 9 Fusion consulting. (2022). Endline study for IDH cassava program in Nigeria: Evaluation Report. p. 30.
- 10 Kessler, J.J. and Blackmore, E. (2023). Evaluation of tea sector convening on Living Wage. AidEnvironment. p 23.
- 11 The effects of the Farmfit Fund investments are not considered in this evaluation. The field-level outcomes considered are therefore only those that are directly co-financed by IDH through the programmes in the four business units included in the evaluation (agri-commodities, landscapes, value chain transformation, and textiles and manufacturing).
- 12 Ton, G., J. Thorpe, D. Glover, J. Hicks, A. Moraes Coelho, T. Rivera, D. Edwin, H. Odame, S. de Mello Pinto and S. L. De Almeida. (2024). Dispositions towards the living wage proposition: Baseline report of the rainforest alliance living wage strategy evaluation. IDS Working Paper. Brighton, Institute of Development Studies.2024.
- 13 Ethical Tea Partnership (2013). Understanding Wage Issues in the Tea Industry: Report from a multistakeholder project. Ethical Tea Partnership - OXFAM.
- 14 Schouten, G., Kuijpers, R., Bitzer, V., Steijn, C., de Graaf, L., Az Zahra, A., and Meijer, M. (2023). Mid-term evaluation of the Initiative for Sustainable Landscapes (ISLA) programme 2021-2025. KIT Royal Tropical Institute. p. 7.
- 15 Tradecraft. (2023). Midline study of Women's Safety Accelerator Fund (WSAF) in the tea sector in Assam: Final report. p. 72.
- 16 Tradecraft. (2023). Midline study of Women's Safety Accelerator Fund (WSAF) in the tea sector in Assam: Final report. p. 73.
- 17 IDH. (2021). Catalyzing private sector solutions for the sustainable development goals: Narrative theory of change of IDH.
- 18 Ibid.
- 19 Rapha Consult. (2021). Sustainable intensification of cocoa production through the development and dissemination of integrated soil fertility management (CocoaSoils project).p. 41.
- 20 Kuijpers, R., Kruijsen, F., Bitzer, V., Meijer, M., Smits, E. (2021). Evaluation of the Connecting Production, Protection & Inclusion Partnership Programme: A partnership between IDH, the Sustainable Trade Initiative, and NICFI, Norway's International Climate and Forest Initiative (July 2017 – December 2021). KIT Royal Tropical Institute. p. 14.
- 21 Fusion consulting. (2022). Endline study for IDH cassava program in Nigeria: Evaluation Report.
- 22 Fusion consulting. (2022). Endline study for IDH cassava program in Nigeria: Evaluation Report. p. 36.
- 23 IDH. (2023). IDH and System Change (short version).
- 24 The survey responses are influenced by the way that respondents have been contacted. However, the questions offered space for people to indicate either that no changes were taking place and/or that IDH made no contribution to these outcomes and almost no responses were recorded in these categories. This finding can be considered plausible evidence.

- 25 FAO and BASIC. (2024). Comparative study on the distribution of value in European chocolate chains. Executive summary. Paris.
- 26 Alford, M. and Phillips, N. (2018). The political economy of state governance in global production networks: change, crisis and contestation in the South African fruit sector. *Review of International Political Economy* 25, 98–121.
- 27 Barrientos, S. (2019). *Gender and Work in Global Value Chains: Capturing the Gains?*, Cambridge, Cambridge University Press.
- 28 Bartley, T. (2011). Transnational Governance as the Layering of Rules: Intersections of Public and Private Standards, *Theoretical Inquiries in Law*, 12 (2), pp. 517–42. doi: 10.2202/1565-3404.12782011
- 29 Interview data internal stakeholders and past experiences by evaluation team acting as third-party evaluators.
- 30 Ibid.
- 31 Also see Low, T. (2023). Explode on Impact. <https://toby-89881.medium.com/explode-on-impactcba283b908cb>
- 32 Rogers, P. and Macfarlan, A. (2020). An overview of monitoring and evaluation for adaptive management. Monitoring and Evaluation for Adaptive Management Working Paper Series, Number 1. https://www.betterevaluation.org/sites/default/files/MandE_for_adaptive_management_WP1_Overview_202009.pdf

**KIT Institute**

P.O. Box 95001
1090 HA Amsterdam
The Netherlands

Visiting address

Mauritskade 64
1092 AD Amsterdam
The Netherlands

Telephone

+31 020 56 88 711

E-mail

info@kit.nl

Website

www.kit.nl

Follow us on social media

 [kitamsterdam](#)

 [KIT](#)

 [KIT](#)

Photography Credits:

Copyright IDH

Cover, back cover and page 9: Shutterstock