

# Solidaridad

**ANNUAL REPORT 2013-2014**



# TRUSTEA PROGRAMME

## Targeted Areas of Project Implementation in India 2013-14



HUF Water Projects and Trustea Growing Areas			
Project Title	Commodity	Project Working Areas (States)	Year (Start)
India Tea Sustainability Programme	Tea	Assam, Tamil Nadu, Kerala, West Bengal	April 2012
Water Efficiency and Sustainability in Agri Supply Chains	Sugarcane	Tamil Nadu (Water Project – Sugarcane)	January 2014
Water Efficiency and Sustainability in Agri Supply Chains	Soy	Madhya Pradesh, Maharashtra, Rajasthan (Water Project – Soy)	January 2014
Water Efficiency and Sustainability in Agri Supply Chains	Cotton	Madhya Pradesh, Andhra Pradesh, Gujarat, Karnataka, Tamil Nadu, Odisha (Water Project – Cotton)	January 2014
Water Efficiency and Sustainability in Agri Supply Chains	Tea	Nilgiri District Tamil Nadu (Water Project – Tea)	January 2014

# FOREWORD

**I take pleasure in presenting the Annual Report of Solidaridad Regional Expertise Centre (SREC) for the year 2013-2014. SREC is growing and is increasingly taking up more complicated work in India. We aim to become one of India's leading civil society organisations for sustainable and ecologically effective agriculture and to stand out through above-average value creation for all our stakeholders. To achieve this objective, we must create value; value for our donors, for our employees, and not least for our beneficiaries. It is the only way to establish a leading position in our field.**

The year under review was marked by several significant projects, initiatives and changes. We have now initiated major interventions on improving water efficiency in tea, sugarcane, soybean and cotton production by the smallholder farmers. Water is a critical component of life and plays a vital role in the economic growth of nations. Even though India has substantial natural water resources, the increase in population, economic growth and over exploitation has resulted in water stress/scarcity. The future water projections for 2025-2050 indicate water issues are going to aggravate further with at least 50% shortage expected in India. All the policies, guidelines and plans demand urgent measures to manage India's water resource more effectively and efficiently. Agriculture consumes more than 70% of available water and growth in agriculture will depend on the water availability for future generations. Yet, various plan documents indicate there are enough options available to reduce water consumption at end user level (farm level) besides improving supplies management. The India specific sustainable programme covers 4 crops (sugarcane, cotton, soybean and tea) covering 10 states and 38 districts benefitting close to a million smallholder farmers cultivating more than 800,000 ha of land area. This programme is expected to improve the productivity of agriculture and livelihood of the farming community besides managing the environment around agricultural ecosystems.

A lot of water is wasted during transit to the field, inappropriate irrigation methods, and by growing crops that are not suited to the local environment. Moreover, unsustainable agriculture dries up rivers, lakes and underground water sources; increases soil salinity, and thereby destroying its quality; and by draining pollutants and pesticides into rivers which destroy downstream ecosystems such as corals and breeding grounds for fish in coastal areas. But, sustainable agriculture as promoted by Solidaridad could effectively address issues such as soil fertility, biodiversity, water resources and the quality of rural life.

This present project proposal is to supplement the above initiative by specifically focusing on water productivity (**more crop per drop**). The project is expected to save 1.25 trillion litres of water and increase productivity by 10%. The estimated expenditure is Rs. 7.5 crore for 3 years.

SREC also completed an eventful second year of the tea programme developed in close coordination with the Tea Board of India, along with IDH, Hindustan Unilever Limited as well as Tata Global Beverages Limited. It supported 53 tea gardens in India to conduct gap assessment against the tea code and improve their practices. The pilots in North Bengal, Assam and Southern India were successfully completed.

With this report, we are inviting you to take a first-hand look at SREC's work during 2013-14 and to learn more about the trends and drivers of our work and on how we are supporting smallholder farmers to be more competitive and to come out of the cycle of poverty.



Shatadru Chattopadhyay  
Managing Trustee





## MISSION

**Solidaridad seeks to combat structural poverty through sustainable agriculture and trade. Solidaridad's mission is based on the following convictions:**

- **There is only one Earth, and it is our task to look after it for future generations.**
- **Poverty is degrading and should be eradicated from India.**
- **The balance between 'growth' and 'distribution' can only be preserved if the poor themselves are agents of development.**

## VISION

**Sustainable production in agriculture and industry, combined with sustainable trade will make a significant contribution to combat poverty and in preserving people's environment, in the context of a global economy.**





## STRATEGIES

The increasing demand for food, feed, fibre and fuel has created a paradox. On one hand rising food prices lead to challenges for large numbers of people in the rural areas; on the other, the pressure created on the land to meet the demand threatens the biodiversity and carbon rich natural landscapes. Major Indian businesses and multinationals have heeded the call by Solidaridad, among others, to take responsibility and be part of the solution rather than be part of the problem.

As growth in agricultural productivity does not match growth in demand, increasing areas of natural habitat and volumes of irrigation water are being used to meet this demand, to a point where critical biodiversity, water and environmental regulation thresholds are exceeded, as documented in the UN Millennium Ecosystems assessment. At the same time, 75% of the world's poor live on farms that have extremely low productivity due to a combination of factors such as lack of access to inputs, poor planting material and/or environmental degradation. They usually have limited or no access to markets due to logistical or quality constraints. Better farming is key to reducing poverty and providing access to health and education for rural populations, as well as curbing migration to overcrowded cities. In many cases, crop yields and livestock densities can be increased using existing, proven technology while reducing the environmental impact and external inputs. This will lead to efficiency gains -- improving incomes while avoiding unnecessary expansion and degradation.

Solidaridad believes that the necessary changes will have to be driven by collaborations between NGOs, market players and the government.

## CORE VALUES

- We believe in creating win-win solutions for sustainable development through cooperation and partnerships between CSOs, government and businesses
- We propagate a balanced approach towards social, economic and environmental aspects so that the needs of both present and future generations are safeguarded
- We take a value chain approach from producer to the consumer, helping to integrate sustainable practices in agricultural farms and factories
- We create support for sustainable economic development, especially among citizens and consumers in the Global North and South
- We value integrity, honesty, openness, personal excellence, constructive self-criticism, continual self-improvement, and mutual respect within our organization.



# PROGRAMMES

## TRUSTEA PROGRAMME

### INTRODUCTION

The trustea programme seeks to facilitate a locally developed and owned Indian tea code which is meaningful, cost effective and practical to implement without compromising on globally accepted core sustainability standards. It seeks to sustainably transform around 500 million kg of tea, targeting 600+ factories, 500,000 tea plantation workers and 40,000 smallholders. Hindustan Unilever Limited and Tata Global Beverages Limited funds the programme while Solidaridad Regional Expertise Centre is the implementing agency.

The programme and its Key Performance Indicators (KPIs) were developed, over 2012, after a series of consultations with Indian tea industry stakeholders. The programme is one of the largest in terms of size and targets, introducing for the first time, sustainable tea in the Indian domestic market.



**The key milestones under trustea during the period of reporting were as follows:**

### TRUSTEA CODE DEVELOPMENT

Solidaridad brought together all major stakeholders and initiated a process of revising the code to incorporate the learnings from the previous year. During the reporting period all the 11 chapters of trustea code were revised and version-1 was formally launched, to be complied by tea producers.

### TRUSTEA AUDIT PROTOCOL DEVELOPED

A multi-stakeholder team led by Solidaridad studied various audit protocols and consulted experts from various organisations including Quality Council of India and finalised the trustea audit protocol. The draft was also presented to the trustea Programme Committee (TPC) members where Hindustan Unilver, Tata Global Beverages Limited, Ethical Tea Partnership, IDH – The Sustainable Trade Initiative, Rainforest Alliance and Tea Board of India provided their inputs and feedback. The audit protocol specifies for audit bodies, auditors, Internal Documentation System (IDS) managers and other interested parties on procedures for trustea audit. It ensures that a uniform system of trustea programme shall be followed across India and the Indian tea industry.

The trustea interim code secretariat (provided by Solidaridad) and TPC have the overall authority for issuing any amendments to the content and other requirements stated in the audit protocol.

## TRUSTEA IMPLEMENTATION GUIDES, AUDIT APPLICATIONS AND FARM DIARIES DEVELOPED

**Implementation Guides:** Solidaridad, together with Indocert and Verde, developed eleven implementation guides – one for each of the eleven chapters of trustea. These guides shall assist producers to implement trustea in an easy manner and also serve as a training manual while interpreting the trustea code. These guides have been prepared after extensive consultation with stakeholders and external experts.



**Audit Application:** An audit application to help farmers to comply with the good practices using mobile phone/tablets, take pictures from the field, and directly upload reports to the trustea portal (trustea.org) has been designed. Currently, all the training and handholding related to good agricultural practices are done using this application. The application is available in the android, blackberry and apple platforms, free of cost to the farmers.

**Farm Diaries:** In order to train smallholder farmers on the internal documentation system and improve management of farmers, Solidaridad developed farm diaries to record different practices, and, based on these records, experts would develop tailor made improvement programmes. These farm diaries are also being translated into Bengali, Tamil and Assamese.





# PROGRAMMES

## SOLIDARIDAD STARTS TRUSTEA PILOTS IN ASSAM, NORTH BENGAL AND SOUTHERN INDIA

It was felt by all stakeholders that before rolling out the draft code on a large scale, it was crucial to analyse the ability of the code to deliver meaningful change on the ground. Also, it was important to analyse the technical and financial aspects of adhering to the code and the ability of the code to sustain and scale up. The objective of starting these pilots was to gain insights about critical success factors and upscale the same to other entities in the region. Solidaridad initiated pilot testing of the trustea code with smallholder groups, estate and factories in Assam, North Bengal and Southern India.

### The Major Findings from the Pilots are as Follows:

Chapter	Gaps Identified at Pilot Audit Sites
1. Management System and Continuous Improvement	Absence of documents – overview map, complaint register, training register
2. Water Management	Legal permission required for drawing water from natural sources
3. Fertilizers	Disregard to suitable storage, absence of risk assessment, buffer zones
4. Crop Protection	Absence of appropriate storage, safety signages, communication of risks, training, PPE usage, banned chemicals, washing and changing areas not provided
5. Food Safety	Cleanliness and hygiene inside factory, no procedure to prevent risk of physical contamination, no MRL testing, tube lights in factory area not covered, no hygiene stations at the entrance of factory
6. Safety, Health and Welfare of Workforce	No policy statement available, no risk assessment to identify potential workers' health and hygiene, no documented training to workers as per risks, no register for accidents in field and factory, PPE not provided, empty first aid books, expired medicine found in the dispensary
7. Working Conditions and Labor Rights	No grievance reporting system, deductions
8. Biodiversity and Environmental Management	No register to record environment, bio-diversity and endangered species, signages, sighting registers
9. Crop Protection Products	Empty containers, medical waste, absence of training

## TRAININGS OF TEA BOARD OFFICERS

The Tea Board of India has appointed Development Officers (DO) who have been given a command area jurisdiction covering 3000-5000 small growers. They shall be covering all the small growers irrespective of whether they are registered with the Tea Board or not. Their areas will be mapped by GPS and recorded. Each small grower will be given a biometric ID card, which will have all details of his land holdings. Subsequently, DOs will try to form self-help groups (SHGs) and growers' associations comprising of 30-50 growers covering approximately 50 acres. Each of these will be trained with sustainability development practices - best cultural practices, education on minimum residue levels, input applications etc. They will also be helped to tie up with private processing factories. The Tea Board will be subsidizing these SHGs by providing them with leaf sheds, weighing scales, plastic bags, own transport, revolving corpus etc. Once these SHGs are well established they will be encouraged to form their own processing facilities. This is an ambitious but a welcome step from the Tea Board of India.



**With an objective to contribute towards the welfare and growth of small growers, the Solidaridad team trained 76 of the Tea Board officials in Assam on the trustea code.**



# PROGRAMMES

## WATER EFFICIENCY & SUSTAINABILITY IN AGRI SUPPLY CHAINS

In January 2014, Solidaridad, with support from Hindustan Unilever Foundation (HUF), initiated a unique demand side water saving programme across four agricultural commodities (sugarcane, soy, tea and cotton) in India. The programme is collaboratively designed and adopted in partnership with major sugar and tea businesses, research institutes and NGOs in 38 districts spread across 10 states of India.

The programme specifically focuses on water productivity (more from less water) and is expected to benefit farmers and communities in the targeted communities through investments made by both Solidaridad and its partners. The programme provides an opportunity to use various demand side conservation approaches to save and conserve water at the farm level. It is expected that through these interventions nearly 1 trillion litres of water can be conserved in three years along with a 10% increased productivity of crops.



### The programme aims to:

- Develop collective and coherent position within four agricultural sub-sectors to meet the requirements of future populations of India to produce more food, feed, fibre and fuel with less water.
- Adapt large scale water saving mechanisms with interventions across 10 states and 38 districts and four agricultural sub-sectors with the principle of smart and sustainable land and water use leading to a saving of 1.23 trillion litres of water in a 3 year period.
- Sensitize and help capacity building of more than 627,880 farmers and farm workers including around 1.6 million family members associated with selected crops, on water use.
- Develop an accurate measurement of water use through a credible water foot-printing exercise across the select water commodities.

### The Key performance indicators for the programme are:

Indicators	Project Target
States covered	Madhya Pradesh, Andhra Pradesh, Maharashtra, Tamil Nadu, Rajasthan, West Bengal, Assam, Gujarat, Karnataka and Odisha (10 states)
Districts	List of districts enclosed in Annexure S1 (38 districts)
Water saved by 2016	1.23 trillion litres (tentative)
No of hectares covered	627,880 hectares
No of farmers benefitted	Directly: 242,395
No. of farm workers benefitted	Directly: 537,000
<b>Other beneficiaries</b>	
SC/ST (workers + farmers)	400,000
Women (workers + farmers)	250,000

*Apart from the above, the water efficiency programme is also expected to indirectly benefit around 1.6 million family members who are directly dependent on the target farmers and farm workers.*



# PROGRAMMES

## KEY HIGHLIGHTS AND ACHIEVEMENTS DURING THE YEAR

The water saving programme was formally launched in January 2014 at Kolkata and started with ground level discussions with partners in respective commodities to firm up the implementation plan at the district level. The first quarter of the project focused largely on developing district partnerships for cotton and soy and the initiation of implementation of water saving activities with sugarcane farmers in the command area of eight sugar mills of Rajshree Sugars and EID Parry in Tamil Nadu.

The first quarter activities on the field are largely focused on sugarcane. The activities include training of farmers on crop diversification and optimal use of land, and distribution of Drip Diary and Crop Calendar detailing water efficient practices.



Solidaridad team during the project launch



Solidaridad team during the project launch



Solidaridad team during the project launch



Ravi Puranik, CEO Hindudtan Unilever Foundation

## Key activities and achievements for this period are as follows:

Indicators	Reach
Male farmers trained	4617
Female farmers trained	452
Farmers trained on drip system maintenance and fertigation	
On farm orientation on drip	422
Crop calendar distributed	6409
Drip guide distributed	8152

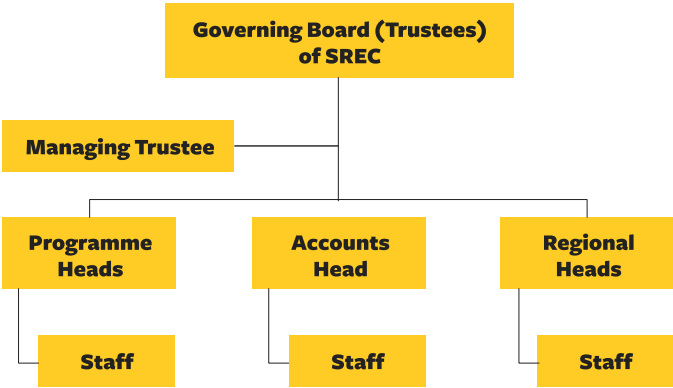


Participation in the above activities has led to a critical change in sugarcane farms. There are various water saving initiatives adopted by the sugarcane farmers who supply their cane to partner sugar companies. About 9114.4 hectare of sugarcane agricultural land in Tamil Nadu has been brought under trash mulching/shredding, compost and drip.

## ORGANIZATIONAL STRUCTURE AND GOVERNANCE

Solidaridad in India is called Solidaridad Regional Expertise Centre (SREC). SREC is a NGO registered under the Indian Registration Act, 1908. The Certificate has been issued by Sub Registrar of Janakpuri, New Delhi under Section 60 of the Act with the registration number 17474 in additional Book No.4 Volume No. 12384 on pages 113 to 126 on 18th December 2008.

SREC satisfies the conditions of u/s 80G of the Income Tax Act of 1961 and is also registered under Section 12 A of the Income Tax Act of 1961.



## HUMAN RESOURCE STAFFING AND MANAGEMENT

SREC has a well-defined Human Resource (HR) policy which attempts to document prevalent organizational practices and norms in a standardized format for user-friendly reference. The HR policy contains the key policies, goals, benefits and expectations of SREC and other information an employee will need in the course of seeking employment to the organization.

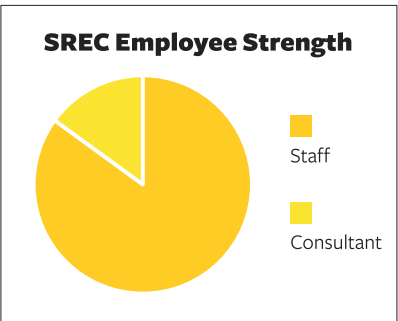
The emphasis is on:

- Devising a system that would result in an organizational climate conducive to developing the potential of human resources and providing opportunities for fulfilment
- Facilitating the implementation of human resource policies and practices in a clear and sensitive manner to enable the achievement of the mission of SREC
- Building an enduring foundation for professional relationships in the organization and ensuring continuity through the creation of a ready point of reference
- Ensuring that SREC continues to be an exciting, happy, secure and satisfying place for each and every one of us to work in and grow.

SREC believes the development of people is the prime responsibility of the organization and if an environment is created where individuals can develop their competencies, people can and will do their best.

SREC values the individual needs of staff and commits to providing an environment that facilitates a work and life balance. It would be our constant endeavour to explore alternatives in the ways of working – ones that embrace and harmonize all the important areas of our lives.

In order to be transparent and credible, SREC has in place a strong anti-corruption policy. SREC is guided by a well-articulated code of conduct book, which is handed over to each employee at the time of joining. Any corrupt practice by its staff is dealt with as per disciplinary measures provided in the HR policy and if it is by a partner, appropriate steps are taken – from bilateral discussions to legal remedies.



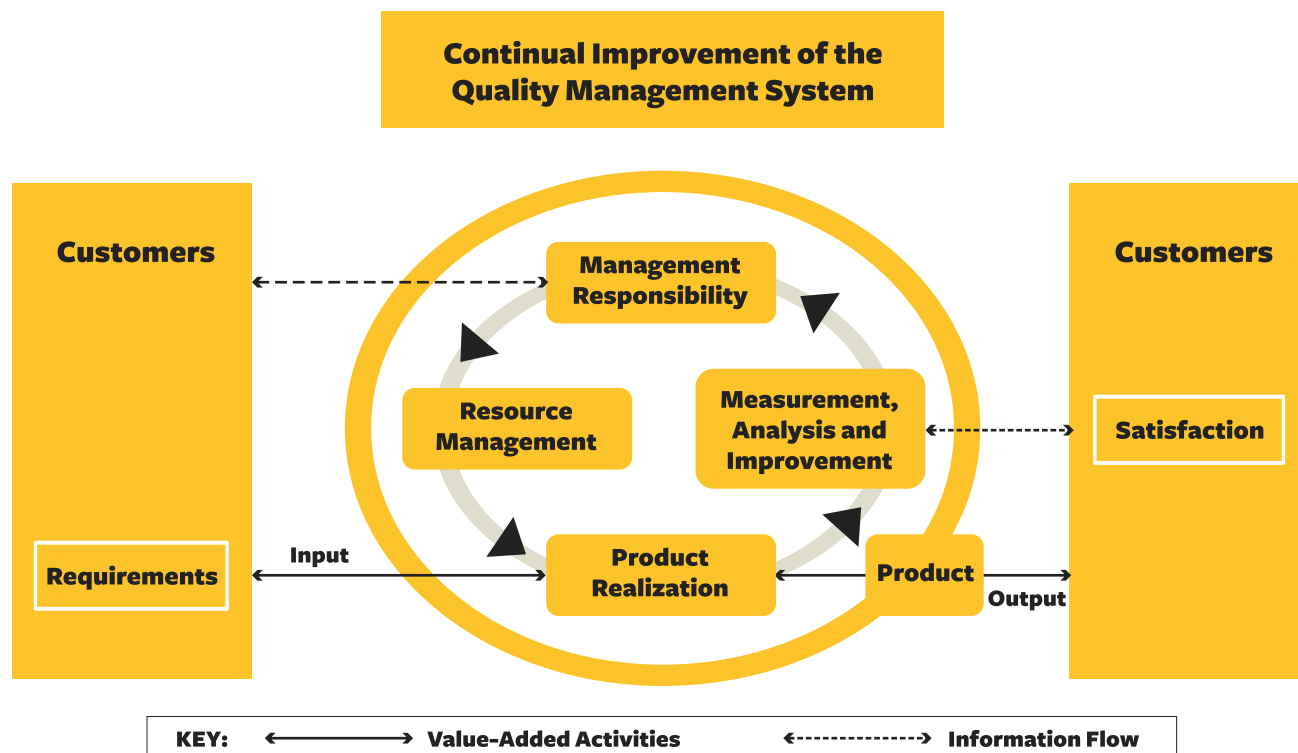
### SREC is ISO 9001-2008 CERTIFIED

SREC has been certified under ISO 9001-2008, since 9th September 2009. The purpose of the certification is to follow a globally accepted quality management of work, in order to:

- Demonstrate our ability to consistently provide services that meet the relevant statutory and regulatory requirements of donors and beneficiaries.
- Enhance donors' and beneficiaries' satisfaction through effective application of the system, including processes for continual improvement of the system with the assurance of conformity to donor and applicable statutory and regulatory requirements.



## DECISION MAKING PROCESSES IN SREC



### Programmes are developed in SREC as per the following:

1. The programme team under supervision of the Managing Trustee develops Multi-Annual Strategy Plans (MASPs) within India. These MASPs are in line with local priorities and in conformity with Government plans.
2. The MASP is then placed for consultation before the Board of Trustees and inputs are collected.
3. The MASP serves as the basis for the preparation of Annual Plans by the Managing Trustee, which are again deliberated and approved by the Board of Trustees.
4. The overall responsibility of managing and implementing the programmes and projects in line with MASP lies with the Managing Trustee. The Managing Trustee further delegates this function to programme coordinators.
5. Each commodity has a coordinator or manager assigned in SREC who is overall responsible for the project implementation.
6. Each of the projects is registered by the Programme Support Officer (PSO) in the SREC under the overall supervision of the Manager – Accounts and Administration, who, along with the PSO, registers the project in a project database where a unique number is given to the project. With this number, the PSO makes a digital file where all the important documents of the project are saved. Each digital project folder is required to have at least the following elements:
  - Partner Assessment Form
  - Project Description and Project Contract
  - Payment Requests and Payment Records
  - Progress Reports and Evaluations
  - Working Documents
7. Every month a monthly staff meeting is organized in SREC to evaluate and discuss the progress of various programmes, and if necessary, corrective measures are taken. The key outcomes of the monthly meetings are documented and preserved in hard and soft copies. An annual overall report along with audited financial statement is prepared as well.



## SOLIDARIDAD FINANCIAL SUMMARY FOR 2013-2014

### Statement of Financial Position

As at  
31st March  
2014

#### Funds & Liabilities

– Trust Fund	Rs. 10,000
– Capital Fund (Represented by Fixed Assets)	Rs. 23,57,333
– Restricted Fund	Rs. 3,01,11,558
– General Fund	Rs. 35,16,804
– Current Liabilities & Provisions	Rs. 21,85,095
	<b>Rs. 3,81,80,790</b>

#### Property & Assets

– Fixed Assets	
Gross Block	Rs. 32,14,265
Less: Accumulated Depreciation	Rs. 8,56,932
Net Block	Rs. 23,57,333
– Current Assets and Loans & Advances	
Cash & Bank Balances	Rs. 3,45,05,326
Other Current Assets	Rs. 5,87,506
Loans & Advances	Rs. 7,30,625
	<b>Rs. 3,81,80,790</b>

#### Donors

#### Purpose

Hindustan Unilever Limited	To implement the project on “India Domestic Sustainable Tea”
Hindustan Unilever Foundation (HUF)	To implement the project on “Water Efficiency and Sustainability in Agri Supply Chains”
Tata Global Beverages Limited	To implement the project on “India Domestic Sustainable Tea”
AZB & Partners	Research on Statutory Living and Working Conditions of Workers in Tea Estates



## SOLIDARIDAD FINANCIAL SUMMARY FOR 2013-2014

### Statement of Activities

	Financial Year 2013-14
<b>Revenues</b>	
Restricted Income (Grants & Donations)	Rs. 4,76,988
Unrestricted Income	
Overhead Support	Rs. 13,62,934
Interest from Bank	Rs. 4,86,443
Others	Rs. 19,48,412
	<b>Rs. 5,14,95,777</b>
<b>Expenses</b>	
Programme Related Expenses	Rs. 1,64,75,543
Management & General Expenses	Rs. 2,16,471
	<b>Total Expenses Rs. 1,66,92,014</b>
Surplus/(Deficit) for the Year	Rs. 3,48,03,763
Earmarked Grants & Donations	(Rs. 4,76,97,988)
Expenses out of Earmarked Grants	Rs. 1,64,75,543
<b>Changes in Net Assets</b>	<b>Rs. 35,81,318</b>

#### Extract of Independent auditors' report of the trustees of the Solidaridad Regional Expertise Centre

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance sheet, of the state of affairs of the trust as at 31 March 2013, and
- b. In the case of the Statement of Income and Expenditure, of the excess of expenditure over income for the period from 1 April, 2013 to 31 March, 2014.

**For Dhingra & Juneja**  
Chartered Accountants  
Firm Registration Number: 018799N

  
**Vikas Dhingra**  
(Partner)  
Membership No: 099604

Date: 01 SEPT 2014  
Place: New Delhi











Asia's growing population (expected to reach 5.3 billion by 2050) is leading to shortages of land, water and energy. Solidaridad is taking an integrated approach, working with leading businesses to develop more efficient farming methods.

Solidaridad is dedicated to responsible food production to feed the growing world population and to providing the world with an alternative to fossil fuels like oil and gas.

Solidaridad is convinced that the agricultural sector can produce more efficiently so that it will be able to feed the world population in 2050, as well as supply energy to the industry; mining and industry need to switch to a responsible means of production; worker rights are respected and the environment is preserved for future generations, keeping intact its potential.

Solidaridad is involved in the Trustea programme which aims to establish sustainable production in the Indian tea market.

The Trustea programme seeks to facilitate a locally developed and owned Indian tea code that is meaningful, cost effective and practical to implement without compromising on globally accepted core sustainability principles. It seeks to sustainably transform around 500 million kg of tea, targeting 600+ factories, 500,000 tea plantation workers and 40,000 smallholders. Hindustan Unilever, Tata Global Beverages Limited and IDH- The Sustainable Trade Initiative, fund the programme and Solidaridad is the lead implementing agency along with Ethical Tea Partnership as the second implementing partner. The most prominent international tea standard, Rainforest Alliance, is involved as technical advisor.

The "Water Efficiency and Sustainability in Supply Chain" programme is part of four agricultural supply chains of sugarcane, soy, cotton and tea spread across 38 districts in 10 states. The programme can save cumulatively 0.4 to 1 trillion litres of water in 3 years. The collaboration with HUF allowed to weave water as a common wave across the ongoing initiatives of Solidaridad and leverages on the existing networks and resources to enhance social return on investment for all the stakeholders.

The focus of the programme is on creating consciousness for the farmers; developing scientific methods like drip irrigation, capacity building of the farmers for good agricultural practices, and bringing in crop specific water use strategies.

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# Solidaridad