



Ministry of Foreign Affairs

# ***Combined Mid Term Review of the Fund for Responsible Business (FVO) and the Fund against Child Labour (FBK)***

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International.*

## Combined Mid Term Review of the Fund for Responsible Business (FVO) and the Fund against Child Labour (FBK)



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*Front page photo caption:* Women farmers in West-Africa setting out to process their cocoa crop; value is added by producing juices from the cocoa fruit pulp.

## EXECUTIVE SUMMARY

This report presents the findings of the combined Mid-Term Review (MTR) for the Fund Against Child Labour (FBK) and the Fund for Responsible Business Conduct (FVO) programmes, covering: i) a review of progress against results, focusing on the outputs and outcomes of the programme Theories of Change; ii) a review of the programmes' effectiveness; iii) recommendations for further improvement; and iv) an assessment of the future options to combine both funds into one programme.

### Method

The MTR methodology is based upon theory-based evaluation. Key methods employed included documentation review, a portfolio review, an e-Survey of participating companies, a randomized selection of 20 projects for theory of change/contribution analysis based on document review and 70 stakeholder interviews (meso-scale analysis), 5 project case studies, including rapid fieldwork in four (3 in India and 1 in Ghana), and non-participating company interviews. Study limitations are the narrower scope of field visits due to COVID-related travel restrictions, gaps in programme monitoring data, and limited willingness of non-participating companies to be interviewed.

### Reach

High interest from companies in both FBK/FVO programmes has meant proactive marketing of the programme has not been necessary. Participating companies have tended to be those more engaged in responsible business, sometimes as members of International Responsible Business Conduct (IRBC) agreements. Larger companies are attracted to the funding as it enables sustainability officers to negotiate internal investment on due diligence (DD). Smaller companies are attracted by the access to knowledge, expertise, and local capacity in supplier countries. A majority of projects demonstrate some levels of additionality over and above what would have happened in the absence of programme support.

### Portfolio

The current FBK and FVO portfolio of 61 projects (41 and 20 respectively) is highly diverse covering a wide range of sectors and issues. The types of intervention supported include corporate DD and single supply chain innovation/capacity strengthening, multiple area-based child labour approaches, and some disruptive business model innovation. There are few broad-based, multi-issue, multi-stakeholder initiatives. Enabling conditions interventions at national or global scale were not originally envisaged by the programme, and none were identified in the meso-scale review.

### Partnerships

Most of the partnerships are limited coalitions of companies and NGOs. Companies tend to lead the partnerships, with NGOs providing skills and advice in a service provision role, rather than engaging directly in corporate DD system development. Most participating companies are large-scale enterprises, with fewer SMEs. Company perceptions of the partnerships facilitated by the programmes are favourable, providing advice, skills, and access to a 'safe learning space'.

### Implementation

Available information suggests that overall progress of the projects against results has been good, although only just under half of the projects could be adequately assessed using available programme monitoring data. Unsurprisingly, COVID 19 has created delays across the majority of projects, but project partners have generally adapted well. Some projects have encountered implementation challenges which relate to flaws in project designs and partner capacity, and several have over-ambitious objectives and timeframes compared to the project duration. There is variable compliance with M&E requirements by individual projects and limited investment in independent evaluation, which is not required at project level.

## Effectiveness

**Outcome 1: Knowledge of RBC and child labour risks:** both programmes have achieved excellent improvement in knowledge of RBC issues and child labour. This is especially true within the FBK programme, which has focused on child labour and invested in learning. Projects are commonly making good use of their new knowledge in designing immediate project follow-on activities, but implementation often has some way to go. There are indications from interviews and project reports that some projects have increased local awareness, but there is insufficient independent evidence to demonstrate reductions in child labour and RBC issues. Whereas the feedback from project partners is overwhelmingly positive at a general level, more time and independent evidence of effectiveness on the ground are needed.

**Outcome 2: Enhancing Corporate Due Diligence:** Effectiveness in improving corporate due diligence is inherently difficult to assess. Companies are at different stages in developing their DD systems and the FBK and FVO programmes do not have a clear view of their starting points and change over time. There are major M&E gaps at project and programme levels. The limited evidence available suggests that where changes have been achieved, this is more commonly in risk analysis and impact assessment, rather than in risk mitigation, monitoring and remedy – these latter three aspects being arguable more critical than the former two from a development perspective.

**Outcome 3 effectiveness: local child labour and RBC risks tackled:** The objective of addressing some of the production side ‘root causes’ of CL and other RBC risks is worthwhile but ambitious. The effectiveness of earlier projects has varied, and later projects are still being implemented, with some at very early stages. It is not yet possible to know whether such initiatives will effectively tackle child labour and RBC risks. However, in the judgement of the reviewers, a number of the assumptions necessary for many of the projects to effectively tackle these risks may not hold true. In the absence of changes to the ‘rules of the game’, there are likely to be limits to what can be achieved by these types of initiatives given the complex development challenges in supplier countries and prevailing business, investment, and consumption realities.

## Scaling, Transformative Change and Prospects for Impact

Scaling intentions by companies in the target areas/with target groups (adoption) and in other value chains and products (adaptation) are broadly positive, but often limited in extent. Given the early stage of many projects, it is too early to judge their prospects for impact or sustainability in a meaningful way, although many projects/companies are in the process of establishing systems which can be continued as part of corporate practice. However, as mentioned in relation to Outcome 3, there are some key ‘at risk’ assumptions in the programme theory of change. These relate to the business case for implementation of DD, the lack of incentives for corporate collaboration, capacity challenges, and the nature of the enabling environment.

## Lesson Learning and Knowledge Exchange

FBK has a specific internal learning function, holding regular events and a conference on child labour, gaining internal expertise over time, and supporting learning amongst participants. This approach is viewed highly positively by participating companies, although more could still be done to synthesize the insights for a broader audience. The FVO programme does not yet have such a learning function, but it has commissioned a recent consultation and is planning on how to conduct learning. Both programmes could generate more robust monitoring and evaluation evidence, linked to structured, learning loops on key programme assumptions, to support the contribution claims by the programme and the internal and external learning processes.

## Reviewing the options for combining the programmes

There are pros and cons to combining the programmes. Integration carries some risks of a loss of visibility and momentum on child labour issues and learning. Pros relate to the capacity of partners to explore multiple RBC risks in their inception phases and/or to address them in a more holistic manner, especially if supported by

programme staff with adequate specialist knowledge. Either way, it will be important that the programme(s) have appropriate strategy(ies) and capacities to support evaluation, learning and action on the key RBC risks, and have a stronger focus on sustainable business models and changing the rules of the game.

## Conclusions

Overall, the FVO and FBK funds are providing worthwhile support to improve how child labour and other RBC risks are identified, impact assessments conducted and support for build systems to potentially address them by Dutch companies, but evidence on concrete action on risk mitigation, monitoring and remedy is less strong (and some projects have only recently begun). General progress of the projects against results has been good, although gaps in monitoring data make an accurate assessment difficult. Knowledge of RBC and child labour risks and root causes among project partners has been significantly improved. Some improvement in the earlier and easier stages of due diligence appears to have been achieved, and some innovative approaches have been facilitated, but it is not yet possible to know whether such initiatives will effectively tackle child labour and RBC risks. However, while undoubtedly positive, in the opinion of the reviewers there are limits to the extent to which local child labour and RBC risks can be addressed by projects of this type, scale and duration, involving often limited coalitions and with enabling conditions measures being out of scope of the programme. Significant impact at scale is likely to require larger multi-stakeholder initiatives and changes to the rules of the game in both consumer and supplier countries. A more deliberate strategic focus for the programme(s), and a greater emphasis on evaluation and the synthesis of learning, should also be considered.

The reviewers recognise that these funds are only part of the Dutch Government's broader work on RBC and sustainable trade. Widening the scope of the fund(s) to address more fundamental constraints to RBC, or partially shifting from a demand-led approach to a more guided one, which increases the strategic focus, may therefore not be judged appropriate. However, the recommendations that follow are judged to be necessary if the RBC improvements generated by the funds are to be more than incremental.

## Recommendations

The review makes two main recommendations for both programmes for the remaining duration:

1. invest in a **rapid strategic planning process**, which sets out levels of ambition and goals, develops a more detailed theory of change, and considers a number of strategic issues, including prioritization of RBC issues, funding for cutting edge business models, increasing the size of project grants, measures to address enabling conditions and demand side root causes, adaptations to prepare for the shift from voluntary to mandatory due diligence, and earmarking funds for independent evaluation, learning and communication.
2. take a number of **immediate steps** to enhance effectiveness, including streamlining the application process, and improving programme M&E and learning.

In the longer term, it is recommended that:

3. **the FBK and FVO programmes are combined**, while ensuring that the investment in learning, action and visibility on child labour continues.
4. **specialist internal capacity within RVO is strengthened** on RBC issues (including responsible business models, due diligence and changing the rules of the game) and monitoring, evaluation, and learning.
5. **integrate measures for more systemic action** to change the **rules of the game and tackle consumption**.

## Acronyms

CL	Child Labour
CLDD	Child Labour Due Diligence
CLFZ	Child Labour Free Zone
CLMRS	Child Labour Monitoring and Remediation System
DD	Due Diligence
FBK	Fund Against Child Labour
FVO	Fund for Responsible Business
HRDD	Human Rights Due Diligence
MTR	Mid Term Review
RVO	Netherlands Enterprise Agency
SRP	Sustainable Rice Platform
UNGP	United Nations Guiding Principles

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## 1. Introduction

1.1 This report presents the findings of the Mid-Term Review (MTR) of the Dutch Government RVO programmes on child labour and responsible business conduct.

1.2 Global supply chains dominate the global economy, accounting for a large proportion of global trade and hundreds of millions of jobs. However, global value chains operate in contexts of weak legislation and enforcement, poor transparency, downward pressures on margins, and corporate and consumer lack of information or inaction. Hence production in these supply chains is often associated with human rights violations and environmental damage. Responsible business initiatives have proliferated and evolved, but major challenges remain especially in terms of implementation beyond corporate policies and commitments. The operating context is rapidly changing, with new opportunities arising for greater corporate responsibility, but there are strong continuing disincentives in competitive global markets. The recent COVID-19 shock throws a further spotlight on the vulnerabilities of global value chains and the impacts on workers, communities, and environments.

1.3 One of the earliest concerns arising with respect to responsible business in globalising value chains was the prevalence of child labour in developing countries, and its negative impacts on children. Many challenges have arisen in earlier efforts to tackle child labour, but recent evidence from the cocoa sector, for example, suggests that they have been inadequate<sup>1</sup>. Approaches are evolving with a stronger focus on tackling the root causes of child labour in the pursuit of sustainable, cost-effective, solutions. The Dutch government is funding diverse projects to support Dutch companies to improve their due diligence and tackle child labour at the local level, as part of its Fund Against Child Labour (FBK) programme. Child labour is just one in an ever-growing array of social, environmental, and economic sustainability issues associated with corporate operations and supply chains which need to be addressed if a company is to be responsible – as defined by international (notably the United Nations Guiding Principles on Business and Human Rights) and national frameworks and regulations.

1.4 The Dutch Government's Fund for Responsible Business (FVO) provides support to Dutch companies to address and/or mitigate RBC risks and violations in their value chains and target countries. This is one component of the Dutch Government's broader work on Sustainable Production and Trade.

1.5 The FVO programme (2019 – 2023) has the following budgets: 2019: EUR 5,850,000 for projects (EUR 673,114 for programme management), 2020: EUR 4,920,000 for projects (EUR 580,000 for programme management), 2021: EUR 4,860,000 for projects (EUR 640,000 for programme management). For FBK the budgets are as follows: 2018 EUR 5.500.000 (subsidy budget) and EUR 500.000 (programme budget) and EUR 964.661 (implementation/ overhead budget); 2019 EUR 5.500.000 (subsidy budget) and EUR 630.000 (programme budget) EUR 1.025.010 (implementation/ overhead budget); 2020 EUR 5.500.000 (subsidy budget), EUR 500.000 (programme budget) and EUR 899.777 (implementation/ overhead budget); 2021 EUR 5.500.000 (subsidy budget), EUR 500.000 (programme budget) and EUR 999.897 (implementation/ overhead budget).

1.6 The MTR objective is to review the progress and effectiveness of the funds and verify any required adjustments for the remaining year(s). It includes a review of:

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<sup>1</sup> NORC (2020) 'NORC Final Report: Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana'. [Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana \(norc.org\)](https://norc.org/assessing-progress-in-reducing-child-labor-in-cocoa-production-in-cocoa-growing-areas-of-cote-divoire-and-ghana)

- Progress on results, focusing on the outputs and outcomes of the programme Theories of Change (ToC).
- A review of the programmes' effectiveness.
- Recommendations for further improvement.
- To assess the options to combine both funds into one programme in the future.

1.7 The MTR research questions examine whether Due Diligence (DD) objectives relating to knowledge and behaviour change and the progress of the MSIs are on track, and whether FVO and FBK are progressing toward their planned outputs and outcomes, identifying success factors and constraints. Recommendations and future options will be produced. Further questions concern the extent of learning and knowledge exchange on best practice and its application among project partners (particularly FBK); the sustainability of changes within companies and local projects; whether and how the programmes are reaching companies which otherwise would not have committed to child labour reduction and RBC agreements; and ways in which this could be made more effective.

1.8 Two additional questions were suggested by programme managers which were added to the MTR: a) Who took the initiative to start a project and apply for the FVO/FBK? (Company or CSO?); b) How do companies perceive the multistakeholder-approach that is required in the projects? Does the requirement to cooperate with local companies and with CSOs have a clear value addition for the company? (*Are companies doing it because they must, or because they want to?*)

## 2. The RVO Programmes

2.1 FBK and FVO programmes are funded by the Dutch Government to address responsible business challenges. Both programmes seek to advance the sustainability of global value chains by supporting Dutch companies in partnership with other stakeholders (NGOs, local groups, other companies etc.), to implement due diligence (DD) processes and multi stakeholder initiatives (MSIs). The funds operate separately, but have similar high-level objectives, structure, requirements, and processes. The specific focus of each fund is distinct. RVO aims to raise companies' awareness and stimulate them to improve their DD on Responsible Business Conduct (RBC). By granting subsidies it is anticipated that funds will attract companies that would otherwise not be engaged in reducing RBC impacts, including child labour.

2.2 **Fund against child labour (FBK).** The Fund against Child Labour (FBK) seeks to contribute to achieve Sustainable Development Goal 8.7 which includes the elimination of child labour by 2025. The Netherlands Enterprise Agency (RVO) has been running the FBK on behalf of the Dutch Minister for Foreign Trade and Development Cooperation since 2017<sup>2</sup>. The FBK supports Dutch companies in their design and implementation of effective due diligence practices to help identify and address sensitive and often hard to detect child labour in their supply chains. This includes researching the root causes of child labour in company supply chains, putting in place measures to prevent and reduce such child labour and integrating prevention and elimination into company business plans. The companies are also expected to actively engage in cooperation, knowledge building and sharing of best practices with other companies and relevant local stakeholders.

2.3 The FBK approach to addressing child labour may be described as child-centred and non-punitive, emphasising the need to avoid 'zero tolerance' language and the importance of contextually informed remedial actions that can effectively tackle the root causes of child labour in each of the settings of interest.

2.4 There are currently 40 projects in the FBK programme (5 DD, 9 MSI, 16 'B' projects of which 9 had preceding A projects, and 10 'A' projects). To date, the portfolio of companies and projects that have received

<sup>2</sup> Funds against Child Labour (FBK) (2020): Lessons Learned. Practical Steps for Due Diligence and Remediation by Companies.

FBK support is highly diverse both with respect to country<sup>3</sup>, sector and approach or interventions (often bundles) to tackle local child labour root causes<sup>4</sup>. The sectors covered are *agriculture* (cocoa; coffee; seeds; rice; herbs; spices), *mining* (gold; cobalt; granite; mica), *garment, textile and sportswear, health, wastepaper, and tourism*.

**2.5 Fund for Responsible Business (FVO).** In the case of The Fund for Responsible Business (FVO), support is given to companies to address and/or mitigate RBC risks and violations in their value chains and target countries. There are two pillars to the FVO programme. Pillar 1 provides support for (two or more) Dutch businesses to apply OECD Guidelines in their value chains, i.e. improve Due Diligence and implement multi-stakeholder projects addressing RBC risks and misconduct, with positive impact on manufacturing conditions in producer countries. Pillar 2 (which is not part of this evaluation), supports NGOs in RBC covenants to make available their expertise and networks to help business make their value chains more sustainable.

**2.6** In Pillar 1, there are currently 21 FVO projects; 13 are at the B stage (6 of which had a preceding A project) and there are 8 'A' projects. Eleven of the projects involve agri-commodities such as cocoa, coffee, spices, rice, soy, palm oil, and bananas. There are two forestry related projects, four mining projects (gold, cobalt, coal, granite), three garments and one leather. Key themes covered include living wage, health and safety, and biodiversity and the environment.<sup>5</sup> 17 countries are covered, spread evenly spread over the continents; India has the most projects (3).

### 3. Methodology

**3.1** The study employs a theory-based evaluation approach.<sup>6</sup> The combined programme Theory of Change is the conceptual and analytical framework, guiding data collection and analysis. The evaluation team combined the similar FBK and FVO programme theories of change into a combined Theory of Change and set of assumptions for the purposes of this evaluation – See Figure 1. Both programmes provide technical advice and funding, and FBK includes promotion of programme learning. 'A projects' produce risk and impact assessments which generate supply chain insights for the company(ies) involved so that their knowledge and understanding is enhanced and is a first step in improved due diligence by companies. These analyses feed into the design of 'local projects', enabling collaboration between supply chain and territorial actors on prevention, mitigation and remedy, leading to improved knowledge and positive outcomes on responsible business issues, including child labour. Combined, these outputs lead to DD being embedded in the company, with repeated DD/continuous improvement in the process ('adoption') and application to other value chains and sourcing localities ('adaptation'). Part of DD requirements are that companies report on their DD. In FBK this is enhanced by a learning component. In turn, other companies use their new knowledge to improve their own DD processes and outcomes. Ultimately, combined, these outcomes lead to longer-term impacts, including improved job conditions in value chains, human rights of local/surrounding communities being respected, improved environmental performance in the value chain, and reductions in child labour in supply chains, sectors, and countries.

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<sup>3</sup> The countries covered under FBK: Cameroon, Cote D'Ivoire, DRC, Egypt, Ghana, Hungary, India, Indonesia, Madagascar, Mexico, Nicaragua, Pakistan, Peru, Poland, Sierra Leone, Thailand, Turkey, Uganda, and Vietnam.

<sup>4</sup> Less emphasis has been placed on global causes, such as e.g. international cocoa prices, affect child labour, see e.g. Luckstead, J., F. Tsiboe and L. L. Nalley (2019): 'Estimating the economic incentives necessary for eliminating child labor in Ghanaian cocoa production', PLoS ONE 14(6): e0217230. <https://doi.org/10.1371/journal.pone.0217230>.

<sup>5</sup> Slide presentation, Kick off meeting.

<sup>6</sup> Mayne, J. (2011). Contribution analysis: Addressing cause and effect', R. Schwarz, K. Forss, & M. Marra (Eds.), *Evaluating the complex* (pp. 53–96). Stern, E., Stame, N., Mayne, J., Forss, K., Davies, R., & Befani, B. (2012). *Broadening the range of designs and methods for impact evaluations*. DFD. Working Paper 38. Weiss, C. (1997). 'Theory-based evaluation: Past, present, and future. *Evaluation*, 1997(76), 41–55. White, H. (2009). *Theory based impact evaluation: principles and practice*. Working Paper 3, International Initiative for Impact Evaluation 3ie. Woolcock, M. (2013). Using case studies to explore the external validity of 'complex' development interventions. *Evaluation*, 19(3), 29–248.

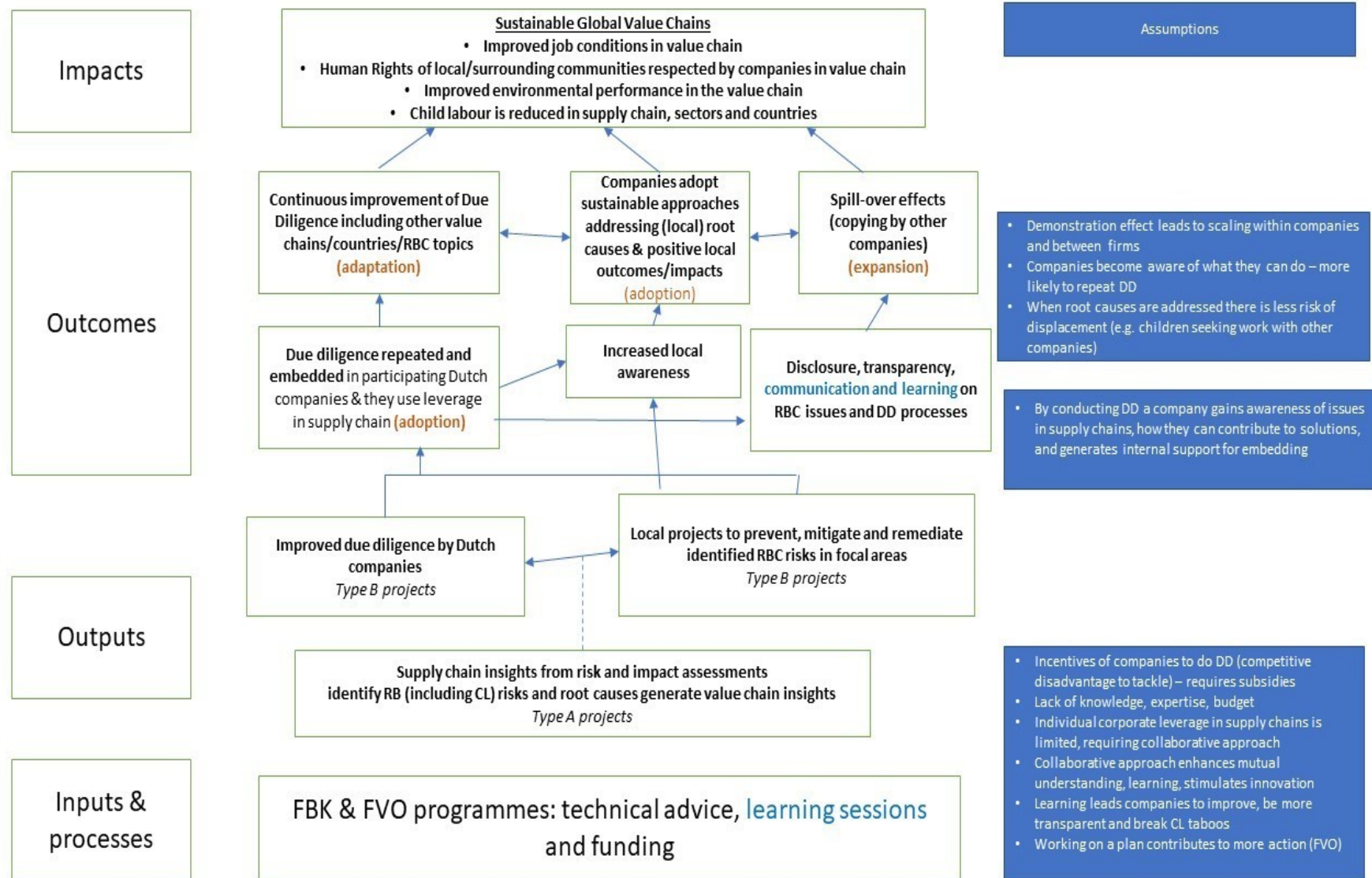


Figure 1: Combined Theory of Change for RVO FBK and FVO programmes for purposes of MTR

3.2 The overarching MTR question is: ‘Are the (selected) multi-stakeholder initiatives on track in reaching their objectives as well as the overall objectives of the FBK and FVO funds?’ The sub-questions are as follows:

- i). **IMPLEMENTATION**: What is the progress of FBK and FVO in terms of activities and outputs, and what issues have been raised by experience so far?
- ii). **REACH**: To what extent are FVO and FBK programmes reaching companies which otherwise would not have committed to child labour reduction and RBC agreements; and in what ways could this be made more effective?
- iii). **EFFECTIVENESS**: Are FVO and FBK on track to reach their planned outcomes, identifying success factors and constraints?
  - Are the FBK and FVO programmes increasing their knowledge of RBC and CL risks?
  - Are the FBK and FVO programmes on track in reaching the due diligence objectives?
  - Are local CL and RBC risks being tackled?
  - Are there indications of systemic or transformative change for scaling, resilience, and sustainability of changes with companies and local projects?
- iv) **IMPACT PROSPECTS**: What are the prospects for impact – scrutiny of outcome to impact assumptions?
- v). **LESSON LEARNING**: How effectively are wider lessons being learned and used to inform the development and implementation of future projects. What is the extent of learning and knowledge exchange on best practice and its application among project partners (particularly FBK)?
- vi). **OPTIONS**: Review of the options to combine FVO and FBK into one programme ?

3.3 The key phases and steps in the methodology are shown in Figure 2 below. Mixed methods were employed (qualitative and quantitative) to generate data and in data analysis. For the MTR, we analysed the two programmes at three levels (Portfolio, Meso, Case), employing a mix of methods. See table 1 below.

Table 1: Levels of analysis.

Level of analysis	Achievement
<b>Portfolio level analysis covering all projects in both programmes.</b>	<p>During the MTR, all 61 projects were covered in the Portfolio Review (21 FVO, 40 FBK). As a first step, results sheets (where available and up to date) were used for analysis. For projects that had completed a reporting phase (e.g. end of project A), this report was also reviewed. Decision letters and project applications were also cross checked where available. The data was inputted into analysis tables and gathered in an excel file, with a scorecard developed to assess achievement against planned results and identify reasons for delays or challenges. Projects were scored at result level as follows:</p> <ul style="list-style-type: none"> <li>• AB projects where A has been completed - Project A has been scored.</li> <li>• AB projects where Project A and Project B has been completed - both have been scored.</li> <li>• MSI / DD projects where projects completed with a report – these have been scored.</li> <li>• B projects where complete with a report / results sheet have been scored.</li> </ul> <p>The scoring has been aggregated across result areas. Where projects had not finalised a stage, they were given indicative scores based on the information available to the reviewers,</p>
<b>Meso-level analysis of a sample of 20 projects, selected from both programmes.</b>	<p>20 projects were studied, involving review of all relevant project documentation (e.g. Project Scans, Progress Reports, Result Sheets, Self-Assessment on Due Diligence etc), combined with a set of 70 semi-structured interviews with lead organisations and partners. The interviews were guided by a generic checklist, which was tailored to specific interviews. A template was produced to support standardized analysis. The templates have been shared with RVO.</p>

<b>Case Study analysis selected from both programmes.</b>	3 projects were selected from the FBK and 2 from FVO. The case studies built upon the meso-scale analyses, providing further stakeholder interviews in country and additional documentation review. Three project case studies were conducted in India, involving limited field visits and stakeholder interviews. The Ghana research partner visited a participating community to interview community members, community child labour protection committee representatives and a government representative, as well as interviewing local partner organisations and company.
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3.4 There is variation between the programmes in terms of when the programmes were established. The FBK programme began in 2017 with a pilot year of projects that tackled company Due Diligence (DD), and Multi-Stakeholder Initiative (MSI) projects that addressed identified CL risks. In 2018, the FBK programme changed to include A and B projects.<sup>7</sup> The same terminology was used for FVO projects which started in 2019. Two routes were identified – either to start with an A project which would lay the foundation for a subsequent action-oriented B project (A+B), or to commission a B project directly. The project portfolios show variation in the stage of implementation (ongoing or completed) and sequencing of types of projects :

- ‘A stage’ projects (A): deliver local impact assessments to understand root causes leading to 'value chain insights' on RBC/CL risks. These are intended to lead to B projects.
- ‘B Projects following an A project’ (A+B): B projects implement measures leading to action to tackle root causes of RBC/CL risks in a multi stakeholder setting and improve company DD practices.
- ‘B Projects without a preceding A project’ (B): These are initiated directly because it is judged that a sufficiently detailed risk and impact assessment has been undertaken already.

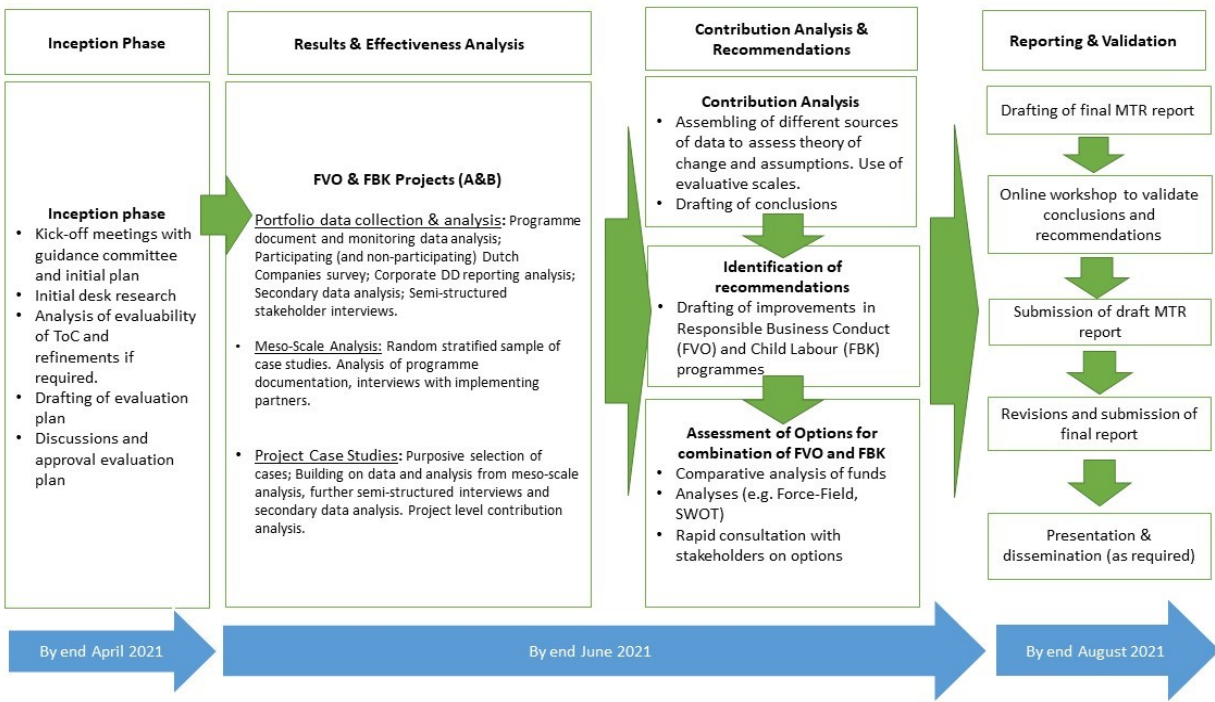


Figure 2: Critical pathway of Mid-Term Review Implementation

3.5 **Portfolio Review Sampling & Method:** All projects were included in the portfolio review, totalling 61. Projects were reviewed based on their results sheet, with this cross referenced against the project application and decision letter where applicable. Where a project report has been provided for a phase, this has also been

<sup>7</sup> Defined according to the MTR ToR (p3).

reviewed. MSI and DD projects did not have results sheets; project reports were used. Projects report at the end of a phase and as such, information could only be obtained for each project at the end of a phase.

**3.6 Meso-Scale Analysis:** In the meso-scale analysis, projects were classified according to their project status in terms of whether they are A and/or B projects (or in the case of FBK 2017 projects - DD and/or MSI projects). This stratification enabled the team to facilitate comparisons between projects that were preceded or not preceded by an A project. Within each stratum, projects were listed by starting date.. The sampling frame used to draw a random sample of projects from the FBK and FVO portfolios is presented in Annex 1.

*Table 2: The stratified random sample of projects from FBK and FVO programmes for meso-scale analysis*

Projects	Project number	Start Date	Sector	Countries
<b>FBK Projects</b>				
2017 projects – Due diligence	1	Sept 2017	Metals. Due Diligence	Ghana, Peru
2017 projects: DD followed by MSIs.	2	Jul 2017	Gold mining	Uganda
	3	Jul 2017	Agriculture/ rice	Pakistan
	4	Sept 2017	Vegetable seed production	India
2018-2019 B projects with preceding A project	5	Dec 2018	Mica mining	Madagascar
	6	Oct 2019	Digital innovation	Nicaragua
2018-19 B projects without preceding A project	7	Apr 2019	Cocoa	Ghana
	8	Sept 2019	Garments	India
	9	Dec 2019	Cocoa	Ghana
2020 A+B projects	10	Jan 2020	Cocoa	Cameroon
	11	Dec 2020	Coffee	Vietnam
2020 B projects	12	Jan 2020	Granite mining	India
2021 (A+B & B projects)	13	Jan 2021	Medical waste recycling	Egypt
<b>FVO Projects</b>				
2019-20 B projects with preceding A project	14	Oct 2019	Rice blockchain	Cambodia
2019-2020 B projects without preceding A project	15	Oct 2019	Timber	Gabon
	16	May 2020	Leather	China, India
	17	Sept 2020	Garments	India
2019-2021 AB projects still at stage A	18	Jan 2020	Cocoa	Cote d'Ivoire
	19	Sept 2020	Coffee	Vietnam
	20	Jan 2021	Gold mining	Tanzania

**3.7 There are two exceptions to the randomized selection:** i) since there are only two only B projects among the 2018/19 FBK projects, we included both in the sample; ii) given the limited scope for analysis / learning from very recent projects (there are seven FBK projects and five FVO projects with January 2021 start-dates), just one project was randomly drawn from each of these groups. For the other projects, we first and separately used a random number table to decide a 1, 2 or 3, starting point for the FBK and FVO projects and included every third project thereafter. This ensures appropriate coverage of projects that were initiated earlier, with more time for implementation and production of evidence on effectiveness. The project names were included after the random draw. This randomized approach is important given the accountability function of the MTR. However, there were limitations: the original randomly drawn sample of 13 FBK and 7 FVO projects did not include any textile or garment projects. So that our meso-level analysis satisfies the learning objectives of the MTR, the evaluation team discussed the selection with RVO, and three substitutions were made; two apparel sector FVO and FBK projects replaced projects which had shown very little or no

progress and an FBK medical waste project replaced one of several cocoa sector projects led by the same company.

**3.8 Case Study Selection and Method:** The purpose of the case studies was to provide more detailed analysis of the case study, including validation of progress through in-country fieldwork/or remote stakeholder interviews (feasibility depending upon Covid 19 restrictions). Each case study built upon the preceding meso-scale review, and had a theory-based approach, but also had a specific tailored methodology depending on the project and context. 5 case studies (3 FBK and 2 FVO) were planned; a selection was made based on the following criteria: covering a range of countries / regions and sectors; projects that are more advanced in implementation (to the extent this is possible in FVO programme case); specific learning potential; availability of experienced research partners. The final selection of case studies is presented in Table 3 below.

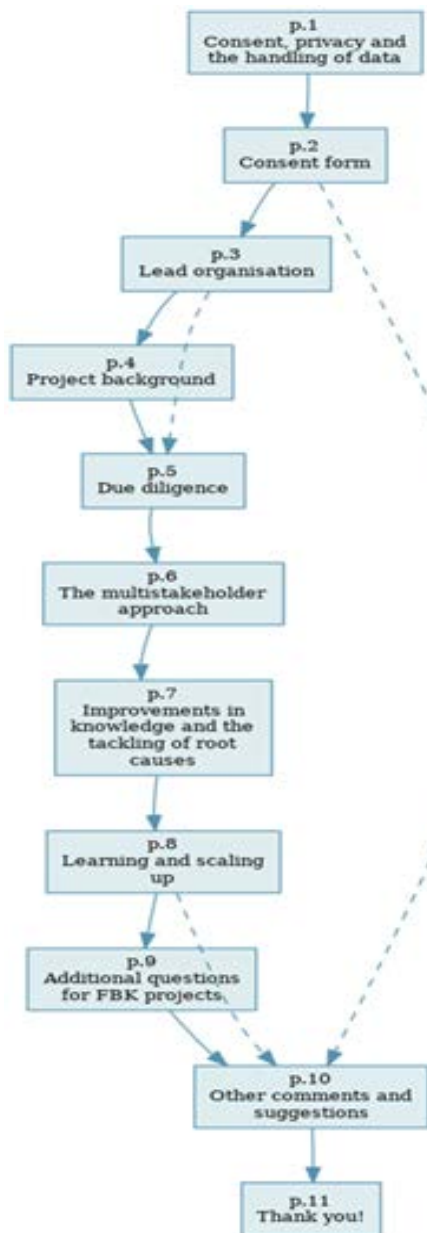
*Table 3: Case studies*

Project no.	Project	Country & sector	Stage and dates	Reasons for selection	Case study implementation
<b>FBK</b>					
8	Partnership to end child labour in apparel supply chains.	India Apparel	B project. Sept 2019- Aug 2021	<ul style="list-style-type: none"> <li>Apparel, India</li> <li>Located in India where we have a research partner.</li> </ul>	Interviews with local staff from the two NGOs and with one apparel supplier, plus interviews with two companies and headquarters staff of the two NGOs as part of the meso-level research.
9	Community engagement for sustainable elimination of child labour cocoa	Ghana Cocoa	B Project Dec 2019- Dec 2021.	<ul style="list-style-type: none"> <li>Cocoa, Ghana</li> <li>Mainstream company implementing a B project.</li> <li>Located in Ghana where we have a research partner.</li> </ul>	Field visit to community committee and interview with district authorities, interviews with local buying company (subsidiary) and with implementing NGO partner.
12	Zero tolerance of child labour in granite sector.	India Mining	B project Jan 2020- Sept 2024	<ul style="list-style-type: none"> <li>Quarrying, Andhra Pradesh</li> <li>Located in India where we have a research partner.</li> </ul>	Interviews: the local supplier; the NGO responsible for community mobilisation and efforts to get quarry owners onboard; a local contractor; a local granite supplier (based in Bangalore); an NGO that joined the new project and has been involved in the auditing of the local supplier.
<b>FVO</b>					
14	Blockchain for Livelihoods from Organic Rice.	Cambodia Rice	AB project at stage B. Oct 2019 – Dec 2022.	<ul style="list-style-type: none"> <li>Rice, Cambodia</li> <li>Innovative technology used to enhance value chain transparency and monitor rice farmer livelihood improvement.</li> </ul>	Interviews with partners at different stages of the rice value chain, including the Cambodian rice export company, the Cambodian NGO responsible for farmer & cooperative training and a Dutch wholesaler.
17	Partnership to end child labour in apparel supply chains (	India Apparel	B project	<ul style="list-style-type: none"> <li>Apparel, Tamil Nadu</li> </ul>	Interviews with local staff from the NGO in India and with one apparel supplier, plus interviews with two companies, headquarters staff of the lead NGO, and SER as part of the meso-level research.

**3.9 E-Survey of participating companies:** In addition to our meso-scale analysis, we implemented an e-survey to help answer evaluation questions and inform the Theory of Change based contribution analysis of whether and how FBK and FVO projects have generated the positive changes the projects have been designed to achieve. The flow chart in Figure 3 shows the structure and sections of the survey instrument.



Figure 3: E-survey structure and sections



The survey elicits information on the lead organization, the choice of project partners and other project background: our questions sought to capture changes in company and partner due diligence along six different dimensions; perceptions about the benefits and downsides of the multi-stakeholder approach; project-induced improvements in knowledge about RBC and child labour risks; whether and how effectively projects are tackling RBC and child labour root causes; the interest in project approaches from third parties; the scope for scaling up, learning and finally, some feedback on the workings, strengths and scope of improvement for RVO. We also included questions about knowledge shortfalls on behalf of RVO intended to feed into and inform their priorities in development of new training for existing and future FBK and FVO grantees.

3.10 It is pertinent to add a caveat on the limitations of email invitations and web-based surveys. A first constraint is that response rates are often low: despite multiple, gentle reminders, the overall response rate to our e-survey is no exception. The main concern is that low response is likely to introduce a selection bias in received responses. This bias could, in principle, tip either way: respondents could be positively selected and give more favorable answers than a survey with a 100 % response rate: alternatively, respondents could be negatively selected and be giving not as positive assessments than in a survey with a 100 % response rate. Another possible source of bias is that learning, changes in behavior and project impacts take time to materialize. If respondents from new or recently started FBK or FVO projects are more inclined to respond, this would systematically bias the prospects for and reporting on project-induced positive changes and impacts. In our discussions of the e-survey findings, we will, when the latter concern is relevant, filter out responses from projects that have just started. Our sample of respondents is based on a contact list shared by RVO with some gaps and

supplemented with other email addresses from our meso-scale review: in total, 175 respondents were invited, and 49 responses received: this gives an overall response rate of 28%. While the general division between FBK and FVO projects in the RVO portfolio is roughly 2/3 and 1/3, the split in responses between FBK and FVO projects in our survey is about 55 % and 45 %. One encouraging fact, which suggests that we can have some confidence in e-survey findings, is the significantly higher response rate for lead companies or organizations: with 29 responses from a total of 61 projects, this gives an overall response rate of 47.5 %.

3.11 **Selection/Approach to Non-participating companies.** Various options were explored for creating a robust counterfactual at portfolio level, but, in agreement with RVO, this was not deemed feasible. Instead comparator companies were sought for comparison against meso study projects. Participating companies for all meso projects were listed, and non-participating company comparisons sought. Initially, RVO provided a list of potential match companies. This contained suggestions for some companies, with 5 sets of contact details for FBK and 1 direct contact for FVO. The review team then took the original participating companies list and sought similar companies for each, utilising a combination of web based searches, linked in, direct contacts through personal networks and through links with the company in question for the meso study.

Approximately 25 non-participating companies or organisations were approached (at least once, some several times). A total of 6 companies / matching organisations agreed to a short discussion and/or responded to questions via email to draw results and progress. 19 companies did not respond. A checklist was drafted to guide the discussion. Some responded with written comments.

3.12 **Analytical method:** The overarching analytical method employed was Contribution Analysis (Mayne, 2008)<sup>8</sup>; a meta-approach or process to assembling and evaluating the evidence against the Theory of Change to generate lessons on effectiveness and to identify the relative contribution of the RVO programme compared with other contributing factors. Different sources and types of evidence have been assembled to answer the evaluation questions, with reference to the indicators and dimensions set out in the evaluation framework and matrix (Annex 2), with contribution analysis linked to the theory of change. Scaling is assessed using a Donor Committee on Enterprise Development framework.<sup>9</sup>

3.13 **Limitations:** Overall, there was good cooperation from most participating companies and partners. Several limitations were also faced during the study. Firstly, there were some limits on the data which private sector actors were willing to share, particularly where that goes beyond required grant accountability reporting and M&E requirements. Secondly, and although the overall E-survey response rate was 28 %, the response rate for lead companies or organisations was encouraging and much higher at 47.5 %. Thirdly, a robust experimental approach would compare change in participating companies with a credible counterfactual of non-participating companies, also accounting for selection bias. The evaluation team agreed with RVO to seek to interview matched non-participating companies as a point of comparison with the meso-scale cases (similar size and structure in the same sector, with Dutch HQ), but it was not easy to identify such companies or to gain their agreement to participate, essentially due to the lack of an incentive for them to do so. Fourthly, the COVID 19 pandemic prevented the Mid-Term Review team from travelling to visit projects, and interviews were largely held remotely, although to tackle this, case study research was undertaken by research partners in four instances. The pandemic constrained the case studies in India. Fifthly, the diversity existing within the programme portfolios means that it is harder to generate comparative lessons at a sector level, except for cocoa. The MTR team selected projects to provide as good a representation as possible through a randomized approach. Sixthly, some gaps in programme monitoring data were encountered which meant that the Portfolio Review was particularly challenging. Results sheets are often incomplete, which has led to reports and additional documents also being included, but these are often not available. For many projects, milestones are not clearly linked to interim dates, so it is hard to assess progress before the end of the project and many are still ongoing. Non-standard indicators are also used for some projects, which makes cross comparison more difficult.

## 4. Findings: Implementation

**IMPLEMENTATION: What is the current progress of FBK and FVO in terms of activities and outputs, and what issues have been raised by experience so far?**

### Progress against planned results

4.1 **The portfolio review reveals a highly diverse set of projects, differing start dates, implementation delays mainly due to COVID 19, and an average score (for the 29 projects that can be scored) of 2.77 out of a maximum of 3.** A portfolio review was conducted covering all 61 projects. Only 29 projects could be scored

<sup>8</sup> Mayne, J. (2008) Contribution Analysis: An approach to exploring cause and effect, ILAC methodological brief, available at [https://web.archive.org/web/20150226022328/http://www.cgiar-ilac.org/files/ILAC\\_Brief16\\_Contribution\\_Analysis\\_0.pdf](https://web.archive.org/web/20150226022328/http://www.cgiar-ilac.org/files/ILAC_Brief16_Contribution_Analysis_0.pdf)

<sup>9</sup> The AAER framework distinguishes between adoption (partners such as individual participating companies take up a new approach and have plans to continue it in future), adaptation (partners, such as participating companies, invest in the approach independently of the initiative), expansion (similar or competing players copy the response or add diversity by offering variants of it), and response (non-competing players adjust their own practices – supporting rules and functions).

due to the nature of the RVO monitoring system, the early stage of some projects, missing data, and implementation delays.

- The portfolio analysis shows that the programmes are highly diverse in terms of sectors / commodities, countries, types of approaches.
- A vast majority of participating companies are large-scale enterprises, with just a few Small and Medium Scale enterprises (SMEs).
- Several companies have multiple projects funded by FVO/FBK programmes. Of the 61 projects, approximately 46 were led by different companies.
- Approximately a quarter of projects are led by NGOs and other non-corporate organisations, rather than supply chain companies.
- The findings of the portfolio review demonstrate that there is a significant diversity in geography and sectors covered by both FBK and FVO programme portfolios, reflecting the contextual variation in value chains and different national and territorial contexts and therefore the types of RBC risks faced, including child labour.

4.2 **The FBK and FVO projects are diverse in nature, involving different RBC risks and varied types of mechanisms for addressing RBC including CL challenges. Analysis of the meso-scale projects, shows that there are also many RBIC issues not currently covered or just addressed by an individual project. Analysis of the types of approaches being utilized also suggests that, unsurprisingly, corporate DD innovation or capacity strengthening is the focus (except for MSI projects), as well as production and individual supply chain innovations/capacity strengthening.** There are some disruptive business model innovations; some ‘area-based’ approaches are being tested, focused on tackling child labour (e.g. Child Labour Free Zones), and some multi-stakeholder company collaborations relating to mining areas, but few multi-stakeholder, multi-company initiatives in landscapes/jurisdictions involving governance innovations and multiple commodities plus both social and environmental issues; and no enabling conditions-oriented interventions at higher scales. These can be clustered as follows – see Table 4. This rapid analysis of the meso-scale projects (not the entire portfolio) shows the types of risks and approaches currently within the FBK and FVO portfolios indicate some clear areas of focus e.g. child labour, living income/wages (social), and plastic pollution, sustainable forest management (environmental). However, there is a large number of issues (RBC risks) that could be addressed but that are not currently covered. In terms of approaches, there is the focus on corporate DD innovation or capacity strengthening, but a few examples of more far-reaching business model innovation, quite a few technological solutions being sought and tested on the market, institutional innovations and roll out at production level, but fewer rules of the game initiatives at landscape, jurisdictional, national, regional or global levels.

*Table 4: Portfolio Analysis: Types of RBC risks and mechanisms covered/not covered*

<b>Types of RBC risks</b>		
<b>Dimensions</b>	<b>Types of RBC risks covered</b>	<b>Examples of Types of RBC risks not covered (*OECD risks)</b>
Environmental	Plastic Pollution Deforestation and forest degradation	Climate Change Chemical pollution Waste
Social	Child Labour Gender Empowerment Living Income/ Living Wage	Forced labour. Wage discrimination for equal work or work of equal value. Gender-based violence or harassment including sexual harassment.

		<p>Failing to identify and appropriately engage with indigenous peoples where they are present and potentially impacted by the enterprise's activities.</p> <p>Involvement in reprisals against civil society and human rights defenders who document, speak out about, or otherwise raise potential and actual human rights impacts associated with projects.</p> <p>Restriction on people's access to clean water.</p>
<b>Types of approaches / mechanisms</b>		
<b>Approaches / mechanisms</b>	<b>Details</b>	<b>Meso-scale case examples</b>
1. Corporate DD innovation or capacity strengthening	Some companies already have DD systems, but may need to improve policies and management systems, and implementation. For others, they may start from scratch.	<b>Many</b> <b>Projects focus on improving aspects of corporate DD</b>
2. Business model innovations	(e.g. although many of the mechanisms mentioned below alter a business model, this category relates to completely new business models, i.e. that find or create a new market segment, produce a new product or service, which disrupts existing models).	<b>Limited / Some</b> companies paying a digital platform company to share/access supply chain data. Farmers co-owning coffee business.
3. Technological innovations or capacity strengthening along supply chain	(e.g. digital solutions, new sets of practices)	<b>Some</b> A small number (x) of Circular economy projects. Apps to capture farmer and community level data linked to individual companies/supply chains.
4. Institutional innovations or capacity strengthening at production level	(e.g. developing community monitoring and action on CL; income diversification approaches such as VSLAs; gender empowerment in community HHS – GALS etc)	<b>Many</b> Capacity strengthening for income diversification in cocoa projects. Community-driven CLMRS linked to district authorities in one case, but <u>not</u> coordinated across landscape <i>between</i> companies Area-based approach with awareness raising, involving teachers and other key stakeholders, monitoring and tailoring (e.g. bridge schools) and strengthening education provision for children. Health care for workers. Training in good agricultural practices. Limited focus on building political empowerment through farmer organisation development and participation in decision-making.
5. Institutional innovations or capacity strengthening at individual supply chain level	(e.g. blockchain, risk-based mapping)	<b>Some</b> Risk mapping approaches being piloted in cocoa sector Blockchain in individual company supply chains to support supply chain transparency. Example of farmers co-owning a coffee company or of blockchain enabling elimination of intermediaries to increase margins.
6. Institutional/governance innovations at	(e.g. in country sector MSIs or landscape approaches).	<b>Limited</b> Apps to capture farmer and community level data linked to communities in a landscape/ country.

landscape level – changing rules of the game or capacity strengthening.		Collaboration in mining areas.
7. Enabling conditions innovations or interventions across scale – changing rules of the game (demand side) or capacity strengthening This is not currently within the FBK/FVO scope, but could be.	(e.g. changing or reducing consumer demand or investor requirements, or changing policies/regulations across scales)	<b>Limited or none</b>

4.3 The portfolio review of progress against results shows that for 29 projects where data was complete enough to score, there is good progress, despite COVID-19 delays, although the overall review itself has limitations due to the gaps in monitoring data. Less certain, and lower indicative scores were given for the other 32 projects including 18 projects which had not yet completed phase A, and 14 ‘B’ projects which were not complete. The available information on these varied in extent and quality. Projects have been scored based on progress, with results scored per activity and averaged by the number of activities per result. An overall average was calculated for each project. Scoring was as follows; 3 completed / achieved, 2 partially completed / achieved, 1 not achieved / not likely to be / serious delays and challenges. Where no information was available, or information was not filled in or not clear this has been noted. The overall average for the scored projects was 2.77. Scoring was based on projects’ self-reporting of achievements in the results sheets or final reports. Achievement of results on A projects, which conducted impact assessments, supply chain and stakeholder mapping and developed B project designs, was unsurprisingly higher than for the MSI projects which implemented child labour or responsible business interventions. For the 32 projects given an indicative score, the overall average was lower, at 1.75, reflecting the early stage of many of these projects – both phase A projects and the start of B projects.

Nine MSI and five DD projects that were completed have been reviewed and scored. 15 AB projects had completed phase A and this was reviewed. There were no AB projects where both phase A and B have been completed. 18 AB projects had not yet completed phase A (see table 5). No B projects from either programme have been completed and hence these were not scored. Of the 14 ‘B’ projects, four are scheduled to be completed by the end of 2021, but the other 10 have end dates in 2022 (2 projects) or 2023/2024 (8 projects) which partly accounts for the absence of documentation.

*Table 5 Project Portfolio – number of projects scored*

	<b>Complete and scored</b>	<b>Project incomplete, indicative scores given</b>	<b>All projects</b>
FBK MSI	9		9
FBK DD	5		5
FBK AB projects	9 (phase A)	10	19
FBK B projects	0	7	7
FVO AB projects	6 (phase A)	8	14
FVO B projects	0	7	7
	<b>29</b>	<b>32</b>	<b>61</b>

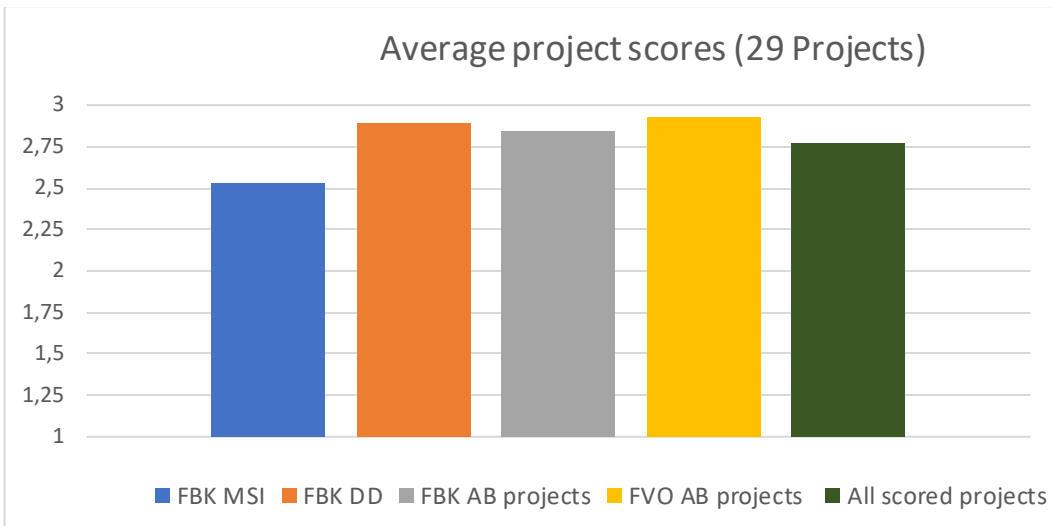


Figure 4: Average project scores by type of project

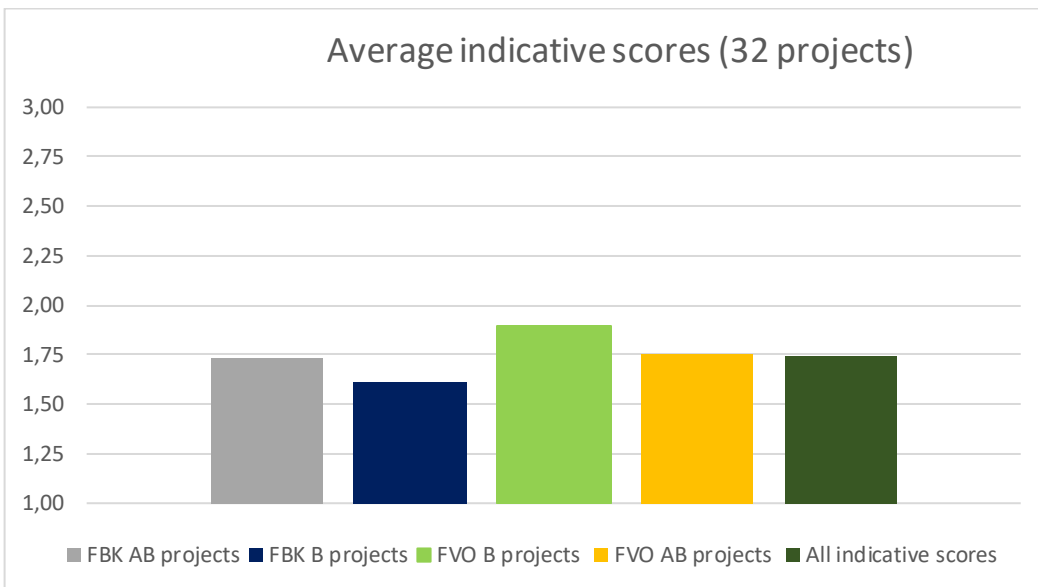


Figure Fout! Onbekende schakeloptie-instructie.: Average indicative project scores by type of project

4.4 **Implementation progress was found to be more advanced for FBK compared to FVO, but this generally reflects the later start dates for the latter.** In the meso scale review, of the 13 projects covered in the FBK programme, 7 achieved ‘good’ progress, and 6 ‘some’ progress. In the FVO programme, of the 7 projects covered in the meso-scale review, 1 achieved ‘good’ progress, 5 achieved ‘some’ progress, and 1 achieved ‘limited’ progress. In the portfolio review of all projects, FVO and FBK projects got similar average scores on their phase A (figure 4).

#### IMPLEMENTATION ISSUES, CHALLENGES & RESPONSES

4.5 **COVID 19 has created delays across many projects in both programmes.** RVO project officers have not been able to travel to visit projects. Similarly, Dutch-based project partners have not been able to travel to field sites. As one cocoa company project manager said: ‘I haven’t been able to visit the field to ask searching questions.’ Companies have been unable to engage in face-to-face discussions with their suppliers, and in some cases, factories were closed on and off for months. Project fieldwork has frequently been delayed, although has progressed albeit at a slower pace in most cases.

**4.6 Projects have been quite agile in responding to the Covid-19 shocks.** For example, in one cocoa project sensitization on child labour at community level and prioritization of actions as part of building a Community Action Plan was organized in smaller social groups (e.g. groups of separate women, men and youth) to reduce COVID 19 risks. One apparel project shifted resources to meet workers' and children's immediate needs and amended the results and timetable to adapt to the new reality. Another project had to shift product testing from India to South Africa. In a timber project, significant transport and logistics issues have been encountered due to Covid 19, but also Brexit. RVO programme flexibility means that the projects are allowed to make changes to their timeframes. Generally, projects have not had to significantly alter their designs and strategies in response to COVID 19, but the delays have slowed implementation. One project has focused on designing a digital platform that companies can use to upload supply chain data and in future they will be able to access local (child labour and other issue) data, but the latter has been delayed.

**4.7 Some projects have encountered other external shocks or stresses, which have required changes to plans.** For example, a cocoa project in Ghana had to re-select districts and communities when central government made administrative changes to districts.

**4.8 Some projects have encountered implementation challenges which relate to flaws in project designs and partner capacity.** For example, one cocoa project had to reduce the demands on one partner and to bring in an additional NGO due to under-capacity. A technology-focused project has changed its plans to firstly provide supply chain traceability and transparency, before it later moves to include data on child labour in its digital platform app. Some projects are ambitious regarding the anticipated changes and the project duration. For one gold mining project, an evaluation report reviewed the MSI element of the initiative and found challenges in sustaining a complex set of stakeholders over time: *'In terms of efficiency, the project could have benefited from a more manageable sized consortium and related to that, clearer agreement on roles and responsibilities of implementing partners. Although part of the strength of the project can be found in the collaboration of such a diverse group of partners, the size and complexity of the consortium and its governance structure was experienced as hampering an efficient implementation. Furthermore, from a management perspective, the roles and responsibilities had been divided across the Theory of Change intervention levels. While it should have eased the implementation of interventions towards level-specific outcomes, it negatively affected the symbiotic relationship between interventions across the outcome levels.'* This suggests that there are both pros and cons of multi-stakeholder processes, and effective implementation requires the development of shared agreement on role and responsibilities amongst different partners – and this can take time and requires resources.

This is discussed further under Section 6, effectiveness.

## MULTI-STAKEHOLDER APPROACHES

**4.9 Company perceptions of the multi-stakeholder approach are favourable.** Lead companies interviewed responded positively to the partnerships enabled by RVO, and the advice and skills they can draw upon from NGO and consultancy company partners. One cocoa company noted the costs involved of engaging NGOs, however, and is seeking to establish community-driven systems for Child Labour Monitoring and Remediation Systems (CLMRS) linked to district authorities, which after establishment, can operate more independently, reducing costs to the company. Companies in projects involving multiple companies value the 'safe' learning space and knowledge opportunities created.

**4.10** Most projects involve more limited coalitions rather than extensive MSIs (see 4.8 above) or national sector, or landscape wide multi-stakeholder initiatives, involving multiple companies at the same level of the value chain, with a few exceptions. A few projects are seeking to provide a service to multiple companies – such as those who are members of a IRBC – but most have a focused company coverage. Of the 20 meso-scale projects, a majority involve coalitions of value chain actors and a handful of NGOs/consultancy companies

whereas only very few involve broader multi-stakeholder initiatives, if the latter is defined as involving multiple companies at the same level of the value chain. In the large cocoa and chocolate company projects studied, the coalition is frequently limited to direct supply chain partners (e.g. cocoa buyer/brand plus cocoa processor/trader and their subsidiaries and direct sourcing partners in country), (e.g. cocoa buyers or processors), plus key INGOs or NGOs RVO Partnerships do not generally involve sector-wide (national or landscape) or landscape (multi-sector)-wide initiatives, yet collaborative governance is widely seen in general in the literature and by donors and companies, especially those focusing on climate, forests and conservation, as being key to achieving market transformations. The latter may fall out of scope of the FBK/FVO programmes, but more clarity is needed on the ambition of the programmes. An exception is the cobalt agreement which has emerged in recent times in which diverse companies have signed up. In one case, a company is building and testing a new digital app/platform that 60 small chocolate makers in the Netherlands have expressed interest in using. The app will involve offering incentives to community level informers to provide information thus decentralizing child labour data collection and enabling different companies to access the data for farmers they source from. Multiple cocoa companies have expressed interest, but the business model is not yet proven, and more implementation is needed to establish if (different kinds of and sufficient) companies will adopt this approach. Further, the company involved has decided to delay the child labour component, and to focus firstly on getting companies to share supply chain data. While still needing to be tested, if it works, at least for smaller companies it could provide a means of increasing transparency and potentially coordination to reduce costs and increase efficacy.

**4.11 NGOs and consultancy companies are commonly part of the project coalitions, usually in the role of service providers, rather than as strategic partner at a higher level,** even where they are playing a lead role in the RVO project. Few NGOs play a constructive / critical role or can act as honest brokers as intermediaries in sector- or landscape-wide initiatives, nor can engage the company partner in achieving improved DD more broadly. In a few cases, the collaboration with a non-profit organisation stretches across multiple countries (with or without RVO funding). There are exceptions to this. A few projects are led by a consultancy company or international NGO, with the large company playing a relatively passive role. One project is led by a certification body, which is in effect the source of DD for the supply chain as well as the project lead.

## MONITORING AND EVALUATION

**4.12 Monitoring reporting has improved over time, but there remain major inconsistencies and gaps. Both FBK and FVO programmes have detailed M&E plans for their programmes.** The FBK programme requires individual projects to report on (relevant) common programme indicators and on project specific indicators. FVO, recognising its wider diversity of scope, asks projects to define indicators aligned with the results indicators of the Dutch Ministry of Foreign Affairs (MFA) where these are relevant and feasible, as well as other project specific indicators. The portfolio review highlights inconsistencies here, with programme outcome indicators largely incorporated but not always reported against, and significant differences between projects on project specific indicators and their inclusion in reporting.

**4.13 The extent to which projects have complied with the requirements set out by the programme is variable. Monitoring has improved over time. Focus on evaluation is limited and theory of change capacity to underpin design and MEL is often lacking.** In some cases, project officers mentioned that there were gaps in the project reporting. However, it also the case that assessing progress is complicated by the following issues:

- Gaps exist in results sheets – in some completed cases results sheets were not available, despite projects having completed Phase A, for example, or were partially completed only. In a couple of cases there were different versions of results sheets with differing information that had not been combined. DD and MSI projects were not asked to complete results sheets.
- Some progress and final reports are missing.



- In one case, a granite project, ambitious initial results were not achieved in the MSI project, but the objectives were transferred to a follow-on B project.
- The self-assessment due diligence forms provide some useful insights into corporate practice on DD, but they are not administered or designed in a way that enables credible tracking of before-after changes. With respect to administration, this would involve the company completing the form prior to the RVO engagement, at midline (optional, but desirable for real-time learning) and then at endline. However and so far, few companies have completed at least two forms and our attempt to track DD changes for FBK projects over time pointed to inconsistencies in findings that most likely reflect that some response options are ambiguous. In addition, the current version of the FBK self-assessment form does not attempt to distinguish the contribution of the project from due diligence improvements in business environments where due diligence practices often rapidly improve anyway. More incisive characterisation of what constitutes 'good due diligence', would move this exercise beyond box-ticking and be helpful for assessing the quality of change by participating companies over time.
- Changes in programme design, with a move from the MSI and DD structure, to the A plus B later process. This means that earlier projects had a different type of monitoring to the later ones.
- Both programmes require the projects to formally report against results (via Progress Reports or Results Sheets), but there are no interim milestones, only final targets for ends of projects. This means that it is challenging to easily assess project progress unless the project has finished, and reports are submitted.
- At outcome level, this is challenging to assess at portfolio level, because outcome indicators, targets and baselines are usually only set or finalized at the end of Project A. The MSI and DD projects reviewed were all completed. 18AB projects are still at A stage and have not yet reported or provided all or any outcome indicators, targets, and baselines for their phase B. The majority of the 15 A&B projects at stage B, and the 14 B projects, have set outcome indicators, targets, and baselines – but many have not yet reported on progress.
- Outcome evidence provided is often weak from an evaluation perspective. Outcome monitoring data indicators are relevant, but the COVID 19 pandemic has meant that many value chains and RB issues, including child labour, will have been affected, so the effects of the RVO projects may be hard to discern. For example, it is possible that child labour may have increased due to the strain placed on poorer households: while the project may have made a positive contribution, it is difficult to judge project performance without a credible comparison/counterfactual.
- Projects do not employ theory of change approaches in their design and subsequent MEL. Some projects do not have a Theory of Change (ToC), few visualise the ToC or if it is visualised it tends to be only a basic results chain, without attention to potential feedback loops. Assumptions are rarely clearly articulated as linked to the Theory of Change.
- Few (independent) evaluation reports are available for finished projects. Few include comparison groups or counterfactual comparisons at lead company level, and at local impact level. Such studies can be costly and require high level qualitative and quantitative skills, but it is possible to prioritize *some* projects (or clusters of thematic projects) for evaluative study and to draw some comparisons of magnitude and types of change at the local level. One project in Ghana has an experimental design, including a control group for comparison. The independent evaluation of an artisanal gold mining project, generated several important insights and the general lack of internal or independent evaluations for most projects represents a significant missed learning opportunity for both projects and the programmes overall.

4.14 **An efficient system for tracking overall programme performance appears to be lacking**, in particular, for harvesting data on project performance against the indicators and consolidating and presenting this in form that is easily accessible. It is not clear how performance on the indicators is captured from project

reporting. Annual programme reports summarise information on some of the indicators, but the main content of the reports focuses on programme activities, in-year achievements and expenditures against budget. There is no online system for direct data input by project lead organisations. Baseline values are not always given in projects' result sheets and a further challenge for programme monitoring is how to integrate baselines for new projects. For example, the FBK indicator value on number and percentage of children aged 5-17 engaged in child labour within the geographical unit of the project increased between 2019 and 2020. The figures are difficult to interpret as some projects finished in that period and new projects were approved. This, in addition to the challenge of coping with missing data. This means that there is no easy way of seeing incremental progress across the whole programme portfolio.

**4.15 Feedback from partners was mixed on programme processes. Participating companies highlighted some issues with the project processes such as the burden of paperwork, size of funding, and speed of operation.** Based on E-Survey feedback and interviews with participating companies and project partners, overall, it was found that, participating companies were very positive about the opportunity provided by the subsidy, and the flexibility of the programmes, and the attitude / knowledge of some RVO project staff, with FBK generally have a higher positive response. The latter may be due to the focused nature of the FBK programme, and the specific learning function integrated into the programme from the start. For example, one E-survey respondent (reflecting many responses in the meso-scale review from partner interviews) said: *'RVO's openness, flexibility and sincere curiosity regarding the project and its outcomes was much appreciated.'* On the other hand, respondents frequently complained of the burden of project application paperwork, with duplication between forms. They highlighted the burdensome nature of the paperwork overall which uses up resources, some duplication between A and B stages and different reporting documents, differences between and regular changes to different RVO programmes in terms of reporting (progress narratives and budgetary reporting/forecasting) and a lack of clarity on the process of application and project approval criteria. Some smaller companies highlighted that RVO requirements are the same for all types of business, which is an additional burden on smaller outfits. One respondent suggested the use of logframe or theory of change to structure the project proposal. Another interviewee commented on the relatively small scale of the project funds. Several interviewees, including one company seeking a new project on a different commodity, commented on the lack of clear criteria to guide applicants on how RVO will judge applications. Several project partners raised concerns about the speed at which government can operate, compared with corporate timetables. At the same time, some RVO project officers commented that delays in the process were the result of incomplete information from companies. This may be particularly pronounced for smaller companies with less capacity to jump through various stages of application.

## 5. Findings: Programme Reach

**REACH: To what extent do FVO and FBK reach companies that would otherwise not be as engaged with RBC/DD?**

**5.1 The exact processes by which potential applicants hear about the programmes is varied, and often relatively informal. Mostly, interviewees reported hearing about the FBK and FVO programmes through 'word of mouth' or via attendance at sustainable trade meetings in the Netherlands.** In a small number of cases, global brands used their leverage over major suppliers (e.g. global traders) suggesting that they apply for funding to improve their DD; A cocoa intermediary reported that their global buyer had brought the FBK and FVO programmes to their attention and 'encouraged' them to apply. Other projects are more self-driven by small scale ethical companies seeking to disrupt markets, but they need funds to kick start their business model innovation, e.g. through developing new digital platforms and applications for supply chain transparency and responsibility. In one case this involves farmer ownership of the coffee company, providing an opportunity for enhanced redistribution of profits in the supply chain.

**5.2 It is challenging to assess programme reach, but it appears that the FVO/FBK programmes' reach varies by sector, with sectors under differing levels of scrutiny and having variable characteristics.** Systematic assessment has not been feasible for the proportion of Dutch companies in a sector that are participating in the FBK/FVO programmes (e.g. via a non-participating company survey). Assessing programme reach through a matched sample of participating and non-participating companies proved to be more challenging than envisaged at the outset of the review. For example, lists are not available for all the companies in a sector. Issues from the interviews with non-participants with respect to seeking subsidy funding were: the amount of paperwork involved compared with the size of the grant; some perceived distrust by RVO of larger corporate companies (who felt unwelcome); lack of clarity on approval criteria for selected projects etc. In the cocoa sector, it is possible to compare between the participating companies, given that, due to existing corporate concentration in the sector, many of the global brands and traders are already participating in FBK/FVO, as well as in the DISCO agreement. In this case, reach is quite comprehensive in terms of the larger companies – one company was interviewed that is a major player in chocolate brands, but which has not yet applied for a cocoa project (it has another project in another sector). This company indicated that it is keen to seek funds, but it needs greater clarity on what the programmes are seeking and would approve. There are many smaller chocolate and cocoa brands currently engaging with the programme, but the projects are still ongoing. One project is developing a new digital platform which many Dutch chocolate makers could use and this is an interesting approach that could potentially support a wide range of Dutch (and other country) chocolate makers to be more responsible in the future if successful and they see a clear business case .

**5.3 Analysis of the rejections amongst applicants to the RVO funds shows that few projects are rejected outright; more often RVO works with applicant to improve their designs. RVO leverage is often somewhat limited given that is essentially a demand driven subsidy programme, root causes in the demand side are rarely addressed and the size of the projects is relatively small, particularly when compared to the turnover/value of some of the companies in question.** Often, projects are advanced, with feedback provided by RVO project officers and applicants are expected to provide answers. The leverage of RVO is limited, however, in terms of how far designs can be changed, although a recent lesson is to ensure that key changes are included in results sheets. In the FVO programme, there are currently 20 approved projects. However, 3 projects were rejected. The reasons centred upon RVO questions about the commitment and engagement of the companies involved, a lack of analysis of the specific RBC risks faced by companies and insufficient clarity and budget allocations to prioritized actions to address them with the potential for local impacts. In the FBK programme, two projects have been rejected – one because it did not provide appropriate documentation (quick scan) and the other due to design flaws.<sup>10</sup>

**5.4 Partnership origins vary. In many cases there are pre-existing relationships and collaborations between companies and NGOs, which are built upon in a natural progression. In a few cases, new partnerships have been created in response to the RVO opportunity.** Our e-survey sheds important light on the partnerships in FBK and FVO-funded projects and on where the lead companies perceive themselves to be on DD practices relative to their sector of operation. Our first question sheds light on whether project partners are RBC newcomers or not. Figure 5 shows whether project partnerships are made up of newcomers or partners with RBC (including child labour) experience. In 51.7 % of the responses from lead companies or organisations, more than one project partner (other than the lead company) had previous RBC experience: in another 34.5 % of projects, one partner (other than the lead company) had prior RBC experience .

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<sup>10</sup> In the initial 'Quick Scan' phase some projects receive negative advice from RVO and this leads to some of those companies not submitting a full proposal. We did not have access to information on the frequency of this.

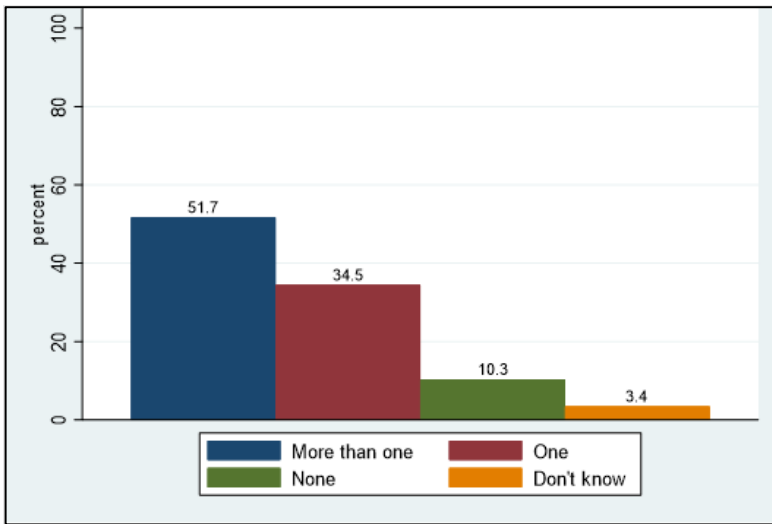
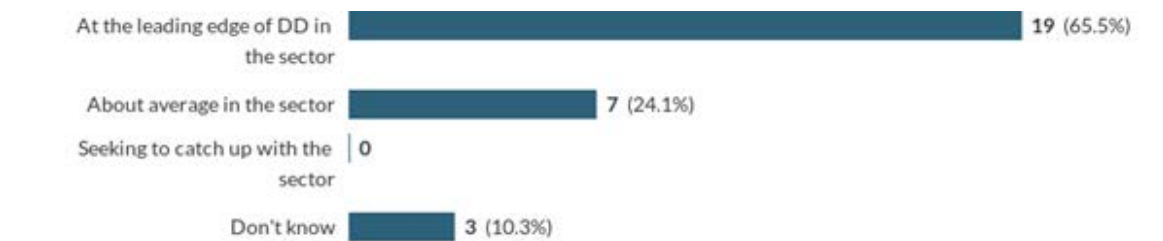


Figure 6: Project partners with RBC experience

**5.5 Meso-scale interviews, together with the e-survey, suggests that the programmes largely reach companies that are already relatively progressive in terms of RBC.** One of the e-survey questions to the lead company respondent is about perceptions of due diligence in his or her company, relative to other companies in the sector the company is operating. Since this is directed to lead *companies*, there are slightly fewer responses (n=29): Figure 7 suggests that 65.5 % of the lead companies perceive themselves as leading within their sector, while another 24.1 % are about average. While 10.3 % of respondents, do not know, there are no lead company respondents perceiving themselves to be behind and seeking to catch up with the sector. Overall, therefore, and among lead company respondents to our e-survey, RVO funding appears to attract companies more at the forefront of RBC and CL initiatives.

Figure 7: Are lead companies leading edge, average or lagging on dd in their sector?



**5.6 The reach of the programme is intentionally limited to companies with a link to the Dutch market. This may have a cost in terms of effectiveness.** All supplier countries, and most suppliers, are serving multiple countries and brands. To the extent that one objective of the funds is to contribute to cleaning up international supply chains, restricting access solely to companies with a link to the Dutch market can be questioned. By focusing on leading Dutch companies there is a risk of furthering islands of excellence (if effective) in a broader ocean of non-RBC compliant business, and of making more limited progress in supply chains than could be achieved with a more multinational approach. One non-participating company reported that they wanted to apply but needed a Dutch company to lead but could not find a suitable partner.

**5.7 An assessment of the additionality of the meso-scale projects indicates that a majority have some additionality. All projects exhibit some additionality.** Additionality can relate to the speed of change; whether project designs are shaped by new or wider partnerships to have greater potential effectiveness and/or innovation; or the expansion of activities to cover more issues in a more far reaching manner and/or in more places. Our analysis suggests that both programmes are a) generally speeding up change amongst participating

companies, although it is not possible to estimate what proportion of a sector this constitutes, b) expanding partnerships by involving expert consultancies and NGOs; c) in some cases the projects are improving the designs of interventions and corporate responses, but the extent of improvement varies quite considerably. A few projects have supported or have the potential to support significant innovation; and d) while child labour has received major attention, the FVO programme brings opportunities to address other difficult-to-address RBC issues. Such projects are currently highly scattered across sectors. A few projects have supported or have the potential to support significant innovation.

- **Timing:** a majority of the projects, especially in the cocoa sector, are catalysing more rapid change in parts of corporate supply chains and some improvements in corporate DD, rather than kickstarting new processes, given that the sector is highly concentrated, and large companies tend to already have or be developing human rights due diligence systems in advance of new EU and Dutch legislation.
- **Design:** NGOs, consultancy companies, and supply chain collaborations do help to improve the designs of the projects and appear to improve MEL, e.g. inclusion of theories of change. For example, cocoa companies are looking to INGOs to bring potentially more effective solutions to child labour, given the failures of the past. A clear example is the adaptation of Village Savings and Loans Schemes (VSLAs) combined with Gender Action Learning Systems (GALS), which provide access to finance and challenge social norms to advance gender equality and introduce concrete steps to tackle child labour. These go beyond the 'classical' approach of providing school kits and birth certificates etc which are more responding to local symptoms. The RVO scrutiny of additionality as one of a clearer set of criteria in RVO decision-making on applications appears limited and several interviewees pointed to a desire for clearer criteria to guide them in developing proposals.
- **Types of RBC issues and responses, including major innovations and risky projects:** Companies usually find it easier to prioritize the 'easier to address' RBC risks. The FBK focus on child labour has been laudable, although there is variation in how innovative the approaches being implemented can be considered. There are notable projects that have an innovative element, where companies are building app based technology to enable the reporting of CL and are working with local communities to ensure local understanding and willingness to interact with and report on the issue, allowing for decentralized reporting and monitoring, which can then be followed up on by other institutions or third party monitoring entities. The potential list of social and environmental RBC issues which companies could be addressing and are likely to have issues with in their global supply chains is very long (reducing chemical pollution, circular economy, carbon emissions, etc) and it is not clear that FVO (or FBK) has a clear goal and strategy as programmes which would set out ambition and targets.

## 6. Findings: Effectiveness

### OUTCOME EFFECTIVENESS: Are the FBK and FVO programmes on track to reach their outcomes?

6.1 **Overall, the available evidence suggests that there is greater effectiveness for Outcome 1 – gaining improving knowledge of supply chain RBC and CL risks and impacts.** Both programmes have been successful in this regard. However, there is less strong evidence with respect to Outcomes 2 and 3 – in part due to the stage of implementation of many of the projects and the delays incurred by COVID 19, but also due to some 'at risk' assumptions. Table 6 provides a summary scorecard for meso-scale project performance on a number of different dimensions, including outcome effectiveness, as well as implementation, M&E, and scaling. Note that the purpose of the scorecard is to provide an indicative overview of the programme based on the meso-scale analysis, rather than as a judgement on individual projects – not least due to the challenges in gaining robust evidence. The meso-scale evidence is also balanced by the more positive responses from the e-survey from participating companies, although these are self-reported perceptions from participants. Below we discuss the combined evidence for each of the outcomes and discuss the interconnections as per the Theory of Change.

LEGEND to table 6:

- Project status – type of project and stage of implementation
- Degree of project implementation; progress rated as good, some, limited or none.
- Monitoring and evaluation performance; rated as good, medium, limited or none
- Additionality –
  - none – no additionality; would have done more or less the same activities at this time without the funding
  - some additionality – the project has expanded/ improved or brought forward in time what would probably have been done in the near future
  - high additionality – it is unlikely that most of these activities would have happened in the foreseeable future or would have been completely different.
- Achievement of three main programme outcomes: raising of awareness and knowledge on child labour and responsible business (outcome 1), improvements in due diligence by participating companies (outcome 2, scored as none, incremental, significant or transformational), and tackling of local child labour and RBC risks (outcome 3) scored on assessment (good, some, limited, none), progress (good, some, limited, none), risks (none, low, some, high), likely sustainability (good, medium, limited, none).
- Scaling outcomes: i.e. the extent to which participating companies plan to continue investing in new practices catalyzed by the project in the project target area (adoption), the extent to which participating companies roll out these new practices and systems in other value chain, products and geographies (adaptation), the extent to which non-participating companies (i.e. competitive actors) crowd in or copy the new business practices to tackle child labour and RBC risks (expansion), the extent to which governments, financiers, consumers and other actors take action on CL and RBC risks (response). These are ranked as good, some, limited or none.

Table 6 Summary scorecard for meso-scale projects on implementation, M&E, additionality, effectiveness, and scaling.

Project number	Project Theme and Country	Sector	Status	Implem progress	M&E	Additionalit	Outcome 1		Outcome 2		Outcome 3				Scaling			
							Knowledge		Due Diligence		Local CI/RBC risks tackled				Adoption	Adapta tion	Expansion	Response
							Insight	Use	Progress	Risks	Assess	Progress	Risks	Likely Sustain				
<b>FBK</b>																		
1	Due diligence Ghana, Peru.	Metals	DD Complete	Good	Medium	High	Good	Limited	Increment	Some	Some	None	High	Limited	None	None	Limited	None
2	Child labour Uganda.	Gold	MSI Complete	Good	Good	High	Limited	Limited	None	High	Some	Limited	High	Limited	Good	Good	Good	None
3	Working conditions & education Pakistan.	Rice	MSI Complete	Good	Good	Some	Good	Some	Increment	Low	Good	Good	Low	Good	Good	Some	Some	Some
4	Vegetable seed India.	Veg	MSI Complete	Good	Medium	Some	Good	Good	Increment	Low	Good	Some	x	Limited	Good	Good	Limited	None
5	Mica mining Madagascar	Mica	A project complete, B project on going	Some	Medium	High	Good	Good	Increment	Low	Good	Some	Some	Medium	Good	Some	Limited	Some
6	Digital innovation Nicaragua.	Cocoa	A project complete B project ongoing	Some	Medium	High	Good	Limited	None	Some	Good	Limited	Some	x	x	x	x	x
7	VSLA & Child labour, Ghana	Cocoa	B project (no A project) On-going	Some	Good	Some	Good	Some	Increment	Some	Good	x	Low	x	Limited	x	Limited	x
8	Apparel supply chains, India	Apparel	B project (no A project) Ongoing	Some	X	Some	Good	X	X	Some	Good	X	Some	X	X	X	X	X
9	Child Labour, Ghana	Cocoa	B project (no A project). On-going	Some	Medium	Some	Good	Some	Increment	Some	Good	x	Some	x	Limited	x	x	Limited
10	Child labour, Cameroon	Cocoa	A complete. B starting	Good	Medium	Some	Good	Some	Increment	Some	Good	X	Some	x	Limited	x	x	None
11	Child labour, Vietnam	Coffee	A complete. B starting	Good	Medium	Some	Good	Some	None	Some	Good	x	Some	x	x	x	x	Some
12	Child labour, India	Granite	B project (after MSI project) Ongoing	Some	Medium	High	x	x	Increment	Some	x	x	High	Good	x	x	x	None
13	Medical waste recycling Egypt	Medical	B Project On going	Good	Medium	High	Good	Some	Increment	Some	Good	Some	some	Medium	Some	X	X	Limited
<b>Scales</b>				Good	Good	High	Good	Good	Trans	None	Good	Good	None	Good	Good	Good	Good	Good
				Some	Medium	Some	Some	Some	Signif	Low	Some	Some	Low	Medium	Some	Some	Some	Some
				Limited	Limited	None	Limited	Limited	Increment	Some	Limited	Limited	Some	Limited	Limited	Limited	Limited	Limited
				None	None	None	None	None	al	High	None	None	High	None	None	None	None	None
									None									

Project number	Project Theme and Country	Sector	Status	Implem progress	M&E	Additionality	Outcome 1		Outcome 2		Outcome 3				Scaling				
							Knowledge		Due Diligence		Local CI/RBC risks tackled				Adoption	Adaptation	Expansion	Response	
							Insight	Use	Progress	Risks	Assess	Progress	Risks	Likely Sustain					
<b>FVO</b>																			
14	Blockchain, Cambodia	Rice	A project complete, B project on going	Some	Good	High	Good	Some	Increment	High	Good	Some	Some	Medium	Some	Limited	None	x	
15	Timber, Gabon	Timber	B (without preceding A)	Good	Medium	Some	Good	Good	Increment	Low	Good	Some	Some	x	Good	x	x	None	
16	Leather, China, India	Leather	B (without preceding A) Ongoing	Some	X	Some	X	X	X	Some	Good	X	Some	X	X	X	X	X	
17	Labour conditions, India	Apparel	B (without preceding A) Ongoing	Some	X	High	X	X	X	Some	Good	X	Some	X	X	X	X	X	
18	Cocoa communities Cote d'Ivoire	Cocoa	AB. A completed, Starting B.	Some	Medium	Some	Good	Some	Increment	Some	Good	x	Some	x	Limited	x	x	x	
19	Coffee Sector, Vietnam.	Coffee	AB (still at A)	Limited	Limited	High	Good	Good	x	Some	Good	x	Some	Good	x	x	x	None	
20	Gold mining, Tanzania	Gold	AB (still at A)	Some	Good	High	Good	None	x	High	x	x	High	Good	Good	Good	Good	None	
<b>Scales</b>				Good	Good	High	Good	Good	Trans	None	Good	Good	None	Good	Good	Good	Good	Good	
				Some	Medium	Some	Some	Some	Signif	Low	Some	Some	Low	Medium	Some	Some	Some	Some	
				Limited	Limited	None	Limited	Limited	Incremental	Some	Limited	Limited	Some	Limited	Limited	Limited	Limited	Limited	Limited
				None	None		None	None	None	High	None	None	High	None	None	None	None	None	



## OUTCOME 1: IMPROVED KNOWLEDGE

**6.2 There is strong evidence that participating companies have improved their knowledge of supply chain RBC/CL risks and impacts, especially on child labour.** Companies have gained enhanced knowledge of where risks lie in their supply chains and have improved their analysis of the root causes of impacts. In one case, the project has provided a ‘wake-up call’ to companies who had thought that their supply chains were low risk in terms of child labour. Some had good levels at starting point and hence moved straight to B projects, but even here more knowledge has been gained. For example, one apparel project is providing knowledge about lower tiers of the supply chain to companies that have historically concentrated on their Tier 1 suppliers. Some companies are piloting risk-based approaches to find ways to prioritise areas for action (e.g. high risk communities and households). FBK has been in existence for longer than the FVO programme and with its focus on a single issue has gone further in helping projects to improve their knowledge, but there is plenty of scope for the FVO to do this as time goes on. It is also important to note that available information can vary by country and sector. For example, one project has sought to expand CL monitoring and due diligence in Cameroon – a country in which there has been much less scrutiny and understanding of child labour issues and root causes compared with neighbouring (larger producers) Ghana and Cote D’Ivoire .

**6.3 Many projects are still being implemented, so there is also more scope for learning and gaining insights into supply chains.** As more projects are finalised, the scope and potential benefit of synthesising knowledge by sector and by UNGP DD stage will increase. In the absence of a systematic effort to synthesise and disseminate this knowledge, there is a risk that it will be less widely used and less influential than it could be. Learning is also only being generated on the issues and approaches being addressed by the projects supported by the funds. For example, potential demand-side issues (such as levels of consumption, investment trends) are not in the scope of the programme and are not currently covered. Similarly, some environmental issues such as biodiversity losses or chemical pollution are not well covered.

*Box 1: Knowledge gained of CL and RBC risks*

From the meso-scale analysis (see table 6):

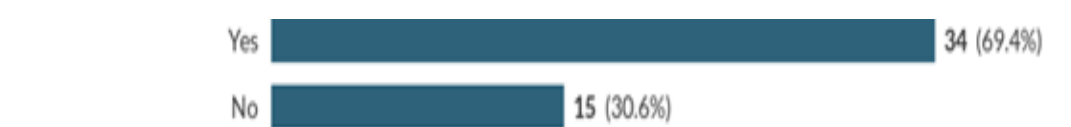
- Of the 13 FBK projects, most (11) have achieved ‘good’ improvements in knowledge of RBC/CL risks, except 1 which has achieved ‘limited’ improvement and another which is ‘too early to say/no evidence’.
- Of the 7 FVO projects, 5 have achieved ‘good’ improvements in their knowledge, on a 4 point scale. While for 2 projects, it is ‘too early to say/no evidence’.

In terms of putting this knowledge into use in immediate next steps (e.g. Project B designs):

- Of the 13 FBK projects, 2 achieved ‘good’ use, 6 projects achieved ‘some’ use, 3 ‘limited’, with 2 ‘too early to say / on evidence’ on a four point scale.
- Of the 7 FVO projects, 2 achieved ‘good’ use of knowledge, 2 achieved ‘some’ use of knowledge, 1 ‘none’ and 2 ‘too early to say /no evidence’ on a four point scale.

**6.4 The e-survey also provides positive responses on outcome 1.** In our e-survey, we asked whether the RVO project had contributed to enhance knowledge and understanding of RBC and child labour risks, which elicited a positive response from the participating companies about the role of the project in advancing their knowledge, confirming the meso-scale analysis – see Figure 8:

Figure 8: Enhanced knowledge and understanding of RBC and child labour risks ?



Note to Figure: To test whether respondents from projects in their early stages adversely bias these responses, we made adjustments to account for the stage a project is at: there are only minor and counterintuitive differences: yes responses drop marginally to 67.5 % and no responses increase to 32.5%.

**6.5 Projects are commonly making good use of their new knowledge in designing follow-on activities. However, this does not necessarily equate with change in behaviour of supply chain actors – for many projects more time for implementation and more evidence is needed that behaviour change will follow from improved knowledge, given the assumptions in their theories of change which remain ‘at risk’.** In a small number of cases, knowledge has not yet been used in practice. In one project the lead company is reportedly of the opinion that it is not responsible for the child labour to which it is indirectly linked through its supply chain.<sup>11</sup> Across the projects, the enhanced knowledge gained has been used in concrete next steps by participating companies and project partners, for example, in improving the design of Project Bs, following a Project A. In one project, the phase A impact study generated new knowledge on the targeted mining sector; the numbers of people involved, migration and seasonality, working conditions, other income sources and organisation of the supply chain. The study report gained a lot of attention and attracted donor funding for implementing subsequent development work in this area. Some companies had sufficient knowledge of risks and local impact root causes to skip stage A and move straight to Project B stage. In just one case, it is clear that the lessons are unlikely to be taken up by the remaining companies involved. Few projects are generating robust evidence on what works.

**6.6 In a small number of cases, the research and learning being undertaken has the potential to be transformative, if the innovations developed prove to be successful, viable and sustainable.** Innovations being researched, with RVO funding, include testing alternatives to mercury use in gold extraction, or chromium in leather tanning, and enabling communities to access improved spatial geo-data on location and direction of gold ores. Some digital applications and platforms may provide different ways of uploading, sharing, and communicating supply chain data and community data.

## OUTCOME 2: IMPROVED and EMBEDDED CORPORATE DUE DILIGENCE

**6.7 There are inherent challenges in assessing corporate due diligence, due to the complexity of companies and their supply chains combined with the scope of due diligence (including implementation) and barriers to accessing private sector data, given commercial confidentiality considerations. The available programme monitoring evidence has major limitations. However, implementation is still ongoing in many cases. Part of the challenge may be capturing where change is occurring as much as revealing where it is not, i.e. the contribution story is largely invisible, although this does not mean that there is no progress or that projects do not have value.** Challenges in assessing corporate DD are as follows:

- Most of the corporate data available to the programme is self-reported, which clearly therefore introduces potential scope for bias.

<sup>11</sup> A further attempt is being made to clarify this with the company concerned. While according to the UNGP a company is not responsible for impacts to which they are only linked through business relationships, or for remediation, it has a responsibility to use its leverage to encourage the entity that caused or contributed to the impact to prevent or mitigate its recurrence. This may involve working with the entity and/or with others who can help. (UNGP Guide, 2012)

- Most companies have only completed a single or no self-assessment of their due diligence – hence there is a (weak) baseline, but no means to assess change over time based on programme monitoring data.
- The questionnaire does not capture a clear story of change (contribution story) from individual companies. Theory of change work is limited, and the qualitative information captured in the DD forms is absent. There is no explanation of the structure of the company and its sourcing, and the proportion of its operations/suppliers covered by the DD (including implementation). The questions have ambiguities; in a few cases where multiple self-reported assessments have been submitted, changing company staff may have interpreted the questions differently.
- There is limited opportunity to compare between cases, using the self-reported DD forms, in the absence of an evaluative scale which can capture different, key dimensions of DD change and concrete examples of changes, including more far-reaching ones such as changes in business model.
- Our meso-scale studies (and associated case studies) have provided some insights into corporate due diligence in some cases, but forensic analysis of corporate structures, policies and systems are not possible in an MTR, many projects are still underway, starting points vary significantly etc.
- Non-participating company interviews – limited numbers of companies have been willing to be interviewed, hence this does not provide an insight into relative changes by participating and non-participating companies. An exception relates to mainstream companies, where many are participating within the RVO programme, so some comparisons emerge about the types of risks and approaches they are utilizing and how this is informing their DD policies and processes, but still relies upon the perceptions of company interviewees mostly, rather than full case studies – such analysis would take a long time for each case study – more than is possible in an MTR.
- Independent benchmarks are not necessarily available on all RBC risks and do not cover all companies, for example, but could in the medium term provide a clearer additional means of assessing corporate performance.

**6.8 Available evidence suggests that corporate DD changes achieved to date as a direct result of the FBK/FVO projects, tend to focus on improved risk analysis and root causes impact assessment. There is limited evidence to prove that this leads to changes in corporate DD in a meaningful sense. Very few concrete examples of change could be demonstrated by project partners; those identified included development of new supplier policies, partial roll out of monitoring systems, and design of possible new business models (but still being developed/tested). Contribution of the FBK/FVO programmes is not easy to discern – in quite a proportion of cases companies indicated that they would have made improvements anyway, but the speed of change and some design improvements have been made.** The findings of the meso-scale analysis on corporate DD impact are presented in table 6 and are summarized in box 2 below. Here we discuss progress on this crucial outcome for the programme. However, we note that the purpose of the meso-scale is not to evaluate individual projects, and there are many challenges in coming to a final score, but the overall pattern is helpful in giving an indication of change.

*Box 2: Meso-scale findings on corporate DD*

- Earlier we have indicated the relatively good progress on improving risk identification and root cause analysis.
- In the FBK programme, 3 of the 13 meso scale projects were found to have 'none' (i.e. no changes catalysed, *so far*, or there is a lack of evidence [when focusing on DD implementation beyond risk mapping and impact assessment]). 9 have achieved 'incremental' change on a four point scale. One could not be assessed due to lack of evidence. Of the 13 projects, 1 has 'high' at risk assumptions, 9 have some 'at risk' assumptions, with 3 judged to have 'low' levels of 'at risk' assumptions on a 4 point scale. It is important to read this finding in the context of COVID-19 delays, the number of projects that are still being implemented (just 4 completed, with 9 still on-going) and the fact that the programmes have themselves evolved over time in terms of how much they (increasing) focus on and constructively challenge companies on their DD.
- In the FVO programme, 7 projects were covered in the meso-scale analysis. 3 projects have achieved 'incremental' changes, and 4 others could not be assessed due to lack of information 'too early to say /no evidence' - on a 4 point scale. Even more so than the FBK programme, many of these projects are recently initiated and all are still on-going. In terms of 'at risk' assumptions, two projects have 'high' risks, four have 'some' risks, and one has 'low' risks on a 4 point scale.

6.9 **Several of the meso-scale projects have the potential to deliver 'significant' corporate DD change, i.e. they will lead to the embedding of DD and crowding in of some companies, but only one or two have 'transformative' potential, i.e. they meaningfully alter business models, shifting power relations and outcomes towards greater equity and environmental sustainability. Even more radical business models, need changes in the rules of the game for mainstreaming to occur.** Many of the projects have more 'incremental' potential. It is worth considering the potential of the differing projects in achieving no, incremental, significant, or transformative change. Several are deemed potentially able to achieve significant change, i.e. they may lead to meaningful changes within participating company supply chains and encourage more companies to crowd in. There are only a few projects which have 'transformative' potential; one is a coffee project in which farmers are co-owners of the coffee company and alongside supply chain innovations, they potentially can benefit from enhanced voice and profit redistribution. Another is seeking to establish a digital platform which provides a service to multiple chocolate companies to access sourcing data and share supply chain data.

6.10 **Starting points for companies and their capacity and capability for action vary significantly, with differences between large companies and SMEs, as well as 'ethical orientation and branding'. Establishing a business case for action amongst mainstream companies remains challenging with continued downward pressures on prices and purchasing practices in competitive markets.** Some are well advanced in terms of establishing policies, management systems, and specific strategies and would be making improvements irrespective of the RVO support. However, the speed of change can be enhanced by the subsidy, and production level innovations experimented with. In the case of many large cocoa companies, representatives indicated that they already have DD systems in place and/or are developing CL focused DD systems, but this is not specifically linked or drawing upon the RVO projects. Some interviewees suggested that analyses are supporting improved risk identification and impact analysis, but in terms of risk mitigation and monitoring, the project is supporting change more in specific places, rather than in entire supply chains. There may be scope for scaling out, but the costs are likely to be prohibitive. In other cases, especially SMEs, there is more to do in terms of establishing the basic policies and management systems, but this is also where there is more progress

in terms of innovation in business models is feasible. For companies where ethics are part of motivation and branding, progress on implementation of DD is also more visible.

**6.11 FBK and FVO insight into and leverage over corporate due diligence is limited with respect to large-companies. Their influence over SMEs is perhaps greater.** Project staff make significant efforts to raise questions, e.g. relating to price and purchasing practices, with large-scale companies, but to limited effect. RVO programmes, offering subsidies on a relatively small-scale, have limited leverage over large-scale participating companies to drive / enable them to a) make improvements, b) to report these in detail, publicly or to RVO. This challenge is widely recognized by RVO staff. One SME reported developed a series of policies in response to the RVO application process, but it noted that it had taken a great deal of time and the utility of the policies and processes were uncertain.

**6.12 Few concrete and specific cases of positive DD changes could be identified. However, those that emerged tend to focus on defining policies and identifying risks, but less progress is visible on the action-oriented steps, namely, mitigating risks, monitoring compliancy, communicating outcomes, and remedying violations.**

*Table 7: Examples of Due Diligence in FBK/FVO projects*

Step of Due Diligence	Examples found in FBK/FVO programmes
Defining policies	<ul style="list-style-type: none"> <li>• Filling in gaps e.g. codes for conduct for suppliers. [Some policies and codes are planned, but they have not yet been completed].</li> <li>• Such as for one project partner in a coffee project, utilizing project learning to inform wider company/group policy which is in the process of revision.</li> <li>• Large chocolate and cocoa companies tend to have relevant policies in place already. One company reports it is about to launch a Zero Child Labour Roadmap as part of its CLDD system building, but this is all ongoing, and not specifically linked to the RVO project(s).</li> </ul>
Identifying risks	<ul style="list-style-type: none"> <li>• Commissioning a gender study in a gender empowerment project (FVO).</li> <li>• Improvements in identifying salient risks in supply chains – several cases of cocoa companies developing (slightly varying) Child Labour Monitoring and Remediation Systems or CLMRS in different parts of their supply chains.</li> <li>• Testing risk-based approaches to identifying communities and households at risk of CL. Establishing community based child labour committees – training of members on what is child labour, helping to identify cases and with more implemented time, these committees will engage households to tackle CL, with VSLAs (being set up and starting to make savings) helping to generate incomes so households can act. Linkages to district authorities – one severe child abuse case already cascaded upwards. More implementation required, evidence of effectiveness and cost assessment.</li> <li>• Developing digital platforms/apps (mostly still in development) which companies may use to share data, increasing supply chain transparency. Examples of app based technology being developed to monitor Child Labour in cocoa and supply chain Due Diligence in coffee.</li> </ul>
Mitigating risks	<ul style="list-style-type: none"> <li>• Cocoa companies trying preventative approaches now such as gender empowerment at HH and cooperative levels, supporting VSLA establishment and income-generating activities (if not changing their prices), as well as raising awareness through training and monitoring (CLMRS). In one case, the company is combining Village Savings and Loans (VSLAs), a gender empowerment approach (GALS) and piloting a new element - child labour focus (CHILD) e.g. integrating</li> </ul>

	<p>child labour measures in household action plans. Another company is also seeking to learn about this approach for potential use.</p> <ul style="list-style-type: none"> <li>• Strengthening the forest certification business case by identifying and bringing to market lesser known timber species. If successful, this can mitigate the risks of non-sustainable forest management and trade, but this approach depends upon market demand.</li> <li>• Developing a farmer-co-owned coffee company supply chain with profits shared back to producers to achieve living income.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• Child labour monitoring is improving in project locations/supply chains but some way from reaching all cocoa cooperatives/buying stations and second-tier supplier companies. E.g. improved CLMRS systems linked into CLDD systems for companies.</li> <li>• Monitoring system focused on gender empowerment in cocoa, as well as child labour.</li> <li>• Monitoring through certification in the forestry supply chain and conducting area assessments for species identification and monitoring. Indicators are monitored by all companies involved and then combined.</li> </ul>
Communication	<ul style="list-style-type: none"> <li>• Various digital platforms and apps providing new systems for supply chain transparency which enable communication of information to consumers. E.g. Coffee supply chain app being developed.</li> </ul>
Remedy	<ul style="list-style-type: none"> <li>• Remediation in cocoa child labour cases flowing from community-driven community action planning and monitoring.</li> <li>• Development of remediation plans.</li> </ul>

6.13 **There is also insufficient independent evidence to assess corporate DD and performance in target sustainability measures, although new benchmarks are being published.** An example is a new international child labour benchmark.<sup>12</sup>

6.14 In the e-survey **participating companies report progress to some extent on all steps in DD, but they report more progress on earlier steps of DD (a to c) compared with in stages (d to f), reflecting the sequencing of activities in the implementation of their projects and the greater challenges in achieving concrete change on the ground. While the response is more positive therefore than the meso-scale review, it aligns with our analysis of good effectiveness on risk and impact analysis for supply chain insights, with less good effectiveness on actual implementation.** There is variation across the six stages of DD<sup>13</sup> in terms of participants' e-survey responses<sup>14</sup>. In response to the question '*How would you assess change in due diligence for the following six steps?*' (with options of 'significant improvement', 'some improvement' or 'no improvement'), filtering out projects that are not completed or at a mature stage, a higher percentage of respondents reported significant improvement for the earlier steps a) to c) than for d) to f): given both the

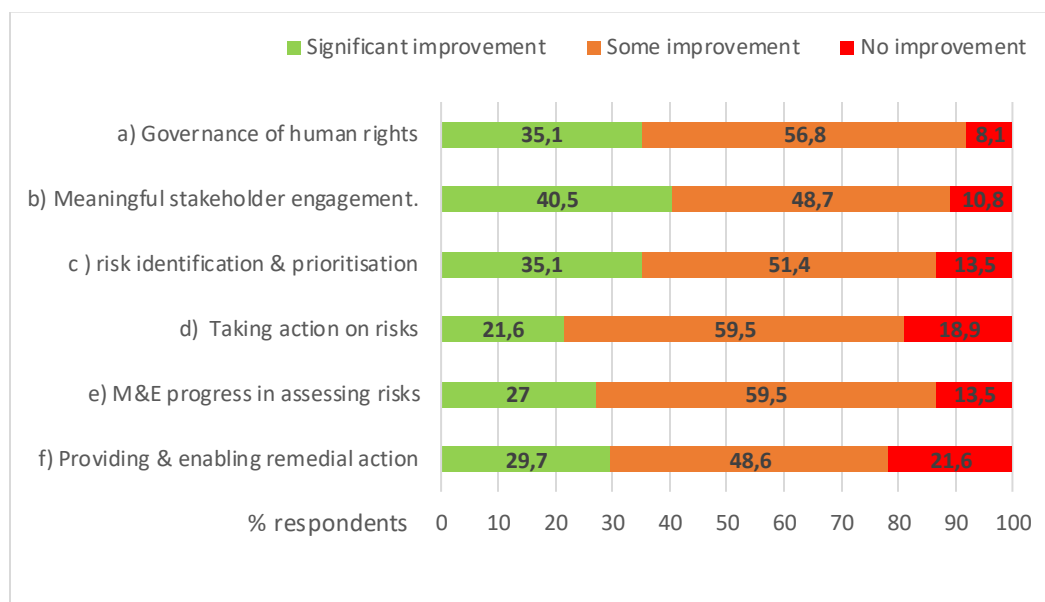
<sup>12</sup> [Global Benchmark Report 2021 - The State of Children's Rights and Business | Global Child Forum](#)

<sup>13</sup> The 6 stages are a) governance of human rights b) meaningful stakeholder engagement c) risk identification and prioritization d) taking action on identified risks e) monitoring and evaluating progress in assessing risks f) providing and enabling remedial action.

<sup>14</sup> In the e-survey, which relies on self-reported data from companies, our question sought to shed light on company or organizational due diligence improvements since the start of the FBK or RVO project. While this resembles the effort to discern changes in processes and practices that FBK and FVO's own and multiple round due diligence forms (see discussion in section 3 of some problems associated with measuring change using these forms), the simple idea here is a before-after comparison: it is worth noting that a follow up question asked whether respondents would attribute reported changes to the FBK or FVO project: the responses here provided a firm reminder that many companies receiving FBK and FVO support would improve their due diligence also in the absence of this support.

sequencing of project activities and the (higher) demands of d) to f) (figure 9). The highest reporting of significant improvement, for 'meaningful stakeholder engagement', is 40.5 %. This is closely followed by 'risk identification and prioritization' and 'governance of human rights' (both 35.17 %): the lowest for significant improvement is 'taking action on identified risks' (21.6 %). However, when scores for significant and some improvement are combined, the highest score is for governance of human rights (91.9%) and the lowest for 'providing and enabling remedial action' (78.3%). This is still a relatively high number.

Figure 9: E survey responses on due diligence improvement



6.15 **There are multiple barriers to improving due diligence systems, which RVO funds address to different extents.** Potential barriers include:

- a lack of awareness about the existence or extent of RBC risks
- a lack of knowledge about the DD process and how best to implement each stage
- a lack of capacity within the company
- a reluctance to take on the costs of an improved DD process

6.16 **The experience of the RVO funds to date confirm the existence of, and the potential to assist with, all these barriers.** Awareness of RBC risks is a barrier that is being addressed by FBK/FVO projects (see Outcome 1 discussion above). DD knowledge can also be a factor as well and there are important capacity issues. COVID-19 has been a major external challenge, not only delaying fieldwork, but also affecting some key markets for participating companies. NGO partners bring expertise and skills which can be invaluable for companies, who may lack expertise, for example, on community development. Smaller companies, especially ethical ones, may have less capacity to develop formal policies and management systems. Competing demands from other high profile issues, such as climate change, can also divert scarce company resources away from other RBC risks.

6.17 **RVO funds have made a positive contribution to addressing awareness, DD knowledge and capacity. However, the more fundamental barrier to improved DD is a reluctance to take on the additional costs implied, which is itself a reflection of the lack of a business case for many companies especially in the mainstream of the current system.** These costs relate both to internal company capacity (e.g. expanding CSR teams, training procurement staff, time taken by the board), to the DD processes themselves (e.g. extending

assessment beyond Tier 1 suppliers), and most fundamentally to the prices that need to be paid and changes to purchasing practices, or even shift in entire business model - to ensure that CL and other RBC risks are minimised. The hope or assumption that DD can be improved, and RBC risks tackled, without challenging one of the fundamental benefits of current international supply chains – low cost – is unrealistic. RVO funds can increase awareness, DD knowledge and capacity, and provide a temporary subsidy for more expensive DD processes. But sooner or later, the increased costs of DD, and the implications in terms of the higher prices required, will need to be absorbed by the companies themselves.

**6.18 Some examples of measures taken to ensure economic viability for participating companies, while addressing CL / RBC risks exist in the portfolio, but in other cases the costs of DD may represent a challenge to the profitability of the business. Examples of current efforts to advance DD, but with a strong focus on costs are:**

- **Avoidance:** Large cocoa companies tend to discuss factors other than price, although low prices mean that cocoa farmers do not have a living income from cocoa, which in turn contributes to child labour (e.g. poor yields, land fragmentation, limited livelihood diversification, gender inequality). Traders argue they cannot act upon prices unless buyers do. The large cocoa and chocolate companies refer to world market prices, variance in national governance of cocoa sectors (e.g. Ghana price setting over which they do not have a say) etc. Most cocoa companies note the responsibilities of governments in terms of reducing cocoa taxes, for example. While such arguments are valid, to some extent this is also a means of resisting pressure to reduce margins and profits, such as the resistance to paying higher prices as a contribution to cocoa farmers' living income. Similarly, there are questions regarding the willingness/pressure on buyers to share costs with their suppliers. Not addressing indirect suppliers is a common strategy, and the OECD guidance is ambiguous enough to allow companies to do this, while claiming to have DD systems in place. Much will depend upon the specific requirements in upcoming European and national DD legislations.
- **Risk-based approaches:** Large-cocoa and chocolate companies are also seeking risk-based approaches to identify high risk CL areas and households to better target their scarce resources and reduce overall costs of running CLDD systems. They are trialling these to estimate costs, which can support economic sustainability and acting on supply chain responsible business risks, but the companies also recognize that the costs may still be prohibitive in terms of scaling out. Some cocoa companies are seeking to deviate from the widely used ICI approach to CLMRS which is seen to be quite costly, to find other community-based approaches which still involve identification and assurance, but they are reportedly less burdensome on communities and less costly and could enable more resources to go into prevention and remediation rather than monitoring.
- **Changing the business model:** A new business model which cuts out intermediaries so that more profits can be returned to coffee farmers who co-own the participating coffee company. Developing a digital platform that smaller chocolate and cocoa company companies can pay to use as a service, sharing their information and gaining access to sourcing location information (e.g. child labour information reported by local community informants). This would reduce costs if done collaboratively and potentially informs consumers.
- **Alternative products:** A diversified species portfolio which allows for product diversification and sustainability longer term through cutting of a variety of timber species. A new or additional market for lesser known timber species would reduce pressure on existing species and potentially develop new opportunities for wider product portfolios. In another example, initiatives to diversify crops in systems heavily dependent on rice cultivation can contribute to producer incomes and even out seasonal distribution.



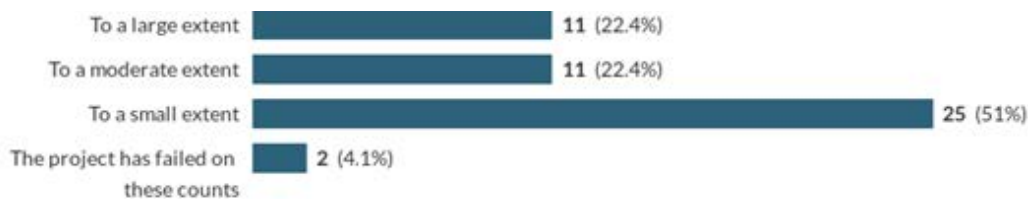
### OUTCOME 3: LOCAL CHILD LABOUR AND RESPONSIBLE BUSINESS CONDUCT RISKS TACKLED

6.19 **Many projects have supported improved local impact assessments, which have informed immediate follow-on actions. Projects are advancing their diagnoses of the root causes of child labour and responsible business issues in specific target sourcing localities.** NGOs frequently play a role in supporting improved analysis. The impact assessments are commonly being used to inform the designs of immediate next steps and local projects. The meso-scale analysis (see Table 6) shows that:

- Of the 13 FBK projects, 10 have achieved good local impact assessment, two have achieved ‘some’, with one not possible to score (“too early to say/ no evidence). For the 7 FVO projects, 6 have achieved good progress on local impact assessment and analysis. with one too early to say.
- However, progress on tackling the root cause issues is much harder to assess. Of the 13 FBK projects, one has not been successful, two have achieved ‘limited’ progress, three have achieved ‘som progress’, and 1 has achieved ‘good progress’. For 6 projects it is ‘too early to say or there is no available evidence.’
- For FVO projects, two have achieved ‘some’ progress in tackling local root causes, and the rest cannot be assessed (‘too early to say or lack of evidence’).
- Again it is worth noting that many projects are still on-going particularly for the FVO programme, so it is fully anticipated that these scores would improve with more time for implementation and for more documentation to be provided by the projects. Covid-19 is also delaying all projects to varying degrees.
- However, there are also many ‘at risk’ assumptions (i.e. ones that are inherent in the theory of change but which may not hold true, because the causal assumptions do not materialize in practice and/or contextual conditions are changing) – of the 13 FBK projects, 3 are deemed to have ‘high’ levels, 7 have ‘some’ levels of risk, and 2 have ‘low’ levels, with one not possible to assess. Of the 7 FVO projects, one has ‘high’ levels of risk and all the rest have ‘some’ levels of risk.

6.20 **Evidence from the e-survey on tackling risks presents a more positive picture, when new project responses are excluded.** In the e-survey we asked to what extent the local and global Responsible Business Conduct and Child Labour Risk challenges (are perceived to) have been tackled by the project? On the overall response:

Figure 10: To what extent have local and global RBC and Child Labour risk challenges been tackled by the project?



Here, the overall responses suggest more modest achievements. However, 27% of respondents attribute this to the stage of their project is in and that it is too early for these challenges to have been tackled. As with Figure 8, it is instructive to test whether responses from early stage projects affect the reported achievements: in this case, we also find a bias that is more notable and in the expected direction. When new projects are filtered out, to a large and moderate extent responses both increase from 22.4% to 27.5%, with small extent responses dropping to 40%. In conclusion, from the e-survey, 55% of respondents from projects that are either are at an advanced stage or completed, report that their projects have tackled local and global RBC and Child Labour risk challenges to a large or moderate extent.

*Box 3: Mica mining Madagascar – new knowledge on CL attracts further funding*

The phase A impact study for this project started in January 2019. Its design was informed by a previous study on mica mining in India. The partners developed the terms of reference and because funding from their own sources, was not available, they applied to FBK. The study included both research in southern Madagascar and analysis of mica value chains, including in China to where 90% of the mica is exported for processing. The study generated new knowledge on mica mining in Madagascar. As far as was feasible it collected data on numbers of people involved and migration and seasonality, conditions under which families are including seasonality and other income sources, household income sources and information on mica pricing and how the supply chain is organised together with the pitfalls and bottlenecks. Mica mining is undertaken by households as a survival strategy in the absence of alternatives. Because of the extremely low level of social services in the mining areas, and no facilities for children, whole families are present at the mines.

The study report when published gained a lot of attention in the Netherlands and Europe including media exposure. Also drew attention in USA, where questions were asked at a high political level and the US Department of labour (DoL) responded by issuing a call specifically for work on mica in Madagascar. The project team, with an additional two partners including the Responsible Mica initiative, developed a proposal in response to this call which was a direct result of the work done in phase A. The proposal, worth 4.5 million USD was granted Feb 2021. The partners with support from RVO have made it a high priority to ensure the RVO and DoL projects are complementary to one another. They have some common activities and operate in the same area, however the DoL project includes some additional areas, e.g. environmental issues and cash transfers which can help to supplement family income. Together, the projects can make a greater contribution to developing social protection and child protection systems, linked with education and basic social services

*Box 4: Gender Empowerment in Cocoa, West Africa*

Gender issues in cocoa were identified in the 2000s, with companies taking actions from the 2010s onwards to varying extents.<sup>15</sup> A leading global chocolate manufacturer/brand company, participating in this project, has three main pillars underpinning their sustainability plan and commitments on child labour, deforestation, and poverty. One of their main suppliers is a global cocoa trader/processor. Both companies found salient RBC risks in their supply chains, including low cocoa household incomes, lack of community empowerment and farmer group organisational capacity, weak farmer access to finance and lack of women and youth empowerment. The companies agreed to collaborate in tackling these risks, applying initially for an A&B FVO project. An international NGO was invited as a partner, due to their cocoa and women's empowerment experience. The initial proposal envisaged a holistic approach for Project B, involving maximising household income via diversification, professionalisation of farmers and farmers' organisations, increased access to financial mechanisms (formal and informal), Gender and youth empowerment in cocoa households.

In Project A, the company reviewed its DD policies and procedures using the OECD Guidelines; it reports that no major changes were required (no DD self-assessment form available for this project). The company has policies and procedures in place, including board-level responsibility and third party auditing, but the DD systems do not yet cover all the company's suppliers. Some sourcing cooperatives in the supply chain will not be reached by this project, although the idea is to roll out the approach in time. Indirect suppliers may not be covered. Thus, while policies and systems may be in place, that does not necessarily mean that all salient HRs issues have been effectively tackled and remediated (Outcome 3).

<sup>15</sup> [women-and-cocoa-analysis-oct-2014.pdf \(oi-files-d8-prod.s3.eu-west-2.amazonaws.com\)](#)

During Project A, the partners have gained new knowledge (Outcome 1) by building on earlier risk assessment work. The value chain companies have been able to draw upon the skills and experience of the international NGO and a state-owned consultancy company, in gender and value chain analysis and knowledge of the local context and value chains. Studies were commissioned in the focal country on gender and on value chains and income generating activities as part of their local impact assessment work. The gender study brought the INGO's analysis of gender issues in cocoa to the table, and highlighted the importance of building gender capacity at cooperative level, not just household level. The value chain study provided detailed analysis on regional, cooperative and value chain contexts from three zones in the country. It concludes that a tailor-made approach is needed per cooperative and adapted to context. Different income generating activities were identified at different stages of production, commerce, and processing, such as buying of chilli or eggplants, traditional poultry, hairdressing etc. This analysis has helped to inform the plan for Project B. It is too soon for achievements to be assessed with respect to Outcome 3, as Project B is only just approved. The project has experienced some COVID 19-related delays.

More time is needed for implementation to assess whether the local project will effectively tackle root cause issues and promote women's empowerment. There is a strong possibility, based on secondary evidence<sup>16</sup>, that the approach will generate some benefits for participating HHs and especially women, but it is not clear if some key gender related issues such as the gendered access to labour and tree rights as well as participation in cocoa cooperatives – which tends to rely upon land tenure titles – will be addressed. Further the project duration is short given the task of tackling entrenched gender norms, lack of farmer organisational capacity and systemic poverty issues, e.g. women's access to labour and property rights, which also affects representation in cooperatives, plus infrastructure and governance challenges (Outcome 3). How far the approach will be mainstreamed by the company and/or competitors given the costs involved is uncertain. Deepening the approach would also require more corporate funds, but they may be needed to achieve the desired results.

**6.21 The quality of cooperation between companies and project partners is generally good, with sharing of expertise, financial contributions, etc). However, there are issues with the extent of leverage of project staff (and governments) given the power of large-scale companies, especially in highly inequitable global supply chains. Projects are more likely supply chain coalitions than large-scale multi-stakeholder processes resolving land use conflicts.** This has both pros and cons in terms of resolving territorial / supply side root cause issues. However, few projects truly involve 'multi-stakeholder initiatives, but are more accurately described as coalitions of linked supply chain companies with one or two key INGO partners, rather than multiple company, government, media, INGO multi-stakeholder processes as seen in some sector and landscape approaches. This does not necessarily mean the root cause are inappropriately identified, but it affects the nature of the potential responses in a specific sourcing location. There are pros to such approaches, because companies may be more willing to invest directly in their own supply chain relationships, without sharing such information with competitors. However, in a sense, this may make it harder for alternative business models or harmonized pre-competitive approaches – e.g. a digital platform which tries to engage companies across a sector for a specific sourcing area.

**6.22 The main challenges commonly encountered in mitigating and remediating child labour / tackling other RBC risks were COVID-19 shocks, costs, expanding to upstream and indirect suppliers, poor infrastructure, market-related uncertainties, partnerships, and coordination.**

- COVID-19 shocks: As well as the COVID-19 delays to implementation, e.g. slowing or preventing training-type activities, there are some cases where projects are reporting major economic impacts

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<sup>16</sup> Secondary evidence is incomplete but qualitatively points to VSLAs generating income and supporting women's empowerment.

which present more serious challenges. School closures would disrupt and set back efforts to make children who are already irregular attendees, more regular and adversely affect livelihoods and incomes. In one project, the evaluation of the effort to reduce child labour and make mine-level investments to enhance income among mining communities, found that COVID-induced shocks led to plummeting incomes of many households and child labour, as a result, increased.

- Costs of implementing due diligence: Mainstream cocoa companies are struggling to find cost-effective solutions to child labour. Even current initiatives to develop risk-based mapping to identify high risk communities and households, for example, may still be too expensive.
- Reaching upstream tiers and indirect suppliers: For some cocoa traders, they are not yet reaching indirect suppliers with their CLDD – sourcing continues from indirect suppliers when demand spikes.
- Solutions relating to migrant workers: While area-based approaches may work well for local children, the situation of migrant workers and their offspring poses specific challenges. In quarrying in Andhra Pradesh, India, quarry workers are temporary migrants from states in the North and East and typically recruited by labour contractors. Child labourers in the quarries are also migrants and do not speak the local language (Telugu): local schools are therefore not an option. The same project has found innovative educational solutions (a hostel) for the offspring of local parents who migrate for seasonal, agricultural work.
- Poor infrastructure: For Child Labour Free Zones (area based) approaches, the prospects for mainstreaming child labourers and educational drop-outs back into school depend critically on the availability and quality of government schools. For older children, such as boys involved in mining or quarrying work, and who may have been out of school for a long time, the lack of local secondary education options is a frequent constraint. While bridge schools are used in several projects and can be remedial, vocational training has been offered as an alternative, but more as an afterthought than being planned for upfront.
- Technology challenges: Developing breakthrough technologies can be unpredictable, but breakthroughs can be transformative. For example, artisanal gold-mining involves the extensive use of mercury: finding a financially viable and less hazardous alternative has the potential to substantially reduce health hazards and reduce adverse environmental effects in the gold supply chain.
- Market-related challenges: uncertainties over whether companies will be interested and willing to take up a new approach, particularly where these involve radical supply chain transparency. Several RVO project officers noted that some companies which try to make progress and share more information on their activities, can receive significant public criticism, yet they have moved a step further than others who are not acting/sharing at all. One option, discussed in the FBK programme, is to encourage brands to engage more with the public in understanding the complexities of issues such as child labour, but it is not clear what incentive companies have or whether the programmes themselves could have a role in this. Also relying on individual consumer decisions will always have limitations – given that even ethical consumers do not follow-through in ethical purchase decision-making. Hence, systemic solutions are needed – e.g. government procurement rules, changes in corporate governance etc which can create a level playing field.
- Partnerships and coordination: Most of the projects have been successful at establishing, continuing, and deepening their partnerships. However, in a small number of cases, challenges have been reported in terms of a lack of coordination, or issues with the commitment or capacity of specific partners.

*Box 5: Challenges for the cocoa sector and large-scale companies: insights from the meso-scale studies*

It has been a challenge for large-scale cocoa companies to solve widespread challenges such as child labour on their own; recent reports indicate the challenges that are still faced and point to ineffectiveness in recent years of corporate efforts.<sup>17</sup> Cocoa companies argue that they need government/communities to have responsibility and be empowered for solutions to be sustainable. Cocoa companies face high levels of challenges - poverty, governance issues, entrenched social norms in sourcing areas – most companies have made public commitments, policies, and targets, so there is major pressure to find solutions, but these also must be cost-effective. There is a general shift beyond the ‘classic’ symptoms-oriented solutions, such as handing out school kits and seeking to improve cocoa productivity as the predominating focus of their sustainability programmes, to income diversification, savings and loans groups and access to finance to improve incomes, gender empowerment at household levels for gender equality and instrumentally for improved investment in children’s education and household wellbeing. In one case there is a particular focus on gender empowerment at cooperative level. Monitoring systems and VSLAs are sometimes extended to all members of the community so that the approach is ‘community-driven’, rather than only covering farmers selling to the company in question. The strength of existing cooperatives varies between West African sourcing localities, so where cooperative capacities are weak, the companies have had to adapt their approaches to prevention and remediation activities, and are focusing instead on the buying stations. For many companies, scaling up such approaches is costly, and there is ongoing piloting of risk-based approaches to identify high risk areas and households. This can help to target interventions to increase their impact, but also may help to reduce the costs involved to the company and their suppliers. However, the costs of these risk-mapping and prioritization exercises also needs to be established before roll-out can occur. One key issue for some traders is reaching indirect suppliers, from whom large proportions of cocoa are bought and where the worst child labour likely occurs. Discussion on prices with cocoa and chocolate companies remain at something of a stalemate; the Living Income Differential (LID) is charged by Cote D’Ivoire and Ghana on farmgate prices to improve returns to producers, but there is significant volatility in prices and there are also reports of companies seeking to avoid the LID by buying elsewhere. Land-related interventions are not covered. Linkages to landscape approaches – which are growing for cocoa in Ghana and Cote D’Ivoire – and the issues which they address such as climate and deforestation – are not covered. Ethical cocoa companies have sought support from RVO as well, but more time is needed to know how far these can challenge mainstream players and capture market share. Innovations include the development of a digital platform for ethical chocolate makers to pay to share supply chain data and access decentralized child labour and RBC data uploaded by local informants. Such an approach could work for the entire cocoa industry, but market incentives may be challenging.

## BENEFICIARIES

**6.23 The main ‘beneficiaries’ vary with respect to location, sector and project focus. The extent to which ‘beneficiaries’ are reached, and RBC/CL risks tackled is difficult to generalize, based on the level of progress and effectiveness to date and challenges with M&E data.** There are some examples in projects of ‘benefits’ being reported for beneficiaries – see boxes 6 and 7 below. However, it is not possible to aggregate this (see M&E programme data) and evidence of benefits compared with costs is not available.

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<sup>17</sup> NORC reportfull ref

*Box 6: Examples of benefits for workers, smallholders and communities drawn from meso-scale studies*

**Children in vegetable seed production areas, India:** In the effort to ensure that vegetable seed production in selected areas in India is child labour free and that all children attend school, an area-based, Child Labour Free Zone approach was used with awareness training organized for 332 community level stakeholders, including schoolteachers, parents, and school monitoring committees. Out of 4,131 students in 17 villages, 129 were identified as dropout and 267 as irregular. The targets were to get 30 of the 129 dropouts back into school and make 75 % of 267 irregular, regular by the end of the second year. Both targets were met, but as the internal audit report raises, with regard to how regularity should be defined and measured (it seems reasonable to at least follow government guidelines and practice). Another major project activity to raise incomes was the provision of comprehensive training in e.g. fresh vegetable production (attended by more than 5,000 farmers as well as a backyard vegetable production targeting women trainees with a total of 1,130 women receiving this training. While efforts were made to identify the impact of this training on production and incomes, more could and should have been done to ensure a more robust evaluation. For this project (and others with similar interventions), there are also important questions related to sustainability: Will the effects of the training prevail or perhaps even be shared with women in other households? Are there medium term impacts on dietary diversity or other important nutritional outcomes? On school retention achievements, has the COVID-19 pandemic led to disproportionate educational setbacks among vulnerable children or have, on the contrary, the monitoring and other mechanisms put in place by these different projects, protected children from adverse educational effects?

**Children in mining, Uganda and quarrying India:** In two other projects, using a child labour free zone' (CLFZ) approach, similar community mobilisation, involving and training teachers and the setting up of monitoring committees were centre-stage. For children beyond primary school age, the mining project in Uganda provided vocational training on soap-making and on hair-dressing (for girls). The project in India provided educational innovations in the form of a hostel which facilitated the retention in school of children whose parents migrate seasonally for agricultural work and evening classes for children from a social group that would otherwise struggle to regularly attend school.

*Box 7: A few examples of main project achievements from the e-survey*

The impact on the ground:

- kids going to school who were previously working, mothers who receive better maternity care, improved breastfeeding room, more awareness about these rights.
- We are building on the experiences in the project cooperatives, to apply the lessons learned as we continue to improve the CLMRS and work with new cooperatives. The main achievement of this project has been a reduction in child labour prevalence in the partner cooperatives (by 35%) over the project period. Increased coop ownership is another key achievement.
- Identifying and remediating 7 cases of child labour. Enrolling 323 children in school across five child friendly communities. The project also served 5,300 workers through bank services, literacy classes and vision screenings, and COVID-related food relief was provided to 3,056 workers and family members linked to the project.

*Box 8: Apparel project, Northern India case study*

While brands are used to auditing and monitoring their Tier 1 factories, there is usually no oversight of the outsourcing to their supplier networks beyond Tier 1. The project works with two brands which share their supplier lists with the lead NGO. Random unannounced inspections are carried out among the complex web of small sub-contractors - where the risks of child labour are more extreme – and confidential quarterly supply chain reports are provided to each participating brand. Educational and outreach programmes in five communities work to increase school enrolment for at-risk children. Income data is being collected and shared to begin a conversation on living wages.

Project progress has been severely affected by the Covid 19 pandemic. The disruption to the apparel industry has reduced brands interest in the project as well as severely affecting the quantity of orders for suppliers and homeworkers. The project has rightly shifted to meeting workers' and children's immediate needs, although a few child labour cases have been identified and remediated. The target of enrolling 6,500 exploited and at risk children into school remains unchanged.

Apart from covid-19 and its impact on health, livelihoods and the apparel industry, the main challenges to addressing child labour risks on a larger scale remain unchanged: the difficult socio-economic context; the low prices paid by the international and national market, particularly the latter; the limited interest shown by the majority of brands and suppliers; the scale of the problem and the number of suppliers/homeworkers relative to the capacity of the NGOs; the costs of effective DD and community programming; the need for a multi-stakeholder, sectoral approach rather than isolated brand-based projects; and the length of time required to make a substantial difference at local level. This likely requires a 10 – 20 year programme, rather than a 2 year project.

*Box 9: A risk-based approach to tackling child labour in Ghana*

A global brand/buyer chocolate company encouraged a major global processor/trader partner to apply for RVO funds, with their collaboration. The partners applied for a 'B project only' building upon the existing risk analyses on child labour already conducted by the processor/trader. A heat mapping was generated – a risk profile of 10 districts which the project would focus upon. Project objectives were to: i) establish strong community structures (26 communities) for prevention and remediation of child labour, with Community Action Planning (CAP), Child Protection Committees (CPCs) and Village Savings and Loans (VSLA); ii) Strengthen 10 district level services, including District Child Protection Committees (DCPC) to support community services and mobilize government resources to prevent child labour and support remediation services; iii) Set up A Child Labor Monitoring and Remediation System (CLMRS) covering 16,000 farmers to identify child labour and facilitate remediation of all cases. This includes both tackling cases within the community but also referral processes involving local public authorities. It was anticipated that 9000 cases would be identified and remediated). The company's long term vision is of a hybrid approach which will be the new approach for the company.

In terms of implementation, some delays have been encountered, mainly between the global headquarters of the partner companies with COVID 19 and need to work virtually, as well as loss of opportunities for company staff to visit projects. Another challenge was government reorganisation of districts and in one case the importance of avoiding sourcing close to a forest reserve due to zero deforestation commitments, which multiplied the number of district authorities the project would need to reach out to, with the same budget envelope. This led to replacement of 4 districts and 4 communities out of 26, which incurred costs of USD 12k. There have been some challenges related to implementing partners' capacity in Ghana, especially in the light of the dispersed location of the target communities, and in mobilizing district

authority staff, when a project may only work with one or two communities per district. These challenges are more inherent to the project approach. Community Child Protection Committees have been established and these will be monitored by the district authorities, whose staff have been engaged and trained. Enumerators have been trained, but these have not yet collected data. As part of the result area on women's empowerment, a baseline study has been conducted and 19 VSLAs set up with training underway supported by a new civil society partner.

The partners have gained knowledge (Outcome 1), but more can be gained as implementation proceeds and more analyses are conducted, e.g. on costs. Many companies are rolling out CLMRS systems – but more robust independent evidence is needed to show that they can make a difference. A key innovation here is the risk-based prioritisation process. Outstanding 'at risk' assumptions relating to achieving Outcome 3 are whether the combined interventions are sufficient to tackle child labour risks. Evidence from ICI, a specialist NGO working on CL including with the processor/trader in other countries, is that CLMRS can reduce CL by 50% among those children identified as in CL, and are more successful than other CL interventions, even this best practice can only stop around 30% of child labourers from engaging in hazardous activities. Not all cocoa is traceable – unless company systems rely on dedicated suppliers, for example. The brand/buyer has dedicated cooperatives, but not the processor/trader. Increased coverage and investment are needed. ICI find that currently only 10 to 20% of cocoa growing communities are covered by community or supply chain monitoring and remediation approaches targeting child labour. ICI also calls for more robust evidence on what works and demonstrates the complexity of the challenges, highlighting issues of seasonality, for example, and the importance of repeat monitoring visits, of combining farm and household visits, and of recognizing that some groups are harder to keep away from hazardous work than others<sup>18</sup>. The company wants to do more analysis to obtain a proof of concept and clear idea of costs before it commits to further scaling.

In terms of corporate DD improvement (Outcome 2), the processor/trader and brand company both have DD systems in place and so the contribution of the project is relatively limited. The processor / trader is launching a new CL strategy this autumn, and this has drawn upon their entire body of work on CL, not specifically this project, which forms a relatively small part. One specific contribution may be the 'preventative approach' to CL – building local knowledge and systems to tackle CL and supporting gender empowerment and income growth via VSLAs, access to finance etc. The company representative indicates that this should become common to the company's overall approach. Various international NGOs have been consulted, but this would have happened without the project. The establishment of the CLMRS is important for global cocoa companies. These have an important identification, but also monitoring function, feeding information into the corporate DD system, including consideration by the board. However, a review of the self-assessment DD form provided by the company and some interviewee comments raise some questions about the extent to which the project is improving corporate DD. What is the coverage of the traders/processors to non-dedicated suppliers? Although a community-driven approach, how does this approach harmonize with the efforts of other companies sourcing in the same communities? Have grievance mechanisms been established? Will far reaching changes occur – such as tackling price and profit redistribution, as well as productivity and income diversification measures, to tackle CL issues? While companies cannot address such issues alone, with governments, communities and other actors needed, it is also a sticking point that no progress has been made on purchasing practices more broadly. The costs of the approach may be lower than other non-risk based approaches, but this may still be too expensive for the company to roll out. More analyses are needed. The processor-trader has three projects supported by FBK and FVO, and there are synergies between them, and the funds leverage more action within the company, but how far this is adapted by the company more broadly is unclear.

A rapid set of partner interviews in Ghana combined with a brief field visit to one community validated the establishment of the Child Labour Protection Committee (CPCC) and confirmed from local stakeholders

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<sup>18</sup> ICI – [The International Cocoa Initiative home page](#)



that 25 Community Action Plans out of 26 have so far been developed. However, implementation has not yet begun as they are awaiting positive responses from the Assemblies. Some of the communities, including the one visited, have begun some initial steps in implementing the plans themselves with their own resources, but funding is an issue. The established CCPCs have been trained to monitor effective implementation of the principles taught about preventing or remediating CL. The members of the CCPC interviewed in the field reports that they have been conducting house-house visits periodically to educate parents and to monitor those suspected to be employing CL. Measures have been put in place to address such issues. However, delays in appointments of District chief executives appear to be affecting the work of the CCPCs. The VSLAs have been set up and are starting their savings cycle in the community visited. CCPC members and one member of the community interviewed said it is working very well. They also indicated that the programme can be extended to include every member of the community who wants to participate, and not limited to only the farmers. However, we have not received feedback directly from the officer in charge of the programme. The risk mapping process has enabled households to be categorized into high, medium, and low risk, with the higher risk being the focus of future remediation work, but the latter has not begun in earnest.

*Box 10: Granite sector project on child labour, India*

This project provided an extension and expansion of an earlier project in Andhra Pradesh, India. Following a high quality baseline study, the objective was to create a 'child labour free zone' (CLFZ) where children would be withdrawn from work and reintegrated into formal, full-time education. While the main focus was on child labour in quarrying, other forms of child labour would also be addressed. The plan was to complement the CLFZ effort with other supply chain interventions to improve the working conditions in quarries, including ensuring that workers would have formal contracts and that a local complaint mechanism would be introduced. As with another early project on child labour in mining, some main objectives turned out to be too ambitious given the short duration of the project. Key 'result areas' were therefore transferred from the 'old' to the new project.

The Dutch company's local supplier, which owns one of the quarries in the project area, is a key project partner: an important unresolved challenge was to secure buy in from other local quarry and processing owners: another core challenge was with finding local solutions for child labourers in the quarries: these child labourers were typically slightly older boys (aged 15-17), working as helpers, and offspring of in-migrants to the area from different states in the north and east (e.g. Odisha) who speak other languages than Telugu. In addition and common in relation to migrant labour in India, recruitment into quarrying work is organised through middlemen (labour contractors).

The local NGO partner introduced an innovative hostel solution to help retain the children of local parents who migrate seasonally for agricultural labour in school. Another innovation was the offering of evening classes for children from a local social group that would otherwise struggle to attend. Drawing on the strong platform established by the first project, the new project will strengthen community based committees and groups, including field staff, Self-Help Groups, youthgroups, Child Right Protection Forum and Parent Monitoring Committees with a view to track school absenteeism and dropouts and monitor teacher regularity.

With regard to the due diligence of the local supplier, a new project partner has been engaged by an audit company to do social audits in the granite sector. So far, three rounds of audits of the local supplier have been completed: in 2019, 2020 and now in April 2021. The audit typically involves management review, legal review, interview with workers (both at factory and quarry level). The audit scope includes labour rights such child labour, bonded labour, discrimination, wages, working hours, health and safety and so forth. The key findings for these recent audits include: visual boards for information on wages not present;

environmental clearance latest status not known; lack of adequate number of first aid boxes; wage records were not available. The latest action plan from the supplier is awaited.

Another innovation is with regard to age verification for quarry work, where worker Aadhaar (ID) cards are now used. Dialogue with a local granite association has started and there are some signs that buy in from more quarry owners may be picking up. It is also reported that more quarries have set up signboards showing 'no child labour'.

The Covid 19 impact on the mining operations and communities varied with considerable impact in 2020 when two and a half months were very tough (due to full lockdown and restricted movement). In the 2nd wave when things opened, there was shortage of workers and quarry work slowed down. Due to Covid-19 and travel restrictions, people opted to stay at home and the number of migrant workers in the quarries has declined. This may be a temporary blip. Vaccinations have been progressing well and people are getting vaccinated at a fast pace.

The main challenges with children during Covid-19 times has been linked with schools shutting down and, according to one informant, increased incidence of child marriage. While the project had done well with regard to the education of local children, Covid-related disruptions may have caused setbacks that the project should document: another question is whether migration from the North will resume and whether the younger segment of migrants will return or not. Another important issue is the interest in and uptake of training focusing on health and safety and other dimensions of worker rights.

*Box 11: Blockchain for enhanced Livelihoods and supply chain transparency*

This FVO project is addressing the issue of low farm income and lack of market power for primary producers. The overall aim is to improve rice farmers' livelihoods and for them to reach a living income. The project is providing assistance to improve rice productivity and quality and farmer empowerment in the value chain. The blockchain technology is a means to address the transparency challenge at all levels of the supply chain.

The project builds on an established relationship between a Dutch importer company and a Cambodian exporter company involved in contract farming of organic rice. The rice company sources from 10,000 farmers, of whom 50% operate sustainable rice farming and 50% are organic, in 27 agricultural cooperatives. The project is led by a Dutch consultancy company; . Other partners are an international NGO, and a local NGO specialised in participatory approaches and farm level and cooperatives training. Two further Dutch companies joined the partnership at the end of phase A – an importer/private label company, and a Dutch wholesale company selling organic products, with their own supermarket chain. Both are interested in traceability and transparency on food safety and environmental and social compliance; *'we try to give the consumer a different approach in the way that their food chain should be built so that's where we want to distinguish ourselves from other supermarkets'*.

In terms of companies' due diligence, the importer company is member of FNLI (Dutch Food Industry Federation) and supports commitments in the IRBC Covenant Foods on human rights violations and negative environmental impacts. Both the importer and the local export company have a commitment to sustainability and responsible sourcing and have active sustainability policies. The latter has produced their first sustainability report and the company is a member of GRI. The other Dutch import/retail companies do not appear to have conducted a due diligence self-assessment.

Phase A project started in 2019 involving one agricultural cooperative and 50 farmers. Phase B started in 2020, involving 500 farmers (55% women) and two cooperatives in northeast Cambodia. The initial activity

was a human rights impact assessment conducted by the NGOs. This analysed the rice value chain, including mapping the human rights risks and impacts, assessment of root causes and stakeholder consultation. It determined the current living income gap for organic rice farmers and through consultation with partners, identified strategies to address this. It identified the technical requirements for development of a blockchain tool, (although consumer consultation for the development of a consumer app. was delayed by the COVID pandemic) and the information, technology and organisational needs of farmers and cooperatives. It also analysed gender relations.

The impact assessment generated new knowledge and identified two important risks - the living income gap experienced by the organic rice farmers and the unequal distribution of supply chain information and lack of transparency: *'from that assessment it's clear that there are certain human rights aspects which need even more attention and that is first and foremost living income which is a root cause for many underlying human rights issues; and a second big topic is transparency in the supply chain, in general.'*

The root causes of low income were linked to low farm productivity, caused by low levels of technology, drought and floods, a narrow focus on rice, high production costs, and debt. Phase B Interventions include training farmers in good agricultural practices and crop diversification, training for extension services, field trials on composting, establishing local savings groups, training cooperatives in organisation and management and postharvest handling. The activities are at an early stage, with farmer training underway, but are expected to lead to increased rice yields and income, reduced costs of production and credit, strengthened cooperative management and extension services and enhanced gender balance. The blockchain development consists of 3 applications; supply chain dashboards; a farmer field book app. for farmers to input data using mobile phones and to access training material; and a consumer app to increase awareness. The apps are expected to be ready in time for the next rice harvest. The apps should allow farmers and cooperatives to better understand farm productivity and income, and the effects of training, as well as enhancing data sharing and supply chain transparency. The local company is already seeking a Cambodian partner to be trained to operate the blockchain technology to ensure its sustainability. In the longer term they envision its upscaling to other cooperatives, products and customers.

The underpinning assumption is that when information is shared and used for collective action it can influence the distribution of power in the supply chain: *'Blockchain technology allows farmers to have a stake and a voice and a face in a supply chain... so that they know where their rice is going and have a better understanding of what is happening on their farm in terms of productivity, yield etc. via the farmer application. But also the consumer application, so the farmer meets the consumer, which is ultimately why we and partners are involved, really wanting to make an impact on people and planet. So for us it's a combination of that living income aspect because it's important, but also combined with an innovative technology.'*

The project is ambitious and innovative; *'We did not have in mind just to change Cambodian rice or rice as a whole; ... we rather believed that data, or farmer level data can change relationships, can change business relationships, so that could also be well applicable to other value chains.'* This is laudable, however there is less detail on the processes and mechanisms whereby such transformations in relationships could take place and how farmers' increased understanding can lead to increased influence. With the initial emphasis on farm productivity and yields, the issue of prices paid to farmers is not highlighted at this stage of the project although it is recognised as an important issue to be tackled after the first year if the interventions are not enough to make a difference.

The motivations of supply chain actors in relation to the blockchain information vary according to their position in the chain and the nature of their market. For some the priority is for safeguarding and assurance; for others, at the retail end, there is more interest in communication to consumers; *'The main thing that consumers focus on is price ...so this could help because here you open the chain and you can show what makes your price different from all the other rice products ..... [It] also helps probably to let*

*people clearly understand that it's necessary to pay a fair price for a product to make sure that people who work for it also get a nice life .....*

In addition to price, a further potential challenge to the achievement of project outcomes is market instability, for example, fluctuations in market demand and a recent dramatic increase in international shipping costs.

**6.23 Instead of thinking of and using the term ‘beneficiaries’, a stronger conceptualisation of the supply chain would focus on the ‘terms of incorporation’ for producers and workers in global supply chains and the impacts on broader communities and territories and recognize that they are rights-holders.** This leads to questions of: ‘How fair are value chain relationships? And ‘What kind of voice and rights do producer, workers, and affected communities (and environments) have with respect to the impacts of Dutch companies?’ for example. Due diligence guidance currently distinguishes between cause, contributing to or linked to, with each having different levels of responsibility placed on global companies. This is where the ambiguity emerges and the potential for DD to remain a paper-based exercise.<sup>19</sup> A stronger political economy and value lens would strengthen the analysis of root cause challenges and supply chain relations and governance. Wider evidence suggests that workers, smallholders and communities may be benefitted by human rights due diligence, however, there is also the potential of unintended negative impacts, such as buyers cutting and running instead of investing in their suppliers. The term ‘beneficiaries’ is contested given its associations of passivity and unequal power relations. Hence, a stronger focus on value chain participants as rights-holders, and on the terms of participation or incorporation into value chains is key.

## 7. Scaling, Transformative Change and Prospects for Programme Impact

### Scaling, Transformative Change and prospects for programme impact?

#### SCALING

**7.1 Scaling information is not systematically collected and assessed by the programmes.** There is no scorecard to provide a clear assessment of progress across the programme across several dimensions of scaling – i.e. to capture the proportion of scaling across a company’s operations and supply chains, across sectors or specific territories. Aggregation of project data to show progress on programme level indicators is presented in tables in programme annual reports, but it is not clear how these are consolidated.

**7.2 Scaling intentions and plans by companies in the target areas/with target groups (adoption) and in other value chains and products (adaptation) were broadly positive according to the responses of companies in the e-survey.** Specifically, we asked ‘does your company or organisation plan to scale up the approach of this project in other value chains and/or countries or in other projects the organisation is involved in?’

<sup>19</sup> Nelson, V, O. Martin Ortega, M. Flint (2020 ‘Making Human Rights Due Diligence work for small farmers and producers.’ NRI report commissioned by FTAO and Brot fur die Welt.

Figure 11: Plans for scaling up.



There is thus, it seems, considerable optimism in terms of self-reported planning. Our follow up question, which provide further insights about potential elicited rich, qualitative explanations. While we are unable to report all, the following provide a few snapshots – see box 12 below.

*Box 12: Company responses on scaling plans (E survey data)*

- *‘Our approach is to seek for scalable solutions and to advocate for much larger involvement of supply chain actors so that the effects of our efforts are more meaningful and with a larger effect.’*
- *‘The company seeks to work in projects that can be scaled to other supply chains that it works with as well as share the experience across sectors so other organisations can benefit from the approach and the learnings from it.’*
- *‘The RVO project is focussing on India. And is considered a pilot for other projects in other countries. As soon as we have more experience in practise with DD, we will roll out this in other countries.’*
- *‘The answer is maybe. We are still at the start of this project, and we would like to see how things work first.’*
- *‘We have started and initiated a business model together with the interventions that we started so that the interventions will work continuously after the project period is ended. This business model our company will put in it a lot of effort and investment since we will be partners in it.’*
- *‘The same consortium is currently active in Côte d’Ivoire, aiming to support a female owned cooperative to add value locally through cocoa juice and quality chocolate production.’*
- *‘Yes, besides scaling up in China, we are focused on Mongolia, East-Europe, and Chile. We will be exploring different application of sea buckthorn extract as well, like the cosmetic industry.’*
- *‘Our NGO will sign more companies within and beyond The Netherlands and India. Company x (anonymized) and our NGOs are partnering to expand the supply chain mapping, remediation, prevention activities. Work implemented through the RVO also informed a 12-month project that took place from August 2020 to July 2021 in the garment sector of Bangladesh. Learnings will inform further geographic and sector expansion.’*

**7.3 Evidence from the meso-scale analyses indicates a less positive picture in terms of how much scaling has been achieved to date, but there are also many ongoing projects – in several cases more implementation and analysis is needed to demonstrate that they are (cost)-effective before companies make further decisions on adoption. Gaps exist in reporting.**

- **FBK Adoption:** Of the 13 FBK projects, one (completed) project has not been adopted by the participating company. 4 have achieved ‘good’ adoption, 1 has achieved ‘some’ adoption, 3 ‘limited’ adoption, and 4 cannot be evaluated (‘too early to say/no evidence’).
- **FVO Adoption:** of the 7 FVO projects, 2 have achieved ‘good’ scaling, 1 ‘some’, 1 ‘limited’ and 3 ‘too soon to say/no evidence’).

**7.4 Progress on expansion (i.e. competitive actors crowding in or copying) is more limited according to meso-scale studies, and this is unsurprising given the fact that many projects are still ongoing. However,**

there may also be some barriers to scaling being achieved in practice, such as lack of business case and level playing fields in different sectors or production locations.

- FBK expansion: Of the 13 FBK companies, 1 has achieved 'good' scaling, 1 has achieved 'some' scaling, 4 have achieved 'limited' scaling, 7 'too early to say/ no evidence'.
- FVO expansion: Of the 7 companies, 1 has achieved 'good' scaling, 1 has achieved 'none' and the others are 'too early to say/no evidence'.

**7.5 The e-survey indicates more positively that participating companies believe that other companies are aware of the approaches used in their own projects, with a more even split in relation to whether they believe other companies will act on this information (expansion) and crowd in or copy the approach.**

Responses to the question on awareness of other companies of the approach used in the project in question were as follows:

Figure 12: Are other companies aware of the approach used in this project?



Qualitative responses in the e-survey pointed to sharing between companies, particularly via Dutch industry associations or responsible business alliances:

*Box 13: E survey responses on hearing about other initiatives*

- *Dutch Spice Association and SSI*
- *Through sharing of outcomes with participants of the Dutch Agreement of Sustainable Garments and textiles*
- *We shared all results with the Dutch metals association and created a child labour due diligence toolkit for all associated members*
- *Our company founded the Fair Cobalt Alliance (FCA), where companies of all sizes (even competing us) are joining together to address the issues affecting the ASM cobalt sector in the DRC*
- *Via the industry association*

Other responses are less specific but point in similar directions:

- *Some companies in the sector are actively encouraging others to take up the approach in this project.*
- *Another company in the sector has started a rather similar FVO-project*
- *We have established the consortium of different companies to work on these issues in their respective areas.*

**7.6 Broadly positive responses were given by companies about approaches being shared and being visible to other companies. But there is uncertainty about how far this will translate into action.** In meso-scale interviews, similar points were made about sharing of approaches through the covenants and via (especially FBK) learning events. In one case, for example, a mainstream cocoa company mentioned that they

had heard about an ethical chocolate company’s project, which had received FBK funding one year prior to their own subsidy, and this influenced their project’s design. However, it is also important to note that ‘hearing about’ the projects of others, does not necessarily mean that other companies will follow suit. In some cases, innovative projects are attracting interest, but whether the companies will sign up in practice is the main upcoming test. E-survey evidence indicates 51% of companies believe others will emulate their approach with 49% saying that they will not (see figure 13). This is positive, but it does not address the scale of the scaling, i.e. what proportion of a sector might follow suit and on what timescale? Often in the past there has been over-optimism about what voluntary initiatives in supply chains can achieve, especially in terms of achieving sector coverage. Responses to the question whether other companies in the sector or other organisations may emulate or take up this approach and evidence of such uptake were as follows:

*Figure 13: Is there evidence that other companies in the sector or other organisations will emulate or take up the approach used in this project?*



## TRANSFORMATIVE CHANGE

**7.7 From a transformative change perspective, i.e. one that transforms the rules of the game and catalyses innovation within it such that there is a meaningful shift in regimes, it is important to note a key limitation – only a few projects analyse or act on demand-side root causes.** Most projects focus on supply side root causes, such as poverty, weak infrastructure, governance issues. Few projects broach issues of ‘demand side’ root causes, which could include issues such as market concentration, corporate ownership, over-consumption, outsourcing, irresponsible purchasing practices, governance gaps <sup>20</sup>, plus over-consumption. A few exceptions emphasize more on developing a new business model, for example a project which is advancing a supply chain in which farmers co-own the company and can hence share in the profits. Few projects engage governments in a serious manner. Two FBK examples where efforts are being made are i) a project in Egypt which is working with legal experts to influence the law and regulations on child labour which currently do not cover child labour in family businesses. This is challenging because many sectors in the economy, particularly agriculture, depend on family labour, including child labour. They are also seeking to influence the government for Egypt to become a Pathfinder country under Alliance 8.7 (global partnership for eradication of forced labour, modern slavery, human trafficking and child labour around the world.) The project lead company was introduced to this by RVO in 2020; ii) A mining project in Madagascar had early involvement with government in phase A and in response to the impact assessment report, a stakeholder meeting was convened by government. Project partners are supporting capacity development, working with authorities to improve regulation of mica mining. A concept paper is being developed to lobby for targeted social protection and child protection systems. In a few cases projects are linking communities to government public services (e.g. one of the cocoa projects is linking child protection community committees to district authorities), but it is not clear yet if such an approach can be sustained over time, but also how far this will drive the mobilisation of new government resources and how these will be paid for. Will it mean improvements in government public services as a whole or just mean that those specific groups gain an upper hand compared to other groups selling to other local or global traders? Many child labour abuses occur in the indirect trade in cocoa for example and does not go through cooperative groups.

<sup>20</sup> Le Baron, G., N. Howard, C. Thibos, P. Kyritsis (2018) ‘Confronting root causes: forced labour in global supply chains.’ Available at: [145637779.pdf\(core.ac.uk\)](https://www.core.ac.uk/doi/pdf/10.1016/j.chi.2018.05.001)

7.8 **The extent to which the projects are cutting-edge and likely to shift business models (and whether they hold such ambitions themselves) to enable more equitable value chains which can tackle multiple RBC risks in a holistic fashion is limited;** there are just a few examples within the meso-scale selection. Such approaches can be challenging to scale, however, and risk remaining niche initiatives.

7.9 **Measures aimed at changing the enabling conditions/rules of the game for responsible business and trade, beyond the voluntary covenants, which could help to scale up transformative business models, are not covered by the RVO subsidy programme.** Yet such measures need to be addressed; if they are addressed by other government initiatives, then closer ties should be sought. For example, this might be measures which focus on public procurement, changing corporate governance laws, national policies, and regulations in producer countries etc. The digital apps which potentially enhance transparency and consumer capacity to compare between companies are also potentially fruitful.

7.10 **Both programmes benefit from the broader community of practice on sustainable trade in Netherlands.** It is notable that in the Netherlands, the RVO programmes are implemented in a vibrant sustainable trade and responsible business context; this means that the programme can draw upon the broader ecosystem of initiatives, including those supported by government, such as the IRBC agreements, and have channels for feeding lessons into the broader community of practice.

## PROSPECTS FOR IMPACT

7.11 **It is very challenging to draw conclusions on the overall impact of the programme, given the level of and delays in implementation. There are some common ‘at risk’ assumptions in the *programme* theory of change. At output level these relate to the business case for implementation of DD, incentives for corporate collaboration / harmonising, capacity challenges, enabling environment.**

Table 8: Theory of Change Assumptions Analysis

Theory of Change		Assumptions	Findings
Outputs	Incentives of companies to do due diligence; action challenges competitiveness and requires subsidies.		RVO can have some influence through its supportive approach enabling companies to act, but there are also limitations, given the relatively small size of the projects and the ‘demand side root cause challenges. Innovations in business model remain easier in the niche ethical segments as opposed to in the mainstream where downward pressures on prices and purchasing practices remain immense.
	Lack of knowledge, expertise, budgets		Knowledge gaps exist especially on effective approaches to addressing RBC/CL risks. Companies value the subsidies; even in large MNCs, such funds are important in leveraging more investment, although likely EU mandatory DD means that many larger companies have already developed relevant HRDD policies.
	Individual corporate leverage in supply chains is limited requiring collaborative approach		This varies with the governance of the value chain, but collaborations enable partners to share skills and build capacity. Many of the projects involve coalitions more than extensive MSIs.



	Collaborative approaches enhance mutual understanding, learning, stimulates innovation	Collaborative approaches generally support action, although to a limited degree, as the business case remains challenging in the mainstream.
	Learning leads companies to improve, be more transparent and break child labour taboos	Individual projects are helping to raise awareness amongst project partners, but the meso-scale projects do not demonstrate significant communication of the realities of rural production and the nuances of child labour to help break the myths involved. The FBK learning investment has supported cumulative learning amongst the community of practice on CL, although more independent evidence needed on what works.
	Working on a plan contributes to more action (FVO)	The subsidy supports large and small companies to gain more knowledge and insights on their supply chains which can inform their plans (in Phase B). There are very variable starting points, however, different levels of incentive to act. Further, more evidence is needed of what works.
<b>Outcomes</b>	By conducting DD a company gains awareness of issues in supply chains, and how they can contribute to solutions, and generates internal support for embedding	Evidence indicates that companies (with RVO subsidy) can gain knowledge on their supply chains, but more evidence is needed on whether this leads to scaling and embedding.
	Demonstration effect leads to scaling within and between firms	FBK activities such as conference on child labour are helping companies to share their approaches, but evidence is not available to demonstrate whether this has led to scaling between firms.
<b>Impacts</b>	Companies become aware of what they can do and more likely to repeat DD  When root causes are addressed, there is less risk of displacement (e.g. children seeking work with other companies)	Limited evidence base on concrete changes in corporate DD beyond improving risk analysis and impact assessment, although a few examples of companies making changes; questions of cost and lines of responsibility remain in addressing human rights issues in supply chain. RVO has tended to focus more on social rather than environmental issues or an integrated approach. Limited evidence on displacement effects.

## 8. Lesson learning and knowledge exchange

**PROGRAMME LEARNING: How effectively are wider lessons being learned and used to inform the development and implementation of future projects?**

### LEARNING AGENDAS

8.1 **The FBK programme has a specific internal learning function and has helped to advance learning amongst participants on child labour by focusing on a narrow theme.** It has held multiple meetings, workshops, and events for programme participants on child labour issues, including a child labour conference. Project partners were highly positive about such activities, which have enabled them to learn about what their competitors are doing and to gain more knowledge of child labour issues and potential responses. Partners noted the expertise of the staff and how their inputs have helped them to gain understanding on child labour. The focus on one theme -child labour was thought to be important to advance understanding about this complex responsible business challenge amongst participating companies.

8.2 **FBK has not synthesized the lessons learnt into public goods, however, there is significant potential learning on opportunities and barriers in addressing child labour. A dedicated, specialist independent learning function might be required to capture these insights and to share to participants via close learning loops to participants and to the broader community of practice working in sustainable trade.** One participating company noted that more work could be done by the Dutch Government to increase consumer understanding of the complexities of child labour: *‘RVO can help de-stigmatise stop child labour activities. Consumers see child labour as a black / white situation, that can be solved by some simple actions. RVO could contribute to consumers understanding that root causes of child labour are often very complex and take a long time to solve. A continuous improvement approach is much more useful.’* (E Survey company respondent).

#### **SIMILARITIES AND DIFFERENCES OF THE FVO AND FBK LEARNING ASPECTS**

8.3 **The FVO programme was established more recently than FBK. It has had a learning function, but has only recently sought to develop a learning agenda with an external consultant. Hence, FVO it has not facilitated learning beyond the bilateral project staff and project partner interactions and has less capacity compared to FBK.** Covering ‘responsible business conduct’ risks in general means that there is a potentially large number of topics/issues which could be addressed by the programme and upon which its staff requires knowledge, insights and understanding. Similarly, companies will likely have learning needs and priorities relating to a wide range of issues, including newly emerging ones. Some project partners reported that there was insufficient capacity amongst the project staff to provide high quality inputs, compared with the FBK programme.

8.4 **FVO is planning to increase its learning function based on participating company learning priorities.** FVO recently commissioned a consultant to develop a learning agenda, based on consultation of project partners and FVO staff. This has prioritised a set of learning issues to be explored with interns and external partners, namely: sustainable purchasing practices, implementing living wage, grievance mechanisms, supply chain risk mapping, biodiversity, blockchain’. These issues are a mix of ‘topics’, such as biodiversity and living wage and, mechanisms, such as blockchain, grievance mechanisms, supply chain risk mapping. Biodiversity is a critically important emergent issue in responsible business,<sup>21</sup> but it is not currently a topic of major focus. The same could also be said for climate change.

#### **HOW EFFECTIVELY PROGRAMMES ARE LEARNING AND USING LESSONS**

8.5 **Many of the projects are still being implemented, particularly within the FVO Programme, hence it is hard to draw strong conclusions on the uptake of lessons.** Many of the project partners state that they intend to share lessons with their competitors, particularly towards the end of the project, e.g. via sector agreements (e.g. DISCO) and some have already gained information on what other companies are doing. However, it is not clear how far this has influenced their project designs or corporate practices, and incentives for companies to share ‘their’ approaches with others are limited

8.6 **Also the flexibility of the donor, which is good for complex contexts of implementation, is combined with weaknesses in the application and monitoring system and under-investment in evaluation-for-learning. Ideally, the partners could continue to have flexibility to make changes to their theory of change as they implement, but would be building evidence on progress, effectiveness and ‘at risk assumptions’ in a more systematic way and reporting this to the client, while having learning loops back into their practice.**

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<sup>21</sup>Business and Nature World Economic Forum (2020) ‘The Future of Nature and Business’. New Nature Economy Report II. In collaboration with AlphaBeta. [WEF The Future Of Nature And Business 2020.pdf \(weforum.org\)](https://www.weforum.org/publications/the-future-of-nature-and-business-2020)

Informal interactions under the FBK programme are noted as being informative by participants. One E Survey recipient requested a 'more structural contact with RVO'.

## IMPROVING LEARNING ASPECTS OF FVO AND FBK

8.7 **Some lessons are being shared, but this could potentially be improved with increased access to evidence and more structured learning processes within and between RBC issues, including child labour and with external stakeholders, and a specific effort to tackle demand side root causes as well as supply side ones.** Learning within programmes and with partners does not appear particularly systematic or structured in either programme, although FBK has had a more dedicated learning function and therefore has been able to stimulate more inter-project / company exchange. Further, investment in evaluation evidence is limited in both programmes: while specific companies may not require rigorous evidence for their own decision-making and the same holds true for other competitors, but from a development perspective, evidence is needed to know if responsible business issues are being effectively tackled or just better hidden from view.

## 9. Review of the options for combining the programmes.

**What are the advantages and disadvantages of combining the funds?**

### DIFFERENCES BETWEEN FVO AND FBK

9.1 **A key distinction is the later establishment of FVO compared to FBK, plus the different demands placed on project officers given the respective scope of the issues covered (narrow for FBK and broad for FVO) and the level of investment in learning.**

9.2 **It is not clear how FBK and FVO initiatives link up to other government initiatives, which overlap with the remit of these programmes, but there is potential for much greater synergy if design/implementation and learning can be managed in a more systemic manner.** Landscape approaches, for example...

### COMBINING PROGRAMMES TO IMPROVE LEARNING

9.3 **From a learning perspective, combining the programmes has both advantages and disadvantages. Whether combined or kept separate, what is key is that to be useful, learning functions require adequate investment in terms of time and resources from project officers and participants, emphasis on gathering evaluation evidence, which is shared back through structured learning loops, engagement with the broader community of practice, critical thinking to avoid 'group think' and visibility to help increase pressure for action.** Amongst the large-scale cocoa companies interviewed, there is a strong desire to sustain dedicated learning on child labour, because of the longstanding scrutiny of the sector, the lack of progress in finding effective solutions despite years of effort, and growing pressures on them to have adequate DD systems in place given growing normative and legislative frameworks and requirements, e.g. United States and potential upcoming Dutch legislation on child labour DD, and possible EU legislation. The interviewees indicated that the learning facilitated by the programme occurs through the interactions with project officers, who themselves can focus on this issue in a narrow way, and have over time built up experience, and the learning effort which involves meetings with external specialists and other companies e.g. child labour conference in 2020.

9.4 **Many RBC risks are also complex in nature and solutions are not straightforward, and thus also require dedicated attention, critical thinking, and generation of evidence.** Although child labour is an extremely complex and sensitive issue to deal with, there are other RBC issues which are also complex and sensitive, and urgent such as forced labour, or biodiversity, and deforestation, etc. Tackling climate change has huge urgency and finding solutions also requires systematic and structured learning.

9.5 **Depth of learning is an issue.** If root causes are elided with supply side issues and demand side root causes such as corporate concentration and irresponsible purchasing practices are ignored or not addressed, it is unclear how the programme can catalyse transformative change. Attention to issues such as purchasing practices, in learning, as planned by the FVO, is welcome, but may not go far enough; Much depends on whether the ambition of the Dutch government is to achieve transformative change with its subsidy programme, or whether incremental improvements are sufficient.

## STRENGTHS AND WEAKNESSES OF FVO/FBK PROGRAMME SET UPS

9.6 **Some companies have multiple projects – and it may be that they are keen to tackle multiple challenges in a holistic manner,** but the artificial separation of child labour from other RBC risks works against this.

9.7 **Unclear level of ambition, vision, limited strategy and hence limited guidance and criteria from FBK/FVO to potential applicants means that riskier projects and more cutting-edge, disruptive, business model only a small proportion of the programmes. Potential to cluster more in certain geographies, sectors and to advance more cutting edge experiments.**

9.8 **Limitations of a subsidy programme that requires linkages to Dutch markets. Broadening the fund to companies in other markets might have greater chance of increasing RVO leverage in specific clusters of supply chains/sectors.**

9.9 **Large numbers of relatively small projects are supported, which may mean that project officers' leverage is not as significant as it could be with fewer projects of larger size.**

9.10 **Currently, the set-up of the programmes begins and ends with Dutch companies – yet this reinforces a top-down form of development.** An alternative is to engage with producer organisations, low and middle income country governments, and civil society as well as companies to define and advance responsible business and trade. Some RBC issues, such as the need to reduce carbon emissions, and calls to transform food systems, require more systemic approaches, and could include 'new economic' thinking which may involve decoupling of certain production locations and consumer locations in favour of more localized, hybrid, resilient and place-based systems. Not all products can easily be substituted – e.g. cocoa is harder to grow than vegetables in the Netherlands, but such intentional design shifts in economies, signal a more far-reaching and holistic response.

9.11 **It is not clear how the FBK and FVO programmes are linked up with other RVO programmes, of which there are many. How far does the Dutch government mainstream such issues in its procurement strategies for example? Is there policy coherence? What potential for increased donor collaboration to enhance the leverage of individual governments?**

## ADVANTAGES AND DISADVANTAGES OF COMBINING FUNDS

9.7 What are the advantages and disadvantages of combining the funds?

Table 9: Comparing advantages and disadvantages

Advantages	Disadvantages
Send a message that all responsible business conduct issues need to be tackled.	Potential loss of visibility of a highly controversial issue – Child Labour.
Enable learning on a broader set of RBC issues. Bring neglected, but important RBC issues to the fore, e.g. land rights and governance.	Potential loss of learning focus and momentum on child labour, which is one of the harder to tackle issues and risk of spreading too thin on multiple other RBC risks. This would especially be

	the case in FBK projects which are highly innovative, e.g. in artisanal mining and quarrying.
<b>Enable companies to address multiple RBC risks in a holistic manner (e.g. through business model innovation; giving companies flexibility to explore salient HR issues in particular supply chains and country contexts without opting for an initial focus until the analysis has been undertaken). Prioritisation and integration on environmental and social risks (EU mandatory DD legislation likely to integrate environmental and social concerns).</b>	
<b>If clear strategy and focus, could increase RVO leverage on a limited number of core issues.</b>	Concerted learning facilitated by the programme and welcomed by programme participating companies and partners.
<b>Encourage more cross-learning between older and newer initiatives and companies at different stages of their 'sustainability journey'.</b>	

## 10. Conclusions

### Reach

10.1 Potential applicants mostly learn about the FBK/FVO programmes through their networks and word of mouth. Assessing programme reach is challenging. Currently, RVO has variable reach, partly reflecting differing levels of scrutiny and pressure on companies to act in different sectors, but evidence suggests the programmes reach more of the companies that already have a responsible business ethos, are relatively progressive compared to their counterparts, or are members of IRBCs, but not exclusively. This pattern of reach is probably inevitable and should not be considered as problematic. Working with companies that already have a level of commitment to child labour reduction or responsible business practices more generally is an appropriate and effective place to start addressing RBC risks in Dutch supply chains. The more challenging question – addressed below and in the recommendations – is whether impact might be greater if the type, mix and scale of activities funded by the programmes was different.

10.2 Few applications are rejected outright; more often FBK/FVO staff work with applicants to improve their designs at stage A and B – and their inputs and expertise were frequently welcomed by project partners. However, RVO leverage has limits given that this is a demand driven subsidy programme and given the size of the companies involved vis-à-vis the grant sizes. There are also inherent challenges for companies in finding a business case for full DD implementation, without changes in the enabling environment for global and domestic businesses. Partnership origins vary. Commonly, projects build on pre-existing relationships and collaborations between companies and NGOs, and FBK/FVO projects build on these. In a few cases, new partnerships have been created in response to the RVO opportunity. Many of the partnerships are more accurately described as coalitions than multi-stakeholder partnerships (i.e. engaging a broad diversity of actors and multiple companies in a sector). A few projects are designed to link explicitly to IRBCs.

10.3 Dutch companies are the focus of the subsidy programme, which may have costs in terms of effectiveness in suppliers/regions where other international and/or local buyers predominate. An assessment of the additionality of the meso-scale projects indicates that a majority have medium additionality. Large-scale companies are attracted to the funding as it enables sustainability officers to negotiate internal investment and actions on DD. Smaller companies are attracted by the access to knowledge, expertise, and local capacity in supplier countries.

## Portfolio

**10.4 Portfolio:** Both programmes have a diverse set of projects (variety of sectors, commodities, countries, types of approaches), start dates). A variety of RBC issues are covered, but there are gaps, and some issues are covered by individual or small numbers of projects (e.g. circular economy, sustainable forest management and gender empowerment), while there are clusters of child labour, but also living income/wages. Most participating companies are large-scale enterprises, with fewer SMEs. Some companies have more than one project. Of the 61 projects, approximately 46 were led by different companies. Approximately a quarter of projects are led by NGOs and other non-corporate organisations, rather than supply chain companies. Unsurprisingly, corporate DD innovation or capacity strengthening is the focus, as well as production and individual supply chain innovations/capacity strengthening. There are some disruptive business model innovations; few multi-stakeholder initiatives in landscapes/jurisdictions (excepting perhaps the mining cases); and no enabling conditions oriented interventions at higher scales.

## Progress

**10.5** In terms of progress, a majority are affected by implementation delays, with COVID 19 being the primary cause. An average score (for the 20 projects that can be scored) for the achievement of results of 2.78 was achieved out of a maximum of 3. On this basis, progress has been good in terms of achieving results, but the monitoring data is very limited. COVID 19 has created delays across every project in both programmes, except for those that were completed before the onset of the pandemic. Projects have been quite agile in responding to the COVID-19 shocks, facilitated by programme flexibility. Generally, projects have not had to significantly alter their designs and strategies in response to COVID 19, but the delays have slowed implementation and some companies have had to change their sourcing locations/strategies. A few other external shocks have affected projects, but projects have made appropriate adaptations. Some projects have encountered implementation challenges which relate to flaws in project designs and partner capacity, and several have over-ambitious objectives and timeframes compared to the project duration.

## Partnerships

**10.6** Company perceptions of the multi-stakeholder approach are favourable, with the partnerships facilitated by FBK and FVO providing advice, skills and the programme providing a 'safe' learning space. Most project partnerships are relatively limited in scope – more accurately being coalitions of supply chain actors and one or two NGO partners – rather than broader groupings of companies at the same levels of the value chain collaborating pre-competitively. A few projects are designed to link to IRBCs, and one is seeking to develop a new digital platform for multiple chocolate makers to use. Few landscape-or area-based collaborative governance initiatives are included. NGOs tend to play more of a service provision role, rather than acting as a strategic partner, with more serious engagement in corporate due diligence. However, NGOs can bring key skills. In some cases, consultancy companies and NGOs lead the projects, with large companies playing more passive roles.

## Monitoring and Evaluation

**10.7** Monitoring reporting has improved over time, but there remain major inconsistencies and gaps. Both FBK and FVO programmes have detailed M&E plans for their programmes. The extent to which projects have complied with the requirements set out by the programme is variable. Monitoring has improved over time. Focus on evaluation is limited and theory of change capacity to underpin design and MEL is often lacking. Feedback from partners was mixed on programme processes. Participating companies highlighted some issues with the project processes such as the burden of paperwork, size of funding, and speed of operation.

## **Outcome 1: effectiveness: Knowledge of RBC and child labour risks.**

**10.8** There is strong evidence that participating companies have improved their knowledge of supply chain RBC/CL risks and impacts, especially on child labour. Many projects are still being implemented, so there is also more scope for learning. Projects are commonly making good use of their new knowledge in designing follow-on activities. However, this does not necessarily equate with change in behaviour of supply chain actors – for many projects more time for implementation and more evidence is needed that behaviour change will follow from improved knowledge, given the assumptions in their theories of change which remain ‘at risk’. In a small number of cases, knowledge has not yet been used in practice. In a few cases, the research and learning being undertaken has the potential to be transformative, if the innovations developed prove to be successful, viable and sustainable.

## **Outcome 2 effectiveness: Enhancing Corporate Due Diligence.**

**10.9** There are inherent challenges in assessing corporate due diligence, due to the complexity of companies and their supply chains combined with the scope of due diligence (including implementation) and barriers to accessing private sector data, given commercial confidentiality considerations. The available programme monitoring evidence has major limitations. However, implementation is still ongoing in many cases. Part of the challenge may be capturing where change is occurring as much as revealing where it is not, i.e. the contribution story is largely invisible, although this does not mean that there is no progress or that projects do not have value.

**10.10** Available evidence suggests that corporate DD changes achieved to date as a direct result of the FBK/FVO projects, tend to focus on improved risk analysis and root causes impact assessment. There is limited evidence to prove that this leads to changes in corporate DD in a meaningful sense. Very few concrete examples of change could be demonstrated by project partners; those identified included development of new supplier policies, partial roll out of monitoring systems, and design of possible new business models (but still being developed/tested). Contribution of the FBK/FVO programmes is not easy to discern – in quite a proportion of cases companies indicated that they would have made improvements anyway, but the speed of change and some design improvements have been made. Several of the meso-scale projects have the potential to deliver ‘significant’ corporate DD change, i.e. they will lead to the embedding of DD and crowding in of some companies, but only one or two have ‘transformative’ potential, i.e. they meaningfully alter business models shifting power relations and outcomes towards greater equity and environmental sustainability, but even these may need to be facilitated by rules of the game changes which are to currently in the purview of the two programmes studied.

**10.11** Starting points for companies and their capacity and capability for action vary *significantly*, with differences between large companies and SMEs, as well as ‘ethical orientation and branding’. Establishing a business case for action amongst mainstream companies remains challenging with downward pressures on prices and purchasing practices. FBK and FVO insight into and leverage over corporate due diligence is limited with respect to large companies. Few concrete and specific cases of positive changes could be identified. However, those that emerged tend to focus on defining policies and identifying risks, but less progress is visible on the action-oriented steps, namely, mitigating risks, monitoring compliancy, communicating outcomes, and remedying violations. There is also insufficient independent evidence to assess corporate DD and performance in target sustainability measures, although new benchmarks are being published. The e-survey data presents a more positive picture in terms of corporate DD changes achieved. There is variation across the six UNGP elements: there is, for example, a higher percentage of significant improvement is reported for the earlier dimensions (a) to (c) than for (d) to (f): given both the sequencing of project activities and the (higher) demands /incentives to do d) to f). The highest reporting of significant improvement, for meaningful stakeholder engagement, is 40.5 %. This is closely followed by risk identification and prioritization and governance of

human rights (both 35.17 %): the lowest for significant improvement is acting on identified risks (21.6 %). The lowest overall reporting of some or significant improvement combined is 78.3 %, and again for enabling and providing remedial action. This is still an encouragingly high number. However, these are self-assessments and can be expected to be positively biased.

10.12 Challenges in improving corporate DD are frequently linked to cost and lack of a business case, although knowledge can be a factor as well and there are important capacity issues. There are some examples of measures from the meso-scale surveys of steps taken to ensure economic viability for participating companies, while addressing CL / RBC risks exist in the portfolio, but in other cases the costs of DD may challenge the business bottom line. Examples of current responses to aspects of corporate DD include avoidance, risk-based approaches, and changing of business models.

### Outcome 3 effectiveness: local child labour and RBC risks tackled

**10.13** Many projects have supported improved local impact assessments, which have informed immediate follow-on actions. Projects are advancing their diagnoses of the root causes of child labour and responsible business issues in specific target sourcing localities. Evidence from the e-survey on tackling risks presents a more positive picture – albeit self-assessed - when new or advanced project responses are excluded. The quality of cooperation between companies and project partners is generally good, with sharing of expertise, financial contributions, etc). However, FBK/FVO project officers report limited influence and leverage over participating companies. Projects are more likely supply chain coalitions than large-scale multi-stakeholder processes resolving land use conflicts. The main challenges commonly encountered in mitigating and remediating child labour / tackling other RBC risks were COVID-19 shocks, costs, effective engagement with and capacity of local government bureaucracy, expanding to upstream and indirect suppliers, market-related uncertainties, partnerships and coordination, and issues with respect to solutions for migrant workers, and technology challenges. The main ‘beneficiaries’ vary with respect to location, sector and project focus. The extent to which ‘beneficiaries’ are reached, and RBC/CL risks tackled is difficult to generalize, based on the level of progress and effectiveness to date. While positive progress can be identified in some areas, there are limits to the extent to which ‘root causes’ can be addressed by projects of this scale and duration, by these types of coalitions, and without addressing the business and socio-economic contexts which drive the RBC/CL risks. Instead of thinking of ‘beneficiaries’, a stronger conceptualisation of the supply chain would focus on the ‘terms of incorporation’ for producers and workers in global supply chains and the impacts on communities and territories.

### Scaling

**10.14** Scaling information is not systematically collected and assessed by the programmes. Scaling intentions and plans by companies in the target areas/with target groups (adoption) and in other value chains and products (adaptation) were broadly positive according to the responses of companies in the e-survey. Evidence from the meso-scale analyses indicates a less positive picture in terms of how much scaling has been achieved to date, but there are also many ongoing projects so more work is needed to demonstrate that they are (cost)-effective. Gaps exist in reporting. Progress on expansion is more limited according to meso-scale studies, and this is unsurprising given the fact that many projects are still ongoing. The e-survey indicates more positively that participating companies believe that other companies are aware of the approaches used in their own projects, with a more even split in relation to whether they believe other companies will act on this information (expansion) and crowd in or copy the approach. Mainly positive responses were given by companies about approaches being shared and being visible to other companies, especially in the FBK programme. But there is uncertainty about how far this will translate into action.

**10.15 Transformative change:** From a transformative change perspective, i.e. one that transforms the rules of the game and catalyses innovation within it such that there is a meaningful shift in regimes, it is important



to note a key limitation – only a few projects analyse or act on *demand*-side root causes. The extent to which the projects are cutting-edge and likely to shift business models (and whether they hold such ambitions themselves) to enable more equitable value chains which can tackle multiple RBC risks in a holistic fashion is limited. Measures aimed at changing the enabling conditions/rules of the game for responsible business and trade, beyond the voluntary covenants, which could help to scale up transformative business models, are not covered by the RVO subsidy programme. Both programmes benefit from the broader community of practice on sustainable trade in Netherlands.

**10.16 Prospects for Impact:** It is very challenging to draw conclusions on the overall impact of the programme, given the level of and delays in implementation. There are some common ‘at risk’ assumptions in the *programme* theory of change. At output level these relate to the business case for implementation of DD, incentives for corporate collaboration / harmonising, capacity challenges, enabling environment. The objective of addressing the ‘root causes’ of CL and other RBC risks is worthwhile but ambitious. Continuing challenges are the costs of scaling up corporate DD in terms of implementation across supply chains, the type and scale of effort required to resolve complex development challenges in supplier countries, and the importance of the prevailing business and socio-economic contexts. Imminent EU mandatory DD legislation will create additional pressure for companies to improve their DD systems, but this will not be a silver bullet because of the ambiguities in DD requirements and language which affect levels of corporate responsibility and accountability. The programmes do not engage with changing the rules of the game – arguably the most fundamental ‘root cause’ - but this may be necessary to enable more disruptive sustainable business models to take flight and challenge the mainstream. Much depends on the ambition of the RVO going forwards. Currently, the programmes are supporting incremental improvements, which may have high value to specific children and communities in global supply chains. Achieving transformations across sectors and geographies is likely to require additional types of interventions, such as enabling environment interventions, beyond subsidy support for companies, with the latter ideally channelled towards more ground-breaking sustainable business models. This may require the development of a clearer strategy to utilize the funds available to optimize impact, and ultimately more funding from the Dutch government, recognizing the scale of the challenges in Dutch global supply chains.

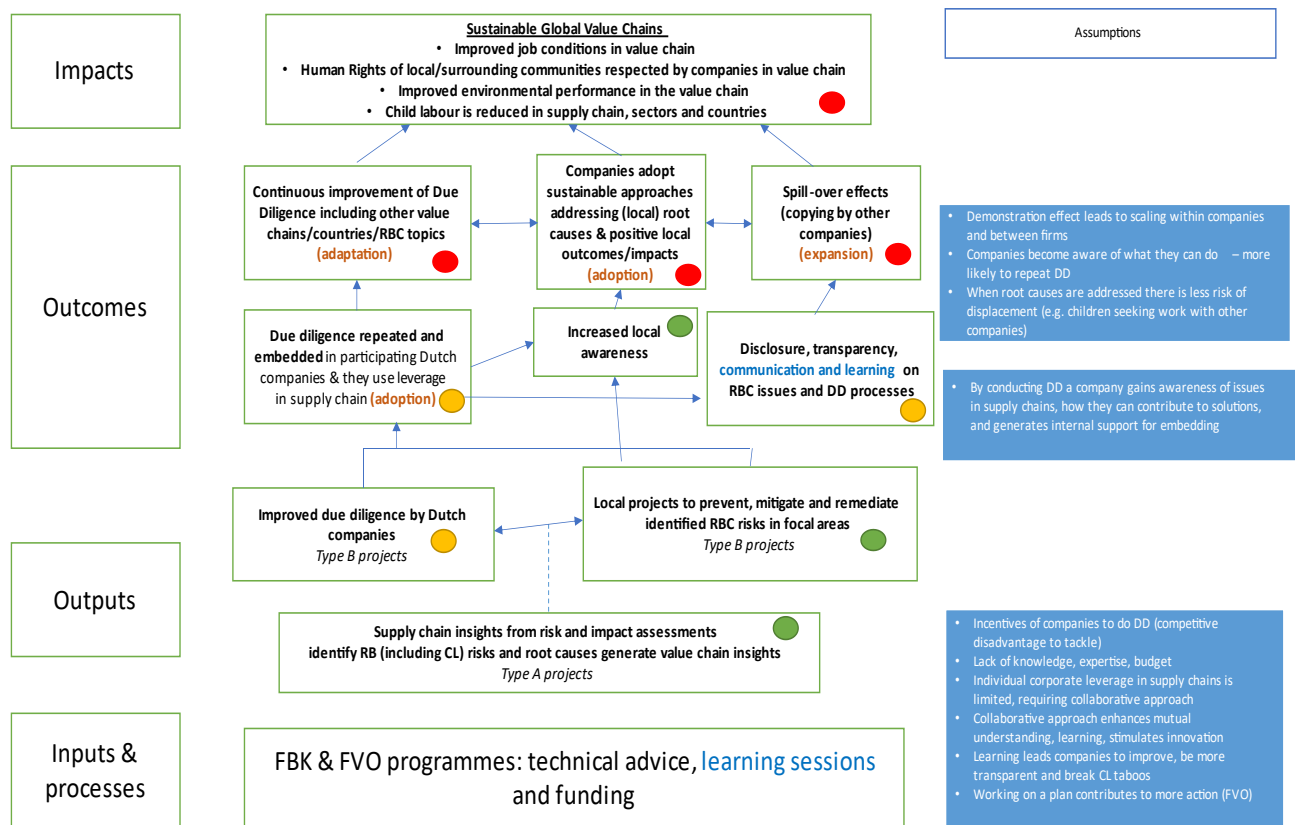
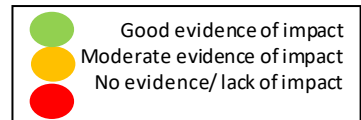


Figure 14: Evidence of Impact



### Learning Agendas and Uptake of Lessons

10.17 The FBK programme has a specific internal learning function and has helped to significantly advance learning amongst participants on child labour by focusing on a narrow theme. FBK has not synthesized the lessons learnt into public goods, however, there is significant potential learning on opportunities and barriers in addressing child labour. A dedicated, specialist independent learning function might be required to capture these insights and to share to participants via close learning loops to participants and to the broader community of practice working in sustainable trade. The FVO programme was established more recently than FBK and did not have a learning function included initially, hence it has not facilitated learning beyond the bilateral project staff and project partner interactions, has less capacity compared to FBK and a plethora of potential social and environmental RBC issues to cover. FVO is planning to increase its learning function based on participating company learning priorities. Many of the projects are still being implemented, particularly within the FVO Programme, hence it is hard to draw strong conclusions on the uptake of lessons, although most project partners indicated intentions to share lessons in the future, especially where they are members of IRBCs. The flexibility of the donor, which is good for complex contexts of implementation, is combined with weaknesses in the application and monitoring system and under-investment in evaluation-for-learning. Ideally, the partners could continue to have flexibility to make changes to their theory of change as they implement, but would be building *evidence* on progress, effectiveness and ‘at risk assumptions’ in a more systematic way and reporting this to the client, while having learning loops back into their practice. Some

lessons on tackling RBC and CL risks are being shared, but this could potentially be improved with increased access to evidence and more structured learning processes within and between RBC issues, including child labour and with external stakeholders, and a specific effort to tackle 'demand side' root causes as well as supply side ones.<sup>22</sup>

### **Reviewing the options for combining the programmes**

10.18 There are both pros and cons to combining the programmes. The latter relate to a potential loss of visibility and momentum on child labour issues and learning. Pros relate to the capacity of partners to address RBC risks in a holistic manner and to be supported by FVO programme staff with specialised capacity on prioritised issues - if strategic decisions could be taken in this regard. As important as the structure is to ensure that the programme(s) have appropriate strategy(ies) and capacities to support learning and action on the key RBC risks, which includes more focus on sustainable business models and changing the rules of the game.

### **Differences between FVO and FBK**

10.19 A key distinction is the later establishment of FVO compared to FBK, plus the different demands placed on project officers given the respective scope of the issues covered (narrow for FBK and broad for FVO) and the level of investment in learning. It is not clear how FBK and FVO initiatives link up to other government initiatives, which overlap with the remit of these programmes, but there is potential for much greater synergy if design/implementation and learning can be managed in a more systemic manner.

### **Combining programmes to improve learning**

10.20 From a learning perspective, combining the programmes has both advantages and disadvantages. Whether combined or kept separate, what is key is that to be useful, learning functions require adequate investment in terms of time and resources from project officers and participants, who have leverage over and ability to support project partners, emphasis on gathering evaluation evidence, which is shared back through structured learning loops, engagement with the broader community of practice, critical thinking, and visibility to help increase pressure for action. Many RBC risks are also complex in nature and solutions are not straightforward, and thus also require dedicated attention, critical thinking, and generation of evidence. Depth of learning is an issue.

### **Strengths and weaknesses of FVO/FBK programme set-ups**

10.21 Some companies have multiple projects – and it may be that they are keen to tackle multiple challenges in a holistic manner, but the artificial separation of child labour from other RBC risks works against this. Unclear level of ambition, vision, limited strategy and hence limited guidance and criteria from FBK/FVO to potential applicants means that riskier projects and more cutting-edge, disruptive, business model only a small proportion of the programmes. Potential to cluster more in certain geographies, sectors and to advance more cutting edge experiments. Limitations of a subsidy programme that is tied to Dutch companies. Untying this aid might have greater chance of increasing RVO leverage in specific clusters of supply chains/sectors. Large numbers of relatively small projects are supported, which may mean that project officers' leverage is not as significant as it could be with fewer projects of larger size. Currently, the set-up of the programmes begins and ends with Dutch companies. While this makes sense for a focus on DD, it reinforces a top-down form of development in supplier countries that is less appropriate for tackling CL/RBC risks on the ground. Larger and longer programmes, involving a wider range of local stakeholders (including other international

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<sup>22</sup> What constitutes a 'root cause'? Local root causes are becoming more of a focus for the projects, although sometimes the analysis of poverty, for example, falls short of causal explanations. Further, demand side root causes (e.g. corporate concentration, shareholder profit maximisation and fiduciary duty of agro-companies, over-consumption of resources, investor non-disclosure and fiduciary duty, lack of demand for sustainable products, policy gaps and issues) are not considered at all.

and national buyers), and a willingness to analyse and address underlying business, governance and socio-economic issues are required for significant progress with this objective.

10.22 Overall, the FVO and FBK funds are providing worthwhile support to improve how child labour and other RBC risks are identified and impact assessments conducted by Dutch companies and in making progress to develop HRDD systems. General progress of the projects against results has been good. Knowledge of RBC and child labour risks and (production-side) root causes among project partners has been significantly improved. Some improvement in the earlier and easier stages of due diligence appears to have been achieved, and some innovative approaches have been facilitated. However, there are limits to the extent to which local child labour and RBC risks can be addressed by projects of this type, scale and duration, and by these types of coalitions. Significant impact at scale requires changes to the 'rules of the game' in both consumer and supplier companies. A more deliberate strategic focus should also be considered.

**10.23** The reviewers recognise that these funds are only part of the Dutch Government's broader work on RBC and sustainable trade. Widening the scope of the fund(s) to address more fundamental constraints to RBC, or shifting from a demand-led approach in order to increase the strategic focus, may therefore not be judged appropriate. However, the recommendations that follow are judged to be necessary if the impacts generated by the funds are to move beyond positive and incremental in scale to a more transformative approach.

## 11. Recommendations

### REMAINDER OF FBK AND FVO PROGRAMMES

**11.1 Programme Vision, Strategy & Processes:** Both programmes should invest in a **rapid strategic planning process**, which sets out levels of ambition and goals, a more detailed theory of change, and immediate and longer term **strategic actions** to enhance FBK/FVO leverage and effectiveness.

#### 1. The strategic planning process should consider:

- i. prioritization of a priority set of RBC issues to tackle, for which project applications would be favoured. The scale of the funding needs to be increased given the size and urgency of RBC issues. More prioritization is needed of the key RBC issues to tackle and opportunities created for companies to adopt integrated approaches – i.e. balancing and tackling social and environmental issues at the same time.
- ii. funding for cutting-edge sustainable business models, especially those that can disrupt markets and move beyond individual company solutions towards collaborative governance interventions, and clearer additionality.
- iii. providing fewer, but larger-scale grants to increase leverage and attract key players (not necessarily larger-companies, but also provide ringfencing for SMEs). More clustering of interventions in specific target geographies and sectors is recommended in order to create a critical mass for learning and action and to encourage integrated (social and environmental) approaches where possible.
- iv. how measures to address enabling conditions and demand side root causes can be included – this may mean expanding the scope of the programme.
- v. how the fund(s) should adapt, and prepare for, the shift from voluntary CL/RBC initiatives to mandatory due diligence
- vi. the balance between projects which support the implementation of improved due diligence and those that begin the process of tackling root causes in specific areas or supply chains.

- vii. earmarking a proportion of the fund(s) for independent evaluation, learning synthesis, and communication.

**2. The immediate steps should include:**

- viii. Streamline application and reporting processes, ensuring that there is clear theory of change thinking with attention to ‘at risk’ assumptions amongst applicants, which feeds through into monitoring, evaluation, and learning. Develop a clear additionality framework to aid decision-making on providing funding.
- ix. Improve programme M&E: ensure that project contribution stories are clearly articulated and evidenced to feed into assessment at programme level<sup>23</sup>. Develop a scorecard for clearer assessment of performance on key outcomes, especially on corporate due diligence. Ensure that the latter identifies a set of key indicators of quality DD focused on the implementation of DD, not only risk identification and policies, but stakeholder engagement, attention by the board, and prevention, remediation, and grievance mechanisms. Improving M&E while reducing the reporting burden on all participating companies may require a more selective approach: less information on all projects, but better evaluation for some.
- x. Make full use of and fund independent benchmarks on corporate performance on key RBC issues, such as World Benchmarking Alliance or Global Child Forum.
- xi. Enhanced capacity on generating monitoring and evaluation evidence (see below) with online systems for documentation and dashboard to track progress using evaluative scales (drawing on qualitative and quantitative data).
- xii. Enhanced learning functions in an integrated programme, enabling synthesis of emerging lessons on the priority pillars/issues, but also providing a critical friend function to challenge companies and explore rules of the game changes needed (which can feed back in and receive support). Create structured learning loops to maximise learning on a regular basis amongst projects and share synthesized lessons with broader community of practice, especially the covenants.

## FUTURE PROGRAMMING

**3. Programme Structure:**

- xiii. Combine the FBK and FVO programme is recommended, while ensuring that the investment in learning and action and visibility on child labour continues.

**4. Strengthen internal capacity:** Ensure that key capacities within RVO are strengthened in the following areas:

- xiv. Build internal capacity on RBC issues, sustainable business models, changing rules of the game interventions, and on specific aspects such as monitoring, evaluative-learning, gender and diversity.
- xv. Due diligence processes, guidance and supporting measures.
- xvi. Demand side root causes and enabling conditions.
- xvii. Designing and implementing sustainable business models which can disrupt the mainstream.
- xviii. Assign specific responsibilities to deepen knowledge on and action in specific sectors/countries which may be prioritised, issue-based expertise (based on prioritisation

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<sup>23</sup> Ideally, theories of change should identify the key actors in supply chains and the enabling conditions measures which will be targeted, the types of interventions, and the related assumptions for achieving effective DD, [distinguishing the 6 stages of DD and pathways to scale and / or sector transformation].

exercise), but also programme level understanding of political economy and the kinds of levers required for shifting the Dutch and global economy towards a 'new or regenerative economy'. Improved gender capacity is also desirable.

- xix. M&E, especially theory of change approaches, and developing an M&E system that includes 'robust evaluation' of clusters of activities to support learning.
- xx. Integrate more systemic action to achieve the changes in the rules of the game and tackle consumption.

## Annex 1: Project Sampling and Selection

Sampling frame for random selection of FBK and FVO projects for meso-scale analysis stratified by project status (DD, MSI, A, B or AB)

FBK	Number of projects	Start date	Sector	Country
2017 projects - DD (DD only, finished)	5	Jul 2017 -Jan 2019	Agriculture	Poland and Hungary
		Sept2017 March 2019	Herbs & spices	Turkey, India, Guatemala
		Sept 2017 – March 2019	Metals (project 1)	Ghana, Peru.
		Oct 2017 - Sept 2018	Garments	Netherlands
		Nov 2017 – Jan 2019	Sportswear	Pakistan
2017 projects: DD which lead to MSIs.	9	<b>Not complete</b>		
		Jul 2017 – Jan 2021	Gold mining (2)	Uganda.
		Nov 2017 March 2020	Cocoa	Cote d'Ivoire and Ghana
		Jan 2018 – Dec 2020	Textiles	India
		<b>Completed</b>		
		Jul 2017 -Oct 2019	Agriculture/ rice (3)	Pakistan
		Jul 2017 – Sept 2019	Mica mining	India
		Sept 2017 – Jan 2020	Tourism	Mexico and Thailand
		Sept 2017 – Oct 2020	Vegetable seed (4)	India
		Oct 2017 – March 2020	Garments	India
Oct 2017 – March 2020	Granite mining	India		
B projects with preceding A projects (2018-2019)	1	<b>Currently A</b>		
		Sept 2019 – Aug 2022	Tourism	Indonesia
	7	<b>Currently B</b>		
		Feb 2018 – Oct 2023	Cocoa	Sierra Leone
		Dec 2018 – Dec 2022	Cobalt	DRC
		Dec 2018 – Dec 2022	Mica mining (5)	Madagascar
		Dec 2018 – Dec 2023	Spices	Vietnam
		Oct 2019 Sept 2023	Digital innovation (6)	Nicaragua
Dec 2019 – Nov 2023	Coffee	Uganda		
B projects without preceding A projects (2018-19)	2	Apr 2019 – March 2023	Cocoa (7)	Ghana
		Sept 2019 – Aug 2021	Garments (8)	India*
		Dec 2019 – Dec 2021	Cocoa (9)	Ghana
Recent projects (started 2020-21)  A+B projects	5	<b>Currently A</b>		
		Jan 2020 – Dec 2023	Cocoa	Ivory coast
		Jan 2020 – Dec 2023	Cocoa (10)	Cameroon
		Aug 2020 – July 2024	Textile recycling	India
		Nov 2020 – March 2023	Tourism	Thailand
	Dec 2020 – Nov 2024	Coffee (11)	Vietnam	
	1	<b>Currently B</b>		
Jan 2020 – March 2023	Health sector supply chains	Egypt		
	3	Mar 2020 Feb 2024	Garments	Pakistan

Recent projects (started 2020-21) B projects		Jan2020 – Sept 2024	Granite mining (12)	India
		May2020 – Dec 2023	Nuts	Hazelnut. Turkey
2021 startups (A+B projects)	7	Jan 2021 - Dec 2024	Coffee	Democratic Republic of Congo.
		Jan 2021 – Jan 2025	Waste paper recycling	India
		Jan 2021 – Jan 2024	Medical waste recycling (13)	Egypt*
		Jan 2021 – Dec 2024	Ginger & coconut	Nigeria, Philippines
		Jan 2021 – Dec 2024	Cocoa	Cote d'Ivoire
		Jan 2021 - Dec 2024	Coconut oil	Philippines
		Jan 2021 – Dec 2024	Cocoa, coffee, cashew	Cote d'Ivoire, Togo

FVO	Number	Start date	Sector	Country
B projects with preceding A project (2019-20)	3	Oct 2019 – Dec 2022	Rice (14)	Cambodia
		Dec 2019 – Dec 2022	Coffee	Burundi
		Jan 2020 – Dec 2021	Palm oil	Indonesia
B projects without preceding A project (2019-20)	7	Oct 2019 – Sept 2022	Timber (15)	Gabon
		Jan 2020 – Dec 2022	Banana	Dominican Rep, Peru
		Jan 2020 – Dec 2021	Spices	Indonesia
		May 2020 - Dec 2021	Leather (16)	China, India
		July 2020 – April 2023	Cobalt	DRC
		Sept 2020 – Sept 2023	Garments (17)	India*
		Oct 2020 – Jan 2023	Timber	Bolivia
AB projects (2019-21) still at stage A	11	Oct 2019 – Dec 2022	Cocoa	Ghana
		Jan 2020 – Dec 2023	Cocoa	Sierra Leone
		Jan 2020 – Dec 2023	Cocoa (18)	Cote d'Ivoire
		Jan 2020 – Dec 2023	Palm oil	Colombia
		Sept 2020 – Aug 2024	Natural stone	India
		Sept 2020 – Feb 2023	Coffee (19)	Vietnam
		Jan 2021 – Dec 2023	Garments	Myanmar.
		Jan 2021 – Dec 2022	Soy	Argentina
		Jan 2021 – June 2023	Textiles	Multiple countries S.E Asia.
		Jan 2021 – Jan 2025	Coal mining	Colombia
		Jan 2021 – Jan 2025	Gold mining (20)	Tanzania

The 20 meso projects were selected from within the sub-groups in the two tables above. They are highlighted in green.  
The 5 case study projects are shaded in darker green  
Substitutions are marked \*



## Annex 2: Evaluation Matrix

#	QUESTION	INDICATORS	METHODS	INFORMATION SOURCES
<b>1. IMPLEMENTATION: What is the current progress of FBK and FVO in terms of activities and outputs, and what issues have been raised by experience so far?</b>				
1.1	FVO/FBK progress against planned results	Extent of progress against plans	Analysis of programme and project progress/final reports (all) Interviews – programme advisers	FVO/FBK data systems Progress/final reports Interviews
1.2	Review of FVO/FBK input to output assumptions	Extent to which assumptions in FVO/FBK M&E Plan hold	Interviews – programme advisers Interviews – project partners	FVO/FBK M&E Plan Interviews
1.3	Review of FVO/FBK output to outcome assumptions	Extent to which assumptions in FVO/FBK M&E Plan hold	Interviews – programme advisers Interviews – project partners	FVO/FBK M&E Plan Interviews
1.4	How do companies perceive the multi-stakeholder approach that is required in the projects? Is the requirement to cooperate with local companies and with CSOs seen to be beneficial?	Feedback from participating companies on the partnership approach required	E-survey of all participating companies Interviews with meso-sample of participating companies	E-Survey Interviews with companies
1.5	Other implementation issues	To be identified during the review	Analysis of project/programme reports Interviews – programme advisers Interviews – project partners	Progress/final reports Interviews
1.6	Monitoring and evaluation	Compliance with FVO/FBK M&E Plan	Analysis of project/programme reports Interviews – programme advisers Interviews – project partners	Progress/final reports Interviews
<b>2. REACH: To what extent do FVO and FBK reach companies that would otherwise not be as engaged with RBC/DD?</b>				
	How many IRBC21 and non-IRBC companies have applied to be involved with FVO and FBK?	<ul style="list-style-type: none"> <li># of companies applied by type &amp; year &amp; IRBC agreement</li> </ul>	Review of FVO/FBK data Interviews – programme advisers	FVO/FBK data systems Programme advisers
	How many IRBC and non-IRBC companies and other actors have been involved with (reached by) FVO and FBK?	<ul style="list-style-type: none"> <li># of companies involved by type &amp; year &amp; IRBC agreement</li> <li># of other actors involved by type &amp; year</li> </ul>	E-survey of all partners Review of public corporate DD documents over time for meso-sample of participating and paired sample of non-participating companies. Remote structured interviews with programme advisers, meso-sample of participating and paired non-participating companies (if possible), other project partners, RBC NGOs, and external key informants.	E-survey of all partners Meso-sample of participating companies - websites, interviews, and documents Paired non-participating companies - websites, interviews, and documents.
	What approaches have been used by the funds to reach (more) IRBC members?	List and description of approaches		External key informants
	Who took the initiative to start a project and apply for the FVO/FBK?	Originator of project by type		RBC NGOs
	To what extent has FVO and FBK achieved participation by companies that would not otherwise be as engaged in improving DD and reducing child labour (FBK) or other RBC risks (FVO)?	Participating company DD quality and history pre-project compared with paired non-participating companies. Rationale for FVO/FBK participation (participating companies) and non-participation (non-participating companies).	Comparison of DD rating for meso-sample of participating and paired non-participating companies.	

#	QUESTION	INDICATORS	METHODS	INFORMATION SOURCES
<b>3. OUTCOME EFFECTIVENESS: Are the FBK and FVO programmes on track to reach their outcomes?</b>				
<b>OUTCOME 1 – KNOWLEDGE OF RBC/CL RISKS</b>				
	FBK: To what extent did participating companies improve their knowledge on child labour and how did the FBK activities contribute to this?	FBK indicator 5.2. Description of organisations' knowledge of child labour compared to the start of the project ... and non-participating companies (if possible)	E-survey of all project partners. Analysis of risk/impact assessments Analysis of DD self-assessments for all participating companies	FVO/FBK data systems DD self-assessment reports Risk/impact assessment reports E-survey of all project partners
	FVO: To what extent did participating companies improve their knowledge on RBC risks, and how did FVO activities contribute to this?	Description of organisations' knowledge of RBC risks compared to the start of the project ... and non-participating companies (if possible)	Structured review of public and internal (if available) corporate documents over time for meso-sample of participating companies. Remote structured interviews with programme advisers, meso-sample of participating companies, paired non-participating companies (if possible), other project partners, RBC NGOs, and external key informants. Remote structured interview with knowledge agenda consultant. Contribution analysis.	Programme advisers Knowledge agenda consultant Meso-sample of participating companies - websites, interviews, and documents. Paired non-participating companies - websites, interviews, and documents. Other project partners (meso-sample) - websites, interviews, and documents External key informants. RBCNGOs
<b>OUTCOME 2 – DUE DILIGENCE</b>				
	FBK: How did companies use their acquired knowledge to integrate the prevention and elimination of child labour into their due diligence process and embed necessary measures in their own company?	FBK indicator 4.1. # of Dutch companies with improved due diligence on child labour and involved in local projects to address child labour	E-survey of all project partners. Review of public and internal (if available) corporate documents over time for sample of participating companies. Remote structured interviews with programme advisers, meso-sample of participating companies, paired non-participating companies (if possible), other partners, RBC NGOs, and external key informants.	FVO/FBK data systems DD self-assessment reports Programme advisers Meso-sample of participating companies - websites, interviews, and documents.
	FVO: How did companies use their acquired knowledge to avoid or eliminate RBC risks and which company measures did they take to improve their due diligence process?	FVO indicator 1.2 # of companies and other actors in the value chain that has changed its behaviour, in order to, address RBC risks following from the impact analysis.	Structured review of websites and documents. Contribution analysis.	Paired non-participating companies - websites, interviews, and documents. Other project partners - websites, interviews, and documents. External key informants RBCNGOs
	FBK/FVO: To what extent do companies show <b>improvement</b> in their due diligence process during the project period, and how did FVO/FBK activities contribute to this?	FBK indicator 4.1 (as above) FVO indicator 1.3 # of companies and other actors in the value chain that have become more transparent on their value chain and RBC risks.	Comparison of DD rating over time for meso-sample of participating and paired non-participating companies.	
	FBK/FVO: is there evidence that participating companies have <b>embedded</b> DD to a greater extent, and how did FVO/FBK activities contribute to this?	Extent of DD embedding [indicator to be defined]		

	<b>FBK/FVO:</b> is there evidence that participating companies have improved DD in <b>other value chains, countries, or RBC/CL topics</b> , and how did FVO/FBK activities contribute to this?	Extent of improved DD in other value chains, countries, or other RBC/CL topics.		
	<b>FBK/FVO:</b> Which internal obstacles did companies encounter to perform due diligence and embed necessary measures? Which external factors and bottlenecks did companies encounter?	FBK indicator 5.1 External factors and bottlenecks encountered in combatting child labour		
	<b>FBK:</b> What measures did companies take to ensure the economic sustainability of their business activities while minimising the risk of child labour?	FBK indicator 3.3. Description of how company ensures economic sustainability of business activities etc.		
	<b>FVO:</b> What measures did companies take to ensure the economic sustainability of their business activities while addressing RBC risks in their production chains?	FVO indicator 2.1 # of strengthened organisations for a sustainable local business climate 2.2 # of members of supported organisations. 2.3 # of people trained in technology or skills.		
	<b>FBK:</b> Are there any follow up plans to address child labour and its root causes after completion of the project?	FBK indicator 3.4 Description of follow up plans ...		
	<b>FVO:</b> Are there any follow up plans to address RBC risks after the completion of the project?	Description of follow up plans ...		
<b>OUTCOME 3 – LOCAL CL/RBC RISKS TACKLED</b>				
	How have the local impact assessments (Project A) been conducted and how have they been used to develop the local projects (Project B)?		E-survey of all project partners Structured review of project documents for meso-sample.	FBK/FVO data systems Project documents Participating companies and other project partners
	To what extent do the selected multi-stakeholder initiatives address the root causes of child labour/ other RBC risks as identified in the local impact assessments?		Remote structured interviews with programme advisers, meso-sample of participating companies and partners, RBC NGOs, and external key informants.	External key informants RBCNGOs
	What bottlenecks do companies and project partners encounter in mitigating and remediating child labour / to reduce other RBC risks and how are these dealt with?	FBK indicator 5.1 External factors and bottlenecks encountered in combatting child labour	Remote structured interviews with full range of project stakeholders for selected sample of 3 FBK projects and 2 FVO case study projects.	Wider stakeholders for case study projects
	Who are the main beneficiaries of the multi-stakeholder initiatives? How do they benefit from the projects?	FBK indicator 2.1 # of land- and factory workers with improved labour conditions FBK indicator 2.2 # of people assisted to develop economic income generating activities.		

	How is the quality of cooperation between companies and project partners? How is the division of roles between project partners (e.g. in terms of expertise, involvement, leverage, financial contribution, etc.)? What are challenges and opportunities they encounter in collaborating?	FBK indicator 3.2 Quality of cooperation between project partners		
	What measures have been taken to ensure the sustainability of the project on the long term (> 4 years)?	FBK indicator 3.3 Description of how company ensures economic sustainability. FBK indicator 3.4 Description of follow up plans to address child labour		
<b>OUTCOME 4 – SYSTEMIC CHANGE for SCALING, RESILIENCE, SUSTAINABILITY</b>				
	What actions have been taken to share knowledge on child labour and/or other RBC risks with other stakeholders (other than project partners)	FBK indicator 5.3 Description of how other stakeholders (other than project partners) have learned from the project	Remote structured interviews with programme advisers, meso-sample of participating companies, paired non-participating companies (as possible), other project partners, RBC NGOs, and external key informants.  Structured review of websites and documents NRI/AAER framework analysis of meso-sample of projects	Programme advisers Meso-sample of participating companies - websites, interviews, and documents. Paired non-participating companies - websites, interviews, and documents. Other project partners - websites, interviews, and documents. External key informants RBCNGOs
	Is there evidence that knowledge from RVO/FBK is reaching non-participating companies and other stakeholders	Knowledge from RVO/FBK among non-participating companies and other stakeholders		
	Is there evidence that RBC/DD in non-participating companies and other stakeholders has been influenced by RVO/FBK	Evidence of influence on RBC/DD in non-participating companies and other stakeholders		
	To what extent are RVO/FBK projects aiming for and addressing transformative change?	Assessment against NRI/AAER framework		
<b>4. PROGRAMME IMPACT: What are the prospects for impact?</b>				
	Review of FBK outcome to impact assumptions	Extent to which assumptions in FBK M&E Plan remain valid	Interviews – programme advisers Interviews – meso-sample project partners	FBK M&E Plan Programme advisers Participating companies and other project partners
	Review of FVO outcome to impact assumptions	Extent to which assumptions in FVO M&E Plan remain valid	Interviews – programme advisers Interviews – meso-sample project partners	FVO M&E Plan Programme advisers Participating companies and other project partners
<b>5. PROGRAMME LEARNING: How effectively are wider lessons being learned and used to inform the development and implementation of future projects?</b>				
	How are the learning agendas of FVO and FBK set up?		Remote structured interviews with programme advisers  Remote structured interview with knowledge agenda consultant.	FVO/FBK data systems Programme advisers  Knowledge agenda consultant
	What are the similarities and differences of the FVO and FBK learning aspects?			
	How effectively are FVO and FBK learning and using lessons?			

How can the learning aspects of FVO and FBK be improved?			
<b>6. REVIEW OF OPTIONS TO COMBINE FVO AND FBK INTO ONE PROGRAMME</b>			
	What are the main differences between FVO and FBK?		Analysis of remote structured interviews with programme advisers, participating companies and other project partners, external key informants, and RBC NGOs
	Would combining the programmes improve learning?		Programme advisers Participating companies and other project partners
	What are the strengths and weaknesses of FVO and FBK programmes' set up?		External key informants RBCNGOs
	What are the advantages and disadvantages of combining the funds?		

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