

Solidaridad

ANNUAL REPORT 2012-2013



TRUSTEA PROGRAMME

Targeted Areas of Project Implementation in India 2012-13



FOREWORD

I am pleased to introduce the first full-fledged annual report of Solidaridad Regional Expertise Centre (Solidaridad) since its registration under the Indian Registration Act, 1908 on 18th December 2008. Solidaridad was set up in India as a dedicated not-for-profit organization to address structural poverty that still exists in rural areas of the country.



The rural population in India is largely involved in small-scale agriculture, with many earning their livelihood as landless agricultural labourers. This segment of society can contribute to India's progress if they are given adequate training and support to improve their production practices and to participate in the markets. India's rapidly increasing population and an equally rapid reduction of its poverty has put pressure on land and water sources. This has led to a growing demand for basic human requirements of food, feed, fibre and bio-fuels provided by agriculture and related activities. This increase in demand can be sustained only if the agricultural sector makes a transition towards smart and sustainable land and water use. Increase in production, or rather more efficient production, must be coupled with less pollution, greater precision in the use of fertilisers and pesticides and a reduction in the use of water and energy.

Solidaridad contributes to achieving this goal by working with small farmers, government and businesses as a catalyst for improved food production, a safer workplace, access to clean water, and a better income. Programmes are designed on criteria of sustainability so that finance, knowledge and skills remain available after the programme ends and continuity is ensured. This way, our interventions will become ever more effective and will increasingly contribute to greater welfare for more and more people.

This year, Solidaridad was asked to play a leading role in transforming the Indian tea industry through an India specific sustainability code developed with the industry, and for the industry. The programme is funded by Tata Global Beverages Limited and Hindustan Unilever Limited. Effective code implementation will provide tea to a rapidly growing community of discerning Indian tea consumers in a

sustainable manner. Besides, the programme will offer tea farmers located in remote parts of India with training in good farming practices free of charge, under the guidance of three Farmer Support Centres set up by Solidaridad. It is expected that this programme will help 500,000 tea plantation workers and 40,000 smallholders improve competitiveness by increasing their scale of production and thereby providing them with better living and working conditions, food safety norms, new farming techniques and supply chain development. It will also ensure that Indian stakeholders develop and define their own framework on sustainability rather than being compelled to follow a framework developed in an entirely different and unfamiliar environment.

Solidaridad is also exploring opportunities for developing a large programme on water efficiency in agriculture following the principle of "more crop per drop". This programme would be developed together with Hindustan Unilever Foundation and be operational in more than 2000 villages across 11 states of India.

I also welcome the fact that Solidaridad continues to work under the ISO 9001-2008 system of efficiency in terms of the quality of its work. It has set up a robust accounting system along with a Human Resource policy aligned with the requirements of Indian authorities and under the supervision of its Governing Board. With the basic framework in place, Solidaridad is well positioned to emerge as an effective organization benefitting the marginalized and poor in India.

Shatadru Chattopadhyay
Managing Director

MISSION

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

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

VISION

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



PROGRAMMES

TRUSTEA PROGRAMME

Introduction



The trustea programme seeks to facilitate a locally developed and favoured Indian tea code which is meaningful, cost effective and practical to implement without compromising

on globally accepted core sustainability standards. It seeks to sustainably transform around 500 million kg of tea, targeting 600+ factories, 500,000 tea plantation workers and 40,000 smallholders. Hindustan Unilever Limited and Tata Global Beverages Limited fund the programme while Solidaridad Regional Expertise Centre is the implementing agency.

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

Indian Tea Code: Effective Collaboration and Institutionalization at the Sector Level

Right from the inception of the programme it has been envisioned that the Indian tea code is of the industry, by the industry and for the industry. All the major stakeholders have their own unique expertise and will add value in addressing social, economic and environmental improvements promoted by the Indian

tea code. These stakeholders are brought together by the programme under the umbrella of the Programme Advisory Committee (PAC). The PAC is an informal assembly of key Indian tea industry stakeholders committed to working together to enhance the accountability and credibility of the tea programme in general and the Indian tea code specifically. The PAC offers its participants the opportunity to better understand and articulate the sustainability issues within the Indian tea industry collectively. It will provide guidance to code development and implementation from the point of view of the stakeholder group they represent, assess the annual results, provide support in finding solutions to the bottlenecks, disseminate good practices through their respective networks/ organisations and assist in creating an enabling environment for scaling up sustainability initiatives.

The PAC includes:

1. Tea Board of India (Chair)
2. Indian Tea Association
3. United Planters Association for Southern India
4. Tea Broker Representative
5. Federation of All India Tea Traders Association
6. National Federation of Small Tea Growers Association
7. IDH – The Sustainable Trade Initiative
8. Solidaridad Regional Expertise Centre (Lead Implementing Partner & Secretary to the PAC)
9. Hindustan Unilever Limited (Funding Partner)
10. Tata Global Beverages Limited
11. Ethical Tea Partnership (Second Implementing Partner)
12. Rainforest Alliance (Technical Partner)

... The Programme Advisory Committee is an informal assembly of key Indian tea industry stakeholders committed to working together to enhance the accountability and credibility of the tea programme in general and the Indian tea code specifically...



PROGRAMMES



Farmers meeting with TBol2

Trustea Code Developed

The key purpose of the trustea programme is to develop a meaningful, cost effective and practical pathway to implement a sustainability code without compromising on globally accepted core sustainability standards. A code development committee led by Solidaridad and Hindustan Unilever Limited was formed to develop the first draft of the code. Five drafts of the code were developed and the PAC led by Tea Board of India provided crucial feedback to the code. The code is designed towards a progressive achievement of complete compliance within four years.

The 'Mandatory' and 'Other Criteria' have been divided into four segments covering 11 chapters. In each segment, the verified unit will need to meet 100% of Mandatory control points, with 50% Other Criteria in year 1, 60% in year 2, 70% in year 3, and 80% in year 4.

If a control point is not applicable, it will have to be adjusted accordingly for percentage of control points required for verification. But a not applicable control point will not get an additional percentage point. The total (Mandatory + Other Criteria) compliance percentage points are: 81% in year 1, 84% in year 2, 87% in year 3, and 90% in year 4. Further, there will be 0.5 marks for minor noncompliance if the auditors could give an assurance that the unit is progressing towards achieving full compliance. The exact scoring system is presently being worked out, and the work on developing an implementation guide and audit protocol is also in progress.

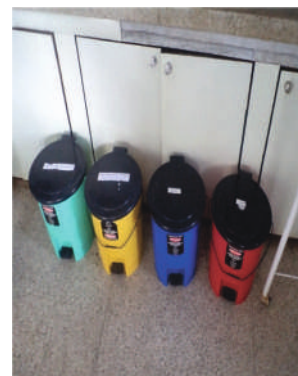
PROGRAMMES

Unique Aspects of the Trustea Code

1. Food Safety: Extensive focus on food safety components integrated into the code
2. Good Manufacturing Practices: Covering manufacturing processes in the tea factories
3. Labour Practices: Mandatory coverage for smallholders and small estates will have a huge impact on the social scenario
4. Number of Mandatories: The first year target of 80% compliance with the control points of the code will witness meaningful change in professional farm management, better productivity, efficient use of fertilizers and pesticides, improved environment, reduced numbers of accidents and improved labour conditions. This is way beyond any baseline code
5. Lower Certification Cost: Innovative verification system of external audits in alternate years and reduced cost due to use of locally trained auditors



Bio medical Waste storage



Hazardous waste storage



Wash station at main entrance

6. Brings in Smallholders and Small Estates into the Sustainability Fold (high hanging fruits): These groups were so far not part of the sustainable supply chains

7. Code to be Developed, Owned and Managed by Indian Tea Industry Stakeholders: Provides opportunity for the code to engage with more complicated issues like 'living wage' which is always a contentious issue to discuss, being an outsider

Chemical store with spill trays

Solidaridad Started Trustea Pilots in Assam, North Bengal and Southern India

It was felt by all the tea industry stakeholders that before rolling out the draft code on a large scale, it was crucial to analyse the ability of the code to deliver meaningful change on the ground. Also, it's important to analyse the technical and financial aspects of adhering to the code, and the ability of the code to sustain and scale up. The logic of starting with pilots is that it will help us gain insights into critical success factors for mainstreaming and up scaling to other factories manufacturing tea, in different circumstances. It will also serve as a baseline in a controlled environment to analyse different aspects of the code. Hence, a proposal to conduct six pilots across different categories of tea producers from different regions of India was prepared. Solidaridad initiated pilot testing of the trustea code with 1 smallholder group and 2 estates in Assam, 1 smallholder group in North Bengal and 1 estate as well as 1 smallholder group in Southern India.

ORGANIZATIONAL STRUCTURE AND GOVERNANCE

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

SREC satisfies the conditions of u/s 80G of the Income Tax Act of 1961 and is also registered under Section 12 A of the Income Tax Act of 1961 from this financial year of 2012-13 onwards.

SREC is ISO 9001-2008 certified

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

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



HUMAN RESOURCE STAFFING AND MANAGEMENT

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

The emphasis is on:

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

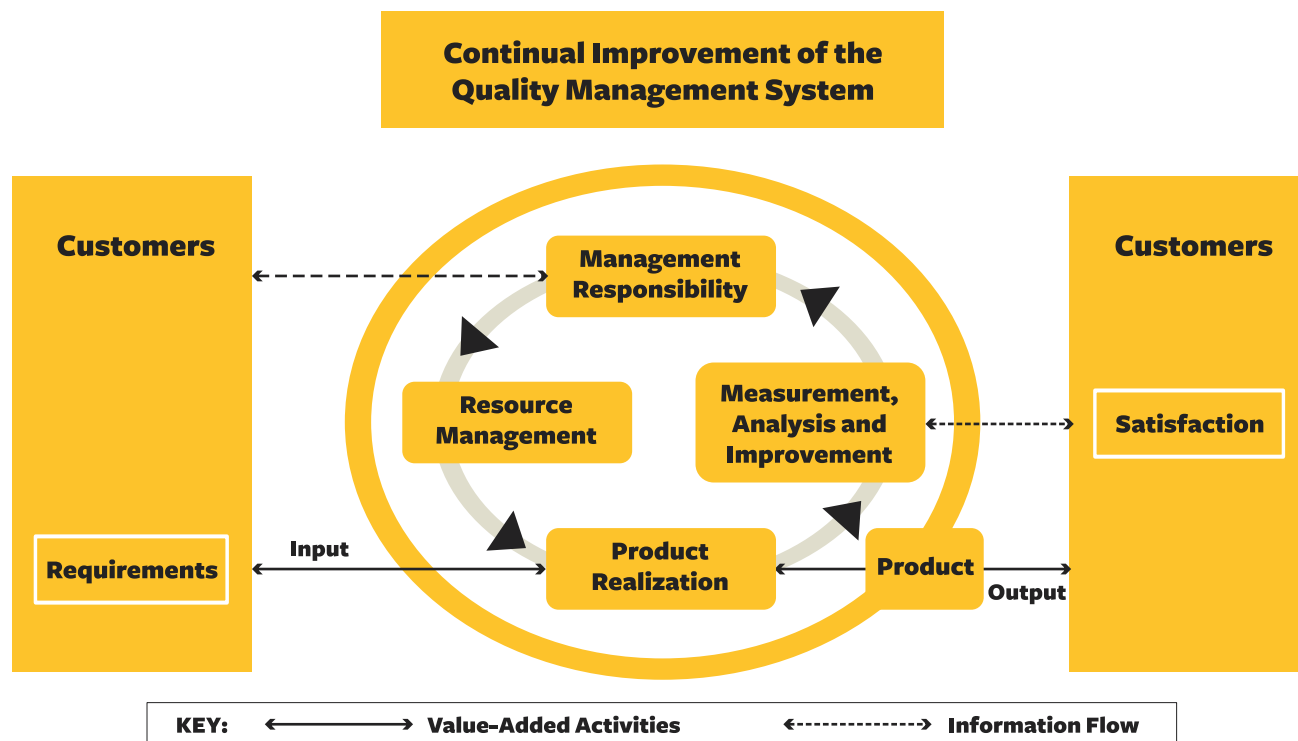
SREC believes the development of people is the prime responsibility of the organization and if an environment is created where individuals can develop their competencies, people can and will do their best.

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

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



DECISION MAKING PROCESSES IN SREC



Programmes are developed in SREC as per the following:

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

SOLIDARIDAD FINANCIAL SUMMARY FOR 2012-2013

Statement of Financial Position

	As at 31st March 2013
Funds & Liabilities	
– Trust Fund	Rs. 10,000
– Capital Fund (Represented by Fixed Assets)	–
– Restricted Fund	Rs. 249,000
– General Fund	(Rs. 64,514)
– Current Liabilities & Provisions	Rs. 17,416
	Rs. 211,902
Property & Assets	
– Fixed Assets	
Gross Block	–
Less: Accumulated Depreciation	–
Net Block	–
– Current Assets and Loans & Advances	
Cash & Bank Balances	Rs. 211,902
Other Current Assets	–
Loans & Advances	–
	Rs. 211,902

Donors	Purpose
Hindustan Unilever Limited	To implement the project on “India Domestic Sustainable Tea”
Prakruthi	To facilitate certification activities for capacity building and sustainable livelihood for smallholder coffee growers and workers in India
Tata Global Beverages Limited	To implement the project on “India Domestic Sustainable Tea”
AZB & Partners	Research on Statutory Living and Working Conditions of Workers in Tea Estates

SOLIDARIDAD FINANCIAL SUMMARY FOR 2012-2013

Statement of Financial Position

	Financial Year 2012-13
Revenues	
Restricted Income (Grants & Donations)	Rs. 249,000
Unrestricted Income	
Overhead Support	—
Interest from Bank	Rs. 8,482
Others	—
	Rs. 257,482
Expenses	
Programme Related Expenses	—
Management & General Expenses	Rs. 17,528
	Total Expenses Rs. 17,528
Surplus/(Deficit) for the Year	Rs. 239,954
Earmarked Grants & Donations	(Rs. 249,000)
Expenses out of Earmarked Grants	—
	(Rs. 9,046)

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

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

- a. In the case of the Balance sheet, of the state of affairs of the trust as at 31 March 2013, and
- b. In the case of the Statement of Income and Expenditure, of the excess of expenditure over income for the period from 1 April, 2012 to 31 March, 2013.



Date: 18.06.2013
Place: New Delhi



“Trustea, is an Indian sustainable tea programme developed from the industry, by the industry and for the industry. Tea Board supports this programme as it is the right step taken for improving the social, environmental and economic conditions of the plantations and securing the long term sustainability of the Indian Tea Industry. The involvement of independent accredited certification bodies for verification of the implementation of programme in the plantations and tea factories, would be giving an assurance to the consumers that the tea has been produced in a most responsible manner to provide a safe and good cup of tea.”



G. Boriah
Director of Tea Development
Tea Board of India



“Solidaridad has been the catalyst for change on the sustainability roadmap on tea, particularly on the inclusion of the smallholder farmer segment.”

Jagjeet Singh Kandal
Managing Director
Amalgamated Plantations Pvt. Ltd.



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

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

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

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

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

A-5, Shankar Garden, First Floor
Main Najafgarh Road
Vikas Puri
New Delhi – 110018, India

Solidaridad

www.solidaridadnetwork.org