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Executive Summary

Over a quarter of the world’s population makes a living farming and working on small areas of land. These smallholder farmers contribute significantly to global food supply chains, but despite this make up a large proportion of the world’s poorest people, with many living on less than $2 a day.

Between 2015 and 2020, Oxfam, Unilever and the Ford Foundation worked in close partnership on a joint initiative, the Enhancing Livelihood Fund (ELF). The fund’s main objective was to improve the livelihoods of smallholders linked to Unilever’s extended value chains. ELF provided finance and technical support to Unilever suppliers to improve their social impact in sourcing from smallholder producers. The goal was that this would provide a stimulus for suppliers to first pilot innovations, and then to scale up those which were successful. The fund focused in particular on women, innovative pilots, and learning.

Summarizing the findings from the evaluations of the individual ELF-supported projects and the final evaluation of the initiative, this report highlights key results and lessons learned. It is intended for NGOs, companies and donors who have an interest in improving smallholder-based value chains, in particular through multi-stakeholder partnerships between NGOs and the private sector.

KEY RESULTS AT A GLANCE

THE ELF MODEL OF COLLABORATION IS STRONGLY RECOMMENDED FOR ELF PARTNERS AND/OR OTHER COMPANIES AND INTERNATIONAL NGOs TO FOLLOW.

KEY SUCCESSES WERE THE:
- close working relationship between donor, company and INGO;
- strong ownership of projects by corporate partners;
- strong emphasis on learning supported by dedicated resources and technical expertise.

ELF HIGHLIGHTED THE NEED FOR FUTURE INITIATIVES TO:
- strengthen the project co-creation process;
- reduce the complexity of programme objectives;
- ensure that programme design takes better consideration of the actual resources (duration and funds) and reach of each of the partners.

THE INITIATIVE

Six different approaches to improve smallholder livelihoods were tested, relating to income diversification, training and education, and incentivising crop quality.

The initiative covered projects on gherkins (India), vetiver (Haiti), ylang-ylang (Comoros), coconut sugar (Indonesia), cocoa (Côte d’Ivoire), tea (Kenya), tomatoes (Turkey), and sugar cane (Mexico).

A total of 12,500 smallholder farmers were reached; 51% of these were women.

Almost all projects achieved a positive average impact on income, although there were significant variations (between 1.5% and 115%).

GENDER AND WOMEN’S ECONOMIC EMPOWERMENT

The strong emphasis on gender and women’s economic empowerment:
- helped to raise awareness within many suppliers and implementation partners of the extent to which women are disadvantaged in agricultural value chains;
- showed that the use of activities such as gender assessment tools was critical.
- showed that the use of activities such as gender assessment tools was critical.
1. Opening remarks

Srinivasan Iyer, Senior Program Officer, Ford Foundation

The Ford Foundation recognizes that global supply chains have the potential to usher in progressive social change by enabling decent work and higher incomes for small producers and wage workers. However, it is the case that value chains between large corporates and small-scale producers inevitably have huge power imbalances, and that corporates have a responsibility to share the economic benefits more fairly. As global supply chains expand and procure for widening and deepening markets, they would do well to include small producers and enterprises, and ensure living incomes for them.

Unilever is one of the world’s largest corporates and has an extended network of global supply chains. Ford helped Unilever and Oxfam to set up ELF to enable Unilever to make its supply chain fairer and more inclusive.

ELF has supported pilot projects across the world with Unilever’s extended supply chains that are more inclusive of small farmers, advance the interests of women farmers and wage workers, and encourage the adoption of sustainable practices. ELF has funded exciting projects in the supply chains for tea, cocoa, and other smaller ingredients such as vetiver and gherkin. The high levels of collaboration within ELF reflected the maturity of the relationship between Oxfam and Unilever, as well as the Ford Foundation’s decision not to play a traditional donor role but rather create a working environment that enabled joint and equal decision-making between the Ford Foundation, Oxfam and Unilever. This was important in creating ownership from all partners, in particular the private sector, for creating change in a supply chain: a traditional donor-driven accountability structure would not have had the same impact.

As Unilever and its suppliers absorb the lessons from these pilots, Ford anticipates that Unilever’s mainstream procurement practices will become more inclusive and sustainable. This will provide a powerful and inspiring example for other corporates to follow. We hope that this will contribute to more inclusive economic systems around the world.
Rebecca Marmot, Chief Sustainability Officer, Unilever

At Unilever, we have always been clear about the need to make farming economically and environmentally sustainable. The people who cultivate our crops and commodities are essential to our future. Their livelihoods have always been at the heart of our longstanding work with smallholder farmers.

Unilever has worked on many different models to improve social impact in our value chains, and our long-standing partnership with Oxfam, in particular the Enhancing Livelihoods Fund (ELF), has been a vitally important element of that work. With generous support from the Ford Foundation, the collaboration of many of our key suppliers, and the expertise of implementing partners from around the world, ELF has enabled Unilever and Oxfam to implement changes that we never would have thought possible five or ten years ago.

I’m particularly proud of the work ELF has done on gender. This work highlighted the sometimes invisible but vital role women play in our extended supply chains and the importance of supporting their specific needs, which can sometimes be very different from those of male producers.

As Unilever transitions from our Sustainable Living Plan to the Compass, there are many lessons from ELF we can take forward. It will help to change the way Unilever does business and ensure we protect the future of food for everyone.
Kristen Growney, Deputy Chief Impact Officer, Oxfam GB

Oxfam believes in a kinder and radically better world where everyone has the power to thrive, not just survive. Engaging with the private sector is an integral aspect of our work, often by combining our expertise to find solutions for complex challenges in global supply chains, to improve the situation for workers and their communities.

The ELF has been an exceptionally close partnership aiming to do just that. It is embedded in the mutual trust between Oxfam and Unilever developed over more than a decade of collaboration and the desire to push boundaries together. ELF was an opportunity to work with Unilever, their supplier partners and Ford Foundation, alongside the private sector to develop better ways to support smallholder farmers.

Tackling global challenges such as pandemics, climate change and market price fluctuations is not easy. But an important first step is creating more inclusive value chains that improve the ability of farmers and their families to withstand shocks and stresses.

We are therefore delighted to see that the ELF model has been deemed successful and is recommended that Oxfam and others continue to use it. We are particularly pleased that ELF’s focus on learning was highlighted as a key success, welcomed by all partners.

Of particular importance to Oxfam, as a feminist organisation, is the way that ELF encouraged companies and implementing partners to incorporate women’s economic empowerment into their projects, and the willingness shown to further embed gender equity in their work. This report outlines these successes and more – as well as the challenges that we overcame and learned from. We hope it will lead to continued collaboration in this space.

As Oxfam looks to the future, we will remain a critical friend challenging and engaging for change. It is our hope that lessons from this work will translate into changes in policies and practices for Unilever and other actors across agricultural supply chains to improve the livelihoods of smallholders everywhere. We will continue to partner with organisations like Unilever and Ford Foundation as we confront global inequalities to build a radically better world. Oxfam is confident the lessons learnt from ELF and collaboration with others will help us towards this vision.
2 Introduction

Between 2015 and 2020, Oxfam, Unilever and the Ford Foundation worked in close partnership on a joint initiative, the Enhancing Livelihood Fund (ELF), which was supported financially by both the Ford Foundation and Unilever. The fund’s main objective was to improve the livelihoods of smallholders linked to Unilever’s extended value chains.

This report summarizes the key results and lessons from this initiative. It is intended for NGOs, companies and donors who have an interest in improving smallholder-based value chains, in particular through multi-stakeholder partnerships between NGOs and the private sector. One of the core intentions of the ELF initiative was to learn lessons from the programme model and the individual projects and make these widely available.

The first section of the report outlines ELF, its objectives, and ways of working; the second provides details of the different projects that ELF supported; and the third explores ELF’s overall approach and partnership model.

The report is based on a number of documents that were produced during the lifespan of ELF, in particular the external independent evaluations of the overall fund and individual projects that ELF supported. These were conducted by different independent evaluators, mostly in-country, and covered a number of indicators and learning questions. The methods used differed somewhat between the projects, though all included baselines, endlines, regular update reports and an external final evaluation. A final external evaluation of ELF overall was conducted to identify high-level trends around ELF’s impact, and synthesize lessons on how to manage, govern and administer a fund like ELF. Insights, analysis and recommendations are drawn from a desk review of these project documents and interviews with project participants.
3 The programme

Over a quarter of the world’s population makes a living farming and working on small areas of land. These smallholder farmers contribute significantly to global food supply chains, but despite this make up a large proportion of the world’s poorest people, with many living on less than $2 a day.

Lifting these farmers out of poverty has been a core focus of both Oxfam and Unilever’s work for over a decade. Oxfam’s aim has been to drive investment to increase smallholder income – particularly that of women – as this remains the best way to improve food security and reduce poverty. Doing this requires better integration of smallholders in supply chains. Oxfam’s strategies include helping global and domestic companies analyse their impact on farmers and develop solutions; facilitating learning between the development community, governments, and the private sector; and improving smallholders’ access to market systems.

Unilever’s commitment to improve livelihoods is at the heart of its Sustainable Living Plan, launched in 2010. At the systems level, Unilever is working with a wide range of partners to improve the regulatory, market and financial infrastructure in which smallholders operate. At the same time, through partnerships with its suppliers in their extended value chains, Unilever directly supports smallholders with projects on income diversification, health, nutrition and education, as well as professionalization and training on sustainable agricultural methods.

In 2015 Oxfam, Unilever and the Ford Foundation came together to explore new ways of improving the lives and livelihoods of smallholder farmers. The organizations launched the Enhancing Livelihoods Fund (ELF), a five-year initiative to pilot innovative approaches to sourcing from smallholders – and to do this in a way that empowers women, improves working conditions and minimizes risk for farmers. ELF’s vision was to:

1 help Unilever and its suppliers improve the social impact of their supply chains, in alignment with their sustainable sourcing objectives and in a manner that enhances livelihoods while minimizing risks for smallholders, particularly women, in the supply chain;
2 contribute to a stronger relationship between Unilever, suppliers and smallholders that enables them to improve sourcing strategies and their impact; and
3 trial innovative approaches and facilitate the development of suitable models for responsible sourcing from smallholders, that can be scaled up through wider demonstration of their effectiveness.
ELF was designed to create incentives for suppliers to sign up to achieving this vision. ELF operated as a fund that provided finance and technical support to suppliers to improve their social impact in sourcing from smallholder producers. The long-term goal was that this would provide a stimulus for suppliers to first pilot innovations, and then to use their own funds to scale up those which were successful.

Central to ELF were a number of priority areas, principles and criteria that shaped its projects and project selection:

- **A focus on women.** ELF projects were asked to ensure that particular attention was paid to the livelihoods and empowerment of women smallholders by, for example, incorporating a robust gender lens into the project design and implementation;
- **Sustainable and scalable projects,** attempting to harness the business drivers behind the projects. The expectation was that well-designed projects would translate to both developmental benefits for smallholder farmers and business benefits to the supplier companies, leading to continued investment and scale up in these initiatives (i.e. not only philanthropic grants);
- **Innovative ideas** were to be trialled and tested, such as technologies, techniques or approaches that were new or hadn’t previously been used in a particular value chain context;

**A focus on learning** for the partners involved, by providing technical support and grants for baselines, endlines and robust monitoring and evaluation; and

While not a rigid criterion, projects were expected to have a co-funding element from the supplier.

ELF’s partnership model was critical to the initiative. All partners – Oxfam as the NGO, Unilever as the company and the Ford Foundation as the main donor – were represented in an investment board that made the decisions about ELF’s grants and guided changes to priorities and ways of working. In addition, Oxfam and Unilever formed a joint management team for the day-to-day implementation of ELF. Unilever took the lead in identifying project ideas among their value chain partners, and discussed and developed these with the Oxfam team and supply chain partners before submitting them for approval to the ELF Board. This was expected to develop a strong sense of ownership of the projects among the suppliers. Projects were implemented by local organizations operating in the sourcing countries, supported by technical assistance from Oxfam and regular input from Unilever. Ongoing monitoring and evaluation was conducted by the implementing partners, with Oxfam providing assistance as required. Final evaluations of each project, and the fund overall, were conducted by independent evaluators.

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**FIGURE 1 OVERVIEW OF HOW ELF WORKED**

**ELF INVESTMENT BOARD**  Oxfam, Unilever, Ford Foundation

- **Approving projects and setting direction**
- **Information-sharing and accountability**

**ELF Management Team**

- **Technical assistance and project design**

**Project implementation**

- **Proposing project idea**
- **Suppliers**
- **Implementing partners/NGOs**

**Information-sharing, reporting and accountability**

**Fund administration, technical assistance and MEL support**
4 Projects supported by ELF

During the five-year initiative, ELF provided grants for six projects, two feasibility studies and one research study, reaching about 12,500 smallholder farmers, of whom 51% were women.

The projects that ELF supported were extremely varied, working in a variety of different value chains and geographies, addressing different objectives and using diverse approaches. While this makes the projects more difficult to compare, three types of projects can be identified:

• Income diversification that reduces the need for early harvesting to meet cash needs (vetiver), enables replanting of unproductive and drought-prone bushes/trees (tea), or reduces the impact of price variations and lessens dependence on a single crop (cocoa/maize).
• Training and education that empowers farmers through providing field extension officers with tools and knowledge to improve the education received by farmers (gherkin and tea) or builds skills and capacities in a completely new crop (coconut sugar).
• Incentivising quality by professionalizing and training women pickers and giving them a fair share of the value of the produce (ylang-ylang).

This section provides more details of the initiatives, their main activities and lessons learned. Table 1 gives an overview of each project.

### TABLE 1 OVERVIEW OF THE ELF INITIATIVES

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<td>Alternative income-generating activities to increase financial resilience</td>
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<td>Incentivising quality</td>
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The final evaluation for ELF concluded that there were positive impacts on smallholder farmers in the supply chains of a number of the suppliers engaged in ELF. However, these were limited in scope to relatively small pilots and their potential for future scalability was mixed. There were only a small number of direct beneficiaries, apart from the gherkin project. The results were often varied and sometimes hard to discern. However, ELF was designed to test ideas through pilot projects – not to create a large initial impact. The long-term impact of ELF will be determined by the extent to which these approaches are iterated further by Unilever, suppliers and implementing partners.

ELF was successful at minimizing risks, with no significant risks to smallholders or women noted as a result of ELF activities.

The following sections outline the six projects and two studies conducted as part of ELF, in each case giving an overview of the initiative, summary of key activities and notable results and lessons learned.

4.1 VETIVER

Project overview
Vetiver oil, harvested from the root of the vetiver plant, is an ingredient in many fragrances. In Haiti, one of the main sourcing countries for vetiver, many farmers rely on vetiver as their main source of income. Faced with financial pressure, farmers are often forced to harvest the roots before they are fully mature, leading to a poorer-quality crop, soil damage, and ultimately less income. The ELF project, Vetiver Together, supported farmers to develop additional sources of food and income, to help avoid having to harvest vetiver early. These activities were complemented by equipping farmers with techniques in reforestation and soil conservation to help restore the local environment and further improve crop quality.

Key activities
1 Increasing income diversification and food security. All 340 households received livestock and seeds to supplement their income. When animals reproduced, they were encouraged to ‘Pass on the Gift’ of the first female offspring to another family. Families and some individuals also received training in vegetable planting and nutrition, animal care or as veterinary agents, and the project supported farmers’ links to vetiver markets and the strengthening of cooperatives.

2 Supporting women community members. The project established a mutual solidarity fund, providing loans, micro-credit and financial relief to farmers, particularly women. Training in personal finances, as well as women’s rights and roles in households and communities, was an integral part of the project. Women’s membership of the cooperative increased as a result and both women and men perceived that women now have more control over household income and decision making.

3 Developing environmental conservation practices. A seed bank and a plant nursery for fruit trees and forest trees was established. Over 10,000 seedlings were extracted and distributed to community members. The trees serve as an additional source of food and help protect the soil and environment.
Results and lessons learned

As a result of the project, households’ perception of their economic situation and well-being improved – 4 out of 5 households reported ‘doing well’ or ‘breaking even’ after the project, compared with 2 out of 5 at the outset. Food security also increased, with the number of families consuming at least three meals a day more than tripling.

However, despite the perceived income improvements, the proportion of farmers harvesting vetiver too early increased, from 72% to 82%, indicating that the project did not enable vetiver farmers to delay their harvest as planned. In fact, despite the positive perception about household income, the quantitative analysis suggests a decline of household income. The perceived improvement in the economic well-being, despite a reduction in actual household income, could be due to a mixture of factors: for example, that families fared better than they expected after Hurricane Mitch hit the project area in 1998, because they spent less money on food because of the livestock and seeds they received, or because the ownership of livestock contributed to a sense of long-term financial resilience.

It was difficult to draw conclusions on the project’s effect on women’s empowerment. Over the lifespan of the project, data suggested a decrease in women’s involvement in income-generating activities and decision making; at the same time, there was a perceived increase in women’s involvement in decision making. These findings are difficult to understand and suggest a possible discrepancy between baseline and endline data. While the project did not have the desired impact in terms of delaying the harvest time, it did have positive results on households’ food security and perception of economic well-being and resilience.

4.2 COCOA

Project overview

Nearly 70% of cocoa smallholders in Côte d’Ivoire earn below a living income, due to factors such as ageing cocoa trees, small plot sizes and low prices. Growing alternative crops alongside cocoa is considered one way for farmers to supplement their income and become more resilient. This project aimed to support cocoa-farming households to diversify and increase their incomes through additional maize cultivation in order to reduce their dependence on cocoa. The project aimed for equal participation between women and men farmers. For the supplier, the initiative was aligned with their overall business sustainability goals and they were interested in learning about different delivery models, expanding their knowledge about loan schemes and improving their relationships with smallholders.

Key activities

1 Supporting maize cultivation. The project had different components to support the uptake of maize cultivation. Participating farmers could take advantage of a loan scheme that enabled them to buy different sized packages of maize seeds, pesticides and fertilizers. They received training on agricultural techniques such as planting and spacing, and fertilizer use, to improve their yield. Once harvested, farmers could either sell their maize in local markets or keep it for their own consumption.

2 Testing two delivery models. In one project area, training and support was provided by extension staff who were employees of the local cooperative and involved only part-time in the project. Each coach was responsible for around 15 farmers. In the second site, full-time extension staff were hired for the project, who were not affiliated with the cooperative. Each field officer was responsible for about 110 farmers.

Results and lessons learned

The results showed a strong uptake of the techniques taught in the training sessions, with 72% of farmers using at least two recommended practices. Women were found to be slightly better at adopting these new best practices. Farmers described their maize yields as being not only higher, but visibly healthier and of better quality than their neighbours’ maize. However, despite positive farmer perceptions, the seed packages were expensive and returns on investment were on average slightly negative, but with significant variation between the two project sites.

Farmers were positive about the results as maize harvest increased by about 20% on average, but with significant differences between the two sites. These may have been a consequence of dedicated field officers being able to spend more time on the training support, whereas the part-time staff in the other site felt overwhelmed by their workload. They may also have been linked to external factors, notably differences in consumption habits of maize, as maize was far less popular as a food crop in one site compared with the other.

Despite a relatively low return on investment, loan repayment rates were overall satisfactory, with women reported as being particularly punctual in their repayments. However, field officers reported that some women needed to rely on their husbands’ incomes to help repay their loans. Although the project aimed for equal gender representation, only 28% of enrolled farmers were women. Since cocoa is a largely male-dominated crop (only 5% of cooperative members are women), and since the pilot was unfamiliar, culturally there was a higher propensity for men to test the programme out.
4.3 TEA

Project overview
In Kenya, tea production has become increasingly erratic due to a lack of rainfall and fluctuation in temperatures linked to climate change. Given its importance for the country’s economy and for over 600,000 tea growers, these developments have raised concerns over the long-term viability of the crop. The project aimed to address this by supporting farmers to plant more resilient tea clones and improve their incomes. Women farmers were the main target group. Over 60% of the labour in tea production is provided by women, yet only a small percentage of women own land and opportunities for women’s economic empowerment are limited.

Project activities
1 Planting more resistant tea clones. The project supports farmers to uproot and replace old low-yielding tea bushes with drought-resistant varieties.
2 Offering support through plant nurseries. The project compares two approaches to running plant nurseries – one run as community enterprise and a second run by individual households – in order to learn which is the most effective at informing farmers and promoting uptake of improved tea clones. These nurseries are intended to demonstrate rain-water harvest products and to sell improved tea clones, fruit and tree seedlings to further support income generation.
3 Financial support for farmers. Village savings and loans associations have been established as a means to diversify women’s incomes through alternative crops and fast-start enterprises. These activities are also meant to offset income losses, after old tea plants are uprooted and before income from the improved tea clones can be generated (typically two to three years).
4 Access to water. Alongside these activities, the project provides rain water collection tanks. Improved access to water is not only assumed to free up several hours a day for women and girls who currently have to travel to collect water, but rainwater harvest and storage also provides a means to increase the drought resilience of crops and livestock.

Tentative results and lessons learned
Initially planned to run for a year and end by November 2020, the project experienced delays as a result of the coronavirus pandemic and was extended for an additional six months. No final evaluation has been conducted at the time of writing, but initial results are outlined below, and will be further developed after the project ends in 2021.

The involvement of women in the project (70% of the participants) and their commitment to the project’s activities has helped greatly to improve attendance overall. The provision of water tanks has helped improve participants’ commitment to the project, for example by freeing up women’s time that was previously spent...
fetching water. Tanks have also enabled a number of farmers to start kitchen gardens and grow vegetables that normally would not grow during the dry season, thereby improving household food security.

It is essential that seedlings are planted at the start of the rainy season: good planning and buy-in enabled this to happen at the optimal time, leading to a higher-than-average survival rate (97% compared with an average of 90%).

The project’s participatory approach has made it easier to implement activities. For example, project planning involved the factories’ boards of directors, factory staff, especially the factory unit manager, the field services coordinator, and the KTDA head office management team.

Factory staff at participating KTDA factories have been trained to conduct some of the project activities, such as the village savings and loans associations. After the project ends, KTDA has the capacity to continue running these activities, contributing to their sustainability.

4.4 GHERKINS

Project overview

Access to agronomy experts, modern training tools and up-to-date information on best practices is an ongoing challenge for smallholder farmers in rural communities. To address this challenge for smallholder gherkin farmers in southern India, the Marcatus Mobile Education Platform (MMEP) was developed, using video technology to share knowledge with farmers. Through the video training, the project aimed to increase crop yields, crop quality and farmer incomes, and to achieve increased farmer satisfaction and loyalty for the suppliers.

The project targeted women farmers in particular. Women do more than half of the farm work but often cannot access training, for example because they are not perceived as legitimate farmers, due to prohibitive social norms, or because training sessions clash with their other care responsibilities.

Key activities

1 Equipping field officers with tools and knowledge to teach farmers about sustainable practices and increased yields. Field teams were taught how to create simple videos in local languages featuring local farmers, including women, to demonstrate sustainable agricultural practices such as composting and drip irrigation. These videos could be shown to farmers individually or in small groups using tablets and mini projectors. The advantage of using video is that where literacy rates are low, especially among women, farmers can still be taught good agricultural practices.

2 Giving women farmers better access to training services. A team of gender experts was involved in developing the training content and in supporting field officers to ensure videos showcased women as leaders, teachers and decision makers. Gender training for field officers was another key element in order to support them to improve women’s participation in training sessions.

Results and lessons learned

After attending video screening sessions, two-thirds of farming families adopted at least one of the practices and 72% were ‘extremely satisfied’ with the training videos. Extension staff felt that farmers are more receptive to training when they have good relationships with supplier companies as this helps to establish trust and farmers are more willing to change their old practices.

On average, net income from gherkin production increased by about 22%. There was a significant difference between the two project regions, possibly because of drought affecting the two regions differently, a difference in average plot size, and a different number of growing seasons.

Women’s participation in the training increased significantly. Before the project began, 88% of traditional farmer training sessions were solely attended by men. After launching MMEP, women outnumbered men at most of the sessions. But for the project to become more gender transformative, a deeper understanding of gender power dynamics and norms would have been needed, along with a clearer strategy on how change could have been further supported.

The education platform contributed to commercial benefits, but had limited impact on farmer loyalty. An implicit assumption was that improved crop yields as a result of the training might increase the incentive for farming families to repeat crops and stay with the same supply company. But it was found that as a result of high levels of competition in the gherkin industry, farmers tend to switch supplier companies often, or they stick with the same field officer who they know and trust, even if those field officers change employer. Although farmers felt supported and ‘cared for’ as a result of the training initiative, there was no clear improvement in farmer loyalty.

4.5 COCONUT SUGAR

Project overview

In Indonesia, demand for coconut sugar far outstrips available supply. This project aimed to increase the production of coconut sugar in a new sourcing region of Kalimantan, which is at high risk of illegal logging, testing a new sourcing model that aims to help protect the environment while creating better livelihoods in rural communities. The goal was that eventually enough coconut sugar could be produced to sell it to Unilever for use in the production of a sweet soy sauce.
Key activities

1 Creating new business opportunities. The project aimed to build a supply chain with no intermediaries between farmers and suppliers to increase farmers’ income in the value chain. Farmers were incentivized to join the coconut sugar farming programme and attend training, receiving a loan and a contribution towards expenses. The loan would allow farmers to buy the necessary equipment to start production (e.g. for climbing and sap collection) and to build the sugar cooking facility. The project also aimed to set up a cooperative to support selling the sugar to the local market and Unilever.

2 Capacity building for farmers. A farmer field school was established to roll out training to interested participants. The project aimed to create an institutionalized training programme to transfer knowledge and good practices from existing farmers to new coconut sugar farmers.

3 Strengthening women’s capabilities and participation in the supply chain. To increase the participation and role of women, farmer field school sessions were designed to be accessible (e.g. through video training and alternative locations being available) to fit around women’s care and domestic responsibilities. There was also an opportunity for women to be trained in management skills to help secure positions of responsibility in the newly formed cooperative.

Results and lessons learned

Overall, the project failed to meet its objectives. For a few dozen farmers, the crop offered an important regular income – contributing between 55-67% of total household income. The women still involved in production seem satisfied with coconut sugar as a livelihood activity as they have managed to fit it around their other responsibilities. However, the number of active farmers peaked at only 40 and there were only 17 active farmers by the end of the project – versus a target of 335. The volumes of coconut sugar purchased by the cooperative and the loan repayment rates were correspondingly low, and no sugar was sold to Unilever.

There were a number of reasons why the project proved to be a challenge for ELF. For one, there were challenges with the cooperative management. A perceived lack of transparency and abuse of power in the cooperative board, disruption in payments and collection of the sugar, and other factors lead to a slow-down in the number of new members and an increase in households that stopped production.

Furthermore, few households were able to undertake the significant and demanding commitments that coconut sugar production requires from a family, needing teamwork, patience, perseverance and daily work. For instance, climbing coconut trees can be challenging, particularly in wet weather; cooking can be time intensive, needs to be done on a daily basis, and requires clean water and good hygiene.

It also seems that the Unilever commercial linkage led to overly ambitious targets, which were unlikely to be achieved from the outset. The importance of community and household dynamics was underestimated, and the project’s design should have given greater emphasis to these qualitative factors, including the fact that this was a new and time-intensive crop, and that farmers often had an understandable fear of climbing trees.

Despite these challenges, the implementing partners have learned important lessons from the work, including the need for a more holistic perspective of the livelihoods of producers and for initiatives to be better informed by contextual analysis and farmer insights.

4.6 YLANG-YLANG

Project overview

Ylang-ylang oil, extracted by distilling the plant’s small yellow flowers, is an important ingredient in many fragrances. More than 80% of the world’s supply of the oil comes from the Comoros Islands off the east coast of Africa. The crop is grown on farms, where women play a major role in picking flowers but often experience low and unstable incomes. This project aimed to improve working conditions, incomes and representation for women in the ylang-ylang value chain, through forming groups and cooperatives, and training on agricultural practices and income diversification. The improved working conditions, better picking skills and maintenance of the ylang-ylang plants, and more effective distillery processing were also expected to lead to higher-quality ylang-ylang oil for the suppliers.

Key activities

1 Strengthening cooperatives. The project supported existing cooperatives to restructure and strengthen their governance and established pickers’ associations for women. The associations provided a space to build leadership skills, and worked to empower women to raise the issue of pay and to take part in conversations around how the value chain is structured.

2 Income diversification and training. The project also supported alternative income-generation activities to improve financial resilience (e.g. through vegetable gardening and raising poultry) and enabled access to finance (bank accounts and saving groups). Through the groups, members received literacy and numeracy training, and entrepreneurial skills training, alongside training on ylang-ylang plot maintenance, picking skills, and distillation.

3 Improving working conditions. In order to improve the health and working conditions of those working in the value chain, the project strengthened access to health insurance, provided safety equipment for distillers and workers (gloves, secateurs) and supported the acquisition of vehicles to ease transportation of pickers and the harvested plants.
Results and lessons learned
The project achieved progress in some areas, but fell short in others. For example, the number of pickers that were part of a cooperative increased from 17% to 38% – but the percentage of women involved in cooperative governance did not change. Only 2 out of 10 cooperatives agreed to improve remuneration for pickers. Establishing fair contracts for female workers also remained a challenge. But the project did enable women to be included in decision making in the value chain structuring processes, and there was collective agreement on decent minimum remuneration and working conditions for pickers, though these have not been actioned systematically. There were some limited improvements in working conditions for women pickers, especially improved access to safety equipment.

Financially, there was an estimated 115% increase in annual income for ylang-ylang pickers. However, likely because of negative price developments in particular toward the end of the project, perceptions of improved income were not widely shared – only 19% of respondents perceived that their income had improved. Only a small number of women set up individual bank accounts, which may have been because of limited disposable income. Savings groups were set up instead to collectively pool finances. Satisfaction with the alternative income generation was high. One savings group, for example, built a chicken coop as a way to increase non-seasonal income to complement income from the seasonal ylang-ylang picking.

Anecdotal evidence and data from buyers indicated improvements in the quality of oil produced, thanks to training and additional changes in buyer incentives.

Despite the project struggling to achieve its main goal of sustainably increasing pickers’ income, there was progress in creating sustainable groups with positive dynamics and improved levels of trust between the different actors of the value chain. This was only a pilot project, so a longer timeframe would likely have seen greater improvements.

4.7 SUGAR CANE (FEASIBILITY STUDY)
Project overview
The Mexican sugar cane industry is dominated by smallholder farmers, and almost 90% of sugar cane is harvested manually, often by seasonal workers. Both farmers and field workers are vulnerable populations with low levels of income and resilience. They live in underserviced communities, leading to risks of child and forced labour. This is despite strong industry commitments to improve conditions and the fact that the Mexican government sets sugar cane prices that are among the highest in the world.

The project intended to improve conditions for workers and farmers, using Bonsucro’s Production Standard and Smallholder Standard to measure and monitor improvements. Sugar cane quality committees – an existing critical part of the industry infrastructure – would be empowered to become agents for access to information, finance and technical support, to enable farmers to improve labour conditions. Bonsucro and three of its member mills intended to develop a replicable and scalable programme to provide smallholder farmers with the support they need to improve their performance, their income and their resilience; to support farming communities with services to reduce levels of child labour and improve overall livelihoods; and to increase transparency of field worker conditions.

The project partners conducted a feasibility study, including analysis to better understand the role of women in the sugar cane sector. Unfortunately, insufficient alignment and buy-in could be established among the relevant value-chain partners to turn this idea into a two-year project.

4.8 TOMATOES (RESEARCH)
Project overview
In Turkey, migrant workers, often accompanied by their families, come from countries such as Syria to support the labour-intensive harvesting of tomatoes. Workers often rely on crew leaders, known as Dayibasi, to arrange recruitment, wages, accommodation, transport, and so on. This can lead to vulnerability and difficult conditions for workers and their families, including poor wages, inadequate health and safety measures, or even child labour. This study aimed to support Unilever and its supply chain partners to better understand the situation in the tomato sector in Turkey and in particular the recruitment process through crew leaders, with the aim to unpick the dynamics behind the hiring process and provide recommendations at different levels of the value chain to improve working conditions.

Findings and recommendations
The research identified a range of issues at different levels of the value chain, including:

- One hundred percent of workers reported that their wages are insufficient to cover basic living costs, with a typical family’s monthly income being 63% below the poverty limit. Workers rarely take rest days and there is a lack of transparency on how their wages are calculated.
- Working conditions are difficult due to heat, intense physical work, inadequate and unsafe sanitation and hygiene facilities, and filthy accommodation.
- Workers received no health and safety training, and no appropriate equipment, despite having to do heavy work like loading bags onto trucks.
- Travel to and from farms is expensive, overcrowded, and unsafe, with a high risk of traffic incidents in the fields where lorries, machinery and workers are in close proximity.
• **Labour rights** are poor: few workers have written contracts, there is a risk of bonded labour, and worker representation and grievance mechanisms are non-existent.

• **Child work was observed** on all the farms, with children under 15 working alongside their adult relatives, often performing the same tasks and working hours as adults.

• Almost all of the issues described above are exacerbated for **women**, who are paid less than men – if at all (often all family wages are paid directly to the male head of the family). When women come home their work isn’t over: they are often responsible for hours of additional unpaid care and domestic tasks.

• **Discrimination against migrants is present**, with Syrian workers experiencing harassment and higher upfront employment costs.

The following recommendations were identified:

• **Sector-wide.** The research highlighted the interconnectedness of each value chain actor. It is critical that the sector clarifies the role each actor has and brings stakeholders together for a sector-wide approach to resolve the complex challenges.

• **Companies.** Companies such as Unilever should promote transparency around quality control systems and support suppliers to train farmers and workers on these requirements. Suppliers should establish robust occupational health and safety programmes for farmers and migrant workers that address issues like travel, ergonomics and manual handling, and buyers should support these efforts. Companies such as Unilever should also ensure their suppliers have in place and implement appropriate safeguards around the involvement of children and young workers, and give clear guidance and support in any cases of non-compliance.

• **Farmers.** Farmers need to be provided with financial management support to help them to make good business decisions that benefit themselves and their employees.

• **Dayibasi.** Their role needs to be clearly articulated and understood by farmers, workers and Dayibasi themselves. It is important to provide capacity building for the Dayibasi on how to carry out their responsibilities.

• **Workers.** Safeguards should be put in place to minimize the potential for exploitation of workers, including access to information about labour rights, employment conditions, wages, transport, and Dayibasi’s roles and responsibilities; improve occupational health and safety and livelihoods training; and enable access to grievance mechanisms such as regional contact channels.

While there are limitations on what any single actor can achieve alone, there are still areas where companies can make changes in collaboration with suppliers. As well as improving conditions within their own value chains, these interventions can act as best practices that can be adopted into a regional approach. Unilever is now advocating for minimum wage legislation to be extended to migrant workers. Local Unilever teams have also joined the FLA initiative, Harvesting the Future, which aims to address recruitment issues and working conditions for migrant workers, in collaboration with brands and suppliers across multiple commodities, retailers and government.
5 ELF mechanism and partnership model

The partnership model itself was a critical feature of ELF. This involved close collaboration between Unilever, Oxfam and the Ford Foundation, supporting supplier companies in order to achieve improvements for smallholder livelihoods (see Figure 1). Based on the findings of an external evaluation, this section summarizes some of the main challenges, achievements and lessons about the partnership model and mechanisms used to manage ELF.

5.1 PARTNERSHIP BETWEEN OXFAM, UNILEVER AND THE FORD FOUNDATION

Throughout the duration of the initiative, there was a high level of trust between ELF partners. This reflects the maturity of the relationship between Unilever and Oxfam. Oxfam and Unilever have worked together since 2004, when they jointly studied the Poverty Footprint of Unilever’s activities in Indonesia. Since then, they have been engaged in several partnerships, including through the Behind the Brands campaign, humanitarian support and brand collaborations.

‘Unilever does very good things with Oxfam and values them highly.’
Unilever respondent

The Ford Foundation chose not to play a traditional transactional donor role, which enabled a much more collaborative way of working to develop. It acknowledged that creating change in supply chains requires a collaborative spirit and ownership from all partners, and private sector partners in particular. Demanding accountability to a donor-driven set of outcomes would, in this case, have been very unlikely to lead to the kind of change that Ford Foundation wanted to see.

‘Oxfam and Unilever seemed like a tight team.’
Grantee

The communications and governance arrangements for ELF also worked well, with partners ensuring regular feedback on strategy, plans, delivery and performance.

ELF should have given more thought to the geographical and technical overlap with Oxfam’s footprint. For example, Oxfam country offices and their respective strategies were sometimes not aligned with the geographies where ELF projects took place.

This happened not due to a lack of expertise on Oxfam’s part, but because experts in smallholder agriculture and market-based approaches are often in high demand at the country level. Their time is often booked up, making it hard to divert capacity from country programmes to global initiatives such as ELF. Oxfam has limited ability to deploy technical experts in an agile way, and country overlap for ELF was not always ideal – so in this sense, Oxfam may not have been the ideal partner for the initiative. This challenge should have received more attention at the outset.

Partnerships need to have mutually agreed objectives that align with all partners’ interests and needs. One way to test this alignment is to examine the assumptions behind these interests and needs, to check whether they hold true for all partners, and to identify what each partner is expected to contribute and/or change in order to achieve them.

‘In some ways ELF was too early, as senior management is only recently learning that to change the supply chain you need to change Unilever’s business model.’
Unilever respondent

ELF had complex objectives, and partners did not sign up to them all equally. For example, at the beginning of ELF, there was a mismatch between the type of projects that should be supported by ELF and diverging expectations of how ‘philanthropic’ projects could be and how closely aligned they should be to core business interests. Furthermore, there were discrepancies in expectations around influencing Unilever’s procurement system, especially when Unilever is not the direct buyer from smallholders. Some of these differences in ELF partners’ objectives could have been addressed by having fewer objectives that everyone more fully agreed upon.

Closely related to this, there were underlying and implicit assumptions that should have been more clearly stated...
and regularly tested by all partners. For example, ELF implicitly assumed that, when value is created by supporting smallholder farmers or empowering women, a supplier can capture enough of this value to enable an investable business model. Another implicit assumption was that supply chains are shorter and less complex than they are, which led to overly ambitious about the influence Unilever and suppliers could have.

**RECOMMENDATIONS**

3. Focus on one or a few very carefully crafted objectives that all partners can fully sign up to (rather than trying to capture all the desired outcomes). A wider set of objectives can still be expressed through the activities that the partners agree to undertake together.

4. The assumptions behind partnership objectives should be clearly stated and tested by all partners, and these should be re-examined regularly to see if they still hold true.

5.2 HOW THE ELF MECHANISMS AND PROCESSES WORKED IN PRACTICE

Initially, it was hard for ELF to develop a broad enough portfolio of projects. This was partly because the multiple ELF objectives led to very prescriptive project design criteria. It may have been better to try to learn about one issue and have incremental projects trying different approaches to see what works. Projects such as the gherkin and ylang-ylang project were not closely linked to Unilever’s most strategic supply chains and arose as Unilever tried to fit projects to the tight criteria.

Despite these difficulties, Unilever and suppliers’ role in identifying projects was a vital component of ELF as it led to projects having a true private sector lens. ELF was designed in a way that enabled suppliers to be key players in project identification and implementation. This was a critical element in creating an investment case for suppliers and strengthening their ownership of projects.

“We will focus on the supplier as the agent of change.”

Grantee

Some suppliers and implementing partners struggled to design impactful projects within the budget and timeline constraints imposed by ELF.

The tea project was an exception to this, and developed ambitious yet achievable aims in a short timeframe and with a finite budget. This was perhaps because it was the final project within the ELF portfolio and therefore benefited from lessons learned by the ELF team. In addition, Unilever is often a direct buyer of tea, which means it was able to exert stronger influence on learning questions and shared objectives from the outset.

Participating in ELF required a large commitment from grantees. Companies are very aware of the real cost of taking on a project of this nature in terms of the time and effort needed. There can also be hidden costs for a supplier in taking part in a programme like ELF, which requires a higher (or perhaps different) degree of engagement, transparency and openness than the average commercial relationship.

‘Money isn’t enough to sell a fund like ELF to suppliers.’

Unilever respondent

Despite the commitment and time challenges, ELF’s data-driven approach was an important feature of the initiative. From the outset, ELF was designed as something of a pilot incubator, with a strong commitment to learning. This was done by providing resources and technical support to activities such as gender assessments, feasibility studies, baselines, endlines and evaluations. In particular, the fact that ELF funded and supported studies by experts was seen as a positive aspect compared with other funds.

**RECOMMENDATION**

7. Similar projects should follow ELF’s lead in fully resourcing learning activities, by providing sufficient resources and technical support to activities such as gender assessments, feasibility studies, baselines, endlines and evaluations.
5.3 ELF OUTCOMES FOR SMALLHOLDER FARMERS

ELF supported a broad range of different projects. It is hard to draw many conclusions from their outcomes as results were mixed (e.g. improvements in average farmer income varied between 1.5% and 11.5%) and sometimes hard to pin down. Many projects had multiple components, for example income diversification alongside some support to the core crop.

Despite being an objective of ELF, many of the projects were not scaled up or taken forward by supplier companies. This may have been due to the difficulty in justifying the investment case. Because smallholder farmers usually supply multiple buyers, there is less incentive for one company to invest in improvements because any benefit will be spread across several buyers. This demonstrates the importance of investing in a multi-stakeholder, market-based value chain approach. Well-constructed and equitable contract farming models are an exception to this. They can create a long-term relationship between farmers and a buyer, where the farmer is incentivized to continue selling to the buyer and it is therefore worthwhile for the buyer to provide bundled services that enable the farmer to increase productivity and/or income. This could have been an interesting approach for ELF to pursue. A focus on projects such as the tea initiative, where there are already strong linkages between smallholders and processors, also seems promising.

Another observation was that helping smallholder farmers to diversify their income wasn’t always ultimately scaled up by the suppliers involved. While for some projects, diversification activities continued after ELF support ended, other projects faced challenges in making a clear business case for continuing income diversification projects. These challenges included:

- The projects were not set up to measure a return on investment that would produce data that an investment committee or similar decision-making body would expect to see when committing funds to an initiative. Therefore, when a project moves beyond the scale where a sustainability team budget can cover it, and needs to attract funds in competition with projects that are part of core-crop business activities, it often fails.

- An unrealistic assumption that supporting income diversification would lead to direct tangible improvements in the smallholder’s main crop. Income diversification did not always address the issue of interest to the supplier, namely improving the main crop, as time frames were short and assumptions unrealistic. This highlights the importance of developing a clear holistic approach that includes assumptions, theories of change and indicators on how diversification can contribute to the business objectives.

8. For some crops, income diversification projects may not seem less interesting for a company to invest in at scale, compared with projects that focus on constraints and opportunities that smallholder farmers have with the main crop. Hence, income diversification projects require a holistic approach, robust theory of change and a clear understanding on how diversification contributes to the business objectives and how this will be measured.

9. Programmes such as ELF should recognize that improving livelihoods of smallholder farmers requires time and business models to iterate and evolve over many years. Therefore, the best approach is to support supply chain companies to learn about one or a few components of what a viable approach might be, starting or moving them forward in a journey rather than attempting to find short-term solutions.

10. Projects that aim to create a business model for future scale should take into account how the company can capture enough value to justify investment and manage risks. It may be best to focus on models such as long-term contract farming, which is not commonly used in many crops.

5.4 ELF OUTCOMES FOR WOMEN

ELF helped to raise awareness of gender equity with many suppliers and implementation partners. Some partners had limited experience or understanding of the extent to which women are disadvantaged in agricultural value chains. This insight was generated and shared via gender assessments throughout the projects, enabling better understanding of the roles women play in some value chains (e.g. in the ylang-ylang project, where women pickers make a huge contribution but are often in invisible, low or unpaid jobs with difficult working conditions), and the specific challenges women face (e.g. not being able to attend training sessions due to household caring responsibilities).

The gender focus was welcomed by some suppliers and implementing partners – particularly when it was recognized as a business issue. For example, the ylang-ylang project was designed to address the fact that this is a male-dominated value chain where women have low incomes and very few opportunities. The project
tackled this imbalance by professionalizing and training women, and giving female pickers a fairer share of the value.

However, although the projects had a robust approach to women’s economic empowerment, none was transformational or had an impact on the systemic issues affecting women. This is not a surprise, since ELF supported business model innovation within a value chain and did not take long-term systemic constraints into account. Unfortunately, the factors preventing the scale-up of some other ELF innovations (see Section 5.3) will probably also prevent the promising approaches to women’s economic empowerment from reaching scale.

ELF yielded much useful learning for its partners, with a rich set of case material backed by impressive amounts of data and analysis. ELF partners should consider publishing these materials on relevant websites, including some specific learning on how women perceive their farming activities. Insights from individual projects, in particular those that shed light on women’s attitudes to their farming activities, seem important and worth sharing because of the general lack of data on women’s roles in smallholder farming, and ongoing discussions about what women’s economic empowerment means for women in different cultures and contexts.

**Recommendations**

11. Any market-based programme that aims to understand women’s role in value chains and support women’s economic empowerment should make it an essential component of the programme. There is much to learn from ELF’s approach to women’s economic empowerment, particularly its use of gender assessment tools.

12. Some of the specific ELF learning on the role of women and how women themselves perceive their roles should be disseminated more widely, as these are not yet well researched and understood.

**5.5 POTENTIAL SUSTAINABILITY AND REPLICABILITY**

ELF did not contribute to strengthening relationships between Unilever and its Tier 1 suppliers, although there were indirect benefits for some that took part. Unilever and its Tier 1 suppliers, who do not buy direct from smallholder farmers, have not benefitted as much because value has been dissipated along the value chain. Suppliers have not been able to demonstrate enough value from the projects to justify scaling up and further investing in the models trialled.

Benefits from ELF have been largely concentrated in those closest to smallholder farmers: local buyers and implementing partners. These benefits, and the fact that some are undertaking follow-up projects, implies market players buying directly from farmers have a stronger incentive to undertake activities that benefit farmers. They are also in a much better position to have a direct impact on smallholder livelihoods through their business activities than more distant suppliers in a value chain.

The projects’ ability to be scaled up was mixed, but elements of success can be taken from each one. The only projects that seem likely to be taken to scale by a supplier are tea, along with some elements of the approach piloted for vetiver. Unilever is using learning from the cocoa/maize project to inform its future work in the cocoa supply chain with its supplier. The implementing partner in the ylang-ylang project is continuing to work with local buyers to support smallholder farmers, but not with the same supplier. There is also support being given to a small number of the coconut sugar farmers by a local partner. Field agents trained during the gherkin project continue to use the materials to train farmers, but neither the supplier nor local buyers are investing in scaling up.

Partnerships are sustained when the partners involved continue to be able to achieve their objectives more easily through partnership than in other ways. In terms of replicability, the recommendations in the evaluation contain a number of features of ELF that are replicable in future partnerships between Oxfam and Unilever, and by other INGO/company partnerships. These are: working closely together in programme management and projects identification, especially around strategic priority countries; sharing accountability; resourcing learning as a core value and activity; and making strong commitments to goals such as women’s economic empowerment.

**Recommendation**

13. Projects that aim to create a business model for future scale should take into account the length and complexity of the value chain, identifying which player in the value chain can influence practices that affect smallholder livelihoods and empower women, and have the best incentive to sustain a business model in the long term.
6 Conclusion

The final evaluation for ELF strongly recommended that the ELF partners and/or other companies and international NGOs follow in ELF’s footsteps. There were two critical reasons for this recommendation:

1. The commendable, collaborative way in which the private sector partners worked together with civil society organizations and donors in ELF. The model is characterized by a high level of trust, mutual respect and shared accountability, with close collaboration at the programme management and board levels, and the main donor assuming a collaborative rather than a transactional role.

2. The strong emphasis on learning, which allowed partners the opportunity to benefit from the lessons that arose from ELF, both at partnership and project levels. This was reinforced by allocating sufficient resources to learning activities alongside the technical support that was provided. ELF also made additional resources available for targeted expert support in case specific questions arose which were critical for the project.

The evaluation also positively highlighted ELF’s focus on gender and women’s economic empowerment. It helped to raise awareness within many suppliers and implementation partners of the extent to which women are disadvantaged in their agricultural value chains, for example through the gender tools which were used during the baseline studies.

The final evaluation yielded several recommendations that will be adopted in future work, and insights into how the ELF model could be improved. Two points in particular are relevant:

- ELF objectives both at fund and project levels should have been more focused and specific, with all partners signing up to them, rather than covering a fairly broad set of goals. The underlying assumptions should also have been more clearly stated and regularly tested by all partners.

- Insufficient co-creation for ELF-supported projects. Although all ELF partners had the opportunity to contribute to the project design, the process fell short of a robust, joint co-creation process. This was partly due to lack of overlap between Oxfam priority countries and ELF project countries. A stronger co-creation process, bringing together business partners with research on the context and more extensive consultation with local actors and communities, might have helped to not only develop stronger development outcomes but also better data on the business outcomes.

Some of the projects that ELF supported had a relatively low development impact because they set too high expectations on project deliverables for what was a short time span. ELF was always intended to be a kind of ‘innovation lab’ for testing new ideas and approaches, and in that respect has been successful in helping parts of Oxfam, Unilever, and its suppliers to start a valuable journey. Improving the livelihoods of smallholder farmers often requires business models to evolve over a number of iterations and over many years. Stakeholders often need to ‘get their hands dirty’ and learn by doing – developing components of a viable approach before bringing them together as a complete model. We are proud that ELF has contributed to this journey and hope this learning will be useful to other players with similar ambitions.