



Implemented by:

**SASI** Sustainable  
Agricultural  
Supply Chains  
Initiative

# LUNCHBREAK



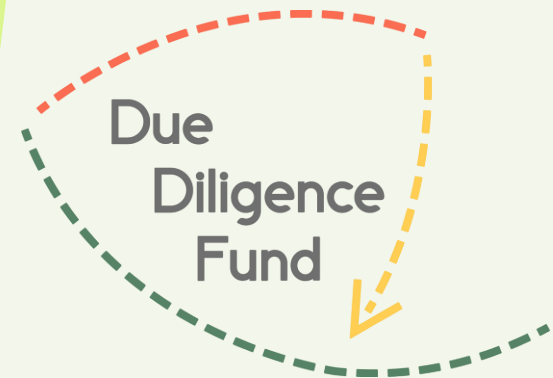
Federal Ministry  
for Economic Cooperation  
and Development

8 November 2024, 12 – 1 pm

# Due Diligence Fund – First Lessons Learnt

SASI Lunchbreak, 08.11.2024

Hanna Kaethner, Advisor @ SASI



# What is the DDF?

## Goal

support the fulfillment of **corporate human rights and environmental due diligence** in agricultural supply chains.

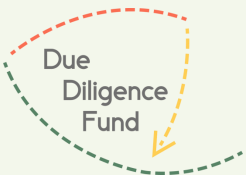
focus: benefit **primary producers**

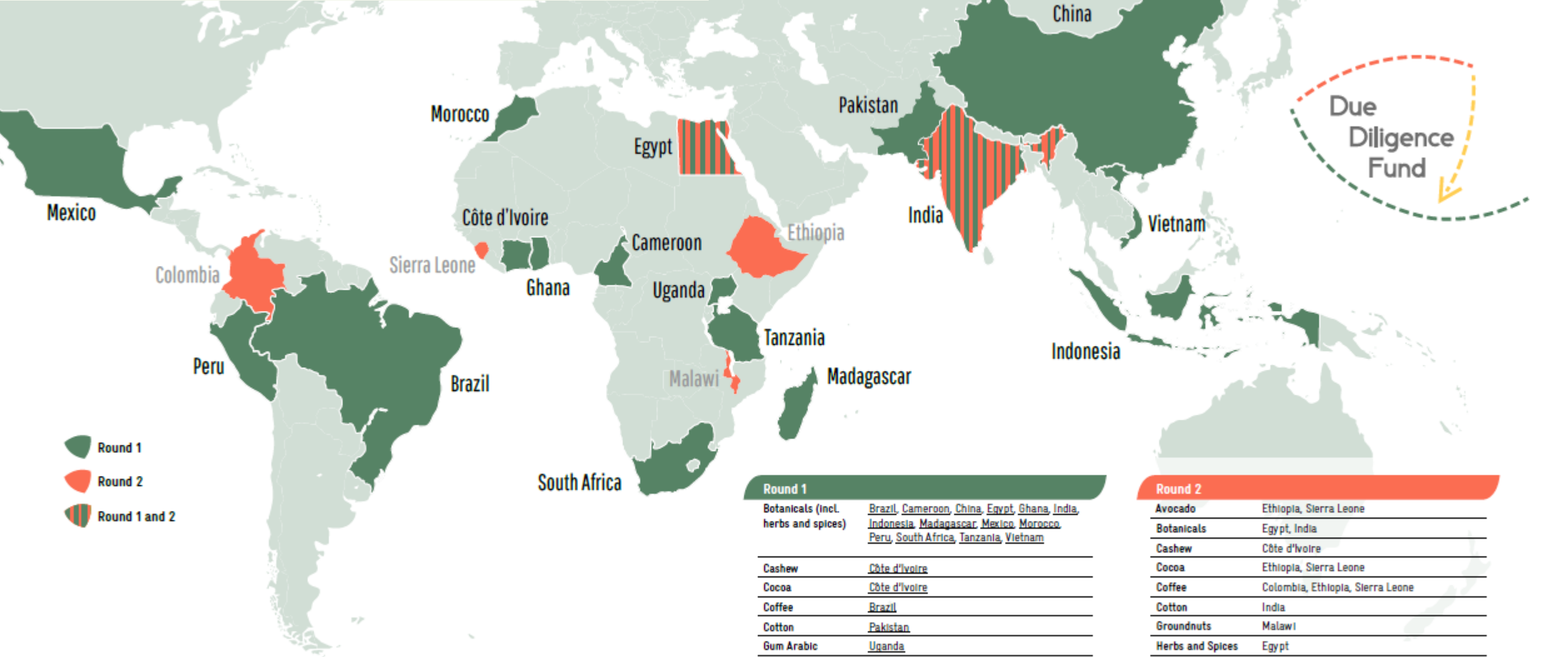
## Strategy

**pilot promising, innovative, sector-wide** project ideas

derive **good practices, adaptable instruments and methods**

**disseminate** learnings





# Diverse Projects, Common Learnings

„Well begun is half done“

A **robust risk assessment precedes** any good project.

Its findings allow you to **design activities** effectively & **anticipate challenges** to implementation

„None of us is as smart as all of us“

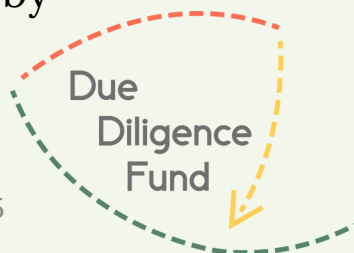
**Collaborating with supply-chain partners** – both vertically and horizontally – will create significant efficiencies

Reaching out to your **target group** enhances **ownership** and will inform your project design

„Slow and steady wins the race“

A pilot project will only take you so far – **plan to make adjustments** to your approach if necessary

**Long-term engagement lowers friction costs** by building trust and nurturing ownership by your supply-chain partners



# Diverse Projects, Common Learnings: Collaboration & Engagement



## Supply-chain partners

Effective Due Diligence requires **strong partners on the ground**

→ **Long-term engagement** is key for a **trust-based relationship**...

...and a **prerequisite** for tackling sensitive risks and transformative measures

## Third party organizations

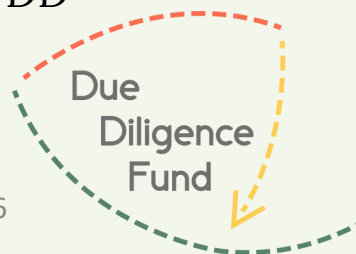
Can support with an **independent** perspective, wide **networks** & **context-specific expertise**

Provision of **risk databases** (e.g. UEBT) or **traceability solution** (e.g. Better Cotton)

## Rights holders

RH can play a key role in e.g., **prioritizing risks**, identifying **actual needs**, and **non-intended effects**

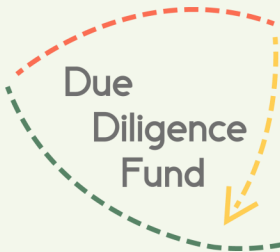
To **consult or collaborate** with rights holders increases **effectiveness** and **sustainability** of DD implementation





# Stay Tuned for our Brochure on further Lessons Learned!

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Thank you!

Hanna Kaethner, Advisor @ SASI

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Due Diligence Fund – Initiative for Sustainable  
Agricultural Supply Chain – SASI





**SASI Lunchbreak**

**x**

**First Mile Traceability**



- ④ Understanding Pakistan and India's Cotton Sector
- ④ BCUBIS Pakistan and TRAWAY India learnings
- ④ Recommendations
- ④ Applying learnings

# Agenda



# Understanding Pakistan and India's Cotton Sector

# Cotton supply chain in India and Pakistan

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Highly Dependent  
on smallholder  
farmers



Informal actors operate



Low levels of  
digitisation



Low levels of  
integration  
downstream

Challenges for  
first mile  
traceability

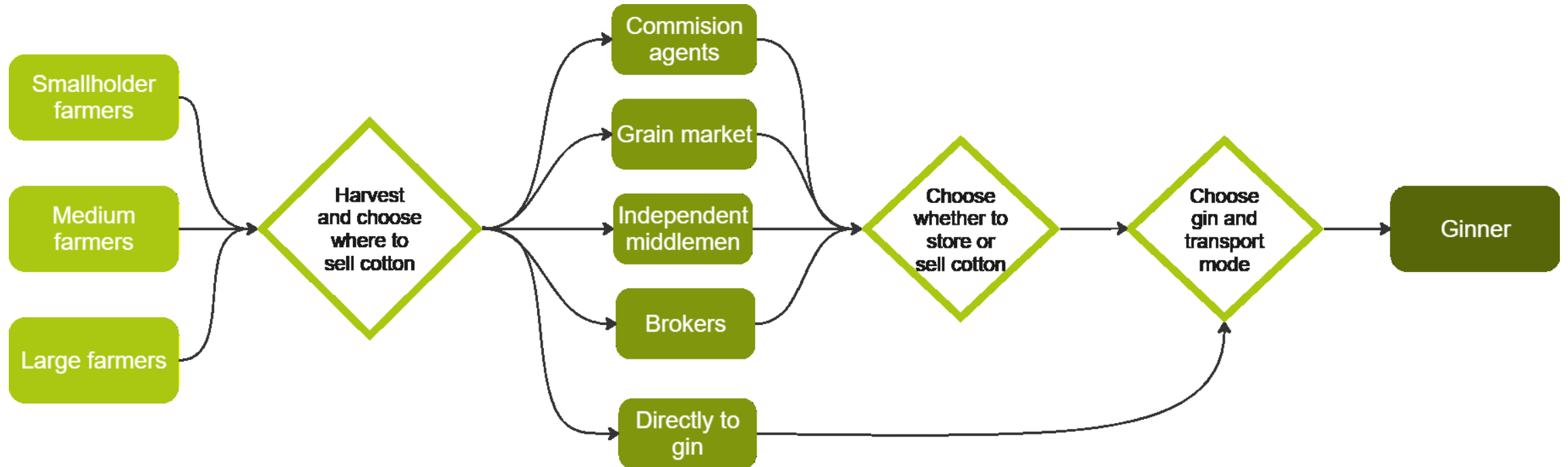
Identifying and monitoring actors

Ensuring segregation

Documentation difficult to monitor

Business case for farmers

# The First Mile of the cotton supply chain in India and Pakistan



\*this list is not exhaustive other types of intermediaries may operate



## GIZ-Funded Pilot Projects



# Project Overview

## India

Retailer & Brand Partner: **C&A**

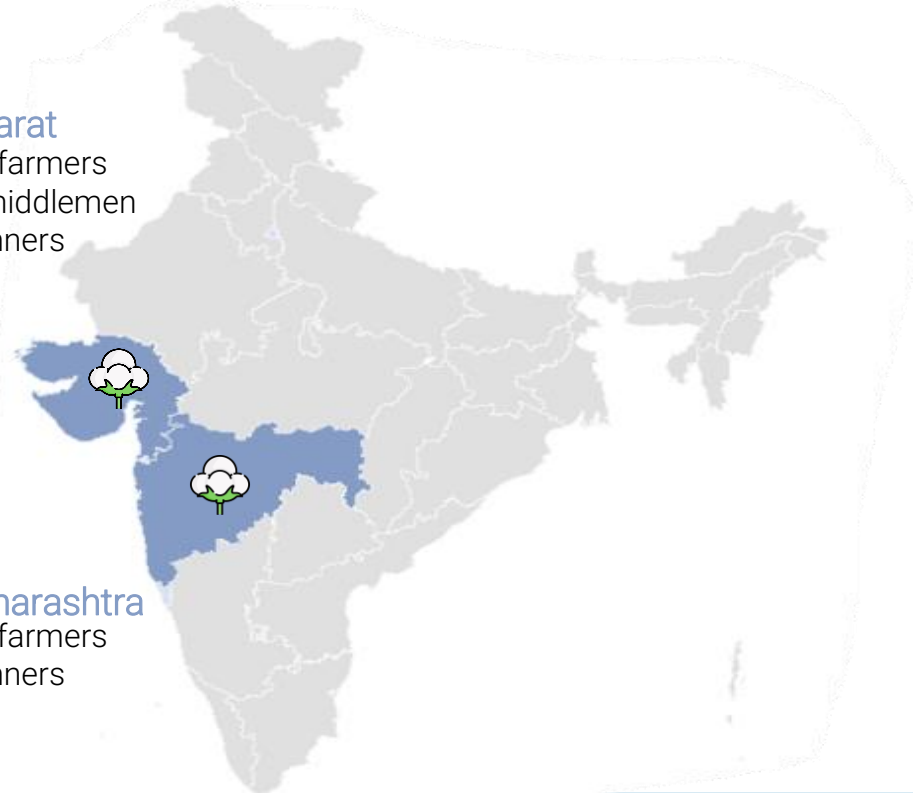
Programme Partners: ACF and AFPRO

### Gujarat

400 farmers  
12 middlemen  
3 ginners

### Maharashtra

400 farmers  
3 ginners



## Pakistan

Retailer & Brand Partner: **adidas**

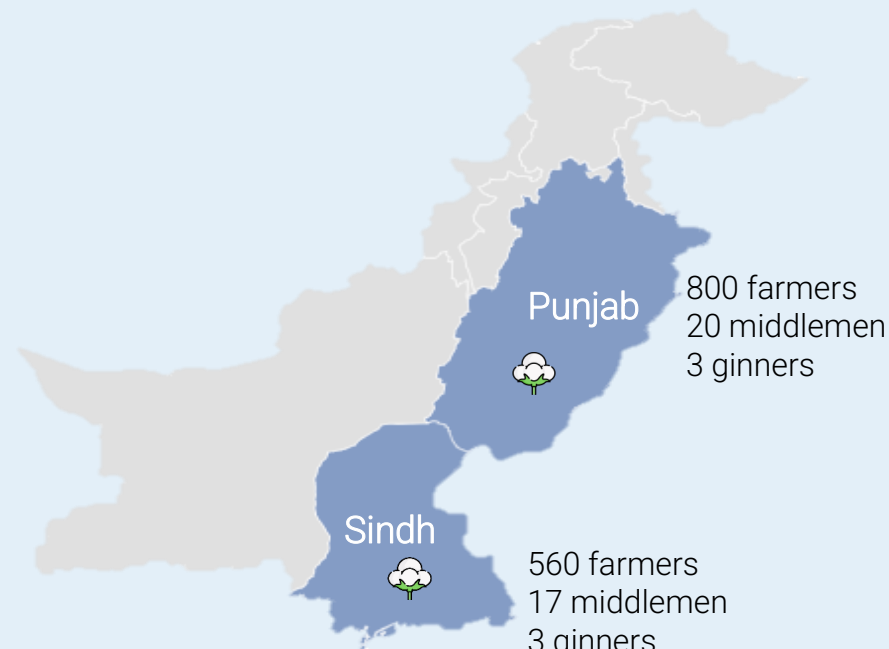
Programme Partners: REEDS and CABI

### Punjab

800 farmers  
20 middlemen  
3 ginners

### Sindh

560 farmers  
17 middlemen  
3 ginners



# Goals and objectives

To enhance first mile traceability by....

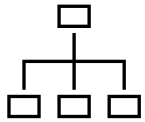
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Building engagement with informal actors at the start of the supply chain



Exploring whether informal actors are receptive to using digital tools



Deepening our knowledge of the first mile of the supply chain



Testing alternative purchase, transaction and integrity measures

# How did we achieve the objectives?

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Introduced digital and paper-based tools to facilitate traceability between the farm and the gin

Tested buyer purchase mechanisms and verifications

Researched the first mile of supply chain

Engaged middlemen through participatory workshops

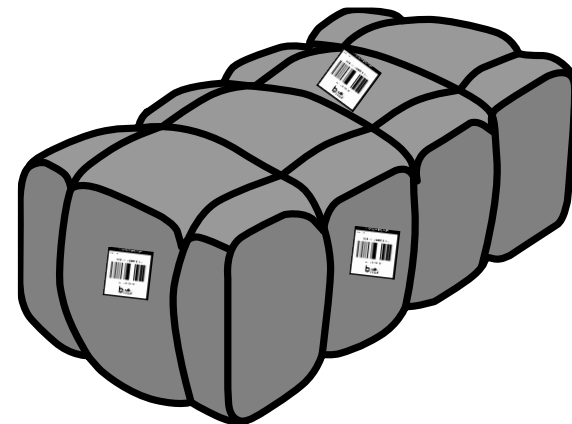
# Pakistan BCUBIS project achievements against indicators

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At least **87.5%** of middlemen engaged through this pilot wish to participate in the Better Cotton Programme.



At least **75%** of pilot participants reported improved operational efficiencies through the use of the bale tagging system.



# India TRAWAY project achievements against indicators

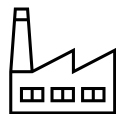
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**800** farmers



**12** intermediaries



**6** ginners

were trained of first mile traceability  
process and tools, and mobile  
verifications

# Overarching project achievements

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Seed cotton sales transactions were recorded, both digitally and physically, and in some cases verified between the farm and the gin



Successful engagement with informal actors at start of Cotton Supply Chain



Deepened understanding of supply chain dynamics





# Fundamental learning moving forward

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Supply chain actors require a business case to fully engage

Feedback from pilot participants:

Can we access  
downloads of our  
transaction  
records?

This tool provides  
visibility to other  
Better Cotton  
supply chain  
actors

What are the  
incentives for us  
to use this tool?

# Broader learnings

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There is an appetite for first mile traceability amongst supply chain actors

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Supply chain is dynamic

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Participatory approach to pilot design is key

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Validation of transactions by buyer and/or seller reduces risk of error

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Adopt an iterative approach

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Consider gender norms

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# Technical learnings

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Participants are receptive to using technology in the field, as it offers them visibility to market

Digital tool required a significant amount of handholding

Tech tool should be dynamic, time bound, and be available in local languages

Tech tool requirements should be iterative

Network availability can be a challenge

Accurate databases of baseline data are a prerequisite



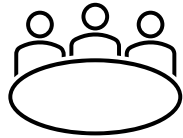
Recommendations &  
applying learnings

# Recommendations

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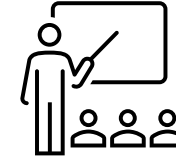
Understand  
the  
landscape



Strengthen  
pre-pilot  
engagement



Regular  
touchpoints



Do not make  
participation  
optional



Validate  
baseline data



# How are we applying our learnings moving forward?

- 🌱 Validating contact information
- 🌱 Improving the quality and volume of data collected
- 🌱 Working to understand timescales for data entry and validations
- 🌱 Expanding across different contexts
- 🌱 Understanding the intermediary landscape
- 🌱 In depth research into business case







Questions?

# What is the DDF?

## What we offer

**50k€ - 123k€** funding for up to **18 months**

**Guidance** throughout project development and implementation

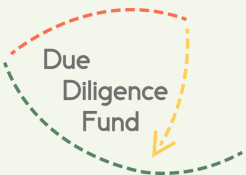
Disseminating **lessons learnt** from your project

## What we are looking for

Project ideas that foster the **implementation of HREDD**

Partnerships between a **EU+ company** and **supply-chain partners** and/or **public-benefit partner**

An **own contribution** of 50% of project volume (with discounts for SMEs)



# What projects are we looking for?



Due Diligence  
Logic

Project proposal is based on a **risk analysis**

Measures on the  
ground

Measures in one of the OECD **DAC-listed countries** and involvement of those **directly affected on the ground** or their **legitimate representatives**

Focus topics

## Central due diligence processes



Risk Analysis



Preventive & Mitigation  
Measures



Traceability &  
Monitoring



Grievance  
Mechanisms

and

## SASI cross-sectional topics

### Ecological sustainability



Deforestation-free  
Supply chains



Climate & Biodiversity



Digital participation

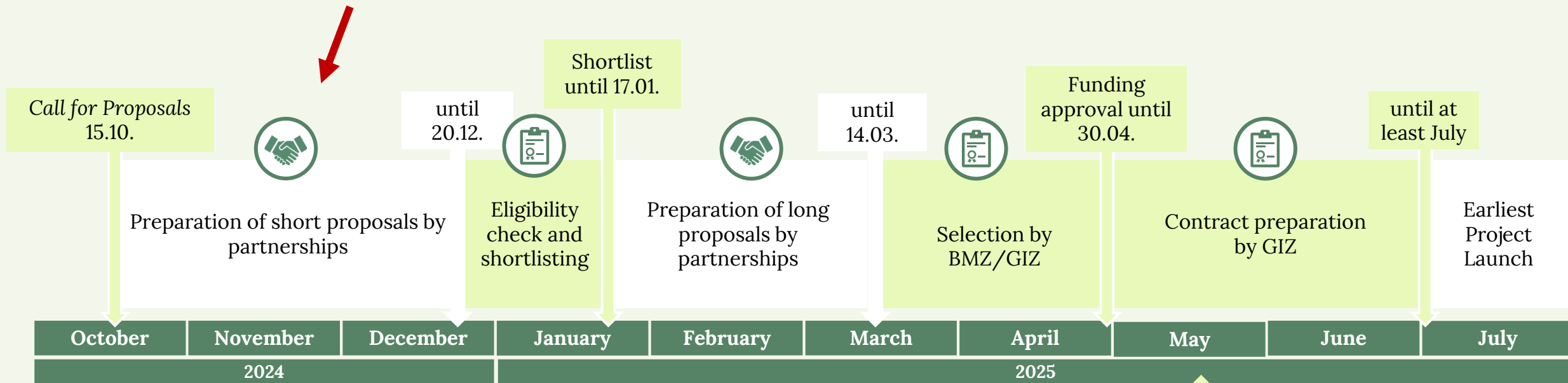


Living Income &  
Living Wages

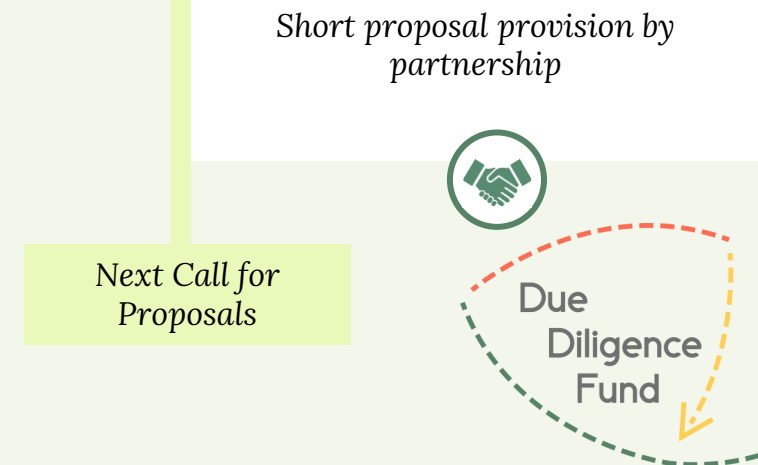


Gender

# Application timeline



! Do not hesitate to get in touch with us  
**before December 20th**





# Further information



**Next Q&A:** Monday 11.11. 15.30-16.15 CET & Tuesday 12.11. 09.30-10.15 CET.  
→ Sign up by writing to [ddf@giz.de](mailto:ddf@giz.de)



Due Diligence Fund – Initiative for Sustainable Agricultural Supply Chain – SASI ([sustainable-supply-chains.org](http://sustainable-supply-chains.org))



Contact us at [ddf@giz.de](mailto:ddf@giz.de)



Learn more in our [Call for Proposals](#)

## We are looking forward to your applications!



Federal Ministry  
for Economic Cooperation  
and Development

Implemented by

**giz** Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH

# Thank you for joining !

## See you at our next Lunchbreak