



MARS



Case Name	Timberland & Smallholder Farmers Alliance
Presenters	Atlanta McIlwraith , Senior Manager, Community Engagement and Communications, Timberland, and Hugh Locke , President and Co-founder, Smallholder Farmers Alliance
About the company	<p>Established in 1973, Timberland is a global leader in the design, manufacturing and marketing of outdoor premium footwear, apparel and accessories. The company is known worldwide for its quality products as well as its commitment to environmental and social responsibility. It has approximately 7,000 employees worldwide and generated 1.8 bn in revenues in 2017.</p> <p>The Smallholder Farmers Alliance (SFA) is a Haitian non-profit foundation that applies business solutions to help feed and reforest a renewed Haiti by establishing market-based farmer cooperatives, building agricultural export markets, creating rural farm businesses and contributing to community development.</p>
Mutuality Business Strategy	<p>Timberland is partnering with the Smallholder Farmers Alliance (SFA) in Haiti to completely re-imagine a cotton supply chain in Haiti that maximizes benefits to both smallholder farmers and export customers. The key is building this new supply chain around next generation data and blockchain technology to measure success for smallholders in terms of tangible economic, environmental and social benefits—while at the same time measuring success for eventual customers like Timberland, Patagonia and Vans in terms of increased transparency and efficiency.</p> <p>This new supply chain uses a blend of philanthropy and commercial investment to incubate a social enterprise that will deliver both agricultural and community services to farmers from profits. At the same time, this new supply chain incorporates an innovative “tree currency” approach that allows farmers to reduce their cost of operation by earning agricultural credits for seed, tools, and training by planting trees.</p> <p>Timberland began as a sponsor of the SFA in 2010 and has seen the organization grow to include 6,000 farmers (husband and wife working together on 3,000 farms). The company is now transitioning to become a customer of organic cotton. As no cotton has been grown in Haiti for 30 years, a just-completed field study of several cotton varieties will inform the first commercial planting by up to 500 farmers this summer. Farmers will continue to earn seed, including cotton seed—along with tools and training—by planting trees</p> <p>Timberland has committed to purchase up to one third of its annual global cotton purchase from the SFA’s farmers, subject to organic certification, price, quality, and volume.</p>



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Specific EoM Contributions

The data-driven smallholder supply chain being developed by the SFA and Timberland will initially focus on cotton and will determine how to track and measure the growing, selling and processing of organic cotton based on: 1) how it contributes to smallholder resiliency, 2) its effect on food security, 3) how it helps combat climate change, and 4) how it supports women's empowerment.

The goal of this data driven model is to meet the needs of both smallholder farmers and global corporations, while building the capacity to track and measure social and environmental impact. It will start simply with paper records and excel spreadsheets at the farmer level and will add complexity, including blockchain-readiness, as it moves towards the eventual consumers.

By fostering sustainable cotton production in Haiti and training farmers, Timberland has made a combined contribution to natural, human capital and shared financial capital.

Performance

The tree currency model, which was launched by SFA in 2010, has resulted in the planting of close to 7 million trees to date.

Smallholders continue to use tree planting to pay for agricultural inputs that result in improved crop yields (40% average increase) and increased household income (between 50 and 100%). Forty-six per-cent (46%) of farmer-members are women. An estimated 13,520 number of farmers and their family members positively affected by the SFA's work, including 3,000 estimated additional children in school.

Prognosis

According to projections, within five years the net impact of this cotton initiative will encompass 34,000 farmers (husband and wife working together on 17,000 farms). These farmers will be united as owner-operators of a network of new social businesses that will more than double their current income and result in a minimum of 25 million trees being planted.

The cotton supply chain and data system being developed by the SFA and Timberland are intended to apply to other crops and to other countries. Starting with cotton makes sense because some 100 million smallholder farms throughout developing nations currently produce 75% of the world's cotton. Adjust the lens to include any kind of crop, and the count of smallholder farms worldwide reaches 500 million. After including the people who live and work on those 500 million farms and the total individuals involved comes to 2.5 billion—a third of humanity. Indeed, smallholder supply chains do have the potential to change the world.
