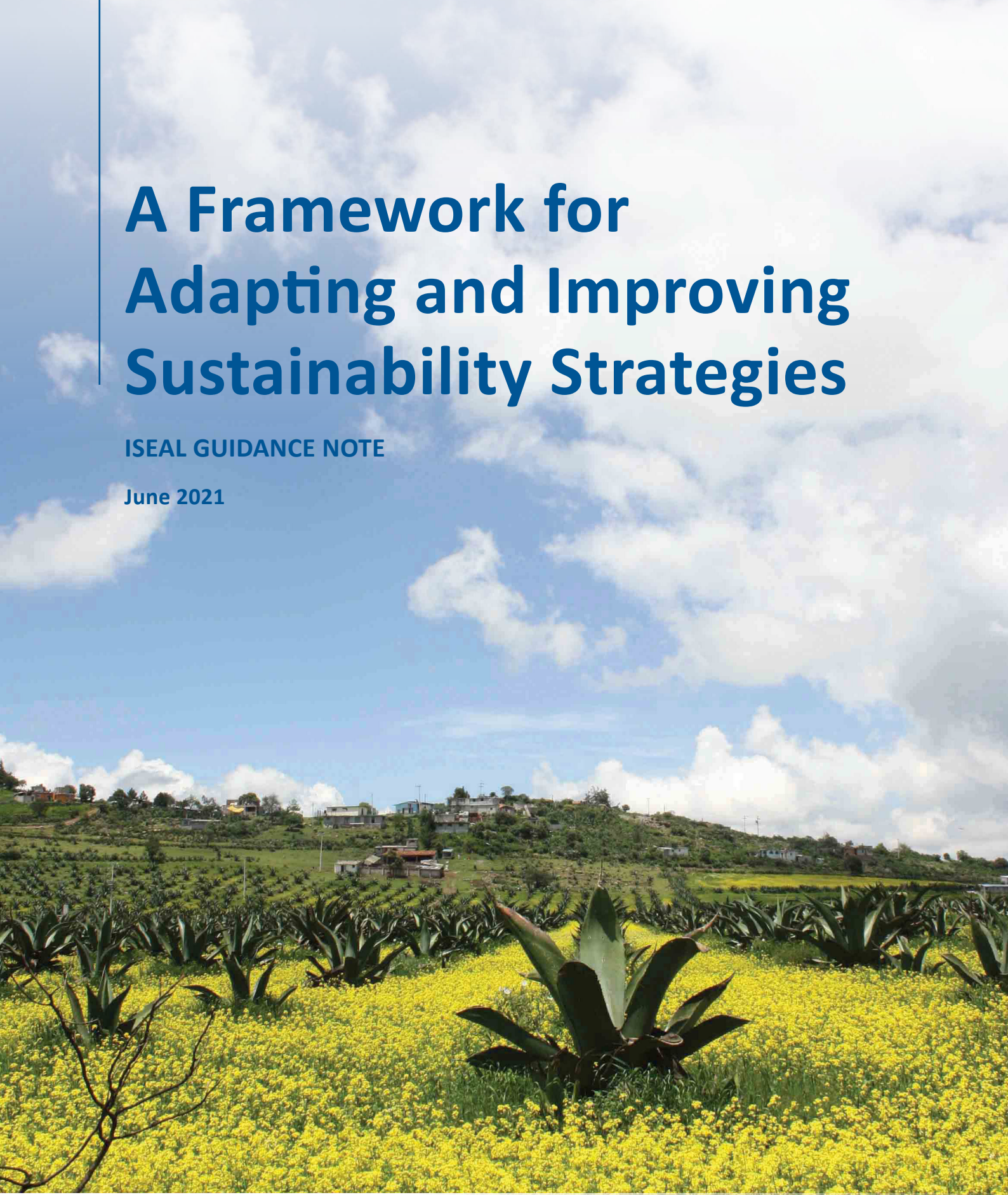
A Framework for Adapting and Improving Sustainability Strategies

ISEAL GUIDANCE NOTE

June 2021



iseal

Contents

1. Introduction **3**
1.1. Scope 3
1.2. Learning Feedback Loop 4

2. Understand Context **5**
2.1. Context Analysis 6
2.2. Root cause analysis 7

3. Adapt Your Strategies **9**
3.1. Conditions for Value Chain strategies 9
3.2. Conditions for Systemic strategies 11
3.3. Choosing the right strategies 12
3.4. Putting It All Together 13

4. Measure Change **15**
4.1. Performance measurement 15
4.2. Systemic change measurement 17
4.3. Adaptive Management 19

5. Make Credible Improvement Claims **20**
5.1. Performance claims 20
5.2. Contribution Claims 21
5.3. Strengthening the Integrity of the Claim 22
5.4. Communicating changes in system conditions 22

Annex 1.
Decision Tree 23

1. Introduction

Sustainability systems and their partners aim to solve the most pressing sustainability challenges of our time, from the climate emergency and biodiversity crisis to human rights and persistent poverty. Sustainability systems have traditionally focused on creating market-based incentives to encourage better enterprise performance. However, we recognise that durable and scalable solutions require us to consider the enabling conditions that drive change in a region or sector, taking into account the specific political, cultural and economic context in the places where we work.

The sustainability challenges we care about are complex and require us to regularly consider how well our strategies are working and how we can respond better to the various contexts in which we work. Most sustainability systems have a theory of change in place about how they intend to drive sustainability impacts, which informs their choice of strategies at a global level. This guidance aims to complement those global theories of change by providing a framework for sustainability systems to adapt their strategies at a regional level to take account of local system conditions and drive improved sustainability performance.

1.1. SCOPE

This practical guide applies to any sustainability system (sustainability standard or similar systems) that is supporting improved sustainability practices through market-based interventions. It applies to all interventions that aim to improve enterprise sustainability performance, either directly or indirectly.

The guide is an overarching framework that draws together and references other ISEAL learning about how sustainability systems can better incentivise, measure, and communicate performance improvement. It is intended to help sustainability systems to adapt and improve their strategies and actions in specific contexts. In Annex 1, we provide a decision tree to guide sustainability systems on how to use this document as a reference in that process.

1.2. LEARNING FEEDBACK LOOP

To reflect the fact that complex systems are dynamic, this guidance is structured around a learning feedback loop (sections 2 to 5) in which sustainability systems can assess how well their strategies are working and why, in order to both adapt and improve the effectiveness of those strategies and to communicate about the progress that is being made. This framework assumes that sustainability systems are already implementing a range of strategies to bring about improved sustainability outcomes. This is more about refining those strategies based on what we learn about what's working or not and why. In applying this framework, sustainability systems can enter at any point in the cycle depending on what stage of planning, assessment, or implementation they are at.

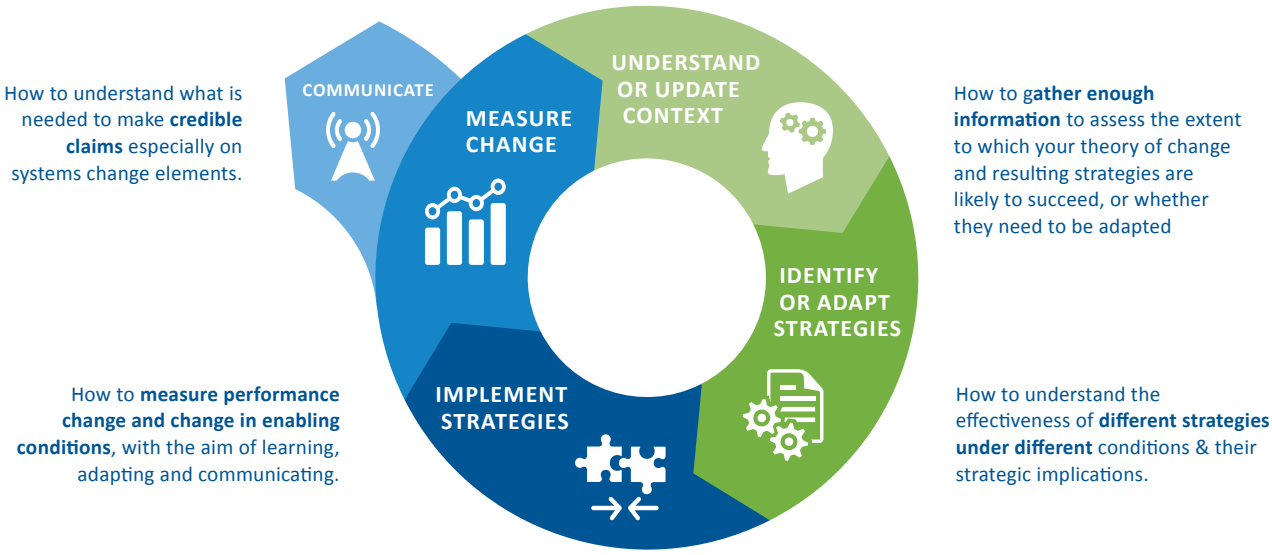


Figure 1: *An adaptive learning loop approach for improving sustainability strategies*

BETTER COTTON INITIATIVE (BCI) - STUDY INDICATES REQUIREMENTS TO ADAPT TO LOCAL CONTEXT IN ORDER TO ACHIEVE TRANSFORMATIVE CHANGE IN ANDHRA PRADESH, INDIA

Between 2015 and 2018, a 3 year study was conducted on the early impacts of the Better Cotton Initiative (BCI) on smallholder cotton producers in Kurnool District, Andhra Pradesh, India. The study highlights that to achieve success, all aspects of the theory of change needs to be implemented, with sufficient intensity and implementing partner capacity. A key finding of the report is that a more systematic approach is required to achieve 'Better Cotton' in Andhra Pradesh. Besides certification, other types of interventions are needed to achieve the transformative change desired by the BCI standard. The study recommends that strategy design must address wider issues relating to collaborative rural governance, climate resilience, actions on consumption, etc.

Source: ***Evaluation of the early impacts of The Better Cotton Initiative on Smallholder cotton producers in Kurnool district, India.***

2. Understand Context

While sustainability systems most often apply their theories of change globally, research tells us that these models are not equally effective at achieving impact everywhere. The effectiveness of a sustainability system's strategies is highly dependent on the context in which those strategies are applied. While one strategy may achieve good results in a particular place, the same approach may have little effect in a different context. This is precisely because the combination of actors and actions needed to drive change is different in different places.

To strengthen the likelihood that your theory of change and the strategies you choose will be successful for a specific context, it is useful to conduct an analysis to better understand that context, the key drivers of success, and the individuals or organisations that are in positions of influence.

The sustainability performance of individual enterprises results most immediately from their awareness and capacity to act (inner circle in figure 3). Their ability to improve is informed, in turn, by the structure and maturity of the markets and by the strength of the institutions that support them directly. Finally, the outer ring in figure 3 brings together the range of stakeholders and systems that influence the broader context in which an enterprise operates, from consumer demand to the effectiveness of government institutions.

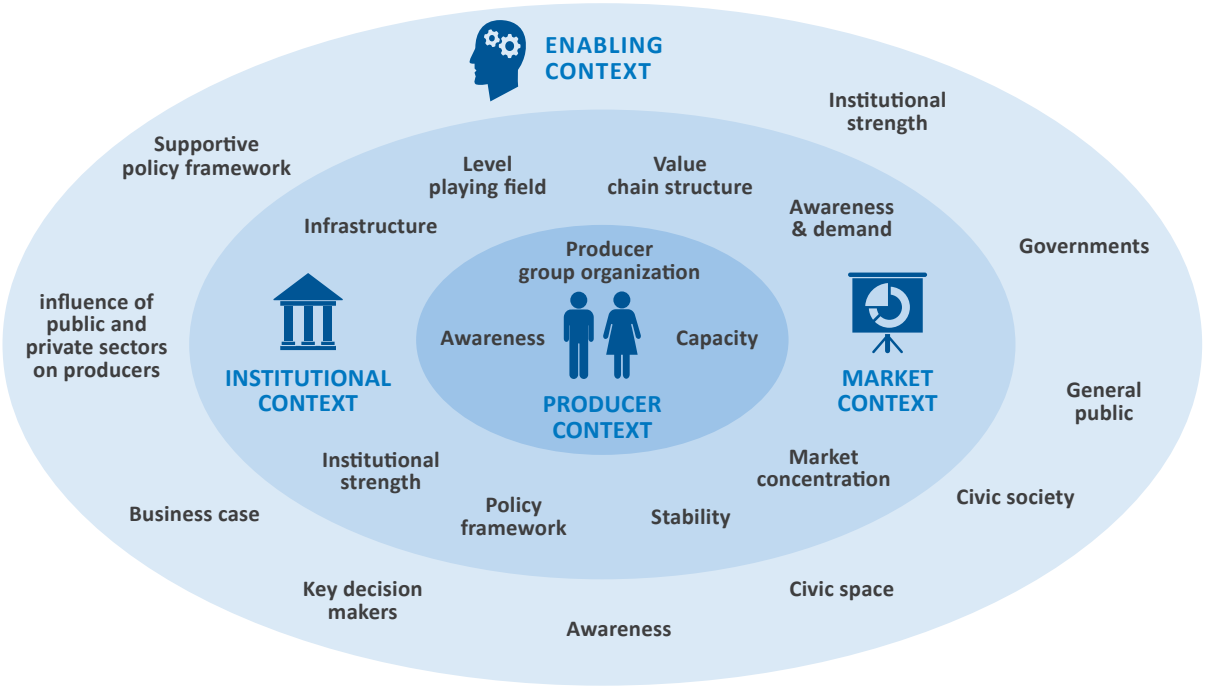
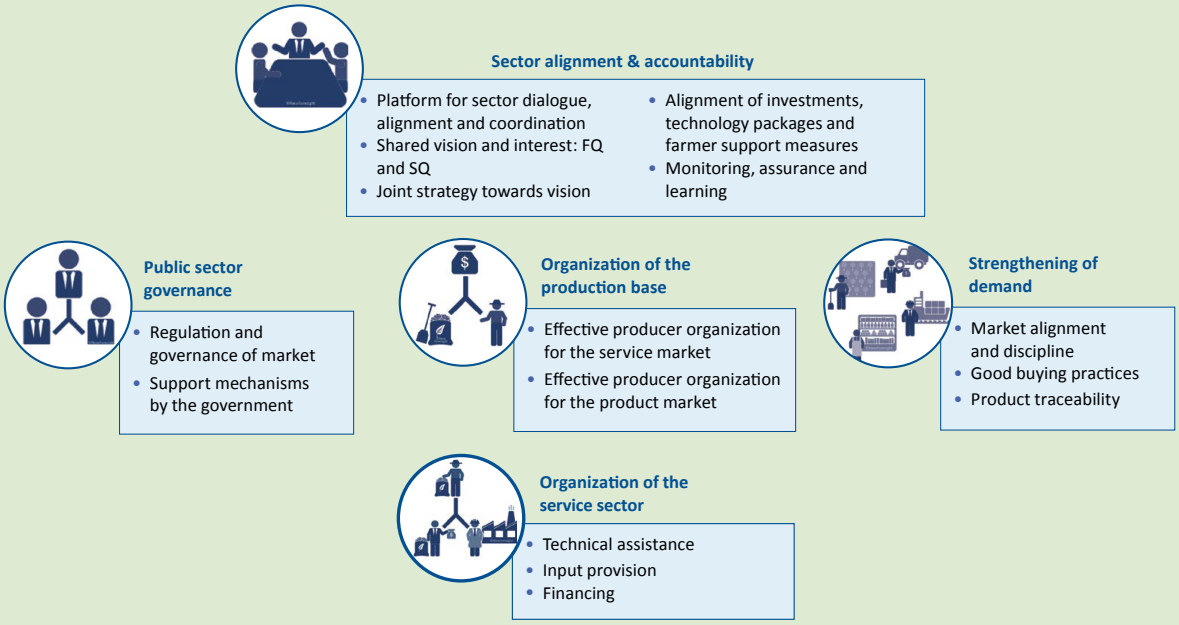


Figure 2: *Factors that influence an enterprise's ability to improve their practices*

AN OVERVIEW OF THE FIVE BUILDING BLOCKS OF SECTOR TRANSFORMATION



In 2015, NewForesight developed a model of the dynamics of sector transformation. The model describes the five buildingd blocks that influence the potential for a sustainable sector transformation, along with the characteristics or enabling conditions that need to be in place for each building block. The model is a useful reference for evaluating what needs to change in a region for value chain strategies to be effective.

Source: ***Newforesight 2015 'Sustainable Sector Transformation'.***

2.1. CONTEXT ANALYSIS

Context analysis is best undertaken at a scale where it is possible to understand who and what are the major drivers of change. Context analysis is challenging to conduct at a global level or even at a national level, given the diversity of actors and drivers. However, for practical and financial reasons, sustainability systems are also unlikely to carry out numerous context analyses at very local levels. The appropriate scale will depend on how diverse or complicated the context and how deeply engaged your initiative seeks to be in driving change in that region.

Understanding the specific context in which you are operating requires in-depth information about the stakeholders and conditions that are likely to influence success. A context analysis is most useful if you are able to gather enough information to be able to answer the following questions:

- What are the most important sustainability challenges in this region and the root causes of those challenges? (see also section 2.2)
- What are key trends and opportunities for change?
- Who are the most influential stakeholders that need to change their actions in addressing the challenges?
- Which initiatives already exist and how do they relate to each other and to the key stakeholders?
- What are the main drivers for their actual behavior? What constraints do they have? Which incentives and capabilities exist for them to change?

Much of this information can be compiled through desk studies, documenting existing knowledge of local staff or partner organisations, or through key informant interviews. Depending on the timeframe and resources available, a context analysis can be an in-depth formal review of existing evidence and study of the region or a less formal description based on input from those familiar with the region.

Existing studies and exercises can supplement information gathered through interviews and consultation:

CONTEXT	METHODOLOGY DESCRIPTION
GENERAL	• Stakeholder mapping and power analysis • Assessment of existing sustainability initiatives • Sustainability trends and opportunities
MARKET	• Market studies (including production, trade, and price dynamics) • Value chain analysis (including value chain governance);
LANDSCAPE	• Land use change, drivers, and vulnerability analyses
PUBLIC SECTOR	• Legislative context, policy environment and political economy analyses
FINANCE	• Financial sector analysis (e.g. on actors, relationships, products, policies)

Table 1: *Types of information that can inform context analyses*

2.2. ROOT CAUSE ANALYSIS

Root cause analysis can help you to understand causal relationships for a defined problem. It is useful for identifying the underlying issues and factors that contribute to these problems, helping you to understand the conditions that need to shift. Root cause analyses can be conducted as part of the context analysis or as a separate, subsequent exercise. It is important going into a root cause analysis that you have a clear definition of the problem you are seeking to analyse and enough information to identify key drivers that are contributing to these critical sustainability challenges.

For each identified driver, root cause analysis then maps the factors that contribute to that driver (contributing factors or underlying causes – see figure 4). It also identifies the key stakeholders related to these factors. Questions to ask about each contributing factor include: Who is involved in these activities? What are they doing and why? What incentives and disincentives influence the direct drivers and underlying factors? What economic, political, institutional, social, or cultural factors contribute to this pressure?

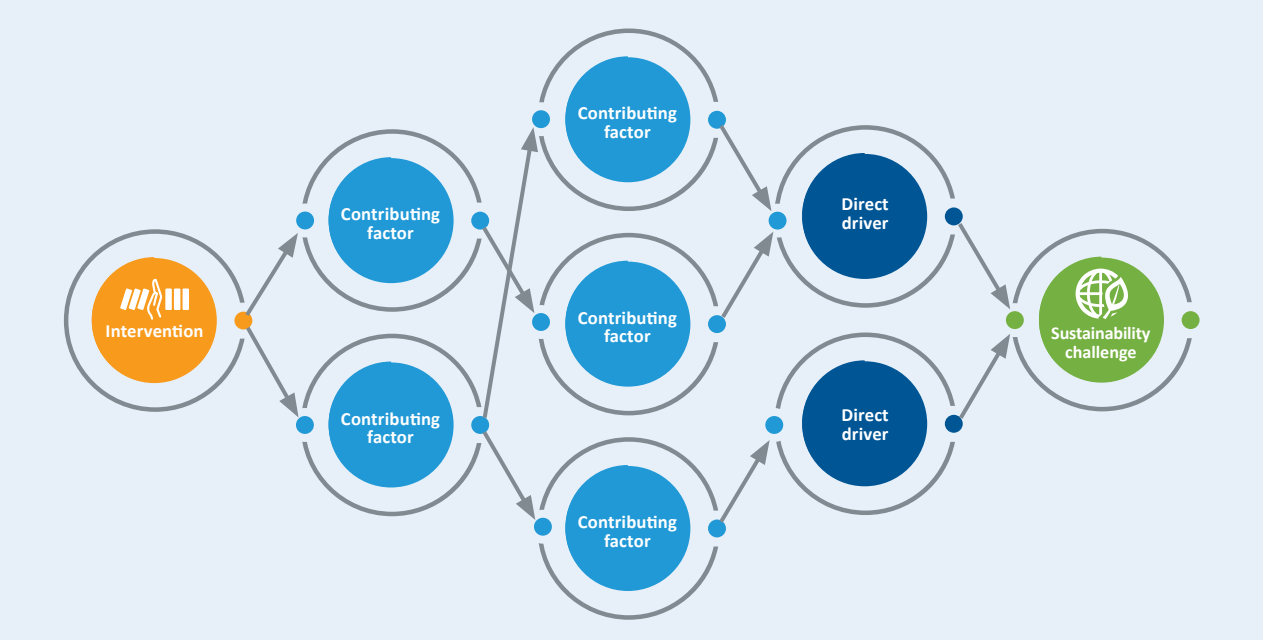


Figure 3: *Example of a simple root cause analysis*

The intention of digging into the underlying causes is to gain a better understanding of what factors in a regional context will need to change. The nature and complexity of the sustainability challenges will have implications for your choice and sequencing of strategies, e.g., if the root cause analysis shows a range of contributing factors, it is likely that a focus on more systemic and collaborative strategies will be necessary. Understanding these factors along with understanding where you are well-placed to effect change will help you to focus your choice of strategies.

FSC – USE OF CONTEXT ANALYSIS IN DEVELOPING STRATEGIES FOR AN INCLUSIVE SMALL FOREST OWNER'S DEVELOPMENT MODEL


© FSC

In an effort to be more inclusive and accessible for smallholders, FSC launched the 'New Approaches for Smallholders and Communities Certification' project in 2016. The New Approaches Project sought a methodology that meets the following conditions: can be used globally, takes into account local specificities, is inclusive and allows for the implementation of a systemic approach. Within this project, the Collective Impact Methodology applied country and regional-level collaborative ant systemic processes. Read about the pilot project which was initiated in Chile in 2019 which provides detailed insights into how the context analysis was structured and carried out including the information gathered which informed their strategic direction.

Source: ***Lessons learned from piloting the development of an inclusive small forest owners development model***

3. Adapt Your Strategies

This section can help you determine which types of strategies may be most effective for a given context. Strategies for driving performance improvements can focus on influencing the actions of target enterprises directly (such as capacity building or certification) or indirectly (such as through building market demand). These are **value chain strategies**. Sustainability systems can also seek to influence the enabling environment in which those enterprises operate through **systemic strategies**, to create the system conditions that support the enterprises to improve. To understand whether value chain or systemic strategies are more likely to be successful in a given context or whether a combination of both is desirable, sustainability systems will benefit from analysing the conditions for uptake of these strategies.

3.1. CONDITIONS FOR VALUE CHAIN STRATEGIES

ll things being equal, if a context analysis shows that conditions are favourable for value chain strategies to succeed in driving change, it is a lot easier for sustainability systems to implement these more direct strategies, rather than seeking to influence system conditions.

Value chain approaches are likely to succeed when there is a favourable e**nterprise, market, and institutional context.**

- A favourable enterprise context means that participating enterprises are aware of the problems, have capacity to address them, and see a business case for action.
- A market that differentiates and rewards sustainability, is fairly concentrated, and has short and transparent supply chains is favourable.
- A favourable institutional context is about having a level playing field for enterprises and sufficient communication and transportation infrastructure, as well as other basic services.

The following table suggests some strategic considerations for different combinations of positive or negative contexts. These should help you determine whether or under what conditions value chain strategies could be pursued.

PRODUCER CONTEXT	MARKET CONTEXT	INSTITUTIONAL ENVIRONMENT	STRATEGIC CONSIDERATIONS
⊕	⊕	⊕	Good context to **promote value chain strategies**. Focus on collaborative ones if sustainability challenges and investment require pre-competitive action.
⊕	⊕	⊖	**Favours value chain strategies.** Strong undermining dynamics in the institutional context may need to be addressed through systemic strategies.
⊖	⊕	⊕	**Value chain strategies** can be **pursued** if supply chain actors have reach/ leverage over producers. It may need emphasis on improvement standards (e.g. step-wise approaches), market incentives, and capacity building. The public sector can play a role in standard-setting and capacity building.
⊖	⊕	⊖	Role of public sector in supporting producers will be limited, making the **role of value chain actors more important**, as well as the market incentives they provide to producers. Collaborative strategies may support a level playing field and co-investment and risk-sharing.
⊕	⊖	⊕	**Focus on the systemic pathway** to support role of public sector to improve producer performance (e.g. through mandatory standards).
⊕	⊖	⊖	Work on **producer-centric approaches. Engage with front-runner value chain actors** to build proof of concepts of sustainability improvements which may inspire the public sector and other value chain actors to act.
⊖	⊖	⊕	**Focus on strengthening the governance of the sector**, and feed this with proof of concepts from producer and value chain best practice projects.
⊖	⊖	⊖	**Lower ambitions to reach scale** and start best practice pilots with p**roducers and value chain actors and raise awareness** on sustainability issues.

⊕ Enabling (positive) ⊖ Disabling (negative)

TABLE 2: *Strategic considerations in response to enabling or disabling conditions in the producer, market and institutional context*

Source: ***Choosing effective sustainability strategies based on enabling conditions***

3.2. CONDITIONS FOR SYSTEMIC STRATEGIES

Improved performance can result from value chain strategies but may be short-lived if the enabling system conditions are not also addressed. Systemic strategies can address root causes of unsustainable practices (capacities, policies, institutions, stakeholder relationships, etc.) and have effects that go beyond certified areas of operation. Although changes within the enabling environment can be more difficult to realize and can take more time, these changes can have wider and more durable results than the direct impact of strengthening enterprise performance. Improvements in the enabling environment can raise the performance of many more actors than certification currently achieves.

Your choice of strategies will be influenced by what you know of the context. For example, in a weak governance context, it is likely to be more challenging to influence public policies than in a stronger one. Influencing policy could still be an option but doing so via multi-stakeholder platforms may be more effective. Similarly, there may be more potential to organize stakeholders around a sector dialogue in sectors where actors are fairly concentrated and there is at least a minimum level of mutual trust.

If your initial assessment is that value chain approaches are unlikely to be successful, then you need to assess whether broader system conditions can be influenced, either individually or collaboratively. This can be assessed by answering the following three questions:

- Is there a business case for key public and private actors to promote sustainability?
- Do those actors have leverage over producing enterprises and value chain actors?
- Is there sufficient civic space to influence them?

BUSINESS CASE	LEVERAGE	CIVIC SPACE	STRATEGIC CONSIDERATIONS
⊕	⊕	⊕	Good context to **pursue systemic strategies** targeting relevant actors (e.g. government, financial sector, value chain actors, consumers).
⊖	⊕	⊕	Raise awareness and sense of urgency through research and campaigns. Engage with leaders decision-makers to see what can be done to strengthen the business case.
⊕	⊖	⊕	This can limit potential effectiveness of systemic strategies with individual stakeholders. **Pursue collaborative strategies** to get different actors aligned and strengthen capacities of key public or private stakeholders to increase their leverage.
⊕	⊕	⊖	Potential **effect of systemic strategies is large**, but space to influence is limited. Partner with legitimate actors which have influence over decision-makers or consider to strengthen capacities of CSOs.
⊖ ANY COMBINATION OF 2 OR 3 DISABLING CONDITIONS			**Reconsider the relevance of systemic strategies.** Start best practice pilots with producers and value chain actors and start collaborative action (e.g. multi-stakeholder platforms) to raise awareness.

⊕ Enabling (positive) ⊖ Disabling (negative)

***TABLE 3**:Possible scenarios and strategic considerations related to systemic strategies*

***Source:** Choosing effective sustainability strategies based on enabling conditions*

3.3. CHOOSING THE RIGHT STRATEGIES

Once you understand whether value chain or systemic strategies are more likely to be successful in a given context, you need to look at the range of strategies you are already implementing and those available to you and choose among them based on what is likely to drive the most change and where you are well-placed, either individually or collectively. You should also consider whether any sequencing is required in the strategies you implement, i.e., whether something needs to change before something else can be improved.

3.3.1. TYPES OF AVAILABLE STRATEGIES

Many value chain strategies are familiar to you and are already being implemented by most sustainability systems:

EXAMPLES OF VALUE CHAIN STRATEGIES	
STANDARDS	Standards define norms or goals for producers and value chain actors. They can be practice- or outcome-based and have binary, step-wise improvement, or continuous improvement compliance models. Standards can be set for individual actors or a group of actors (e.g. through a group certification or jurisdictional approach) and are generally combined with assurance, chain of custody and claims models.
MARKET INCENTIVES	Market incentives such as price premiums, minimum prices and fair trading practices reward target groups for the effort of improving or reaching the desired level of performance.
SUPPORT MECHANISMS	This refers to interventions which help target groups to improve. It can consist of capacity building, information services, decision-making tools, access to inputs and technology and financial support and services. Support can target standards compliance, but also apply to a wider set of improvements.

TABLE 4: *Examples of Value Chain strategies*

Systemic strategies are broader and include:

EXAMPLES OF SYSTEMIC STRATEGIES	
PUBLIC AWARENESS RAISING	Activities such as public campaigning can influence values and norms which drive behavioural change of specific stakeholders
STAKEHOLDER DIALOGUE AND COORDINATION	Multi-stakeholder platforms and partnerships can promote trust, alignment, collaboration and accountability between stakeholders. This can take place at landscape, national or international level.
KNOWLEDGE DEVELOPMENT	The development and dissemination of knowledge and tools in the public space support target groups to make improvements
SERVICE SECTOR DEVELOPMENT	A viable service sector creates access to services that target groups require in order to improve (e.g. training, inputs, finance)
PRIVATE SECTOR ENGAGEMENT	This can influence lead companies and financial sector actors to adopt policies and strategies which facilitate improvements of target enterprises
PUBLIC SECTOR ENGAGEMENT	The aim is to influence the public policies, regulation and investment to create incentives and a level playing field for sustainability improvements.

TABLE 5: *Examples of Systemic Strategies*

3.3.2. ASSESSING YOUR CAPACITY AND IDENTIFYING YOUR ROLE

Once you have identified a longlist of potential strategies, you should assess where you are well-placed to implement them. You will need to have a good sense of the resources and capacities you possess. This also means looking at how you can work with other stakeholders who may be in a better position to influence the enabling conditions, either by influencing those stakeholders directly or by collaborating with them where your influence is complementary.

Some key questions to consider when assessing different strategies include:

- Where have I been most effective in the past and how does that align with areas of greatest need? Do my existing strategies continue to be relevant?
- What is my organizational capacity to effect change in this region?
- What role has the potential to achieve the greatest value considering roles played by other stakeholders and initiatives?
- Which partnerships need to be developed to ensure complementary roles are taken up?

The answers to these questions will help you to eliminate those strategies that are either unlikely to be effective or where you are not well-placed to implement them. If you need further support to narrow your strategies, there are a number of decision-support tools to guide you:

- Descriptive Comparisons (e.g. pros-cons table): Describing the strengths and weaknesses of each strategy, often in relation to a context analysis, a set of criteria or decision nodes, and/or each other.
- Criteria-Based Comparisons (e.g. absolute or relative ranking tables, consequences tables): Rating each strategy across a set of criteria. Typical criteria might include potential impact, riskiness, feasibility (financial, technical, moral), fit, and gap. You could apply these criteria using a relative ranking, categorical rating, or cardinal rating. You may choose to weight some criteria more than others.
- Constrained-Choice Comparisons (e.g. dot / point-based voting or knock-off tables): Selecting a set of strategies given a binding constraint, such as total amount of funds or time available.

3.3.3. UPDATING YOUR THEORY OF CHANGE

A theory of change is a useful tool for helping to understand and influence situations of complexity and uncertainty, and it is most powerful as a learning framework. Theories are tested and updated as new knowledge emerges. Conducting a regional context analysis and research on potential strategies can provide good insight for updating or adapting your global theory of change for the regional context. It will enable you to refine assumptions about how change happens for a specific context that will then be helpful in informing your evaluation of the effectiveness of any new strategies you are implementing.

Theories of change can be updated in two ways: either you start with the end goal and work backwards, defining all the significant outcomes that need to be in place to achieve that goal. Then, for each of those outcomes, do the same exercise of determining what needs to be in place to achieve that outcome. Alternatively, and what is likely more common for sustainability systems, you can reverse engineer your theory of change, starting with a chosen strategy and defining how that action or intervention will lead to short-term outputs, and then on to short and long-term outcomes, and finally to the desired impact. In either case, the goal is to have a logical sequence or map of results that can then be interrogated to determine whether that logic holds up in practice. This iterative process of updating your theory of change should happen at regular intervals depending on the speed at which system conditions evolve or your strategies change.

3.4. PUTTING IT ALL TOGETHER

Practically speaking, you are likely to already be implementing a variety of value chain and systemic strategies that work together to contribute to improved performance. However, by working through the above steps, it will be easier to be more intentional and tailored in your choice of strategies for a given context.
It is likely that sustainability systems will work on different approaches simultaneously, e.g., while developing better implementation models and voluntary standards, you could also set the scene for pre-competitive collaboration and regulatory reforms. In choosing strategies, most sustainability systems will identify a leading or primary pathway through which you intend to effect change, and a set of secondary or supplementary pathways that complement your primary intervention.

The following example shows a theoretical model for how the Aquaculture Stewardship Council combines strategies to effect change in an industry at the national level.

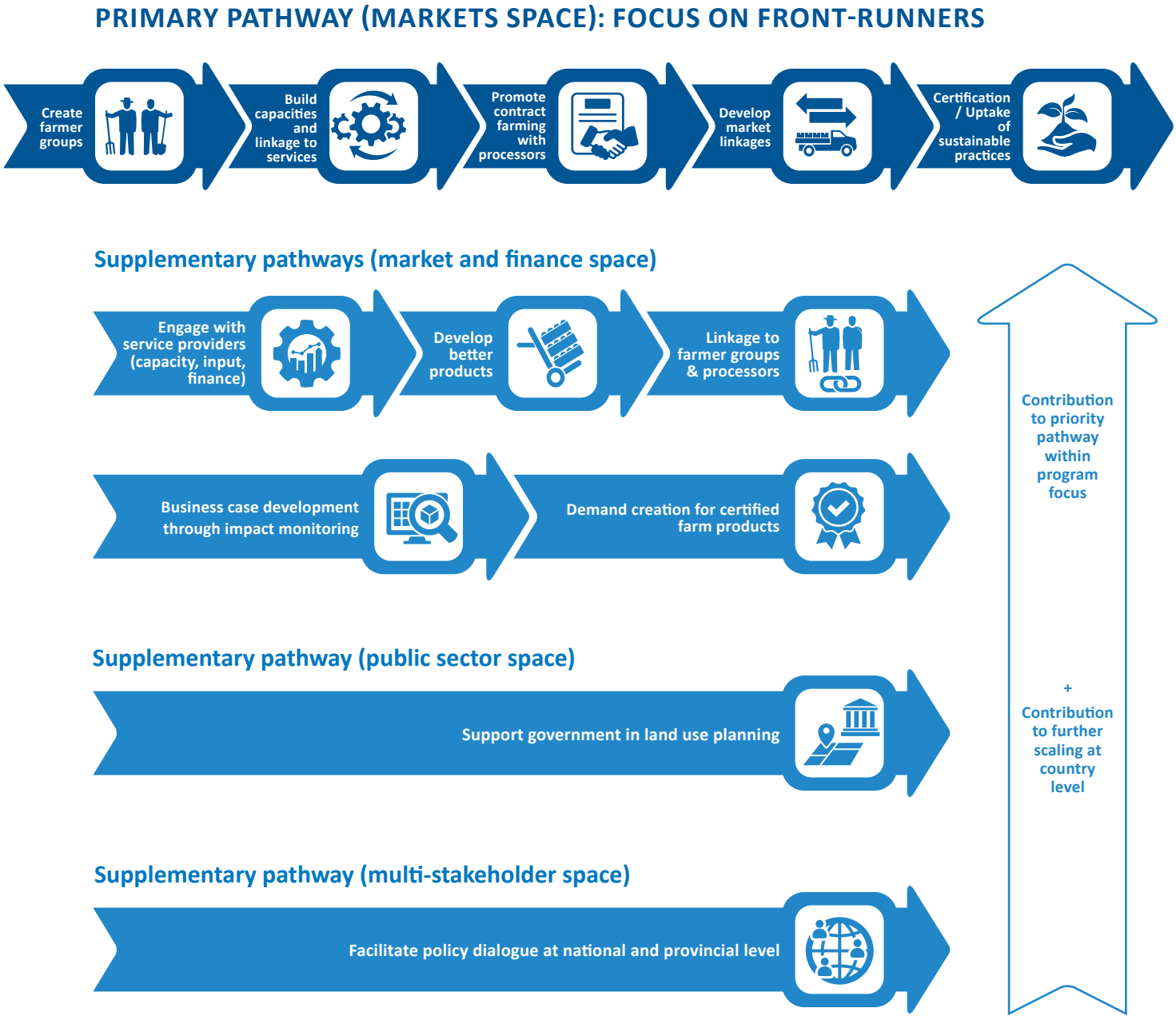


FIGURE 4: *Example of priority and supplementary pathways of change*

4. Measure Change

The range of factors influencing how a complex system evolves makes it critical that sustainability systems understand what is working or not and why – so that you can learn, adapt, and improve your strategies to be more effective over time. There are two types of measurement required to understand how your system is contributing towards change:

- **Sustainability performance** (see section 4.1): what is the current sustainability performance and how has it changed over time – are the critical sustainability challenges getting better or worse? This is the performance outcome information that stakeholders are most interested in. ISEAL has developed a wealth of resources through our M&E community about how to monitor sustainability performance. ISEAL members can find the key resources here.
- **Systemic change** (see 4.2): are the strategies you (and others) are implementing contributing to achieving the desired sustainability performance outcomes? For the effectiveness of your work, it is important to know two things: why performance is improving or not, and the extent to which your strategies played a role in that change.

Putting together the performance measures and the assessment of intermediate outcomes will help you to understand whether your theory of change logic holds and where any adaptations are required either in the way you think change comes about or in the strategies you are using to bring about that change.

For example, if you are aiming to improve worker health and safety but performance measures show that progress is not being achieved as quickly as you expected, then assessing changes in the range of factors influencing health and safety could help to identify the causes of this slow progress, e.g., that there is little regulatory enforcement of statutory health and safety requirements. This could, in turn, cause you to adapt your strategies to focus more on influencing the regulatory environment (the system condition).

4.1. PERFORMANCE MEASUREMENT

This framework is built on a decision tree logic that ISEAL advocates through our Impacts Code that sustainability standards have robust monitoring and evaluation systems in place to measure performance change over time in line with their theory of change. In practice, this is about regularly monitoring performance at the level of the certified enterprise, either through the audit process or regular data collection, cross-referencing this with longer-term outcomes and impact studies, and using your theory of change to assess the extent to which your strategies helped to bring about the desired sustainability performance improvement. In addition, change at a macro level needs to be considered and this requires us to get better at measuring and tracking change at scale.

4.1.1. ASSESSING PERFORMANCE CHANGE AT A REGIONAL LEVEL

If the long-term goal of sustainability systems is to transform regions and sectors to more sustainable practices and performance, then not only do we need to understand performance change at an enterprise level, but we also need to know what is happening at scale. It is clear that for many issues, ranging from biodiversity to deforestation and human rights to poverty, it is more meaningful to assess performance change at a regional level and to understand our contribution towards that change.

In some cases, sustainability systems are already integrating regional scale performance data into their M&E. Where this is not yet the case, or just beginning, there are three approaches to better understand regional performance:

- Primary data collection through sampling of performance or practice across the region, e.g. through household or community surveys, or field studies. The challenge is that these methods of data collection at scale can be expensive and time-consuming, depending on the approach taken and size of sample required.
- Where there are a large number of certified enterprises within a region, it may be possible to combine data across those enterprises and extrapolate up to a regional scale. Ideally this would include some data from non-certified enterprises to give a more balanced picture of regional performance.
- The other option is to access existing regional data sets or geospatial data layers. The challenge here is finding good quality data at the right scale that provides insight on the particular issues you care about. Geospatial data has the advantage of visual representation that can be layered with other data to provide more nuanced analyses of performance.

4.1.2. ASSESSING CREDIBILITY AND SUITABILITY OF DATA SOURCES

A data source is often an existing set of data collected by a secondary entity like a regional or national government or an academic or research institution. The availability of these data sources needs to be weighed against the quality, relevance, local availability, and timeliness of the data. An available data source that does not give up-to-date insights on meaningful indicators is not of much value.

Data sources for monitoring should be appropriate to the commodity, geography, and production context, and to the nature of the issues being assessed. It is unlikely that you will find the perfect secondary data set. In practice, your evaluation of existing data sets will be based on which ones best meet a combination of the following factors. This may require collection of primary data in cases where credible secondary data sources do not exist:

- **Relevance:** the data is relevant to the issue and indicator you are seeking to measure.
- **Accuracy:** the data is reliable because it is of good quality and comes from a well-resourced and reputable source. Accuracy can be strengthened by triangulating or cross-referencing two of more overlapping data sets.
- **Spatial Resolution:** the data set covers at least the area you are focused on while remaining granular enough to be meaningful.
- **Temporal Resolution:** the data source includes up-to-date data and the frequency of updating is sufficient to maintain the data's relevance over time. Having historical data also provides insight into the consistency of the data over time.
- **Accessibility:** the data is available without undue cost burden. There is often an important trade-off here as data sources that are free and easily accessible may not be accurate or relevant enough to be of value.

MSC USE OF EXTERNAL BASELINE DATA FOR PERFORMANCE MEASUREMENT


© sdecoret

MSC needed to demonstrate programme reach and impact in a way that was tied to certificate uptake or certified units. The solution was to look at global fisheries capture data provided and maintained by the FAO. Integrating two substantial historical data sets – global FAO capture data combined with the internal MSC capture data in the MSC data warehouse – has given all staff easy access to data on trends in globlal volume by species, country, regions and more in a dashboard.

Read more about this and other member examples including tips from members on combining and using data sources in the ISEAL paper on 'Unlocking the value of data'

Source: Unlocking the value of your data: A practical guide for sustainability systems to turn data into actionable insights.

4.2. SYSTEMIC CHANGE MEASUREMENT

There is growing recognition among sustainability systems of the need to capture the deeper changes that are occurring in the systems in which we work. The challenge is how we understand cause and effect when systemic change is, by definition, non-linear. Before embarking on a measurement methodology, it is useful to consider a few key points:

- **No single methodology:** There are various measurement methods and tools available and no single methodology is better than others. It is more important that your chosen methodologies provide appropriate and useful insights and that you use those insights to improve your strategies.
- **Judgement matters:** Good judgement is needed when determining what you are measuring, why you are measuring, for whom and with what method. Professional judgement about what is material or relevant will guide you on which methodology works best.
- **Consider the level you are operating at (micro, macro):** This also plays a part in determining what and how you measure change at that scale.

4.2.1. MEASUREMENT METHODOLOGIES AND TOOLS AVAILABLE

Systemic change measurement is about understanding what changes have happened in a region or system and the extent to which your actions have helped to bring those about. Data to inform those questions can either be quantitative or qualitative or a mixture of both (mixed method design):

- **Quantitative methods** measure changes in the intermediate outcomes (performance or behaviours) tied to your theory of change or root cause analysis. Each indicator provides insight on a specific, predefined element of your plan.
- **Qualitative evaluation methods** are more focused on getting a sense of where changes are happening and who or what is responsible for those changes. Using qualitative methods such as surveys allows us to explore how external stakeholders feel the system has changed. Qualitative information is a useful complement to quantitative data as it provides context and ensures the relevance of quantitative indicators.

The following sections describe some common approaches you can use to collect quantitative and qualitative data about changes in system conditions.

Quantitative Data / Methods

If you carried out a root cause analysis in your context analysis, you will have identified factors that potentially contribute to one or more drivers of sustainability. Similarly, in your theory of change, you will have identified intermediate outcomes that you expect to see as the system progresses towards your desired long-term impacts. To determine what to measure, follow these steps:

1. Identify from among those contributing factors or intermediate outcomes the ones that are most likely to contribute to the long-term changes you want to see.
2. For each of these contributing factors, list one or more indicators that can quantitatively measure the extent to which the desired intermediate outcome has come about. For example, understanding the extent of appropriate employment opportunities may be measured by income per household per year or by the average level of education per household.
3. Include a minimum of at least one indicator per factor or outcome and ideally include at least 4 to 5 indicators per pillar (i.e., area of sustainability scope), depending on data availability, relevance and quality.
4. For indicators where existing data is not available or the data is not at the proper scale, consider a proxy indicator to take its place.

Given that you are seeking to understand how system conditions change over time, it will be important to gather baseline information against each of these indicators as this will give you the reference point against which to measure change. The frequency with which you measure that change will depend on how rapidly the related conditions are expected to change.

There are a variety of methodologies for measuring the status of system change indicators. Much like for performance measurement, you can capture data on indicators using existing secondary data sets or through quantifiable primary methodologies like key informant interviews, focus group discussions, and surveys.

To unpack why certain interventions have or have not been successful and the conditions that may have influenced the results, it is also useful to look at the key intermediate results you assessed and describe some of the external conditions that enabled or hindered the success of the intervention.

Qualitative Methods

In complement to the quantitative data, it is useful to employ qualitative methods to understand the extent to which your actions or strategies resulted in the changes you are documenting in the intermediate outcomes. Where outcomes are influenced by a variety of factors beyond your strategies, it is important to focus on estimating your contribution (rather than attribution) to these outcomes. Plan to cast a wide net for both intended and unintended outcomes and systems changes, and then use an evaluation approach that allows you to test and explore competing explanations for what is occurring.

The following list highlights a few examples of methodologies that take this broader approach.

- **Most significant change:** An approach primarily intended to clarify differences in values among stakeholders by collecting and collectively analysing personal accounts of change. This is a narrative-based approach to capturing change through the stories and assessments of those deeply involved and affected by change initiatives. Stakeholders identify what they consider to be the most significant change resulting from an intervention. The process generates individual stories which are winnowed down by categorizing them by topic and choosing the most representative from a group of stories to advance to the next level. Stories may be collected on a regular or recurring basis.
- **Contribution Analysis:** An approach for inferring causality that reduces uncertainty about the contribution the intervention is making. A facilitator and group of individuals with strong knowledge of activities in and around the region shares, validates, and refines the quantitative information collected. The group's objectives are to increase understanding of why the observed results have occurred and the roles played by the intervention and other internal and external factors. They are interrogating how credible the theory of change or contribution analysis is and where there are weak points in the story that may require more evidence to understand the contribution of different interventions.
- **Outcome harvesting:** A methodology for tracking multiple and cumulative changes that emerge in the course of complex change initiatives involving diverse actors. Outcome Harvesting collects ("harvests") evidence of what has changed ("outcomes") and then, working backwards, determines whether and how an intervention has contributed to these changes. For each outcome, the harvester uses a variety of data sources to assess the degree to which outcomes have occurred and the contribution of the implementer to that outcome. The approach is retrospective in that it first describes outcomes and then seeks plausible explanations of how the outcomes occurred.

AIDENVIRONMENT USE OF A MIXED METHOD APPROACH TO ASSESS CHANGE AT FARM AND SECTOR LEVEL


© UTZ

In 2014, Aidenvironment carried out an assessment of UTZ (now Rainforest Alliance) cocoa producers in Indonesia to explore the immediate contributions of UTZ's strategies to cocoa farmers as well as their contributions to broader sustainable sector transformation.

Based on the UTZ's Theory of Change, Aidenvironment has formulated four impact pathways being on: (1) productivity (including social and environmental performance, (2) cocoa quality, (3) market access, and (4) to creating a sustainable cocoa sector in Indonesia. For data collection Aidenvironment used a mixed method approach where by the findings of the survey data collected, field observations, key informant interviews and focus groups discussions were aligned and compared to establish contribution of the program to the noted impact. Based on this processof triangulation, highly plausible evidence was established to answer the research questions.

The mixed methods approach provided a more holistic understanding of causal relationships and where strategies contributed to performance results. To the extent that the quantitative data reinforces the qualitative findings, this approach should allow for definition of plausible impacts and understandinggs of wider casue and effect relationships.

In UTZ response on the evaluation several learnings from the evaluation are highlighted as well as the steps they undertake the future increase its impazct at farm and sector level.

Read more about this case in the paper 'Evaluation of UTZ in the Indonesian cocoa sector'

Source: aidenvironment:Evaluation of UTZ in the Indonesian cocoa sector

4.3. ADAPTIVE MANAGEMENT

Learning feedback loops mean that sustainability systems should actively integrate the insights coming out of data measurement and analysis into your decisions about what strategies are being implemented where, and what roles you and your partners are playing. The analysis should also be used to update your theory of change about how different actions are more or less likely to contribute to the desired outcomes and, ultimately, to your performance goals.

The first step is to combine what you've learned about the changes in sustainability performance (4.1) with the findings of your contribution analysis (4.2) to understand the extent to which your actions or strategies helped to achieve that performance change:

- If your strategies have been effective, then consider what it would take to scale up those strategies to effect change on a broader scale or more quickly.
- If performance improved but your strategies were not the main cause, then you should explore what factors did drive performance improvement and determine if your efforts can enhance of replicate those factors.
- If performance is not improving as expected or intended, you need to identify what factors have been preventing performance improvement.

At this point it is useful to update information you have about the context in which you are working, to determine whether anything has changed that is likely to have an effect, positive or negative, on sustainability performance and whether the logic of your theory of change still holds (i.e. do the actions lead to the outputs and the outputs to the outcomes, etc.?)

For your theory of change, ideally you will have data on the extent to which each of the most important intermediate outcomes have been achieved. To refine your theory of change, identify those outcomes where no change or negative change has happened. In these cases, it is likely that there are other forces at play that have influenced the actors or conditions. Review your assumptions of how you thought change would come about and, to the extent possible, try to identify what other factors might have influenced the outcome that you had not yet considered.

If there are constraints to progress that are not yet being addressed, this is useful input also for your strategy evaluation process as it can help you determine whether your initiative or your partners are in a position to adapt your strategies to address the additional constraints.

5. Make Credible Improvement Claims

When you measure performance improvements and changes in the enabling context, not only is this valuable for adapting and improving your strategies, it also enables you to communicate effectively about those changes and how your initiative has contributed. Improvement claims are largely about communicating changes in performance and the actions taken to contribute to those performance improvements.

5.1. PERFORMANCE CLAIMS

First and foremost we are interested to communicate about the performance changes that have come about. In order to do this, we need good quality data about performance at scales that are relevant to each sustainability issue. For example, communicating about reductions in deforestation or biodiversity loss at the production unit level doesn't make much sense unless the production unit is very large. Conversely, communicating about worker health and safety may be more appropriately tied to individual enterprises. Ideally, the performance data that has been collected is at scales appropriate for meaningful communication on each issue.

There are a number of different ways in which sustainability systems can report performance and progress against sustainability outcomes, categorised broadly here into three types: status, trend, and subjective value claims.

- **Status claims:** these claims communicate the current performance level of an issue, e.g. there is net-zero deforestation in this jurisdiction.

• Status claims are the most objective because they are stating actual data. They describe the current performance status of a sustainability issue, e.g. 'In this region in 2019, only 3% of residents were living in extreme poverty.'

• These claims are strengthened if additional context is provided to improve stakeholders' ability to interpret them, e.g. 'This compares to 17% for the state overall and 12% for the country overall'.

• Where baseline data already measures a positive level of performance for one or more issues, e.g. that there is no child labour present in this village, this can also be the subject of status claims.

• A caveat of both status and trend claims (below) is that neither provide an indication of whether the performance levels are due to a sustainability system's specific actions or to external factors.

- **Trend claims:** these communicate a change in performance, often against a baseline or as progress towards a target, e.g. region-wide deforestation has been reduced by 15% since 2015.

• Trend claims are about the change in performance that has accrued over time. These claims require a reference level to be in place or can function in relation to a performance target. Trend claims can be positive, negative or neutral, e.g. sometimes no change is a significant result worth communicating.

• If trends are negative, it is important to be transparent about this and communicate this change, even if it highlights shortcomings in your strategies.

• Trend claims are also more robust when they include a timeframe under which the change has taken place, e.g. 'the rate of biodiversity loss in this region has been reduced by 5% in the last year' (baseline reference), or 'we are 50% of the way towards meeting our 2025 target of zero net deforestation in the jurisdiction' (performance target).

• Claims of performance improvements cannot be made after baseline research; change will become evident only after subsequent data collection has been conducted.

• Similar to status claims, trend claims are improved with the addition of contextual information. For example, is the 5% reduction in the example above an improvement over the previous year?

- **Subjective value claims:** these are descriptive claims that seek to reflect performance across a range of sustainability issues or indicators and have been most common among sustainability standards.

• The most frequent examples of subjective value claims are enterprises that claim to be 'responsible' or 'sustainable'. Similar examples with a conservation focus include 'biodiversity-friendly' or 'forest-positive' place-based claims.

• These claims reflect progress towards or achievement of various 'values and priorities', rather than a single performance target. They are subjective because use of the terms is premised on fulfilling requirements agreed by stakeholders rather than as a result of meeting a specific performance level.

• Certification of compliance with a set of practices (practice-based standards) has often historically served as a basis on which to make subjective value claims, since those practices were defined through multi-stakeholder processes. However, increasingly, stakeholders are interested in performance outcomes directly (performance-based standards). In this context, communicating status or trend claims is increasingly relevant.

5.2. CONTRIBUTION CLAIMS

While it is possible to communicate about performance change that has occurred, the real value for sustainability systems is that you want to be able to communicate how your strategies and actions have contributed to that change.

It is fairly straightforward for sustainability systems to make claims or communicate about the activities or strategies you have implemented. The situation gets trickier when you try to make links between your actions and the performance levels or improvement that has been achieved, e.g. we trained 1,000 farmers in this region last year and average farmer productivity in the region increased by 10% over the same period. You should consider aligning with the following guidance for contribution and attribution claims.

Contribution: these claims are about actions taken in line with your theory of change that contribute to defined performance outcomes.

- Communicating about how your actions contribute to performance changes should build from your systemic change measurement and contribution analysis. Ideally the contribution analysis gives you at least a qualitative sense of the extent to which your actions were significant in driving change.
- Contribution claims are also strengthened by data from analysis of your theory of change logic. Where data about interim outcomes suggests that the assumptions you made hold true about how change is likely to happen, this strengthens the case that your actions contributed in part to the performance changes.
- Sustainability systems are more likely to be able to make stronger claims of contribution for issues where the scale at which improvements are happening is small. For example, you can draw a stronger correlation between training workers on agrochemical use and the reduction of on-farm pesticide use than you can between conservation of riparian zones and reductions in regional biodiversity loss.
- **Contribution** claims need to be put in context, including a sense of the relative scale and intensity of the contribution[4]:

• The nature of the actions should be described clearly, specifically, and truthfully. This helps to avoid overclaiming the impacts of your contributions.

• The extent of the actions should be specified, typically in quantitative terms, and should be contextualized so that their scale and scope can be interpreted properly.

• The timeframe for implementing the actions should be defined and documented, along with progress being made in implementation. Where the actions are ongoing, the sustainability system should publish information at least once a year that summarises this progress.

• If the action entails a contribution to a broader effort, then the extent and nature of the sustainability system's specific contribution should be specified, e.g. were you fully or partially responsible for this action, an anchor partner or supporting partner, delivering the action or supporting others to do so?

Attribution: these claims make a stronger link that actions taken resulted in or caused specific sustainability performance improvements.

- **Attribution** requires that a sustainability system can show a causal link between their supporting action and a change in performance. This causal link can be assessed through impact studies with counterfactuals or with a control group to show what would have happened in a similar situation with no intervention. However, in practice, determining attribution is inherently complicated in contexts where many actions are being taken by many different stakeholders. See this additional information on attribution.

1. Adapted from AFi Operational Guidance on Reporting, Disclosure and Claims

- If a sustainability system does seek to make an attribution claim, you should do so for a specific and limited group or area that you have supported directly. Even in these cases, attribution claims will require that a credible and appropriate research methodology is followed to establish the causal links.

5.3. STRENGTHENING THE INTEGRITY OF THE CLAIM

The integrity of your sustainability performance or contribution claims is strengthened if there is a credible body of evidence to support them. The practices that you put in place, from your improvement strategies to your monitoring methodology, will serve as the foundations on which to make credible claims. Among the key factors contributing to the integrity of a sustainability claim are the supporting evidence that is made available, and the extent to which stakeholders can trust the results.
Supporting Evidence

Additional information helps to support the rigour of a performance claim or communication. Your claim will be strengthened if you specify:

- The evidence base (data sources and research results) behind the claim.
- The context to which the claim applies, e.g. is it applicable globally or only in relation to a particular country or region?
- Whose results you are referring to (i.e. what intervention) and about whom (i.e. the entity or region where performance has improved).
- Over what period the results were achieved and for how long the results hold (i.e. the time limit on claims).

Additional information that you can make available on request to support the integrity of your claims can include:

- The time period when the source data was collected;
- Clarity on who collected and analysed the data (internal staff or external researchers) and the research methods used;
- Contact details of any independent party involved in carrying out the research;
- A description of the methods used and any assumptions made, especially if the claim involves a comparison with other products or services or directly attributes change to the sustainability standard;
- Consent to name organisations or individuals (if this is needed for a claim) or clear rules and procedures for anonymization.
- If some of the information needed to substantiate a claim is confidential, you should consider whether there would be adequate evidence to verify the claim if that confidential information were excluded or made anonymous.

5.4. COMMUNICATING CHANGES IN SYSTEM CONDITIONS

When sustainability systems choose to implement strategies to influence system conditions, the goal is to strengthen the likelihood that your value chain strategies will drive improved performance. Most communication will continue to be about that performance improvement, but there are instances where it is also useful for you to communicate about changes in system conditions.

Communicating about system conditions is often focused on what has changed in the enabling environment and why that's important for improving performance. Where performance change may take a long time to be realised (e.g. improvements in regional biodiversity), there is value in communicating about the steps that have been taken or the progress made to put in place the conditions that will make performance improvement possible in the future.

Communications about systemic change can focus on what you have done (actions or collaborations) and/or what changes have come about. These communications can draw on the data you have collected about changes to intermediate outcomes and how this is linked to the potential for longer term performance improvements or sector transformation. When talking about systemic change, the same guidelines apply about how and how much you are able to link your strategies or actions to the change that has come about (contribution or attribution claims).

Annex 1. How to use this document as a reference for decision making?

This framework is built on a decision tree logic that sustainability systems can use to improve the effectiveness of their strategies (Figure 5). The decision tree starts from the assumption that sustainability systems have a global theory of change in place that informs their choice of strategies, and that this theory may need to be adapted to different regional contexts. The decision tree presents a model for how sustainability systems can do this and the feedback loops that will support them to improve the relevance and effectiveness of their strategies over time.

Sustainability systems are primarily implementing market-based **value chain strategies** such as certification, capacity building, or growing market demand. These are the **primary pathways**, shown on the left side of figure 1, that use markets and supply chains to create incentives for enterprises to improve their performance. In many cases the success of these value chain strategies is limited by external factors ranging from politics and power dynamics to market structures and societal norms. As a result, some sustainability systems are also seeking to positively influence these external factors through the use of **systemic strategies**. These are the **supporting pathways**, shown on the right side of figure 1, that seek to create the system conditions that would allow for the successful scaling up of value chain strategies and improved sustainability outcomes.

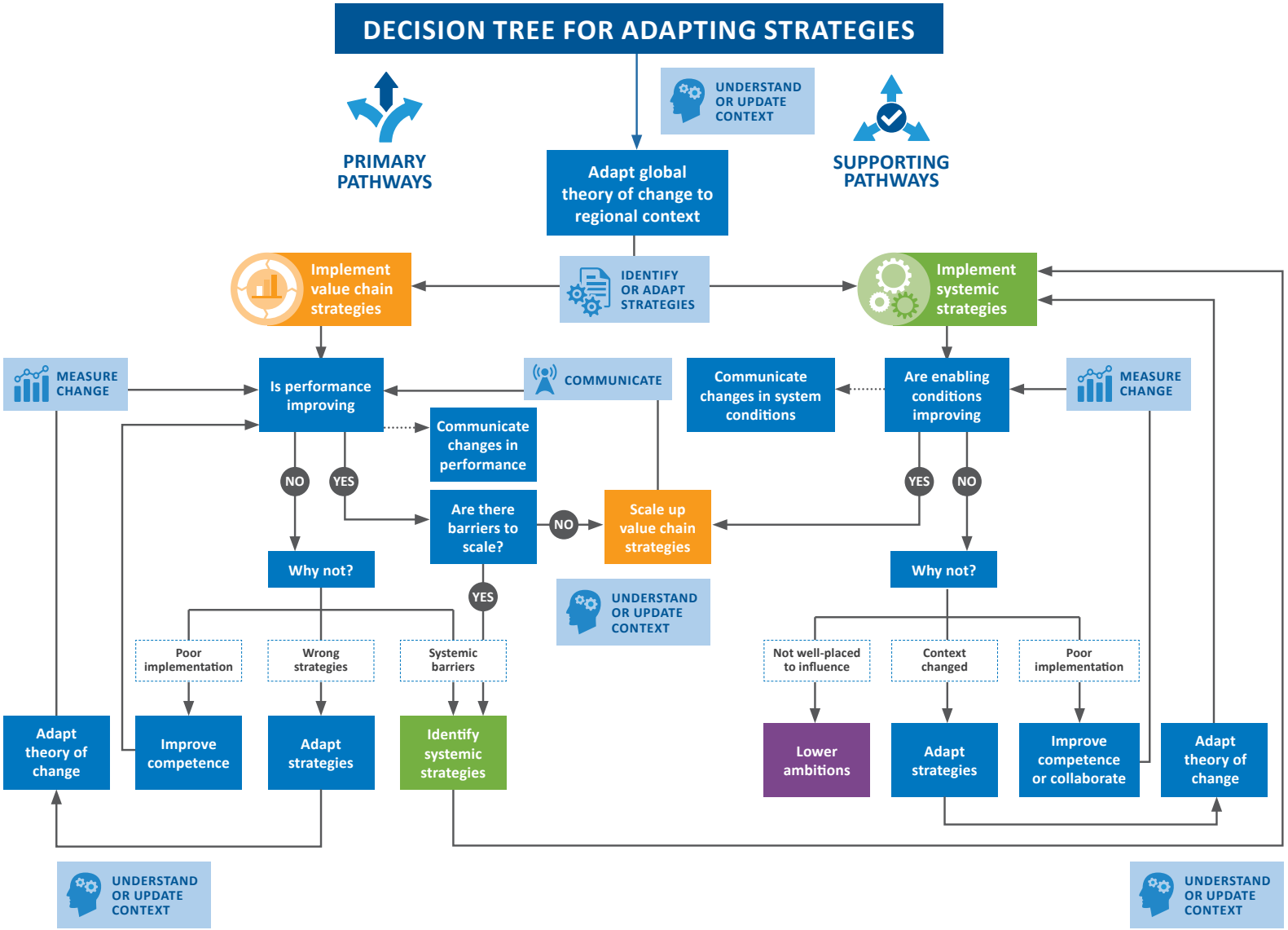


Figure 5: *Decision tree for improving the effectiveness of sustainability system's regional strategies*

About ISEAL

ISEAL IS THE GLOBAL MEMBERSHIP ORGANISATION FOR AMBITIOUS, COLLABORATIVE AND TRANSPARENT SUSTAINABILITY SYSTEMS.

We support and challenge our members to continually improve their impact for the benefit of people and planet. Our members are sustainability standards and related systems, which collaborate in order to scale and demonstrate positive impact. Our regularly updated codes are a recognised framework for best practice, and compliance with them is a mark of credibility.

We support and challenge our members to continually improve by providing forums for collaboration, collective action and sharing of experience; delivering expertise, advice and training; facilitating access to funding to promote innovation; and advocating for the adoption of better, more credible sustainability systems.

For businesses, governments and NGOs, we provide opportunities to connect with sustainability systems, as well as information, resources and events to encourage the use of credible schemes.

This project is supported by The Walton Family Foundation and The David & Lucile Packard Foundation

ISEAL Alliance
The Green House
244-254 Cambridge Heath Road
London E2 9DA

+44 (0)20 3246 0066
info@isealalliance.org
www.iseal.org

Please address comments and queries to
info@isealalliance.org