Integrating Systemic Strategies into Organizational Practices

This guidance offers Sustainability Systems practical insights into understanding, adopting and embedding systemic strategies.

July 2021
Global sustainability challenges are complex problems and determining the best strategies to bring about lasting improvements in sustainability performance remains a core challenge for sustainability systems. Sustainability systems have traditionally focused on creating market-based incentives to encourage better enterprise performance. However, it is clear that certain political, cultural and economic conditions need to be in place to enable change in a given region or sector. By addressing these enabling conditions (i.e: conditions that positively influence direct & indirect pathways) for change in a given context, we can create durable and scalable solutions to key sustainability issues.

Many sustainability systems are testing and implementing various value chain strategies to directly improve enterprise performance, in combination with different systemic strategies to strengthen the enabling environment for these value chain strategies to be effective. Using these strategies together can help to improve overall performance. However, the main challenge faced by many sustainability systems is understanding how to start the process of adopting systemic strategies and how to embed them in their organisations.

To provide support in this area, ISEAL recently produced a Framework for Improving and Adapting Improvement Strategies.

This framework helps sustainability systems think more systemically when designing interventions to improve enterprise sustainability performance, either directly or indirectly.

As a complement to the framework, this guidance provides practical insights for sustainability systems that are starting to look into adopting systemic strategies or that want to learn how to better embed existing systemic strategies into their organisational practices. The insights from this guidance are based on the collective experiences and lessons learned from ISEAL members that have been implementing systemic strategies in their work, Aidenvironment’s experiences on working with systemic strategies and from other external sources.
Taking a Systemic Approach to improve sustainability uptake

This document provides practical guidance to the following questions when understanding and adopting systemic strategies:

1. Has your organisation made explicit why you want to invest in systemic strategies?
2. Is your organisation well-positioned to invest in systemic strategies?

1. How do you engage your leadership and key stakeholders in the strategy development process?
2. Do you need to test systemic strategies before you scale them across your organisation?

1. Does your organisation have the financial resources to make a meaningful investment in systemic strategies?
2. How do you embed responsibilities for systemic strategies clearly in your organisation?

Figure 1: Questions addressed in this document and how it complements the Framework guidance.
1. Introduction to systemic strategies and impacts

Sustainability systems mainly implement market-based value chain strategies, such as certification. 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 sustainability performance.

Value chain strategies refer to market-driven approaches that aim to directly influence the behaviour of producing enterprises. They do this by introducing incentives through the value chain in the form of norms (e.g. standards), rewards (e.g. market incentives) or support (e.g. value chain-driven capacity building). These incentives influence producing enterprises to adopt sustainable practices, such as by promoting a change in their behaviour that can lead to improvements in their sustainability performance and impact.

Refer Figure 3 for details on how systemic strategies impact enabling conditions.

Figure 2: Overview of value chain and systemic strategies
Value chain strategies aim to support a process of change along a causal chain from incentives to impacts. However, various external factors can limit this process of change, such as politics, power dynamics, market structures and societal norms. To address this problem, sustainability systems are exploring ways to positively influence these external factors by using systemic strategies.

Systemic strategies are the supporting pathways, shown on the right side of figure 1. They seek to create the favourable conditions that would enable existing value chain strategies to become more effective, successfully scale and have a lasting impact within their specific context. Systemic strategies can address the root causes of unsustainable practices and strengthen the enabling conditions for positive change.

The different types of systemic strategies that a sustainability system can use are shown in Table 1, although this is not an exhaustive list. Systemic strategies can be applied at different levels, such as at the (inter) national sector level, in smaller jurisdictions or landscapes, or in (clusters) of individual value chains.

Table 1: Overview of different types of Systemic Strategies

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

Value chain approaches are likely to succeed when there is a favourable enterprise, market, and institutional context. As such, systemic strategies aim to create change in this enabling context, but these changes are generally more difficult to realize and can take more time. Despite this, these changes can have wider and more systemic impacts than the direct effect of strengthening enterprise performance.

Systemic impacts are a result of changes in the enabling conditions and can be either tangible or intangible. Tangible systemic impacts refer to changes in behaviour, policies, capacities and management systems by different stakeholders. Intangible systemic impacts refer to changes in principles and values and how stakeholders relate to each other. Figure 3 provides an overview of these two different types of systemic impacts.
**Figure 3: Overview of systemic impacts characterized as changes in the enabling conditions**

<table>
<thead>
<tr>
<th>TANGIBLE</th>
<th>Stakeholder collaboration</th>
<th>Knowledge base &amp; implementation support</th>
<th>Corporate &amp; public sector conduct</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Landscape and sector multi-stakeholder coordination</td>
<td>■ Sector-wide monitoring &amp; learning systems</td>
<td>■ Improved policies and implementation by public sector, companies and financial institutions.</td>
<td></td>
</tr>
<tr>
<td>■ Landscape and sector visions &amp; strategies</td>
<td>■ Improved knowledge &amp; tools</td>
<td></td>
<td></td>
</tr>
<tr>
<td>■ Effective partnerships &amp; clear division of roles</td>
<td>■ Investments in knowledge development &amp; capacity building</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INTANGIBLE</th>
<th>Principles of collaboration</th>
<th>Principles of learning &amp; continuous improvement</th>
<th>Level playing field</th>
<th>Socio-cultural values &amp; norms</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Common language</td>
<td>■ Transparency</td>
<td>■ Aligned incentives</td>
<td>■ Gender, child &amp; forced labour, inclusion, entrepreneurship, environmental stewardship, etc.</td>
<td></td>
</tr>
<tr>
<td>■ Alignment</td>
<td>■ Accountability</td>
<td>■ Policy coherence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>■ Trust</td>
<td>■ Evaluative learning</td>
<td>■ Fair competition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>■ Empowerment</td>
<td>■ Adaptive management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>■ Civic space</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A growing number of the ISEAL community are testing and implementing systemic strategies in their organisational practices. Some examples include:

**Public awareness raising: LEAF Marque**

Next to its certification strategy through **LEAF Marque**, LEAF has a strategy to promote knowledge generation and exchange on integrated farm management. In support of this, it has developed a UK wide network of demonstration farms and innovation centres to enhance learning and sharing experiences and technical guidance. Through its public engagement strategy it aims to inspire and educate future generations about food, farming and the countryside.

**Knowledge development: Marine Stewardship Council**

The **Marine Stewardship Council** collaborates with academics, fisheries and NGOs around the world to carry out research that supports sustainable fishing. To help track progress in ending overfishing and protecting biodiversity, they provide data to the UN Food and Agriculture Organisation and the UN Environment Programme, as well as other intergovernmental organisations. Their Ocean Stewardship Fund supports projects which develop improvements on topics that are a requirement for fisheries to gain or maintain certification, but also on topics that advance the public understanding of global best practice.
Through its Collective Action Initiatives, the Global Coffee Platform supports the integration of coffee-specific extension into the Unified National Agricultural Extension Service delivery system at national and district level. It has a special focus on encouraging professional youths’ interest in coffee cultivation.

In 2013, the OECD Investment and Development Assistance Committees approved a long-term governance arrangement to enable a dynamic, demand-driven implementation programme for the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Since then, the Responsible Jewellery Council has been an active member of the related Multi-stakeholder Steering Group (MSG) that provides guidance and support with respect to operational aspects of the work plan. RJC has been an active member of the MSG since its formation in 2013. Before that, RJC was involved in the drafting committee of the Gold Supplement of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals, since the first drafting committee meeting in 2009.

Aquaculture Stewardship Council’s (ASC) Improver Programme promotes pre-competitive and collaborative approaches to improve farming practices. It targets producers that want to obtain certification and those that simply want to improve farming practices without certification as an immediate goal. Farmers are supported by the ASC and can access tools to help them succeed through ASC’s online academy. The programme engages with market actors to reward their supplying producers for implementing better practices.

Rainforest Alliance promotes stakeholder coordination at national sector and landscape level. It facilitates and builds partnerships through multi-stakeholder sector platforms and coalitions of NGOs to develop solutions to pressing social and environmental challenges. It also has a landscape management strategy which develops and implements multi-actor based long-term conservation and community development programs in a number of critically important tropical landscapes where commodity production threatens ecosystem health and the well-being of rural communities.

Stakeholder coordination: Rainforest Alliance

Public sector engagement: Responsible Jewellery Council

Private sector engagement: Aquaculture Stewardship Council

Service sector development: Global Coffee Platform

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2. Drivers and positioning for systemic strategies

An important first step in defining your systemic strategy is to consider the reasons why you would want to adopt systemic strategies within your organisation in the first place. Understanding these motivations and drivers for systemic change can help to build a strong foundation on which to develop a relevant systemic strategy that meets your organisational needs. Below are some key questions to ask yourself before you decide to adopt a more systemic approach:

**Has your organisation made it explicitly clear why they want to invest in systemic strategies?**

There may be different reasons, or drivers, for why sustainability systems decide to explicitly adopt systemic strategies. Some of these are listed below:

- **Search for deeper impact:** When a sustainability system’s current strategy cannot meet their sustainability objectives, additional actions are needed. For example, certification cannot address all the root causes of undesirable practices (e.g. child labour) and success is often dependent on the state of the enabling conditions in different contexts. Systemic strategies can provide additional measures to help you meet your sustainability objectives whilst also promoting better ownership from key stakeholders to sustain and scale desired impacts.

- **Creating the conditions to scale your impact:** Systemic strategies can help scale certification. This is particularly relevant when sustainability systems face challenges in including certain types of producers or market actors. In these cases, systemic strategies that focus on capacity building and creating incentives for improved performance can create the enabling conditions that promote the inclusion of these producers and market actors. Systemic strategies can create the enabling conditions for other types of value chain approaches, such as risk-based approaches. They can also contribute to the inclusion of sustainability principles in public policies, making sustainability the norm for everyone.

- **Creating a competitive advantage over other sustainability systems:** Systemic strategies can improve your value proposition and help to attract new members or clients, as well as keeping existing stakeholders on board.

- **External pressure:** Influential members, partners, donors or other stakeholders can push sustainability systems to look at systemic approaches in order to become more effective in addressing sustainability issues, such as landscape approaches, living wage and living income topics, and looking at child labour and its root causes.

- **Public policy development:** New public policies can create the need to address sustainability issues in a different way than through certification only. Examples include the US Child labour Act, the French Duty of Vigilance Law and the emerging EU regulation on human rights due diligence. Sustainability systems can support companies in different ways to meet those legislative requirements.
Funding opportunities or partnership dynamics:
A funding opportunity or a partnership can pull sustainability systems towards a systemic pathway. The choice to go for systemic strategies can also create new funding and partnership opportunities that can be valuable to the organisation.

Making explicit what you have been doing for some time or infrequently: Some sustainability systems have been implementing systemic-like strategies and activities for a while now, without explicitly doing so. There may now be a stronger motivation from these organisations to explain their activities better and to make it clear how they have been using systemic approaches to reach their sustainability goals.

Is your organisation well-positioned to invest in systemic strategies?
Sustainability systems are well-positioned to adopt systemic strategies because they have:

- Credibility as a multi-stakeholder initiative
- Global networks and activities in the field often with a long-term presence
- An ability to translate high-level sustainability principles into concrete practices
- Knowledge of on-the-ground practices and challenges.

However, sustainability systems are limited by their scope of influence and their level of expertise and available resources to work on systemic issues. To overcome these challenges, it is important to prioritize systemic strategies based on their relevance to a systemic issue and how well they fit with the capabilities of your organisation. If your organisation needs to strengthen its capabilities in tackling systemic issues, it is worth considering partnering with other organisations. This is also useful in preventing organisations from developing their own systemic strategy based on their own understanding of the system changes needed.

Addressing systemic issues requires a wider systems perspective and involves consulting with other stakeholders on diagnosing the system and jointly finding solutions with a clear division of roles and responsibilities for all stakeholders involved.

To help you identify and prioritize systemic strategies, please refer to the ISEAL resources mentioned in the introduction of this guidance.

Does your organisation have the right mindset to invest in systemic strategies?
Systemic strategies are different to value chain strategies, requiring organisations to assess the wider system in which they operate with a long-term perspective. This is in contrast to value chain strategies, which require an ‘on the ground’ and short-term impact perspective.

The following table outlines some of the main mindset changes that are needed to successfully adopt systemic strategies. To understand whether a shift in mindset has really rooted (i.e. will be maintained over time and is not a temporary adjustment), it should be clear how it has been translated into consistent action. This includes for instance: human resources with other skills, support secured over a longer period of time, priority given to learning and working in partnerships. Many of these issues are further discussed in this document.
<table>
<thead>
<tr>
<th>STRATEGY DEVELOPMENT</th>
<th>TICK TO ASSESS READINESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>From addressing symptoms</td>
<td>...to addressing root causes</td>
</tr>
<tr>
<td>From short-term results</td>
<td>...to long-term solutions to systemic issues</td>
</tr>
<tr>
<td>From small-scale impact (islands of success)</td>
<td>...to large-scale impact (seas of change)</td>
</tr>
<tr>
<td>From an exclusive or narrow focus</td>
<td>...to a holistic view</td>
</tr>
<tr>
<td>From ready-made solutions</td>
<td>...to context-specific strategic processes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EMBEDDING</th>
<th>TICK TO ASSESS READINESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>From logframe and linear thinking</td>
<td>...to theory of changes and a continuous process of adaptive management</td>
</tr>
<tr>
<td>From fixed budgets to achieve predefined results</td>
<td>...to the inclusion of flexible budgets to take new opportunities into account</td>
</tr>
<tr>
<td>From individual action</td>
<td>...to partnerships to create alignment and leverage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EVALUATION AND LEARNING</th>
<th>TICK TO ASSESS READINESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>From monitoring as separate activity for accountability purposes</td>
<td>...to monitoring embedded in the management cycle for learning and adaptive management</td>
</tr>
<tr>
<td>From monitoring tangible outcomes</td>
<td>...to capturing tangible and intangible outcomes</td>
</tr>
<tr>
<td>From measuring attribution to changes with a strong sphere of influence</td>
<td>...to capturing contribution to changes in the enabling context</td>
</tr>
</tbody>
</table>
3. Building a business case

3.1 LEADERSHIP, STAFF AND STAKEHOLDER ENGAGEMENT IN STRATEGY DEVELOPMENT

How do you engage your leadership and key stakeholders in the strategy development process?

Initiating an exploration of systemic strategies can come from anywhere in the organisation. The leadership can get inspired and push for it, or staff members may propose additional strategies based on the challenges they are experiencing on the ground. No matter the origin, it is important to have a leadership mandate to explore systemic strategies.

It is important to engage the board, leadership, key staff, and members at early stages in the strategy development process, as well as involving critical partners and experts. Engaging stakeholders is useful for creating buy-in across the organisation and can generate valuable input when developing a new systemic strategy. However, this can be challenging as stakeholders may already have a vested interest in the current strategy or may not understand the added value of moving towards a more systemic strategy.

Do’s and don’ts in engaging internal and external stakeholders in the strategy development process:

- **Do an initial sense-check or feasibility assessment** before engaging stakeholders*, such as defining the problem statement, mapping roles and responsibilities, understanding your own strengths and capacities, and defining some potential actions or strategies.

- **Provide concrete examples of what systemic impacts and strategies entail.** For instance, there is a common misunderstanding that systemic strategies always focus on radical changes in policies, institutions and markets, which may be beyond a sustainability system’s sphere of influence. However, changing the mindset of an organisation towards a more systems way of thinking is also a systemic impact, and these smaller changes are also important.

- **Emphasize the exploratory nature** of the initial stages of developing a systemic strategy and explain clearly why you are exploring them. For example, what are your drivers and reasons for change (refer to chapter 2).

- **Highlight the complementary value of systemic strategies**, including both short-term and long-term impacts. If you already implement systemic strategies, explain what you are doing and the ambition to strengthen them or make them more explicit. (Do not present systemic strategies as an alternative to certification).

- **Involve stakeholders in practical discussions.** For example, jointly explore the challenges of current strategies and what solutions are needed. This can promote buy-in and generate valuable insights for the development of a new strategy.

- **Define key concepts clearly** and communicate to others using relevant language to avoid confusion and misunderstanding. For example, clearly explain what is meant by systemic strategy, root cause, system and multi-stakeholder platform.

- **Use an outside facilitator** to bring together different perspectives from stakeholders.

- **Clearly explain the why and how of your systemic strategy once you have decided which strategies to pursue.** This will be useful in developing the business case for your new strategy by making it clear what the expected short- and long-term benefits are.

*Involving stakeholders can consist of workshops, individual conversations, and written input to draft strategies. You could also establish a Steering Committee with internal and external stakeholders to oversee the process of developing the systemic strategy.
BONSUCRO’S STRATEGY JOURNEY

In 2016, Bonsucro introduced its 2016-2021 strategy, which repositioned the organisation from a certification scheme to a global sugarcane platform. This shift in strategy was highly top-down driven and had limited involvement of its key stakeholders. In the initial years, it was not easy to get the support of stakeholders to this new strategy. Members had joined Bonsucro for certification reasons and had expected Bonsucro to promote and develop markets for certified sugar. They did not see the immediate benefit of a global sugarcane platform. Without sufficiently explaining the reason for this new shift in strategy and what the implications were, the strategy raised a lot of questions. The lack of involvement of stakeholders in the early stages of developing this strategy resulted in confusion on what success looked like and slowed down its initial implementation.

Learning from this experience, Bonsucro used a more participatory approach for its 2021-2026 strategy. It consulted widely among members, partners and staff, including several surveys, over 50 one-to-one interviews and over a dozen workshops, addressing the most important global topics in each of the regions where they operate. They have benefited from a review of the draft plan by 14 independent ‘critical friends’ with expertise in the sector or aspects of sustainability. The strategy development process took nine months and was supported by external consultants, as well as being overseen by a Steering Committee drawn from the Board and the executive leadership.

3.2 TESTING SYSTEMIC STRATEGIES

Do you need to test systemic strategies before you scale them across your organisation?

It can make sense to test systemic strategies before making them part of your overall strategy. A key success factor is giving yourself the time to explore and research systemic strategies. It can be challenging to predict the added value of new strategies and tactics such as multi-stakeholder platforms, landscape approaches, capacity building tools or public policy influencing. To address this, it is beneficial to test and pilot new strategies in one specific location to generate relevant insights that can help your organization become more effective in other locations.

Pilots provide valuable lessons on what works and what does not work that can be used to develop an initial proof of concept before new strategies are finally rolled out throughout the whole organization or across new geographies. As such, pilots can help improve a new strategy, or create useful insights that may demonstrate the unfeasibility of a new strategy. When piloting new strategies, it is important that they are well prepared rather than just being a ‘trial and error’ activity.

Do’s and don’ts in testing systemic strategies:

- **Develop a Theory of Change (ToC)** for your existing or new systemic strategy as a basis for learning. The ToC helps to visualise the main components of a strategy, the expected pathways for how change unfolds towards the desired impacts, and validates the drivers to adopt systemic strategies. It should include the main assumptions, in terms of internal and external factors that can affect progress over time. This is important since addressing root causes often means influencing the enabling context where the sustainability system has less influence.
Be clear about the research or study question being explored by the pilot. Define the key criteria and indicators of success for the proof of concept, which can allow you to determine whether a systemic strategy is ready to be scaled and integrated into the overall strategy of the organization.

Assign a pilot lead who will be responsible for coordinating the pilot, monitoring progress and manage the final reporting. They can be sourced internally or externally. Ensure there are resources available for this role.

Define a realistic timeframe for the pilot and ensure that the pilot finishes after a specific period of time even if success has not been achieved. This is important for drawing useful insights and lessons and to prevent pilots from continuing endlessly. Schedule regular moments to consolidate experiences and to draw lessons learned. This will allow you to improve your pilot, and to inform new opportunities that may arise during the initial pilot.

Clearly define a moment when experiences are consolidated and conclusions are drawn. This will facilitate a clear transition from the development and testing phase and the inclusion of systemic strategies in your overall ToC and value proposition.

Inform the leadership and membership on the progress of pilots and involve them in the final assessments and reflections of the pilot.

**FAIRTRADE’S LIVING INCOME STRATEGY**

Triggered by the results of a household survey in Fairtrade certified farmers, Fairtrade International decided that a more holistic approach was needed to raise farmers’ incomes to a decent level. An internal working group composed of different stakeholders representing producers, markets and core service units was set up to create Fairtrade’s Living Income Strategy. The strategy was built on three critical pillars (sustainable prices, sustainable yields and an enabling environment), and structured around a Theory of Change featuring a number of innovative tools and interventions that were new to the organization. Subsequently, the strategy was gradually implemented to test and validate the assumptions over a number of years.

The Fairtrade Living Income Strategy is an evolving approach, in which new learnings and early results from pilot projects are incorporated to continuously improve the theoretic model and optimize its impact. A living income monitoring and evaluation framework with clear performance indicators was developed to support consistent learning. After three years, Fairtrade international initiated a review of the overall strategy. While living income pilot projects and case studies are ongoing, the intermediate insights and urgency have placed the living income ambition at the centre of Fairtrade’s overall five-year strategy.
4. Embedding systemic strategies in your organization

4.1 FINANCIAL RESOURCES AND BUSINESS MODEL

Does your organisation have the financial resources to make a meaningful investment in systemic strategies?

Systemic strategies require sufficient funding to initially develop, pilot and fully implement them into organisational practices. There are various financial sources that can be used to fund each of these phases. One option is to fund new systemic strategies with existing certification and member fees, which can provide a regular income stream. However, as these resources compete with the work of the regular value chain, it is generally difficult to reserve significant investments for systemic strategies from this source.

Another option is to raise additional donor funding, which is particularly relevant for developing and piloting new strategies. The drawback of donor funding is that it can make you dependent on the specific project and policy cycles and timelines of the donor. This does not always fit well with the long-term nature of systemic strategies, where the impacts are not immediately realized and take a long time to become evident. It is generally easier to find external funding for testing new pilots and developing tools than it is for funding internal management, capacity building or partnership coordination.

ISEAL members do not yet have much experience in developing market-based revenue models for funding systemic strategies. Some members see opportunities to develop this further, such as in the area of landscape approaches or in other activities that seek to derisk investments from external companies and financial institutions. In fact, many companies are committing to actions that go beyond their supply chains.

Do's and don'ts for acquiring funding to be able to develop, pilot and implement systemic strategies:

- **Start the search early for external funding** to support pilots or other initiatives for systemic strategies. Most of these funds will require co-funding.
- **Collaborate with research institutes** and make use of research grants, which may be a promising avenue to follow.
- **Search for a mixture of different funding sources** such as external funding for initial investments and structural contributions from recurring income sources (e.g. certification fees) to ensure continuity.
- **Set ambitions in line with your resources.** If you position yourself as a central actor to drive systemic change, but the resources are lacking, then you may become the limiting factor for progress in a sector.
- **Be flexible with your budget.** As systemic strategies require flexibility and adaptive management, budgets need to cater for this. For example, you could adjust your spending forecasts based on the probability of expenditure, whilst keeping your external funders fully informed of any changes or unexpected occurrences in your spending forecast.
- **Explore partnerships** as they can increase the available resources for testing and implementing systemic strategies.
### Table 3: Benefits & limitations of funding sources

<table>
<thead>
<tr>
<th>FUNDING SOURCE</th>
<th>BENEFITS</th>
<th>LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CERTIFICATION / MEMBER FEES</td>
<td>- Steady stream of revenues</td>
<td>- Competes with funding of value chain strategies</td>
</tr>
<tr>
<td></td>
<td>- Flexibility in allocation</td>
<td>- Often small amounts for smaller organizations</td>
</tr>
<tr>
<td>DONOR FUNDING (PUBLIC DONORS, PRIVATE FOUNDATIONS, RESEARCH GRANTS)</td>
<td>- Significant funding for pilots and field implementation is possible</td>
<td>- Often small amounts for smaller organizations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Dependency on short-term policy cycles</td>
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<tr>
<td></td>
<td></td>
<td>- Often difficult to fund internal management, capacity building or partnership coordination</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Sometimes difficult to change budget allocations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Often no funding for upscaling</td>
</tr>
<tr>
<td>OTHER MARKET-BASED FUNDING</td>
<td>- Strengthens the business case for systemic strategies</td>
<td>- Limited experience in this type of funding for systemic strategies</td>
</tr>
</tbody>
</table>

### SOME EXAMPLES OF MARKET-BASED FUNDING:

- The Better Cotton Initiative’s Better Cotton Growth and Impact fund pools funding from companies and donors was established to identify, support and invest in field-level programmes and innovations, while fostering adoption of the Better Cotton Standard System by governments, trade associations and other entities. This model allows BCI to fund a variety of non-individual supply chain-based activities, including capacity building, policy influencing and institutional embedding in producing countries.

- IDH supports many landscape initiatives. Donor funding is important, but many projects receive significant co-funding from companies and local governments. To link landscape coalitions with markets and help bring them to scale, IDH has created SourceUp. Through SourceUp, companies and stakeholders in producing regions can receive direct support and incentives from global market actors.
4.2 MANAGEMENT, STAFFING AND PARTNERSHIPS

How do you embed responsibilities for systemic strategies clearly in your organization?

It is important to think about the types of roles and responsibilities that are needed within your organisation for testing and implementing systemic strategies.

Some key considerations:
- Giving specific people from the Board and senior management the responsibility for systemic strategies, as well as for testing, documenting and communicating the new strategies.
- Placing staff into existing teams or creating a separate team. Over time, certain tasks can be better integrated into existing departments, such as outreach and communications or M&E. This can create a more consistent change of mindset and messaging across the organization which increases the likelihood that systemic strategies become part of the overall growth strategy.
- As systemic strategies are often implemented locally or regionally, the responsibilities and roles need to consider national or regional offices. This also requires a shared understanding of key concepts and roles to play across the organization.

How do you ensure your staff has sufficient capabilities to implement systemic strategies?

Systemic strategies require different skills to those needed for value chain strategies. Not all organizations will have the right capabilities or culture to be able to make the shift towards systemic strategies. For instance, organisations that traditionally strongly focus on practical supply chain or on-the-ground activities may have less appetite or talent available to work at strategic levels.

For many organisations wanting to adopt more systemic strategies into their practices, it is important to invest in additional skillsets or to establish partnerships with other organisations that have the relevant skills.

Typical skills required for different types of systemic strategies
- **Capacity building**: enhancing knowledge about an individual’s or group’s own rights and abilities to take action.
- **Action research**: diagnosing a problem and developing a solution
- **Convening**: building up or facilitating multi-stakeholder coalitions, platforms, and dialogues
- **Lobby and advocacy**: influencing policy makers or other targeted actors
- **Campaigning and communication**: raising public awareness of urgent issues
- **Driving policy change**: understanding the logic of policies, policy makers and policy processes

**Cross-cutting skills**
- **Holistic and long-term thinking**: the ability to understand complex systems, identify leverage points for change and to monitor such change
- **Adaptive delivery**: instead of implementing workplans, thinking strategically, politically, and opportunistically, navigating through the changing conditions.

Do’s and don’ts to ensure your organisation has the correct capabilities for working on systemic strategies:

- **✓** Not all existing staff have the potential to develop new skills. It is wise to **assess** which existing staff are best placed to take on these new skills and **build their capacity** in the work of systemic strategies.
- **•** To promote internal capacity development, you can set up learning groups where relevant staff, as well as partners and consultants, exchange their experiences, lessons learned and challenges with each other.
- **•** Implementing systemic strategies should always factor in the local context. It is important to fully recognise and take into account the value of local knowledge.

- **✓** **Hiring short-term consultants for pilots** can be a valid option, provided there is joint learning. For longer-term strategies, it may be a better option to engage new staff.
- **✓** **Partnerships can bring in new knowledge, expertise and technologies** to address key knowledge and learning gaps in your organisation.
**Benefits of Partnerships**
- Alignment
- Bringing in knowledge, expertise and new technologies
- Expansion of sectoral/geographical reach
- Pooling of resources
- Reputation and credibility
- Complementary services
- Potential for local embedding and continuation

**Risks of Partnerships**
- Loss of autonomy
- Conflicts of interest
- Drain on resources
- Implementation challenges
- Negative reputational impact

**Principles of Good Partnerships**
- Share the same ambition, vision and passion
- Support each other’s strengths and weaknesses
- Have a clear division of roles
- Ensure open communication
- Have mutual respect
- Respect your own commitments
- Be flexible
- Review learn and celebrate jointly

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**Table 4: Benefits and risks of good partnerships**

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<tr>
<th>Benefits</th>
<th>Risks</th>
<th>Principles</th>
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<td>Alignment</td>
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<td>Review learn and celebrate jointly</td>
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**How do you allow for flexibility in planning?**

Implementing systemic strategies into organisational practice is complex and is likely to face many unknowns and untested assumptions along the way. Although the design and pilot phase helps to reduce this uncertainty, there will still be unforeseen changes to the context in which systemic strategies are deployed and new opportunities will arise that will require you to react and respond to quickly.

Ensuring systemic strategies respond to a changing context without losing strategic direction is therefore key. This requires organisations to remain well informed, strategic and adaptive, both in terms of downscaling ambitions if the context becomes more difficult and in terms of grasping new opportunities.

**Do’s and don’ts for maintaining flexibility in planning:**

- **✓** Set targets for outcomes and not outputs, as this gives greater flexibility to focus on the outputs that are best suited to deliver the desired outcomes.
- **✓** Justify and document all adaptive changes in the strategy and its management, by making explicit the lessons learned.
- **✓** Use a consistent approach to progress monitoring, evaluation and learning. This is essential to support a coordinated and focused approach to adaptive management and should include being well informed about new opportunities and context changes.
- **✓** Anticipate failure. Organizations adopting new systemic strategies should be prepared to accept that a proportion of interventions will fail. Senior staff should lead by example and embrace failure as an important source of learning, and encourage others to do the same.
- **✓** Reward adaptive behaviour in staff appraisals. Reward staff who act flexibly when the programme or context changes, and who are eager to learn, think critically and use evidence for decision-making.
- **✓** Avoid approaching systemic strategies like a checklist. Rather than having rigid expectations of how a systemic strategy should perform, ensure that there is sufficient space for flexibility, relationship and trust-building when testing and implementing.
- **✓** Avoid attachment to partnerships. Achieving impact requires building relationships with others, but these relationships should adapt or end if they no longer contribute to impact.

**Further reading:** Further reading: Green, D. & Christie, A. (2019), What have we learned from a close look at 3 DFID Adaptive Management programmes?, BEAM Exchange (see link) & Seely, K. (2019), Managing and Adapting A Development Program: Lessons from PRISMA, Springfield Centre (see link).
4.3 MEASURING EFFECTIVENESS AND ADAPTING STRATEGIES

Systemic strategies deal with long-term goals, complex dynamics and ‘moving targets’, as well as uncertainties about the changes that can be expected. Pathways of change cannot be expected to follow a logical and linear sequence of causes and effects. For systemic changes this is less realistic, as there can be different pathways leading to the final goal, unexpected changes, non-linear dynamics and changes over time. Especially important are so-called ‘small wins’, which have the potential to accumulate into systemic impact, and thus even if small, can be important to capture.

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.

In section 4 of the Framework for Improving and Adapting Strategies paper we cover the two types of measurement required to understand how your system is contributing towards change: Performance measurement and Systems Measurement. We also discuss the need to actively integrate 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 as well as to update your theory of change.
To successfully tackle complex sustainability issues, sustainability systems have to define and implement pragmatic strategies. It is clear that systemic strategies can provide great value and complement existing approaches in bringing about lasting impact and continued improvement in sustainability performance.

This guidance has highlighted some of the key considerations to factor in before taking that first step towards a more systemic approach. Identifying an organisation’s main motivations for wanting to incorporate systemic strategies into their practices is a valuable prelude to the development and implementation of an effective systemic strategy. Devoting considerable efforts to engage management and key stakeholders from the very beginning and throughout the process of developing a new systemic strategy is critical for securing the support needed for long-term success. It is also beneficial to take the time to experiment and pilot new systemic strategies on a small scale, and to first build the evidence base for change before deciding to scale the systemic strategy across the organisation or to new geographical locations. Finally, tapping into different financial sources, building the capacity of staff and fostering collaborative partnerships can all help to better embed systemic strategies into organisational practices.

We hope that these practical insights promote a better understanding of how to best adopt and embed systemic strategies into your organisational practices going forwards.
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.

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About Aidenviornment

**AIDENVIRONMENT IS A NOT-FOR PROFIT RESEARCH, ADVISORY AND IMPLEMENTING CONSULTANCY. WE CREATE SUSTAINABILITY IMPACT IN AGRICULTURAL AND FOREST LANDSCAPES ACROSS ASIA, AFRICA AND LATIN AMERICA.**

Aidenviornment believes in a sustainable world where there is respect for people and nature; where irreversible damage to ecosystems is avoided; where global production, trade, finance and consumption are fair and sustainable; and where governments, companies and civil society organizations work together. As a non-profit we want to contribute to the world’s global challenges with innovative solutions.

We combine landscape and value chain thinking and link these with market and governance dynamics. We use transparent methods and work closely with our clients and partners. Our services include analytics, strategic advice, implementation support and evaluations.