



All ACP Agricultural Commodities Programme



CONCEPTUALIZATION OF THE "THE SUSTAINABILITY CLAIMS PORTAL"

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I. Background

Many commodity-dependent developing countries in the Africa, Caribbean and Pacific (ACP) depend heavily on primary commodities for a significant part of their employment generation and export revenues: More than two and a half billion people, most of them living in developing countries, depend on primary commodities for their livelihoods; 53 developing countries, among them many ACP, are dependent on a single primary commodity for more than 20% of their export revenues. In particular, the dependence of least developed countries (LDCs) on primary commodities has not significantly declined since the 80s. In a few cases, it has increased (e.g. Guinea-Bissau, Tanzania, and Chad). 28 of the 50 LDCs have a commodity export dependence of more than 50%. In extreme cases, a single commodity can represent over 90% of export revenues (e.g. coffee in Burundi).

One of the key reasons of this commodities problematic lies in the difficulty to analyze collectively lessons learned from past unsuccessful strategies in linking agricultural commodities, industry, trade, infrastructure and communication. Past piecemeal approaches and policy prescriptions contributed to promoting production systems, which did not give priority to competitiveness. As a consequence, ACP production entities collectively end up with a weaker effectiveness in delivery.

In this context, commodity dependent developing countries seek ways to facilitate the diversification of their economies through R&D, technology and quality improvement, upgrading and differentiation of products, infrastructure and logistics, and processing. Agricultural commodities cannot be promoted without building additional value added on the product and the process. In order to capture and retain significant market shares, strategic approaches and benchmarking techniques should be developed and implemented in order to facilitate sound and predictable governance, process and market in accordance with international competitive norms, labels and standards.

The *All EU-ACP Programme on Commodities (AAACP)*¹, hereafter, the programme, attempts to address these issues. It has its roots in the *EU Action Plan on Agricultural Commodities, Dependence and Poverty (COM (2004) 89)*, the *EU-Africa Partnership for Cotton Sector Development (COM (2004) 87)* and various EU commodity initiatives during the Cotonou and WTO trade negotiations.

The programme recognizes the link between commodity dependency and poverty. It aims to improve both income vulnerability and livelihoods for ACP agricultural commodity producers. In order to address the intricate relationship between poverty and the commodities problematic, the programme aims to build capacity of stakeholders along the commodity value chains, and enhance farmers' productivity and competitiveness, increase retained value added for producers, open up new market opportunities through horizontal, vertical and geographical diversification of production and exports. Meeting the growing exigencies of markets (public and

¹ International organizations implementing the AAACP include, the Common Fund for Commodities; Food and Agriculture Organization; International Trade Centre; United Nations Conference on Trade and Development; and the World Bank.

private standards, other norms and schemes such as quality, agri-food safety, organic, social and environmental standards, fair-trade principles, and labels) will contribute to facilitating exports and exploiting trade opportunities of global markets.

Under the programme, UNCTAD will design, develop, launch and maintain a "sustainability claims portal (SCP)" that provides on-demand, real-time, country- and region-specific, and demand driven information on public and private standards, various labels and schemes affecting the production and distribution of ACP agricultural commodity exports in the EU market, but also in other major developed markets.

II. Definition and Scope of the Sustainability Claims Portal

2.1. Defining "sustainability"

The Stockholm UN Conference on Human Environment in 1972 marked the beginning of the global efforts, which placed protection of the biosphere on the official agenda of international law and policy. In 1987, the Brundtland Report: *Our Common Future* popularized the concept of sustainable development as "...development that meets the needs of the present without compromising the ability of the future generations to meet their own needs." This statement asserts that economic development will not be sustainable, if the interactions between the three pillar of sustainable development - economic, environment, and social - are not managed through a win-win process.

Our Common Future also provided the basis for the Rio Earth Summit in 1992, which positioned sustainable development firmly in the international and local agenda for development. Three major agreements - Agenda 21, The Rio Declaration on Environment and Development, and a Statement of Forest Principles were adopted at the summit. In addition, two legally binding Conventions - Climate Change and Biodiversity - were signed.

As the concept of sustainability has gained currency, moving from the realm of political idealism and academia to that of economic and political reality, how it manifests itself has also become more diverse, more ambiguous meaning different thing to different people.

The operationalization (deriving practical level measures and recommendations) of the concept means necessarily becoming more specific and breaking down the enormous task of creating a sustainable society into roles for individuals and organizations. These differing points of emphasis within sustainability often overlap and can often work together harmoniously but there are also points of dispute and tension.

Below are the takes on what are the major salient aspects of sustainability as a concept. Individuals and groups will of necessity gravitate towards a subset of these tendencies depending on their own interests and motivations.

- Sustainability is carefully managing scarce resources. The measure by which a human activity can be continued without relying upon limited resources,

such as fossil fuels, or by leaving waste behind, and also giving nature the chance to replenish itself;

- Sustainability aims to improve working conditions. This is both a concept and a strategy by which communities seek economic development approaches that benefit the local environment and quality of life for all;
- Sustainability is meeting the needs of the present generation without compromising the ability of future generations to meet their own needs ;
- Sustainability is ensuring that environmental protection and economic development are complementary rather than antagonistic processes. It is an economic state where the demands placed upon the environment by people and commerce can be met without reducing the capacity of the environment to provide for future generations;
- Sustainability is ensuring an equitable future and fair income for all; creating a just, inclusive society for all and creating equal opportunities for all without limiting the life for the future;
- Sustainability is the simultaneous pursuit of economic prosperity, environmental quality and social equality;
- Sustainability is planning with integrated environmental, social, human and economic goals. This means that sustainable planning should have three overarching objectives: (i) eradicating poverty; (ii) protecting natural resources; and (iii) changing unsustainable production and consumption patterns;
- Sustainability is focused on the development of programmes that promote social interaction and cultural enrichment. The need for sustainability is not only about retaining industries and jobs and local services, it is also about sustaining our values as people and protecting the vulnerable in society.

On any given occasion or in any given organization and individual, not all these definitions are given equal emphasis. However, there are three main clusters which are now exhibited when sustainability is discussed:

(i) Economic sustainability: includes issues such as equal access to basic needs, fair prices and incomes for disadvantaged workers and producers, employment business, competitiveness and training.

(ii) Environmental sustainability: includes issues and concepts such as managing scarce resources, environmental protection, food safety, organic and ecological standards, soil protection, water, transport, services, housing, and transport.

(iii) Social sustainability: includes issues such as equality, community development, inclusion, skills improvement, social services, including child labour, health, corporate social responsibility, integration and protection of vulnerable groups.

III. Sustainability Claims Portal and Market Entry Requirements

With globalization, agricultural exports to developed country markets have emerged as a potentially major source of export growth for many developing countries, particularly least developed countries (LDCs). Exploiting this potential, however, poses many challenges. The capacity of LDCs and many ACP countries to enter these markets depends critically on their ability to meet stringent market entry requirements.² Not only are these standards stringent (quality, food safety, various labels, fairtrade, organic, environmental, ecology and social), but they are increasingly demanding. They now go well beyond traditional, public or mandatory quality standards, as suppliers pay close attention to the responsible use of agro-chemicals, energy, water and waste, as well as social and environmental impact. These standards are significantly higher than those prevailing in developing countries, they are subject to frequent changes and are, ultimately, often difficult and costly to meet.

3.1. Problems generated by the proliferation of sustainability claims

The segmentation of the concept of sustainability under the three major pillars - economic, environmental and social - establishes the link with the proliferation of market entry requirements, which can limit the market participation for farmers originating from ACP countries. The use of these various market entry claims to respond to consumers' concerns can generate the following problems:

- (i) **Inefficiencies:** the proliferation of many schemes covering organic agriculture, fair-trade and social requirements creates inefficiencies at the production level. It induces repetitive, sometimes overlapping and costly verifications/inspections. Finally, it entails confusion for the consumer;
- (ii) **Credibility:** the multiple, voluntary product labeling programs undermine the credibility towards the consumers of value-added products declared as differentiated from traditional products and trading channels.
- (iii) **Risks:** Consequently, risks prevail of abusive self-declarations on organic/fair-trade/social compliance without relevant benefits to consumers and primary producers and/or misleading product specifications.

In addition, for ACP countries which are insufficiently informed in the face of growing complexity of compliance requirements, and who have to produce raw or value added products that will be used in bearing sustainability claims, there are multiple schemes and sometimes conflicting proposals from local or international stakeholders, without having a good understanding of what they commit themselves to. This situation entails also uncertainties in the perception of the consumer. A major risk is that distributors and stakeholders that are the less rigorous in using sustainability claims could benefit most from the consumers' willingness to pay, and that *in fine* the most demanding schemes get marginalized, or corrupted in their functioning.

² As defined by UNCTAD in its reports entitled "Market Access, Market Entry and Competitiveness", TD/B/COM.1/65, market entry requirements relate to product characteristics, including (a) quality, appearance, cleanliness or taste; (b) safety (e.g. pesticide or artificial hormone residue, microbial presence); and (c) authenticity (guarantee of geographical origin or use of a traditional process, traceability). Other conditions relate to the nature of the production process (e.g. with respect to workers' health and safety, or environmental impact), prices (fair-trade) and speed of delivery.

Consequently, for the “what to comply with?” issue at the producer level, ACP countries producers are facing obligations that are new for them as far as food safety and quality are concerned on one hand, and as far as sustainability claims and other distinctive signs are concerned. It is not an easy task for them to face the necessary adjustments costs for training their human resources and upgrading their infrastructures and services. The sustainability claims portal aims to address these concerns.

IV. Stakeholders' consultation: *Way forward for the sustainability claims portal*

4.1. Objectives

- (i) The **general objective** of the SCP is to support sustainable agriculture, export competitiveness and food processing diversification of ACP countries.
- (ii) The **intermediate objective** of the portal is to enhance the accountability of sustainability claims for food products for local consumption (domestic markets, local supermarkets, local tourism hotels) as well as niche markets for export to the EU and other mature consumer markets (organic products, fair trade and social requirements).
- (iii) The **specific objectives** of the portal are to provide to ACP producers and EU consumers: (i) a central access point to existing schemes responding to defined requirements concerning organic production, fair-trade practices and social accountability; and (ii) a clear presentation of relevant minimum requirements and best practices offering added-value to small producers and cooperatives by filling the gaps among current sectoral programs.

Consequently, this Sustainability Claims Portal should fulfill the following distinct communication functions:

- **For Consumers:** Sustainability claims substantiation
- **For Importers, Retailers manufacturers:** Sourcing platform
- **For Producers and ACP development authorities:** Operational guidance center

V. Portal Content

The portal will offer user-friendly entry points for the principal targeted users i.e. ACP producers, and EU importers/retailers, consumers. Basically, the following topics would be covered:

- **Introduction to sustainability principles** highlighting their importance and benefits. The attached table “Sustainability Criteria / Food Supply Chain” summarize the relevant aspects and serve as discussion paper for expansion and fundamental decisions.

- **Definition and minimum requirements** of sustainability criteria applicable for specific product categories.
- **References to relevant legislations.** Through links and extracts.
- **References** to existing schemes and their common denominators.
- **Listing of approved producers** and availability of certified products in the EU market.
- **Operational guidelines** for sustainable agriculture, packing and foods processing as well as standard operating procedures for verification/inspection, certification and labeling of defined product categories
- **Listing of accredited certification companies** and available training and support bodies.
- **Self-assessment questionnaires** for producers.
- **Benchmarking and improvement guidelines** for producers
- **Equivalency principles applicable** for ACP countries

The different levels of economic development, resource endowments, and natural and climatic heterogeneity among ACP countries, can create discriminations among these countries wishing to develop exports from sustainable agriculture. Therefore, ecological equivalency is necessary.

The same may apply for the social sustainability criteria. For this purpose, the “Benchmarking and Improvement Guidelines” would allow the introduction of systematic step-by-step improvements towards sustainable best practices based on the prevailing local conditions.

V. Portal management and development process

The usefulness of the portal was confirmed by stakeholders who attended both the consultation and the follow-up meeting on 16th and 17th April in Brussels, and the idea was welcomed. UNCTAD has been confirmed by the stakeholders as portal host. This sustainability claims portal implies the following actions and challenges, which must be addressed systematically:

Management Process

- The methodology of implementation will be done step-by-step launch portal;
- Extracts of the labels/programme objectives and standard operating procedures have to be presented including links to their websites;
- The portal module addressed to EU consumers will clarify and promote sustainable produce of ACP countries; then step-by-step sustainability improvement guidelines and other focus will be added in the medium-term;

- Further down the track, perhaps CD-ROMs with the portal information will be made available, in case Internet access is not reliable in ACP countries;
- The sustainability of the portal after AAACP will be ensured, including regular updating with technical and market information;
- Subsequently, the portal coverage will be expanded to other production countries in Latin America, Asia and other markets in North America and Japan.

Contents and validation

- The content will be credible and updated;
- The portal will be launched initially with a collection and collation of the information that is currently available, evaluation criteria of labels/programmes will be references without comparative ranking. The respective complexity of the portal has been recognized by participants at stakeholders' meeting, and alternatively self-reporting;
- Referenced labels/programmes will undergo Peer Review;
- The portal module addressed to ACP suppliers will provide documentary, technical assistance and synergies related to the compliance requirements, verification and certification procedures;
- The portal information will be neutral and be seen more as a knowledge bank;
- Inventory of existing sites such as IFOAM, FAO, ISO, STDF/WTO to give the user of the portal as much access to available information as possible, without reproducing it;
- The target audience of the portal will include also traders, processors as well as EU manufacturers;

User participation

- On-going consultation will be arranged through a Wiki page discussion forum to allow stakeholders in this field to contribute and comment on the portal, including a cooperative search engine of selected websites. Users will be given a password and can publish their ideas on line;
- Web forums for participants will be initiated so that further discussions can continue. Several participants in the consultation and the follow-up meeting showed interest in contributing to the portal at a later date and getting them together on online forums might be helpful;

Key drivers:

- **UNCTAD**
 - UNCTAD will collaborate with other portals. For instance, the ICCO (cocoa) is working now on a portal;
- **Steering Committee**
 - Minimum requirements and best practice case studies have to be defined and validated by a Steering Committee. While waiting the establishment of a Steering Committee, independent experts will be invited to provide support and guidance in the day-to-day management of the portal.

TABLE 1: ON SUSTAINABILITY COMPONENTS

Key criteria, benefits, references

Environmental Protection		Economic development				Social equity		Product compliance			
<i>KEY CRITERIA</i>											
Natural resources	Pollution reduction	Organic agriculture	Diversification	Productivity	Marketing	Fair-trade	Working conditions	Land ethic?	Safety	Quality	Packaging labelling
<i>SUSTAINABILITY BENEFITS</i>											
Reduce degradation	Minimize all forms of pollution	Enhance biological diversity				Improve incomes and livelihood of farmers	Socially accountable working conditions covering:	Fair land attribution	Safety and quality assurance throughout the entire food supply chain by ensuring reliable monitoring of the chain of custody		
Precautionary use of resources		Increase soil biological activity				Ensure minimum prices	Child labour Forced labour		SPS		
Promote renewable / recyclable resources		Maintain long-term soil fertility				Provide premiums for sustainable dvpt	Discrimination Discipline				
		Recycle wastes of plant and animal origin				Enable pre-financing for producers	Freedom of association and right to collective bargaining				
		Rely on local renewable resource				Emphasize partnership	Health and safety				
		Apply careful processing methods				Facilitate long-term relations	Working hours and overtime				
		Follow site-				Define clear	Remuneration				

		specific conversion action plan				min. and progressive criteria	and benefits				
KEY REFERENCES											
		<p>ISO 14000</p> <p>FAO / CAC</p> <p>GAP</p> <p>IFOAM covering health, ecology, fairness, care</p> <p>Basic criteria for certification systems: Competence, independence, accountability / responsibility, objectivity, credibility, quality improvement and internal review, access to information, confidentiality, participation, non-discrimination as well as cost effectiveness, service image, value of voluntary certification</p>				<p>Fair-trade Foundation</p> <p>FLO</p>	<p>ILO</p> <p>SAI</p>			<p>ISO 22000 covering</p> <p>HACCP and QMS</p> <p>GAP and GMP including Prerequisite program PRP and Good hygiene practices GHP</p> <p>EU Directives on food safety and organic agriculture covering Product standards Processing Imports Inspection and certification Marketing and labeling</p> <p>New EU proposal for food labelling</p>	
ISEAL Intl. Social and Environmental Accreditation and Labelling Alliance											
UN GLOBAL COMPACT 10 principles											
WBCSD 7 keys to success: sustainability through the market											

Table 2: Implementation Calendar May 2008-April 2009

Activity	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Consultation process continued												
Creation of Steering Committee												
Development of comparative criteria												
Creation and launch of URL and WIKI site												
Content development and Peer Review												
Portal maintenance												
Portal Launching												