Mainstreaming Eco-Standards for Tropical Agricultural Commodities: Impacts and Implications

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What are agricultural eco-standards?

Systems to evaluate and audit the processes or methods by which (food) products are produced, according to environmental and social sustainability criteria...

..when combined with eco-labels, these systems provide consumers or businesses with information by which to make more informed choices in the marketplace.

Source: “Toward Sustainability” report, 2012
Scope of “sustainability” in eco-standards

Social Sustainability
- worker wage
- product price
- working conditions
- worker rights

Environmental Sustainability
- soils
- water
- agrochemicals
- biodiversity
- air emissions

Production Sustainability
- agronomic practices
- management of natural resource supporting agriculture
- input efficiency

Sustainability credentials provide increased market access, stability, or price premiums

Increased productivity
Reduced waste/input costs
Increased profitability
Increased resilience

Economic benefit for farmers and other supply chain actors
# Examples of agricultural eco-standards

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<th>3rd Party</th>
<th>Round Tables</th>
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<td>Fair Trade Certified</td>
<td>Refined Sustainable Palm Oil (RSPQ)</td>
<td>Starbucks Coffee®</td>
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- **ISO: International Organization for Standardization**
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Rainforest Alliance Standard: What does it actually mean?

- Worker rights respected (incl. minimum wage and prohibition on child labor)
- Occupational health & safety practices
- All existing natural ecosystems must be identified, protected and restored (retrospective to 1999)
- Buffers required between crops and streams, settlements
- Water conservation program & runoff limits
- Integrated crop & soil management plans in place
- Agroforestry system (>40% shade density; >12 native tree species per hectare)

**Bonsucro standard:** What does it actually mean?

- Comply with “relevant applicable laws”
- Comply with ILO labor conventions, worker safety, minimum wage
- Minimum production, input use, and mill efficiencies (e.g., t/ha, kg input/kg output)
- Carbon footprint per ton of product
- Limited pesticide, herbicide, and fertilizer use
- Max chemical oxygen demand in streams
- No current or prior deforestation/habitat loss
- Continuous improvement

Source: Bonsucro standard, 2011
Mainstreaming: three key trends

1. Larger scale
2. New roles and value propositions for eco-standards
3. More rigorous focus on impacts
**Trend 1: larger scale**

**Total world market size**

World market value of eco-certified agricultural products (billions USD)

Source: Ecosystem Marketplace; Majanen & Milder 2010
**Trend 1: larger scale**

**Total world market size – major crops**

Market share by 10 major standards (Dec. 2009)

- 17% of coffee production
- 8% of tea production
- 1% of cocoa sales
- 20% of banana exports
- 14% of palm oil (Oct. ‘12)

Trend 1: larger scale

Corporate sustainability commitments

% of Unilever’s raw materials
planned to be sourced sustainably

Source: Unilever
**Trend 2: new roles & value propositions**

**New roles for eco-standards**

**Prior foci & functions**
- Speciality products
- B2C product differentiation
- Sustainability credentialing

**New, additional foci & functions**
- Bulk commodities
- B2B product differentiation
- Supply chain management
Trend 2: new roles & value propositions

Value propositions for private business

What benefits do corporate actors derive from eco-standards? (n=80)

- 78% Operational Efficiencies
- 60% Marketing
- 56% Sustainability Performance

Source: The ISEAL 100 (2011)
Trend 2: new roles & value propositions

New roles for eco-standards

Prior foci & functions
- Speciality products
- B2C product differentiation
- Sustainability credentialing
- Non-state governance
- Traceable attestation of sustainability

New, additional foci & functions
- Bulk commodities
- B2B product differentiation
- Supply chain management
- Sustainability yardsticks for public & quasi public orgs.
- Integrated agricultural development
Trend 2: new roles & value propositions

Eco-certification as sustainable rural development

Rainforest Alliance “Sustainable Landscapes” training program

Rainforest Alliance Climate Module

Trend 2: new roles & value propositions

Eco-certification as sustainable rural development

- Agronomic: how to grow organic palm oil on fallow land
- Community & livelihoods: training for smallholders
- Regulatory: retire palm oil concessions on virgin peatland
- Scientific: spatial priority setting for restoration

Photos: Lee Gross
Trend 3: greater focus on impacts
Moving from best practices to proven benefits

**ISEAL Impacts Code (2011):**
“Standards systems shall develop, document and implement a monitoring and evaluation programme that is compliant with this Impacts Code.”
What do we know about impacts?

**Figure 3:**
Number of studies on sustainable certification, by commodity

Rainforest Alliance certified cocoa
Côte d’Ivoire

Source: COSA & Rainforest Alliance, 2011
Fair trade organic coffee

Nicaragua

Yield (kg/ha)

High market price, high premium

Low market price, low premium

Profit (USD)

Source: Valkila, 2009
Certification implications for biodiversity

Chiapas, Mexico

Example 4
Marine Stewardship Council

Eco-Label Conveys Reliable Information on Fish Stock Health to Seafood Consumers

Figure 3. Performance of MSC-certified and uncertified fisheries. Long term trends (1970–2009) of biomass relative to their targets

Source: Gutierrez et al. 2012
PloS ONE 7(8): e43765

n = 45 certified & 179 uncertified fish stocks
Measuring and achieving real impacts

1. Hypothesis testing of impact pathways

RAINFOREST ALLIANCE GROUP CERTIFICATION OF SMALLHOLDER TEA FARMERS

1. Training and technical assistance
2. Compliance with critical criteria
3. Continual improvement through the internal management system

1a. Hypothesized intervention components
1b. Hypothesized direct effects
1c. Hypothesized intermediate impacts and pathways
2a. Hypothesized ultimate benefits
3a. Research questions (see “evaluation questions” section of the narrative)

A. Changes in agriculture and land management at the farm/household scale
B. Increased market access; price premiums for farmers
C. Increased farm productivity; reduced costs; improved profitability
D. Improvements in farm-level ecosystem health & services (soil, water, etc.)
E. Aggregate (landscape- and watershed-level) changes in land cover and land management

SOCIAL AND ECONOMIC BENEFITS such as
- Increased household income
- Increased access to education
- Improved worker health, clean water, etc.
- Reduced vulnerability to climate change and weather variability
- Reduced vulnerability to economic fluctuations (e.g., commodity prices)
- All of the above lead to poverty reduction

ENVIROMENTAL BENEFITS such as
- Improved water quality
- Increased water flow; improved flow regularity; decreased flood risk
- Reduced soil loss; improved soil health
- Reduced net greenhouse gas emissions
- Reduced/avoided deforestation
- Improved habitat quality; decreased impact of agriculture on biological diversity

Improved environmental quality provides additional indirect benefits for certified farmers, other community members, and ‘downstream’ beneficiaries

Measuring and achieving real impacts

2. Use integrative indicators at suitable scale
Measuring and achieving real impacts

3. Data systems to link practices to impacts
Where are eco-standards going in the next 10 yrs?

- Governments continue to become more involved
- Increased focus on performance oriented approaches
- Certification addresses supply chain security and resource constraints
- Market base for certified goods expands
- Competitive dynamics between:
  - 3rd party standards vs. internal systems
  - 3rd party standards vs other 3rd party standards
  - More rigorous vs. ‘greenwashed’ standards
THANK YOU