

Conclusions and Recommendations

Pre-UNCTAD XII Event on Making Sustainability Standards Work for Small-scale Farmers

Arusha, United Republic of Tanzania, 7-9 April 2008

The International Workshop brought together some 80 experts from the public and private sector of about 15 sub-Saharan African countries and the rest of the world; including the Ministers of Trade of the United Republic of Tanzania and Uganda.

The primary objective of the event was to analyze the impact of Sustainability Standards (SS) on smallscale farmers (SSF), particularly in Africa and their links to markets, and identify effective strategies to minimize the costs and maximize the benefits for smallholders of this persistent and important global trend.

Discussions focused on (i) environmental and social standards; (ii) standards for organic agriculture; and (iii) standards for Good Agricultural Practices, and their associated conformity assessment systems, all of which the meeting collectively termed "sustainability standards" (SS). Participants made no effort to define sustainability standards, nor to endorse any particular standard.

Main findings and recommendations of the meeting:

The meeting identified the challenges and opportunities of SS and how to allow producers in developing countries, in particular small-scale farmers (SSF), to use SS as a tool for promoting trade for sustainable development. It was concluded that, SS should adequately reflect local conditions and development needs and developing country producers should have direct and substantive input in the development of SS, on a par with other users of the standards. At the same time, real developmental opportunities exist in the light of strong dynamics in markets for SS-certified products, which generally expand much faster than conventional agricultural markets. But also in relation to the support structures that credible SS offer, for example in the form of better risk management through capacity building of producers to management systems, or long-term commercial relationships.

However, it was further concluded that unless pro-actively addressed, the benefits of SS can elude developing country producers, in particular SSF, and can potentially become a serious market entry hurdle.

Noting that each SS has its own particular benefits and challenges, some of the key findings regarding benefits and challenges as well as related pro-active response strategies developed through the workshop and subsequent revision of draft versions of this document are presented in the tables below:

Table 1: Benefits from SS

It was noted that specific benefits accrue to producers compliant with a particular SS
Benefits also accrue to producers beyond the particular SS, such as, <i>inter alia</i> , improved management practices, stable market linkages and as an impetus for producers to organize.
As well, benefits accrue for the whole agricultural sector, since SS can serve as a catalyst for modernization of agriculture.
Furthermore, benefits go beyond the producer level, such as environmental, social, and economic benefits which also accrue to the community at large (including those related to MDGs, in particular MDG one and seven, as well as the achievement of food security). These broader benefits accrue at different levels:
<ul style="list-style-type: none">▪ At the local level (national and community), providing the rationale for using public governmental and donor support to SSF▪ At the global level, supporting the case for linking SS with other international discussions, in particular climate change, preservation and sustainable use of biological resources, environmental goods and service liberalization in the WTO

Table 2: Challenges related to SS

<i>2a: Related to the standards and their governance:</i>
Proliferation, in particular of environmental and social standards, the increasing complexity of SS, and the fact that SS are frequently a “moving target”.
Multiplicity, which increases certification costs and can lead to confusion. This is exacerbated by the lack of equivalence and harmonization between the many SS.
High certification costs (both compliance and fixed certification costs) falling on producers
General lack of sufficient information on all associated costs and benefits of SS.
Lack of transparency on the criteria to be applied and the standard-setting implementation processes of many SS
Limited stakeholder participation, especially of SSF in standard setting, exacerbated by challenges in identifying representative groups or individuals able to engage, and the costly (in time and resources) nature of the processes involved
Little coherence between public and private sector requirements in standards, in particular those that address food-safety issues, and

concerns that they might jeopardize disciplines and market access gains under the SPS Agreement of the WTO
2b: Related to capacity issues:
Lack of financial and management capacity of SSF to convert production to SS requirements and maintain certification
Limited organizational capacity of SSFs and effective linkages with exporters
Insufficient market information reaching producers
Poor physical infrastructure and insufficient quality-management institutions
Lack of analytical capacity to carry out cost-benefit analysis that include external costs and benefits to the community
Lack of knowledge of sustainable production and processing techniques and insufficient extension services
2c: Related to Policy issues:
Governments and private sector do not adequately play their role in promoting trade of SS-certified products for reasons such as insufficient awareness on the potential benefits of these products
Lack of coherent national and regional policies, as well as coordination between public and private support programs; including lack of clear and applicable concepts, sufficient Public and Private Partnerships (PPP), and a proper identification of the role of the government etc.
Often inadequate mandatory food safety requirements and/or their poor enforcement, in particular in sub-Saharan developing countries

Table 3: Strategies and Recommendations to address the benefits and challenges faced by SSFs as related to SS:

3a: Standard-setting processes and the main actors in the development and implementation of sustainability standards should:
Confirm their commitments to sustainability and codes of good standard setting by ensuring effective consultation with all affected stakeholders, including SSF, in the standard-setting process.
Public and private sector SS setters and regulators should cooperate to enhance the interoperability of their standards and conformity assessment systems, by promoting a constructive and effective level of harmonization and/or equivalence of: <ul style="list-style-type: none"> - Control points and compliance/certification criteria based on needs assessments of SSF's as related to SS compliance and access issues - SS management criteria upon which quality management systems (QMS) should be improved and developed to address multiple SS at SSF level as a cost-reduction tool - Harmonization and coordination of technical assistance and other related support services based on needs assessments of SSF's as related to SS compliance and access issues.

<i>3b: Coherence between government and voluntary requirements:</i>
Governments should take an active part in the development of SS , not mainly as a regulator but as a stakeholder, both to ensure that the interest of the public is represented and that the interests of disadvantaged stakeholders are considered.
Governmental and non-governmental standard-setting organizations should apply the SPS disciplines and use the TBT Code of Good Practice; as well as the ISEAL Code of Good Practice for Social and Environmental Standard Setting.
Current discussions in the WTO SPS Committee on private standards should contribute to clarify coherence between voluntary and public standards.
<i>3c: National governments and relevant intergovernmental forums should undertake actions to:</i>
<i>As related to analysis and dialogue:</i>
Promote and support more analytical work on the real constraints of SSF in effectively accessing, implementing and benefiting from using SS.
Enhance stakeholder dialogue and the creation of related platforms for continuous dialogue. Including direct financial support for producer participation in SS development.
<i>As related to policy coherence:</i>
Develop national strategies that clarify objectives (related to public development objectives) and realistic strategies to pro-actively cope with SS in light of concrete market requirements and existing capacities
Link public development objectives to SSF development and SS implementation , for example by including support for engaging in SS processes when negotiating bi- or multi-lateral Development & Co-operation agreements (e.g. EPAs)
Foment the political will to prioritize, develop and provide adequate resources to sectors that have a significant share of produced and traded SS-certified products; as well as, promoting national and regional markets for SS-certified products and identifying the related market potential.
Promote participation in effective public-private partnerships to promote smallholder participation in sustainable production and trade.
Make sustainable agriculture part of Government support for the agricultural sector , e.g. by including organic agriculture and other forms of sustainable agriculture in the definition of non-traditional agricultural products.
Pursue macroeconomic policies that will motivate investment in agriculture by small holders and large scale commercial farmers; while creating a framework for coherent and effective incentives to meet SS as part of supportive/flanking policies.
<i>Related to capacity building:</i>
Create an enabling environment and provide support to private operators, farmers organizations, NGOs, etc. supplying inputs and credit to small farmers and ensuring a strong regulatory mechanism.

Provide adequate bridge funding and credit facilities to provide working capital to SSF , in particular in adaptation or conversion phases, taking into account gestation periods of different crops
Support efforts to disseminate new technologies and management methods to SSFs (eg. creating centers of excellence)
Improve research, education, physical infrastructure, quality-management institutions and extension services for sustainable agriculture , in particular by enhancing budgetary allocations in sustainable agriculture research, support and extension.
Support the creation of more competitive farmer organizations that can effectively participate in market development; this support should also be extended to traders and small and medium enterprises that work with SSF on meeting SS.
Build capacity to develop and enforce food security standards at national level , create awareness about food security issues and support SSF in meeting those standards.
Integrate the public and private food safety and control systems to effectively seize market opportunities
Building capacity for providing independent information on existing SS, their benefits and key challenges
Create information portals on SS and sharing of best practice in SS adaptation and compliance
3.d: Private Sector should take action to:
Overcome the often existing fragmentation of the SSF sector and the thus related lack of leadership and strategic orientation
Support the re-orientation of farmer organizations into real business entities that are competitive
Build local institutions that support smallholders involved in contract farming
Improve business-level market information gathering and dissemination
Modernize and/or create providers of modern agricultural services
Improve guidance and advice on investment, best available technology and managerial practices and related training
Large, globally active retailers should be involved in promotion of SS use by SSF and seizing of related benefits , including through buyer training and procurement forums
3.e: Regional and international policy-setters should:
Develop regional markets for certified products and identify market potential
Enhance regional co-operation on quality management institutions and related infrastructure , e.g. accreditation bodies, laboratories, certification bodies
Facilitate donor support for capacity building on and promote active participation of SSF in standard setting and consultative processes
International agencies, in cooperation with the standard owners, should provide better information and data on benefits and challenges of SS as related to SSF
Improve the credibility and transparency in the setting and application of SS , such as through the ISEAL Code of Good Practice

for Setting Social and Environmental Standards¹

Take up the Minister for Tourism, Trade and Industry of Uganda proposal for a **regional conference of East African agricultural, finance, trade, and environment ministers on the challenges and opportunities arising from SS**, and the particular importance of organic agriculture for the region in this regard

3.f: UNCTAD, in response to the challenges and recommendations identified, should :

Strengthen the work of the **Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (CTF)**:

- To provide a forum for and support dialogue between public and private-sector organizations and institutions on SS standard development and implementation, in particular in developing countries
- Undertake analysis of the mechanisms and communication channels for SSFs to participate in the governance of SS applied across several pilot countries (develop a guidance document and policy briefs for national governments and other stakeholders on best practices for SS)
- Assist interested developing countries in developing coherent national programs that pro-actively deal with SS, in close collaboration with FAO and other relevant international organizations
- Channeling concerns of developing countries to relevant standard-setting and international discussion forums on SS
- Based on the analytical, capacity-building and outreach role of the CTF, actively participate in the discussions of the WTO SPS, TBT and CTE Committees on private voluntary standards and appropriately assist developing countries in this regard

Continue to focus activities of the **UNEP-UNCTAD Capacity-building Task Force on Trade, Environment and Development (CBTF)** on assisting developing countries in pro-actively using SS for achieving the MDGs, in particular those related to poverty alleviation and environment:

- Based on the successful work conducted in East Africa and the related East African Organic Products Standard, continue to assist interested developing countries in promoting production and trade of organic agricultural products, including harmonization and equivalence of related standards and regulation

¹ The ISEAL code has provisions on consultation with and inclusion of disadvantaged groups, in particular those directly affected by the SS; and a commitment to the continuous improvement of stakeholder engagement processes, as well as ensuring that a standard reflects the priorities of interested parties, that it addresses all material issues, and that it is effective in achieving its stated social and environmental objectives. In addition, it states that standard-setting practices should be based on relevant international normative documents, such as the TBT, where appropriate.

Continue and expand its work under the **Sustainability Commodity Initiative (SCI)** focusing on:

- Supporting SSFs through harmonized capacity building and technical assistance to create sustainable enterprises, through **The Sustainable Commodity Assistance Network (SCAN)** program
- Expand the delivery of affordable financial services through **The Finance Alliance for Sustainable Trade (FAST)**, a trade association of social lending institutions.
- Expand SS impact assessment, related tool development and data collection through **The Committee on Sustainability Assessment (COSA)**.
- Promote knowledge sharing, effective harmonization and good practices for SS, through The **Voluntary Standards Initiative (VSI) program**

Support the implementation of the recommendations and the main tools (Equitool - A Guide to Assess the Equivalence of Organic Standards, and the International Requirements for Organic Certification Bodies) developed by the **FAO-IFOAM-UNCTAD International Task Force (ITF) on Harmonization and Equivalence in Organic Agriculture:**

- To continue communicating the results of the ITF to the relevant policy-makers and promoting the adoption of the ITF recommendations
- To assist developing countries in the implementation of ITF recommendations
- To foster regional cooperation among stakeholders
- To provide a platform for discussion and agreement on emerging issues; continued networking and updating the analysis