Addressing Sustainability Standards through National Cocoa (PPP) Strategies

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Geographical distribution of sustainable cocoa certification, 2012

Source: State of Sustainability Initiatives Review 2014 (SSI)
22% of Global supply of cocoa (2012)

1/3 of supply was sold as certified in 2012:

Source: State of Sustainability Initiatives (SSI)
Some key market realities:

- Sustainable commodities- **fastest growing markets** in commodity production and trade and are increasingly becoming “market requirements”

- *Most major importers involved in a sustainability program; increasingly retailers as well (supply-management issue)*

- There is **insufficient information** on how these programs actually impact producers and the environment (although this is changing).
<table>
<thead>
<tr>
<th>Level</th>
<th>Potential Benefits of certification as a tool to improve:</th>
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<tbody>
<tr>
<td><strong>Farm</strong></td>
<td>Management capacities</td>
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<td>Productivity and quality</td>
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<td></td>
<td>Reduce costs</td>
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<td>Market access</td>
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<td>Commercial relationships</td>
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<td>Premiums- <em>sometimes</em></td>
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<td><strong>National/Sector</strong></td>
<td>Export revenues</td>
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<td>Jobs</td>
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<td>Processing and services</td>
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<td>Economies of scale and innovation</td>
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<td>Positive spillovers</td>
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<td>Enfranchise marginalized groups</td>
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<td>Enhanced soil fertility, water quality, biodiversity etc</td>
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*Source: Draft Decision-making guide: Trade Standards Practitioners Network (TSPN), International Institute for Environment and Development (IIED) (in progress)*
Potential concerns:
Policy Level (particular Producer Countries)

**Market Access:**
Threat to market access
“Sustainability” used to protect domestic markets

**Standard-setting:**
External non-state actors setting standards
Threat to national sovereignty (exclusion from standard-setting)
Whose sustainability (democratic national governments or distant consumers/brands)?

**Standards applicability:**
Standards/criteria/processes, potentially inappropriate to local situation
Too stringent for producers’ and local institutions capacities
Inflexibility to adapt to local realities (lack of appreciation for cultural/geographical/social diversity)
ICCO/UNFSS process: 2013-14

• Cameroon workshop (June 2013): increase understanding of certification processes; cost/benefits and impacts on farmers and supply chains

• Zurich workshop (March 2014): Advance a Common Framework on sustainability standards as a basis to share responsibility to create a sustainable mainstream cocoa sector.
Key conclusions from workshop (1):

Many similarities between certification programs, especially on environment and social issues, but less focus on economic (although now changing = good opportunity to engage).

Sustainability is a shared responsibility- certification one tool within a toolbox of interventions, along with:

• Adequate investments in farmers to address sustainable supply.
• Complemented by investments in sustainable trade and public goods infrastructure, education and extension.

Environmental, social and economic costs need to be internalized to achieve economic viability & incentivize farmers.
Key conclusions (2):

**Common framework** for cocoa sustainability **beneficial for all** cocoa stakeholders.

**Best mechanism to promote sustainability** are **Private Public Partnerships (PPPs)** with governments as lead actors, **including all stakeholders** in a transparent & participatory approach (strong examples in Cote d’Ivoire, Ghana, Indonesia etc.)

**Stakeholder co-operation critical** factor in the framework of national platforms for PPPs.

Existing **standard systems** should aim to operate within the PPPs.
Key conclusions (3):

A continuous improvement process required, with key impact indicators to monitor and evaluate actions against a common framework.

Need for information and data transparency - made available at all levels.

ICCO and UNFSS will continue to support and facilitate a common framework as a guide for cocoa sustainability-focusing on the economic pillar of sustainability for adequate reward of farmers.
United Nations Forum on Sustainability Standards (UNFSS)
www.unfss.org

State of Sustainability Initiatives Review 2014 (SSI):
www.sustainablecommodities.org/ssi

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Thank you!!