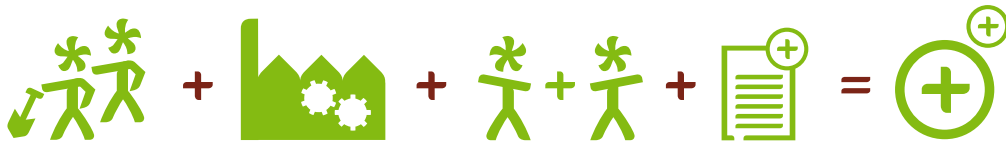


# Combining efforts!



Let's walk the talk. Let's make the tea, coffee and cocoa sectors sustainable.

Let's improve the efficiency and credibility of sustainable production.



# Combining Flavours 2008

# Combining

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# Efforts 2009 *Combining Results 2010*

Combining efforts!



The inaugural Tropical Commodity Conference, **Combining Flavours!** was held in April 2008. All stakeholders at the conference agreed, and advocated eloquently, on the need to improve the efficiency and credibility of sustainable tea, coffee and cocoa production, and to address the main bottlenecks in the supply and demand sides.

To walk the talk at Combining Flavours! we moved on to Combining Efforts! The theme for the Combining Efforts! Conference, in October 2009, was centred around two major challenges:

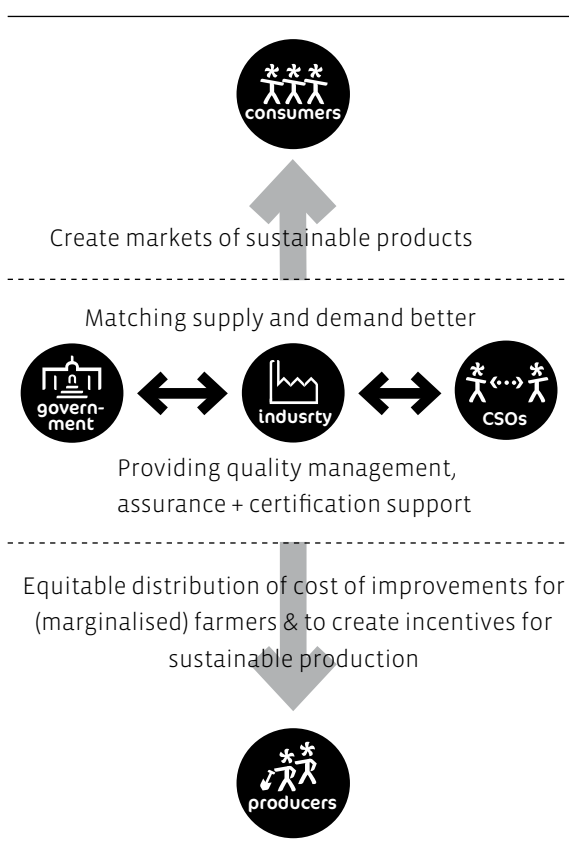
1. Providing quality management, assurance and certification support
2. Matching supply and demand better

To set the ball rolling, TCC invited **Daniele Giovannucci**, Co-Founder of the COSA-Initiative, to present a holistic and inspiring food for thought session about adequate quality management, assurance and certification support.

To challenge the participants to combine their efforts, each one was invited to formulate a Best Practice for sustaining commodity production, and present it in an elevator-pitch style in small working groups. The dynamic interaction underlined the need and value of combining knowledge. After a tough selection process, the six most appropriate Best Practices for tea, coffee and cocoa were presented to two panels of international demand and supply experts, for their critical appraisal.

This Tropical Commodity Conference report presents the contributions of the keynote speakers and the lively debate in the sessions on ‘best-practices’ for the sustainability of commodities, viewed from both supply and demand perspectives.

In 2010, TCC will organize the final Conference of its Trilogy on Sustainable Commodities. We hope to welcome you during our Combining Results Conference.



So at the start of this conference my first proposal is to cherish the long history and tradition of these commodities.

I would like to highlight four aspects that the three chains have in common: the long tradition, the dedication of farmers, the critical consumers, and the complexity of the supply chain. For each, I am going to make a proposal.

# Combining efforts for sustainable supply chains

Marcel Vernooij

*Ladies and gentlemen,*

It is a pleasure and honour to deliver the opening statement of this conference devoted to sustainable supply chains. I would like to thank the Tropical Commodity Coalition for organising this conference. It is becoming a tradition and we are pleased at the Ministry of Agriculture, Nature and Food Quality to support the conference. I very much welcome the presence of all of you, in particular the participants from abroad. You have travelled to beautiful Amsterdam. And also this is a tradition: for many centuries people have visited this city to promote a flourishing trade in cocoa, coffee and tea.

Today, you are invited to combine efforts. This is for stakeholders working within a commodity sector. The coffee, tea and cocoa sector have their specifics and the challenges of sustainability do require expertise and in depth knowledge. But we can also share lessons between the supply chains. I would like to highlight four aspects that the three chains have in common: the long tradition, the dedication of farmers, the critical consumers, and the complexity of the supply chain. For each, I am going to make a proposal.

## **A long tradition**

Tea, cocoa and coffee are not ordinary commodities. They are neither the latest fashion. The first tea was produced as long as 3000 years ago in China. Cocoa was used by the Aztecs and became widespread in West-Africa in the 17<sup>th</sup> century. Coffee originated in the Arab region and quickly conquered the world as of the 18<sup>th</sup> century. By the way: in Amsterdam the first “koffiehuis” (house of coffee) was established in 1666.

These marvellous products are rooted deeply in our history and have become integral part of the cultural heritage of many countries. Here in The Netherlands for example, coffee is driving our labour productivity. Chocolate is central to many lovely

moments among family and friends. And tea is enjoyed as a true and regular comfort.

So at the start of this conference my first proposal is to cherish the long history and tradition of these commodities. We should value that they have become essential components of our cultural heritage, in producing and consuming countries. With our efforts to promote sustainable tea, cocoa and coffee we are directly contributing to preserving and developing the cultural heritage of mankind.

## **Dedicated farmers**

And for sure, it all starts with the farmer. Without the dedication, expertise and hard work of the farmer quality would not exist. These days, farmers are confronted with tremendous challenges. They have to cope with ever increasing quality demands in the market. They get extremely competitive prices for their products, while having to pay ever higher bills for farm inputs, such as energy, agrochemicals and fertilizers.

Many farmers are poor and living in rural areas where there are very few prospects. For sure, there is a need to assist farmers in improving the quality of their product and efficiency of their work. Smallholders have to be facilitated in better organising themselves to address the challenges of supply and demand. This is a responsibility for all in the supply chain – and many governments, companies and NGOs are indeed doing so. At the same time, it would be helpful for developing countries to fully integrate their cocoa, tea and coffee sector in strategies and programmes to address poverty. Of course the donor community should properly respond to this.

Though aid is important, it should not replace trade. Most of all I believe that transparency in the market will help to ensure a better position of farmers in negotiating a fair price. Transparency will also help

So the second proposal is to continue to provide full support to farmers and to profile their stories of dedication and commitment.

My third proposal is to continue to put more efforts in an open dialogue on the role of certification for sustainable commodities.

We have provided substantive support for the Roundtable for a Sustainable Cocoa Economy.

the consumer to appreciate what is behind the lovely product on the shelf in the shop. With coffee, tea and cocoa we can bring the stories of farmers in the south, to the audience of consumers in the north. It is encouraging that quality products are being marketed more often with story lines of their origin.

So the second proposal is to continue to provide full support to farmers and to profile their stories of dedication and commitment.

### **The critical consumers**

Tea, coffee and cocoa link farmers in the south with consumers in the north, several times a day, throughout the year. It is so common – we are just taking it for granted. Most consumers do not know how a coffee bean, cocoa pod or tea shrub looks like. The vast majority of consumers don't have a clue about the farmers. Again, we have many stories to tell!

But the other way around is true as well. It is hard for farmers to know what consumers want. Consumers are very critical, most of all in Europe, the USA and Japan. They demand food that is safe, healthy, and produced with respect for people and the environment. They want a sustainable product. The consumer is holding a key position. It should be willing to pay a decent price for a high quality product.

My ministry is eager to raise Dutch consumer awareness and responsibility in this.

We are doing so already for products like milk and meat. We might consider developing similar strategies for cocoa, coffee and tea as well.

There is reason to be optimistic. High quality and certified products are more and more appreciated. I have already referred to the success of single origin products. Also, the consumption of organic products in, for example, The Netherlands continues to increase – despite the economic crisis. Trade volumes of fair trade products like Max Havelaar are steadily rising. Utz Good Inside certified coffee is moving up fast, and cocoa is following. Rainforest Alliance too is doing well. Market shares are still relative, but the conditions are favourable.

As the Dutch government, we don't want to interfere with such market based instruments. We believe that they are valuable because they address consumer concerns, while providing good opportunities for farmers. It is important though that farmers are indeed offered sufficient remuneration for quality products. And that the conditions and costs to participate in certification are reasonable, also for smallholders.

I am aware of the concerns and challenges of certification, many of which are raised by producers. My third proposal is to continue to put more efforts in an open dialogue on the role of certification for sustainable commodities.

### **The complexity of the supply chain**

The supply chains are complex. International markets are more demanding and competitive by nature. And sustainable development can only be reached if the public and private sector and civil society work together. Clearly, we need to reach an agreement on the objectives and principles. To a very large extent we will have to work together in a pre-competitive manner.

The Dutch government therefore favours international initiatives which enhance sustainable commodities. Both by coalitions of business and NGOs, as well as through international dialogues and agreements between governments.

We provide support for programmes and activities. We feel particularly responsible for commodities in which this country holds a pivotal position in the world economy. Such is the case for timber, palm oil and soy.

And of course for cocoa, where companies based here in the Netherlands are world leading in imports and processing. Please allow me therefore to say a few more words on cocoa.

We have provided substantive support for the Roundtable for a Sustainable Cocoa Economy. The Roundtable is unique, given the participation of the majority of the stakeholders in the world cocoa economy. We believe that the first meeting in Ghana and the second meeting in Trinidad have been very useful. Constraints have been identified, objectives shared and an action plan agreed upon. We have

We are pleased that our offer to host the next Roundtable in the Netherlands has been accepted.

So the fourth proposal is to indeed continue this dialogue in Holland, but also to consider how to promote and support national stakeholder cooperation in other countries.

Let us indeed combine our efforts as farmers, traders, processors, retailers, civil society, researchers and governments. As such, we will be able to make substantive progress in promoting sustainable cocoa, coffee and tea, during a challenging episode in the long history of these commodities.

discussed what the key elements are for further work. We are pleased that our offer to host the next Roundtable in the Netherlands has been accepted. The specific objective, agenda and date for this meeting are yet to be identified. We expect that the International Cocoa Organisation in London will continue to facilitate the Roundtable, in a manner that fully recognizes the need to work in a partnership between governments, civil society and the private sector.

The Roundtable meeting in Trinidad encouraged stakeholders to also increase their dialogues at national level. I am honoured to chair the Dutch stakeholder dialogue on sustainable cocoa, in which all major cocoa companies, organisations and research institutes participate. This group has agreed upon the development of a national action plan to promote sustainable cocoa. It will contain activities for the Dutch market, as well as activities to promote sustainable cocoa worldwide. The results of this conference will also be taken into account to finalize the action plan.

Such national stakeholder dialogues are very useful for cocoa, tea and coffee alike.

So the fourth proposal is to indeed continue this dialogue in Holland, but also to consider how to promote and support national stakeholder cooperation in other countries.

We all share a fascination for tea, coffee and cocoa. What a wonderful products! Let us indeed combine our efforts as farmers, traders, processors, retailers, civil society, researchers and governments. As such, we will be able to make substantive progress in promoting sustainable cocoa, coffee and tea, during a challenging episode in the long history of these commodities.

This idea of combining efforts is really the theme in something that is critical to the concept of sustainability. It is a core issue. Sustainability is combining efforts.



The individual farmer no longer has much power in many of the transactions. This is a grave problem because trade systems do not have ways to identify the loss of vital aspects of our food and agricultural products.

Geographical Indications

The TCC has put out this great information document: the Coffee Barometer.

# Sustainability is combining efforts

Daniele Giovannucci

**This idea of combining efforts is really the theme in something that is critical to the concept of sustainability. It is a core issue. Sustainability is combining efforts. If you are not, then you are probably not sustainable because few of us can thrive as islands.**

One of the things I have been thinking about is how to “decommoditize” commodities. Commodities have become commodities for a reason. Standardization of products facilitates trade and of course that is important. But it also has created a difficult situation where producers, perhaps the most significant part of that trade, have lost power and their products become interchangeable so that many subtle values are lost in the race to be less costly. The individual farmer no longer has much power in many of the transactions. This is a grave problem because trade systems do not have ways to identify the loss of vital aspects of our food and agricultural products.

## **Geographical Indications**

There are many ways to look at this. I would like to highlight some of those ways, for example, the idea of Geographical Indications. We all live with these. In Europe there are Protected Designations of Origin (PDO's). Many of you may drink Bordeaux or Scotch whiskey, you may eat Parmigiano or Roquefort cheese. These are products with Geographical Indications. And they are a unique way of differentiating commodities and pointing out the subtle but valuable differences. This also helps to develop a competitive advantage for the producers: taking a product and creating a positive market condition for an entire group of people or an entire region, not for just one company or one producer.

Unfortunately, globally most of them are in the thirty industrialized countries (the OECD Countries). Only a small fraction are in the other 162 countries,

most of them developing countries. Do those 162 others not have interesting food? I doubt it! In fact they have some very interesting foods and values. But they have not developed some of these concepts to fit our trading systems except in a few cases. We are all familiar with Darjeeling tea, Jamaican Blue Mountain Coffee, Basmati rice, or Tequila; all of these things are Geographical Indications. Some are worth hundreds of millions of dollars, or even billions of dollars, in trade. This is an extraordinary way for an entire region to begin developing its competitive advantage and essentially a brand. So this is one of the ways to begin thinking about how we can approach these commodity concepts to facilitate a more sustainable business for producers.

There is a book now on Geographical Indications (available from International Trade Centre). We've been working at it for 2 1/2 years to show how these things work and how developing countries can sort out best practices.

## **Certification in coffee**

The TCC has put out this great information document: the Coffee Barometer. So I am not going to bore you with repeating statistics, except to confirm that this slide indicates where we are with coffee, which is the most advanced of the commodities moving toward certification. We have actually gone to 7% of total green coffee exports in 2008. And even just a decade ago it was under 1%. I will give you a bit of info about the US certified coffee market, as it is the world's largest market for coffees. And I think it is interesting just to see how the trend evolves over time and how certified coffee has consistently outperformed the conventional coffee market, that is growing there at a little under 0%; in other words: it is not growing. Most of the growth is with the certified and the specialty coffees. That is what has been happening in the last few years. If you add all the other certifications

you're looking at 16% of all of the coffee now sold in the world's largest market is certified as "sustainable". There is only one country that has done better than this in terms of its certified market share: our host country: The Netherlands.

There is a new business environment as well.

It's about bigger and bigger companies that need to somehow differentiate themselves.

### **The second one is about risk management**

It is all driven by three paradigms.

**The first one is:** governments are increasingly concerned about food safety issues and about balance of trade issues.

**And, finally** the new consumer environment. Economic, ecological and social justice is increasingly demand driven by information.

you're looking at 16% of all of the coffee now sold in the world's largest market is certified as "sustainable". There is only one country that has done better than this in terms of its certified market share: our host country: The Netherlands. Congratulations! (applause)

This next slide is the US market; a 22 billion dollar market. Now look at the growth. This kind of growth originally occurred among consumers who were committed to these concepts, who understood organic, understood fair-trade, understood these kinds of certifications and moved the market forward but relatively slowly and only to a certain point. What shifted here is the interest of the mass market and the large retailers, particularly supermarkets. That shift is what has taken it from being an interesting niche, into being a mainstream factor.

Here on this slide are a few names of leading actors in today's retail trade that are making very substantial commitments to sustainability. You couldn't put more than a couple of these on such a list ten years ago. So you have these big names making strong commitments. I guess what this says is that there is clearly a future. This is clearly no longer something we do as an "extra" in the world. This is now becoming embedded as part of our culture.

### Three paradigms

It is all driven by three paradigms. We need to understand what it is that moves these things forward. Because it is no longer just our goodwill, it's no longer people who really care about sustainability that are buying these coffees, it's happening for other reasons as well. Fundamental changes, I would say that there are three at the global level.

**The first one is:** governments are increasingly concerned about food safety issues and about balance of trade issues. The private sector moves fast. The commodity chains are globalized. There's not a government in the world that can begin to keep up with what is happening in these shifts and in the standards world. So governments are trying

to figure out how do we manage the parts that we need to manage and leave the rest alone where the private sector does quite a good job. Besides policy, food safety and traceability standards are their best tool.

There is a new business environment as well. That new business environment is about two things. It's about bigger and bigger companies that need to somehow differentiate themselves. They need to let their costumers know what they are doing differently than their competitors. Why should you walk into my shop and not into my competitors?

### The second one is about risk management

We live in a world where we no longer have a soft newspaper article about a little boy who got sick eating something. No, the press latches on to even small events and can make them into big things: "Brand X can kill children!". We have huge media events around food. So, companies are increasingly concerned about their reputations, because one bad media story can cost them millions of dollars in their stock value. So, how does a company manage risk as? Standards help it ensure that it has the right standards in place so that it is not involved in child labour or associated with pollution practises? This risk management is critical today.

There is also entire area of eco-efficiency; the dematerialization of packaging or corporate greening and measuring ecological footprints that is happening in companies. Most of them do it because there are considerable costs savings. Walmart, the biggest food retailer in the world, has done this and saves millions of dollars per month just being more efficient. So it's making economic sense as well as, perhaps, ecological and social sense.

**And, finally** the new consumer environment.

Economic, ecological and social justice is increasingly demand driven by information. Much more information is available now than ever before to consumers. All of these elements combined require a lot of new standards.

### History of standards

Standards used to be a way to facilitate the movement of goods in global trade. If I specified a kilo, we all knew what a kilo was. If I said a Grade

There is an idea of a pre-competitive training process, like what the Sustainable Commodity Assistance Network (SCAN) and others have proposed.

Standards are shifting and becoming an issue of access. They used to be facilitators, but now they are also becoming barriers for some producers.

Standards can obviously be barriers.

So standards are market tools,

And as more and more of them emerge, the issue of transparency, of understanding them, of managing them, becomes more and more challenging.

Standards imply additional cost and additional capacity to comply.

knowledge

Then there is the issue of consumer fatigue. How much more can you stand as a consumer?

harmonization

There are many ways of looking at harmonization. A lot of standards bodies don't want to harmonize. They feel they each provide a unique and valuable benefit. They may well do that. But there are areas where we can harmonize. Particularly in reducing the efforts and costs producers are making when working towards compliance and certification.

Most producers face 5 common barriers with standards:

Selecting a standard

Two wheat you would know, if you were shipping the wheat, what I wanted. But standards are moving at a breakneck speed. In the last 14 years more private standards have emerged than in the previous 50 years. So we are living in this age where we are creating lots of new standards all the time. You could imagine what challenges that could create. Just one organization, ISO, creates 1100 new ones annually.

Standards are shifting and becoming an issue of access. They used to be facilitators, but now they are also becoming barriers for some producers. Does this slide with more than 30 agriculture standards labels confuse you? It is confusing to most and I'm sure someone could add more labels to that list.

### **Standards as market tools**

So standards are market tools, but they also can cause problems. It was concluded at a conference a few years ago hosted by our friends at ISEAL, that having many standards does create difficulties for producers and consumers. And as more and more of them emerge, the issue of transparency, of understanding them, of managing them, becomes more and more challenging. To deal with it from the point of view of consumers and producers, there are two things we need to look at.

One of the key things is knowledge. We are all inundated by tons of information. But how do we digest the information into useful knowledge? That is a very different step! We are going to talk a little about how to get that information into the right hands and how to provide access.

The second one is a dirty word: harmonization. Some of you don't like this word. I've been thinking it was a good idea for so long, that to me it doesn't sound like a dirty word anymore. There are many ways of looking at harmonization. A lot of standards bodies don't want to harmonize. They feel they each provide a unique and valuable benefit. They may well do that. But there are areas where we can harmonize. Particularly in reducing the efforts and costs producers are making when working towards compliance and certification. In some areas standards bodies can have mutual recognition. I was at FLO yesterday and it is good to see they are talking about this area. How they can begin to

recognize what other standards bodies are doing as fulfilling part of their FLO standard? So how can we avoid repetitive processes with producers to save them time and money? There is an idea of a pre-competitive training process, like what the Sustainable Commodity Assistance Network (SCAN) and others have proposed. This is about standards bodies working together so that producers can be trained to more easily develop the knowledge and understanding of what's basically required before going into the specific details of any particular standard. These are obvious areas that can be harmonized.

### **Standards as barriers**

Standards can obviously be barriers. Just looking at that list of 30 labels, can give you an idea how they can act as barriers to trade. Also, as the WTO agreements remove trade barriers such as tariffs and quotas, standards have become one of the important ways for governments to manage their agricultural trade, especially for the issues of food safety. Standards imply additional cost and additional capacity to comply. We do a survey on sustainability standards, particularly organics, every year in the North American markets, and now very few coffees have just one certification.

Then there is the issue of consumer fatigue. How much more can you stand as a consumer? Are you able to digest these differences beyond the basics? You may be a sophisticated audience, but I ask you to remember how the average consumer buys. People who shop in supermarkets make many decisions in just a few seconds of deliberation. And if they are at all confused by a product, they go to the default mode, that is: take whatever they bought last time.

### **Producers and standards**

The big question is how do we get to a sector that is both sustainable and competitive? Most producers face 5 common barriers with standards:

1. Selecting a standard - requires market intelligence and contact with buyers as well as experience since there is little data to assess the relative demands, costs, and benefits of each standard

Facilitating adoption

Capital

three interrelated initiatives

Transaction costs

Risk

Committee on Sustainability  
Assessment (COSA)

Sustainable Commodity  
Assistance Network (SCAN)

the Financing Alliance  
for Sustainable Trade (FAST)

These three initiatives then are a way of moving forward or a combined package that can be used in different ways by different projects or organizations to forward the concept of sustainability at the field level.

Committee on Sustainability Assessment or COSA is the initiative of more than 20 global institutions.

2. Facilitating adoption - few institutions exist to meet the ongoing learning process that takes both time and consistent training
3. Capital – needed to invest in new technology, processes, equipment, and infrastructure
4. Transaction costs - certifying and meeting buyer requirements can be expensive, as can marketing costs
5. Risk - learning errors in export or other high-value markets can be costly (i.e. rejected containers, reputational damage, or product bans)

It is a difficult task to get certified, we hear this from a lot of farmers. I would like to invite you to share your experience of what are the needs. What are the most important things we can do in order to reduce the difficulty of certification? How do we make it easier and thus facilitate sustainability? Standards are of course one way, we have been talking about these and I don't want to limit our scope to that.

#### **Suggestions from the audience:**

1. *A formal management system, a supply chain or a value chain that actually functions with communications and feed back loops offers a more direct relationship system instead of anonymous trade. This is one way of de-commoditizing.*
2. *A common information platform. How do you get the knowledge, how do you disseminate it? How do we know it is credible? Most farmers go to certifications simply because someone told them: "it's the best thing" or "you'll make a fortune!!!"*
3. *De-mystification. Going beyond information, sharing critical knowledge.*
4. *Using a common language. Translate standards into the local languages is important.*
5. *Harmonizing at least part of the process such as certification, inspection, or the paperwork so you can do it in one visit or one approach. The inspection or certification part is only a little tip of the iceberg that you see, but 90% is under water and that is the adaptation part. The farmer has to learn the requirements and then adapt to the systems and recordkeeping.*
6. *Helping to facilitate market recognition so that there is a premium. Because that is the only way you will have a sustainable premium. If the*

*market recognizes and pays for it, then it is more sustainable than a charitable contribution.*

#### **Three global initiatives**

There are also three interrelated initiatives that can be interesting for you to consider as tools designed to further sustainability:

1. The first one is the Committee on Sustainability Assessment (COSA). This is about real knowledge, to really understand what happens with those standards. What changes really occur? We all have ideas about of what standards should do, but what are the outcomes and the actual costs and the actual benefits at the ground level.
2. The second one is the Sustainable Commodity Assistance Network (SCAN) it is a group of non-profit organizations working together to train producers on the key things that are part of every standard at a pre-competitive level. This includes: good agricultural practices, basic financial literacy, recordkeeping, and traceability.
3. And finally producers need financing to support their sustainable efforts: the Financing Alliance for Sustainable Trade (FAST) is a group of well over 100 organizations that range from large entities like Rabobank all the way down to small NGOs.

These three initiatives then are a way of moving forward or a combined package that can be used in different ways by different projects or organizations to forward the concept of sustainability at the field level. Let's discuss the first one: COSA.

#### **Committee on Sustainability Assessment (COSA)**

The Committee on Sustainability Assessment or COSA is the initiative of more than 20 global institutions. We are all facing a shortage of credible information about what happens to a farmer at the ground level. COSA has looked at all of the sustainability-oriented standards to understand what they try to achieve, and developed credible and scientifically appropriate ways measure that at the field level.

Since we all have a different idea of what is sustainable, COSA doesn't try to impose any one idea. It simply provides neutral data and information

Since COSA can help you better determine what it would mean to adopt a sustainable practice before doing so, it is also a business decision-making tool. You cannot manage what you cannot measure.

COSA assesses compliance effects, in other words what are the costs and benefits. We go beyond the obvious, like direct costs such as recordkeeping or certification.

In summary, this whole issue of sustainability clearly aligns with market demand. It is no longer a niche. But it isn't 'one size fits all'. So, we really need to understand much more clearly what works for different farmers, in different places, and under different conditions before we can effectively be sustainable.

so that people can decide what works for them. Therefore we recognize sustainability in all its different forms. There's no pre-judgment of what works and what doesn't. We are measuring not just the straightforward economic aspects; the hard part is measuring the environmental and the social changes that occur. It is clear that the basis of COSA, or any credible sustainability measure, is that it includes the economic, the social, and the environmental aspects.

### Assesment of COSA

COSA assesses compliance effects, in other words what are the costs and benefits. We go beyond the obvious, like direct costs such as recordkeeping or certification. There are also many indirect costs that occur when you adopt a certain certification system. We look at both the tangible things you can measure and a variety of important intangible values that are associated. Things like yield changes are fairly tangible. So if a farmer adopts a particular system such as organics or Rainforest Alliance, his yield may change. Wouldn't you like to know before you started a particular certification, what tends to happen to the many other similar farmers that adopted that certification under similar conditions? There are also intangibles, like association or cooperative development. Isn't it important to measure the value of an organization being strengthened and operating more efficiently? That is all part of what COSA does.

### COSA and the farmer

COSA must be sensitive to what the differences are. So, we want to understand how a small farmer's adoption and response to standards may differ from a large farmer or a big plantation. Similarly, how do women adopters fare differently, how do those from different agro-ecological zones differ, what about those who are far from markets? Is there a need for different tools to deal with farmers who are less literate? COSA helps us to understand these and many more variables and thus makes it possible to understand and apply sustainability initiatives more rationally and much more effectively.

In partnership with the United Nations International Trade Centre, COSA will consist of a global database so that you can compare what is happening with

farmers in similar situations. You can see how essentially it is a diagnostic tool, a way to evaluate what is working and it is also a way of learning: a didactic tool. What happened to that similar kind of farmer in seven other countries? What are their yields, what were their costs for inputs, etc.? Since COSA can help you better determine what it would mean to adopt a sustainable practice before doing so, it is also a business decision-making tool. You cannot manage what you cannot measure. So, if we are not measuring and understanding sustainability, then how are we ever going to manage being more sustainable? And of course it is a negotiating tool. When you finally realize what your actual cost of production is, then you have a better chance of negotiating a fair price for your product with some buyers. Ultimately this COSA tool will become simple enough that cooperatives can apply it and help their farmers to apply it.

### Summary

In summary, this whole issue of sustainability clearly aligns with market demand. It is no longer a niche. But it isn't 'one size fits all'. So, we really need to understand much more clearly what works for different farmers, in different places, and under different conditions before we can effectively be sustainable. If you don't understand the costs and the benefits and you don't understand your impact, you are in trouble or you may be doing harm. We really must empower people and institutions locally to do this work. A level of institutional support is required. COSA is committed to civil society organizations, the cooperatives themselves, the NGOs, the folks working at the ground level and we want to stimulate this kind of local capacity building that lasts over time. COSA works only with local partners to train them to adapt the tool and use it locally.

Finally, to remind us all that we are not just talking about products or processes – we are all committed to something much larger, I would like to leave you with words from ***The Omnivore's Dilemma*** by Michael Pollan *“At the beginning and end of any agriculture supply chain there is a biological system: a human body, a place of soil and water...The wellbeing of one is intimately connected with the wellbeing of the other”*.



**We aim  
for better  
working  
conditions for  
coffee growers,  
cocoa farmers,  
and tea producers.**













The main difference between the tea and coffee sectors is that the majority of the tea consumers live in the South.

After a tough selection process, the three most appropriate Best Practices for tea, coffee and cocoa were presented to the following panel of international demand experts, for their critical appraisal:

Our aim is to mobilize the local partners to “consume” this sustainability agenda, and also to mobilize the local consumers to consume both the concept of sustainability and the certified product.

Sustainability should be integrated into the whole process and not added subsequently.

## Best practices

### to promote product certification and enhance sustainability from a demand perspective

To challenge the participants to combine their efforts, each one was invited to formulate a Best Practice for sustaining commodity production, and present it in elevator-pitch style in small working groups. After a tough selection process, the three most appropriate Best Practices for tea, coffee and cocoa were presented to the following panel of international demand experts, for their critical appraisal:

**Klaske de Jonge** (Belgium),

Director of Corporate Communications for Europe/CIS, Mars Inc. (Masterfoods)

**Rob Cameron** (Germany), Chief executive Fair Trade Labelling Organizations (FLO)

**Dr. Shatadru Chattopadhyay** (India), Director Solidaridad South and South East Asia

**Natasja van den Berg** (NL), moderator panel discussion

#### Best practice for Tea

presented by **Martin Ying Ma** (Solidaridad China, martin@solidaridad.nl, www.solidaridad.nl)

**Martin:** Here is the result of our group discussion - the best practice goes to this National Reference Group for their dialogue model in the tea producing nations. These are the producing countries as well as the biggest consuming nations. We are working on this in China, Indonesia and many other producing countries. Our aim is to mobilize the local partners to “consume” this sustainability agenda, and also to mobilize the local consumers to consume both the concept of sustainability and the certified product. That is my summary of our group discussion.

**Natasja:** The main difference between the tea and coffee sectors is that the majority of the tea consumers live in the South. The aim of your best practice is to get them on board to discuss sustainability issues in the tea sector. It is of course a multi-stakeholder dialogue.

#### What makes this such a good practice?

**Klaske:** *What I like is that it brings together, very well, the producers and the consumers; it is an interesting multi-stakeholder approach. Looked at from my cocoa background, this is just what we would love to have - more chocolate consumption in the producing countries. It is also a win-win situation, because then, added value in the supply chain would actually take place in the producing countries. I think, this is a model for the cocoa sector to follow.*

**Rob:** I think it is increasingly recognized that market opportunity is in the developing world. This is a really good opportunity to make it real and make it happen. I like the structure which brings different actors into play. I like that it increases markets for local producers. However, I am not so sure about the framework, especially from a standards perspective.

Another thing I would really like to comment on is this notion of sustainability. This is where we could make a start to get sustainability built-in. I am concerned about thinking of sustainability as an add-on rather than a built in thing. Sustainability should be integrated into the whole process and not added subsequently. I am frustrated when I hear people talking about managing sustainability or implementing sustainability; it's rubbish!

**Shatadru:** The first part deals with the dialogue model proposed by the Reference Group. To me it responds to the morning presentation, which starts off by saying that cooperation is a major

Cooperation among all the stakeholders, cooperation at the top and cooperation at the bottom.

Tea provides us a new opportunity to look into sustainability in a sector where the major segment of the market does not exist in the North.

Our new best practice would enable say, a roaster who is actually responsible for manufacturing the brand, to combine all the different sustainable initiatives into the final product range of the brand owner.

It is important to get the full cooperation of all the standards bodies.

The second part is developing standards for the domestic market. Here, we need out-of-the-box thinking

point. Cooperation among all the stakeholders, cooperation at the top and cooperation at the bottom. This is needed to get a common understanding of sustainability.

The second part is a unique challenge, and an opportunity, which the tea sector throws at us. The coffee and cocoa sectors follow the traditional sustainability pattern: southern producers connected to northern markets. Tea provides us a new opportunity to look into sustainability in a sector where the major segment of the market does not exist in the North. So, quite a unique sustainability question arises out of the tea sector.

**What should be added to this best practice?**

**Rob:** I think I already said it. It is about integrating sustainability from the standards perspective. In a way, it proves the point that standards are great, but not necessarily, a solution.

There is plenty of opportunity for straightforward collaborative dialogue to get people talking with each other, making markets and doing things differently. And the scale of opportunity, of what we are talking about, is immense. We can have a huge impact, a huge influence. But why are we here in the first place? Because, it has not worked as yet. We are a means to an end; we should not see ourselves as the end itself!

**Shatadru:** It is important to get the full cooperation of all the standards bodies. This should be the next step as an add-on. It started off with one standards body, UTZ CERTIFIED, which took the initiative to go for this approach. Now we are talking about getting all the standards setting bodies involved.

The second part is developing standards for the domestic market. Here, we need out-of-the-box thinking because we cannot follow the coffee or cocoa model in this situation. It provides us with a unique opportunity to think beyond standards and develop different approaches.

**Best practice for Coffee**

presented by **Hilke van den Bosch** (Koffiebranderij & Theehandel Drie Mollen, hvdbosch@driemollenmail.com, www.driemollen.nl)

In our group we talked about mainstreaming sustainability. When you are a brand owner, and you want your brand to be sustainable, you can choose to affiliate with one (or more) of the existing certification programmes and use their logo on-pack to give your brand sustainable credibility.

Our new best practice would enable say, a roaster who is actually responsible for manufacturing the brand, to combine all the different sustainable initiatives into the final product range of the brand owner. This gives both roaster and the brand-owner more flexibility and also the opportunity to claim a 100% sustainable product. Not a claim of 30% Rainforest content, or a 90% UTZ content, or a 100% Fairtrade content, but a full 100% sustainable product built up from coffee procured from different sources, under different conditions of existing certification or verification programs. You can then assure that your product is 100% sustainable. With this approach you can use larger supply base, reach more producers in the South and comply with the demand for sustainable products in the market here. In fact, I am not talking about (again) another new super label. I am talking about the reality that there are brands that do not want to commit themselves to only one certification scheme. However, they do want to make their product sustainable. You can push forward the demand for sustainable coffees from the brand-owners side and give the opportunity to work from a low entrance level up to a higher level of sustainability.

**Natasja:** What is excellent about this case and what do you want to add?

**Rob:** I appreciate the intention, but I think it is a mistaken idea. And I know where it comes from! A common base would be nice and, to some extent, we have that from the ISEAL code. The challenge for ISEAL is to create a stronger foundation upon which we can build.

Verkade went for 100% Fairtrade ingredients for its chocolate products.

It created commitment.

cooperation in the chain.

combined effort of the trade

the combined effort in approaching the consumer.

If I look at the various certification schemes, one of the problems with universal schemes like UTZ, is that consumers do not understand them. It is much more difficult to explain the true concept of sustainability and its certification process. At Mars we are already talking about a concept called “certification plus”, because the worst thing that can happen to certification is “the certification of poverty”.

Secondly, in the spirit of cooperation, I don't see any obstacles for partnerships. Fairtrade is working with partnerships, like with CAFE Practices of Starbucks. And Fairtrade works with the organic movement. However, you are missing the point that these labels, at the core, are also brands, and brands exist on the basis of differentiation. If you don't acknowledge that, you do not understand what labels are! This practice is not feasible because brands cannot do that.

**Shatadru:** I think the principle behind Hilke's proposal is for the benefit of the producers. Nevertheless, I do not agree with the methods proposed about multiple labels. Perhaps, the tools et cetera could be worked out in a way there would be coordination at the producers' level and competition on the consumers' side of the value chain.

**Klaske:** I have mixed feelings about the idea. What I like about it is that we really need to grow to a system which has a common base. One of the conclusions we came to this morning is that there are too many schemes, and yet they have a lot in common. So, we at Mars are in favour of growing to one standard. But from the consumers' point of view, I think, there is no common definition of sustainability. There are consumers who are interested in Fairtrade, Organic, protecting the rainforest. If I look at the various certification schemes, one of the problems with universal schemes like UTZ, is that consumers do not understand them. It is much more difficult to explain the true concept of sustainability and its certification process. At Mars we are already talking about a concept called "certification plus", because the worst thing that can happen to certification is "the certification of poverty". We need certification to lead to a level of economic performance that will benefit farmers.

## **Best practice for Cocoa**

presented by **Peter d'Angremond** (Stichting Max Havelaar, dangremond@maxhavelaar.nl, www.maxhavelaar.nl)

I would like to share with you the experience of Verkade, our best practice example. Verkade went for 100% Fairtrade ingredients for its chocolate products. Many factors helped to make it a success. First and very important was that everybody within Verkade got involved. From the non-executive board, to the executive board, to line management, to the people actually working in the production lines. That was a job very well done at Verkade. It created commitment.

Second, was cooperation in the chain. Going for 100% Fairtrade meant a complete reformulation of the recipes. That was a tremendous effort that could be realized only by involving all people in the chain. People from FLO, external experts, NGOs and suppliers like Barry Callebaut, all came in to help.

Third, was the combined effort of the trade. Verkade did its commercial job, while Max Havelaar created awareness for the importance of sustainable management of this product category cocoa.

And last, but certainly not least, was the combined effort in approaching the consumer. Verkade integrated in its consumer communication the fact that it went 100% Fairtrade and explained what it was all about. Max Havelaar contributed by using its channels to the press and other consumer communication.

All together it led to a high awareness for Verkade going 100% Fairtrade and an outstanding superior tasting product. This Verkade case is a very good example where the brand values of the Max Havelaar label were linked into the brand values of Verkade, and together they created, in terms of branding, a very strong combination.

There could be an opportunity for crossed commodity learning.

I think there is consensus about the need for a dialogue with all stakeholders. It also demonstrates the need for more harmonization, especially at the producers' level. However, there is no consensus on how best to reach the consumer, because it will not be easy to teach the consumer what each scheme has to offer.

Companies must realize that it is not only the consumer they have to convince but that nowadays the trade is becoming more and more important.

I think the time has come for us to rethink this whole certification process.

There is clearly a need for coordination; no one approach can survive on its own. The reality gives us an opportunity, because the companies simply cannot afford to have all these certifications and the costs.

I am totally convinced Fairtrade is scalable. We proved that many times.

### **Why is this a good practice?**

**Shatadru:** It is an inclusive approach. I did not really hear about it in South East Asia. I would be interested in the volumes involved (1,500 tons). That is interesting and I would like to explore further with you, after the meeting, how it is managed. There could be an opportunity for crossed commodity learning.

**Klaske:** It is an excellent business case. I like two of its elements. The first one is that you need complete alignment internally to make it happen. Verkade is relatively small, and if you talk about bigger companies it is a critical success factor. What I also like is the importance of the trade. Companies must realize that it is not only the consumer they have to convince but that nowadays the trade is becoming more and more important. In a concept like category management it is very important to be seen as a leader in the field. Mars is not so big in chocolate blocks; we are more into candy. Competition keeps you awake and I must say that in this field Mars was the third mover after Verkade and Cadbury, but we were the first company to announce 100% certification in 2020 on a global scale.

**Rob:** I think it is a fantastic example of fair trade, at its best!

**Natasja:** What can we add to make it better?

**Klaske:** I would like not to bet only on one certification scheme. Mars prefers to have more than one certification standard because markets are different, consumers are different, and brands are different. We want to bet on more choices.

**Rob:** I think there are a couple of things that can be improved. But it is another thing for us all to be promoting what we see as a more sustainable way of producing. I am totally convinced Fairtrade is scalable. We proved that many times.

**Shatadru:** I think that it will be interesting to know more about the impact on the producers because of this initiative. What were the costs? How was it interrelated and whether it could be used as a best case practice to take the cocoa sector forward.

### **Concluding remarks**

**Klaske:** I think these three cases very clearly demonstrate where there is consensus and where there is no consensus. I think there is consensus about the need for a dialogue with all stakeholders. It also demonstrates the need for more harmonization, especially at the producers' level. However, there is no consensus on how best to reach the consumer, because it will not be easy to teach the consumer what each scheme has to offer.

**Rob:** In terms of stimulating demand we heard about South-South trade, which is generally overlooked. I was glad it was the first one we discussed. As for northern markets, we saw just in the last couple of weeks, in Germany, what can happen if you get all sorts of actors coming together in a fair trade forum. In Germany 21,000 cups of coffee were consumed in one hour with Starbucks participation. It is that kind of collaboration we need across a thousand cities in the northern markets, and with South-South trade coming along behind, it is going to make a huge difference.

**Shatadru:** I think the time has come for us to rethink this whole certification process. We need to look again into these models. There is clearly a need for coordination; no one approach can survive on its own. The reality gives us an opportunity, because the companies simply cannot afford to have all these certifications and the costs. Secondly, with South-South trade, we address a new reality, which emerges rapidly and can make a real difference for producers and consumers alike.

After a tough selection process, the three most appropriate Best Practices for tea, coffee and cocoa were presented to the following panel of international supply experts, for their critical appraisal:

we support FLO and UTZ Certified equally. But this time, instead of separate streams from FLO and UTZ, all the producer support in East Africa (Kenya, Uganda, Ethiopia and Tanzania) is being supplied by the same people, Solidaridad.

In essence having a model which can be topped up and upgraded to Fairtrade, UTZ, Rainforest Alliance or Organic.

Working at the multi-certification level and really dealing with the basic needs at the producer level, is the way to go in the future.

## Best practices

### to promote product certification and enhance sustainability from a supply perspective

To challenge the participants to combine their efforts, each one was invited to formulate a Best Practice for sustaining commodity production, and present it in elevator-pitch style in small working groups. After a tough selection process, the three most appropriate Best Practices for tea, coffee and cocoa were presented to the following panel of international supply experts, for their critical appraisal:

**Hans van Bochove** (NL),

Director Public Affairs, Communications and CSR at Starbucks Coffee EMEA

**Sasha Courville** (UK),

Executive Director ISEAL Alliance

**George Watene** (Kenya), Regional advisor Environment and Certification TechnoServe

**Chris Wunderlich** (USA), SCAN Program

Coordinator at UNCTAD and IISD

**Natasja van den Berg** (NL),

moderator panel discussion

#### Best practice for Tea

presented by **John Daly** (Irish Fair Trade Network, daly@pobox.com, www.fairtrade.ie )

**John:** We are the Irish labelling initiative and a member of FLO. We also support UTZ Certified. We supported producers in Central America, half to FLO, half to UTZ Certified. The important lessons we learned from that exercise – and here I am repeating the mantra we heard many times today – is the huge duplication of effort, resources, money and the waste that goes with it. But most of all, it is the burden placed on producers who are asked to fill in all these survey forms and reply the same questions, over and over again.

In designing another program for East Africa, with funding from the Irish Government, we said: this time we will do it differently! Still, we support FLO and UTZ Certified equally. But this time, instead of separate streams from FLO and UTZ, all the producer support in East Africa (Kenya, Uganda, Ethiopia and Tanzania) is being supplied by the same people, Solidaridad. So the same technical advice, the same services, the same ICS, the same things that would have been provided by FLO or UTZ Certified are being provided by Solidaridad. And the relevant people from both FLO and UTZ Certified are increasingly cooperating in working together on the ground in those 4 countries. Still there are two costs of certification and it does not solve problems in the markets, but it does avoid two sets of inputs, two sets of visitors, two sets of all sorts of things at farm level. Moreover, it is not exclusively on certification. It is actually much more on good agricultural practices. We are talking about conducting training on a curriculum that is the same for all certifications. In essence having a model which can be topped up and upgraded to Fairtrade, UTZ, Rainforest Alliance or Organic.

A final point which probably relates to this, as well. As a part of a five-year project, worth 15 million Euro, there is a four-year study starting now, managed by Ruerd Ruben of CIDIN. This study will look at the impact of both UTZ Certified and FLO and also a control group. So there will be lessons learned for everyone in the end. By the way, the inclusion of the FLO system and the UTZ system in the impact study is not intended to exclude others.

#### **Why is this such a good practice?**

**Chris:** This cooperation which is happening is exactly what we want to see. Working at the multi-certification level and really dealing with the basic needs at the producer level, is the way to go in the future.

I think the impact analysis is critically important, because it will answer many questions from stakeholders, including increasingly consumers.

When different messages are delivered you may find that governments also come up with their codes and increase the confusion.

With our Ministry of Agriculture here in the Netherlands, the Rabobank Foundation and DE Foundation we set up a project, together with the local government, at national level, provincial level and district level for farmers and traders in order to have a sector approach and not a completely donor-driven one.

Another improvement is to ensure that the impact assessment supports FLO and UTZ to comply with the ISEAL code for assessing the impact of standard systems. It can be done, in line with the code, by creating a global framework for standard systems to assess their contributions to social, economic and environmental impacts.

this request to get organized came from the farmers themselves

**Hans:** There are basically two parts in this; one is the producer support and the other one is the impact analysis. I would like to comment on the latter. I think the impact analysis is critically important, because it will answer many questions from stakeholders, including increasingly consumers. So I think the impact analysis is particularly strong in this best practice.

**Sasha:** Cooperation among standard systems is music to my ears. I really appreciate this best practice. It will be best practice in the future, as well. The regional approach is also great.

**George:** There is less confusion on the producers' side and that is great. You don't have UTZ and FLO coming as two different people to communicate the same message to the producer. And the way to make it better is to include Rainforest Alliance and CAFE Practices as part of the team.

#### **What can we add to this best practice?**

**Chris:** The program I work with is called Sustainable Commodity Initiative, which actually works as a partner with UTZ, Solidaridad, Hivos and a number of the main certification programs in coffee. We provide support for this kind of training and building a platform. So we are already actually engaged in this process. For the impact assessment we are working on a national level, especially with COSA, which Daniele presented this morning.

**Hans:** If the producer support by Solidaridad and the certification people working together are focussed on certification only, then they would benefit by focussing on quality also. Ultimately, certification without a very strong focus on quality will not be sustainable.

**Sasha:** Adding on to this: training on financial literacy tools, management system approaches, etc. Another improvement is to ensure that the impact assessment supports FLO and UTZ to comply with the ISEAL code for assessing the impact of standard systems. It can be done, in line with the code, by creating a global framework for standard systems to assess their contributions to social, economic and environmental impacts. And then it would

be interesting – if it hasn't already been done – to discuss with the governments of those countries the long term sustainability of the industry and ownership within the region.

**George:** This example could be used to bring the different players together and communicate the same message to the producers and the other stakeholders. When different messages are delivered you may find that governments also come up with their codes and increase the confusion. But if there is a forum for people to come together, even the governments are likely to come and see what they can add to the communication.

#### **Best practice for Coffee**

presented by **Don Jansen** (Douwe Egberts Foundation, don.jansen@wur.nl, www.de.nl)

**Don:** My case would be on rolling out sustainability efforts in Vietnam. In Vietnam we had several projects with different partners, which all reached a certain number of small holder farmers. Those projects were evaluated by the Ministry of Agriculture of Vietnam and showed that they were indeed something worthwhile in Vietnam. We had a multi-stakeholder conference set up to decide on important actions to improve the coffee chain in Vietnam. There was a set of issues and one of these issues is farmers' organizations. With our Ministry of Agriculture here in the Netherlands, the Rabobank Foundation and DE Foundation we set up a project, together with the local government, at national level, provincial level and district level for farmers and traders in order to have a sector approach and not a completely donor-driven one. The donors will phase out after training the technical assistants, the organization building assistants and the politicians to understand what it takes to get farmers organized. You can say that this is a top down approach because we want to get the farmers organized. But no, this request to get organized came from the farmers themselves, because they see the benefits in it if they can, in the process, get rid of the middle men in Vietnam.

It is a national park in Ecuador, where 300 indigenous families live and almost 1,500 people work. It is an integral project, based on a multi-stakeholder approach with private and public actors.

we believe that for long term sustainability, you need to have private-public partnership.

The other issue is that we are talking about pre-competitive, pre-certification training dealing with really supporting producers on a need basis that actually helps them to become strong.

Support for agriculture is getting less at the national level in Vietnam. The provincial government and the provincial people are very interested. They realize that the farmer's income could improve if they work in a group.

In talking of copying this programme to other countries, it must be said that Vietnam is a relatively easy country to implement, in the sense that things work. We have projects in Cameroon and in Honduras where the situation is completely different. Then you have to look for entities that could take on the role of the government, and here you can think of traders as a possibility. I agree it is even more difficult in several African countries.

#### **Why is it a good case?**

**Chris:** I guess, I am a bit biased here as well. We have had discussions with Don on the process. We are in partnerships with a lot of certification programs and standards bodies, Hivos and Solidaridad and discuss how we can support this process. I found the structure to be excellent!

**Hans:** I have nothing to add.

**Sasha:** Long-term sustainability is integrated in the project.

**George:** That was going to be my comment as well. The fact that they included sustainability in it makes it a good case.

#### **What can be added?**

**Chris:** The government structure should be more open so that other partners can participate on an equal level. Two quick statements: we believe that for long term sustainability, you need to have private-public partnership. See how to develop these infrastructures locally so that extension is available and capacity is built locally for it to be sustainable. The other issue is that we are talking about pre-competitive, pre-certification training dealing with really supporting producers on a need basis that actually helps them to become strong. We are not talking about it as building towards certification, per se.

**Sasha:** Just building on Chris' comment, it sounds very similar to SCAN. What can we do to avoid duplication? In terms of the scale, I think we have those ambitions in this room! Standards systems are growing, and the business sector looks to make things really move forward.

**George:** I think the question is how can this be moved on to other areas? Here, we must take into account the type of organization found in Vietnam. It might not be the same when you move to a country like Uganda.

### **Two Best practices for Cocoa**

**1.** Presented by **Alfredo Duenas** (Conservación y Desarrollo, [aduenas@ccd.org.ec](mailto:aduenas@ccd.org.ec), [www.ccd.org](http://www.ccd.org))

I am from the NGO Conservación y Desarrollo (C&D) and would like to give you some key words about the content of the best practice. It is a national park in Ecuador, where 300 indigenous families live and almost 1,500 people work. It is an integral project, based on a multi-stakeholder approach with private and public actors. The communities and other stakeholders provide sustainable improvement through infrastructure productivity, business development, competitiveness, market access, and social and environmental standards. All these experiences have been included in the C&D approach, based upon lessons learned over the last 15 years. This model has proved that it works and is replicable; 3,000 families are interested in using this model to work together.

**2.** Presented by **James Hallworth** (Port of Amsterdam, [james.hallworth@portofamsterdam.nl](mailto:james.hallworth@portofamsterdam.nl), [www.portofamsterdam.nl](http://www.portofamsterdam.nl))

I am from the Port of Amsterdam, importing between 600,000 and 700,000 tons of cocoa each year, which makes us the largest cocoa port in the world. We want to be a sustainable operation; we want to maintain the port as a sustainable venture and we want our cargo float to be sustainable as well. The question is how to do that, because we don't process cocoa and we don't sell cocoa. So what

All shipments of cocoa coming in have to pay port dues. What we can do as a port is to provide a discount for the sustainable or certified cocoa beans.

we can partially compensate the extra costs for certification, we can support the goal for sustainable commodities

we need to think out of the box.

In the national park, it is actually a group in the region that is pushing the process.

We are leaving it to the certification initiatives to make sure the benefits get back to the market.

My issue with the port's proposal is ... it is the companies that actually receive the discount; how do they use this profit, does it get back to the farmer?

***ABC! Ambition, Beyond certification, Cooperation.***

I think that we tend to focus only on certain aspects of the supply chain; we really need to look at the entire supply chain and all the links.

is our tool for promoting the sustainability of cocoa? It is the port dues system. All shipments of cocoa coming in have to pay port dues. What we can do as a port is to provide a discount for the sustainable or certified cocoa beans. By doing this we can achieve three different things. One, we can partially compensate the extra costs for certification, which influence the market for cocoa beans; two, we can support the goal for sustainable commodities (we want to increase the market); and three, we can attract more cargo floats and increased tonnages, which as a commercial guy is one of my main objectives. We spoke this morning about collaboration. We know as a port we can't force the market but we can play our part to influence it. It is a commercial tool, but if I could also achieve other objectives, we can stimulate sustainability. We are leaving it to the certification initiatives to make sure the benefits get back to the market.

***What is good about these practices?***

**Chris:** I know the Ecuador project has a very comprehensive and effective approach, because I know them closely. I think it is excellent.

The port case is a very fascinating thing to me. I think that we tend to focus only on certain aspects of the supply chain; we really need to look at the entire supply chain and all the links. The one thing I want to add to this best practice is a clear statement of the objective so as to measure the impact.

**Hans:** It fascinates me too, but in a different way. In the first case, the idea of working with the communities to basically sustain the environment, is great.

Regarding the port: is there some kind of incentive based performance system that is working there; are people rewarded for better performance? Is there some kind of a continuous drive behind it? Because, actually what the Port is doing - and I think that is the good part - is implementing an incentive based performance system. It is using a financial mechanism to basically force some kind of behaviour.

**Sasha:** The holistic approach is really good.

For the second case study, the incentive based approach...we need to think out of the box. Not focus on just the usual, well-known points in the supply chain. There are others, and this is a great one. Where are the other ones out there and how can we find them to move forward?

**George:** In the national park, it is actually a group in the region that is pushing the process. This is, hopefully, a bit more sustainable than when the ideas come from outside, because the locals will be able to translate the issues better.

My issue with the port's proposal is ... it is the companies that actually receive the discount; how do they use this profit, does it get back to the farmer?

***ABC! Ambition, Beyond certification, Cooperation.***

Where is morality in  
this debate?

Well, I am glad to  
say, there is definitely a difference in atmosphere.

You have been  
able to come together with the corporate sector,  
with civil society organizations from the producer  
side, and the standards setting bodies. And the  
topics you have discussed together are very much  
your core business.

You have accomplished quite a bit.

What I missed, and hope you will bring into the  
discussion in the future, is the issue of power.

I think you did a wonderful job. The worse thing one  
could have done was to avoid discussion around  
difficult issues. Clearly, you did not! You need to get  
together; it is unique in the development sector for  
people to confront each other.

In the spirit of the founding fathers of Felix Meritis:  
“It is in the dialogue that you find the solution.”

## Closing Remarks

Allert van den Ham

After such a passionate and lively debate, I wonder whether you really need some closing remarks! I am not a specialist in certification. I am engaged in the field of development cooperation and attend a lot of meetings on many different topics. I must admit, when I received your invitation for today's meeting, I wondered whether this one would be any different from the other meetings I attend? Well, I am glad to say, there is definitely a difference in atmosphere. Many of the meetings I attend are regrettably, often characterized by a remarkable level of gloom and doom. Now, in this room – despite the heated discussions and the disagreements – there is a sense of optimism. I think there is something remarkable about this particular field of work. You have been able to come together with the corporate sector, with civil society organizations from the producer side, and the standards setting bodies. And the topics you have discussed together are very much your core business. It is not some charity thing on the side. You have accomplished quite a bit.

It is not without problems though. I heard Daniele Giovannucci in his presentation asking the question “how can we limit the pain for producers?” His three dimensional approach is interesting to take along. No doubt there will be challenges, there is a huge task but we can do it, if we really want to, if the political will is there.

Marcel Vernooij advised us to think about the culture. And I was thinking about the people who founded Felix Meritis in the 18<sup>th</sup> century. Those citizens, who were inspired by the age of enlightenment, talked of the rational way of thinking about morality. I think that when it comes to applying those resources, we also have to take morality into account. And this is because we can produce whatever we want to produce, but if the consumer does not like to buy it, who will pay a

decent price? If a producer cannot sustain his or her family with the money he gets from working on the farm, then I think it is indecent. Where is morality in this debate?

Another thing about Felix Meritis is that this building was the centre of the Communist Party and where the party newspaper De Waarheid (The Truth) was produced. They must have talked the whole day about power. This is what I missed a bit in this debate. A lot of people, even from the standard bodies, said: well, standards and certification are not the solution. If basically standardization is not the case, why did we talk the whole day about it? What I missed, and hope you will bring into the discussion in the future, is the issue of power. How can producers be empowered to play their role in the chain? How can they be sure that they will not be played against each other? How can they make sure that their produce will fetch a good price?

One element of Daniele's three dimensional approach is, how do people value these changes? That is something we do have to take into account. What does it mean for the working hours of women, what does it mean for children, for the environment? What does it really mean? And that, I think, is an area about which we know too little.

I think you did a wonderful job. The worse thing one could have done was to avoid discussion around difficult issues. Clearly, you did not! You need to get together; it is unique in the development sector for people to confront each other. That is where I want to end, and I hope that the next session is about harvesting the yield.

In the spirit of the founding fathers of Felix Meritis: “It is in the dialogue that you find the solution.”

# Flavours from the conference



## Appreciation of the various elements of the conference

Elements	Good	Satisfactory	Neutral	Poor
Atmosphere to exchange during the conference	80,8 %	15,4 %	0 %	3,8 %
Opening speech of Marcel Vernooij	50 %	25 %	20,8 %	4,2 %
Presentation of Daniele Giovannucci	88,5 %	7,7 %	3,8 %	0 %
Group work on interacting strategies	44 %	32 %	20 %	4 %
After lunch inspiration with special guest Gerry	44 %	28 %	28 %	0 %
Panel discussion on demand (with Rob Cameron, Klaske de Jonge, Shatadru Chattopadhyay)	40 %	40 %	16 %	4 %
Panel discussion on supply (with George Watene, Hans van Bochove, Sasha Courville, Christopher Wunderlich)	36 %	40 %	20 %	4 %
Closing statement of Allert van den Ham	50 %	30 %	16 %	4 %

## Abbreviations

**C&D** Conservación y Desarrollo

**CIDIN** Centre for International Development Issues Nijmegen

**COSA** Committee on Sustainability Assessment

**DE Foundation** Douwe Egberts Foundation

**FAST** Financing Alliance for Sustainable Trade

**FLO** Fairtrade Labelling Organizations International

**ICS** Internal Control System

**IISD** International Institute for Sustainable Development

**ISEAL** International Social and Environmental Accreditation and Labelling Alliance

**ISO** International Organization for Standardization

**NGO** Non-governmental organization

**OECD** Organisation for Economic Co-operation and Development

**PDO** Protected Designations of Origin

**SCAN** Sustainable Commodity Assistance Network

**TCC** Tropical Commodity Coalition

**UNCTAD** United Nations Conference on Trade and Development

**WTO** World Trade Organization

## Colofon

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**foodfair**  
eat fair, beat hunger



**SOMO**



## Tropical Commodity Coalition

for sustainable Tea Coffee Cocoa

Tropical Commodity Coalition (TCC) comprises ten non-governmental organisations: Hivos, Oxfam-Novib, Solidaridad, Oikos, Somo, Fairfood, India Committee of the Netherlands, BothEnds, Goede Waar & Co, Stop the traffik and two trade unions, FNV Bondgenoten, CNV Bedrijvenbond. It cooperates with NGOs and trade unions in coffee, tea and cocoa producing countries to improve the social, environmental and economic conditions at the beginning of the coffee, tea and cocoa value chains.

TCC addresses the social, environmental and economic conditions in the coffee, tea and cocoa chains through organising informed debates, in both the South and the North. The TCC ensures coordination of the members' activities where needed and compiles lessons learnt and promotes the interchange of strategies to build shared understanding and approaches to sustainability in these commodities. TCC shares its knowledge and influences policies and plans of companies, standard bodies, CSR initiatives, governments, NGOs and unions to develop and implement sustainable practices efficiently throughout the coffee, tea and cocoa chains. TCC creates an enabling environment for civil society stakeholders from producing countries to join and take an active part in the sustainable commodity debate.

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### 2008 **Combining Flavours!**

Working towards a sustainable tea, coffee and cocoa supply chain.

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