



The Sustainable Commodity Assistance Network (SCAN) Creating a framework to support sustainable livelihoods for small scale producers

Summary: This note provides an outline of the proposed approach for the Sustainable Commodity Assistance Network. Overall, the SCAN initiative aims to promote sustainability in commodity production and trade by providing a global framework for enabling management and production improvements at the producer level. More specifically, SCAN aims to provide a concrete set of tools and resources for enabling producers to participate sustainably in international markets through the adoption of sound business management practices. The note draws directly from two “leaders meetings” facilitated by the Sustainable Commodity Initiative and the Commodity Support Network over the course of 2007, and provides the framework for the SCAN initiative.

1.0 Background

Over the past two decades, a rapid growth in the number and presence of sustainability initiatives operating across agricultural commodities,¹ has given rise to both opportunities and challenges for developing country agricultural producers. While sustainability initiatives are distinguished by the markets they serve and criteria they specify, most initiatives currently in operation recognize and promote social, economic and environmental sustainability as part of a holistic approach to sustainable development. Such initiatives have done a relatively good job at identifying and enforcing preferable production practices at the level of farms and producer organizations. However, comparatively little attention has been given by such initiatives to the overall market implications of a large-scale transition to sustainable practices and requirements or the relationship between compliant producers and international markets.

As standards initiatives become increasingly integrated within mainstream commodity markets producers are faced with challenges related to market entry and opportunities related to enhanced efficiency and revenues. Given the need for up-front investments in the form of capital and labour in making the transition to sustainable production practices, there is a very real risk that those most in need, may be disadvantaged in their ability to reap the benefits of market-wide transition to supply requirements linked to sustainable production and processing practices. In order to prevent the possible negative impacts on disadvantaged producers, it is imperative that

¹ For example: Fair Trade, Utz Kapeh, Rainforest Alliance, Organic, CCCCs.

targeted and proactive technical assistance accompany the market transition to sustainable production and trading practices.

While this has been recognized by existing standards initiatives,, most existing technical assistance activities tend to be topic specific and linked to one or another sustainability initiative. Similarly, and largely as a result of insufficient resources, existing training activities provided by sustainability initiatives tend to focus on aiding producers to achieve compliance with only limited resources available for helping producers towards *sustainable business management and participation in international markets*.

Given the considerable overlap between the practices promoted by sustainability initiatives, particularly at the administrative level, the transaction costs associated with the delivery of training, and the depth of the technical assistance needs across the commodity producing countries, there is a clear opportunity for improving efficiency, scale and overall welfare impact in the delivery of sustainability-oriented technical assistance by linking initiative specific efforts through a common platform for technical assistance delivery. Through this process, there is also an opportunity to link market-interaction training activities (eg. Marketing and risk-management activities) to training activities related to sustainable production practices, thereby providing a basis for a more comprehensive market-based approach to sustainable development for disadvantaged producers. The remainder of this note outlines the basic elements of an approach for achieving these ends currently being developed by the Commodity Support Network², the Sustainable Commodity Initiative³, and other key organizations under the “Sustainable Commodity Assistance Network” (SCAN).

2.0 Analysis and Vision

The SCAN approach is based on the following observations:

2.1 Although each sustainability standard has its own specificity, there is a growing area of overlap and convergence between the objectives and implementation frameworks of different standards:

Standards initiatives operating in the agricultural sector define themselves on the basis of their quality objectives, the markets they serve and their specific production and trading criteria. But most initiatives now recognize that:

- they promote a similar set of social, health, economic and environmental standards.
- insufficient attention has been given to product quality and the overall market implications
- there is a growing need and opportunity for linking diversifying market demands with targeted technical assistance.

2.2 There is a need to move from Internal Control to Better Business Management:

² The Coffee Support Network is an integral program that provides support for coffee producer organisations to obtain certification (such as Utz Kapeh, Fair Trade, Organic, Rainforest Alliance) and strengthens the capacity of certification bodies.

³ The Sustainable Commodity Initiative is a multi-stakeholder forum for cooperation, project and policy development to promote sustainable commodity production and trade facilitated by the UNCTAD, IISD, IIED and AidEnvironment. Please visit www.sustainablecommodity.org for more information..

Most standards-based initiatives allow group certification for organized smallholders on the condition that they apply some form of Internal Control System (ICS). At present, the ICSs required by the different standards bodies are neither standardized nor consistent and, more importantly, do not always promote a sound “business management” approach. Notwithstanding the lack of coherence in procedures for different standards systems, there is agreement that:

- one producer group should have only one ICS or “quality management system” (QMS) even if the group wants to comply with more than one global standard
- increasing numbers of (low entry level) producer groups have problems with compliance to increasing quality requirements and are losing market access
- producer groups would benefit from implementing methodologies to ensure a continuous improvement process and to measure this process. This should become part of a technical assistance program

The ISO framework (esp. ISO 9000/22000) provides principles and methodologies for a simplified Quality Management approach (plan-do-check-act cycle) which offers a consistent, widely accepted, framework for sound business management.

2.3 Better Business Management Implies Enhanced Producer Organization

Producer organization is often a prerequisite to enabling access to sustainable markets for disadvantaged producers. Compliance-based technical assistance strategies typically do not have the resources or tools to build the requisite organizational structures across producers. Similarly, building the ability of producers to interact strategically within international markets beyond compliance in accordance with a wider Quality Management (eg. sound business management) approach, requires *effective* producer organization. There is agreement among standards bodies that producer organizations will play a central role in enabling disadvantaged producers to attain access to, and benefits from, sustainable markets. Specifically, there is a need to:

- facilitate the organization of unorganized producers
- improve the organizational capacity of existing organizations
- build stronger linkages between sustainable practice, quality management and producer organizations

2.4 Current technical Assistance is limited:

Most existing technical assistance tends to be:

- Linked to a specific global standard or specific standard compliance and/or linked to a specific trader or retailer
- Short term, without assisting producers in a longer term transition, including strategies for multi-standard certification or other core market requirements such as product quality, traceability and HACCP compliance.
- Unnecessarily expensive due to overlaps and inconsistencies between standard systems, accreditation and certification procedures and due to lost economies of scale.

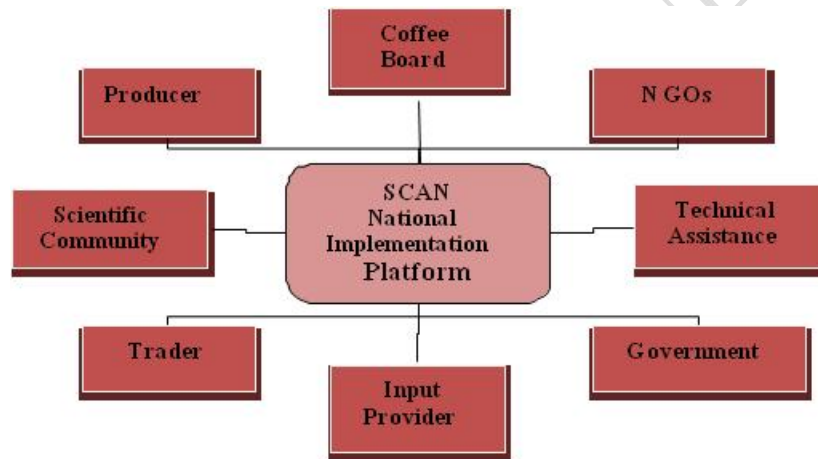
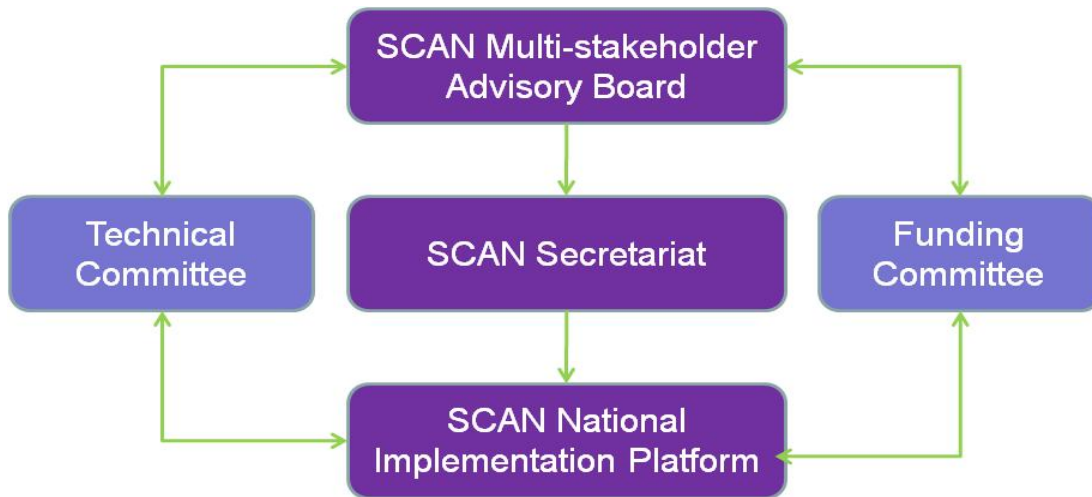
If the unnecessary complexities and overlaps in the implementation of global standards can be reduced, the transaction costs associated with certification and training can also be considerably reduced. Simplified implementation systems can also lead to improved understanding both at the consumer and producer levels, thereby enhancing transparency and efficiency in the market. There is, therefore, a great opportunity for improving scale and overall welfare impact by linking efforts through a common platform.

2.5 The potential challenges facing disadvantaged producers arising from a transition to standards-based markets can be limited if:

- Producer groups are prepared and committed to invest in quality management as a group, implying better organization,
- Demonstration of this commitment can lead to longer term funding for proactive technical assistance,
- Assistance can be based on a generic approach to prevent producers from being confronted by contradictions in training programs,
- Producers can profit from the potential synergies of certification offered by more than one global standard system.

3.0 Building the Basic Infrastructure of SCAN : Building on these observations, the SCI and the CSN have agreed to come together in the facilitation of a global network aimed at providing baseline support for sustainable commodity production, management and trade in commodities . The core elements of the SCAN process will be:

- **An International Multi-stakeholder Steering Committee:** The SCAN Steering committee will be responsible for providing high level guidance to the initiative. The Steering Committee will be made up of representatives from all segments of the supply chain with experience in the delivery of technical assistance.
- **An International Secretariat:** The International Secretariat shall be made up of the Coffee Support Network and the Sustainable Commodity Initiative. The Secretariat will be responsible for the coordination of the Steering Committee and the National Networks as well as day-to-day implementation of the SCAN business plan. A **Funding Committee** will be facilitated by the Secretariat in order to leverage SCAN member relationships for maximum fundraising potential. A **Technical Committee**, composed of technical assistance experts, shall be facilitated by the Secretariat to oversee the technical development of SCAN training materials.
- **A System of National Implementation Platforms:** National Implementation Platforms (NIP) shall be made up of local experts from the coffee sector including, but not limited to: technical assistance providers, producers, traders, governmental officials, researchers and NGOs. The NIPs will be responsible for risk and opportunity assessment, as well as project design and implementation at the local level.



The initial establishment of the initiative will revolve around the development of a generic curriculum through a bottom-up process of national curriculum development in three pilot countries. A process of curriculum development at the national level through SCAN National Implementation Platforms will provide the foundation for developing the draft international curriculum and delivery process. It is expected that the basic module of the generic curriculum would draw heavily from the internationally recognized ISO quality management system (9000/22000). The overall approach will place an emphasis on improving management capacity and promoting continuous improvement.

Given that Global Standard Bodies have highly valued relations with retailers and consumers, it is understood that special care needs to be taken to preserve the individual identity and goodwill of the Global Standard bodies in the market. It is also understood that any basic module should be designed to allow each of the Global Standard bodies the opportunity to build its standards and quality requirements upon the basic module.

SCAN Draft Mission Statement:

SCAN seeks to improve the livelihoods of small scale producers through the adoption of sustainable management and production

4.0 Establishing the Initiative:

4.1 Formation of the Multi-stakeholder Advisory Board

The result of this project depends on the capacity to join forces across a diversity of actors. The project will focus on facilitating a shared experience through a common framework developed by the platform's Multi-stakeholder Advisory Board (MAB). This group will include persons with practical experience in the priority fields, drawn from the private sector, producers, NGO's and the public sector. In order to promote coordination between the various global standard bodies and their respective markets, it is critical that there be representation and participation by the standards bodies and producers.

Members of the MAB will be expected to make a limited number of specific commitments:

- Attend MAB Meetings (no more than 2 per year)
- Submit advice on the strategic vision of the initiative
- Contribute technical assistance materials and expertise to the initiative as possible
- Contribute to the fundraising activities of the initiative as possible

In return, MAB members will receive the following benefits:

- Deeper relationship building with other institutions involved in technical assistance delivery
- Direct access to a generic set of training materials and tools
- Direct access to National Implementation Networks for the implementation of generic baseline practices as well as for the implementation of Standard specific practices
- Direct access to funds and resources for the implementation of baseline training activities

4.4 Building the generic approach through national testing in pilot countries

A initial process of country-specific curriculum development and testing will be managed at the national level. The basic steps in the testing process at the national level are:

- Establishment of SCAN National Implementation Platforms in three to four pilot countries. The NIPs will initially consist of a small core of cooperating institutions.
- Commissioning of a "national needs assessment" for each country. An independent researcher will conduct a national needs assessment which will act as a reference point for the partners in the NIP to propose refinements to the generic curriculum
- Adaptation of generic curriculum to the local context, drawing from, but not limited to, the tools and instruments provided by the global curriculum process.
- Application of the adapted curriculum to the local context. The NIP will manage a test and application process of the tools through its network of contacts and partners. Application and testing will normally be conducted through workshops, farmer field schools and one-to-one training.
- Revision of the national curriculum on the basis of the testing process

4.2 Refining the Generic Curriculum Development from national experiences:

Building from the experience and knowledge gained through the national level project work of the National Implementation Networks, the SCAN initiative will develop a draft generic curriculum. A Technical Committee under the MAB will be established to oversee this process directly.

The technical committee will be tasked with:

- Overseeing the pilot testing process (along with national partners)
- Confirming and modifying the overarching content, framework and strategy for the generic curriculum. Developing the specific tools on a theme-by-theme (specialization-by-specialization) basis
- Revising the draft curriculum and implementation strategy based on the results of the pilot testing process

As a starting point the following training elements, drawn from multi-stakeholder consultations to date, have been identified as priority themes for inclusion in a generic curriculum:⁴

4.3 Refining the Generic Curriculum and the National Delivery Mechanism

Based on the results of the national testing and implementation process in select pilot countries, and the Global Generic Curriculum workshop, the Secretariat, under the supervision of the MAB technical committee, will produce a revised generic curriculum. Although one of the expected assets of a generic approach is improved efficiency of implementation and understanding with respect to verified “sustainable” markets and practices, such an approach also has its limitations as curriculum delivery needs to be adapted to the specific geographic, cultural and organizational parameters of any given producer context. For example: it is expected that the level of organizational development will determine the degree of simplification and adaptation of the training methodology and the training materials required for effective uptake:

Level of Organization	Focus of training program
Low: groups with low group cohesion and without any form of internal control or management	Strengthening producer organization
Moderate: groups without internal control but with a form of management and ability to initiate an improvement plan	Developing an initial QMS
Adequate: groups with an improvement plan and with related internal control, but lacking explicit awareness (documentation) and initiatives towards the further improvement circle	Strengthening the robustness of the QMS with specific attention to strengthening positioning in international markets
Specialized: groups asking for support to improve their existing management including quality plan	Specific needs for maintaining and improving market access through specialized training

In addition to the organizational status of the producer organization, other factors to be considered in the adaptation of the generic tools to a locally applicable context would include:

⁴ These areas were identified by the Workshop in July 11th, 2007 which included the participation of the major global standards and technical assistance groups.

- market potential for product type
- specifics of the local ecosystem and geographic conditions
- national political and market context
- requirements of relevant global standards for the region
- existence and protocols of applicable certification bodies

At a macro level, a generic approach can be regarded as providing a “backpack” of training modules adaptable to the specific levels of a producer organization and regional context. It is expected that further details of the delivery mechanism will need elaboration at the national level through multi-stakeholder workshops, national platforms and extended consultations on an ongoing basis.

It is also expected that it will be necessary to adapt the generic curriculum to the reality of the national, local and producer context on an ongoing basis. For this reason, SCAN will base its ongoing work in coordination with national and local stakeholders and regular needs based assessments at the national and producer-group level. As such, the Generic Curriculum will operate as a template or “backpack” for more specialized adaptation and uptake on a regional and/or local basis.

4.5 Building Sector specific Political Support

The technical assistance needs for transitioning conventional commodity production to “sustainable production” are huge. Indeed, at present the limited resource base presents a key challenge. Key assets required are a shared generic approach, an ability to pool resources and collective lobbying for a longer term resource base. Political support is therefore needed from national consuming and producing governments, the International Commodity Bodies, the Common Fund for Commodities, The Global Environment Facility and other major donors in the international development community. By bringing a diverse set of stakeholders together, the adoption of a shared approach can create a significant and unprecedented force in generating such support.

5.0 Framework Building Activities: Next Steps

5.1 The following timeline sets forth initial framework building activities for the generic technical assistance platform:

Framework Building Activities			
Activity	Date	Description	Objective
1. First Leaders Meeting	July 11 th , 2007	Coordination meeting bringing leaders in the implementation of technical assistance for sustainable supply chains together.	<ul style="list-style-type: none"> To identify the willingness of key partners in working together. To identify high level areas of need for generic technical assistance
2. Leaders Consultation	Aug-Nov, 2007	Group email and bilateral consultations with Leaders based on “Framework Document”	<ul style="list-style-type: none"> To consolidate perspectives towards a common approach for the launch of a joint generic technical assistance initiative. To develop a Log Framework for the initiative
3. Second Leaders Meeting	Dec. 7 th , 2007	Coordination meeting bringing leaders together to enable sign-off on a joint platform document.	<ul style="list-style-type: none"> To finalize consultation process, Framework Document, and identify roles, based on current and ongoing activities of existing initiatives. To identify means for integrating existing initiatives and efforts most effectively
4. Formal Launch of SCAN	March. 2008	Dedicated communications activities announcing the launch of the joint initiative	<ul style="list-style-type: none"> To generate global awareness of the initiative and its importance. To add to consumer awareness on sustainable production and consumption.
5. Initial Fundraising Networking Activities	Jan-May 2008	Meetings and communications with key high level donor agencies, including the ICO, Common Fund for Commodities; Global Environmental Facility, World Bank etc.	<ul style="list-style-type: none"> To generate serious expressions of interest by at least five major donors. To be in proactive discussion with two major donors by the end of May.
6. MAB phoneconference	March 08	Finalize implementation plan; launch announcement and plan for 1 st Curriculum Development workshop	<ul style="list-style-type: none"> Solidify next steps and confirm participation/roles of MAB
7. National level needs assessment and piloting on partner project.	April-Sept 08	Carry out country specific diagnostics, organize training workshops in different countries. Set up a monitoring process to take feedback and measure progress. (3-4 countries)	<ul style="list-style-type: none"> To develop the curriculum for greater effectiveness. To identify the needs on the ground for carrying out training systemically.
7. Global Curriculum Development Workshop	Oct. 2008	Meeting with training leaders from existing initiatives. Building from existing tools and knowledge	<ul style="list-style-type: none"> To build from the experiences of the national level pilot work To integrate existing knowledge and tools into a single generic framework. To identify gaps which need to be filled through the development of original training materials
8. Compiling the draft curriculum	May-June 2008	Development of Draft Curriculum documents and software	<ul style="list-style-type: none"> To have the main elements of a Draft Curriculum by May 30th, 2008. To refine