

THE SUSTAINABLE COMMODITY INITIATIVE

SCI Rationale and Road-map: 2008-2011



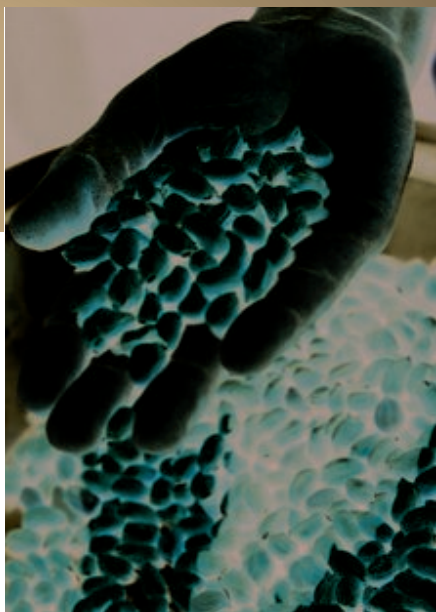
Sustainable
Commodity
Initiative

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The Sustainable Commodity Initiative

A multi-stakeholder alliance for building effectiveness in market-based approaches to sustainable commodity production and trade

Agricultural commodities offer both a challenge and an opportunity for global economic development, poverty reduction and environmental stewardship. Despite concerted international efforts, however, commodity production remains an uncertain foundation for promoting sustainable development in general.

Recognizing the sustainability challenges facing commodity production and trade, a growing number of stakeholders have come together in the form of multi-stakeholder alliances, with a view to establishing best practices across a given sector through the establishment of voluntary standards, best practices or learning initiatives for sustainable production and trade. Such Voluntary Sustainability Initiatives (VSIs) offer a new paradigm for bringing markets in line with social priorities but they also face many challenges in doing so.

The **Sustainable Commodity Initiative (SCI)** is a multi-stakeholder alliance aimed at maximizing the sustainable development impacts of VSIs in commodity production and trade. Guided by a Secretariat and Consultative Group, the SCI will play an action-oriented role as a proponent and facilitator of debate, policy and initiative development while stimulating the adoption of best practice across initiatives and associated public policy. The SCI Secretariat is supported by AIDEnvironment, the International Institute for Environment and Development, the International Institute for Sustainable Development and the United Nations Conference on Trade and Development.

The SCI leverages existing knowledge and initiatives across VSIs toward maximizing sustainable development impacts through shared learning, continual improvement and the development of complementary policy approaches.

The SCI has continued to develop an effective strategic approach in response to recent changes in supply chain challenges and opportunities. The three-year strategic road-map outlined in this document builds on the SCI's mission to act as a catalyst towards improved social and environmental performance in global commodity production and trade through scientific research; policy analysis; highlighting best practice; facilitating learning, and more.

Over the next three years, the SCI will strengthen the link between the production of commodities and sustainable livelihoods by enabling complementary private and public sector contributions to sustainable and equitable development in commodity markets.

I. Background

Commodities¹ dominate agricultural production, land use and livelihoods in the developing world. The production and processing of agro-commodities accounts for the bulk of environmental, social and economic externalities associated with the global agrifood system. Commodity production remains one of the greatest challenges for economic development, poverty reduction and global environmental stewardship, whether preventing losses of biodiversity, reducing environmental pollution and addressing the production of greenhouse gases; promoting rural development; or strengthening governance, land tenure and law enforcement.

An estimated 2.5 billion of the world's rural poor depend directly upon commodities for their livelihoods. Low barriers to entry and low investment requirements have established agricultural commodity production as one of the most accessible paths to revenue earnings and, as such, a key stepping stone to long-term development for those living in poverty across the developing world. Notwithstanding the fundamental role of agriculture as the basis for both national and household income in developing countries, imperfections in agricultural markets, information scarcity, inadequate savings, technology and policy infrastructure have associated commodity production with persistent social, environmental and economic instability (see Box 1).

Recognizing these challenges, the international community has come together repeatedly in an effort to improve the development opportunities associated with commodity production. Whether in the form of International Commodity Agreements or other initiatives such as the Integrated Programme on Commodities and the Common Fund for Commodities, such efforts have



1 A commodity is any bulk good, usually a raw material, that enters into international trade on an exchange or in the cash market. In this concept note, we are addressing agricultural commodities as well as timber (e.g., wood pulp). The advantage of agrifood commodity markets is the great flexibility they provide processors. Commodities can be bought quickly and at a low cost using supply chains that exhibit well-established trade practices; and they can be substituted or mixed based on universal grades and standards. There are about 55 commodity-dependent developing countries, i.e., countries where commodities make up more than 50 per cent of average annual exports.

Box 1. Commodity developments

- **Palm oil:** More than 25 per cent of the current 10.5 million hectares of mature palm oil plantations worldwide are located on drained peat swamp forests. Peat swamp drainage for palm oil plantation development in Indonesia alone, has led to the drainage of at least 2.8 million hectares of peat swamps, emitting 516 Mt of CO₂ per year and making Indonesia the world's largest contributor of CO₂ emissions after the U.S. and China.
- **Soy:** Soy production has doubled over the last 15 years and demand is expected to increase by 10 per cent annually over the next five to 10 years. Over the past several years, this growth has resulted in an annual loss of three million hectares of savannah and forest habitats but a 50 per cent decline in rural employment in Brazil due to mechanization.
- **Timber:** In six of the most important timber suppliers to the EU, an estimated 30 per cent has been identified as being produced in an illegal manner—in some major production areas this is over 90 per cent.
- **Cotton:** Cotton production and processing provide some or all of the cash income for over 250 million people worldwide. Globally, cotton, on just 2.5 per cent of the world's arable land, uses 25 per cent of all insecticide. Cotton is the most water-intensive crop, requiring 7,000–29,000 litres of water per kg of crop.
- **Coffee:** More than 80 per cent of the 11.8 million hectares devoted to coffee production around the world are planted in areas of former or current rainforests. The shift from “diverse shade” systems to “mono-culture shade” systems has been estimated to have reduced carbon sequestration by 30 to 50 per cent in some Central American countries.

Sources:

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revolved around improving the macro-economic conditions surrounding commodity markets. Despite repeated efforts, deep market imperfections, coordination gaps and externalities have persisted. From a sustainable development perspective, the focus of such initiatives on price-related variables without adequate attention to the broader social and environmental implications of commodity production has often produced sub-optimal results. The resulting context has been one of continuing despair for the commodity-dependent rural poor and for the global environment, both of which have been forced to absorb expanding production in the absence of full-cost pricing.

II. The Opportunity

Recent changes in market conditions combined with an increased awareness among consumers, industry and civil society, have given rise to unprecedented opportunities for leveraging supply chain actors towards a comprehensive vision for sustainable commodity production and trade. The following characteristics are exemplary of the new economic and organizational opportunities presented by current trends in commodity markets:



- **Entry of a “growth cycle” across many commodity markets.** Growing affluence and demand from emerging economies, especially China and the other BRICs countries (Brazil, Russia and India), combined with large pulls on biofuel commodities, have led to rising prices in many sectors where prices had previously exhibited long-term declines. *Rising prices and profits have the potential to generate the added revenues to compensate for the internalization of social and environmental externalities, but there is also the risk that windfalls from higher prices will not trickle down to producers.*
- **New end-markets for agro-commodities.** New markets for biofuels are pushing up prices for agro-commodities. But the explosive rise in demand for biofuels is already pushing the agricultural frontier into biologically diverse habitats, and is also exposing tradeoffs between food and fuels in commodities such as palm oil, soy, canola/oilseed rape and plantation wood. *Biofuels contribute to better prices for agro-commodities, but add new complexities in the sustainability equation.*
- **New markets for environmental services.** New markets, such as water harvesting services of landscapes, and especially carbon credits, may provide new opportunities and sources of finance for sustainable commodity production. *Markets for environmental services can improve the ability of the private sector and international supply chains to internalize the environmental costs of production.*
- **Growing market concentration across the trading, manufacturing and retailing sectors.** The expansion of global markets has made economies of scale an increasingly important determinant of competitive advantage lead-

ing to growing consolidation across all nodes of commodity supply chains. *Heightened concentration has the potential to reduce the coordination challenges in generating unified change across international markets.*

- **Growing market differentiation.** Some commodity markets are building on heightened awareness and refined consumer tastes through the development of differentiated markets based on a range of “unique” product characteristics including physical quality, geographic and processing criteria. *Market differentiation can provide a route for producers to exit traditional commodity markets and corresponding volatility. Differentiated markets also provide a means for compensating best practice in social and environmental management.*
- **Growing supply chain integration.** Closely linked to elevated consumer tastes and the growing distances between supply chain actors in international supply chains, is a need for more refined and integrated governance structures along supply chains. In some cases, quality control is led directly by retailers to the level of production. In other sectors, governments, manufacturers or traders may lead the way in building more formal systems for organizing supply chain relations. *Improved governance systems in supply chains can help overcome the systemic coordination and information challenges facing sustainable and efficient commodity production.*

At the same time, over the past two decades, growing awareness among different stakeholders, has given rise to a growing number of multi-stakeholder alliances aimed at implementing sustainable production practices along international commodity chains. Although such VSIs can embody a wide variety of ambitions and scope, they are generally built on the assumption that: (a) business and consumers should be playing a greater role in achieving sustainable development, both as responsible economic actors, and to assure their future commodity supplies; (b) niche marketing will not generate a large enough change in sustainable consumption and production to turn the tide, considering the scale of the challenge; and (c) cooperation for sustainable development should be based on verifiable criteria and indicators. There are now VSIs in the form of roundtables, platforms and other governance structures in each major global commodity sector, including palm oil, soy, cocoa, bananas, sugar, cotton, timber, wood pulp, shrimp and biofuels, as well as several cross-sector industry and multi-stakeholder platforms.²

2 Examples of operational VSIs include: Fair Trade, Organic, Forest Stewardship Council, Marine Stewardship Council, The Roundtable on Responsible Soy, etc. There are also a growing number of cross-cutting initiatives that highlight the role of VSIs, including the Sustainable Agriculture Initiative Platform, Sustainable Food Lab, International Social and Environmental Accreditation and Labelling Alliance and the World Bank’s Trade Standards Practitioners Network. The SCI is defined by its multi-stakeholder membership, emphasis on supply chain accountability for consumers and producers, and gap-filling between initiatives and supply chains.

One of the distinctive features of VSIs is their reliance on stakeholder agreement for their development and implementation. This reliance has forced VSIs to formalize multi-stakeholder governance structures that are directly accountable to stakeholder needs and interests. As instruments for promoting participatory governance in international markets, the *sui generis* governance structures associated with VSIs represent a key opportunity for promoting sustainability in international commodity markets.

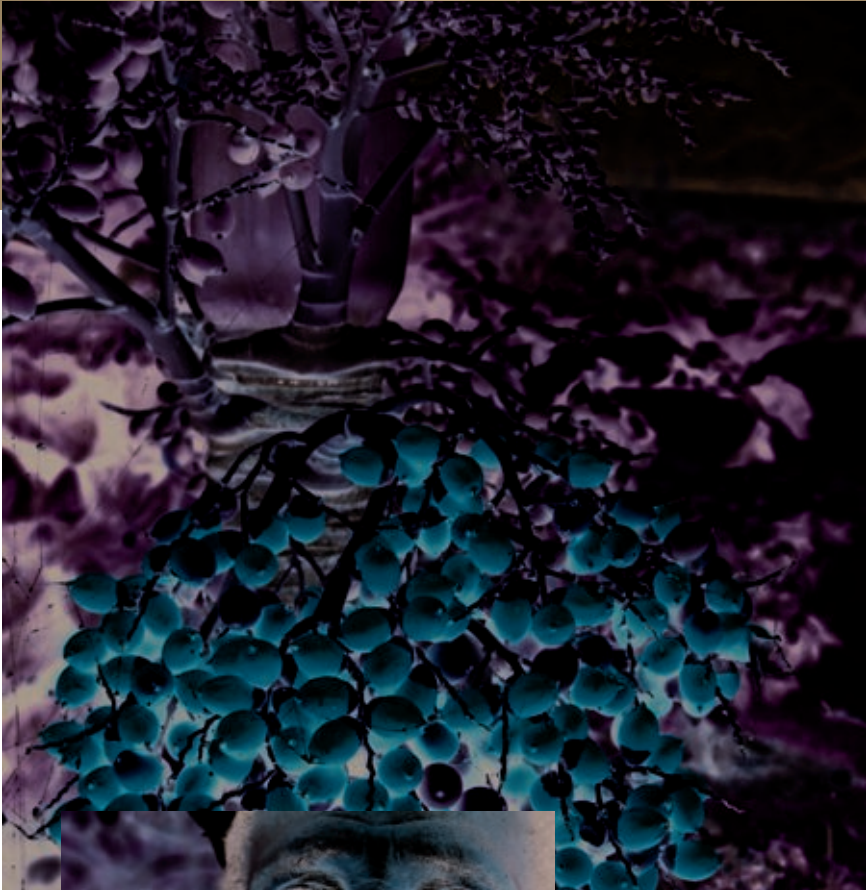
At a more specific level, VSIs have the potential to improve the supply chain's ability to meet the practical challenges facing sustainable development in commodity production and trade through:

- higher and more stable revenues through the identification of sustainable products/markets;
- better farm and business management practices among producers;
- improved producer awareness of market trends;
- reduced producer risk exposure to market volatility;
- more efficient and strategic natural resource use;
- improved consistency, quality and supply of products to consumers;
- improved consumer awareness of producer conditions through private sector communication channels;
- improved coordination and efficiency of supply chain management; and
- increased private sector investment for sustainable production and consumption.

Box 2. Basic approaches of voluntary market-based sustainable commodity initiatives (VSIs)

Each voluntary initiative is a reflection of the specific stakeholders and circumstances leading to its establishment. Notwithstanding the great diversity in motivations and styles across initiatives, VSIs can typically be characterized according to their overarching approach or mission:

1. "do more good" – initiatives embodying proactive efforts to improve social and environmental well-being
2. "do no harm" – initiatives built on limiting or preventing illegal or socially- and environmentally-destructive practices
3. "know what to do" – learning initiatives aimed at determining appropriate interventions



Perhaps most importantly, VSIs offer a vehicle for systemically channelling the growing private sector interest in promoting sustainability towards common approaches and pooled investment, with the potential to generate

unified approaches and the economies of scale necessary to bring about meaningful change at the global level. Voluntary supply-chain approaches have the potential to establish a new paradigm for commodity production and trade. If the international community is to take advantage of the opportunities presented by current market conditions, strategic and immediate attention must be given to the multiple sustainability challenges that continue to face mainstream commodity markets.

III.

The Challenge

While voluntary supply chain approaches have the potential to establish a new paradigm for commodity markets, they nevertheless face a host of challenges stemming from uncertainties related to initiative impact, cost-effectiveness and credibility.

IMPACT. From a practical perspective, private stakeholders and policy-makers are challenged by a lack of robust information on the sustainability impacts of voluntary initiatives. Experience to date has shown a mismatch between the impact of VSIs on the ground and the scale and nature of the challenge in any given case. For example, timber certification covers only 3.5 per cent of global forest area. And yet, although substantial tropical forest areas are now under certification, there has been a negligible impact on the overall deforestation of tropical rain forests, which is still rampant.

The ability of VSIs to deliver on sustainable development is built on the ability to identify *priority sustainability issues* (and thereby to *measure what really matters*), to identify strategic *intervention points* in a commodity chain and to understand the existing and/or potential linkages among voluntary initiatives, commodity markets and overall sustainability. The interests of the founding companies or organizations are strong influences on which target issues of commodity production and trade are prioritized, and how strategic intervention points are selected. As a general rule, the scope of VSIs tends to be limited to sustainability issues which can be directly addressed through normal supply chain decision-making structures. Also, many VSIs have a strong environmental focus, giving less attention to poverty reduction and socio-economic aspects.

COST-EFFECTIVENESS. From an economic perspective, voluntary initiatives are challenged by the higher costs associated with the adoption of leading-edge practices, conformity assessment, and the maintenance of the institutional infrastructure for monitoring and enforcement of good practice. Although scaling up will reduce the cost of sustainable production (and required certification) per unit product, the parallel existence of cheap products with no internalization of social and environmental costs will create a disadvantage in the market for “sustainable” products, which inhibits their widespread adoption. Cost-effectiveness,



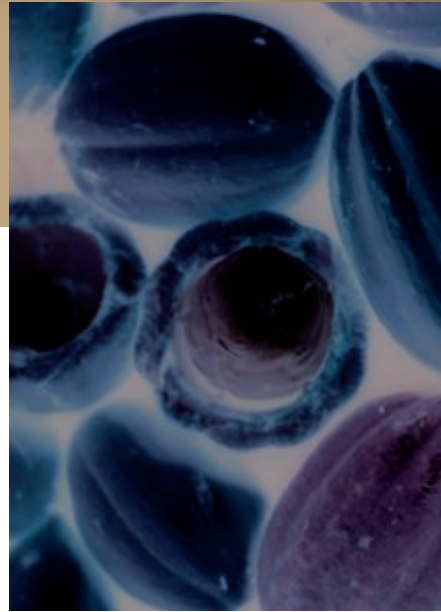
market share and a level playing field are thus fundamental for sustainable products to succeed in mainstream markets.

CREDIBILITY AND LEGITIMACY. From a political perspective, the governance structures associated with voluntary initiatives are highly variable. Smallholders, in particular, often face significant constraints to meaningful participation and voice in initiative governance. Experience points to the importance of *representation* to ensure *equity in voice*, as new standards of environmental and social performance of commodity production and primary processing can be developed over the heads of affected people, and marginalize small and medium producers and enterprises through barriers to market entry. There is also growing evidence of *stakeholder fatigue*, as multiple initiatives call on the personnel and financial resources of a small cadre of technical and corporate social responsibility (CSR) specialists in the retail and food manufacturing sectors. As many VSIs are business-to-business rather than consumer-facing initiatives, stakeholder inclusion rarely extends to citizens and consumers.

THE ROLE OF PUBLIC POLICY. Impact, cost-effectiveness and credibility are strongly linked to the role of public policy. The limited ability of voluntary initiatives to fill gaps in infrastructure and technical assistance left by the removal of government support systems, combined with the reluctance of public authorities to intervene in commodity markets, makes the development of appropriate policy support a particularly challenging area. And yet, many of the most important sustainability issues related to commodity production and trade are directly related to macro issues such as price volatility, risk management, displacement, spatial planning and law enforcement, where linkages to national and multilateral policy are critical. Long-term sustainability fundamentally depends upon a joining of long-term policy-making vision with day-to-day supply chain management approaches.

Each of these challenges can contribute directly to reduced uptake and/or effectiveness of VSIs in transforming practices toward meaningful sustainable development. With so many voluntary initiatives facing similar challenges, donor agencies, investors, food industries, policy-makers and other stakeholders are in a position to benefit from *cross-initiative learning* and insights, particularly as sustainability initiatives enter mainstream commodity markets. If VSIs are to take their place in the future of commodity trade as a viable force for promoting sustainability, there is a need to take stock of existing initiatives, pool lessons and generate better understanding of public policy linkages.

IV. The Sustainable Commodity Initiative



Based on a growing recognition of both the important opportunities and challenges facing the growth of VSIs in the commodity sectors, the Sustainable Commodity Initiative was initially launched by UNCTAD and IISD in 2003, to:

1. provide a foundation for improving the contribution of trade in primary commodities to sustainable development through multilateral cooperation; and
2. stimulate dialogue at the international level on the creative use of multilateral, multi-stakeholder instruments to promote sustainable development through commodity sectors.

Over the past three years, the SCI has participated in banana, soy and coffee standards and supply chain processes and has played a major role in establishing closer and more strategic linkages between policy-makers and voluntary efforts in these sectors. Over this period, the SCI has also set in motion the development of a supportive infrastructure for the more effective implementation of VSIs through initiatives such as the Finance Alliance for Sustainable Trade (FAST) and the Committee on Standards Assessment (COSA). Since its launch, however, the complexity and depth of the challenges facing VSIs in commodities have also pointed to the need for a wider alliance in dealing with these challenges appropriately.

In 2007, IIED and AIDEnvironment joined the SCI with a view to broadening the expertise and resource base for conducting cross-cutting research and action. This new partnership has adopted the following three-year Strategic Road-map with a view to scaling up the evidence base and multi-stakeholder collaboration as a basis for strategic action by stakeholders, policy-makers and voluntary initiatives alike.

The SCI Strategic Road-map 2008–2011

Over the next three years, the SCI proposes to undertake a broad program of cross-cutting research and action guided by an international multi-stakeholder process.

Goal

The overarching goal of the SCI program is to strengthen the link between the production of commodities and sustainable livelihoods by enabling complementary private and public sector contributions to sustainable and equitable development in commodity markets.

Specific Objective

The specific objective of the SCI is to improve the efficiency of Voluntary Sustainability Initiatives and complementary public policy in generating sustainable commodity production and trade at the global level.

Target Commodities

The main area of work over this phase will focus on sustainability initiatives in the food, feed, fibre and biofuel commodity categories. Key commodities that will be included in the initial research are: soybean, palm oil, coffee, cocoa, tea, sugar, bananas, cotton, timber, wood pulp, shrimp and other commodities used for biofuels.

Target Area

Although the SCI is fundamentally intended to have a global reach and relevance, following a needs-based approach to sustainable development implies a focus on commodity-dependent developing countries and commodity-producing middle-income countries.

Strategic Approach

The SCI intends to operate as a catalyst in stimulating the adoption of improved social and environmental performance of global commodity production and trade.

The current three-year Strategic Road-map is designed to target key gaps and leverage points for enabling the effectiveness of VSIs and corresponding policy approaches in promoting sustainable commodity production and consumption. The basic elements of the SCI's three-year action plan are designed to initiate stakeholder action and policy response based on cross-cutting research and multi-stakeholder experience while ensuring that such actions:

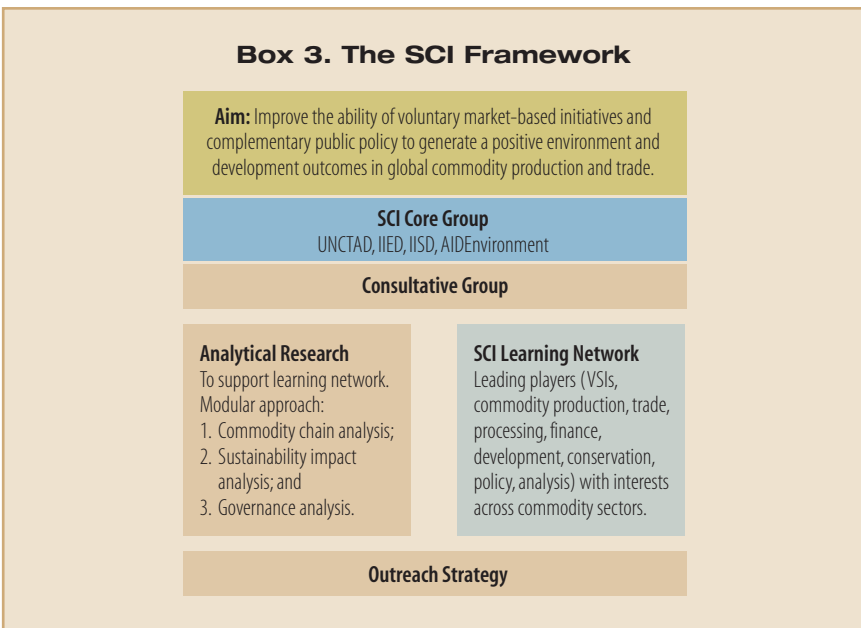
- ◆ do not present unnecessary barriers to trade or poverty reduction;
- ◆ promote trade in more sustainable products, including trade with emerging economies;
- ◆ are compatible/synergistic with other government and private sector initiatives, and payments for environmental services;
- ◆ present a positive business case;

- ◆ avoid building preferential access to markets/technology, etc., for the largest producers;
- ◆ do not make production and trade less sustainable elsewhere; and
- ◆ are able to deal with commodities that are ingredients of multiple food, feed and industrial processes.

With this in mind, over the course of the next three years the SCI will focus on:

- ◆ developing a multi-stakeholder learning network for building effectiveness across VSIs and public policy by identifying and sharing best practice in designing tools, processes and initiatives;
- ◆ conducting cross-cutting scientific research and analysis on the impacts and appropriate policy responses for voluntary initiatives and related supply chain interventions; and
- ◆ facilitating better information collection and dissemination on VSIs and related initiatives of importance to sustainable commodity production.

Three-Year Strategic Plan



The final design of the SCI strategic plan will depend upon further input and validation from the SCI Consultative Group. The draft program strategy consists of four distinct elements: (1) a Learning Network; (2) analytical research; (3) outreach; and (4) policy response and initiative development.

1. Learning Network

The Sustainable Commodity Initiative is built on the premise that the strongest advice comes from experience. As such, a cornerstone of the SCI's long-term plan revolves around the formation, and facilitation, of a high-level multi-stakeholder Learning Network. The Learning Network will provide a foundation for ensuring that the activities under the SCI are based on market and supply chain realities as well as for carrying the SCI's work into the field for application.

The principal objectives of the network will be to:

- ◆ derive and share cross-cutting lessons to improve the effectiveness of existing and new VSIs and to enhance supportive policies by learning from their own and other relevant experiences;
- ◆ provide guidance on research, analysis and initiative priorities for the SCI; and
- ◆ act as a seedbed for findings and analysis arising out of the SCI process and research.

Outputs for this series of activities will include:

- ◆ SCI Learning Network Launch Meeting;
- ◆ four to six SCI Learning Network Meetings/Workshops;
- ◆ four to six SCI Learning Network Workshop reports; and
- ◆ a final summary of best practices and research on private and public intervention in commodity markets (year three).

2. Analytical Research

The SCI's research agenda will combine both demand-driven and strategy-driven research topics. The following four research subjects have been identified as priority areas for consideration under the three-year strategy:³

I. Commodity Chain Analysis

VSIs need to efficiently channel their limited resources. Furthermore, VSIs cannot do everything to achieve sustainability in commodity chains, and need to identify where policy resources can provide complementary resources. Commodity Chain Analysis provides a framework for taking strategic approaches in sustainability initiatives and situating a commodity chain within its broader policy context.

The sustainability challenges facing commodity markets and supply chains are diverse. VSIs can address some but clearly not all of these challenges. Identifying the most effective and appropriate entry points for public and private initiatives respectively depends, first and foremost, on a clear understanding of market and

3 New areas may be defined over the course of the implementation of the three-year strategy.

supply chain structures and corresponding sustainability pressure points along such chains. With this in mind, the members of the SCI Secretariat have invested in the development and application of methodologies for conducting objective analysis on the sustainability impacts, potential and strategies in commodity supply chains. Two leading examples that the SCI will apply on a broader basis over the course of its three-year strategy are the IISD-developed Global Commodity Chain Sustainability Analysis⁴ and the IIED-developed Policy and Institutional Mapping.⁵

We will apply concretely this Commodity Chain Analysis process with three VSIs to map: (a) the hot spots of unsustainability; (b) efficient points of intervention; and (c) sources of non-initiative support. We will compare these analyses with the VSIs' existing strategic plans, and will build generic lessons on applying more empirical techniques to improving the efficiency and effectiveness of voluntary initiatives.

Outputs for this series of activities include:

- ◆ four to six sectoral reports with strategic recommendations for the initiatives and policy-makers; and
- ◆ four to six international multi-stakeholder workshops outlining the results of the research.

II. Primary Research on the Field-level Impacts of VSIs

A systemic absence of primary data on the impacts of VSIs forms one of the central challenges to the strategic use of such initiatives for maximum sustainable development impact. Drawing on the learning, experience and methodological tools developed by the COSA project, the SCI proposes to apply a multi-criteria analysis to at least three commodity sectors over the three-year duration of Phase II.

Outputs for this series of activities include:

- ◆ sectoral reports on the field impacts of VSIs on a time series basis;
- ◆ in-country training workshops to develop local impact assessment capacity; and
- ◆ international workshops presented before international commodity bodies or relevant inter-governmental institutions.

III. Supporting Voluntary Initiatives in Internal Organization, Governance and Process Facilitation

As forums for the development of policy and strategy for the private sector, VSIs can have as much or more influence on producer and other stakeholder opportunities as traditional public policy. Good governance is a prerequisite for ensuring that VSIs reflect the interests of all stakeholders along the supply chain.

4 The GCCSA combines Global Commodity Chain Analysis with Lifecycle Analysis and Ecological Footprinting methodologies.

5 Developed under the Regoverning Markets program in collaboration with Wageningen International.

The SCI will conduct a detailed analysis of the governance structures of sustainability initiatives with a view to developing indicators for best practice in VSI governance. The techniques available for this kind of analysis include VSI Process and Governance Analysis.

Outputs for this series of activities include:

- ◆ VSI governance analysis reports including governance recommendations;
- ◆ multi-stakeholder workshops on best practice in VSI governance; and
- ◆ a set of guidelines for best practice in VSI governance.

3. Outreach

Outreach, inter-stakeholder communication and access to information are weak between voluntary approaches and public policy approaches in sustainable commodities. While the SCI's Learning Network forms a pillar of improving communication between stakeholders with interests in VSIs, the SCI also aims to adopt a proactive communication and dissemination strategy as a means to seed the debate and catalyze coordinated learning within the SCI Network.

An integrated communication strategy will comprise two main elements:

- a. Communication within the SCI and Learning Network, to exchange lessons, learn and improve effectiveness, and provide an information environment for all stakeholders, which raises the level of debate on the links between policy, procurement, finance and consumption choices and sustainability.
- b. Outreach to external audiences (general public, policy-makers, private sector, other commodity sectors) to:
 - seed and raise the level of debate on voluntary commodity initiatives, development and environment;
 - inform and convene dialogue across global groups and sectors in the policy arenas nationally and internationally as required;
 - help governments deal with business activity in support of more sustainable supply chains;
 - inform private industry to promote a change in behaviour towards supporting more sustainable supply chains;
 - provide the global private sector and tropical commodity supply chain initiatives with examples of good practice, information and research and tools for sustainable production and trade;
 - give NGOs and those working in voluntary initiatives information and quality analysis to gain maximum leverage;
 - help producers find a voice within these processes; and
 - help consumers and citizens better understand the connections between supply chain policies and sustainability in agro-commodities.

In addition to the project-specific outputs identified above, the SCI will design and host an interactive Web-based interface which will provide the latest, most up-to-date information on VSIs and related commodity initiatives and approaches. In addition to communicating the results of project-specific research in the form of easily accessible “policy” and “strategy” briefs, the outreach activities will gather information on ongoing markets and initiative development across the VSI sector. As such, the SCI intends to position itself as the pre-eminent information source for sustainability discussions relating to commodity production and trade.

4. Policy Response and Initiative Development

Leveraging voluntary initiatives towards optimal effectiveness requires the appropriate enabling infrastructure. Although VSIs are important for their ability to generate momentum and consistency across the private sector, financing, technical assistance and public policy need to be designed in ways that appropriately recognize the benefits associated with practices committed to an integrated approach to sustainable development. The challenge here is to link the VSIs to relevant policy processes. The SCI provides a very suitable vehicle to identify these linkages and analyze and provide appropriate information that feeds into policy processes. The SCI will proactively pursue the development of the enabling infrastructure where need is identified by the research elements of the program. Although policy- and initiative-oriented action will be based on a combination of the research outputs and an ongoing needs/opportunity assessment, an example of the kind of work that would fall under this sub-theme would be the establishment of new institutions such as the Finance Alliance for Sustainable Trade (FAST).



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AIDEnvironment advises organizations and businesses that incorporate economic, ecological and social aspects in their policies, and have the ambition to make a tangible, significant and transparent contribution to sustainable development.

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The SCI offers a unique forum for leveraging existing knowledge and initiatives across VSIs with a view to maximizing sustainable development impacts through scientific research; policy analysis; highlighting best practice; facilitating learning, and more.

The SCI has continued to develop a strategic approach in response to recent changes in supply chain challenges and opportunities. Equipped with a revitalized three-year road-map that builds on the SCI's mission to act as a catalyst towards improved social and environmental performance in global commodity production and trade, the Initiative will continue to strengthen the link between the production of commodities and sustainable livelihoods.

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