

Report

Sourcing while respecting biodiversity: the case of food

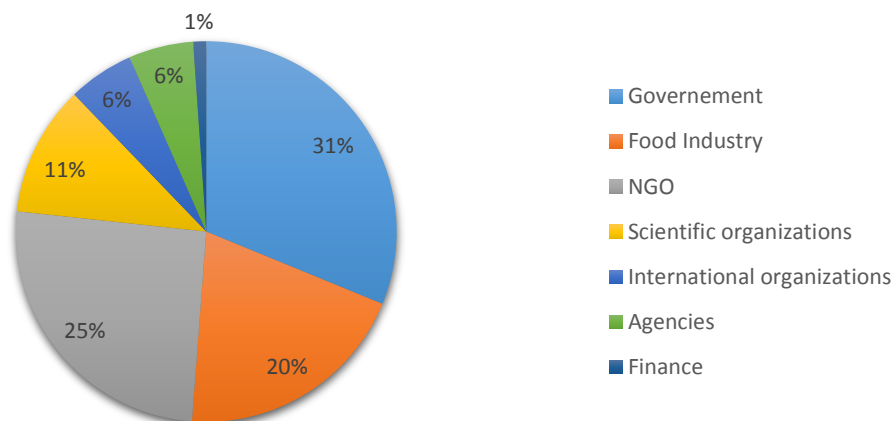
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Brussels, The Residence Palace

#swrb18 #respectbiodiversity

The event introduced by the Head of the Federal Public Service and concluded by a representative of the Belgian Federal Minister of Environment has gathered 90 people from different backgrounds: representatives of food companies, governments, scientific organizations, NGO's, agencies, international organizations and sustainable finance.

Participation at the event on March the 1st



The morning session provided useful information on, specifically, two tools in development who aims at mainstreaming biodiversity in the sourcing process: (1) a decision tree developed by the Federal Public Service Health, Food Chain Safety and Environment in Belgium. The goal of this tool is to provide buyers of terrestrial raw materials with recommendations, in a process of continuous improvement. The tool is based on the use of databases available on the internet as well as on scientific papers. In order to guide the user a step by step approach has been developed through three key aspects of reducing the impact of the production of a raw material on biodiversity: the country's governance in the field of biodiversity, the quality of biodiversity on the production site and the agricultural practices used. (2) The newly published "Recommendations for effective biodiversity criteria", presented by the EU LIFE Food & Biodiversity project, provides practical guidance on how to effectively integrate

Mondelez presented also their Harmony program that aims at promoting sustainability and biodiversity in the sourcing process of wheat. A survey of Belgian food companies conducted by the Université Catholique de Louvain underlines that a shift in political incentives, policies and programs at all levels is needed in order for a transition to sustainable food systems to emerge. Moreover Fairtrade Belgium stressed out that to protect biodiversity it is crucial to empower the farmers who are expected to implement measures, and that commitment is needed from all actors in the supply chain – including a fair price for farmers to allow better environmental protection and improvement of social standards.



Summary of Table 1 : How to improve the biodiversity performance in the food sector and how to use a Basic Set of Biodiversity Criteria?
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This roundtable shared by Marion Hammerl and David Olson gathered 30 people.

Basic Set of Biodiversity Criteria

A Basic Set as presented by the EU LIFE project “Biodiversity in Standards and Labels for the Food Sector” is considered a useful tool to obtain minimum biodiversity standards in the food sector. The participants which had the opportunity to have a look to the Basic Set presented, consider the draft as comprehensive and covering all important aspects related to biodiversity. There was a strong consensus that no specific certification scheme/label should be created to address biodiversity and that the basic set of biodiversity criteria should be the basic lines to be integrated into all existing labels/standards.

Participants confirmed that both “action lines” should be covered by the Basic Set: Biodiversity management to protect existing biodiversity and to create potential for more biodiversity and VERY good agriculture practices to reduce negative impacts on biodiversity. Especially the ban of harmful pesticides and a continuous reduction of the use of pesticides was highlighted as of high importance. All food standards and also food companies sourcing guidelines refer to the farm and end at the farm gate. It was discussed, if the Basic Set should include also criteria to avoid impacts on the landscape surrounding the farm. Currently, the draft includes criteria for the creation of biotope corridors to connect ecological structures on the farm with habitats outside the farm. Maybe this is not enough and further discussion is necessary on this point to be as concrete as possible.

The Basic Set should be implemented by the whole food sector. This would possibly require adaptations according to the climatic regions for sourcing (e.g. tropical regions). The approach of a first and a second phase of implementation was considered as useful, but these phases should be clearly defined and no “cherry picking” should be allowed (standards and companies going only for the easy to fulfil criteria). Participants recommended the elaboration of a roadmap for the implementation of the Basic Set including trainings for advisors, farmers and certifiers as well as incentives /financial support especially for smallholder farmers. The elaboration of a Biodiversity Action Plan is a good point and participants agreed that it is necessary to define clearly the content and process of elaboration of such a plan in order to guarantee a minimum quality.

For all criteria, indicators for monitoring should be identified. These key performance indicators would be the basis for an obligatory reporting for all actors of the food sector.

The possibility for regional approaches was also discussed. Joint activities on regional level make perfect sense for biodiversity aspects (standards, companies, farmers and other actors of the food sector as well as regional administrations and NGOs), because mostly the challenges cannot be solved by one actor alone. This is also true for social challenges. A good example for joint action are the European Agri-Environmental Programs supported by the EU and the regional governments. In these programs, farmers are paid for the maintenance of the ecosystem services. Participants agree that this is the right approach, which should be mainstreamed in all agricultural programs. But at the same time, all the subventions with negative impacts on biodiversity need to be eliminated.

Basic Set and decision tree

Furthermore, it may be useful for companies to receive guidance for questions beyond the local situation and to use the decision tree for risk management. There seems to be complementary in particular of scale between the basic set of criteria and the decision tree. As the Basic Set of

Biodiversity Criteria is for the improvement of existing sourcing situations, the decision tree tools should be used for risk management and strategic decisions in regard to the extension of sourcing regions or new sourcing regions. The decision tree could give information/recommendations to companies in a first step and the Basic set of criteria in a second step. There is a need for close cooperation for further development of both tools. Furthermore tools like the “True Cost Accounting” would contribute to sound strategic decision making.

Drivers and barriers for implementation of the Basic Set of Biodiversity Criteria and of the decision tree

The food companies and retailers were appointed as the main driver for the implementation of such a Basic Set. They are interested in the reduction of pesticides in order to avoid health scandals, deforestation and other destructions of ecosystems, which are very bad for the image and companies don't want to be related with. Moreover, biodiversity is considered increasingly as an attractive aspect for improving the profile of the company in the very competitive food sector.

The Basic Set would indeed provide an equal playing field and avoid unfair competition but the long term pay-off of the set should be also put forward.

But there are barriers: big pesticides producing companies providing training on biodiversity management, large cooperatives with a double role (they sell pesticides, seeds etc. to their members), the very influencing big farmers associations defending the interests of industrialized farmers....

Furthermore there are many farmers producing for an anonymous market – without the need to respect standard criteria or sourcing rules. And there are products used for price dumping such as bananas. Dialogue with all stakeholders including farmers is necessary in a top-down approach but also in a bottom-up approach.

The implementation of a basic set of criteria should not only depend on the voluntary action of the food sector, but should be strongly supported the governments: Implementation of the Basic Set into all agricultural programs /subvention programs; use of the decision tree for the elaboration of trade agreements with countries outside the EU, elimination of subventions which result harmful for biodiversity, incentives for the implementation of biodiversity promoting measures, a “Green Tax Reform” to promote environmental performance. The CAP revision should consider more strongly the payment for ecosystem services.

It is important to have one monitoring system for all standards and companies in order to guarantee comparability and show progress in the implementation as such criteria and decision tree recommendations. This monitoring system should be combined /aligned with the monitoring activities of the administrations.

Key messages:

- The Basic Set of Biodiversity Criteria as presented by the EU LIFE project is considered a useful basis to obtain minimum biodiversity performance of the food sector.
- The Basic Set should be implemented by the whole food sector. However, further work is recommended on refining criteria taking into account the comments provided during the roundtable. A roadmap for the implementation should be developed including dialogue with farmers, training for farmers and assessors and incentives for complex measures and/or measures with additional costs
- Furthermore, it may be useful for companies to receive guidance for questions beyond the local situation and to use decision tree for risk management.

- There seems to be complementary in particular of scale between the Basic Set of Biodiversity Criteria and the decision tree.
- A favorable framework created by the governments is key.
- We recommend close cooperation for further development of both tools.
- It was considered useful to develop a reporting system at the level of the food sector in order to avoid unfair competition.
- It is important to have one monitoring system for all standards and companies in order to guarantee comparability.

Summary of Table 2 : How to support sound strategic decision making to avoid high-impact sourcing and unsustainable practices at company and government levels?

This roundtable shared by Tom Dedeurwaerdere and Olivier De Schutter gathered 22 people.

The three modules considered in the decision tree developed by the Federal Public Service provide useful guidance for companies and the food sector to manage risks, to make responsible strategic decisions on sourcing regions, sites expansion and practices. The decision tree is relevant for many sectors and actors:

- (1) Directly in the strategic decision making of companies
- (2) In the development of monitoring systems of responsible company behaviour (in green bonds, sustainable finance, etc.)
- (3) In the development of a biodiversity monitoring system within the EU LIFE Project “Biodiversity in Standards and Labels for the Food Sector”
- (4) In supporting agricultural transition
- (5) For farmers themselves who are also users of these tools (e.g. as purchasers of feedstock)

Effective processes at the level of companies

However, further work is recommended on refining the three modules. As it stands, companies may have little incentive to comply with the decision tree recommendations (e.g. moving into “living dead” areas over more fertile but fragile regions). Additional incentive should be provided to adopt these guidelines given their more visible/immediate cost (e.g. greater visibility of sustainable activities to consumers).

Biodiversity-conscious sourcing is also not directly visible in the end result/product. The decision tree tool, while providing information for strategic decision making for the company, should also be combined with information to the consumers when they buy the products. This could be done in a two tiered system: (1) information on minimal requirements (2) other more responsible practices.

The decision tree addresses an important bottle neck that is indeed experienced by companies: data management, access to information on sourcing locations.

Many food companies are not directly sourcing themselves but are in the position of dealing with suppliers that take sourcing decisions. So a more integrated approach is needed in the use of the tool that makes it useful both for companies directly sourcing or dealing with suppliers that are sourcing (e.g. so that they can have better information on the way the suppliers took sourcing decisions, have access to a high quality and trustworthy decision support tool for monitoring their suppliers choices). Similarly, tools should be flexible to be tailored to different actors in the supply chain. Large retailers, processors, or SMEs, for example, all operate under different conditions.

How to create a balance if the system is implying trade-offs. At this stage, a critical threshold approach is being used. It was agreed on to start from a minimum number of parameters (e.g. 5 out of 10), with additional incentive or visibility given to those going beyond those criteria.

Importance to integrate the decision tree tool with tools used in the financial sector (such as the ‘No Net Loss’ approach). Other approaches to link to are the “Global Biodiversity Score” (assessment based on a portfolio), work in the Natural Capital Coalition to have a supplement on biodiversity, the SMART tool, and better integration with SAFA guidelines.

It was also noted that harmonized certifications supported by government (i.e. organic) benefit from the highest visibility. The enforcement of biodiversity criteria should thus include some degree of

harmonization and transparency between players, as well as clear benchmarks to identify different levels of commitment. The Global Social Compliance programme was suggested as one promising example of minimal harmonization of standards which include the possibility for shared learning and mutual recognition of activities.

There was strong consensus to link the proposed tools with existing mechanisms to avoid duplication. Indeed, the tool has to keep its specific biodiversity focus but needs to be conceived in a way that each or all modules can be incorporated in existing mechanisms/schemes (standards, companies requirements,...). The basic set of criteria should also be standardized with some room for flexibility/adaption to local or regional conditions.

Type of governance (legislation, programs and policies): Who should support what process in the information gathering on the tool?

There was strong agreement that the role of government is crucial to enable the overall framework, create of legitimacy and credibility:

- in providing the information / data and
- in creating a safe operating space for companies taking the risk to use the tools and provide information in a transparent way on their responsible decision making.

In the EU, there are four key tools for governments to support biodiversity criteria:

- the Common Agricultural Policy
- public procurement policies
- trade policies (e.g. conditionalities or by rewarding/penalizing different players)
- training

On the governmental level, the tools could support biodiversity in public procurement sourcing. At the present stage, even public authorities that wish to implement sustainable sourcing decision has no information on biodiversity at its disposal. More generally, the work on biodiversity indicators are promising to fostering the integration of biodiversity conditionality in public procurement policies. Public procurement policies also enable industry to react on issues that they may otherwise be slow to respond to; this might have additional positive knock-off effects on the reformulated food and food products offered to consumers at large.

Ideally, the basic set of biodiversity criteria should be integrated into trade regulation. This can be envisioned in a similar way to the due diligence systems found in the forest-risk commodity and conflict mineral regulations for import into the EU. Here again the development of the tools is a first step in making a due diligence system workable in practice. Switzerland was also mentioned as a positive example in which a national government is seeking to merge biodiversity criteria into their subsidy scheme.

The synergy between hard law and soft law were discussed. Even though the tools proposed are currently part of soft law, they might be able to give legitimacy and prove the sound methodology of adopting these methodologies before they are turned into hard law.

Considering entering sourcing arrangements solely based on the governance of an individual country may be an issue if companies then simply shift to suppliers in a more 'secure' neighbouring country but with potentially lower biodiversity standards. In instances relating to failing governments, investment can still be made, but companies should envision mitigation measures for strengthening their own processes (e.g. information-sharing, reporting, monitoring).

The key role of the government is to align economic incentives with the sustainability requirements (taxing externalities, premiums for good practices, informing consumers about desirable practices); in other words, to make it profitable to act responsibly and to make expensive to act irresponsibly.

The governance principles should be the same for standards and for food industries. For implementing the basic set of criteria EU wide, an EU strategy will be necessary such as an European initiative on "Biodiversity Performance in the Food Sector".

In order to retain the information generated by the companies by using the decision tree, it was considered useful to collect and share best practices and experiences on how or where companies were able to find the necessary information to locate sustainable and biodiverse regions/areas or when they decide not to source. It is very positive that the tools allow for companies to share lessons learned and showcase best practices. Governments also have a role in sharing what products are biodiversity-friendly and communicating to the public on the importance of these issues. Small companies often do not have the resources to carry out complex studies. Here the business associations are required to deliver information as a service to their members.

There was a strong call to link the tools with other standards and processes.

The suggestion was also made to test the decision tree, potentially a project to be taken on by the European Commission.

Key messages:

- We need a tool focusing on biodiversity.
- The three modules considered in the decision tree provide useful guidance for companies and the food sector to manage risks, to make responsible strategic decisions on sourcing regions, sites expansion and practices.
- However, further work is recommended on refining the three modules taking into account the comments provided during the roundtable.
- Public authorities are key to the success of these new approaches and conditions should be put in place to develop a level playing field and avoid an unfair competition. The tools can be included in agricultural policy, trade conditionality and public procurement.
- Indicators derived from the three modules should be further integrated into a comprehensive set to better assess and guide the transition towards sustainable food and agricultural systems.
- The governance principles should be the same for standards and for food industries. For implementing the basic set of criteria EU wide, an EU strategy will be necessary such as an European initiative on "Biodiversity Performance in the Food Sector".
- Labelling and traceability systems can contribute to enhance all of these governance features, and may be a condition for voluntary schemes to be workable, however the desirability of harmonisation is contested.
- In order to retain the information generated by the companies by using the decision tree, it was considered useful to collect and share best practices and experiences on how or where companies were able to find the necessary information to locate sustainable and biodiverse regions/areas or when they decide not to source.
- Need to align economic incentive as regulatory/ethical sourcing agreement.

Conclusion

The Conference provided a strong opportunity to create synergies between food sector actors, while playing a positive role in shaping the development of innovative projects at the Belgian and EU levels within the framework of the EU LIFE Food & Biodiversity project.

Collaboration will be sought between those both projects. Public authorities are seen key to the success and conditions notably in agricultural policy, trade conditionality and public procurement should be put in place to develop a level playing field and avoid an unfair competition. The need to align economic incentive as regulatory/ethical sourcing agreement was also highlighted. Finally a call has been done to guide a transition towards sustainable food and agricultural systems.

