



DRAFT PROJECT PROPOSAL

Summary sheet

Project Title: **Development of the World Banana Forum: a permanent multi-stakeholder forum for sustainable banana production and trade**

Beneficiary countries: **all bananas producing and exporting countries from Latin America, Africa, the Caribbean and Asia**

Donors:

Partners: **governments / producer organizations, trade associations and civil society groups, research and development institutes, private companies, technical cooperation agencies, International Labour Organization (ILO) and United Nations Conference on Trade and Development (UNCTAD)**

Duration: **2 years**

Starting date: **March 2010**

FAO Total budget: **US\$ 1,301,000**

Funding sought: **US\$ 1,021,000**

Abstract:

The project will support the development of the World Banana Forum which was established by representatives of the sector's stakeholders at an international conference held at FAO Headquarters in December 2009. The Forum provides a space where all these actors, governments, researchers and organizations of civil society can discuss the various problems facing the banana sector and work together to find common solutions. The project's objective is that the World Banana Forum is well established, operational, recognized, financially sustainable, benefits from the active participation of its members, produces useful services to them and to the whole banana sector.

The project will help the Forum implement the following activities:

- Exchanging information on best practices and sustainable development projects (e.g. techniques and systems for sustainable banana production);
- Jointly designing and implementing field research projects to produce best practices in banana production (these projects will be based on collaboration in the field among all relevant actors, including governments and their technical agencies such as research institutes and extension services);



- Assessing workplace issues and encouraging the adoption of practices that are consistent with the ILO's core conventions and recommendations and that guarantee gender equity;
- Suggesting strategies which correct inefficiencies in the banana value chain while guaranteeing fair prices and earnings for all the relevant actors;
- Reviewing project results, validating and disseminating them to the whole banana sector worldwide.

Development of the World Banana Forum:

A permanent multi-stakeholder forum for sustainable banana production and trade:

Project presentation note

1. Background and rationale

Bananas : economic importance and challenges for countries exporting

Bananas are the most exported fruit in the world by volume and value. With global exports estimated at over US\$ 7 billion in 2008, it is an essential source of income and employment for hundreds of thousands of rural families in developing countries. However, banana producers and workers are threatened by the widespread use of unsustainable production methods and business practices. This has contributed to the depletion of natural resources and harms the health of farmers, workers, their families and local communities around the plantations.

The use of unsustainable methods of production is due to several causes. Firstly, farmers do not always know good production practices. There is therefore a problem of access to information, training and technology. Secondly, even when they are known, those practices may be more costly to implement in the short term than unsustainable practices. Low farm-gate prices currently discourage the use of sustainable practices. These low prices are partly due to the low bargaining power of farmers vis-à-vis downstream operators in the marketing chain. They are also the consequence of the price war being waged among large retailers using bananas as a loss leader. Even when retailers claim they do not pass on lower retail prices to their suppliers, there is evidence in exporting countries that the fall in retail prices eventually leads to lower producer prices. The fierce competition taking place between banana-exporting countries has given rise to a "race to the bottom" since the 1990s. This process causes considerable social and environmental damage in all producing countries, including the most competitive ones. Even consumers lose, as the small savings that lower prices allow them to achieve on their modest expenditures on bananas are more than offset by long-term costs to the society in which they live.

The above problems are complex, cross-sectoral and international. They cannot be solved at the level of one nation or one link in the supply chain. They relate to the whole international banana chain, from producer to consumer. Their solution requires the involvement at the international level of all those directly involved in the industry (producers, workers, marketing firms, ripeners, retailers, consumers) and those who support them (research and training institutes, service providers, public agencies and governments). However, presently there is no space in which all the sector's stakeholders can come together to jointly seek solutions to these problems. Consequently, this project aims to support the initiative of the banana stakeholders to create such a space.



Brief history: first initiatives aiming to bring together stakeholders in the sector

The proposal to create a multi-stakeholder Forum is the result of a long process of consultation between stakeholders. A first international banana conference was organized by a consortium of civil society organizations in 1998 and a second one (IBC II) in 2005. The aim was to bring together all the stakeholders of the sector, from production to retail, to reflect on the challenges it faces. These conferences gathered small producers, representatives of plantation workers, multinationals, exporters, traders, ripeners and representatives of major retail brands. The second conference showed consensus among participants on the need for a permanent forum aimed at developing a sustainable banana sector from the social, environmental and economic perspectives. Subsequently, a series of meetings were held, including a workshop with representatives of governments and NGOs at the United Nations Conference on Trade and Development (UNCTAD) in October 2007 and a workshop for representatives of the banana industry and civil society in Amsterdam in October 2008.

Launching of the MSF project and first World Banana Forum at the FAO

FAO has been involved in this multi-stakeholder process through its Trade and Markets Division since the first international banana conference in 1998. It has accompanied the process step by step, attending various meetings and workshops over the past 11 years. In early 2009, it launched the MSF (*multi-stakeholder forum*) project to organize the first World Banana Forum and help stakeholders establish a permanent forum. This project is implemented by the Trade and Markets Division and co-financed by the Department for International Development of the United Kingdom (DFID) until 2010.

An informal preparatory committee comprising representatives of every stakeholder group in equal numbers was formed. Its function was to formulate proposals on the mandate and structure of the Forum and prepare its inaugural meeting. The MSF project has played the role of coordinator, facilitator of discussions and secretariat of the committee. The committee worked on the organization of the Forum throughout the year 2009. It held two in-person meetings and worked through telecommunications (email, phone conferences, electronic conferences, use of communication platforms on the internet). These extensive discussions have helped build consensus among stakeholders, formulate detailed proposals on the future permanent forum and organize the first Forum meeting. Government representatives were invited to the committee meetings and some of them actively participated in its work.

The outcome of this work was the holding of the first World Banana Forum at FAO headquarters in Rome from 7 to 8 December 2009. Over 150 people attended the forum, including representatives of producers associations, trade organizations, private companies (including major banana marketing corporations, shipping companies and retailers), trade unions and other civil society organizations, research institutes, technical cooperation agencies and governments. The participants came from Latin America, the Caribbean, Africa, Asia, Europe and North America.

Through discussions and small group work, the Forum enabled participants to:

- Identify the main issues facing the banana sector and prioritize them
- Determine the types of activities needed to address these issues and form specialized working groups



- Reach an agreement on the establishment of a permanent forum (named **World Banana Forum**) which will facilitate the sharing of information, ideas and best practices among stakeholders
- Define the mission, scope, objectives and work areas of the Forum
- Establish a steering committee to coordinate the activities of the Forum and its working groups

Participants adopted a communication to the Intergovernmental Group on Bananas and Tropical Fruits (IGG). The statement was presented at the session of the IGG that began one day after the forum. The IGG welcomed the establishment of the Forum and recommended that the next forum be held in conjunction with its next session in 2011.

End of the MSF project and the need to support the new permanent forum

The MSF project has achieved its objectives, namely to build consensus among stakeholders on the actions to undertake jointly and lay the foundations of a permanent global forum. This pilot project had a duration of one year and will end in 2010 as stipulated in the agreement signed by FAO and DFID. However, the steering committee and working groups of the forum have no own resources and will need the technical, organizational and logistical support from FAO to operate. The Trade and Market Division intends to continue supporting the forum through a project funded by voluntary contributions from donors, as it does not have sufficient resources on its regular budget.

2. Project Objectives

The long-term project objective is to contribute to the emergence of a global banana economy where:

- Banana production and trade are sustainable from the environmental, social and economic perspectives.
- Every actor in the supply chain from producer to retailer receives a fair price that covers its costs and ensures a reasonable profit margin.
- All actors, including sub-contractors, respect the core international labour conventions and pay decent wages.
- The impacts of banana production on the environment are understood, quantified and optimized.
- Consumers are provided with good quality bananas and they understand the necessity to pay a sufficient price that ensures sustainable livelihoods for all actors of the industry.
- Divergence of views and interests within the sector are resolved through dialogue and collaboration.

The project's immediate objective is that the World Banana Forum is well established, recognized, operational, benefits from the active participation of its members and produces useful services to them and to the whole banana sector. The Forum is a space where organizations of farmers, exporters, trading companies, trade unions, retailers, governments, researchers and civil society organizations discuss the various problems facing the banana sector and seek common solutions through collaboration.



Specifically, the Forum will serve for:

- Exchanging information on best practices and sustainable development projects (e.g. techniques and systems for sustainable banana production);
- Jointly designing and implementing field research projects to produce best practices in banana production (these projects will be based on collaboration in the field among all relevant actors, including governments and their technical agencies such as research institutes and extension services);
- Assessing workplace issues and encouraging the adoption of practices that are consistent with the ILO's core conventions and recommendations and that guarantee gender equity;
- Suggesting strategies which correct inefficiencies in the banana value chain while guaranteeing fair prices and earnings for all the relevant actors;
- Reviewing project results, validating and disseminating them to the whole banana sector worldwide.

The Forum will focus its activities on solving practical field problems in **thematic working groups**. The following five working groups have been created under the permanent Forum:

- 1) **Workplace issues**
- 2) **Distribution of value**
- 3) **Certification**
- 4) **Sustainable production and environmental impact**
- 5) **Agrochemical use**

The groups will undertake projects that can quickly produce benefits for all stakeholders: producers, agricultural workers, traders, retailers and governments. For example, group (a)'s work will include the production and dissemination of integrated pest management techniques that reduce the cost of inputs for farmers, increase yields, enhance product quality, improve worker health and preserve the environment.

At the end of the meeting in December 2009, all participants agreed on the establishment of a **Steering Committee** to establish and develop the permanent forum and its specialized working groups. However, the committee has no resources for its operation. The same goes for the working groups. The start-up phase of a new institution is always very fragile. Without strong support, the enthusiasm and momentum that occurred in December 2009 may fade. Consequently, FAO proposes to provide technical, organizational and logistical support to the steering committee and working groups of the Forum through this project.

The project will support the development of the Forum during the period 2010-2012. Its goal is that the Forum structure itself, provide useful services to its members acquire a formal status and gradually develop a system of financing that would allow to function at least partly on own resources beyond 2012. To raise funds from its members, the Forum must first prove it can produce tangible and useful results. The project will assist the Forum in producing these results.



3. Expected Results

- a. Good practices in sustainable production and marketing have been identified and field tested by mixed groups comprising representatives of the stakeholders. These practices relate to sustainable production systems, productivity, environmental protection, management of natural resources, the use of agrochemicals, working conditions, worker rights, profitability, distribution of value, certification and all other dimensions of sustainable development.
- b. Good practices, technical advice and other recommendations have been validated by recognized experts and widely disseminated in a reader-friendly format in three languages (English, French, Spanish) throughout the global banana sector. These products are easily accessible on the Forum's website and distributed to users in the form of publications, manuals and CD-ROMs.
- c. Training workshops have been organized to present the results of working groups to growers and exporters.
- d. The sector's stakeholders have established trust relationships that enable them to discuss problems in a constructive way, to share information important to the overall progress of the sector, to work actively to find solutions and resolve disputes through dialogue.
- e. Project proposals related to the activities of the working groups have been formulated and submitted to donors.
- f. A financing plan for the forum in the years following the end of the project has been prepared and approved by members. Discussions have been held with potential sources of funds (private and public).
- g. The Forum has held its second meeting in 2011, reviewed the results achieved in 2010-2011 and adopted a work program and budget for 2012-2013.

4. Project Activities

a. Support to the Steering Committee

The Committee is expected to meet on average twice a year and hold electronic meetings between the in-person meetings. The project will act as the secretariat of the Committee and support its work through the following activities:

- i. Organization and facilitation of Committee meetings
- ii. Support for the participation of members from developing countries in meetings
- iii. Interpretation in the three languages of the Forum (English, French, Spanish)
- iv. Provision of expertise and technical advice
- v. Establishment of discussion platforms on the Internet
- vi. Writing working papers and reports for the Committee
- vii. Translation of documents in the three forum languages



b. Support to the working groups

The project will oversee the activities of working groups and provide the technical, logistical and financial support necessary for their effective functioning. It will coordinate their activities to promote synergies and to avoid the risk of overlap. The groups should have a high degree of autonomy and self-organize their work, so the project will not interfere in their management but it will ensure the proper utilization of financial resources. Depending on their progress and needs, groups may decide to organize workshops to disseminate their results. In this case, the project could cover some of the following costs:

- i. Monitoring and coordination of the groups' activities
- ii. Provision of expertise and technical advice
- iii. Support for the participation of members from developing countries in group meetings
- iv. Support for some of the costs of research and workshops
- v. Interpretation in the three languages of the Forum
- vi. Establishment of discussion platforms on the Internet
- vii. Translation of documents in the three forum languages

c. Review, validation and dissemination of results

The project will ensure that good practices, recommendations and other documents produced by the working groups are objective, unbiased, reliable and based on sound scientific evidence. To this end, it will analyze them and have them reviewed by experts from FAO and other relevant institutions. It will ensure that outputs are presented in a user-friendly format understandable to all stakeholders including small farmers and agricultural workers. It will establish a system of widespread dissemination of results by the Forum using modern Internet technology and more traditional techniques like mailing documents and holding workshops.

- i. Review and validation of results by groups of experts from FAO and other institutions
- ii. Translation of documents in the three forum languages
- iii. Layout, design, graphic preparation and printing of documents and other materials
- iv. Dissemination of outputs through the forum website, mailing of hardcopies and CD-ROM to Forum members and other relevant players
- v. Organization of seminars and workshops as required

d. Organization of the second meeting of the Forum in 2011

At the meeting of December 2009 it was decided that the forum would meet on average every two years. Therefore, the next meeting should take place in 2011. The project will prepare and organize the meeting under the supervision of the Steering Committee. This work includes organizational, technical, logistical, administrative and financial

- i. Organization and facilitation of the meeting
- ii. Support for the participation of members from developing countries
- iii. Interpretation in the three forum languages
- iv. Writing of papers, reports and summary
- v. Translation of documents into the three forum languages



e. Fundraising to ensure the sustainability of the forum

To ensure its long-term operation, the Forum should be able to rely on funding from various sources, both public and private, including its members. The mix of funds will ensure that the Forum operates independently and impartially, without the risk of excessive influence of some stakeholders. Thus, although in the long term the Forum should be mainly financed by its members, it would be desirable to maintain a share of public funding. The project will prepare financial proposals to submit to the Steering Committee and will raise funds.

- i. Identification, contacting and negotiation with donors
- ii. Writing proposals and project documents
- iii. Preparation of budgets
- iv. Writing financing proposals and discussion with members of the Forum

5. Role of FAO

As the organizer of the World Banana Forum in December 2009, FAO is uniquely positioned to support the Permanent Forum. FAO has been involved in the multi-stakeholder process since the first international banana conference in 1998 through the participation of its Trade and Markets Division. The Division has supported the process step by step, attending various meetings and workshops over the past 11 years. Since March 2009, it has implemented the MSF project to organize the World Banana Forum and facilitate the establishment of a permanent forum.

Several stakeholders have insisted that it is essential that the MSF be moderated by a neutral organization. As an intergovernmental organization, FAO is trusted by all stakeholders to play the role of a neutral facilitator. It can give the Forum the objectivity, independence and credibility that are prerequisites for its success. Its technical expertise in banana production and trade is widely recognized. FAO's Trade and Markets Division has worked on banana trade policy and markets for decades. The trust in FAO's role as a neutral facilitator was reaffirmed by participants in the December 2009 meeting.

Finally, the Division acts as the secretariat of the Intergovernmental Group on Bananas and Tropical Fruits (IGG). It will therefore ensure the development of cooperation and synergies between the Forum and the IGG, as these two institutions play complementary roles. All members of the IGG are invited to participate in the Forum.

The Division will benefit from the technical expertise of other FAO divisions in the areas concerned by the working groups, including integrated management of crops and pests, organic agriculture, handling of agrochemicals, selection of disease-resistant varieties, production techniques, participatory training, post-harvest operations, marketing, sustainable management of natural resources, participation of farmers and workers, gender equity, voluntary standards and certification.

6. Partner institutions

FAO has collaborated with many research, development, training and technical cooperation institutions in organizing the 2009 forum. Most of them will participate in the Forum and will therefore be project partners. Regarding the UN agencies, the project will work closely with experts from the International



Labour Organization (ILO) regarding working conditions and workers' rights and with UNCTAD on sustainable trade. Collaboration will also be sought with the World Bank, regional development banks, the United Nations Development Program (UNDP), the World Health Organization (WHO) and the United Nations Environment Program (UNEP).

As regards the national cooperation agencies, contacts have been established with the French, Spanish, German and British international cooperation agencies. The project will collaborate with the European Banana Action Network (EUROBAN).

The project will also work with organizations of farmers and traders in the producing countries and with associations of exporters and importers. More generally, it will work with all stakeholders who are members of the Forum.

7. Finance sought

The World Banana Forum is partly funded by its members that cover their participation in its activities (travel costs, wages...) except for non-profit member organizations from developing countries. Voluntary contributions will be sought from large member companies, but these contributions are far from sufficient to finance the Forum's activities. The UK's Department for International Development (DFID) provided financial support in 2009. Funds are needed for the period 2010-2012 to ensure that the momentum created at the December 2009 meeting is maintained.

The requested funds would cover the activities described in section 4 above during the period 2010-2012. The main project expenditures can be summarized as follows:

- a. Support for the participation of representatives from developing countries¹ in the following meetings related to the Forum:
 - Meeting of the Forum in 2011;
 - One or two meetings per year of the thematic working groups (plus conference calls);
 - Four meetings of the Steering Committee (two per year);
- b. Logistical support, translation and interpretation (English, French and Spanish) for the above meetings;
- c. Operation of the Forum's Secretariat (secretary and clerk, travels, telecommunications, etc.);
- d. Specific activities related to research and workshops of thematic working groups;
- e. Production, translation, printing and distribution of technical documents and information materials produced by the working groups and the Secretariat (includes the creation and management of a dedicated website).

A detailed budget is provided in the appendix.

¹ It is expected that the private sector members in developing countries cover their own costs of attending the Committee and working group meetings, except for small farmers. Members from developed countries will cover their own costs of participation.



Food and Agriculture Organization of the United Nations (FAO)
TRADE AND MARKETS DIVISION (EST)

8. Contacts for more information

Secretariat of the Project

Trade and Markets Division (EST)

FAO | Food and Agriculture Organization of the UN

Via delle Terme di Caracalla - 00153 Rome, Italy

email: MSF-Secretariat@fao.org

Project website: www.fao.org/economic/worldbananaforum

Mr. Pascal Liu

phone: +39 06570 55957

Mr. Víctor López Saavedra

phone: +39 06570 53200



Estimated budget for the operation of the permanent Forum and its working groups March 2010- Feb 2012

In US\$ (rounded)

Summary budget	March 2010-Feb 2011	March 2011-Feb 2012	2-year total	2-year finance sought
Forum meeting	0	176,220	176,220	172,270
Working Groups	138,500	138,500	277,000	159,000
Steering Committee meetings	43,500	45,600	89,100	39,500
Secretariat (at FAO)	228,066	231,066	459,132	351,132
Design, printing & dissemination of outputs	50,000	50,000	100,000	100,000
Actions linked to research	25,000	25,000	50,000	50,000
Project Support Costs 13%	63,059	86,630	149,689	149,689
Total	548,125	753,016	1,301,141	1,021,591

	US\$	Euro	\$/€	Finance sought %
Total Budget	1,301,141	867,427	1.50	79
Finance Sought	1,021,591	681,061		

Detailed budget items

Working Group Sessions	March 2010-Feb 2011	March 2011-Feb 2012	2-year total	own contributions	2-year finance sought
Travel Cost	75,000	75,000	150,000	100,000	50,000
Per diem	13,500	13,500	27,000	18,000	9,000
Interpretation, translation, misc.	50,000	50,000	100,000	0	100,000
Total WG Cost	138,500	138,500	277,000	118,000	159,000

Meetings of the Steering Committee	March 2010-Feb 2011	March 2011-Feb 2012	2-year total	Own contribution	2-year finance sought
Travels	34,500	34,500	69,000	46,000	23,000
Per diems	3,000	2,100	5,100	3,600	1,500
Interpretation	6,000	9,000	15,000	0	15,000
Total Committee	43,500	45,600	89,100	49,600	39,500

Secretariat (FAO project)	March 2010-Feb 2011	March 2011-Feb 2012	2-year total	Own contribution	2-year finance sought
Secretary (project technical officer)	131,244	131,244	262,488		262,488
Secretarial clerk (part time)	31,422	31,422	62,844		62,844
Travels	3,000	6,000	9,000		9,000
Telecommunications, mailing, ...	8,400	8,400	16,800		16,800
UN Coordinator (part time)	54,000	54,000	108,000	108,000	
Total Secretariat	228,066	231,066	459,132	108,000	351,132