

**Food and Agriculture Organization of the United Nations**

**Ad-hoc Expert Meeting on Socially and Environmentally Responsible  
Banana Production and Trade**

**Rome**

**22-24 March 2000**

**REPORT**

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## **I. Introduction**

The adoption of more sustainable practices in agricultural production and trade is a primary concern for FAO. In the banana sector, the Horticultural Products Group of FAO's Commodity and Trade Division, which holds the Secretariat of the Intergovernmental Group on Bananas and Tropical Fruits (IGG), is exploring what steps can be taken with non-governmental organizations (NGOs), the private sector and governments to further the development of responsible banana production and trade. At its last meeting in May 1999, the IGG discussed the topics of fair trade and organic bananas, as well as other modes of sustainable banana production and trade.

Several initiatives aimed at increasing sustainability in the banana industry have emerged in the recent past. In particular, some NGOs have developed certification programmes against a set of environmental and/or social requirements for banana production and trade. These initiatives include "fair trade", "organic" and "ecofriendly" bananas among others. In addition, other organizations which have developed certification programmes based on compliance with core labour standards are looking to the agricultural sector, including the banana industry for application of those standards.

Such initiatives may benefit small farmers and plantation workers in developing countries, as they can potentially lead to increased return on their labour, better working conditions and longer term environmental improvement. They may offer small farmers an opportunity to stay in business, through the support and solidarity of consumers who are willing to pay a price premium to support them and the environment. Presently the products certified by these initiatives are positioned in relatively small market niches. Nevertheless, a growing share of consumers in developed countries seems to be ready to purchase them.

The last 2 years witnessed some convergence between the criteria used by the different certification schemes. This convergence seems to have resulted primarily from consumer and retailer demand rather than from co-operation between the organizations. However, as the number of certification initiatives grows, there is an increased need for greater dialogue and collaboration among them. This could lead to synergies, and avert confusion in the minds of producers, retailers and consumers.

Banana producers are confronted with different certification programmes and rarely know which programme to choose in order to improve their access to markets and add value to their products. They find it difficult to understand the differences between these programmes both in terms of requirements and opportunities. Some growers opt for multiple certification but this is expensive and time consuming. Similarly, consumers are increasingly faced with labels bearing similar claims and do not know what these labels guarantee and how reliable the control systems are. This confusion, including potential misleading claims, may have detrimental effects on the credibility of all certification programmes.

Some of the certification initiatives have been in contact recently, but more on a one-to-one and ad-hoc mode than on a concerted basis.

In order to initiate a process of dialogue, FAO held an expert meeting in Rome from 22 to 24 March 2000. The main goal of the meeting was to explore the scope for collaboration and for defining a common approach to environmentally and socially responsible banana production and trade.

More precisely, the meeting gave the participants the opportunity to:

- Identify in details the areas covered by each certification programme
- Exchange experiences and learn from each other
- Identify common interests
- Identify areas where collaboration can benefit all the certification programmes operating in the banana industry, in order to avoid overlapping and duplication of efforts and to join forces to overcome common constraints

Section II summarizes the main issues that were discussed by the participants during the 3 days of the meeting. The programme of cooperation that has been proposed is presented in section III.

## **II. Main issues in responsible banana production and trade**

The expert meeting discussed a wide array of issues related to social and environmental certification in the banana sector. The presentation of the lessons learnt from the implementation of the certification schemes provided useful insights. After mentioning the opportunities offered to banana producers, the debates centred on the constraints encountered in setting appropriate standards and monitoring their application. Potential solutions to overcome these obstacles were examined.

### **1. Standards**

#### **Standard setting process**

The establishment of adequate environmental and social standards is a fundamental issue. The standard setting body should be representative of the various stakeholders in banana production and trade. As a result, preliminary consultations should include most stakeholders in order to ensure that the standard is beneficial to them (or at least does not have adverse effects on them). However, consultations that include a large number of stakeholders are time consuming, expensive and not practical. There is a trade-off between efficiency and participation in the standard setting process.

#### **Standard specificity**

Standards need to take into account the specific parameters of the region where they are to be applied. The agro-ecological, climatic and socio-economic situation may vary widely from one region to another within a country. Standards should also consider the diversity of beneficiaries or target groups. Some criteria that are relevant to plantations may not be adequate for small-farmer groups, and vice-versa. As a result, standards should not be too detailed in order to keep enough flexibility for more specific interpretations relevant to each local context. However, too much flexibility could run counter to the need for strong credibility on the consumer side.

### **Potential adverse effects of standards**

Several studies (e.g. those undertaken by the Natural Resources Institutes) have shown that in some cases, standards may unintentionally discriminate against some categories of producers or stakeholders. For example, it has been argued that very stringent environmental requirements are more likely to be met by large companies, which have the human and financial resources necessary to make the improvements, than by small producers. Similarly, some standards may result in an increased work burden for women, or in the layoff of migrant workers. A possible way of circumventing these problems is to evaluate the likely impacts of a new standard together with the stakeholders as mentioned above. It is also recommended to evaluate the cost of putting the farm in compliance with the new standard, in particular in the case of small farmers.

### **Problem areas in setting standards**

Further work needs to be done to obtain a more precise definition of some key social concepts such as basic needs or indigenous rights. The issue of land ownership was unanimously considered as essential but very delicate. In terms of labour rights, although the standards used by the certification programmes are largely based on the same core conventions of the International Labour Organization (ILO), their approaches differ widely. Similar differences in approaches can be found in topics such as biological diversity (some programmes emphasize on-farm diversity while others focus on off-farm diversity) and diversification into other crops and non-agricultural activities (see study in Appendix 3). Conversely, the use of agro-chemicals and its consequences on worker health and safety is a crosscutting issue in which some harmonization of the criteria used by the various programmes could be beneficial.

## **2. Monitoring and control**

### **Monitoring of social criteria**

The monitoring of social criteria, in particular labour criteria, is much more difficult than for environmental criteria. One of the reasons for this is the wide variation in cultural, social and economic situations across the world and the need for standards to take these variations into account. Another difficulty is that it is not always possible to detect non-compliance with labour standards on a farm during a short inspection visit. Thus, the auditor's judgement, experience and competence play a very important role in reviewing labour conditions. However, it is necessary to strike the right balance between the auditor's discretion and objective criteria. A possible solution is to use the guidelines that have been prepared by various organizations to implement those standards, including the ILO Recommendations that can be used as a guide for the implementation of the ILO conventions. Another solution could be to organize training sessions on monitoring labour rights for the auditors (e.g. at the ILO Training Centre in Turin).

### **Certification of small farmers**

The problems facing small-scale farms seeking certification are well known. The cost of the inspection visits (especially when the inspectors come from abroad) is too high for these farmers. Moreover, they often lack the skills and information needed to deal with the administrative procedures involved. Substantial time is required to deal with

these procedures and this can be a problem for small growers whose time is devoted to daily farming activities.

However, solutions exist to overcome these constraints. Empowering farmers and helping them organize in groups can lead to the establishment of internal control systems (as exemplified by some organic farmer associations). In this case the external auditors only inspect the systems and a few sample farms, not all the farms, thereby reducing the cost of the audit. Training of farmers and producer association employees is required. There is a role for the public sector there but the private sector can also contribute to the capacity building efforts. Some participants suggested that retailers should be asked to participate as they stand to benefit from the sales of certified products.

Another means of reducing the cost of certification and making it more sensitive to the regional context is the use of local inspectors. This is increasingly practised by the certification initiatives. The next step is the establishment of local certification bodies. This can be done through partnerships between certification bodies in the importing countries and NGOs in the producing countries. When funding is available, direct partnerships between NGOs of developing countries is also a very effective way to build capacity. Finally, the establishment of more direct marketing channels between banana producers and consumers could generate the resources needed to obtain certification, as exemplified by the fair trade movement.

### **Respective roles of private initiatives and government**

While environmental and social certification is done on a voluntary basis by the private sector, government is increasingly entering this area by issuing regulations. This is clearly the case in organic agriculture where there are now private (IFOAM's basic standards), national, regional and intergovernmental standards. It is essential to find an efficient balance between private certification and regulation by governmental or intergovernmental bodies. The private sector and government have complementary roles. Public-private partnerships (e.g. in the training of farmers and local auditors) can be a useful way of exploiting this complementarity. They may also facilitate changes in existing government regulations towards stricter environmental and social requirements. Where they exist, governmental standards may help foreign certification programmes adapt their basic standards to the specific situation of the country.

### **The influence of supermarket chains**

The large and growing share of the retail market held by large-scale retail companies gives them the power to impose changes in the practice of their suppliers. If buyers in supermarket chains decide to purchase socially and environmentally responsible products, and provided supply meets their requirements, supermarkets can be a powerful factor for improvement. However, the certification of retailers themselves raises the issue of how far compliance with standards should go, as demonstrated by the experiences of the Council on Economic Priority Accreditation Agency (CEPAA) and the Ethical Trading Initiative (ETI). The average supermarket has thousands of different suppliers. Retail companies are expected to ask their suppliers to comply with the codes of conduct but they cannot monitor compliance in so many suppliers. On the other hand, certification is of little interest if its benefits do not accrue to producers and workers in supplying countries. The issue of the compliance of the

whole supply chain is complex because it includes many actors such as exporters, importers, wholesales, transporters, trade service companies. Monitoring all these actors would prove difficult.

### **The accreditation process**

Although they are private and voluntary, the certification systems must be accountable to the key stakeholders, in particular consumers and producers. In the case of both the organic and SA-8000 standards there are mechanisms for approving and controlling the certification bodies (the IFOAM accreditation programme and CEPAA respectively), while no similar distinction between the certification and standard setting functions exists in the other 3 programmes. These mechanisms include regular reports and a system for recording complaints. However, even in the former case, IFOAM and CEPAA are NGOs. Generally speaking, NGOs do not necessarily represent all the stakeholders, as their membership is not open to the wider public. The governance of NGOs and the stakeholders they are accountable to are issues that need to be taken into account.

## **III. Collaboration proposal**

The expert meeting recognized that each certification initiative has its specificity and its usefulness that need to be preserved. They respond to different consumer needs and therefore they should not regard each other as competitors. Instead, they all share the same goal of increasing sustainability in the banana industry. There is therefore much scope for exchange of information, collaboration and joint activities in several specific areas.

### **1. Network for information exchange**

All the participants recognized that the certification programmes have much to learn from each other and would substantially benefit from sharing information. To this end, it is suggested to set up an electronic forum. This instrument would disseminate information on the activities of the different programmes, best practices (see below), news of general interest in responsible banana production, etc. One area where significant benefits could accrue is that of inspection and monitoring. Exchanging information on inspection techniques and methods could significantly improve the efficiency of monitoring. Sharing information on inspection results, however, would prove more difficult, as the confidentiality of inspections is a basic principle. The prior agreement of the producers who are being inspected would need to be sought. In the long term, the establishment of a database of auditors would be useful.

The electronic forum could also be used to share information with actors outside the limited circle of certification programmes. In particular, it could disseminate information to banana producers on various topics such as the requirements and criteria used by the various programmes, some recommendations on environmental improvements, etc. In turn, feedback from innovative and more advanced producers could be obtained by the same channel. It would also have a role of liaison with other initiatives and fora with similar concerns, such as the International Social and Environmental Accreditation Labelling group (ISEAL).

## **2. Joint research on specific issues related to banana certification**

Research on how joint inspections could be implemented in practice is considered as useful by all the programmes. It was recommended to pool information on experienced auditors in order to have centres of expertise in each producing country. The idea of facilitating the establishment of “multipurpose certification bodies” with local inspectors who can work for different certification schemes was also suggested.

Other issues where joint research could be undertaken are those listed in section II above, in particular the monitoring of labour standards, the definition of basic needs and common criteria for worker health and safety.

## **3. Training**

Training is a key factor in improving the sustainability of the banana industry. Different training programmes are needed depending on the target audience. The participants agreed that training of inspectors on issues that are particularly difficult to monitor (e.g. compliance with labour rights) would be very useful to all. In this respect, the ILO could organize specific training sessions in its Turin training centre. Training of banana farmers (including farm workers and managers) on the environmental and social aspects of banana production is also necessary.

## **4. Options for better banana cultivation practices**

Through their experience, the certification schemes have gained considerable knowledge on good practices in banana cultivation. It would be useful to pool this information, add it to other sources (e.g. FAO’s codes of good practice), format it in a user-friendly layout and disseminate it to banana producers. This could be done through the electronic forum mentioned above. However, in order to avoid sidelining small holders who generally do not have access to the Internet, a focal point would be responsible for disseminating hardcopies in each country. These recommendations should take into account the regional variations. The main users would be farmers and extension agents. Visits to more advanced farms in terms of environmental and social responsibility could be organized.

## **5. Defining a common approach to responsible banana production and trade**

The participants recommended preparing a statement of common purpose, outlining the shared goals of the five certification schemes. They highlighted the need to continue the process of dialogue and collaboration that this expert meeting has initiated.

In order to reduce confusion as to what is covered by the various labels and schemes and to ensure that retailers and consumers understand the differences between the various initiatives, a brochure will be prepared. It will summarize the common points and main differences between the schemes. There will be a brief description of each scheme (including ISO 14000), and a section with frequently asked questions. The target public will be retailers and consumers, but a special version could be prepared for banana growers.

## **Creation of an ad-hoc working group**

It was recommended to create a structure to continue the dialogue and monitor progress made on the proposed activities. This could take the form of an ad-hoc working group. Although much of the work can be done by phone and electronic

mail, the group should meet regularly (at least once per year). A co-ordinating institution and funding for co-ordination and joint activities must be sought.

It was suggested to enlarge participation in this process in order to take into account the views of key stakeholders such as the large banana companies, governmental institutions, trade associations and banana worker unions. To this end, a multi-stakeholder meeting could be organized back to back with the next meeting of the ad-hoc working group.