



Food and Agriculture Organization of the United Nations

Second Expert Meeting on
Socially and Environmentally Responsible
Banana Production and Trade

San José, Costa Rica,
10-11 December 2001

REPORT

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Note: In the electronic version of the report Appendix 4 and Appendices 3&5 are presented in separate files.

Abstract

The second Expert Meeting on Socially and Environmentally Responsible Banana Production and Trade was held in San José, 10-11 December 2001. The first day of the meeting was dedicated to the Working Group on Socially and Environmentally Responsible Horticulture Production and Trade. Recent developments in the standard setting and certification initiatives active in the banana sector were presented. The participants agreed on a plan of activities for the Working Group. On the second day various representatives of the Costa Rican Ministry of Agriculture, banana producers and the Consumers Union presented their experiences with the various certification initiatives. In the afternoon discussions were held in two groups.

The debate on social standards concentrated on the quality of auditing, the involvement of stakeholders in the certification process, local specificity and flexibility and the relation with local governments and international trade negotiations. The group agreed that the main accomplishment of social standards and certification so far has been to bring the issues into the open.

The debate on environmental standards concentrated on the multiplication of certification initiatives and on ways of increasing the cost efficiency of certification. The group agreed that the actual impacts on the environment included a reduction of pollution and higher biodiversity around farms. Certification has increased environmental awareness and has promoted a cultural change in companies, farmers and their communities.

Basic Concepts of Certification Programmes

Accreditation. The evaluation and formal recognition of a certification programme by an authoritative body.

Audit, auditor, auditing body, see inspection, inspector, inspection body. Some organizations see auditing as a process, consisting of pre-assessments, and a series of inspections leading to improvements.

Certification. A procedure by which a third party gives written assurance that a product, process or service is in conformity with certain standards.

Certification body. An organization performing certification. Sometimes referred to as the certifier or the certification agency. The certification body may use an existing standard or may set its own standard, perhaps based on an international and/or normative standard.

Certification label. A label or symbol indicating that compliance with standards has been verified. Use of the label is usually controlled by the standard setting body.

Certification programme. A system of rules, procedures and management for carrying out certification. Sometimes referred to as a certification system. One certification body may execute several different certification programmes.

Control, control body. Terms commonly used by the trade when referring to inspection and an inspection body.

Inspection. An on-site visit to verify that the performance of an operation is in accordance with specific standards of a certification programme.

The **inspector** is the person appointed to undertake the inspection. May be an independent operator or an employee of the certifier.

Inspection body. The body performing the inspection part of certification. Where a certification body performs its own inspections, the certification body is also the inspection body.

License. A document issued under the rules of a certification programme, by which a certification body grants a person or body the right to use certificates or certification labels for its products, processes or services in accordance with the rules of the relevant certification programme.

Standards. Documented agreements containing technical specifications or other precise criteria to be used consistently as rules, guidelines or definitions, to ensure that materials, products, processes and services are fit for their purpose.

Environmental standards are standards for materials, products and production processes to ensure that negative impacts on the environment are minimal or kept within certain limits.

Organic standards are standards for production and processing of organic food products.

Labour standards are standards for working conditions to ensure workers rights are respected.

Social standards can be used to mean labour standards but can also include standards for organizations and production processes on other social issues such as relating to neighbouring communities.

Normative standards: generic (general, non-specific) standards or guidelines to be used as a framework by local standard setting or certification bodies to formulate a specific standard for their certification programme, also referred to as **Standards for Standards**, e.g. the IFOAM Basic Standards and FAO/WHO Codex Alimentarius guidelines

Accreditation standards: criteria and guidelines for accreditation procedures, e.g. ISO Guide 61

Certification standards: criteria and guidelines for certification procedures, e.g. ISO Guide 65

Glossary of Acronyms

APPTA	Association of Small Producers in Talamanca, Costa Rica
BBP	Better Banana Project
CAB	Environmental Commission of the Banana sector, Costa Rica
CAN	Conservation Agriculture Network (now SAN)
CAR	Major Corrective Action Request in SA 8000
CEPAA	Council on Economic Priorities Accreditation Agency (now SAI)
COLSIBA	Coordination of Latin American Banana Workers' Unions
CORBANA	National Banana Corporation, Costa Rica
DARAO	Department of Accreditation and Registry in Organic Agriculture, Costa Rica
EC	European Community
EPA	Environmental Protection Agency
ETI	Ethical Trading Initiative, UK
EUREP	Euro-Retailer Produce Working Group
EUREPGAP	EUREP Good Agricultural Practices
FAO	Food and Agriculture Organization of the United Nations
FLO	Fairtrade Labelling Organizations International
FSC	Forest Stewardship Council
IBS	IFOAM Basic Standard
ICM	Integrated Crop Management
ICS	Internal Control System
IFOAM	International Federation of Organic Agriculture Movements
ILO	International Labour Organization
IOAS	International Organic Accreditation Services
IPM	Integrated Pest Management
ISEAL	International Social and Environmental Accreditation and Labelling Alliance
ISO	International Organization for Standardization
ISO 14001	ISO guidelines for environmental management systems
IUCN	International Union for Conservation of Nature and Natural Resources
MAC	Marine Aquarium Council
MSC	Marine Stewardship Council
NGO	Non Governmental Organization
PNAU	National Organic Agriculture Programme, Costa Rica
RA	Rainforest Alliance
SA8000	Social Accountability 8000 standard
SAI	Social Accountability International
SAN	Sustainable Agriculture Network (formerly CAN)
SASA-project	Social Accountability in Sustainable Agriculture project
SPS measures	Sanitary and PhytoSanitary measures
UNEP	United Nations Environmental Programme
WHO	World Health Organization
WTO	World Trade Organization

Introduction

First Expert Meeting

Based on the recommendations of the Sub-Group on Bananas of the Intergovernmental Group on Bananas and on Tropical Fruits in 1999, the Horticultural Products Group of the Commodities and Trade Division of FAO organized an Ad hoc Expert Meeting on Socially and Environmentally Responsible Banana Production and Trade in Rome on 22-24 March 2000. The meeting gathered experts from various environmental and social standard setting and certification programmes, small banana growers, auditors and consultants.

The debates centred on the constraints encountered in setting appropriate standards and monitoring their application. Potential solutions to overcome these obstacles were examined. It was recognized that each initiative responds to different consumer needs while, at the same time, they all share the same goal of increasing sustainability in the banana industry and can learn much from each other. Possibilities for collaboration were identified.

Working Group on Responsible Horticulture Production and Trade

The participants decided to continue dialogue and to form an ad-hoc Working Group on Socially and Environmentally Responsible Horticulture Production and Trade facilitated by FAO (further referred to as The Working Group). A brochure explaining the different social and environmental certification initiatives in the banana sector to banana buyers and wholesalers was produced and distributed in July 2000. In October 2001 a moderated electronic forum was established to discuss developments in the banana sector. The Banana Forum is open to all interested parties. Two persons have been recruited by FAO to facilitate the Working Group. They are based in Rome, Italy and San José, Costa Rica.

Objectives of the second expert meeting

The Second Expert Meeting on Socially and Environmentally Responsible Banana Production and Trade was held in San José December 10-11, 2001. Its objective was to review and discuss the experience gained since the last meeting and to plan further action. In addition the meeting aimed to involve more stakeholders in the discussions. To this end the first day of the meeting (10 December) was dedicated to the Working Group and its activities and on the second day (11 December) a wide range of stakeholders were invited. The Agenda of the meeting can be found in Appendix 1.

Outline

This paper is divided into two sections. The first section reports on the December 10th meeting with the members of the Working Group. The second section reports on the December 11th meeting in which more stakeholders participated. The first section starts with a chapter summarizing the main environmental and social standard setting and certification initiatives in the banana sector, which is meant for readers not familiar with the subject. The following two chapters describe the recent developments in standard setting and certification initiatives and the plan of activities agreed by the Working Group. Section II summarizes the presentations by the Costa Rican Ministry of Agriculture, banana industry and producer group representatives and the Consumers Union on their experiences with standards and certification. It furthermore describes the two group discussions held on social and environmental issues. The agenda, list of participants, background papers and the presentations are enclosed as appendices.

SECTION 1

Introduction to the subject and report of the meeting on 10 December 2001

I Main issues in responsible banana production and trade

An introduction to environmental and social standards and certification.

(Readers familiar with the subject can go directly to chapter II)

Growing consumer awareness

Over the past ten years, there has been growing public awareness of environmental and social issues in agricultural production and trade. Food safety crises and animal disease epidemics have intensified concerns over intensive agricultural practices.

Consumers have also become more knowledgeable about social issues in agricultural production, such as child labour, working conditions and the prices paid to small producers. There are an increasing number of company codes of conduct, some of which reach down the commodity chain to producers. “Ethical business” has entered the vocabulary of more and more enterprises.

These civil society concerns have given rise to a number of certification initiatives, some led by NGOs and others led by the business sector. Certification is a market-oriented mechanism, a proactive approach by organizations to follow the evolution of perceived market demands. Voluntary certification programmes are meant to be complementary to traditional regulatory frameworks. They use market incentives to encourage management improvements above the minimum level required by law, to implement laws that are otherwise difficult to enforce, or to suggest a framework where formal laws may not exist.

Currently, a number of certification programmes exist in the banana sector. In the following section an overview of the main social and environmental certification programmes is presented. First, the certification programmes based on performance are presented, and secondly the certification systems based on management systems and other initiatives are described.

Certification programmes based on performance

Eco-OK, Better Banana Project (BBP): The Sustainable Agriculture Network (SAN, formerly the Conservation Agriculture Network (CAN)) is a coalition of conservationist NGOs in the Americas. The SAN Eco-OK programme covers five tropical crops, including bananas. The Eco-OK programme is implemented by the Rainforest Alliance, an US- based NGO acting as the international secretariat of the SAN. The Better Banana Project aims at encouraging plantations to adopt more sustainable production methods. Although it focuses on environmental performance, social criteria have been added to the requirements for Eco-OK certification. Certified farms may use the BBP name and the names of the Rainforest Alliance and the SAN in advertising. In some cases, the Eco-OK label is used directly on fruit. Plantations of some major banana companies (e.g. Chiquita and ReyBanPac) are certified.

Organic: Organic production is a holistic management of the agro-ecosystem, emphasizing biological processes and minimizing the use of non-renewable resources. This includes maintenance of soil fertility through the use and recycling of organic materials. The use of synthetic fertilizers and pesticides is prohibited. The International Federation of Organic Agriculture Movements (IFOAM) tries to harmonize organic certification criteria and has formulated basic standards. The International Organic Accreditation Service (IOAS) accredits certification bodies that have organic certification programmes.

Fair Trade: The fair trade initiatives try to provide better market access and better trading conditions to small farmers. This includes a price premium for producers to be invested in social and environmental improvements. The Fairtrade Labelling Organizations (FLO) International exists since 1997 and is an umbrella organization of 17 national fair trade labelling initiatives. FLO has developed production

criteria, both socially and environmentally oriented, differentiated for smallholder production and plantations. Currently there are 12 producer organizations and plantations supplying fair trade labelled bananas.

Social Accountability Standard SA 8000: This workplace standard has been developed by Social Accountability International (SAI, formerly CEPAA). The standard promotes the implementation of International Labour Office (ILO) conventions covering social justice and working conditions. These include rules such as prohibition of child or forced labour, enforcement of safe and healthy working environments, rights to freedom of association and to collective bargaining. SAI accredits certification bodies to audit production facilities. Companies that do a substantial amount of sourcing from contracted suppliers can join the Signatory Member programme, which requires that the company issue a plan for moving company-owned and supplier facilities to SA8000 certification over time and report publicly on progress. SA8000 was approved for use in the agriculture sector in 2000 and so far one banana farm in the Philippines (Dole) has been certified.

For a more exhaustive description of the objectives, criteria and modes of operation of these programmes, see Appendix IV: Comparative Analysis of the Main Environmental and Social Certification Programmes in the Banana Sector, Update November 2001.

Certification against standards for management systems

ISO 14001: this standard for environmental management systems is part of a series from the International Organization for Standardization. It does not set specific quantitative performance targets but provides a framework for an overall strategic approach to an organization's environmental policy, plans and actions, and aims at continued improvements. A growing number of banana farms, including plantations of some major companies (e.g. Chiquita, Del Monte, Dole) are being certified against the ISO 14001 standard.

Other initiatives

Other groups are becoming involved in the banana sector, such as the Ethical Trading Initiative (ETI) in the United Kingdom, a multi-stakeholder alliance including supermarkets. The ETI focuses on ethical sourcing by companies, in particular supermarket chains. The ETI is a learning initiative to gain insight on how social standards can be developed and implemented. It has developed a Base Code of 9 principles, focused on working conditions.

Some European retailers organized in the Euro-Retailer Produce Working Group (EUREP) have set joint standards, called Good Agricultural Practices or EUREPGAP. The retailers want their suppliers to comply with these standards, which focus on food safety.

II Recent developments in standard setting and certification initiatives

This chapter summarizes the presentations given on 10 December. The editors have tried to reflect the presentations as accurately as possible. More elaborate summaries of the presentations can be found in appendix III.

SAN/BBP

SAN/BBP has recently initiated certification projects in Colombia and Ecuador among small producers of 5-10 ha, mainly suppliers of ReyBanPac. SAN has also started new activities in Nicaragua and the Philippines, which in particular for the latter have showed to be challenging due to civil conflicts.

The Rainforest Alliance's partnership with the SAN members is in its consolidating phase. The RA has trained 50 auditors in Colombia and Honduras in auditing of coffee, bananas and ornamental

flowers. The Rainforest Alliance is working with SAN members on harmonization of standards across products and countries. The aim is to develop a set of generic standards complemented by local and crop-specific criteria and indicators.

ETI

The members of the ETI alliance of NGOs, companies and unions, aim to learn from each other about the implementation of codes of labour practice. Members are committed to work towards continuous and sustained improvement of social conditions in the supply chain. Companies involved in ETI execute internal business evaluation programmes to assess compliance with the ETI Base Code. Non-conformities found through these self-assessments were mainly dealing with Health & Safety issues (62%) and wage levels (15%) (worldwide).

A pilot project in the Costa Rican banana sector has recently been initiated, based on lessons learned from pilots in Zimbabwe, South Africa, and China. The pilot seeks to address claims by unions of labour rights violations. The pilot is managed by 2 tri-partite groups in Costa Rica and the UK. A local multi-stakeholder group has been established. The pilot will compare audits by commercial certification bodies with audits executed by the multi-stakeholder group. Some of the lessons learned so far concern the differences in expectations among the different participants, and limited local availability of eligible commercial auditors. Furthermore it has been a challenge to move away from voting towards a process of dialogue and consensus seeking.

SAI

Social Accountability International (SAI) started with the SA 8000 certification programme in 1998, addressing the growing concern among consumers about labour conditions around the world. SAI recognized workplace circumstances in the agricultural sector differ from other industries and therefore the agricultural sector was not dealt with until 1999/2000. The SAI is continually working at making the SA 8000 system more responsive to regional and cultural differences. A driving force in participating in ISEAL and other collaborative groups is to seek harmonization among the large number of different standards and certification processes. A main challenge according to SAI is to make the certification systems affordable for the producers.

SAI has made a small survey among industries that have been operational with a SA 8000 certification for more than one year. Some positive results experienced by the companies were growth in sales, less absence due to illnesses among workers, reduced turnover of workforce, lower medical costs and lower unit cost of production. It is critical that the industry understands that it pays back to invest in human resources.

IFOAM

Organic certification is a guarantee system with two international normative systems: IFOAM Basic Standards (IBS) and Codex Alimentarius guidelines. Both are guiding certification bodies in the development of their own criteria and indicators. The IFOAM Basic Standards (IBS) are therefore not implemented directly in the field. The IOAS accredits certification bodies against the IBS. There are now 20 fully accredited bodies that are thought to account for more than 50 % of the world trade in organic produce. Last year the IFOAM seal was launched for use on products that have been certified by accredited bodies. At the IFOAM World Congress in August 2002 a new set of IFOAM standards are to be approved. These include a revision of eco-system management and social standards.

IFOAM has over 700 members. IFOAM is actively involved in the establishment of guidelines for smallholder group certification schemes. A workshop on criteria for Internal Control Systems for smallholder groups was held at the World Organic Trade Fair, BioFach in 2001 and another is scheduled for BioFach 2002. At the BioFach 2002 a conference on "International Harmonization and Equivalence in Organic Agriculture" will be held. The ultimate goal is that farmers will only need one certification to export their products. This is also important for smallholder producers to reduce the costs of certification. At the moment suppliers may need multiple certification to sell to different markets.

FLO

FLO was set up to co-ordinate the national fair trade initiatives and to run the monitoring programmes more efficiently. The 17 national initiatives retain responsibility for marketing and promoting fair trade in their respective countries and for granting the use of the fair trade label to importers and retailers. The banana fair trade programme started in 1997 and banana was the first fresh fruit sold as a fair trade product. Today there are 10 registered producer organizations. Between 1997 and 2000 the export of fair trade bananas has increased at a rate of 20-30 % per year. Today banana accounts for 19 % of the total sales in FLO registered fair trade products. FLO only certifies new producers when there is sufficient market growth.

FLO has restructured the organization during the last year. Producers and distributors are now taking a stronger part in the decision-making process, as there are now three producer representatives and two distributors in the board in addition to six representatives of national initiatives. Within the board there is ongoing work in developing strategies, policies, appeal and certification procedures. The new organizational structure came into effect in January 2002. It has created a lot of extra work to include the producers in decision-making. FLO has recently worked on harmonizing criteria among the range of products.

ISEAL Alliance

The International Social and Environmental Accreditation and Labelling (ISEAL) Alliance includes membership of eight NGOs: IFOAM, IOAS, FLO, SAI, SAN, FSC, MSC and MAC¹. ISEAL aims at establishing shared international guidelines for social and environmental standard setting and accreditation. The Alliance also tries to attain credibility and recognition for the participating organizations and defend common interests. In addition to these objectives, ISEAL serves as a common platform for the development of joint projects.

ISEAL is currently establishing a formal organization with a legal structure and starting to be fully operational. ISEAL membership is open for organizations working internationally on social and environmental standard setting, standard implementation and accreditation systems and supporting the objectives and aims of ISEAL. One of the main activities is a peer review process by the participating organizations to evaluate and improve current practices in standard setting and accreditation.

Social Accountability in Sustainable Agriculture (SASA) project

The SASA project is an ISEAL project in which FLO, IFOAM, SAI and SAN are working together. The project is co-ordinated by Novotrade. The objective is to develop guidelines and tools for social auditing in sustainable agriculture and to enhance co-operation among the participating organizations. Further objectives are to examine the impact and responsibilities of supply chain actors, to address particular needs of small- and medium- holder producers and to explore possibilities for mutual promotion of complementary systems.

The objectives will be addressed through discussions and by carrying out 12 pilot audits. Discussions will be held with a consultative email group on the ISEAL website and with pilot country groups in preparation and evaluation of the pilot audits. The pilot audits will cover a wide range of crops, farming systems, size of operations and institutional environments. A public presentation of results is envisaged for late 2003 or early 2004.

Ms. Valentina Forastieri, specialist on working conditions, safety and occupational health of the **International Labour Organization (ILO)**, talked about the role of the ILO. The International Labour Organization is the UN specialized agency that seeks the promotion of social justice and internationally recognized human and labour rights. Most of the *labour standards* of certification initiatives are based on the international conventions and recommendations of the ILO. These conventions are ratified by an increasing number of countries. The ILO also gives technical assistance to governments, employers' groups and workers organizations to promote the implementation of these conventions. Agriculture is one of the 22 sectors for which the ILO has specific sector activities

¹ see list of acronyms p. iv

programmes. In the meeting it was mentioned that the ILO has published various papers on economic implications of occupational health and safety.

III Plan of activities of the working group

The following plan for future activities of the working group was agreed. Items are summarized in order of priority:

1. Publish a review of case studies on successes and failures in different initiatives of standard implementation. Within the organizations involved in the Working Group there are valuable experiences and knowledge on why producers have succeeded or failed to implement certain standards. Much could be learned by sharing this information (with proper attention paid to confidentiality issues). These case studies could also include cost-benefit analyses.
2. Create a supportive policy environment for certification. FAO can play a particular role through its access to a greater policy group in supporting initiatives and taking part in discussions that can enhance the understanding of social and environmental benefits of certification. Related to this is the wish to enhance the co-operation with the ILO on labour standards in the agricultural sector.
3. A brochure for banana producers and banana workers about the different certification schemes. The brochure made for the banana retailers and wholesalers has received positive feedback. It is felt that there also exists confusion on the producers' side concerning the nature of the different certification schemes. A brochure could assist in filling this gap of information.

Activities that have already started and will continue in 2002 are:

4. The electronic Banana Forum for discussion of issues related to banana production and trade
5. Information exchange with the SASA project and technical support to pilot studies
6. Making reports and publications available to a wider public. The wish was expressed to create a Webpage for the Working Group.

Other ideas which were discussed:

Training of auditors. An earlier project proposal for training auditors was mentioned. The proposal should be integrated with the SASA project. This should be discussed again during the next expert meeting, when the first results of the SASA pilot studies are known.

Develop a long-term strategy. The group could discuss and formulate a long-term strategy (including how to seek synergy with other initiatives) in order to guide and focus its work. This suggestion was also referred to the next expert meeting, although discussions should begin earlier.

During the first Expert Meeting there was a proposal to compile a manual of best practices in banana cultivation and trade. However, the group found the case study format proposed during this second meeting more relevant and appealing. A collection and review of existing material should be carried out prior to commencing any case study to avoid duplication of work.

In addition to the plan of activities, the group talked briefly about organizational matters. It was mentioned that Working Group members were representing their organizations, and therefore should also arrange for time to be allocated to the working group activities. The Working Group can widen its scope to other (agricultural food) commodities whenever felt necessary to execute the above activities.

SECTION 2

Report of the meeting on 11 December 2001

I Stakeholder experiences with standards and certification

This chapter summarizes the presentations given on 11 December. The editors have tried to reflect the presentations as accurately as possible *but by doing so are not endorsing any programmes or claims*. A copy of the presentations can be found in Appendix V.

Costa Rican Ministry of Agriculture

The National Organic Agriculture Programme (PNAU) of the Ministry of Agriculture was created in 1994. Small farmers have been “moving” to organic agriculture during the last 13-15 years. Reasons were the high costs and loss of effectiveness of synthetic agrochemicals, health and environmental concerns and market opportunities. The PNAO aims at providing information for the producers to take more qualified decisions and to seek harmonization of international and national/local standards in organic production. In 2000 an Action Plan was formulated and a national certification system was developed. The Department of Accreditation and Registry in Organic Agriculture (DARAO) is in charge of accreditation of certification bodies. So far, one international and two national certification bodies have been accredited. For the formulation of the Costa Rican standards the requirements in main export markets were examined. An EC delegation was recently in Costa Rica and recommended that Costa Rica be included on the EC “Article 11-list” (countries that can export products certified by an approved domestic certification body to the EC without the need for additional accreditation or certification). However, there were three or four issues that Costa Rica was asked to improve.

The main constraints for marketing organic bananas are the limited market for banana puree, the high quality requirements for fresh bananas and the fact that most of the price premium is going to multiple certification costs. In addition the national market for organic bananas is very small.

Apart from organic production, Costa Rica has a potential for competing on social and environmental standards. There was a question from the audience whether there are any institutions in Costa Rica supporting small organic producers. There is no single institution providing such support. For small producers it is a problem that certification is relatively more costly, which reduces the profit. It is important to work on two levels. At one level, trying to improve and increase production and at the other level it is important to make the certification more efficient and cheaper to small producers.

Association of Small Producers in Talamanca (APPTA)

The producer association was founded in 1987 and brings together 1100 producers with on average 2 ha of land each. They produce organic cocoa (exported to Europe and the USA), organic bananas and some other products sold on the national market. The production system is based on shade inter-cropping.

The association collaborates with FLO on capacity building, carrying out research and supporting the farmers with technical assistance. The association is active in four dimensions: an ecological, an economic, an institutional and a social dimension. The ecological dimension includes control of soil erosion, conservation of biodiversity, water protection, reduced pressure on forest, protection of habitats and control of the carbon cycle.

They are certified by two different certification bodies, necessary for different markets. The certification system is based on an Internal Control System (ICS), i.e. the association has to control internally that all associated farmers comply with the organic standards. The certification bodies control if the ICS functions well and check some sample farms selected at random. The association spends US\$15 000 per year on certification.

Chiquita Brands

The Rainforest Alliance has certified all Chiquita farms against the standards of the Better Banana Project. The implementation of the initiative has taken 8 years and it is currently covering 127 farms in 5 countries.

The BBP initiative was driven by NGO protests against deforestation, pesticide use and labour rights abuses. At first it was rejected by the industry as too expensive and due to mistrust and confidentiality issues. Later Chiquita agreed to test the BBP on two pilot farms, which were certified in 1994. When the initiative was started there was a lot of resistance in the company. The outcome has been an increased environmental awareness, an appreciation of stakeholder concerns, an understanding of the importance of dialogue in the management process and increased transparency.

Key challenges in the implementation of the project have been to allow local management to lead by building local ownership and pride and developing a relationship with the NGO. And, in addition, to provide the financial and organizational resources needed. It is furthermore critical to have a corporate goal of certification including all management levels and to have patience.

El Guabo

The Association of Small Banana Producers El Guabo (APPBG) in El Oro, Ecuador, consists of 120 farmers who together export 20,000 boxes (1814kg) of banana per week. All farmers participating in the association have less than 10 ha. Out of the 20,000 boxes produced, 6,000 of them are sold as fair trade bananas and the rest is sold as conventional bananas. For the bananas sold as fair trade, the producers receive US\$6 per box and an extra premium of US\$1.75. Of this premium US\$0.3 goes directly to the producers, US\$0.40 to PROMESA (Project for Social and Environmental improvement), US\$ 0.9 to organizational/management development of the association and finally US\$0.15 to the subgroups of the association. It was noted that FLO thinks that too much of the premium is going to organizational development.

To be registered by FLO the association has to comply with minimal environmental and social criteria. And the association has to make a plan for continuous improvements for which a large part of the premium should be used. So the use of the fair trade premium and the priorities set in the social and environmental plan are different for each producer group. Compliance with criteria has to be obtained for the whole production area, whereas only 30% of the produce is obtaining a fair trade price.

Dole Food Company

Dole implemented the ISO 14001 standard as the first banana exporter in the world. It is often said that ISO14001 is not a performance standard. But ISO 14001 requires producers to comply with the law and improves performance through a systematic approach. Dole is committed to comply with all applicable laws and regulations in the countries in which it operates and observes those of the countries where its products are sold. Company achievements include conversion to ozone-friendly refrigerants in the container fleet, installation of recirculation systems for water in packing plants, a decline in work-related accidents, training on occupational health and safety, plastic recycling and a return system for pesticide containers. 400 growers are audited on a monthly basis. The performance of the growers has increased during the last years. In the year 2000, 80% of the growers complied with the Banana Industry Regulations, developed by the CAB (see Corbana presentation).

In the Philippines Dole has obtained SA 8000 certification of a production facility. Dole supports the development of social standards that can help improve the living standards of workers in an economically sustainable way. The social policy of Dole Costa Rica aims at creating a frank and open working environment where workers are encouraged to continue their personal development along with strengthening the company. It was stated that the social policy includes freedom of association.

In a reaction from the audience it was stated that labour union activity was not present on Dole plantations in Costa Rica. The Dole representative indicated that there were other forms of worker

representation and that Dole complies with the Costa Rican law which guarantees freedom of association.

Corbana

Corbana, the Costa Rican Banana Industry branch organization signed in 1992 a Voluntary Environmental Commitment (Compromiso Ambiental Voluntario) and initiated an environmental programme for waste management, management of agrochemicals protection of water courses, occupational health and safety and monitoring. Corbana together with several governmental and private organizations formed an Environmental Commission (Comisión Ambiental Bananera, CAB) to implement the environmental programme including the implementation of Environmental Management Systems according to ISO 14001 norms. In 1998 the first banana plantation in the world, from Standard Fruit Co. in Costa Rica, was certified against ISO14001 standards.

Results of the implementation of the environmental programme of the CAB include fulfilment of environmental and occupational law, reduction of occupational accidents, creation of a database, dialogue, participation of the civil society and capacity building within the social and environmental field. The difficulties met were the cost of the process and in particular the cost of certification against ISO 14001 standards carried by the producer, as well as market-recognition of the certification.

Consumers Union

The North American Consumers Union is an independent non-profit organization aiming at informing and protecting the consumers. The Union has created a website describing 65 eco-labels on the USA market. The large number of different labels is creating confusion among the consumers and there is a growing need for accountability.

The Union presented what makes a good eco-label in the perspective of the consumer. The best labels are seals or logos indicating that a product meets a set of meaningful and verifiable standards. The label should be consistent and clear. The organization behind an eco-label should be transparent, informing the public about their criteria, organizational structure and funding and on the process of certification and accreditation. Labels should be independent and protected from conflict of interests and there should be opportunities for public comments. Finally, the industries behind the labels should be honest about the interests they represent.

Later it was clarified that the biggest problem consumers face is the large number of meaningless and confusing labels. It is more important to increase the meaningfulness of labels than to reduce the number of labels.

II Discussion

In the afternoon session the participants split into two discussion groups; one group focused on social standards and certification and the other group on environmental standards and certification. A summary of the discussions is presented below.

A. Discussion group on social standards and certification

The comments made during the group discussion have been clustered by theme and do not follow a chronological order. Patrick Mallet, ISEAL, facilitated the discussion.

Lessons learnt and ideas on certification of social/labour standards

Quality of auditing:

The quality of auditors is essential to ensure credibility of the certification programmes. It was noted that there was a high variability in auditing methods and in the quality of auditors. There seems to be a trade-off between cost and quality. In competition for the auditing business, the auditing companies

may compete on price at the expense of quality. In addition, social auditing is in its initial phase and there will be and have to be a learning process of best practices in social auditing. Accreditation of certification bodies is an important tool to ensure quality. Certification bodies, accreditation agencies and even the companies could register and keep track records of individual auditors.

Multi-stakeholder involvement:

Many participants agreed that multi-stakeholder involvement is required in each situation to ensure local specificity. This is for example important for the judgement of child labour (e.g. for AIDS orphans work is sometimes the only way to survive and to learn basic skills). Dialogue with the local communities outside the production facility is also helpful as an additional means of verification of information provided by the company and to increase local credibility. The language used in the standard development process and in certification procedures is influencing to a great extent the potential for involvement of different stakeholders. For example Gilbert Bermúdez of COLSIBA left the meeting because there was no simultaneous interpretation. It was noted that the involvement of workers in the certification initiatives has been marginal (except for the ETI). It was questioned how certification programmes can judge whether there is freedom of association if they do not involve the workers themselves. In addition, SAI and ETI often have to educate the companies in North America and Europe, to encourage them to listen carefully to what the people in the supplier countries are saying.

Local specificity versus minimum international standards:

Some participants thought that certification initiatives should recognize the historical perspective, for example the evolution of labour law in certain countries, and should recognize the relevant national authorities. It was noted that many voluntary initiatives had ignored governments. However, it was noted that despite different levels of development and different situations, minimum international standards for worker rights can still be formulated. Labour/social standards in certification programmes should come from internationally agreed standards, and be discussed locally, otherwise there is the danger of imposing culturally specific standards onto other cultures. Certification programmes should explain better to stakeholders the origin of their standards. Most labour standards are based on internationally agreed ILO conventions.

Flexibility:

Flexibility is necessary to address problems which may partly be caused outside the influence of the employer, e.g. as a result of natural disasters. Also companies should be given time to rectify problems. This is related to sustainability; suppliers should be able to continue to employ the workers while moving to improved workplace conditions. It does not help if companies have to fire workers because of the higher costs of complying with the standards. The implications of severe declines in the price of the commodity (like those with bananas and coffee) on the ability of companies to pay a living wage were also raised.

What role can social standards and certification play?

Complementarity of instruments for social change:

Some participants were afraid that certifiers and consumers see certification as the solution for all social/labour problems, which it cannot be. The best codes in the world will not solve poverty. However, there seems to be a role for social certification initiatives to promote the enforcement of existing national law and international agreements.

Various instruments that can be used for social change are complementary:

- voluntary instruments (like ETI and certification programmes),
- regulatory instruments
- multilateral agreements that aim at structural change in the global political economy and in trade relations.

One of the reasons for companies to enter certification systems is the market, but in essence these systems are voluntary. That is an essential difference with legislation. The legislative role of the governments remains and has to be respected.

Social standards at different levels:

International level: some participants stated that social issues should be part of WTO discussions. It was suggested that there was a need for international agreement on social issues, in a similar way to the agreement on SPS measures. Those negotiations are the responsibility of governments.

National level: in many countries there is a lack of enforcement of national and international laws and regulations. That is one of the main reasons why certification systems started. A central question is what should be the relation between certification programmes and governments. Certification initiatives have to establish a dialogue with local institutions so that social standards are not seen as an imposition and so that parallel structures are not created. In some countries the government already works with the private sector in order to see how to apply the laws.

Company level: There were and are a lot of company codes and in some sectors industry-wide codes of conduct. The international voluntary standards are an instrument in harmonizing all the different company codes, making it simpler for suppliers who may have to meet many, sometimes conflicting standards, set by buyers.

Market incentives:

It was stated that certification is needed to get into certain markets, a situation which forces companies to change. Some participants saw a danger of creating trade barriers. Others remarked that respecting social standards could also be seen as an aspect of quality, and certification as a market opportunity. It was thought that voluntary certification in the private sector is accepted/respected by governments. However, certification cannot solve international trade problems.

Accomplishments of the certification and standard setting initiatives with respect to social and labour issues:

Social standards and certification are very new. Some participants felt that we are at the initial stages of a long-term transformation process. It was agreed that an important benefit of the social/labour standards and certification programmes so far has been to get things out into the open, to identify the issues. There seemed to be a consensus that certification initiatives could play a role in the enforcement of existing labour legislation, provided that multi-stakeholder involvement (including workers and government) is ensured during the standard setting, implementation and certification process.

B. Discussion group on environmental aspects of certification

The discussion was facilitated by Pascal Liu, FAO, and structured around the four following questions:

What are the main accomplishments of the certification programmes with respect to the environment?

All participants agreed that certification had led to direct environmental improvements. Visible benefits can be seen in the reduction of water and land pollution and in higher biodiversity around certified farms. It was noted however that there are different levels of intensity across certification programmes, some being much more demanding than others. As a result, the actual impact on the environment varies according to the type of certification.

Certification has increased awareness of environmental issues and has promoted a cultural change, with people increasingly integrating the environment in their thinking. Some participants argued that certification provides some form of environmental education to farm managers, workers, growers and their communities. Certification has demonstrated that it is possible to produce differently, without heavy reliance on synthetic pesticides. It has brought about new conceptions on soil fertility and the benefits of biological diversity. Certification has also had an influence on non-certified farms, some of

which have started to implement methods successfully used by certified growers such as Integrated Pest Management.

There have also been some indirect benefits of certification on the environment. Certification provides a more stable access to markets and, in some instances, higher returns. This leads to more regular and higher incomes for growers, which in turn reduce their need for depleting natural resources.

Could these accomplishments also have been reached via another way?

Due to time constraints this question was not specifically dealt with, but some of the comments made during the discussion relate to it. Many participants thought that good environmental laws and regulations are essential. However, it was felt that the lack of enforcement is a significant issue. Fiscal law can also be an approach to improving environmental performance. Financial incentives could be used in the form of tax breaks or investment subsidies for growers using improved practices. Conversely, the 'polluter pays' principle could be applied through a special tax on farms polluting the environment.

Some participants indicated that the WTO, through multilateral trade agreements, could potentially play a role in promoting agricultural practices that have less adverse impact on the environment. However, they noted that many national governments presently lack the political will to include these issues in trade agreements.

Making better use of training, extension and research institutions was seen as essential to environmental improvement. Institutions such as universities, research centres and development agencies could help devise new production methods to raise yields while conserving natural resources. However, the critical condition for implementation of improved practices in the field is the training of producers.

The group did not view the above tools as conflicting with certification. Rather, they are complementary and mutually reinforcing.

Are the results of certification achieved in a cost efficient way?

In spite of its accomplishments, the cost efficiency of certification could be substantially improved. There are several limitations in the way certification currently operates. Its high cost for small growers is a constraint that is generally acknowledged. In contrast, for representatives from large banana companies the greatest cost is the high investments required to meet the standard rather than the certification costs *per se*.

There is also some confusion generated by the multiplication of certification initiatives and labels both at consumer and producer levels. Some producers have to apply to several certification programmes in order to be able to sell to different markets. On the other hand, the quasi-monopoly situation of some certification agencies in certain producing countries might also generate inefficiencies due to a lack of competition.

The discussion group was divided on the scope of certification programmes. The representative of the Consumer Union thought that certification programmes should not try to cover too many areas (e.g. product quality and safety, social and environmental aspects). By stretching themselves certifiers run the risk of losing relevance in their area of specialization. However, some participants noted that consumers in developed countries wanted all-inclusive standards.

Finally, some participants thought that the price premium paid by markets did not always reward the higher environmental benefits of some certified systems. They mentioned that although agro-ecological agriculture (which meets organic standards) has a more favorable impact on the environment than organic farming, its products sell at the same price as organic foods.

How could the effectiveness and efficiency of environmental certification be improved?

An effective way of reducing costs for small farmers is the establishment of internal control systems in producer groups. The group controls its individual members internally and the external certification body only has to verify that the system works properly and to do a few random inspections of farms. An internal control system requires much collaboration among producers.

Also, fiscal incentives could be used to make certification more affordable and to promote compliance with standards as seen above.

Certification could also be made more effective by having public institutions at local, national, regional and international levels provide more support to producers in their effort to meet higher standards. Local institutions have an important role to play, as they know the sector well. Local certification bodies can be cost effective, transparent and independent. The use of local academics and environmental experts for inspections was suggested as a way to reduce certification costs. These experts could be trained to carry out certification audits.

Working towards standards harmonization was judged very important to avoid the extra costs due to the need to have several certifications for producers selling to different markets. Communication along the marketing chain should be improved to avoid that importers and retailers impose inconsistent or conflicting requirements on the producer.

Finally, the group agreed that from time to time an assessment of the various standards should be done to assess to what extent they meet the goal of sustainability. The objective is to 'raise the bar' (i.e. increase the standard requirements) gradually, for all producers, so as to achieve overall improvement over time.

III Concluding remarks

The second day of the expert meeting provided an excellent forum to involve more stakeholders in the discussions on environmental and social standard setting and certification. The debate was rich and, at times, lively. Participants had a constructive attitude, displaying pride for their accomplishments as well as a willingness to learn about the experiences of the others. Although the views varied widely across the spectrum of banana stakeholders, there was a consensus that progress has been made towards sustainability and these efforts should continue.

Certification was seen as a means of improving the performance of the sector, though not the only one. Appropriate governmental regulations, fiscal policies, research, training, negotiations between companies and labour unions, and multilateral trading framework were said to be essential. These instruments, including certification, can be complementary and mutually reinforcing, thus helping the banana industry improve its social and environmental performance. Involvement of a wide group of stakeholders including companies, smallholders and workers in the further development of the standard setting and certification initiatives was considered crucial.

Many participants commented on the usefulness of the meeting and expressed the wish that FAO organize a following meeting next year. This might usefully attract participants from a wider geographical background. This will mainly depend on the availability of financial resources, as was the case with this meeting.

It is not expected that the many issues debated in the meeting (e.g. global implementation versus local specificity, relation between certification initiatives and national and international regulatory bodies, harmonization of standards and reduction of certification costs) will be resolved soon. This can only be achieved through a long, iterative dialogue process including a wide range of stakeholders. It is hoped that the meeting contributed to this dialogue and that it will proceed further.

APPENDICES

Appendix 1: Agenda and List of participants

Appendix 2: Background Paper for Discussion

Appendix 3: Presentations of standard setting and certification initiatives, 10 December 2001

Appendix 4: Comparative Analysis; executive summary

Appendix 5: Presentations of stakeholders experiences, 11 December 2001

Note: In the electronic version of the report Appendix 4 and Appendices 3&5 are presented in separate files.

Appendix 1. Agenda and List of Participants

Second Expert Meeting on Socially and Environmentally Responsible Banana Production and Trade

San José, Costa Rica,
10-11 December 2001

AGENDA

Note: the first day was for participants in the working group, the second day a wider group of stakeholders was invited

10 December: Working Group on responsible horticulture production and trade

08h30 Registration of participants

09h00 Introduction

Welcome by *Paul Pilkauskas*

Rapid self-presentation of participants

09h20 Reminder of the main conclusions of the **first Expert Meeting** by *Pascal Liu*

Presentation of the **activities of the Working Group** by *Cora Dankers*

09h45 Presentation of **developments since March 2000 of the certification programmes**

Changes in organization, criteria, other developments, lessons learned

- SAN/BBP by *Tom Divney*
- ETI by *Fiona Mabbott*
- SAI by *David Zwiebel*

10h30 Coffee break

10h45 Presentations continued

- IFOAM by *Tim Marshall*
- FLO by *Jorge Ramirez*
- Discussion

11h45 **Projects**

- Presentation of ISEAL, especially in relation to projects by *Patrick Mallet*
- Presentation of joint FLO, IFOAM, SAI, SAN project: Social Accountability in Sustainable Agriculture + modular framework/ second phase training project by *Sasha Courville*
- Discussion

12h30 Lunch break

14h00 **Future role and activities of the Working Group**

- Is it useful to continue dialogue and joint activities in the Working Group?
- Focus
- The Working Group as discussion forum
- Joint activities

15h00 Coffee break

15h15 **Future role and activities of the Working Group (cont.)**

- Follow up activities [output: renewal of collaboration proposal /plan of activities]
- Representation and decision making

11 December: Discussion with other stakeholders in the banana trade

09h00 Welcome and Introduction

09h15 Presentation of **revised comparative analysis** of the main environmental and social standards in the banana sector *by Pascal*

09h45 **Presentation of the role and activities of the Working Group and of the conclusion of the first day** (*by Cora Dankers and Mikkel Andersen*)

10h15 Presentation of producers initiatives for more responsible banana production and trade

- Introduction, *by Ing. Felicia Echeverría Directora del Programa Nacional de Producción Orgánica, Ministry of Agriculture, Costa Rica*

(10h30 Coffee break)

- Organic production in Talamanca, *by Walter Rodríguez, president of APPTA*
- Chiquita's initiatives and implementation of the BBP, *by David McLaughlin, Senior Director of Environmental Affairs for Chiquita Brands*
- Initiatives by El Guabo and implementation of fair trade requirements, *by Jorge Ramírez, president of Asociación de Bananeros El Guabo*
- Dole's initiatives, *by Peter Gilmore, Dole Food Company Costa Rica*
- The Comisión Ambiental Bananera and implementation of ISO14001 *by Ing. Sergio Laprade, Corbana*
- Consumers perspectives *by Urvashi Rangan, Consumers Union*

Discussion

12h30 Lunch break

14h00 **Can conditions improve?** (Is certification an effective and efficient incentive to banana producers and traders to implement more socially and environmentally responsible production methods and trade relations?)

Introduction to the subject *by Cora Dankers*

14h20 Discussion in 2 groups

- Discussion group 1: social aspects
- Discussion group 2: environmental aspects

16h30 Coffee break

17h00 **Presentation of main findings or summary of the discussion groups**

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Appendix 2. Background Paper for discussion

WORKING GROUP ON SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE HORTICULTURE PRODUCTION AND TRADE

A. INTRODUCTION

1. This paper gives brief accounts of the Expert Meeting on Environmentally and Socially Responsible Banana Production and Trade organized by FAO in March 2000 and the activities of the Working Group on Responsible Horticultural Production and Trade, facilitated by FAO. It then outlines the main issues currently under discussion among various stakeholders.

B. MAIN ISSUES IN RESPONSIBLE BANANA PRODUCTION AND TRADE

(see chapter II of this report)

C. EXPERT MEETING ON RESPONSIBLE BANANA PRODUCTION AND TRADE

C.1. ORGANIZATION, PARTICIPANTS AND DEBATES

2. Based on the recommendations of the Sub-Group on Bananas of the Intergovernmental Group on Bananas and on Tropical Fruits at its First Session in 1999, the Horticultural Products Group of the Commodities and Trade Division of FAO, organized an Ad hoc Expert Meeting on Socially and Environmentally Responsible Banana Production and Trade in Rome on 22-24 March 2000. The meeting gathered 20 experts from various environmental and social standard setting and labelling initiatives, small banana growers, auditors and consultants.

3. Presentations were given by the main certification schemes, focusing on the lessons learned from the implementation of their programmes. In addition, FAO commissioned for this meeting a comparative study of the main social and environmental standard setting programmes in the banana sector. The presentation of this study gave the participants the opportunity to identify in detail the areas covered by each programme. The debates centred on the constraints encountered in setting appropriate standards and monitoring their application. Potential solutions to overcome these obstacles were examined.

4. Two separate working group discussions were held on social and environmental criteria. Subsequently, possibilities for collaboration were identified. The expert meeting recognized that each certification initiative has a specificity and a role to play. Each responds to different consumer needs while, at the same time, they all share the same goal of increasing sustainability in the banana industry.

C.2. COLLABORATION PROPOSAL

5. 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 was suggested to create an electronic forum. This forum could also be used to share information with stakeholders outside the limited circle of certification programmes, such as producers and retailers.

6. Research on how joint inspections could be implemented in practice was considered useful by all the programmes. It was recommended that information on experienced auditors be pooled and it was suggested that the establishment of “multi-purpose certification bodies” with local inspectors be facilitated. In addition, joint research could be undertaken on the monitoring of labour standards, the definition of basic needs and common criteria for worker health and safety.

7. Through their experience, the certification schemes have gained considerable knowledge on good practices in banana cultivation. It would be useful to pool this information, combine it with information from other sources and format it in a user-friendly layout for dissemination to banana producers. The certification programmes could also work together on training of producers and auditors.

8. In order to reduce confusion as to what is covered by the various labels and schemes and to ensure that retailers and wholesalers understand the differences between the various initiatives, it was agreed to prepare a brochure.

9. To continue this dialogue, execute the proposed activities and monitor progress, an ad hoc working group was created, in which all participants joined. Although much of the work can be done by telephone and email, it was recommended that the group meet regularly, at least once per year.

D. WORKING GROUP ON ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE HORTICULTURE PRODUCTION AND TRADE

10. The first activity undertaken by the Working Group was the production of a brochure for banana buyers of supermarket chains and wholesalers. In this brochure the SAN-Better Banana Project, Fairtrade Labelling Organizations International (FLO), the International Federation of Organic Agriculture Movements (IFOAM) and Social Accountability International (SAI) presented themselves and their activities in banana certification. Initial progress was slow, as the work was all on a voluntary basis. The brochure was finished in July 2001 and distributed widely.

11. To facilitate the Working Group, in February 2001 FAO recruited an Associate Professional Officer (APO), based in Rome. As a project to develop pilot farms was designed (see below), a second APO, was recruited in November 2001, to be based in San José, Costa Rica.

12. In August 2000 the SAN-BBP sent the FAO Horticultural Products Group a proposal for a project establishing model farms for pilot audits and as examples of good banana production practices. In 2001 the proposal was elaborated, involving all certification initiatives of the working group. The broader goal of the project is to help farmers take advantage of the growing niche markets for “environment friendly” and “fair-trade” products.

13. The main objectives of the project are to further develop and improve the certification tool for use in banana production and trade, to develop a network in banana producing countries involving producers, trainers, auditors and NGOs, to increase local certification capacity and to train farmers in socially and environmentally sustainable production methods. Planned activities are the training of auditors and banana producers, if sufficient financial resources can be mobilized. An additional project activity could be the publication of a manual on best practices in banana cultivation. The manual is intended to draw on experience gained by the various certification programmes and producers in more socially and environmentally responsible production methods.

14. The project proposal could be integrated with the Social Accountability in Sustainable Agriculture (SASA) Project of FLO, SAN, SAI and IFOAM. The main objectives of the SASA project are to develop guidelines and tools for the implementation of social audits in sustainable agriculture, applicable by all four programmes for a wide range of agricultural production systems and product chains. The project is at the fundraising stage. Discussions have been held to involve FAO in this project in an advisory role, especially in the evaluation of pilot studies and possible dissemination of their findings. The proposed training project could eventually be implemented as a second phase of the SASA project.

15. In October 2001 a moderated electronic forum started, with monthly announced discussion topics. The aim of the network is to exchange information on developments in the world’s banana industry and to discuss social, economic and environmental issues in banana production and trade. Participation in the forum is free, but members are expected to enhance the scope of the network by making a contribution or exchanging information at least every six months. The banana forum is not intended for private companies to use as a vehicle for undertaking market research or to promote their products.

E. OTHER COLLABORATION INITIATIVES IN ENVIRONMENTAL AND SOCIAL CERTIFICATION

ISEAL Alliance

16. The International Social and Environmental Accreditation and Labelling (ISEAL) Alliance is an effort by all the leading international standard-setting, accreditation and labelling organizations that are concerned with social and environmental criteria in product and renewable resource management certification. These include SAN, FLO, IFOAM, IOAS and SAI. The main goals of the ISEAL Alliance are to attain credibility and recognition for the participating organizations, to defend common interests, to promote continuing professional improvement of member activities and to strengthen social and environmental labelling in the market place.

Internal Control Systems for farmer groups

17. Currently IFOAM and FLO are, in collaboration with certification bodies, working towards the harmonization and mutual recognition of small holder group certification systems.

F. ISSUES FOR DISCUSSION

Can conditions improve?

Is certification an effective and efficient incentive to banana producers and traders to implement more socially and environmentally responsible production methods and trade relations?

F.1. INFLUENCE OF CERTIFICATION PROGRAMMES

18. It can not be denied that banana companies have given more attention to environmental and social issues during the last years. In general there has been a growing public awareness of environmental and social issues in agricultural production and trade. This awareness has given rise to various company codes of conduct, industry-wide codes and maybe even influenced company attitudes towards trade unions. The question is to what extent this is a result of the existing standards and certification programmes. Voluntary third-party certification and labelling has been introduced to assure concerned buyers that certain standards have been complied with during the production and trade process and to identify produce in the marketplace. The standards and certification programmes have both been the result of and contributed to this public awareness.

19. At this moment, certified (performance based) banana production still covers a low percentage of the total export production. The Better Banana Project claims to cover about 15 % of all bananas entering the US and European markets. Organic bananas account for about <1% - 5 % of the main markets. Fair trade bananas are only available in Europe. An increasing number of plantations are implementing the ISO14001 environmental management standard, but data on the percentage of production involved are lacking. As the SA8000 standard was approved for agriculture in 2000, several companies have started to review the requirements, but to date few plantations have been certified.

20. Although the coverage of the Better Banana Project is by far the largest, this is mainly due to the implementation by one company: Chiquita. The BBP is therefore by some perceived as a Chiquita project and for this reason other companies might not want to join the BBP. But they would not want to lag behind in terms of environmentally and socially responsible policies. They therefore may well adopt similar standards. The fact that Dole is a signatory member of the SA8000 programme similarly may prevent other companies from adopting this standard. Certainly the possibility exists that companies use certification programmes in market competition. Programmes using product labelling are in fact assuming this, and the fair trade scheme uses this to increase market access to small producers. One standard that is being adopted across the industry appears to be ISO14001.

21. The NGOs involved might not like the fact that they become associated with a specific company. But if companies compete with each other on social and environmental certification this would mean a fundamental shift away from mere price and quality competition, and the environment and farm workers might benefit from this.

F.2. ISSUES RAISED CONCERNING STANDARD SETTING AND VERIFICATION

During the first Expert Meeting on Socially and Environmentally Responsible Banana Production and Trade, March 2000 in Rome, the following observations were made:

22. Preliminary consultations during the standard setting (and reviewing) process 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, there is a trade-off between efficiency and participation in the standard setting process.
23. Standards need to take into account the specific parameters of the region where they are to be applied and consider the diversity of beneficiaries or target groups. Standards should not be too detailed in order to keep enough flexibility for more specific interpretations relevant to each local contexts. However, too much flexibility is difficult to explain to consumers and could run counter to the need for strong credibility. In case multiple certification bodies are involved in inspections, it must be ensured that the standard is interpreted by the various certification bodies in a consistent way.
24. Several studies have shown that in some cases standards may unintentionally discriminate against some categories of producers or stakeholders, for example small-scale producers. Some standards may result in an increased work burden for farm workers without increased remuneration, 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.
25. Debates on the precise definition of some key social concepts such as basic needs and indigenous rights are also affecting standard setting and certification bodies. For example, how to decide what is a “living wage” in a specific context? Where lies the border between family labour and child labour? Should standards also include the delicate issue of land ownership?
26. The monitoring of social criteria, in particular labour criteria, is much more difficult than for environmental criteria. There is a wide variation in cultural, social and economic situations across the world, and this poses difficulties both in standard setting and in monitoring. Also, it is not always possible to detect non-compliance with labour standards on a farm during a short inspection visit. It is necessary to strike the right balance between auditor’s discretion and objective criteria. Some people argue that it is impossible to be objective, and that this should be acknowledged by the certification bodies. Also, participatory workplace assessments have been proposed as a possible tool in monitoring social standards. However, such methods are time consuming and increase inspection costs considerably. Companies that have so far mainly audited against product quality standards have been criticized that they are now also auditing against social standards without having the necessary skills.
27. Small-scale farms seeking certification face specific problems. The cost of the inspection visit per hectare or in relation to the volume of produce sold is higher. Moreover they often do not have extensive administration systems and therefore lack the skills and information needed to deal with the administrative procedures involved in certification. Helping small-scale farmers to organize in groups and the establishment of internal control systems can help to overcome these problems. Another means of reducing the cost of certification and making it more sensitive to the regional context is the use of local inspectors. But investments required to comply with the standard might still be too high for small farmers, also because they have less access to credit.
28. While environmental and social certification is done on a voluntary basis by the private sector, government is increasingly entering this area by issuing regulations. It is essential to find an efficient balance between private certification and (inter)governmental regulation. Problems may arise when requirements of voluntary standards conflict with national legislation. Certification programmes cannot require that stakeholders act against the national legislation.

29. 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 and therefore can be a powerful factor for improvement. As retailers ask more and more that their suppliers are certified against quality and food safety standards, this must also be possible for environmental and social standards. However, it could be questioned if imposing environmental and social standards on suppliers would be fair and whether this would prove sustainable. The same problem as in legislation might arise: producers could be trying not to get caught, instead of trying to implement the standard.

30. Although they are private and voluntary, the certification systems must be accountable to the key stakeholders, in particular consumers and producers. SAN, FLO, SAI and IOAS/IFOAM are all NGOs. Generally speaking NGOs do not necessarily represent all the stakeholders, as their membership is not open to the wider public. The governance of standard setting NGOs is an issue that needs to be taken into account. NGOs should explain to both consumers and producers how the standard has been formulated, what the certification and accreditation requirements are, how inspections are organized and where decisions on (de)certification are taken. This transparency is necessary for producers and consumers to be able to make an informed choice. Clear complaints and appeals procedures could be beneficial in assuring such transparency.

F.3. ACCOMPLISHMENTS OF THE IMPLEMENTATION STANDARDS

31. The standards as such can easily be analyzed and in general have improved over time and are now quite comprehensive. Assessing whether they are effectively implemented in the field is much more difficult. Below a very general and undetailed overview/summary of accomplishments in the field is given. The list is not exhaustive and does not exclude that on many farms the implementation of a certain standard has had much further reaching results.

Environmental standards

32. It can be quite safely stated that on farms certified against environmental standards (BBP, Fairtrade and ISO14001) waste management has improved. Good waste management can also be expected on organic certified farms, although it does not take a prominent role in the requirements of most organic schemes.

33. A reduction of the use of pesticides and chemical fertilizers is clearly achieved on organic certified farms, but reductions in pesticide use are also claimed by BBP and fair trade certified farms. The latter two have also implemented buffer zones between plantations and water courses, nature reserves and residence areas.

34. On non-certified farms the heightened awareness of and attention to environmental effects of banana production have in general resulted in better waste management.

Social/labour standards

35. As SA8000 has only very recently been approved for implementation in the agricultural sector, there are so far few examples of implementation in the field. One observation made by companies reviewing the SA8000 standards was that they would have to start recording working hours of individual employees. Implementation of maximum hours of work and overtime payments could be one of the areas where the impact of the standard could be significant.

36. For both the BBP and fair trade certified farms, more attention is being given to worker health and safety issues.

37. Some fair trade certified farms claim they would not longer exist if they were not able to market their produce through the fair trade system.

F.4. EFFICIENCY

38. A question that might arise is whether certification programmes are the best tool to achieve the social/labour rights and environmental objectives that are guiding these programmes. Would legislation and law enforcement, voluntary corporate codes of conduct or local civil society campaigns not lead to the same improvements? Many argue that voluntary third-party certification programmes are meant to be complementary to traditional regulatory frameworks and campaigns by using market incentives to encourage management improvements above the minimum level required by law.

39. Another issue is whether the whole process of standard setting and verification is not too costly. The costs of inspections are generally born by producers, who might try to recover part of these through a higher price for their produce. A whole auditing industry has emerged, and some argue this industry is the real beneficiary of the certification programmes. (One could consider SAI, FLO, SAN/RA and IFOAM/IOAS part of this certification industry). Probably this has never been the intention of the NGOs setting environmental or social standards. It would be in the interest of those NGOs, as well as producers and consumers to try to minimize the certification and inspection costs. However, minimizing costs should not affect the quality and thoroughness and thus credibility of the inspection.

Steps toward responsible banana production and trade

40. The above considerations demonstrate the need for continued careful analysis of standards and a participatory approach in standard revisions and implementation. Valuable insights can be gained from the experience accumulated by the existing certification programmes, producers and trade unions. Dialogue with government institutions and consumer organizations is also necessary.