



Food and Agriculture  
Organization of the  
United Nations

BUILDING RESPONSIBLE  
GLOBAL VALUE CHAINS  
**FOR SUSTAINABLE  
TROPICAL FRUITS**

## PROJECT INCEPTION EVENT **9 MARCH 2021** **SUMMARY REPORT**

### **BACKGROUND**

This three-year project is led by the Food and Agriculture Organization of the United Nations (FAO) and titled “Building responsible global value chains for the sustainable production and trade of tropical fruits” (the Responsible Fruits project). The project builds on the experience gathered by FAO over the last ten years working on tropical fruits (including work with the private sector on the the **OECD-FAO Guidance for Responsible Agricultural Supply Chains** and the **World Banana Forum**), while bringing a dedicated team of specialists in responsible business conduct and sustainability to its activities. Any company in the avocado or pineapple industries is invited to participate in this project, at no cost. The Responsible Fruit project aims to help companies establish risk-based due diligence systems that will make their operations more sustainable and resilient to external shocks such as COVID-19. The avocado and pineapple supply chains have been prioritized given their rapid growth and the opportunity to make further progress towards sustainability.

### **INCEPTION EVENT OBJECTIVES**

1. Introduce the project to private sector stakeholders operating in the avocado and pineapple value chains.
2. Exchange information/experience on opportunities and challenges in these value chains.
3. Introduce technical work of this project for feedback.
4. Identify opportunities where the project can support the private sector (e.g., prioritizing topics for project’s technical guides, technical webinars on sustainability issues, research on incentives for sustainable investment, highlighting contribution to national sustainability goals or the Sustainable Development Goals, etc.).

*Note: There is no commitment required to join this event or the project.*

## PARTICIPATION

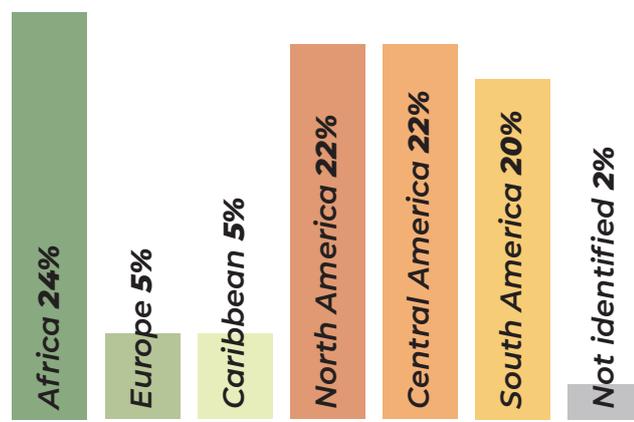
Forty-one participants joined the inception event, representing producer organizations, trade associations, packers, processors, exporters/importers and distributors. These included companies and organizations based in Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, EU, Guinea, Kenya, Mexico, Peru, South Africa, Togo and USA. (Due to time differences, a separate briefing was held for companies in Asia.)

### Participant breakdown by:

#### Gender



#### Geographic origins



#### Industry groupings

**Producers and producer associations 46%**

**Integrated producer/packer/processor/exporter 29%**

**Importer/distributor 7%**

**Vertically integrated from production to distribution 12%**

**Other 5%**

## SUMMARY

The event agenda is presented in Annex 1. The event and the project's context were introduced by FAO (item 1), and the stage set by a presentation from Rabobank (item 2) on the business case for sustainability. After this, FAO introduced the new project (item 3) and presented the main initial findings of background research on the avocado and pineapple value chains (item 4). Through discussion, FAO welcomed updates, additional information, and feedback on the main research findings from the participants. The project team also provided clarifications and further information. Finally, the upcoming activities of the project were presented (item 5) with an open invitation to the private sector to engage in these activities and ensure the project's outputs are directly useful in supporting sustainable (financial, social and environmental) and resilient businesses.

### 1. OPENING

*Mr Pascal Liu, Senior Economist, FAO*

The tropical fruits sector has been heavily affected by the Covid 19 pandemic and must be prepared for future shocks in the form of diseases, climate change and other natural disasters. Risk-based due diligence and responsible business conduct can help companies to increase their resilience to such shocks. At the same time, key import markets are increasing their standards for sustainable production and trade. The EU, for example, is expected to release a new code of conduct in June 2021.

In this context, it is important for companies to be prepared to assess, identify, manage and mitigate risks and negative impacts on their business, local communities and the environment. Companies are the primary beneficiaries of having strong risk-based due diligence systems in place. Working on due diligence and sustainability issues can also have other benefits, including cost savings (both lowering costs related to production and avoiding litigation and compensation costs), improved relationships with suppliers, clients and employees, and preparation for stricter sustainability regulations.

FAO is leading this project to assist companies, producer organizations and trade associations to address sustainability, resilience and risk-based due diligence. It is a global project (not focused on a specific country) working with the avocado and pineapple value chains. The project will provide technical support and capacity development, but not direct funding.

### 2. THE BUSINESS CASE FOR SUSTAINABILITY

*Ms Cindy van Rijswijk, Rabobank*

The fresh food sector is making a positive contribution to a healthy food system in the world, but there is a need for better communication, and that communication will be based on data and transparency.

The speaker noted that a company cannot do well without doing good, but to be successful this must be done in a planned, structured way. In the near future sustainability will become more important as retailers and consumers ask for more transparency and data. Therefore, the speaker advised companies to start to measure their impacts now in order to be prepared. There are many benefits to becoming a "sustainable company", including improved image and reputation, reduced supply risks, and cost savings. Companies may also benefit from improved relationships with suppliers, clients, and employees and anticipate stricter sustainability regulations. At this time, however, achieving a higher sales price as the result of more sustainable production remains challenging.

In 2020 Rabobank conducted a survey of more than 300 fruit and vegetable companies. The top five priority sustainability issues identified were water, waste, packaging, chemical use and energy. Social issues, including labour issues, are also important. The speaker advised companies to define their own sustainability priorities, rather than try to do everything, and begin to measure current status and goals.

Good tools, data and consumer awareness are important. Certifications are not enough. Rabobank is committed to helping companies increase the sustainability of their operations, for example, providing a market for small fruit farmers to sell carbon credits; establishing green loans with lower rates for compliant clients; and rating clients on sustainability.

### 3. INTRODUCTION TO THE PROJECT

*Mr Jesper Karlsson, Project Officer, FAO*

2021 has been designated by the United Nations as the **International Year of Fruits and Vegetables**. The aim of this international year is to create awareness of the benefits of fruit and vegetable consumption, but also examine the various aspects of the fruit and vegetable sector from a food systems approach, from sustainable production and trade to loss and waste management.

The Responsible Fruits project is designed to work with the private sector in addressing sustainability issues in tropical fruit value chains. Tropical fruits were selected because 99 percent are produced in developing countries, where they generate jobs and export revenues. The focus on avocado and pineapple is due to the rapid growth of production and trade of these fruits during the last decade, and the fact that they are part of a healthy diet.

The main outcome of the project from a business perspective is the improved performance of companies by addressing sustainability challenges in value chains, and by strengthening the resilience of the operations of companies and those of their suppliers. An overview of activities was presented, with further information provided under item 5.

### 4. PROJECT ACTIVITIES TO DATE

*Ms Marlo Rankin, Senior Researcher, FAO*

In order to prepare background information for the project, FAO analyzed the global value chains for avocado and pineapple in terms of their economic importance to developing countries. This research also aimed to identify key sustainability challenges and opportunities facing the industry and to provide initial recommendations on thematic areas for technical guides.

Following the presentation, FAO sought feedback from the participants on the findings and technical topics identified. Many sustainability issues in both the avocado and pineapple sectors were raised, including issues related to water, deforestation, gender and land tenure. Some comments raised by participants included:

- There is a need for information exchange, research and development and technical support on sustainable production, traceability, as well as marketing and trade.
- Interest was expressed in developing sustainability metrics (e.g. carbon and water foot printing tools) and learning from experiences in climate change adaptation and mitigation.
- Producers must be profitable to be able to work on sustainability issues. Low margins caused by low retail prices and higher production costs make it difficult for producers to address social and environmental sustainability challenges. This issue can be even more challenging for organic production.
- It was noted that retailers have the power to set prices, and thus at some point the involvement of retailers in the project would be appropriate.
- There is potential to learn from the World Banana Forum's **Subgroup on Covering Costs of Sustainable Production (SG-CCSP)** and other work on true-cost accounting.
- An international pineapple research organization could help the pineapple industry to diversify from a single dominant variety and become more sustainable.
- A widely recognized avocado-specific certification or roundtable could help the avocado sector to become more sustainable.

- Gender inequality was raised as issue of concern, in particular with regards to land rights and access to finance.
- Tools and practices related to water management are of high importance to sustainability in the avocado sector.
- Peer learning opportunities would be valuable if the project provides a safe and confidential space for participants.

*Participants were encouraged to send further questions or suggestions after the meeting to the project team at [Responsible-Fruits@fao.org](mailto:Responsible-Fruits@fao.org).*

## 5. NEXT STEPS FOR THE PROJECT

*Mr Michael Riggs, Technical Advisor, FAO*

Building on its research and communications with the private sector to date and responding to the discussions during this event, the Responsible Fruits project aims to continue to assess and address needs for technical support, capacity development and learning opportunities. It will further map out and prioritize challenges through focused discussions and a survey with private sector representatives. This identification of priority areas to enhance sustainability (business, environmental or social aspects) and resilience will inform:

- Organization of peer learning on pre-competitive topics. In these areas, sharing experiences and good practices, and frank exchange in a confidential environment will address challenges in a collective manner.
- Webinars to develop capacity on technical topics such as applying the OECD-FAO Guidance due diligence framework.
- Prioritization of topics to be addressed in technical guides (see below).

The project will work with industry to address priority challenges with technical guides and two value chain specific guides (one for avocado and one for pineapple). Further discussion emphasized areas of interest mentioned under item 4 that could lead to technical guides to support companies in achieving fully sustainable businesses. Key topics include climate change and carbon foot printing, organic production methods, water management and water foot printing, land tenure, marketing, gender equality, technology for traceability, and pricing to allow producers to recover their investment and the costs of sustainable production. The project team encourages further feedback from industry to prioritize these key topics.

The value chain specific guides will focus on risk-based due diligence, drawing on the OECD-FAO Guidance and other relevant tools, and address planning for, managing and recovering from external shocks. These will also draw on experiences and good practices in the industry.

Later the project will conduct analysis of the policy environment (both national and international) for these value chains with the aim to identify opportunities to support sustainability; and it will conduct analysis of investment incentives to identify opportunities and constraints for sustainable investments.

Companies that joined this event and others are all encouraged to participate in the project's upcoming activities. There is no specific commitment required, other than sufficient allocation of time to fully engage in the activities of interest.

Finally, in time the project aims to establish a multi-stakeholder project "Advisory Board". Terms of Reference will be prepared in due course, and companies interested in this role are invited to identify themselves to the project team.

## 6. WRAP UP

*Mr Pascal Liu*

FAO greatly appreciates the companies sharing frankly their practical insights and experiences from the field. In addition to technical support and capacity development, it is an aim of this project to create a safe space where companies can share concerns, achievements and solutions in advancing sustainability and increasing resilience. Confidentiality is respected. In the future, expanding to multistakeholder participation in discussions would be possible if that is of interest.

Due to time limitations not all the questions in the chat box were answered. The project team made note and has addressed these in Annex 2.

FAO looks forward to working closely with the private sector throughout the implementation of this project.

*Participants are encouraged to contact the project team at [Responsible-Fruits@fao.org](mailto:Responsible-Fruits@fao.org) at any time to indicate interests in the project activities, and with questions or comments.*

*FAO also welcomes suggestions of other companies and organizations that were not present in this event, which might be interested in participating in the project.*

## ANNEX 1.

### WORKING LANGUAGES

English and Spanish (with simultaneous interpretation).

### AGENDA

ITEM	ACTIVITY	SPEAKER
1. OPENING	Welcome and introductions. Overview of the event.	Mr Pascal Liu, Senior Economist, FAO
2. THE BUSINESS CASE FOR SUSTAINABILITY	<p><b>Setting the scene:</b> Keynote speaker Ms Cindy van Rijswick, author of Fruit Logistica Trend Report 2020. <b>The business case for sustainability in tropical fruit supply chains.</b></p> <ul style="list-style-type: none"> <li>• Presentation on findings from Fruit Logistica Report 2020 – <i>A guide to sustainability in the fresh produce business.</i></li> <li>• Questions and answers.</li> </ul>	Ms Cindy van Rijswick, Senior Research Specialist Fresh Produce, RaboResearch Food & Agribusiness
3. INTRODUCTION TO THE PROJECT	<b>Introduction to the project:</b> Project background, objective, outcome and outputs.	Mr Jesper Karlsson, Project Officer, FAO
4. PROJECT ACTIVITIES TO DATE	<p><b>Project activities to date:</b> Key findings.</p> <ul style="list-style-type: none"> <li>• Background research on: Sustainability opportunities and constraints facing pineapple and avocado industry based on value chain analysis (VCA).</li> <li>• Q&amp;A and discussion.</li> </ul>	Ms Marlo Rankin, Senior Researcher, FAO
5. NEXT STEPS FOR THE PROJECT	<p><b>Next steps for the project:</b></p> <ul style="list-style-type: none"> <li>• Discussion and expressions of interest.</li> </ul>	Mr Michael Riggs, Technical Advisor, FAO
6. WRAP UP	Wrap-up/closing remarks.	Mr Pascal Liu

For further information, please write to: [Responsible-Fruits@fao.org](mailto:Responsible-Fruits@fao.org).

## ANNEX 2.

### ADDITIONAL QUESTIONS NOT ANSWERED DURING THE EVENT

**Question:**

One participant asked why the project is not interested in processing.

**Answer:**

The background research focused on production and trade of fresh avocados and pineapples, but the project is also interested in processed fruit. It considers the entire value chains of avocados and pineapples from input and production to retail and consumption.

**Question:**

One participant requested more information about traceability systems.

**Answer:**

FAO has a growing body of experience in developing and implementing traceability systems in other sectors through blockchain and other distributed ledger technologies. If the issue is a high priority among the project participants, the project could work on traceability in the avocado or pineapple sectors. As a starting point, if there is interest, FAO could organize a technical webinar on traceability where participants and FAO could share experience and knowledge.

**Interested in joining the project or learning more?**

**Please contact us:**

[Responsible-Fruits@fao.org](mailto:Responsible-Fruits@fao.org)

[www.fao.org/economic/est/issues/investment/building-responsible-value-chains-for-tropical-fruits](http://www.fao.org/economic/est/issues/investment/building-responsible-value-chains-for-tropical-fruits)

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