Committee on Commodity Problems

JOINT MEETING OF THE THIRTY-EIGHTH SESSION OF THE INTERGOVERNMENTAL GROUP ON HARD FIBRES AND THE FORTIETH SESSION OF THE INTERGOVERNMENTAL GROUP ON JUTE, KENAF AND ALLIED FIBRES

Bogota, 25 – 27 November 2015

NOW, THE TIME TO ACT!

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**A proposal for action by the  
FAO Inter-Governmental Group on Hard Fibers  
and  
FAO Inter-Governmental Group on Jute, Kenaf and Allied Fibers**

In preparation for the FAO IGG/HFG/JKA meeting  
 24 and 27 November 2015  
Bogota, Colombia

**1. INTRODUCTION**

The year 2015 seems to be important for the activities of organizations such as the FAO, which belong to the UN family. The long established Inter-Governmental Groups on Hard Fiber, Jute Kenaf and Allied fibers (FAO/IGG/HF-JKA), subsidiary bodies of the Committee on Commodity Problems (CCP), play an important role in contributing to the development and improvement of JACKS (Jute, Abaca, Coir, Coir, Kenaf and Sisal) fiber producers in emerging economies and developing countries. Amongst other issues, the JACKS sector addresses the food insecurity and poverty reduction challenges by improving the income by food and non-food agricultural production systems, the core work domain of the FAO. In the key JACKS fiber producing countries such as Brazil, Bangladesh, India, Kenya, Philippines, Sri Lanka, China and Tanzania there is an urgent need for sustainable industry upgrading, capacity development value chain development and similar activities so that the opportunities emerging in the international market place can be captured. The JACKS fibers are a valuable part of green economic development contributing to sustainable development.

In a period where sustainable development and biobased or green economy are key global issues, in the past decades many renewable materials - including JACKS fibers - have ironically lost market share. The decline has often been attributed to fierce competition from synthetic or man-made materials. However lack of innovation, stable sector policies and forward thinking in the international JACKS fiber sector, also organized in the FAO IGG/HF-JKA are also partly responsible for the losses. Essentially these could be considered lack of international sector based proactive responses including "*governance"* failures*.*

In the past, at several IGG meetings many ambitious working modalities for the group were proposed. But day-to-day implementation and progress were very slow. Lack of funds also from the FAO essentially meant no definite programmes nor projects were undertaken.

All these issues have been repeatedly discussed at the IGG meetings hence there is no need to repeat them again here. In this brief paper a rationalized approach for initiating, developing and implementing of the IGG activities is proposed. Even though the challenges to be faced and the opportunities are many, the key focus will be to limit the activities of the group so that resources can be mobilized for collective action based on partnerships, knowledge sharing and collective learning.

**2. The IGG/HF/JKA recognizes the need for collective action**The participants of the FAO IGG/HF/JKA meeting held on 5-7 November 2013 in Negombo, Sri Lanka strongly emphasized that the group should continue its activities for the following reasons:

* The JACKS fibers have a tremendous potential to contribute towards the internationally  
   emerging industrialization of Biobased economies and renewable materials.
* In order to align to this development the sector needs to accelerate transformation and up-grading process in the JACKS fiber producing countries, who are developing and emerging economies. Thereby contribute towards better livelihood of the rural producers.
* This transformation and upgrading process needs development in several areas such as technology development and technology acquisition, sustainability management systems (including best practices), capacity development and financial resources, particularly "slow capital".
* Because the JACKS fiber countries lack the various resources, individually, to accelerate the transformation and upgrading processes collective action through a platform such as the FAO IGG is vital.
* In order to develop and implement the programmes identified by the IGG/HF/JKA support is needed by the FAO departments including the CCP and the FAO secretariate of the IGG in identifying potential (financial) resource pools and supporting the group in mobilizing these resources.

Based on this unreserved commitment and resolve the IGG has created three groups to develop activities that will contribute towards the international JACKS fiber sector development.

The three strategy and programme development working groups are:

1. **Research and Development, Certification and Harmonization**  
   Champion: Sri Lanka (Dilip Tambyrajah)  
   Members: Brazil, China, India, Malaysia, Nigeria, Philippines, Tanzania, Turkey
2. **Policy, Analysis and Value Chains**  
   Champion: Tanzania (Salum Shamte)  
   Members: Bangladesh, Philippines, Sri Lanka
3. **Promotion**  
   Champion: Sri Lanka (Ms Vasula Heralb)  
   Members: Brazil, Germany, Philippines, Tanzania

***IGG intersession & report: Action - If not now then when?***

These 3 working groups were unable to function due to lack of funds. Therefore at the IGG intersession meeting held on 25 and 26 September 2014 at FAO in Rome, the group endorsed the report “Action: If not now then when?” - A proposal for action by the

FAO Inter-Governmental Group on Hard Fibers and FAO Inter-Governmental Group on Jute, Kenaf and Allied Fibers. This report highlights the need for required funds that should be made available by the FAO to implement the activities. Yet again valuable time was lost as progress has been slow since then, mainly due to lack of funds.

**3. A rationalized approach based on focus**

The JACKS fiber sector needs to address several issues in order to strengthen its international market position and become profitable on a long term basis. However it must be now recognized and acknowledged that within the context of the FAO IGG it is not possible to deal with all the challenges faced by the sector. The reasons are:

1. the FAO itself is in a process of reorientation.
2. the resources needed to tackle all the JACKS fibers related problems are many.
3. to implement all the activities would need large sums of funds.

Therefore the proposal is to limit the IGG activities to two core areas that would create the foundations for further resources mobilization, within the FAO but also from other sources.

The two core areas are:

(a) Policy Development including analysis.

(b) Research & Development and Sustainable Development Systems including standards.

* 1. **Policy development including analysis: Capacity Development**

In an increasingly complex and inter-connected world industrial policy and strategy development can be very challenging. Especially in an international group such as the IGG/HF/JKA. In a way the lack of a robust strategy, at a collective level, could be one of the factors contributing towards the marginal position of JACKS fibers.

In order to make progress a clear understanding of the past, present and the future conditions of the JACKS fiber sectors and their environment is crucial. Given the complexities and broadness of areas the focus of the IGG should be at a more macro level. The analysis must be based on evidence and facts using state of the art approaches, where there is an appropriate balance between the collective challenges of the JACKS fibers, the issues at country level and at the level of individual fibers.

It must be emphasized that this process can only be successful when the IGG members determine the march route of this activity i.e. a bottom up process. This is because the challenges and issues are better known to the members of the IGG than “external” sources including the FAO. Facilitation of this IGG member driven bottom up process is the ideal role of the FAO.

Knowledge sharing and collective learning are key factors for success of this activity. Therefore Capacity Development in these domains must be the 1st step in institutionalizing this work.

The rationale to propose this as a core activity is because it is anticipated that understanding the developments of the JACKS fiber environment would create the foundation for further discussions leading to programme and project formulations. The IGG members could decide how it will structure and organize further these activities.

In ***appendix 1*** an possible bottom-up and inclusive approach is presented.

* 1. **Research & Development and Sustainable Development Systems including standards.**

**Sustainable industrialization: Towards achieving Sustainable Development Goals**Sustainable development has been a major theme in the past years and will be so in future too. At its own initiative the JACKS fiber sector, under the leadership of the International Natural Fiber Organization (INFO) started a project to lay the foundation for Sustainability Management Systems. This project was endorsed by the IGG and supported by the Common Fund for Commodities (CFC) under the fast track scheme. The group has made significant progress in arriving at a consensus of what the collective understanding of "sustainability" for the sector will be and has developed a framework for further activities. The framework is based on the state-of-the-art thinking of Sustainability systems. The JACKS fiber countries have shown willingness to contribute towards further development, piloting and roll-out of the activities. However additional funds are needed to implement this complex project consisting of 5 natural fibers spanning 7 countries.  
The rationale of this approach is to promote JACKS natural fiber production, upgrading, productivity and value chain and value addition by Sustainable Development concepts based on People, Planet and Prosperity for all.

After about 2 to 3 years of discussions it could be concluded the group cannot depend on support from the UN Forum for Sustainability Standards (UNFSS), managed by UNCTAD, on the short run.   
 **Research & Development**Research and Development are key to any industrial and business activity and the JACKS fiber sector is no exception. However given the wide scope of R&D needed and the limited availability of resources a shortlist of 4-5 themes for further development has been identified at the November 2013 IGG meeting held in Negombo, Sri lanka by the members of the IGG. The intention is to produce R&D research programmes and project proposals and with the support of the FAO to seek funding for implementation.

Based on discussions the following short list of topics was proposed as priority areas needing short term action.

**Based on this initial list the following themes were identified for further thematic development:**1. Science and Technology Networks. South-South-North networks  
2. Developing a roadmap for Bio-refinery for JACKS fibers  
3. Making Natural Fiber Composite Technology accessible to JACKS fiber producing countries.  
4. Developing a roadmap for nano-technology for JACKS fibers.  
5. Impact of climate change on JACKS fibers

This short list does not imply that the other themes are not important for the JACKS fibers but it only means initially the focus would be on these 5 topics.

1. **The next step**  
   The key issue that must be addressed by the IGG members is how this important but limited number of two core activities can be funded.

**APPENDIX 1:**

**Capacity Development for Forward thinking & Evidence based policy development**

FAO Inter-Governmental Group on Hard Fibers, Jute, Kenaf & Allied Fibers  
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**Background**The various IGG member countries provide fiber (JACKS : Jute, abaca, coir, kenaf, sisal etc.) statistics to the FAO. This data is then compiled and presented at the IGG meetings and on the FAO website. However, obtaining data from member states is becoming increasingly challenging but this is another matter and would not be addressed further here.  
The FAO conducts econometric modelling for various food commodities. COSIMO is one of the econometric models used by the FAO. COSIMO is essentially used for projections of food commodities and not for the IGG fiber crops. In addition the COSIMO nor the FAO have the expertise in-house to model the wide and complexities of the JACKS fibers. This is mainly because there were no serious efforts made by the group. However in an ever increasingly interconnected, complex, global and turbulent world understanding the future is equally important as assessing policy impact or even the lack of it.

There is a need to correct this shortcoming by a bottom-up and inclusive process lead by the IGG members. The group members, who are active on a daily basis and engaged in the fiber markets, must play an important role in guiding this activity, instead of too much “theoretical” work. External consultants can't do such work because there are very few consultants (maybe even none), who have an overview on all the JACKS fibers. However in case the group lacks expertise in critical and relevant domains or methodological aspects then external support in the role as facilitator maybe considered. Additionally, the vast "internal resources" of the FAO should be tapped to provide support the activities of the IGG. When combined with the expertise available within the group, it will increase the effectivity and more importantly reduce costs.   
  
Against this back-drop an approach is suggested for the so called "fiber projections", that the FAO secretariat wishes to produce. This is mainly concerning the use of the COSIMO econometric modelling used by the FAO. In the past the IGG members have requested the IGG to consider producing more “marketing oriented” insights of the JACKS fibers. Therefore methods should be developed to embed COSIMO is a broader approach to “projections”.

**The need for projections: More than just statistics and extrapolations**

The IGG certainly needs to have market insight and to understand market developments so these insights could be used by the fiber producers to develop policies and strategies. This can be at collective, individual fiber and at country level. Providing this insight to the members is a key function and activity of the IGG. Therefore it is also a key function of the FAO. These insights could be the foundation for evidence based policies and strategy development.  
  
Essentially in this case the data and models could be categorized as follows:  
  
(1) The 1st category would be (econometric) models/methods for long term projections and to test policy and the impact of events. An instrument/tool like the FAO COSIMO falls in this category. COSIMO is essentially Macro-economic modelling using complex econometric methods for the simulation. The dangers are (a)The models could be highly simplified and would not be capturing economic realities (b) "Garbage in - Garbage out". In addition the user needs to fully understand how the model works to assess the workings and outcome of the projections.  
  
Discussion with key IGG members have confirmed that, at this point in time, the level of "know how" on how the FAO COSIMO works does not exist within the group. Some members have even questioned the validity of long term quantitative projections, this irrespective of the workings of the model.  
  
The key point could be that COSIMO in driven mainly by macro-economic indicators. It seems to lack a holistic view that integrates various developments in domain such as technology, (non-parametric) social developments, market preferences (other than at macro level) and the qualitative aspects of the real world. This is not the place to discuss the pros and cons of econometric modelling or COSIMO but it is sufficient to state that the IGG members wish to understand this modelling approach further so they could maximize its benefits.   
  
(2) The 2nd category is more about "market insights", preferably per market segment, on medium term say 3 - 5 years. These medium term out-look can be embedded in long term (10-15 year) approaches such as the futures studies. As International Natural Fiber Organizations (INFO) has already started work with the Foresight approach for the JACKS fibers. The key IGG members have already participated in getting to know this holistic approach, consider it very valuable (at collective and individual level) and have expressed strong wish to proceed further with this approach. The FAO COSIMO can be one of the tools  (and not the only one) used in producing such insight into the development of the JACKS fibers.

This is a different type of projection/analysis than a pure econometric approach such as a COSIMO and it is more "marketing oriented". Therefore it needs a very broad and deep understanding of the fiber markets and global developments. This is typically something where the IGG as a group needs to play a pivotal role.

In a recent request (in *If not now, then when?*) for support from the FAO for the IGG, mention has been made for the need for **Capacity Development** in this domain.  
  
In order to make progress in this matter, instead of a top down approach of the FAO (with COSIMO), a more the collective and participatory bottom-up approach is needed.

**The proposal for collective action**  
The steps that may recommend are:  
  
**(1) Organizing**A Working Group (WG) explores the possibilities of generating “market insights”. This could also include the customization of the FAO COSIMO model for the JACKS fibers.  
The FAO need not hire external consultants and spend money instead they can allocate these funds to the IGG Work Group. This budget can cover the costs of the group.   
FAO has competent in-house staff developing and using COSIMO so they can guide the WG.  
Essentially, it means the FAO COSIMO experts translate the IGG group inputs into the models.  
This could enhance the possibilities of a more "realistic" modelling of the JACKS fibers.  
  
**(2) Time scale**The project time horizon can be 2 years, where the WG can meet say 4 times in Rome or elsewhere.  If it can be done faster than the time needed could be reduced. This can be decided at the end of the 1st workshop where matters become transparent and the nature of the work needed becomes clear. It is better to have a longer time scale and finish faster that take a short time scale and run into planning problems.  
  
**(3) Getting the modelling work done for JACKS fibers**During the 4 workshops the WG can be briefed on the modelling aspects of COSIMO and the type of inputs the groups experts need to provide.  
This can be in a structured in a uniform manner to ensure efficiency of work method and data generation. Also it will ensure continuity for own fibers because things can change at FAO.  
  
**(4) Going public**Once the model is seen to reflects, as closely as possible, the JACKS fiber sectors and the results tested to be plausible then the WG can generate projections for public use.  
  
**(5)  Training of people to use COSIMO**  
In the mean time there is a need to train per country 1-2 persons who are able to run the COSIMO simulations at country level so that they can assist at policy development at country level. This "technical team"  can be the back-office and COSIMO network that supports the work of our group at national and international level.  
  
Each WG member can then hold briefings at national level in order to institutionalize this activity. This way the group ensures its own network and continuity in a cost effective way.  
 **The budget from the FAO**  
A budget will be needed for a 2 year period and the 4 workshops in Rome in order to cover the travel and accommodation costs for say a group of about 20 persons. This budget must be allocated to the IGG WG.