



On the Horizon

With almost one third of the global population dependent upon commodity production for their livelihoods, and commodity production as one of the most important sources of environmental degradation, there is a deep need for more proactive and coherent sustainability strategies in commodity production and trade at the global level. Voluntary initiatives offer an important vehicle for developing such strategies, but realizing this opportunity will require significant coordination, investment and foresight.

The growth of voluntary sustainability initiatives over the past two decades suggests that a migration towards more sustainable supply chains is well under way. Voluntary initiatives have done an excellent job in determining critical intervention points for addressing specific challenges to sustainable development while improving economic opportunities for producers and others along commodity supply chains. For the most part however, these impacts have only been realized on a small scale relative to global production. Where such initiatives have entered supply chains in a more substantial manner, they often face significant economic and infrastructural constraints limiting their ability to bring about widespread change.

The SCI, through its research, network facilitation and initiative development activities, offers a unique meeting ground for developing shared strategies that combine the forces of the market and public policy towards a common vision. The SCI looks forward to your input in building this vision.

The Sustainable Commodity Initiative

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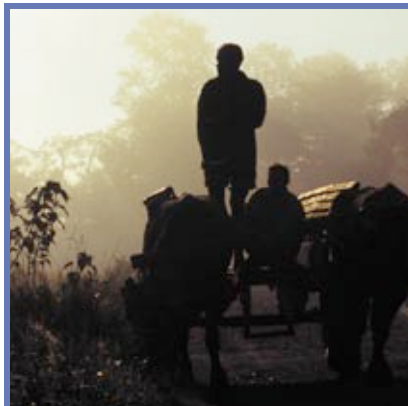
Web: www.sustainablecommodities.org

Sustainable Commodity Initiative (SCI) is managed by:

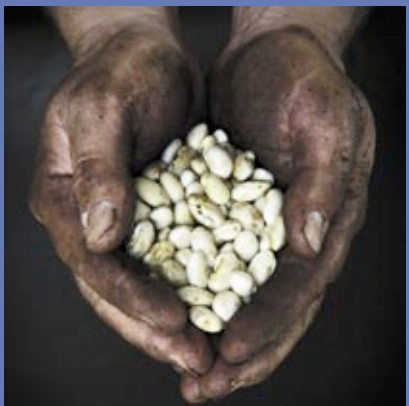


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Global Strategies Local Change



The Sustainable Commodity Initiative is a multi-stakeholder initiative dedicated to lifting the more than 2.5 billion commodity dependent rural poor out of poverty through sustainable production and trade.

The SCI's work revolves around providing key support to the mainstreaming of sustainable commodity production by improving the efficiency and impact of existing initiatives. The five priority areas of the SCI include:

- Strengthening **Technical Assistance** for sustainable production.
- Supporting access to **Market Information** on sustainable products.
- Improving **Access To Finance** for sustainable production.
- Strengthening the **Evidence Base On Impacts** of sustainable products and supply chains.
- Facilitating the development of **Supportive Policy** for sustainable products and markets.

By focusing on these priority areas, the SCI hopes to facilitate improved long-term sustainability across global commodity markets.



Over the last decade more than 20 new global voluntary sustainability initiatives have been established with the aim of leveraging market forces to promote sustainable development. While the growth of voluntary initiatives has increased the opportunities for consumers and other stakeholders to support sustainability, it also raises a growing number of questions:

- What are the actual social, economic and environmental impacts of different voluntary initiatives?
- What are the costs associated with implementing initiatives and who should pay those costs?
- Is the infrastructure needed to enable efficient implementation of voluntary initiatives on a global and local scale readily available?
- Are gains possible through enhanced coordination between initiatives and sharing of best practice?
- Where is complementary policy support needed to maximize positive uptake and impact?
- How can voluntary initiatives assist the international community in ensuring that sustainable practices are adopted into commodity production and trade to enhance social, environmental and economic welfare on a global scale?

By seeking answers to these key questions, the SCI aims to contribute to a forward-looking agenda of policy and initiative development - strengthening the long term sustainability impact and reach of global commodity chains..

The SCI's Mission and Objectives

The SCI's mission is to improve the sustainability of international trade and global commodity markets. The specific objectives of the SCI are to:

- Improve stakeholder and policy decision making capacity through enhanced access to information
- Improve return on investment ratios for voluntary initiatives through enhanced efficiencies and economies of scale
- Improve the poverty reduction impacts of voluntary initiatives through enhanced participation of rural stakeholders in initiative development
- Improve the environmental impacts of voluntary initiatives through market growth and continual improvements

The core functions of the SCI in meeting these objectives are to conduct targeted research on market impacts, to facilitate the collaboration and information sharing across existing initiatives, and to facilitate policy and initiative development.

Why was the SCI Developed?

The growth in the number of NGO, government and industry led initiatives has led to more opportunities for implementing sustainable practice in commodity sectors, but has also led to a multiplication of transaction and implementation costs that threaten the viability and impact of these approaches.

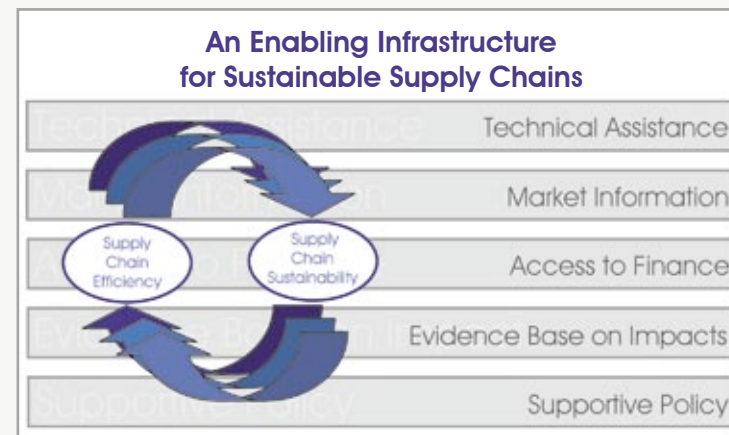
Most initiatives have similar objectives and perform similar activities and have the potential to benefit considerably from shared learning and collaboration with service provision.

Finally, the focus of most voluntary initiatives on the practices of individual supply chain actors is an important, but as yet largely untapped, complement to global "macro" oriented commodity policy.

Building on these three main observations, IISD and UNCTAD came together to form the SCI in 2003 to provide a common and open platform to take advantage of these opportunities.

The SCI's Approach to Sustainable Supply Chains

Drawing from a number of sector specific research activities and multi-stakeholder strategy workshops, the SCI has identified five cross-cutting areas of need for the promotion of sustainable production practices across global supply chains. These areas form the pillars of the SCI's approach to building sustainable commodity markets and supply chains.



- Strengthening **technical assistance** for sustainable production
- Supporting access to **market information** on sustainable products
- Improving **access to finance** for sustainable production
- Strengthening the **evidence base on impacts** of sustainable products and supply chains
- Facilitating the development of **supportive policy** for sustainable products and markets

In order to meet these needs the SCI's focuses on:

Conducting Research: Core research provides a basis for network, policy and initiative development activities. The SCI has developed leading edge methodologies, such as the "Global Commodity Chain Sustainability Analysis", to understand the value of initiatives that cut across commodities and regions. Topics include:

- The analysis of market and supply chain structures to identify where production and trade face the greatest sustainability challenges
- What are the field level, supply chain and market impacts of voluntary initiatives?
- What are the advantages of public or private initiatives in any given case?
- Examples of best practice

Facilitating Networks: The SCI is built on the premise that the strongest advice comes from experience and that the greatest gains are available from collaboration. As such, the SCI promotes multi-stakeholder dialogue and collaboration across the project, initiative and policy development processes. For the SCI, these networks have a value well beyond the specific activities they spawn, due to their ability to generate longer term relationships and cooperation across sustainability initiatives and other stakeholders.

Facilitating Project, Initiative and Policy Development: Although the SCI builds on a foundation of science-based research, it is fundamentally action oriented. Supply chain stakeholders are principally concerned with "getting down to business" and the SCI believes in facilitating stakeholders in this effort. This spirit feeds the development of new initiatives to fill gaps in existing supply chain efforts, more targeted projects and informative recommendations to policy makers.

SCI Cross-Cutting Initiatives

Sustainable Commodity Assistance Network (SCAN)

SCAN is a capacity building project aimed at providing customized, needs-based technical assistance to producers wishing to adopt sustainable practices and enter sustainable markets. SCAN has partnered with key global standard setters and technical assistance institutions to start implementing a generic technical assistance network in target regions, aimed at mobilizing an increased number of organizations to provide support services to producers entering sustainable markets.
www.sustainablecommodities.org/scan

Committee on Sustainability Assessment (COSA)

The COSA team has developed a scientific methodology using multi-criteria analysis for gathering and understanding concrete, fact based data on the outcomes associated with sustainability programs. The COSA process will provide the first reference point for producers seeking to enter sustainable markets successfully. As the first source of objective and comparable data on global sustainability initiatives, COSA will provide a robust foundation for policy makers and standards bodies as they work to prioritize policy issues and ensure the effectiveness of their programs.
www.sustainablecommodities.org/cosa

Finance Alliance for Sustainable Trade (FAST)

FAST is an international, member driven, non-profit association representing financial institutions, producers and others dedicated to bringing "sustainably produced" products to market. FAST will ensure the continued growth of sustainable production and trade by increasing the number of producers in developing nations who successfully access trade finance. Together with FAST, the SCI will develop the financial management skills of sustainable producers, improve access to finance and financial services and gather data that demonstrates the sustainable development impacts generated from socially oriented lending.
www.sustainablecommodities.org/fast

Priority Commodities: The SCI has conducted supply chain analysis research in aluminum, soy, cotton, sugar, coffee, cocoa, forestry products, electronics supply chains, shrimp and fisheries. Priority product areas for continued research and action in the coming three years include: soy, palm oil, coffee, cocoa, tea, sugar, bananas, cotton, timber, wood pulp and shrimp.

Who Benefits from a Global Approach to Sustainable Commodities?

Policy Makers: Public decision makers benefit from fact-based information through SCI research and project evaluation as well as policy guidance.

- The SCI's uniquely objective and neutral approach helps facilitate effective policy making.
- SCI projects and initiatives provide a direct opportunity for policy makers to stimulate convergence, efficiency and overall development of the voluntary sector without interfering with markets by supporting one sustainability brand over another.

Private Sector Stakeholders: The SCI provides stakeholders with strategic and neutral guidance on sustainability approaches that they can incorporate directly into their sourcing strategies.

- Improved access to information on producer needs and corresponding technical assistance helps private sector stakeholders secure stable supply of sustainable products while ensuring maximum sustainability impacts.
- Improved management efficiency at the producer level helps reduce costs for other supply chain actors.

Producers and Producer Organizations: The SCI's project based approach seeks to enable direct capacity building for producers to access sustainable markets including:

- Basic improvements in business management capacity ranging from internal quality control to financial management. Improved capacity helps producers become stronger suppliers and increases their likelihood of successful compliance to sustainable production methods.
- Improved access to information on sustainable markets and initiatives helps producers differentiate between standards, understand the costs and benefits associated and make more informed decisions when choosing the sustainable production method that best suits their business.

Consumers: Consumers benefit from improved information on the impacts of their consumption decisions while improving the efficiency of the initiatives available on the marketplace.

Some of the SCI's Partners Include:

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| AIDEnvironment | Sustainable Agricultural Initiative Platform |
| Cadbury | Technoserve |
| CIMS | Trade Standards Practitioners Network (TSPN) |
| CATIE | TWIN Trading |
| CIRAD | Utz Certified |
| Forestrade | |
| Green Mountain Coffee Roasters | |
| IIED | |
| ISEAL | |
| Rabobank | |
| Rainforest Alliance | |
| Root Capital | |
| Solidaridad | |
| Starbucks | |

