TRADE, DEVELOPMENT & THE ENVIRONMENT HUB

Agricultural Commodities: Impacts and Opportunities for Change

4th – 8th November, 2019
London, UK

Partners

Funders

The UK Research and Innovation Global Challenges Research Fund (UKRI GCRF) Trade, Development and the Environment Hub is working with over 50 partner organisations from 15 different countries. The project aims to make sustainable trade a positive force in the world by focusing on the impact of the trade of specific goods and seeking solutions to these impacts.

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Executive Summary

This report presents the outcomes of the UK Research and Innovation Global Challenges Research Fund (UKRI GCRF) **Trade, Development and the Environment (TRADE) Hub** 'Agricultural Commodities: Impacts and Opportunities for Change' meeting held in London on the 4th – 8th November 2019.

The meeting provided an opportunity to convene leading experts to discuss the state of knowledge and scientific and policy needs to measure and mitigate the impacts of global agricultural commodity chains on nature and people, particularly in developing countries.

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Background

Trade in agricultural commodities could become an engine for inclusive economic growth and poverty reduction. Yet, to date, exploitation of wild resources and land conversion for agriculture – in DAC regions and others - has led, and continues to lead, to severe environmental degradation and biodiversity loss, placing in jeopardy the successful implementation of the Sustainable Development Goals (SDG's).

The TRADE Hub's intractable challenge is to overcome the longstanding tension between economic growth driven by trade in agricultural commodities, and the associated biodiversity and related social impacts that often accompany this trade. A failure to address these impacts will exacerbate the ongoing biodiversity loss crisis, and ultimately undermine medium and long-term economic prosperity at local, regional and global scales.

Our research vision is to provide the data, analyses, ideas and partnerships to accelerate the transition to a sustainable global trade system that reduces impacts on biodiversity and people, increases the social benefits of wildlife use and agricultural production, and fulfils the SDG's mission to "leave no-one behind". Our hub will develop new and long-overdue areas of cross-disciplinary science to analyse, understand, and increase the traceability and transparency of impacts for sub-national, national and global trade flows. It will also, and by using a model of co-design, facilitate collaborations among research groups and private and public sector institutions working on trade within and across continents, and between DAC countries and the UK. These collaborations will enhance the relevance, and promote the uptake, of our research, supporting decision-makers at all scales to develop and implement relevant policy and regulations. The scale of the challenge and time-frames associated with transitions in a complex trade system mean that large-scale impacts are only likely to be realised after the end of the hub. A key outcome will thus be to ensure that significant capacity and momentum is built across our partnership to continue the work on public policy and industry engagement well into the future.

Day 1: Biodiversity, Social Development and Trade

Leads: James Vause (UNEP-WCMC) and Elena Antoni (UN Environment)

The aims of the day were to outline the challenges to achieving sustainable trade, and the existing and potential solutions including the role of biodiversity and social change metrics and indicators in trade related policy, and the role of international environment and development policy. This was based on the TRADE Hub's scoping work carried out by internal and external partners.

Morning session – Influencing the positive and negative impacts of agricultural commodity trade

Presentation: Policy and Public Sector

Menti question and answer session

Figure 1: Why aren't global markets delivering socially just, environmentally sustainable trade?

Figure 2: Who do you think the most important actors are with regard to improving the outcomes and trade for people and biodiversity?

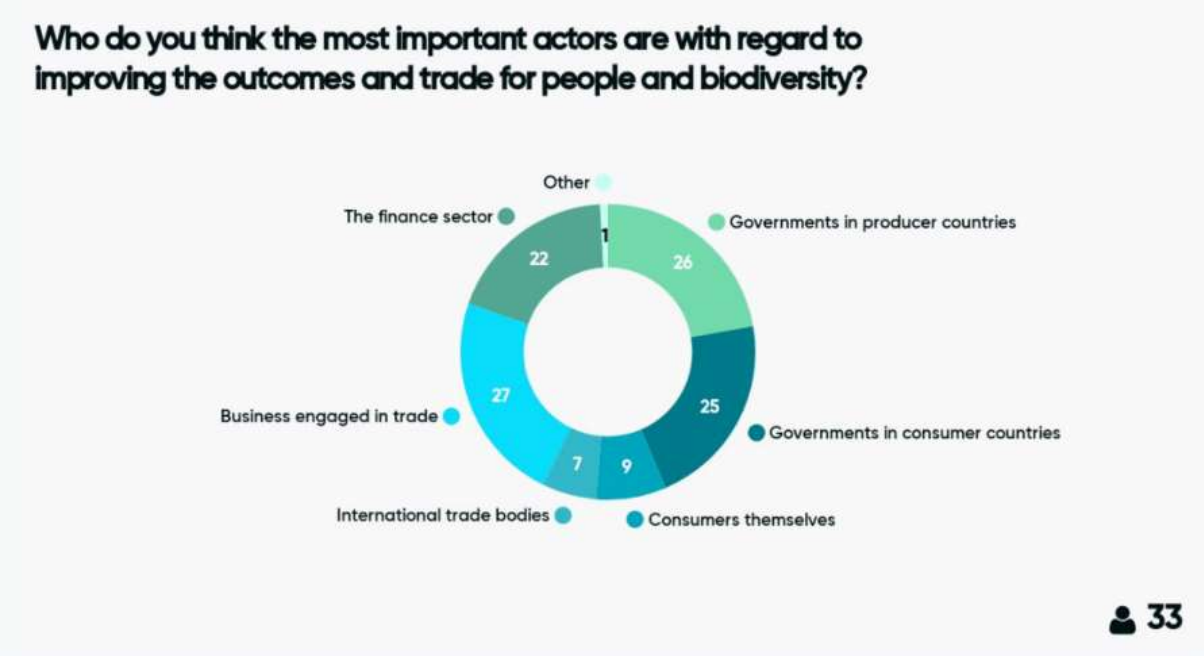
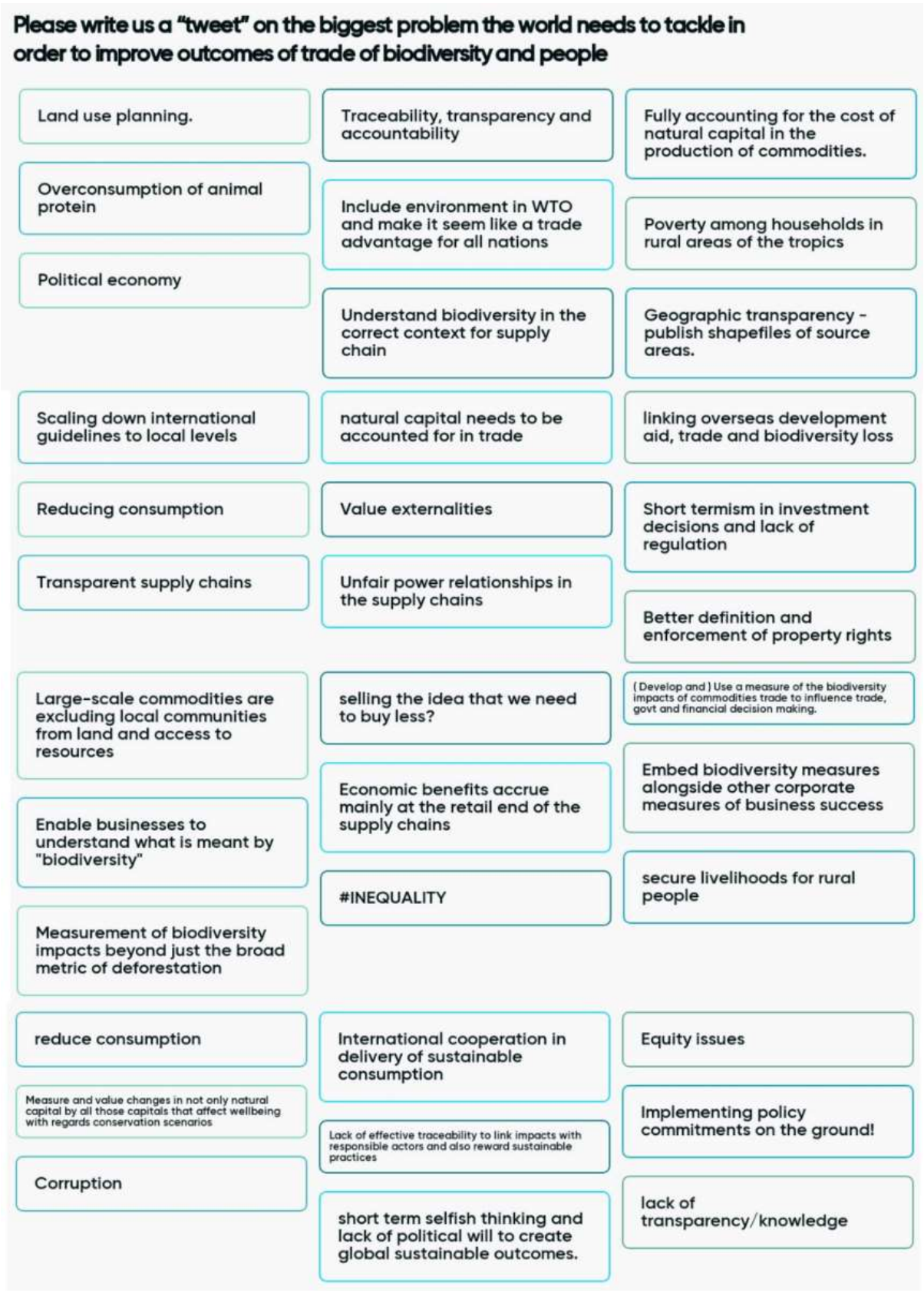


Figure 3: What is the biggest problem the world needs to tackle in order to improve the outcomes of trade on biodiversity and people?



What do you think the TRADE Hub's biggest opportunity is?

- Providing solutions for countries/businesses seeking to establish sustainable supply chains (e.g. supporting implementation of French due diligence requirements on environmental and social impacts, feeding into development of EU discussions on reducing its environmental footprint.)
- Regulating for disclosure of financial and private sector impacts and require mitigation and minimum standards.
- Finding ways to integrate biodiversity in trade agreements – so helping to ensure that future FTAs do not have adverse impacts on the environment and society.
- Help to show the true price and cost of commodities that correctly value biodiversity and ecosystem impacts and ensuring costs can be fairly absorbed across the supply chain.
- Analysing national legal frameworks to explore whether promoting legal compliance would bring about positive impacts on biodiversity (e.g. to take approach of VPAs and FLEGT as done for timber).
- And a major challenge was identified as: To remember that consumption leads to destruction, inevitably, and that sustainable trade might be a beautiful term but not achievable if we do not talk about consumerism and affluence.

Afternoon session: Barriers and opportunities to making trade more sustainable

The afternoon session went into depth on what can be achieved to make trade more sustainable through trade and trade-related rules, agreements, and policies, among broader policy frameworks that equally affect trade impacts and trade flows. Participants considered what trade-related instruments, institutions, and policies should we consider that might catalyse change or prevent it, and what barriers and opportunities might we face and come across?

Group work allowed participants to discuss what trade institutions and policies may catalyse change or prevent it, and how. Guided with pre-prepared questions, seven groups formed to focus on different agricultural commodities, policies and regions (Appendix A).

Day 2: How to Strengthen Corporate Action

Leads: Sharon Brooks (UNEP-WCMC), Cath Tayleur and Julie Sigles Robert (Cambridge Institute for Sustainable Leadership (CISL))

Businesses, including finance institutions, play a pivotal role in the way in which agricultural production and trade takes place. Many companies and banks are aware of the risks they face from negative social and environmental impacts and are developing mitigation strategies, setting bold commitments, and leading and joining multi-stakeholder initiatives. Despite these efforts, international and national commitments have not been met and significant challenges remain in measuring, disclosing and managing impacts. However, business cannot work alone and the need for private-public co-operation is required for transformational change on the ground.

The focus of day 2 was to gain insights from private sector experts on the most relevant barriers and levers for the Trade Hub to address to drive impact in the corporate and finance context. The day also identified key opportunities for Trade Hub research to create scientific tools and evidence to support uptake of more sustainable strategies for agricultural production and trade by the private sector.

Morning session: Barriers and opportunities for corporate action to foster sustainable trade

The desired outcome for the morning session was for The TRADE Hub to have a clearer impact pathway for how to drive change in relation to working with the private sector.

Menti question and answer session

Figure 4: Which Trade Hub commodities are most pressing in terms of sustainability (social issues)?

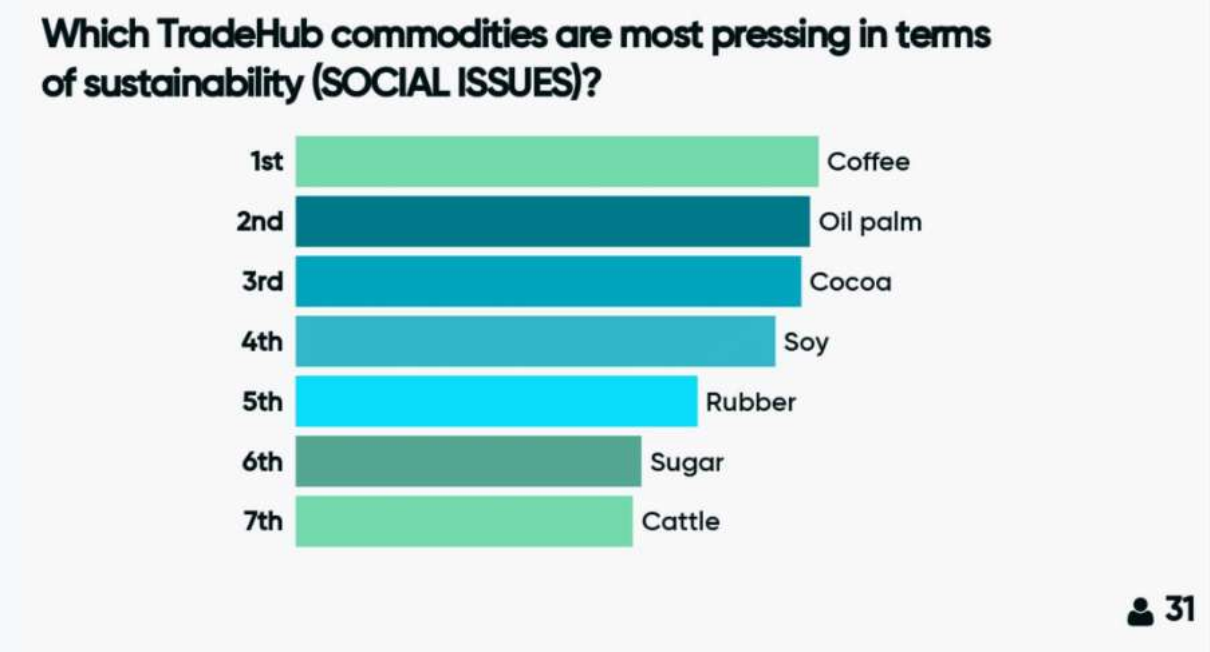


Figure 5: Which Trade Hub commodities are most pressing in terms of sustainability (biodiversity issues)?

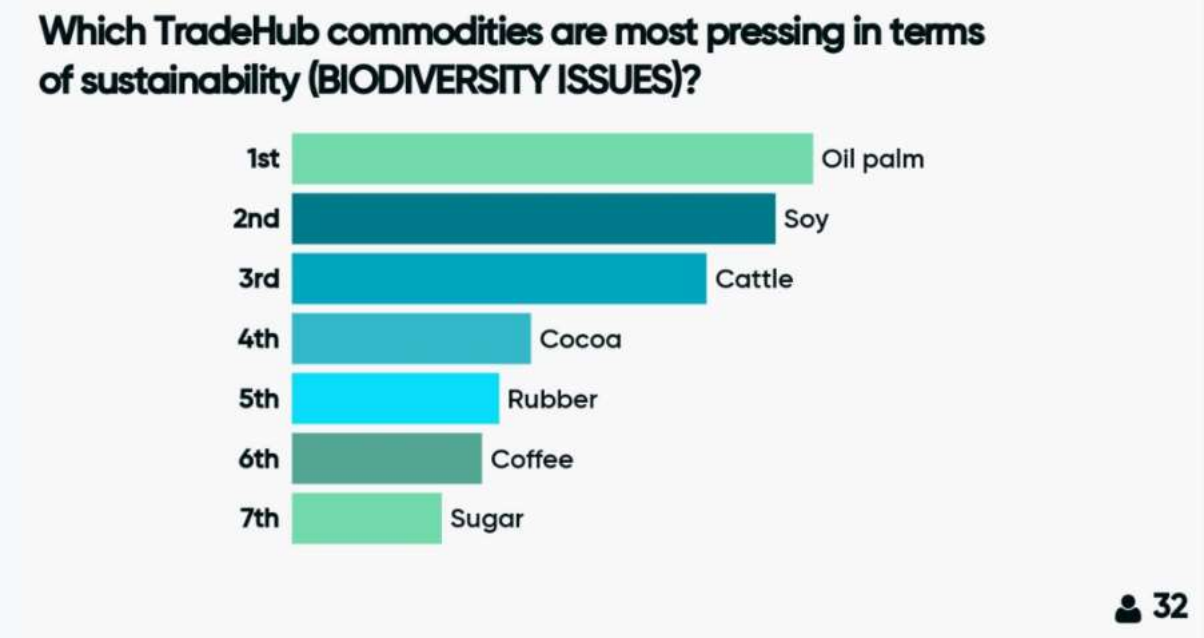


Figure 6: What do you think our top three barriers are?

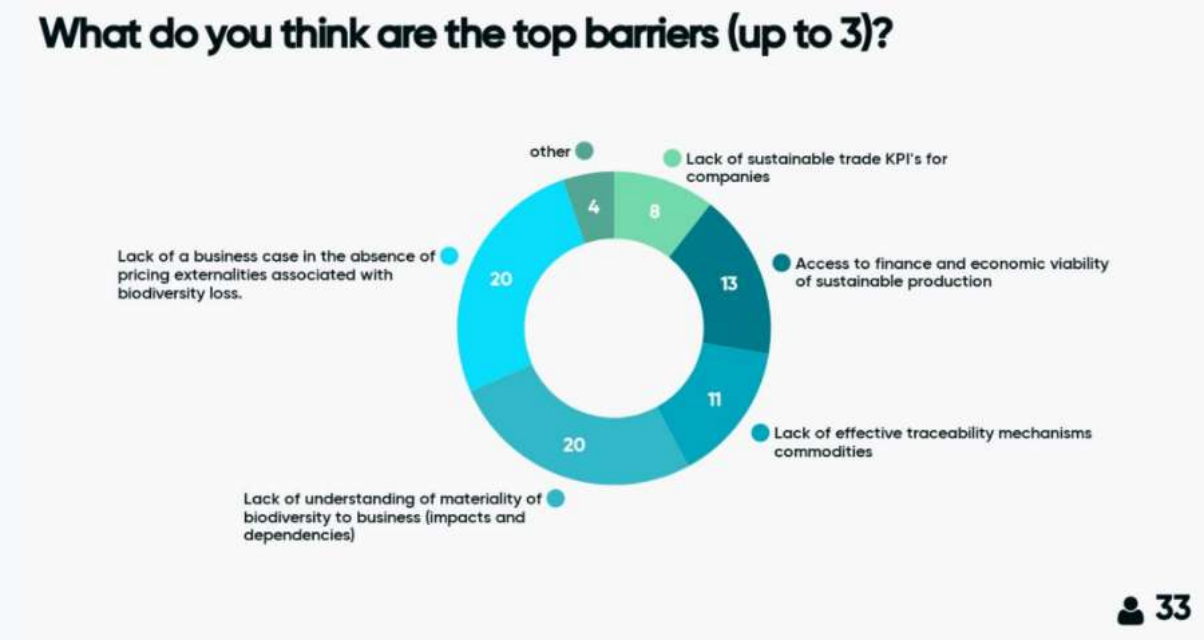
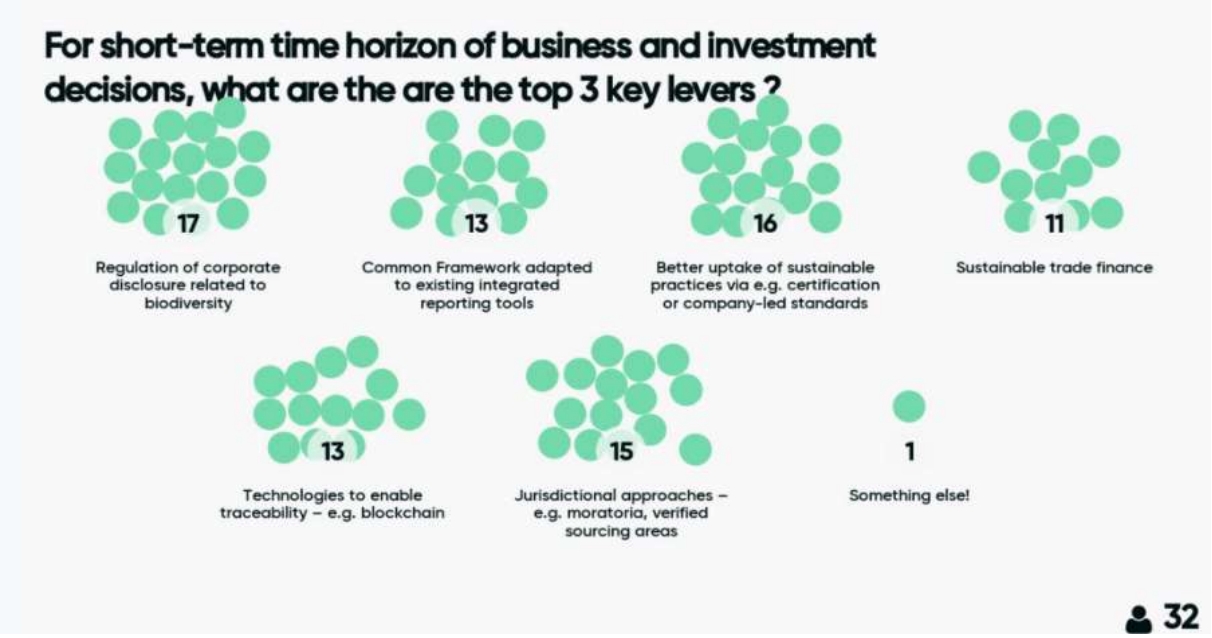


Figure 7: For short-term horizon of business and investment decisions, what are the top three key levers?



Presentation session

Presentations set out the challenges businesses face in adopting sustainable biodiversity strategies for agricultural trade at scale, and examining the landscape of existing initiatives that are working on these challenges.

The commercial challenge and opportunity in transforming supply-chains (Cath Tayleur, CISL)
What action the corporate sector is taking (Sharon Brooks, UNEP-WCMC)
The adoption of corporate commitments in biodiversity conservation: barriers and enablers (Julie Sigles Robert, CISL)

Afternoon session: Working sessions with business and initiatives to identify how their needs align with and can contribute to Trade Hub research.

Outcome: The Trade Hub research teams are better informed as to how their research can be applied by the private sector.

Group 1:

- Discussed comparability of metrics. Should we be using the same ones for commodities and countries? The consensus was yes if possible.

Group 2:

- Social metrics are very difficult, what do you measure? What do we mean when we say livelihood, empowerment, resilience, good quality of life, etc.? There is no clear metric there yet.
- Costly to assess social impacts if you want to know about every farmer and non-farmer affected by your business. It is costly to keep doing in house surveys.
- We need quantitative and qualitative assessments if people have seen change in the supply chain, and not just at farmer level but also at area level.

Group 3:

- We can learn from climate change and carbon mitigation, but biodiversity and livelihood is more complex due to lack of metrics.
- Which metrics can private sector companies use? Policies can be aligned to enable companies to work in a sustainable way, taxing goods that come in which have been 'unfriendly'.
- How do we avoid leakage of stringent policies to avoid firms moving to countries that are less strict, such as by attempting to avoid EU/Western policies?
- What industries will thrive in a world where we reduce social and environmental impacts?

Group 4:

- If a company is investing in good practices what are the benefits/risks?
- Businesses care about the next 1-3 years, possibly 10 years for larger companies.
- Metrics can't only focus on biodiversity, must consider social, ecosystem services, financial yield, etc.

Feedback from private sector attendees

- Biodiversity is not on peoples' radar as much as other issues such as climate change, so it is important to consider how to approach this.

- Who do you want to target – the people already trying, the people in the middle, or the laggards?
- Does it fall on the consumer? For example, the media and consumer pressure drove the current plastic challenge change.
- Need to have a clear brand of what the aims are, not trying to reinvent the wheel but can bring initiatives together.

Day Three: Measures to Inform Transformational Solutions

Leads: Chris West, Jon Green (Stockholm Environment Institute) and Marije Schaafsma (University of Southampton)

The diversity and extent of different metrics present a significant barrier to their effective use. The aim of the sessions was to identify how the Trade Hub can overcome the barriers to appropriate use of metrics so that they communicate the positive impacts of agriculture, and direct actions to address the negative impacts of agricultural commodities and accelerate corporate and government action.

Morning session: Presentation sessions

Measures to inform transformational solutions (Chris West, SEI)
Making sense of metrics and models – Biodiversity (Jon Green, SEI)
Linking global drivers of agricultural trade to on-the-ground impacts on biodiversity (Jon Green, SEI)
Social-economic impacts of trade (Marije Schaafsma, University of Southampton)
Global impacts of UK Consumption (Lawrence Way, JNCC)
Living income for Trade Hub (Ken Giller, Wageningen University)
Scenarios for biodiversity and trade: overview and examples (David Leclère, IIASA)

Menti question and answer session

Figure 8: How do you class your level of knowledge on today's topic of metrics and measures for sustainable trade?

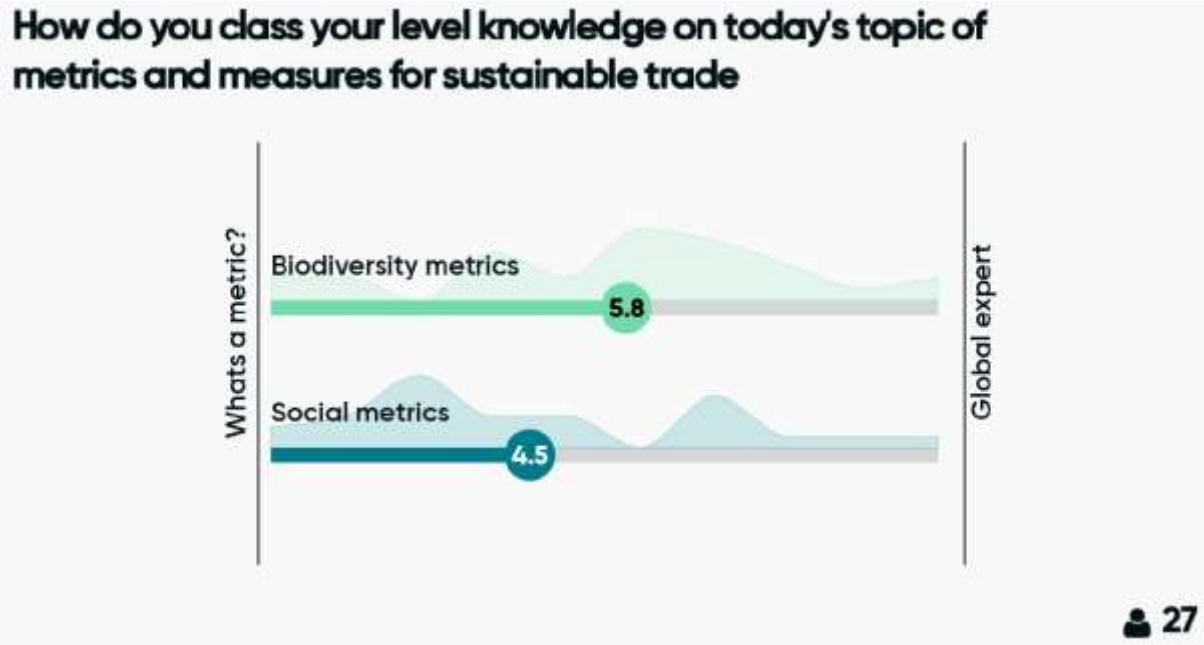


Figure 9: Where should we be targeting our work?

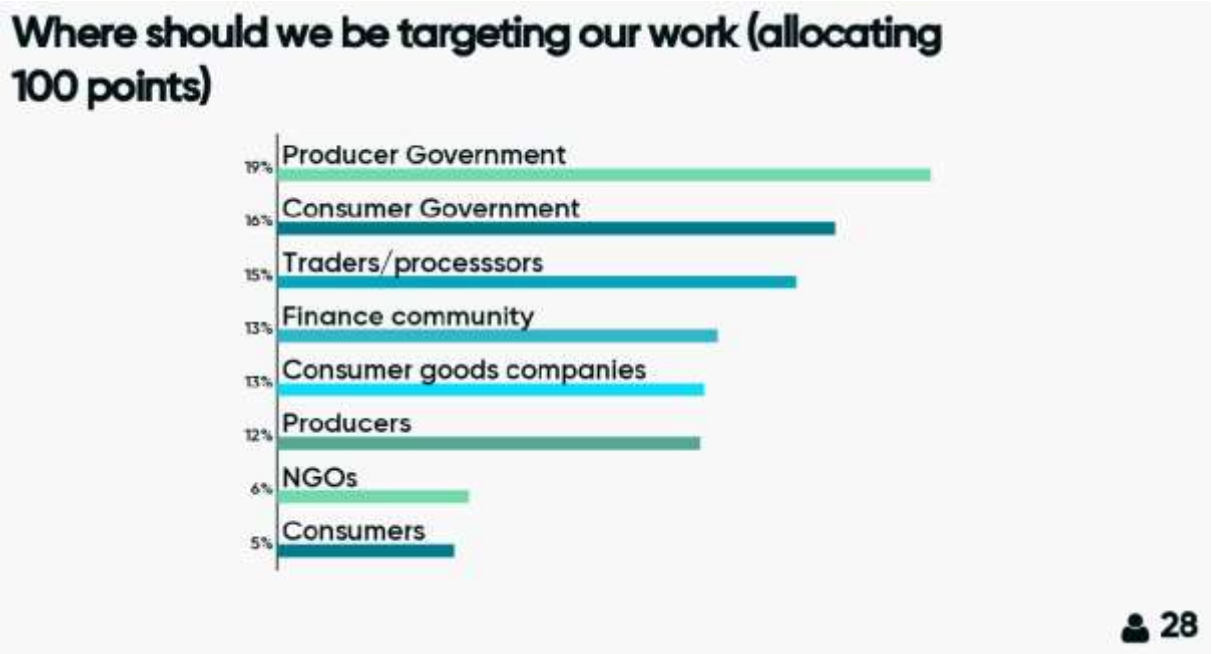


Figure 10: The Trade Hub will seek to bring together and compare multiple approaches to biodiversity measurement. How important is it that we include..

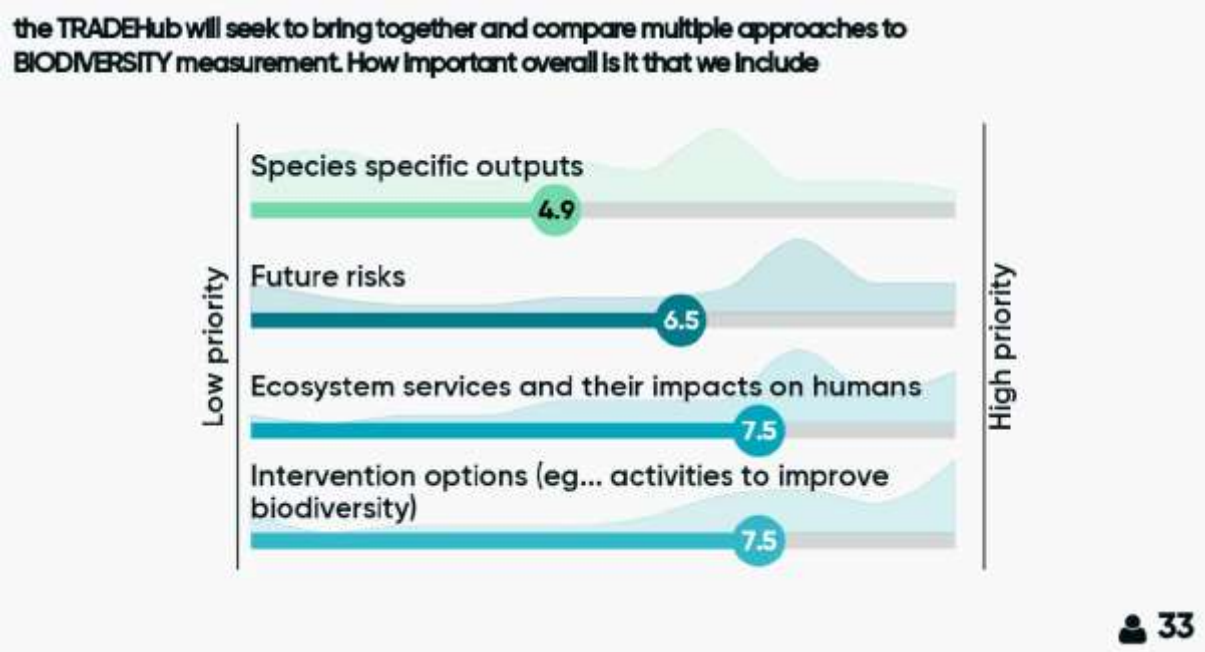


Figure 11: The Trade Hub will seek to bring together and compare multiple approaches to biodiversity measurement. How important is it that we include..

Afternoon session: Group discussions

What is the overall scope of social and biodiversity metrics that should be measured for achieving the objective of sustainable global trade?

- Direct and indirect land cover is important. If sourcing from a certain area who does that push out, and in turn whom do they push out?
- Risks of future change. What are the plans for changes in infrastructure and the impacts on biodiversity?
- Dependencies – e.g. on water and links to land cover.
- Ensure the metric is fit for purpose – who will use it and for what? It should be realistic for the user and not too expensive or difficult.
- Social metrics – living conditions, fair distribution of benefits.
- Need indicators that account for social impact across population, we cannot rely on commonly used GDP or increase in overall income.
- Need forward looking metrics, different metrics for different audiences.
- Need metrics to capture basic needs and issues around land rights.
- An indicator of charismatic species to target consumers.
- Must have confidence in the indicators. If people respond to them will things move in the right direction?

How are metrics or measures of impact 'operationalised' across different parts of the trade system?

Discuss in 'stakeholder' groups. Think about:

- What sort of biodiversity and social data are most useful to the level that the table represents?
- What decisions do we ultimately want to support with these data/metrics?
- What sort of data is already available for use? Is this fit for purpose? Where are the gaps?
- What resolution or granularity of information is required for effective decision making at this level?
- What are the biggest challenges?

Financial investors

- Legality is different in different places. An outcome of the Hub could be to define a standardised minimal standard for biodiversity positive agricultural production.

Producers

- Provide information on market prices, climate risks and predictions, risks of losing biodiversity, access to capabilities and capacities, information of where to buy (e.g. livestock owner buying feed), and what markets they can access.

Traders and processors

- Certification, regulation and upstream pressures are incentives for traders.
- A lot of business data is confidential = barrier.
- Ecosystem services are more visible risks to traders.

Non-governmental organisations (NGOs)

- Local NGOs know better what is going on in their particular situation. We can provide the link for them to the global supply chain to think about responsibilities and routes to changing the status quo.
- International NGOs are thinking far into the future.

Feedback from Jon Green, Chris West, and Marije Schaafsma

The session was really useful in understanding the various needs of potential stakeholders. From thinking about the high-level needs of policy makers, where spatial resolution and very specific information on impacts is less important than consistency and responsiveness of an indicator to show the "direction of travel"; through to the needs of NGOs, businesses and scientists, for whom understanding specific impacts in specific places is important in determining what actions to take. The relative importance that participants gave to thinking about scenarios and future risks, as well as about producing solution-oriented outputs has also been a key outcome in thinking about our next steps.

We are now undertaking a set of analyses to compare biodiversity metrics across different contexts to better understand how they complement one another, and how the information

that they provide differs between contexts - for example, under what conditions are they more similar/different.

While the workshop participants provided clear support for the Hub's emphasis on the distribution of benefits and costs in the value chain, we will also ensure that our activities on measuring social impacts provide further understanding of how such impacts are linked to different interventions in the value chain that NGOs, governments and companies could undertake (see Figure 11).

A key 'ask' for many is that we must have confidence that if users respond to the metrics that the indicator will be responsive enough to show that. Another message coming out of the workshop was a clear need for alignment with existing frameworks where possible, and consideration of interfaces with climate, deforestation and natural capital agenda. We will work with partners and stakeholders to ensure that outcomes from the project align with and support such frameworks, rather than duplicate them.

Days 4 and 5: Partners Meeting

Menti question and answer session

Figure 12: What are our thoughts after the past 3 days?

Figure 13: What is encouraging me about the opportunities we can build on?

Figure 14: Ideas for improving external communications.

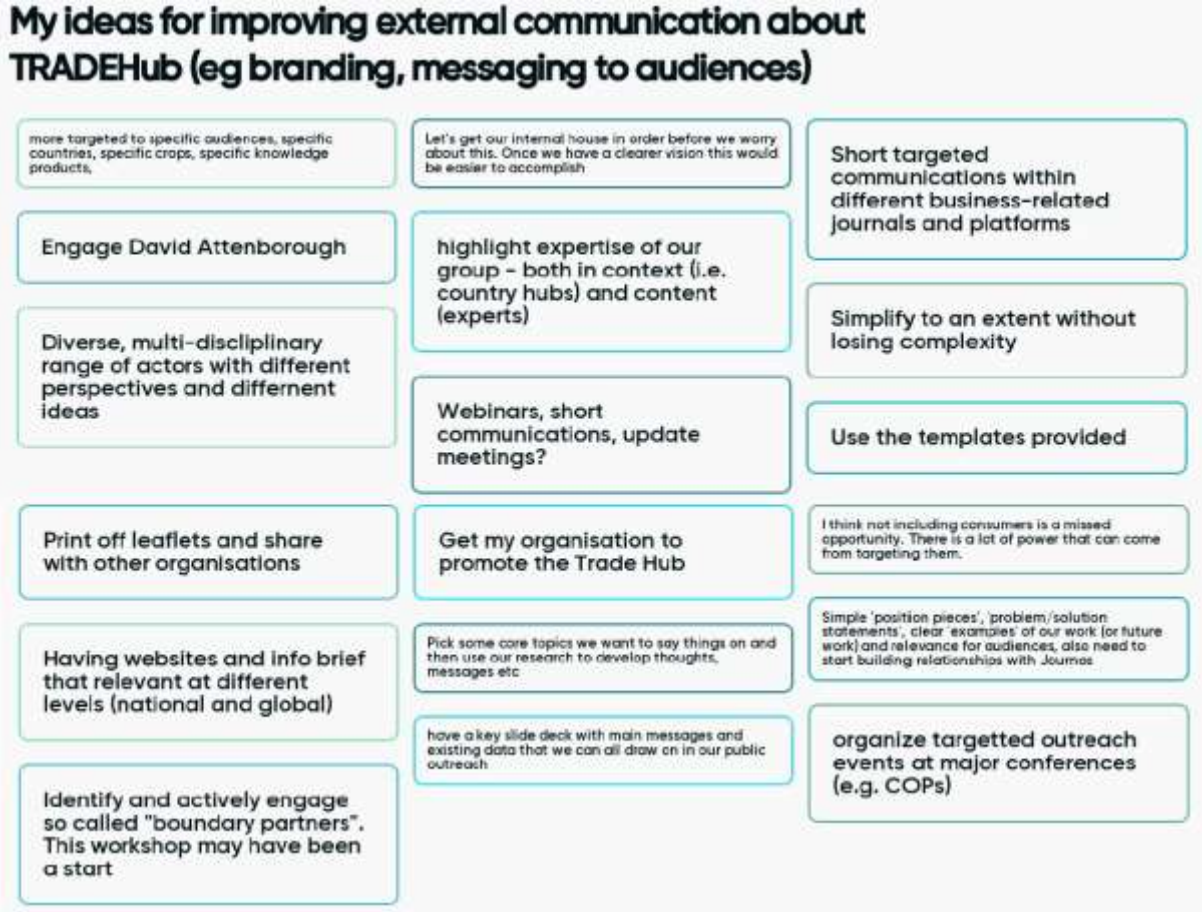


Figure 15: Questions and ideas about internal project communications.

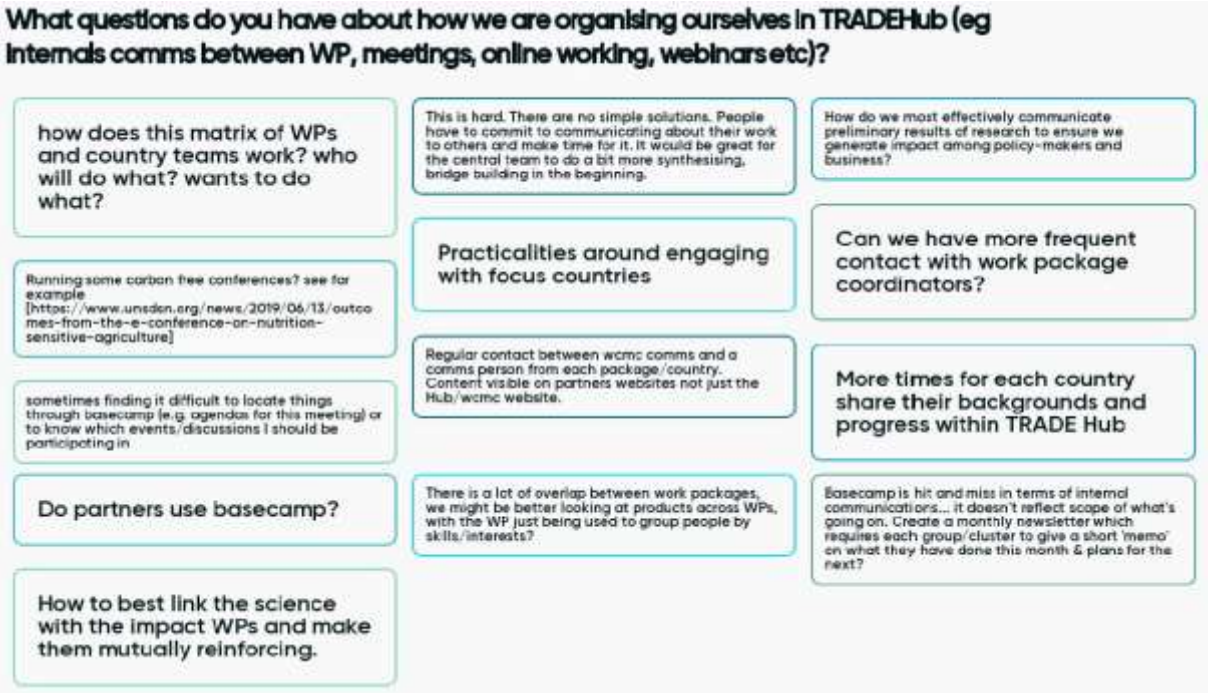
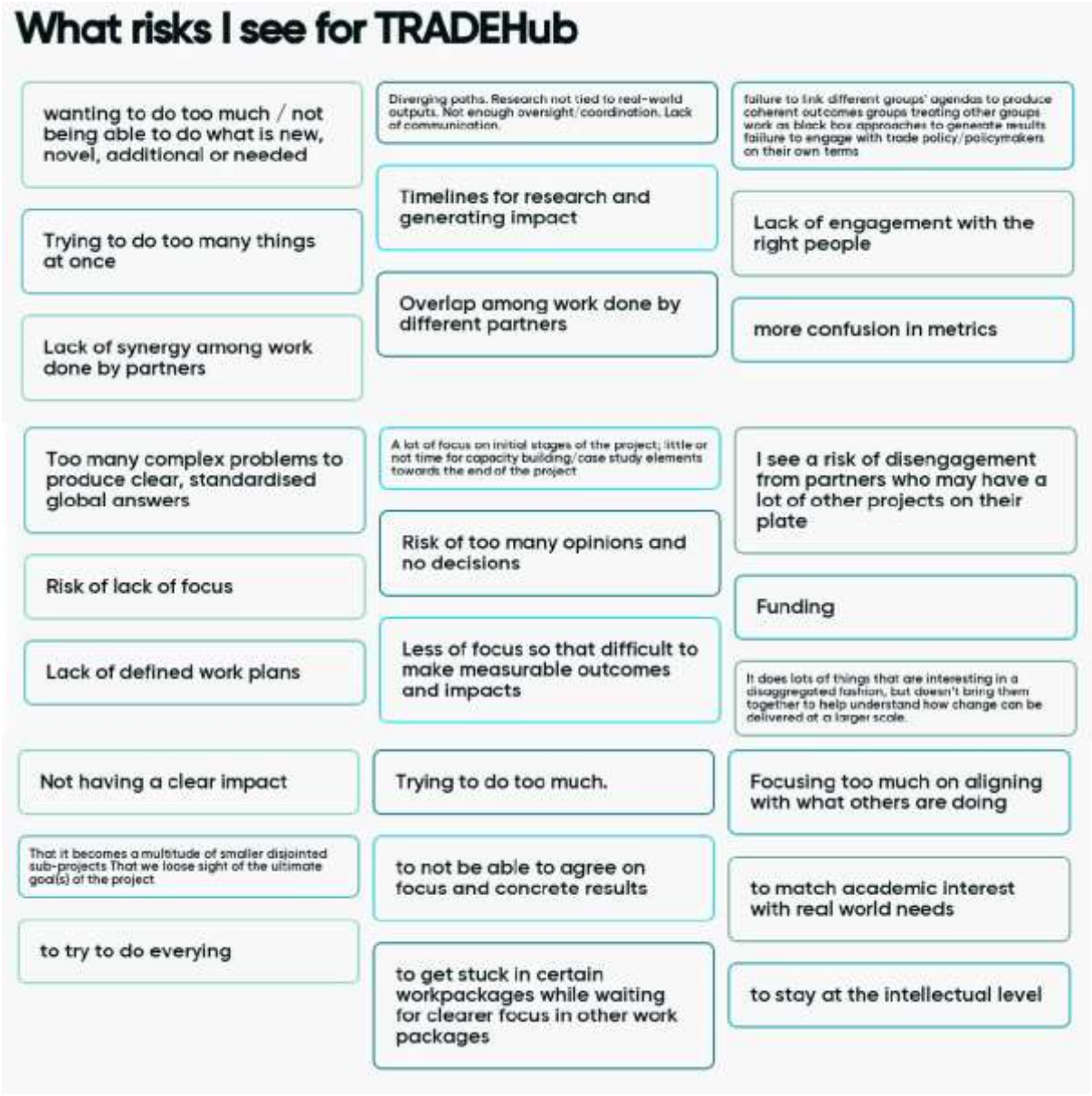
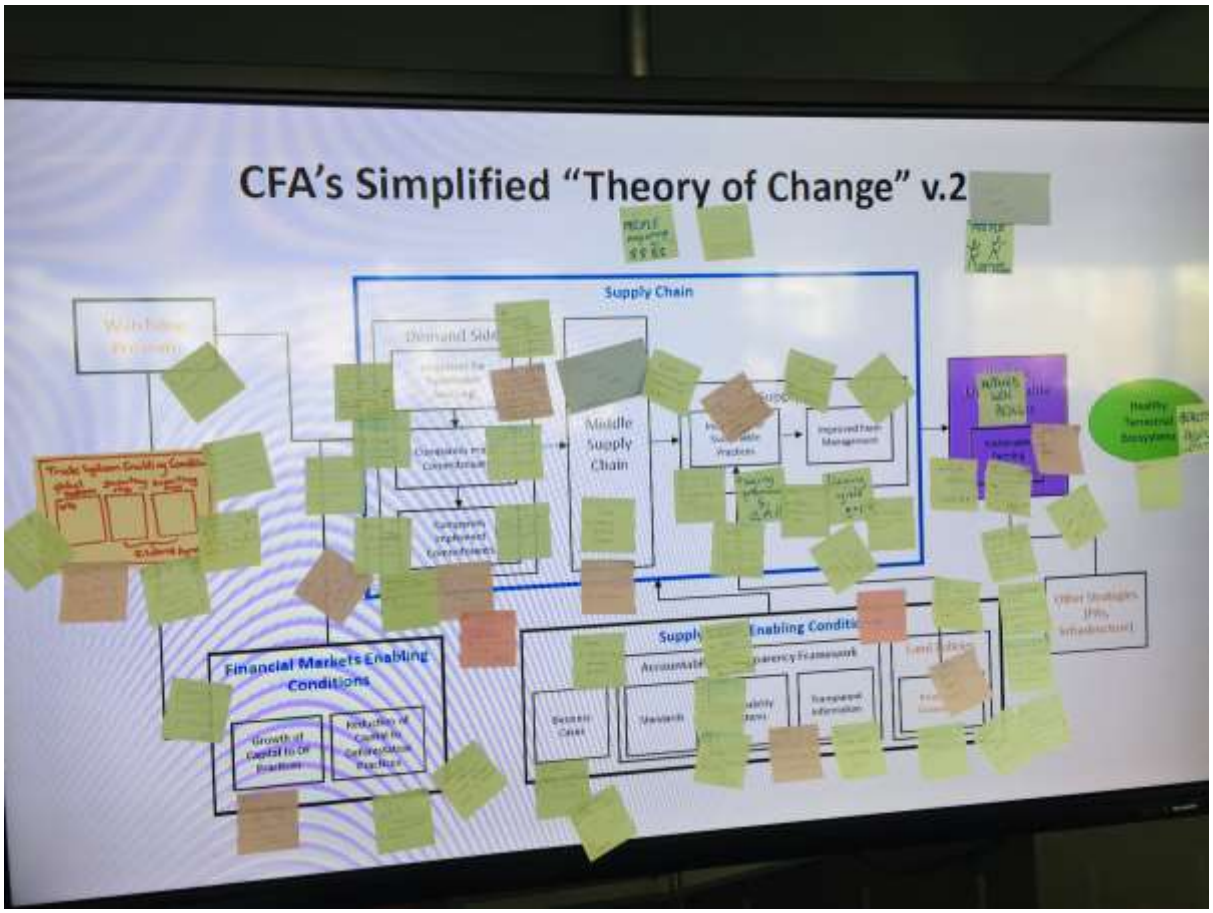


Figure 16: What risks do we see for the Hub?



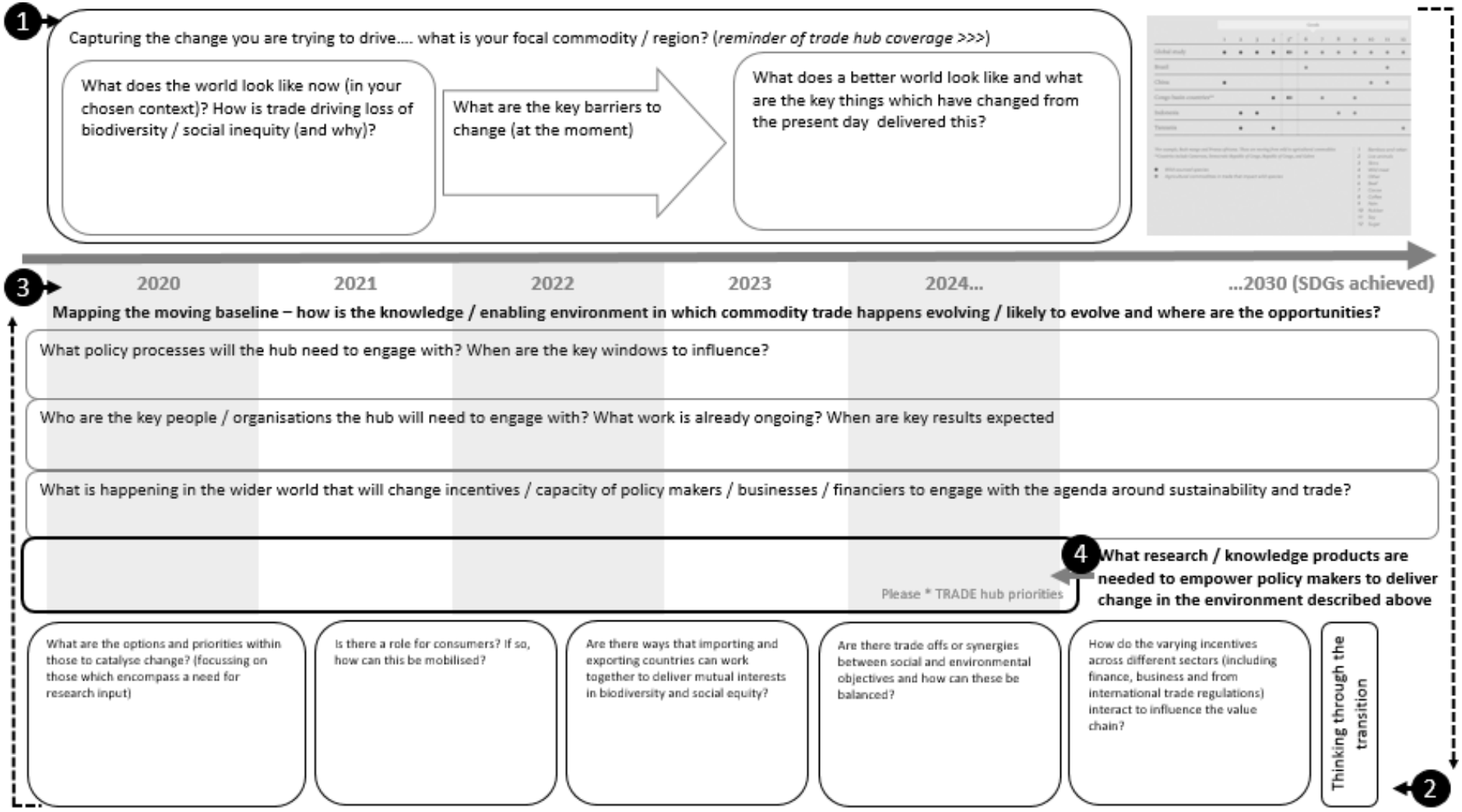
System diagram activity mapping

We also looked at an overall set of theory of change diagrams for the agricultural commodities work of the TRADE Hub. Example diagrams are presented below and in Annex A.



For working diagram see Appendix A.

Appendix A


1
Capturing the change you are trying to drive…. what is your focal commodity / region? (*reminder of trade hub coverage >>>*)
What does the world look like now (in your chosen context)? How is trade driving loss of biodiversity / social inequity (and why)?
What are the key barriers to change (at the moment)
What does a better world look like and what are the key things which have changed from the present day delivered this?
3
2020
2021
2022
2023
2024…
…2030 (SDGs achieved)
Mapping the moving baseline – how is the knowledge / enabling environment in which commodity trade happens evolving / likely to evolve and where are the opportunities?
What policy processes will the hub need to engage with? When are the key windows to influence?
Who are the key people / organisations the hub will need to engage with? What work is already ongoing? When are key results expected
What is happening in the wider world that will change incentives / capacity of policy makers / businesses / financiers to engage with the agenda around sustainability and trade?
4
What research / knowledge products are needed to empower policy makers to deliver change in the environment described above
Please * TRADE hub priorities
What are the options and priorities within those to catalyse change? (focussing on those which encompass a need for research input)
Is there a role for consumers? If so, how can this be mobilised?
Are there ways that importing and exporting countries can work together to deliver mutual interests in biodiversity and social equity?
Are there trade offs or synergies between social and environmental objectives and how can these be balanced?
How do the varying incentives across different sectors (including finance, business and from international trade regulations) interact to influence the value chain?
Thinking through the transition
2

Appendix A

CFA's Simplified "Theory of Change" v.2