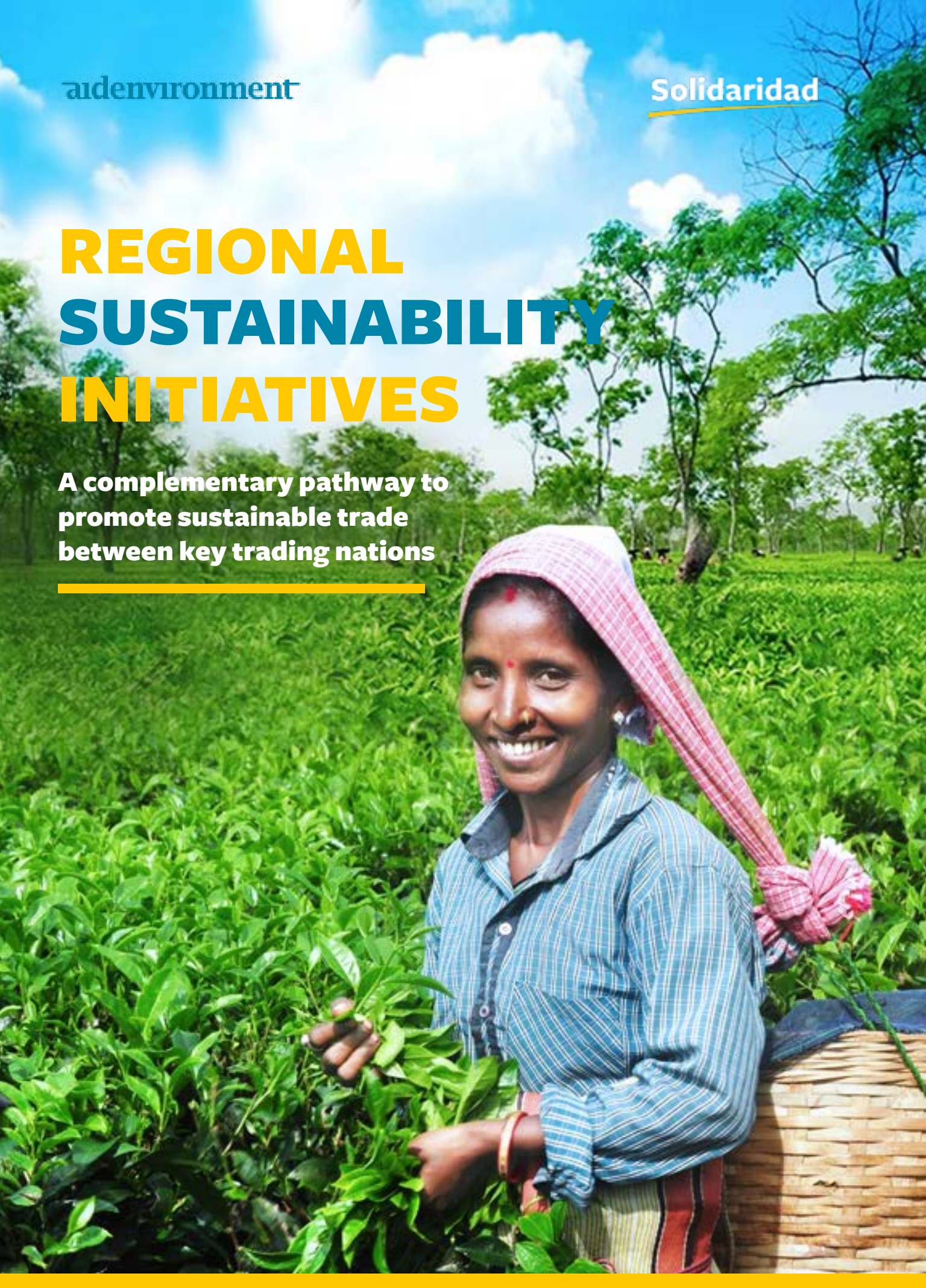


REGIONAL SUSTAINABILITY INITIATIVES

**A complementary pathway to
promote sustainable trade
between key trading nations**





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A complementary pathway to promote sustainable trade between key trading nations

Prepared by: Aidenvironment and Solidaridad

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PREFACE



Jan Willem Molenaar

Senior Consultant, Aidenvironment

The journey to arrive at a world where agro-commodities are sustainably produced and traded takes long. Despite decades of investments, many commodity sectors are still linked to persistent problems such as poverty, pollution, deforestation and violations of labor and human rights. This does not mean that all is negative. There are innumerable examples of farmers leaving poverty behind, of farming systems increasing both productivity and natural resource-use efficiency, and of supply chain collaborations which incentivize actors to invest in sustainable practices. However, it is not enough.

The pursuit of sustainability performance in agro-commodity sectors is something we are passionate about at Aidenvironment. As consultants, we engage with numerous organizations and support them in piloting new concepts and developing actionable insights. One of the lessons we have learned in the past decade is that large-scale and long-term change requires many complementary strategies. There is no silver bullet. Private, public and civil society organizations all have a role to play. The true sustainable transformation of commodity sectors requires a systems approach.

Solidaridad is one of the organizations we work with. They have an impressively long track record in many commodities and geographies. Through several years, they have developed, tested and scaled numerous strategies, including producer capacity building, voluntary sustainability standards, market engagement, civil society strengthening, and landscape approaches. In recent years, they have imple-

mented a programme called Advocacy of Change. One of the objectives was to promote an enabling policy environment for sustainability investments by producers and value-chain actors. In this programme, the Solidaridad Asia team implemented a relatively new strategy: commodity specific regional sustainability initiatives that grouped key public and private sector stakeholders from the key producing and consuming countries. The idea behind these initiatives was to promote knowledge exchange, trade and policy alignment between these countries. They should be seen as a strategy complementary to existing international value chain and national sustainability initiatives.

In 2020, Aidenvironment conducted an external end evaluation of the Advocacy of Change programme. The insights generated by this evaluation on the regional sustainability initiatives led to a joint initiative by Solidaridad Asia and Aidenvironment to write this paper. It aims to share the emerging insights on the role these initiatives can have in promoting the sustainable production and trade of commodities. It also provides some early success factors on how to make these initiatives more effective.

The insights of this paper are largely based upon extensive interviews with Solidaridad staff and the key participants in palm oil and tea regional initiatives. It has been complemented with information from other examples of regional initiatives implemented by Solidaridad and others. It is our hope that this paper can inspire others to explore regional sustainability initiatives in their context that can make a valuable contribution in making commodity production and trade truly sustainable.

FOREWORD



Shatadru Chattopadhyay

Managing Director, Solidaridad Asia

The centre of gravity for the sustainability movement is rapidly shifting from Europe to Asia in parallel to trade dynamics. European governments, businesses and civil societies played a pivotal role in defining and refining sustainable trade in the last two decades. The victory of western values of liberal democracy in the cold war and a receding Government played a critical role in shaping private-sector led voluntary sustainability frameworks during this period. The majority of these initiatives were in the agricultural sector targeting the cash crops connected with the global commodity trade like coffee or palm oil.

Despite the significant success of the VSS in Europe, it was evident by the end of the last decade that the scale and impact were too little to transform complex agricultural commodity sectors. While there were islands of sustainability, the commodity sectors were far away from sustainable transformation. It has become clear that the sustainable transition of commodity trade is impossible without the active participation of Asian markets. In 2000 Asia accounted for 23 per cent of the global consumption, rising to 28 per cent in 2017. By 2040, Asia will potentially account for 40 per cent of global consumption.

Asia is not only rising in scale but is also integrating rapidly, arguably setting the pace for a new stage of globalization through regionalization. For instance, 60 per cent of goods traded by Asian economies are within the region. We can see the pattern in palm oil where 83 per cent of global production and 70 per cent of consumption occur. Similarly, Asia is the biggest producer and consumer of tea as well as cotton. So the question that

naturally arises is whether Asian markets would take over the baton from the European Union and drive the next generation of the sustainability movement using national sustainability standards. Early shreds of evidence of such possibilities are visible through Solidaridad facilitated Asian Tea Alliance or Asian Palm Oil Network.

The present study conducted by Jan Willem Molenaar of Aidenvironment examines the Solidaridad-led regional sustainability initiatives in Asia. Jan Willem has drawn from years of experience in sustainable sector transformation and tried to theorize the concept of regional sustainability initiatives for the very first time. He draws information from other continental sustainability initiatives like the African Palm Oil Initiative (APOI), and the Amsterdam Declarations Partnership in Europe and develops an exciting conceptual pattern. In the end, the study provides the fundamental characteristics of regional sustainability initiatives concluding with the statement: **“The journey towards global sustainable production and trade systems now has a new pathway.”**

We in Solidaridad see this document as a modest effort to throw light on this pathway and learn together. This work, in my view, provides a glimpse of how sustainability discourse in agricultural commodities will unfold for us in this new decade.



EXECUTIVE SUMMARY

Production and trade of agricultural, forestry, fishery, and mining products are essential to meet the growing demands of the world's population and to contribute to stronger national economies. However, they are also the cause of persistent problems, such as poverty, pollution, deforestation, climate change, natural resource depletion, and violations of labor and human rights.

Since the liberalization of many commodity sectors in the 1980s and 1990s, there has been an increasing emphasis on company-driven and value-chain-driven approaches to promoting sustainable production and trade in commodities. This has led to the introduction of a suite of international voluntary certification initiatives with a strong focus on Western markets. Over time, a range of complementary and alternative strategies in consuming and producing countries has further enhanced impact; these include capacity building programs, the development of national sustainability standards, investment in service delivery, landscape approaches, and the creation of an enabling public policy environment.

One of the lessons learned in all these experiences is that the success of national or landscape policy and value-chain initiatives depends partly on international trade dynamics and political relationships between key producing and consuming nations. This lesson—and the fact that commodities such as tea, palm oil, and soy are increasingly consumed in emerging economies and dominated by south-south trade—has led to the introduction of a new type of initiative: regional sustainability initiatives.

This paper explores the nature and value of regional sustainability initiatives. Such initiatives involve key public and private actors of major producing and consuming nations, often national governments and producer or industry associations. They pursue a broad agenda, focusing on trade-related issues linked to a comprehensive sustainability agenda. The key drivers of participants include trade opportunities, common challenges, and common policy objectives. The structures and modes of governance of the initiatives range from informal to formal and from centralized to decentralized. They are often linked to national initiatives. Some factors that could make these initiatives more successful include attracting the right participants, ensuring the (indirect) voice of grassroots organizations, having a neutral convenor with expertise in the subject matter to promote trust-building, and balancing concrete short-term outputs with more strategic longer-term outcomes supported by sustained funding of the initiatives.

Regional sustainability initiatives can fill the gap between international value-chain initiatives and national initiatives in producing countries. Their value lies particularly in the promotion of knowledge exchange and in trade and policy alignment between key trading nations. They can also be effective mechanisms for coordinating and aligning national initiatives. It will be interesting to see whether regional sustainability initiatives can fulfil their potential both to contribute to sector transformation in the regions and to achieve global transformation.

Various actors could play different roles in this. Civil society organizations can play the role of convening, facilitating and, together with research, providing expertise. CSOs are often well placed to act as constructive and neutral convenors of public and private sector interests, while ensuring that the interests of marginalized target groups are sufficiently prioritized. Public institutions can provide the mandates and leverage needed to address systemic issues in the policy environment. They can embrace these initiatives in pursuit of their national policy goals and policy alignment with key trading partners. The private sector, and particularly its associations, can bring experience and resources to pilots and can implement solutions. They can participate in acknowledging that fundamental challenges to the long-term viability of their sector and business require precompetitive action on the international level. Donors and financial institutions can provide the financial resources for these initiatives, recognizing the importance of ownership of key trading nations, as well as the long-term horizon required to create the desired systemic change.

Regional Sustainable Trade Initiative Model





1.

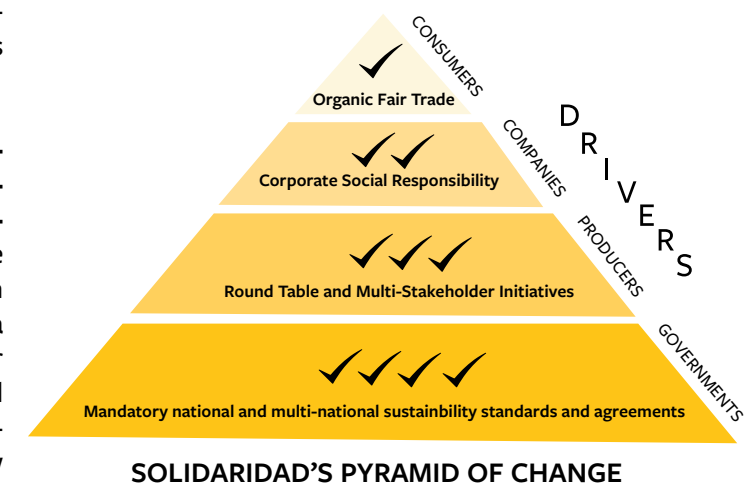
A BRIEF HISTORY OF SUSTAINABILITY INITIATIVES

1.1 THE RISE OF SUSTAINABILITY STANDARDS

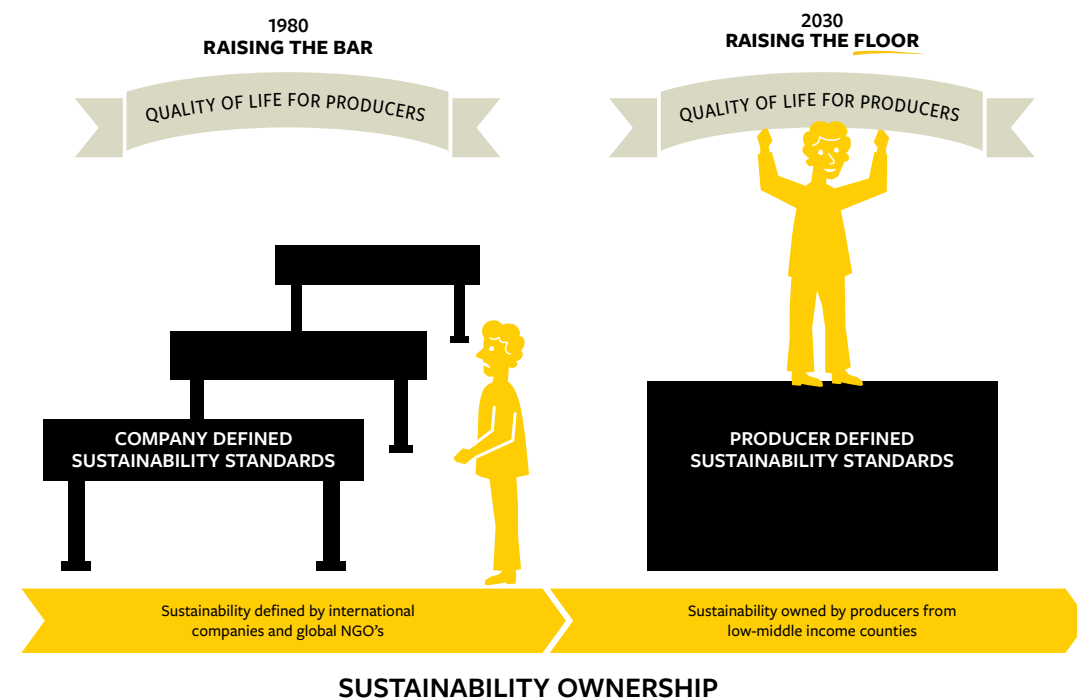
The first consumer-driven certification initiatives emerged in the 1970s and 1980s in response to growing concerns over the negative social, environmental, and economic impacts of agricultural production and trade. This took place in an era where the liberalization of commodity sectors shifted the locus of intervention from the state playing a central role in market management to the private sector taking on the primary role through value-chain development.¹ The concept of third-party-based supply chain certification was promoted by civil society organizations (CSO), which, at that time, considered this to be one of the few options for standardizing and operationalizing sustainability principles across value chains. At first, the organic and fair-trade movements introduced certification and product labelling as a way to formalize “alternative” production and trade practices.² With the launch of the first fair-trade label for sustainable coffee in 1988, Solidaridad helped to spark the global fair-trade movement. These consumer-driven labeling initiatives assumed that consumers would make a conscious choice for sustainable products if this option was offered to them, even if it would cost more.

Since the 1990s, these movements have been followed by numerous brand-driven and sector-driven international voluntary sustainability standards targeting mainstream export markets. The fair-trade concept has succeeded in obtaining a high profile, but has nonetheless ended up creating only a niche market, insufficiently supported by consumer preferences. Meanwhile, drivers such as reputational risk mitigation, building brand value, and genuine sustainability ambitions have led companies to adopt new certification strategies that do not target consumer choices, but instead aim at responsible corporate conduct. One example UTZ Certified, which was cofounded

by Solidaridad in 2002. In 2019, UTZ Certified merged with Rainforest Alliance to create one of the largest voluntary certification initiatives in the world. Since then, Solidaridad has been a cofounder and active member of various sector-focused sustainability schemes including the Roundtable on Sustainable Palm Oil (RSPO), the Round Table on Responsible Soy (RTRS), the Better Cotton Initiative (BCI), and the Bonsucro. Over the years, many more voluntary sustainability standards have followed, now covering more than 80 sectors and 180 countries³. In many contexts, the promotion of standards was complemented by CSO-driven and supply-chain-driven capacity-building programs. Solidaridad has implemented numerous projects with smallholder producers in order to address issues in value chains, to encourage inclusive trading and the adoption of certification, and to increase farm profitability.



In the last 15 years, various national sustainability standards have emerged in producing countries to better cater to local contexts and domestic markets. Some producing countries were concerned about the one-size-fits all approach to international standards that were promoted without sufficiently considering the characteristics and needs of specific types of producers, notably smallholders. Others accused international voluntary standards of imposing trade barriers and of being in conflict with their sovereignty. These concerns led to the emergence of various national standards in producing countries. It could be argued that the introduction of national palm oil standards by the Malaysian government (MSPO) and the Indonesian government (ISPO) was a direct reaction to the RSPO. Solidaridad also initiated national standards in the tea sector in Indonesia (Lestari) and India (trustea). The rationale was that these standards were cost-efficient and better adapted to the local context, and therefore were more applicable to smallholders who were often not part of global supply chains. They were also developed to cater to the growing domestic markets and south-south trade. A perceived benefit of national standards is that it created real ownership of stakeholders in producing countries. This is in contrast to international certification initiatives, which are often oriented to the western market and dominated by western CSOs and lead firms.



Criticism of national standards also exists. Although national standards are often based on their international counterparts, they may have gaps, lowering the bar set by international standards. Recognizing this risk, Solidaridad supports several national standards in becoming more stringent and in building more robust systems (including ISPO and MSPO). This is based on the conviction that national standards are crucial instruments in raising the floor for all actors, something which many international standards do not manage to achieve. The potential of national standards increases if they are formally recognized by governments, or even if they become mandatory, as is the case with ISPO.

Over time, the world has seen an increasing number of consumer-driven standards (such as Fairtrade), brand-driven standards (such as Rainforest Alliance), sector-driven standards (like the Round Table for Sustainable Palm Oil) and, more recently, producer-driven standards (such as MSPO). Voluntary sustainability standards have become a mainstream instrument, but they face challenges across the board in reaching scale and credible impact.

1.2 LIMITATIONS TO SCALE

Weak demand prevents voluntary sustainability standards from reaching the tipping point. While consumer-driven standards such as Fairtrade were soon considered niche solutions, the expectation was that brand-driven and sector-driven standards would reach a tipping point in the market. This implies that sustainability would become a license to operate and the de facto norm for the sector as a whole.⁴ Despite the rapid growth of some initiatives, many seem to have hit the ceiling before a tipping-point. Others still struggle to obtain a significant market share at all. An important cause of this is the lack of demand in consumer markets. Demand for sustainable products has been almost exclusive to western markets, which has made the sustainability movement export-crop oriented. However, even in these markets, limited consumer awareness and unwillingness to pay for sustainable products negatively impact market uptake. The chain-of-custody related costs of certified products—that is, the costs of separating sustainable from unsustainable products—are also seen as a barrier in sectors where margins are razor-thin. Meanwhile, the balance of global consumption for many commodities is shift-

ing towards emerging economies, where sustainability is (so far) less of a demand qualifier. It remains to be seen whether national standards are a suitable response to this challenge.

Challenges also exist in scaling supply beyond better performing, better capitalized, and better organized producers. Reaching out to the worst performing and smaller scale producers remains a challenge. These producers often lack the technical capacity and financial resources to adopt the required sustainable practices and to pay for audits. The business case for adopting certification is often weak, particularly if they are not compensated by market incentives such as guaranteed off-take, cost-sharing arrangements, or price premiums. Only very few initiatives pay attention to such market incentives. Capacity building is another condition needed for many producers—particularly small-scale producers—to adopt certification. The cost of capacity building is however considerable. Despite the efforts of many stakeholders, there is a huge gap between the investment needed to reach the millions of producers in many sectors and the investments that are available.



1.3 LIMITATIONS TO CREDIBLE IMPACT

Voluntary sustainability standards have shown mixed impacts. There is a growing base of evidence that voluntary sustainability standards contribute to the development and acceptance of standards for greater social, environmental, and economic sustainability.⁵ Impacts include increased productivity, quality, environmental sustainability, income, and improved livelihoods for producers, workers, and their families. However, the evidence base also indicates that outcomes are complex, context-dependent, and not universally positive.⁶ Many certified producers continue to live in poverty, forests continue to disappear, and persistent issues such as child labor are not being sufficiently addressed, even at certified farms. This has several causes.

Challenges in creating impact are primarily linked to the scope of the standards. Standards may not cover all relevant sustainability issues. For example, some may be environment-oriented and ignore social issues, while others might focus solely on producers and ignore relationships and practices in the rest of the value chain. They thus have little influence on how power and value is distributed between value-chain actors, which limits their effectiveness in promoting decent livelihoods of producers and workers.⁷

Second, there exist various challenges to the assurance model. Conventional auditing practices may not guarantee continuous compliance between conformity checks. There exist challenges in auditing sensitive and less tangible issues, such as the use of child labor, the protection of land rights, workplace gender discrimination, and forced labor.⁸ Assurance models have a potential conflict of interest between the certification body and the client, and are open to fraud, deception, bribery, and collusion. Assurance models can also promote a compliance mentality that does not support an intrinsic motivation for continuous improvement.

Third, producer-unit-focused and value-chain-driven initiatives may not be sufficient to solve some of the more complex or wicked sustainability issues. A key limitation is that they generally do not look beyond the borders of the producer unit. This is a limitation when the root causes of child labor lie in the social norms of the farming communities and in the lack of schools. While certification may prevent certified farmers from cutting down forests, it does not prevent their neighbors. Hence, tackling deforestation requires proper land use planning and forest protection measures, none of which are dealt with by producer-unit-focused standards. Neither does certification address all root causes of poor farm profitability. For example, it does not guarantee access to good planting material or high-quality extension services. It also does not address market imbalances, which may result in high price volatility, or structural over-production and low prices. These issues can undermine investments in more sustainable practices by producers and value-chain actors.

1.4 NEW APPROACHES TO INFLUENCE THE ENABLING ENVIRONMENT FOR LARGE-SCALE AND LONG-TERM CHANGE



The truth is that many sectors have structural weaknesses that undermine the success of value-chain initiatives, such as production standards. Examples of structural weaknesses, or systemic issues, include price volatility, poor organization of the production base, the absence of services, and poor public policy implementation. In sectors with significant weaknesses, it will be difficult for value-chain initiatives to create large-scale and long-term impact. They may result in islands of success, while remaining limited in scale or not sustaining over time.⁹

In response to this, the last decade has seen a range of complementary initiatives targeting the systemic issues in the enabling environment.¹⁰

Their rationale is that an improved enabling environment is a condition for sector transformation. It is the combination of an enabling environment and a value-chain initiative, which will increase the performance or ‘raise the floor’ for all producers and value-chain actors.

In consuming countries, there is a tendency towards a more active and coordinating role of national governments in promoting voluntary initiatives through multistakeholder platforms and sector agreements. Examples in Europe include the Dutch Agreement on Sustainable Garments and Textile and the German, Swiss and Belgian initiatives on sustainable cocoa. Standards developed by inter-governmental agencies have also become increasingly influential—particularly the UN Guiding Principles for Business and Human Rights (UNGP). These outline the duty of businesses to carry out due diligence to ensure human rights are respected in their operations and supply chains, and to have effective processes for remedy in case of breaches. Another influential standard is the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, which cover all key areas of business responsibility, including human rights, labor rights, environment, bribery, consumer interests, and taxation. Both the UNGPs and the OECD Guidelines identify the role of the government in enabling and ensuring adherence to the standards and in handling grievances.

Mandatory requirements related to business and human rights in global value chains are being introduced. In April 2020, the EU announced plans to develop a legislative proposal by 2021 for EU-wide human rights due diligence requirements. The UN is also working on a legally binding instrument on business

activities and human rights. A number of countries have already taken steps in this direction, such as the UK with its Modern Slavery Act (2015) and the French with its Duty of Vigilance Law (2017). While only a limited number of cases have as yet been brought to court, let alone been resolved, the shift towards statutory requirements has at least served to focus minds within the business community.¹¹

Another development is the EU's Green Deal, with its Farm-to-Fork Strategy aiming to make food systems fair, healthy, and environmentally-friendly. The Commission will make a legislative proposal or a framework for a sustainable food system before the end of 2023. Standards seem to have an important place in this framework. The framework will delineate the common definitions and general principles and requirements for sustainable food systems. Combined with certification and labeling on the sustainability performance of food products and with targeted incentives, the framework will allow operators to benefit from sustainable practices and to progressively raise sustainability standards so as to become the norm for all food products. The Farm-to-Fork Strategy will also involve the EU supporting the global transition to sustainable agrifood systems through its trade policies and international cooperation instruments. This has already led to a Joint Working Group on Palm Oil between the European Union and the relevant ASEAN member countries addressing sustainability challenges at the level of vegetable oils in general, and palm oil in particular.¹²



In producing countries, new initiatives have emerged in support of multistakeholder dialogue, strengthening service provision, and introducing regulatory incentives. Many are a response to the acknowledgement that scale, depth, and durability of results of value-chain initiatives partly depend on the enabling environment. This has led to initiatives developing a viable service sector (e.g., extension, inputs, and financing), introducing regulations around product quality management, and enforcing better regulations around labor rights and water use. In support of these changes, various national, often sector-specific, multistakeholder platforms have been set up. An example is the National Reference Group in the Indonesian tea sector, which was initiated by Solidaridad. Originating from the introduction of the Lestari tea standard, this multistakeholder platform now pursues a much broader agenda, including public policy change and the development of local tea distribution channels.

The solving of root causes of poor performance also occurs in narrower geographical scopes, such as jurisdiction or landscape. In recent years, landscape approaches have emerged in response to the growing challenges of climate change, deforestation, biodiversity loss, inequality, and exploitation.¹³ Landscape approaches coordinate collaboration between producers, value-chain

actors, the public sector, and civil society in order to solve priority issues around service delivery, infrastructure, and land-use governance. Solidaridad Asia now implements landscape projects in India and Indonesia.

The emergence of national and landscape-oriented initiatives has led to increased ownership in the sustainability movement by stakeholders in producing countries. While many of the national and landscape initiatives are still undertaken by western CSOs or companies, they require strong involvement of national and local stakeholders in producing countries as well.

This development is progressively shifting the ownership in the sustainability movement from western CSOs and processing and retail companies to stakeholders in producer countries. It is an important development and creates opportunities to better address the systemic issues that impede a real transformation of national sectors. It also creates opportunities to address systemic issues through collaboration between key trading countries. The rest of this paper will take a closer look at a new type of international initiative: regional sustainability initiative.

The figure below outlines the evolution of sustainability initiatives. Over time, new initiatives have led to a more diversified market focus, representing increasing ownership in producer countries and a change of focus from producer practices to enabling conditions that can help improve those practices. Note that these initiatives are complementary.



2. THE EMERGENCE OF REGIONAL SUSTAINABILITY INITIATIVES

2.1 CHANGING TRADE DYNAMICS

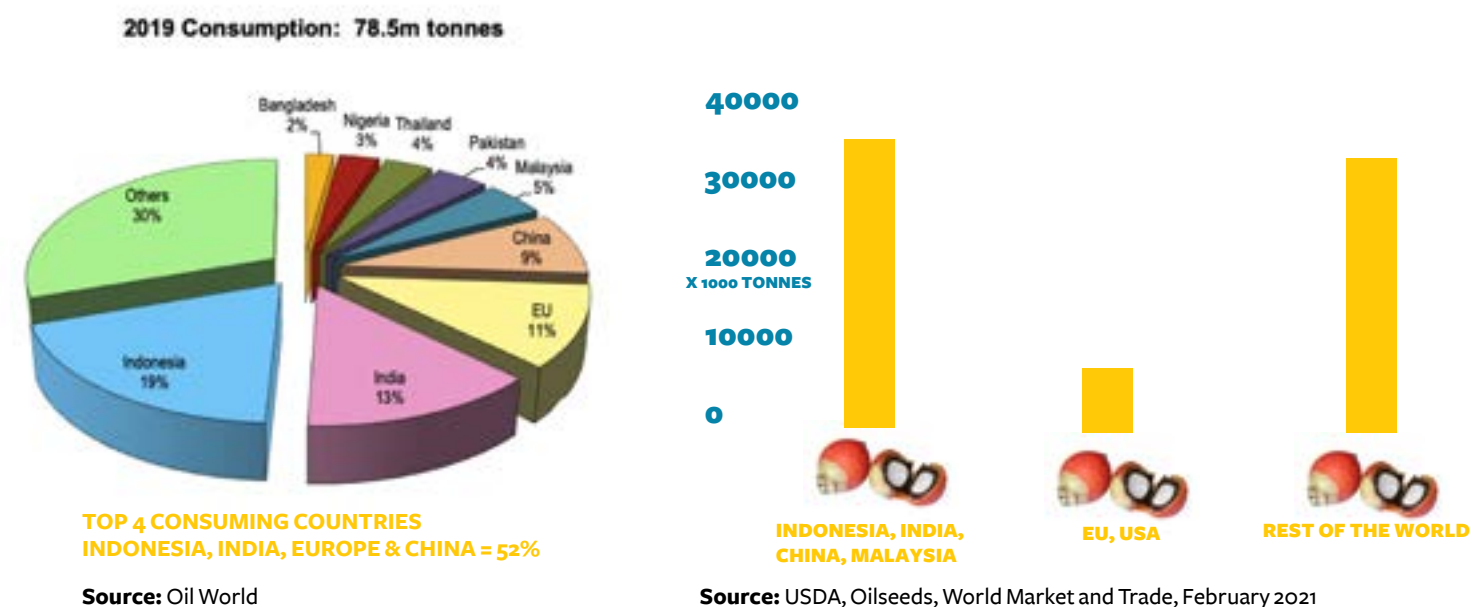
In the past two decades, trade patterns in various commodities have shifted considerably in favor of Asia. The world in which most international sustainability initiatives emerged is not the same as today’s world. For example, the consumption of meat, dairy, and fat has increased significantly in Asia, driven by population growth, increasing urbanization, and an expanding middle class. Many of the cattle raised for meat and dairy are fed with soybeans. As a result, Asia’s share in global imports of soybeans has increased from 50% in 2000 to 75% in 2019.¹⁴ Asia is expected to continue driving soybean demand growth. This demand will be led by China, considering that, in the last decade, this country accounted for almost two thirds of global demand growth.¹⁵

The world production of palm oil—a major source of cooking oil and processed food—has more than tripled in the last two decades. Most of this growth has taken place in Asia, particularly in Malaysia and Indonesia. These two countries represent 84% of global production. Asia is by far the largest and fastest-growing consumer of palm oil, responsible for two-thirds of global consumption. Indonesia, India, China, and Malaysia—the four largest global consumers of this commodity—accounted for 45% of global palm oil consumption in 2019. In comparison, demand in the European Union (EU) and the United States jointly accounted for approximately 11% of global palm oil consumption.¹⁶

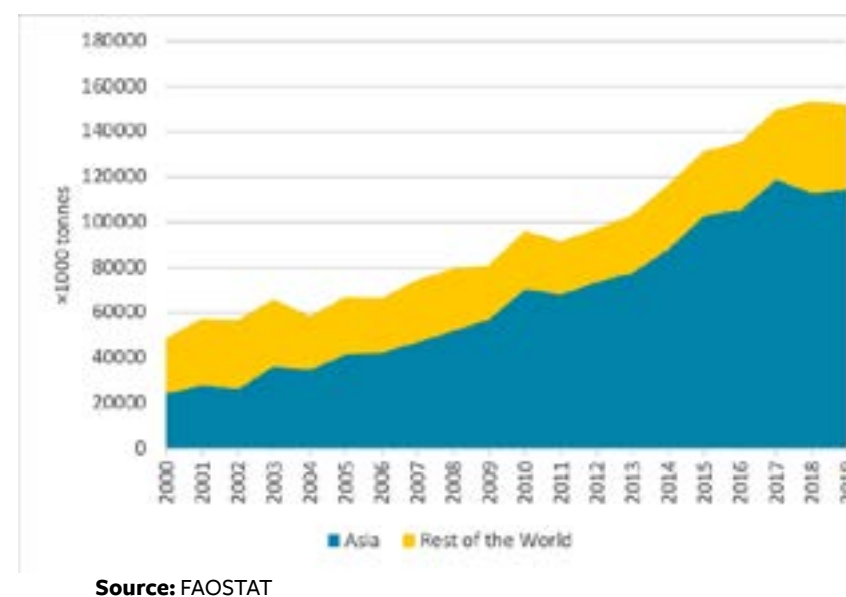
Asia is also a major player in tea. It produces 87% of the world’s tea, doubling production in the last two decades. A significant amount of tea is consumed domestically. In 2019, the world’s two largest tea producers, China and India, consumed 86% and 81% respectively of their domestic production. Asia is also responsible for approximately 50% of the global tea exports¹⁷. The sector is projected to experience continued growth due to increasing demand, primarily from Asian and Pacific countries, particularly those experiencing increasing incomes.¹⁸

At present, Asian countries do not only play a pivotal role in the global palm oil, soy, and tea sectors; these sectors have also become more important for meeting national objectives around food security, rural development, trade, and sustainability. Asia has become the main consumer of all three commodities and the main producer of tea and palm oil, and is responsible for significant intraregional (south–south) trade in all three commodities. The growing production, trade, and consumption of these commodities in Asian countries increases their stake in strategic issues such as food security, food safety, rural development, and foreign trade balances. Meanwhile, certain segments of consumers and other stakeholders in Asian countries are showing increasing demands regarding the environmental and social conditions under which these products are produced.

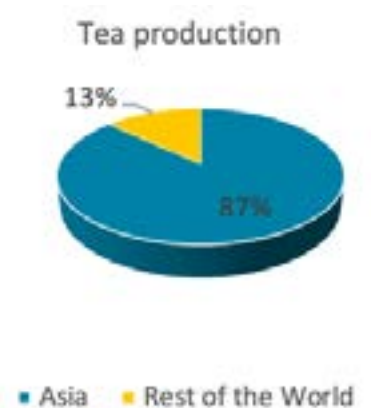
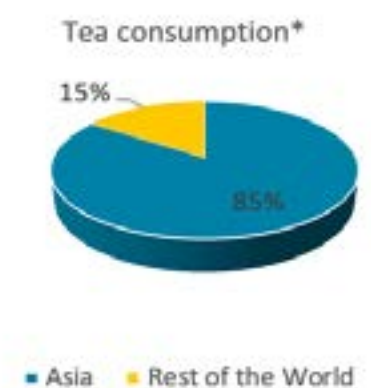
DOMESTIC CONSUMPTION OF PALM OIL (2019)



SOYBEAN IMPORTS (2000–2019)



TEA PRODUCTION & CONSUMPTION (2019)



*Asia’s consumption is calculated as (production + import - export) and is compared with the global production in 2019



2.2 THE VALUE OF REGIONAL SUSTAINABILITY INITIATIVES

Certain systemic weaknesses are difficult to solve through national sector and individual value-chain initiatives alone. As mentioned earlier, Solidaridad finds itself in the middle of a range of international, national, and landscape sustainability initiatives that increasingly focus on addressing systemic issues which undermine the sustainability, competitiveness, and inclusiveness of the sectors. Throughout its journey, Solidaridad has experienced that the success of value-chain approaches and efforts to improve the national and landscape-level enabling environment can depend greatly on international trade dynamics and political relationships between key trading nations. For example, the market for sustainable and premium quality tea partly depends on actions taken in export destinations to create a demand for such products. Political tensions between trading partners can also affect trade relationships. For example, India, the largest buyer of Malaysian palm oil, restricted imports of refined palm oil in January 2020, effectively halting all palm oil purchases from Malaysia. This made it very challenging for the Malaysian sector to sell its palm oil. There are also few effective mechanisms that coordinate and align national initiatives at the regional level. Those that do exist are often plagued by bureaucracy, restricted mandates, and limited agendas, and often do not consider sustainability as a priority.

International collaboration is needed for policy alignment, knowledge exchange, and trade promotion. International sustainability initiatives can contribute to the transformation of sectors by addressing policy issues between countries—for example, regarding trade and sustainability standards. They can also address common knowledge gaps, for example on climate resilience and inclusive business models. They can

play a role in promotion of trade, development of new markets, and exchange of technology. They are also potentially well-placed to address systemic issues around price volatility, poor value capture, and structural imbalances in supply and demand. Addressing these issues generally requires some form of market management at the international level. With these potential functions, regional sustainability initiatives can drive or enable better performance of national sectors and international value chains.

Regional sustainability initiatives become an interesting option when sectors are dominated by a limited number of producing and consuming countries. Promoting international collaboration can be complex when many producing and consuming countries are involved. However, for commodities such as tea, palm oil, and soy, only a handful of countries control most of the production, trade, and consumption. In the case of palm oil and tea, these countries are located in Asia. In the case of soy, Brazil and Argentina are the main producers (although the USA is also a key producer), and China and India are the main consumers. In contexts with a limited number of key trading nations, Solidaridad sees opportunities in setting up regional sustainability initiatives with key stakeholders from these countries. In these cases, regional initiatives can become a complementary strategy to national sector and international value-chain initiatives for policy alignment, knowledge exchange, and promotion of sustainable trade. They can reinforce a dynamic of collaborative action and continuous improvement, and can set sustainability norms for the rest of the world.

2.3

EXAMPLES OF REGIONAL SUSTAINABILITY INITIATIVES

In recent years, Solidaridad Asia has initiated three regional sustainability initiatives in tea, palm oil, and soy sectors. It also acts as a convenor and ensures cofunding.

The Asian Tea Alliance (ATA) brings together Asia's key tea producing and consuming countries. The ATA builds upon the earlier national sustainability initiatives and the partnerships that Solidaridad developed in Indonesia, India, and China. It was soon joined by Sri Lanka and Japan. The objective of the ATA is to improve regional collaboration based on a producer-centered agenda through information and technology exchange, mutual recognition of sustainability standards, and market promotion. So far, the ATA has resulted in the mutual recognition of national sustainability tea standards of China, India, and Indonesia. This collaboration has also resulted in technology exchange and new trade deals between tea exporters and importers. There are ambitions to develop a joint-market information sharing mechanism and to collectively promote a more differentiated and higher value tea market based on origin and quality. The initiative also facilitates sharing experiences regarding inclusive business models, fair pricing arrangements (such as for tea auctions), and climate-resilient production systems.

The Asian Sustainable Palm Oil Network (ASPN) consists of a number of partnerships of private and public stakeholders from Malaysia, Indonesia, India, and China. The ASPN has already led to the development of an Indian national sustainability standard called the Indian Palm Oil Sustainability Framework (IPOS). It has further achieved mutual recognition between IPOS, MSPO, and ISPO. It facilitated commitments to promoting IPOS and MSPO in the Indian market. The expectation is that the initiative will increasingly influence bilateral trade discussions between members. As with the development of the IPOS, this can drive other developments at the national level. One example is the establishment of a national platform in China for sector governance and the development of the China Sustainable Palm Oil Framework (CPOS). There are also plans to develop traceability tools for the national standards.

For soy, the Asia-South America Sustainable Coalition brings together national governments and dominant business associations from Brazil, Argentina, China, and India. The goal is to foster cooperation and collective efforts for sus-



tainable soy production and consumption. The coalition currently consists of various national and bilateral initiatives working on the development and alignment of national standards. China and India already have their national frameworks. The initiative facilitates bilateral discussion between China and India, China and Brazil, and India and Argentina. Through these bilateral initiatives, it aims to create a common platform to further coordinate and align precompetitive investments, policies, and sustainability standards.

There are other examples of regional sustainability initiatives with a strong emphasis on governance, trade, and knowledge sharing. The EU Farm-to-Fork Strategy, mentioned earlier, is an example of an initiative linked to an existing trading block. Another example is the African Palm Oil Initiative (APOI), started in 2015 by the Tropical Forest Alliance and coordinated by Proforest. APOI brings together public, private, and CSO stakeholders in nine West and Central African countries with the goal of developing and supporting the implementation of a set of regional principles for responsible oil palm development. The initiative facilitates national platforms and actions plans in combination with regional events to promote learning. Action plans include research, pilot, and policy influencing activities. Partly inspired by each participant's experiences, it has contributed to better institutional arrangements for sustainably developing the national oil palm sectors of various countries. For example, it has played an important role in the establishment of the Ghana Tree Crops Development Authority that governs seven tree crop sectors, including oil palm. Another example is the Amsterdam Declarations Partnership (ADP). The ADP was established in 2015, on the basis of the signing by ten European countries of a legally non-binding political commitment in support of private sector commitments on deforestation and sustainable commodity production, with a focus on cocoa, palm oil, and soy. The initiative has successfully influenced the European Commission's deforestation agenda.¹⁹ It has also resulted in more government-to-government dialogues and diplomacy between European countries and the major producing countries.



3.

CHARACTERIZING REGIONAL SUSTAINABILITY INITIATIVES

Solidaridad’s regional sustainability initiatives have some common characteristics. They are international and based on multistakeholder partnerships, which means that it involves participation from different types of stakeholders from different countries. They have strong (semi-)public sector involvement. Industry players are also involved, often through associations. They pursue a broad agenda, focusing on trade-related issues linked to a comprehensive sustainability agenda. They are often linked to national initiatives.

To better understand the nature of these initiatives, this section discusses them in more detail in terms of the following dimensions:

- **Drivers:** the reason why the initiatives have been created
- **Participants:** the type of stakeholders that participate
- **Structure:** how stakeholders are engaged, and how the initiatives are organized
- **Functions:** the aims and strategies of the initiative

EXAMPLES OF REGIONAL SUSTAINABILITY INITIATIVES

	ASIA TEA ALLIANCE (ATA)	ASIAN SUSTAINABLE PALM OIL NETWORK (ASPN)	ASIA-SOUTH AMERICA SUSTAINABLE SOY COALITION	AFRICAN PALM OIL INITIATIVE (APOI)	AMSTERDAM DECLARATIONS PARTNERSHIP (ADP)
Initiated in	2016	2016	2019	2016	2015
Initiated by	Solidaridad	Solidaridad	Solidaridad	Tropical Forest Alliance and Proforest	Mekon Ecology
Drivers	<ul style="list-style-type: none">• Trade objectives• Common challenges (e.g., climate resilience)	<ul style="list-style-type: none">• Trade objectives• Common challenges (e.g., climate resilience)	<ul style="list-style-type: none">• Trade objectives• Common challenges	<ul style="list-style-type: none">• Trade objectives• Common challenges• Common policy objectives	Common policy objectives
Participants	Key public sector organizations and industry associations from China, India, Indonesia, Sri Lanka, and Japan	Key public sector organizations and industry associations from Malaysia, Indonesia, India, and China	Key public sector organizations and industry associations from Argentina, Brazil, China, and India	Key public, private and civil society organizations from nine West and Central African countries	Governments of 10 European countries
Structure	Centralized board and secretariat	Network structure of various bilateral MoUs and working groups	Network structure of various national and bilateral initiatives	National platforms with regional events	Informal collaboration facilitated by a secretariat
Functions	<ul style="list-style-type: none">• Technology exchange• Market promotion• Mutual recognition of sustainability standards	<ul style="list-style-type: none">• National sustainability standard alignment• Public and private policy influencing	<ul style="list-style-type: none">• Knowledge exchange• National sustainability standard alignment• Public and private policy influencing	<ul style="list-style-type: none">• Research and knowledge exchange• Field implementation pilots• Public and private policy influencing	<ul style="list-style-type: none">• To influence public policy• Advance partnerships on the production side• Focus on cocoa, palm oil and soy

3.1 DRIVERS

The above initiatives show three important drivers that led to the initiator and initial participants to set them up. These are trade opportunities, common challenges, and common policy objectives.

TRADE OPPORTUNITIES

The growing south-south trade and commitments to sustainability make trade opportunities a strong driver. Trade relates primarily to the commodities that are the subjects of the initiatives, but can also refer to technologies and other knowledge, information or services related to the commodities. When countries depend on each other for export and import, there is a strong interest in enhancing trading relationships. This can support objectives around economic development, food security, or sustainable production. For example, India and China do not produce palm oil and are dependent on Indonesia and Malaysia for vegetable oil. Hence, India and China are key export markets for their palm oil. In the case of tea, China has in the past decades massively increased production of green tea, for which they need a market, while the Chinese market is still interested in black tea from India and Indonesia. In addition, the Chinese Road and Belt Initiative also creates a momentum for the Chinese to create alliances with other countries to promote trade. This does not only concern regional trade. Shared trade ambitions with the rest of the world can also act as drivers, as is the case with tea, where Asian countries seek better markets in Europe and Middle East. The search for export markets for products developed in line with national sustainability standards can also drive participation in regional sustainability initiatives. The countries participating in the APOI also share the ambition to enhance the export of palm oil to the EU.



China is one of the most important tea-producing countries in the world. We think it is our interest, common interest to work with our neighboring tea-producing countries in the region to share best practices and increase the power of collective voices to promote Asia's tea industry.

Wang Qing, President of China Tea Marketing Association (CTMA), member of the Asian Tea Alliance



COMMON CHALLENGES

Another driver of collaboration in regional sustainability initiatives is the challenges that are experienced across different countries. In the tea sector, there is an overall concern regarding stagnating consumption and the declining profitability of tea production, which is further aggravated by the impacts of climate change. There is increasing awareness that international collaboration and knowledge exchange is needed to overcome these issues. This includes exploration of solutions involving alignment of supply and demand.

Other triggers include labor issues in tea, textile, and garments, and deforestation in palm oil and soy, as well as the media campaigns that raise public awareness of these issues. These campaigns can harm the reputation of entire sectors and, apart from the human and environmental costs, such malpractices also harm future trade prospects. A shared interest among key trading partners in further developing and aligning solutions to these issues can be a driver of participating in regional sustainability initiatives.

Regional stakeholders may also perceive existing international solutions to be undesirable. For example, there are concerns among Asian stakeholders regarding the costs and cumbersome processes involved in RSPO certification. They also feel that RSPO is imposing trade restrictions dictated by palm oil buyers. Alignment on alternative systems—in this case the mutual recognition of producer-driven national standards—can bring stakeholders together in regional sustainability initiatives.



The sustainability challenges for Asian tea growing nations need a collaborative response and mediation. The ATA platform has the promise to become a global voice from Asia on tea.

Mr. Arijit Raha, Secretary General of the Indian Tea Association



COMMON POLICY OBJECTIVES

The presence of common policy objectives between countries can also be a strong driver of regional collaboration. For example, APOI is a direct result of the signing by seven African governments of the Marrakesh Declaration at COP22, in which these governments publicly committed to sustainable palm oil. The ADP is a direct response to the Paris Climate Agreement.

3.2 PARTICIPANTS

The regional sustainability initiatives of Solidaridad have the strong involvement of national governments and of producer and industry associations. In this they differ from many of the international roundtables and certification initiatives, which often have no public sector participation and tend to be dominated by manufacturers, retailers, and Western CSOs. The focus on producers and governments both results from and further supports the emerging nationally and regionally grounded sustainability narrative. This is deliberately pursued in some cases. For example, the Asian Tea Alliance excludes international tea packers, and the initiative is primarily about giving producers more power in dealing with these packers. Nonetheless, packers may be invited in the future, as collaboration will be needed to overcome some systemic issues. ASPN also builds upon public sector participants (e.g., commodity boards and ministries), but large businesses also actively participate through their industry associations. Similar set-ups can be found in the Asia-South America Sustainable Soy Coalition. The advantage of having strong public sector participation is that it gives these initiatives a strong mandate and increases the likelihood that they can result in sector-wide changes. The APOI national platforms and regional dialogue have a more diverse mix of stakeholders and include public, private and civil society actors. The ADP has only public sector members.



Through the Asian Sustainable Palm Oil Network, Solidaridad has bridged communication with Indian stakeholders, through the collaboration with Indian associations like the Solvent Extractors Association of India and the Indian Tea Association for supporting agriculture commodities trade

Dr. Musdhalifah Machmud, Deputy Minister for Food and Agriculture at the Coordinating Ministry for Economic Affairs for the Republic of Indonesia



3.3
STRUCTURE

The structure and governance of the initiatives range from informal to formal and centralized to decentralized. ATA has official members who have signed the Memorandum of Understanding (MoU) together to form the initiative and establish a secretariat. The chair alternates between members. The ASPN has a more informal and a less centralized governance model. It is more of a network of different (mostly bilateral) projects and coalitions for which Solidaridad acts as the central convenor. Participants sign MoUs related to that specific project. It should be noted that it may take several years before collaborative intentions and joint activities result in a formal commitment and structure. The ADP has a central support unit which organizes monthly coordination meetings between the members, as well as an annual public event.

Working groups are a common feature of these initiatives. These allow stakeholders to be gathered around specific themes and objectives and less formal communication (e.g., via WhatsApp groups). While much of the collaboration takes place virtually, physical events such as meetings, exchange visits, and conferences are important for improving collaboration and progress.

Regional sustainability initiatives also have strong relationships with national initiatives. Some of Solidaridad’s national initiatives pre-date the regional initiatives, while in other cases, the regional collaboration spurred new national initiatives. For example, ASPN triggered the creation of Indian Palm Oil Sustainability (IPOS), and the Asia–South America Sustainable Soy Coalition is linked to the development and promotion of the China Sustainable Soy guidelines and the Indian Standards for Sustainable Soy. APOI is based on national initiatives, complemented with annual regional events to promote learning and uptake of sustainability principles. The ADP also supports national palm oil, cocoa, and soy initiatives in member countries working towards 100% deforestation-free, sustainable commodity production and trade.



The alignment of MSPO and IPOS enables benchmarking and mutual recognition of both sustainability standards. We hope that such regional cooperation would strengthen the national initiatives of Malaysia and India in relation to sustainable palm oil production. This in turn, would facilitate and synergize the collective actions for increasing the supply and uptake of sustainable palm oil by India.

Dr. Ahmad Parveez Hj. Ghulam Kadir, Director General of Malaysian Palm Oil Board (MPOB), participant in the Asian Sustainable Palm Oil Network



3.4
FUNCTIONS

The regional sustainability initiatives often combine different functions or aims²⁰, which can be grouped under:

Convening & knowledge sharing: offering a space for stakeholders to come together to connect, network, learn, and share knowledge and experience. Initiatives can also lead to the direct development of knowledge through curating information, identifying knowledge gaps, conducting research, and disseminating knowledge and technologies among members or participants. An example of this is ATA’s promotion technology exchange regarding small-scale processing between Chinese and Indonesian tea factories.



We have yielded benefits from this collaboration initiative such as cross-learning from each other for embracing advanced technologies, and at the same time, incorporating some indigenous knowledge to promote sustainable tea production and consumption. We are expecting more benefits to be realized with the collaboration deepening.

Mr. Wang Qing, President of China Tea Marketing Association (CTMA), member of the Asian Tea Alliance

Solution development: Identifying gaps and opportunities to drive specific solutions, often through collaborative action and pilots. Solutions can refer to innovative action, programs, policies, and behaviors aimed at unblocking barriers or demonstrate that solutions to specific challenges are possible. Examples of this include activities promoting the consumption of sustainable palm oil and tea. Another example includes APOI’s participation in the development of a landscape governance approach.

System alignment: Bridging gaps or misalignments between the systems of various actors and countries. Examples of this include the mutual recognition of the national tea and palm oil sustainability standards, and the development of national standards where they do not yet exist. It can also relate to removing trade barriers that may exist between countries or tackling systemic issues around price volatility, poor value capture, and structural imbalances in supply and demand.



The Asian Sustainable Palm Oil Network has provided a platform for the sector stakeholders to align their perspective, synergies, and create a conducive policy environment towards sustainable palm oil production, and more importantly trade development. Together with the palm oil industry leaders and key stakeholders, we are aiming to strengthen the sector governance and facilitating the alignment between national sustainability standards on sustainable palm oil production and trade in Asia.

Mr. Atul Chaturvedi, Director of Adani Wilmar and President of the Solvent Extractors Association of India (SEA)



Compared to international initiatives such as voluntary sustainability standards, regional initiatives in Asia or Africa will have an agenda which is less driven by Western stakeholders (i.e., less top-down). Compared to national initiatives, they may also have a longer-term focus. In Solidaridad’s experience, national initiatives sooner focus on short-term goals, ignoring long-term issues around supply and demand. Regional initiatives are often better suited to addressing such strategic and long-term systemic issues.

Summary of drivers, participants, structure, and functions of regional sustainability initiatives

Drivers	Participants	Structure	Functions
<ul style="list-style-type: none">• Trade opportunities• Common challenges• Common policy objectives	<ul style="list-style-type: none">• Public sector• Industry associations	<ul style="list-style-type: none">• Ranging from informal and decentralized to formal to centralized• Linked to national initiatives	<ul style="list-style-type: none">• Convening and sharing• Solution development• System alignment





4.

SUCCESS FACTORS IN MANAGING REGIONAL SUSTAINABILITY INITIATIVES

The experience of Solidaridad in developing sustainability standards and working with multistakeholder platforms in general, and regional ones in particular, reveals some lessons that might help make initiatives more successful.²¹

Attract influential, committed, and representative participants. It is important to have participants who represent the relevant national institutions and larger stakeholder groups. These participants need to be knowledgeable, influential, and genuinely interested in joining the initiative. This can help to pull together a high-powered inner group that has the leadership to drive the initiative forward. Both ATA and ASPN have managed this by having the most influential national public organizations and industry associations among its members. These stakeholders have shared aspirations to enhance the economic and social development of their countries through increased production, trade, and consumption, while also sharing concerns about low prices, poor returns for producers, and the effects of climate change.

Having participants sign a formal MoU with the initiative, outlining its aims, the level of commitment expected, and the responsibilities and roles of the participants strengthens the mandate of participants and the initiative as a whole.

Ensure the (indirect) voice of grassroots organizations. It is not evident that grassroots organizations, smallholder federations, and worker unions can participate effectively in regional policy dialogues. There is often a lack of credible candidates with sufficient capacities and resources to participate in the international, and often highly strategic dialogues. It may take years to build capacities for effective participation. In the case of ATA, Solidaridad has chosen an alternative strategy to ensure smallholder voices are heard. It has facilitated smallholder associations' membership of the key industry association, the Indian Tea Association (ITA). After joining agenda-setting sessions, ITA now voices the interests of their smallholder members in the ATA. As convener or expert, Solidaridad staff can also voice smallholder interests in the dialogue. Solidaridad is well positioned for this, as it has strong long-term partnerships with numerous grassroots organizations in the respective countries and sectors. Another strategy is to link regional initiatives to national activities and platforms, in which the participation of grassroots organizations can be easier to accomplish.

Have a neutral convener with subject-matter expertise. A good convener should be perceived as a neutral organizer with no vested interests in any participant. Sector and subject-matter expertise, experience with field implementation, and strong international networks adds to the credibility of the convener. Credibility is supported by having a credible presence in individual countries before engaging in regional initiatives. For example, Solidaridad Asia has excellent relationship with key stakeholders in tea-producing countries, which helped to convince them and other stakeholders to join the ATA.

Gear facilitation towards trust-building. Good facilitation includes championing ideas, developing an agenda, convening relevant stakeholders, managing logistical issues, defining clear rules of communication at the outset, and facilitating discussions and giving a voice to everyone. The facilitator has an important role to play in allowing trust to be built between participants, which is a crucial success factor. Several strategies can support this:

- Manage expectations: sufficient time needs to be dedicated to the preparatory and inception phases, in order to manage members' expectations.
- Find common ground in facts: the early stages of the dialogue process should be based on reliable facts that can help to uncover root dynamics and beliefs that block the way to solutions. This will support agreement on key issues, a shared vision, and priority interventions.
- Clear decision-making procedures: decisions are to be made in a manner that optimizes and balances democratic means, with a view and ability to move forward. ATA and ASPN do this by reaching consensus, which is a feasible strategy as they include relatively small number of members.
- Accountability: it is important for the credibility of the initiative that commitments and decisions are followed through. Both ATA and ASPN have adopted an informal approach based on regular dialogue, intrinsic commitment creation, and ensuring transparency on progress made. While overall roles and responsibilities are outlined in the MoUs, neither initiative has a formal obligation for members to implement the recommended actions. Instead, they expect that the shared ownership, trust, and alignment that has been created will commit participants to following through with implementation. This is complemented by efforts to ensure the transparency of what members do and do not do, and regular dialogue in which challenges faced by the stakeholders are discussed and resolved. This also includes periodical reviews and discussions on progress.



Key capabilities for a convenor include the ability to win trust, reach consensus, and the capability of conceptualizing a vision and translating this into specific programme and project design and implementation.

Mr. Wang Qing, President of China Tea Marketing Association (CTMA), member of the Asian Tea Alliance



Cultural differences and political tensions between countries can form an additional challenge to trust-building. For example, countries may be competing with each other in the global market, or there may be historical and political sensitivities between them. A good facilitator recognizes this and will adapt the facilitation process to this. An alternative strategy to prevent institutions from certain countries having to form formal collaboration is to set up several bilateral partnerships. ASPN does this successfully (e.g., India with Indonesia, and India with Malaysia), while simultaneously organizing events where all the actors come together in a more informal setting. Step-by-step, it is working towards a common understanding and a common minimum program for a shared future.

Balance between concrete short-term outputs and more strategic longer-term outcomes. Initiatives benefit from effective goal setting, rigorous implementation, and adaptive management. An initiative should be clear about its purpose, its intended strategy, and its pathways of change. This should accommodate each stakeholder's interests and circumstances. As mentioned, strategies and commitments should be followed up and may be adjusted along the way, follow-

ing new developments and insights. It is furthermore recommended to combine longer-term goals (such as policy alignment and coordination of supply and demand) with short-term concrete outputs, such as a research and field pilots. Quick results support trust-building, collaboration, and commitment of participants, and avoid initiatives being perceived as talking shops.

Aim for long-term processes with sustained funding. Changing policies and implementing other systemic changes often requires many years. Quick wins are possible, but a typical four-year project time-frame is too short to change public and private policy environments to a degree that it can be claimed that sectors have been transformed with significant and sustained impact. Consequently, regional sustainability initiatives should plan for long-term engagement. Establishing a regional sustainability initiative can be costly. It requires staff time for convening, travel between countries, and initial activities such as research and pilot activities. External donor funding is often needed to cover these initial costs. In particular, the convening and research part requires independent funding from a donor who does not have a specific interest in any of the participants. Pilots may benefit from cofunding of pilot participants that have specific interests in the outcomes of the pilots. Over time, the costs of these initiatives tend to reduce, and when members experience the value of the initiative, they may also be willing to contribute financially. The experience shows that some level of external cofunding remains critical to continue the initiative. That said, longer-term commitments need to be combined with periodical reviews of whether the initiative still adds value or has become redundant.



5.

CONCLUSIONS: REGIONAL INITIATIVES OFFER A COMPLEMENTARY PATHWAY TO TRANSFORM SECTORS

Regional sustainability initiatives can fill the gap between international and national value-chain initiatives in producing countries. Agricultural commodities such as tea, palm oil, and soy are increasingly consumed in emerging economies and dominated by the south–south trade. At present, traditional sustainability initiatives and value-chain-driven sustainability standards that are oriented to Western markets seem to be less relevant to emerging markets. They struggle to reach a critical mass and generally do not address the root causes that undermine the sustainability and competitiveness of entire sectors. In response, various national initiatives in the producing countries have emerged in the last decade. Experience shows that their success in transforming sectors partly depends on international trade dynamics and political relationships between the key trading nations. There are also a few effective mechanisms that coordinate and align national initiatives at the regional level. To fill the gap between Western market-oriented initiatives and national initiatives in producer countries, Solidaridad has initiated regional sustainability initiatives that promote knowledge exchange, trade promotion, and policy alignment between key trading nations. They form a complementary route to the transformation of sectors.

5.1 FUTURE PROSPECTS

It will be interesting to see whether regional sustainability initiatives can realize their potential to contribute to sector transformation in the region. Though relatively new, such initiatives have already yielded various results. Some of these results may look like small wins, but small wins may turn out to be necessary steps in creating large-scale systemic change. The initiatives are also an indication that Asian stakeholders are taking further ownership of sustainability issues in their sectors. The strong public sector involvement and a sustainability agenda rooted in trade logic could make these initiatives contribute to policy alignment between the key trading nations. They also potentially have a role to play in a more active market management aimed at addressing systemic issues around price volatility, poor value capture, and structural imbalances in supply and demand. They can become vehicles for policy alignment, knowledge exchange, collaborative implementation programs, and continuous improvement. This makes them highly complementary to national and international value-chain-focused initiatives. The transformative impact will also depend on their capability to open up to other countries. Current initiatives by Solidaridad are focusing on the main producing and consuming countries. The challenge will be to ensure that, in the future, smaller trading countries will also benefit from these initiatives. The Asian Tea Alliance has already begun to open up to countries like Japan and Bangladesh. Time will tell if other initiatives will follow.



In the years to come, it would also be interesting to explore spaces for collaboration between regional sustainability initiatives and their contribution to global transformation. There is certainly an opportunity to learn from each other on successful development and management of these initiatives, as well on other topics, such as successful private and public sector engagement and policy influencing. Similarly, it would be interesting to explore whether these commodity-specific regional sustainability initiatives can be linked to, and inform, other multilateral initiatives (e.g., the Association of Southeast Asian Nations (ASEAN) or the Economic Community of West African States (ECOWAS)) and bilateral or regional trade agreements. The role of the ADP and ASPN members in the EU–ASEAN Joint Working Group on Palm Oil is evidence that this is possible. It will be interesting to see whether this dialogue can build bridges and partnerships between regions based on a common improvement agenda.²²Relationships between these initiatives and the international voluntary sustainability standards also remain to be figured out. There seems to be much space for complementary action, though there is also a risk that they will result in competing initiatives.

It could be argued that the journey towards global sustainable production and trade systems now has a new pathway. After the liberalization of commodity sectors in the 1980s and 1990s, international voluntary value-chain initiatives began to gain traction in addressing sustainability issues in north–south oriented international supply chains. This led to national initiatives with more context-tailored approaches, which increasingly addressed the systemic issues that create an enabling environment for all actors. In sectors where there are only small numbers of major producer and consumer countries, regional initiatives are now emerging as a strategy to create alignment between national initiatives and to address systemic issues at trade level between key trading partners. Potentially, these could inform global trade agreements. The following table summarizes some of the strengths and weaknesses of international, national, and regional initiatives, as has been discussed throughout this paper.

Strengths and weaknesses of international, national, and regional initiatives

	Level of sustainability initiative		
	International	National	Regional
Strengths and opportunities	<ul style="list-style-type: none"> • Create common sustainability norms across countries • Introduce market-driven incentives • Create incentive for countries to develop their own standards 	<ul style="list-style-type: none"> • Consider the local context • Create national ownership • Include a focus on domestic markets • May be mandatory for all producers • May address systemic issues 	<ul style="list-style-type: none"> • Enhance regional collaboration and policy alignment • May address systemic issues in south–south trade • Efficiency of joint research, piloting and standard development • May inform global and regional trade agreements
Weaknesses and risks	<ul style="list-style-type: none"> • Risk of Western dominance, no local ownership • Less context-specific • Focus on western export and better performing producers 	<ul style="list-style-type: none"> • Risk of lowering sustainability bar • May not be recognized internationally • Misalignment of norms between countries • Trade dynamics may undermine effectiveness 	<ul style="list-style-type: none"> • Vulnerable to regional disputes and political tensions • Exclusive to smaller trading nations • Competition between regional initiatives

5.2

SUPPORTING REGIONAL SUSTAINABILITY INITIATIVES



The examples and reflections in this paper show the potential value of regional sustainability initiatives. Most cases are still relatively new. While they have already achieved results, it is too soon to determine whether they can realize their potential value. A proof of concept will require further support from existing initiatives, possibly complemented by new initiatives in different contexts. Various actors could play a role in this.

CSOs like Solidaridad can play the role of convening, facilitating and, together with research, providing expertise. CSOs are often well placed to act as constructive and neutral convenors of public and private sector interests, while ensuring that the interests of the marginalized target groups are sufficiently prioritized. This requires good facilitation skills and subject matter expertise. It helps to have a national presence and credibility before engaging at the regional level. Together with research institutes, CSOs can also ensure that initiatives are grounded in facts, when it comes to the analysis of problems and the development of solutions.

Public institutions can provide the mandate and the leverage needed to address systemic issues in policy environment. They can embrace these initiatives in pursuit of their national policy goals and policy alignment with key trading partners. Their participation and commitment are key in creating the additional value of regional sustainable initiatives vis-à-vis national or international value-chain initiatives.

The private sector, and particularly its associations, can bring in experience and resources to pilot and implement solutions. It can participate in acknowledging that fundamental challenges to the long-term viability of their sector and business requires precompetitive action on the international level. One challenge is to ensure that producer and industry associations represent all types of actors, and not just the larger and better off ones.

Donors and financial institutions can provide financial resources for these initiatives, recognizing the importance of ownership of key trading nations, as well as the long-term horizon required to create the desired systemic change. Donor funding is often critical in the initial phases of these initiatives. While donor contributions may reduce over time, long-term support may remain desirable, as many of the goals these initiatives pursue require much more time than a typical four-year funding cycle. Western donors should also recognize that ownership over sustainability agendas in producing countries is a critical condition to realizing their own sustainability ambitions, such as those stipulated in the Green Deal. Donors can also collaborate with the financial sector to set-up blended finance mechanisms for strategic investments.

It will thus depend on the collaborative effort of governments, industries, CSOs, researchers, and donors whether regional sustainability initiatives can make valuable contributions to some of the most pressing systemic issues that undermine the sustainability, competitiveness, and inclusiveness of these important commodity sectors.

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