



**International
Finance Corporation**
World Bank Group

IFC's Engagement with Commodity Roundtables



What is a Sustainable Supply Chain?

- A sustainable supply chain is one in which, at a minimum, no player loses and, if possible, all players win, that situation being maintained over time

Background - WWF/IFC Commodities BMP Initiative

- Started in 2003
- IFC + WWF + many interested players (Rabobank, ABN AMRO, BNP Paribas, EBRD, Unilever, Ahold, ...)
- Rapid Assessment on 10 commodities, selection of four: sugarcane, cotton, soybeans and oil palm
- Starting international, multistakeholder, private sector led processes, "roundtables", "dialogues"

Why the Roundtables ?

- Agriculture is a major user of land and expanding (cotton = 33 m ha; oil palm = 10 m ha; soy = 75 m ha; sugarcane 20 m ha - FAO 2000)
- Serious environmental and social issues
- Risk to companies is increasing (and now biofuels)
- Lack of knowledge on practices, technology and metrics to make production sustainable and to report/guarantee that it is
- Lack of a legitimate agreement on what is a sustainable commodity
- More efficient way to act is within one given organized sector with all stake-holders
- Prolongs Performance Standards, especially IFC's PS6 – giving clients concrete measurable ways to comply as well as to do better

How Commodity Initiatives/ Roundtables Work

1. Convening a multi-stakeholder, commodity-specific group
2. The roundtable identifies and agrees upon the 6-8 key impacts and agrees to reduce them measurably
3. Technical working groups (TWGs) identify principles, criteria, and measurable indicators, develop performance standards and a verification system
4. Supporting research where there is disagreement or too little data (e.g. biodiversity)
5. Identifying/sharing better management practices (BMPs)
6. Developing the business case

Some Commodity Roundtables and Companies

(present IFC support shaded – not all companies are formal members)

Commodity	Places Impacted	Partnering Corporations
Cotton	India, Pakistan, Brazil, China, West Africa	WWF, Adidas, GAP, IKEA, H & M, Nike, Wal-Mart, Rabobank, ABN-AMRO
Sugarcane	Brazil, India, Honduras, East Africa, Vietnam, Australia, US	WWF, Cadbury, Cargill, Coca-Cola, Tate & Lyle, Ethical Sugar, BP, Shell, British Sugar, ILRF, SAB Miller, IFC,...
Palm Oil	Indonesia, Malaysia, Honduras, Brazil, PNG	Initially Unilever, WWF, Cadbury-Schweppes, The Body Shop, IFC, now more than 166 ordinary members (7 investors) and 64 affiliates
Bananas	Honduras, Belize, Guatemala	Chiquita, Dole, WWF, Favorita, Fyffes, Costco, Croplife,...
Soy	Brazil, Argentina, Paraguay, US, China	Unilever, WWF, Bunge, COOP, Cargill, Grupo AMaggi, IFC, HSBC, Rabobank, ABN-Amro, Nutreco, Solidaridad, Nestle Oil (now > 40)
Shrimp	Belize, Indonesia, Madagascar, Mexico	WWF, Ahold, Carrefour, Costco, IKEA, Sysco, ABN-Amro, Marks & Spencers, Wal-Mart ,...
Salmon	Chile, Norway, Canada and United States	WWF, Ahold, IKEA, Nutreco/Marine Harvest, Stolt, Wal-Mart ,...

What is asked of Private Sector Partners

1. Sign on to the goals and objectives
2. Work with the others to recruit other private sector players
3. Support the development of indicators and measurable standards
4. Use their supply chains to field test the proposed standards and help develop meaningful chain of custody/traceability systems
5. Commit to purchase product from producers in transition
6. Commit to a meaningful target for their own purchases (e.g. 25% of supply within 10 years and 50% within 20)
7. Commit to promote the adoption of the system (also when not concerned directly, e.g banks and investors)

What Roundtables do for the Stakeholders

1. Offer forum of discussion and coordination (it is not to do business)
2. Promote the work of the roundtables globally
3. Ensure that the resulting products are produced in ways that measurably reduce the impacts
4. Stand behind the standards
5. Reduce cost of achieving sustainability
6. Recruit additional partners to reduce the risks to all involved
7. Work with each partner to identify and reduce brand and reputational risks during the transition to better sources within the supply chain

Lessons learned & Current Issues

- There is a high demand for credible quality assurance systems to link logically avoided impact to financial risk
- RTs are working (RSPO = >30% of global production and >5% of global trade)
- Proves helpful for best practice + helping clients
- Needs time and resources
- Need to have a balanced membership across stakeholder categories (buyers / producers)
- Issue of small versus large producers
- Replicability across RTs - Metastandard?
- Works better for internationally traded commodities but may work for certain large countries
- Biofuels roundtable?

The Biodiversity and Agricultural Commodities Programme

- See flyer in handout
- Leveraging other partners' contributions to do better
- IFC/GEF, 10-12 year market transformation programme
- Palm oil, cocoa, sugarcane, soybeans
- Global but starting in Indonesia, Malaysia, Côte d'Ivoire, Ghana, Brazil
- Will support the biodiversity aspects (metrics; testing BMPs)
- Supports all players in supply chains
- Will articulate with public authorities as required
- Will work with Roundtables, WWF, other FIs, other NGOs, private companies

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<http://www.sustainable-palmoil.org/>

<http://www.responsiblesoy.org/>

http://www.panda.org/about_wwf/what_we_do/policy/agriculture_environment/index/our_solutions/better_sugarcane_initiative/index.cfm