

VALUE BEYOND VALUE CHAINS

Guidance note for the private sector

Version 1.0 for consultation and development

How companies can help to create the enabling conditions for sustainable production in agricultural commodities by supporting multi-stakeholder collaboration



December 2019



**GREEN
COMMODITIES
PROGRAMME**

Value Beyond Value Chains: Guidance Note for the Private Sector December 2019

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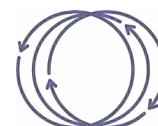


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GOOD
GROWTH
PARTNERSHIP



KEY POINTS

This guidance note focuses on how companies can collaborate more effectively with governments in producer countries to create the enabling conditions for sustainable agricultural production.

It has been produced for major producers and buyers of agricultural commodities. It is of particular relevance to commodities produced in tropical forest countries where agricultural expansion is driving deforestation. However, the guidance also has relevance to other agricultural commodities and other regions.

The guidance note explains the rationale for acting beyond value chains in order to help create the enabling conditions for sustainable production – specifically by supporting multi-stakeholder initiatives at landscape, subnational and national level in producer countries.

It can also help guide company decision making on how to engage in multi-stakeholder initiatives in these countries.



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FOREWORD

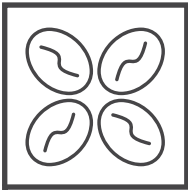
If we are to meet multiple challenges such as climate change, land degradation and improving farmer livelihoods, we need to transform the entire agricultural commodity system from farm to high street. In 2018 the UNDP Green Commodities Programme launched the Value Beyond Value Chains initiative to look specifically at how to increase the effectiveness of private sector collaboration with governments in countries that are major producers of agricultural commodities.

We believe that addressing these issues requires effective collective action from companies and governments, as well as civil society organisations. Our experience of multi-stakeholder approaches points to the potential and promise of more effective public

private collaboration – but there is still some way to go in order to realise this promise.

Companies typically have limited experience in collaborating with governments to influence and strengthen the enabling conditions for sustainable agricultural production. We believe that both companies and governments need to increase their understanding of why collaboration is needed and how to go about it.

This paper points the way to how the private sector can collaborate more effectively with governments in producer countries through multi-stakeholder collaboration for systemic change.



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INTRODUCTION

The focus of this guidance note

The focus of this guidance note is how companies can collaborate more effectively with governments in producer countries to create the enabling conditions for sustainable agricultural production. This is version 1.0 for consultation and development; we look forward to its evolution through suggestions from our partners and other stakeholders.

Systemic risks to agricultural commodity production

Large producers and buyers of agricultural commodities increasingly understand that there are a number of critical environmental risks from climate change, land degradation, biodiversity loss and water shortages that threaten the long term viability of producing regions. There are also concerns to ensure that millions of smallholder farmers can improve their livelihoods and to ensure that any further conversion of land to agricultural use is done with the free, prior and informed consent of the communities living on the land. A multi-stakeholder approach is, in our experience, the best way to achieve systemic change.

Who is this for?

This guidance note has been written particularly for decision makers in large agribusinesses and buyers of agricultural commodities. It is of particular relevance to commodities produced in tropical forest countries where agricultural expansion is driving deforestation.

In this guidance note, we explain the rationale for acting beyond value chains to help create the enabling conditions for sustainable production – specifically by supporting multi-stakeholder initiatives at landscape, subnational and national level in producer countries. The guidance note can help guide company decision making on how to engage in multi-stakeholder initiatives in these countries.

The guidance note will also be of interest to anyone seeking to support improved public private collaboration to create the enabling conditions for sustainable agricultural production, whether governments, multilateral organisations, civil society organisations or donors.

We are grateful for the input of the Value Beyond Value Chains Advisory Group in the production of these guidelines – see the list of members on [page 38](#).

Developing Version 2.0: Webinars and Workshops

Over the coming months, UNDP GCP will be hosting a series of webinars and workshops (through our Green Commodities Community and at relevant international conferences) to gather feedback and suggestions on this draft of the guidance note. We particularly look forward to inputs from our Good Growth Partnership partners, who we know will bring their deep experience of this work.

Guidance notes for specific countries and commodities

We will also be publishing guidance notes for the private sector for specific commodity platforms within the UNDP's GCP portfolio (see on [page 36](#)).

Further detailed guidance on public private collaboration

As we develop this guidance, the Value Beyond Value Chains initiative will respond to the needs of companies and governments interested in strengthening public private collaboration for sustainable agriculture production.

We expect that this will include further guidance notes for companies and governments that will go into more depth around some of the questions and suggestions for improvement that follow on from this publication.

Strengthening public private community collaboration

We will continue to work with governments and the private sector and civil society across our portfolio to strengthen public private community collaboration. We also welcome opportunities to explore the launch of new initiatives that aim to strengthen the enabling conditions for sustainable agricultural production.

Questions for readers

We welcome and encourage feedback in terms of:

- How useful do you find this guidance note?
- What feedback do you have on the contents of this guidance note? Are there any points that you challenge or disagree with?
- What additional information would you like to see covered in future guidance?
- Which countries do you consider to be a priority for strengthening public private community collaboration?

1 The challenges facing agricultural commodities

KEY POINTS

The long term future of agricultural commodity production is facing systemic risks from climate change, land degradation, biodiversity loss and water shortages that threaten the long term viability of producing regions – as well as concerns about the long term viability of farming for millions of smallholder farmers on whom much production depends.

Attempts over the last 10-15 years by large agricultural producers and buyers to tackle these issues have focused on a combination of global sustainable sourcing commitments, improved supply chain management and investment in farmer development.

However, in general this has not led to widespread change in production practices. Instead we see pockets of good practice, while unsustainable production practices continue in the rest of the market.

The future for agricultural commodity producers, including millions of smallholder farmers, is threatened by **climate change, land degradation and biodiversity loss**. But sustainable agriculture can offer the solution to these problems.

Growing demand for agricultural commodities

A combination of a growing global population and increasing affluence means that demand for agricultural commodities by 2050 could double or more. This should be good news for farmers, for producer countries and for companies in the agricultural sector.

Threatened by major environmental and social risks

However, agricultural commodity production is putting unprecedented pressure on ecosystems, driving deforestation, biodiversity loss, land degradation, water shortages and contributing to climate change.

These are all factors that create systemic risks for agricultural production, threatening to destabilise the local and regional ecological balance that agriculture depends on. This can lead to lower yields or even the inability to grow certain crops as environmental conditions change.

Together these factors can lead to farmers losing their livelihoods and companies losing business – as well as presenting significant reputational risks to companies who are seen to be responsible for environmental damage and social exploitation.

The challenge to develop in a sustainable way

So the challenge for agricultural commodity producers is how to increase output while decreasing their negative environmental footprint, while also providing

good livelihoods for millions of smallholder farmers and the wider communities that rely on farming for their livelihoods.

Companies have made commitments they are struggling to deliver

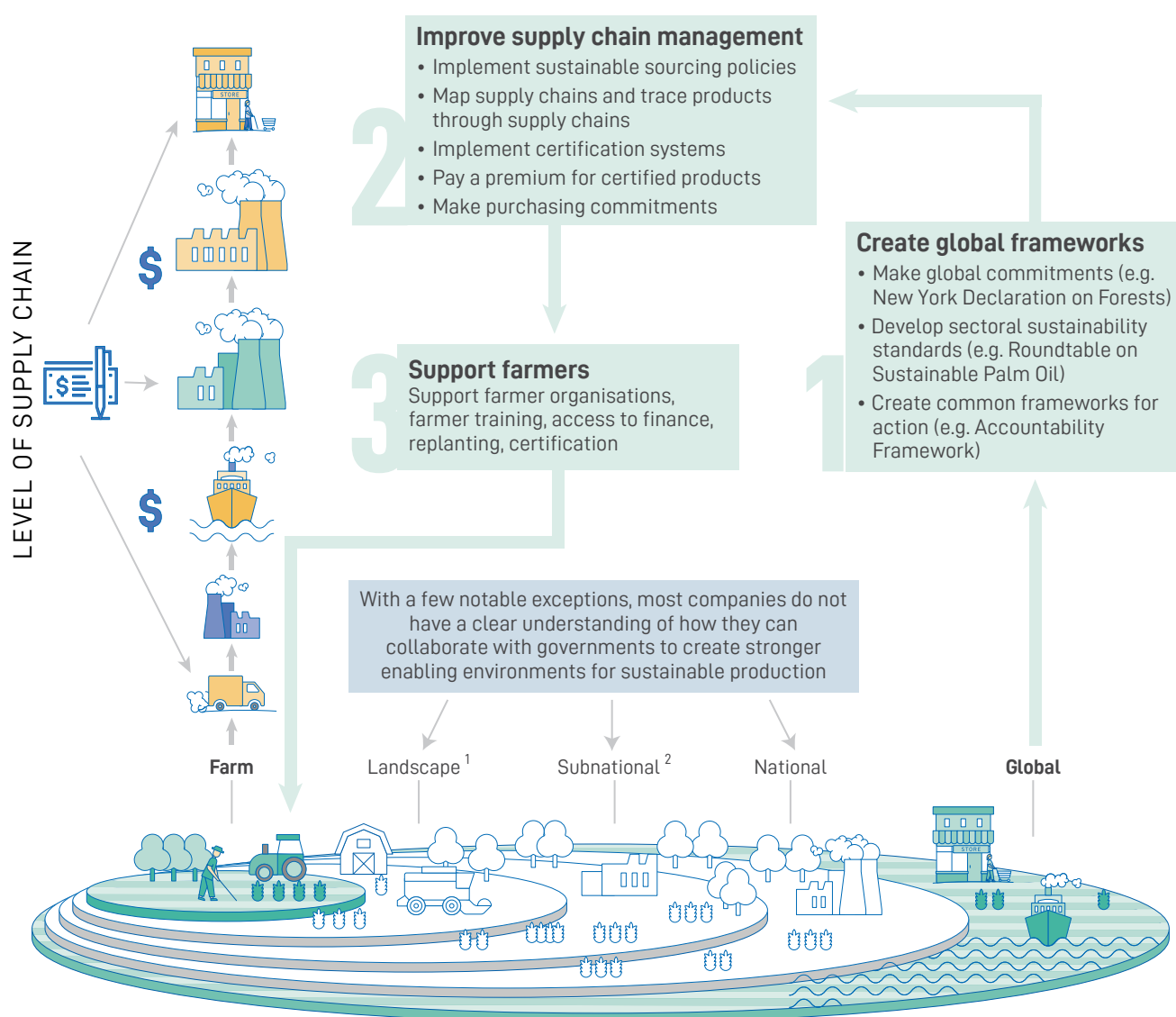
The challenge for buyers is how to make sure they only source from sustainable producers. Many of the largest and most prominent international companies have made a range of ambitious environmental and social commitments which are currently proving difficult to meet.

The opportunity is for government, the private sector and civil society to align behind a positive shared vision

Agriculture may currently be one of the biggest drivers of environmental degradation, but the good news is that through more sustainable agricultural practices – protecting and regenerating forests, restoring degraded land and depleted soils and protecting watersheds – the sector can ensure that agricultural yields can be maintained or increased (which is good news for farmers) while also contributing to climate mitigation and other important environmental and social benefits. This creates an opportunity for aligning the interests of the private sector, governments and civil society around a positive common agenda.

To address environmental and social challenges in agricultural commodity production, over the past 10-15 years many large agribusiness producers and buyers have **focused on making sustainability commitments**, adopting global sustainability standards, improving supply chain management and investing in farmer development.

Key features of private sector efforts to ensure sustainable agricultural commodity production over the past 10-15 years



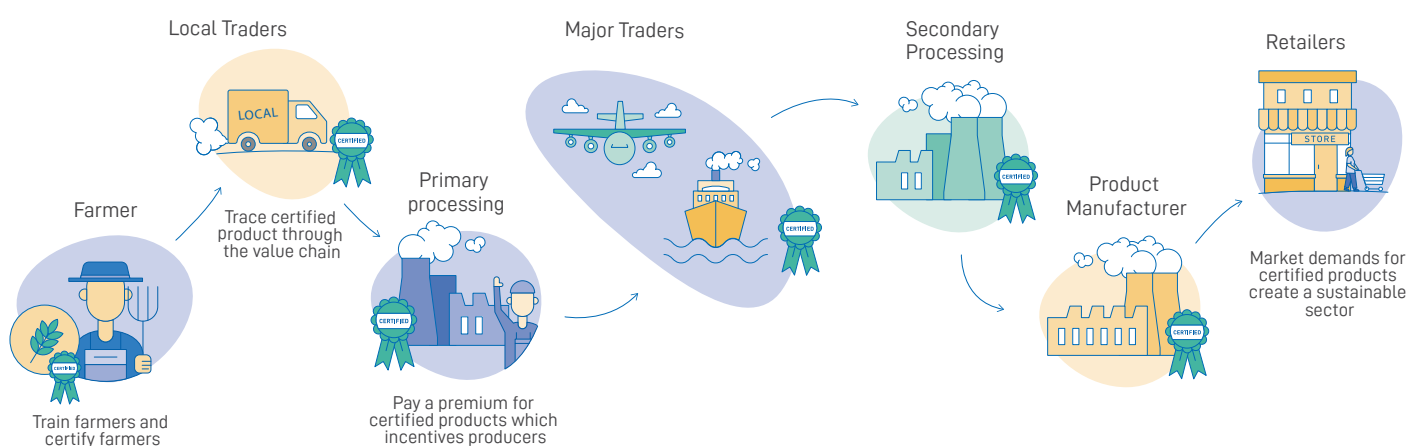
Definitions:

1 Landscape refers to an ecological region that may cross subnational or national boundaries.

2 Subnational refers to a politically defined region at the level of province/state or municipality/district (often referred to as a 'jurisdiction').

Due to the **complexity of global supply chains**, it has proven to be challenging and costly to ensure that agricultural commodities originate only from sustainable sources.

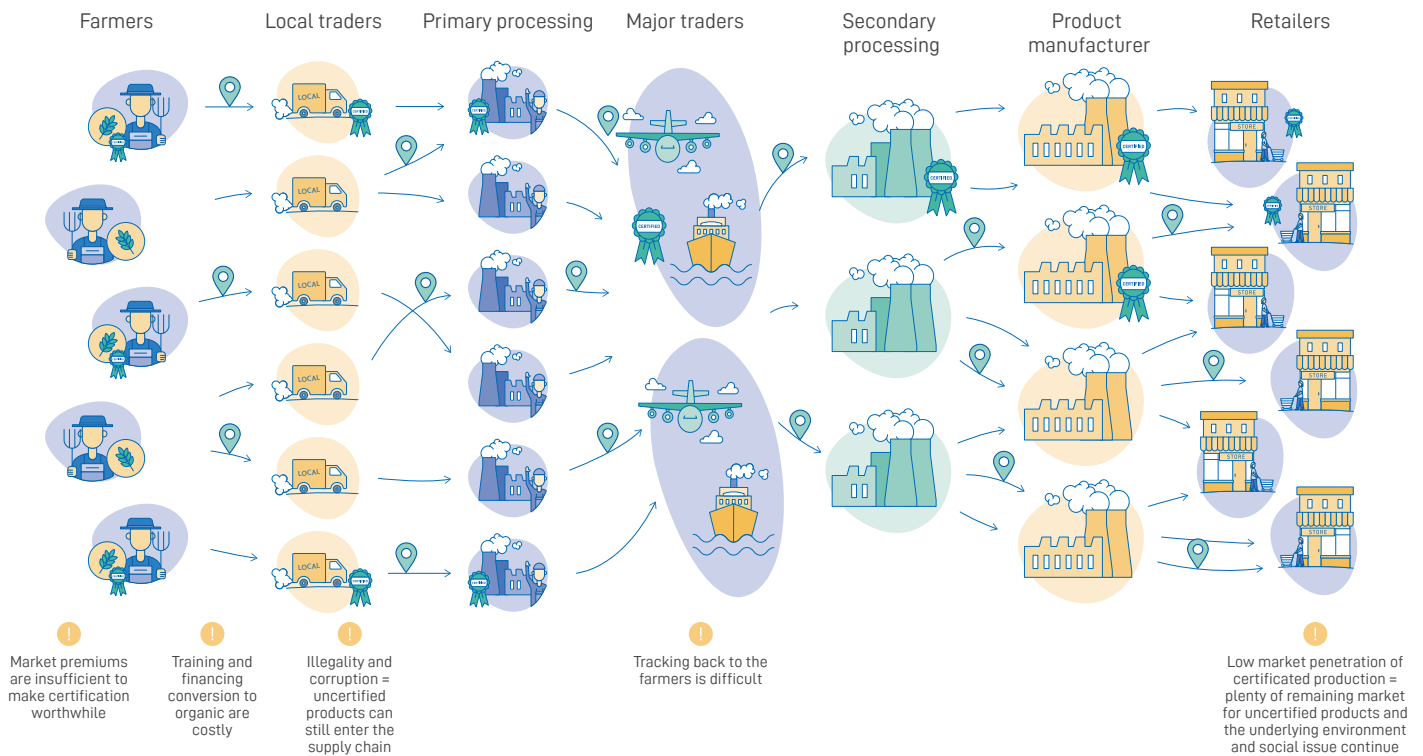
In Theory



The theory of sustainable supply chain management:

- Map supply chains to identify the origin of sourced product.
- Verify the source of production and trace verified product through the value chain.
- Support farmers through training, strengthening farmer organisations, providing access to finance and other farm inputs.
- Certify farmers according to voluntary sustainability standards and offer certified product to the market.
- Pay a premium for certified products which incentivises producers to produce sustainably.
- Intended end result: market demand for certified and verified products creates a sustainable sector.

In Reality... It's a Supply System



The reality of sustainable supply chain management:

- Supply chains are extremely large and complicated.
- Tracing back to farmers can be very difficult and costly.
- Training farmers and financing conversion to sustainable production is costly and the training budgets are limited.
- Often buyers are prepared to pay little or no premium for certified products.
- Illegality and corruption mean that uncertified, unverified and illegal product can still get into the supply chain.
- Low market penetration for agricultural commodities that are sustainably produced means that there are plenty of remaining markets for unsustainably produced output and the underlying environmental and social issues continue.
- The wider legal and regulatory environment is not addressed by this approach.

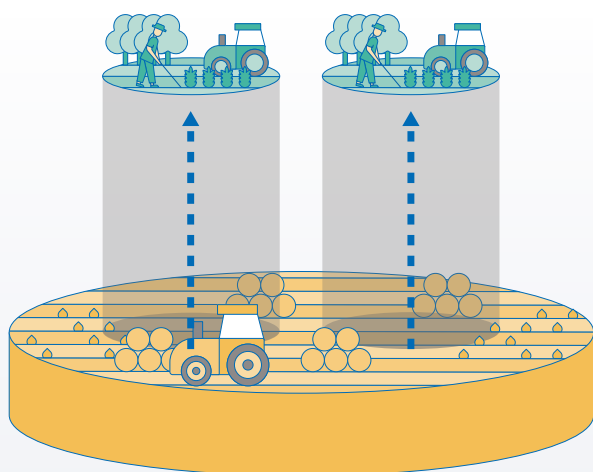
A 'two tier' production system has been created, with islands of good practice, while a 'business as usual' approach continues for the rest. Achieving a sustainable agricultural system requires that standards are raised across the board – **'raising the floor'** – which requires action to strengthen the enabling environment.

Many large international brands and agribusinesses have made a range of commitments on sustainable sourcing. However, while some have invested significantly to address critical sourcing risks within their supply chains and deliver their commitments, many companies still have a long way to go. There are also large and important demand markets with low awareness and demand for sustainably produced commodities. As a result, while some companies have managed to significantly improve the sustainability performance of their supply chains, generating a positive impact on sustainable production practices on the ground, a two tier system has been created where there are islands of good practice, while a 'business as usual' approach continues for the rest.

There is an increasing recognition that addressing issues in supply chains is necessary but insufficient for building a sustainable agricultural system, which requires the transformation of entire sectors, not just individual supply chains and farms.

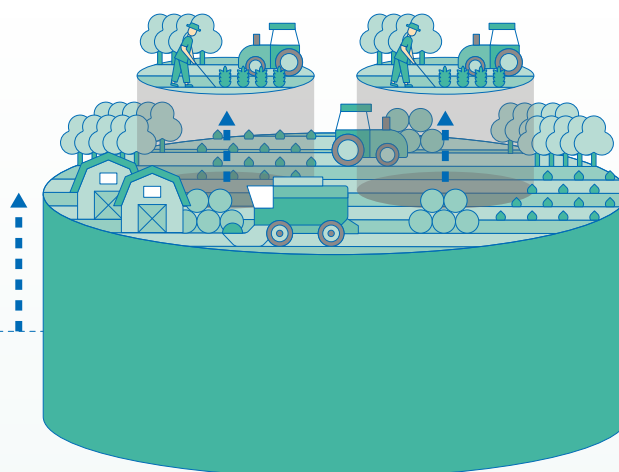
Leading companies are therefore increasingly seeking to engage with approaches that can strengthen the enabling conditions for sustainable production across entire regions – particularly through multi-stakeholder approaches at the landscape, subnational and national level.

From 'two tier' production towards 'raising the floor'



Current reality:

- The current approach creates islands of best practice.
- While production standards in some areas are improved, bad practice can be pushed elsewhere.
- Companies at the forefront risk being at a commercial disadvantage by bearing costs that others are not.
- The underlying environmental and social issues remain because overall adoption of good practice remains low.



What is needed:

- Stronger laws and enforcement – as well as sector-wide capacity building – in order to drive sector transformation across entire regions and create a level playing field for all companies.

2 The rationale for multi-stakeholder collaboration

KEY POINTS

Companies increasingly realise that there is no 'silver bullet' solution for sustainable production and sourcing. Interventions are required at multiple levels.

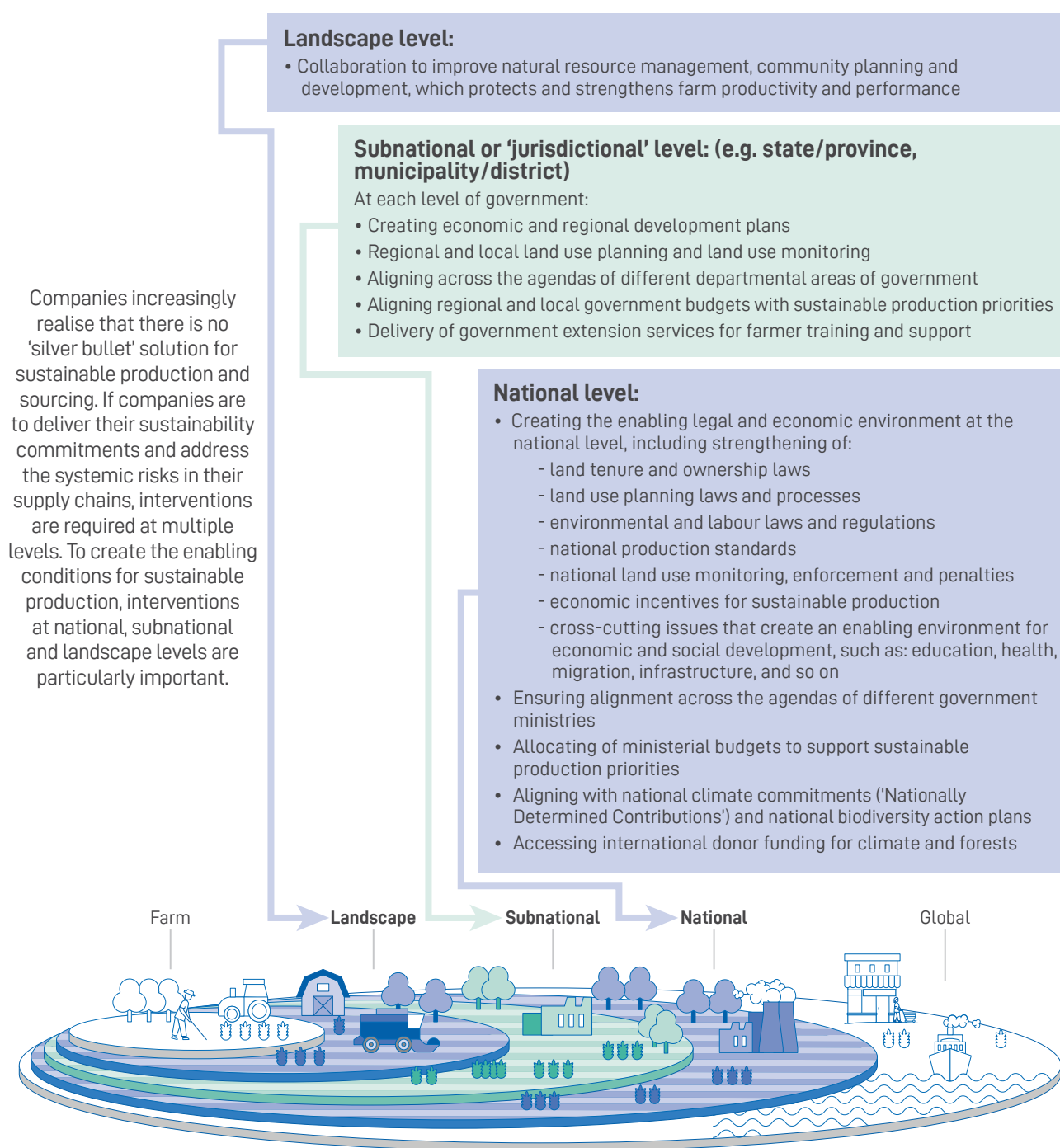
To create the enabling conditions for sustainable production, interventions at national, subnational and landscape levels are particularly important.

Governments and the private sector are often suspicious of each other. However, more effective collaboration has the potential to unlock win-win solutions where everyone benefits.

Multi-stakeholder approaches can be particularly effective for aligning government, the private sector and civil society behind a shared vision and agenda.

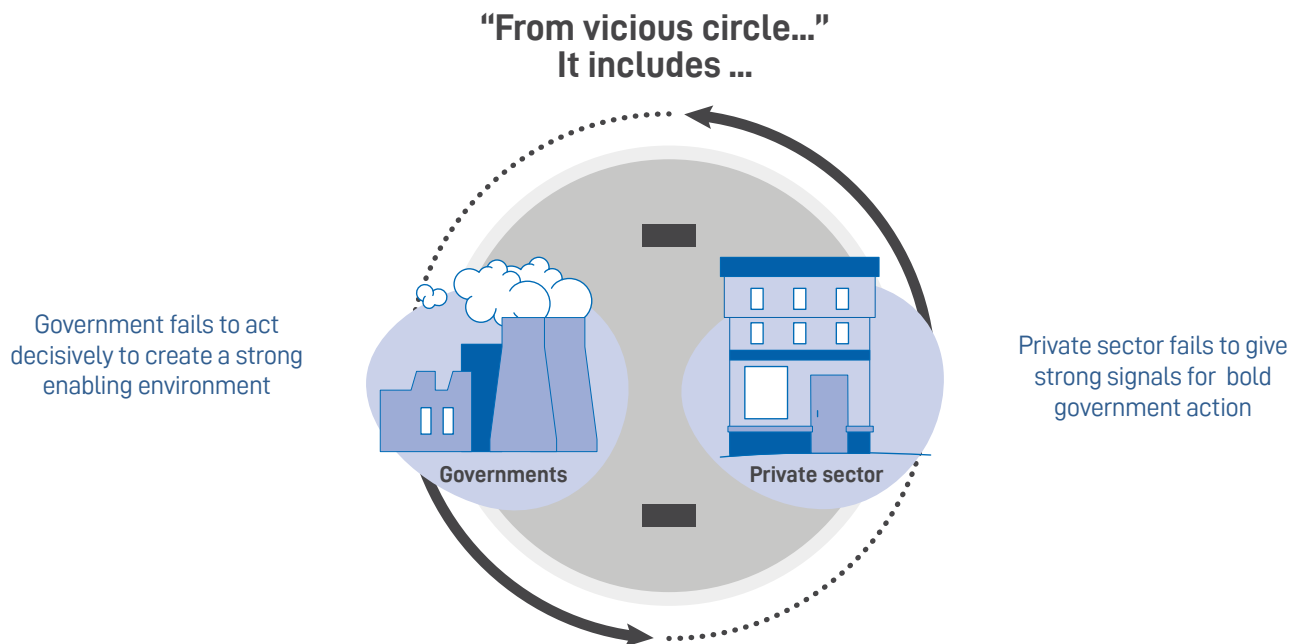
If minimum production standards are to be improved across entire geographic regions, **government action is required to strengthen the enabling environment.**

Why action is required at landscape, subnational and national levels to create an enabling environment for sustainable production



The private sector is often concerned about the ability of governments in commodity producing countries to create strong enabling environments and public private collaboration is weak. This can become a vicious circle.

Cross-sector, public private collaboration is often limited



Challenges for government:

- Political will may be lacking.
- Arguments for more sustainable agricultural production have often been framed in negative terms around what activities need to be stopped or prevented without explaining what the benefits are.
- The issues to be addressed [see Section 3] cut across a number of ministries, but usually there is lack of alignment and coordination between ministries and there are competing priorities.
- Changes in government administration can lead to major shifts in the direction of policy, which can make government seem like an unreliable partner.
- There may be insufficient resources for investing in sector development and lack of capacity for monitoring & enforcement of laws and regulations.
- Government may be suspicious of the private sector.
- Government and private sector cultures can clash making public private collaboration challenging.
- Government typically moves slower than the private sector, which can create frustrations for companies.
- Government officials can be susceptible to corruption.

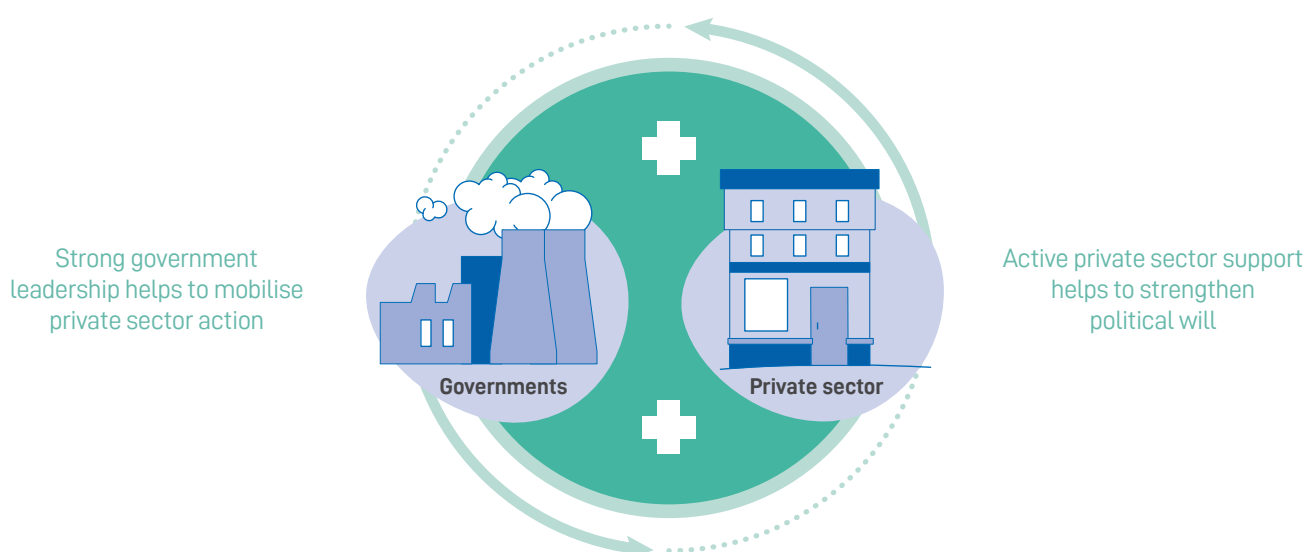
Challenges for the private sector:

- Companies may lack confidence in the commitment and/or the capacity of governments.
- Companies have a limited understanding of the business case for working beyond their own value chain.
- Operating divisions and functional departments within companies are often not fully aligned with the sustainability strategy so even if there is a global policy that would support stronger public private collaboration, it may not be fully understood or implemented at the local level – and there may be stronger incentives to carry on 'business as usual'.
- Public private collaboration and participation in multi-stakeholder initiatives takes time and effort and many companies do not yet have significant resources invested to provide the necessary capacity.

Businesses can help to create a more virtuous circle of collaboration with government by taking a more proactive approach, advocating for an enabling policy environment that will support sustainable agricultural production.

The opportunity to strengthen public private collaboration for sustainable agricultural commodity production

**“...to virtuous circle”
Includes ...**



Opportunities for government:

- A strong, positive vision for sustainable agriculture that also emphasises the opportunities for social and economic development can help governments to win more popular support for their policies and get stakeholder backing.
- Government can work harder to align political agendas across different ministries and departments, so that obstacles are addressed and more collective momentum is created.
- A stronger shared vision and a clearer action plan for sustainable production provides a better context for:
 - attracting increased private sector investment and support for sector development;
 - attracting international donor funding and investment.
- Collectively, the above points can help address systemic risks to the sector and secure the long term future for agricultural production.

Opportunities for the private sector:

- Companies will benefit from stronger legal and regulatory frameworks for the sector, which provides:
 - a better context for doing business and making longer term investment decisions;
 - more of a level playing field for sustainable production, helping companies deliver on their sustainability commitments and reduce risks relating to security of supply and also reputation.
- Companies will benefit from increased public sector investment in sector development.
- Through multi-stakeholder collaboration, companies can identify opportunity to share costs with the public sector and other private sector partners.
- Companies can benefit from increased donor funding and international investment into sector development.

Multi-stakeholder collaboration can be an effective way to build more effective public private collaboration.

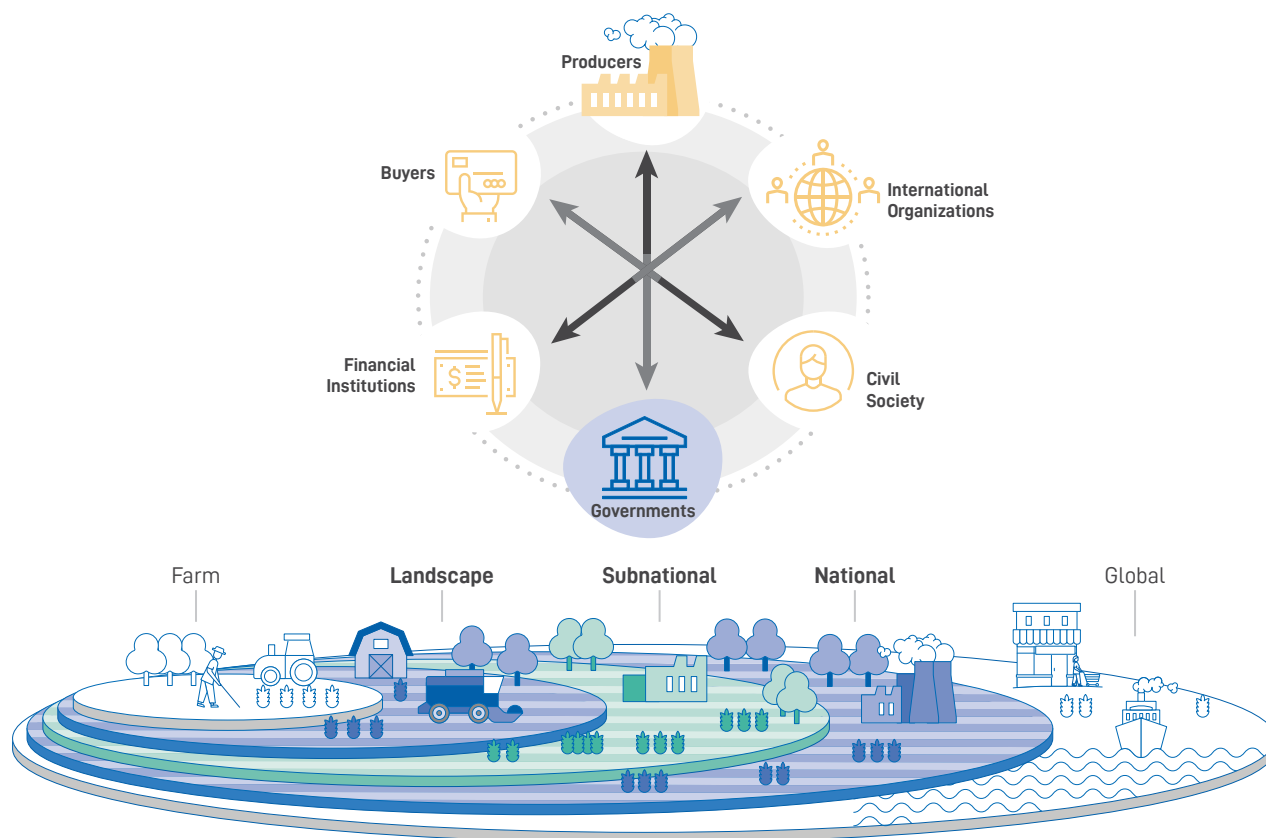
The challenges of sustainable commodity production are complex and cannot be solved by individual actors. Multi-stakeholder approaches offer ways in which all the key actors can work together to develop and implement strategies for sector transformation.

Benefits of multi-stakeholder approaches

- **Aligning across government:** when multi-stakeholder processes convene across different ministries and departments (as well as other stakeholders) they can facilitate alignment within government, which can be crucial for effective implementation of plans.
- **Diverse perspectives for better policy-making:** bringing together the perspectives of multiple stakeholders from across the sector can help to align agendas and to inform better policy making.
- **Trust and relationships for better collaboration:** strengthening trust and relationships between

key players is a critical pre-condition for improved cross-sector collaboration – something that is often overlooked or given insufficient attention.

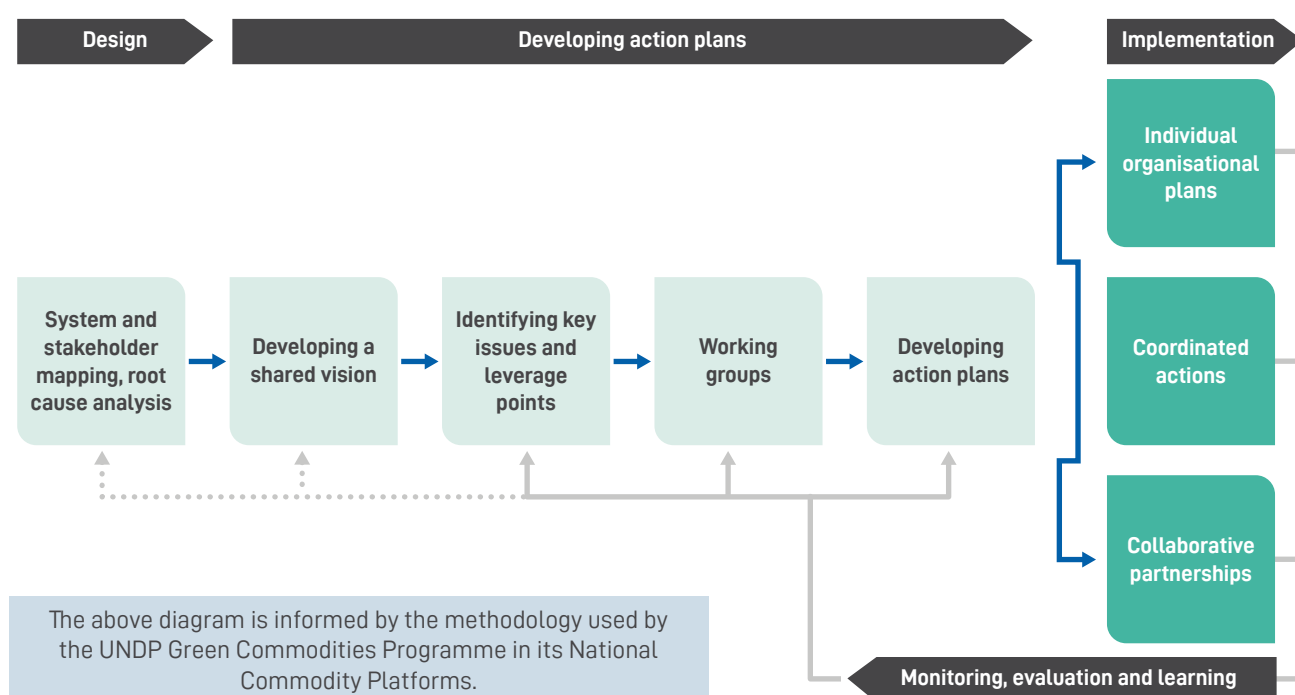
- **Stakeholder buy-in and support for effective implementation of actions:** action plans that are developed collectively by stakeholders will be based on a common understanding of key issues and opportunities and will have a far greater likelihood of successful implementation.
- **Enabling improved coordination and collaboration:** multi-stakeholder processes can create spaces for on-going dialogue to enable more effective cross-sector coordination and collaboration over time.



Multi-stakeholder processes are not a quick fix and require a **long term commitment** to collaborative problem solving, along with investment of appropriate resources.

Stages of a typical multi-stakeholder process

The key stages of a typical multi-stakeholder process include:



Key success factors

- Inter-ministerial government support: senior support across government to secure the political backing necessary for effective implementation of plans.
- Facilitation: neutral convening organisations to facilitate and manage the process.
- Inclusion: participation of the most important stakeholders, including a sufficient breadth of key stakeholders – including champions and, preferably, potential blockers.
- Positive framing: aligning around a positive shared vision that politicians can get behind, as well as leaders from business and civil society.
- Trust: multi-stakeholder forums can help to build relationships, shared understanding and trust, which are essential pre-conditions for effective collaboration.

- Shared ownership: strong sense of joint ownership by government, private sector and civil society participants.
- Speed: moving slow enough to facilitate genuine stakeholder participation and fast enough to maintain momentum and reduce the risk from changes in the political environment.
- Resilient process: designing processes that can continue during political change, by building broad political support and ensuring that the private sector and civil society also have strong shared ownership of the process.
- Resourcing: ensuring the process is sufficiently resourced (money and people) and that key stakeholders have sufficient resources to participate.
- Long term commitment: stakeholders need to have patience, persistence and commitment for the long term.

3 The issues addressed by multi-stakeholder collaboration

KEY POINTS

Multi-stakeholder approaches can:

- Improve relationship building, information sharing, communication and collaboration within a sector.
- Provide an important way to support improved land use governance, one of the most critical issues to ensure sustainable land use.
- Deliver more systemic solutions to improving production practices and farmer support.
- Mobilise greater collective effort to improve conservation policy, enforcement and funding mechanisms and farmer & community incentives for conservation.
- Deliver more reliable, longer term solutions for social and economic development at the level of communities and landscapes.

Typical issues addressed multi-stakeholder collaboration include: **(1)** improving collaboration across the sector; **(2)** strengthening land use governance; **(3)** improving production practices; **(4)** strengthening conservation measures; and **(5)** supporting community inclusion and social and economic development.

Key issue areas typically addressed by multi-stakeholder approaches to sustainable agricultural commodity production



The issues to be addressed through multi-stakeholder approaches should be identified and prioritised by the stakeholders – they will be specific to the local situation. Over the following pages we provide an overview of some of the typical issues likely to be addressed and we provide some high level guidance on the role of the private sector – across the five areas identified in the diagram above.

Multi-stakeholder approaches have a value in **improving relationship building, information sharing, communication and collaboration** across a sector – even before other substantive issues have been addressed.



TYPICAL ISSUES

- Lack of coordination between different initiatives: while there are often numerous initiatives working on issues relating to sustainable agricultural commodity production, they often operate in isolation from each other and lack an overarching vision and any coordination. This runs the risk of duplication, dilution of effort and confusion.
- Lack of policy coherence: different ministries and different levels of government (national, provincial, local) may have different and contradictory policy objectives.
- Lack of transparency and accountability: while there may be many initiatives under way across a sector, there is often limited transparency, lack of clarity on goals and limited accountability on outcomes.
- Cross-sector collaboration is limited: existing public private partnerships are typically limited in scope and scale. Sector transformation requires more ambitious multi-party partnerships that can deliver long-lasting sectoral capacity building.

PRIVATE SECTOR ROLE

- Participation in multi-stakeholder processes: in itself this is an important way that companies can improve cross-sector collaboration.
- Co-creating a shared vision: a meaningful shared vision for the sector must inevitably be strongly informed by the private sector perspective and aspirations.
- Contribute to improved policy making: the voice of the private sector is essential for informing the process of policy development.
- Provide greater transparency on activities: sharing details of existing investments to strengthen sustainable production practices is an essential pre-condition for effective cross-sector collaboration.
- Create company action plans: preparing company action plans aligned with sector wide priorities can create synergies and shared benefits for all.
- Agree common targets and KPIs and create common reporting frameworks: important for transparency and accountability in respect of implementation of action plans.
- Improve coordination and collaboration: improve coordination and identify opportunities to reduce duplication and enable effective sector-wide collaboration rather than separate projects in silos.

Multi-stakeholder approaches can provide an important way to support **improved land use governance**, one of the most critical issues for sustainable land use.



TYPICAL ISSUES

Effective land use governance is essential to ensure that the use of land and natural resources is both environmentally sustainable and serves the needs of communities.

Currently many countries producing major agricultural commodities suffer from:

- Weak policy environment and different parts of the government work in contradictory ways;
- Weak institutional capacity;
- Corruption;
- Land title is unknown, unclear or contested;
- Land title maps or registries are non-existent, inaccurate or partial;
- Land use planning is weak or non-existent;
- Laws on conservation and protected areas are weak;
- Regulatory compliance levels are low;
- Enforcement of laws and regulations is weak;
- Conflicting policies & misaligned incentives.

PRIVATE SECTOR ROLE

Land use governance is highly complex and politically sensitive. It is ultimately the responsibility of governments interacting with communities and citizens to establish how land and natural resources should be used. However, there are ways in which the private sector can support the land use governance process, such as:

- Participating in government-led land use planning and spatial zoning processes;
- Supporting community-based resource management processes at the landscape level;
- Mapping ecological hotspots and identifying high risk farms, primary processors and landscapes and sharing spatial data, farm maps, HCV/HCS etc;
- Supporting smallholders and communities to obtain legal rights to land;
- Using ground-based and satellite systems to monitor land use change;
- Collaborating on land use change monitoring;
- Collaborating on traceability systems;
- Supporting the strengthening of sector governance mechanisms, technologies and institutions.

Current approaches to **improving production practices** are typically piecemeal and still do not reach most farmers. Multi-stakeholder approaches have the potential to deliver more systemic solutions.



TYPICAL ISSUES

- Many farmers lack the knowledge and the means to improve agricultural practices.
- The availability of farmer support is uneven and does not reach many small producers.
- Extension services often lack capacity and have suffered from under-investment.
- Large producers and processors may train farmers they buy from, but these activities are often done in a piecemeal way and cross-sector collaboration across landscapes and jurisdictions is limited. Ultimately, only a minority of farmers are being reached and systemic solutions are not being created.
- Farmer training sometimes focuses on productivity and efficiency at the expense of environmental sustainability, putting pressure on resources such as soil, water, etc.
- There is limited access to finance for smallholder farmers to invest in more sustainable production practices, farm inputs and replanting.
- The incentives for sustainable production are insufficient and/or farmers do not receive the price premiums they thought they might receive from conversion to sustainable production.

PRIVATE SECTOR ROLE

Through participation in multi-stakeholder approaches to farmer support systems companies can help to develop long term, systemic solutions by:

- Identifying opportunities across landscapes and jurisdictions for pre-competitive collaboration between companies and for public private collaboration;
- Helping to strengthen the capacity of extension systems;
- Sharing research and knowledge on sustainable and climate smart production practices;
- Catalysing institutional innovation to address issues such as access to finance and technology on a cross-sector basis.

Multi-stakeholder forums can mobilise greater collective effort to improve **conservation policy, enforcement and funding** mechanisms and farmer & community incentives for conservation.



TYPICAL ISSUES

Expansion of agricultural commodity production remains by far the largest driver of deforestation, loss of habitats & species loss and land degradation. Conservation efforts suffer from a number of key issues:

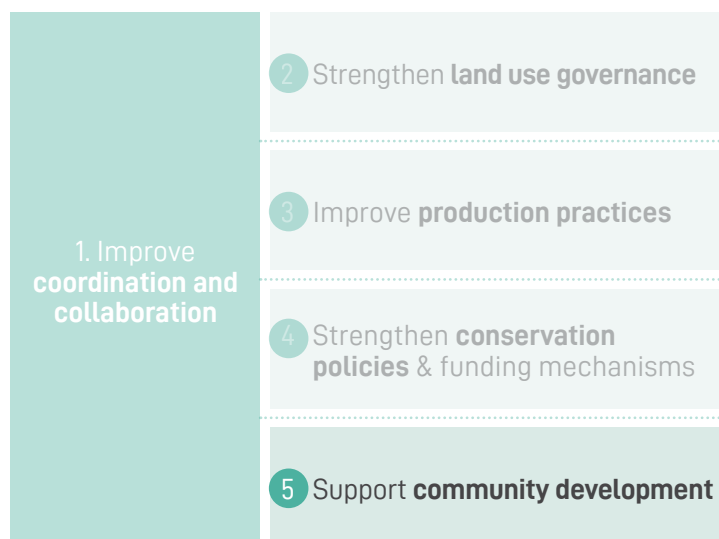
- Government prioritization of economic development over conservation;
- Weak laws for the protection of valuable ecosystems and/or weak monitoring and enforcement;
- Insufficient financial incentives for farmers, communities, local and national governments to prioritise conservation over development;
- Insufficient funding and resourcing for protected areas;
- Failure to support the indigenous communities who live within valuable ecosystems and protect them;
- Lack of understanding of the benefits of conservation through ecosystems services – or of the risks (e.g. to water supply, regional climate, soil health) of destroying natural ecosystems;
- Producers and buyers of agricultural commodities often consider themselves only responsible for the agricultural land they are producing and sourcing from. Where companies are investing in conservation efforts, it is often on set aside land within farms (high conservation value (HCV) & high carbon stock (HCS) land, wildlife corridors, riparian zones,, etc) without taking a broader landscape view.

PRIVATE SECTOR ROLE

Companies can work through multi-stakeholder forums to develop more systemic solutions such as:

- Creating compensation mechanisms for farmers to leave land undeveloped beyond the legal minimum requirements via a 'payment for ecosystems services' model;
- Innovate new business models that enable sustainable production, inclusion and conservation;
- Collaborate across landscapes to pool funding and resources for conservation efforts;
- Collaborate on environmental and biodiversity impact assessments and landscape level plans;
- Share data on ecological hotspots;
- Collaborate on farmer environmental training;
- Align and partner with international climate finance providers and donor funding for conservation;
- Provide technical assistance and funding to strengthen government monitoring and enforcement agencies.

Multi-stakeholder approaches can deliver more reliable, longer term solutions for **social and economic development at the level of communities and landscapes**, creating greater resilience for communities and ensuring that they are not overly dependent on individual company supply chains.



TYPICAL ISSUES

- Agricultural supply chains are facing significant risks to the continuity and availability of essential raw materials that are produced largely by smallholder farmers. However, for many farmers, the inability to earn a decent income from agriculture has led them to: under-invest in their farms; engage in environmentally damaging activities; or leave farming altogether.
- Farms do not exist in isolation but are embedded within communities. Where there is narrow focus on farmer needs, this does not produce solutions that work for communities across entire landscapes.
- A lack of investment in community level development means that farmers and communities often lack access to essential services, providing an additional push factor away from farming.
- Companies are understanding the benefits of developing longer term relationships with farmers and their communities, which brings an increased rationale for investing in broader community development. However, these efforts are often siloed, are not connected into local and regional economic development plans and are dependent on the on-going sourcing relationship.

PRIVATE SECTOR ROLE

Using multi-stakeholder approaches to community inclusion and social and economic development, companies can:

- Align community development support and investment with local and regional development plans;
- Identify opportunities for pre-competitive collaboration and public private collaboration, including capacity building of local government and investment in local infrastructure and sector capacity;
- Invest in building institutions and funding mechanisms that can outlive individual supply chain relationships and are therefore more robust and dependable, ensuring that communities are not overly dependent on individual company relationships;
- Support the development of alternative livelihood strategies by engaging across different sectors of the economy to reduce over-dependence of farmers on single crops and help them find alternative, supplementary sources of income.

4 Private sector options for engagement

KEY POINTS

Companies should evaluate which production and sourcing regions are of greatest strategic importance, identify initiatives working to support the enabling environment and how they can engage.

The precise role will depend on a number of factors including: size of the company, stage of the value chain, local presence and capacity.

The Corporate Action Matrix provides a framework for identifying options for interventions.

Companies should also consider how engagement in multi-stakeholder initiatives impact different functional areas of the business.

Companies should evaluate whether and how to engage in multi-stakeholder initiatives in agricultural commodity producing countries where they operate or source from.

Multi-stakeholder processes in producer countries: a growing trend

The case for private sector collaboration with producer governments is becoming better understood. It is clear that landscape, subnational jurisdictional and national level forums are a growing trend. However, most companies are still trying to work out whether to engage and how to engage in these processes.

Currently participation in these initiatives is dominated by large local producers and a few large international buyers. As the number of multi-stakeholder initiatives in producer countries increases, the capacity of these companies is likely to become increasingly stretched. For multi-stakeholder initiatives to fulfil their promise in addressing systemic issues in producer countries, there is a need for wider and more proactive private sector participation from a broader range of companies.

Over the following pages we consider some of the engagement options for companies.

Considerations for companies on whether and how to engage

Private sector willingness and capacity to participate in multi-stakeholder processes at landscape, subnational and national level will vary according to a range of factors:

- Size of company: how large is the company; does it have the rationale for stronger engagement with the producer country national or subnational government; and does it have capacity to engage in multi-stakeholder processes?
- Stage of the value chain: what stage of the value chain is the company and in what way does it make most sense for the company to be involved?
- Strategic importance of the region: how important is the region to the company's production / sourcing?
- Local presence and capacity: does the company have a local presence in the region and does it have the appropriate capacity and resources to participate in a multi-stakeholder process directly or indirectly?

- Maturity of sustainability strategy: is the company focused on putting in place the 'basics' of a sustainability strategy within its own operations and value chain or is it more advanced and able to consider activities beyond its own value chain?

Based on the above considerations, if a company decides that a particular multi-stakeholder process is worth engaging with, then it can consider different modalities of engagement.

Typical options for engagement

The form of engagement will vary according to specific circumstances, but the following provides a high level summary of typical engagement options:

High engagement

- Convene coalitions of companies to participate in the process.
- Lead or participate in technical working groups.
- Provide technical assistance and/or funding for the process and for actions agreed.
- Lead coalitions of companies to participate in public private collaborations that address specific sectoral challenges identified through the process.

Medium engagement

- Participate in plenary meetings.
- Participate in coalitions that support the process.
- Use advocacy and communications to provide public support for the process.
- Encourage peer companies, suppliers and industry associations to participate.

Low engagement

- Provide feedback on documents published for consultation.
- Contribute indirectly via industry associations.
- Monitor progress of the process and allow it to inform corporate strategy.

The Corporate Action Matrix

The Corporate Action Matrix, created by UNDP Green Commodities Programme, provides a framework for producers and buyers of agricultural commodities to consider their options for action across the following dimensions:

- **Type of action**
- **Geographic scope of action**
- **Individual vs coordinated vs collaborative**

Currently many companies focus their sustainable sourcing activities on (1) their own individual supply chains; (2) participation in global initiatives. Activities on the ground tend to focus on supply chain partnerships to build capacity within individual supply chains and working with specific groups of farmers in those supply chains. There is much less investment by companies in actions that work at the level of landscapes and subnational & national jurisdictions.

This matrix can be applied to specific areas of a company's sustainable sourcing strategy (e.g. support for smallholder oil palm farmers in Indonesia; or support for conservation measures in the Brazilian beef and soy sector). By considering a range of potential interventions across each of the boxes, the matrix can help a company develop a broader and more comprehensive set of options for issues that the company is working on.

How to use the matrix

1. Select an issue area - for example, smallholder farmer support.
2. Across all the different dimensions of the matrix, brainstorm options for what the company could be doing.
3. Consider the pros and cons (business case) of different options and prioritise the interventions the company will focus on.

Collaborative

Coordinated

Uncoordinated

Type of action		Geographic scope of action				
		Farms	Landscapes	Subnational	National	Global
Collective action	Institution building					
	Building coalitions & partnerships					
	Multi-stakeholder forums					
Individual or collective action	Technical assistance					
	Funding & finance					
	Advocacy					
Individual company and supply chain actions	Purchasing contacts / off-take agreements					
	Supply chain policies / purchasing requirements					
	Commitments					

The role of companies in multi-stakeholder initiatives will vary according to their stage in the value chain.

Examples of options for engagement at different stages in the value chain

All companies

- Participate in landscape, subnational and national multi-stakeholder forums directly and/or through industry associations and corporate coalitions.
- Support supply chain initiatives that align with multi-stakeholder forums in producer countries.
- Align corporate objectives in production and sourcing regions with local and regional economic and community development objectives.
- Agree common objectives KPIs and reporting frameworks.
- Develop and publish company action plans and progress reports.
- Share company data that may be useful across the sector.
- Support cross-sector initiatives that address specific issue areas identified in action plans.
- Provide financial and technical support to multi-stakeholder forums.

Producers, primary processors & input providers

- Ensure participation and views of smallholders are represented in multi-stakeholder forums.
- Share company data – e.g. on farm mapping, conservation data, satellite monitoring of land use change.
- Collaborate with peer companies and with government across landscapes for farmer support and community development.

Traders

- Encourage producers to support and participate in multi-stakeholder forums.
- Help producer groups understand market requirements and demand for social and environmental production standards.
- Include environmental and social safeguards in contracts/ commodity specifications.
- Commit to long term supplier relationships, including off-take agreements.
- Capture sourcing and traceability data via monitoring and reporting systems to report to customers and national/global stakeholders.

Manufacturers and 'brands'

- Encourage suppliers to support multi-stakeholder forums.
- Prioritise critical sourcing regions and strategic commodities for direct participation in multi-stakeholder forums.
- Actively support suppliers who are working to improve sectoral production standards and co-invest to deliver them.
- Raise awareness with customers on the importance of creating the enabling conditions for sustainable production and the role of multi-stakeholder forums.
- Preferential sourcing from origin countries and regions committed to continuous improvement and demonstrating progress, particularly where there is evidence of robust multi-stakeholder processes.

Retailers

- Encourage suppliers to support and participate in multi-stakeholder forums.
- Create pre-competitive collaborations to ensure that retailers are represented in multi-stakeholder forums in producer countries.
- Incentivise suppliers (e.g. offering profile, providing access to opportunities, providing technical support) for pre-competitive collaboration and public private partnerships.
- Raise the awareness of consumers of the importance of collaborating with producer governments to find long term solutions for sustainable production.

Finance

- Provide technical expertise to inform national, subnational and landscape level investment needs analysis.
- Encourage participation by other financial institutions in multi-stakeholder forums.
- Identify opportunities for financing the implementation of action plans.
- Support financial innovation where it is required for the delivery of action plans.
- Align lending policies and due diligence processes to sustainable commodity production principles.
- Provide incentives to producers and supply-chain actors to implement sustainable production measures.

Companies should consider the role of each area of their business in supporting corporate engagement in multi-stakeholder initiatives.

The role of different functional areas of the business in supporting multi-stakeholder processes

C-Suite

- Endorsement of corporate strategy, policies and investments to support cross-sector initiatives, multi-stakeholder collaboration and public private partnerships.
- C-Suite advocacy for more ambitious and effective public private collaboration.
- Support initiatives by industry associations and coalitions to align with and support national, subnational and landscape level public private collaboration.
- Invest in strengthening the capacity of industry associations and coalitions for more effective engagement and collaboration with government.

Sustainability & stakeholder engagement

- Evaluate environmental and social risks for priority sourcing regions and identify priority regions for engagement in multi-stakeholder initiatives.
- Mobilise pre-competitive collaborations and partnerships to support multi-stakeholder initiatives.
- Develop corporate strategy for multi-stakeholder

collaboration with producer governments (landscape, subnational and national levels), including identification of implications for other areas of corporate strategy and policies, required human resources and investment needs.

- Develop detailed business and investment cases, including identification of benefits, risks, costs, etc.
- Provide 'centre of excellence' to support business units involved in implementation.
- Monitor, aggregate and report results for multi-stakeholder initiatives the company participates in.

Marketing & communications

- Communicate the importance of public private partnerships and pre-competitive collaboration to educate and raise awareness in key stakeholder groups – internal corporate comms, external corporate comms (investors and business audiences), consumer comms – and to move beyond unrealistic ideas of 'silver bullet' solutions to sustainable sourcing.
- Share stories of multi-stakeholder initiatives and partnerships that are catalysing sector transformation.



Photo credit UNDP Paraguay

Procurement

- Align purchasing criteria with corporate strategies for supporting the enabling conditions for sustainable production – e.g. preferencing particular sourcing regions that are demonstrating progress on sustainable production at landscape, jurisdictional or national level.
- For priority sourcing regions, engage in multi-stakeholder forums either directly, with supply chain partners and/or through industry associations and coalitions.
- Develop KPIs for sustainable sourcing that include considerations around preferential sourcing from regions actively strengthening sustainable production.
- Collaboration with other departments to ensure maximum leverage of purchasing power where possible in negotiation with government.
- Participate in partnerships with actors working on the same crop, issue or geographical area, who can share experience, technology, resources.

Agronomy & farmer support

- Deepen understanding of context in priority sourcing areas: barriers to sustainable commodity production, impact of procurement practices and local stakeholder actions, in order to feed into company plans, investments, reporting.
- Contribute expert knowledge into multi-stakeholder forums either directly or via industry associations and corporate coalitions.
- Collaboration and coordination on the ground with other actors working on same crop, issue or geographical area, who can share experience, technology, resources.
- Share data on farm mapping, traceability, land use monitoring, training.



RECOMMENDATIONS FOR COMPANIES

Summary of key steps to develop corporate strategy for engaging in multi-stakeholder initiatives in producing countries

Companies will want to develop customised strategies for different commodities and different producing regions, which will be dependent on the specifics of local issues. In general terms, though, we recommend the following key steps:

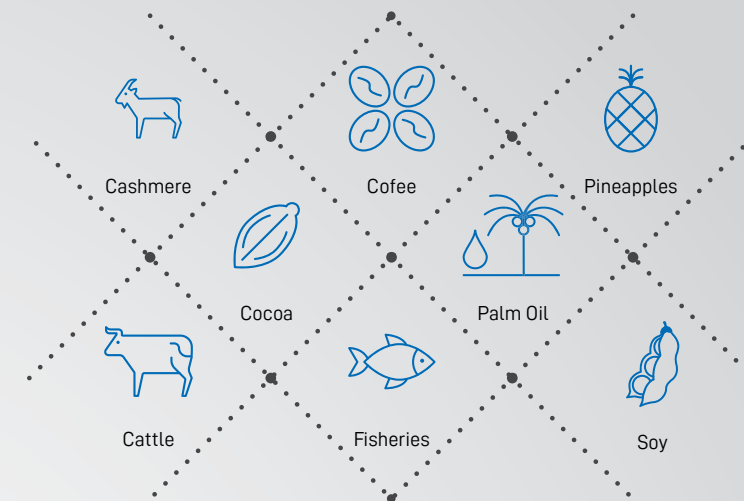
- Identify most strategically important production or sourcing regions.
- Identify key risks in each region, including an evaluation of the enabling environment (policy, legal, economic and social issues – [see Section 3](#) for typical issues).
- Identify existing multi-stakeholder initiatives.
- Use the Corporate Action Matrix to plot current and potential interventions for each key issue area (e.g. land use governance, farmer support, conservation, etc).
- Evaluate options for engagement in multi-stakeholder initiatives ([see Section 4](#))
- Identify actions and resources needed within each key functional areas of the business (indicative actions on [page 27](#))

5 About us





UNDP GLOBAL COMMODITY PORTFOLIO MAP





ABOUT US

About UNDP

UNDP works in more than 170 countries and territories, helping to achieve the eradication of poverty, and the reduction of inequalities and exclusion. We help countries to develop policies, leadership skills, partnering abilities, institutional capabilities and build resilience in order to sustain development results.

In September 2015, world leaders adopted the [2030 Agenda for Sustainable Development](#) to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. UNDP is working to strengthen new frameworks for development, disaster risk reduction and climate change. We support countries efforts to achieve the Sustainable Development Goals, which will guide global development priorities through 2030.

UNDP's [Strategic Plan \(2018-2021\)](#) has been designed to be responsive to the wide diversity of the countries we serve. The diversity is reflected in three broad development contexts:

- [Eradicate poverty in all its forms and dimensions](#)
- [Accelerate structural transformations](#)
- [Build resilience to shocks and crises](#)

To respond to these issues, and better focus its resources and expertise to deliver on the 2030 Agenda, UNDP has identified a set of approaches that we call our Signature Solutions:

- Keeping people out of **POVERTY**
- **GOVERNANCE** for peaceful, just, and inclusive societies
- Crisis prevention and increased **RESILIENCE**
- **ENVIRONMENT**: nature-based solutions for development
- Clean, affordable **ENERGY**
- Women's empowerment and **GENDER** equality

In all our activities, we encourage the protection of human rights and the empowerment of women, minorities and the poorest and most vulnerable.

About UNDP Green Commodities Programme

UNDP launched the Green Commodities Programme in 2009 with a mission to:

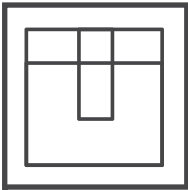
- Improve the national economic, social and environmental performance of agricultural commodity sectors;
- Improve rural livelihoods, mitigate climate change and protect forests and ecosystems.

Over the past 10 years the Green Commodities Programme has been supporting governments in producer countries to take the lead in creating national 'enabling environments' for sustainable commodity sectors through:

- Facilitating neutral spaces where stakeholders can collaborate on a shared vision and agenda for action;
- Building public-private partnerships;
- Sharing what we learn through a growing community of practitioners.

Our National Commodity Platforms offer a process that brings together government, the private sector and civil society at the national and subnational level to create solutions at these levels. They help to improve transparency of actions, improve coordination between different actors, and can facilitate more effective collective action, including the building of coalitions & partnerships and institution building.

www.greencommodities.org



VALUE BEYOND VALUE CHAINS ADVISORY GROUP

We would like to thank members of the Advisory Group for the Value Beyond Value Chains initiative.

The members of the Advisory Group are:

- Nick Martell-Bundock, Senior Director Corporate Responsibility & Sustainable Development, Cargill
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Members of the Advisory Group participated in their personal capacity as sector experts. They participated in workshops to explore the issues in this document and provided input and feedback on a draft of this document. All decisions on the final contents of the document were taken by UNDP Green Commodities Programme and therefore the contents of this document do not necessarily fully reflect the views of the Advisory Group members.



GET IN TOUCH

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Annex

The Corporate Action Matrix: illustrative example of actions for the theme of farmer support

Type of action		Geographic scope of action					
		Farms	Landscapes	Subnational	National	Global	
Collaborative	Collective action	Institution building	Support the creation and capacity building of farmer associations and cooperatives within supply chains.	Support the strengthening of farmer organisations and farmer support services across the landscape.	Support the strengthening of farmer organisations and farmer support services across the jurisdiction.	Work with institutions strengthening farmer support services at a national level.	
		Building coalitions & partnerships	Create partnerships with companies in the supply chain to collectively support farms in the supply chain.	Mobilise a coalition of companies to work with farmers across landscapes.	Mobilise a coalition of companies to collaborate with subnational government to strengthen farmer support services across jurisdictions.	Mobilise a coalition of companies to partner with government to strengthen farmer support services at the national level.	Create or work with global coalitions focused on farmer support (e.g. Farmer Income Lab)
		Multi-stakeholder forums		Strengthen farmer support services through multi-stakeholder collaboration across landscapes.	Strengthen farmer support services through multi-stakeholder collaboration across jurisdictions.	Participate in national multi-stakeholder dialogue processes focused on strengthening farmer support services.	Participate in global multi-stakeholder initiatives catalysing innovation for farmer support.
Coordinated	Individual or collective action	Technical assistance	Provide training to farmers in the supply chain.	Provide training and other support to farmers and producer groups across the landscape.	Provide technical assistance to subnational national government staff working on farmer support.	Provide technical assistance to national government ministries and other institutions working on farmer support.	
		Funding & finance	Provide pre-finance against purchasing contract. Provide funding for farmer training and support within supply chain.	Work with finance providers to strengthen access to finance for farmers across landscapes. Provide funding for farmer training and support across landscapes.	Work with finance providers and subnational governments to strengthen access to finance for farmers across jurisdictions. Provide funding for farmer training and support at jurisdictional level.	Work with finance providers and national government to strengthen access to finance nationally. Provide funding for national level initiatives to strengthen farmer support.	Work with global finance providers to innovate financial products to provide access to finance for farmers in multiple countries.
		Advocacy	Advocate for supply chain partners to invest in stronger support for farmers in the supply chain.	Advocate for stronger farmer support services across landscapes.	Advocate for stronger farmer support services across jurisdictions.	Advocate for stronger farmer support services nationally.	Advocate for global initiatives that are supporting farmers across multiple countries.
Uncoordinated	Individual company and supply chain actions	Purchasing contacts / off-take agreements	Agree longer term purchasing contacts with farmers and farmer groups with fair terms of trade.	Preferential sourcing from landscapes where sustainable production standards are high.	Preferential sourcing from jurisdictions where sustainable production standards are high (e.g. jurisdictional certification).	Preferential sourcing from countries where sustainable production standards are high.	
		Supply chain policies / purchasing requirements	Include social and environmental criteria in purchasing contracts through the entire supply chain.				
		Commitments				Publish social and environmental targets in specific countries (e.g. hectares restored or under sustainable production regimes).	Publish social and environmental targets for sourcing and sign public commitments (e.g. New York Declaration on Forests).

