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Resilient nations.*

# GUIDANCE NOTE

**Sustainable Commodities: ensuring smallholder benefits, better environmental management, and durable growth**  
**A Guide for Practitioners Based on Country Experience**

United Nations Development Programme

March 2018

## Overview

The UNDP Strategic Plan 2018-2021 recognizes the global importance of sustainable commodities to achieve the SDGs. This Guidance Note is designed to assist UNDP Country Offices in programming and policy support for national sustainable agricultural commodity projects. The Note is based on UNDP's environmental, poverty, governance, finance and private sector work on sustainable commodities and their supply chains. It provides case study examples that illustrate the variety of initiatives that UNDP and partners support around the world.

The Note focuses on UNDP's experience addressing the environmental, social and economic aspects of sustainable commodities in different country contexts that have generated the interest of the public and private sectors. These include widely traded commodities such as palm oil, timber, coffee and soy, as well as commodities traded on a smaller scale, such as vanilla, nuts, pineapple and shea. The box below provides definitions of key terms used in the Note.

The Note draws on lessons learned from global, regional and national programmes led by UNDP and partners. These include the UNDP Green Commodities Programme (GCP); the private sector work of the Regional Programme for Africa (formerly known as the African Facility for Inclusive Markets); the FAO-UNDP-UNEP UN-REDD programme; the FAO-UNDP Integrating Agriculture in National Adaptation Plans programme; the Inclusive Trade for Sustainable Growth Programme; the Sustainable Extractives Programme; UNDP-Global Environment Facility (GEF) programmes; the UNDP-UNEP-ILO-UNIDO-UNITAR Partnership for Action on Green Economy (PAGE) and other green economy initiatives; the UNDP-UNEP Poverty-Environment Initiative (PEI) and its successor programme on Poverty-Environment Action for the Sustainable Development Goals (PEAS); the Alliance for Marine Biodiversity; and other country programmes on poverty reduction and inclusive growth.

This Guidance Note presents UNDP's conceptual framework and key intervention areas in the sustainable commodities sector in line with its new Strategic Plan 2018-2021. UNDP work in this field is designed to address the linked topics of natural resource management and environmental protection, social well-being, and durable economic growth (hereafter referred together as 'sustainability') in the production, processing and trade of agricultural commodities. The Note provides case studies to illustrate non-prescriptive policy, programming and partnership options for adapting to country context, as well as successful results achieved in four intervention areas.

**These are as follows:**

1. Reforming policy, legislative and institutional frameworks for sustainable agricultural commodities;
2. Strengthening national and subnational capacities and systems to foster sustainable agricultural commodity production, processing and trade;
3. Improving access to finance and economic incentives for sustainable agricultural commodities (production, processing, trade); and
4. Promoting livelihood diversification and value-added agricultural commodities.

Each case study provides links to specific UNDP programmes. These websites offer more in-depth case studies, reports, lessons learned, tools and guidance on the facilitation of project design and implementation.

This Note targets UNDP policy advisors, country programme officers, and other practitioners and partners working to support sustainable agricultural commodities.

## **Key Definitions**

### **Sustainable Commodities**

This Guidance Note covers agricultural commodities, defined as any homogeneous good traded in bulk, whose production, processing and trade can generate multiple social, environmental and environmental benefits over the medium- and longer-term, while mitigating negative impacts across the commodity value chain. These benefits can be achieved through better integrated and more inclusive sector policy design and implementation.

### **Sustainability**

Herein, 'sustainability' is defined comprehensively as the convergence between the three pillars of economic development, social equity, and ecosystem management. In the context of commodities, sustainability is supported by the application of Good Agricultural Practices (GAP)\* that contribute to durable economic growth by being environmentally sustainable and climate smart, and by ensuring the provision of decent living wages for producers and workers.

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\* GAP is defined as a collection of practices that address environmental, economic and social sustainability for on-farm processes, and result in safe and quality food and non-food agricultural products. (FAO 2003, [http://www.fao.org/prods/gap/resources/keydocuments\\_en.htm](http://www.fao.org/prods/gap/resources/keydocuments_en.htm))

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# 1. UNDP's Conceptual Framework

For developing countries to address the linked environmental, social, and economic challenges of the sustainable commodities sector, integrated policies and approaches are needed to increase food productivity, nutrition and income generation, and to allow for the sustainable management of ecosystems services and natural resources, while improving adaptation to climate change and reducing the sector's greenhouse gas emissions.

UNDP is working with sister UN agencies, governments, civil society, the private sector and other stakeholders to address these challenges through its global development network and presence in nearly 170 countries. UNDP helps these partners to maximize the developmental benefits of sustainable commodities production, processing and trade for poor countries and people, while mitigating any negative social, economic and environmental impacts along the commodities value chain.

UNDP applies an integrated and holistic framework to address the key barriers and drivers to developing sustainable agricultural commodities in line with the 2030 Agenda and the Sustainable Development Goals (SDGs). UNDP's approach helps strengthen policy coherence within and across sectors, including agriculture, mining, forestry, environment, land use planning, finance, trade, labour and health. UNDP does this by promoting institutional mechanisms, such as inter-sector coordinating bodies and dialogue platforms that enable government sectors at national and subnational levels to discuss cross-cutting development themes. UNDP also ensures that underrepresented actors of civil society, such as smallholder farmers, and private sector actors engage meaningfully in these multi-stakeholder dialogues.

## 1.1 Sustainable Commodities

More than 70 percent of income-poor women and men in developing countries live in rural areas and are highly dependent on agriculture for their livelihoods and well-being.<sup>1</sup>

Income-based poverty halved between 1990 and 2015, but 836 million people around the world still lived in extreme poverty in 2015. In sub-Saharan Africa, extreme poverty remains widespread, with 41 percent of people living on less than US\$1.25 a day in 2015.<sup>2</sup>

Many of these are smallholder farmers<sup>3</sup> who rely on agricultural commodity crops as their main source of income. Smallholders produce over 80 percent of the world's food and food products in value terms, including coffee, cocoa, palm oil, rice and spices.<sup>4</sup> The conditions under which smallholders produce and trade their goods, however, remain

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1 UNCTAD (2015), 'Commodities and Development Report 2015: Smallholder Farmers and Sustainable Commodity Development', [unctad.org/en/PublicationsLibrary/suc2014d5\\_en.pdf](http://unctad.org/en/PublicationsLibrary/suc2014d5_en.pdf).

2 United Nations (2015), 'The Millennium Development Goals Report 2015', [www.un.org/millenniumgoals/2015\\_MDG\\_Report/pdf/MDG%202015%20rev%20\(July%2015\).pdf](http://www.un.org/millenniumgoals/2015_MDG_Report/pdf/MDG%202015%20rev%20(July%2015).pdf).

3 Smallholders are small-scale farmers, pastoralists, forest keepers and fishers who manage areas varying from less than one hectare to 10 hectares. Smallholders farmers are characterized by family-focused motives such as favouring the stability of the farm household system, using mainly family labour for production and using part of their produce for family consumption. The definition of smallholders differs between countries and between agroecological zones. In favourable areas with high population densities, they often cultivate less than one hectare of land, whereas they may cultivate 10 hectares or more in semi-arid areas, or manage 10 head of livestock. Often, no sharp distinction between smallholders and other larger farms is necessary. See FAO, 'Smallholders and Family Farmers' (2012), [www.fao.org/docrep/018/ar588e/ar588e.pdf](http://www.fao.org/docrep/018/ar588e/ar588e.pdf).

4 FAO (2015), 'The State of Food Insecurity in the World 2015—Meeting the 2015 International Hunger Targets: Taking Stock of Uneven Progress'.

precarious. For example, larger companies sometimes take a higher share of the benefits, which presents challenges for the sustainable social, environmental and economic development of local communities and national economies. Underdeveloped technical and financial capacities undermine efforts to shift local communities out of poverty. Among smallholders, 25 million farmers across the world produce coffee, 14 million produce cocoa, and 19 million are engaged in fish farming. In Asia, more than 120 million women and men produce rice.<sup>5</sup> These products are traded through international supply chains. Many of them are bought by multinational companies and end up as ingredients or branded products on supermarket shelves in developed countries.

A vibrant agricultural commodities sector has historically been the basis for today's developed and emerging countries. Agricultural commodities have supported economic diversification, specifically in off-farm sectors. The agricultural sector continues to be the main engine of economic growth and poverty reduction in most developing countries. Agriculture is the largest employer in low-income countries, accounting for 60 percent of the labour force and producing 25 percent of GDP. For example, coffee represents 29 percent of total exports for Ethiopia, 15 percent for Rwanda, 19 percent for Honduras, and 12 percent for El Salvador. Cotton represents more than 30 percent of the total exports of Benin, Burkina Faso and Mali, while similar figures are found for Ghana and Côte d'Ivoire with cocoa. In Indonesia, agriculture contributes to around 14 percent of GDP, provides employment for over 41 percent of the population and accounts for over two thirds of rural household income.<sup>6</sup> GDP growth in agriculture is at least twice as effective in reducing poverty as growth generated in non-agricultural sectors, five times more effective than other sectors in resource-poor low-income countries (excluding sub-Saharan Africa), and 11 times more effective than other sectors in sub-Saharan Africa.<sup>7</sup>

Women play a key role in the agricultural commodities value chain (production, processing and trade) and represent an average of 43 percent of the agricultural labour force in developing countries.<sup>8</sup> Women also play a key role in ensuring family nutrition and food security. However, gender inequality in the agricultural sector is a serious problem that impedes efforts to ensure that agricultural commodities are sustainable and effectively managed to help achieve the SDGs. In developing countries in Africa, Asia and the Pacific, women typically work 12 to 13 more hours per week than men; yet, women's contributions are often 'invisible' and unpaid.

The gender gap in agricultural productivity is linked to unequal access to essential agricultural inputs such as land, labour, knowledge, fertilizer and improved seeds, as well as to social institutions and norms that marginalize the role of some women in society. The gender gap ranges from 4 to 25 percent measured by the value of agricultural produce per unit of cultivated land.<sup>9</sup> In sub-Saharan Africa, gender inequality costs an average of US\$ 95 billion a year—peaking at US\$105 billion in 2014<sup>10</sup>—or 6 percent of the region's GDP. Closing the gender gap in the agricultural sector by giving women equal access to inputs and services, as well as enabling greater and more effective participation of youth and indigenous people, could increase farm yields by 20 to 30 percent and, in turn, lift 100 to 150 million people out of hunger.

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5 FAOSTAT.

6 World Growth (February 2011), 'The Economic Benefit of Palm Oil to Indonesia'.

7 FAO (2012), 'The State of Food Insecurity in the World: Economic Growth is necessary but not sufficient to accelerate reduction of hunger and malnutrition'.

8 FAO (2014), 'The State of Food and Agriculture: Innovation in family farming', p. 35, [www.fao.org/3/a-i4040e.pdf](http://www.fao.org/3/a-i4040e.pdf). For more information, see [www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures#notes](http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures#notes).

9 UN Women, UNDP, UNEP and the World Bank Group (2015), 'The Cost of the Gender Gap in Agricultural Productivity in Malawi, Tanzania and Uganda'.

10 UNDP (2016), 'Africa Human Development Report 2016', [www.undp.org/content/undp/en/home/librarypage/hdr/2016-africa-human-development-report.html](http://www.undp.org/content/undp/en/home/librarypage/hdr/2016-africa-human-development-report.html).

The production of agricultural commodities has a significant impact on the use of land, water and forests, with 70 percent of the water used in the world being consumed by agriculture.<sup>11</sup> The expansion of commodities cultivation represents the largest driver of deforestation worldwide and is responsible for approximately 14 percent of global GHG emissions.<sup>12</sup> In some countries, just a handful of commodities are responsible for tremendous rates of forest loss in vital ecoregions.<sup>13</sup> For instance, between 2000 and 2009 in Brazil and Paraguay, 22.5 million ha and 2.5 million ha of land, respectively, have been deforested for beef production.<sup>14</sup> The total harvested area of several crops has increased between 1961 and 2013—for example, cocoa by 127 percent, paddy rice by 43 percent, soybeans by 368 percent and palm oil by 399 percent—which represents a great challenge to the management of land use globally.<sup>15</sup> The volume of global agricultural commodities has increased (see Annex 1), mainly thanks to the high yields that have resulted from the use of inputs such as chemical fertilizers, water and pesticides, new crop strains, and other technologies promoted through industrial agriculture, which have led to severe environmental impacts. As a result, there has been a considerable loss of natural ecosystems through land degradation, water exhaustion and contamination, and soil erosion, including the spread of marine dead zones.

Climate change also poses a major threat to poor households that are dependent on agriculture. Climate change and climate variability are bringing more intense and frequent natural disasters (extreme weather, floods, droughts, disease, tropical storms, cyclones and wildfires, in addition to sea-level rise and related disasters), which affect the productivity of agricultural commodities and disrupt the value chain. Climate change will substantially affect future food security and the price of agricultural commodities. The consequences of climate change include shifts in the geographical distribution of pathogens/pests and of suitable land area, and altered crop yields and crop losses, all of which will affect farm income, livelihoods and decision-making throughout the value chain.<sup>16</sup> Additionally, climate shocks often push poor and other vulnerable households that depend on agricultural commodity value chains to adopt short-term coping strategies based on production systems that further degrade ecosystems and prevent farmers from improving their livelihoods over the longer term.

## 1.2 Contribution to the Sustainable Development Goals

The types of challenges and opportunities around the production, processing and trade of sustainable commodities are fully reflected in the new 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).

The SDGs refer to the need to “devote resources to developing rural areas and sustainable agriculture and fisheries, supporting smallholder farmers, especially women farmers, herders and fishers in developing countries, particularly least developed countries.” The 2030 Agenda for Sustainable Development also highlights the need to “adopt policies

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11 OECD (2016), ‘Agriculture and Water’, Agricultural Ministerial Background Note.

12 ‘Enabling agriculture to contribute to climate change mitigation’ (paper by FAO submitted to UNFCCC in 2008).

13 Kissinger, G., Herold, M., and De Sy, V. (2012), ‘Drivers of Deforestation and Forest Degradation: A Synthesis Report for REDD+ Policymakers’, Lexeme Consulting, Vancouver, Canada.

14 Persson, M. et al. (2014), ‘Trading Forests: Quantifying the Contribution of Global Commodity Markets to Emissions from Tropical Deforestation’, Center for Global Development, [www.cgdev.org/sites/default/files/CGD-Climate-Forest-Series-8-persson-et-al-trading-forests\\_0.pdf](http://www.cgdev.org/sites/default/files/CGD-Climate-Forest-Series-8-persson-et-al-trading-forests_0.pdf).

15 FAOSTAT. Some of the change in area harvested between 1961 and 2013 is due to switching between crops and some is due to the conversion of non-cropland to cropland.

16 Anim-Kwapong, G. J. and Frimpong, E. B. (2008), ‘Vulnerability of agriculture to climate change—impact of climate change on cocoa production’, Cocoa Research Institute of Ghana, [citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.494.4508&rep=rep1&type=pdf](http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.494.4508&rep=rep1&type=pdf).

which increase productive capacities, productivity and productive employment; financial inclusion; [and] sustainable agriculture, pastoralist and fisheries development [...]” It calls for “fundamental changes in the way that our societies produce and consume goods and services. Governments, international organizations, the business sector and other non-state actors and individuals must contribute to changing unsustainable consumption and production patterns, including through the mobilization [...] of financial and technical assistance to strengthen developing countries’ scientific, technological and innovative capacities to move towards more sustainable patterns of consumption and production.”

Supporting the sustainable production, processing and trade of agricultural commodities can lead to multiple developmental benefits across several SDGs,<sup>17</sup> principally the following:

Sustainable Development Goal	Link to Sustainable Agricultural Commodities
	<p><b>Agriculture is the single largest employer in the world.</b></p>
	<p><b>Feeding a growing global population requires sustainable agricultural practices.</b></p>
	<p><b>Women make up almost half the agricultural labour force in developing countries, but they own less land than men and lack access to resources.</b></p>
	<p><b>Sustainable agriculture has the potential to address water scarcity.</b></p>

17 FAO (2016), 'Food and Agriculture: Key to Achieving the 2030 Agenda for Sustainable Development', [www.fao.org/3/a-i5499e.pdf](http://www.fao.org/3/a-i5499e.pdf). FAO (2015), 'FAO and the 17 Sustainable Development Goals', [www.fao.org/3/a-i4997e.pdf](http://www.fao.org/3/a-i4997e.pdf).

## Sustainable Development Goal

## Link to Sustainable Agricultural Commodities

8 DECENT WORK AND ECONOMIC GROWTH



Agricultural growth in low-income economies can reduce poverty by half.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Agriculture accounts for 25 percent of GDP in developing countries.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



A third of the food we produce is lost or wasted.

13 CLIMATE ACTION



Investments in agriculture can support climate change adaptation and mitigation.

14 LIFE BELOW WATER



Sustainable aquaculture intensification has the potential to produce the fish needed to meet the demand for nutritious food.

15 LIFE ON LAND



A third of farmland is degraded, up to 75 percent of crop genetic diversity has been lost and 22 percent of animal breeds are at risk.

### 1.3 Barriers to a Sustainable Commodities Sector

Global and domestic economic growth associated with the unsustainable production and consumption of agricultural commodities has taken a toll on the environment, contributing to the depletion and degradation of natural resources and negatively impacting ecosystem balance and biodiversity. Unsustainable production and consumption patterns have driven agricultural commodities demand. In turn, unsustainable commodities production undermines broader poverty eradication efforts and contributes to the drivers of climate change, while also increasing the vulnerability of the sector.

In many cases, ineffective production practices lead to lower yields and inferior product quality, which pushes farmers towards more extensive production, often at the expense of the ecosystems services involved. This involves land overuse, pollution, and, in turn, decreased resilience to extreme climate events. Few smallholders manage their farms effectively, and instead nurture their crops to maximize production. Many are unable to invest time and money into improved agricultural practices and techniques. Farmers often rely heavily on one commodity as their main source of income and are thus extremely vulnerable to external shocks. Smallholder farmers usually do not have savings, access to credit, or direct access to markets, and must often sell their produce through informal middlemen at sub-market prices. For these reasons, they often lack resources to reinvest in production infrastructure, such as irrigation systems, fertilization and pest control methods, the replacement of aging trees, and product processing or storage facilities.

As a result, farm income is often lower than its potential and cannot shift smallholder families out of structural poverty, impacting rural communities and, ultimately, the national economy. Given the cyclical nature of crop production, farmers are often not able to produce sufficient income to feed their families. Children are directly affected. As they are needed to work on farms, they tend to drop out of or never attend school. Sometimes they carry out farm work that is inappropriate for their age. Many farmer families practice poor hygiene and do not have access to safe potable water. In some contexts, increased poverty at farms pushes young community members to migrate, threatening the long-term viability of farming communities and their social cohesion.

At the national level, failure to improve conditions in agriculture will make it hard for producing countries to meet their targets for poverty alleviation and SDGs. Threats to this essential productive sector can also have important impacts on the society at large.

At a more systemic level, weak policies and institutional frameworks are some of the root causes of unsustainable agricultural practices. Unclear and inconsistent policies fail to provide the right incentives to stakeholders engaged in the commodity value chains. For example, forestry policies often support the sustainable use of forests but other government policies do not prohibit the deforestation of primary forests for agricultural expansion. The lack of widespread land use planning at the national level as a policy development instrument leads to a lack of understanding and coherence among stakeholders in the area of sustainable land and resource use. Weak institutions and enforcement capacities often mean that even when good policies and regulations are in place, there are insufficient checks and balances that may guarantee their implementation.

Capacities of smallholders to adopt Good Agricultural Practices (GAP) are often limited due to the lack of quality extension services. Public extension systems are often either non-existent or inaccessible, and poor in quality. Hence, smallholder farmers lack access to the information, for example on market prices, climate variability, etc., as well as the knowledge and technology that enable improved production skills and commodity value. Private extension services are still quite rare, with access limited to a small number of smallholder farmers.

To address these challenges, new investments are needed to upgrade skills, technology and assets. Neither commercial banks nor the microfinance sector, however, seem able to adequately meet these financial needs. The lack of accessible and adequate credit structures leaves farmers unable to access financing to make the necessary investments. The

global demand for smallholder agricultural finance is estimated to be US\$450 billion and is largely concentrated in developing countries.<sup>18</sup> Additionally, smallholder farmers are faced with insecure land rights, reducing the incentive for producers to make long-term investments.

The bargaining power of smallholder farmers is weak, and even weaker for women farmers. Smallholder farmers lack access to information and are seldom organized into farmer groups, which leads to a concentration of power along the value chain to larger actors. While some smallholders belong to cooperatives or farmer associations, enabling more access to benefits such as credit and to negotiation on better prices in premium markets, many farmers work individually or under weak association, and depend on middlemen to market their goods, reducing their ability to improve their income levels.

A lack of adequate infrastructure and services, including cold-chain infrastructure, roads, transport, storage and quality certification constitutes a major barrier to international competitiveness and market access for poor farmers, who end up depending on middlemen and facing prohibitive costs to distribute and market their produce in national and international markets. While niche bio, fair trade and other sustainable development schemes may provide opportunities to poor farmers to access better prices, technical and financial support is necessary to put in place the traceability mechanisms and certification procedures to allow access to such markets.

A lack of coordination within and across the public sector compounds this situation. Technical experts and policymakers from sectors such as forestry and environment rarely meet with those in agriculture to discuss sustainable integrated solutions. This results in the larger private sector companies benefiting from weak regulations. There is often weak government coordination, insufficient dialogue among key actors, and a variety of stakeholders with conflicting interests and different levels of power and influence. These factors hamper more positive collective action and ultimately put the sustainability of smallholder livelihoods and the agricultural commodity sector at greater risk from harsher and more uncertain environmental conditions, demographic transitions, and market transformation.

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18 Dalberg Global Development Advisors (2012), 'Catalyzing Smallholder Agricultural Finance', [dalberg.com/documents/Catalyzing\\_Smallholder\\_Ag\\_Finance.pdf](https://dalberg.com/documents/Catalyzing_Smallholder_Ag_Finance.pdf).

## 2. UNDP Practical Guidance and Approach to Sustainable Commodities

### 2.1 Introduction

UNDP's sustainable commodities-related programmes contribute to UNDP's overall objectives as defined by the Strategic Plan 2018- 2021, contributing directly to Outcome 1 and indirectly to Outcomes 2 and 3.

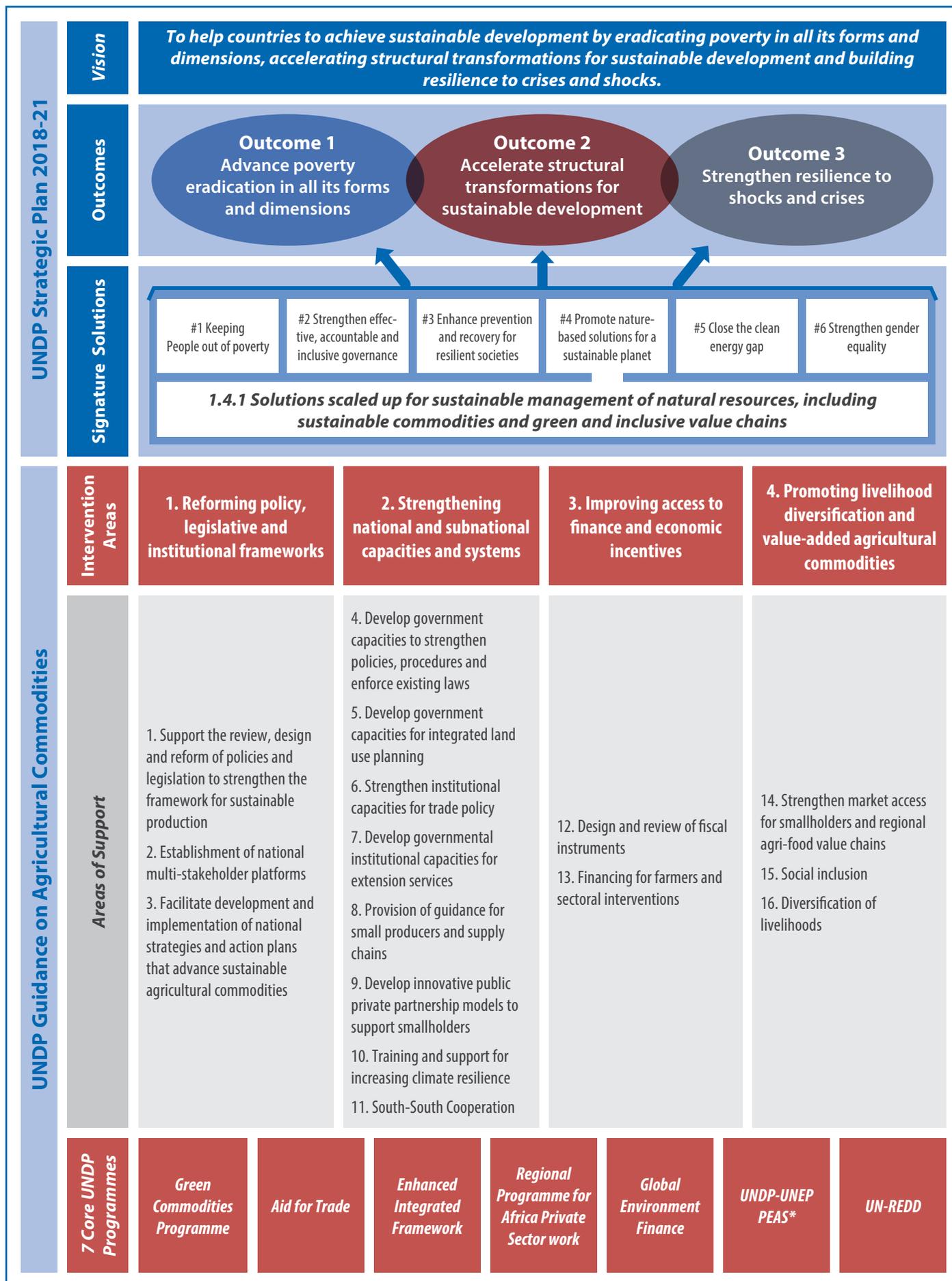
**Principal:** | Outcome 1: Advance poverty eradication in all its forms and dimensions.

**Secondary:**

| Outcome 2: Accelerate structural transformations for sustainable development.

| Outcome 3: Strengthen resilience to shocks and crises.

The following section provides practical guidance for UNDP policy advisors and country offices. UNDP focuses on four areas of intervention to address the barriers to a more inclusive, productive sustainable commodity sector that reduces and prevents environmental degradation. The diagram below outlines these four main intervention areas, including a description of UNDP's approach to the sustainable commodities sector, and the Conceptual Framework spelling out how these are linked to achieving UNDP's vision.



\*PEAS stands for Poverty-Environment Action for SDGs and will begin in 2018 as the successor of the current UNDP UNEP programme.

## 2.2 Intervention Area 1: Reforming policy, legislative and institutional frameworks for sustainable commodities

The 2030 Agenda calls for countries to undertake adequate reforms to achieve the SDGs at the country level. Based on ongoing policy discussions with government partners and stakeholders, there is strong country demand for support in strengthening institutional and legislative frameworks for sustainable commodities to generate multidimensional benefits for vulnerable smallholder farmers and reduce risks associated with climate change and the degradation of natural resources.

As policies set the framework in which countries work to advance sustainable development, the coherence of national, sectoral and local policies that affect agricultural commodities and smallholders needs to be ensured. This requires an assessment of institutional, governance and legislative frameworks, as well as existing policies and their relevance and links to the implementation and impact of commodity programmes.

Policy and legal reforms have the power to shift entire commodity sectors towards more sustainable practices and to reduce illegal practices such as deforestation and water contamination. Better enforcement coordination mechanisms are key for bringing together all national and global stakeholders in the supply chains (the public and private sectors, smallholders, and civil society). A consensus on the root causes for lack of progress and on opportunities to collectively move their commodity sectors towards sustainability can be built through the development of a shared vision and its collaborative implementation.

UNDP works with countries through various initiatives to develop comprehensive and inclusive policies that mainstream environmental sustainability and climate change into the agricultural commodities sectors. These include national policies, SDG-aligned strategies and action plans, national development plans, and sectoral and regional policies that focus on barriers relevant to agricultural commodities. A range of activities can support countries in reforming policy on agricultural commodities, including the review, design and reform of policies and legislation to strengthen the framework for sustainable production; the establishment of national multi-stakeholder forums; and facilitation of the development and implementation of national strategies and action plans that advance sustainable agricultural commodities, as described below.

### ***Support the review, design and reform of policies and legislation to strengthen the framework for sustainable production***

UNDP helps governments identify links within and across sector policies to bring better coherence to national policy frameworks. Agriculture, economics (taxes, trade and investments), small- and medium-sized enterprises (SMEs), infrastructure, rural development, labour, environment and education are some of the policy areas and sectors that UNDP has helped bring to the inter-sector dialogue table.

Helping governments to strengthen their skills in reviewing and designing integrated national policies that enable the sustainable production of agricultural commodities is also a key role of UNDP. This support enables governments to engage in specific policy reforms on issues such as land use, land rights and tenure, wildlife and biodiversity conservation, gender equity and women's rights, and labour reform.

UNDP has provided support to national development planning. For example, through the Poverty-Environment Initiative (PEI) in Burkina Faso, UNDP enabled the integration of environmental sustainability into the SCADD (*Stratégie de Croissance Accélérée et de Développement Durable*), the national development plan. Special attention was given to sustainable cotton production. In Vanuatu, UNDP provided technical and financial assistance to the development of the National Industrial Policy, promoting economic diversification and the growth of internationally competitive

manufacturing sectors, such as the agro-processing sector. UNDP and its GCP currently supports Indonesia in implementing reforms to improve the management of High Conservation Value areas on palm oil plantations, addressing the gap in legislation that does not protect forests from the expansion of plantations.

UNDP also works with countries to fine-tune the design of indicators, in line with the SDGs, and to improve monitoring and evaluation (M&E) systems and data systems on agricultural commodities. For example, this work was conducted in Bhutan, Nigeria, and Sierra Leone.

Clear institutional arrangements and coordination mechanisms are needed to create an enabling context for an environmentally, socially, and economically sustainable agricultural commodities sector. This requires new modes of collaboration and enabling innovation and incentive systems that facilitate cross-sector actions and shared accountability across ministries, agencies, levels of government, and non-governmental stakeholders. With the right mix of institutional reforms, UNDP can support countries to open up markets by allowing private traders to invest in marketing and processing, improving access to agricultural inputs by smallholder farmers, improving access to agricultural income by women, increasing and diversifying livelihoods through non-farm income sources, and fostering innovation and youth participation.

### ***Establishment of national multi-stakeholder platforms***

UNDP has supported governments to strengthen and establish multi-stakeholder platforms to promote policy coherence and coordination across different levels of government and with partners. Thematic multi-stakeholder platforms that focus on agricultural production enable collaboration, dialogue, strategy coordination and action planning. These, in turn, facilitate policy reforms that reinforce the governance frameworks needed for greener, more inclusive commodity chains.

Many countries are adapting their institutional frameworks to ensure sustainable commodities sectors. UNDP's support through multi-stakeholder platforms has been successful in this regard.

UNDP has developed best practice methodologies that maximize the potential benefits of national multi-stakeholder platforms, and it institutionalizes these mechanisms for long-term support to the agricultural commodities sector. These methods and tools include guidance and training for government officials and practitioners who run the platforms, as well as for the stakeholders who participate in the platforms. Direct technical support has also been provided to set up the platforms and facilitate dialogues. For example, the UN-REDD programme provides support to countries to establish multi-stakeholder platforms that assess policies and measures for implementing REDD+ programmes. This includes strengthening indigenous peoples' and civil society organizations for more meaningful participation in policy formulation, conducting Participatory Governance Assessments, establishing interministerial and public-private cooperation frameworks, designing participatory governance arrangements, and mainstreaming gender considerations into programme planning. **Box 1** provides more detailed information on how the UNDP GCP supported the establishment of a National Beef and Soy Platform in Paraguay.

### Box 1: Setting Up a National Beef and Soy Platform in Paraguay

In Paraguay, the National Platform on Beef and Soy works to tackle the many sensitive sustainability issues related to the in-country production of these commodities. The platform is leading an unprecedented dialogue between multiple stakeholders, including small- and large-scale farmers and indigenous groups; regional and national governments; line ministries; NGOs; global commodity buyers; and trading companies and financial institutions from the two sectors. UNDP also facilitates the establishment of platforms at the departmental (territorial unit) level, so that the features of each producing region are taken into consideration and reflected in the development of an action plan at the national level.



Harvester in soy plantation

The Project “Paisajes de Producción Verde” in Paraguay seeks to adapt the production practices in the Atlantic Forest of Paraguay, promoting deforestation free soy and livestock supply chains. Photo: Zunilda Acosta/ PNUD Paraguay.

The following links provide more information and tools to guide the design and implementation of similar projects: [The National Sustainable Beef and Soy Platform in Paraguay](#), supported by the GCP. A summary of work supporting [National Commodity Platforms](#) by the GCP.

### ***Facilitate the development and implementation of national strategies and action plans that advance sustainable agricultural commodities***

UNDP can support the formulation and implementation of National Strategies and/or Action Plans in commodity sectors, including through multi-stakeholder participative mechanisms such as those described above. These strategies and plans help lead countries towards sector reform and provide the architecture for collaboration among stakeholders and investors, enabling the prioritization of the necessary investments and determination of the source of financing.

UNDP also strives to help address agricultural commodities in plans that are developed in related sectors, and to ensure good collaboration and integration between these relevant sector strategies. For example, policies such as the National Commodity Action Plans, which may focus on increased agricultural production, may need to be made compatible and coherent with national REDD+ strategies that focus on forest conservation and sustainable use. In [Zambia, UNDP, working with UNFCCC and FAO](#), introduced a programme to integrate agriculture into national adaptation planning, entitled ‘Integrating Agriculture in National Adaptation Plan (NAP)’.

In [Costa Rica](#), the UNDP GCP facilitated the country’s [National Pineapple Platform](#) and supported the process of formulating the [National Action Plan to Strengthen Responsible Production and Trade of Pineapple](#). The plan describes strategic actions and responsibilities for the period 2013–2017 for the Government, producers, buyers, academics and civil society organizations to improve the social and environmental performance of pineapple production. The dialogue, which formed the basis of the National Action Plan, lasted a year and a half. It consisted of four national

plenary sessions, four lectures and 37 round tables on eight topics, with over 860 participants representing more than 50 organizations. These included large buyers like Tesco and Walmart, small-scale producers, traders, and civil society. For the first time, different interest groups were given a neutral and safe space to exchange their perspectives, and the platform allowed them to reach a consensus on the challenges to be addressed and produce an action plan charting the way forward.

## **2.3 Intervention Area 2: Strengthening national and subnational capacities and systems to foster sustainable agricultural commodity production, processing and trade**

Capacity development is key to advancing sustainable development. Strengthening national and subnational capacities to ensure sustainable commodity production, processing and trade requires a focus on the drivers of capacity change. These include an integrated system with smart institutions, visionary leadership, access to knowledge, and public accountability mechanisms. Within this system, a range of individual and institutional capacities are needed, including those for planning and strategy development, consultation and partnership, implementation, financing, and monitoring and evaluation. Ensuring strong capacity development is one of the ways that UNDP ensures its support for sustainable commodities has an ‘exit strategy’ that allows for the management of a given programme or project to be handed over to national counterparts.

Effective capacity development includes a focus on the empowerment of smallholder farmers to realize their full potential for more sustainable livelihoods through commodities that are homegrown and generated and managed collectively over the long term.

### **UNDP capacity development support is provided at three levels:**

1. **Enabling environment for agricultural commodities**—UNDP looks at the broad social system within which people and organizations in the agricultural commodities chain function. This includes all the rules, laws, policies, power relations, social norms, and leadership that govern civic engagement in the sector.
2. **Organizational level**—UNDP provides support to countries in improving internal structures, policies and procedures that improve the effectiveness of institutions involved in the sector.
3. **Individual level**—UNDP improves the skills, experience and knowledge of smallholder farmers, including youth and women, which allows them to increase their productivity and income along the agricultural commodities value chain. These skills may be acquired formally, through education and training, or informally, through doing and observing. UNDP provides access to resources and experiences that can develop individual capacity by setting up stakeholder platforms and through South-South cooperation.

### ***Develop government capacities to strengthen policies, procedures and enforce existing laws***

Achieving sustainability at scale requires strengthening national capacities to design, implement and enforce policies, procedures and laws, which in turn will facilitate more meaningful engagement of stakeholders, including small-scale farmers and multinational companies.

### **The key ways to increase the capacities of governments to enforce regulations are as follows:**

1. Assess underlying social, economic, cultural and political causes of non-compliance and modify the policy and legal framework governing the agricultural and the forest sectors,

2. Establish, prior to law-making, a sound and coherent agriculture policy to promote clarity and common understanding,
3. Establish mechanisms for participatory law-making by all stakeholders, including smallholder farmers,
4. Encourage consistency of the regulatory framework to ensure that laws do not contradict each other,
5. Minimize bureaucracy, streamline legal procedures and simplify regulations, for instance, through decentralization, avoiding regulatory proliferation and simplifying agriculture and forest regulations in management planning,
6. Secure agricultural land ownership rights to ensure accountability and the control of agricultural commodity operations at the local level, and,
7. Support the development and operationalization of monitoring tools that allow for the identification and tracking of illegal practices, such as land use changes and the use of chemicals, to identify illegal forest clearance and water pollution, among other infringements.

By working with the environment and agriculture ministries, local governments, civil society, and private sector stakeholders at various levels, UNDP can help strengthen national legislation and technical skills to ensure better compliance with national and international production standards and related regulations, such as those governing against the contamination of water sources.

UNDP also helps facilitate innovative public-private partnerships, such as by linking buyers committed to deforestation-free products with government monitoring and enforcement processes. In Costa Rica, for example, UNDP helped develop a 'Monitoring Land Use Change in Productive Landscapes' tool, which is linked to land tenancy. The system facilitates the fight against illegal land conversion and deforestation within private land by combining satellite imagery with the national land registry. More information on this tool is provided in **Box 2**.

## Box 2: Monitoring Land Use Change in Productive Landscapes in Costa Rica

In Costa Rica, UNDP helped develop a tool for monitoring changes in land use in productive landscapes, linked to information on land tenancy. The system uses satellite imagery and the national land registry to identify illegal land conversion within private land. The tool enables the country to more efficiently combat the illegal clearance of land and to generate incentives for expanding forest cover on private land.

The maps are published through the National Land Information System. Any user can connect them with registry information on the specific tenure of farms. Through this public dissemination of information, efforts to reduce deforestation are advanced in several ways. Government institutions can use the maps to identify non-compliance and plan verification tours at specific sites, simultaneously reducing the cost of public investment in control. In addition, institutions and municipalities can use the maps to plan and expand incentive schemes, such as payments for environmental or ecosystem services. The private sector can also take advantage of the cost-free system by differentiating themselves from international competitors. They do this by marketing their commodities as originating from deforestation-free farms, thus receiving higher prices.

Follow the link below for further tools to guide project design and development:  
Publication on the rationale, outputs, scope and costs of the [Monitoring Land Use Change Within Production Landscapes \(MOCUPP\)](#) strategy and an explanatory [video](#).



**Pineapple in Costa Rica**

Facilitated by the Green Commodities Programme, the National Platform for the Responsible Production and Trade of Pineapple in Costa Rica was launched in June 2011 to establish a multi-stakeholder and inter-institutional dialogue to improve social and environmental practices of the sector. Photo: UNDP/Costa Rica.

### **Develop government capacities for integrated land use planning**

UNDP supports countries in applying good management practices based on integrated land use planning for productive purposes. This means helping subnational governments develop land management plans that consider the landscape holistically, and ensure the sustainability of the ecosystem services that are key to agricultural development. This includes preserving certain areas such as watersheds, wetlands and forests, meanwhile strengthening climate change adaptation practices.

In Lao PDR, for example, UNDP supported the Government in strengthening the resilience of the agriculture sector to climate change by introducing national climate risk information into land use planning. The project has contributed to increased yields in selected households. **Box 3** provides more information. [In Kosovo](#), UNDP supported municipalities in sustainable land use management and biodiversity conservation, which in turn has contributed to boosting agricultural commodities production.

#### **Box 3: Improving the Resilience of the Agriculture Sector to Climate Change Impacts in Lao PDR**



##### **Sustainable Forest and Land Management in the Dry Dipterocarp Forest**

People in Lao PDR are vulnerable to the changing climate because they are so dependent on natural resources for their livelihoods. Photo: UNDP/Lao PDR.

In Lao PDR, UNDP helped reduce the vulnerability of farmers to extreme flooding and drought by applying an ecosystems-based approach to agriculture. The project introduced a national climate risk information system to compile, document and assess existing climate hazard and vulnerability. The system can support long-term land use planning and the development of alternative land use plans for different climate scenarios.

The project helped strengthen the capacity of sectoral planners and policymakers in the National Agriculture and Forestry Research Institute and the Ministry of Planning and Investment to plan for climate change impacts on agricultural production and integrate climate risks into land use policies and strategies. It also promoted climate-resilient cropping methods at the community level.

The project significantly reduced food insecurity and resulted in increased yields in targeted households. It helped establish

a policy and operational framework for climate-resilient agriculture, which will allow policies and strategies to be continuously enhanced based on climate risk information.

Follow the link below for tools to guide project design and development:

Information and project documents regarding the project on [Improving the Resilience of the Agriculture Sector to Climate Change Impacts in Lao PDR](#).

### **Strengthen institutional capacities for trade policy**

UNDP works with governments and other stakeholders to enhance the institutional capacity of trade-related institutions, including ministries in charge of trade. This includes strengthening capacities to formulate, implement and monitor trade policy and programmes relevant to agricultural commodities and broader sustainable development themes. It requires conducting institutional assessments of trade-related institutions to identify the main constraints to trade development and, based on these assessments, assisting with capacity-building for the formulation, implementation and monitoring of trade policy.

In Sierra Leone, for example, UNDP worked with the Ministry of Industry and Trade to formulate a plan to strengthen the capacities of the country's trade-related organizations. The plan included building the capacity of the ministry to manage human resources, coordinate the implementation of policies and initiatives, and help address the need to increase mid-level technical staffing. A key consideration for the ministry was the enhancement of policy coherence and coordination with other line ministries, especially agriculture, to support production and export diversification with a view to creating livelihood and job opportunities, especially for youth and women in rural areas since job opportunities are limited in the mining-dominated economy of Sierra Leone. For more information, see **Box 4**.

#### **Box 4: Capacity Development of Trade-Related Organizations in Sierra Leone**

In Sierra Leone, UNDP helped conduct a capacity assessment of the country's trade-related organizations and proposed a capacity development plan to address the gaps identified. The objective of the project was to create conditions to allow the Government of Sierra Leone to perform critical functions for the development of the trade and industry sector, including agro-industry. This is in line with the national development priorities for economic diversification and international competitiveness, which comprises agricultural commodities.

The assessment and capacity development plan identified four target areas: policy and regulatory frameworks, critical government functions and institutional reform, knowledge, and resource mobilization.

Sierra Leone has since made considerable progress in modernizing its policy and regulatory framework, including legislative and regulatory changes to improve the overall business climate in alignment with the private sector-driven growth trajectory expected to transform Sierra Leone into a middle-income country by 2035.

The project was anchored in the Enhanced Integrated Framework (EIF) Tier 1 project in Sierra Leone, the main purpose of which is the strengthening of national processes and institutions to lead the formulation, implementation and coordination of the trade agenda.

Follow the link below for tools to guide project design and development:  
Comprehensive information on the work of the [Enhanced Integrated Framework in Sierra Leone](#).



The cost to the Ebola-affected countries has been pitched at US\$1.6 billion, equivalent to 12% of their combined GDP. Photo: UNDP/Sierra Leone.

### ***Develop governmental institutional capacities for extension services***

UNDP works with ministries of agriculture at national and local levels to strengthen their extension systems to better support smallholders in adopting good agricultural practices. This means working to ensure that they can produce more and at a higher quality in an environmentally sustainable and resilient manner. UNDP supports this work by helping to update curricula; share lessons on effective farmer training techniques; improve government financing for extension systems; build awareness of certification requirements and systems, market needs, and sustainability issues such as deforestation; and develop innovative farmer learning systems such as farmers field schools and farmer-to-farmer training.

UNDP also helps introduce climate resilience approaches by enhancing the capacity of extension officers to promote sustainable land management and resilient agricultural practices. This includes using diversified systems of agricultural production, micro-watershed-based approaches to land and water management to reduce exposure to flood and drought risks, and land safeguarding and agroforestry practices. Through strengthened extension services and local training, the benefits of integrated farming are distilled to the farming communities, service providers and local authorities.

For example, [UNDP, in partnership with the private sector](#), supported the Ghana Cocoa Board to revise and enhance the environmental sustainability content of the extension training manual for extension agents. As a lack of ownership of trees represents a great restriction for agroforestry development in the country, sensitization materials on tree tenure rights and forest management have also been developed. These materials are now also in use for the training of farmers and community extension agents.

### ***Provision of guidance for small producers across supply chains***

UNDP facilitates the sharing of a wide range of information to producers through local NGOs. This includes guidance and training to producers in the following areas: good practices for farmers to improve their processes and acquire green certification; sound business management, including accounting, business planning, insurance, finance and market information; and, where necessary, direct support for mechanization and storage solutions, and business models for improved market access.

The Private Sector team of the Inclusive Growth and Sustainable Development Cluster (IGSD) of the UNDP Regional Service Centre for Africa (RSCA) supported smallholder farmers through trainings on topics such as good agricultural practices (GAP), financially sustainable veterinary services, mechanization, storage solutions and aggregation models for market access, among others. As a result, the yields and incomes of farmers increased significantly. For example, in Ghana, the onion bulb sizes have doubled due to training on GAP. Women producers have been an important part of these projects. Reports demonstrated that their income from onion sales increased by more 300 percent due to improved technology transfer on good agricultural and postharvest practices. See **Box 5** for more information.

The Aid for Trade project of the UNDP Regional Bureau for Europe (RBEC) and the Commonwealth of Independent States (CIS) started in 2010, originally covering nine countries and subsequently focusing on Kyrgyzstan, Tajikistan and Uzbekistan. Phase III of the project aims to help SME-oriented business/trade-support organizations to deliver effective services to businesses, and to directly help entrepreneurs and small businesses improve their processing and export capacities. In January 2017, the project had reached 40,000 clients, of whom 38 percent were female, and created 1,970 jobs, of which 54 percent were occupied by women. Furthermore, the project supported the establishment of an Agricultural Information Marketing System, currently used by over 148,000 producers in Tajikistan to access data on agricultural prices and input information. In Tajikistan, businesses that participated in trainings supported by the project increased their incomes by 10 percent, in Kyrgyzstan by 12 percent. In Uzbekistan, the project supported the establishment of an online trade platform, attracting over 1,200 businesses.

### Box 5: Removing Key Bottlenecks for Farmers to Sustainably Increase Productivity and Profits— A Case Study from Ghana and Burkina Faso

The Sahelian Onion Productivity and Market Enhancement Programme (SOPME) introduced storage systems for semi-commercial and family businesses using local materials to increase the shelf life of the products of smallholder and semi-commercial producers. Through good agricultural practices, the bulb size of onions doubled and farmers increased their income by more than 300 percent. Through this intervention, a microfinance company used the farmers' stored produce as collateral and advanced credit to them. Regionally, the UNDP-Catalytic Fund promoted technology mobility and skills transfer between Ghana and Burkina Faso. This resulted in better trade relations along the onion value chain.

Follow the links below for tools to guide project design and development:

The work described above was implemented as part of regional value chain projects that were selected during three subregional 'AFIM Weeks', the reports for which can be found below.

- [The East African AFIM Week with the East African Community \(EAC\) in Nairobi, Kenya.](#)
- [The West African AFIM Week with the Economic Community of West African States \(ECOWAS\) in Dakar, Senegal.](#)
- [The Southern African AFIM Week with the Common Market for Eastern and Southern Africa \(COMESA\).](#)

A forthcoming Knowledge-Sharing Report on promoting regional cross-border agri-food value chains, which explains the work carried out under each of the regional projects and their results, is available upon request.



**Cocoa in Ghana**

Ghana's cocoa is produced by thousands of smallholder farmers, spread over six of the country's 10 regions. Photo: Ghana Cocoa Board/Ghana.

### ***Develop innovative public-private partnership models to support smallholders***

The use of public-private partnership projects to engage with companies operating in producer countries is a powerful way to pilot innovative models to support farmers, including through IT access, marketing, and organizational negotiation. This form of engagement is key as traditional government extension has proven challenging and many companies cannot reach the scale of farmers needed. To address this challenge, a hybrid approach can be used that combines private sector expertise and efficiency with government mandate, resources and reach to provide a systemic solution to reaching farmers at scale.

UNDP is providing support to the Government of Indonesia to implement Indonesian Sustainable Palm Oil (ISPO) certification for smallholders. The Secretariat of the ISPO Commission, which is part of the Ministry of Agriculture, developed principles and criteria for certification and advises companies on how smallholders could comply with these standards. UNDP partnered with two major palm oil companies in Indonesia to pilot certification in the Riau Province. This work helps smallholders reduce the various barriers to increasing their productivity while complying with regulations and becoming an integral part of a sustainable global supply chain. Lessons learned from this pilot public-private partnership to support smallholders will be used to roll out country-wide ISPO certification and could be replicated in other countries and with other commodities.

### ***Training and support for increasing climate resilience***

Another key element of UNDP work involves support to countries to adopt climate-resilient production practices. This requires introducing climate resilience to rural livelihood options through investing in such actions as resilient irrigation design, crop diversification, and the strengthening of biodiversity conservation-oriented livelihoods and jobs. This work also involves supporting the development and promotion of climate-resilient crops, community seed banks, and agro-tourism. To respond to the increase in extreme weather events, UNDP also helps develop early warning systems and climate information systems in several countries. These systems monitor climate and environmental data on a real-time basis, detect adverse trends, and make reliable predictions of possible impacts to inform better planning, disaster preparedness and emergency response.

In Zambia, for example, UNDP supported farmers facing an increasing risk of floods and drought. This included helping them to diversify their crops, switch to conservation agriculture, and develop alternative livelihoods. Farmers now grow rice, cow pea, sunflower, sorghum and short-cycle maize when the season is deemed to be dry by the meteorology department. Alternative livelihoods such as beekeeping and goat rearing have also been promoted. These livelihoods play a key role in increasing resilience, as these income-generating activities are a source of disposable assets in times of need.

### ***South-South cooperation***

Working with commodities provides great opportunities for South-South cooperation and mutual learning across regions, countries and commodity sectors. UNDP acts as broker for knowledge, sharing opportunities between producer countries aiming to improve the social and environmental performance of agricultural commodity supply chains. This means disseminating knowledge and good practices on greening commodities and incorporating learning into action by developing Communities of Practice.

For example, UNDP organized the visit of an Ethiopian government delegation to Costa Rica and Guatemala to learn about production practices, branding, marketing, quality improvement, stakeholder engagement and sustainability challenges in the coffee sector. The trip was organized to help inform the Ethiopian delegation about options for establishing a national stakeholder coffee platform.

Another [exchange visit of the deputy ministers for livestock management of Paraguay and Costa Rica](#) was organized and supported by UNDP through Paraguay's UNDP-GEF Paisajes de Producción Verde project. The objective of the visit was to share knowledge on the current situation of sustainable livestock management in both countries. More than 200 persons participated in a workshop, including authorities and technicians of various stakeholder institutions and sectors. A road map was developed with a number of concrete proposals to improve the position of Paraguay as a producer of sustainable meat.

UNDP also organized a GCP Platform Community of Practice (see **Box 6**) and Training workshop in Istanbul. The workshop brought together government and UNDP practitioners from Côte D'Ivoire, Costa Rica, the Dominican Republic, Ghana, Honduras, Indonesia, Paraguay and Peru to learn and share experiences on how to establish national commodity platforms to advance long-term visions and monitor the sustainability of commodity chains.

#### **Box 6: UNDP Green Commodities Programme Community of Practice**

The UNDP Green Commodities Programme is leading and facilitating a Community of Practice focused on engaging stakeholders in democratic dialogue within supply chains and on deforestation-free commodities. The Community of Practice backed by UNDP GCP's global team acts as a broker for knowledge-sharing between UNDP practitioners aiming to improve the social and environmental performance of agricultural commodity supply chains worldwide. UNDP GCP facilitates the dissemination of knowledge, information and best practices between GCP project staff; promotes South-South cooperation on greening commodities and zero deforestation in supply chains; and incorporates learning into action by facilitating and nurturing the GCP Community of Practice.

Any UNDP project or UNDP Country Office team with an interest in commodities and multi-stakeholder approaches is welcome to join and participate in webinars and Community of Practice events, to receive regular knowledge bites, or to access the online learning portal with GCP knowledge products and methodologies.

Follow the link for further information on the GCP Community of Practice

<http://www.undp.org/content/gcp/en/home.html>



**Coffee Pickers in Timor-Leste**

Coffee is one of Timor-Leste's most important crops, bringing much-needed revenue to the country. Magdalena Salsinha, holding coffee beans, has been picking coffee since she was 15 years old. Now 55, she lives near Ermera and is married with six children. Photo: Martine Perret/UN.

## 2.4 Intervention Area 3: Improving access to finance and other economic incentives for sustainable commodities (production, processing, trade)

Ensuring that new credit schemes are accessible to producers and establishing favourable fiscal incentives allows farmers to make necessary investments in productive infrastructure. Connecting farmers with new types of payments for environmental services or with premiums from certification also helps redirect economic incentives towards sustainability. Reforming, strengthening and guaranteeing tenure rights is necessary to make these systems effective and efficient. These efforts involve increasing the availability of affordable financial products for farmers, the prevalence of favourable fiscal policies and incentives to facilitate upgrades in agricultural skills and practice, and securing compensation for the preservation of ecosystem services. REDD+ schemes are an example of this type of support.

### *Design and review of fiscal instruments*

Working closely with national governments is key to aligning agricultural subsidies and other economic incentives with sustainable development. This involves reorienting agricultural commodities towards sustainable production and addressing the finance gap for producers and governments. To do this, UNDP helps review and assess fiscal mechanisms in support of the agricultural commodity sectors and provides targeted policy advice and institutional support for undertaking necessary fiscal reforms.

The Poverty-Environment Initiative (PEI) of UNDP and UN Environment is a global programme that supports country-led efforts to put pro-poor, pro-environment objectives into the heart of government by mainstreaming poverty-environment dimensions into planning and budgeting. PEI completed a Poverty and Social Impact Analysis of Botswana's Integrated Support Programme for Arable Agriculture Development. The programme was introduced to address the challenges facing rain-fed arable farming and improve the low productivity levels in the arable sub-sector, thereby reducing poverty and commercializing arable agriculture. **Box 7** provides more details.

Similarly, the Biodiversity Finance Initiative, implemented by UNDP in 30 countries, is collecting data on subsidies harmful to biodiversity and possible reform processes. Moreover, a number of climate change projects are looking at the impact of climate change on, and as a result of, agriculture, along with possible reforms of fiscal instruments (see the example of the [Climate Fiscal Framework](#) developed in Bangladesh).

### Box 7: Mainstreaming Poverty-Environment Dimensions into Planning and Budgeting in Botswana

The UNDP-UNEP PEI in Botswana enhanced government capacity to mainstream poverty-environment (P-E) linkages into the National Development Plan (NDP). As a result, the country's keynote policy paper prioritized natural capital accounting and poverty eradication, which would be addressed during the remainder of the 10th National Development Plan 2009–2016 (NDP 10) period, and inform the integration of sustainability (sustainable development) into the new/current National Development Plan 11 (2017–2022) and the overarching national Vision 2036. Local Economic Plans have taken into consideration the key poverty-environment linkages within the districts. PEI supported this process through the provision of funding for technical experts to identify P-E linkages in Chobe and Kgalagadi. PEI also trained district planners in integrated assessment and planning, and informed the content of the Manual for Local Economic Development (LED) planning. A scoping study for the Public Expenditure Review (PER) of the Environment and Natural Resources (ENR) sectors (2013) provided an overview of public sector expenditure in the ENR sector. It recommended integrating environmental budget codes into the Government budget and expenditure system. It also provided guidance for conducting a full PER in the future.



Stakeholders in a facilitated participatory Rural Appraisal type of workshop discussing land use planning. Photo: UNDP/Botswana.

Follow the links below for tools to guide project design and development:

Information on the [UNDP-UNEP Poverty-Environment Initiative \(PEI\)](#).

Brochure on [PEI in Botswana](#).

Information on PEI's support services for [Poverty-Environment Mainstreaming](#).

### **Financing for farmers and sectoral interventions**

Another way UNDP supports this work is through the provision of good practices, methodologies and customized solutions to fund the application of sustainable practices in agricultural commodities. This helps respond to what is often a financial gap in the agriculture sector. UNDP can review financing solutions and mechanisms for transitioning to greener and more sustainable practices, and highlight their impacts and risks. It promotes the generation and sharing of knowledge with the wider community working on inclusive finance, green finance and climate finance.

To do this, UNDP works with partner institutions in the financial sector, including microfinance organizations and philanthropic foundations to experiment, replicate and scale up new financial products that meet the demand of smallholders while incentivizing the shift to more sustainable practices. UNDP also explores opportunities to mobilize impact investment and products related to climate risk insurance (see **Box 8** below).



A mobile money outlet in downtown Freetown. J Terry/UNDP Sierra Leone.

### Box 8: Financing Solutions for Sustainable Development: Agriculture

For more information on financing solutions that the public and private sectors might adopt to advance sustainable agricultural commodities, visit our online repository, which describes their potential, advantages, disadvantages, risks and characteristics. It also profiles case studies and refers to multiple external sources, including e-learning and advanced guidance materials, where available. See [www.undp.org/content/sdfinance](http://www.undp.org/content/sdfinance) and [www.undp.org/content/sdfinance/en/home/sector/agriculture.html](http://www.undp.org/content/sdfinance/en/home/sector/agriculture.html).

What follows is a non-exhaustive list of financing solutions relevant to sustainable agricultural commodities:

- **Biodiversity Offsets:** Measurable conservation outcomes resulting from actions that compensate for significant residual adverse biodiversity impacts arising from development projects.
- **Bioprospecting:** Systematic search for biochemical and genetic information in nature in order to develop commercially valuable products and applications.
- **Ecological Fiscal Transfers:** Integrating ecological services means making conservation indices (e.g., size/quality of protected areas) part of the fiscal allocation formula to reward investments in conservation.
- **Enterprise Challenge Funds:** Funding instrument that distributes grants (or concessional finance) to profit-seeking projects on a competitive basis.
- **Green Bonds:** Bonds where proceeds are invested exclusively in projects that generate climate or other environmental benefits.
- **Impact Investment:** Investments made into companies, organizations and funds with the intention to generate a measurable social and environmental impact alongside a financial return.
- **Payments for Ecosystem Services:** Payments for ecosystem services (PES) occur when a beneficiary or user of an ecosystem service makes a direct or indirect payment to the provider of that service.
- **Public Guarantees:** Guarantees can mobilize and leverage commercial financing by mitigating and/or protecting risks, notably commercial default or political risks.
- **Taxes on Pesticides and Chemical Fertilizers:** Taxes on certain pesticides and chemical fertilizers can mobilize fiscal revenues while mitigating the negative effects associated with pesticide/fertilizer application and promoting sustainable agricultural practices.
- **Taxes on Renewable Natural Capital (Water; Timber):** Any fee, charge or tax charged on the extraction and/or use of renewable natural capital (e.g., timber or water).
- **Taxes on Tobacco:** Excise taxes on tobacco products can raise fiscal revenues, improve health and well-being, and address market failures.

Microcapital grants (MCG) for catalytic impact have been offered to NGO project promoters on selected regional agri-food value chains to support upgrade interventions. More on the use of MCGs can be found in **Box 5**, titled 'Removing Key Bottlenecks for Farmers to Sustainably Increase Productivity and Profits—A Case Study from Ghana and Burkina Faso'.

The Central American Markets for Biodiversity Project (CAMBio) supports the mainstreaming of biodiversity conservation by providing funding to micro, small and medium enterprises that integrate the protection of the environment and conservation of biodiversity into their business, products and services. UNDP implements this project in partnership with the Central American Bank of Economic Integration through its networks of intermediary financial institutions. The project has had considerable influence in removing barriers in banking to catalyse biodiversity-friendly investments in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. These countries are important producers and exporters of crops like coffee, cocoa, fresh fruit, sugar, livestock and fisheries.

Challenge funds are also used to incentivize SMEs to invest in business models that are more inclusive of small farmers as customers or suppliers. The Malawi Innovation Challenge Fund (MICF) is a competitive and transparent mechanism that provides grant finance for innovative projects proposed by the private sector active in Malawi's agricultural and food processing sectors. Supported by UNDP and UK Aid, MICF is a responsive mechanism to encourage the private sector to innovate while delivering social and environmental outcomes.

## **2.5 Intervention Area 4: Promoting livelihood diversification and value-added sustainable commodities**

Promoting alternative livelihoods, diversifying agricultural systems by promoting agroforestry, and integrating climate change adaptation practices within production systems are actions that have the potential to diversify sources of income and increase the resilience of smallholders.

UNDP supports farmers to reduce their economic dependence on one commodity by diversifying their income streams through, for example, commercial intercropping or agriculture-based tourism. UNDP also supports producers to increase the value of commodities by improving the quality of their products, and by strengthening their negotiating capacity to establish better prices and to sell their processed goods. This work involves improving market access for small- and medium-sized farms and enterprises.

### ***Strengthen market access for smallholders and regional agri-food value chains***

UNDP helps farmers increase their access to local, subnational, national, regional and global markets by: (1) strengthening farmer organizations to increase economies of scale, sales and improve negotiations on pricing; (2) connecting domestic buyers to producers through face-to-face encounters, product fairs, and, where appropriate, reducing reliance on middlemen by providing financing for producers for vehicles to transport goods; (3) working with multinational buyers to develop longer-term partnerships and purchase agreements with smallholders; and (4) connecting producers to information portals such as eFresh for internet sales.

UNDP supports countries in Africa in developing supplier development programmes that enhance linkages between smallholder farmers and small and big off-takers of their produce. These Agribusiness Supplier Development Programmes (ASDPs) take a lead firm approach, whereby the starting point is market demand. A partnership with lead firms (large and small off-takers) is developed and supply diagnostics of these firms are carried out. The findings are then used to plan interventions in the supply chain, which may include contract farming models, supporting smallholder farmers to produce more high-quality commodities consistently over time. For more information on ASDP, refer to **Box 9**.

### **Box 9: Improving smallholder–off-taker linkages for mutual benefits— the Agribusiness Supplier Development Programme**

The Inclusive Growth and Sustainable Development Cluster (IGSD) of the UNDP Regional Service Centre for Africa (RSCA) Private Sector team developed an African Agribusiness Supplier Development Programme (ASDP) in support of the agriculture transformation and food security agenda of the African Union and Comprehensive Africa Agriculture Development Programme (CAADP). The objectives of the ASDP are threefold: first, to improve the quantity and quality of the supply of agricultural products by farmers and SMEs to markets; second, to provide smallholder farmers and SMEs with support in accessing the growing agricultural supply chains of lead firms; and third, to contribute to the development of national African economies by developing agricultural products that meet market quality standards.

The RSCA IGSD cluster Private Sector team developed an ASDP toolkit and training manual, and provided training on the ASDP approach to representatives from governments, the private sector and UNDP from 12 countries (Angola, Benin, the Comoros, Côte d'Ivoire, the Democratic Republic of the Congo, Kenya, Madagascar, Mozambique, Nigeria, South Sudan, Tanzania and the Gambia). The team is also supporting Angola, Benin, Côte d'Ivoire, the DRC, Kenya and Nigeria to advance their ASDP action plans.

Follow the links below for tools to guide project design and development:

[African Agribusiness Supplier Development Programme Toolkit](#)

[African Agribusiness Supplier Development Programme Training Manual](#)

The toolkit sets out the programme's conditions for starting up an ASDP in an African country and suggests several tools for implementing the programme. It is targeted primarily towards UNDP Country Offices willing to design an ASDP. The tool will form a framework to strengthen the commitment of national governments and to facilitate linkages between partners (off-takers), beneficiaries (smallholders and SMEs) and service suppliers involved in agricultural supply chains. The complementary training manual will be used in capacity development training of all relevant stakeholders.



Meeting of the agricultural cooperative for the KUKULA KU MOXI Project (2015-2017), implemented by the Capanda Pole Development Company (SODEPAC) with UNDP funding in Angola, within the scope of the Agribusiness Distribution Chain Development program (ASDP) for the development of family farming. Photo: UNDP/Angola.

UNDP can offer training to Regional Economic Communities and national counterparts on value chain development, as well as on ways to ensure sustainability and climate resilience in agri-food value chains in Africa. UNDP can also provide microcapital grants for regional agro-food value chain upgrading and greening.

### ***Social inclusion***

In all its interventions towards sustainable commodities, UNDP pays special attention to communities living under conditions of vulnerability and marginalized social actors such as women, indigenous peoples, landless farmers and smallholders, elders, youth, children and people with disabilities.

UNDP's work on policy and legislation reform and enforcement helps remove barriers to the participation of women and other vulnerable groups in specific economic activities, facilitating equal access to technologies, finance, inputs and markets for sustainable goods.

Working with the private sector, UNDP facilitates engagement from companies to remove discrimination based on gender or other characteristics. Extension service systems that provide support to smallholders are developed and implemented to consider the specific needs and responsibilities of men, women, youth, and the elderly, indigenous groups and people with disabilities.

The work carried out in support of access to finance also focuses on ensuring there is greater access to credit and financial services for vulnerable groups.

The national multi-stakeholder forums that UNDP helps to set up are suitable environments for promoting equal decision-making, knowledge-sharing and awareness-raising, and for discussing exclusion-related issues in a specific commodity sector. The dialogue processes facilitated by UNDP pay special attention to marginalized voices and are inclusive for all stakeholders.

Interventions to strengthen smallholder access to markets and support climate-resilient agriculture and the diversification of livelihoods are designed to consider the specific needs and roles of individuals and ensure that such interventions minimize and address existing inequalities.

For example, after conducting a needs assessment that revealed that women farmers lacked specific skills, UNDP partnered with the Government of Israel to organize a three-week training on agribusiness for the empowerment of rural women. Twenty-six women entrepreneurs from six countries participated in this capacity development training, which provided the participants with business management skills to undertake successful agribusiness and renewable energy strategies. UNDP is facilitating the provision of similar training in other countries.

### ***Diversification of livelihoods***

Another key element in this area involves UNDP support to smallholders to diversify the crops and income streams within their commodity farms. This helps reduce their dependency and vulnerability to commodity price swings, as well as to disease, which could wipe out their crops and livelihoods. Intercropping has ecological benefits, particularly in light of climate change, and agroforestry and activities such as agritourism and beekeeping can also be supported where appropriate.

[UNDP is working in Ghana](#), for example, in partnership with Mondelez International's [Cocoa Life](#) Programme to support cocoa farmers to adopt land use and silvicultural practices that enhance biodiversity and natural resource conservation while sustaining their livelihoods. Among the key practices being promoted is the planting and registration of recommended economic trees. This helps increase the resilience of cocoa farms, diversify income sources from different economic trees, and promote access to new types of income, including through Payments for Ecosystem Services schemes.

## 3. UN and Other Development Partners

Working in partnership with different organizations and initiatives and other stakeholders is vital to achieving the objectives described in this Note. UNDP collaborates with a variety of actors from governments, the private sector, civil society, and development partners inside and outside the UN. For UNDP to remain successful in this field, it must continue to strengthen its existing ties, with a view to establishing new, innovative partnerships. The UNDP [webpage on 'Partners'](#) provides general information, news and key documents in this regard.

### 3.1 Governments

Within all its programmes, UNDP works closely with national and local governments, including ministries of agriculture and the environment and related agencies at all government levels, to reinforce their capacities and support their leadership. With UNDP support, governments can develop and implement better policies; establish stronger links between ministries; and, with other key partners, including donors, share the responsibility and budget to support producers. This results in improved risk management of future exports, a higher international reputation on the sustainability agenda and better trade relations with buyers.

#### **Box 10: Peru Case Study: How UNDP Programmes Work Together to Provide Governments with Country Level Support**

In Peru, UNDP worked with the government through a programmatic approach to addressing deforestation and contribute to forest recovery in the Peruvian Amazon, coordinating the following three in-house initiatives: the GCP in support of sector-wide sustainability for the coffee and oil palm sectors, the GEF Sustainable Landscapes Programme, and UN-REDD's Targeted Support activities and National Programme. Their shared objective is to achieve sustainable natural resource management and systems support through an integrated and comprehensive territorial approach that recognizes the complexity of local livelihoods, including agriculture, and the landscape-wide scale of the drivers of deforestation. Through shared objectives and complementary strategies, the three interventions articulate both policy and site-based interventions, as follows:

**UN-REDD** has strengthened multi-stakeholder participation, particularly of indigenous peoples, in REDD+ and forest governance, and as part of the National Programme. It is expected to develop an investment plan for the National REDD+ Strategy that includes a strategic objective focused on productive landscapes and agricultural commodities.

**The GCP** developed technical studies to identify gaps in the policy and regulatory frameworks as well as the technical assistance needs of smallholders of agricultural commodities. It has also developed recommendations for the Government for a national commodity platform for palm oil.

**The GEF Sustainable Landscapes Initiative** has acknowledged the progress of UN-REDD and GCP, and has proposed a systems-wide and landscapes-based approach that will aim to implement the recommendations of the GCP's gaps analyses and strengthen the supported institutional frameworks by building on the stakeholder engagement initiated by UN-REDD and GCP. In doing so, the GEF will scale up and institutionalize the initial results that UNDP is supporting through UN-REDD and GCP.

## 3.2 Private Sector

The private sector includes all the supply chain actors, including buyers and traders, trade associations, banks and finance institutions, and producers. In the past decades, instrumental partnerships have evolved between UNDP and private sector actors, and vice versa, as it became clear that these stakeholders have an essential role to play in promoting sustainable development, especially in the realm of commodities. At the global and national levels, UNDP must continue fostering engagement and establishing key partnerships with multinational companies involved in the supply chains of several commodities worldwide, with groups of private companies, and with the main local private stakeholders. In recent years, UNDP has been working on commodities with Cargill (**Box 11**), Ikea (**Box 12**), Mondelez (**Box 13**), Walmart, the Consumer Goods Forum, Cocoa Action and the Indonesia Palm Oil Pledge.

### Box 11: Reaching Out to Soy Producers in Paraguay through Partnerships with the Private Sector

The private sector is an essential player in any effort to move soy and beef production towards sustainability in Paraguay. The country's two biggest soy traders, Cargill and ADM, are now partnering with the UNDP-GEF Green Landscapes project, in collaboration with UNDP GCP, to extend the use of good agricultural practices among their network of producers. Through these partnerships, which include co-financing of the project activities, the project will be able to reach close to 90 percent of medium- and large-scale soy producers and help them comply with Paraguay's zero-deforestation policy and regulations. It also foresees conducting soy supply chain analysis and supporting farmers to adopt best practices—such as the use of live fences, the direct sowing of seeds, or standards for the manipulation of agrochemicals—that will enable them to farm soy responsibly and still increase their profits.



**Harvester in soy plantation**

The Project “Paisajes de Producción Verde” in Paraguay seeks to adapt the production practices in the Atlantic Forest of Paraguay, promoting deforestation free soy and livestock supply chains. Photo: Zunilda Acosta/ PNUD Paraguay.

Meanwhile, complying with certifications of origin can be costly for farmers, and too often the banks that lend producers money have neither the knowledge nor the capacity to check whether they are producing sustainably. The project, through the Round Table for Sustainable Finance, is assisting Paraguay's major banks—responsible for over 80 percent of agricultural and livestock loan portfolios—to incorporate environmental standards into their lending procedures and develop new credit lines for producers to finance the changes they need to implement to become certified as sustainable soy suppliers.

Follow the link for more information on [UNDP GCP in Paraguay](#).

UNDP provides the private sector with the opportunity to participate in defining the policy agenda and improve legislation and enforcement to help level the playing field for sustainability. With better access to decision makers there are more opportunities for private sector pilot work to be replicated and scaled up. Producers, especially smallholders and farm workers, are the most important beneficiaries of UNDP’s work with commodities. Working with producers, workers and associations, UNDP helps create decent living conditions, increase their profitability and productivity, empower them to better participate in supply chain and local policy development, reduce their vulnerability to climate change, and improve their surrounding environment, including by reducing health and water risks. UNDP tools for private sector partnerships are highlighted in **Box 14**.

### Box 12: Indonesia Palm Oil Platform

Since 2012, IKEA— the founding private sector partner for UNDP GCP work on palm oil—has been funding the establishment of the [Indonesian Palm Oil Platform \(FOKSBI\)](#). Provincial cooperation with large producers, such as Asian Agri, has been essential in reaching out to smallholders.

“Responsible sourcing requires stakeholder engagement and local presence to further understand root causes to complex challenges. The opportunities for dialogue between multiple stakeholders, from small-scale farmers and government representatives to local NGOs, which the UNDP Green Commodities Programme enables, are very important in the development of responsible sourcing programmes”.

—Lena Pripp Kovac, Head of Sustainability Range and Supply, IKEA of Sweden



Palm Oil. Photo: UNDP/Indonesia.

### Box 13: Addressing Sustainability Challenges at the Landscape Level in Ghana—Partnering with World’s Largest Snack Company

A [partnership](#) between UNDP GCP and Mondelez International is demonstrating that cocoa farmers will adopt good agricultural practices if they get the right support and understand the benefits. A lack of ownership of trees represents a great restriction for agroforestry development in Ghana. As part of Mondelez’s [Cocoa Life Programme](#), since 2014 this partnership has distributed 800,000 economically valuable timber shade tree seedlings and supported farmers to plant and register them with the Forestry Commission. Training was also provided to more than 9,600 cocoa farmers. The idea is to diversify cocoa farms with other types of trees, providing alternative income opportunities and making landscapes more resilient against pests and disease.

To go beyond the farm level and pilot change at the landscape level, GCP is piloting Community Resource Management Areas (CREMA) in 36 communities. These are governance structures allowing communities, landowners and land users to govern and manage forest and wildlife resources within the boundaries of the CREMA and to benefit financially or in kind. They allow the development of local and tailored solutions by people who have a real interest in land management to address complex issues such as land and tree tenure rights and conflicts.

“Our partnerships with the UNDP Green Commodities Programme are helping us to go beyond our own supply chains to catalyze systemic sector-wide change in cocoa in West Africa and in palm oil through the Indonesia Palm Oil Platform. GCP plays a vital role in building collaboration between companies, governments and the non-profit sector in raw material–origin countries.”

—Jonathan Horrell, Director of Sustainability, Mondelez International



Mercy Adoma is one of the female cocoa farmers in the Asunafo North Municipality. The main source of her family’s livelihood is cocoa. “My children schools fees and all family needs depend on cocoa;” she says. She has benefited from the tree-planting programme by planting over 100 economic tree seedlings on her farm.” Photo: UNDP/Ghana.

## 3.3 Civil Society Organizations

This category includes academia and research institutions, non-governmental organizations, grass-roots organizations, standards and other multi-stakeholder initiatives. By partnering with these organizations, UNDP can scale up and coordinate activities in the promotion of sustainable commodities, avoid gaps and overlapping and maximize synergies. Building on existing work, mainly in terms of research, awareness-raising and farmer capacity-building, UNDP can build bridges to scale up pilot projects, promote agendas into official country-wide plans, internationalize local concerns, and build strategic partnerships with the private sector and governments. UNDP already partners with many international civil society organizations, including [World Wide Fund For Nature \(WWF\)](#), [Conservation International \(CI\)](#), [Solidaridad](#), [Oxfam](#), [Sustainable Trade Initiative \(IDH\)](#), [CARE](#), [Via Campesina](#), [the Tropical Forest Alliance 2020](#), [Sustainable Commodity Assistance Network \(SCAN\)](#), [Committee on Sustainability Assessment \(COSA\)](#), [World Economic Forum \(WEF\)](#), [Round Table Responsible Soy \(RTRS\)](#) and [Roundtable on Sustainable Palm Oil \(RSPO\)](#).

### 3.4 Development Partners

Finally, other development agencies within and outside the UN system are key to UNDP's work. Indeed, many interrelated factors influence sustainable commodities, which require the full cooperation of agencies with different mandates and complementary expertise. At the global and national levels, international organizations are partners in ensuring the adoption of a comprehensive approach towards sustainable commodity development. UNDP works in close collaboration with the [Food and Agriculture Organization of the United Nations \(FAO\)](#), [United Nations Environment Programme \(UNEP\)](#), [United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries \(UNREDD\)](#), [United Nations Industrial Development Organization \(UNIDO\)](#), [International Fund for Agricultural Development \(IFAD\)](#), [World Food Programme \(WFP\)](#), [World Bank \(WB\)](#), [Global Environment Facility](#) (see **Box 15** for an example of global engagement with GEF), [European Commission \(EC\)](#) and the [Organisation for Economic Co-operation and Development \(OECD\)](#). Partners also include bilateral aid agencies such as the [Department for International Development \(DFID\)](#), [United States Agency for International Development \(USAID\)](#), [State Secretariat for Economic Affairs \(SECO\)](#), [Swiss Agency for Development and Cooperation \(SDC\)](#), [Japan International Cooperation Agency \(JICA\)](#), [Global Affairs Canada](#), [Gesellschaft für Internationale Zusammenarbeit \(GIZ\)](#), [International Development Research Centre \(IDRC\)](#), and [Denmark's development cooperation \(DANIDA\)](#). Finally, several private foundations support UNDP's work, including the [Ford Foundation](#), the [Gates Foundation](#) and the [Rockefeller Foundation](#).

#### Box 14: UNDP Tools for Private Sector Partnerships

The UNDP Programme and Operations Policies and Procedures website includes a [public section on private sector partnerships](#), providing information on relevant regulations, rules, policies and procedures. Among other resources, the section includes the [Policy on Due Diligence and Partnerships with the Private Sector](#), which facilitates and guides the selection of private sector partners and aims to strengthen the risk management capacity of UNDP in working with the private sector.

UNDP has also created a [Guide to Partnership Building](#), which is designed to build the skills, confidence and competencies of those individuals in the organization operating as partnership brokers or private sector focal points. The guide complements UNDP's [Inclusive Market Development \(IMD\) Handbook](#).



Alessandra Viezzer, EU Head of Cooperation, Mr Fadi Hidmi, Director of the Arab Chamber of Commerce and Industry, Roberto Valent, UNDP Special Representative. Photo: UNDP.

### Box 15: Good Growth Partnership—Taking Deforestation Out of Commodity Supply Chains

The GEF-funded Good Growth Partnership programme (GGP)—Taking Deforestation Out of Commodity Supply Chains (US\$ 45 million) was developed through a multi-agency consortium, building on strong global leadership from UNDP, the International Finance Corporation (IFC), UNEP, WWF and Conservation International (CI) in the field of sustainable commodities production. The overall GGP programme is designed through the supply chain lens for palm oil, soy and beef production, and in close consultation with four countries associated with their production: Brazil and Paraguay for soy and beef; and Indonesia and Liberia for palm oil.

The GGP programme aims to work with the private sector, governments, civil society organizations and consumers to tackle some of the principal drivers of forest loss in developing countries. The programme consists of four components: (1) Reducing Deforestation from Commodity Production, led by UNDP; (2) Generating Responsible Demand, led by WWF; (3) Enabling Transactions, led by IFC; and (4) Adaptive Management and Learning, led by UNDP.

GGP engages all major actors to harness best practices and sustainability principles for production, generating responsible demand and enabling financial transactions. The GGP programme will be carried out in an integrated, coordinated and synergistic fashion to foster sustainability and achieve transformational impact. The goal of the programme is to make the strong preference for sustainable products associated with significantly reduced deforestation become standard industry practice.



Palm oil plantation contractors (from left) Umi, Bukasiati and Serati say they don't feel discriminated because of their gender. Photo: UNDP Indonesia.

# Annexes

- **Annex 1: World crop production 2013 and 1961, and percentage increase, top 30 by area harvested in 2013**
- **Annex 2: Examples of existing UNDP programmes and funding mechanisms working on agricultural commodities**



Photo: UNDP/Peru

## ANNEX 1: WORLD CROP PRODUCTION 2013 AND 1961, AND PERCENTAGE INCREASE, TOP 30 BY AREA HARVESTED IN 2013

Global crop production	Area harvested (ha)		Increase	
	Crop	2013	1961	Total (ha)
<b>Maize</b>	185,121,343	105,559,708	79,561,635	75%
<b>Rice, paddy</b>	165,163,423	115,365,135	49,798,288	43%
<b>Soybeans</b>	111,544,703	23,818,820	87,725,883	368%
<b>Sorghum</b>	42,227,048	46,009,146	-3,782,098	-8%
<b>Millet</b>	33,118,792	43,401,259	-10,282,467	-24%
<b>Seed cotton</b>	32,168,292	31,861,183	307,109	1%
<b>Sugar cane</b>	26,942,686	8,911,879	18,030,807	202%
<b>Groundnuts, with shell</b>	25,417,816	16,641,343	8,776,473	53%
<b>Vegetables, fresh NES</b>	19,794,204	7,400,786	12,393,418	167%
<b>Potatoes</b>	19,337,071	22,147,976	-2,810,905	-13%
<b>Oil, palm fruit</b>	18,053,325	3,621,037	14,432,288	399%
<b>Chickpeas</b>	13,570,375	11,836,682	1,733,693	15%
<b>Coconuts</b>	12,073,771	5,260,283	6,813,488	130%
<b>Rubber, natural</b>	10,315,732	3,879,860	6,435,872	166%
<b>Coffee, green</b>	10,142,835	9,757,455	385,380	4%
<b>Cocoa, beans</b>	10,012,333	4,403,484	5,608,849	127%
<b>Oats</b>	9,779,904	38,260,751	-28,480,847	-74%
<b>Sesame seed</b>	9,416,369	4,963,028	4,453,341	90%
<b>Sweet potatoes</b>	8,181,850	13,363,636	-5,181,786	-39%

**Source:** FAOSTAT. Some of the change in area harvested between 1961 and 2013 is due to switching between crops and some is due to the conversion of non-crop-land to cropland. The crops with the largest total increase in harvested area (>10 million ha) since 1961 are soybeans, maize, paddy rice, rapeseed, sunflower seed, sugar cane, wheat, oil palm and cassava.

## ANNEX 2: EXAMPLES OF EXISTING UNDP PROGRAMMES AND FUNDING MECHANISMS WORKING ON AGRICULTURAL COMMODITIES

UNDP delivers seven different programmes/initiatives aiming to increase the production of sustainable agricultural commodities across the world to reduce deforestation, increase the resilience of agricultural systems, improve adaptation and decrease vulnerability to climate change. By engaging with different stakeholders in dialogue and in an enabling environment, results can be achieved more comprehensively. Through these programmes UNDP also promotes trade, policy reform, regional economic growth and gender equality.



**UNDP established the Green Commodities Programme (GCP)** in 2009 to help countries mainstream sustainable commodity production by building partnerships between stakeholders, organizing collective action and strengthening enabling environments for change. GCP focuses on commodity sectors with large environmental and social footprints, and particularly on sectors that are major drivers of deforestation. GCP has pioneered National Commodity Platforms—multi-stakeholder dialogue mechanisms that gather actors from governments, the private sector, civil society organizations, development partners and producers to identify root causes and agree on the collective action needed to move the sector towards sustainability. GCP currently operates in Costa Rica, Côte d'Ivoire, Dominican Republic, Ethiopia, Ghana, Honduras, Indonesia, Paraguay and Peru and covers six commodities: cocoa, coffee, soy, beef, pineapples and palm oil. [www.greencommodities.org](http://www.greencommodities.org)



**Aid for Trade (A4T)** is an initiative launched by members of the World Trade Organization in 2005 with a view to raise awareness on the importance of trade as an instrument towards economic growth and development, and the need to mobilize additional financial resources to address constraints to trade in poorer countries. The initiative developed a monitoring mechanism at the global level, which seeks to assess progress on the volume of aid for trade and its effectiveness, and to identify and share good practices in trade-related programmes. UNDP is a partner in the Aid for Trade initiative and reports on its programmes, including private sector development programmes. Regional programmes are being implemented in the Arab states through a multi-agency initiative that also involves UNCTAD, ITC, UNIDO and ILO, and in Central Asia through a project covering Kyrgyzstan, Tajikistan and Uzbekistan. [www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/aid4trade\\_e.htm](http://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm)



**Enhanced Integrated Framework (EIF)** is a partnership of LDCs, donors and international organizations, including UNDP, which seeks to strengthen capacities in LDCs to more effectively participate in the multilateral trading system. The programme is supported by a Trust Fund that finances projects in EIF countries through two windows: (i) Tier 1 projects support the formulation of diagnostic trade integration studies, as well as institutional strengthening and the mainstreaming of trade in national development plans and sectoral strategies; and (ii) Tier 2 projects provide seed funding for addressing key supply side bottlenecks and priority programmes to develop trade capacities. UNDP's portfolio of projects addressing agricultural commodities currently includes Cambodia, Chad and the Comoros. [www.enhancedif.org](http://www.enhancedif.org)



**UNDP's African Facility for Inclusive Markets (AFIM)**, established in 2010, was its first regional private sector development and engagement programme. It promoted the development of inclusive markets, agri-food value chains and regional economic integration for growth, job creation and food security throughout Africa. It combined policy work, programming and partnerships in an innovative way.

AFIM is no longer a stand-alone project but contributes to the implementation of the Regional Programme for Africa's project on Inclusive Growth. In this project's context, the UNDP Regional Service Centre for Africa (RSCA) Inclusive Growth and Sustainable Development (IGSD) cluster supports agricultural commodities in Africa through the roll out of national Agribusiness Supplier Development Programmes in Angola, Benin, Côte d'Ivoire, Democratic Republic of the Congo, Kenya and Nigeria, and through the development of more sustainable and resilient food value chains as part of the GEF Integrated Approach Pilot on Food Security. [www.undp.org/content/undp/en/home/ourwork/funding/partners/private\\_sector/AFIM/](http://www.undp.org/content/undp/en/home/ourwork/funding/partners/private_sector/AFIM/)

## UNDP Global Environmental Finance



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**UNDP, with GEF funding**, has developed a portfolio of projects to reduce deforestation from commodities. Two global programmes include 'Fostering Sustainability and Resilience for Food Security in Sub-Saharan Africa', and 'Taking Deforestation out of Commodity Supply Chains' in Indonesia, Liberia and Paraguay. At the national level, UNDP has projects in Ecuador, Honduras, Indonesia, Paraguay and Peru on strengthening national capacities to reduce deforestation from commodities, particularly, cocoa, coffee, palm oil, soy and beef.

UNDP, with support from the Least Developed Country Fund (LDCF), is working with least developed countries to fund climate change adaptation-oriented projects to reduce the vulnerability of the crucial sectors for development and livelihoods. Farmers are affected by strong variable weather events, including drought, flooding, increasing monsoonal cycles, etc. These projects aim to reduce the harsh effects of climate change in a manner based on the special needs of each country by supporting livelihood diversification, institutional capacity-building, policy transformation, and operationalizing an integrated landscape approach through the strengthening of biological corridors, sustainable forests and agricultural systems. The programme delivers several projects specifically targeting smallholders producing agricultural commodities. <http://www.undp.org/content/undp/en/home/ourwork/sustainable-development/global-environment-finance.html>



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**UNDP-UNEP Poverty-Environment Initiative (UNPEI)** - The Poverty-Environment Initiative is a global UN programme that helps countries to integrate poverty-environment linkages into national and sub-national development planning, from policymaking to budgeting, implementation and monitoring. With both financial and technical support, UNDP and UN Environment assist government decision-makers and a wide range of other stakeholders to manage the environment in a way that improves livelihoods and leads to sustainable growth. The Initiative works with key government partners to raise awareness, influence policy making and strengthen the mainstreaming of poverty-environment into budget processes, sector programmes and sub-national planning. The overall aim is to bring about lasting institutional change and to catalyse key actors to increase investment in pro-poor environmental and natural resource management. <http://www.unpei.org/>



UNDP, working closely with FAO and UNEP, as part of UN-REDD also brings much needed resources for tackling deforestation from commodities. Country projects focus on reduced forest emissions and the enhancement of carbon stocks in forests by focusing on drivers of deforestation and developing land use monitoring. The programme supports developing countries in their efforts to mitigate climate change through the implementation of REDD+ activities agreed under the UNFCCC. UN-REDD has expanded steadily and now supports 64 partner countries across Africa, Asia-Pacific, and Latin America and the Caribbean. [www.un-redd.org](http://www.un-redd.org)

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UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in nearly 170 countries and territories, we offer global perspective and local insight to help empower lives and build resilient nations.

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