



GEORGOFILI WORLD

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FOOD AND SUSTAINABILITY. THE SOLUTION IS THE MARKET TRANSFORMATION.

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Paul Polman, CEO of Unilever quotes: “Many people have realized that the cost of inaction is often greater than the cost of action. We need partnerships across the industry – ones

that probably haven't happened before. Competitors need to say that it is in our own self interest that we move to sustainable sourcing, stop illegal deforestation and move to natural refrigerants. If the consumer goods industry does not move to a more sustainable model, most of its profits will be wiped out in 30 to 50 years, and if you are in food even earlier." That is what the CEO of one of the largest FMCG multinational companies says about the business relevance of sustainable development and keeps repeating in all most important global forum events.

Agriculture market actors are mostly rewarded from short-term benefits and often they are unable to see the long term consequences of their actions and these facts, together with the ineffective activity of governments and lack of motivation/conditions to change, are the key elements of a failing agriculture development which consequences have been described in our previous article. Lucas Simons in his book 'Changing The Food Game' describes how the food industry and agriculture market are evolving to solve the problem. It is an approach that not only has been already implemented successfully in few sectors but that several NGOs (Non Governmental Organization) and FMCG organisations are promoting and actively implementing in the agriculture sector. Simons describes four phases of the market transformation where FMCG firms are key actors:

1. the 'awareness and project', where organisations get aware of the problem, often following a crisis or a disaster such a climatic or disease epidemic and react in isolation, trying to solve it setting up 'projects';
2. the 'first mover and competition', where these organisations realise that the problem is still there but are able to identify a competitive advantage from the experience gained in the first phase. 'Projects' turn into 'programmes'.
3. the 'critical mass and institutionalisation' where those organisations realise that competition is not the solution for issues that are affecting all in the same way. Pre-competitive, neutral discussion forums are setup, governments may become follower and start forcing the entire sector to change;
4. the 'level playing field' where sustainable practice become mainstream, a step where government set the rules of the game, rules that have been already implemented by many of the industries to which also laggards will have now to comply.

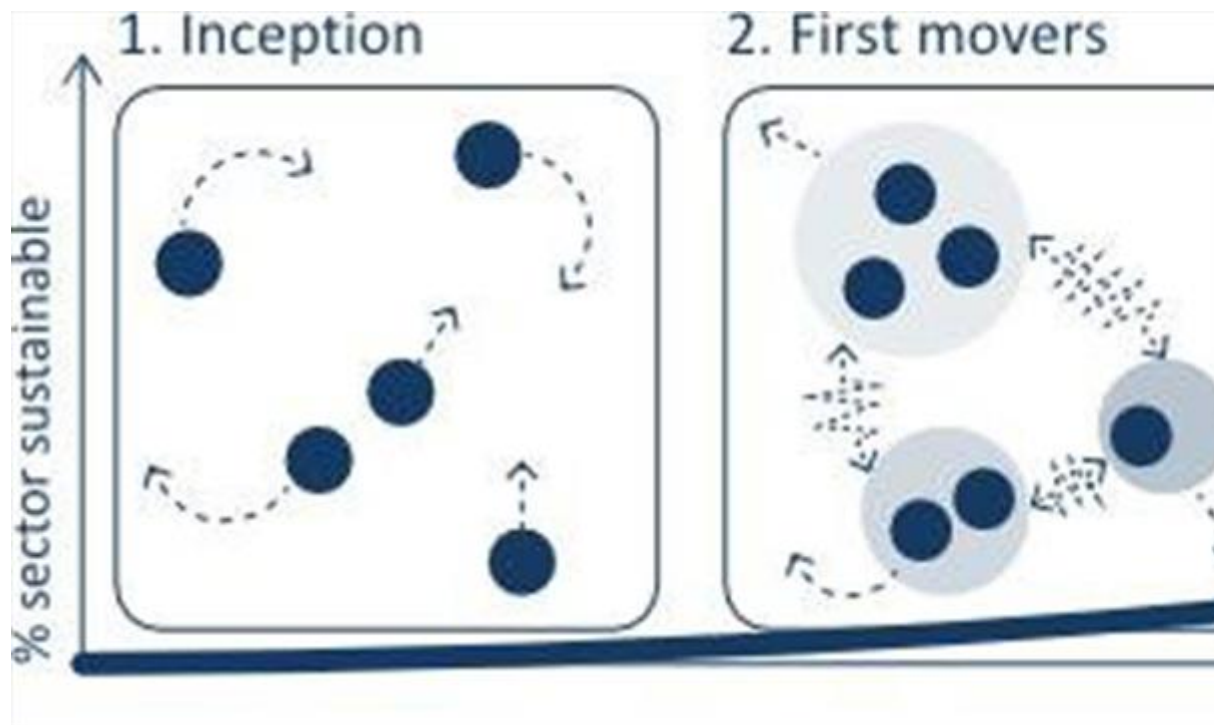
Over the past several years most key players in food and agriculture have come to agree on a shared framework of sustainability objectives . One of the best examples of this is the The Sustainable Agriculture Initiative Platform (www.SAIPlatform.org), setup in 2002 by Unilever, Nestlé and Danone. It is a non-profit organization created to support the development and implementation of sustainable agriculture practices. After 13 years, the SAI Platform members counts more than 60 agri-business organisations including 6 of the top 10 largest FMCG companies in the world and is one of the most important forums

created to implement a cross-industry sustainability standard.

NGO's plays an irreplaceable role in different steps in the food industry market transformation, first of all in addressing the issues to the public and private sectors, but also to promote solutions and aggregates stakeholders to implement best practices. Best examples are available in the tropical crops such coffee, cocoa, tea and palm oil where UTZ, Rainforest Alliance, Fairtrade, Solidaridad, WWF and others played and still playing a key changing role.

To become mainstream, sustainable agriculture has to be deployed at farmer level and their practices have to be continuously improved. Enormous training resources will have to be deployed to engage with the multitude of producers. In this context agriculture input providers that are sensible to the same sustainability agenda can play a key role.

Eventually, the Agriculture Market Transformation operated by the private sector through a multi-stakeholder and pre-competitive approach will trigger the positive changes we will see in the coming years.



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