



Geographical Indications – Towards a Sustainability Manifest

Concept note for the inception Workshop - 4th of May 2017

Background

In 2016, the Organization for an International Geographical Indications Network (oriGIn) approached the Food and Agriculture Organization of the United Nations (FAO) to support a project to serve the sustainability needs of Geographical Indications (GIs). Following a mandate from its General Assembly, oriGIn had identified the need to support large and small GIs across continents to adopt sustainability approaches in line with changing societal expectations and client requirements. oriGIn envisions the creation of an approach and a framework that will allow its members (GIs) to:

- 1) support their members and other stakeholders in the prioritization of issues in line with local contexts
- 2) provide knowledge and tools that can help self-assessment, target setting and continuous improvement
- 3) more systematically communicate sustainability to stakeholders, as an additional point of differentiation apart from quality and reputation and as an avenue to build alliances to support territory sustainability objectives.

This project builds from the Guide for promoting quality linked to geographical origin and sustainable Geographical Indications, jointly produced by the Food and Agriculture Organization of the United Nations (FAO) and Siner-GI in 2010.

Why Sustainability is important from as a product attribute and differentiator?

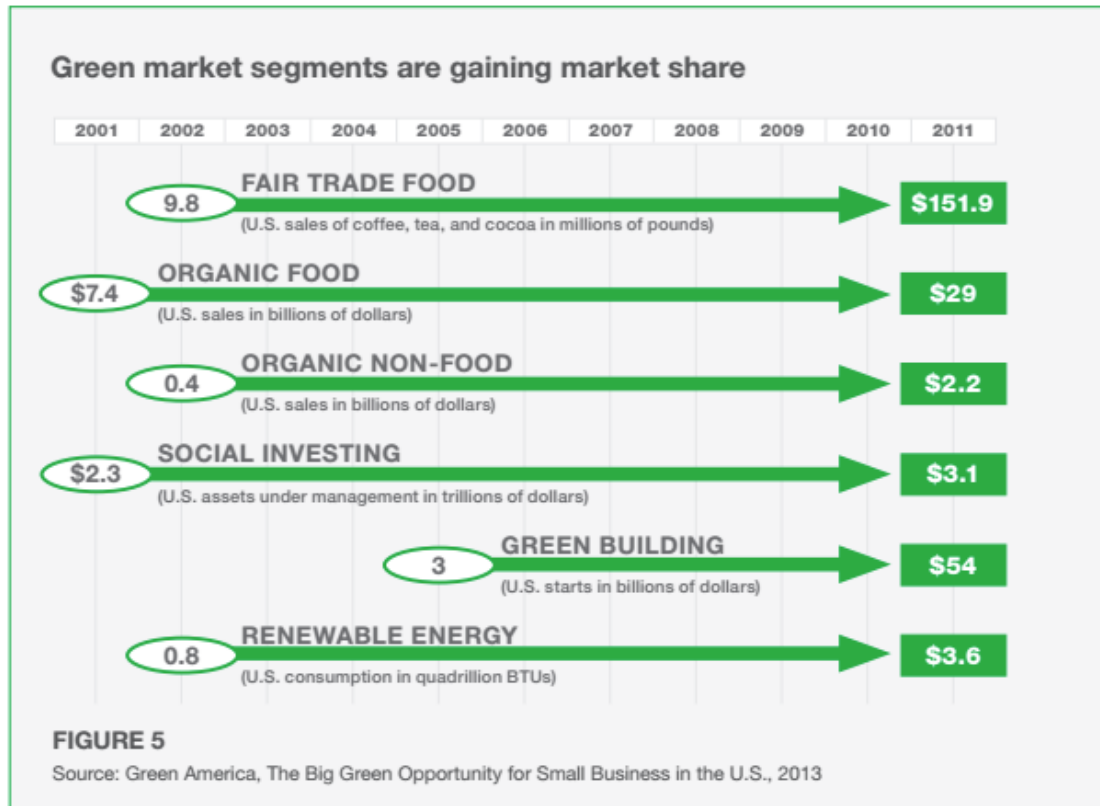
There is a general awareness on the fact that Sustainability is necessary for the future of our planet and societies. However, in the business world sustainability may often be perceived in opposition to economic return as a result of tradeoff between environment and profitability. Some recent data presented here show that sustainability is also a pathway to improve marketing and economic viability.

Changing Consumer Attitudes

In 2015, the Natural Marketing Institute (NMI) found that over the 2010-2015 period, both U.S. consumer awareness and consumer attitudes toward sustainable, or "green" brands increased to an all-time high. NMI's study revealed that 85% of the U.S. population could be considered, at least to some degree, accepting sustainable practices and 22% could be considered true leaders in sustainability. Importantly,

of those falling in the middle of the spectrum, about 63%, were increasing their purchasing of green products and continually adopting more sustainable behaviors.

Additionally, many green products have significantly increased their market share in the past decade. Sustainable food products have performed especially well in gaining market share.



Willingness to pay more for sustainable products among some consumers.

In 2014, from a study of global online consumers across 60 countries, Nielsen reported that 55% of these consumers were willing to pay more for products and services provided by companies that are committed to positive social and environmental impact.

In 2015 the Nielsen global online study found that almost three-out-of-four respondents were willing to pay extra for sustainable offerings, up from approximately half in 2014.

Additionally, health and wellness benefits and the use of fresh, natural or organic ingredients are among the top 3 drivers for this behavior, which align well with the characteristics of GI products related to food.

TOP SUSTAINABILITY PURCHASING DRIVERS

Global Respondents vs. Those Willing To Pay More*



*Note: Key sustainability purchasing drivers were categorized as either "very heavy influence" or "heavy influence" by the indicated percentage of respondents

Source: Nielsen Global Survey of Corporate Social Responsibility, Q1 2015

GIs and Sustainability

Geographical indications (GIs) apply to products that preserve local cultural practices and traditional knowledge in the production of goods. Because of their territorial basis, these products preserve the role of producers in the production value chain and hence play a key role in the sustainable development of local communities. A territorial focus can also be very effective in driving collective efforts towards the advancement of the SDGs.

Origin-linked products have the potential to be part of a sustainable quality virtuous circle based on their promotion and preservation of local resources. This potential is based upon their specific characteristics, the result of a unique combination of natural resources (climatic conditions, soil characteristics, local plant varieties, breeds, etc.), local skills and historical and cultural practices, as well as traditional knowledge in producing and processing the products.

The contributions of origin-linked products to rural development encompass not only agricultural growth and agribusiness development, but also the development of other local activities, the social dimension and empowerment of local actors, and the role of local resources.



Promotion and preservation of origin-linked products can serve as a tool to address the three complementary pillars of sustainability: economic, environmental and social, intrinsically associated in the case of origin-linked products (See FAO, Linking People, Place and Products- A guide for promoting quality linked to geographical origin and sustainable Geographical Indications).

The Path Forward

There is often a need for GI systems to address their sustainability challenges and to more effectively communicate the inherent sustainability attributes of their products. The primary market differentiator of these products is their quality and reputation associated with their region of origin. As consumers become increasingly aware around sustainability and brands respond to this consumer pressure by publishing guidelines on the sourcing of products that often include sustainability requirements (e.g. environmental issues, animal welfare issues and social issues), GIs have strong potential not only to respond to these requirements and secure better market access for their products but also to help define the agenda and sustainability priorities applicable to their local context. GI products have strong and inherent sustainability qualities and thus are already well positioned to capitalize on these market and consumer requirements. What is now needed is a robust and reliable mechanism to communicate this alignment with the market.

oriGIn and FAO see an opportunity for GIs to capitalize on these changes and secure or increase the GI presence in the market by formalizing and more effectively communicating the sustainability of GI products. This can be achieved through the development and implementation of a sustainability Framework relevant for GIs to guide and communicate sustainability practices in the local context.

Furthermore, the unique nature of GIs and their products, the ways in which they engage stakeholders in local territories, and the advancements already made in terms of governance, quality control and traceability, positions GI strongly to aligning local sustainability practices and amplify the differentiation of their products.

⇒ GIs can incorporate Sustainability as an explicit objective and as a market differentiator.

To achieve this objective, and to address its mandate from its members as expressed in oriGIn 2015 General Assembly held in Brazil, a GI Sustainability Manifest is considered that would incorporate both a conceptual and a practical level:

On a Global Level

GI Sustainability Manifest as a formal declaration that can be endorsed by GIs around the world that will highlight the Sustainability benefits embedded in the GI concept and the commitment to continuously improve their production systems to be more sustainable for the benefit of producers and their territories, and consumers.



On a Local – Practical Level

GIs that adhere to the Manifest would find both a guidance document and a practical tool that will become an instrument to:

- Develop a sustainability strategy for individual GIs that is relevant to their local context
- Raise global awareness on the sustainability benefits of GIs to consumers, retailers, local authorities and other stakeholders
- Engage local stakeholders around common objectives that help their regions of origin and their possibilities for differentiation beyond quality attributes
- Help GI producer organizations to identify their own priorities as it relates to sustainability, providing the basis for cooperation with certification agencies, sustainability practitioners, donors, governments and other institutions
- Develop or improve monitoring and implementation of governance, economic, social and environmental policies that are relevant to the local context with adaptable sustainability indicators
- Allow GIs to provide information and indicators required for enhanced market access

Approach

Developing sustainability strategies on a case by case (GI by GI), product by product, and region by region is difficult. Our approach instead aims at simplifying the exercise without sacrificing the specificities of a given product, GI or region. The objective is to develop a system that simplifies the process of arriving to a sustainability roadmap for GIs using a common set of tools, while leveraging existing frameworks that can further strengthen partnerships between retailers and GIs around sustainable origin.

The development of a common Sustainability Framework for GIs that can serve as a basis to measure, implement and communicate sustainability for a diverse range of GIs will be based in a four phases programme:

1. Benchmarking of the different approaches to sustainability of different value chain actors and the available tools in order to establish a methodology that can be adapted to be used in a sustainability GI context;
2. Developing guidelines and tools GI (including a Sustainability Manifest) to be used by GI associations;
3. Putting into practice the adopted guidelines for specific products that have achieved GI status with wide consumer recognition;
4. Disseminating the tools: communication platform under the oriGIn website to share the progress of the project and the tools for measuring progress.

⇒ ***This workshop – expert meeting – will build on the benchmarking results (1) to support the development of appropriate tools (2) by providing key information and recommendations through experts in the field of GI and sustainability assessment.***



The benchmarking study and the GI specificities to take into account in the framework

SDGs represent the general/international frame for sustainability and the new "language" of communicating progress. The SDGs were used as the framework for defining regional sustainability goals and targets.

In 2013, the FAO released SAFA (Sustainability Assessment of Food and Agriculture), a framework to integrate the disparate sustainability goals and standards being incorporated by the food and agriculture industry into a cohesive and coherent framework for implementing sustainability. The resulting framework is structured around four pillars of sustainability that presents core issues underlying these four pillars for achieving sustainable food and nutrition security which are particularly relevant for GIs:

- Good Governance pillar is related to institutional practices that determine the fairness and consequently, "stability of food system"
- Environmental Integrity pillar corresponds mostly with "food availability", that is the natural resources endowments that determine yields.
- Economic Resilience pillar could be related to the "food utilization" economy that determines value creation and diets.
- Social Wellbeing pillar corresponds mostly with "access to food", or the rights of people to the resources necessary for food production or procurement; it includes cultural diversity (indigenous knowledge and food sovereignty).

SAFA is a mature framework, developed with input from multiple stakeholders, designed for food and agricultural supply chains. As such, it has many characteristics to recommend it as the infrastructure for a sustainability framework for GIs (*see description of SAFA basis attached*)

A benchmark study has been carried out to understand if and how SAFA can be used by GIs, by benchmarking SAFA against:

- SDGs, being a framework for defining regional sustainability goals and targets
- sustainability reporting frameworks, i.e. disclosure and certification standards currently used by different supply chains : the Global Reporting Initiative (GRI)¹ and the Sustainability Accounting Standards Board (SASB)²;

¹ The GRI framework is used for reporting on key sustainability issues in a comprehensive and complete manner. The material aspects are divided into 3 top-level categories: Economic, Environmental and Social (the Social category includes Sub-Categories). For each aspect, guidelines are available on reporting on the aspect, setting boundaries and disclosing management approaches. A default list of indicators are also provided for measuring performance. Beyond the general guidelines, GRI has also developed specific sector guidelines, (including guidelines for the Food Processing sector). We use both default and sector specific guidelines to take advantage of the robust multi-stakeholder engagement that has taken place in the development of these guidelines.

² The SASB framework is a standard for organizations to disclose sustainability information to investors. Material issues are organized into 5 top-level categories. For each issue, guidelines are available on determining materiality. A default



- requirements used for product categories and market, with the following certification standards: C.A.F.E, UTZ, 4C code of Conduct requirements

Therefore the framework for assessing GI sustainability can build on SAFA, while adapting it so to take into consideration the specificities of GI systems and processes.

GI specificities and key elements to take into consideration in the approach

- 1) GIs have a territorial approach that can extend across several stages of the value chain, depending on the product. A large percentage of the GI products relate to agricultural production systems. However in the case of some products, processing may be included as well (e.g. cheese, wine, spirits).
⇒ Where to assess sustainability: company (farm/processor) / value chain / territory?
- 2) GI standards differ from other voluntary standards by their link to origin: localized approach, culture and know how, preservation of local resources (culture, know and possibly biodiversity), their focus on primary stages of the value chain and opportunities for small holders to coordinate a branding strategy
⇒ The frame should highlight these elements as contribution to sustainability
- 3) All GI systems should be able to benefit from such an approach : easy and not costly, but also in all context (data availability) and for any level of “sustainability maturity”
⇒ The tools should be accessible and practical, ideally to be used as self-assessment by producers (even if it could be formalized in further certification in relation with the buyer if is the case case)
- 4) Sustainability is a pathway and not a state: the idea is to promote a tool among GI producers to help them improve their GI system sustainability and not to develop a tool to compare GIs among themselves.

Objectives of the workshop and issues to be discussed

The main objective of the experts meeting is to define further the methodological frame to serve as a basis to measure, implement and communicate sustainability for a diverse range of GIs, taking into account the specificities of GI products and processes and based on preliminary research. This will be possible through:

- Presentation of the benchmarking results and identification of main gaps to be addressed
- Presentation of the use of evaluation tool based on SAFA (see SMART) and a GI sustainability assessment approach (Stregnth2Food, Glamur)

list of accounting metrics are also provided for measuring performance. Each issue is also marked for relevance by sector (the standard covers Food Retailers and Distributors).



- Discussion with experts: experience sharing on the use of other methodologies, proposals, recommendations
- Presentation of a roadmap and discussions of further collaborations

We would like to end the experts meeting with a clear vision of the road forward, taking into account of the next general assembly of oriGIn (17-19 October, Treviso, Italy) where to present the approach and next steps.

Issues to be discussed during the workshop

Among the different issues to be discussed during the workshop, a preliminary list of elements we would like experts to provide their views and recommendations:

- What to assess (farm/processing unit / value chain / territory) – how to reach all of them?
- How to ensure evaluation of what is a specific GI contribution to sustainability? (culture/know how; governance with bargaining power upstream or small holders ; preservation of local resources –biodiversity; link with other actors of the territory; food sovereignty?) – what about some other dimensions not directly covered by SAFA
- Right balance between rigor (plethora of indicators) and feasibility (small number of indicators by case): what is the right number of indicators? Right balance between indicators (fix indicator) and indicators (variable) to be selected case by case what should be a baseline for the pre-determined indicators and what is the process when, by whom?) to pick and choose additional ones according to the GI product category (still at global level?) and local context (by specific GI product)?
- What are the existing tools (or those existing that can be modified or developed) that provide the necessary flexibility, customization and at the same time facilitate the process of engaging, sustainability mapping, data aggregation and impact measurement?
- Objectivity and credibility: what data, what sources, frequency of assessment, who to use it? Balance between Primary data (interviews), against secondary data (existing formal database)? How to ensure possibility of regular assessment? (reproducibility)