

**RESPONSIBLE
BUSINESS FORUM
ON FOOD AND
AGRICULTURE**



ASEAN BEYOND 2015: COLLABORATION FOR EQUITABLE GROWTH

23 & 24 JUNE, 2015 | MELIÁ HOTEL, HANOI, VIETNAM

OUTCOME STATEMENT AND RECOMMENDATIONS



MINISTRY OF AGRICULTURE
AND RURAL DEVELOPMENT
VIETNAM





EVENT SUMMARY

The establishment of the ASEAN Economic Community poses both great challenges and opportunities for the region's agriculture sector, which employs up to 40% of the workforce in some ASEAN countries, and is a top source of food for the world. As global population soars, increasing sustainable commodity production will be critical to ASEAN's competitiveness in global markets, as will improving the livelihoods of the region's farmers and the rural communities around them.

The 2nd Responsible Business Forum on Food and Agriculture convened more than 400 leaders from ASEAN governments, international businesses, financial institutions, NGOs and agricultural associations, to help shape a more sustainable future for food and agriculture in ASEAN.

Expert-facilitated working groups produced actionable recommendations for increasing the supply of sustainably-produced tea, rice, coffee, aquaculture, dairy and maize.

Organised by Global Initiatives in collaboration with the Ministry of Agriculture and Rural Development of Vietnam (MARD), the Vietnam Chamber of Commerce and Industry (VCCI) and WWF-Vietnam, this two-day multi-stakeholder forum took place at a crucial time for global action on climate change and in a region which significantly affects world food security.

National efforts to increase production, enhance trade and reduce environmental impacts were celebrated as ASEAN leaders addressed the international delegation. There was a clear recognition of the need for greater cross-sector collaboration both within and between ASEAN countries to support the livelihoods of smallholder farmers. The Forum's keynote speakers referenced the potential for further success that such collaboration holds.

KEYNOTE HIGHLIGHTS



Dr. Le Quoc Doanh, Deputy Minister for Agriculture and Rural Development, called for business, government and civil society to work together in ambitious efforts towards “Further reforms, innovation, providing access to technology and financing for farmers”. He continued: “In Vietnam, we are working to [...] build a modern, competitive agriculture sector, with sustainable practices that are inclusive and good for the environment.”

Juan Farinati, Vice President of Monsanto Asia Pacific, stated that there is “immense potential for collaboration and innovation to enable food and nutrition security, and equitable growth across ASEAN”, whilst multiple keynote speakers including Dr. Ir. Handewi Purwati Saliem, Director of the Indonesian Center for Agriculture Socioeconomic and Policy Studies (ICASEPS), emphasised the need for strong food and nutrition security policies at all levels.

Correspondingly, Hon. Dato' Tajuddin Bin Abdul Rahman, Deputy Minister of Agriculture and Agro-based Industry in Malaysia, explained the support offered to Malaysian farmers through input subsidies, investments in research, improved irrigation and better seeds. However, he noted that education and training will play a significant role in changing the attitudes of ASEAN farmers towards sustainable agricultural practices. Furthermore, TY Sokhun, Secretary of State for Cambodia, stated that “Farmers must be convinced from their earliest years that farming is not only a respectable business, but also one that will provide them with an effective path to prosperity”.

KEYNOTE HIGHLIGHTS



David Kiu, Vice President of Sustainable Business and Communications at Unilever, advocated for farmers' ability to be farmers by choice rather than necessity. He also made the key point that sustainable supply chains are and should be emphasised as being a differentiator in export competitiveness.

In addition, Vu Tien Loc, Chairman and President of VCCI, emphasised the important role that business plays in creating opportunities for farmers whilst improving the environment in which they work. Van Ngoc Thinh, Country Director, WWF-Vietnam, also highlighted the need to continue to harness the power of big business to achieve sustainable agriculture in ASEAN.

Peter Timmer, Cabot Professor, Emeritus at Harvard University, was confident that ending poverty and hunger is possible. He concluded that each society must "Find the right mix of market forces and government intervention to drive a process of economic growth that reaches the poor and ensures that food supplies are readily and reliably available and accessible."

Deputy Minister Rahman stressed Malaysia's endorsement of inter-ASEAN trade and called for a renewed spirit of sharing among the ASEAN community, for a more sustainable future in the food and agriculture sector.



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High-level working groups from six commodity sectors produced actionable recommendations for decision makers, focusing on how to increase the global supply of sustainably-produced aquaculture, coffee, dairy, maize, rice and tea. Themes emerged in both the identified challenges and proposed solutions.

Overarching challenges identified across the six commodities:

- Environmental issues: ASEAN countries in particular are strongly impacted by climate change, natural hazards, water scarcity, and disease.
- Production: This must be increased to meet the needs of a growing global population, using the same amount of land and resources, or less.
- Farming practices: In many cases, unsustainable farming practices are leading to environmental pollution, soil degradation and resource loss.
- Farmer capacity building: There remains a lack of adequate access to the financial tools, training and technology required for sustainable practices.
- Markets and policy: Commodity price volatility and unfair pricing structures in value chains do not support sustainable farming models.
- Infrastructure: There is much room for improvement in agricultural value chains, including in irrigation, transportation and storage.
- Labour: Attraction and retention of labour in agriculture is difficult, particularly with regards to young people.



ASEAN BEYOND 2015: COLLABORATION FOR EQUITABLE GROWTH

Overarching recommendations identified across the six commodities:

Clearer, long-term strategic policies and incentives, produced in consultation with farmers, which help to:

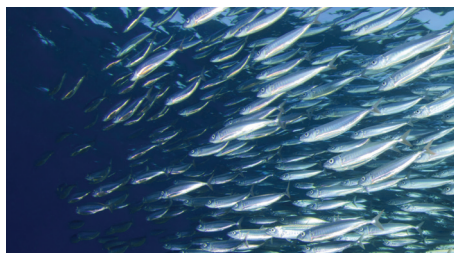
- Incorporate the cost of environmental and social impacts into a fair pricing structure for market, which benefits farmers as well as middlemen who add value.
- Encourage sustainable natural capital and human resource management through subsidies and other mechanisms.
- Ensure adequate farmer insurance against natural hazards.
- Develop an ASEAN regional standard for quality assessment and certification in agricultural value chains.

More and better regional co-operatives, financially incentivised by governments, that are pro-active rather than dependent upon domestic politics, and which help to:

- Enhance and scale up inclusive Public-Private Partnerships (PPPs) for greater impact.
- Reduce the cost to farmers of material inputs (fertiliser and pesticides) as well as transportation and cost to market.
- Empower farmers through accessibility to appropriate funding mechanisms to encourage compliance with sustainability standards, for example farmer credit cards or low-interest loans.
- Allow for greater mechanisation, to reduce labour costs and achieve economies of scale.
- Increase the (shared) uptake of technology, such as mobile phones which allow access to weather information anytime and anywhere.
- Provide more and better farmer training and education to enhance farmer knowledge of the science of increased production.
- Enable comprehensive data collection on supply chain production and consumption, enabling traceability and transparency and better disease management.

The establishment of coherent independent cross-border industrial platforms and associations that bring together all agricultural sectors to share knowledge and agree on solutions to issues such as:

- The need to enhance the nutritional value of foods.
- Attracting and retaining young people in the agriculture sector.
- Branding and trade-marking Vietnamese and ASEAN commodities.
- Ensuring that innovation continues to drive efficiencies in the food and agriculture sector in ASEAN.



COMMODITY SECTOR PERSPECTIVES AND RECOMMENDATIONS

Chair:

Chris Ninnes,
Chief Executive Officer,
Aquaculture Stewardship Council

Flavio Corsin,
Country Director Vietnam, IDH

Carson Roper,
International Business Development
Manager, Global Aquaculture Alliance

Anton Immink,
Aquaculture Director,
Sustainable Fisheries Partnership

Khunvut Rojanagatanyoo,
Raw Material Program Director,
sia Pacific, Mars Inc.

Pham Anh Tuan,
Deputy Director General,
Directorate of Fisheries, MARD, Vietnam

AQUACULTURE

Aquaculture Production and Management

- Improve aquaculture policy coherence and consistency; being clear on its objectives, who the beneficiaries are and why they are targeted.
- Governments should remove unnecessary 'red tape', which can limit aquaculture sector development.
- Promote smallholder land tenure and use of subsidies to assist sector consolidation.
- Retrain inefficient and less competitive farmers to explore alternative livelihoods.
- Promote the production of lower-trophic level species (bivalves, carps, seaweeds).
- Ensure that aquaculture by-product is fully utilised.

Marine Ingredients

- Establish and align complete regional catch reporting systems.
- Work with other production sectors that utilise marine ingredients to effect improvements in the management of source fisheries.

Labour Issues

- Embed the social issues identified by the International Labour Organisation (ILO) and other labour standards, into existing ASEAN Task Forces on Fisheries Improvement Projects and PPPs.
- Develop industry/regulatory mechanisms to track labour issues on vessels on the high seas.
- Ensure licensed labour agencies (who bring cheap national and immigrant labour to the market) operate according to a code of good practice and close down any that are not complying.
- Consider a Fairtrade-type certification for (feed) fisheries.

Disease Management

- Establish and disseminate improved data collection and epidemiological analysis of diseases (e.g. via mobile technology) to establish preventative measures.
- Zonal and 'landscape' management (for example through zone certification) must be developed and reinforced through market-based mechanisms that promote compliance with better practices, through increasing peer pressure.



COMMODITY SECTOR PERSPECTIVES AND RECOMMENDATIONS

Chair:

Annette Pensel,

Director Sustainability Innovations,
4C Association

Nguyen Duc Tuan Vinh,

General Director, Nedcoffee Vietnam

Tina Lawton,

Regional Director, Syngenta Asia Pacific

Nguyen Do Anh Tuan,

Director General, IPSARD

Tran Thi Quynh Chi,

Vietnam Manager,
Initiative for Sustainable Landscapes, IDH

COFFEE

- Focus long-term policy on increasing benefits for coffee farmers, including women and young people.
- Strengthen existing PPP platform models, such as the Vietnamese Coffee Coordination Board (VCCB), as vehicles for change at a national level, to enable private sector input into policy making, including via associations such as the Vietnam Coffee and Cocoa Association (VICOFA).
- Scale and improve existing PPP platform models for farmer aggregation and capacity building, such as the WEF PPP Coffee Task Force in Vietnam, which, for example, allows access to credit schemes via farmer credit cards.
- Develop National Coffee Sustainability Curricula to streamline and enhance capacity building for farmers, using training materials and adult learning methodologies covering cultivation, harvesting, picking, drying, and storing – which will enable farmers more easily to meet international sustainability standards and access markets. Role this out via both public and private extension services.

Recommendations for the VCCB:

- Clarify and communicate the roles and responsibilities of VCCB in the Vietnamese coffee sector in relation to VICOFA.
- Focus on practical solutions to responsible pesticide use (e.g. a container collection system), declining underground water resources (e.g. tax, land use planning including shade trees & forestry and better research into interdependencies), and the overuse of fertilizer (e.g. via the strict adoption of Good Agricultural Practices like Viet GAP).
- Build capacities of farmer representatives at VCCB level and ensure representation of real farmer group interest.
- Empower the VCCB through linking it with international organizations (e.g. ICO, 4CA, IDH etc).

Develop a Vietnamese Coffee Development Fund, which would aim to “increase the sustainability of the environment and communities in the coffee sector, and to raise the quality of Vietnamese Coffee”.

- Establish a Technical Advisory Committee as part of this Fund, which would include representation from business, government, farmer associations, women leaders, leaders from ethnic minorities and NGOs.
- Set aside a certain part of the Fund for innovation.
- Establish a robust mechanism for proposals from organisations to access part of the Fund to provide sustainable services and solutions.



COMMODITY SECTOR PERSPECTIVES AND RECOMMENDATIONS

Chair:

Philip Turner,

Director Dairy Development, Fonterra

Sybrein Attema,

Regional Manager, Dairy Development
Programme, FrieslandCampina

Matthew Fielding,

Project Manager,
Stockholm Environment Institute – Asia

Chinh Xuan Tong,

Deputy Director General,
Department of Livestock Production,
MARD

DAIRY

- Review ambitious targets for milk production, taking into account the need for sustainability and optimal land use, at both the national and ASEAN level.
- Governments and stakeholders should work together to institute minimum milk quality standards for farmers, in a gradual and realistic way, at both the national and ASEAN level, and promote the use of price incentives for higher quality.
- Ensure a balance of nutrient inputs and outputs through sustainable technological solutions to farm waste to create a sustainable ecosystem.
- Examine the costs and benefits of using manure as a resource. Specifically exploring options for biogas, compost production and use of wastewater for crop irrigation.
- Do more to promote best practice and knowledge-sharing among farmers through extension services.
- Develop a Livelihood Evaluation Framework to investigate environmental and social impacts from dairy production versus alternative livelihoods (starting with, for example, FAO's list of environmental issues in dairy).



COMMODITY SECTOR PERSPECTIVES AND RECOMMENDATIONS

Chair:

Prasanna Boddupalli,
Director, Global Maize Program, CIMMYT

Dang Ngoc Ha,
Deputy Director,
National Maize Research Institute of Vietnam

Nguyen Hong Quang,
Chairman,
Ecology Farming Corporation (Ecofarm)

Aruna Rachakonda,
Director-Strategy & Business
Development, Monsanto Asia Pacific

Bijendra Pal,
Deputy Director Research and Global
Corn Breeding Lead, Bioseed

MAIZE

- Increase the chance of success of multi-stakeholder engagement in maize R&D by building mutual trust, respect for intellectual property, a clear vision with clear metrics and milestones, coupled with a harmonised system for effective germplasm exchange and movement in the region.
- Establish an “ASEAN Maize Germplasm Enhancement Initiative”, with strong participation of both public and private sectors; this initiative is critical for broadening the genetic base of commercial maize varieties, and effectively adapting to a changing climate by developing and deploying high-yielding climate-resilient maize varieties with tolerance to drought, heat, water-logging and biotic stresses.
- Besides dietary diversification and fortification efforts, intensive multi-institutional efforts should be launched in ASEAN to improve the nutritional well-being of the population through biofortified/nutritious maize germplasm (with enhanced protein quality, high provitamin A, and kernel-zinc).
- Enhance the uptake of innovative new technologies, by working with farmers in a participatory mode for validating (a) climate-smart, scale-neutral technologies that improve efficiency and yields, whilst enhancing nutritional value, enriching soil fertility and reducing water use; (b) technologies that reduce physical and grain quality losses in the drying process, and (c) low-cost, hermetic grain storage technologies (e.g. metal silos) that protect stored maize grains from insect-pests and rodents.



COMMODITY SECTOR PERSPECTIVES AND RECOMMENDATIONS

Chair:

Bruce Tolentino,

Deputy Director General-Communication
& Partnerships, IRRI

Wyn Ellis,

Coordinator, Sustainable Rice Platform

Suthad Setboonsarng,

Former International Trade Negotiator,
Thailand

Dang Kim Son,

Former Director General, IPSARD

Jeffrey Khoo,

Vice President and Senior Originator,
Swiss Re

RICE

- Pro-active regional cooperation is crucial for the shared responsibility of sustainable rice production and improved farmer livelihoods in ASEAN.
- Ensure that long-term strategic rice policies consider the decades of production experience in ASEAN. Start with greater openness in rice market policies and trade across Asia.
- Determine the full social and environmental cost of rice and incorporate it into the market prices of rice.
- Allow the prices of rice to adjust to levels undistorted by subsidies and inappropriate policies, so that rice farmers can be properly compensated, and to generate space for innovation and value addition through the entire rice value chain.
- Increase understanding of the dynamics of rice consumption to evaluate opportunities in the market for higher quality rice or alternatives to rice.
- Establish overarching standards for the sustainability and quality of rice.
- Take note of the work of The Sustainable Rice Platform (SRP) in setting shared understanding and adoption of quality standards for rice.
- Ensure these quality standards encompass the physical characteristics of rice such as aroma, colour, chalkiness, grain wholeness, and even nutrition that responds to “hidden hunger” - micronutrient deficiency in zinc, iron, and vitamin A.
- Ensure these standards also cover Good Agricultural Practices, sustainable natural resource management, and labour.
- A higher quality standard should allow for higher rice prices.



COMMODITY SECTOR PERSPECTIVES AND RECOMMENDATIONS

Chair:

Ann-Marie Brouder,

Principal Sustainability Advisor, Tea 2030,
Forum for the Future

Nguyen Thi Anh Hong,

Vice Chairwoman,
Vietnam Tea Association

Norman Kelly,

Chairman, International Tea Committee

Tran Ban Hung,

Liaison Officer,
Fairtrade International, Vietnam

Tran Vu Hoai,

Vice President, Corporate Relations,
Unilever Vietnam

TEA

- Establish an independent tea board in Vietnam, to coordinate efforts towards a long-term and commonly held sustainability strategy including business, government and NGOs.
- Multi-stakeholder collaboration is required to increase Vietnamese tea quality and sustainability to compete with countries who have much higher forecast levels of certified sustainable tea; for example Africa (90%) and India (60%), compared with less than 20% forecast in Vietnam.
- Consider further developing organic production and the use of bio-pesticides.
- Include gender equality and child labour frameworks in quality standards.
- Increase the value of tea particularly through consumer education on nutrition and the tea supply chain.
- Explore innovative ways to address the amount of pesticides used to meet Maximum Residue Levels (MRLs), such as training local specialists in the application and use of pesticides, especially in Vietnam.
- Explore methods for greater transparency and traceability in the supply chain. In particular consider the role of a transparent futures market in managing price volatility, traceability and transparency.
- The cost of tea products should be calculated by farmers with the help of market experts.



SUMMARY AND NEXT STEPS

Participants of the Responsible Business Forum on Food and Agriculture in Hanoi agreed that there is a growing global demand for more, higher value and safer edible commodities.

ASEAN countries have a competitive advantage in the prevalence of abundant arable land, coastline and large river systems, yet much of the region's agriculture is subject to the variability of climatic conditions and many farmers remain poor. The food and agriculture sector in the ASEAN region is now facing a challenge that is unprecedented in its complexity and scale, to increase production, whilst enhancing nutritional value, improving farmer livelihoods and reducing environmental impacts.

The Forum agreed that this challenge also presents a great opportunity to develop a resilient, competitive and sustainable agricultural industry for ASEAN.

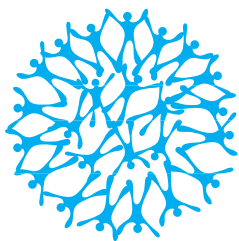
There was a clear recognition of the strategically important role that small-scale farmers and fishers in ASEAN must play in improving yields in a sustainable way. Although there are successful examples of PPPs and farmer co-operatives in existence, speakers and participants of the Forum called for these to be scaled up through targeted investment programmes.

There was also a call for cross-border solidarity in trade and exchange policies to acknowledge ASEAN-wide pains and potential mutual gains in working towards shared prosperity in the sector.

Responsible Business Forum 2016

The next Responsible Business Forum on Food and Agriculture will take place in Jakarta in May 2016.

For further details on this and other events, please visit our website at www.responsiblebusiness.com



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