REPORT DISCUSSION MEETING

‘SUSTAINABILITY CERTIFICATION IN THE AGRICULTURAL SECTOR: A SURVEY’

24 JUNE 2014

Council
for the Environment
and Infrastructure

CONTENT

INTRODUCTION

Together with the Ministry of Economic Affairs, the Dutch Council for the Environment and Infrastructure (Rli) organised a discussion session on the 24th of June 2014. The session was utilised to discuss the opportunities to advance sustainable agriculture through the deployment of certification schemes.

The discussion session was organised as a follow-up to the advice given by the Council entitled 'Sustainable choices in the implementation of the Common Agricultural Policy in the Netherlands'. The advice was presented to the Minister of Agriculture at the end of October 2013.

The Common Agricultural Policy (CAP) 2014-2020 offers the opportunity of using 'equivalent measures' to meet the 'greening' requirements associated with direct payments (which are part of the first pillar of the CAP). Certification schemes are considered to be an example of such equivalent measures. Consequently, Member States are allowed to come up with measures which achieve at least the same environmental effects as the existing greening requirements defined by the European Commission.

With this in mind, the Council advised the Minister in its report that the government, the private sector and NGOs should press ahead with their joined efforts to establish quality or enterprise certification systems which guarantee a basic level of sustainability. Such systems should be closely aligned to those systems already used by the market, whereupon they are equivalent and can be applied in any future upgrading of the sustainability requirements of the CAP.

The Ministry of Economic Affairs requested the Council to organise the discussion session and to invite agricultural federations, NGOs, governments, and organisations responsible for existing certifications schemes.

In preparation for the discussion and with the cooperation of the agricultural attachés of the Dutch embassies, a quick-scan was made of several existing certification schemes in France, Sweden, Germany, Austria, and the United Kingdom (specifically England).

Mr Anders Johannesson from the Federation of Swedish Farmers (LRF) was invited to share his experience with the Swedish certification scheme: the so-called *Miljöhusesyn* system.

The session brought 35 professionals together with a wide range of experience and backgrounds: they represented environmental protection and animal welfare organisations, certification agencies, the agricultural sector, governments, and private advisory bodies.

This report is a summarised overview of the debate and its outcomes. It contains a short recapitulation of the presentations made by Gerrit Meester (Rli Council Member) and Anders Johannesson. This is followed by a description of the discussion. This report concludes with some reflections by Mr Meester and a reply by Henri Kool, who represented the Ministry of Economic Affairs.

Presentations

At the start of his presentation, Mr Meester briefly touched upon the recommendations made by the Council concerning certification schemes to promote sustainable agriculture. Central topic of the presentation was the ability of certification schemes to accelerate sustainable agriculture, as described by the Council. A visual translation of the Council's advice is represented in an infographic.

With the aim of fuelling and inspiring the discussion on certification schemes, their possibilities and the challenges in the Netherlands, Mr Meester gave a brief overview of certification schemes in other countries. The summary brought some interesting points to light. In most schemes, environmental protection and the enhancement of sustainable agriculture is the central objective. However, the details differ significantly. The French system for instance is mainly targeted at creating consumer transparency whereas the Swedes focus on the system as a management tool. The English system on the other hand focuses primarily on the preservation of natural and landscape elements. What is also striking is that there are many options for obtaining certification. France and England opt for a state initiative, while the Netherlands, Sweden and Germany leave the initiative primarily to the private sector. Geographical differences in scale (on a national or regional basis) also play a role, and control and monitoring mechanisms (by governments or third parties or through a self-audit) also differ. The discussion also focussed on the fact that of all the countries included in the quick-scan, no country has taken the initiative to propose its certification system as an 'equivalent measure' to the European Commission. For a more detailed overview, see the attached quick-scan.

In his presentation, Anders Johannesson, policy advisor to the Federation of Swedish Farmers (LRF), provided a clear picture of the way the Swedish Miljöhusesyn system works. The system is designed to integrate the vast body of regulations that exist for sustainable farming into a broad management tool. These rules include legal requirements for animal health and welfare, nature and the environment, health and safety legislation, and food and feed safety. In the discussion that followed, appreciation was expressed for the strength of the system as a management tool, for the broad support it has among farmers, and for the way the system has been developed by the Swedish agricultural organisation/LRF in consultation with NGOs. Questions were raised on the feasibility of a self-audit system in the Netherlands and on whether the system provides sufficient room for adjustments based on the experiences of its users.

Objectives of certification systems for agricultural businesses

In the first round of discussions, the participants talked about what they thought were the desired objectives of certification systems for agricultural businesses. A certification scheme must address questions both from the market and from society. Another purpose of certification systems is that they should contribute to a sustainable sector that can continue to operate within the Netherlands for future generations. Certification schemes can also motivate laggards. These systems must be distinctive and transparent to the consumer and society about production methods, product quality, and the production environment. As a result, trust between producers and consumers can be fostered.

The certification of agricultural businesses requires an investment in time as well as money. The advantages of a system should therefore be clear, transparent, and communicable, and should preferably generate added market value.
In addition, a system must exceed the existing statutory requirements that producers already have to meet. Thus, customisation can be provided for businesses. Developing a certification scheme with the aim of meeting the CAP 'greening' requirements was not seen as a viable route: sustainability is more than the greening requirements of the CAP.

An important topic in the discussion was the wish that certification systems should contribute

to ensuring continuous business improvement. This seemed to highlight a dichotomy between certification systems that work with checklists and initiatives that aim for cooperation and continuous learning. In the course of the discussion, it became clear that the two systems can complement each other. Checklists can work very well for the consumers of agricultural products, whereas the learning element can stimulate and support farmers in making their farming practices more sustainable.

It was established there is a tension between the requirements for monitoring and enforcement/ assurance and the desires from the market and farmers (reduction of the regulatory burden; simple management tool). According to the participants, the primacy for the development of certification systems lies with the market. Governments can play a facilitating role in this regard.

Motives for the (further) development of certification systems in the agricultural sector

During the second part of the discussion session, the participants discussed the pros and cons of the (further) development of certification systems in the agricultural sector and the motives behind them.

The outcome of this discussion was that the Netherlands needs to address the opportunities that certification systems offer, regardless of the development of the CAP. CAP requirements can be incorporated in such a system, but they are not decisive for the development of initiatives in the Netherlands.

According to many, the market will continue to evolve in the direction of increased sustainability faster than governments can anticipate, whether acting at the European, national or local level. Certification systems should be legislation-driven as well as market-driven through a combination of the market's potential for reward and government-based grants or development opportunities.

Success factors for certification systems in the Dutch agricultural sector

In conclusion, the participants discussed the success factors for certification systems in the Dutch agricultural sector.

Businesses, NGOs and governments must work as partners to make the sector more sustainable. In order to set up a successful certification system, it is important that there is equivalence between the participants. The process itself is equally important because the discussion of motives, desires and possibilities for certification systems during the process fosters trust in each other.

There has to be room for a gradual learning process whereby collaboration occurs not just in the Netherlands but also at the Northwest-European level.

If the certification of businesses is to be successful, a limited number of systems should be available. This will enhance transparency and the distinctiveness for consumers and society. At the same time, if a system is to be credible, it needs to have sufficient participants, otherwise it cannot convincingly be positioned in the market.

The success factors for the long term were also identified: the preservation of socially valuable and profitable agriculture in the Netherlands. The system will be a success if farmers, the market and the public are satisfied, consumers and society have confidence in the certificates, and the message of certified businesses is properly propagated.

The government is expected to monitor a level playing field, to set minimum requirements for farmers, and to create benefits for participants in certification systems wherever possible. A working certification system will at least have to incorporate the existing CAP 'greening' requirements.

Reflections

Mr Meester argued that based on the session it should be noted that additional (further) development of certification systems is considered a priority by many. The process of collectively discussing the motives, desires and possibilities for certification schemes is seen as valuable.

He also referred to the link between the current 'greening' requirements of the CAP and the desire to initiate a certification scheme in the Netherlands. In this regard, current CAP policy is more of an obstacle than a boost. Governments cannot stay ahead of market dynamics. Regardless of the developments of the CAP, the Netherlands needs to dare to continue working on a certification system. Nevertheless, Mr Meester also stressed the importance of utilising the CAP wherever possible.

In turn, Mr Kool emphasised that when thinking about certification systems the future is pivotal. He pointed out the CAP is like an oil tanker: change of direction is very slow but irrevocable. He also noted that European policy-makers have questions about the elaboration of greening and equivalent measures. The Netherlands can make a contribution in this regard: noblesse oblige, and the Netherlands has pleaded the case itself.

He therefore invited the participants to aim for the sky: to be distinctive, as the Netherlands as a whole. Social support, transparency, adequate assurance, ambition and a solid earnings model are of great importance. And to work with other countries: markets are international, and standards are increasingly established in an international context.

The market does not stand alone, the government also has its role: after all, sustainability is a social need. With the right tools, the government can make a contribution. The government should also provide proper integration in the European context. Mr Kool reemphasised the importance of cooperation in Northwest Europe. Jointly (further) developing systems offers more perspective within the European context.

Finally, all participants and the organisers were thanked for an open and conductive atmosphere which allowed discussion of the opportunities and challenges of the (further) development of certification systems in the agricultural sector in the Netherlands.

APPENDIX 1
QUICK-SCAN: INTERNATIONAL COMPARISON

Introduction
This document describes the main points of various certification systems for agricultural businesses, as applied in the United Kingdom (specifically England; Scotland, Wales and Northern Ireland have separate arrangements), France, Sweden, Germany, and Austria.

These international examples can provide inspiration for the discussions about the pros and cons of a certification system for agricultural businesses in the Netherlands. This account is not comprehensive: it is limited to a selection of the systems now in use within the European Union and examines only their key features.

Closer examination of the current certification systems reveals some interesting similarities and dissimilarities.
While the objectives of most systems overlap, there are differences in terms of focus. Germany and Austria, for example, have sought a system which offers consumers information about how and where their food has been produced. The English system, by contrast, is more concerned with environmental objectives. Sweden's certification system has been established by the sector itself, working in partnership with government. It is intended to reduce the administrative burden while also promoting sustainability, in the broadest sense of the word. France has adopted a system with a dual objective: to provide consumer information and to achieve environmental targets.

Some certification systems, such as those of Germany and Austria, have been designed and implemented entirely by the private sector. The English and French systems are the result of government interventions. The Swedish system represents a combination of the two approaches: it has been developed by the Federation of Swedish Farmers (LRF) with full government support.

Interestingly, although the certification systems themselves can be either public or private initiatives, in most cases their control mechanisms have been entrusted to third-party, independent institutions whereby the government has limited input.

One consideration which applies to all countries is the potential of certification as an instrument to support the Common Agricultural Policy (CAP). To date, no country has requested the European Commission to recognise its certification system as an 'equivalent measure'. The usual arguments for this omission are the high administrative burden, the rigidity of the European Commission's requirements, and the limited benefits for either the agricultural sector or the environment. Nevertheless, most countries have incorporated the 'greening' requirements of the CAP into their certification systems. This is certainly the case in France, Sweden, and England.

Engeland

Purpose of certification

The 'Environmental Stewardship' (ES) scheme provides financial incentives to farmers, landowners and land managers for the conservation and improvement of the rural area and its biodiversity. The system is part of the Rural Development Programme (RDP) for England 2007-2013 (with a transition to 2015) and is funded by European subsidies and by the national government in Westminster.

How the system works

The Single Payment Scheme (SPS) of the CAP has been adapted to provide 'flat rate' per-hectare payments based on the area of land under management. To qualify, land managers must meet the basic requirements established by the European Commission. If they wish, they can implement additional measures whereupon they become eligible for a higher level of payments.

The Environmental Stewardship scheme offers an adaptive programme which allows land managers to commit to one of four levels:

- Entry Level Stewardship (ELS)
- Uplands Entry Level Stewardship (UELS)
- Organic Entry Level Stewardship (OELS)
- High Level Stewardship (HLS)

The choice is not entirely open but depends in part on the location and nature of farming activities. The Uplands Entry Level, for example, is restricted to hill farmers. The distribution of funds (both European and national) is administered by the Rural Payment Agency (RPA).

The land manager can select various environmental measures to be applied in practice. Each measure carries a 'score': the higher the score per hectare of land, the higher the payment. The ES is therefore a differentiated system which is nevertheless implemented and recognised at the (devolved) national level.

The scheme is administered by Natural England, with which participants enter into a formal agreement for a period of five years. All claimants must be registered with the Rural Payment Agency, while any land for which they wish to claim at the OELS level must be registered as 'fully organic' or 'in conversion to organic farming' with an approved 'Organic Certification Body' (of which there are several).
The Department for Environment, Food and Rural Affairs (DEFRA) has decided against proposing the Environmental Stewardship scheme as an 'equivalent measure' under the CAP 2014-2020, despite having been requested to do so by the National Farmers' Union (NFU). DEFRA takes the view that the advantages in terms of greater flexibility and environmental gains do not (yet) justify the additional administrative burden and costs.

Notable features of the system

The Environmental Stewardship programme establishes a direct link between public interests and the allocation of public funds (over and above the CAP direct payments) to the agricultural sector. Its progressive, multi-level design has resulted in tangible improvements to nature and the environment, offering land managers the opportunity to participate at a level which exceeds the basic requirements established by the European Commission.

Sweden

Purpose of certification

The Swedish *Miljöhusesyn* system seeks to integrate the vast body of regulations governing sustainable farming practices to form a practical, broad-based management instrument. It is intended to help farmers comply with legislative requirements in areas such as animal health and welfare, nature and environment, health and safety, and food and feed safety. National government has worked alongside the agricultural sector to arrive at a clear and user-friendly system which will promote sustainability in the broadest sense of the term. The direct benefits to farmers are in the form of simplified legislation (and hence reduced administrative burden) and subsidies.

How the system works

The *Miljöhusesyn* system seeks to consolidate all European, national, provincial and local regulations within a single (online) system. Every farmer can consult the system to determine what requirements his/her farm and farming practices must meet in order to qualify for incentive funding, or to avoid the risk of penalties.
Based on the specific characteristics of their land and production processes, farmers are actively informed about the applicable requirements.
The system is therefore a generic instrument which incorporates a degree of diversification and individualisation. It helps to determine the amount of subsidy to which a farmer is entitled, but it also facilitates administrative procedures such as applying for permits or exemptions.
In addition, several product labelling schemes – such as IP, IP Sigill, and KRAV – demand *Miljöhusesyn* compliance as a precondition of eligibility.

The system was developed by the Federation of Swedish Farmers (LRF), working in association with various partners and the Swedish Ministry of Agriculture. It has been implemented nationwide. Although based on self-audits, the existing regulatory authorities oversee compliance on a regular basis so that farmers always know precisely where they stand. A further strength is that the system is based on a common interpretation of the legislation, as agreed by the various parties. It is this common interpretation which is used for the purposes of control, whereby there is far less opportunity for dispute.
The system is based on a self-audit: it is the farmer who provides the necessary information about his/her land and practices, and it is the farmer who determines how to use the information provided by the authorities.
The *Miljöhusesyn* system is much broader in scope than the Good Agricultural and Environmental Conditions (GAEC) of the CAP 2014-2020 and goes far beyond the minimum 'greening' requirements. Nevertheless, there are indications that the Swedish government is examining the possibility of establishing a formal link between the *Miljöhusesyn* system and the European Commission's requirements, perhaps requesting recognition as an 'equivalent measure'.

Notable features of the system

The *Miljöhusesyn* system includes a broad range of elements to support the operational aspects of agriculture. It has been designed by the sector itself in partnership with national government, whereby the relationship between the state and the field is of prime importance. The system is not so much a consumer information measure but a general 'licence to operate'.

It is appropriate to a country which has a long tradition of cooperation between government authorities, knowledge institutes, agricultural organisations, and NGOs, all of which work together to meet concrete sustainability objectives.

France

Purpose of certification

The *Certification Environnementale des Exploitations Agricoles* is a government initiative which attempts to meet societal demand for sustainable agricultural practice while integrating existing sustainable production methods within a common frame of reference.
The primary objectives of this certification system are to maximize the effectiveness of measures intended to protect nature and the environment (including the human environment), and to acknowledge and publicise ongoing efforts to achieve sustainability within the agricultural sector. The focus is therefore on practices which show due concern for the environment in terms of biodiversity, phytosanitary quality, water management, and the use of (organic) fertilisers.

How the system works

The system is voluntary and has three levels. The first is an entry level whereby the land manager must demonstrate (to an approved certification body) that he/she meets all current legislative requirements in terms of environmental management (including the 'good agricultural practice' measures), and will indicate what further action is necessary to achieve Level 2 or 3.

An application for Level 2 certification can be submitted either individually or collectively. Alternatively, it is possible to request that an existing, private certificate is recognised as equivalent.

The third and highest level – *Haute Valeur Environnementale* – is based on performance: there are clear targets which must be met. This level has two variants in order to accommodate the differences in farming activities and the physical characteristics of the land under management.

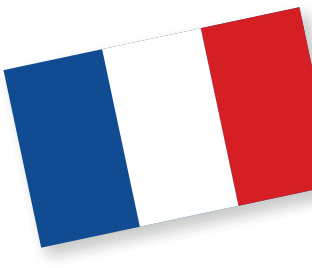
Administration of the scheme has been entrusted to independent third-party organisations which report to the Ministry of Agriculture in Paris.
The certificates themselves are issued by the *Commission Nationale de la Certification Environnementale*, another independent organisation which was created in 2011 and which comprises representatives of national government, the agricultural federations, nature and environmental advocacy groups, the food industry, the retail sector, and consumer organisations.

The French government has examined whether the current certification system can and should be put forward as an 'equivalent measure' for the purposes of the CAP. The 'rigid basis' of the European Regulation has proven an obstacle in that there is some disparity between the requirements for Level 2 certification and those stated in the 2013 Regulation. The requirements for Level 3 certification are actually far more stringent than those applied by the European Commission, but there are currently only one hundred agricultural enterprises in the entire country which have achieved this level. Accordingly, the conclusion is that neither Level 2 nor Level 3 can be regarded as wholly equivalent, whereupon it is extremely unlikely that France will apply to have it recognised as such within the foreseeable future.

Notable features of the system

The development of the French certification system was originally proposed by the Ministry for the Environment. Its implementation and control have been entrusted to the *Commission Nationale de la Certification Environnementale*, for which the Ministry of Agriculture acts as secretariat.

The French system may be regarded both as a policy instrument intended to achieve environmental objectives (with payments linked to success in doing so) and as a means by which the sector and its partners can demonstrate their sustainability to the general public.



Austria and Germany

Purpose of certification

Like the Netherlands, both Germany and Austria have various certification systems which have been introduced as private market initiatives. Certification has a dual purpose: it ensures that production methods meet certain requirements, including those of environmental management, while the associated product 'labels' offer consumer information and are often used as a marketing instrument to influence consumer choice. A product which bears the relevant label can be positioned as inherently better than one which does not.

How the system works

Austria has several private certification initiatives, of which the best known is the AMA (Agramart Austria Marketing) label. There are also a number of labels which are applied by certain producers or retail chains to indicate that due attention has been given to aspects such as biodiversity, the water footprint (quality and consumption volume), land management, and the use of pesticides. Each label has its own set of standards. Retailers and agricultural producers make their own agreements, and compliance supervision is largely internal. The majority of the Austrian initiatives have been rolled out nationwide. Although the government has expressed interest in developing a general certification system, the underlying policy has yet to be formulated.

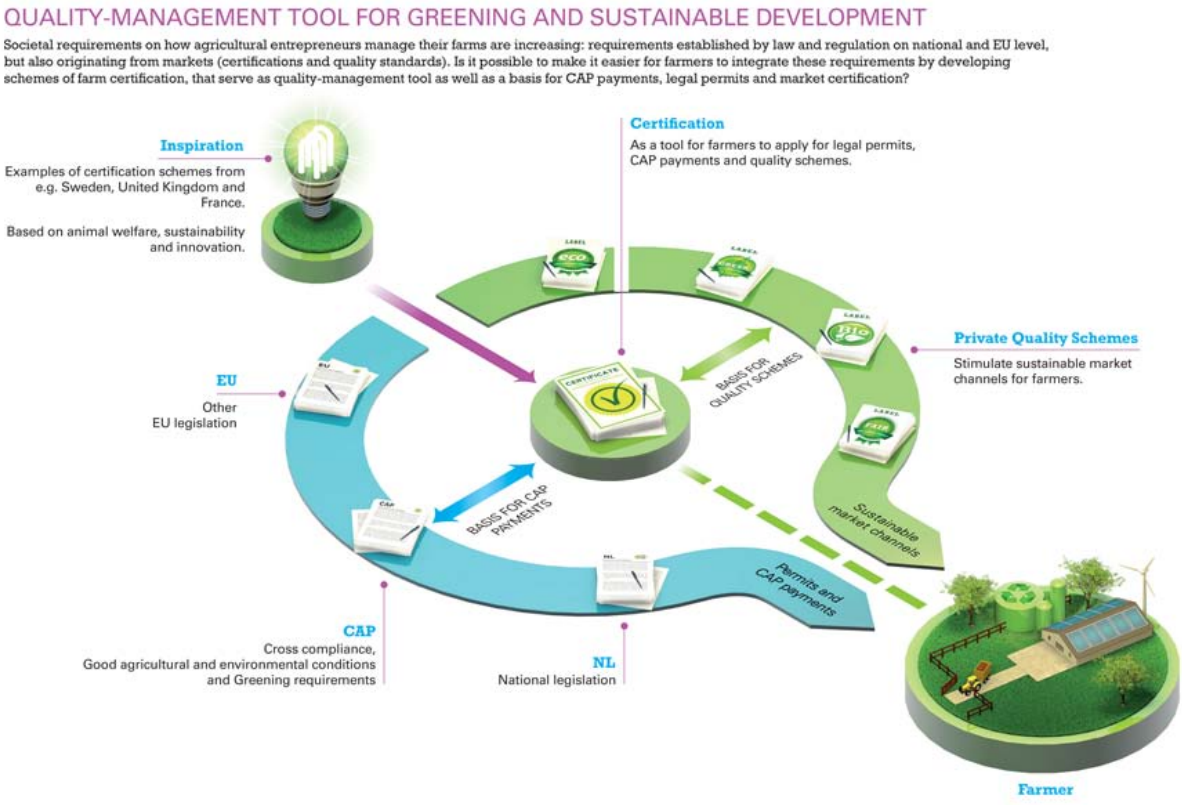
Germany also has various certification systems which have been developed and introduced by the market or by NGOs. Some are more regional in scope, applying within just one of the sixteen states (Länder). In many cases, they are the result of cooperation between the agricultural sector, the distribution chain, landscape and environment organisations, and universities. These chain partners make agreements with regard to the manner in which agricultural businesses are expected to meet the requirements, and they oversee compliance. Examples of this type of certification system include the Nachhaltige Landwirtschaft DLG-Zertifikat and the Umwelt-zertifizierung administered by the Thüringer Landesanstalt für Landwirtschaft.

Notable features of the system

Neither Austria nor Germany has a government-run certification system for the agricultural sector. However, both have a number of initiatives developed by the market itself, often in partnership with the societal midfield.
In preparing for the implementation of the CAP 2014-2020, the German Ministry of Agriculture (at federal level) examined whether the current certification arrangements would be a viable 'equivalent measure'. The conclusion was that the equivalence requirements are too rigid to allow the environmental objectives to be addressed in a way that the agricultural sector would consider financially viable.

Austria has also decided not to propose its certification systems as an 'equivalent measure', albeit for slightly different reasons. It believes that its systems are not yet mature enough, while sharing the view that their use as an equivalent measure would result in too much extra bureaucracy.

APPENDIX 2
INFOGRAPHIC: QUALITY-MANAGEMENT TOOL FOR GREENING AND SUSTAINABLE DEVELOPMENT



RLI (2013). 'Sustainable choices in the implementation of the common agricultural policy in the netherlands'. The Hague. | See recommendation 2

Infographic: in60seconds.nl

APPENDIX 3

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The Council for the Environment and Infrastructure *(Raad voor de leefomgeving en infrastructuur, Rli)* advises the Dutch government and Parliament on strategic issues concerning the living and working environment. The Council is independent, and offers solicited and unsolicited advice on long-term issues of strategic importance to the Netherlands. Through its integrated approach and strategic advice, the Council strives to provide greater depth and breadth to the political and social debate, and to improve the quality of decision-making processes.

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