



# Certification as a tool to reduce administrative burdens and foster sustainability

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# A French/Dutch farmer (last week):

- ▶ If we want a day off and somebody else to look after the farm, we have to have a DUERP document of 20 pages on risk management. It takes a obligatory 2 days training to create the document and a discussion of the document with each worker hired for a day.
- ▶ After the harvest of triticale you have to seed a cover crop before August 15. In dry circumstances a derogation is sometimes possible, but has to be requested
- ▶ Every year we have to fill in a form that we are not an extremist and that our fertiliser will not be sold to terrorists.
- ▶ Within a week after the birth of a calve, a tissue sample has to be taken and tested
- ▶ Milking machines, spraying machines and now also machines with hydraulics have to be independently checked every 6 months. This asks experts to come to the farm for a half day inspection which they do per type of machine.

“Each of these measures is understandable, but the total is just too much””

© Article4(1)b [redacted] on Foodlog, a Dutch website forum

***This is not a good basis for adding more KPI on emissions in eco-schemes***

# The need for action – and for a food system approach

- ▶ The public challenge changes from even lower food prices to climate and biodiversity. Need for climate adaptation is a strong reality in farming
- ▶ Farmers are willing to undertake action but:
  - ▶ \* many struggle in a thread`-mill of higher labour cost – more investments for labour productivity – scale increase – lack of affordable extra land >> every twenty years the number of farms halves (and this will not stop next 20 years, whatever the policy)
  - ▶ \* Farmers are price-takers. Prices are a result of (fluctuating) supply and demand. Higher cost of environmental measures are not directly compensated in the food chain. It takes a very long time before farmers adjust production and prices rise.
- ▶ We have to find instruments that compensate (efficient) farmers for their extra cost of sustainability actions – (or speed up and support scale increase)
  - ▶ \* By capping and further re-directing direct payments into eco-schemes
  - ▶ \* By forcing the food industry to pay for sustainability
- ▶ Certification is an important instrument in both pathways

# Certification for effective and efficient eco-schemes

- In climate adaptation the local context becomes more important: soil and water become more leading
- Sustainability issues differ between regions (water scarcity is an issue in Spain, not in Ireland). Sustainability indicators differ per farm type and region.
- There are trade-offs and synergies between different KPI
- Farms have different strategies (scale increase, direct sales, multi-functional, part-time) and use different technologies (invest or not in precision technology)
- A “one eco-scheme fits all” approach is inefficient
- When regulation becomes more stringent, more flexible (and complex) designs are needed. See a first attempt in the Netherlands:

5 objectives (climate, soil, water, landscape and biodiversity) with a set of 22 farm actions that have eco-scores on the objectives. Payment per ha at gold / silver / bronze level is based on total score and minimum scores for each objective. Complex scheme gives freedom to farms to make an efficient choice: a pseudo-market for eco-system services. (Article 4(1)b, 2023).

- Monitoring and auditing issue. – what can we learn from industry?

# What can we learn from industry? (GlobalGAP, Private sustainability labels (On the way to planet proof, Tierwohl, etc.), Organics, CSRD-scope 3, Sust. Finance Taxonomy)



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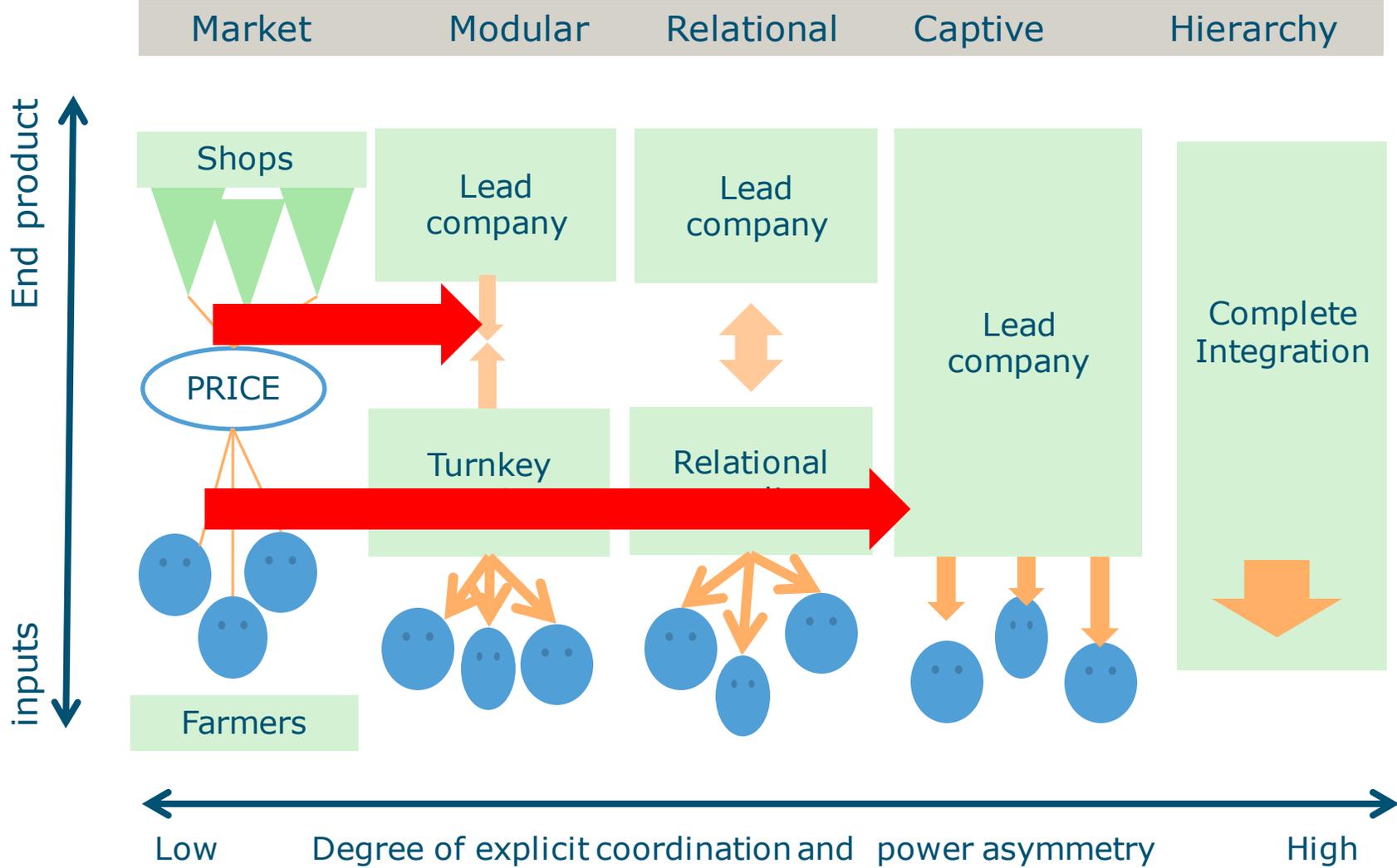


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# Chain organisation changes (©Gereffi et al., 2005)



# Industry-schemes are welcome, but not enough

- ▶ Schemes channel money from consumers to farmers: welcome
- ▶ Depends on willingness to pay with consumers
- ▶ Is easier for animal welfare than for proper soil management
- ▶ Level of greening is often low (light green), not a strong transition
- ▶ Private schemes link with entrepreneurial front-runners in farming (with low costs) and provide examples, but leave out others.
- ▶ Industry schemes sometimes focus on per-kg product results and lead to intensive land use, and downplay per-ha effects and trade-offs on issues outside their KPI.

**Government regulation (eligibility) and eco-schemes are still necessary in addition to industry schemes.**

**How to align government and industry actions ?**

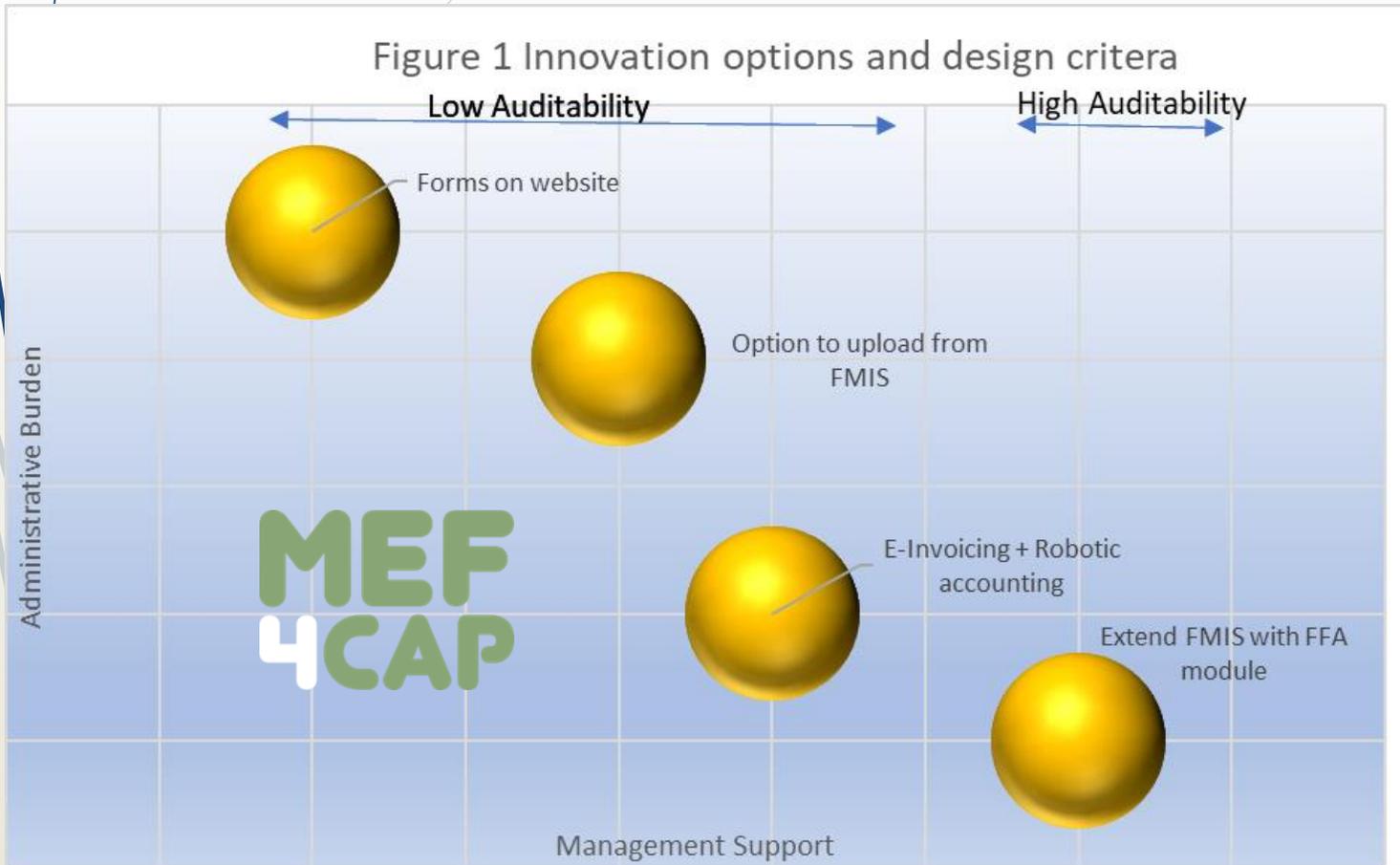
# Design criteria for indicators

- KPI should support farm management, should be actionable (pesticide use per ha or concentrate feed use / ha is better than an LCA)
- KPI should preferably be on emissions: that incentivizes innovations. The farmer is the manager who chooses the technology, Brussels, Berlin, or the Hague don't have the information to prescribe working methods.
- Emissions are not yet always measurable: then technologies or inputs used are a proxy (and farmers that can measure in precision agriculture have an advantage).
- KPI should be auditable.
- KPI should be standardized in open access for public and private use (compare measurement of income, assets) >> Role for the new FSDN
- Focus on main issues (my top-10): Pesticide use / ha, Antimicrobials/animal, Mineral balance in N and P per ha, GHG emission per kg, Water use per kg (where relevant), animal welfare, labour conditions migrants. Perhaps NH<sub>3</sub>/ha, fine particles.

# Why is certification a good audit tool?

- Satellites can provide a lot of data for auditing (and still increasing)
- But on several KPI they will not be able to deliver data (which pesticides used, antimicrobials, animal welfare, labour conditions, mineral balances).
- Certification does (and can make use of satellite data).
- It makes it also possible to work with open norms (“sufficient daylight for chicken” as in the organic regulation, providing options for on-farm interpretation where needed (specific type of buildings, weather conditions).
- Inspectors can judge trade-offs; or the availability of an environmental plan, a risk management plan, training for spraying licence etc.
- It gives feed back: light and strong non-conformities; options to repair them within a time frame and have a second audit.
- There are options to link this with private certification schemes as:
  - Audits can be combined: 1 audit per year per farm (risk based, some per 2 year)
  - It forces food companies and retailers to build upon (not neglect) public themes.

# Administrative burden ? ICT !



- Many indicators can be calculated from (VAT) accounts, e-invoicing and Farm Management Information Systems.
- ICT can solve a lot (already of current administrative burden): e-invoicing directive
- Small farms (less than € 25,000 sales) could be exempted: CAP payment is unconditional income support ?

Article4(1)b (2023) Integration of Farm Financial Accounting and Farm Management Information Systems for Better Sustainability Reporting in: Electronics, 12, 1485. <https://doi.org/10.3390/electronics12061485>

# Extensions based on certification



Based on their certification and audit results farms can be classified on their level of sustainability, a sustainability or eco-score for the farm (and its products) like the Nutri-score.

This makes it easier:

- In CAP Pillar 2 to provide assistance to farms to move up from label D (or bronze, or orange) to label B or A - with innovation support, AKIS etc.
- For food processors, banks and land owners to report in CSRD or to differentiate trade conditions (e.g. interest rates) between more and less sustainable farms
- A Framework Law on Sustainable Food Systems could oblige dairy factories and slaughterhouse to buy 25% from farms with the highest sustainability score (A / dark green) and pay a premium that reflects the farms' extra cost (blending as in petrol). That would solve the issue that we force farmers to become more sustainable without paying these price-takers.

ECO-SCORE



# Implications for CAP-post 2027

- Definition of 10 KPI between now and 2027 (in FSDN ?)
- National plans 2027-2032: national/regional governments define:
  - \* minimum levels on KPIs for Good Agricultural Practice (conditionality)
  - \* minimum levels on KPIs for eco-schemes A/B/C or Eco-scores A/B/C per region (soil type, water catchment area) – and add KPIs if necessary in the region
  - (preferably with a scoring system in which trade-offs between KPI can be handled, see the current Dutch system for eco-schemes)
- The certification methodology as currently in use for organic farms is extended to all farms (> € 25,000,- sales) and the certification includes all other (national) public farm regulation
- Audits can combine public and private audits in a one-stop-audit
- Farmers have to send in their audit result (eco-score and non-conformities) to the paying agency
- [a framework law on sustainable food systems could regulate food industry on e-invoicing, on using the public certification as basis in private top-up schemes or oblige blending]

# Does it help A French farmer?

- ▶ a DUERP document of 20 pages on risk management.
- ▶ Cover crop before August 15. In dry circumstances a derogation is sometimes possible, but has to be requested
- ▶ Every year we have to fill in a form that we are not an extremist and that our fertiliser will not be sold to terrorists.
- ▶ Within a week after the birth of a calve, a tissue sample has to be taken and tested
- ▶ Milking machines, spraying machines and now also machines with hydraulics have to be independently checked every 6 months.
- Check if a relevant risk management plan is present (lighter form for farms with less risk)
- Explain afterwards in audit. You do not automatically lose your payments in a light NC
- Small question in audit, Can be replaced by mineral balance N use/ha
- Check in audit if samples have been sent in.
- Check in audit if (certified) dealers have done inspection during normal maintenance (once a year?). Can be replaced by KPI pesticide use/ha

**Is an audit, 1/2 day per year then a basis for more sustainability in eco-schemes ?**

# Conclusions

- ▶ A shift from ever-lower food prices to sustainability challenges has to be supported by the CAP.
- ▶ Farmers have to be supported in their management and innovations
- ▶ Limited number of KPI on emissions with room for local farm management is more efficient than central planning
- ▶ Industry schemes and organic farming already use certification
- ▶ Certification is a good audit tool of KPI, less rigid, synergy with food chain
- ▶ Administrative burden can be overcome by information technology
- ▶ Builds upon current eco-schemes
- ▶ Gives an option in the Framework Law on Sustainable Food Systems to have the farm rewarded for the extra cost of sustainable food.

# Thanks for your attention

www.wur.nl

Article4(1)b



**EEAC Advise on Sustainable Food Systems:**

[https://eeac.eu/wp-content/uploads/2022/10/Towards-a-sustainable-food-system\\_-\\_An-EEAC-Network-Position-Paper-PV.pdf](https://eeac.eu/wp-content/uploads/2022/10/Towards-a-sustainable-food-system_-_An-EEAC-Network-Position-Paper-PV.pdf)