

The Market Transformation Initiative

The rapid expansion of agriculture and forestry threatens our environment, the livelihoods of indigenous people and the future of endangered animals and ecosystems. Through the Sida-supported program Market Transformation Initiative (MTI), WWF works with major companies to increase demand for responsibly produced global commodities.

The idea behind MTI is that when large numbers of large commercial buyers start demanding better produced products in their supply chains the global market for that commodity will shift to a more sustainable production. As a result and since a fairly limited number of companies control most of the trade in the products, this strategy can be more efficient than trying to bring about change through vast numbers of consumers changing their habits, or engaging directly with large numbers of primary producers.

WWF works together with different stakeholders to develop standards for a better, more sustainable production, while also influencing major producers and buyers of each commodity to certify their production and to buy certified products. The partnership with Sida includes core support for MTI as well as a specific focus on more sustainable production of palm oil, cotton, timber, tuna, pulp and paper, as well as engaging with the finance sector to



increase the sustainability of their financing and investments, which can be a strong lever of change.

The companies involved include retailers, investors, brands and manufacturers. One of them is the Swedish food retailer ICA that uses palm oil as an ingredient in the production of many products. Palm oil is one of the most cost-effective vegetable oil crops. One hectare of oil palms produces

five to ten times more oil than other edible oil crops and experts predict that global demand will double between 2000 and 2020. Palm oil is undoubtedly important for economic development and has lifted many people out of poverty. It is also an important foodstuff for millions of people living in poverty. But the expansion of plantations in Indonesia and Malaysia is a leading cause of deforestation in Southeast



Case studies show that improved farming methods including the palm oil certification have led to a healthier workforce and less social conflicts, reduced the use of chemicals and made it possible for smallholder farmers to increase their productivity.



Asia, and now production in Africa is on the increase. As tropical forests are converted into plantations biodiversity is eroded and habitats of endangered species destroyed. Local people who are dependent on these areas for their livelihoods are at risk of displacement, suffering the consequences of water pollution, declining fish stocks and dried out wells. ICA and companies like Unilever are engaged in the Roundtable on Sustainable Palm Oil (RSPO), an association where stakeholders from the entire palm oil value chain, including environmental and social NGO's, have developed a standard for more sustainable production.

The RSPO criteria prohibit e.g. new plantings that replace primary forests or plantings on indigenous and rural people's land without their free prior informed consent.

Palm oil is one example of several MTI commodities. Also included are cotton, soy, tuna, timber, whitefish, beef, sugarcane, pulp and paper, biofuels, and aquaculture, where similar work is being done to shift markets towards increased sustainability for the benefit of people living in poverty as well as the planet.

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healthier workforce and less social conflicts, reduced the use of chemicals and made it possible for smallholder farmers to increase their productivity. Ongoing improvement is an essential element of all certification schemes supported by WWF.

CONTACT

For queries regarding the projects or more information on the Sida programme, please contact either the relevant Swedish embassy www.swedenabroad.com or the Sida team directly at www.sida.se/private-sector

Photos: James Morgan - WWF-International, Jürgen Freund, Christophe Courteau, Juan Carlos Munoz - WWF-Canon