

MOMENTUM FOR SUSTAINABLE SPICES

As the quantity and the quality of the spice supply are at risk, it is increasingly recognized that international actors have an interest on the long term to support spice smallholders developing their organizational capacity to a level where they can develop a viable activity and become stronger business partner. Spice farmers are key to securing a sustainable supply (food safety, pesticide control, constant quality, growing yields) which can

be promoted by an improved socio-economic situation: price security, incentive for improved practices, development of longer term business relationship with buyers associated with a better communication and training on required product specification. While many constraints drive spice farmers and international spice processors and users apart, it appears that a shared understanding for the risks inherent to the spice sector can create a momentum for sustainability.

Roadmap towards sustainable spices

A multi-level approach is necessary to build a sustainable spice sector for which a one-fit-all standard is not feasible:

- **at farm level:** spice smallholders should receive market incentives to invest in sustainable practices. Managerial and operational capacity should be developed.

- **at supply chain level:** the supply chain mechanisms (grading, chain of custody, pricing) should facilitate the marketing of sustainably produced spices.

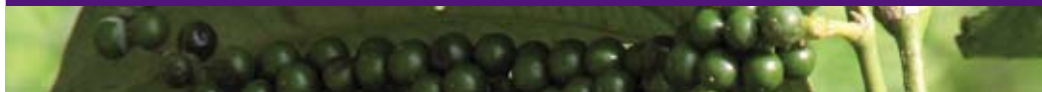
- **at sector level:** international spice processors and users should agree on a sustainability code of conducts as an instrument to company's business practices.

- **at company level:** responsible supply chain management should be generalized to facilitate the implementation of sustainability standards at all level of the chain actors.

- **at institutional level:** synergies should be sought with producing countries institutions in order to facilitate the up-take of sustainability standards for the international market at farm level.

- **at consumers level:** the positive contribution of spice production in producing areas should enable companies to reinforce the image of natural and healthy products and possibly, creating added value in the marketing of the products.

Pepper vine PHOTO: MCKAYSAVAGE



Acknowledgements

These findings are extracted from the report *"Could you pass me the sustainable pepper, please? Towards a sustainable spice supply chain, key findings and recommendations"* (2010) written as the result of a collaboration between centers of expertise, NGOs and the Dutch Federation for Spice Trading (NVS). The report offers an analysis of issues and options for the development of a sustainable spice sector and provides recommendations to serve this objective. The project which led to this report was funded by the Dutch ministry of VROM (Subsidieprogramma voor maatschappelijke organisaties en milieu). The full-length report is available via Both ENDS, Cordaid, CREM.

Both ENDS

Nieuwe Keizersgracht 45
1018 VC Amsterdam
www.bothends.nl

Cordaid

Lutherse Burgwal 10
2512 CB Den Haag
www.cordaid.nl

CREM BV

Spuistraat 104d
1012 VA Amsterdam
www.crem.nl



“Could you pass me the **sustainable** pepper, please”

Quick facts about sustainable spices for European companies and producing countries

Both ENDS
Cordaid
CREM

In collaboration with:
Nederlandse Vereniging voor de Specerijhandel
PHCC, India
Swiss Contact, Indonesia

INTRODUCING SUSTAINABILITY IN THE SPICE BUSINESS How sustainable is the spice business? Do we need a new approach to improve the sustainability of spice production? What would it imply at companies' operational level? The NVS Sustainability Working Group was formed on this background in 2008. NVS and Both ENDS, Cordaid and CREM jointly explored the possibilities to promote sustainability in the supply chain. An analysis of the pepper and turmeric supply chain is briefly presented in this brochure.

HOW DO SUSTAINABLE SPICES TASTE?

If sustainability means that the conditions for growing spices are improved at farm level (using better farming and post-harvest handling practices for example), then there is great chance that the product quality, if not the food safety, of spices is enhanced.

But a sustainable production can represent much more to spice farmers: a fair income allowing decent standards of living for their families, a stronger position against price volatility, the capacity to buy the necessary inputs (improved seedlings or pesticides for examples) or to access training. A spice farmer who is less economically vulnerable is also less tempted to follow a short-term rationality, which can lead him/her to switch to another more promising crop or to neglect the preservation of his/her producing environment (fertility of the soils, quality of water...).



Turmeric roots PHOTO: K DINURAJ

WHAT IS AT STAKE FOR INTERNATIONAL SPICE PROCESSORS OR USERS?

For international spice companies there is much at stake when it comes to sustainability:

- **the image of their products:** are spices and herbs the natural and healthy products consumers imagine?
- **the security of their supply:** to what extent are farmers willing and able to commit to companies' objectives for more sustainable practices?
- **their corporate image:** how to optimize the practices down the chain for which they may be held responsible and accountable, but on which they have no direct control or influence?
- **their competitiveness:** how to control prices and costs while investing in a more sustainable production?

WIDE-REACHING OPPORTUNITIES Besides such challenges, the spices & herbs sector also faces a tremendous opportunity to show its added value in terms of producing, processing and trading products which offer employment and income to millions of people, many of whom are small farmers in the global South. Products are often grown or harvested in diversified, sometimes biodiversity rich,

land use systems and thereby contribute to environmental stability. These questions are also strategic for producing countries: because of the economic importance of spices the sector has the potential to deliver an important contribution to local economic, social and environmental sustainability. Such benefits are easily overlooked and deserve to be highlighted.

PROFILE OF A SPICE FARMER



Pepper farmer in Kerala, India

A spice farmer generally cultivates spices on a small holding (1-2 ha), producing yearly about 200-500kg of spices. In many cases, yields are low because of a combination of any of the following factors: pest and disease attacks, bad weather conditions (which influence the irrigation levels and the drying process), lack

of access to improved seedlings or inputs and sub-optimal farming and post-harvest practices. Farmers are often dependent on local collectors or traders for the provision of cash to cover their basic needs or working capital to buy necessary agricultural inputs. This financial pressure limits their capacity to bargain a good price for their produce. Adequate storage capacity is frequently lacking, meaning that farmers have little capacity to wait in case of unfavorable prices. In a context of declining price trends, farmers tend to switch to other crops. Because of the limited information on international market norms, spice farmers produce according to the local market standards and have no direct incentive to comply with international market requirement.

Sustainability quick facts:

THE CASE OF PEPPER FARMING

- Pepper provides an often central source of income to rural people.
- In 96% of the cases, application of pesticides is done in an unwise manner, resulting in 18% of farmers experiencing pesticides poisoning.
- One-fifth of pepper farmers sell their produce prior to harvesting at a price that is fixed by local collectors.

- Pepper yields in Indonesia are reported to be half of the potential levels.
- Farmers report that while 1kg of pepper could pay for 80kg of rice two decades ago, the same amount only pays for 4 kg of rice nowadays.
- Increased pest attacks deter farmers to replant pepper.

A CUSTOM-MADE APPROACH TOWARDS SUSTAINABILITY

International spice companies face challenges and risks that are specific to the spice sector:

- an increasing supply risk due to the significant competition of (1) less demanding local markets in a context of more stringent regulations and (2) the competition of other crops at farm level.

- a complex source base of on average more than 40 to 50 products, each of them having a specific origin and supply chain. This poses an extra difficulty to monitoring the supply chain and to tracing spices back to the grower.

As a combination of these factors, there is currently an important disconnect between the requirements of the international markets and the farming practices: farmers receive little incentives and support to produce spices according to better agricultural practices, let alone the social and environmental norms that prevail on the European market.