

ADAPTING TO A CHANGING CLIMATE

Addressing The Forces That Are Challenging Our Industry



Bob McNaughton
President of Sylvite Agri-Services
and Chairman, Fertilizer Industry Round
Table

THE UNITED NATIONS...

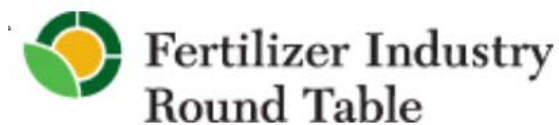
Why It Matters To The Fertilizer Industry



Barrie Bain

Founder, FERETCON

**Senior Advisor on United Nation Affairs
International Fertilizer Association**



THE UNITED NATIONS

Why it matters to the fertilizer industry

Barrie Bain

Senior Advisor on UN Affairs

International Fertilizer Association (IFA)

barrie.bain@outlook.com

THE UNITED NATIONS

- Formed in 1945 in the aftermath of the Second World War
- Comprised of sovereign nations
- Originally 51 members, now **193**
- Headquartered in New York



THE GENERAL ASSEMBLY

- The governing body is the **General Assembly**, comprised of all 193 members
- In the General Assembly all countries have **equal status** – the vote of the smallest Pacific Island is equal to that of the United States
- Elects a President each year – currently Peter Thompson of Fiji



THE SECURITY COUNCIL

- The Security Council is responsible for the peace and security
- Unlike other parts of the UN all countries are not equal
- **15** members. **10** rotate between members of the UN,
- The 5 permanent members, the **United States**, the **United Kingdom**, **France**, **Russia** and **China** have a veto on SC resolutions

The UN and the fertilizer industry - Barrie Bain/FOTC Nov 2017



THE ECONOMIC AND SOCIAL COUNCIL

- The Economic and Social Council (ECOSOC) is responsible for economic and social initiatives
- There are **54 members**. These rotate between the members of the UN, with a regional balance
- The **presidency** is generally held by a small or medium-sized country – currently Zimbabwe



THE SECRETARIAT

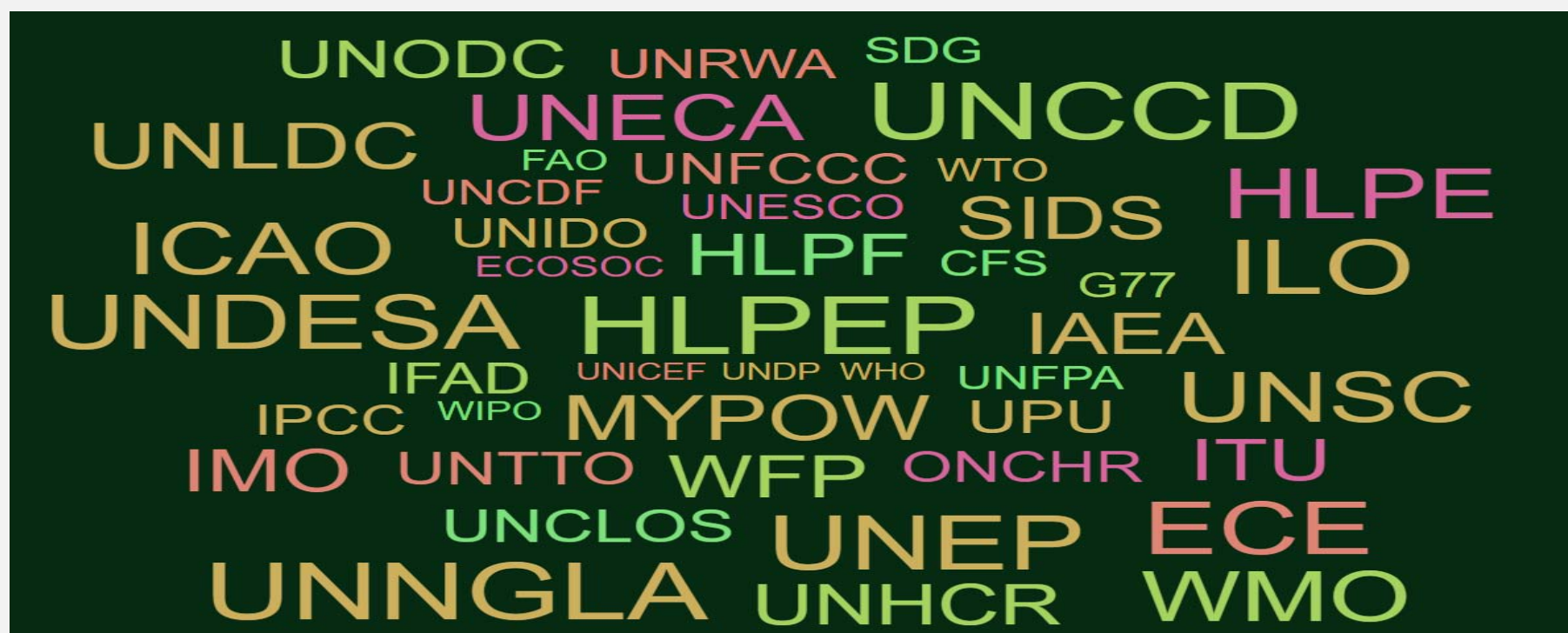
- The “civil service” of the UN
- Headed by the Secretary General, currently **Ban Ki-moon**. Succeeded next year by **Antonio Guterres**, former socialist PM of Portugal and head of UNHCR. He is the 9th S-G
- Secretaries General have a lot of moral authority and influence, but ultimately little absolute power
- Five-year terms, often renewed for a second term
- Nominated by Security Council; can be vetoed by Permanent Members



COUNTRY GROUPINGS

- The **one country, one vote** has led to the development of blocs
- **G77 plus China** – 134 members – a majority of the UN
- **Regional groupings** – Africa Group, Near East Group, GRULAC
- **Common interest** – the SIDS – the Small Island Developing States

UN ACRONYMS – ALPHABET SOUP



UN AGENCIES AND COMMITTEES

- Food and Agricultural Organisation (FAO), HQ in Rome along with World Food Programme (WFP) and the International Fund for Agricultural Development (IFAD) and the UN Committee for World Food Security (CFS)
- United Nations Environment Programme (UNEP) - Nairobi
- World Health Organisation (WHO) - Geneva.
- Intergovernmental Panel on Climate Change (IPCC) - Geneva
- Set international protocols – e.g. the Codex Alimentarius
- Attitude to business varies from agency to agency



FAO

- The first UN agency, moved to **Rome** in 1951
- **IFA** has had a partnership arrangement with FAO
- IFA sat on the steering committee for the **International Year of Soils** last year
- **International Agri-food Network**, (IAFN) represents business at FAO
- FAO is in charge of defining sustainable agriculture for the SDGs



CFS

- UN Committee for World Food Security
- Established in 1974, reformed in 2009
- Unique in the UN system in that **business** and **civil society** have seats at the table
- Private Sector Mechanism represented by the **International Agri-food Network**
- Other UN entities are looking at the CFS structure as a model of reform



UNEP

- United Nations Environment Programme
- Headquartered in Nairobi, Kenya
- Headed by Erik Solheim – pro business
- Organises the UN Environment Assembly
- Has issued reports **critical of fertilizers**,
- In involved in formulating three key **SDG indicators** affecting fertilizer



IPCC / UNFCCC

- Intergovernmental Panel on Climate Change / United Nations Framework Convention on Climate Change
- Established in 1992, now 197 members
- Led to the **Kyoto Protocol** which set emission targets for developed countries. The US never ratified and Canada withdrew in 2012
- Established a system of Conferences of the Parties (**COP**).
- **Paris Agreement**, agreed at COP21 in December 2015, now in force
- This year's meeting is **COP22** in Marrakech, has a focus on agriculture



THE PARIS AGREEMENT

- Hold increase in the global temperature to below **2 °C** and try to keep it to **1.5 °C**
- Improve adaptation and resilience while not threatening **food production**
- Making **finance** flows work towards low GHG emissions and climate-resilient development.
- Agreed in 2015, came into force 4 November 2016 – now in doubt if US pulls out



UNFCCC - INTENDED NATIONALLY DETERMINED CONTRIBUTIONS

- Each country submits **INDCs** on how it intends to meet Paris Agreement
- These are then converted into **NDCs** when finalised
<http://www4.unfccc.int/ndcregistry/Pages/All.aspx>
- Many mention **agriculture** and **fertilizer** as a source of GHGs - e.g. **EU** mentions “urea and other carbon containing fertilizers”. **Canada** says it intends to “reduce GHG emissions from natural gas-fired electricity, as well as from chemicals and nitrogen fertilizers”
- Several African countries have announced they intend to replace chemical fertilizers with **organic fertilizers**
- Brazil’s **ABC programme** for agriculture includes the promotion of organic agriculture and promoting an increase in biological nitrogen fixation.

THE SUSTAINABLE DEVELOPMENT GOALS

- Ratified New York in **September 2015**. Run to 2030
- Replace the Millennium Development Goals, instituted in 2000.
- Apply to **all countries** – developing and developed
- **17** Goals and **169** Targets agreed after 18 months negotiation There are currently **241** indicators proposed
- Countries are **responsible for implementing** the SDGs in their own countries
- Countries will develop their own **national targets and indicators**





THE PROCESS

- The Rio + 20 conference in 2012 came up with the idea of a new set of goals - **post-2015 agenda**
- An Open Working Group was set up in 2014
- Under the co-facilitation of Ireland and Kenya, the 17 Goals and 169 targets were agreed in **July 2015**
- Ratified by the General Assembly in **September 2015**
- The **High Level Political Forum**, made up of member countries, oversees monitoring



WHO'S WHO IN THE SDGS

- **UN General Assembly**: the supreme body of the UN comprising 193 countries
- **ECOSOC**: The Economic and Social Council of the UN
- **HLPF**: The High Level Political Forum.
- **UN Statistical Commission**: Comprised of 24 statisticians from member countries
- **IAEG-SDGs**: The Inter-Agency and Expert Group-Sustainable Development Goals
- **HLG**: High Level Group
- **Statistics Division**: Part of the UN Secretariat providing services to the SC, IAEG and HLG

SDG INDICATORS – A FLAWED PROCESS

- Indicators not included in ratification of SDGs in September 2015
- Initial draft rejected by the **UN Statistical Commission** in March 2015
- **Inter-Agency and Expert Group-SDGs (IAEG-SDGs)** formed
 - comprised of the heads of statistical departments of **28** countries
 - representatives of UN and other agencies such as FAO, UNEP, World Bank etc.
 - Mandated to prepare a new set of Indicators to be ratified by the SC in March 2016
- Then it all started to go wrong...

INDICATORS OF CONCERN TO THE FERTILIZER INDUSTRY – 2.4

Target 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

- Indicator 2.4.3: Percentage of agricultural households **using eco-friendly fertilizers** compared to all agricultural households using fertilizers
- Now: **Proportion of agricultural area under productive and sustainable agriculture**
- Productive and sustainable agriculture still to be defined

INDICATORS OF CONCERN TO THE FERTILIZER INDUSTRY – 6.3 WATER QUALITY

Target 6.3: By 2030, improve **water quality** by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

- Indicator 6.3.2: Proportion of bodies of water with good ambient water quality
- UNEP is proposing this is measured using the GEMS/Water quality index approach, measuring total dissolved solids (TDS); percentage dissolved oxygen (% DO); dissolved **inorganic nitrogen** (DIN); dissolved **inorganic phosphorus** (DIP); and Escherichia coli (E. coli).
- Proposed by UNEP Agencies: UNEP, UN Water

INDICATORS OF CONCERN TO THE FERTILIZER INDUSTRY – 14.1 OCEANS

Target 14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and **nutrient pollution**

- Indicator 14.1.1: **nitrogen use efficiency** composite indicator
- This was an improvement on to the initially proposed indicator for Target 14.1 (**fertilizer use in kg/ha**), which was totally inappropriate and we able to get removed.
- Now 14.1.1 Index of coastal eutrophication (ICEP) and floating plastic debris density
- UNEP has proposed using a measurement of Chlorophyll A instead of ICEP
- Proposed by UNEP Agencies: UNEP, FAO, UNESCO-IOC, IMO

WHAT NEXT?

- Indicators are **not set in stone** and will be subject to revision – so could get worse
- IAEG-SDGs, continue through to 2030 and will meet twice a year
- The **three indicators** we are following are all Tier III – uncertain methodology and problems with data
- Next meeting is this week

WHAT THE SDGS MEAN TO BUSINESS

- **Business** is seen as **fundamental** to achieving the SDGs. The **Finance for Development Conference** talked of “**billions into trillions**”
- Expectations go beyond corporate social responsibility and sustainability reports
- There is an expectation that businesses will **embed the SDGs** in their operations
- Incorporating the SDGs could become a **reputational issue** for major international companies

WHAT GOALS ARE RELEVANT TO FERTILIZERS?



WHAT GOALS ARE RELEVANT TO FERTILIZERS?



INDIVIDUAL GOVERNMENT ACTIONS

- The Global Goals are **voluntary**
- As **countries** adopt national indicators, they will have **legal force**
- National interpretations and adaptations could be **negative for the industry** (e.g. on “productive and sustainable agriculture”)
- Companies should monitor **national implementation**



HOW IS THE FERTILIZER INDUSTRY VIEWED IN THE UN SYSTEM?

POSITIVE

- Contribute positively to discussions on UN affairs
- We “punch above our weight” in the UN system
- We make a major contribution to world food security
- We had a big reputational leap with the Zero Hunger Challenge.



HOW IS THE FERTILIZER INDUSTRY VIEWED IN THE UN SYSTEM?

NEGATIVE

- We are seen as a source of pollution, especially water
- We are seen as a source of greenhouse gasses (CO₂ and N₂O)
- We are seen as unsustainable – dependent on fossil fuels and depleting mineral resources (“Peak Phosphorus” has not gone away)



WHAT CAN WE DO ABOUT OUR REPUTATION?

- Make sure we follow UN work and make sure we participate in consultations
- Attend key meetings, taking speaking opportunities
- Participate in broader business activities at the UN
- Talk to our national governments about UN issues, to ensure they understand the industry concerns
- Make sure governments and UN agencies understand the importance of fertilizers to food security
- Address the issues we are criticised for – e.g. water quality and make sure government and the UN system are aware of our sustainability initiatives like the 4Rs

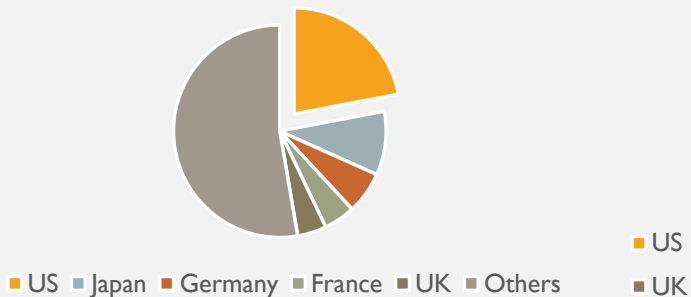
DO THE UN AND ITS AGENCIES MATTER?

- **NO:** It's a talking shop and most of its resolutions and treaties are not legally binding on countries
- The voting structure means that some decisions can be against the interests of developed countries and business.
- **YES:** The UN has moral authority and ignoring its actions can create reputational problems
- UN decisions are often incorporated into national legislation. Maybe not always in your own country, but in countries you sell to
- Following UN policy gives an advance warning of possible national legislation
- The UN system is now reaching out to business. It now realises that business is a key partner in meeting the SDGs

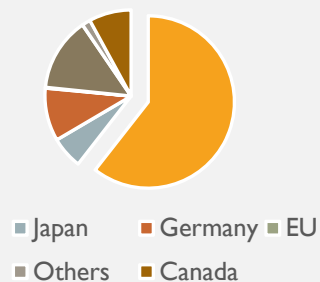
THE UN AND THE TRUMP PRESIDENCY

- The US is the largest contributor to the UN general and peacekeeping budgets - 22% and 28% respectively
- Developed countries' \$100 bn/year contributions to climate finance now in doubt. President Obama committed \$3 bn to the Green Climate Fund

Main UN budget \$2.7 bn



WFP budget \$5 bn



The UN and the fertilizer industry - Barrie Bain/FOTC Nov 2017



RESOURCES FOR BUSINESS

- The US Council for International Business has developed a website for all businesses to help them develop their SDG implementation www.businessfor2030.org
- The UN Global Compact, is partnering with KPMG on the SDG Industry Matrix project to showcase industry-specific examples and ideas for corporate action related to the SDGs. www.unglobalcompact.org/what-is-gc/our-work/sustainable-development/background
- The Global Business Alliance for 2030, of which IFA is a prominent member, continues to represent business at the UN and ensures that the voice of business is heard in negotiations www.gbafor2030.org
- IFA is a founding member of the international Agri-Food Network. Join in – it gives a direct line to FAO and CFS and provides an opportunity to work with other businesses in the food chain www.agrifood.net
- IFA will be developing briefing notes for members on the importance of the SDGs for the fertilizer business and will continue to monitor developments and brief members www.fertilizer.org

THANK YOU

Barrie Bain
Senior Advisor on UN Affairs
International Fertilizer Association (IFA)
barrie.bain@outlook.com
www.fertilizer.org