Making Voluntary Sustainability Standards Contribute to the SDGs

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"Voluntary Sustainability Standards, Trade and Sustainable Development"

By

Mr. Matteo Fiorini
European University Institute

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD
Voluntary Sustainability Standards, Trade and Sustainable Development

Third UNFSS Flagship (Chapter 1) Presentation

Matteo Fiorini
European University Institute, Florence

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To break the ice...
Voluntary Sustainability Standard (VSS)

• A document...
• that provides requirements (rules, guidelines or characteristics) for products/services or related processes and production/performance methods...
• defined to meet economic, social and environmental sustainability metrics...
• with which compliance is not mandatory (≠ technical regulations)
• designed and approved by one or more among the following entities:
  NGOs /Corporation/Industry/Government body/International organization
The UNFSS Flagship in a nutshell

• Prospects and limits of Voluntary Sustainability Standards (VSS) to contribute to the Sustainable Development (SD) agenda
  ▪ potentially effective tool for sustainable supply chain management, marketing, competitiveness, market access but also...
  ▪ potential barriers to trade, GVC participation etc

• Aim of the Report:
  ▪ contribute to this debate theoretically and empirically
  ▪ focus on trade
  ▪ policy perspective
Main messages/outputs

• VSS can potentially be a catalyst of sustainable development, both directly and indirectly through trade

• However, effectiveness depends on institutional design factors of VSS systems and on the fragmentation of VSS landscape

• Taxonomy of policy tools for Governments and IO

• More transparency, data and analysis is needed to further assess VSS impact on SD
VSS Systems: definition
VSS Systems

• The collective of organizations responsible for the activities involved in the implementation of a VSS, including standard-setting, capacity building, assurance, labelling, and monitoring and evaluation (ISEAL)
Conceptual Framework
The effects of VSS on SD

VSS shape the way supply-side economic activity impacts on SD

Direct effect

VSS

SD
The effects of VSS on SD

Direct effect
VSS shape the way supply-side economic activity impacts on SD

Indirect effect
Trade
Economic growth
The effect of VSS on trade
The effect of VSS on trade

VSS

Whether and how VSS increase/reduce discrimination

Trade

Whether and how VSS increase/reduce trade costs
The effect of VSS on trade
Direct effect of VSS on SD: a benchmarking empirical analysis
Focus on 10 SDGs

2. Zero Hunger
3. Good Health and Well-being
5. Gender Equality
6. Clean Water and Sanitation
8. Decent Work and Economic Growth
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
17. Partnerships for the Goals
Methodology

• Benchmark the 10 SDGs against the >800 requirements in ITC Standards Map

• We identify 294 sustainability requirements
  1. that directly relate to at least 1 SDG; and
  2. that are covered by at least one VSS (subset of 122 systems consistent with our definition)

• Which SDGs are best addressed in the VSS landscape?
• Which aspects of these goals are best addressed?
Results: goal to goal comparison
Indirect effect of VSS on SD
Methodology

• Focus on institutional features and design of VSS

• Drawn from 2016 and 2017 ITC-EUI reports

• Descriptive evidence using ITC Standards Map (population of 122 VSS)
Implementation costs
Certification costs
Support to producers
Conclusions

• Numerous points of views based on incomplete information

• Third UNFSS Flagship provides
  • Tools for assessing the SD impact of VSS
    ▪ Need for case-by-case evaluation
  • Large N empirical assessment of relevant features/parameters in the SD dimension of VSS
    ▪ Identify SD dimensions where VSS have higher potential
    ▪ Describe trade-relevant parameters of VSS institutional design and landscape

• Tools and implications for public policy design
Thank you
Appendix
The SD motive for VSS Systems

Supply-side economic activity
(production, business to business trade, GVCs, distribution)

Consumers and policy institutions value the impact on SD as an attribute of economic activity

Impact

The impact of economic activity on SD cannot be assessed directly through consumption

SD

VSS and other systems to assess the impact of economic activity on SD
Results: unpacking SDG 8 (top 10 req)

- No discrimination at work (ILO 111)
- Criteria related to child labor and minimum age (ILO 138)
- Conditions of employment: general principle
- Workplace safety
- Working conditions overarching principles
- Voluntary employment - No forced labor (ILO 29 & 105)
- Training on health & safety issues
- Safety at work - legal compliance
- Freedom of association (ILO 87)
- Collective Bargaining (ILO 98)
Transparency

Number of VSS disclosing information on

- Standards and national adaptation documents: 112
- Governance structure: 93
- Certification/verification: 79
- Complaints dispute settlement resolution policies: 68
- Financial statement: 43
Indirect effect of VSS on SD: VSS landscape
Highly fragmented markets
Least fragmented markets
Policy tools to support VSS to work for SD
What do GVTs and IOs can do to make VSS work for SD?

• VSS as a sphere of ‘co-regulatory governance’

• Different types of instruments for public governance of VSS
  
  • Informational instruments (e.g. provide knowledge to persuade...)
  
  • Economic instruments (e.g. provide economic incentives to shape the behaviours)
  
  • Legal instruments (e.g. use formal regulation)

  • Partnering instruments (e.g. public participation in VSS activities)
### Tools and channels for public governance

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Direct effect</th>
<th>Indirect effect</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Information</strong></td>
<td>Level of sustainable development</td>
<td>Level of uptake</td>
</tr>
<tr>
<td>1. Promote particular policies in standards</td>
<td>2. Provide information on VSS and their benefits</td>
<td>3. Promote involvement of particular stakeholders in governance of VSS</td>
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<tr>
<td>5. Subsidize VSS; Benefit more/less stringent or elaborate standards by public procurement</td>
<td>6. Use taxes or subsidies for those getting certified with or committing to VSS; subsidize baseline standards</td>
<td>7. Subsidize VSS; Benefit VSS with strong procedures through public procurement</td>
</tr>
<tr>
<td><strong>Economic incentives</strong></td>
<td>Legal</td>
<td>Partnering</td>
</tr>
<tr>
<td>9. Delegate compliance to standards; legally define requirements for VSS</td>
<td>10. Delegate compliance to standards</td>
<td>11. Public accreditation of third party monitors or VSS organizations; legally define institutional requirements for VSS</td>
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<tr>
<td>12. Delegate compliance to VSS using a baseline standard</td>
<td>13. Develop new VSS together with business and/or civil society; build platforms to stimulate substance of VSS</td>
<td>14. Develop partnerships with VSS and their stakeholders to promote insights; build partnerships for capacity building</td>
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<tr>
<td>15. Develop new VSS together with business and/or civil society; build platforms to stimulate revision of processes VSS</td>
<td>16. Build platforms promoting coordination among VSS</td>
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Policy cases

• GVTs promotion of domestic VSS in developing countries

• German development agency (GIZ) and the promotion of standards and metastandards

• IO and metastandard (UNFSS, FAO COFI, ...)

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