



Voluntary Sustainability Standards for the SDGs

Are VSS contributing to sustainable development in producing countries?



Who are receive gains from VSS?

Consumers	YES	<ul style="list-style-type: none"> • Better information (SDG12) • Feel-Good factor (SDG12) <p>“1/3 of consumers buy goods with ecolabels; 1/5 are interested (Unilever 2017)”</p>
Businesses	YES	<ul style="list-style-type: none"> • Market share (SDG8) • Better CSR (SDG12, 15) <p>“US\$1 billion = untapped demand (Unilever 2017)”</p>
Producers	??	<ul style="list-style-type: none"> • Higher prices ? (SDG 8) • Living wage up ? (SDG1, 8, 10) • Social conditions improved? (SDG1, 5, 10) • Environmental condition improved? (SDG12, 15)

Producers' motivation

"If we have certification, we'll be able to sell our product overseas and increase our income" (Coconut farmer, Vanuatu)

- **Vanuatu:** Around 80% of coconut farmers who are interested in getting organic certification said economic benefits (increased income,

(Photos from Vanuatu. From L to R: virgin coconut oil production; vinmavis virgin coconut oil; drying copra)



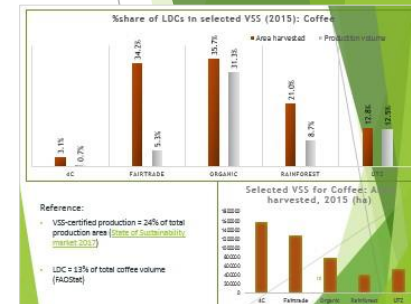


higher/more stable prices, access to new markets and customers, domestic and oversea) were the main motivation.



VSS may be **discriminatory** to producers & MSMEs in LDCs (1)

- Most VSS operate in OECD or emerging economies. Major VSS operate in LDCs on selected products, e.g. coffee, cocoa, cotton and tea.
- LDCs' shares e.g. in VSS-certified coffee production are significant, but largely thanks to big LDC producers, i.e. Ethiopia & Tanzania.
- VSS-certified producers tend to be larger and more financially and technically equipped than non-certified producers.
- Not many VSS specifically target smallholders and MSMEs to improve their welfare.
- Whether producers get high-enough premium price depends on the structure and embeddedness of value chains they operate.



VSS may be **discriminatory** to producers & MSMEs in LDCs (2)

This is because...

- Businesses need to secure supply of VSS-certified goods, so they prefer to work with large and reliable (in quantity and quality) suppliers.
- VSS schemes want to make impact so they often select major supplier countries.

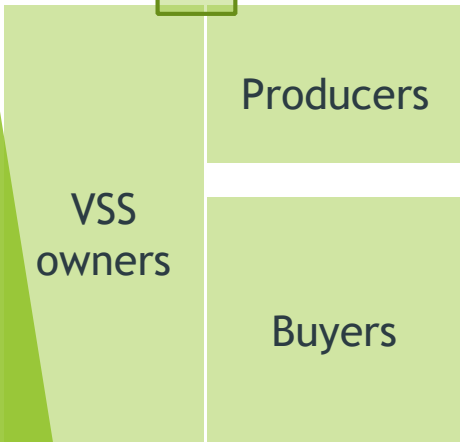
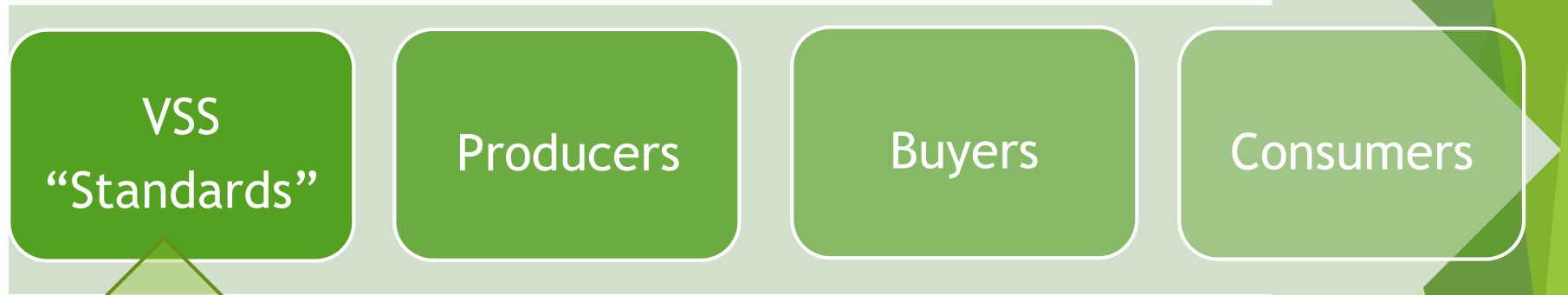
It is also because...

- Most LDC producers do not meet the “pre-requisites” to become a VSS-certified:
- Basic managerial skills (e.g. literacy, basic math, and accounting/reporting skill)
- Lack of/Access to information (e.g. internet access)
- Physical access to market (e.g. infrastructure services (road, storage), remoteness)
- Institutional support (e.g. property law, extension services, laboratory)





VSS may be **discriminatory** to producers & MSMEs in LDCs (3)



- **Standards** require changes in production methods/processes
- **Costs** of production & certification not always shared with downstream actors

- **Profits** not always shared with upstream actors





Do we need to make VSS work for LDCs?

YES, because “leaving no one behind” is at the heart of the 2030 Agenda ([UN CEB, 2017](#))

- In the agro-forestry sector, VSS-certified production is growing faster than conventional production. LDCs, being stuck in low-quality low-price bulk markets, risk being marginalized in rapidly greening commodity markets.
- LDC producers want to improve economic, social and environmental impact of their production, but cannot depend on the public-sector funds.
- LDC producers lack market power, hence require sustainable relationship with trusted buyers, VSS schemes and development partners.

..... BUT VSS may not be the only way to achieve similar outcomes.

How to make VSS work for LDCs?

Via Multi-stakeholder partnership

- Public-sector intervention



- Institutional back up (e.g. invest to increase productive capacity, provide national guideline and principles of sustainable production, strengthen property law, etc.)

- Demand push (e.g. support local organic market, use public procurement)

- Case: [Lao Organic Agriculture Forum](#)

- Private-sector collaboration (VSS schemes & Buyers)

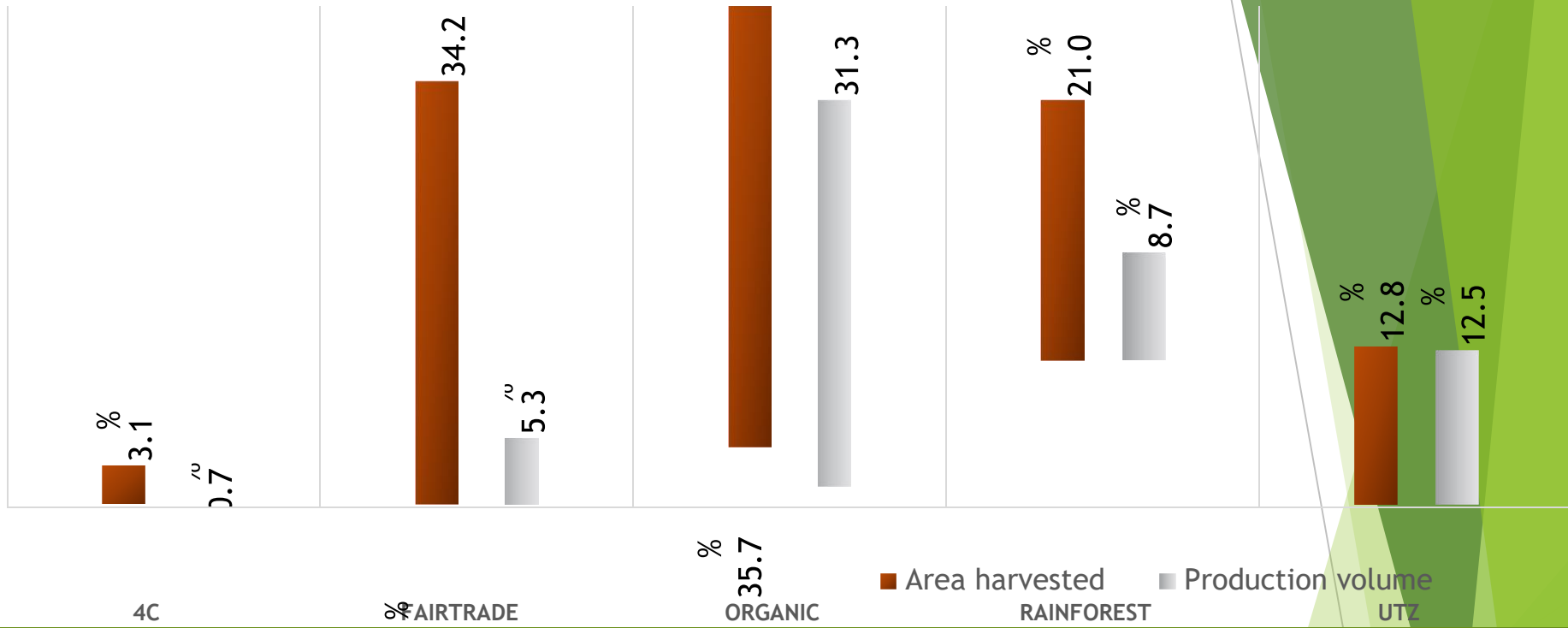


- Collaborative partnership (help improve productivity & quality, provide financial support)
- Development-oriented business models.



Thank you

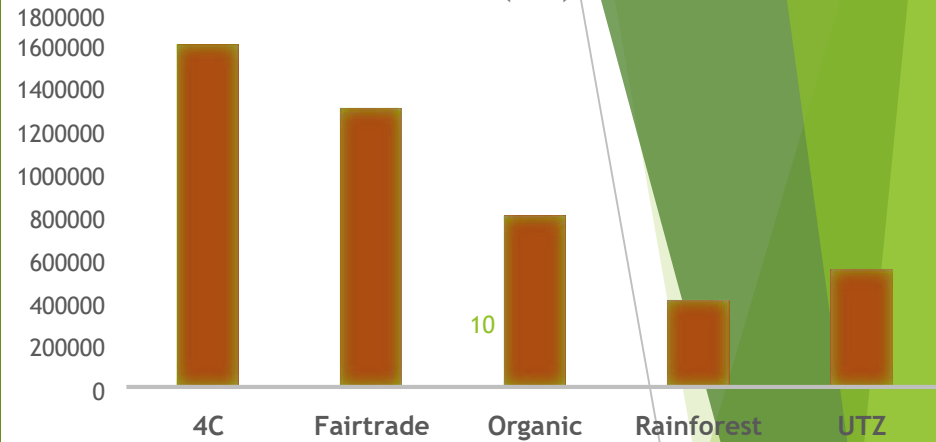
%share of LDCs in selected VSS (2015): Coffee

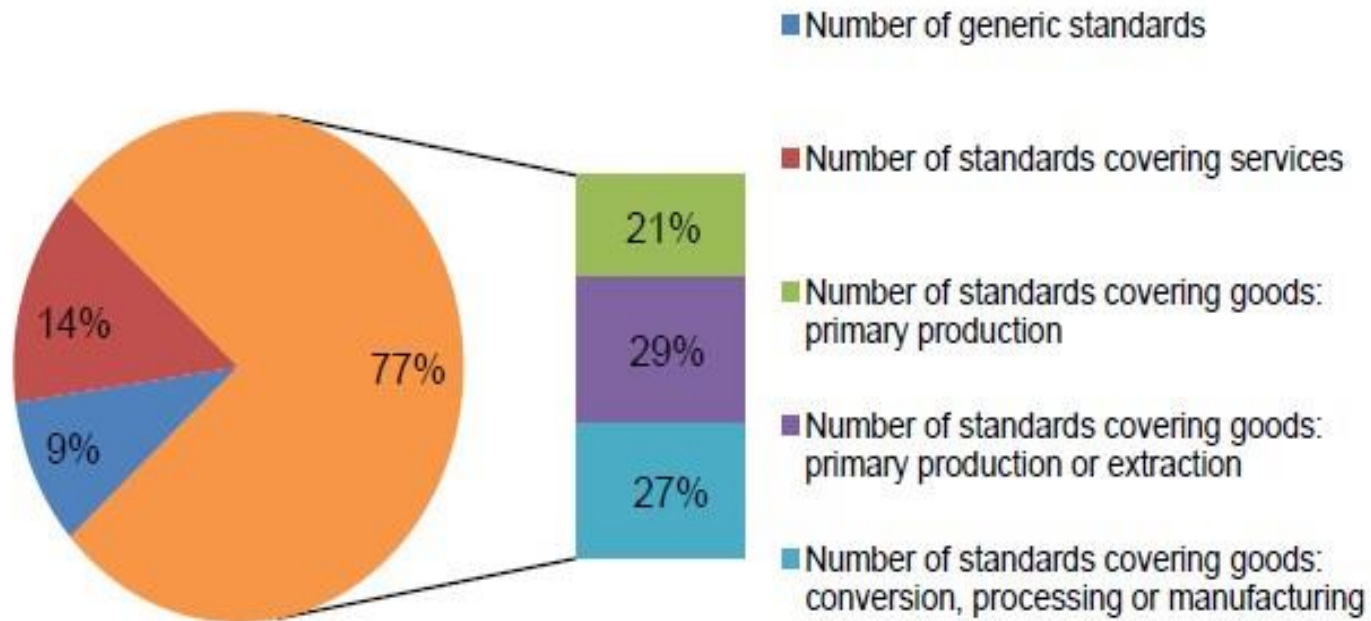


Reference:

- VSS-certified production = 24% of total production area ([State of Sustainability market 2017](#))
- LDC = 13% of total coffee volume (FAOStat)

Selected VSS for Coffee: Area harvested, 2015 (ha)

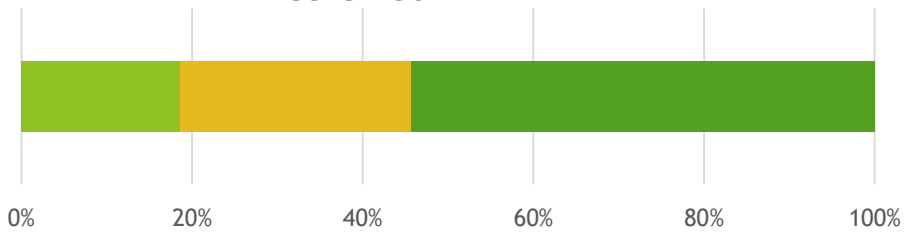




Note: Categories may overlap, with standards initiatives covering more than one area. The statistics are based on 181 standards.

Source: ITC and EUI calculations based on ITC Standards Map.

I understand how my farm can become organically certified

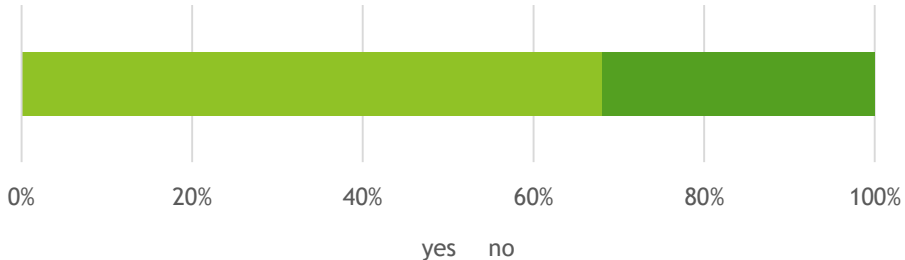


■ (Strongly) agree ■ Not sure ■ (Strongly) disagree

Photo: Interviewing a farmer in a copra shed, Malekula, Vanuatu

Access to information

Have you heard of organic or sustainable certification?



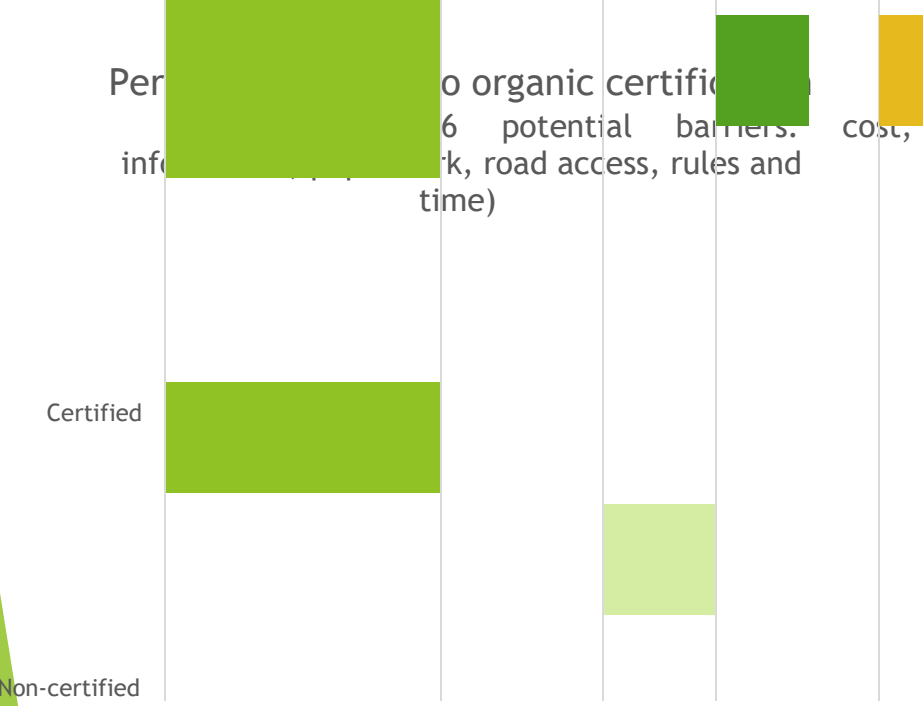
"To get certified must be difficult, and I don't know where to start" (Vanuatu coconut farmer, 2018, interviewed by UNCTAD)

- While two thirds of uncertified farmers have heard of organic certification, less than 20%



understand how they could get certified

Perceived difficulty, gain in certification



0% 20% 40% 60% 80% 100%
 ■ Severe barrier ■ Moderate barrier ■ Not a barrier ■ Not sure

Photo: Virgin coconut oil production in Malekula, Vanuatu

"I think it's a good thing to gain organic certification, but something that I feel is very

hard for me to gain" (Vanuatu coconut oil producer, 2018, interviewed by UNCTAD)

- Among non-certified farmers, almost 40% view different barriers as "severe"
- Among those already certified, only 20% view those same barriers as "severe"

