

UNFSS | United Nations Forum on Sustainability Standards



A Platform of International Dialogue on Voluntary Sustainability Standards

United Nations Forum on Sustainability Standards Launching Conference

Date: March, 21-22, 2013

Geneva, Palais des Nations, E-building, Conference Room XVIII

Overview:

The launching conference of the United Nations Forum on Sustainability Standards (UNFSS) under the theme “Policy Making and Sustainability Standards: How can governments and private sector work together to achieve sustainable development goals?” attracted the participation of more than 200 delegates. It was prepared and organized by the UNFSS Steering Group consisting of the five UN agencies collaborating in this new initiative, i.e. the UN Food and Agriculture Organization (FAO), the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Environment Programme (UNEP) and the United Nations Industrial Development Organization (UNIDO), as well as the UNFSS support team and the UNFSS Advisory Panel. The main objective of this conference was to present, discuss and seek guidance on salient substantive issues related to voluntary sustainability standards (VSS) as well as organizational issues regarding the further development of the Forum, as a basis for the UNFSS working plan. A more specific deliverable of this meeting was to receive feedback, identify concerns and gather concrete suggestions from participants on priority subjects and activities for the first two years of UNFSS operation. For this purpose and to ensure the demand-driven character of this Forum, a questionnaire was distributed which is still available on the UNFSS website (unfss.org/launch/feedback/).

The involvement of high-level representatives from the five UN partner organizations and the opening session with a high-level panel composed of representatives from governments / trade negotiators, private sector, standard bodies, exporters and consumer representatives underlined the importance attached to this new initiative as well as its multi-stakeholder character. Owing to the informative presentations, constructive and fruitful discussions as well as active engagement of delegates and participants from governments and various relevant stakeholder groups throughout the meeting, the conference increased the awareness and understanding of key issues related to VSS and delivered a number of recommendations on the priority thematic areas and activities for the initial work of the Forum.

Contents:

1. Summary of UNFSS Launching Conference
2. Summary of UNFSS Launching Conference Recommendations

1. Summary of UNFSS Launching Conference

Day 1 - Welcome and Opening Session

Dr. Ulrich Hoffmann, who chaired the morning session for UNCTAD, welcomed all delegates and participants as well as colleagues from the respective secretariats of the other UN partners of UNFSS to the conference and gave the floor to Dr. Supachai Panitchpakdi, Secretary-General, UNCTAD, Ms. Patricia Francis, Executive Director, ITC and Mr. Carlos Perez del Castillo, Chair of the UNFSS Advisory Panel.

In his opening remarks on behalf of all UNFSS partner organizations, Dr. Supachai Panitchpakdi welcomed delegates and participants to the launching conference and then explained that VSS typically focus on social, occupational safety, environmental and economic aspects and are of importance for market access and sustainable development. Unless proactively addressed these standards could become serious market entry hurdles, which is a key concern of decision-makers in developing countries and a key challenge in particular for small-scale producers. These standards may however also offer real development opportunities in new markets for sustainably produced products which are growing much faster than conventional markets. Thus rather than being seen as a mere technicality, these standards should be recognized as a strategic policy issue with implications for the promotion of sustainable production and consumption methods, for fostering sustainable competitiveness in growing and lucrative sustainability markets and as a means to internalize environmental and social costs. Besides, it is of key importance to balance public interest for sustainability gains and improvement of public goods and services with the private interest of cost-efficiency, improving product quality and expanding market shares. In sum, these standards should not be an end in themselves, but rather a means for achieving specific sustainable development objectives.

In her statement, Ms. Francis emphasized that each of the five UNFSS partner organizations has individually identified the importance of VSS for international trade and for sustainable development and has developed activities and programs that directly address this issue. In the work of all the five agencies VSS are recognized as an important issue that needs to be approached comprehensively and with realistic and credible analysis of the relevance and long-term impacts that VSS can have. Ultimately, although VSS are termed private standards, they have an important impact on public goods and on the public sector and therefore governments need to have more information about them and need to have a voice in their development and implementation. The UNFSS partners therefore see VSS as a particular tool for promoting sustainable development, one that needs to be understood completely and one, which should serve to complement national, regional and international standard development, without restricting market access.

In their statements, both Dr. Supachai and Ms. Francis highlighted that the UNFSS was a joint effort by the 5 partnering UN agencies based on existing mandates which aims at synchronizing efforts, assuring policy coherence and strengthening cooperation building upon already existing work. Therefore, UNFSS was conceptualized and will be implemented as a vivid example of the “UN Delivering as One”.

Mr. Perez del Castillo acknowledged the fact that (i) VSS have dynamically increased and have become a reality in international trade, (ii) VSS are here to stay and of increasing importance especially for developing countries, (iii) their proliferation constitutes concerns for producers and manufactures, consumers and policy-makers. Therefore, the UNFSS was a suitable forum and of strategic importance in the international dialogue on VSS for bringing legitimacy into the process as well as for identifying and defining the role of governments. The UN was uniquely positioned to

provide a forum for an open and constructive dialogue and to convene concerned stakeholders to effectively work together.

In all statements the important role for UNFSS in providing a platform for well-informed policy dialogue, exchange of valuable and credible information, analytical work, that contextualizes VSS within the goal of advancing sustainable development, the development of practical tools to better understand and engage on VSS and for capacity-building was stressed. This platform should promote developing country participation and respond to the demands of its members.

Presentation: Objectives and challenges of UNFSS by Ulrich Hoffmann (Senior Trade Policy Advisor, UNCTAD and UNFSS Steering Committee)

In his presentation on behalf of the UNFSS Steering Group, Mr. Hoffmann emphasized that although being an intergovernmental forum, the UNFSS is also open to other relevant (interested and concerned) stakeholders. He reiterated previous speakers who explained the importance of VSS and their growing markets, which imply both challenges and opportunities. Besides, since benefits and costs of these standards arise at different points and levels there is a governmental task to even out the different interests, to recognize VSS as strategic policy instruments for mitigating economic, food, climate or water crisis and to contextualize VSS into the macro-economic development perspective. It is public interests and public goods that are the key focus of UNFSS.

In the course of his elaborations, Mr. Hoffmann also named some key systemic challenges of VSS, such as, their multiplicity and lack of interoperability, their stringency, complexity and multi-dimensional character, and their potential misuse as anti-competitive instruments, among others. Despite these challenges, these standards represent a new meta-governance system for international supply chains largely outside WTO rules. He also detailed potential governmental roles in standard setting and policies to overcome capacity gaps, assure policy coherence and facilitate multi-stakeholder dialogue.

The added value of UNFSS would be that it is the only intergovernmental and multi-stakeholder forum that systematically conducts analytical, empirical and capacity-building activities in this field and deals with generic and strategic problems of VSS in a consistent and proactive way, without endorsing or legitimizing specific VSS. The UN Forum, which will meet annually, is in the center of the proposed UNFSS structure in addition to the Steering Committee consisting of the 5 partnering UN agencies. Feeding into the debate, there will be analysis of key issues, drawing on key partners both from governmental and non-governmental communities including academe. An Advisory Panel consisting of some 20 experts representing all key stakeholder groups has already been set up in the preparatory process and will provide guidance on the strategic orientation of the Forum.

Multi-stakeholder facilitated discussion¹: How to make voluntary sustainability standards work to achieve public sustainability goals?

¹ The high-level panel consisted of: Mr. Salvador Salacup, Assistant Secretary of Agriculture of the Philippines; Mr. Joakim Reiter, Ambassador and Permanent Representative of Sweden to the WTO; Mr. Xinhua SUN, First Secretary, Permanent Mission of China to the World Trade Organization; Ms. Karin Kreider, Executive Director, ISEAL Alliance; Mr. Franz Hölzl, Head of Sustainability Issues, SPAR supermarket; Mr. Bjarne Pedersen, Global Director, Consumers International and Mr. Musa Muwanga, CEO, National Organic Agricultural Movement of Uganda (NOGAMU) and was facilitated by Mr. Gunnar Rundgren, CEO, Grolink Consultancy.

In his introductory remarks, Mr. Rundgren stressed that VSS can be highly political in their nature since they aim at changing existing production and consumption patterns and they have in many cases become de facto mandatory market entry requirements. He noted that the rapid expansion of VSS was driven by market and consumer choice, coupled with the trend of government deregulation and the shift of accountability down the supply chain as well as the evolution of differentiation as a strategy in the context of global competition. The main questions that arise were whether higher prices and price premiums also work and finally benefit the producers and whether VSS can be efficient enough facing fundamental structures of the market and the economy and vested societal structures. It would also be important to investigate how VSS can contribute to local communities and landscapes since many of today's and future challenges occur at the community level, such as biodiversity and climate change.

Responding to a question from the moderator regarding the reason for making a regional standard, Mr. Salacup stated that the Philippines believes that country standards should aim at coherence with regional and international standards since this is an avenue to participate in global markets. Being asked about the relationship between VSS and international trade disciplines, Mr. Sun noted that the TBT and SPS committee have been discussing private standards on a regular basis since 2006 and some actions have been agreed on, however, there are divergent legal perspectives on whether VSS are covered by the TBT and SPS agreements. As to the role of UNFSS, Mr. Reiter stated that the forum should facilitate developing country exporters participation in VSS markets and in the development of international standards, close information gaps and apply a citizen-oriented and multi-stakeholder approach. Mr. Muwanga pointed out that developing country producers are more on the receiving side and that confusion at the production level should be avoided by providing as much information as possible. Turning to the consumers' side, Mr. Hölzl explained that while previously big suppliers have been preferred business has changed a lot in recent years and that supermarkets are now able to negotiate with more suppliers and respond to consumer demand for specialties and high quality products. Mr. Pedersen clarified that by definition consumer organizations help people navigate choice and make informed decisions, rather than providing policy support.

The discussion that followed centered on thematic areas such as the potential conflict between globalization and localization, the relevance of VSS for public policy goals and the role of governments in this regard, the role of certification bodies, the interplay of VSS with rules and regulations and government procurement policies. On internationalization vs. localization, Ms. Kreider noted that she does not see a conflict between the two. For standards – whether national or international - to be credible a multi-stakeholder process is needed, but international standards need to be made locally applicable. It was also expressed that this debate essentially goes back to the issue of individual vs. universal and that specific contexts and cultural differences need to be considered in the context of harmonization. On the role of governments, panelists agreed that there is a role for governments to develop enabling public policies on VSS, steer into a sustainable direction and that more government support in terms of training and capacity-building would be welcome; in particular niche projects should be supported. However, it was also stated that the relevance of VSS to public policy would depend to a large extent on the quality of the standard setting processes. Public procurement would be one area where governments can show leadership, but exclusion of certain producers should be avoided, e.g. by group certification processes. The role of certification bodies in promoting harmonization was seen ambiguously since on the one hand they can promote the harmonization of the often-complex management systems and mutual recognition between certification bodies, but on the other hand proliferation of standards means good business for them.

Afternoon session: Interactive discussions, presentations and working group sessions

During the first part of the afternoon session, which was chaired by Ms. Ann Tutwiler, Deputy Director-General, FAO, **a)** the nexus between regulatory and private standards, **b)** information needs and the latest ITC research paper on impacts, and **c)** VSS impact assessment were discussed in greater detail.

- a)** In her presentation Ms. Fanny Demassieux, Resource Efficiency Sub-programme Coordinator, UNEP, explained that the objective of UNEPs approach was to favor demand side decisions and consumption choices towards more resource efficient and environment friendly products. Governments can contribute to this objective by regulating standards and labels by consumer protection as well as setting sustainability objectives and government procurement policies would play an important role. In order to be an effective tool, VSS need to be applied in coordination with other supporting and enabling tools like national planning, regulation and incentives. When explaining the relationship between voluntary sustainability standards and green trade promotion she also referred to UNEPs green economy and trade opportunity project (www.unep.org/greeneconomy/).

Ms. Pilar Santacoloma, FAO, began her elaborations on dynamic interactions between public and private food standards with providing an overview of the current legal framework for public standards in WTO framework, i.e. TBT and SPS agreement, as well as of the drivers behind the rise in private food standards. In the course of her presentation she also explained the interaction between international guidelines and private voluntary standards, the importance of public investment and support for effective implementation and operability of private standards, and called for an inclusive approach towards voluntary standards by means of market demand, local actors priorities, public-private partnerships, strong producer organizations and physical infrastructure.

- b)** Mr. Joseph Wozniak from ITC presented its newest 4-part research paper on impacts, “Taking stock of the current research on the impacts of VSS”, among the main finding of which are: VSS can provide upgrading opportunities for producers; positive impacts have been found where dominant chain actors share the values promoted by standards; VSS increase costs and revenues, with disparate distribution along the value chain; producers tend to be better off financially when participating in VSS.
- c)** Against the background of many public commitments and signals from market leaders and the explosion in certification and market expansion of sustainably certified products, Daniele Giovannucci (CEO, Committee on Sustainability Assessment (COSA), www.thecosa.org) described the mission and work of COSA, which advances transparent and global measurement tools to understand, manage and accelerate real sustainability based on tangible science and real facts. COSA provides state of the art assessment, which is relevant for country conditions, credible, comparable and actionable for decision-making.

*Main results of the **working group discussions** (held in parallel sessions):*

- Working Group – 1 (WG 1): Decision-making processes and draft decision making tool. Introduced by Bill Vorley (International Institute for Environment and Development – IIED), facilitated by Pascal Liu (FAO);

- Working Group – 2 (WG 2): Capacity needs and needs assessment, Introduced by Chris Wunderlich (Coordinator-Sustainable Commodity Assistance Network, SCAN) and Bernardo Calzadilla Sarmiento, (UNIDO), facilitated by Anja von Moltke, UNEP;
- Working Group – 3 (WG 3): Harmonization and equivalence of Voluntary Sustainability Standards (VSS), Introduced by Diane Bowen (IFOAM); facilitated by Kristin Dypedokk (UNEP)

In **WG - 1** the discussion was on decision-making processes and an introduction on a draft decision-making tool was given, which was originally developed by TSPN (the Trade Standards Practitioners Network). It was stated that the document (TSPN guide) was a draft and was aimed at initiating the discussion. The main problem that was identified was the vertical sectoral approach of the government instead of a horizontal one, which would support the sector as a whole. The discussion led to posing various questions regarding the main target of the guide and the different needs of various stakeholders, which the guide could address in different modules or volumes. A decision tree was seen as a way to develop the guide into a decision support tool. A sense of urgency was discussed in making the tool available. The importance of the tool especially with reference to developing countries was discussed. There was an agreement that the UNFSS process has comparative advantage for developing the tool with the expert knowledge of five UN agencies.

In **WG-2** the discussion was on capacity needs and needs assessment for which two presentations were given: SCAN and UNIDO presentations with examples of needs assessment and capacity building initiatives followed by a discussion. The SCAN presentation focused on how VSS can be used to support sustainable development goals by being proactively addressed through collaboration and coordination and focusing on the production and supply chain level. A number of criteria that are essential for successful needs assessment were discussed: working within local structures and drawing on local capacities and utilizing a multi-stakeholder process, with public and private sector involvement. The importance of financial support to carry out the task was stressed. Therefore, it was agreed that the UNFSS should identify resources to assist countries (producers, exporters but also governments) to build capacity and adhere to sustainability standards. Generally there was a call for UNFSS to conduct needs assessment and promote capacity building with a view to providing specific support to target groups and stakeholders.

In **WG-3** the discussion was on harmonization and equivalence of VSS and was started by a presentation by IFOAM. The problem of multiplicity of standards was stressed and need for harmonization and equivalence among them was confirmed. Another important aspect, which was discussed, was the need for market access and reduction of transactions costs for producers, operators and consumers. However, as full harmonization is never possible it was agreed upon that work on interoperability of standards was needed, which is the ability of standard systems to work together. It was agreed that there is a need for clarity on the terminology used especially when standards can be used in different settings without necessarily needing certification. Finally, a demand for creating a UNFSS working group on enhancing interoperability, including harmonization and equivalence was put forward.

Day 2 - of the Conference started by Mr. Bernardo Calzadilla Sarmiento, UNIDO providing a short summary of the first day followed by a summary of the results from the working groups.

Afterwards there was a presentation and discussion of the draft of the first issue of the future UNFSS flagship report by Matthew Wenban-Smith. The focus was on the aspect that the report should be demand-driven, neutral, and informative. The report is expected to be annual and the first issue of the report will be published in the next few months. The first issue contained represented a mapping of the landscape of salient VSS issues and initiatives with a feedback from

the UNFSS AP and SC, which will be finalized by end of April. Some of the major issues in the report are VSS and UN declarations on Sustainability, VSS and international trade issues, different kinds of sustainability standards, life cycle analysis versus issue or sector specific standards, VSS and price premiums, measuring the contribution of VSS to sustainability goals, voluntary nature of standards, VSS and the role of governments, technical issues: conformity assessment, traceability and claims. It was followed by discussion and a question & answer round.

Afterwards there was a presentation and discussion of the Trade for Sustainable Development (T4SD) database (ITC, www.standardsmap.org/) which was facilitated by Joseph Wozniak (ITC). T4SD is an ITC programme which aimed at increasing transparency, easing access to information on VSS, improving capacity of developing countries' business communities and helping businesses make informed business decisions related to sustainable production and trade. The T4SD programme has four main activities: firstly, developing and maintaining the web-based standards map, an interacting online database, secondly development of an online self-assessment tool for SME producers and exporters interested to assess their capacity to meet standards requirements, a training and capacity building programme to complement the standards map and online self assessment and finally the research observatory, a research programme that will publish technical reviews on aspects of standards.

Thereafter, a presentation was given on the main results of the Beijing and Bangkok briefing sessions by Frank Grothaus, UNFSS support team and Chusak Chuenprayoth, THAIGAP Institute, Board of Trade of Thailand.

2. Summary of UNFSS Launching Conference Recommendations on priority issues and UNFSS next steps

It was followed by the presentation of the activities recommended by the UNFSS Advisory Panel (AP) and the draft UNFSS work plan, introduced by Carlos Perez del Castillo. The UNFSS Advisory Panel consists of government, private sector, producer, civil society and academic representatives. Members were identified by the UNFSS steering committee and asked to provide information and guidance to the development and implementation of the UNFSS. In June 2012, the first AP meeting was held in Geneva that focused on developing recommendations on what issues related to VSS the UNFSS should address. This AP meeting led to the following recommendations on priority themes:

(i) Relationship between governmental standards and VSS; (ii) impact assessment; (iii) provision of independent, credible information; (iv) key commodity and product groups - initial focus on agri-food sector; (v) key thematic clusters: technical support for SMEs particularly in LDCs; harmonization and equivalence of VSS; and facilitation of co-operation between standard schemes.

In the two days of the conference debate many of these issues were addressed, some of them at quite some breadth and depth. Regarding the nexus between private and public standards, the AP recommends that given the critical importance of this issue it should move to center stage in future UNFSS meetings and the flagship report. With regard to impact assessment, it was agreed that UNFSS should not conduct its own impact assessment, but rather provide a forum for existing VSS impact assessment programs and initiatives to assess their credibility and help interpret and disseminate their findings. Regarding the thematic clusters, the AP recommended that capacity-building programs should be expanded that focus on developing local capacity to support sustainable development processes, and not merely focus on standard compliance. The example of harmonization and equivalence in organic standards has shown the potential to lower transaction costs and increase efficiency.

Thereafter, it was stressed that these were only recommendations of the AP and the floor was opened to the audience for discussion and suggestions on priority issues. The following remarks were made:

(i) There should be a focus on neutrality of the Forum; (ii) technicalities are not the main problem but governance and organization structure for sustainability progress; (iii) country briefings are good but difficult and could be complemented by using existing international structures with global reach; (iv) agriculture is a good initial focus area, but the forum should also look at non-food sectors; (v) the important missing link is non-participation of big companies which are actually doing trade; (vi) there is a need for a proper scientific underlay; (vii) UNFSS should come up with a tool on type of standards to be leveraged; (viii) UNFSS should identify the role governments should play to avoid WTO disputes; (ix) there is a need for more involvement of African countries and a strong presence of the private sector.

In the end, the conference recommended the following priority activities:

- Support of existing VSS impact assessment programs, with the UNFSS functioning to assess their credibility and help interpret and disseminate their findings.
- The provision of credible and independent information on VSS costs, benefits and challenges, linked to the ITC data base on Trade for Sustainable Development.
- Capacity-building for small and medium-sized enterprises producing goods that are aiming for VSS certification.
- Interest in further developing decision-making tools and adapting them to national/regional needs and validating them through national/regional workshops.
- Further develop the flagship report based on the priority areas, with the nexus between public and private standards being a key priority topic (it was also endorsed to issue a series of UNFSS Newsletters and launch a UNFSS Discussion Papers series).
- Enhancing interoperability of VSS, including their harmonization and equivalence.
- Facilitating co-operation among, and providing guidance to, emerging standards initiatives to enhance their credibility, with a focus on real sustainable development

In addition, delegates and participants recommended the creation of working groups to allow sufficient breadth and depth for analytical, information-exchange and capacity-building activities related to VSS.

Finally, Mr. Ulrich Hoffmann, UNFSS coordinator at UNCTAD presented a summary and next steps. He said that the Steering Committee would discuss the conference debate and recommendations and build a work program on the basis of the points suggested. He also emphasized the importance of the forthcoming regional and national briefing sessions in Central America (Panama), West Africa (Cameroon) and East Africa (Kenya). Finally, Mr. Hoffmann encouraged all participants to stay in touch between annual forum meetings