

When and how do voluntary sustainability standards work?

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What is the International Trade Centre – ITC ?



UNCTAD

The UN body for design of policy recommendations to achieve economic and social development through trade and investment.



WTO OMC

The forum to negotiate multilateral trade rules, monitor their implementation and handle trade disputes



ITC works with local and regional institutions and business stakeholders to build trade capacity.

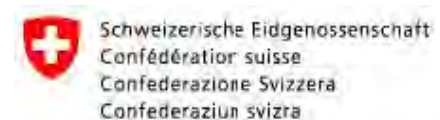
ITC mission

“ITC, as an agency of the United Nations, enables business export success globally by providing, with partners, trade development solutions to the private sector, trade support institutions and policy-makers”

What is Trade for Sustainable Development?

- A **partnership-based** effort to provide **access to comprehensive information** on private voluntary standards & increase opportunities for **sustainable production and trade**.

Who are our partners?



... as well as **95** participating standards initiatives (as of September 2012).



Standards Map: @ the Crossroads of Sustainability



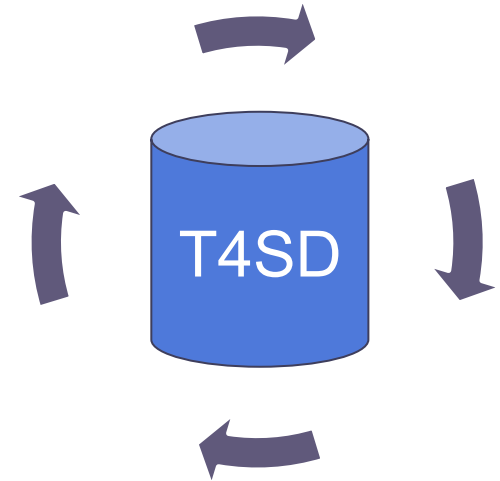
An online database of the ITC offering information on over 75 standards, codes of conduct and audit protocols addressing Responsible Sourcing and Sustainability in Supply Chains applicable to 80 sectors and 200 countries.



Data Quality Protocols

Neutrality, credibility & confidentiality

1. Information is entered in T4SD Global Database by ITC staff;
2. External experts are mandated by ITC to quality control the information;
3. Each standard organization gets an access to the database to review the data;
4. Final discussions and sign-off on the data.



Ownership, update & maintenance

- ✓ T4SD operates as a **central repository of information**, the data is owned by each standard and can be modified – corrected – updated at any time;
- ✓ Quarterly updates of information in T4SD database;
- ✓ Yearly full review of the information in T4SD database.

StandardsMap: Online Comparison Tool

www.standardsmap.org



STANDARDS MAP

COMPARATIVE ANALYSIS AND REVIEW OF VOLUNTARY STANDARDS

STANDARDS MAP

ABOUT

STANDARDS
OVERVIEW

DATA AVAILABILITY

TRAINING AND
SERVICES

PUBLICATIONS

ITC MARKET
ANALYSIS TOOLS

CONDITION OF USE

CONTACT



Standards Map provides users with information enabling them to analyse and compare information on more than 70 voluntary standards operating in over 200 countries, and certifying products and services in more than 80 economic sectors.

Through an intuitive and user-friendly search process, users can review and compare standards across common themes and criteria. Standards Map also includes additional reference material to increase awareness and knowledge of voluntary standards, including quick-fact sheets for each of the standards referenced to and links to more than 250 academic studies, dissertations and research papers.

Analyze and compare over 70 private standards operating in more than 200 target markets, certifying products and services in over 60 economic sectors



Cuba, 7/1/2012 Sustainable Brands Workshop, September 2012

SEARCH THIS SITE

GO

STANDARDS MAP

ACCESS
THE STANDARDS
MAP TOOL
HERE >>

VIDEO SHORT DEMO



Play video

MARKET ANALYSIS TOOLS

TRADE MAP

MARKET ACCESS MAP - NEW

INVESTMENT MAP

TRADE COMPETITIVENESS MAP

PUBLICATIONS

StandardsMap: Online Comparison Tool

www.standardsmap.org

STEP 1. Select search parameters:

STEP 1

STEP 2

STEP 3

STEP 4

Select a search method

Search by Product/Country

Search by Standards

Search by Theme

Identify standards that...

- are currently operational in...
- are applicable to...
- are relevant to (importing/wholesaling/retailing/etc) markets in...

...a country / region

Africa

...and / or that cover the following sector or product

Flowers

[Click here to review the list of products/services which can be queried](#)

NEXT STEP

STEP 2. Review standards, research papers and generate maps:

STEP 3. Refine search:

STEP 4. View results:

VOLUNTARY STANDARDS RESEARCH



Do voluntary standards work?

**Do they achieve impact?
At what cost?**

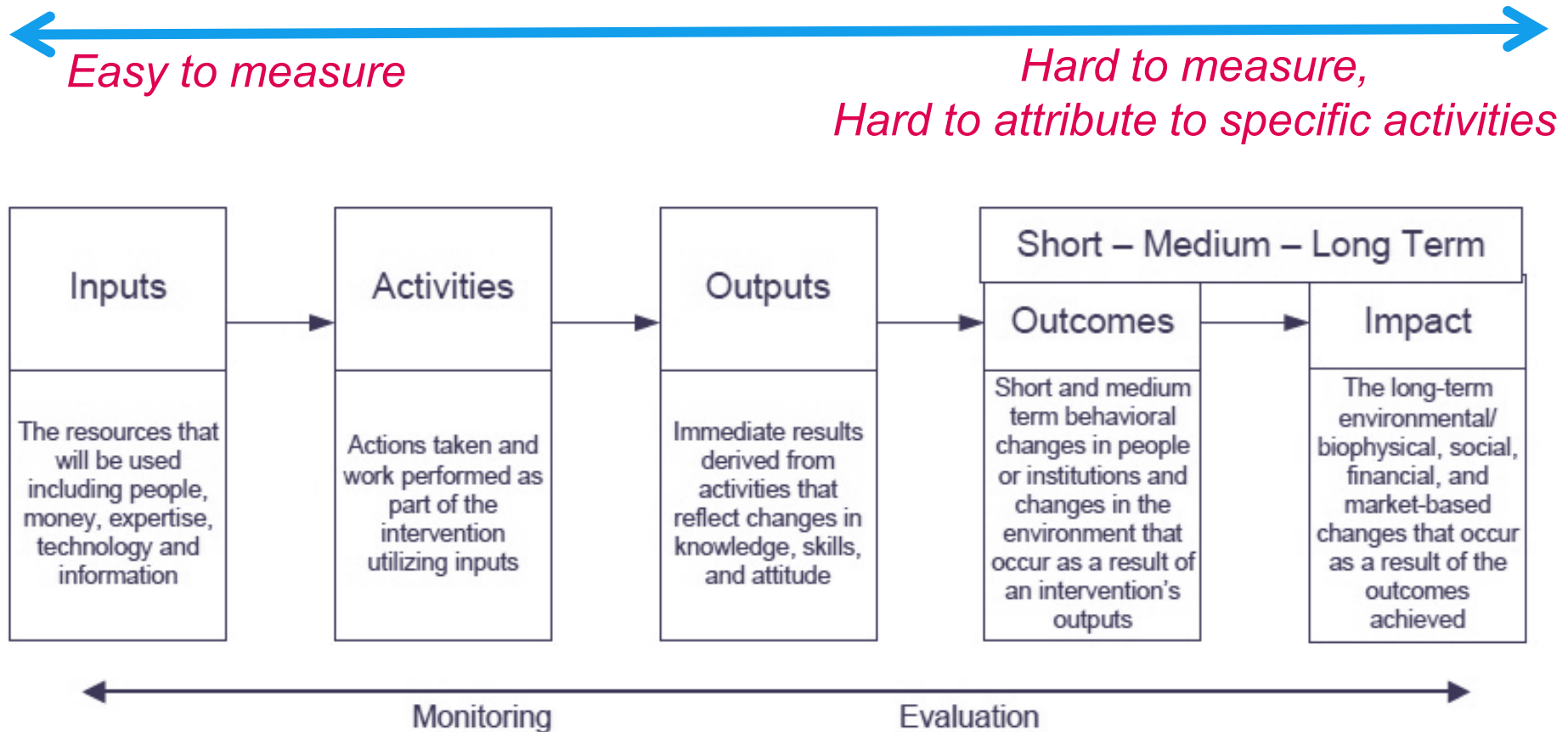
Regulation or voluntary standards?

When and how do voluntary standards work best?

- Systematic Literature Review:
 - ‘A replicable scientific and transparent process which aims to minimize bias through exhaustive literature search of published and unpublished material, providing an audit trail of the reviewer’s decisions, procedures and conclusions’ (Cook, Mulrow and Haynes 1997).
- A total of 217 documents reviewed in four parts:
 - Impacts of voluntary standards on value chains
 - Impacts of voluntary standards on producers
 - The interplay of public/regulatory and voluntary standards
 - When and how do voluntary standards work?



Do voluntary standards work? Assessing their impact

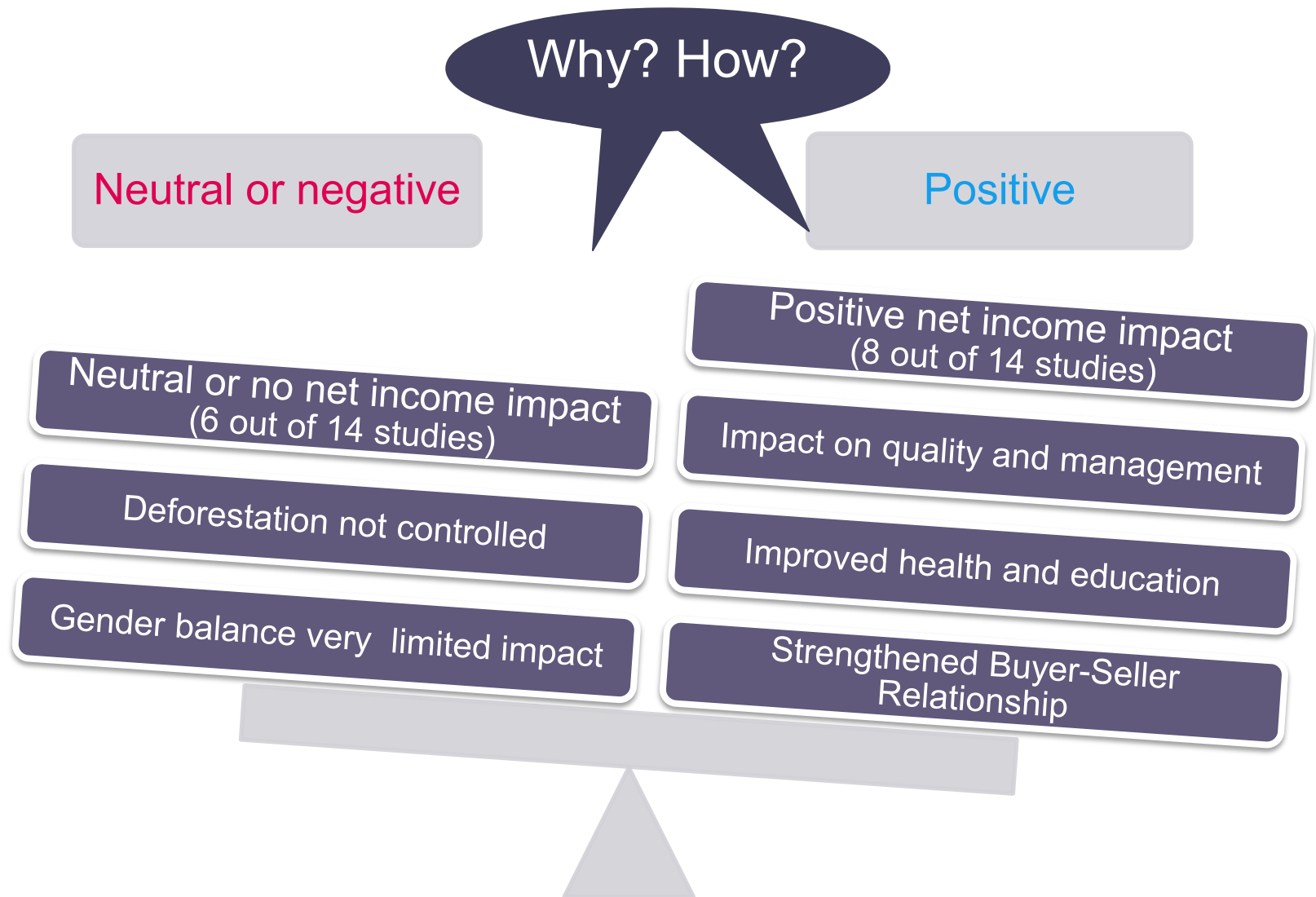


Source: ISEAL, Evaluation Approaches: How it Is Being Measured, 2008

Research on this field

- Significant expansion of research on voluntary standards and on impact assessment
- However, still many limitations:
 - Limiting data collection and analysis methods:
 - Majority of studies based on case study approach.
 - Minority of studies establish counterfactuals allowing for establishment of causal relationships.
 - Wide disparity in coverage with over-representation of:
 - Crops: Coffee, Cocoa, Bananas,
 - Certifications: Fairtrade, Organic,
 - Aspects: Economic
 - Regions: Latin America
 - Limited theory building work
 - Lack of theoretical underpinnings.
 - No theoretical framing of results.

Impact: Voluntary standards effects in developing countries

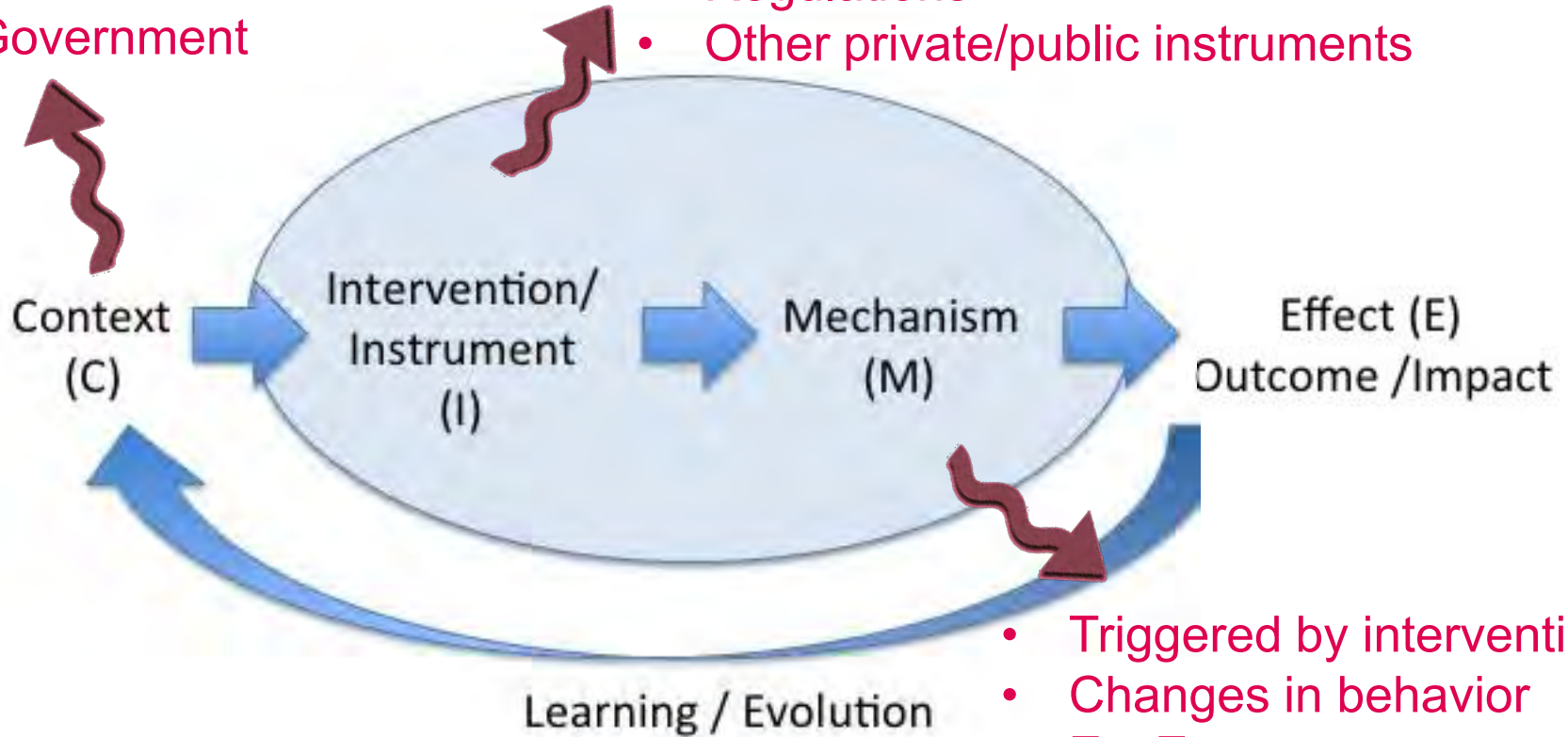


Source: Alvarez and Von Hagen, Impact of voluntary standards on producers in developing countries, International Trade Centre, 2011

A systemic view: The CIME Framework

- Natural factors
- Institutional conditions
- Government

- Voluntary standards
- Regulations
- Other private/public instruments



- Triggered by interventions
- Changes in behavior
- Ex. Empowerment, relationships, etc.

Source: Adapted from Pawson, 2006 and Denyer et al., 2008

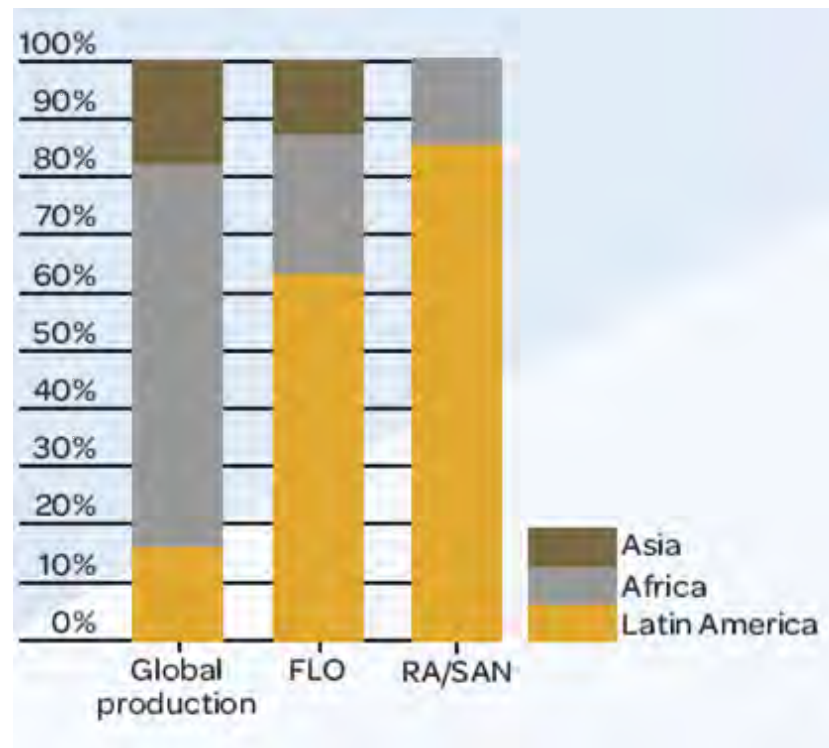
- Adoption of voluntary standards is favored in certain contexts:
 - High traceability requirements
 - Extractive businesses
 - Commodities are identifiable in end products
 - Shorter supply chains with fewer actors
 - Activist action



GREENPEACE

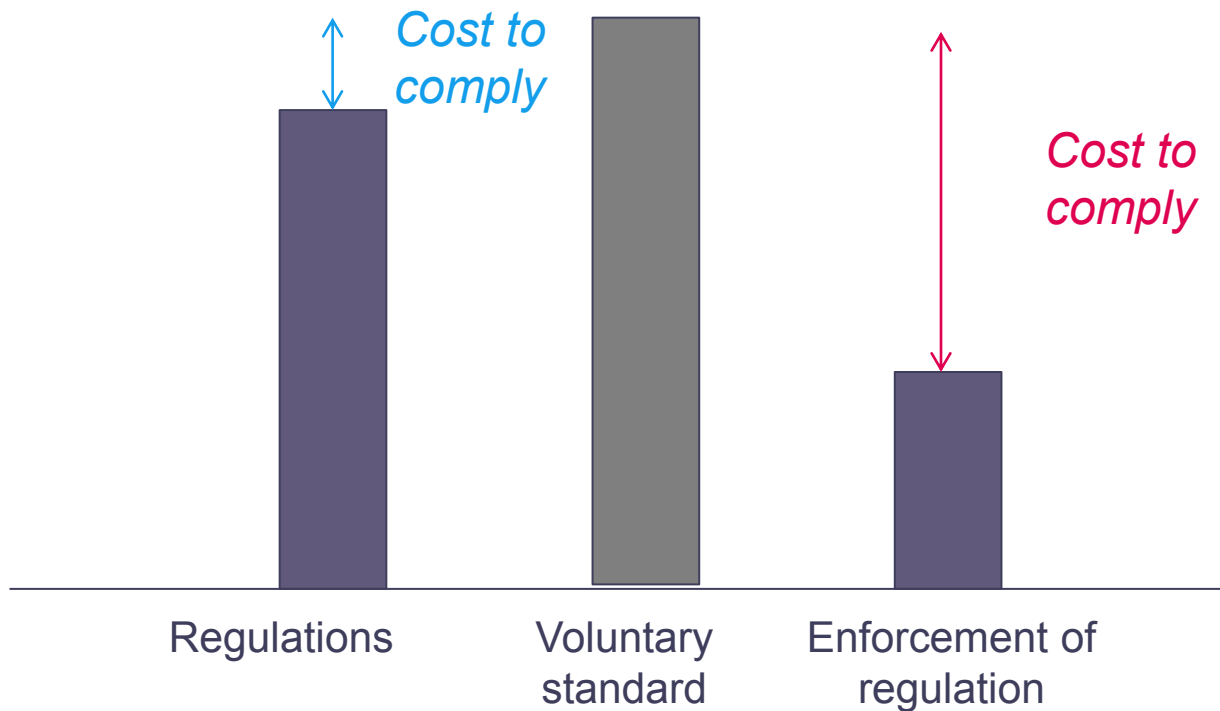
- Positive impact of standards associated with higher levels of producer and institutional preparedness (selection bias)

Cocoa production and certification



Source: State of Sustainability Initiatives, 2009

- Regulatory framework as an enhancer or deterrent of voluntary standards:
 - Property rights
 - Clear rules of engagement
 - Enforcement of regulations (cost to comply)



- Standards need to be recognized as 'legitimate' by relevant stakeholders:
 - Inclusiveness and transparency, congruence, Balance between global scope and adaptation to local conditions, effectiveness, science supporting it



- Implementation of voluntary standards is enhanced when clear and visible incentive for their adoption exist, at least in the short term.



Instruments: The interplay of voluntary and regulatory standards

- Voluntary standards often fill the gap where governments do not implement/enforce existing regulatory standards.
- Potential regulatory action can also act as a stimulus for more aggressive voluntary standards development
- Disconnected voluntary and regulatory standards create inefficiencies that can result in duplication of compliance costs, auditing and bureaucracy.
- Voluntary standards perceived as legitimate by policymakers can influence regulatory action and harmonization among public and private spheres.



Mechanisms: Making it all work

- Positive impacts of voluntary standards appear to be mediated by the generation of mechanisms:
 - Enhanced buyer-seller relationship
 - Producer's increased credibility or self-assurance
 - Empowerment
 - Cross-institution relationships

Mechanisms: The role of the buyer

- The role of buyer is critical in determining the effect for producers and environment:

Ex. Rooibos Tea in South Africa

Market driven



Conventional sourcing strategy from fairtrade certified farms and cooperatives



- Limited medium term impact



Mission driven



Buyer involvement and network partnerships including technical support



- Upgraded facilities
- Value added /captured in source
- Empowerment

Summary: Ten things we have learned on voluntary standards

- 1) Voluntary standards can result in positive effects at the producer and at the supply chain level.
- 2) The effects of standards need to be analysed in its broader context conditions, instruments and mechanisms
- 3) Adoption of voluntary standards is favoured in contexts where the product has high traceability requirements, in extractive businesses, when commodity is identifiable in end products.
- 4) Voluntary standards tend to be more viable in contexts with higher levels of 'preparedness'.
- 5) Voluntary standards need to be recognized as 'legitimate' by key stakeholders, both in terms of inputs as well as outputs.
- 6) Successful implementation of voluntary standards requires a balance between global scope and adaptation to local conditions.
- 7) The implementation of voluntary standards is enhanced when clear and visible incentives for their adoption exist, at least in the short term.
- 8) The role of the buyer is critical in determining the outcomes for producers, with positive impacts often being associated with mission-driven buyers.
- 9) Positive effects for producers participating in voluntary standards are mediated by generation of mechanisms such as empowerment, buyer-seller relationships and increased credibility.
- 10) There is a need to take a more systemic view of voluntary standards, assessing the factors that influence their effectiveness at a single point in time as well as over time.

Thank you!

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