
South-South and Triangular Knowledge Cooperation on Sustainability Standards



*Thomas Fues**



*Sven Grimm***

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Voluntary sustainability standards (VSS) are exerting a growing influence on domestic markets and global value chains. Three main factors drive the evolution of product-specific labels and certification schemes. First, more affluent consumers – be that in advanced economies or among the expanding middle-class in developing and middle-income countries – increasingly look out for “clean” or “green” goods and services, which meet certain social, labour, environmental and health criteria (Pande, 2017). Second, the corporate sector has discovered the value of VSS for supply chain management, competitive advantage and reputational protection. Finally, responding to societal concerns and political targets, not least so with regard to implementing the Agenda 2030, public procurement in South and North has begun to incorporate sustainability considerations.

This text addresses the burgeoning interest of the South in voluntary or, as some say, private sustainability standards. It highlights multi-stakeholder efforts to establish national VSS platforms, assisted by the United Nations Forum on Sustainability Standards (UNFSS). South-South and triangular knowledge cooperation within the Managing Global Governance (MGG)¹ Network has played an important role in facilitating such progress. In conclusion, we discuss challenges for VSS at the national and the international level and formulate appropriate policy responses.

Shift of attitudes in the South

The rapid growth of VSS has created a veritable standards jungle where consumers, producers, traders and public authorities have great difficulties in orienting themselves. Globally, there are more than 500 product labels promising sustainability, thereby also seeking

* Former researcher and head of department for MGG Program at German Development Institute, Bonn, Germany.

** Co-Chair of Inter- and transnational cooperation at German Development Institute, Bonn, Germany.

to distinguish themselves from competing products. The assessment of their impact and the comparability of schemes are impaired by a lack of transparency and incomplete empirical evidence (ISEAL, 2018). Sustainability claims of individual companies which are not backed up by independent third-party verification add further layers of complexity to the puzzle. In this discussion, we find differing perspectives between the Global South and North. Historically, Southern countries have rejected voluntary/private standards conceived in the North as protectionist tools, which act as barriers to trade. Observers point also to the discriminatory effects of VSS on micro, small and medium-sized enterprises (MSMEs) which play a dominant role in less industrialised economies (Sommer, 2017).

The sceptical, often outright hostile, attitudes in the South have, of late, given way to more nuanced perspectives and we can observe convergence on some points. Southern countries, and particularly rising powers, now want to participate in shaping VSS according to their development needs. The paradigm shift can be understood as a countermeasure to the unfettered liberalisation of world trade, which has led to unfair and harmful social and ecological competition. From this point of view, VSS are not seen through the lens of individual enterprises and their supply chains, but rather as policy instruments which should serve the societal objectives of macro-economic transformation. Evidence for the fundamental change of opinion in the South can be identified in the setting up of multi-stakeholder forums, which are meant ensure that VSS align with national priorities while achieving sustainability outcomes. A remarkable

aspect in all cases is the active involvement of public authorities. This underlines the pragmatic trend towards hybrid forms of co-regulation, moving beyond the unproductive polarisation between private and regulatory concepts (UNFSS, 2015).

In a short period of time, from March 2016 to June 2017, the heavyweights in the South, viz. India, Brazil and China, established national VSS platforms built on multi-stakeholder principles. These are mandated to function as clearing house for information exchange, analytical work, collaborative action and policy advice. Since March 2016, the Quality Council of India (QCI), a joint institution of the Ministry of Commerce and Trade and three industry federations, acts as secretariat for the national platform. In May 2017, the Brazilian Institute of Metrology, Quality and Technology (INMETRO), which is part of the Ministry of Industry and Foreign Trade, was charged with such task. The official Standardization Administration of China (SAC) and the multi-stakeholder China Association for Standardization (CAS) work in tandem to coordinate their country's platform established in June 2017. In Mexico, the Ministry of Economy initiated the preparatory process for a VSS platform by hosting an international conference in December 2017. And two other rising powers of the South are planning similar steps: BSN, the standardization agency of Indonesia, and the South African Bureau of Standards (SABS) are presently exploring the possibility of establishing similar forums. In other developing countries, stakeholders are also engaging with VSS: In Laos, Vanuatu and the Philippines, the UN Conference on Trade and Development (UNCTAD) is implementing a project that

aims at strengthening domestic capacities to make the best use out of VSS for agricultural exports, eventually leading to national multi-stakeholder platforms.

South-South and triangular interaction

In recent years, VSS platforms, national standards bodies and other stakeholders from the countries mentioned have engaged in extensive exchanges. International participation has turned the launch of platforms into opportunities for broad-based South-South and triangular interaction, including non-state transnational engagement. Without this, the events would have been national formats conducted in the local language. Transnational knowledge cooperation on VSS has added value by facilitating joint learning and innovation. For example, the Indian standards for yoga, medicinal herbs and traditional healers (QCI, 2018) have met with interest by partners from other countries. Similarly, the partnership between QCI and the African Organisation for Standardisation (ARSO) has attracted the attention of peers. In these various types of cooperation, triangular cooperation can also provide useful avenues for mutual support and collective action. A widely recognised example is the partnership of INMETRO, the secretariat of Brazil's VSS platform, with the National Metrology Institute of Germany (PTB). They have joined hands in capacity building for Mozambique's Institute for Quality Standardization. In another programme, QCI collaborates with PTB and the South Asian Association for Regional Cooperation (SAARC) to hone accreditation facilities in the region. Triangular knowledge cooperation on VSS between Southern countries, international

organizations and German actors plays an important role in the MGG Network coordinated by the German Development Institute (DIE).

The rapid evolution of pro-active engagement with sustainability standards in the South to a large extent, depended on the support from the United Nations system. In 2012, five UN agencies, the Food and Agriculture Organization (FAO), the International Trade Centre, UNCTAD, UN Environment and UNIDO, the UN Industrial Development Organization, launched UNFSS to coordinate their activities and to provide support to interested governments and non-state stakeholders. UNFSS facilitates exchange of experiences, analytical studies, networking and training and plays an important role in the formation of national VSS platforms.

Conclusions and way forward

The ever-growing diversity, overlap and duplication of VSS, sometimes openly competing with each other, represent significant problems for all stakeholders. A still growing standards jungle is likely to undermine credibility amongst consumers for all labels, if there is no framework to ensure trustworthiness of standards. Further proliferation of standards can be expected, for example, in addressing urgent environmental concerns like carbon and water footprints and social dimensions such as decent work and human rights or ethical aspects such as animal welfare in husbandry. Southern governments and VSS platforms are thus confronted with a triple challenge. First, they need to prepare their economies for increasing requirements in foreign countries through targeted industrial policies as well as improvement in quality

infrastructure and accreditation systems. Second, they are called upon to align the use of VSS in domestic markets with national priorities by adaptation to local conditions and regulatory oversight. In separate developments, China and India, are presently exploring formal endorsement procedures for VSS, ensuring a 'standard for standards'. This would imply the definition of macro-economic criteria which could be used in assessing existing and new VSS frameworks. Once put in place, public recognition of a particular scheme - for example relating to support of MSMEs and procurement - could be made conditional on meeting such stipulations.

Third, Southern actors need to strengthen collective agency in international standard-setting processes in order to safeguard their interests against advanced economies and foreign multinational corporations (Sreenivasan, 2018). This implies that they should collaborate in addressing global governance gaps for VSS. There exists no multilateral organisation or mechanism which could guide the evolution of such standards across borders, ensuring a transparent and fair process, providing legitimacy and lowering transaction costs. Since the World Trade Organization (WTO) treats VSS as private schemes, it considers them outside of its remit. The UN system, through UNFSS, plays a supportive role but has neither the authority nor adequate resources to shape the VSS architecture for the global common good. It seems advisable to find an authoritative institutional solution responsible for the meta-governance of sustainability standards, concerning, for example, normative features and principles for the allocation of rights and obligations as well as multi-stakeholder relations. At the

operational level, specialized multilateral institutions should determine the technical details of individual standards. In the case of agricultural, forestry and seafood products this would, of course, be the FAO. The organs of UNFCCC, the climate convention, could oversee the evolution of metrics measuring the carbon content of products and services.

Future international work on VSS can be built on a remarkable consensus of G 20 leaders at the 2017 Hamburg Summit where they declared: "In order to achieve sustainable and inclusive supply chains, we commit to fostering the implementation of labour, social and environmental standards and human rights in line with internationally recognised frameworks". However, transformative change has to move beyond purely voluntary approaches and has to establish a comprehensive regulatory framework at the global level. In a policy brief produced during the German G20 presidency, the Think20 Task Force on Trade and Investment called for a 'Global Pact for Sustainable Trade', which would set binding minimum standards for environmental protection as well as for labour conditions and protection of human rights (T20, 2017). Transnational knowledge cooperation needs to play a proactive role in transformative change by providing conceptual and policy frameworks for concrete steps in this direction.

Endnote

¹ Managing Global Governance (MGG) provides an innovative platform for training, knowledge cooperation and policy dialogue of government and non-governmental actors from significant rising powers and Germany / Europe. The MGG Programme is financed by the Federal Ministry for Economic Cooperation and Development (BMZ) that has given the mandate to the DIE to run the programme. The Training Department (as part of DIE's research programme "Inter- and transnational cooperation with the Global South") is responsible for the implementation of the

Programme.

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10 AFRICAN NATIONS FACE \$1 TRILLION INFRASTRUCTURE FUNDING GAP

A group of 10 African nations, including some of the continent's rising economic stars, will fall \$1 trillion short of the infrastructure financing required to meet U.N. development goals by 2040, a study released recently found.

The report by the Global Infrastructure Hub (GIH) of the G20 exposes the challenges facing one of the world's least developed regions. But it also highlights the opportunities for investors willing to take the plunge. "Africa is a fascinating continent for investors," GIH Chief Executive Chris Heathcote told Reuters. The GIH report focuses on Morocco, Ethiopia, Ivory Coast, Senegal, Egypt, Ghana, Tunisia, Benin, Guinea and Rwanda - all participants in the G20's 'Compact with Africa' initiative, which aims to channel investment to the continent.

To keep pace with success stories such as Vietnam in terms of developing roads, railways, airports, sea ports, electricity, water and physical telecommunications infrastructure these nations will require investments of \$2 trillion through 2040. Meeting the U.N. Sustainable Development Goals, which call for universal access to power and water by 2030, would require \$383 billion in additional investment, the study found, bringing the total to around \$2.4 trillion. If they maintain their current average investment level of 4.9 percent of gross domestic product, that would leave the 10 countries with a 42 percent funding gap to fill.

Source: <http://www.newtimes.co.rw/business/10-african-nations-face-1-trillion-infrastructure-funding-gap>