Standards and Sustainability

Standards are intended to facilitate industrial development, technology transfer and trade by providing harmonized requirements that can be used by producers and buyers in their commercial relations, as well as tools for implementing regulations.

Since the UN Brundtland Commission Report in 1987 which provided a formal definition for sustainable development, the inter-related challenges of sustainability have become burning issues on the world agenda.

Accompanying the rise of the sustainability concerns, the last two decades have seen an important shift in the purpose of standardization. While, until then, standards concerned purely technical matters and were developed by a relatively small set of organizations, public concerns over health, safety, the environment and social issues have stimulated the development of initiatives using a growing array of standards and associated conformity assessment systems to promote certain societal objectives.
Role of Industry

The ‘user-pays’ principle and the legal liability placed on businesses to supply products that comply with increasing health and safety regulations, have instigated a response from large multinationals and especially big retailers towards setting stricter standards within their value chains.

The dynamics of these developments are probably no more apparent than in agro-product value chains. Good agricultural practices (e.g. GlobalGAP, ISO 22006) and food safety management and requirements in food processing and supply chains (e.g. Codex HACCP, GFSI, BRC, ISO 22000) as well as standards on packaging and labelling have been developed in response to these complex dynamics.
Voluntary Social and Ecological Sustainability Standards

**Labour rights**: includes health and safety measures for workers and their rights (often based on the ILO Convention)

**Fair Trade**: goes further in the social dimension than labour rights in this that it requires above than market prices for products, as well as some developmental aspects.

**Environmental management**: includes the management of wastes and the use of noxious substances/chemicals, for the environment and/or for users. More complex issues such as biodiversity conservation and sustainable use are often not included.

**Organic production**: goes one step further than environmental requirements in that it excludes all chemicals and GMOs in the raw material. While basically an environmental issue, organic can also concern health and safety for users. Consumers often buy organic product, not because of a lesser stress on the environment, but because they deem the products safer to eat (or wear in the case of cotton).

**Sustainable development**: combines environmental, socio and economic aspects. Covers labour rights, health and safety, the conservation and sustainable use of biodiversity and the local development of local populations.
**Energy efficiency:** Equipment energy efficiency standards and labeling schemes date back to at least the 1960s when France first applied a refrigerator efficiency standard, and became more popular after the first and second energy crises in the 1970s with the United States, Russia and Canada developing regulations for some goods. Today almost all major developed countries and many developing countries have some product based energy efficiency standards. Developing a management system based energy efficiency standard is, however, a more recent initiative supported by UNIDO.

**Carbon footprint:** In addition to standards and labeling schemes that relate only to the characteristics of the end products, such as their energy efficiency, governments, the private sector and NGOs are elaborating a variety of standards, labels and certification programs that look at the entire life-cycle or carbon footprint of a product. (e.g “food miles” concept introduced by several retailers like Tesco)

**Water footprint:** In July 2006, Australia put into effect one of the first national water efficiency labeling schemes (WELS Scheme) which requires certain water-using products to be labeled for water efficiency. Alliance for Water Stewardship has also been working to establish globally recognized standards.
Voluntary Standards in value added products

Value added products, require appropriate conformity assessment procedures to be followed in the whole chain of custody. Due to the growing scope and complexity of products that are covered by sustainability standards (paper or furniture produced from sustainably managed forest products, bio-textiles organic cotton, or ‘natural’ cosmetics etc.), all actors in the value chain face increasing conformity assessment costs to varying extent.

There are two particular concerns for developing countries in this respect:

i. The weaknesses in the national capacity for conformity assessment

ii. Not all VSS schemes follow best practices- leaving many developing countries voiceless in the process.
Impacts

- The available evaluations of voluntary sustainability standards show that these environmental and social standards have potentially positive impacts in terms of increased productivity, rising incomes, reduced ecological impacts and better living conditions.
- These evaluations also point out that there are too few producers - especially in developing world - benefiting from such positive impacts.
- Not much reliable and comprehensive data exists to quantify gains at the bottom line of companies (especially SMEs) due to better resource management and input cost reduction, environmental standards seem to produce noticeable long term gains also in terms of quality, profitability and competitiveness.
- On social standards, it can be observed that implementation of these results in greater staff retention and better working conditions that result in higher productivity.
- EMS (such as ISO 14000) establish closer linkage between business practices and core industry values of cost reduction, increased productivity, environmental compliance and global competitiveness.
Trends

Dynamic relationship between technical regulations and private standards

Many standards in the area of consumer health and safety have evolved into legislation. On the other hand, many legislative requirements have translated into stricter private requirements (that can be illustrated by the organic products labeling).

Transparency and traceability across the value chain

Higher transparency within the value chain and traceability of products – the pressure to comply with private standards is transmitted down the value chain.

Harmonization and benchmarking

Clearly, buyers and producers are faced with many overlapping but nonaligned standards. According to some estimates, more than 1,000 codes of conduct and management systems exist. This results in increased management costs and complexity for all stakeholders, including buyers, certification companies and, of course, suppliers.
CSR and Responsible Competitiveness – UNIDO approaches

- **Supplier Development Programme**: as business and supply chain linkages in the agro-processing and automotive industries are more and more characterized by clear and comprehensive buyer requirements (quality, price, reliability, flexibility, traceability, environmental and social criteria, etc.), SME and institutional support has to be built to develop and sustain broad-based supplier capabilities.

- **Private Standards Programme**: in recognition of the growing importance of private standards for developing country producers who would like to engage in or strengthen business relationships with global retailers, UNIDO facilitates promotes a more strategic and proactive engagement of SMEs with such standards through training, analytical and advocacy work.
The Guide was launched in cooperation with CBI on 25 October 2010 in English, French and Spanish.

www.unido.org/privatestandards

The Guide has reached a wide audience, where the direct views of the accompanying video and the website has reached over 4000 hits in the last 7 months.

Various language versions (Chinese, Arabic, Vietnamese) developed and launched through cost-sharing with local exporters associations.

Making Private Standards Work for You
A guide to private standards in the garments, footwear and furniture sectors
Next phase of the private standards programme

- Development of a learning package (e-learning course plus coaching programmes)
- Implementation in partner countries through ongoing assistance projects, BSOs and training of coaches
- Follow-up research activities, to follow companies that take part in the programme through the implementation process to collect data on actual impacts in terms of social, environmental and economic indicators
Conclusion

There is little questioning of the growing importance of voluntary sustainability standards for development and trade.

The key challenge remains to ensure effective participation of developing countries and their access to the benefits arising from new opportunities in view of the multiple constraints.
Thank you!

For questions and comments:
Müge Dolun
Industrial Development Officer
Trade Capacity Building Branch
UNIDO
E-mail: U.Dolun@unido.org
Tel: +43 1 26026 3035
Website: http://www.unido.org/privatestandards