

Launching Workshop

Brazilian Platform on Voluntary Sustainability Standards

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**What is the Perspective and Role of
Developing Country Governments to Make
VSS Work for True Sustainable Development and Trade?**

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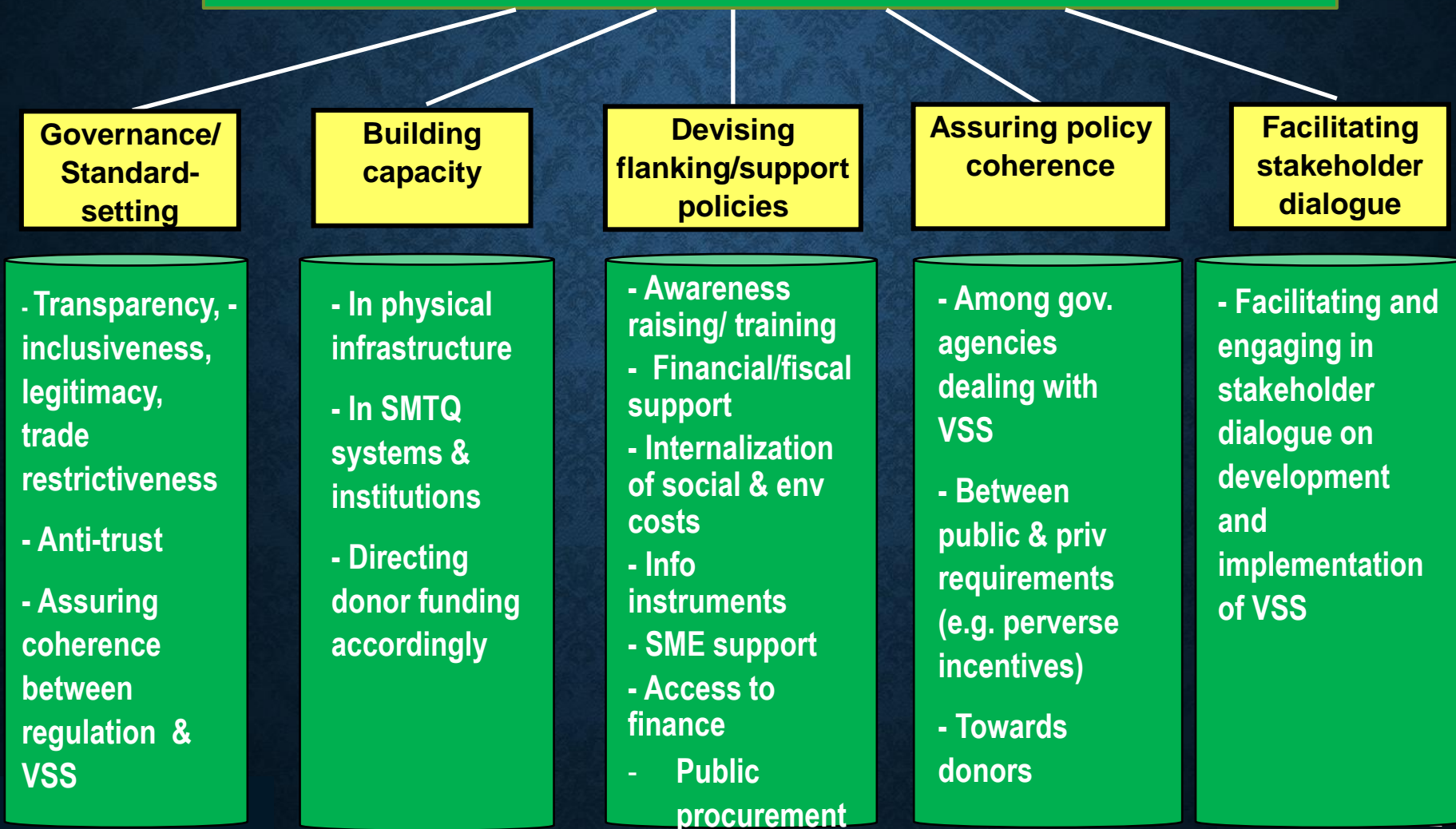
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Pro-active Role of Governments: Developing a Framework

Surveillance, Supportive and Facilitating Role



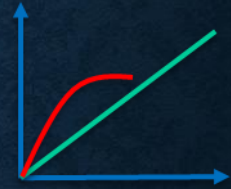
Attention!

Do not confuse business and development perspective

- VSS are subject to and respond to market forces: this has strengths (e.g. efficient allocation and use of resources, better quality, structural change), but also some key weaknesses (VSS on their own cannot correct & are subject to the very forces of the imperfect market that lead to environmental degradation in the first place).
- As a result, the underlying theory of change of VSS is about finding producers that become standard-compliant at the lowest cost.
- Government needs to intervene to support the strengths and limit the weaknesses (this includes policies of structural change, but also support to SMEs/smallholders and measures that limit the “treadmill effect”).

Key Task: Turn VSS into Game Changers (i.e. transformational change under the SDGs)

- Although VSS are undoubtedly a step in the right direction, without pro-active government policies, VSS are unlikely to be a game changer for mainstreaming sustainability markets, because:
 - Treadmill effect: cost/productivity pressure – shift to producers that comply with VSS at lowest cost (Question: 10 to 90)
 - Absence of internalization of a large part of true social and environmental costs for conventional products – puts pressure on standard-compliant products.
 - Higher income from productivity and quality improvements does very often not even out additional inspection/certification costs in particular for smaller producers. Price premiums are the exception, rather than the rule. Asymmetries in value-added appropriation along the supply chain.
 - **IMPORTANT:** Without achieving economic sustainability, social and ecological sustainability remain illusionary.



Possible Medium-term Governmental Action

Pro-active Role of Governments to provide a Framework:

1. Creating a publically defined and supportive national framework:

- Setting realistic national sustainability goals for a framework.
- Defining performance characteristics.
- Considering relevance of existing standard schemes or supporting new ones.
- Providing public support up to a well-defined maximum level.

2. To counter the “treadmill effect” and the marginalization of SMEs:

Consider intergovernmental agreements between producing and consuming countries (e.g. in the form of International Commodity-related Environmental Agreements – ICREAs) that provide a cost-support framework to comply with standard requirements.



THANK YOU