UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

FOSTERING GREEN EXPORTS THROUGH VOLUNTARY SUSTAINABILITY STANDARDS

THE UNCTAD APPROACH

Fostering Green Exports

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PROJECT OUTLINE

FOSTERING THE DEVELOPMENT OF GREEN EXPORTS THROUGH VOLUNTARY SUSTAINABILITY STANDARDS IN ASIA AND THE PACIFIC

The 2030 Agenda and its Sustainable Development Goals (SDGs) set the world on the path of sustainable development and give international trade an important role to play in this journey:

"International trade is an engine for inclusive economic growth and poverty reduction, [which] contributes to the promotion of sustainable development"
(Paragraph 68, the 2030 Agenda for Sustainable Development)

How can international trade become a driving force for a development as sustainable as it is inclusive, ensuring that no one is left behind? How can it respond to the growing demand for production, exchange and consumption patterns that are both environmentally and socially sustainable as well as economically profitable?

To help developing countries build their capacity to achieve sustainable and inclusive growth through trade, the United Nations Conference on Trade and Development (UNCTAD) has examined ways for fostering green exports via exploiting voluntary sustainability standards (VSS). To this end, UNCTAD has worked with three countries in the Asia-Pacific Region and developed an approach, which is ready-to-use and adaptable to local specificities.

DEVELOPMENT OBJECTIVES OF THE PROJECT

To maximize the benefits of VSS to smallholder producers and micro and small businesses in developing countries diversifying into "green" exports

To promote a bottom-up approach through multi-stakeholder dialogue and collaboration on implementing VSS as a tool to foster green exports and sustainable development

To increase information and transparency on VSS to local stakeholders in order for them to be proactively engaged in standard-setting and impact assessment

UNCTAD'S APPROACH AND TOOLS

Over the past few decades, gains from trade-led growth have helped move millions out of poverty in developing countries. At the same time, increases in production and trade have led to overuse of natural resources, increased emissions, and in some cases increased inequalities. Developing countries still depend heavily on natural resource-based products for their exports and growth. Thus, greening global trade will be important for achieving sustainable development.

VSS can be used as a tool to increase economic gains for producers and to transmit the gains from trade to social and environmental sustainability. However, smallholder producers and micro businesses in developing countries face capacity gaps in capturing the potential of VSS to catalyse sustainable development through trade.

In order to bridge these gaps, UNCTAD has developed an approach to make the best use of VSS as a tool to foster the development of green exports, contributing to the achievement of the Sustainable Development Goals.

The UNCTAD approach consists of three stages:

1 Selection of a green-export value chain and initiation of a multi-stakeholder dialogue through the creation of a platform to discuss VSS

2 Reality-check on the usage, benefits and costs of VSS to value chain actors, leading to the formulation of policy options

3 Discussion of the policy options at the multi-stakeholder platform, leading to the adoption of a National Action Plan

The UNCTAD approach also provides an assessment toolkit to facilitate the reality-check in the field. Designed by UNCTAD and tested in three countries, the toolkit provides guidelines for: mapping out the value chain of interest and the actors within; collecting data and survey-based information on value-chain actors' perceptions of VSS; analysing the collected data and information; and using the analysis to identify the policy options to be discussed by the multi-stakeholder platform.

As UNCTAD's approach is ready-to-use and adaptable to local specificities, it can easily be tailored to any given country, region or product.

THREE CASE STUDIES IN THE ASIA-PACIFIC REGION

Developing countries in Asia and the Pacific face similar challenges in seizing the opportunities offered by VSS to meet the growing demand for sustainably produced goods.

Using its approach, UNCTAD has worked with three participating countries in the region to help them build their capacity towards adopting VSS for their production of green exports:

- sustainable coconut oil for Vanuatu and the Philippines;
- and organic coffee for Lao PDR.

WHAT CAN YOU FIND IN THIS PORTFOLIO?

In this folder, you can find the main outcomes of the project, including the approach and tools developed in its framework:

- An introduction to green exports and VSS: opportunities and challenges for developing countries
- UNCTAD's approach and tools to build countries' capacity to foster green exports through VSS
- The country case study of Vanuatu
- The country case study of the Philippines
- The country case study of Lao PDR

For more information on the project and its development, visit the project's webpage:
https://vssapproach.unctad.org/

INTRODUCTION TO GREEN EXPORTS AND VSS: OPPORTUNITIES AND CHALLENGES FOR DEVELOPING COUNTRIES

WHAT ARE GREEN EXPORTS?

Green exports are exports that are harvested, produced, processed or serviced with methods that are sustainable, in the sense that they generate potentially positive, or fewer negative, externalities in terms of socio-economic or environmental development of the local community.

WHAT ARE VSS?

Voluntary sustainability standards (VSS) are norms and standards to ensure that a product is produced, processed or transported sustainably in terms of, e.g. respect for human rights, decent working conditions, gender equality or environmental protection, with a view to achieving environmental, social and economic objectives. Certification is one of the many VSS tools used by producers to adhere to sustainability standards and for consumers to make objective buying decisions. Organic standard is the most widely applied VSS in the agricultural sector, with about 2.7 million organic producers in 178 countries in 2016 and increasing (Willer, H., & Lernoud, J., 2018). In this way, VSS can play a role in fostering green trade for accelerating sustainable development.

A GROWING GREEN MARKET – VSS AS A TOOL TO ACCESS IT

International markets for “green” products, such as organically produced agricultural, fishery and forestry products, have been growing much faster and demonstrating more profitability than their “brown” equivalents (Nielsen, Dec. 2018). Indeed, strong consumer demand for sustainable goods suggests that it makes commercial sense for businesses, particularly those operating globally, to “go green”. Carrying a VSS as a proof for sustainable production can help developing-country producers and businesses to access this fast-growing and lucrative market.

SUCCESSFUL VSS ADOPTION: A WIN-WIN-WIN OUTCOME

VSS have a great potential to help achieve a win-win-win sustainable outcome, i.e. economic gains for producers and businesses, social gains for producers and consumers, and environmental gains for producing countries and eventually to the world.

The successful adoption of VSS should therefore lead to both inclusive income growth and the improvement of social and environmental conditions, which in turn helps producing countries attain the Sustainable Development Goals (SDGs).

But successful VSS adoption from the perspective of producers means that they receive economic gains in real terms. Indeed, to be sustainable over time, VSS have to yield long-term economic benefits for all actors along the value chain. In order to promote economic development more generally, VSS adoption has to improve exporting opportunities to lucrative developed-country markets.

THE DISCRIMINATORY NATURE OF VSS: LARGER COUNTRIES, BIGGER FARMERS

However, gains from VSS adoption to producers are less obvious than gains to consumers and businesses. In fact, most VSS schemes may be even more discriminatory against smallholder producers and micro, small and medium-sized enterprises (MSMEs) in low-income countries, particularly Least Developed Countries (LDCs).

This stems firstly from the high cost of certification, while in many cases producers only receive poor economic returns on this certification. This has led some producers to drop out of VSS schemes because the price premiums they received did not compensate for the total costs incurred. Second, the practices set out in standards require a high level of capacity and pre-requisites that smallholder producers and MSMEs do not often have: managerial skills such as literacy, basic accounting and reporting skills; connectedness to markets that require good infrastructural networks including internet access; and access to reliable technical services such as extension services, certification bodies and laboratories.

As a result, many smallholders may find VSS certification too demanding, or not lucrative enough in view of the investment of money, time and effort required to get certified.

HOW CAN WE MAKE VSS WORK FOR SMALLHOLDERS AND MSMES?

Under the project “Fostering green exports through VSS”, UNCTAD has conducted an analysis of the necessary conditions for the adoption of VSS to actually benefit small producers and MSMEs, particularly in LDCs, and identified key factors likely to create an enabling environment for meeting the objectives of the various actors involved in VSS adoption: sustained income growth for smallholder producers, better access to international markets for exporters, and the attainment of sustainable development objectives for governments.

VSS adoption is more likely to generate benefits to stakeholders in producing countries when:

1. current business contracts encourage VSS adoption;
2. producers are well organized;
3. VSS requirements are simple and easily conveyed;
4. support to VSS adoption is provided by businesses, development partners or governments;
5. infrastructure and institutions support VSS adoption; and
6. VSS address sustainability objectives that are relevant to local communities.

Based on these findings, UNCTAD has developed an approach to help stakeholders in producing countries, particularly smallholder producers and MSMEs, verify the strategic value of VSS adoption and, together with government agencies, design action plans to create a policy environment capable of maximizing the benefits of VSS adoption.

A 3-STAGE APPROACH TO FOSTERING GREEN EXPORTS THROUGH VSS

THE CHALLENGES

Developing countries experience capacity gaps in capturing the potential of VSS to catalyze sustainable development through trade. Such gaps usually include:

- lack of information and analysis to understand the nature and effectiveness of VSS; and
- lack of a framework to achieve policy coherence and to coordinate actions.

THE APPROACH

In order to bridge these gaps, UNCTAD developed a three-stage approach that can easily be adapted to different contexts and local specificities. In the preliminary stage, the country in question needs to have an interest in understanding and addressing VSS adoption in a specific sector, product or value chain. From that starting point, the approach then proceeds as follows:

STAGE 1: INITIAL MULTI-STAKEHOLDER DIALOGUE

An initial multi-stakeholder meeting for the selected value chain is organized, in which stakeholders share experiences and discuss the

STAGE 2: ANALYSIS OF THE VALUE CHAIN

A systematic reality-check of actor-specific challenges and opportunities of VSS adoption is done using the VSS Assessment Toolkit. The toolkit

STAGE 3: MULTI-STAKEHOLDER ADOPTION OF AN ACTION PLAN

A second multi-stakeholder meeting is convened to evaluate the policy options laid out in stage 2. The discussion leads to an agreement