Sustainability Standards Systems: NGO Strategic Retreat 2.0

National Council for Voluntary Organizations

London, England

June 5 – 7, 2011

Meeting Summary

Overview

In 2009, twenty-five individuals from leading international civil society groups, social and environmental standards systems, research institutes and intergovernmental organizations were brought together to explore their respective understanding and expectations of the role that social and environmental standards systems can and should play in advancing global sustainability. Since the 2009 Pocantico meeting, the standards system landscape has changed significantly. Some of the trends identified in 2009, including the rise in industry-led initiatives and the proliferation of standards have become "front and center" issues to be addressed by the standards movement today. This London gathering reconvened many of the participants from the 2009 Pocantico meeting, looking to balance between leading thinkers in the standard setting, campaigning, and research organizations to discuss the future of standards systems in meeting sustainable development objectives.

While the 2009 Pocantico event identified some of the major trends facing the standards movement, this follow-up meeting sought to understand how those trends have changed and to move towards identifying a long-term vision, along with the possible corollary strategies and collective actions to make the standards movement more effective in meeting emerging challenges and key objectives. This second meeting sought to bring convergence towards a shared understanding of where the standards movement is today and where it envisions its future to be. Specifically, its aims were to:

1) *Reach a shared understanding of the key trends affecting the sustainability challenges (e.g., poverty alleviation, fair labor practices, sustainable resource management) that standard systems have been created to address,*
2) *Formulate a "shared vision" for where standards systems should position themselves and the role they should play in the medium and long-term future,*
3) *Explore strategies and possible collective actions to help achieve this shared vision,*
4) *Examine and refine key messages around the role international standards/certification can play in addressing global sustainability challenges.*

In preparation for the meeting, the Pacific Institute researched participants' respective theories of change with regard to standards systems and identified salient themes or issues that were "top of mind" for participants. This, along with the ISEAL Alliance's Ten Trends and Scaling-Up Strategy served as a basis for discussions in London. In addition, in order to position the standards movement within the larger context of civil society strategies to meet key sustainability development objectives, the event co-hosts invited Michael Narberhaus from the WWF-UK *Smart CSOs Initiative* to discuss his work on how civil society can utilize key leverage points to more effectively meet sustainability objectives.

Through facilitated group discussions participants shared their views on the role of standards systems, the major challenges and opportunities facing the movement, as well as what they believed were the key missing attributes of the movement. At the end of the meeting, participants arrived at a shared understanding of some of the key trends facing the standards movement, as well as the need for the development of a meta-narrative that could be used to better communicate its value proposition amongst the many other tools available. It was decided by those in attendance in London that the Pacific Institute will spearhead and coordinate this work in collaboration with the participants in attendance in order to craft a meta-narrative that communicates how the standards movement fits into broader sustainable development issues.

Themes Identified:

Standard systems as a market differentiater and possible driver of fundamental system change

Much of the opening discussion focused on how standards systems could be used to meet sustainability objectives. Participants agreed that it was helpful to take a short, medium, and long-term view of the goals and vision for the movement. In the short term, the core value proposition is the ability of standards systems to drive the internalization of negative externalities by making it "easier to do the right thing" in complex and sometimes global production systems. In doing so, participants believed that standards systems could not only improve the production process but also help to address key sustainability challenges such as poverty alleviation or increasing the voice of those both along and at the beginning of the value chain. However, it was also recognized that the systems could potentially serve as key instruments in promoting more fundamental longer term market changes. Participants discussed the need to transform the economic system away from a high consumption based system reliant on rapid economic growth to a more stable and manageable system. Thus the ability of standards systems to help drive sustainable consumption (through raising consumer awareness for example) could be a key ingredient in this cultural transformation process.

Standards systems have historically filled key global governance gaps; however, there is a need to better define what they can and cannot deliver in this space going forward

Standards systems arose over the past decades out of the need to address important sustainability challenges that were not being addressed by governments or intergovernmental processes. In London, participants identified how standards systems have managed to fill some of these governance gaps, by offering multi-stakeholder platforms for tackling market failures and rewarding better practices.

However, the participants also acknowledged that the systems have not been clear as to what permanent role they might play in global governance or the types of changes they can and cannot deliver over the long run. Lengthy discussion was had, for example, over the use of the term *du jour* "sustainability standards systems" with some participants asserting that the use of "sustainability" both diluted the power of standards systems while also over-promising. In addition, participants acknowledged that standards systems have not been able to prevent the "worse practices" or cataclysmic circumstances. In contrast they have been able to help set norms, rules, and processes that allow different groups of people to come together towards a shared understanding that sets the stage for action later on. The value of this multi-stakeholder governance aspect of standards systems should be better articulated.

Standards systems can play an important and necessary role when government processes fail; however they should not undermine government's role

Discussions around standards systems and public policy became the focal point in many discussions. Most participants saw standards systems as serving an important function when state policies are inadequate or lacking. They found that the systems can substitute for state policy when no policy is in place, can lead the state to adopt similar standard, or even expand the ability of the state past national borders when intergovernmental policies don't exist. Others have noted that even where regulations are in place, the state cannot fully implement them; hence voluntary systems will be needed.

Participants stressed that in an ideal world, governments must set minimum norms and allow standards to drive the bar higher. However this is also highly reliant on individual states; where there are no regulations, standards can set the minimum criteria whereas in other countries, standards can promote best practices. These instances vary from country to country, some countries have built a legal and regulatory structure that meet the objectives of standards systems, others use standards to encourage good practice.

 Prevailing questions arose over whether standards systems have now taken on too much responsibility with respect to co-regulation and have encroached on the role of governments. Some standard setting arenas, particularly the formulation of ISO 26000, showcased the potential for these multi-stakeholder initiatives to take on greater public policy roles. Participants emphasized that standards should not dictate legislation to governments, as this could encroach on state responsibility and also undermine legitimate democratic states. Participants also brought up instances when standards systems impose new practices upon local initiatives, undermining local government practices. The need to understand and reflect local, national, and regional practices and processes was articulated by many participants.

Participants did agree that governments can do more to promote standards through different mechanisms including tax breaks, serving as a neutral convener, or through public procurement. In turn, participants also saw the need for governments to better enforce claims made by systems, ensuring their credibility.

Other questions that could not be effectively answered by participants included the role of standards in countries with extremely poor governance, in affecting change in state-owned enterprises, and where

they fall between governmental regulations and voluntary standards (such as the OECD Multinational Enterprises guidelines).

As standard systems mature they must institute new internal democratic governance mechanisms to ensure credibility and perpetuate their value proposition

A recurring theme around standards systems is that their major value proposition is their internal democratic governance structure and value system. The democratic, multi-stakeholder nature of standards systems was identified by many as a core attribute that differentiates credible systems from others. The multi-stakeholder nature of standards systems ensures that more parties (along the entire value chain) are included in both the standard setting and implementation processes. The values this perpetuates, including bringing voice to those along the chain, creating opportunities for empowerment, and coming to the best possible solution to key problems, is especially noteworthy. To ensure this continues, participants cited the need for mature systems to evolve and refresh key aspects of their governance structure, including enforcement, verification, training, and dispute resolution. This is particularly true as systems expand into new areas where they may encounter rights violations in the areas where they are engaged; so far there are no redress systems when these rights violations do occur. As systems mature, they will need to respond dynamically to emerging situations to be effective and trustworthy. Addressing these gaps and continuing to behave as democratically as possible will ensure the credibility and reputational benefits of the systems.

Business expectations for social and environmental standards systems have changed, standards systems will need to adapt or transform themselves to address these expectations

Companies expectations for standards systems have changed significantly. Participants engaged in long discussions highlighting the fact that businesses turning to standards systems are operating in a different world. Rather than looking to systems to ensure their single product meets a certain criteria to protect their brand reputation and to tell a story about themselves, businesses are looking at systems that can address entire landscape issues and are able to protect their supply. They see the current standards systems as too fragmented, addressing only single issue/niche items. In response, industry has initiated its own systems such as RSPI, GSCP, and life cycle analysis retailer-led initiatives. Retailer led life cycle analysis initiatives in particular was cited as a possible threat (others say opportunity) to standards systems.

Standards systems need to recognize that sustainability issues are much more complex and that they need to be better at reading the needs of their customers and responding. This includes the need for mutual recognition and interoperability amongst systems, and the need to address other major issues such as corruption. Impeding the way towards this is a lack of trust and brand protection between the systems. Although some see the "problem of proliferation" as something that will settle itself they also fear that the competition can drive both best in class systems (in the forestry sector) but also lower forms (in the agricultural sector) as well.

All of these issues point to the need for standards systems to better organize themselves and provide a more coherent message of what they can offer.

Standards and certification systems will also need to understand how they can leverage their value to work in the BRICs and other developing countries

With increased local consumption in many developing countries and the increase in trade between Southern countries, the standards movement will need to assess how it can and should respond to these new circumstances. As standards and certification systems enter new markets, they face new challenges. These challenges are different amongst the BRICs and other developing countries. Challenges, including different levels of consumer awareness of sustainability, private sector engagement, and governance issues will need to be appropriately analyzed and effectively navigated. Of particular concern is how the systems can adapt to local realities in the newest emerging markets where they will also need to confront instances of extremely poor governance and weakened civil societies.

Some participants highlighted the fact that international standards systems can market the uptake of standards as market entry incentives. Others also stressed the need however to understand local realities and allow local initiatives to take the lead and link with international systems as they mature.

Standards systems' communication strategies need to be better developed to reach the different stakeholders it needs to engage with

The ability of standards systems to communicate between many different stakeholders is one highly beneficial facet. This includes its ability to communicate both down and up value chains and to outsiders (consumers, government officials). However, participants recognized that the systems needed to tailor their message and to develop a coherent narrative around what standards systems are set-up to achieve, their actual impact, their intervention logic , as well as their limitations.

At the same time communications strategies need to be developed to fill a clear gap in connecting with consumers around the benefits of third-party certified standards and certification schemes. In the absence of an effective communication strategy that allows consumers to make informed choices, retailers are developing their own initiatives. There was also a great deal of discussion about whom to target - consumers, retailers, or other businesses along the value chain? Depending on whom the target is, the standards systems would need to change the way it engages with this segment. Some suggested that perhaps standards systems should target the "front runners" of producers to reach a tipping point that will pull the rest of the producers along in their learning processes. One suggested avenue for doing so involves taking a stepwise approach that could allow for easier adaptation by a larger number of producers. Another key attribute was the need to focus on communication that is both top down, but more importantly, bottom up to reflect the realities, needs, and impacts on the ground.

These issues speak to a broader problem of the standards movement not being able to effectively use a common language to describe its benefits and value proposition outside of the standards community. The inability to develop and answer the most difficult questions facing the community will affect how it interacts with wider audiences who could be its potential allies.

The Standards Landscape

Participants acknowledged that the current organization of the standards landscape has made it difficult to convey the different options available to different potential users, including large companies and retailers. Participants agreed that a tool or system that better mapped the standards landscape would be beneficial. However, participants had a difficult time in determining what that ideal landscape should look like. Individuals offered different possible parameters for organizing the standard systems from organizing around particularly landscapes, ecosystems, sustainability challenges, issue areas, or industries. There was also the suggestion of organizing around a good, better, best system that defined a scale for practices that would be better than the status quo. However, although differing ideas were proposed, there was no agreement on what the ideal map should look like.

Conclusion and next steps

The final day of discussions focused on addressing the needs of the standards movement and strategies to meet these needs. Participants identified several areas for further exploration and possible new strategies and actions:

1) Standards need to better define and articulate how they contribute to achieving the objectives of sustainable development. Moreover the unique leadership role that standards systems can play in catalyzing sustainable development needs to be more fully and consistently elaborated. This will require greater clarity and precision in the language used to describe the structure, reach and impact of standards systems.
2) In responding to the life-cycle analysis challenge, standards systems need to better understand the nature of the interface between these two conceptually distinct sustainability approaches especially with reference to sustainability claims. Here, standards systems will need to ensure that their own claims can be verified on the basis of quantitative impacts data to ensure credibility of the systems.
3) Standards systems need to map out the value proposition they offer to businesses and other users. This includes, among others, their ability to provide a range of embedded services such as access to finance, training and supply chain management. They need to focus more on deepening their sustainability impacts and communicating this to the market, as opposed to expanding their market presence.
4) Standards systems need to better understand the appropriate role for the systems in relation to government policy making and to establish a framework that defines when it is a government responsibility and when standards can lead the way.

In response to the sessions and to these strategies, the meeting concluded with discussions on how the ISEAL Alliance saw the main issues raised by the group as being aligned with some of the work areas and/or activities it planned to implement as part of its scaling up strategy.[1] These included:

---

[1] A summary of ISEALs Scaling-Up Strategy can be found at www.isealalliance.org

Engaging with emerging economies: When it comes to emerging economies, ISEAL has designed a multipronged, layered strategy that is focused on:

·   building awareness among public and private sector stakeholders about the market opportunities and impacts of standards systems;

·   facilitating strong emerging economy participation in global discussions on standards through providing information and training, as well as convening national and regional stakeholder consultations on ISEAL tools and codes;

·   supporting research around new and promising approaches to designing and implementing standards that are global in scope but appropriate to the national conditions of Brazil, China and India.

Training Program for Standards Community: ISEAL plans to provide training tools aimed at key stakeholders to better understand how standards work and how they can achieve sustainability goals. ISEAL is currently conducting a feasibility study on the focus and structure of a Standards Systems Academy. Is anticipated that this Academy will comprise a network of training providers, and that ISEAL and its members may be among the training providers or may provide content for others to use. Implementation is expected to begin in 2012.

Program around Governmental Use of Standards Systems and Co-regulation: ISEAL plans to launch a program aimed at increasing governmental use of standards systems in early 2012. The main focus of this program will be on promoting sustainable public procurement. In addition ISEAL will also work on co-regulation issues in the biofuels sector with a specific focus on how governments use standards to demonstrate regulatory compliance. Here the emphasis will be on formulating, testing and sharing best practice guidelines that show what credible recognition processes look like in practice.

Development of a Standards Systems Comparison Tool to understand the standards landscape: Since June 2010, the ISEAL Alliance together with a range of partners has been developing a tool to support the comparison or "benchmarking" of standards systems. The aim of the Comparison Tool is to enable companies, certification bodies and NGOs to compare standards systems against a number of different variables. The tool will also be used to compare standards systems against government regulations and other sustainability tools such as ISO standards and FAO guidelines.

At this stage it is expected that the Comparison Tool framework will be completed by the end of 2011 and that a web-based platform with user-defined front will be launched in mid-2012.

Strengthening standards systems business models: Aside from refining key performance indicators ISEAL plans to work with members to develop guidance on good practice for standards systems governance. This guidance will recognize how the governance of standards systems needs to evolve and change as the scheme and its offering, matures.

Next Steps:

Working in collaboration with meeting participants, the Pacific Institute will take the lead on developing a meta-narrative that looks to answer some of the "killer" questions surrounding the standards movement. As the meta-narrative will strive to better articulate how standards systems fit into the broader issue of sustainable development, it was fairly clear that answers to these key questions will help inform the Pacific Institute's own work around framing ethical standards and certification. This work would also look to complement the ISEAL Alliance's scaling-up strategy by providing context raison d'être for the standards movement.

The steps will include:

1) Pacific Institute staff reaching out to Johan Verberg and Alan Knight to develop the initial key "killer" questions that need to be answered about the standards movement. (step completed)
2) The Pacific Institute will then circulate the draft set of major questions to the larger group gathered in London for comment and feedback.
3) Institute staff will then attempt to populate these questions with some answers based on the pre-London interviews, our conversations in London, and other discussions and work of the PI
4) We'll then circulate this again to the group of for comment and feedback
5) Iterative process of discussion/editing (spearheaded by Pacific Institute) until general consensus is reached on the document.

Overall, the document will be no longer than 10 pages, with a 2 page overview that highlights the major questions and answers that can be used by both the standards and non-standards community. The document will not look to require board level approval or "sign on" from the individuals or groups represented in London; the next steps for how this document might be used and the final format of the document will be discussed later on as it takes shape. This will look primarily to continue the discussions begun in London and to move towards filling a gap identified by a large number of individuals in London.

PACIFIC INSTITUTE

iseal alliance

Sustainability Standards Systems: NGO Strategic Retreat 2.0

June 3, 2011

Date & Venue

5 -7 June, 2011

National Council for Voluntary Organizations

London, England

http://www.ncvo-vol.org.uk/

Agenda

Day 1: Sunday, 5 June *12:00 – 20:30 Setting the Context, Theories of Change, and Visioning*	
12:00	**Welcome Lunch, Introductions and Event Orientation** Discussion led by Jason Morrison, Pacific Institute and Norma Tregurtha, ISEAL Alliance *One key area for discussion will be the triggers and filters for collective action activities. Participants will have time to share their views on a criteria for determining which collective actions are feasible and worthy of pursuit.*
13:30	Break
13:45	**Setting the Stage – Initial Findings** *Sharing trends in sustainability issues that are having an effect on the standards movement and certification. What are the major meta-issues on the horizon that standards and certification systems will need to address?* *Presentation of Pacific Institute's initial analysis of organizational theories of change in meeting sustainability challenges and ISEAL's Ten Trends and Scaling-Up Strategy*
14:40	**"Effective Change Strategy for the Great Transition"** Michael Narberhaus, WWF UK, Smart CSO Initiative

	Michael Narberhaus will discuss work completed under the Smart CSO initiative that looks to stimulate discussion amongst civil society organization by delving into how civil society organizations can utilize new leverage points to more effectively meet their environmental and social sustainability objectives.
15:10	**Facilitated discussion – Sustainability Standards Systems, NGOs, and Theories of Change** **Johan Verberg, Oxfam Novib, Facilitator** *Participants will explore the trends presented and how they relate to their respective theories of change. Focus will be on the major issues standard systems face in meeting sustainability challenges and how they and other organizations are responding.* *Session ends with a summary highlighting the major areas of concurrence and divergence among different organizations.*
16:00	Coffee Break
16:15	**Break out groups and Facilitated discussion – A Shared Vision for Sustainability Standards Systems** *Understanding the context, goals, and challenges facing sustainability standards systems, where is the standards movement now and where do participants envision it going?*
18:00	**Dinner** **Canal Trip – Catered Dinner**
20:30	End of Day 1
Day 2: Monday, 6 June *09:00 – 18:00 Realizing the Vision: Strategies and Actions for Improving the Effectiveness of Sustainability Standards Systems*	
09:00	**Introduction to the day and synopsis of visioning discussion** Jason Morrison, Pacific Institute
09:15	**Standards Systems and** **Facilitators: Eric Palola, NWF and Michael Conroy, Colibri Consulting)** *– In depth group discussion around the major issues on the horizon, strategies and actions to both meet challenges and improve the effectiveness of current systems.* *Themes for Discussion:* *- Interface Between Standards Systems and Public Policy/Global Trade* *- Understanding a Conceptual Framework around Voluntary Sustainability Standards and the Role of the State in Shifting Times* *- Appropriate Roles for Different Actors (The State) in Multi-stakeholder Standards Systems* **Last 10-15 minutes devoted to discussion about possible collective actions*
10:30	**Coffee break**
10:45	**Continued Discussion**
12:00	Lunch break
13:00	**Standards Systems and the Changing Marketplace (2 hours 30 minutes)** **Facilitators: Matthew Wenban-Smith, OneWorldStandards Ltd and Bjarne Pedersen, Consumers International)** *– In depth group discussion around the major issues on the horizon, strategies and actions to both meet challenges and improve the effectiveness of current systems.* *- Changing Business Expectations - Implications of the Rise of LCA-Based Retailer/Brand Initiatives for Sustainability Standards Systems* *- Future of Standards Systems in the BRICs and Developing Countries*

	- Measuring Impacts and Meeting Objectives of Standards Systems *- Financial Sustainability of Standards Systems* **Last 10-15 minutes devoted to discussion about possible collective actions*
15:30	Coffee Break
15:45	**Connecting People: Communicating Sustainability Performance Across Global Production Systems** **(2 Hours)** ***(Facilitators: Eileen Kaufman, SAI and Halina Ward, Foundation for Democracy and Sustainable Development)*** *– In depth group discussion around the major issues on the horizon, strategies and actions to both meet challenges and improve the effectiveness of current systems.* *Themes for Discussion:* - *The Consumer Citizen and Choice Editing* - *Transparency and Accountability in Global Value Chains* **Last 10-15 minutes devoted to discussion about possible collective actions*
17:45	End of Session
18:00	***Optional - Group Dinner***
20:00	End of Day
Day 3: Tuesday, June 7th *09:00 – 01:00 Moving Forwards*	
09:00	**Orientation to the day's discussions**
09:10	Synopsis of key strategies and possible collective actions identified in Day 2
09:25	Facilitated discussion focused on priority strategies and supporting collective actions, including identification of specific areas of alignment/interface with ISEAL's Scaling Up Strategy
10:00	**Coffee Break**
10:15	Getting to the Same Language: Communicating the role of sustainability standards system to key stakeholders and audiences
11:30	Discussion of "next steps" and concrete follow-up actions
12:00	Lunch
01:00	Departures

Attendee List to "Sustainability Standards Systems - NGO Strategic Retreat 2.0"

First Name	Last Name	Title	Organization
Motoko	Aizawa*	Adviser	International Finance Corporation
Bama	Athreya*	President	Global Works Foundation
Michael	Conroy*	Co-founder and Co-director	Colibri Consulting - Certification for Sustainable Development
Mireille	Perrin Decorzent	Manager, Standards and Certification	World Wildlife Fund
Mai-Lan	Ha	Research Associate	Pacific Institute
Felix	Hrushkha	Senior Advisor to the Board	Alliance for Responsible Mining
Eileen	Kohl Kaufman*	Executive Director	Social Accountability International
Alan	Knight*	Professor	Single Planet Living
Jason	Morrison*	Director, Globalization Program	Pacific Institute
Michael	Narberhaus	Leader, Smart CSOs Initiative	WWF UK
Eric	Palola*	Senior Director, Forests for Wildlife	National Wildlife Federation and FSC Board Member
Bjarne	Pedersen*	Director of Operations	Consumers International
Jason	Potts*	Program Manager	International Institute for Sustainable Development
Ramona	Ramos	Executive Director	World Fair Trade Organization - Asia
Norma	Tregurtha	Senior Policy Manager	ISEAL Alliance
Johan	Verburg*	Senior Policy Advisor - Private Sector Programme	Oxfam Novib
Bill	Vorley	Principal Researcher, Sustainable Markets Group	International Institute for Environment and Development
Halina	Ward*	Director	Foundation for Democracy and Sustainable Development
Matthew	Wenban-Smith*	Co-Director	Alliance for Water Stewardship
Alan	Young*	Corporate Program Director	IRMA and Canadian Boreal Initiative