DOI: [10.9774/GLEAF.4700.2015.ju.00010]

# Transformative Capacities of Global Private Sustainability Standards

## A Reflection on Scenarios in the Field of Agricultural Commodities

Pieter Glasbergen
*ICIS-Maastricht University, the Netherlands*

Greetje Schouten
*Wageningen University, the Netherlands*

**Since the mid-1990s, private sustainability standards and certification schemes have aimed to introduce a new paradigm in the trade of agricultural commodities. However, there is still a lot of uncertainty about the transformative capacity of these arrangements. This paper discusses three plausible scenarios for the future of governance in the field of sustainable agriculture: leaving it to the market; bringing the state back in; and new forms of meta-governance. These scenarios are evolving concurrently but also build upon each other. Contingencies that are important are consumer power, the proliferation of corporate social responsibility, and the enclosure of new markets for sustainable products. It is concluded that, because of their limitations, none of the scenarios will be able to realise a system change on its own.**

- **Sustainability standards**
- **Certification**
- **Sustainable agriculture**
- **Scenarios**
- **Transformative capacity**

**Pieter Glasbergen** is Honorary Professor of Governance for Sustainable Development at ICIS-Maastricht University (2011–present) and Emeritus Professor at Utrecht University and the Open University, the Netherlands. He chairs the Maastricht-Utrecht-Nijmegen Research Programme on Partnerships (www.munpop.nl).

Maastricht University, ICIS, PO Box 616, 6200 MD Maastricht, The Netherlands

pieter.glasbergen@maastrichtuniversity.nl

**Greetje Schouten** is a postdoctoral research fellow at both the Public Administration and Policy Group at Wageningen University and at the Partnerships Resource Centre, which is part of the Rotterdam School of Management of Erasmus University Rotterdam. In 2013, she defended her PhD thesis on processes of legitimisation of private multi-stakeholder governance arrangements at Utrecht University. This research was part of the Maastricht-Utrecht-Nijmegen Programme on Partnerships (MUNPOP).

Public Administration and Policy Group, Wageningen University, PO Box 8130, 6700 EW, Wageningen, the Netherlands

Greetje.Schouten@wur.nl

  

Over the past few decades, private actors, particularly industry consortia and partnerships between businesses and NGOs, have become vital elements in the search for a more sustainable future. These private governance arrangements are now active in a great, and still expanding, variety of economic sectors, such as forestry, fisheries, agriculture, mining, tourism, and apparel production. Using mainly certification as a regulatory tool, many of these private governance arrangements have become focal points in terms of sustainability standard-setting, enforcement of these standards, and in monitoring compliance.

In the literature a range of factors explaining the proliferation of private actors' roles in governance arrangements can be found. Many scholars point to the decreasing capacities of states to solve the various problems posed by processes of globalisation (cf. Bitzer 2012, p. 16). Others refer to their inability to provide a regulatory framework for intervening in the global market sphere (Tallontire 2007; Reed 2012). At the same time, firms aspire to promote themselves as socially and environmentally responsible actors (Tallontire 2007). Combined with the international growth and changing role of civil society organisations, this has led to a fundamental change in the relations between state, market, and civil society, and to the proliferation of private actors in global governance (see also Pedersen and Pedersen, 2013).

Different from government regulation, the intervention strategy of private governance arrangements is based on the idea that market principles can be used to promote more sustainable practices and their authority is largely derived from the supply chain (Cashore 2002). In essence, the initiators recognise an economically (i.e. sales-related or image-wise) profitable *and* environmentally and socially friendly opportunity in a market sector, which they regard in combination important enough to promote a collaborative change in management practices.

In this paper we particularly address the changes in the governance of agricultural commodities through the introduction of private certification schemes. Characteristic of the certifications in this field is that the standards they define originate mainly from Northern-based companies and NGOs, while they address production in the South (Schouten, 2013). In that sense they connect Northern consumption to Southern production. Although participation in the schemes is voluntary, they de facto aim to change the conditions of agricultural production and opportunities for market access.

Sustainability standards can be defined as 'external points of reference by which a product or a service's performance, its technical and physical characteristics, and/or process and conditions under which it has been produced or delivered, can be assessed' (Nadvi and Waltring, 2004, p. 56). Bartley (2010) conceptualises private certification schemes as consisting of different types of regulation. Private arrangements can be characterised as market-based instruments, as regulation by information and as voluntary programmes. First, certification is market-based since it derives its authority for a large part from the supply chain (Cashore 2002). Furthermore, the costs of non-compliance arise from market forces, instead of hierarchical government authority (Bartley

 

2010). Second, certification as regulation by information means governing by disclosure of information. In the certification schemes discussed in this paper this disclosure of information pertains to the sustainability of production processes. If standards or the auditing process are not effective or credible, certification may run the risk of generating disinformation and being regarded as 'greenwashing' (Bartley 2010, p. 6). Third, certification is voluntary and therefore stakeholders must see individual benefits in order to participate. This creates a tension between the stringency of the standard and participation (Bartley 2010, p. 6).

The literature is ambiguous in its assessment of private certification schemes: some believe monitoring and certification will provide consumers with a false sense that problems have been solved and will de-mobilise international labor and environmental campaigns, while others see the information generated by non-governmental regulation as key to transforming how we produce, consume and regulate global products and processes (O'Rourke 2006, p. 899).

Otieno and Knorringa (2012) also distinguish between two opposing views on the developmental relevance of standards. The first emphasises the exclusionary effects of standards resulting from a lack of resources and capacities of actors from developing countries to comply with these new requirements. The second view focuses on the potential opportunities of standards and the competitive advantage they can bring to developing countries. However, many researchers point primarily to the limitations and weaknesses of private certification. According to Ponte *et al.* (2011, p. 300) 'it is becoming clearer that standards are unable to substantially address some of the more complex social and environmental problems'. They argue that this is partly due to their voluntary nature and their limited capacity to promote systemic change. Djama *et al.* (2011, p. 205) state that 'sustainability standards are dominated by a neoliberal political rationality'. They argue that standards are essentially not designed to solve environmental and social problems, but are rather created for managerial reasons. Moreover, there is an increasing concern that these global standards are geared towards Northern priorities and fail to substantially include Southern perspectives (Otieno and Knorringa 2012). Furthermore, only a limited number of business actors will have sufficient incentives to join a certification initiative, which limits the scope of these initiatives (Marx 2008, p. 268). Marx *et al.* (2012) conclude that although private standards are an important governance instrument, their global impact might be further limited as they are mainly active in a selected number of (developed) countries.

Similar to other large system changes, the intention to transform agricultural production processes to become more sustainable induces much uncertainty, since the governance of agricultural production and trade can be conceptualised as a complex system in which many components (producers, consumers, organisations, institutions, norms, etc.) interact at multiple levels (local, national, regional and global) (Waddell *et al.* 2014). For different actors this large system change has different meanings and many tensions among these meanings can be found, even within the same actor category. Participating NGOs generally

  

place them in a broader pro-poor sustainable development strategy or focus on environmental conservation. However, there are also many NGOs campaigning against (often the same) sustainability standards. Companies regard them as a tool to manage reputational risks and secure future supply, but in general commercial benefits need to be higher than expected costs. Farmers in developing countries sometimes see in them an opportunity to access markets and improve living conditions by receiving a higher price for their products, but also fear the new bureaucratic prerequisites, which are often difficult to implement. Governments in developing countries hope for new markets, but fear that private certifications threaten their sovereignty. Governments in some developed countries view them as means to express their worries about current unsustainable practices, but feel that they are restricted to really participate by international trade regulations.

Global sustainability standards aim to introduce a new paradigm in trade that considers environmental and social impacts of production. This change process is not a technical process, but a very complex and highly controversial one. In the current transition phase, different scenarios to a more sustainable agriculture are possible. Each of them has its specific transformative capacity, understood as the ability to bring about substantial sustainable system changes at the production level in a development context. Therefore, we need not only focus on present problems, but also on long-term development impacts. These impacts encompass the promotion of more environmentally friendly and socially responsible production practices, the increase of market access and revenues for Southern farmers, and the empowerment of smallholders in agriculture.

This paper reflects on these capacities, answering the question: what are possible developments and how should they be valued in terms of transformative capacity? It is not our intention to predict the future but to imagine what plausible futures are. Foresights with this intention generate insights regarding the dynamics of change, future challenges, and options for further change. The analysis produces mirrors to the current situation that can be used as tools to suggest potential intervention points and to design policy agendas (Kuosa, 2011; Van Lente, 2012).

Based on dynamics in our focal field we argue that three alternative scenarios are plausible. The first one relates to the current trend and refers to private actors from businesses and NGOs that take the lead. The second one relates to the role of public actors and refers to bringing the state back in. The third one takes the institutionalisation of some form of meta-governance into account. Each of these 'futures' has some opportunities and creates some dilemmas when reviewed in terms of transforming agricultural production in a sustainable way. A further analysis of the factors that drive the transformative capacity in this field reveals some contingencies that need to be taken into account when deliberating opportunities for system change.

The scenarios in this paper were first indicated in the context of an analysis of sustainability standards on palm oil and soy (Schouten, 2013). They were further elaborated using a series of complementary analyses in the fields of

 

coffee, cocoa, cotton, tea, palm oil, and soy of the Maastricht-Utrecht-Nijmegen research programme on partnerships.[1] Each scenario starts with an analysis of current events and emerging trends by looking for existing themes and patterns already evident in the field of sustainable agriculture. The scenarios are further developed and elaborated by exploring what these emerging trends would look like when they are imagined to take place on a larger scale. We then assess the scenarios in terms of strengths and weaknesses regarding the possibilities to create an effective governance system for sustainable agricultural commodities.

## Leaving it to the market

The first scenario anticipates an increased institutionalisation of private governance arrangements as important regulators of sustainable agriculture. Around the mid-1990s private actors, particularly NGOs and businesses, became involved in the global arena as promoters of more sustainable production processes in Southern, often developing countries. Apart from older standards such as organic and Fair Trade, the Forest Stewardship Council (FSC) (1994) and the Marine Stewardship Council (MSC) (1999) confirmed a new trend of business–NGO collaborative arrangements, such as the later Roundtable on Sustainable Palm Oil (RSPO) (2007), the Roundtable on Responsible Soy (RTRS) (2010) and the Aquaculture Stewardship Council (2012). In the same time period many more standard-setting and certifying partnerships developed for coffee, cocoa, tea, cotton, etc.

We observe at least five trends over the last two decades. First, a double process of expansion that may be characterised as a process of succession and a process of enlargement. Succession takes place when new certifications in a specific value chain are introduced as a reaction to earlier ones. An example gives the sustainability certification of tea by Unilever. Because this certification was successfully introduced, and Unilever is the market leader in the chain, other companies followed suit to introduce their own sustainable tea certifications (Glasbergen, 2013). Enlargement takes place when the tool of certification spreads from one value chain to another. For example, sustainable standards for tea followed the pattern of coffee certification, while regarding spices and aquaculture initiatives were more recently taken. Emerging gradually as a result of many uncoordinated actions of various independently operating actors, all agricultural commodity chains now face multiple standards with different and often competing sustainability claims.

Second, we observe a process of consolidation that takes place in commodity chains that are already rich with certifying schemes. The coffee chain might be exemplary for the pattern that develops over time. Regarding coffee, there are tens of different sustainability standard setting arrangements with different

1 www.munpop.nl

levels of ambition. However, some have become the dominant actors in the value chain. Fair Trade is one of the oldest, and sustains fairer trade relations and empowerment of poor farmers who work in small-scale cooperatives. One of the other older schemes, organic standards and certifications, focus more on ecological issues. This emphasis also plays a role in the Rainforest Alliance certifications (RA). UTZ-certification puts more emphasis on an increased quality and productivity as the basis for improving farmers' livelihood. The scheme of 4C introduces a low level set of standards that can be used as a general stepping stone towards more stringent sustainability prerequisites.

Third, while keeping their specific focus the dominant ones tend to become more 'all-inclusive', in the sense that they expand their original narrow focus (i.e. either organic, social, or ecological) towards a more inclusive set of criteria that connect social, environmental and economic issues (Vermeulen and Kok, 2012, p. 190). These are also the schemes that spread their activities gradually to other agricultural commodities such as tea and cocoa. In that way they further confirmed their leading role.

Fourth, the first contours of a saturation point become visible. Again coffee serves as an example since coffee standards and certifications set the trend for more sustainable agricultural commodities produced in the South and this sector is the most developed one. Next to the dominant ones referred to above, two other categories of standards and certifications seem to develop. The first are the specialities such as bird-friendly, shade grown and eco-friendly coffee. The second may be called the responsible coffees, which are labelled by consumer related companies, such as Starbucks' C.A.F.E. Practices and Nespresso's AAA. This structuration of the field of standards becomes also visible in cocoa certifications.

Fifth, we observe a trend of increasing relationships among the private sustainability arrangements regarding a specific commodity. This is particularly visible in the world of arrangements for a more sustainable cocoa production. An analysis of tens of arrangements in this issue field shows a growing network, with a lot of overlapping membership (several actors partner in various arrangements), and growing collaboration regarding agricultural field schools and issues of child labour. However, the relationships are far more competitive when it comes to sustainability standards, which is closely related to competition for market share (Bitzer *et al.* 2012).

This scenario has several strengths and weaknesses in terms of the possibilities to create an effective governance system for sustainable agricultural commodities. It is promising in the sense that it presents a continuing institutionalisation of sustainable development in the private sector. Next to business actors, also (international) NGOs play a prominent role in defining the terms of sustainable agriculture. Companies may further be able to assume responsibilities for sustainable production and consumption and further internalise environmental and social costs of agricultural production. The market for certified products is large enough to accommodate a number of different systems. Competition between these schemes may spur innovation, such as in the Unilever tea case referred to above, and consumers will be able to make a

 

choice from a lot of different options. However, the reverse process is also possible. The market strives for creating niches. Though expanding much faster than conventional agricultural commodity markets, the overall market share of certified products is still small. These shares are estimated 10% for tea, 22% for bananas, 9% for coffee, 13% for cocoa, and 15% for palm oil (Steering Committee, 2012). Moreover, the demand for certified products is currently lower than the supply, which implies that certified commodities are not sold as such. Estimates of overproduction run from 30 to 50% of certified coffee, cocoa and certified palm oil ((KPMG, 2013). As a consequence, producers are not sure of a premium fee which may easily disrupt their positive attitude towards sustainability standards. The many different and competing certification schemes that result from free market development also induce a differentiation that may easily result in an unnecessary and inefficient duplication of efforts. Consumers have already become confused about the differences and the reliability of labelled products and there are signs of a 'certification fatigue' (Bartley, 2010).

## Bringing the state back in

The promotion of sustainable agriculture can be seen as a general interest or public good regarding which governments necessarily need to play a role. Over the years, this role has been more or less crystallised for developed countries, while some developing countries are currently in the process of defining their role. Particularly governments in Western Europe approach a more sustainable agricultural sector as a public good. However, their main stance is that this good can and needs to be realised by markets actors themselves. The role of governments should be restricted to sustaining those initiatives that fit into their national sustainable development strategy. Underlying this restricted stance is the free market ideology, which found its expression in the international trade regulations. According to Ulrich Hoffmann, it is feared that sustainability standards directly or indirectly undermine the hard-won disciplines in the WTO agreements (UNFSS, 2013). Despite this restricted stance, however, a set of sustaining activities developed over time, which reflects some agreement about possible roles on how to engage with private standards and certifications (regarding general overviews see Steering Committee, 2012; Gulbrandsen, 2012; Vermeulen and Kok, 2012).

First, governments may have a role to play in information dissemination and training as well as facilitating services to bring standards down to the farmers. The exchange of information could also be aimed at facilitating 'public contestation' about private standards and certifications as a tool to induce a more sustainable agriculture.

Second, generally applicable principles and procedures may be developed derived from public law in areas such as transparency and accountability. Such an institutional benchmark enables the assessment of the credibility of certification initiatives. Additional requirements may stipulate the disclosure of

  

information. Governments may formally approve the schemes that meet such requirements. Moreover, governments could develop an overall monitoring and evaluation strategy and in that way also improve the public visibility and accountability of private regulations.

Third, governments may also stimulate the use of the potentials of the private spheres for public objectives by creating complementarities between private regulations and state regulations. Most certifications cannot ever be successful if governments do not sustain them with policies related to sound land use planning, clear property rights, a well-functioning physical infrastructure, etc. For example, to sustain forestry certifications the EU and the USA recently developed a set of rules that forbid the import of timber if not legally (according to the rules of the country) logged.

Fourth, governments are also clients of the certified products and can be central to the uptake of certification on the demand side. They may require state-owned companies to adopt the standards and with public procurement policies they can stimulate the purchase of certified products. In some sectors, public institutions are big purchasers that can set a trend for a more sustainable market.

Last, governments can sustain private sustainability standards and certifications as a donor or by creating an institutional context to work on them. For instance, the Dutch Government initiated and to a large part funds the Sustainable Trade Initiative (IDH, Dutch for Initiatief Duurzame Handel), which focuses on market solutions to issues of sustainable production and consumption. IDH supports, among others, several roundtables, including the RSPO and RTRS. Other European governments also are donors of several roundtables and private governance arrangements as part of their sustainability strategy.

Although these roles *as a set* suggest the possibility of the development of a coherent governmental approach to sustainable agriculture, the reality is different. In practice, aspects of these activities are taken up ad hoc and incrementally. Even governments sustaining the idea of private regulation are lacking a strategic approach with a deliberate course of action and a consistent combination of governmental interventions.

The roles defined above, although mainly related to governments in developed countries, can also be fulfilled by governments in producer countries. Some even need to be fulfilled by them, to realise a sustainable system change. In general, the developing countries' evaluation of private regulation of agricultural commodities is not that different from governments of the developed world, albeit there are some important nuances in the argumentation. As the new sustainability standards, which are far ahead of public regulation, directly penetrate into their most important economic sectors, many governments fear that they may be used as anti-competitive instruments, with a risk of excluding parts of their products from export markets.

More fundamental is the question of sovereignty in developing sustainability standards, which may be seen as a fundamental public responsibility that is threatened by the imposition of external private standards (TSPN, 2011).

 

However, this does not mean that developing countries fully oppose sustainability standards. Some of their governments already work in projects with NGOs and companies, such as the recently (2013) consolidated long-term collaboration agreement of UTZ and the government of Minas Gerais, Brazil. The alliance, which relies on the alignment of the UTZ Code of Conduct and the Certifica Minas Café certification standard, is supposed to benefit over 1,800 Minas Gerais coffee-farming producers by facilitating them access to international markets through the network of UTZ. The UTZ/Certifica Minas Café alliance is the first one in its type and marks a milestone in the way voluntary standards align with national and regional certification schemes. It is supposed to work as a model for effective collaboration elsewhere.[2]

An even more fundamental change is taking place where national governments of developing countries (re-)take their role as central actors in regulating sustainable agriculture, presumably at the detriment of private governance arrangements. This development can be observed in Indonesia and Malaysia. The national governments of these countries are far in the process of introducing their own standards for sustainable palm oil and reduced their relations with the RSPO. Indonesia is also planning to develop its own sustainability certification regarding sustainable coffee and cocoa. Although it is expected that the first standards will not be very stringent in sustainability requirements, they will be mandatory and include smallholder production.

The scenario of 'bringing the state back in' also has several strengths and weaknesses in terms of possibilities to create an effective governance system for the trade in sustainable agricultural commodities. On the one hand, this scenario is promising, since sustainable agriculture will not be dependent anymore on the rather unpredictable market dynamics. Because this regulation is mandatory, it can potentially transform a whole sector within a specific territory. Moreover, it is promising that sustainable production in this scenario is not only on the agenda of consuming countries, but also on the agenda of Southern production countries. On the other hand, there are no signs that governments of developed countries will take responsibility for large-scale system change. The ones that take a positive stance towards sustainability certification follow the market trend with ad hoc sustaining activities. Moreover, there are many governments of export markets (i.e. India, China, Pakistan, and Russia) that are not interested yet in sustainability standards and certification. It is in fact the existence of these non-Western markets that is one of the drivers of the Indonesian and Malaysian governments to keep all their options open with their own standards. Thus far it is also not fully clear what their regulations will actually look like and if they really have the potential to transform the production of agricultural commodities in a more sustainable way. Implementation and enforcement of public certification can be problematic in states that have weak administrative structures and are afflicted by corruption. It is therefore

2 https://www.utzcertified.org/

  

difficult to assess whether these public certification schemes will be really more effective than the private ones.

## Institutionalising meta-governance

The third scenario assumes that actors from both the public and the private sphere may play a more prominent role in regulating sustainable agriculture by taking on a meta-governance role. Meta-governance refers to the management of plurality with the aim to induce more coherence in the governance of an issue area. In our case this concerns collaborative efforts aimed at enhancing coherence in the voluntary standards landscape to explore opportunities for mutual learning and closer cooperation, agree on benchmarks for convergence, and develop mechanisms for furthering such convergence (Derkx and Glasbergen, 2014).

Meta-governance can take different forms. Some private standards schemes aim to fulfil a platform function for a commodity. For example, the Common Code for the Coffee Community (4C), a German-based public–private initiative which later became an independent association, fully operational since 2006, aims to make the coffee sector as a whole more sustainable. It serves as a platform for discussion and collaboration of actors along the coffee chain and developed a baseline standard. 4C positions itself in the market as the first step for further improvements. While other already existing standards are only able to reach a niche market, 4C reaches out to producers and industry actors in the 'mainstream market'. Over the last years, it enhanced efforts to align audits and benchmarking with other standards, such as RA and UTZ. The goal is to avoid multiple audits and to give already certified producers also access to 4C markets. This means that a producer who holds another certification can apply for a 4C licence without additional costs or efforts, which increases marketing possibilities for producers and greater supply diversity for buyers. 4C has always emphasised that it is a verification, not a certification and that 4C is only the baseline and further improvement is recommended. Although 4C brought a lot of actors in coffee around the table it has not yet realised the status of worldwide accepted baseline standard.[3]

Another example relates to the multiplicity and duplication of organic standards and certifications. This inefficiency induced a collaborative partnership of IFOAM, FAO and UNCTAD to search for opportunities to create more coherence in the field. In 2003 they founded the International Task Force on Harmonisation and Equivalence in Organic Agriculture (ITF) to address and seek solutions to trade barriers arising from the many different standards, technical regulations and certification requirements that function in the organic sector, and to enable developing countries to have more access to organic trade. Within

3 www.4c-coffeeassociation.org/

 

its mandate the ITF has been very successful as it brought together a large group of stakeholders in the field, including (inter)governmental, civil society, and private sector experts. It developed baseline requirements an organic certification body conducting third party conformity assessments should meet if it is to be recognised as competent. It also developed equivalence rules to enable recognition and acceptance of standards among each other. Only near the end of its existence did the ITF really start to raise awareness of and mobilise political support for its outputs; a process that was continued by its successor (convened by the same partners), the three-year Global Organic Market Access project (GOMA). GOMA (2009–2012) kept the topic of harmonisation and equivalence visible, strengthened the motivation to reduce trade barriers and has seen some uptake worldwide, though the process is still going slowly (Derkz and Glasbergen, 2014). In 2013 the aims of harmonising and creating equivalence among organic standards has been incorporated into the United Nations Forum on Sustainability Standards (UNFSS; see below).

Some frontrunner private sustainability standards joined forces around 2000 to learn from each other's programmes and cooperate on the identification of best practices. They established the International Social and Environmental Accreditation and Labelling (ISEAL) Alliance. This third private answer to the fragmentation in standards and certifications revolves around the development, implementation, and stewardship of internationally applicable good practice guidance on standards systems. Its main aim is to improve the authority of the standards in the market place and to become a trustworthy partner of governments. ISEAL developed so-called Codes of Good Practice, which serve to improve the credibility of standard-setting arrangements. There currently are Codes of Good Practice for standards setting, impact assessment, and compliance assurance (certification and accreditation). As ISEAL primarily pursues procedural rather than content-based harmonisation, its work does not directly touch upon the substantive standards of its members. However, the choice for a 'neutral convener' role, with a focus on the technicalities of standards-setting and implementation, is also a risk. Two of the founding fathers of ISEAL left the arrangement. One of the reasons is supposed to be ISEAL's reluctance to define sustainability clearly and concretely. Content-neutrality thus may induce many standards-setting arrangements to join, but at the risk of losing some others (Bernstein, 2011; Loconto and Fouilleux, 2013; Derkx and Glasbergen, 2014).

Currently, we see that several intergovernmental agencies are also looking into the option to bring more coherence in the field of sustainability standards. The United Nations Forum on Sustainability Standards (UNFSS, 2013) has the potential to become a prominent actor in this endeavour. The overall goal of the UNFSS is to make private sustainability standards a driver to sustainable development in developing countries instead of an obstacle. It aims to achieve this by actively engaging developing countries in international dialogues on private standards harmonisation and equivalence. The steering committee consists of five UN agencies: the Food and Agriculture Organisation (FAO), the UN

  

Conference on Trade and Development (UNCTAD), the UN Environment Programme (UNEP), the UN Industrial Development Organisation (UNIDO), and the International Trade Centre (ITC). However, UNFSS actively engages with all kinds of stakeholders. Up to now it has mainly served as an informed policy dialogue that is still young and of which the results still need to materialise.[4]

This scenario also has its strengths and weaknesses in terms of the possibilities to create an effective governance system for sustainable agriculture. Meta-governance approaches by intergovernmental organisations or by private arrangements might present a favourable future pathway to overcome some of the limitations of individual private governance approaches. Moreover, producing countries in the tropics seem to increasingly reclaim regulatory power, while consuming countries seem to mitigate their sustainability impacts by supporting private governance arrangements. This might lead to increasing tensions between Northern and Southern approaches to sustainable development. Hence, a more coherent approach, particularly addressing the credibility of private standards at the global level seems promising. However, all of the initiatives only focus on harmonisation and equivalence, being the technical aspects of standard setting arrangements, which is more a response to democratic pressures than an attempt to create coherence regarding the great confusion about the substantial aspects of the many sustainability standards. As far as the content of the standards is discussed this only regards the minimum requirements. The contexts of the meta-governance attempts are free trade and the assumption that voluntary standards and certifications are effective instruments to realise a more sustainable agriculture. Both are not questioned; therefore, it remains to be seen if meta-governance arrangements will get the power and mandate to adequately play a dominant role in bringing about large-scale system change.

## Discussion and conclusions

We started this paper with a question about possible future developments in the domain of the governance of sustainable agriculture and how they should be valued in terms of transformative capacity. To this end, we have sketched three alternative plausible scenarios: 'leaving it to the market'; 'bringing the state back in'; and 'institutionalising meta-governance'. Table 1 gives a summary of the main characteristics of the different scenarios.

4 http://unfss.org

 

*Table 1* Main characteristics of the three different scenarios

| | 'Leaving it to the market' | 'Bringing the state back in' | 'Institutionalising meta-governance' |
|---|---|---|---|
| Main promoter(s) | Businesses and NGOs | Southern states | Public or private governance actors |
| Object of regulation | Supply chain | Territorial area | Private governance arrangements |
| Source of legitimacy | Market demand | Sovereignty | International/ inter-organisational negotiations |
| Organising principle | Horizontal | Hierarchy | Orchestration |
| Strengths in terms of transformative capacity | Continuing institutionalisation of sustainable development<br>Companies take responsibility<br>Competition may lead to innovation | Mandatory regulation<br>Sustainability is on the agenda of developing countries | Overcoming limitations of individual governance approaches<br>Resolving North–South tensions |
| Weaknesses in terms of transformative capacity | Creation of niche markets<br>Low market uptake of certified products<br>Duplication of efforts<br>Confusion among consumers | Doubt whether these states will take responsibility for large system change<br>Implementation and enforcement might be problematic | Procedural focus (instead of substantive focus)<br>Debatable power and mandate to bring about large system change |
| Examples | FSC, MSC, RSPO, RTRS, UTZ, ASC, etc. | Indonesian Sustainable Palm Oil, Malaysian Sustainable Palm Oil | ISEAL, UNFSS |

Our analysis shows that there is evidence for all three scenarios evolving concurrently, albeit advocated by different protagonists and originating from different regions and policy levels. This indicates that private actors have become legitimate governance actors in global governance although they are not undisputed. Our analysis also shows that the scenarios are not independent, but build upon each other: elements of scenario two have started materialising as a reaction to emergent elements of scenario one. Governments of producing countries established national sustainability standards in reaction to global private standards. Scenario three, institutionalising meta-governance, seems to develop as an attempt to regulate the governance arrangements emerging in scenarios one and two. All three scenarios indicate that a process of change towards a more sustainable production and trade in agricultural commodities has been set in motion. However, none of the scenarios has the transformative capacity to become a leverage point for a large system change on its own.

  

The 'leaving it to the market' scenario has already created vested economic interests in the development and protection of niche markets for sustainable products. Therefore, the further institutionalisation of this scenario is expected to result in even more fragmentation in standard-setting and certification procedures. The institutionalisation of the second scenario 'bringing the state back in' and particularly the development of less stringent standards of producing countries may create a further differentiation and fragmentation of the governance of sustainable agricultural commodities. Stringent standards might be created for consumers in one part of the world and other, weaker sustainability standards might be created for other consumer markets. The 'institutionalising meta-governance' scenario, if further elaborated, leaves the content of standards and therefore the fragmentation of the market intact. However, this scenario, with its focus on harmonisation, lays an important foundation under a potential large system change. With its prerequisites about procedures for standard-setting, transparency, auditing, etc. it has the potential to rule out unreliable standards and strengthen the legitimacy of the strong ones.

Although none of the scenarios is a leverage point for large system change in itself, each of the scenarios provides a potential building block for such a large-scale change. What seems to be essential is building bridges across public and private initiatives for large system change. Such an approach might, similar to the development of mandatory food safety standards, require an intergovernmental attempt to define basic sustainability standards for the trade in agricultural commodities. It might thereby 'raise the floor' and provide a basic level of sustainability in the agricultural sector. Such a basic standard leaves the market intact to offer more stringent or further differentiated certificates for niche markets. However, such an approach will not develop spontaneously. As sustainability is a less urgent issue from the perspective of many stakeholders compared to food safety, there are some very important contextual conditions to be fulfilled, including consumer power, the proliferation of corporate social responsibility, and the enclosure of new markets for sustainable products.

Consumer power is generally regarded an important driver of change, although many sustainability standards address business-to-business products, with no direct relationship to consumers, since these products are largely invisible to them (Schouten and Glasbergen, 2012). Moreover, only a small part of the category of consumers, particularly middle- and upper-class consumers, is concerned about the reliability of information about the conditions under which goods have been produced and want to know what credible standards are. Therefore, consumer demand seems more to follow the creation of the standard-setting arrangements than initiating them or being a strong constituting factor (Glasbergen, 2013). This does not, however, imply that consumer power can be neglected, particularly in combination with corporate social responsibility (CSR). The past few decades saw the proliferation of CSR strategies of companies to contribute to social and environmental sustainability goals while avoiding negative sustainability impacts (Giovannucci *et al.* 2014; Williams, 2014). The CSR concept thereby stretches the societal responsibility of companies beyond economic and legal responsibilities only. However, CSR strategies,

 

which are inherently connected to private certification schemes, tend to address sustainability issues for as long as they do not jeopardise the economic gains of a company or industry. Nevertheless, these processes can be self-reinforcing, especially when first movers are lead firms in the value chain that are able to establish a trickle-down effect.

Third, sustainability standards and certifications particularly represent Northern values and appeal to Northern markets. In other large markets, including China, Russia, India and Pakistan the demand for more sustainable agricultural products is fairly non-existent so far. These markets understandably have different priorities. However, for large scale transformations to take place in the field of sustainable agriculture, these markets should necessarily become engaged in the acceptance of sustainability standards. Here again lies an important role of intergovernmental initiatives. Important to note is that recent research among a sample of participants of the UN Global Compact (1,000 executives, across 27 industries, and over 100 countries) showed that almost all CEOs believe that sustainability will be important to the future success of their businesses. Many of these CEOs are already in the forerunning category, but hesitant on further progress. Almost all observe that governments and intergovernmental organisations did not make good progress in the last years on promoting sustainable production (UN Global Compact, 2013).

Up to now, we have seen ad hoc responses to the unsustainable trade in agricultural commodities rather than a coherent process of planned institution building for large scale system change. The different scenarios represent different vested interests. One might even point to a risk of stalemate between the different protagonists of each scenario. According to our view, the question therefore is not so much 'which scenario is the best one', but rather 'how to utilise their respective strengths'. This implies establishing connections across the public–private divide, while at the same time some structural conditions need to be addressed. This strategy could give private certifications a place in the governance of sustainable agriculture, albeit with much more coherence in the content of standards and the way they are developed and implemented than is currently available and with a frame-setting role of (inter)governmental organisations regarding basic standards to prevent unsustainable practices.

## References

Bartley, T (2010), 'Certification as a mode of social regulation', Jerusalem Papers in Regulation and Governance. Working paper no. 8.

Bernstein, S (2011), 'Legitimacy in intergovernmental and non-state global governance', Review of International Political Economy, 18, 1, 17-51.

Bitzer V (2012), 'Partnering for Change in Chains: the Capacity of Partnerships to Promote Sustainable Change in Global Agrifood Chains', International Food and Agribusiness Management Review, 15, 13-38.

Bitzer V, Glasbergen P, Leroy P (2012), 'Partnerships of a feather flock together? An analysis of the emergence of networks of partnerships in the global cocoa sector, Global Networks, 12, 355-374.

Cashore B (2002), 'Legitimacy and the Privatization of Environmental Governance: How Non-State Market-Driven (NSMD) Governance Systems Gain Rule-making Authority', Governance: An International Journal of Policy, Administration, and Institutions, 15, 503-529.

Derkx B, Glasbergen P (2014), 'Elaborating global private meta-governance: An inventory in the realm of voluntary sustainability standards', Global Environmental Change, 27, 41–50.

Djama M, Fouilleux E, Vagneron I (2011), 'Standard-setting, certifying and benchmarking: a governmentality approach to sustainability standards in the agro-food sector'. In: Ponte S, Gibbon P, Vestergaard J (eds) Governing through standards: origins, drivers and limitations, Palgrave MacMillan, Basingstoke, 184-209.

Giovannucci D, Von Hagen O, Wozniak J (2014), 'Corporate Social Responsibility and the Role of Voluntary Sustainability', Schmitz-Hoffmann C, Schmidt M, Hansmann D, Palekhov B, Voluntary Standard Systems: A Contribution to Sustainable Development, Springer-Verlag, 359-383.

Glasbergen, P (2013), 'Legitimation of certifying partnerships in the global market place', Environmental Policy and Governance, 23, 354-367.

Gulbrandsen, L. H. (2012), 'Dynamic governance interactions: Evolutionary effects of state responses to non-state certification programs', Regulation & Governance, 1-20.

KPMG, (2013), Improving smallholder livelihoods: Effectiveness of certification in coffee, cocoa and cotton, Study commissioned by SUSTAINEO.

Kuosa, T (2011), 'Evolution of futures studies', Futures, 43, 327-336.

Loconto A, Fouilleux E, (2013), 'Politics of private regulation: ISEAL and the shaping of transnational sustainability governance', Regulation & Governance, 1-21.

Marx A (2008), 'Limits to non-state market regulation: A qualitative comparative analysis of the international sport footwear industry and the Fair Labor Association', Regulation & Governance, 2, 253-273.

Marx A, Maertens M, Swinnen J, Wouters J (2012), 'Conclusion: private standards - a global governance tool?' In: Marx A, Maertens M, Swinnen J, Wouters J (eds) Private Standards and Global Governance: Economic, legal and political perspectives, Edward Elgar, Cheltenham, 293-309.

Nadvi, K., & Waltring, F. (2004), 'Making sense of global standards', In H. Schmitz (Ed.), Local enterprises in the global economy: Issues of governance and upgrading, Cheltenham: Edward Elgar.

O'Rourke D (2006), 'Multi-stakeholder Regulation: Privatizing or Socializing Global Labour Standards?' World Development, 34, 899-918.

Otieno G, Knorringa P (2012), 'Localizing Global Standards: Illustrative examples from Kenya's horticulture sector', In: Dijk MPv, Trienekens J (eds) Global Value Chains: Linking local producers from developing countries to international markets, Amsterdam University Press, 119-135.

Pedersen ERG, Pedersen JT, (2013), 'Introduction: The rise of business-NGO partnerships', Journal of Corporate Citizenship, 50, 6-19.

Ponte S, Gibbon P, Vestergaard J (2011), 'Conclusion: The current status, limits and future of "governing through standards"'. In: Ponte S, Gibbon P, Vestergaard J (eds) Governing through standards: origins, drivers and limitations, Palgrave MacMillan, Basingstoke, 289-304.

Reed D (2012), 'Development and the problematic of non-state regulation', In: Reed D, Utting P, Mukherjee-Reed A (eds) Business regulation and non-state actors. Whose standards? Whose development? Routledge, Abingdon, 19-37.

Schouten G (2013), 'Tabling Sustainable Commodities through Private Governance: Processes of Legitimization in the Roundtables on Sustainable Palm Oil and Responsible Soy', Gildeprint, Utrecht.

 

Schouten G, Glasbergen P, (2011), 'Creating legitimacy in global private governance: The case of the Roundtable on Sustainable Palm Oil', Ecological Economics, 70, 1891-1899.

Schouten G, Glasbergen P. (2012), 'Private multi-stakeholder governance in the agricultural market place: an analysis of legitimization processes of the roundtables on sustainable palm oil and responsible soy', International Food and Agribusiness Management Review, 15B, 53-78.

Steering Committee of the State-of-Knowledge Assessment of Standards and Certification, (2012), Toward sustainability: The roles and limitations of certification, Washington, DC: RESOLVE, Inc.

Tallontire A (2007), 'CSR and regulation: towards a framework for understanding private standards initiatives in the agri-food chain', Third World Quarterly, 28, 775.

TSPN, (2011), Food-related voluntary sustainability standards: A strategy guide for policy makers, Draft for discussion.

UN Global Compact, (2013), Accenture CEO Study on Sustainability. Architects of a better world.

UNFSS, (2013), Launching Conference of the United Nations Forum on Sustainability Standards (UNFSS). Summary report. Geneva.

Van Lente, H (2012), 'Navigating foresight in a sea of expectations: lessons from the sociology of expectations', Technology analysis and strategic management, 24:8, 769-782.

Vermeulen W.J.V., Kok, M.T.J. (2012), 'Government interventions in sustainable supply chain governance: Experience in Dutch front-running cases', Ecological Economics, 83, 183–196.

Waddell S (2014), 'Turning point – large systems change producing the change we want', Journal of Corporate Citizenship, 53, 5-8.

Williams OF (2014), 'CSR: Will it change the World? Hope for the future: An emerging logic in business practice', Journal of Corporate Citizenship, 53, 9-26.