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**Update on Developments in the United Nations Forum on Sustainability Standards (UNFSS)**

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The UN Forum on Sustainability Standards (UNFSS), a joint initiative of FAO, ITC, UNCTAD, UNEP and UNIDO, focuses on public interest and public goods related to voluntary sustainability standards (VSS) and the role of governments in making VSS work for public policy objectives and sustainable market transformation. Against this background, key decision-makers of governments and the private sector in developing countries should be sufficiently informed about the strategic importance of and main policy requirements for VSS in order to develop pro-active strategies that maximize the developmental contribution, including poverty reduction, and export market access benefits of VSS, while reducing the potential negative implications of such standards.

No amount of external action or assistance (be it from donors or NGOs) can compensate for a lack of government commitment, flanking support and the existence of an enabling (policy and capacity) environment at the national level in developing countries. In addition, it appears certain that the challenges created by VSS cannot be solved through trade policy alone; complementary sectorial policy, the building of technical and institutional capacity, flanking measures, policy coherence and the promotion of multi-stakeholder dialogue are of fundamental importance. The political will to address specific problems – rather than just raise general objections – requires a realistic and informed assessment of the situation. Moreover, a proactive approach can enable developing countries not only to minimize the potential costs associated with adjustment to VSS, but also to maximize the related economic, social and environmental benefits.

By autumn last year, UNFSS completed its launching phase and determined the thematic and activity priority areas for its work programme in 2014 and 2015. Against this background, UNFSS will step up its analytical work to feed a well-informed policy dialogue of the Forum. This will include the preparation of the UNFSS flagship report for 2014 focusing on the specific role of governments and government regulation in supporting the implementation of VSS and the achievement of their sustainable development objectives. UNFSS will also continue to issue Discussion Papers on specific topics, for instance on the impact of VSS, governance issues and practical avenues for achieving greater equivalence. So far, 3 Discussion Papers figure on the UNFSS website at www.unfss.org.

Apart from the analytical work, UNFSS policy dialogue will also be supported by two working groups: one on impact assessment and related data requirements, and another UNFSS working group on enhancing the interoperability among voluntary sustainability standards, including their harmonization and equivalence.

UNFSS policy dialogue will also benefit from 3 national platforms on VSS, which are being prepared and will be launched in the course of this year in China, India and Thailand. There is also a request from the ASEAN working group on horticultural and food product standards to have a regular annual workshop with UNFSS. These national VSS platforms will serve as largely nationally-driven and owned initiatives to facilitate a constructive and regular national public-private dialogue on VSS use, on the one hand, and interface with UNFSS policy dialogue at international level, on the other.

On 31 January 2014, UNFSS organized a workshop that launched the first global report of the Committee on Sustainability Assessment (COSA) and the 2014 Review of the State of Sustainability Initiative (SSI). The two reports provide a bird's eye view of market and performance trends of the 16 most prevalent standards initiatives – such as the Forest Stewardship Council, Organic Agriculture, and Rainforest Alliance – across ten leading commodity sectors. Certified goods with an estimated trade value of US$31.6 billion in 2012 were studied.

The key findings of VSS-impact assessment in the two reports include:

1. VSS-compliant products attained significant market penetration in several major commodity markets. VSS-compliant coffee reached 38% in 2012 (up from 9% in 2008); cocoa 22%; palm oil 15% and tea 12%.
2. Despite growth, there is persistent oversupply of VSS-compliant products on the market. On average, only 42% of VSS-compliant production is actually sold as such on the market.
3. Uptake in standard-compliant production is led by the more developed of the export-oriented producers, raising questions about the effect on poverty reduction.
4. While producers have benefitted from education and training, better working conditions and improved gender equality, farmer incomes have not improved noticeably because of higher certification and input costs.
5. VSS have been successful in establishing a more inclusive governance across global supply chains and third-party monitoring has become the norm for conformity assessment.
6. However, as VSS have moved into the mainstream, the average breadth and depth of sustainability requirements covered by such standards has declined, pointing toward the importance of understanding the impacts of mainstream adoption.

Overall, the COSA and SSI reports show that the opportunities for voluntary standards to enable positive and transformational changes across major mainstream markets are now well established and continue to grow, but that taking full advantage of them requires a better understanding of field level impacts as well as a host of strategic policy measures to provide flanking support and achieve greater cost-internalization at the market level.