

**TYOLOGY OF GLOBAL STANDARDS**

Communication from the United Nations Conference on  
Trade and Development (UNCTAD)

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**BACKGROUND**

1. Standards have emerged to address a wide range of issues, from quality assurance, food safety, working conditions, to various ethical, environmental and social concerns. Meeting these standards is a key policy concern, especially in developing countries. More generally, understanding the making, applications and working conditions, and implications of these standards is very important for policy makers as well as producers' associations and export associations. This brief note aims to contribute to reducing the complexity and confusion in this area. It identifies the networks of actors engaged in the stages of formulation and implementation, and show how distinguishing between different generations of standards help to understand the current standards and their evolution.

**The Policy Cycle: Four Steps**

2. The policy cycle for standards has within it four distinct steps: standard setting, standard monitoring, assistance on achieving standard compliance, and sanctions for non-compliance. The credibility of a standard is in large measure related to the types of actors engaged in setting the standard, and in monitoring compliance. With compliance, for example, there are three distinct alternatives. First party certification relies solely on self-monitoring. In terms of public legitimacy, this usually results in the least degree of credibility and institutional trust. Second party certification shifts monitoring to the user of the product or services, or alternatively to trade bodies who monitor on behalf of their members. While this can enhance the credibility of the standard, there can be conflict of interest. Third party certification transfers monitoring to neutral and independent auditors. The credibility of the certification is directly linked to the credibility of the author. Auditors can include accredited firms who provide market-based certification services, or NGOs and civil society groups who uphold the values associated with the specific standard. The range of actors engaged in these four distinct steps can be extensive, especially where complex standards exist, or require complex forms of monitoring. Table 1 below, summarizes the main categories of such actors, ranging from private business, NGOs, trade unions, to the public sector. Moreover, such actors can operate at local, national and global levels, and be engaged in the distinct functions of formulating standards and monitoring the implementation of standards. To understand how standards are set and assessed we need to have an understanding of networks.

**Table 1: Types of actors engaged in defining and implementing standards**

TYPES OF ACTORS		LOCAL/NATIONAL	INTERNATIONAL
PRIVATE SECTOR	BUSINESS	Local or National Firms, Trade Associations and Certification Firms	Multinationals (TNCs), Global Trade Associations, Global Certification Firms
	NGOs	Local or National NGOs, Consumer Groups and Trade Unions	Global NGOs, International Trade Union Federations
PUBLIC SECTOR		Local and National Government & Standards Organization	International and Regional Organizations

### Typology for Global Standards

3. Standards can be distinguished according to the following criterion:

- **Scope:** process, product standards
- **Geographical reach:** national, regional, international
- **Function:** social, labour, environmental, quality, safety, ethical
- **Key drivers:** public, private (business, NGOs), public-private
- **Forms:** management standards, company codes, labels
- **Coverage:** generic, sector specific, firm/value chain specific
- **Regulatory implications:** legally mandatory, necessary for competition, voluntary

On the basis of these distinctions, a review of global standards is set out in Table 2.

**Table 2: Typologies for Global Standards**

<b>Field of Application</b>	<b>Form</b>	<b>Coverage</b>	<b>Key Drivers</b>	<b>Certification Process</b>	<b>Regulatory Implication</b>
ISO 9000	Standard (& label)	Generic	International business	3 <sup>rd</sup> party private auditors	Voluntary, market requirement and legally mandatory in some markets
QS9000/AS9000	Standard label	Sector bpecific	International business	3 <sup>rd</sup> party private auditors	Voluntary and sector requirement
EUREPGAP <sup>1</sup>					
HACCP	Standard	Sector specific	International organizations & government	3 <sup>rd</sup> party public & private bodies	Increasingly legally mandatory
Firm QA codes	Codes	Firm specific	International business	1 <sup>st</sup> and 3 <sup>rd</sup> party	Voluntary
SA 8000,ETI, FLA	Standard & code	Generic	State, business & NGOs	3 <sup>rd</sup> party private auditors and NGOs	Voluntary
ISO14000	Standard & label	Generic	Business	3 <sup>rd</sup> party private auditors	Voluntary
Fair Trade, FSC	Standards codes & labels	Sector scpecific	NGOs, unions & business	3 <sup>rd</sup> party NGOs	Voluntary
Firm-level Company codes	Codes	Firm specific	Business	1 <sup>st</sup> and 3 <sup>rd</sup> party firm and NGOs	Mandatory for all suppliers

<sup>1</sup> **EUREPGAP**: Harmonized standards and procedures for global certification of Good Agricultural Practices (GAP) (i) developed by a coalition of retailers; (ii) now 275 members from farm to fork; (iii) business-to-business (not communicated to consumers); (iv) independent audits and certification to measure compliance; (v) 35,000 producers certified in 62 countries; (vi) Protocol includes Integrated Crop Management (ICM), Integrated Pest Control (IPC), Quality Management System (QMS), Hazard Analysis and Critical Control Points (HACCP), worker health, safety, welfare and environmental pollution and conservation management; (vii) Horticulture: 210 Control Points (Food Safety, Environmental, Social).

**Table 3: Examples of Private Food Safety and Quality Standards**

<b>Focus</b>		<b>Public Mandatory</b>	<b>Public Voluntary</b>	<b>Private</b>	
	<b>National</b>	National Legislation	National Legislation	Food Safety Enhancement Program HACCP	Collective  Dutch HACCP, BRC Global Standards, Assured Food Standards
<b>International</b>	EU Regulation	EU Regulation	ISO 9000  ISO 22000	International Food Standard  EUREPGAP	

### Quality Management Standards

4. Using the typology set out earlier, the following table outlines the constellation of actors engaged in the formulation of these standards, and details how these standards are implemented. These standards can be differentiated according to distinct "generations". These generations capture the nature of coverage of standards, from those that are generic, to sector-specific, and more recently firm-specific standards.

**Table 3: Different generations of global quality management standards**

<b>Generation</b>	<b>Examples</b>	<b>Actors involved</b>	<b>Key drivers</b>	<b>Influence in international trade</b>	<b>Certification Process</b>
1 <sup>st</sup> generation  GENERIC	<u>ISO 9000</u>	The International Organization of Stand. (ISO) represented through national standardization bodies and large business actors mainly from developed countries, accredited certification bodies	<u>Industry</u> (trade associations, TNCs, certification bodies)	Voluntary, but increasingly becoming mandatory in some European markets, also gaining influence in the US and Japan	3 <sup>rd</sup> party, market based auditors
2 <sup>nd</sup> generation  SECTOR-SPECIFIC	(a) <u>AS 9000</u> , <u>QS 9000</u>  (b) <u>HACCP</u> : Health and standards	(a) Large TNCs, sector business associations, accredited certification bodies  (b) International public institutions (e.g. WHO, FAO) national control institutions with public duties, governmental representatives  Food retailers, importers and suppliers	(a) TNCs, lead firms in the chain  (b) National governments, especially in developed countries	Increasing influence in technically complex sectors where specialized quality assurance codes are required  Increasing influence in international pharmaceutical and food-based trade with growing concerns relating to process management in the international food chain	(a) 3 <sup>rd</sup> party market-based auditors  (b) 3 <sup>rd</sup> -party certification through public/private institutions with public duties

Generation	Examples	Actors involved	Key drivers	Influence in international trade	Certification Process
	(c) EUREPGAP: Food Quality, & Crop Management standards		(c) Private sector industry	Extremely prominent in European fresh produce value chain, adopted by all leading supermarkets & food importers	(c) 3 <sup>rd</sup> party market-based auditors
3 <sup>rd</sup> Generation Company based	<u>Nestlé</u> Supermarket Codes (Wal Mart, Tesco, Ahold)	Powerful TNCs with a dominant position in the world market and a leading role in their supply chain	TNCs, lead firms in the chain	Increasing influence due to technological based complexity in know-how intensive sectors, and also in the food products sector	1 <sup>st</sup> and 3 <sup>rd</sup> Party monitoring

### Implications for Small Producers

5. UNCTAD's experience in the area of standards is that<sup>2</sup>:

- Voluntary or private standards are becoming the entry conditions for markets particularly at the national level and, increasingly for many producers, for international markets.
- Producers can gain a price premium if they can get the standards right.
- There are concerns that these standards can have a negative impact on equity and livelihoods if they are not designed carefully to integrate the views and concerns of these small producers.

6. In this light, it is important to learn more about the rapidly changing market requirement. It is hard to keep pace and it's important to have good empirical work on the ground to take stock of what's happening. An overarching concern is how do we develop non-exclusionary standards? Standards that meet the needs of the large distribution networks such as supermarket chains and the buyers, and at the same time, help and support the small producers.

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<sup>2</sup> To enable them to meet internationally recognized standards, UNCTAD, in 2005, completed a project on "Agri-food safety and SPS compliance" in the horticultural sector in Guinea, but also in other least developed countries (Ghana, Pacific Island Countries, Mozambique and Tanzania). The current follow-up project "A Model for the Development of a Public/Private Safety Control System for the Horticultural Sector in Guinea", financed by the Standards Trade Development Facility (STDF), was designed to assist producers' associations and export associations in Guinea to comply with SPS requirements and retailer's agri-food safety standards.

- (i) There is limited access by small producers to standards-setting processes. The standards are being imposed on them. So, a key part of the chain is being excluded from the standard-setting process.
- (ii) There is inadequate study of the share of cost and benefits between the standard makers and the standard takers. An investment is required by a supermarket to work with small producers but there is also a cost to the producer that wants to work with the supermarkets and we need to think about that. If the costs are being borne primarily by the small producers then these standards are really regressive instruments that work against their livelihoods.
- (iii) Compliance and certification – proof that standards are being met involves some cost and this cost right now is not being borne by the private companies themselves. In some cases this is being funded by public money coming in to support their active participation in this changing supply chain. Why is it that we need to have foreign development assistance and NGOs supporting this with public money? Doesn't it make more sense for the private companies to pick up all that? We've heard some examples of companies seeking to do this but it's not easy.
- (iv) Transaction costs related to inspections for the buyers makes it difficult for them to deal with small producers and at some point there is going to be a rationalization of the supply chain. This has big implications for what development agencies are able to do, and how can they contribute to and make sure that this is a win-win situation?

7. Some questions addressed to experts and/or panelists for discussions:

- How do we develop non-exclusionary standards?
  - How do we reduce the cost of compliance for those small actors that actively participate in those chains?
  - How do we review certification/conformity assessment processes to give them a fair shake?
  - Can we include small producers in standard setting or is it only about helping them comply with externally imposed standards? Can they be assisted in the process to set their own standards?
  - Can we learn from some of the social and environmental certification bodies for identifying best practices in the area? There is a lot of work going on in the fair-trade movement, etc. to make sure that small producers are part of the chain, so can we learn from them?
  - Can we make small farmer partnerships part of the selling point? Can it be part of the brand image of a particular retailer or company?
  - Can we create a policy framework to set out how business can help create sustainable markets?
  - Can we have a supportive groups of actors (NGOs, Chambers of Commerce, etc) that can act as advocates and watchdogs to make sure there are fair deals between the producers and the retailers?
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