



More society in markets

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Most Latin American countries have pursued a market oriented development strategy. Insertion into the global economy has entailed massive foreign investment in the different productive sectors, often in remote and rural areas. The local effects of production are often significant. Environmental regulation is in general at an early stage and enforcement is weak.

Arrival of certification and labelling systems

Much attention has been paid to management systems that directly involve industry - certification and labelling systems as well as what has been described as Corporate Social Responsibility (CSR) or Corporate Citizenship. These systems, by setting voluntary environmental and social standards for the production process and its effects, eventually connect the final consumers to the workers and local communities. They have evaded the WTO in the sense that they are 'voluntarily' regulating production processes and not only products. At the same time as seeing the benefits of these voluntary market approaches some risks and dangers have been identified: certification can be abused as a tool for restricting market access; certification systems can be imposed from outside; criteria may not reflect developing country reality; certifiers who are not familiar with local conditions may come in from outside for a short period of time; and companies can take over public policy-making in contexts of weak local governance.¹

On the other hand these systems can bridge the enormous distance between the final consumers and the place of production and surrounding affected communities, leading, ideally, to responsible sustainable consumption and production.

Civil society as part of the new mechanisms

Beyond the companies that are directly involved in the implementation of these systems there are two important civil society actors without whom they would not be viable: consumers (still mostly in the developed world) and local communities (to a great extent in the developing world). Whereas consumers have become more and more organised, local communities have, in general, had little voice except for special individual cases in which they have been confronted with large investment projects that would imply dramatic changes in their environment.²

Consumers International has put the differences very frankly in its 2000 Annual Report: 'There are clear benefits for Western consumers in better access to developing country exports (in certified products)'. And with regard to developing countries: 'To the extent that it might marginally encourage cleaner production in the South, eco-labelling *could* be seen as a benefit for third world countries'. (p.26)

The missing link: the local community

The challenge seems evident and straightforward: there has to be greater participation of local actors in the market. It can constitute a counterbalance to globalisation, link local preoccupations to global issues, and relate consumers to

KEY CHALLENGES:

- Certification, labelling and corporate citizenship guidelines have to integrate concrete principles and criteria regarding the interaction with local communities, including the elaboration as well as the implementation and the monitoring of the systems. Companies as well as certifiers have to take these principles and criteria seriously.
- Information and experiences on the practice of community participation and company-community interaction have to be exchanged, so that a more systematic approach can be elaborated.
- Governments have to strengthen local communities, especially in areas that are subject to and driven by few large scale investments.
- As a long term challenge, sustainable consumption has to be promoted in industrialising countries themselves.



local production issues and their effects. Certification systems and labelling systems have to leave space for local communities to participate and to define criteria and monitor and be a valid partner in these systems. Not only the *space* to participate but also, and often most importantly, the *capacity* to participate has to be provided to local communities.

If certification schemes are initiated merely to satisfy developed country consumers' needs they will meet only half of the potential impact on sustainable development.

Today, more systematic civil society participation is not totally new to Latin America. In government, examples of greater participation are becoming better known - innovative schemes such as the municipal co-governance between public sector and civil society in the Brazilian town of Porto Alegre have caught the attention of civil society as well as governments.³ Examples of more participation in governance are very varied, including schemes of polls or referendums, or the Sustainable Development Councils that have been established in several countries to implement their commitments to Agenda 21.

Initial examples

Early examples of the introduction of labelling systems with wider participation of civil society in Latin American countries include the various action plans for *organic agriculture*, national forestry certification initiatives, and participatory schemes to promote Corporate Citizenship.

Action plans for the introduction and promotion of organic agriculture are being developed in a number of Latin American countries. Costa Rica, one of the first to have moved in this direction, has elaborated a National Organic Agriculture Programme, a governmental body which has realised that, in addition to consolidating national and international market opportunities, '*joint initiatives and coordination among civil society and governmental institutions*' are at the core of supporting organic agriculture, and the development of organic agriculture depends not only on supporting farmers but supporting other civil society actors such as NGOs and local universities as well.

Certification of *sustainable forestry* has been introduced through national initiatives around the Forest Stewardship Council, as well as through parallel nationally developed certification schemes. Participation at the national level of the different stakeholders has been assured. The extent to which local communities are taken into account in the implementation and the monitoring has not yet been sufficiently tested, but the principles laid down for certification do integrate local community issues. Certifiers have, however, a considerable amount of discretion with regard to evaluating the practice of these principles.

Some larger companies in the *resource extraction* sector have established independent foundations in which the local community has direct representation and participates in decisions on the use of available resources and the management of the foundation. Although these schemes are very welcome, it will be important to assess whether the

attention of the community is drawn away from the significant long term effects of production by the short term benefits from resources provided through the foundation.

The need for public sector support

Public sector programmes to complement these approaches would be desirable. These can strengthen local community capacity to participate effectively and also enable communities to critically evaluate the support programmes.

In order to make significant progress in this area, a more intense international exchange of experience will be important. Given that solutions are extremely diverse and experience is very limited, precedents and good practice examples can often come from abroad and solutions do not have to lie exclusively in developing countries. For example, the declaration by citizens from Garstang (a 4000-inhabitant town in Lancashire, England. See <http://www.garstangoxfamgroup.fsnet.co.uk/>) regarding the town's commitment to fair trade products, including not only the consumption of these but the holding of seminars and even visits to the producers and communities in the developing world, is a forerunner in proactive attitudes on behalf of consumers creating bridges to local communities.

Beyond the strengthening of local communities, a long term challenge is the promotion of sustainable consumption at the regional and national level. The efforts undertaken by the Latin American regional office of Consumers International together with UNESCO to introduce consumer education into primary and secondary schools should receive more attention and a much broader based support.

Local Agenda 21 was initiated when these market mechanisms were still little developed. The potential to introduce changes in the market, by increasing the participation of the local community, has to be integrated into the agenda, realising the power of civil society action in transforming markets, not only in setting up parallel schemes and initiatives that complement market activities, but integrating them into the market. The international community has to provide the adequate framework conditions, link the schemes that might arise from individual initiatives to existing certification schemes and market indicators, provide information on these innovative schemes, but also provide the adequate framework conditions for new initiatives to flourish - that is, guarantee improved market access for sustainable products. It would be timely if the Johannesburg summit were to redefine '*Consumptions and Production*' as '*Consumption, Production and Local Communities*'. ●

- 1 See for example IIED Bulletin Board 'Southern Stakeholder Discussion on Corporate Social Responsibility', www.ring-alliance/discussion
- 2 See examples in Sabatini, Francisco, Claudia Sepúlveda and Hernán Blanco. 2000. 'Participación Ciudadana para Enfrentar Conflictos Ambientales -Desafíos para el Sistema de Evaluación de Impacto Ambiental'. Ediciones LOM. Santiago
- 3 See for example Gerson Almeida, Porto Alegre's Experience in Participative Government, IIED International Forum 'Equity for a Small Planet', 12-13 November 2001, London