



## World Export Development Forum (WEDF), 8 – 11 October 2008

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### SESSION SUMMARY: Friday, 10 October 2008

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#### BREAKOUT SERIES 4

#### **Sustainable Trade: e-Transparency through the Value Chain**

**SPEAKERS:** Ged Buffee, The African Organic Farming Foundation, South Africa

Ian Sanderson, Head of International Cooperation and Development, Deloitte, Switzerland

Telojo Onu, Caribbean Institute of E-Business and International Trade

**MODERATOR:** Robert Jackson, Managing Principal, Audit Education, Hilton, South Africa

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#### **E-Transparency Proliferates and Diversifies**

Integrated systems are developing to the point that perhaps we will have no place to hide in the future. What stakeholder needs and desires are now being realistically met, asked moderator Robert Jackson? Will these systems create additional burdens for less developed countries? What systemic characteristics must they offer?

Information and communications technologies are becoming more collaborative and interactive, said Telojo Onu. They are enabling stakeholders to examine the company behaviour to an unprecedented extent. While the telecommunications infrastructure is costly, benefits outweigh the cost. Developing nations need to have simple systems appropriate to their uses, develop locally relevant content and educate their citizens in their proper use. "Technology is important, but processes must be developed and people must be empowered to use them," she said. "A shared understanding – a common goal – must be developed to facilitate the development of the transfers and linkages required."

The proliferation of e-transparency schemes poses challenges to protecting their integrity, Ged Buffee agreed. Nonetheless, the schemes offer a means to monitor and improve the certified market mechanisms and "trustmarks" such as fair trade requirements. Certain websites are attempting to offer comprehensive information on the behaviour of both producers in developing countries and purchasers for multinational corporations. In addition to analyses that highlight who makes money at what point and when in the value chain, he said, "they can display photos and web cam films to demonstrate that certified participants are behaving the way that they promised they would."



“E-transparency will be useful because it is transforming ‘trust me’ into ‘show me’,” he explained. Stakeholders, he believes, will be brought together by the need to maintain the integrity of the certification systems in which they participate.

As an accountant, Ian Sanderson offered a different perspective. The Internet can bring together those who share concrete interests, but the probability of win-win scenarios rapidly diminishes as the number of stakeholders increases. Indeed, he said, “transparency is not always a good thing.”

For example, if a multinational corporate purchaser learns that a producer has a larger carbon footprint than the producer’s competitors, the purchaser can demand a lower price by arguing that the carbon rating will cause problems with customers. Too much transparency can therefore punish stakeholders such as producers. Sanderson declared: “If you want to create value for the developing countries, you need to focus on their needs.”

Because corporations are beginning to include their environmental accomplishments and other corporate social responsibility programmes in their annual reports, he added, it is only a matter of time before accounting firms devise ways of measuring and evaluating their performance. Nonetheless, issues remain regarding the completeness and accuracy of the certification information.

“Who will hold the accountants accountable?” Onu asked.

Furthermore, Sanderson noted, the big brands are largely uninterested in participating in certification programmes. “They have the means to advertise their strengths themselves. That way they can keep all the glory for themselves,” he explained.

Nonetheless, both Onu and Buffee argued that, given the new means of communication available to them, consumers collectively may be able to force their will on the big brands. Buffee added: “It’s about recruiting new consumers into the cause. They will become engaged with the right information, education, and trust in the process.”