

## Private: Certify This...

Posted on February 24, 2015 by Cecilia Borjeson

The topic of certification schemes is perhaps more pertinent than ever in the current debate on consumer goods vis-à-vis agricultural practices. Coffee farmers worldwide are faced with increasing social and environmental challenges, which are further exacerbated by the effects of climate change.

### The context

Traditional coffee trade's boom-bust cycle and complex value-adding chain, where middlemen profit on farmers' lack of market knowledge and access to multiple buyers, render them vulnerable to stronger market pressures. It is a system that generates wealth in wealthy countries, and accelerates poverty in already poor countries.

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Worst affected are the poorest rural people, the migrant coffee workers, as during these conditions it is hard – if at all possible – for farmers to provide security of income, health care, education or insurance to his workers. In the presiding system, therefore, many farm workers today are not employed but are working by the pound they manage to harvest in a



day.

Certification schemes consist of standards directives invoked by non-state actors intended to apply on the transnational arena. They are implemented in the coffee sector, as explained by the *Coffee Barometer July 2014*, as 'a way for coffee farmers to improve productivity, reduce costs and increase quality, all of which can lead to financial benefits and increased profits.' Some of the biggest certification schemes today include *Fairtrade*, *UTZ*, *SAN/Rainforest Alliance* and *Organic*, which issue their certificates based on how well farmers' meet their list of standards. So where, amidst a myriad of competing certification schemes, do Bonaverde position ourselves you might wonder? Well, the answer is that we don't. Below we shall evaluate some of the criticisms towards the presiding certification systems, the trend of an emerging

'standards market', and address why we firmly believe in doing things differently.

## Ethical consumer vs attitude-behaviour gap

Despite promoting ethical awareness, certification initiatives such as *Fairtrade* have been criticised for failing to live up to its claim of altering the power balance of the global coffee supply chain, and reducing poverty. Colleen Haight, Associate professor of economics at San Jose State University, takes it even further in a SSI report by suggesting that, "*Fair Trade coffee has evolved from an economic and social justice movement to largely a marketing model for ethical consumerism.*"

The cynicism directed against certification schemes is rooted in their lack of transparency and difficulties in tracking how premiums paid by consumers are distributed along the supply chain's different actors. As they do not always trickle down to farmers, this in turn creates a disincentive for farmers to increase their bean quality. Paradoxically, in the face of a multitude of different certification labels, it also creates an attitude-behaviour gap among ethically motivated consumers who are discouraged from purchase, as noted *Journal of Business Ethics* (2010).



## The 'standards market' and fragmentation

The multitude of certification schemes today are working towards similar overarching guidelines – yet, they are all competing with each other in promoting their own brands and agendas. As more providers enter the market with their own versions of sustainability standards this is paving way for fragmentation. Consumers increasingly express their confusion over the meaning of the labels on the supermarket shelf all expressing "We are the most sustainable. Buy me!", whilst producers are facing multiple costs adopting multiple standards to meet the demand of the buyers. A Fairtrade interviewee, as noted in a study conducted by the *Management & Marketing Faculty of University of Massachusetts Boston*, commented on the emergence of a standards market where policy makers continue to differentiate their standards to preserve market share and /or to showcase ideological commitment:

*'It is an interesting situation...on one level [...] we are all sharing the same agenda: [...] progress towards sustainable development. [...] So the difficulty is, are we competing with Rainforest? And is Utz competing with Rainforest? Well, on one level, yes, because we're all pitching for companies' business, we all want to grow our own label.'*

**"...we're all pitching for companies' business, we all want to grow our own**

label."



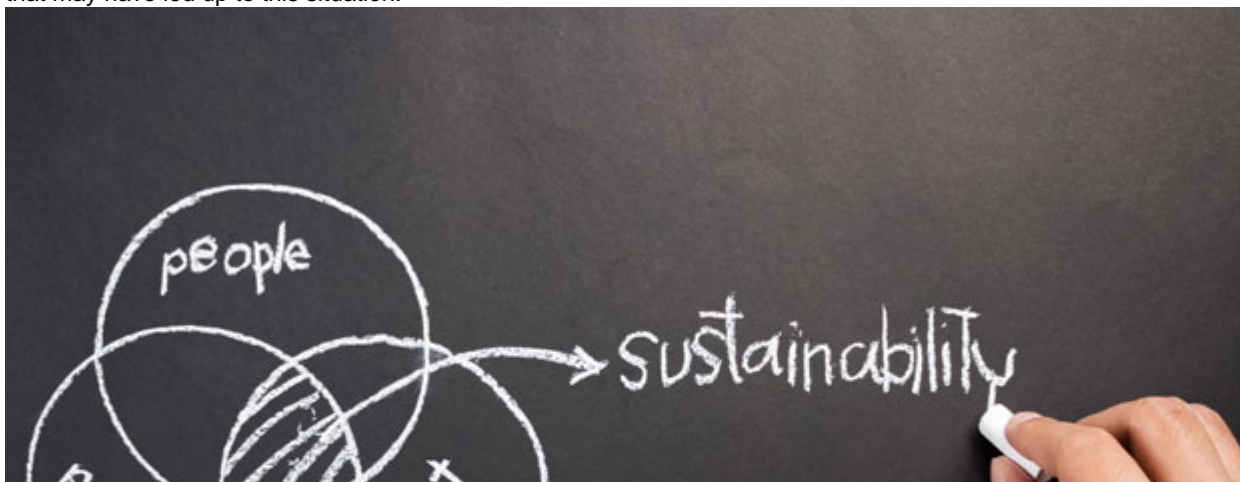
Yet, SUSTAINEDO concludes in their report that, '*Despite the significant amounts of money invested in certification, evidence in the form of systematic impact assessments at farm level is limited.*'

## Integrity of schemes

According to a recent study commissioned by SUSTAINEDO, there is not enough insight into how the certification schemes are maintaining quality control, in ensuring that certified farms meet the respective requirements, and how the farmer and worker livelihoods are impacted as a direct result of the schemes. Due to the lack of monitoring the integrity and credibility of certification schemes have been questioned, which is compounded by the pressures exercised on farmers by processors and exporters. In seeking to increase their sourced amounts of certified beans, 'farmers are not given enough time to prepare themselves for meeting the certification requirements and tend to be certified 'too easily', notes SUSTAINEDO.

## "...tend to be certified 'too easily'."

As an example, SAN/Rainforest Alliance allows companies to use their label if at least 30% of their coffee is certified. Additionally, it is noteworthy to point out that the cooperatives do not need to comply with all criteria straight away, but all schemes have phasing systems allowing farmers to adjust to all requirements over time. In the case of for instance Fairtrade cooperatives have up to 6 years to reach full compliance. SUSTAINEDO also highlights that most literature evaluating the impact of certification schemes is arguably positive but, the report notes, tends to describe the effects by analyzing the situation of certified farmers at a specific moment in time, without accounting for local context and the factors that may have led up to this situation.



## Transparency and need for change

Consequently, the certification schemes and sustainable markets today are highly contested and there is a consensus in favour of change. A first step in the right direction would arguably be for standards setters, industry players and policy-makers to reach common ground and consolidate a set of globally accepted generic standards for measuring interdisciplinary impact. It goes on to propose that certification schemes should focus more on economic sustainability and empowerment of farmers, including:

- provision of storage facilities, allowing farmers to sell their produce when prices are high
- guaranteeing market access (e.g. by stipulating long-term contracts or reaching agreements with traders who would commit to buy the whole volume produced by certified farmers).
- providing stable prices and increasing the premium received by farmers, while ensuring it is paid consistently.

Additionally, as the world is shrinking in time and distance the local marketplace makes the demand for certification less imminent, as the link between producer and consumer is transparent and direct, creating a sense of trust and familiarity.



The

transparency of the *Bonaverde* system not only allows us to place a floor on living standards, but creates intrinsic motivation for farmers when they see that excellence in a specific category i.e. health or education, can increase attention on them in our market. Increased attention equals increased sales, hence they will endeavour to excel not only in terms of quality produce, but in quality farming practices and quality of life for their workers. By detaching the producers' revenue from the coffee exchange it suddenly becomes possible for him to work out cash-flow plans, investment calculations and income forecasts, which provides security and the ability to invest money back into the farm. The opportunity to sell coffee to consumers instead of large corporations enables the farmer to leverage the social bonds of his workers empowering the farm community to operate on a stable basis throughout the year, rather than as a harvesting project once a year.

## Bonaverde - A new system

We will through our Sustainability & Logistics partner supply support, which is tailored to each farm's size and needs and encourages sustainable and ecologically minded farming practices. This enables the farmers to make informed decisions with the core incentives of increasing quality, reducing costs and optimizing productivity – whilst minimising negative impact on environment. It also allows for value adding-processes to take place in the producing country for the first time, which generates more jobs. Consumers are encouraged to learn about the farmers' culture instead of buying into certain brands' coffee blends, establishing long-term relationships built on trust, traceability and shared values where social (labour) and environmental (ecological) standards overlap and are mutually beneficial. The farmers become brands in

themselves. Know your farmer, and know the goods he is offering.

## "... know your farmer, and know the goods he is offering."



We

are currently working out a modus operandi for logging and monitoring of farms and their workers together with our Sustainability & Logistics partner, in ensuring the fairest and most transparent coffee supply chain in the world.

[accordion title="Further reading:" close="0"] [The International Trade Center \(ITC\)](#) – database to enable users to quickly review many different VSS's on every aspect of their specific thematic qualities [The Problem With Fair Trade – Stanford Social Innovation Review](#). Colleen Haight, 2011 [SUSTAINED – Improving Smallholder Livelihoods](#), Oct 2013 [Global Coffee Report](#), Sep/Oct 2014 [Coffee Barometer](#), July 2014 ["Why Ethical Consumers Don't Walk Their Talk..."](#) *Journal of Business Ethics*, 2010. "The Emergence of a Standards Market: Multiplicity of Sustainability Standards in the Global Coffee Industry", study conducted by the Management & Marketing Faculty of University of Massachusetts Boston, 2012 .[/accordion]

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