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UNDERSTANDING CERTIFIED SMALL PRODUCERS' NEEDS

Interviews with certified producers to understand their needs and how sustainability standards can innovate to meet them.

iseal alliance

Contents

Abbreviations

BCI	Better Cotton Initiative
BMZ	German Federal Ministry for Economic Cooperation and Development
CRECE	Centro de Estudios Regionales Cafeteros y Empresariales
FSC	Forest Stewardship Council
FFB	fresh fruit bunches
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
ICCO	International Cocoa Organization
ISPO	Indonesian Sustainable Palm Oil
MSC	Marine Stewardship Council
RJC	Responsible Jewellery Council
RSPO	Roundtable on Sustainable Palm Oil
SME	small and medium enterprises

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Executive summary

This report looks at the issues facing small certified producers and their expectations and experiences of certification, and explores how standards can address producers' needs and priorities.[EN1.]

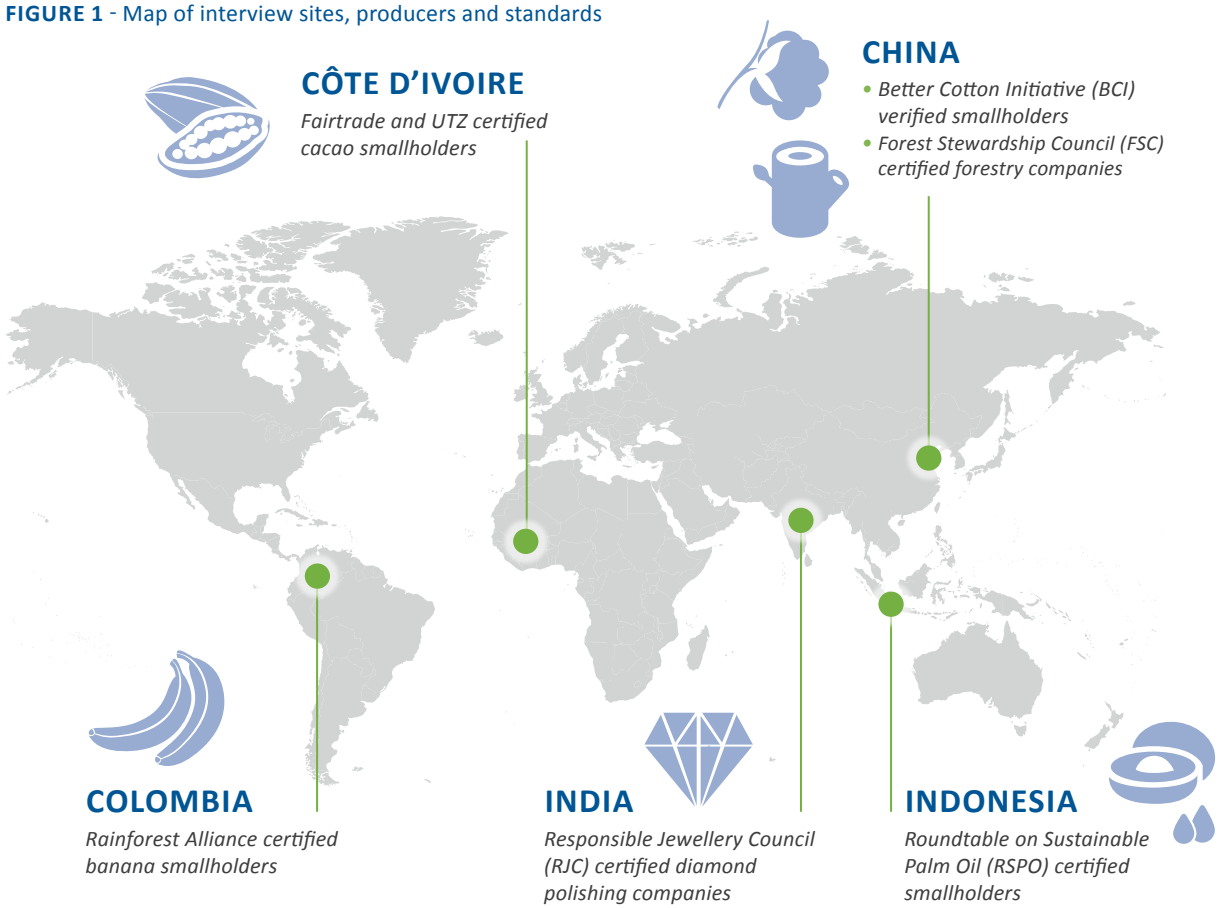
Our research aimed to uncover smallholder perspectives on standards, explore challenges to implementation of standards in different sectors and geographies, test assumptions that standards make about small-scale producers and suggest opportunities for innovation and scaling-up of standards systems.

It draws on 63 semi-structured interviews conducted with ISEAL member certified producers in five countries, as well as conversations with those who provide support and extension services to producers and three group workshops with producers and members of the standards community.[EN2.]

Based on our interviews, we present four case studies, included as an annex in this report:

- Better Cotton Initiative (BCI) verified smallholders in China
- Rainforest Alliance certified banana smallholders in Colombia
- Fairtrade and UTZ certified cacao smallholders in Côte d'Ivoire
- Roundtable on Sustainable Palm Oil (RSPO) certified smallholders in Indonesia.

FIGURE 1 - Map of interview sites, producers and standards



Issues covered within these case studies include motivations for certification; labour; knowledge, learning and information; access to finance; markets, yields and productivity; accessibility; and environmental impacts.

In addition, we interviewed three Forest Stewardship Council (FSC) certified SMEs in China and three Responsible Jewellery Council (RJC) diamond businesses in India. We also held three roundtable discussions: in Beijing, China, with experts who work with sustainability standards and producers; with recently certified RSPO smallholders in Central Kalimantan, Indonesia; and in London, U.K., with senior staff from ISEAL members.

MEETING PRODUCERS' CHALLENGES

From our survey and roundtable discussions, we highlight seven cross-cutting challenges identified by producers, and discuss how standards systems can help meet them:

PRODUCER CHALLENGE 1: PRICES

Producers identified fluctuating and low prices for certified products as one of their biggest challenges. Many producers hope that standards can help stabilise or raise the price of the goods they sell.

Sustainability standards are increasingly engaging with the drivers of sustainability, especially governments and businesses on issues around living income and living wages, which are intimately related to the prices of certified agricultural commodities. Higher wages and incomes are part of a broader decent work agenda that increasing numbers of governments are integrating into regulations and legislation related to due diligence, child labour, modern slavery, corporate social responsibility or the Sustainable Development Goals. Sustainability standards can be mechanisms for helping to ensure that higher wages and incomes reach small producers. However, sustainability standards alone cannot solve these intractable issues, which can have effects on competitiveness and require concerted efforts from civil society, businesses and policy-makers. Engaging with and convening these actors can help enable standards systems, partners and advocates to support producers to achieve better prices for the products.

PRODUCER CHALLENGE 2: MARKET ACCESS

Market forces are a primary motivation for certification, but many producers cannot sell all of their production as certified due to low market demand.

At the global level, there are opportunities for standards to engage more deeply with other drivers of sustainability, such as governments, which are increasingly referencing sustainability standards in national policies or regulations. Standards have the opportunity to do more to promote their systems and certified products through partnerships, advocacy and convening with businesses and government to increase recognition of sustainability and develop shared visions of credible progress. To increase local market recognition, standards can connect producers directly with consumers through new traceability models and promote the recognition of certified products on e-commerce sites and on supermarket shelves. Such efforts can build greater demand for certified products, which is linked to many of the benefits that producers receive, and will increase producers' abilities to sell their production as certified.

PRODUCER CHALLENGE 3: ACCESSIBILITY

Accessibility and cost of assurance were major hurdles for producers. Costs include pre-certification improvements, ongoing improvements, initial certification assessments and subsequent audits.

Standards are innovating in this area and are working to deepen their work on risk-based approaches, landscape/jurisdictional approaches, and stepwise and continuous improvement approaches. Downstream partners and smallholder support funds can help more producers become certified by covering training, certification and audit costs, as can support from NGOs. New technology in assurance allows more self-assessment and additional sources of data that reduce reliance on audits alone, and should lead to lower certification costs with simplified certification procedures. Partnerships with local standards and local/national governments can also reduce audit costs and promote continuous improvement/stepwise approaches or recognition of local standards as a first step, as well as allow for joint capacity building. Greater investment in relationships with cooperatives, farmer groups and other organisations could help standard systems increase accessibility and maximise benefits for smallholders. Governments can also drive accessibility by supporting certified producers through means such as taxes, infrastructure, subsidies and national standards that can be stepping stones to sustainability.

PRODUCER CHALLENGE 4: INPUTS

The rising costs of agricultural inputs were seen as a barrier to improved productivity, and as a threat to livelihoods.

While standards are not in a position to directly affect the costs of agricultural inputs, they are able

to offer best practice to make more efficient and productive use of pesticides and fertilisers. They can also help cooperatives—and by extension producers—make informed purchasing decisions. Producers use agricultural input suppliers and buyers as sources of loans and information, not just materials. There may be opportunities for sustainability standards to engage more with agricultural suppliers to better support smallholders.

PRODUCER CHALLENGE 5: ENVIRONMENTAL AND SOCIAL ISSUES

Many producers had concerns about climate change, the natural environment and human safety.

Many standards already incorporate environmentally friendly techniques that help small producers adapt to climate change, like ground cover and vegetative buffers that can help small producers deal with the challenges of wind, erosion, drought and climate change. Building capacity in this area is essential, and standards have the opportunity to be more proactive in explaining and promoting their environmental requirements as solutions to producers' challenges, not just more boxes to be ticked. Engaging with capacity building organisations and ensuring local knowledge in key crops and geographies will help address these issues.

Along with advocating for responsible land-use practices within their principles and criteria, standards have a role to play as convening platforms, bringing NGOs, producers and civil society together to address specific environmental issues. Engaging on environmental and human health issues and highlighting the role standards can play allows standards to tap into a strong base of engaged stakeholders and supporters.

PRODUCER CHALLENGE 6: ACCESS TO FINANCE

Access to finance was a problem for many smallholders who lacked strong local support networks.

Sustainability standards can play a role in helping build the capacity of local producer networks and cooperatives for access to finance and increased financial literacy. Various initiatives that provide pre-financing to producers based on standards and certification are now being implemented, though not always with strong involvement from standards themselves. Equally, certain standard systems have developed more structured approaches to pooling financial resources from downstream players to provide financing for producers. There may be opportunities for standards to harness their connections and credibility to connect financial institutions to producers in a more systematic and targeted manner. Sustainability standards can make the finance case for certified producers being better at managing risk, accessing markets and ultimately paying back loans.

PRODUCER CHALLENGE 7: EDUCATION, INFORMATION AND DATA

There is widespread producer demand for practical education, data access and information sharing that goes beyond traditional engagement and capacity building.

Many standards systems already provide training and information, but there are opportunities to strengthen and extend what they offer, and to use their convening power to work with other training providers to encourage greater alignment. Training trainers to provide practical, hands-on visual learning materials and field demonstrations can drive home key content for producers. There is also a need for principles and criteria to be simplified and adapted to local contexts, and clearly translated into local languages. Supporting even more comprehensive training in areas like partnership development, management, finance and markets can help empower the next generation of producers who feel the pull of higher-paying urban jobs.

Along with training, there are opportunities for standards to empower smallholders with useful information – particularly through communications technology. Farmers already use mobile phones and other types of information technology, but standards are not yet making full use of these tools. As standards become better data managers, they can make use of these resources by paying attention to how producers access data, what data they want and how they use it.

By listening to small producers' voices and understanding their priorities, the sustainability standards movement can maximise its impact and ensure that the benefits of certification reach those who need it most. Whether developing new forms of assurance, convening stakeholders around specific issues, growing demand for certified products or providing information and training, standards have important roles to play that can improve small producers' lives. As some of standards' most important intended beneficiaries, it is vital that small producers continue to value what standards offer, becoming ambassadors and living proof that standards work.

This project helped has helped clarify a wide variety of small producers needs. We hope that this research and report will spark conversations and inform innovations, ensuring we keep small producers at the heart of the sustainability standards movement now and in the future.

Introduction

UNDERSTANDING AND ADDRESSING PRODUCER NEEDS IS KEY TO SCALING SUSTAINABILITY

Sustainability standards are recognised and used globally to catalyse more responsible or sustainable practices. Despite impressive growth, uptake by small producers and small and medium enterprises (SMEs) remains both a bottleneck and an opportunity. Unlocking new approaches to meeting producer needs will allow standards to achieve greater scale and become more relevant to all producers, especially in emerging economies.

To understand how standards can work better for small producers, ISEAL has gone into the field to ask certified producers and SMEs about their needs, priorities and constraints. This work is part of a project funded by the German Corporation for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit, or GIZ) that aims to strengthen sustainability standards' support to smallholders.

The opportunities identified in this report should inform conversations among the sustainability standards community about how to ensure standards continue to provide value for certified producers and enterprises around the world. Understanding these producer needs is important as we work to achieve ISEAL's 2025 vision for sustainability standards to "meet producers and enterprises at their existing levels of performance and provide the incentives and support needed." [1.]

PUTTING PRODUCERS AT THE HEART OF ISEAL'S INNOVATIONS AGENDA

Credible sustainability standards have always been more than a piece of paper. Standards are living systems that have focused in various ways on supporting producer capacity, creating market signals that reward sustainable production and consumption and forging consensus on the sustainability issues that matter, like deforestation and sustainable livelihoods. This report highlights the importance of a user-centred innovation approach to ensure that producers receive the benefits they expect from sustainability standards so they can become long-term partners and advocates. The findings point to the importance of using new technologies that make assurance more accessible or approaches that allow producers to get on a pathway of continuous improvement.

CERTIFICATION AND BEYOND

This report connects the dots between producer needs and the range of new approaches that sustainability standards are using to improve their reach. Compared to other sustainability standards, ISEAL's member standards are generally ahead of the curve on the accessibility of their assurance models,[2.] As mission driven organisations, they are committed to ensuring accessibility and supporting continuous improvements in addition to compliance. Innovations include producer support funds, lower entry-level requirements for small producers, and new risk-based approaches with less complex auditing and verification. However, the report shows that more can be done to make standards easily accessible to smallholders through simplifying principles and criteria, training trainers to provide more hands-on training and unlocking support through partnerships.

Standards are developing other strategies to foster enabling conditions for the uptake of sustainable practices that go beyond traditional third-party certification. Through engagement with ISEAL members and experts as part of this project, we have identified six areas where members are piloting and using approaches that complement and enhance certification:

- **CONVENING:** ISEAL members already play a convening role in building multi-stakeholder consensus to set and revise their standards,

but are going beyond this to address issues like gender, climate-smart agriculture, and other technical topics at local, national, and international levels. Language and understanding, fostering experience-sharing and promoting healthy competition and a race up the sustainability ladder. The precompetitive nature of this engagement, often with neutral convening partners, is key to stimulating collaboration.

- **ENGAGING CHANGE-MAKERS:** Public policy is a significant lever to achieve more sustainable productive sectors and supply chains. Governments increasingly see standards as effective tools to meet national sustainability objectives, or to improve industry practices and efficiency. Some ISEAL members are working with government to embed their standards in national regulations. Others aim to provide a bridge to their standard from baseline criteria set by governments, helping producers step up the sustainability performance ladder. Standards are also beginning to engage more directly with financial institutions to use standards to guide their lending and investments. Standards continue to engage with and partner with companies, and financial institutions to use standards to guide their lending and investments.

- **LANDSCAPE-SCALE INTERVENTIONS:** While the traditional unit for certification has been at the farm or firm level, landscape or jurisdictional approaches have the potential to drive sustainable production at a much larger scale. The challenge is getting all stakeholders to agree on a common approach and develop an adequate and credible assurance mechanism. Geospatial mapping tools and common indicators across a landscape are among the approaches being piloted.

- **CAPACITY BUILDING:** While capacity building is not new, sustainability standards are taking a more active role in training trainers or even engaging directly with producers to ensure they have the understanding and capacity to reach standards.

- **INCENTIVISING PROGRESS:** Increasingly, standards are building different progress levels into their systems, enabling producers to get involved at a lower level of performance and providing them with tools to make improvements. One challenge with this approach is ensuring that the right incentives and accountability mechanisms are in place to keep producers improving over time.

- **DATA AND DIGITISATION:** Standards systems sit on a wealth of data, but much of this has not yet been systematised and harnessed to meet producer needs. Data can empower producers and enterprises to prioritise and improve their own sustainability performance through self-assessment tools, including most crucially tools that enable them to see how they are performing compared to others. More accurate and up-to-date performance data also enables standards and partners to provide more targeted capacity-building resources and incentives. ISEAL's revised Assurance Code of Good Practice[3.] includes new requirements and guidance for standards systems to strengthen their data management, learning and improvement systems.

BUILDING ON EXISTING KNOWLEDGE

There is a large body of literature on the impacts of voluntary sustainability standards on small-scale producers, covering areas such as supply chain participation, poverty alleviation, sustainable value chains and socio-economic outcomes. Some of this is summarised in the methodology section.

Given the depth of existing literature on small producers and standards, we did not expect this project to uncover new headlines. Instead, we add nuance to the debate. More importantly, we have drawn on ISEAL's expertise and knowledge of standards systems to look at how and where voluntary sustainability standards can better meet the needs of small-scale producers and create additional value for them. Particularly in agriculture, there is increasing recognition that standards systems need to strengthen and more clearly articulate their value proposition to small and medium-sized producers.[4.]

APPROACHES TO UNDERSTANDING AND MEETING SMALL-SCALE PRODUCER NEEDS

Sustainability standards have wide-ranging approaches to meeting the needs of small-scale producers. Some, like the Better Cotton Initiative (BCI) and Fairtrade, were set up purposefully to engage directly with smallholders. Others, like Rainforest Alliance and the Forest Stewardship Council (FSC), were initially focused on larger enterprises, but have been revising their strategies and approaches to make certification more accessible to small-scale producers.[5.] Group certification of multiple small-scale

producers is a common approach – and enabling groups of smallholders to organise themselves into clusters or associations can bring benefits that go beyond certification, including collective marketing and buying power and better access to markets, finance and training.

Standards systems understand that certification remains a challenge to most smallholders. Among the challenges commonly listed in ISEAL members' reports are:

- The business case for producers to engage with standards has not been strongly expressed[6.]
- The financial costs of obtaining and retaining certification represent barriers[7. 8. 9.]
- Producers lack access to the latest knowledge and tools that may help to improve efficiency and yield[10. 11.]
- Producers lack access to finance[12. 13. 14.]
- Inputs remain expensive[15.]
- Producers are unable to reap the financial rewards of entering certified markets.[16. 17. 18.]

THE STRUCTURE OF THIS REPORT

This report has been broken into two sections to make it accessible to different stakeholders.

The first section includes the research methodology employed, followed by the findings of the research, and a discussion regarding how standards can develop their offering to further benefit small-scale producers.

The second section is an annex that contains four detailed case studies based on the semi-structured interviews with certified producers, conducted in Indonesia, Côte D'Ivoire, China and Colombia. The case studies offer the opportunity to deep-dive into the lived experiences of these producers, and explore the regional and commodity-specific problems that each producer group faces.

This project aims to provide a stronger and more structured basis for further conversation in the sustainability standards community on how we can ensure that standards remain a key vehicle for empowering producers. We hope this can improve not only their own lives, but the state of the world as well.

Methodology

Our research is based on interviews with producers in the field. This was supplemented by desk research, conversations with experts in the field who offer capacity-building services, and roundtable group discussions with producers, experts and members of the standards community.

RESEARCH QUESTIONS AND SCOPE

The research aimed to answer the following categories of questions:

- **Smallholder perspectives:** According to producers, what additional value does participation with sustainability standards bring? What drives those benefits from the producers' perspectives? For example, do smallholders think that standards have helped them improve their incomes or livelihoods? And where are standards falling short of small producer expectations?
- **Challenges to implementation:** What are the main challenges to implementation of sustainability standards in specific countries or geographies?
- **Testing assumptions:** What are the assumptions that standards make about the needs of small-scale producers and enterprises?
- **Standards system innovation and scaling up:** How can standards best adapt, collaborate and apply their resources or innovate to better meet producer needs? Which actors do standards need to target to facilitate greater uptake and implementation? What other tools are being used to achieve sustainability objectives or market expectations?

LITERATURE REVIEW

A wealth of research on small producer needs has been conducted by both standards systems and academics over more than 10 years. ISEAL carried out desk research of publicly accessible academic articles, standard systems' reports and grey literature, which found 13 major reports that, in various ways, looked at the interactions between standards and producers. This helped inform gaps in knowledge and sectoral issues that shaped our data collection approach. ISEAL's expertise in sustainability standards offered a chance for constructive approaches to overcoming challenges addressed in the literature.

A NOTE ON DEFINITIONS

The notion of 'the smallholder' (or small producer) is a relative term. It is often used as a proxy or substitute for subsistence farmers, with an implied low market orientation. Generally, definitions tend to involve:

- **Land** – smallholders are most often defined in terms of the physical size of the farm, with the most popular international definition being less than two hectares.

- **Labour** – smallholdings rely mostly on family labour. There is often a high prevalence of seasonal, part-time and informal workers, dependent on the production cycle.
- **Economic size** – the economic size of the holding is progressively replacing land size as a criteria for defining smallholders in Europe.

Other definitions incorporate market access, financial inclusion and the type of farming system. Because of the wide variation in definitions of smallholders within sectors and geographies, this study uses the definitions set by the sustainability standard the producer is certified to. All of those interviewed in this study achieved certification through group certification (except for Chinese forestry companies and Indian diamond polishing companies), so this study functionally defines smallholders as those engaged in group certification.

DATA COLLECTION METHODS

The findings presented in this report are based on 63 semi-structured interviews and three roundtable group discussions, one with producers, a second with those who work with producers and a third with staff from ISEAL member standard setting organisations. Interviews were conducted in Côte D'Ivoire, China, Colombia, India and Indonesia. We focused primarily on agricultural producers, though we also interviewed three diamond companies in Mumbai, India. The research scope does not include the experiences of producers that are not certified, or those who are on the path to certification, although several producers on the path to certification participated in a roundtable in Indonesia.

INTERVIEWS

Answering our research questions required different approaches with different actors. While we wanted to put the producers' voices front and centre, other actors also offered important perspectives, especially where we needed comparative information on the relative usefulness of innovations employed by standards systems.

In the semi-structured interviews, some questions were prescriptive, but most were tailored specifically to the language, sector and geography. Interviews were conducted in local languages and then translated into English. Summaries of the interviews were also written in English.

We explored a variety of producer groups as potential candidates for research. Before finalising the producer groups to be interviewed, ISEAL carried out preliminary interviews with those who have worked with producers in the field to develop a better understanding of a particular region or group's suitability. These initial conversations also allowed us to adjust the specific questions to suit the situation of producers in the local area.

Sectors and geographies were based on balancing the following needs: breadth and depth of existing literature, questions remaining after literature review, accessibility to certified producer groups, donor priorities (Côte d'Ivoire and Colombia) and ISEAL member standard setting organisation certification activity.

PRODUCER INTERVIEWS WERE DESIGNED TO TEST THESE ASSUMPTIONS IN A SEMI-STRUCTURED FORMAT:

Motivations for certification: Producers participated voluntarily in certification, were motivated initially by the assumed business benefits, understood the content of the standard and knew what to expect from certification.

Labour: Producers rely primarily on family labour; hire and sell labour dependent on the production cycle; are unable to pay living wages to agricultural workers.

Knowledge, learning and information: Producers lack capacity, knowledge, information and skills, and would value real-time, actionable insights on their performance; standards are well placed to address these challenges.

Access to finance: Access to finance is a challenge for smallholders and this limits their ability to purchase inputs and make investments.

Markets, yields and productivity: Producers believe certification will lead to better profits and efficiency, expect a premium for a certified products, and benefit from higher quality/stable trading relationships; standards and certification improve market access for producers and have raised sufficient market demand; smallholders are able to sell certified produce as such.

Accessibility: Producers understand why they are asked to follow specific practices and what to expect of certification; standards make sense in the local context and fully understand the costs incurred by producers; assurance is relatively expensive for producers and they see no value in the assurance process.

Impacts: Smallholders believe standards are helping them deal with their most important challenges.

ROUNDTABLES:

To broaden our understanding of the issues producers face, ISEAL hosted three group roundtable workshops:

- The first workshop, in Beijing, China, was with experts who work with sustainability standards and producers. Their recommendations emphasised connecting with e-commerce platforms, engaging government support, increasing consumer awareness of sustainability standards, training and capacity building and simplifying standards' requirements.
- The second workshop was with recently certified RSPO smallholders in Central Kalimantan, Indonesia. Participants sense-checked our initial interview findings and drilled into barriers to certification faced by producers, what changes they experienced, educational inputs and methods and how they hope standards can create additional value for them.
- The third roundtable in London was with senior staff from ISEAL members. This looked at the variety of member strategies and approaches for scaling sustainability standard uptake based on producers' needs.

The conclusions of these roundtables feed into our discussion of what new approaches and partnerships standards could use to meet the needs of small-scale producers.

DATA ANALYSIS

The findings of the surveys and roundtables were summarised by sector and geography and then analysed according to the research questions. Each individual interview record and each sector were summarised according to the research questions.

LIMITATIONS OF THIS APPROACH

The findings presented here offer a number of interesting insights for ISEAL members and the standards community in general. However, it is important to recognise the limitations that affect the rigour and robustness of the analysis:

- While there are similarities in the stories of the producers interviewed from around the world, it is not possible to say that this is a representative sample, either of small-scale producers generally, or of the producers of any one commodity or region. The report should be treated as a snapshot of the situation on the ground, rather than a definitive statement on the subject.
- Access to producers is often mediated through gatekeepers like group managers or cooperative heads, who are likely to select those producers who will represent them and the cooperative the best. To address this, we assured group managers that the project was not related to an audit, and that any information uncovered during the interviews would be treated with confidentiality.
- Where possible, interviews were conducted by ISEAL staff in the field. Due to budgetary limitations, it was more cost effective to hire external researchers in Colombia, Côte d'Ivoire and Indonesia. External researchers bring their own experience and biases into the field, so it was important to us that the research was minimally influenced by their prior conceptions and beliefs of the needs of producers. We carried out appropriate due diligence on researchers, interviewing them and training them to ensure that the interviews yielded results related to producers' challenges and helped us glean insights into actionable solutions. Researchers produced individual interview reports, and summary reports of all of the research they conducted. ISEAL itself focused on how standards can work better for producers to inform our membership and beyond. Therefore, this research focuses on understanding producer challenges.
- This is qualitative survey that has limits of comparability and representativeness, thus limiting the claims we can make about the findings. The research design provides no power of attribution.

Through this approach, we have been able to address our research questions and present the findings in this report.

Findings & Discussion:

Producers' challenges and the opportunities for standards to meet them

The findings of this study highlight the opportunities for sustainability standards to replicate successful practices and develop new approaches to meet producers' needs. Here, we summarise seven cross-cutting challenges identified by producers, and discuss how standards systems can help to meet them. This section also addresses our research questions on producers' perspectives on sustainability standards, their challenges, whether our assumptions about their lives were true and how standards are innovating to address these needs.

PRODUCER CHALLENGE 1: PRICES

Producers identified fluctuating and low prices for certified products as one of their biggest challenges. Many producers hope that standards can help stabilise or raise the price of the goods they sell.

Producers from every sector and geography in this study mentioned the challenge of fluctuating and low prices. Even producers in the Indonesian palm and Chinese cotton sectors, where certification was new and demand was high, wanted higher prices, though they acknowledged they were generally happy about additional premiums and access to stable markets.

We found that for bananas in Colombia, certification is effectively a licence to operate and profit margins are thin. In cocoa in Côte D'Ivoire certification was perceived as a potential benefit and marketed as a way to get premiums, though producers found it hard to sell their produce as certified. Two of the FSC certified companies in China were aware of European demand for FSC and saw market access as a benefit of certification; the third company interviewed had low levels of awareness of the market in general and remained at the mercy of its known buyers. For certified diamond cutters, certification was more about image and seen as a differentiator.

Raising the price of commodities alone is a double-edged sword. Increased commodity prices means more production, which increases demand for labour and sends labour prices higher; smallholders who hire labour do not necessarily end up with more income, although higher wages may benefit the wider community. Achieving higher income is

important for producers and can help address the intergenerational challenges looming in Côte d'Ivoire and China – for example, where younger workers leave farms for opportunities elsewhere. Higher wages at home on the farm or in associated jobs can be a major draw.

Opportunities for sustainability standards: Many economic issues are not simple and involve collaboration of multiple actors, so convening power, advocacy and partnerships with government, business, the finance sector and others are all crucially important. For example, standards are taking the lead through the Global Living Wage Coalition[19.] to set benchmarks for a living wage around the world and encouraging corporations and governments to get involved. Standards' ability to influence price come also from other strategies. Fairtrade has a minimum price and Fairtrade premium. Standards can strengthen producer organisations, helping them to be more professional and to negotiate higher prices and longer-term contracts. Some standards are also piloting reference prices based on living wage and living income estimates and sharing those prices with producers and buyers.

Other strategies can offset lower prices and help producers through market downturns. A focus on quality can raise prices, as can helping producer groups focus on relationships. Producers who invest in hedging against future price fluctuation, usually through producer groups, can also be more resilient.[20.] Cost savings from reduced input costs and increased efficiencies can also help offset lower prices. Access to finance, including pre-financing, can also help producers, especially if the costs of borrowing are lower due to their group membership or certification.

Sustainability standards are increasingly engaging with governments and businesses on issues around living income and living wages, which are intimately related to the prices of certified agricultural commodities. Higher wages and incomes are part of a decent work agenda that many governments have integrated into regulations and legislation related to due diligence, child labour, modern slavery and corporate social responsibility. Sustainability standards can be mechanisms for helping to ensure that higher wages and incomes reach small producers. However, sustainability standards alone cannot solve these intractable issues, which can have effects on competitiveness and require concerted efforts from civil society, businesses and policy makers. Engaging with and convening these actors can help standards systems, partners and advocates to provide producers with better prices for their products.

PRODUCER CHALLENGE 2: MARKET ACCESS

Market forces are a primary motivation for certification, but many producers cannot sell all of their production as certified due to low market demand.

Demand from buyers and the promise of higher prices or more stable markets for products were producers' primary motivation for becoming certified. Through funding or direct pressure, the private sector helps promote certification and that seems to have an effect on how it is perceived, although motivations and satisfaction with certification vary between sectors. In some cases, producers already associated with cooperatives had little to no say in whether they got certified, as cooperative heads made the decision based on recommendations by buyers.

Often producers were promised access to markets that never materialised. Sometimes buyers requested certification and then stopped ordering. For example, cocoa farmers in Côte d'Ivoire sold only a small percentage of their production as certified. Similarly, one SME in China was asked by a buyer to get FSC certification, and then cancelled after the company got certified. Positively, there were also many examples of standards enabling access to markets that demand sustainability. In Colombia, Rainforest Alliance certification for bananas was seen as necessary for market access but did not guarantee a premium in that low-margin commodity. BCI verified cotton in China and RSPO certified palm oil in Indonesia both differentiated these first-moving smallholders, branding their products as sustainable and thus virtually guaranteeing stable markets and even price premiums (though in both cases, producers still wished for higher prices).

Opportunities for sustainability standards: More can be done to build demand for certified products, which has a direct impact on the ability of producers to sell their product as certified. In mature markets, consumer demand has been saturated in many sectors. Consumer demand in emerging economies still has potential for growth. Standards have the opportunity do more to promote their systems and certified products at domestic and regional levels, through partnerships, advocacy and convening with businesses and government to increase recognition of sustainability and develop shared

visions of credible progress. To increase local market recognition, standards can connect producers directly with consumers through new traceability models and promote the recognition of certified products on e-commerce sites and supermarket shelves, moving beyond the label to embedding data about standards in the product information, such as in the barcode or online shopping platforms. At the roundtable in China, experts suggested that standards focus on building awareness of certified products in China with the media, industry associations, certification bodies and civil society, with consumers through e-commerce platforms and with corporates like brands and retailers. They also recommended increased transparency and availability of information about which companies are buying which certified products, and which products contain certified components.

There are also opportunities to engage with other drivers of sustainability, like governments, which are increasingly referencing standards in national policies or regulations and in public procurement. Standards are being approached by governments that recognise they can help deliver sustainable development goals. Engaging with companies in new ways can also drive uptake: standards are in a good position to provide businesses with data and producers' stories, and act as service providers to help businesses achieve their own sustainability goals.

PRODUCER CHALLENGE 3: ACCESSIBILITY

Accessibility and cost of assurance were major hurdles for producers. Costs include pre-certification improvements, ongoing improvements, initial certification assessments and subsequent audits.

Cost of assurance was a major concern for producers who paid for certification themselves. Sometimes paying certification fees was a burden on the cooperative, while at other times the cost fell on owners of small enterprises like FSC certified businesses in China or diamond polishers in India. Of all the producers surveyed, only the BCI producers in China made no mention of concerns about the cost of assurance. This can be attributed to BCI's model, which involves downstream buyers paying for capacity building and verification costs, coupled with the less onerous assurance required in BCI's model compared to third-party certification.

Small producers' perceptions of other costs of compliance, such as building capacity and using new approaches, were more pronounced among more recently certified producers (cotton farmers in China and palm oil growers in Indonesia). Especially in Indonesia, the producers shared a lot about the challenges of changing their practices to improve sustainability. By contrast, in multi-certified farms in Colombia and Côte d'Ivoire, where certification has become the norm, producers mentioned the additional costs of assurance against a second or third sustainability standard, but did not mention concerns about the challenges of changing practices. Aside from costs, producers also mentioned positive outcomes of these changes – two FSC certified businesses in China said they benefited from the changes to the company's management systems and other changes required by FSC.

Opportunities for sustainability standards:
Standards are innovating in accessibility and deepening their work on risk-based approaches to assurance, landscape approaches, and stepwise or continuous improvement approaches.

Downstream partners and smallholder support funds can help more producers become certified by covering training, certification and audit costs, as can support from NGOs, as is the case of RSPO certified smallholders in Indonesia. These approaches can be more widely scaled up. Experts at the Beijing roundtable suggested strategies like encouraging local and central government agencies to reduce taxes and increase infrastructure investments to support certification. These experts encouraged standards to adopt lower baseline requirements with stretch goals for continuous improvement, and develop training materials with language tailored to the local condition and differentiated by target audience (like producers, managers or experts).

New technology in assurance allows more self-assessment and additional sources of data that reduce reliance on audits alone, and should lead to lower certification costs with simplified procedures. Partnerships with local standards and local/national governments can also reduce audit costs and promote continuous improvement, as well as allow for joint capacity building.

Local institutions are key to achieving economies of scale that make sustainability standards more accessible and affordable for the smallest producers. Greater investment in relationships with cooperatives, farmer groups and other organisations could help standard systems increase accessibility and maximise benefits for smallholders. Engaging with governments is also important in addressing accessibility challenges.

This can include policy advocacy to replicate nascent government support of certified small producers through lowered taxes, infrastructure development or subsidies, either by importing or exporting countries. For example, the Peruvian government's support of certified forests through lower taxes has promoted forest protection and made FSC more accessible,[21] while the Suriname government's support of initial assessments helped the country's shrimp fishery become the first in the tropics to gain Marine Stewardship Council (MSC) certification.[22] However, tensions sometimes exist where international standards are seen as being imposed on jurisdictions. In response, standards are increasingly recognising local standards and mandatory baselines as initial steps on the sustainability journey.

PRODUCER CHALLENGE 4: INPUTS

The rising costs of agricultural inputs were seen as a barrier to improved productivity, and as a threat to livelihoods.

Producers saw some improvements in this through working together; for example, in China producers gained access to higher quality agricultural inputs through their cooperative membership. Probably the biggest benefit of being certified and working together was learning ways to minimise the use of agricultural inputs – a prominent theme in China, Indonesia and Colombia.

Opportunities for sustainability standards:
While standards have little or no influence over the costs of agricultural inputs, they are able to offer best practice to make more efficient and productive use of these inputs. They can also help cooperatives – and by extension producers – make informed purchasing decisions.

Producers use agricultural inputs suppliers and buyers not just for materials and markets, but also as sources of loans and information. There may be opportunities for sustainability standards to engage more with agricultural suppliers to better support smallholders.

PRODUCER CHALLENGE 5: ENVIRONMENTAL AND SOCIAL ISSUES

Many producers had concerns about climate change, the natural environment and human safety.

Concerns about changing climatic conditions were prevalent in palm oil producers in Indonesia, Colombian banana farmers and cocoa farmers in Côte d'Ivoire. Despite these concerns, producers rarely brought up the environmental benefits of certification – though these were mentioned by RSPO certified smallholders in Indonesia, while BCI cotton farmers mentioned an increase in nesting birds. Training on the use of protective equipment when handling pesticides was often mentioned as a benefit of being certified.

Opportunities for sustainability standards:
Many standards already incorporate environmentally friendly techniques that help small producers adapt to climate change, like ground cover and vegetative buffers that can help small producers deal with the challenges of wind, erosion, drought and climate change. Building capacity in this area is essential, and standards have the opportunity to be more proactive in explaining and promoting their environmental requirements as solutions to producers' challenges, not just more boxes to be ticked. Engaging with capacity building organisations and ensuring local knowledge in key crops and geographies will help address these issues.

Along with advocating for responsible land-use practices within their principles and criteria, standards have a role to play as convening platforms, bringing NGOs, producers and civil society together to address environmental issues. Engaging on environmental and human health issues and highlighting the role standards can play allows them to tap into a strong base of engaged stakeholders and potential supporters.

PRODUCER CHALLENGE 6: ACCESS TO FINANCE

Access to finance was a problem for many smallholders who lacked strong local support networks.

Most smallholders recognised a connection between group membership and certification and having greater access to finance. Some hoped certification's mark of credibility could translate into better financing opportunities. In Indonesia, RSPO certified farmers saw banks approaching them with favourable loans. In Côte d'Ivoire, access to finance was still a constraint for the presidents of the cooperatives interviewed. In Colombia, farmers identified land ownership and membership to the cooperative as key to accessing finance from local banks, but thought only foreign banks would be interested in sustainability certification. Neither Chinese timber companies nor Chinese cotton farmers mentioned any problems about accessing finance before or after becoming certified, as they relied on existing forms of financing.

Opportunities for sustainability standards: Sustainability standards could play a role in helping build the capacity of local producer networks and cooperatives for access to finance and increased financial literacy. Various initiatives that provide pre-financing to producers based on standards and certification are now being implemented, though not always with strong involvement from standards themselves. Equally, some standards systems have developed more structural approaches to pooling financial resources from downstream players to provide financing for producers. The BCI model, for example, charges cotton buyers a fee based on the volume of verified cotton they purchase, which is channelled back into capacity building. Fairtrade's premium, subsidised by downstream buyers, also ensures more capital reaches producers. There may be opportunities for standards to harness their connections and credibility to connect financial institutions to producers in a more systematic and targeted manner.

The case can also be made that supporting certified small producers can be good for financial institutions as well. Certified producers are not only future-proofing their production through sustainability practices, but becoming more stable by implementing the management systems and other aspects required to achieve certification.

Financial institutions are increasingly embracing sustainability. Some investment funds only invest in certified businesses.[23] A number of banks, for example, are making RSPO a prerequisite for investment in palm plantations, though these benefits have yet to truly reach smallholders at scale, with RSPO certified smallholders making up only a small fraction of the total. Standards can do more to promote sustainable finance for smallholders, especially among regional or national banks.

PRODUCER CHALLENGE 7: EDUCATION, INFORMATION AND DATA

There is widespread producer demand for practical education, data access and information sharing that goes beyond traditional engagement and capacity building.

The biggest source of information for most interviewed farmers was the cooperatives they were affiliated with, as well as companies or local industry organisations like guilds. Most of the training farmers received related to the general objectives of reaching the standard, although not necessarily specific to any one standard. With this type of training, producers talked about the need for more practical and field-based training. However, many producers expressed interest in further training that empowered them to better understand supply chains, management, accounting, finance or other skills.

In more recent certification sites like cotton in China and palm oil in Indonesia, producers were more familiar with the certification process; they were less so in Colombia and Côte d'Ivoire. Those who were familiar with the certification process were also more familiar with a standard's content; this was also related to the amount of training producers received. In multi-certification sites, producers' knowledge of the differences between standards was low. Market demand from buying companies led Colombian banana farmers to become Rainforest Alliance and Fairtrade certified, but they seemed uninterested and unaware of the content of the standards – training had simply focused on how to implement required practices.

A relative lack of information on issues such as prices, weather, costs and the utility of inputs has traditionally put small producers at a disadvantage. Producers rarely proactively expressed demand for additional information but, when asked directly by our researchers, were generally keen to have more performance data in relation to their peers or additional information related to prices, weather and good production practices. In the Indonesian smallholder roundtable discussion, farmers wanted information to be disseminated in practical ways. Field learning was generally preferred to classroom learning, with videos preferred over text and practical knowledge over general principles.

This is only the beginning of the opportunities for technology to be harnessed to achieve sustainability objectives. Almost all of the farmers interviewed use mobile phones and most even use smartphones, through which they gathered data about weather or prices. However, only the China BCI farmers received more in-depth information about sustainable cultivation practices, apps like WeChat and a customised BCI app offering tools such as expert Q&As, online classrooms and basic agricultural knowledge.

Opportunities for sustainability standards: Many standards systems already provide training and information, but there are opportunities to strengthen and extend what they offer. Training trainers to provide practical, hands-on visual learning materials and field demonstrations can drive home key content for producers. There is also a need for principles and criteria to be simplified and adapted to local contexts,

and clearly translated into local languages. Supporting even more comprehensive training in areas like partnership development, management, finance and markets can help empower the next generation of producers who feel the pull of higher-paying urban jobs.

A growing number of corporations run capacity-building programmes, either aligned to sustainability standards or their own codes. There are opportunities for standards to deepen their collaboration with these providers and/or to use their convening power to encourage greater alignment of content and objectives. Standards can also use their expertise in monitoring and evaluation to study the impacts of training: who is attending what types of training? How beneficial do the producers find the training? How much of the information learned is put into practice?

Along with training, there are opportunities for standards to empower smallholders with useful information – particularly by using communications technology. Farmers already use mobile phones and other information technology, but standards are not yet making full use of these tools. Existing channels like WhatsApp, WeChat and text messages can be used to disseminate information about market structures, pricing, weather and other data, which could improve productivity and add value for certified farmers. Online learning libraries and tools can help organise and make sense of capacity building and training opportunities, and collect feedback on training to improve effectiveness. As standards become better data managers, they can make use of these resources by paying attention to how producers access data (phones, smartphones, cooperatives, etc.), what data they want (many want information on their peers), and how they use the data (to improve their own practices, for example). Data-driven tools like self-assessment and peer comparisons encourage healthy competition and drive productivity improvements. Geospatial data, continuous improvement tools and digital internal management systems are also helpful.

Cooperatives and farmer groups are also a source of training and can help farmers overcome information asymmetries, for example by helping them avoid buying fake pesticides and fertilisers. The relationship between the cooperative and its members, and the implication for practice adoption and sustainability outcomes, is an area of research that requires greater attention, as it seems to affect how producers perceive standards.

Conclusion

When it comes to the important, expensive and time-consuming work of building small producers' capacity to overcome challenges and seize opportunities, there are few shortcuts. Nevertheless, we hope that this report has offered some helpful insights and will lead to many more stimulating conversations and innovative approaches that help standards put producers' needs front and centre. Additionally, we hope that this report can provide a stronger basis for collaboration between standards themselves and the other actors who can help ensure that producers' needs are at the forefront of the sustainable development agenda.

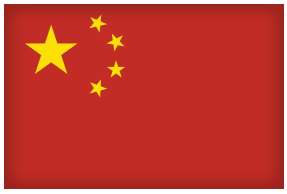
By listening to small producers' voices and understanding their priorities, the sustainability standards movement can maximise its impact and ensure the benefits of certification reach those who need it most.

Whether developing new forms of assurance, convening stakeholders around specific issues, growing demand for certified products, or providing information and training, standards have important roles to play that can improve small producers' lives. Many ISEAL members are developing small producer strategies, standards and other tools that can help facilitate the uptake of good practices among producers. Given the importance standards systems accord small producer, it is vital that these producers continue to value standards, become local ambassadors and exemplify that standards work in practice.

We hope that this research and report will spark conversations and inform innovations, ensuring we keep small producers at the heart of the sustainability standards movement now and in the future.

CASE STUDY ANNEX

Case Study 1 - China: Better Cotton Initiative verified smallholders



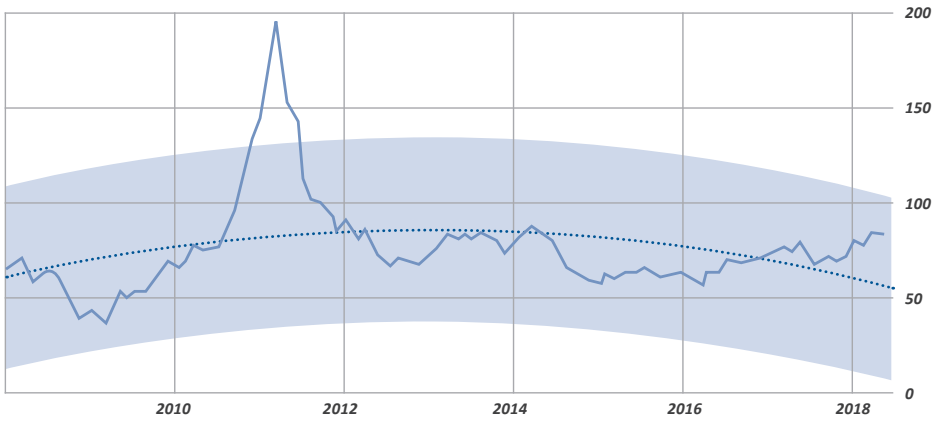
> "Being BCI verified is a new brand. There are some buyers who come to ask me to sell my cotton to them, but I refused as I have a contract with the cooperative. But we appreciate this trend and hope it will continue.

BCI verified Chinese cotton farmer in China

COTTON CHALLENGES

Cotton is a heavily traded commodity in the world market, with production growing year on year.[24] The fibre is used to make almost half of all clothes and textiles worldwide, with an unequal geographical distribution in both production and consumption. The industry has numerous sustainability challenges, including environmental degradation through excessive use of harmful pesticides, unsustainable consumption of water and fertilisers, and child labour. Many producers are trapped in poverty due to endemic low incomes caused by uncertainty, low prices and a downward trend in the market, as seen in figure 2 below.

FIGURE 2 - 2008-2018 trends in global market price of cotton (US$/lbs) (tradingeconomics.com)



THE BETTER COTTON INITIATIVE STANDARD

The Better Cotton Initiative is a standard system exclusively focused on driving sustainable cotton production by engaging large numbers of farmers to enable transformational change at scale. First convened in 2005 as part of a WWF roundtable initiative, BCI now has more than 1.5 million licensed farmers, the bulk of whom are smallholders, growing verified "Better Cotton" over 3.5 million hectares.[25] By 2020, BCI aims to have 5 million cotton farmers implementing its standard, representing 30% of global cotton production. BCI also manages the Better Cotton Growth and Innovation Fund to make strategic investments towards its 2020 targets.

Strengthening the economic viability of Better Cotton is at the heart of the BCI system. There is a strong focus on capacity building: BCI works with local partners to support farmers to continuously improve their practices, using a scoring system to classify producers into performance bands. For their cotton to become verified, smallholders need to reach a set of minimum requirements, based on 24 criteria that focus on optimising inputs and reducing the negative environmental impacts of cotton production (water, soil, biodiversity, agrochemicals), promoting good social practices (decent work), and raising economic performance (improving quality, effective internal management system).[26]

COTTON IN CHINA

As the world's largest cotton producer, China is a key strategic country for the BCI. Chinese Better Cotton enters international supply chains, with many American and European brands sourcing and producing cotton garments in China. BCI farmers in China are mainly organised into small

farms that hold long-term leases either from the state or from rural collective economic organisations. To avoid the high costs of traditional models of assurance, BCI verified smallholders are licensed in producer units made up of farmer groups.

Within the BCI model, downstream cotton buyers pay a fee based on the amount of Better Cotton they buy, which covers most of the cost of assurance and capacity building. In China, local government support in the form of production bonuses and matched funds means the smallholders do not pay for either obtaining or retaining certification. The only cost for producers is the time spent in training and on demonstrating verification.

WHAT PRODUCERS TOLD US

ISEAL interviewed 15 BCI verified cotton farmers in Shandong province in eastern China. Cotton has traditionally been grown here, near the Yellow River, but its relative share of production has recently decreased as cotton has been promoted in Xinjiang in western China, where yields per hectare are higher.[27.]

The producers interviewed were local farmers, whose families had been allocated farmland in 1984 by the Chinese government. Recent policy changes in 2014 mean farmers are now able to subcontract, lease and sell this land. The average area of land under cultivation by the interviewed smallholders was 1.5 hectares.

Overall, the producers felt their prospects are better thanks to their involvement in BCI. While producers still face pressures from global and national market trends, they receive some protection from market volatility and low prices. They have also improved the quality and quantity of their product, while optimising their use of inputs like pesticides, fertilisers and water. BCI's use of information technology, coupled with training on better production practices, water management, soil and biodiversity protection, has led to producers adopting more sustainable practices.

MOTIVATIONS FOR CERTIFICATION

All of those interviewed belonged to a single cooperative. The cooperative head had attended introductory trainings organised by the BCI China office in 2011, at the suggestion of a local ginning mill owner who saw BCI cotton as an opportunity to differentiate his products. After consulting members, the cooperative applied to become a BCI member. Core cooperative members received BCI training, and then brought this training back to the rest. As farmers have realised the business benefits of the standard, the BCI verified land area has grown from under 3,400 hectares in 2013 to over 46,000 hectares in 2017. There was a high level of understanding among those interviewed about the content of the standard.

Few saw the environmental impacts of sustainable production as valuable, though several respondents remarked that there were more birds nesting nearby after BCI implementation. This reflects broader trends, where the value of sustainability standards to producers is seen most strongly in their economic benefits.

LABOUR

The percentage of producers' income that came from cotton varied, ranging from 20% to 70% among those interviewed. Smallholders were reliant on the labour of family members, though they all hired temporary labour in peak production cycles to pick cotton and top the plants to reduce infestations of bollworm. Workers came either from the village or nearby villages. Temporary workers tended to be paid in cash each day after work.

Nine of the producers interviewed supplemented their income through either casual labour in the local area (it is unclear whether any of the producers interviewed work as casual labourers for each other, but there are reciprocal relationships between villagers), or working in the neighbouring city in winter months. As can be expected, those who reported lower percentages of their income coming from cotton tended to have diversified the use of their land.

All of those interviewed were over 50 years old, and many were concerned that they would one day be unable to continue physically labouring on the farm. Many young adults have left the village to work in towns and cities, and show little inclination to take over their parents' or grandparents' farms.[28] While the government has successfully established a universal non-contributory social pension plan that covers all rural residents, its benefit level is low.[29] It is understandable that producers nearing retirement age would like the steady income and support provided by intergenerational succession in their farms.

Intergenerational succession in farms is not just an issue in China, but it is especially acute given China's fast-paced economic growth and restructuring. Compounded by economies of scale, smallholdings can often be economically unsustainable to run. Participants at the Beijing roundtable suggested various strategies to make cotton farming more economically attractive to the next generation, including engaging local and central government to encourage reduced taxes and increased infrastructure investments to support certification, and building awareness of BCI cotton with the media, industry, consumers and civil society.

MARKETS, YIELDS AND PRODUCTIVITY

Economic pressures weighed heavily on producers' minds. All of those interviewed said the low price of cotton was a major challenge to their livelihood, along with the perceived rising cost of agricultural inputs and the uncertainty of the market.

Producers felt that BCI verification was beneficial for selling cotton at a higher price, and saw great value in upgrading the quality and quantity of their cotton. The cooperative now sells to a fixed buyer, the cotton ginning mill that introduced the BCI concept. The mill, a BCI partner which sells to textile companies in Hebei province, offers a higher price to producers than the market. Increased efficiencies in the use of inputs like pesticides, fertilisers and water have reduced farmers' costs, which with a reported increase in annual yield per hectare of 54% since implementation means producers have significantly increased their profitability.[30]

KNOWLEDGE, LEARNING AND INFORMATION

Before BCI, the producers tended to rely on knowledge passed down between generations, supplemented with information from local shops selling agricultural inputs – who had an interest in promoting the use of pesticides and fertilisers. Farmers complained that, before the cooperative, they were often sold fake or low quality pesticides and fertilisers. Training courses are at the heart of BCI's model of capacity building, and have helped farmers develop more efficient, less labour-intensive approaches and reduce their use of pesticides and chemical fertilisers. Farmers were highly engaged and happy to know how their productivity compared to others in the region or elsewhere.

Implementing the BCI standard in the cooperative has coincided with the rise of information through communication technology. Along with the training courses, producers now have access to information through local radio stations, and online resources that have been designed with their needs in mind. In addition, BCI has developed an app with a Chinese telecom company which offers expert advice through Q&As, an online classroom, public announcements, agricultural reminders, brochures and other agricultural knowledge. Producers felt they now have greater access to information that is more accurate and reliable.

ACCESS TO FINANCE

This was not an issue for most of the producers, as they had access to local sources of funding that preceded BCI.

CASE STUDY ANNEX

Case Study 2 - Colombia: Rainforest Alliance certified banana smallholders

"It's an association of all the producers. If I need anything, like credit, fertilisers, fumigation, it is all from the cooperative."

Colombian banana smallholder

BANANA CHALLENGES

Bananas – the world's most popular fruit – are grown mainly in tropical Asia, Africa and Latin America. While there are almost 1,000 varieties, most banana plantations are monocultures destined for export, with the Cavendish variety making up an estimated 97% of internationally traded bananas. This lack of genetic variety makes the plants highly susceptible to pests, fungi and diseases. With their thick peel, bananas are sprayed with more pesticides than any other commercially grown tropical fruit[31.] – and as pests and diseases adapt, ever more potent pesticides are applied. Many banana plantation owners spend more money on agrochemicals than on their workforce.[32.] The excessive application of fertilisers and pesticides causes environmental damage and leads to chemicals entering water supplies used for drinking, cooking and washing by local communities. Workers in the field face constant contact with high concentrations of pesticides and chemicals, which can lead to health problems and illness. Poor labour conditions are compounded by low pay.

THE RAINFOREST ALLIANCE STANDARD

Rainforest Alliance developed the first standard for responsible banana production in the 1990s. Founded in 1986, Rainforest Alliance works in 76 countries to train farmers in various sectors in better agricultural practices and forest management. Over 1.3 million farms use Rainforest Alliance methods to protect workers, ecosystems and local communities.

The Rainforest Alliance standard helps banana farms conserve their natural resources and promotes the well-being of workers and local communities. It requires farm owners to phase out dangerous pesticides and provide safety training, protective gear and washing stations for workers to reduce their exposure to pesticides. As well as prioritising health and safety, the standard ensures workers are paid minimum wage or higher, receive overtime pay and have collective bargaining rights. The standard also focuses on reducing the environmental impact of the banana industry by requiring that wastewater from banana processing facilities meets water quality parameters, that integrated pest management is applied when possible and that natural areas are conserved or regenerated. Rainforest Alliance incentivises adoption of good practices by helping farmers boost their production, negotiate better prices and reduce waste, all of which leads to a more economically sustainable livelihood.

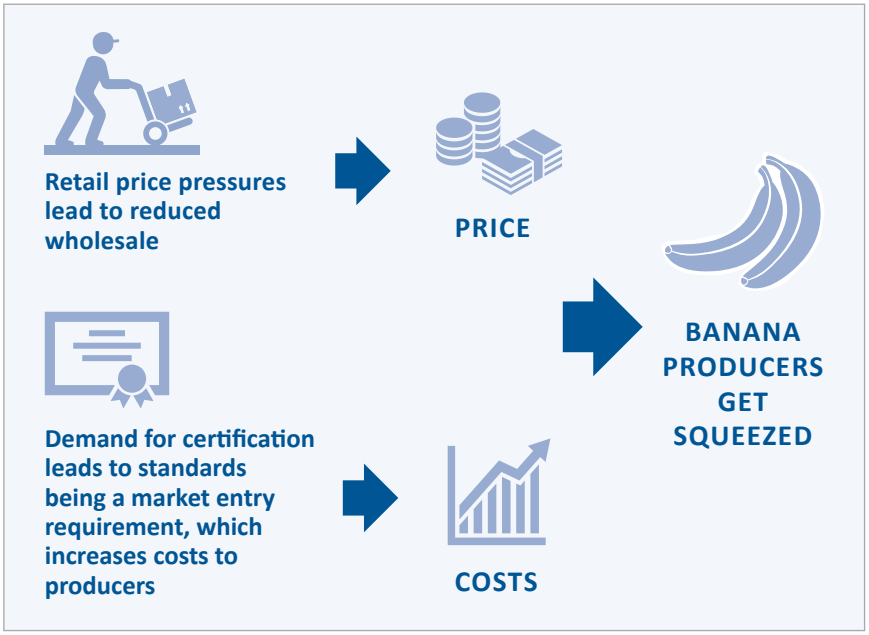
Aware that smallholders often face barriers to certification, in 2004 Rainforest Alliance launched a group certification model to improve access for smallholders.[33.] Under this model, groups of farmers share the certification audit costs and are managed and supported by a group administrator who provides farmer training, verifies farmer compliance with the standard and must comply with the group certification standard. The group model promotes farm, business and natural resource management systems that aim to increase the productivity, efficiency and profitability of certified smallholders' farms,[34.] and offers producer access to investment and working capital, capacity building and cost-efficient certification, verification and validation services. At the close of 2017, 43% of Rainforest Alliance certificates were group certificates, and more than 99% of certified farms were members of a group.

BANANAS IN COLOMBIA

Colombia has more than 250 Rainforest Alliance certificates, including over 100 for bananas. The country is the world's fifth largest banana exporter and the second largest producer of standard-compliant bananas, accounting for approximately 8% of the global export market value.[35.]

Production of bananas for export is concentrated in the north of Colombia, and is an important part of the Colombian economy, with exports representing 0.4% of GDP. More than 80% of Colombian banana exports go to the EU, where certification is increasingly a market entry requirement. Price competition between supermarkets has put pressure on profit margins and labour costs: these supermarket price wars force small-scale producers to match the prices set by larger actors in the industry, reducing their ability to provide for their families and invest in their business.[36.]

FIGURE 3 - The banana producer squeeze



WHAT PRODUCERS TOLD US

ISEAL went to the Zona Bananera, a municipality of the Magdalena region in north Colombia, to interview 15 small-scale banana producers. The Magdalena region has a diverse mix of large farms of up to 100 hectares, and many small farms.[37.] The smallholders we interviewed farm an average of 3.7 hectares and operate through cooperatives. They have limited access to technology, land, credit, finance and infrastructure, which tends to lead to low levels of productivity.

The smallholders produced an average of 204 boxes of bananas each week, though there was great variation among the group. For many, bananas were their main source of income, though those with smaller plots tended to have secondary income sources like working as drivers, electricians, guards or vendors. One farmer also served as an internal auditor for GlobalG.A.P. certification. The producers interviewed came from four different cooperatives that all appeared to have similar levels of market access, hold the same certificates (Fairtrade, Rainforest Alliance/UTZ and GlobalGAP) and offer the same types of training to producers.

The main challenges producers faced fell into two categories. The first were environmental – many were concerned about the negative effects that wind and associated erosion had on their plots. Wind erosion was compounded by drought and the changing climate, threatening their livelihoods and the productivity of their land.

Other challenges were economic in nature. The producers we interviewed are highly reliant on international markets and exporting companies for much of their livelihoods. Producers were acutely aware of fluctuations in currency exchange rates: with margins so tight, their incomes depend on favourable rates, especially with the dollar. Right now, the currency rate is favourable, but producers mentioned that fluctuations have negatively affected them in the past.

MOTIVATIONS FOR CERTIFICATION

Every producer reported that their main motivation for Rainforest Alliance certification was the requirements of banana buying and exporting companies. This pressure was well understood, as it was something they had already experienced with other standards in the past, like Fairtrade and GLOBALG.A.P. Their cooperatives told them they would receive higher prices with Rainforest Alliance certification. Pressure from buyers on the cooperative cascaded to producers, with some farmers feeling that they had no choice but to become certified.

Generally, there was a low level of understanding regarding the content of the Rainforest Alliance standard. The most recently certified farmers did not know what the Rainforest Alliance "stamp" on the boxes meant or what the standard contained. Of those producers who knew about the standard, understanding of the content varied widely; most farmers knew it related to environmental protection, but some thought its main focus was to do with growing better bananas or improving economic returns.

LABOUR

Small-scale banana farms have few permanent workers. Often, the only full-time staff are the owners or tenants, along with one or two relatives who help with routine maintenance activities, depending on the size of the plot. During peaks in the production cycle, such as cutting days, farms contract temporary workers, who are usually paid per day in cash. The farms interviewed had an average of two full-time staff and nine temporary labourers. One larger farm, with 11.5 hectares, hired up to 30 temporary workers on cutting days.

KNOWLEDGE, LEARNING AND INFORMATION

Most training was provided via the cooperative, either by cooperative staff, trading companies or the banana guild. This training included helping the producers develop basic agronomical knowledge based on best practice, and content related to the Rainforest Alliance standard, including the importance of protective equipment, more efficient processes and environmental protection. Some producers expressed interest in receiving more training on management, accounting, finance, and how to work in the cooperative. They were also interested in learning more about their performance relative to others, and what others were doing differently to boost production. While cooperatives promote this kind of sharing, producers did not feel there was a suitable medium available for them.

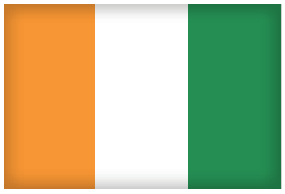
Those who understood the content of the Rainforest Alliance standard generally saw certification as easy to obtain and maintain. This seems to mostly be due to their prior experience of certification with Fairtrade and GLOBALG.A.P., but also because of the support from the cooperative and banana guild. Those with less experience of certification were more reliant on the support of their cooperative.

ACCESS TO FINANCE

Cooperatives served as a means for producers to access finance and credit, with finance being linked to land ownership and membership of the cooperative. Farmers thought certification would only influence international lenders; local banks don't offer better terms or greater access to finance for certified producers, but do recognise their ability to pay back loans with greater regularity because of their reliable access to international markets. The cooperative was also an important means for producers to access agricultural inputs; producers received supplies each week, though cooperatives deduct the cost of these inputs from their payments to producers.

CASE STUDY ANNEX

Case Study 3 - Côte d'Ivoire: Fairtrade and UTZ certified cacao smallholders

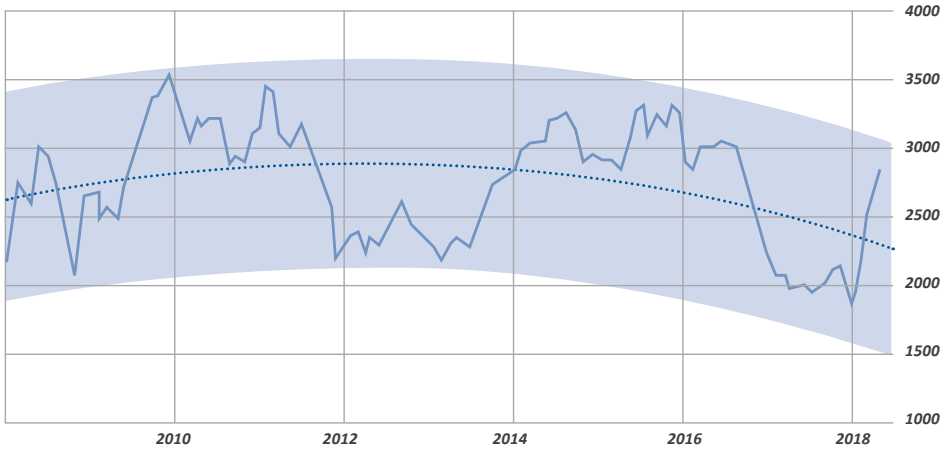


> "We still believe certification can help us to get market partners to buy our products as certified.
>
> **President of a cocoa cooperative**

COCOA CHALLENGES

Cocoa is quintessentially a smallholder crop, with 80-90% of the world's cocoa grown on small family farms of 2 to 5 hectares.[38] With up to 95% of cocoa beans sold on global commodities markets, the incomes of these small producers are beyond their control, dependent on international price fluctuations and exchange rates. The price of cocoa shows a declining trend, while production increased by 50% in the first decade of the 21st century. The cocoa supply chain is complex, with the distribution of value and power skewed in favour of chocolate manufacturers, processors and retailers. As it stands, cocoa does not represent an attractive future for smallholders.

FIGURE 4 - 2008 - 2018 trend in the global market price of cocoa (US$/tonnes) (tradingeconomics.com)



Cocoa is both labour intensive and hard manual work, as caring for the trees and harvesting the delicate pods requires close and continuous attention.[39] According to the International Cocoa Organization (ICCO), some 40% of the annual cocoa crop is often lost due to incorrect conservation and upkeep and the lack of investment in technologies that might prevent pests and disease.[40] Outdated farming practices, costly inputs, aging trees, environmental degradation and disease add to pressure on productivity. Low prices and productivity may lead to unsustainable practices like child labour and human rights violations.

ABOUT THE FAIRTRADE AND UTZ STANDARDS

Fairtrade was set up to make trade fair, empowering small producers and workers and fostering sustainable livelihoods. Fairtrade standards for producers distinguish between core (mandatory) requirements, and development requirements that encourage continuous improvement and investment. For cocoa, Fairtrade defines smallholders as those who manage their farm mainly with their own and their family's labour and are not structurally dependent on permanent hired labour.[41] Certified cocoa producers are required to comply with both the Fairtrade standard for small producer organisations and the specific requirements of the Fairtrade standard for cocoa.[42] Key principles include sustainable and equitable trading relations, good governance in organisations, respect for human rights, and protection of the environment.[43]

The mission of UTZ is to make sustainable farming the norm. The UTZ standard sets out requirements in areas such as professional farm management, good agricultural practices, safe

working conditions and protection of natural habitat, all of which are intended to improve farmers' livelihoods. UTZ also offers guidance for farmer groups, collaboration with the supply chain to create more impact, and support to sector platforms on sustainability. In 2017, UTZ merged with Rainforest Alliance; the two standards will eventually be combined into a single code under the Rainforest Alliance brand.

UTZ and Fairtrade both include mandatory price premiums to raise farmers' incomes, but have different approaches. The Fairtrade premium is set at US$200 per tonne, which is paid on top of a set minimum price or the market price, whichever is higher. Producer groups decide how to spend the Fairtrade premium to strengthen their business or in community projects. UTZ certified producers negotiate a variable price premium with buyers, which is used to cover group management costs such as audits, pay for training and other services and provide cash payments to individual farmers.

COCOA IN CÔTE D'IVOIRE

About 40% of global cocoa production comes from Côte d'Ivoire. Annual production increases year on year, from 900,000 tonnes in 1995 to 1,500,000 tonnes in 2011.[44] The search for new, more fertile land for cocoa production has led to large-scale deforestation. Expansion has been promoted through government policy since the 1970s, with production shifting from the southeast to the southwest. Cocoa smallholdings in the southeast tend to be inter-generational farms, with older cocoa trees. Those in the southwest tend to lack shade, which leads to early aging, high tree mortality and declining yields. The major constraints facing the sector at a national level are deforestation, land degradation, pests and disease, lack of access to credit and agricultural inputs, and land ownership issues.

A national agency, the Conseil du Café-Cacao, controls the pricing, marketing and export of cocoa and coffee beans. To set a minimum price for farmers, known as the farm-gate price, it sells forward the bulk of its anticipated harvest at the start of the season. While this farm-gate price should benefit producers and protect them from price volatility, many rely on a chain of intermediaries to access markets, who each take a cut, reducing profitability for producers.[45] The most economically viable way for producers to sell their produce is through cooperatives.

The relationship between producers and cooperatives in Côte d'Ivoire is unusual. Cooperatives compete for members; producers have no contractual obligations and can move to another cooperative for a more profitable arrangement. Cooperatives function more as a business or membership organisation that provides a range of services and benefits to its members. To retain members they need to add as much value as possible, so they tend to opt for multi-certification, covering their bases to improve market access, obtain price premiums and access additional training and resources where possible.

Cocoa is a key commodity for certification – along with being an important source of income and employment for rural populations, the nature of the supply chain means that market penetration by certification in key countries (like Côte d'Ivoire) has ramifications for the global market.

WHAT PRODUCERS TOLD US

In March 2018, ISEAL went to the southeast of Côte d'Ivoire to interview 15 cocoa producers from three cooperatives, including each cooperative president. Two of the cooperatives sat close to the Ghana border near Lac d'Ayame, while one was more central, closer to the city of Abidjan. All the cooperatives had both Fairtrade and UTZ certification. Two of the three also had Rainforest Alliance certification, but this was not the focus of our discussions.

The producers we interviewed had been working their land for an average of 25 years, though some had been there considerably longer – one had farmed her land for over 60 years. All had acquired their land from family sources; however, land tenure issues remain a problem in Côte d'Ivoire, and all but one respondent had no formal legal title to the land they farmed.

The farmers tended to intercrop, growing cocoa, rubber, teak, cashew and palm oil, along with food crops for their own consumption or sale at local markets. Among producers who were able to tell us the breakdown of their crops, an average of 54% of farmland was used to grow cocoa, with the second largest crop being rubber (38%). Their average yield of cocoa was 4.85 tonnes per year, though this varied considerably, with two producing only half a tonne per year.

While there is always demand for conventional cocoa, finding a stable market for certified produce is the key challenge. All three presidents told us that most of their produce is still sold uncertified. One cooperative reported that although they had been Fairtrade certified since 2011, they had had only had three contracts for Fairtrade certified produce, averaging 366 tonnes. The same cooperative had also had only one contract for their UTZ certified produce, which was not respected by the market partner.

MOTIVATIONS FOR CERTIFICATION

The cooperatives became Fairtrade certified either following visits from Fairtrade officers, or because commercial partners introduced them to certification. UTZ certification was introduced to cooperatives by local cocoa traders who had identified it as a market trend. The motivation for the cooperatives to become certified was the promise of providing a premium to their membership. The premium made certification an easy sell to members, and is an important reason for smallholders joining and remaining in the cooperative. The lack of consistent contracts for certified produce weakens the cooperative, as they risk losing members if they don't provide enough value.

Smallholders themselves generally understood certification as a means of accessing a price premium and improving market access. Certification came through membership of the cooperative, and over half of those who were not involved in the cooperative management did not know which standards they were certified under, though there was considerable variation between cooperatives.

ACCESSIBILITY

Typically, the costs of certification are borne by cooperatives. Producers do not pay anything for certification, apart from their time, and a one-off membership fee of about US$30. This is the same for both certified and non-certified cooperatives, and is capped by the government. The cooperatives reported paying up to US$12,000 to obtain UTZ certification and US$18,000 for Fairtrade, and US$6,000 per year to maintain certification. These costs are considerably higher than the fees charged by the standards themselves, and are likely to include costs such as training, corrective actions and potentially payments to external consultants. The presidents all felt that these costs would be justified if certified produce was sold as such, but it is hard to see the benefit when it is sold as conventional cocoa.

The cooperatives are audited each year. The farmers always receive feedback from the cooperatives after audits, and would like to continue to receive this information to strengthen their work and the work of their cooperatives. The cost of the management system comes out of the premiums paid by suppliers for certified produce. Cooperative presidents were unclear as to how the initial certification was paid for. Anecdotally, we were told that exporters and supply chain actors tend to pre-finance the cost of certification and take it back over time. With supply chain actors also supplying much-needed credit to cooperatives for buying agricultural inputs, this leaves the cooperatives strapped with additional obligations and debts.

LABOUR

All of those interviewed relied on a mix of family, sharecropping and day labour. Sharecropping in West Africa takes the form of 'abusa' contracts, where the supplier of labour receives one-third of the cocoa produced ('abusa' in the Twi language means 'one-third'). There is an ambiguity in this model, where suppliers of land see it as a form of labour hire, and suppliers of labour see it as a land lease. The system further muddies the water around any discussion of land tenure and ownership, as within an abusa contract, should the supplier of land not have an heir, the land is passed to the labourer.[46] Most at risk within these economic relationships were the day labourers, who required payment in cash each day. Peaks in the production cycle were times of stress on smallholder finances, as dwindling revenues from previous crops were used to pay the additional

labourers and cover expenses. The smallest producers had other jobs to support their livelihoods, one working for an electricity company and the other as a driver for the cooperative.

KNOWLEDGE, LEARNING AND INFORMATION

The three cooperatives received training and information from mostly the same organisations: standards themselves, government and public sector organisations, and supply chain actors, which include major buyers like Olam and agrochemical companies like Bayer and Syngenta. One cooperative had also received some support from GIZ, though the president was not clear about what form this took.

Along with extension officers from Fairtrade Africa, ANADER, the government agency that supports rural enterprises, provided capacity building and training on child labour, group management, environmental protection and good agricultural practices. This training tends to be aimed more at cooperative staff who then train members, though there were instances (mostly from Fairtrade Africa officers) where training was given directly to producers. Cooperatives also receive support from the Conseil du Café-Cacao, and the National Centre for Agricultural Research, which gives them seeds to replace older cocoa trees.

The cooperative presidents reported that a large proportion of the training their extension officers received was from input suppliers, who offered training on the application of fertilisers and pesticides. Fairtrade gave cooperatives direct information about its standards, while Olam was the conduit for information on UTZ certification. Cooperative presidents told us that although all of the training they have received has helped them improve the management of the cooperative, they would appreciate more specific training in cooperative management, accountancy and governance. One also expressed interest in learning about the standards for certified traders, specifically their obligations to certified producers, both in terms of capacity building and support, and in adhering to contracts.

There was generally a low level of understanding among producers about the content of the different standards. Among those who knew about their certification, the consensus was that Fairtrade was most prescriptive on child labour and pesticide use, while UTZ had greater focus on biodiversity and environmental protection. Producers did not question whether the standards were complementary, as their understanding was mediated through the training from cooperative extension officers, who tended to merge content to create training in good agricultural practices. Overall, producers reported improvements in the productivity of their crops, and seemed happy about the training they had received.

Producers saw capacity building and training as predominantly coming from the cooperative. It is unclear whether cooperatives did in fact organise most training, or whether in seeking to demonstrate their value to members they take credit for training and information that comes from standards and input providers. Producers also receive market information from the Conseil du Café-Cacao, which was available online, on television and on the radio. All of those interviewed showed an interest in knowing how other producers were doing – including how they were accessing markets and information. Producers have a high level of understanding about the cocoa market, and understand how competitive it is.

ACCESS TO FINANCE

At the cooperative level, access to finance remains difficult for all the presidents interviewed. Cooperatives require working capital to pay members for deliveries. If they can't pay, members may leave the cooperative or sell their product elsewhere, often as conventional cocoa to local traders. The cooperatives receive credit from market partners and input dealers, but this is no substitute for working capital, and will only appease members so far. Cash flow difficulties trickle down to members who need to pay for casual labour.

While certification has not improved access to conventional forms of finance, Fairtrade certification has facilitated access to Shared Interest, a financial cooperative that provides credit and financial services to Fairtrade certified producers. While this has helped, it still doesn't solve working capital issues. The lack of access to finance has led to low investment in farms, leaving them with low yields and forcing producers to invest personal resources into their land. Cooperative presidents thought that poor organisation and membership and governance changes limited their access to finance, as lenders doubt producers' ability to repay credit. This is compounded by the falling price of cocoa, which more than halved from 2015 to 2017.

CASE STUDY ANNEX

Case Study 4 - Indonesia: Roundtable on Sustainable Palm Oil certified smallholders

> "As individual farmers and as a cooperative, we are not well organised, so the lenders don't trust our ability to repay credit."
>
> **Cooperative President**

PALM OIL CHALLENGES

Palm oil is a globally traded agricultural commodity produced in tropical countries and consumed widely in foods, cosmetics and other consumer goods, and to some degree as biofuel. It is also widely used for cooking in developing countries. Originally a West African crop, demand for this cheap and versatile vegetable oil has led to a massive rise in production, with global output increasing from 15.2 million tonnes in 1995 to 62.6 million tonnes in 2015.[47] It has the highest yield per hectare of any oil crop – almost five times more efficient than rapeseed per hectare.[48] Palms take only four years to mature and require relatively low maintenance after initial upfront costs, making them attractive to small-scale producers seeking to secure livelihoods and provide for their families. There are currently over three million oil palm smallholders, who produce over 40% of palm oil globally.

The growing global demand for palm oil has given rise to high-profile sustainability issues. The boom in production has led to widespread deforestation of tropical rainforests, including in areas with high levels of biodiversity, threatening numerous species. Clearing forests for palm, including on carbon-rich peat soils, has also generated significant greenhouse-gas emissions. Social issues include displaced communities, illegal land grabs and conflict, along with poor working conditions on plantations.

These issues have fed into global debates about palm oil. Some environmental organisations and European countries have called for bans on palm oil in biofuels, while one UK supermarket recently banned palm oil from all of its own-brand products. On the other side are those who argue that palm oil is highly efficient in terms of land use and vital for smallholder livelihoods.

THE RSPO STANDARD

The Roundtable on Sustainable Palm Oil is a sustainability standard system founded in 2004 that works to "make sustainable palm oil the norm". RSPO works with seven main groups of stakeholders—producers, traders, processors, consumer goods companies, retailers, financial institutions and non-governmental organisations—to develop and implement its principles and criteria for certified sustainable palm oil. It currently certifies almost 20% of palm oil globally. RSPO works to transform the palm oil market by creating financial and demand incentives for sustainable production while also supporting the production side through capacity building and a number of supporting strategies.

RSPO released a Smallholder Strategy in 2017 that seeks to better engage and meet the needs of smallholders.[49] The strategy's primary objective is to improve smallholder livelihoods, with a secondary objective of increasing the number of smallholders in the RSPO system. RSPO has also acknowledged that the certification system and standard may need to be simplified to better meet smallholders' needs, and that the business case for smallholder integration should be made clearer. It also offers step-by-step guidance to independent smallholders, along with a support fund that is intended to cover audit costs, and build capacity to bring higher quality fresh fruit bunches (FFBs) to market.

RSPO defines a palm smallholder as someone who "grow[s] oil palm, alongside subsistence crops, where the family provides the majority of labour and the farm provides the principal source of income, and the planted oil palm area is less than 50 hectares".[50] Smallholders can be further broken down into independent smallholders and schemed smallholders. Schemed

smallholders are linked to a specific mill or processor usually with contracts and financing. Independent smallholders are self-financed and self-managed, and can in theory sell their FFBs to any mill they like.

PALM OIL IN INDONESIA

Indonesia produces 51% of the world's palm oil, and over 40% of this comes from smallholders. An estimated 25 million Indonesians are living indirectly from palm oil production, and palm oil represents over 12% of the country's total exports.[51.] Indonesia's palm oil industry is dominated by large and often vertically integrated plantation companies that manage an estimated 58% of the country's palm oil plantation area.[52.]

In 2011, the Indonesian government developed and introduced a standard called the Indonesian Sustainable Palm Oil system (ISPO). Certification to ISPO has been mandatory since 2014 for all palm oil produced in Indonesia, although implementation has lagged. The policy aims to improve the competitiveness of Indonesian palm oil on global markets, while also tackling some of the environmental issues that cause such controversy. To receive ISPO certification, producers are expected to be able to demonstrate land titles. This issue of land tenure and ownership has proven to be a major hurdle to both ISPO and RSPO certification.

WHAT PRODUCERS TOLD US

ISEAL set out to understand the experiences of 15 smallholders belonging to the Amanah Association in Riau province on the Indonesian island of Sumatra. Additionally, we conducted a roundtable with independent producers from Central Kalimantan on the island of Borneo, who had obtained certification as a cooperative the year before. In 2013, the Amanah Association became the first Indonesian independent smallholder association to become RSPO certified. The organisation was formed in 2012 with 349 members, owning a total of 763 hectares. It was established with the express aim of promoting sustainable oil palm cultivation and RSPO certification among smallholders, through cooperation between PT Inti Indosawit Subur, a privately owned palm oil company, WWF-Indonesia, the Indonesian Ministry of Agriculture, regional and local government, RSPO, Carrefour and 10 independent palm farmers' groups. Having been funded and resourced as a model for sustainable smallholder production, the association does not represent a regular palm oil producer, but demonstrates what smallholders can achieve through the support of market actors, NGOs and the public sector.In 2017, smallholders in the same Pelawan region became some of the first ISPO certified smallholders.[53.] Most of the farmers interviewed had moved to the region from other parts of Indonesia between 1988 and 2000.

MOTIVATIONS FOR CERTIFICATION

The most common response was that farmers were following the suggestions of local and international NGOs, foreign retailers and local companies who worked with them to build their capacity to become certified and paid the initial certification costs. Additionally, farmers mentioned peer examples, applying to join the association because they believed it would be easier to market their FFBs, obtaining better prices, a personal realisation that RSPO provides benefits to smallholders, and maintaining their plots in a better and more disciplined way.

Challenges mentioned included fluctuations in prices, climate issues like rain interfering with harvesting, getting enough subsidised fertiliser and a lack of government support. They also hoped that RSPO could help counter negative perceptions of palm oil in the global market.

LABOUR

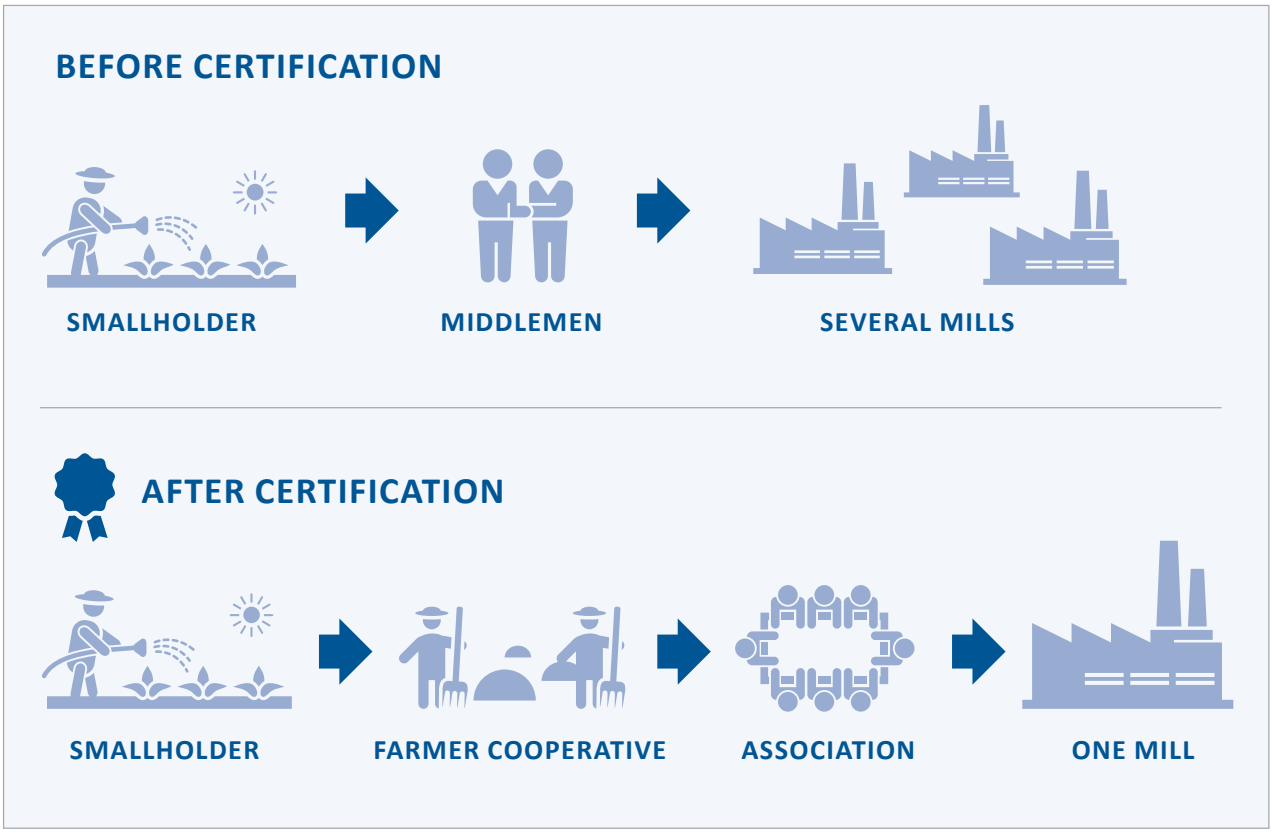
Most of the labour was family or hired, mainly for harvesting, pruning, fertilising and picking up fallen fruits. Workers are generally paid in cash by the tonne monthly. A majority of the smallholders supplemented their income through other activities like animal husbandry, aquaculture, selling furniture and running food stalls. Two of the fifteen interviewed also worked on others' plots, while one works as a lorry driver transporting FFBs.

KNOWLEDGE, LEARNING AND INFORMATION

Producers received training to meet the RSPO standard, and noted that their awareness of biodiversity and waste management issues were greatly increased, as well as pointing to improvements in internal management systems. Information on price is primarily obtained through the association, and sometimes distributed further through WhatsApp and SMS (mobile phones are widely used, but rarely for work purposes). Producers learned about their productivity relative to other associations via the mill. Before certification, they largely learned on their own, but after embarking on their certification journey, they received information from a wide variety of sources, mainly linked to the association, such as NGOs, retailers, industrial palm estates and the association itself.

When it came to information inputs, smallholders said that visual and hands-on demonstrations of best practice were better than classroom trainings. Farmers also wanted training on other aspects that went beyond the standard, such as how to form and maintain stronger partnerships with their cooperatives, associations, buyers, local government representatives and others.

FIGURE 5 - Changes in supply chain structure before and after certification



MARKETS, YIELDS AND PRODUCTIVITY

All certified producers thought that their ability to market their FFBs had increased since certification. They greatly valued the increases in yields and productivity associated with the training linked with certification. Additionally, the Riau smallholders were able to sell directly to the mill through their cooperative instead of through a middleman.

ACCESSIBILITY

As some of the first certified smallholders in Indonesia, these producers received significant investment from NGOs, companies and governments. They noted that it is difficult to persuade other smallholders to pursue RSPO certification without significant support. Maintaining certification without subsidised costs was on the minds of many interviewed.

Most interviewed smallholders said they would like to stay certified because it has offered them more market certainty and higher prices than when they sold via middlemen. Two producers said they would not sign up if it was not required and would need to consider the cost and benefits in more detail first. At the same time, many thought that the cost of certification remained too high without additional support or changes to the standard itself.

Farmers thought that translations of the RSPO standard into the local language were difficult to understand; they also mentioned the lack of clarity over land ownership (a prerequisite for RSPO certification) in Indonesia, and the need for more smallholders to become RSPO certified.

ACCESS TO FINANCE

Virtually all smallholders interviewed in Riau stated that they have better and easier access to finance today than before they obtained certification. Sometimes banks approach them first to offer loans, and they are seen as good and safe investments. The Central Kalimantan producers, certified more recently, have yet to see a change with regard to finance.

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Endnotes

EN1. This report uses the terms small producer, smallholder and small-scale producer interchangeably to refer to certified small producers. The working definition of small producer is noted in the Methodology section.

EN2. This report uses the term “certified” to cover a range of assurance or conformity assessment activities like verification or certification.

About ISEAL

ISEAL is the global membership association for credible sustainability standards.

Our members are sustainability standards that meet our Codes of Good Practice and promote measurable change through open, rigorous and accessible certification systems. They are supported by international accreditation bodies, which are required to meet accepted international best practice.

By providing tools, training, events, resources and a community for standards systems, we help to shape an effective standards movement. We support cooperation between our members and others to strengthen the effectiveness of that movement.

We also work with governments, businesses, NGOs and others in this field to support the use of credible sustainability standards as effective tools to achieve our collective sustainability goals for products and services worldwide.

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