

July 2018

EXECUTIVE SUMMARY

UNDERSTANDING CERTIFIED SMALL PRODUCERS' NEEDS

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

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.¹

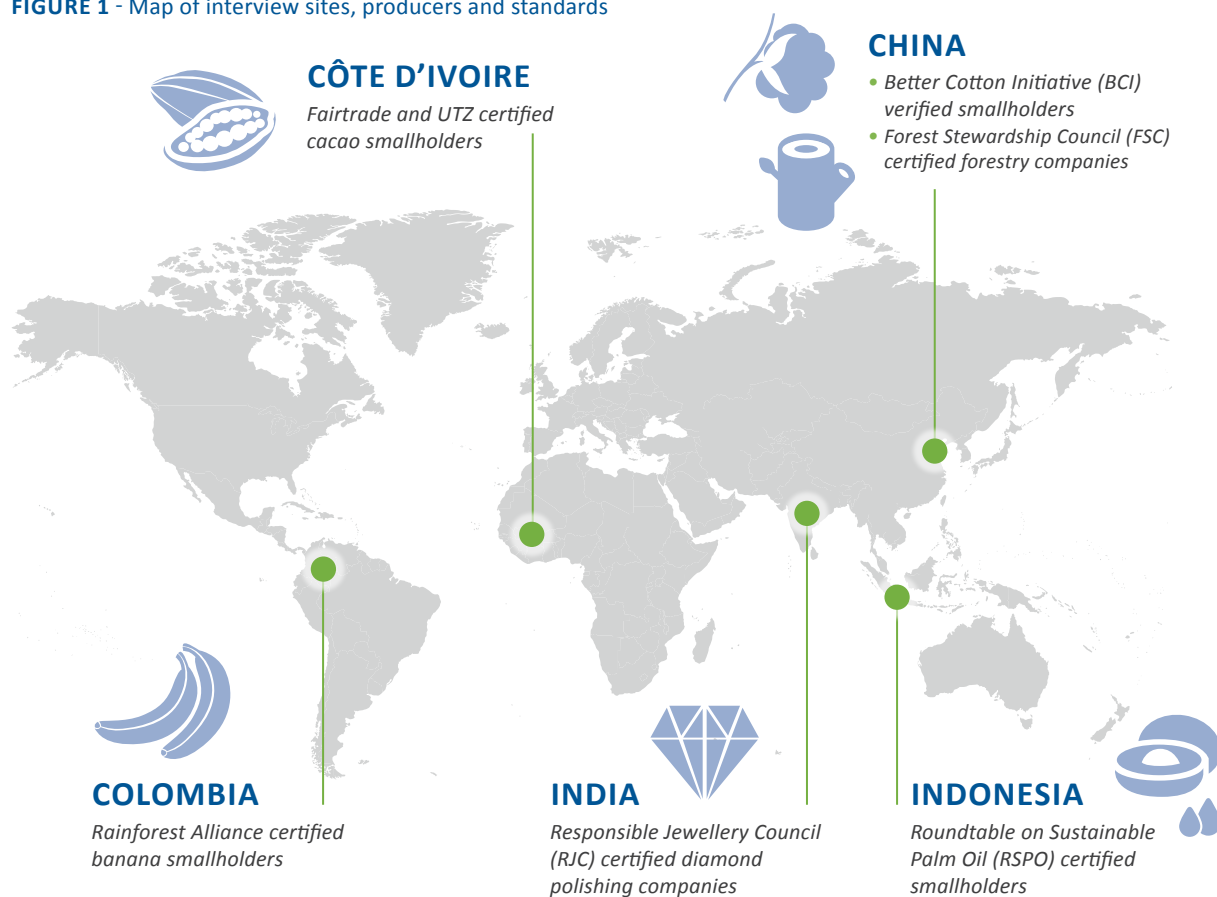
Our research aimed to uncover smallholder perspectives on standards, explore challenges to implementation of standards in different sectors and geographies, test assumptions that standards make about small-scale producers and suggest opportunities for innovation and scaling-up of standards systems.

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.²

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.

1. 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. 2. This report uses the term "certified" to cover a range of assurance or conformity assessment activities like verification or certification.



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Funded by Deutsche
Gesellschaft für Internationale
Zusammenarbeit (GIZ).