Thank you to ICCO for organizing this conference.
UTZ Certified

- UTZ Certified is a **program** and **label** for sustainable farming worldwide
- Independent Foundation since 2002
- Development of sustainable agricultural supply chains through **certification programs** and **traceability services** for agricultural commodities
  - Coffee since 2002
  - Cocoa and tea since 2007 (Rooibos 2012)
  - Palm oil & cotton (traceability services)
- Designed for **mainstream markets**
How does UTZ work?

- Program and label for sustainable farming worldwide
- “utz” = good
- Improved farm management, focus on good agricultural practices
- Respect for product, people and environment
- Market-oriented approach
Certification is a trust creator
UTZ Certified Cocoa

- Founded in 2007
- Program development 2008/09
- First certificates in Cote d'Ivoire in 2009, first consumer product launched in 2010
- 118,500 tons of UTZ certified cocoa sold in 2012
What has the program developed in today? A wide range of origins, with CDI in the lead.

----- Meeting Notes (6/25/13 10:51) -----
It is much more than certification...!!
What do we do?

It’s much more than certification…..
Field development

----- Meeting Notes (6/25/13 10:51) -----  
we can't do it alone, but work in partnership
Field Development

- Facilitating farmers to reach and maintain certification
- Long-term challenge:
  - Reaching unorganized farmers
  - Relevance for farmers that are 5+ years in the program
- Partnerships

We can’t do it alone, but work in partnerships
Standards & certification
It is not UTZ who does the audit.
UTZ Code of Conduct

Is under revision!

Please participate in the public consultation and let your voice be heard!
Together we can improve the code!
Traceability
Value of traceability

- Assurance that certified products are linked to certified sources
- Proof to the logo and/or claim on the product
- Link certified producers and buyers
- Monitoring of volumes and premiums
- Transparency & trust
Online traceability system

We work with different traceability models, mainly segregation and Mass Balance.
Market development
Examples of UTZ labeled products on the market
Costs and Benefits
Costs for the producers

- No membership fee for producers
- Costs of implementation of good practices and ICS
- Costs of certification (audit and certificate)

Audit cost according to ICCO commissioned KPMG report:
- 6500 USD in Ghana (300 – 500 farmers)
- 4331 in CDI (400 farmers)
Costs for the supply chain

• Membership fee: 2000 EUR/year (regular membership)
• First buyer in the chain pays 10 EUR/ton cocoa purchased to UTZ Certified
• Premium to farmers/cooperative, paid directly by the first buyer
• Costs of Chain of Custody certification
Producer income benefit

In mainstream markets, productivity, quality and efficiency should be a much more important driver of income improvement than premium.

Highlights, as Edmond Konan mentioned, the importance of productivity. ICCO/KPMG An average of 89% yield increase in Ghana and 101% in Côte d’Ivoire
The figure indicates that cost of input and labour are the most important cost factor. Other costs are relatively small in size and the total cost of certification is US$ 400. On the benefits size, delta income is the biggest factor, which contains the benefits of productivity improvement. Other benefits are premium and grant funding. The total amount of benefits is US$ 625. When costs are deducted from benefits, the balance or net benefit is US$ 225 per ton. When productivity improvement and input costs are left out of the calculation, the net benefit is still US$ 65 per ton. This means a business case for certification exists, even when productivity improvement is not attributed to certification.
The average weighted premium for UTZ cocoa in 2012 was €112/Mt.

- Indonesia, DR of Congo, Uganda and Ghana posted above average premiums for UTZ certified cocoa.
- Uganda, Côte d'Ivoire and Nigeria showed the greatest variance among premiums paid.
- Peru and Nigeria have the lowest average premiums paid for UTZ certified cocoa.

*Cameroon, Tanzania, Sierra Leone and Ecuador are not included as the sample size was below 3 data entries.
*Vietnam premiums are excluded from the dataset due to invalid entries.
*Occasionally premiums can include amount agreed upon for implementation of the UTZ program.
*The average weighted premiums are agreed upon between the first buyer and certificate holder, this premium is not always the same as the premiums charged to international buyers.
What’s in it for the farmer?

Improved farming and management practices
- Productivity
- Quality
- Efficiency

Better terms of trade
- Access to markets
- UTZ premium
- Long-term relationships / confidence in the future
- Framework to share ‘sustainability costs’ with buyers

Better living and working conditions
- Health and safety
- Labour rights
- Environmental protection
- Education

The nice thing is: that these benefits are the very much overlapping with the advantages.
Other Impacts
Cocoa impact studies (by UTZ+)

- Ghana baseline study / LEI WUR (May 2013)
- Ghana (extended) baseline COSA (late 2013)
- Ivory Coast baseline study / LEI WUR (July 2013)
- Cocoa improvement program / KPMG (April 2013)
CIP (KPMG) “Moving the bars”
Four main objectives were assessed:

1. Professionalization of farmers
2. Creating an enabling environment
3. Establishing sustainability in the cocoa sector
4. Increased value creation by producers

CIP is funded/implemented by IDH, Solidaridad, UTZ with increasingly leveraged funding from private sector (growing to 50% in 2012)
• Business case: payback period for investments in Ghana and CDI: 3-4 years
• Case study AHANSUCOFA showed yield increase from 200kg/ha in 2009 to 512 kg/ha in 2012
• CIP triggered private sector investments (multiplier effect)
There was a 71% increase of smallholders participating in the UTZ program in 2012 versus year ago

At the end of 2012, the UTZ cocoa program included:

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Smallholders</td>
<td>256,111</td>
<td>291</td>
</tr>
<tr>
<td>Producer</td>
<td>291</td>
<td>9</td>
</tr>
<tr>
<td>Organizations</td>
<td></td>
<td>Farm/Estates</td>
</tr>
</tbody>
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- At the end of 2012, 6 years after the launch of the cocoa program, 291 producer organizations in 14 countries worldwide held an UTZ certificate for cocoa, and more than 255,000 smallholder farmers were members of UTZ certified cocoa producer organizations
- UTZ cocoa farmers cultivate UTZ certified cocoa on over 900,000 hectares worldwide
- UTZ certified cocoa is being consumed in 93 countries across six continents
UTZ certified cocoa production increased 151% versus year ago

Of total global cocoa production, 13% is UTZ certified (an increase from 5% year ago)
UTZ certified cocoa sales increased 178% versus year ago

<table>
<thead>
<tr>
<th>2012 UTZ Certified Cocoa</th>
<th>Sales</th>
<th>% Change versus 2011</th>
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</thead>
<tbody>
<tr>
<td>Global</td>
<td>118,641</td>
<td>178%</td>
</tr>
<tr>
<td>Africa</td>
<td>87,046</td>
<td>156%</td>
</tr>
<tr>
<td>Latin America</td>
<td>21,457</td>
<td>151%</td>
</tr>
<tr>
<td>Asia</td>
<td>10,139</td>
<td>5077%</td>
</tr>
</tbody>
</table>

*Sales refer to 1st buyer/farm gate sales

- All production regions posted at least triple digit sales growth in 2012
- Asia’s share of UTZ certified cocoa sales increased from 0.5% to 9% in 2012
With an increase in commitments towards sustainable sourcing, UTZ cocoa sales are expected to nearly triple by 2015

UTZ Cocoa Demand Forecasts 2013-2015
(Sales in metric tons)

*Sales refers to 1st buyer / farm-gate sales
Note: Demand forecasts are based on the 2012 UTZ Global Demand Survey (member responses covered approximately 80% of market share of sales), a historical analysis of 2003-2012 sales and Q1 2013 and global market trends. Forecasts are to aid UTZ Certified in supporting supply and demand needs in the future. Forecasts are subject to change.
QUALITY FOR ALL
THAT’S BETTER.

When you buy UTZ certified coffee, cocoa or tea, you contribute to a better future. UTZ stands for sustainable farming with better opportunities for farmers, their families and our planet. This means better crops, a better income, and a better life. So you can keep enjoying your favorite products. Quality for them, quality for you. And that tastes a lot better.

www.utzcertified.org