Certification and a “SCE”

RSCE2, Port of Spain
The Good Inside cocoa program

Goal: “Implement a mainstream certification program to ensure a sustainable and ethical cocoa supply chain”

Members and partners:

- Brands and retailers: Mars, Nestlé, Heinz, Ahold, IKEA, Chocolat Frey, Ludwig Schokolade
- Trade and processing: Cargill, ECOM
- NGOs: Oxfam Novib, Solidaridad and WWF
- Dutch Sustainable Trade Initiative (“IDH”), Sustainable Tree Crops Program (STCP)
Some highlights

• Start-up period until end 2009
  – i.e. ready for roll-out from 2010 onwards

• Four pilot projects in Côte d’Ivoire
  – Strong income improvements in first farmer field schools

• Certification of producers possible from May ’09
  – Code of Conduct being finalised
  – Certification bodies trained and soon to be approved
Agenda

• What is certification?
• What can certification do?
• Different certification programs
• Can certification become mainstream?
• What can certification NOT do?
• A view on the role of RSCE
What is certification?

Certification refers to:

• the *confirmation* and *recognition*
• to an individual, *organization*, *process*, service, or *product*
• that it meets certain *established criteria*,
• often through *external assessment*
• and normally *voluntary*.
• It is similar to quality assurance.

How does certification work?

1. **Support**
   - Producer Group

2. **Code of Conduct**
   - Exporter
   - Grinder
   - Brand
   - Retailer

3. **Chain of Custody**

4. **Certification Body**

5. **Partnership**
   - Solidaridad

6. **Standard setting**
   - UTZ CERTIFIED Good Inside
What can certification do?

Help to achieve sustainable agricultural supply chains by:

• Bringing **best practices** to the farmer

• Bringing **continuity** to development and extension projects

• Creating **value** for all parties in the chain
What’s in it for the farmer?

• Improved farming and managerial practices
  – Productivity: GAP (Good Agricultural Practice) increases production
  – Quality
  – Better efficiency

• Better terms of trade
  – Market access and positioning
  – 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
UTZ CERTIFIED coffee example

- 78,000 MT in 2008 (1.3% of world coffee crop)
- Produced in 16 countries
- Sold in 42 countries
- Total premium to producers USD 10.6 mln
Certification program types

The Pyramid of Change

- **Consumer labels**
  - The consumer makes the choice
  - Based on strongly branded labels

- **CSR Programs**
  - The company makes the choice
  - And communicates to consumers

- **B2B schemes**
  - The company (or sector) makes the choice
  - And does not communicate to consumers
  - Often more issue specific, e.g. food safety

**UTZ CERTIFIED Good Inside**
Different incentive models

The future: multiple certificates?
Can certification become mainstream?

- Mainstream is defined as: “the principal or dominant course, tendency, or trend” (i.e. >50% market share?)

- At the early stage of certification, it is important to focus on the potential to become mainstream. Many innovations took 20yrs to become mainstream, e.g. mobile phones.

- Going mainstream is not the same as creating another “ethical” brand. Mainstream is often anonymous to consumers (or a minimum expectation)
What determines potential to be mainstream?

- **Practical and compatible** with existing practices and standards
- **Efficient and adding value** for all parties
- **Credible and accepted** by society at large
- **Commitment** of major players

If these criteria are met, over time the norms for quality and ethical performance in the value chain shift. The market absorbs the costs, creating a new (better and higher value) mainstream market.
What can certification not do?

• Immediately reach all small farmers
• Change laws and regulations, e.g.:
  – Taxation, import/export tariffs
  – Land rights
• Drive diversification for more and more stable farm income
• Build the general infrastructure of a country, e.g.
  – Schools
  – Roads
• Run or set up agronomic and cooperative schools
• ...?
A view on the role of RSCE

In the belief that:

• credible certification is a tool and framework to drive sustainability at farm level and

• credible certification programs already exist;

RSCE should:

1. Reinforce and stimulate existing credible certification programs
   – E.g. break down institutional barriers to certification
   – Screening to see which programs deserve support?

2. Address the issues that certification cannot !!
   – Mediator, broker, matchmaker: stimulating bi/multilateral exchange
   – Engagement with individual stakeholders to live up to the principles?
THANK YOU

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