

What we know about the impacts of standards systems on smallholders



Dr. Kristin Komives
Director, Impacts
Action Learning Day – Fairtrade and SDGS

About ISEAL



What is ISEAL

We are the global association of sustainability standards

- › Membership organisation
- › Founded 2002
- › Not for profit company
- › Based in London
- › 25 staff Secretariat





Who we are

Global membership association for credible and innovative sustainability standards



Our mission

To strengthen sustainability standards systems for the benefit of people and the environment



ISEAL Credibility Principles:

First global agreement on credible standards and certification



Sustainability
Standards scheme owners clearly define and communicate their sustainability objectives and approach to achieving them. They make decisions that best advance these objectives.

Improvement
Standards scheme owners seek to understand their impacts and measure and demonstrate progress towards their intended outcomes. They regularly integrate learning and encourage innovation to increase benefits to people and the environment.

Relevance
Standards are fit for purpose. They address the most significant sustainability impacts of a product, process, business or service, only include requirements that contribute to their objectives, reflect best scientific understanding and relevant international norms, and are adapted where necessary to local conditions.

Rigour
All components of a standards system are structured to deliver quality outcomes. In particular, standards are set at a performance level that results in measurable progress towards the scheme's sustainability objectives, while assessments of compliance provide an accurate picture of whether an entity meets the standard's requirements.

Engagement
Standards-systems engage a balanced and representative group of stakeholders in standards development. Standards systems provide meaningful and accessible opportunities to participate in governance, assurance and monitoring and evaluation. They empower stakeholders with fair mechanisms to resolve complaints.

Impartiality
Standards systems identify and mitigate conflicts of interest throughout their operations, particularly in the assurance process and in governance. Transparency, accessibility and balanced representation contribute to impartiality.

Transparency
Standards systems make relevant information freely available about the development and content of the standard, how the system is governed. Transparency under what process, input information and the various ways in which stakeholders can engage.

Accessibility
To reduce barriers to implementation, standards systems minimise costs and overly burdensome requirements. They facilitate access to information about meeting the standard, training, and financial resources to build capacity throughout supply chains and for actors within the standards system.

Truthfulness
Claims and communications made by actors within standards systems and by certified entities about the benefits or impacts that derive from the system or from the purchase or use of a certified product or service are verifiable, not misleading, and enable an informed choice.

Efficiency
Standards systems refer to or collaborate with other credible schemes to improve consistency and efficiency in standards content and operating practices. They improve their viability through the application of sound revenue models and organisational management strategies.

ISEAL Codes of Good Practice

Credibility Principles underpin all ISEAL Codes

- › Standard-Setting Code
- › Impacts Code
- › Assurance Code
- › Claims Good Practice Guide

References to ISEAL Codes and Credibility Principles



A movement of credible and innovative standards

Members



2025 commitment of ISEAL members:

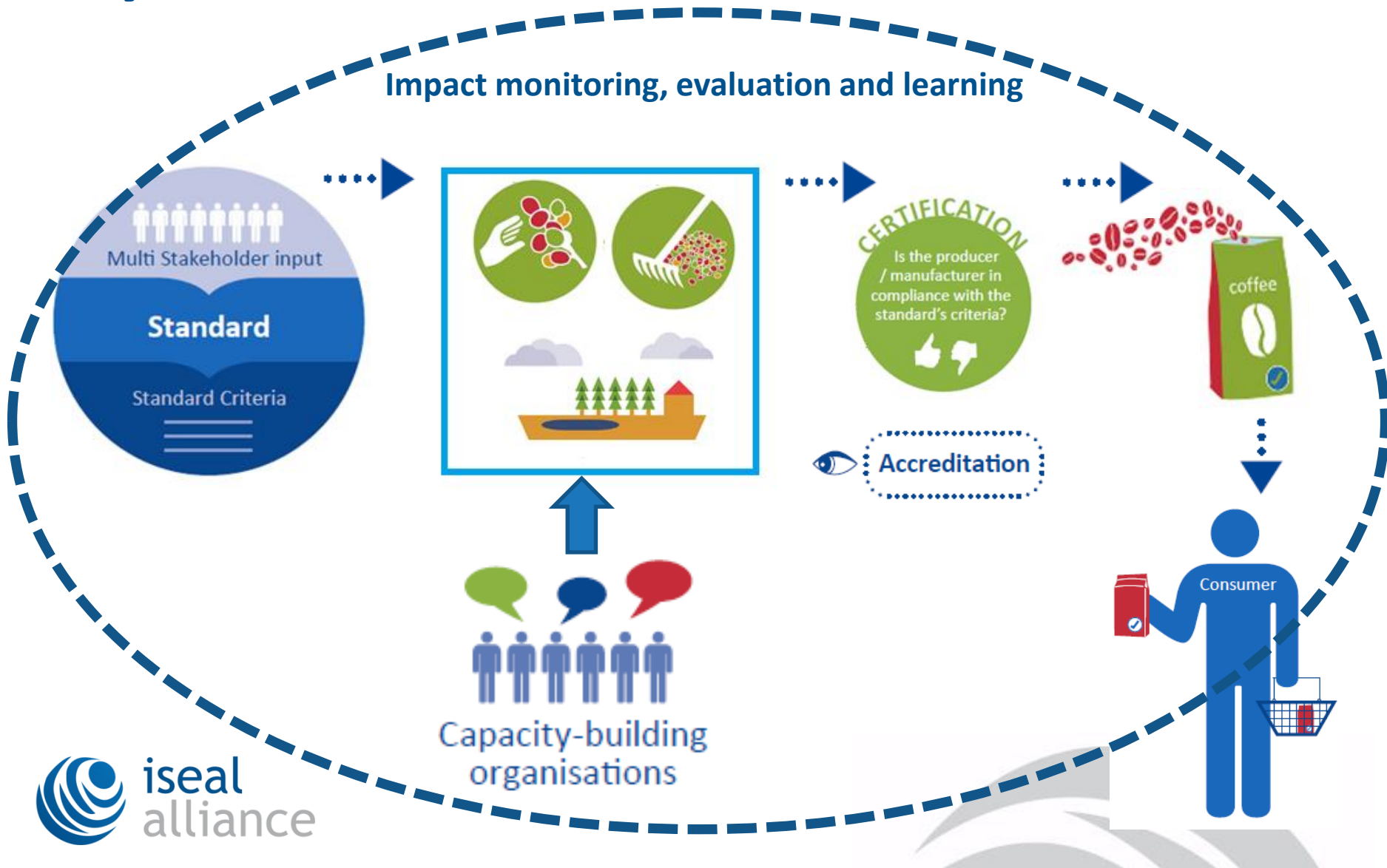
Significantly increase the effectiveness of our systems through innovation and collaboration.

Harness our unique, core assets to drive sustainability at all levels, and at scale.



ISEAL members commit to implement ISEAL's Codes of Good Practice

Elements of a sustainability standards system





**What we know about the reach, impact,
and contribution of standards systems**



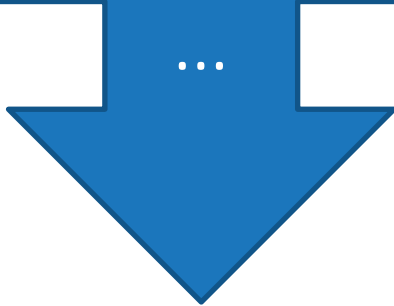
1. Reach farmers
and coops

2. Bring about
more sustainable
practices

3. Support market
access and better
prices

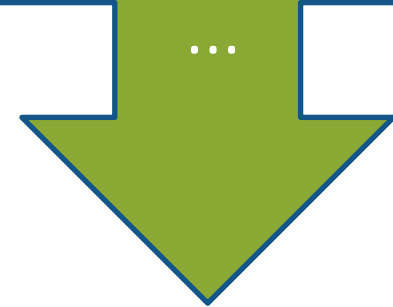
Change the way the
world works and
thinks

Certification pathway



Enterprise / producer unit impact

Systemic pathway



Sustainability impact in sector, landscape, etc.

Knowledge and tools

Sustainability standards help create a common language for sustainability



Global Living Wage Coalition

In 2013, the ISEAL members Fairtrade International, FSC, GoodWeave, SAN, RA, and UTZ, along with SAI formed the coalition to raise awareness on the need for living wages, creates tools to conduct living wage benchmarks and develop strategies to close the living wage gap.

Supporting efforts to push for a living income for farmers – Fairtrade’s Living Income Reference Price

PARAMETERS OF THE LIVING INCOME REFERENCE PRICE

1. Cost of a decent standard of living (living income benchmark)



The Living Income Community of Practice studies calculated this to be US\$2.16 per person per day in Ghana and US\$2.50 per person per day in Côte d’Ivoire.⁴⁰

2. Sustainable yields (productivity benchmark)



Adequate productivity levels are determined based on feasible yields, obtained when implementing sustainable agricultural practices.

Cocoa farmers were asked what a realistic productivity target would be and agreed a yield of 800kg/ha is realistic. It is currently 437kg/ha on average in Côte d’Ivoire.⁴¹

3. Viable farm size (to fully employ the available household labour)



This means there needs to be enough land to grow enough cocoa to generate a living income, grow food for the household and have some fallow land.

The average household in Côte d’Ivoire contains 8 people, in Ghana 6.

Taking the above into account the viable farm size was established at 5.25 hectares in Côte d’Ivoire and 4 hectares in Ghana.

4. Cost of sustainable production (in order to achieve above mentioned yields)



The main costs include fertiliser, pesticides, hired labour (paid a living wage),⁴² and investment in equipment and infrastructure.

We have calculated these costs to be US\$432 and US\$415 per hectare in Côte d’Ivoire and Ghana respectively.

LIVING INCOME REFERENCE PRICE

=

cost of decent living + cost of sustainable production

viable land area x sustainable yields

Focus today:

Certification pathway Standards systems and smallholders.

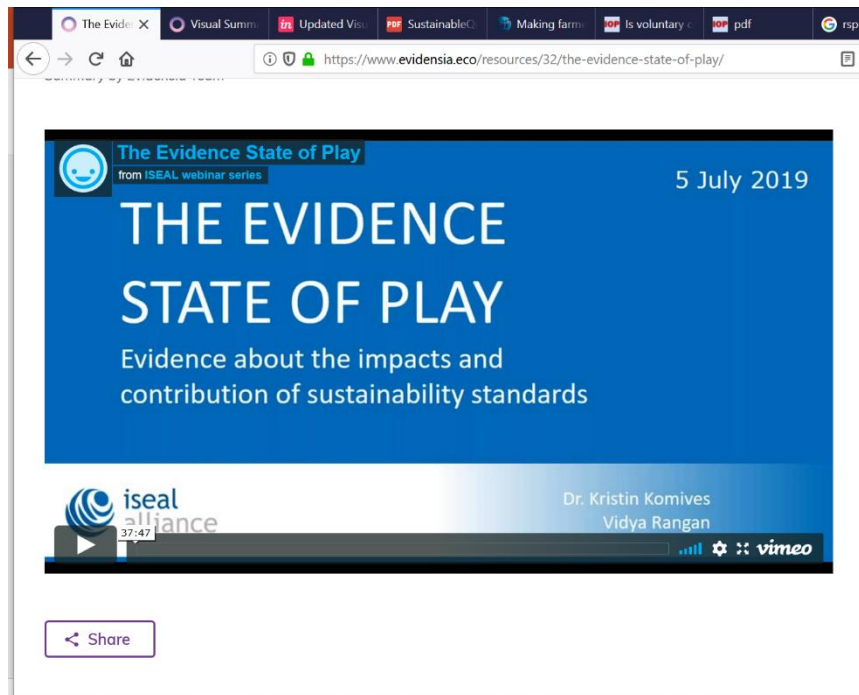
There is evidence available. Will draw heavily on:

- Performance monitoring data (2011-16)
- Three state-of-the-art impact evaluations (2015-19)
- Three systematic reviews



A note on the wider evidence base

- Heavily focussed on coffee and oldest standards systems
- ISEAL member schemes most researched tools



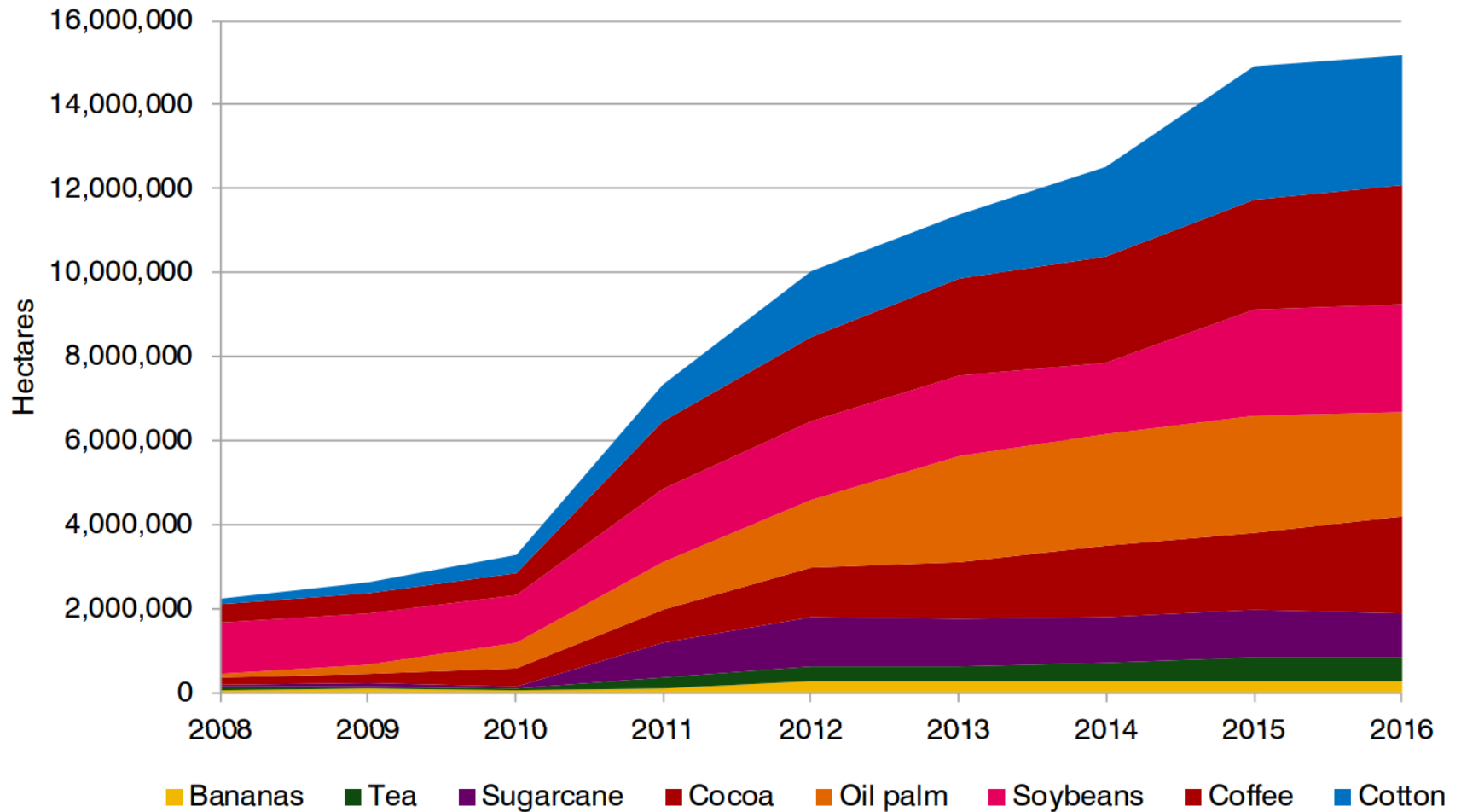
Watch this evidence state of play webinar for a fuller understanding of the evidence base on www.evidensia.eco

Is the reach of standards increasing?

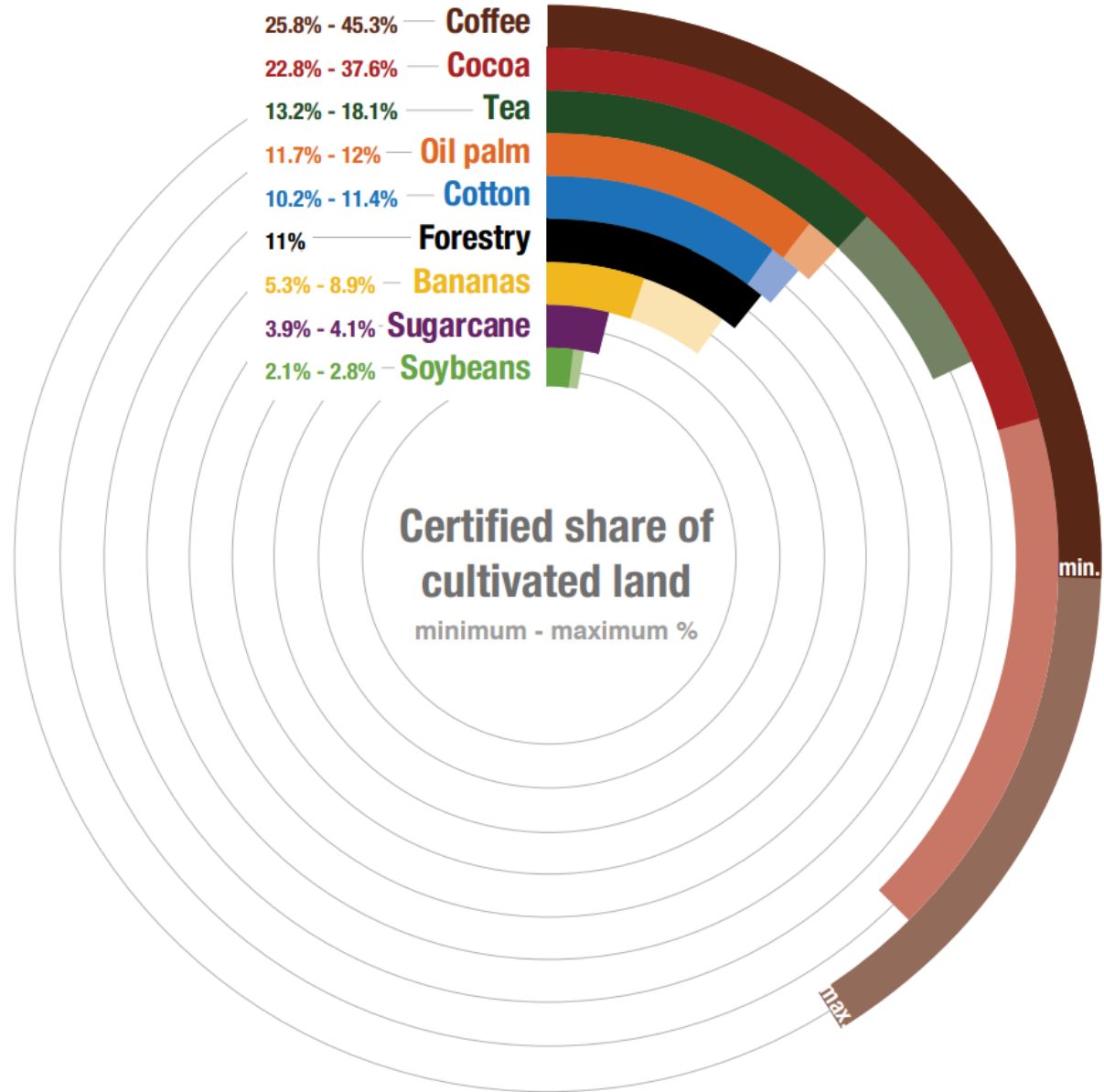
Do standards reach smallholders?



Growth of Certified Agriculture (ha), 2008-2016



- 25.8% - 45.3% — **Coffee**
- 22.8% - 37.6% — **Cocoa**
- 13.2% - 18.1% — **Tea**
- 11.7% - 12% — **Oil palm**
- 10.2% - 11.4% — **Cotton**
- 11% — **Forestry**
- 5.3% - 8.9% — **Bananas**
- 3.9% - 4.1% — **Sugarcane**
- 2.1% - 2.8% — **Soybeans**



Sectors and schemes of focus



Certification of tropical commodities takes place in countries with a high density of smallholders, including in poor countries and regions.

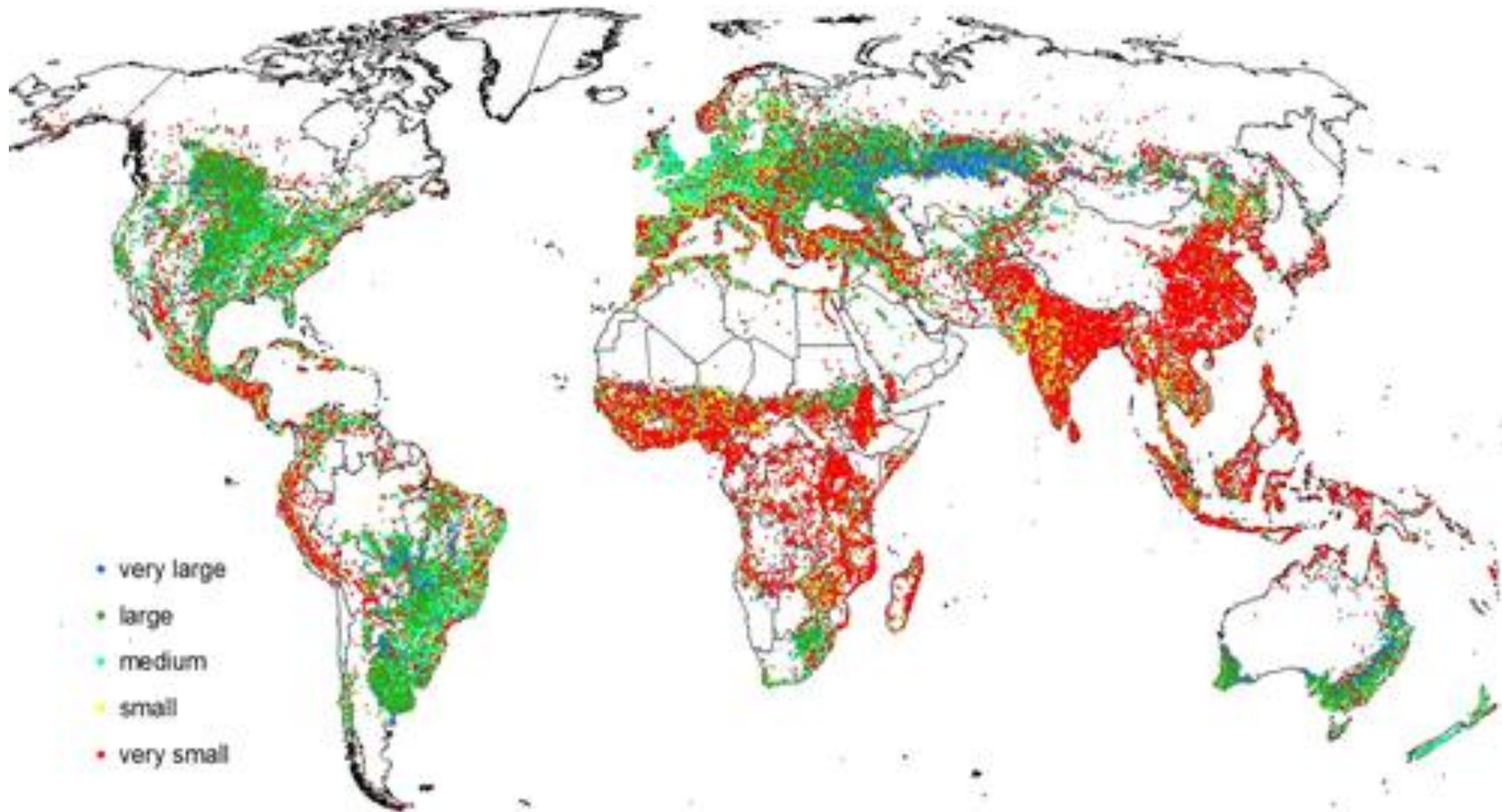
Certification is expanding in those countries and also into countries with a lesser concentration of smallholders.

Certified smallholders have relatively larger farm sizes than non-certified smallholders.

Group sizes are growing.

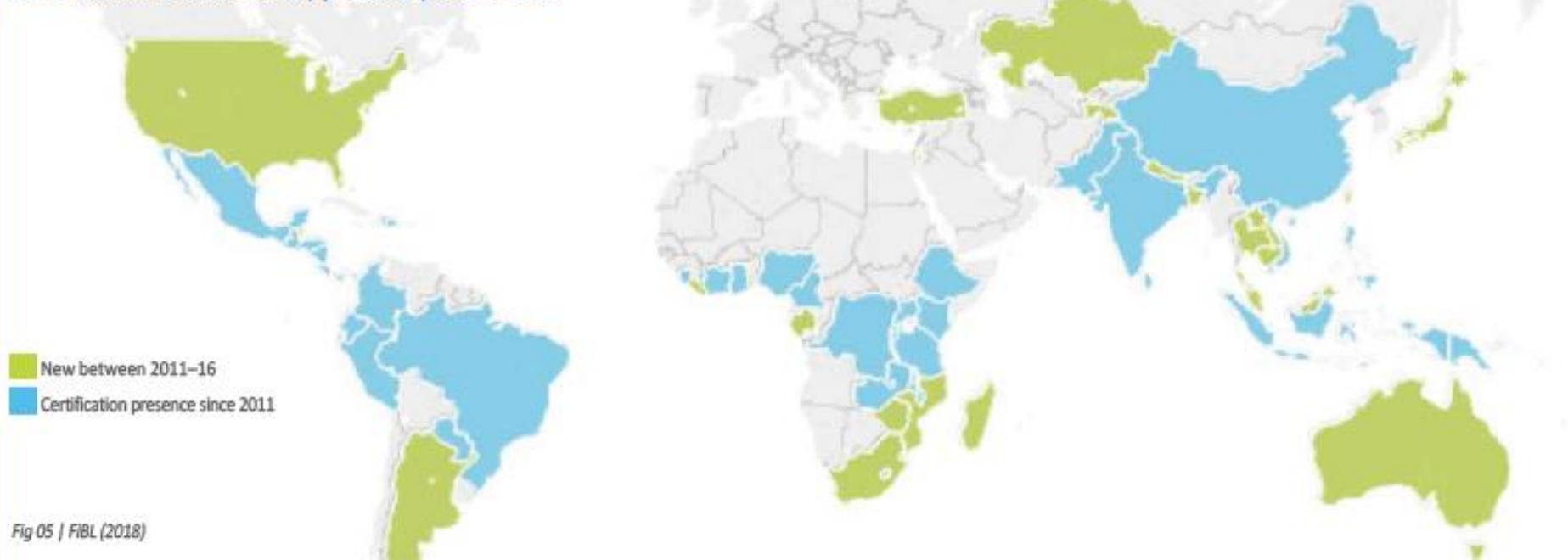


The highest concentration of smallholder farms (<2 ha) are in sub-Saharan Africa and Asia.

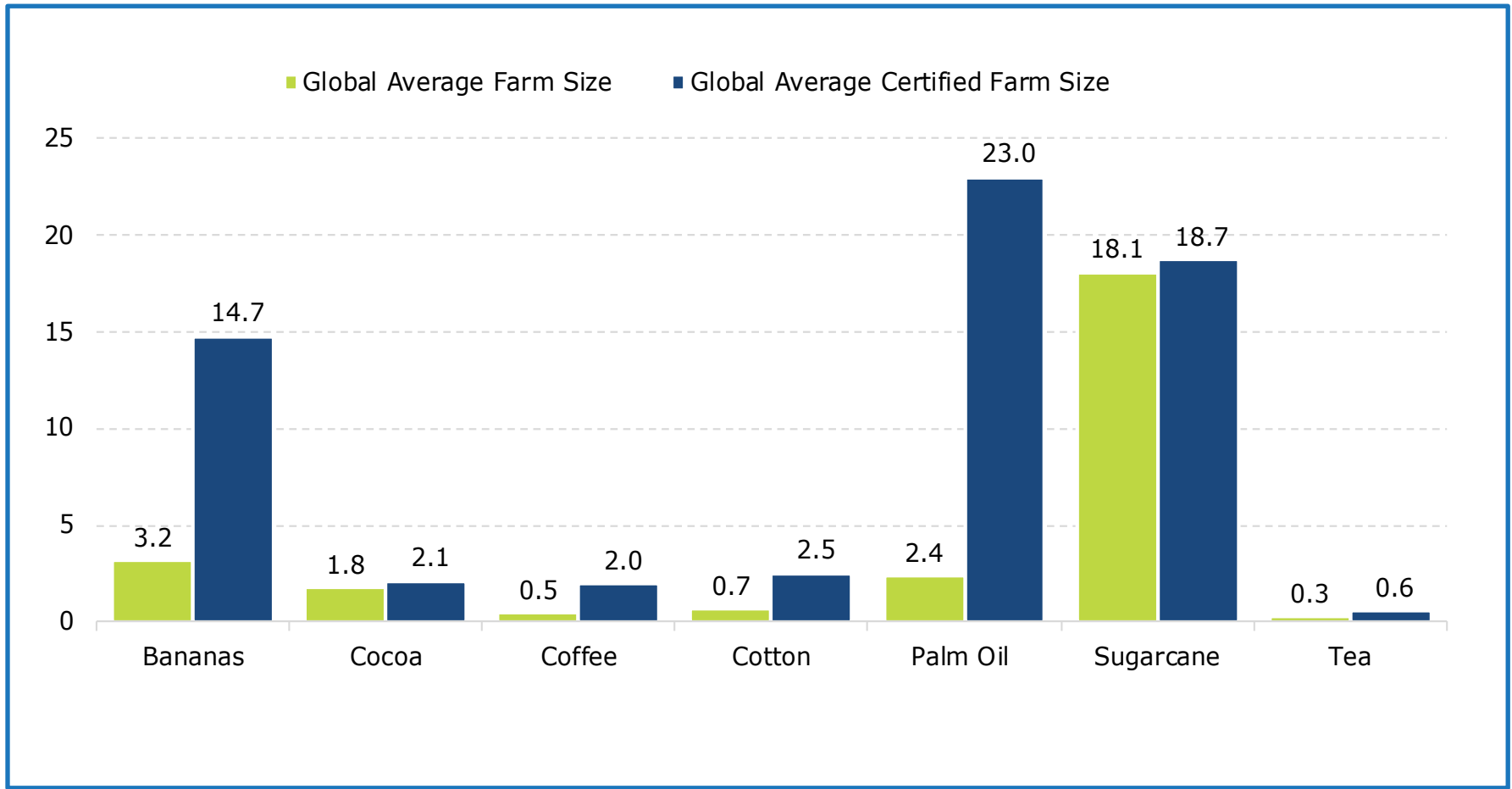


Tropical commodity certification is present in regions with high share of smallholders and is expanding into countries with a lower smallholder presence.

ISEAL member scheme country presence | 2011 v 2016



For seven tropical commodities, average certified farm size tends to be larger than average farm size for that crop



How do standard systems reach smallholders?

Who decides who gets certified?



Critically, who decides who gets certified?

The role of those who are entrusted with farmer organisation and group formation is critical in deciding which farmers get certified and which don't.

Group leaders

Implementing agencies and partners

Marketing agents

Supply chain partners (importers / exporters)

Self-selection by farmers themselves is very rare



Examples of selection dynamics

Semendo, Indonesia



Standards leverage pre-existing groups formed for government schemes as it saves cost and time to get programmes started.

Cocoa region, Ghana



Programme goals and who implements schemes determines selection - prioritising more-productive, educated farmers who can adopt faster

Andhra Pradesh, India



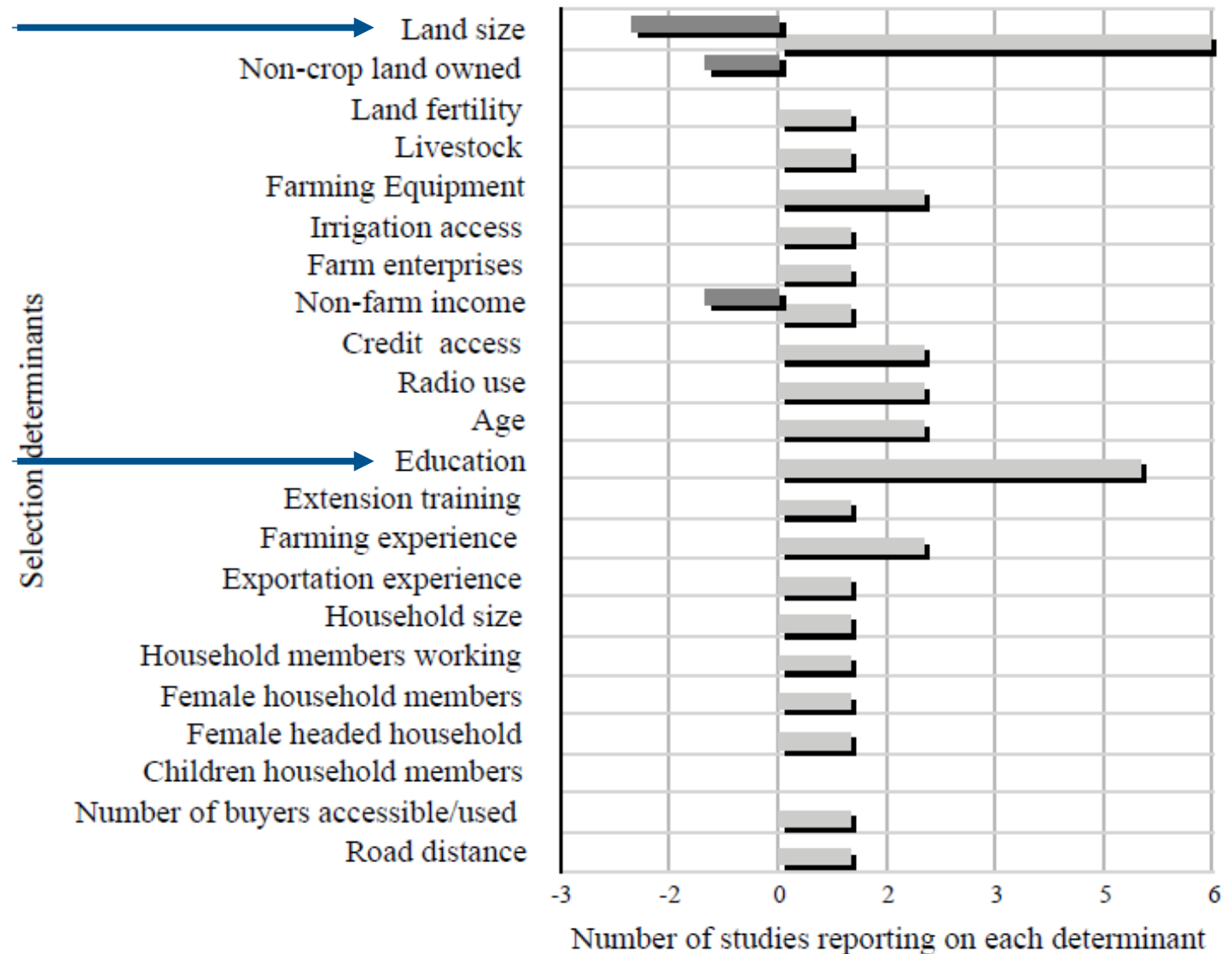
Programme placement in more productive soil regions meant farmers in less productive parts of the district were excluded

Kericho, Kenya



Group selection for certification led by marketing agent and internal group dynamics determine farmer selection into groups

Statistically significant negative effect
 Statistically significant positive effect



Who may be left out?

Who is likely to be included in certification?	Who is likely to be excluded from certification?
Secure access to land and labour	Landless, migrant, sharecropper farmers
Easier access to market or point of sale	Geographically marginalised or topographically disadvantaged
Higher asset ratio or access to finance	Poor or no access to finance or assets
Better educated	Illiterate

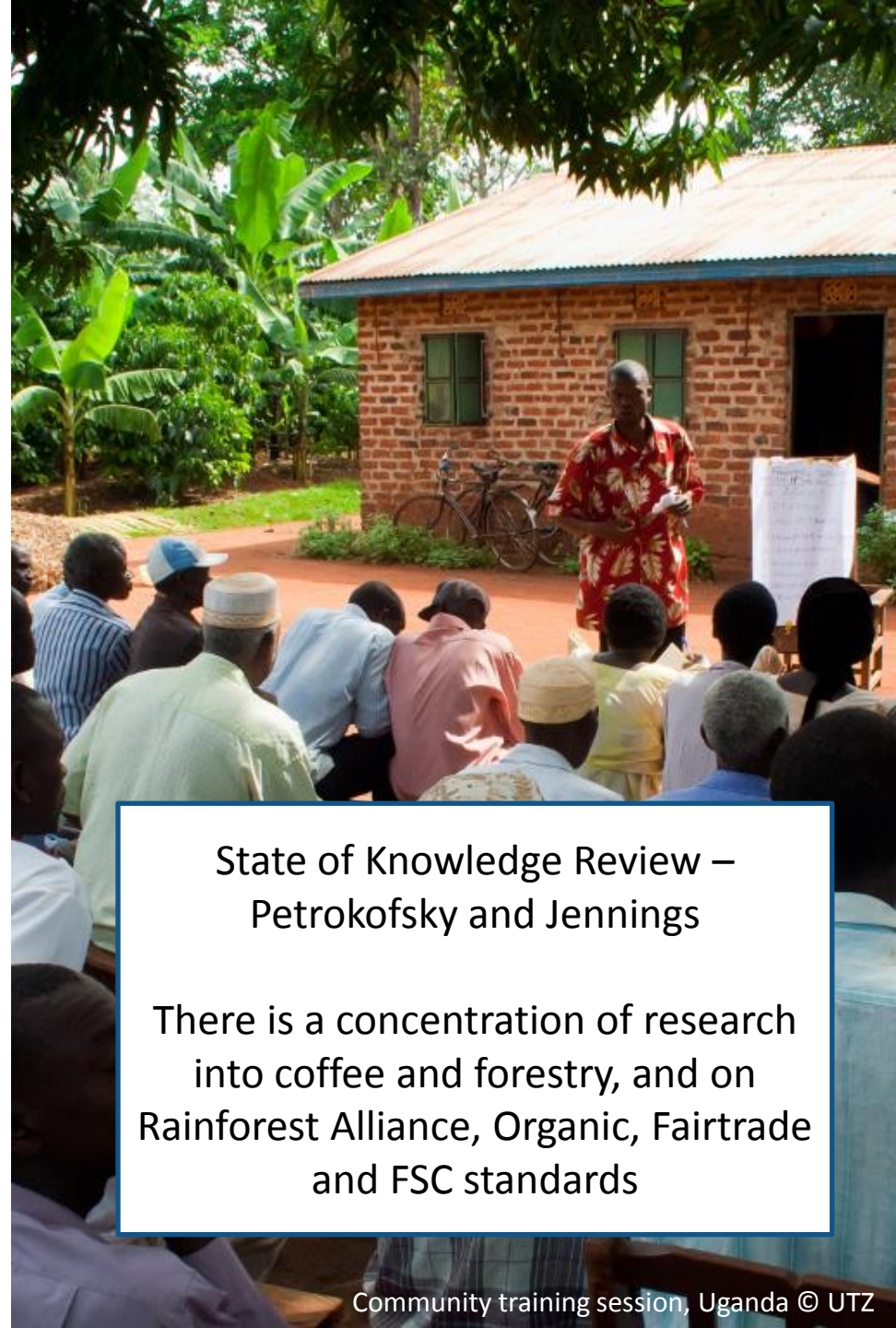


What difference do standards make to smallholders they reach?



Standards drive adoption of better practices

- Most studies show certified entities are more likely to adopt improved practices
- Audits help drive practice adoption and maintain good practice
- Best record on health and safety; mixed on conservation practices



State of Knowledge Review –
Petrokofsky and Jennings

There is a concentration of research into coffee and forestry, and on Rainforest Alliance, Organic, Fairtrade and FSC standards

Standards systems positively impact price and income from certified crop. Impacts on yield and total household income are more mixed.

Compared to control, intervention was:

■ Significantly higher ■ No difference ■ Significantly lower



Standard systems can have a positive contribution towards reducing the poverty gap.

In 2/3 impact evaluations commissioned by ISEAL, **certified households had a reduced probability of being in poverty** compared to non-certified households.

Poverty rates did not go down noticeably but the **poverty gap decreased** for certified households



Other outcomes of value to farmers – not often captured in impact evaluations

Social capital gains

Network affects

Resilience and capacity to weather shocks

Applying training and knowledge beyond certified crop



What are we learning about the conditions under which standards can drive greater impact for smallholders?



Impact depends on farmer and household characteristics and preferences.

% HH income derived from certified crop vs other sources

Access to labour and finance to implement production changes

Risk profile, education and cultural attitudes

Long-term interest in export crop farming



Impact depends on the role intermediaries play in selecting farmers and implementing interventions.

Implementation partners
and implementation
fidelity

Group organisers

Groups and farmers
associations

Exporters, importers,
marketing agents

Impact depends on systemic factors and livelihood strategies pursued by farming communities.

Market dynamics: demand for certified crop from region, currency fluctuations

Enabling conditions: extension services, information portals

Socio-cultural beliefs and regional livelihood strategy

Long-term interest in export crop farming



Final thoughts

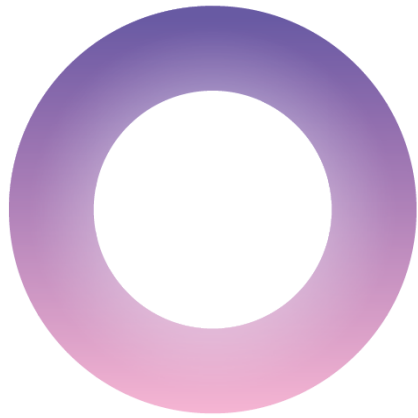
A scenic view of a Costa Rican landscape. In the foreground, a large, vibrant green banana leaf is prominently displayed, curving across the upper right portion of the frame. The background features a lush, green valley with rolling hills and mountains under a bright, slightly hazy sky. The overall atmosphere is peaceful and natural.

Standards systems do make a difference for smallholders -- though not in all cases and contexts

Understanding what works where, when, and why is critical

Other supply chain based initiatives will experience similar challenges and limitations

The way forward involves putting all heads and all strengths together



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