

The Performance of Voluntary Standard Schemes from the Perspective of Small Producers in East Africa

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URI:

Date: 2009-09

Abstract:

The objective of this study was to establish a better understanding of the performance of different voluntary standard schemes from the perspective of small producers in East Africa. The study compared small scale producers' perceptions of the impacts of certification to Fairtrade, UTZ Certified and Rainforest Alliance standards. The study covered tea and coffee growers in Uganda, Kenya and Ethiopia. It also solicited small scale producers' views on how the standards under investigation could be improved upon. The main research method was qualitative, based on 18 semi-structured focus group discussions with participants in six different schemes involving small scale producers. In general, the results from the six case studies provide an overall picture of producer satisfaction across schemes, although there are differences as to which circumstances are perceived to have improved as a result of scheme participation. All focus groups (apart from two) had experienced increases in tea/coffee revenues, mainly as a result of improved agronomic practices which generated higher yields and better quality of output. In general farmers also perceived their household situations to have improved since participation in the standard schemes. However, the reasons given for these improvements varied from increased income (in a majority of cases), to better sanitation and increased food security. All focus groups had experienced improvements in the support services received particularly in the form of training on pre- and post-harvest handling. Farmers also obtained increased awareness about safe handling of chemicals and disposal of containers although this did not consistently translate into use of protective equipment. The results also show positive impacts for women across all three standards although again with differences as to what had improved. The Fairtrade certified case studies show improved female representation and participation in farmer organizations. One of the UTZ case studies also showed improvements in this area. The other UTZ case study, while less positive in this respect, reported impacts from training on empowerment. Finally the Rainforest Alliance certified group attributed improvements for women to increased interaction between female farmers. These differences are consistent with variations between the three standards in their coverage of gender issues. Because the focus groups for the different standards were drawn from schemes differing in organization (cooperatives versus contract farming), date of certification and crop certified it is difficult to make general comparisons across standards. As a result, two sets of paired comparisons across standards were made where such variances were minimized. The first was a comparison of a Rainforest Alliance coffee contract farming scheme with a UTZ coffee contract farming scheme. A clear difference was that in the Rainforest Alliance case more emphasis was put on wildlife and biodiversity conservation (for instance, not cutting trees and not killing wild animals) in training and enforcement, while training in the UTZ scheme placed more emphasis on household

sanitation and on pre-and post-harvest handling. These differences are to be expected due to the different focus of the two standards. Nonetheless, the overall comparison revealed only very slight differences on almost every other dimension examined. These results support the conclusion that there are positive benefits from being organised in sustainability related schemes, whatever the standard. The second was a comparison between an UTZ coffee cooperative scheme and a Fairtrade coffee cooperative scheme. Again the results revealed only slight differences. As expected differences existed regarding distribution of the premium and the comparison also indicated a slightly higher level of perceived improvements arising from the Fairtrade scheme. However when considering that the UTZ scheme only received UTZ certification in April 2008, the results were surprisingly positive for this scheme. The qualitative findings are substantiated by quantitative analyses of the impact of certification schemes on smallholder crop quality, productivity and revenue, using household survey data collected by DIIS in 2006 on two coffee schemes in Uganda, certified to UTZ/organic and Fairtrade/organic standards respectively. This allows comparisons between small producers who were certified UTZ/organic and Fairtrade/organic, and between each of these groups and producers not certified to any standard. When comparing participants in the Fairtrade/organic scheme with uncertified farmers it is found that participants earn significantly more than the non participants (controlling for other factors). Regression analyses indicate that the higher coffee revenue reflects a combination of scheme participation as such, plus farmer's coffee tree stocks. Use of organic practices does not appear to influence revenue. When comparing farmers participating in the Fairtrade/organic scheme with those participating in the UTZ/organic scheme, the analysis shows that the Fairtrade/organic scheme participants earn significantly higher average gross coffee revenues than those participating in the UTZ/organic scheme although there is no significant difference in net coffee revenue between the two groups. This can be explained by the fact that, while the Fairtrade/organic scheme participants sell more coffee at higher prices than the UTZ/organic scheme members, they also incur higher costs, particularly in hiring labour. This suggests that the Fairtrade/organic scheme has a larger overall welfare impact than the UTZ/organic scheme. Finally this study also sought to identify farmers' perceptions of problems and suggestions for improvements. Managers in both one UTZ and the Rainforest Alliance certified scheme reported that they had experienced problems negotiating a premium for certified produce once world prices had reached their current levels. In the case of the Rainforest Alliance scheme this had resulted in a decision not to re-certify. While for Fairtrade certified groups a fixed minimum price and premium is guaranteed, these groups experienced other problems related to price and stability of demand. One scheme reported that when the world prices were higher than the Fairtrade minimum price, the guaranteed pre-finance supplied (calculated on the basis of the minimum price) was not enough to offer farmers a competitive.