

UTZ Certified Response

“Impact evaluation of the UTZ Certified coffee program in Colombia” by CRECE

February 2015

www.utzcertified.org



Background

In 2013 we commissioned the Centre for Regional Entrepreneurial and Coffee Studies (CRECE) to evaluate the impact of UTZ Certification in two important coffee producing regions in Colombia. The data used for this impact evaluation had already been collected between 2008 and 2011 as part of a broader study that was conducted by CRECE in collaboration with the Committee on Sustainable Assessment (COSA).

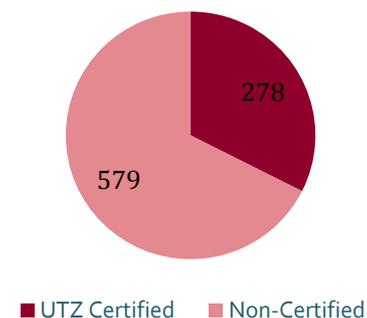
From the larger data set, a sample of UTZ farmers and a control group were selected. The availability of a baseline, multiple years of data and a control group allowed for a rigorous research design ('difference in difference').

The coffee context

The study took place in the context of decreasing harvests, due to coffee leaf rust and adverse climate effects, between 2008 and 2012 and historically high prices, including a substantial price differential for Colombian Milds.

During this period coffee authorities, including the National Federation of Coffee Growers (FNC), with the support of national government and several donors, took policy actions to help producers increase output. These policies influenced both certified and non-certified farmers.

Coffee Farmers in study



Main findings

Overall, the study concludes that UTZ certification had a positive impact on certified coffee farmers in Colombia between 2008 and 2012. Due to good agricultural practices, UTZ farmers had lower production costs per kilo of coffee, and although, due to external factors, their yield did not increase they were able to earn a higher net income.

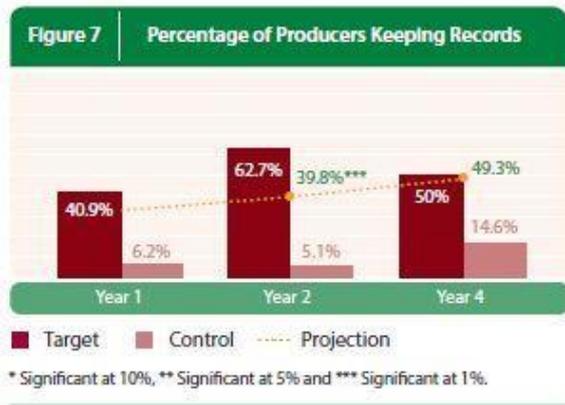
UTZ Certified farmers scored significantly better on the overall social and environmental sustainability indexes and have a significantly better perception of their socio-economic conditions and quality of life.

Socio-economic characteristics:

The study found that UTZ Certified coffee farmers are significantly more dependent on coffee earnings than non-certified farmers, maintaining their, already higher, dependency rate on coffee income (from 84.5% to 86.4%), while the control group reduced it (from 70.7% to 61.1%). In addition, over 95% of UTZ Certified farmers reported being associated to a Producer Organization (PO) by year 4, while only around 10% of non-participants did.

Better Farming Methods

The study found that the approach to farm management and the professionalization of the producer organizations (POs) was positively impacted by UTZ Certification.



Record keeping was significantly adopted by farmers in the UTZ program and increased from year 1 to year 2 from 40.9% to 62.7%. There was a decrease in year 4 to 50%, but the rate was still much higher than the control group, which was just 14.6 % in year 4.

UTZ farmers also had a more positive view on transparency within POs. In year 1, 25% of UTZ farmers thought that the way of fixing prices by the cooperative was transparent, increasing to 60% by year 2, and 92% by year 4. Within the control group this view kept stable at 30%.

There was an upward trend in the percentage of UTZ Certified producers that applied fertilizers in accordance with the technical recommendations from the extension services, (increasing from 53% to 80%), compared to a decrease for the control farmers (34% to 32%). In the validation workshop UTZ certified farmers confirmed that they follow the recommendations of local research institutes and that improved record keeping allows them to take informed decisions about the management of their farms.

Better Working Conditions

Significant differences were found regarding the number of training hours received in good agricultural practices. In year 1, UTZ farmers received on average 110 hours of training per year compared to 18 hours received by non-certified farmers. In years 2 and 4 there was a significant decrease for UTZ farmers, but the amount of training was still twice that of the control group.

A significantly higher share of the workers employed at UTZ Certified farms received training to improve job safety and agrochemical handling in year 1 and 2 (an improvement from 9.6% to 33%), although this difference with the control group was reversed by year 4. UTZ certified farms were also found to have significantly better availability of first aid kits and protective clothing for agrochemical handling.

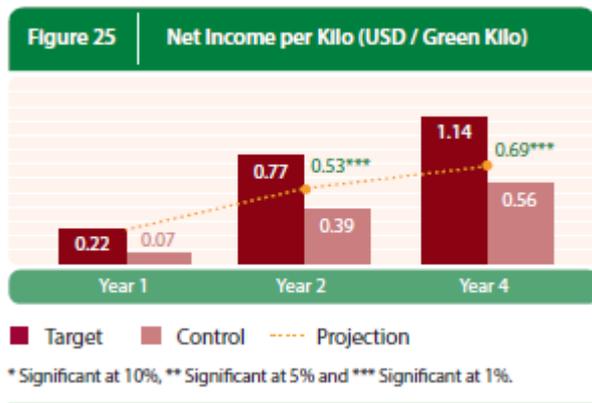
However, the study found that UTZ producers and the control group scored very low with regards to written labor contracts. According to Colombian law, labor agreements can be settled verbally and in writing.

Better Care for Nature

UTZ certified farmers were found to use significantly less water in coffee processing than control farmers, with a significantly higher proportion of UTZ farmers having adopted methods to treat wastewater (65.1%) after the milling process, compared to the control group (6%).

The implementation of environmental practices led to a positive impact on the environmental sustainability of the UTZ certified farms. The aggregated index in the environmental sustainability index reached 73.8 points in year 4, which was an increase of 26.6 points, a significant difference compared to the situation in the absence of the UTZ program.

Better Income



External factors meant that yields were decreasing during the timeframe of the study. However, the study found that UTZ farmers' yields reduced by just 1% while the control groups decreased by 52%.

As a consequence of lower production costs per kilo compared to the control group and achieving higher prices, UTZ farmers had a higher and increasing net income per kilo produced, compared to the control group.

Better Life

UTZ Certified farmers were found to have a more positive and optimistic perception of their quality of life. Coffee growers were asked to define on a scale of 1 to 10 their perceptions regarding different aspects of their socioeconomic conditions (have improved, have not changed or have become worse).

The responses were significantly better for UTZ farmers in aspects such as the level of income, household quality of life, family's health, and economic situation of the household, farm management, coffee selling opportunities, village environment and community relationships.





UTZ' response

The study confirms our Theory of Change and shows that in the Colombian context (2008-2011) our program has been effective in achieving its goals. We are particularly pleased to note that in spite of the challenging external situations coffee farmers were facing – including severe climatic conditions; extremely high fertilizer prices, Coffee Berry Borer (CBB) infestation and a severe outbreak of coffee leaf rust– better agricultural practices meant UTZ farmers were able to maintain their yield and actually increase their productivity.

These findings, alongside the perceptions of a higher quality of life, indicate that certification is bringing important economic and social benefits to farmers. During the validation workshop farmers confirmed that better environmental practices are also an important outcome of UTZ certification.

The report also highlights areas where improvements are both possible and necessary.

Smallholder Inclusion

The research found that in the first phase of the program in Colombia the smallest of farms (those under 1 ha) were less represented; in the sample just 6.4% of UTZ producers compared to the national average of almost 30%.

We know that in the start-up phase of the program there was a focus on reaching sufficient volume to allow the first UTZ buyers to source sufficient certified coffee from crucial origins based on market needs. It should also be noted that the initial area in which UTZ was present, Caldas, is predominantly made up of medium to large farms, while subsequently growth in the market led to expansion into the Huila region, where there are more group certification holders, which can allow for greater access by smallholders. Our own data demonstrates that in the timeframe of the study the trend of expansion was towards more farmer groups; the number of farmers in certified groups in the UTZ program in Colombia grew from 2,778 to 4,252 while the number of large farms increased from 28 to 31.

Labor contracts

The study finds that “no more than 5% of [UTZ farmers] provide written contracts” and that the majority of labor agreements between the UTZ Certified farmers and their workers are usually verbal, which is in compliance with Colombian labor law. The version of the UTZ Code of Conduct for Coffee, which was in use during the timeframe of the study, accepts other employment agreements besides written contracts, as long as there is a mutual commitment and workers are ‘provided with comprehensive information about their employment conditions’.

Whilst the findings in this report are not contrary to the previous Code of Conduct or Colombian law, our new Code of Conduct goes further in ensuring that estate workers who are employed for more than 3 months have written contracts within the first year of certification, in keeping with our belief that written contracts are best practice.



Record Keeping

The positive upward trend in farmers keeping records and using these to inform their decision making is welcomed. However, whilst the percentage keeping records remained higher than the control group there was a drop in the fourth year of the study.

In order to better understand this result, we asked the researchers to look at large farms and small/medium size farms separately. Interestingly, for large farms (above 6 ha) the trend of keeping records is increasing (43%, 66% and 75%) while for small and medium size farms it is decreasing (36% 64% and 45%). This differential is less surprising as we know anecdotally that record keeping is more challenging for smallholders than larger estates, and is something we continuously review to improve through training and monitoring.

Training

Training amongst UTZ farmers is higher throughout the four years studied; however the significant reduction in training hours after year 1 does raise some concerns. From anecdotal evidence, we know that POs initially put great emphasis on training, but that this can become less over time.

During, the validation workshop farmers indicated that there is a need for follow up on specific topics, such as new technological developments. Our new Code, is clearer in the requirements on training group members, and specifies the topics to be included over the four-year period. We are also exploring ways to make direct information services available to UTZ Certified farmers, making use of ICT tools such as mobile phone technology.

In conclusion, we welcome the in-depth insight that this study provides on the situation of certified and non-certified coffee farmers in Colombia. The extensive data in the report, gathered over four years and the rigorous research method ensures that a clear and detailed picture of the impact of UTZ certification can be seen in this significant coffee producing country.