

RESPONSE

TO THE IMPACT EVALUATION OF THE UTZ PROGRAM IN CÔTE D'IVOIRE (2013-2017)

June 2018



Joining forces
for a better future

RESEARCH SUMMARY

For the research findings we kindly refer readers to the research report by Wageningen Economic Research, especially chapter 8 (conclusions and recommendations) and the executive summary.

THE RAINFOREST ALLIANCE RESPONSE

The Rainforest Alliance¹ welcomes this solid and independent [impact evaluation by Wageningen Economic Research](#), which provides valuable evidence and insights about the effectiveness and limitations of the UTZ certification program and related services by cooperatives and companies in Côte d'Ivoire over the period 2013-2017. It is studies such as these that help us understand, learn and improve, which is essential for achieving our mission.

This research is quite unique due to the fact that it assesses the effects of the certification over the course of several years. Preparations for this impact evaluation started in 2011, when UTZ, Solidaridad and IDH (The Sustainable Trade Initiative) commissioned independent research to establish a baseline of certified cocoa farmers. The farmers were sampled from 90 cooperatives linked to 8 international cocoa traders. In 2017 UTZ partnered with IDH and Nestlé and contracted Wageningen Economic Research again to revisit the baseline farmers, cooperatives and traders to measure the level change and the contributing factors. We thank our partners for collaborating and persevering with us in this long-term effort to measure and understand the changes brought about by our combined efforts.

We are glad to learn that the UTZ certification program and the service packages implemented by certificate holders with support of companies are having positive impacts for many cocoa farmers, as these findings demonstrate:

- UTZ certified farmers continue to have significantly higher cocoa productivity than non-UTZ farmers.
- UTZ certified farmers have significantly higher net cocoa income per hectare in 2017 than non-UTZ farmers.
- Knowledge and implementation rates for UTZ farmers have improved since 2013 for harvest practices, personal protective equipment, labor rights, child labor, and waste management.
- UTZ certified farmers have seen more improvements in working and living conditions than non-UTZ farmers.
- UTZ farmers perceive improvements in water and soil, whereas non-UTZ farmers note few changes.
- A growing number of certified cocoa farmers is accessing services that enable them to implement good agricultural practices required by certification.

Certification has provided a means to upscale sustainable cocoa production and to give cocoa farmers access to certified markets, where they can benefit from premium prices that reward sustainable production practices. Certification has also promoted the development of more professional producer associations, which farmers now perceive as providing a wider range of benefits than in 2013. But the evaluation also shows that there is ample room to improve the adoption of sustainable practices, the services to farmers and the systems to prevent, detect and remediate child labor.

Certification has positive spillover effects

Certified farmers share their knowledge and experience on better practices with their family, neighbors and non-certified farmers. The data of this evaluation shows that non-certified farmers are catching up with certified farmers in many respects. More non-certified farmers are now accessing training and services, provided by ANADER and other service providers, who replicate trainings and services developed for certification programs.

Improving and scaling up tailored service packages for farmers; sharing risks

The evaluation clearly shows that certification combined with more intensive service packages of training and services (notably fertilizers and pesticides) is associated with better practice adoption, increased yields and

¹ In January 2018, the Rainforest Alliance and UTZ merged. We are joining forces because we know that together we can have a greater impact and be a better partner to the many stakeholders we work with. Work is now underway to build a new certification program. This study focused on the UTZ certification program.

profitability, and safeguards for workers and the environment. We endorse the recommendation to further develop and scale up the most effective services packages, so that every farmer receives the support he/she needs. In addition, we think that the provision of services to farmers should not increase their risks (e.g. of over-indebtedness, crop failure, price volatility), which should be mitigated and shared with other value chain actors. We are aware that the pursuit of productivity increases may increase the risk of child labor. Therefore, we will step up our efforts to monitor, prevent and remediate child labor.

The study shows that more is needed besides training to move towards more sustainable production and trade practices. Farmers need for more tailored follow up trainings, moving away from “one-size-fits-all” trainings offered in earlier stages of certification. The increasing availability of farmer-data enables certificate holders to cluster farmers according to their needs and potential and develop more tailored services.

The theory of change “works”, but there is room for improvement and more is needed to transform systemic problems

The evaluation indicates that UTZ farmers seem to have reached a ceiling in terms of production and income improvements and suggests that it is difficult to achieve further income improvements with the current approach. Producers need to receive more and better incentives, and we need to address constraints at the sector and market level. Substantial income improvements are necessary to lift farmers out of poverty, which is a root cause of child labor and environmental degradation.

Incentivizing farmers to adopt and sustain good practices

The evaluation signaled that over the past years some prior improvements in knowledge and practice adoption by farmers have stagnated, and in a few cases have even reversed. This tells us that, to bring about lasting change, certification and training need to go hand in hand with meaningful (financial) incentives for farmers to implement better farming practices. Larger investments in premium payments or other tangible interventions to increase the profitability of the farming system would be a straightforward incentive, in addition to more and better services. The dramatic decline of cocoa prices that occurred late 2017 is not reflected in this evaluation, which took place before. The price crisis shows that building farmers’ resilience, and developing risk sharing and risk mitigation policies should be higher on the agenda of the sector.

Using farmer data to empower farmer groups, streamline certification and improve services

We agree that we need a better understanding of why farmers do not (fully) adopt and sustain certain good practices promoted by certification. As more farmer data is being collected we are able to adapt requirements, training and services to different types of farmers. We are supporting certificate holders to digitize their Internal Management Systems (IMS), so that data becomes more actionable for more purposes than certification. We will scale up these efforts and support producer groups to use farmer data to tailor their services, implement more risk-based controls, and to advocate on behalf of their members’ interests.

Developing a more contextualized and performance-based standard

UTZ and the Rainforest Alliance are currently developing a [new certification program](#) and will publish a unified agriculture certification program at the end of 2019. This renewed sustainable agriculture standard should maximize the positive social, environmental, and economic impact, and offer farmers an enhanced framework to improve their livelihoods while protecting the landscapes where they live and work. The findings and recommendations of this evaluation will be taken into account.

Stepping up efforts to monitor and remediate child labor

The study shows that child labor is still a major challenge in cocoa production on certified and non-certified farms. The UTZ certification program provides a framework for child labor prevention, remediation and monitoring, on the basis of annual risk assessments and improvement plans. Certificate holders have to take actions to prevent and

remediate child labor (risks) and address issues in collaboration with community-based child labor liaisons and existing public and private initiatives on the topic of child labor.

No control mechanism can guarantee that no child labor takes place on any certified farm at any time of the year. Child labor has multiple root causes that require intensive collaboration with local communities, supply chain actors and local authorities. For this reason, UTZ promotes multi-stakeholder and area-based approaches, encouraging collaboration with existing initiatives of governments, companies and civil society organizations.

We will step up our efforts to strengthen our program, broaden our outreach and increase our coordination with governments, companies, cooperatives, farmer groups and NGOs. We will also strengthen their capacities to engage in partnerships and advocate for a more enabling (policy) environment.

Improving the quality of assurance

A credible and workable system of checks and balances is essential for any certification standard. Audits are used to detect non-conformities and to evaluate whether these and their root causes have been effectively addressed. Audits also generate valuable information about level of compliance and progress of producers. We are continuing our efforts to improve the quality of the audits, by building the capacity of certification bodies (CBs) and monitoring their performance. We have increased the qualification requirements for auditors and CBs, and we support them with additional training on social auditing skills. Finally, we will conduct more shadow audits in Côte d'Ivoire to evaluate the quality of the audits in the field. To implement these plans, we have hired additional local staff in Côte d'Ivoire.

Income improvements are welcome, but as of yet insufficient to reach a living income

We believe that our certification program, which has reached a large penetration in the cocoa sector, can become a tool for the sector to monitor farmer incomes and assess the progress of the sector in enabling cocoa farmers to earn a living income with their work.

Bringing transparency to prices, costs and income is but a first step. It will probably not be sufficient to drive continuous improvement and transform systemic issues like market imperfections, externalities that are not accounted for in the price, and price volatility. In the formulation and implementation of new RA strategy and standard we will look for levers to create and retain more value for farmers.

We remain strongly committed to bold sector-wide collaborations to enable cocoa farmers to earn a living income and thrive in harmony with their neighbors and the environment. Substantial additional investments from the entire sector are needed to make cocoa sustainable.

UTZ and RA joining forces to have more impact on the sector as a whole

We need to shift gears to achieve sector transformation. For this reason, UTZ and the Rainforest Alliance have recently merged to accelerate innovation, gain more clout in the markets / sectors we operate in, streamline our certification programs and reduce the certification costs. Our program intervenes at the farm, sector, and landscape level. We welcome independent research, feedback from farm workers and unions, and investigative journalism to shed light on what is happening on farms, firms and markets, especially issues that remain undetected by external audits. Critical and creative thinking is also needed to develop innovative solutions to the most pressing problems.

About this evaluation

This evaluation was commissioned jointly by pre-merger UTZ, IDH - The Sustainable Trade Initiative and Nestlé. This response reflects the position of UTZ only. We thank these partners, the researchers, traders, cooperative managers and the cocoa farmers who took the time to contribute and share their experience and information during the household survey, focus group discussions, interviews, and validation workshops.