UTZ Certified Response

‘Impact of UTZ Certification of cocoa in Côte d’Ivoire: Assessment framework and baseline’ by LEI Wageningen UR

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Background
Côte d’Ivoire produces about 60% of the cocoa in the world. Almost all producers of cocoa are smallholders with farms of 1 to 3 hectares. Five years ago, UTZ Certified launched its cocoa program in Côte d’Ivoire, in collaboration with private sector partners and NGOs. The UTZ program in Côte d’Ivoire has been adopted by almost 130,000 cocoa farmers so far.

The report provides a baseline and initial assessment of impacts of certification. The report analyzes the impacts on farmers in different stages of the UTZ program, compared to farmers who are not participating in the UTZ certification program (control group). The report focuses on changes in knowledge and implementation of good agricultural practices (GAP), the level of inclusiveness and the added value of certification.

The baseline will be used for a follow up evaluation in 2016 to assess changes over time for certified farmers. Strictly speaking the report is not a ‘real’ baseline, since it does not reflect the situation of certified farmers before they joined the program. It analyses how farmers in different stages of certification are performing, compared to similar farmers who are not in the program. The differences are therefore an approximation of the effects of the program.

The sample included 725 farmers in the UTZ program and 55 farmers in the control group. The program participants selected for this study are mostly cooperative members supported by 8 traders. More recently, local traders (“traitants”) have also joined the UTZ program, but this group is not covered by the study. Next to quantitative methods, qualitative methods were used to evaluate the program, interviewing cooperative managers, village chiefs, groups of villagers and support organizations.

The “Impact of UTZ Certification of cocoa in Côte d’Ivoire” is part of a larger impact research conducted by LEI on behalf of UTZ, Solidaridad and IDH Sustainable Trade Initiative.

The achievements described in the report are the result of UTZ Certified’s collaboration with Solidaridad, IDH Sustainable Trade Initiative, cocoa traders, cooperatives and local stakeholders and cannot be exclusively attributed to certification. This response however solely reflects the viewpoint of UTZ Certified.

Main findings
The UTZ program in Côte d’Ivoire is effectively assisting smallholder cocoa farmers to implement good agricultural practices and to increase their cocoa yields and income. The majority (82%) of certified farmers reports improvements in their living conditions. Certification and related interventions clearly have added value for farmers. These findings confirm the theory of change of UTZ that training, certification, premium payments and complementary interventions are a strong incentive for farmers to adopt good agricultural, social and environmental practices. These in turn contribute to better income and productivity, and increased satisfaction of farmers with their overall living conditions.

Better farming methods
Farmers in the UTZ program have higher knowledge levels of good farming practices than the control group farmers. In addition, farmers who have been certified for longer have higher implementation scores of these practices than recent entrants to the program. 83% of the
Young farmer, Duékoué:
Our way of living has changed because we have changed the way we do many things. For instance, we do not reuse empty tins of chemicals anymore, and we no longer spray in our fields, this is done by professionals.

Inclusiveness
Since women and youths are traditionally underrepresented as members of cocoa cooperatives in Côte d’Ivoire, they tend to not be included in the trainings that prepare farmers for certification. Women and youths depend largely on their male and elderly family members to access the advice and support provided in trainings.

Better life
The majority of farmers (92%) experience positive changes from certification. The most mentioned improvement is better farm management and farming practices, and increased yields and income. Farmers also regard the premium payments and the professionalization of their cooperative as an improvement brought about by certification. Nevertheless, farmers find that premium payments do not fully compensate for their increased production costs.

Better income
UTZ certified farmers have on average larger cocoa farms and lower costs of production per kg of cocoa. They harvest on average 467 kg of cocoa per hectare, which is significantly higher than the 315 kg/ha harvested by non-certified farmers (Figure 1).

Since many farmers overestimate their farm size, and most do not keep records of farming activities, costs (e.g. labor and inputs), yields and revenues, the reported productivity figures are prone to recall bias and estimation bias.

The premium payments are an important incentive for farmers to become certified. Almost 30% of the program farmers mention premium as the main benefit. Farmers do however observe little transparency on how the premium is set and distributed between the cooperative and members.

Better care for next generations
Certified farmers have more knowledge on requirements related to labor conditions, including child labor, than control group farmers. However, the overall level of knowledge of certified farmers is still low and can be improved. Certified farmers do not exceed the limit of hours that children are allowed to work on the farm (maximum 14 hours per week). Children who work on the cocoa farm spend 84% of their time on non–hazardous tasks, and 16% on activities that are not allowed by the UTZ Code of Conduct for being dangerous.

In spite of the high percentage of farmers that are satisfied with their livelihood, 2/3 of them do not want their children to become cocoa farmers. Approximately half of the farmers is diversifying into other crops, such as rubber, which is said to be less labor intensive and more profitable.
Better environment
UTZ certified farmers have higher knowledge scores on farming practices to protect water, soil and biodiversity. Farmers who participate in the program for longer adopt more conservation practices. But the adoption levels are still low and have ample opportunity for reinforcement and improvement.

UTZ’ response
We are very pleased with the in-depth insights and extensive data that this report provides on the conditions of certified and non-certified cocoa farmers in Côte d’Ivoire. The report presents a clear reference point to monitor further improvements in knowledge and practices of farmers, their income, working and living conditions, as well as their expectations.

We are particularly content to notice that certified farmers are harvesting more cocoa per hectare and are receiving a higher income. This finding, combined with lower production costs per kg for certified farmers, indicates that certification is bringing important economic benefits to farmers.

The report also highlights areas where improvements are both possible and necessary. In the recent revision of the UTZ Code of Conduct, some of these improvement areas, such as increasing premium transparency, more attention to diversification and linking UTZ requirements on child labor to community interventions have already been addressed. The revised Code was approved in June 2014 and will be applied by all UTZ certificate holders from July 2015 onwards.

UTZ Certified understands the concerns of cocoa farmers about the longer term economic prospects. We are convinced that increasing the productivity of cocoa farms in a sustainable way is part of the solution, but also need to acknowledge that this may not be within reach for each and every cocoa farmer. The size of the cocoa farm matters, as does the (world) market price for cocoa. Certification does not influence these factors. UTZ collaborates with other stakeholders to devise criteria and methods to estimate a “living income” in different contexts. Likewise, we continue our endeavor to create more transparency in the distribution of costs and benefits along the entire supply chain.

Following up on the recommendations
Training, knowledge and implementation
The report recommends to concentrate trainings on practices with low levels of knowledge and implementation, and to adapt trainings to the learning styles of farmers. UTZ fully endorses this recommendation. Since UTZ’s primary role in this regard is to train the trainers, we have critically revised our own methodological approach to training, and created the UTZ Academy as a platform and repository or tailored materials for trainers. In addition, UTZ has introduced specific requirements for certificate holders to verify the effectiveness of the trainings they provide to farmers, as well as to assess bottlenecks to participation.

Awareness of Code requirements on child labor
The report recommends a continued focus on ensuring respect for children’s and labor rights. Although the work that children perform is within the permitted number of hours, and the tasks
performed mostly non-hazardous, UTZ does not accept any hazardous work by children. We agree that raising and keeping awareness on child labor is necessary.

The revised Code of Conduct for groups requires that each certificate holder appoints a community liaison person who documents all instances of child labor detected by the certification assurance system, as well as the corrective actions undertaken. The liaison person also plays a role in prevention and remediation. The revised Code thus enlarges the responsibilities of certificate holders and creates a mechanism (liaison person) to link prevention, detection and remediation of child labor in a more comprehensive way. This change was informed by the positive experiences of ICI (International Cocoa Initiative).

**Gender and inclusiveness**

The report recommends to include women, youths and wage workers more directly in training and certification programs. To address this, UTZ will include specific guidance on gender related criteria in the implementation guides for the revised Code, for example on how to encourage women participation in training. In 2016, UTZ will explore what further adjustments in its approach and strategy are needed.

**Premium transparency**

The study recommends more transparency on the distribution of the premium. In the revised Code UTZ has clarified the definition and the procedure to establish and communicate premiums. UTZ requires from the Internal Management System that cash or in-kind benefits for group members be demonstrated. This requirement will be subject to yearly external audits.

**Productivity and profitability**

The positive effect of the program on yields, productivity and income encourages us to step up our efforts to monitor on a more regular basis these outcomes and the contributing factors.

We think it is important to distinguish between the costs of certification and the costs of implementation. We regard external audits by accredited certification bodies as a necessary cost to ensure independence and credibility. UTZ continues to work on methods to lower the costs of certification, such as shown by our collaboration with Fairtrade USA in conducting combined audits. The costs of implementation (compliance) depend on the situation of the farm prior to certification. We expect farmers to embrace certification as long as they have a reasonable expectation of recovering their investment by reducing costs, increasing yields and quality, receiving a better price and premium, or any combination of these.

The revised Code encourages farmers to diversify their crops and income by including “diversification” as a mandatory topic in trainings. We expect that diversification will improve the resilience of farmers to the uncertainties of climate change and volatile commodity markets. The good agricultural- and farm management practices promoted by certification are also applicable to other food and cash crops, enhancing the capacities of farmers to take informed decisions in their particular agro-economic context.

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See [UTZ gender position paper](2014).