

The UTZ Standard Hazelnut Program in Turkey

Response to the evaluation study

December 2018



The UTZ standard hazelnuts program

The UTZ standard hazelnuts program was launched in 2014, after two years of preparations and consultations with stakeholders and experts in the sector. The program consists of a Hazelnuts module to the UTZ Code, guidance materials, training of certificate holders and certification bodies and engagement with processors and buyers to stimulate the market uptake of certified hazelnuts. A local UTZ team in Turkey advises certificate holders and chain of custody members to implement the Code and achieve certification, after external audits by independent certification bodies. Implementing the UTZ standard helps groups of hazelnut producers to address social and economic and environmental issues, such as child labor, worker safety and housing conditions, low productivity and soil erosion. By paying a premium for certified production, buyers reward producers who comply with the standard.

Over the past years the Hazelnuts program has grown considerably. At the time of the evaluation (mid 2018) it had over 4,300 farmers enrolled (members of 14 group-certificate holders in Turkey and Georgia) and 80 market members (buyers).

Evaluation questions

At the launch of the program in 2014, UTZ commissioned a baseline study to assess the prevailing situation against the requirements of the UTZ code. The baseline was a benchmark for the present evaluation, carried out in 2018. Both studies were commissioned to Development Workshop, an independent consultancy and research organization based in Turkey specialised in social issues. The purpose of the evaluation was to assess to what extent the situation of certified hazelnut farmers and their workers had changed and to what extent the UTZ program had contributed to those changes (if any).

- 1. What changes can be seen in the agricultural practices and social conditions, compared to the baseline situation?**
- 2. To what extent did the UTZ program contribute to these changes?**
 - a) Did training of UTZ certified farmers lead to increased knowledge on and adoption of Good Agricultural and Labor Practices?
 - b) Did this lead to increase of productivity, better quality and improved labor practices?
 - c) Did training of Internal Management System (IMS) staff lead to the effective implementation of IMS at Certificate Holder level?
 - d) Has the implementation of an IMS improved the living and or working conditions of seasonal workers employed by farmers for non-harvest activities (e.g. pruning, sucker removal, weed control or applying agrochemicals) and harvest activities?
 - e) Does the IMS have an adequate child labor approach?
- 3. Has the UTZ program improved market access and/or price (premium) for certified farmers?**
 - a) Are premium payments reaching the certified farmers?
 - b) Is there enough transparency on where premium comes from and how it is used?
 - c) What part of the premium is going to working and living conditions?
- 4. Did the UTZ program lead to improved relations and increased collaboration in the hazelnut supply chain in Turkey?**

Evaluation design and limitations

The baseline study in 2014 surveyed a stratified sample of 216 hazelnut farmers (from 5 provinces) who were eligible for the UTZ program. Since the program was starting, none were certified at that moment. The evaluation study originally intended to resurvey the same sample three years later to assess changes (if any). Unexpectedly however, most of the farmers of the baseline did not enter certification, for reasons mostly related to the fact that the program was starting up in 2014 and that some certificate holders (groups) did not pursue certification in that region in the end. A new stratified sample of certified farmers was drawn in 2018, comprising of 229 certified farmers who had remained certified over the period 2015-2017 (3 years), using the same geographical stratification criteria of the baseline. Certification programs are known for their (self-) selection bias, which call for caution when analysing differences over time and with control groups. The new sample has a positive bias towards “program survivors”. It does not reflect the situation of farmers who did not make it into certification, or who dropped out halfway. For budgetary reasons, the evaluation design did not include a counterfactual (control group) of non-certified farmers.

When interpreting the findings, one should bear in mind that differences between the 2014 and 2018 situation, which are the basis for assessing change, may reflect genuine progress, but may also reflect pre-existing differences between both groups of farmers, unrelated to the UTZ program. To mitigate this bias, the evaluators analysed to what degree both samples differ in terms of their basic characteristics, triangulated survey data with qualitative data, and probed alternative explanations before attributing changes to the UTZ program. The samples have the same profile with regard to gender and age (male, > 50 years), but the farmers in the 2018 sample tend to be more highly educated and to be more invested in hazelnut farming as main occupation.

Key findings

All certificate holders (CH's) have set up an internal management system (IMS) as required by the UTZ code. This includes assigning responsibilities and training staff on the UTZ code. Annual risk assessments are carried out, group management plans have been elaborated, traceability system are in place and internal inspections are carried out. All (group) certificate holders provide regular trainings to their members (certified farmers).

Certificate holders (groups) use the premium mainly to cover the costs of their IMS. Remaining amounts are transferred in cash or in-kind (e.g. personal protective equipment) to group members.

According to IMS staff the UTZ program has led to an increase in quality and productivity, mainly due to the adoption of better pruning practices. None of the certificate holders however has conducted a productivity analysis, despite having the necessary data.

Certificate holders have good relations with farmers, traders and processors. The fact that IMS staff provides regular trainings and services to farmers indicates that UTZ program has had a positive impact on the collaboration in the supply chain.

Evaluation question 1: What changes can be seen in the agricultural practices and social conditions, compared to the baseline situation?

Improved agricultural practices are observable in pruning, yield optimization techniques, improving soil fertility and the timing of harvest. Important gaps remain in the areas of pollination methods and soil conservation.

Improved social practices are observed in the prevention of child labor, record keeping, payment of minimum wage and providing a clean and safe living environment for temporary workers living on farms.

However, 7 percent of the farmers employ children under the age of 14, which contravenes the UTZ code of conduct. A further 12 percent of farmers employ children between 14-15, and 36 percent employ children

between 16-17. The two last categories of child work are allowed by the UTZ code under certain conditions: the work needs to be supervised by adults (for workers below 16), it should not interfere with children's education, nor pose a risk to their health or safety. Regrettably, the evaluation findings are not specific enough to determine whether the type of work performed by children aged 14-17 years classifies as "child labor" or not, rendering the evaluation largely inconclusive with respect to the level of compliance with the UTZ criteria on child labor. The research does show that the percentage of farmers employing children (<16) decreased from 37 percent in 2014 to 13 percent in 2018, which is a 65 percent decrease.

Record keeping remains the most challenging requirement for farmers. Shortcomings in record keeping limits the ability of internal management systems (via internal inspections and external audits) to detect and remediate non-conformities.

Only one third (33 percent) of farmers pays wages directly to workers, as required by the UTZ code. The majority of farmers pays wages to labor contractors instead.

Evaluation question 2: To what extent did the UTZ program contribute to these changes?

The program has likely contributed to the progress observed in agricultural practices, like better pruning. The program may also have contributed to UTZ farmers achieving above average yields, improving soil fertility and timing the harvest. The evaluation is conservative in attributing these changes to the program, because these could to some degree also be explained by (observable and non-observable) pre-existing differences between the 2014 and 2018 samples (selection bias).

The 65 percent decrease in the percentage of farmers employing children (<16) may be one of the main contributions of the program. Both the internal inspectors and external auditors highlighted an increased awareness among farmers about the prevention of child labor and a corresponding decrease in the number of working children. The main prevention activities by certificate holders are (1) training farmers, and (2) establishing / financially supporting summer schools and referring the children accompanying their families during hazelnut harvest to these schools. Some certificate holders collaborate with local directorates of education and health to establish summer schools, and with "muhtars" (village heads) to monitor the living conditions of migrant workers.

The program contributed to improve the living conditions of workers staying on-site. This is likely to be a direct effect of the program. However, the efforts certificate holders are considered insufficient when it comes to working with local authorities to provide clean and safe living conditions for workers in tent settlements, as required by the Code of conduct (CoC).

Evaluation question 3: Has the UTZ program improved market access and/or price (premium) for certified farmers?

The UTZ program has improved market access for 76 percent of the farmers, who received cash- or in kind premiums. One quarter of the certified farmers has not received a cash premium yet. Some certificate holders have not been able to pay cash premiums to their members because of insufficient market uptake of certified hazelnuts.

Evaluation question 4: Did the UTZ program lead to improved relations and increased collaboration in the hazelnut supply chain in Turkey?

All the certificate holders have good relations with farmers, traders and crackers. The investments made by certificate holders in training their farmers/members, setting up IMS' and conducting internal inspections indicates that the actors at that end of the supply chain have increased their collaboration. A stronger market uptake of certified hazelnuts, including premium payments, however is needed to incentivize producers.

Recommendations to UTZ / the Rainforest Alliance and certificate holders

1. UTZ / the Rainforest Alliance should make available a standard basic training module for certificate holders. Certificate holders should use more of the available training materials on the UTZ Academy Online. Both UTZ / the Rainforest Alliance and certificate holders should monitor the quality of trainings to drive continuous improvement.
2. Certificate holders should develop more tailored training and technical assistance to farmers, on a range of topics.
3. UTZ / the Rainforest Alliance should support certificate holders to make better use of farmer data collected by the internal management system (IMS), to understand the need for and effectiveness of different interventions and services.
4. UTZ / the Rainforest Alliance should support certificate holders to carry out regular productivity analyses using data collected by the IMS.
5. All farmers should receive cash premium payments to incentivize improving the living conditions of workers.
6. UTZ / The Rainforest Alliance and certificate holders should develop alternative systems and tools to ease the work of record keeping.
7. UTZ / the Rainforest Alliance should advocate with government institutions and other stakeholders to make available improved planting material to farmers.
8. UTZ / the Rainforest Alliance and certificate holders should advocate for a more active role of governmental agricultural engineers, consultants and technicians in providing trainings on good agricultural practices.
9. UTZ / the Rainforest Alliance and certificate holders should advocate with the government for establishing soil and leaf analysis laboratories to enable better fertilization advice. Certificate holders can give the farmers additional support for commissioning such analyses.
10. Audits should scrutinize the quality of risk assessments made by certificate holders. Risk assessments should include a gap analysis of the capacity of the certificate holder to provide a safe and clean-living environment for workers, using realistic estimates of the number of workers, age and other demographic characteristics. Certificate holders and farmers should prepare realistic plans to close the gaps. Audits should also verify how CHs are collaborating with public/private initiatives and local authorities to provide the necessary services for migrant workers residing in temporary settlements.
11. UTZ / the Rainforest Alliance should commission a living wage benchmark study, analyse the relationship between child labor and wages in the hazelnuts sector, and review its Code accordingly. Low wages and poverty are root causes of child labor. The Turkish legal minimum wage is not a living wage.

Response

We are happy that the evaluation acknowledges the efforts and progress made by certificate holders with the support of the Rainforest Alliance to implement Internal Management Systems to administer groups, provide trainings and services, liaise with stakeholders and manage certificates. We agree that - with the IMS now in place - these systems need further support to move to the next "level", which means making better use of

data, improve risk assessments and improvement plans, provide training based on data insights to farmers and enable farmers and group to engage more proactively with other stakeholders to address social issues. We endorse the recommendations made in this respect.

We share the concern of the evaluators that the market uptake of and the premium paid for certified hazelnuts does not yet translate into adequate economic incentives for all certified farmers. We believe that certification should translate into intrinsic benefits to farmers (e.g. productivity improvements, efficiency gains), as well as in-kind benefits (services, goods) and cash incentives (premium). We will step up our efforts to make the premium use and distribution more transparent. We will also step up our efforts to increase market recognition and uptake of UTZ certified hazelnuts so that more of the certified hazelnuts can be rewarded with a market premium. Currently over 100 market parties buy UTZ hazelnuts.

We regret that the evaluation did not gather more specific data on working children, leaving a rather large margin of doubt as to the possible extent of the non-compliance with UTZ' child labor criteria. Data from external audits projects a more positive image of the level of compliance. Nevertheless, we share the concern of the evaluation with the prevalence of child labor. We welcome the recommendations in this regard, and will step up our efforts to sensitize farmers, support certificate holders to do better risk assessments and to engage with local authorities and other stakeholders. In addition, we will train certification bodies and their auditors to assess the quality of risk assessments and remediation plans. The Rainforest Alliance will continue to engage with local, regional and national authorities and other public entities to jointly address the root causes of child labor and working conditions.

To address the need for better data, we have commissioned an additional study into the current state and root causes of child labour. Under the UTZ standard we will continue to prevent and remediate child labor by means of a "Assess and Address" strategy. We will continue to train IMS staff in making good child labor risk assessments and to engage with local authorities. We will continue to train certification bodies on social auditing skills, so that they can better detect child labor. This also includes strengthening the skills of community-based child labor liaisons.

We welcome the recommendation to commission a living wage benchmark study and will reach out to other stakeholders to harness support for this idea.