Social and environmental responsibility in progress

Making quality systems work for poverty alleviation , biodiversity conservation and company performance

Report of a conference held on November 1, 2007
the Hague, Netherlands

Colofon

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Conference: Social and environmental responsibility in progress. *Making quality systems work for poverty alleviation , biodiversity conservation and company performance*

Organizers: Hivos-Oxfam Novib Biodiversity Fund, IUCN NL and the Netherlands Ministry of Foreign Affairs.
Hivos together with Oxfam Novib manages the Biodiversity Fund. This fund was initiated by DGIS to 'help eradicate poverty by promoting and strengthening the sustainable management of biodiversity in primary production processes though international civil society cooperation. IUCN NL has an advisory role within the Biodiversity Fund.

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Preface

Quality assurance systems are becoming more prominent. Just to mention a few of today's figures: over 2 million tons of seafood and 90 million hectares of forests have been certified; billions of euros have been generated through organic food sales; shiploads of certified bananas have been sold all over the world and the sales of fair trade certified products have increased significantly. These figures show that quality production is everywhere, yet at the same time it's still hardly anywhere. Only a small percentage of the total forest areas is certified forests and the market share of certified food crops is still very low compared to conventionally grown crops. Moreover, the number of small scale producers involved in this booming market segment is still small.

The Hivos-Oxfam Novib Biodiversity Fund questions how quality assurance systems actually affect the lives of poor producers. The systems have created opportunities for small scale producers yet at the same time they have also presented challenges. What if you cannot sell all your coffee to one system? What if you have to cope with the almost innumerable amount of control points, standards, criteria, principles, major and minor musts and recommendations?
Much has now to be invested in the harmonization of the systems, or at least the inspection protocols. Complicated group certification formula are debated, producers have to undergo difficult risk establishing processes and will have to face continuous improvement. At the same time producers are managing their farms and cooperatives, their seafood stocks, their forests and consistently progressing in quality of production. But what about the consumer: can he or she still keep track of the differences between all the standards? Is this what we want for all commodities and foods?
Probably quite a number of improvements and simplifications can be achieved. The conference *'Making quality systems work for poverty alleviation, biodiversity conservation and company performance'* has added insights to these debates and has highlighted priority areas for further work from the perspective of poor producers.

The other concern of the Hivos-Oxfam Novib Biodiversity Fund is biodiversity loss. Food and agriculture that we know today are based on the genetic resources that have been cultivated by farmers since the dawn of agriculture some 10,000 years ago. These genetic resources are the inheritance of humankind and are still the foundation of the food that we buy as individuals and the source from which the trillion dollar global food industry ultimately derives its profits. An estimated 1.5 billion resource-poor farmers strongly depend on their continued access to and use of diverse seed and plant varieties in their production, breeding for diversity, and marketing. The same applies to (poor) fisherfolk, forest dwellers and animal breeders. It is this biodiversity on which their livelihoods depend and it is this biodiversity that we are loosing rapidly.

How can quality systems contribute to biodiversity conservation or, at least, contribute to the reduction of biodiversity loss? And is their contribution significant in relation to conventional agricultural systems?
It is here that the question of impact comes in: is there evidence that the systems are performing, that quality assurance systems can contribute to poverty alleviation and biodiversity conservation? In the preparatory process six quality assurance systems have been looked at: IFOAM, FLO International, FSC, MSC, Rainforest Alliance and UTZ CERTIFIED.
For some of the systems there is substantial evidence, particularly on organic agriculture, but here too some blind spots exist. For other standards astonishing little evidence can be found.

The conference took up the challenge to further look at the available information and to discuss the potentials and pitfalls of existing quality systems from a combined poverty alleviation and biodiversity conservation perspective. It also highlighted the difficulties that small scale producers and the private sector face to comply with the requirements of the systems.
It is clear that we cannot expect the systems to solve everything, to end poverty and to halt biodiversity loss. Complementary actions are required from many different actors active in this field.

The conference has been an interesting moment in time to gather additional ideas and materials and bring people together from different angles. Next steps are inevitable and we, through the Hivos programmes and through the Hivos-Oxfam Novib Biodiversity Fund will further contribute to developing favorable policies for biodiversity and sustainable livelihoods. Priority issues for future work are further improving scope and market share of sustainable produce; supporting (small scale) producers; increasing insights in current impacts and contributing to continuous improvements.

Allert van den Ham
Director Programmes and Projects
Hivos, the Hague

The overall objective of the Hivos-Oxfam Novib Biodiversity Fund is to help eradicate poverty by promoting and strengthening the sustainable management of biodiversity in primary production processes through co-operation with international civil society.
www.hivos.nl/themes/biodiversityfund

Summary

The interest of ngo's and particularly aid organisations in quality systems is relatively new, forcing them to develop their own position on these systems. Their interest stems from their potential to be used as *policy instruments or tools* for achieving sustainability, with attention for social and environmental criteria such as minimum wages, gender issues,, child labour, pollution, biodiversity degradation etc.

The most important fields of interest have been defined and treated in this report in terms of three domains:

- the *market* on which the products are sold,
- the *organizations* that deal with the production and quality systems, and finally
- the overall *governance* of the value chain through the quality system.

The report shows that adherence to quality systems can well strengthen the natural resource base, productivity and the proportion of value added obtained by small-scale producers. Still, although quality system are considered promising tools for poverty alleviation and biodiversity conservation, there are a number of issues that prevent these systems from becoming more effective policy instruments:

- *Impact assessment*: Audit results of existing quality systems are available, but there are no clear-cut data on the precise impact of quality systems on poverty alleviation and biodiversity conservation. To generate these data, more inventorial research, thinking and discussion is necessary on the desired social and ecological change.

- *Impact on small scale holders*: The Conference results indicate that quality systems may well reap benefits for small scale holders in terms of social improvement, market access, and social and organizational learning, governance, and biodiversity conservation.

- *Credibility and legitimacy*: The growing number of quality systems and the associated plethora of rules, procedures and standards call for harmonization and more transparency. This creates problems for all stakeholders, in particular those with few resources.

- *Mainstreaming*: The future effect of quality systems for poverty alleviation and biodiversity conservation may well lie in their ability to function as credible standards in mainstream markets and showing added value in relation to conventional products.

It should be noted that the preparatory conference research on quality systems and poverty was limited to eight cases: FLO, two EU regulations, FSC, IFOAM, MSC, Rainforest Alliance, and Utz, which explains a certain degree of case-wise evidence.

List of acronyms

BDF	Hivos - Oxfam Novib Biodiversity Fund
B&Q	Block & Quayle (British retailer)
CBD	Convention on Biological Diversity
EurepGAP	European Good Agricultural Practice
FLO	Fairtrade Labeling Organization
FSC	Forest Stewardship Council
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
IFOAM	International Federation of Organic Agricultural Movements
ILO	International Labour Organization
IMAFLORA	Instituto de Manejo e Certificação Florestal e Agrícola
ISEAL	International Social and Environmental Accreditation and Labelling Alliance
ISO	International Standardization Organization for Standardization
IUCN	World Conservation Union
LEI	Netherlands Agricultural Economic Research Institute
MSC	Marine Stewardship Council
RA	Rainforest Alliance
SAN	Sustainable Agriculture Network
SCAA	Specialty Coffee Association of America
Utz	Utz Certified
WTO	World Trade Organisation
WSSN	World Standards Service Network
WWF	World Wildlife Fund

Content

1. Introduction

On November 1, 2007 representatives from 140, mainly Dutch organizations, gathered in The Hague, The Netherlands, to analyze and discuss the potential benefits and drawbacks of quality systems on poverty alleviation, biodiversity conservation and company performance. The conference was organized by Hivos, Oxfam Novib, IUCN NL and the Netherlands Ministry of Foreign Affairs, as part of the Hivos-Oxfam Novib Biodiversity Fund (BDF).

The aim of the conference was to identify possible and concrete actions to improve the contributions of quality systems to these focal areas. Attendees were voluntary standard setters, companies and retailers linking up with quality systems, the (Netherlands) Government, and ngo's from North and South. The Conference marked the finalization of the second 4 year phase of the Biodiversity Fund (early 2009). The Biodiversity Fund aims to support sustainable production practices that have a high potential to conserve biodiversity and provide sustainable income to producers.

The main impetus for the Biodiversity Fund focus on quality systems is that they can strengthen the natural resource base, productivity, livelihoods and the proportion of value added obtained by small-scale producers. It is assumed that successful introduction of social and environmental standards offer an alternative to unsustainable production[1]. The Fund follows a two-track strategy for quality systems: (a) a promotion of high quality production systems as such, and (b) a step-by-step introduction of these standards in the mainstream sector.

The content of this report is based on the results of the The Hague Conference, as well as the outcomes of preparatory studies carried out by the Netherlands Agricultural Economic Research Institute (LEI)[2], Hivos and Oxfam Novib (see Annex 1 and 2). Eight quality systems were used as sample studies: Marine Stewardship Council (MSC), Utz Certified (Utz), Fairtrade Labeling Organization (FLO), Forest Stewardship Council (FSC), Rainforest Alliance (RA), The International Federation of Organic Agriculture Movements (IFOAM) and the EU (Regulations 2092/91[3] and 834/2007[4]) on organic production. This report offers a brief overview and analysis of the results of these researches and the Conference reportings, and aims to help stakeholders to translate quality systems into useful policy instruments.

1.2 Quality systems for poverty alleviation and biodiversity conservation

The steady growth in demand for certified produce among consumers in the North and South (see annex 1 for details) offers opportunities for producers to increase their sales through adherence to quality systems. For example, the global sales of certified organic food and drinks have increased by 43 percent since 2002, reaching 31 billion Euros in 2006[5]. The confidence in quality systems as tools for social and environmental change was reflected by the contribution of the International Social and Environmental Accreditation and Labeling (ISEAL) Alliance to the Conference, which reported an annual growth rate of 20 per cent among its members[6] together delivering social

[1] Hivos – Oxfam Novib Biodiversity Fund, Narrative report 2006.

[2] Vellema, S. and O. van der Valk, Taking stock: An inventory study of quality assurance systems' contributions to poverty alleviation and biodiversity conservation. Agricultural Economics Research Institute (LEI), The Hague. 2007

[3] The "European Union regulation (EEC) N°2092/91 of the European Council of June 24 1991 defines how agricultural products and foods that are designated as ecological products have to be grown. The regulation is derived from the guidelines of IFOAM.

[4] Regulation 34/2007 will repeal Regulation 2092/91 and will come into force per 1 January 2009.

[5] Willer, H. and Yussefi, M. (eds.), 2007, *The world of organic agriculture. Statistics & emerging trends*. IFOAM and FiBL.

[6] ISEAL's full members are Forest Stewardship Council, The International Federation of Organic Agriculture Movements Fairtrade, Marine Aquarium Council, Marine

and environmental benefits to over 117 million hectares of farm- and forest land, and reaching workers in over 15.000 factories, as well as fisheries, farms and forests, worldwide.

Quality Systems, such as FSC, MSC and RA that focus on environmental criteria are steadily showing their impact in terms of natural resources protection (increase of fish stocks, saved forest acreage, etc.). This is relevant as the Conference organizing institutions[7]' interest in the subject stems from their choice for quality systems as one of the intervention strategies of the BDF.

2. Potentials of quality systems on poverty alleviation

Adherence to quality systems such as fair trade and organic standards can strengthen the natural resource base, productivity and the proportion of value added obtained by small-scale producers. More in general, a successful introduction of social and environmental standards offers an alternative to unsustainable production, but requires extensive stakeholder participation, transparency, independent verification and, ultimately, compensation awarded by consumers.
At the same time the developments on the ground point at a different direction. Small scale farmers are loosing market access at the cost of bigger farmers. It is therefore important to look at the contribution of quality systems to changing conditions under which the poor participate in markets or their capacities to deal with uncertainties and instability, particularly in mainstream markets through institution building and governance on the national and international levels.

Below, these fields of interest have been defined in terms of three domains: the *market* on which the products are sold, the *organizations* that deal with the production and quality systems, and finally, the overall *governance* of the value chain through the quality system. It should be noted that the BDF conference research on quality systems and poverty was limited to eight cases: FLO, two EU regulations, FSC, IFOAM, MSC, Rainforest Alliance, and Utz, which explains a certain degree of case-wise evidence.

2.1 Quality systems and the market

Quality standards can be considered as 'agreed criteria'. An increase of confidence through these agreed criteria can help poor producers in developing countries to gain a stronger position on the world market, in particular where producers have no direct contact with retailers in industrialized countries, as is often the case with small holders. Below we identify various aspects of the potential market benefits attached to the increase of confidence in quality systems.

2.1.1 Increased market access

By stimulating the formulation of verifiable standards and creating organisations that govern and market these standards, quality systems may create a 'window' to the world-market (see Box 1). IFOAM promotes a specific budgetary line for Organic Farming in the Common Agricultural Policy CAP of the EU, for special treatment of organic produce. In spite of the fact that EU Regulation 2092/91 was derived from IFOAM guidelines, it is careful not to single out particular methods for production (such as organic farming) as this would be WTO-incompatible. Import regulation is becoming increasingly relevant with growth rates of 66 and 73 percent of the areas under cultivation in respectively Africa and Asia. The FLO system influences market access by offering a minimum price, a social premium which is absolute and not price or quality (market) dependent, while direct and long-term trading relations are promoted. In order to increase access for a broader group of producers but coffee, Utz Kapeh has changed

Stewardship Council, Rainforest Alliance, and Social Accountability International.
[7] OxfamNovib, The Hague, Hivos, The Hague, IUCN NL, Amsterdam, and the Netherlands Ministry of Foreign Affair, The Hague.

its name into Utz Certified. Utz Certified certification is based on EurepGAP protocols for good agricultural practices for vegetables, and is accredited as an equivalent of EurepGAP plus.

FLO coffee in Ecuador

"In 2001 and 2002, during the world coffee crises, our situation was desperate. We received between 20 - 25 dollars per quintal and many of the Ecuadorian coffee producers left. We did not have any other choice but to abandon the coffee culture" explains Valentín, a local coffee producer. FAPECAFES became Fairtrade Certified since 2003. Having suffered himself from the crash of the coffee prices, Valentín is a passionate advocate of Fairtrade: "We are currently selling 80 percent of our total coffee production under Fairtrade terms. For our Fairtrade organic coffee we are receiving 139 US$ per 100 kg bag, and 119 US$ per bag for our conventional Fairtrade coffee. But more important than the higher prices is the stability that Fairtrade brings. We are not as vulnerable to market volatility as we used to be."

2.1.2 Improving marketing conditions

FSC has established so-called 'market forums'. These provide a space for specific industry sectors involved in the FSC system to determine ways to increase supply and demand of FSC products. The forums are also used to exchange ideas and learn from others. The Utz Certified does not offer minimum prices, but does increase marketing conditions by access to its web based 'track and trace' system[8]. There producers can make sales announcements, find market information diagrams and a document library. Utz also links producers to funding provided by foundations set up by large coffee companies who are registered buyers in the Utz system. In 2006 the annual production of Utz increased from 2.8 to 4.5 million kg. Quality systems may also improve marketing conditions through minimum prices, pre-finance, higher regional prices and price regulation (FLO), greater access to credit, broader networks of contacts, technical training, and information exchanges that help farmers produce higher-quality coffee (FLO), or higher prices for organic products (EU 2092/91 regulation on organic production).

2.1.3 Income diversification

Income diversification helps to absorb market shocks and allows producers to switch between value chains, thus enhancing economic, ecological and social stability. Shade-grown coffee, for example as promoted by FLO, can significantly reduce the vulnerability of small farmers. A typical shade coffee farm consists of a mixed plantation that can produce fruit, firewood, timber, and other products in addition to coffee. This allows families to be less dependent upon a single crop, and provides resources that can be used directly or sold for cash. Studies in Guatemala and Peru suggest that these non-coffee products can add as much as 25 percent to small farm income. FLO also has made arrangements for income diversification through vertical integration of chain activities (coffee shops, production of instant coffee, etc.). EU Regulation 834/2007 on organic production states that organic producers should aim at producing a wide variety of foods and other agricultural products that respond to consumers' demands and contribute to income diversification of the producers. In the case of FSC plantations, diversity in the composition of plantations is preferred implying various sources of income. Utz (coffee) does not include such provisions. The examples show that income diversification and biological diversity may reinforce each other.

[8] Utz web-based traceability system: When an UTZ-certified coffee producer sells his coffee to a registered UTZ Certified buyer, the coffee is announced in the UTZ Certified web-based system. UTZ Certified assigns a unique tracking number to this lot of coffee. This unique UTZ number travels with the coffee through the whole coffee chain. At the end of the coffee chain, the roaster uses the unique tracking number to know where his coffee was grown. Some brands use this unique tracking system to make the coffee traceable for their consumers.

2.1.4 Resilience to price shocks

Quality systems can help producers to absorb external shocks created by market distortions. The Conference produced a number of solutions to mitigate price shocks such as better information on marketing conditions through internet portals, improved contact with other players on the value chain, improvement of the producers' organisations, and better access to pre-finance. By offering market information, the aforementioned Utz Certified web based 'track and trace' system stabilise marketing conditions and allow for more strategic sales. EU Regulation 2092/91 has formulated prescriptions on minimum soil fertility, contributing to the development of a sustainable agriculture. Here the focus is not on the income the producer but on the stability of the production system. The FLO system offers better trading conditions through a 'social premium' which is absolute and not price or quality market dependent.

2.2 Organisational learning

Quality systems may foster the development of organizational skills and as such increase company performance. They help organisations with otherwise limited access to this information to adhere to the different certification schemes on quality, social, and environmental aspects. Quality systems also stimulate these organisations to comply with constitutional, legal and regulatory norms, facilitating access to national and international markets. Over time this aspect of organisational learning may improve the productivity and efficiency of the producer organisation and cooperatives and allow them to improve their market position. The following aspects in this process may be discerned:

2.2.1 Incentives for learning

Quality standards may set criteria for continuous improvements, minimum criteria to become certified, progress criteria on social and economic development etc. To compete on the market, FLO-producer organisations have developed quality control systems and standardize business operations. Companies are expected to implement an appropriate quality management system within one year. FSC forest management units are required to give opportunities for employment, training, and other services to the communities within, or adjacent to the forest management area. Utz Certified has a network of technical assistants to train producers in agricultural practices and organizational skills.

The Conference revealed, however, that local and regional producer organisations involved in the implementation of certification schemes are vulnerable in terms of learning. Critical issues, as presented by CRECER[9], were the lack of: good leadership, a permanent effort to have and maintain differentiated products and markets, ongoing training at all organizational levels, gap-analyses, good monitoring and evaluation.

2.2.2 Social learning

Quality systems can play a role in social learning as they connect the producer organisations to other (controlling) organisations, and are hence stimulating joint action and the exchange of information.

The first aspect of social learning refers to transparency. FLO, for example, supports producers through a Producer Business Unit and liaison officers offering training and information on market opportunities. FLO organizations are encouraged to make annual business plans, cash flow predictions and strategic plans, transparent to all members. On adapting FSC principles to local conditions, a consultation process is required in which all different interest groups are represented as it is the objective of FSC that general Principles and Criterion are discussed and debated and agreed upon in a nationally accepted process.

A second aspect of social learning refers to the connections it allows between the certifying organizations and outside institutes. Outside

[9] CRECER presentation presented by Mrs. Ileanan Cordón at the Conference.

organizations have the potential to enable a process of continuous improvement of the quality system through the exchange of (management) information, data and human capacity. Examples are the 'full members' network of ISEAL, or the Standing Committee Organic Farming (EU Regulation 2092/91 on organic production) which collaborates with the EU Directorate General of Agriculture. FSC is in close contact with its founders WWF, Greenpeace, IKEA (Sweden) and B&Q (UK) and participates in WTO, WSSN, ISO, GTZ and other aid organizations. Utz participates in the Sustainability Committee of the Specialty Coffee Association of America (SCAA), EurepGAP, ISEAL and various regional coffee associations.

A third aspect of social learning concerns the benefits derived from the process of group certification, which is particularly relevant for small holder producer groups with limited resources to enter the market and pay for certification procedures. Producer groups involved in certifying processes are encouraged to exchange regulatory, product and marketing information. Both IFOAM, Utz and FSC use group certification schemes, while the EU commission (in 2003) issued a “guidance” for group certification according to Regulation 2092/91 in order to overcome economic difficulties in relation to the inspection of small producer groups in developing countries. The Conference marked a particular interest in this issue as it was considered a useful tool to disclose the advantages of quality systems for small scale producers.

2.2.3 Correction of undesired practices

Control mechanisms are key in organisational learning as they offer opportunities to the organisation to correct non-compliance and take corrective actions. Groups that fail to meet minimum FLO standards are first given corrective action within a time schedule. If the producer group fails to take the required actions within the prescribed period the group is suspended from trading under FLO terms for a fixed period during which they are requested obliged to meet corrective actions. Similar corrective measures are common under EU Regulation 2092/91 on organic production. MSC, Utz, and FSC, allow only for some 'minor failures'.

2.2.4 Protection of local knowledge

Producers in developing countries often rely on local knowledge, such as on local climatic or geographic conditions, and specific husbandry practices. MSC tackles this issue through a transparent consultative process involving all interested and affected parties, covering all relevant information including local knowledge. In the FSC system, indigenous peoples are to be compensated for the application of their traditional knowledge regarding the use of forest species or management systems in forest operations. FSC's Social Strategy focuses on local community forest users, indigenous peoples, forest workers, and small scale and low intensity forest users. The strategy aims to address the challenges for these groups to participate in the certification process and forest management. The box below offers an example of how FSC was able to protect local knowledge by offering Kenyan wood carvers alternatives for two protected tree species.

Preserving local artisanal knowledge through FSC certification

A joint project to identify means to preserve threatened tree species such as the African Blackwood and Muhugu and to sustain the woodcarving industry that supports the income of Coast Farm Forestry Association members is one project in Kenya where FSC policies for small and low intensity managed forests and group certification have an important impact.

The Soil Association Woodmark certified a group of 576 small farmers, a 3000-member woodcarving co-operative and a marketing organization in 2005, becoming the first FSC certifier in Kenya. Since then, FSC certification has been used as a tool to promote responsible wood consumption within the Kenyan woodcarving industry to help reduce the threat towards biodiversity-rich coastal forests in East Africa.

Preparation for FSC certification has led to the drafting of a management plan and harvesting schedule, and the formation of a farmers group, which has signed up with the scheme. Through the project, carvers have already begun to use the 'Good Woods'. It is hoped that FSC certification will open new opportunities in the market for the carvings.

2.3 Governance of the value chain

Governance issues deal with the role of quality systems as 'organising instruments' of the value chain. In developing countries this issue is of particular relevance since producers often lack control over or even contact with other segments of the value chain. In case of crisis (e.g. conflicts between producers and traders) quality systems, by means of the organisational backing and governance, can provide support. The following aspects can be mentioned:

2.3.1 Representation of small scale producers

Within the same value chain, quality systems may encompass highly different players both in terms of power and financial resources. Quality systems may actively involve small scale producers allowing them to influence decision-making on relevant standards. For example, FLO certified producer organisations can join regional farmers' networks (e.g. the African Fairtrade Network, Coordinadora Latinoamericana y del Caribe del Comercio Justo, Network of Asian Producers), which are full members of FLO. The networks hold periodical assemblies. For certification and management of fisheries, the MSC emphasizes full co-operation among the full range of fisheries stakeholders, including those who are dependent on fishing for their food and livelihood.

2.3.2 Social justice

Where national laws fail to enforce social justice issues, such as basic (child) labour rights and conditions, quality systems can play an important correcting role in guaranteeing a dignified life for producers and workers. The prices paid for products traded in quality systems should reflect the costs of the production of the product as well as guarantee an income level that is at least sufficient to meet the basic needs of producers and workers. These conditions would allow a dignified life for producers and workers as determined by the international declaration of universal human rights and international conventions of the International Labour Organization (ILO).

Social conditions of workers are addressed by the researched quality systems, albeit using different proxies. FSC standards oblige forest management to maintain or enhance the long-term social and economic well-being of forest workers and local communities. EU Regulation 2092/91 contains no explicit statements in this direction, although The European Action plan for Organic Food and Farming (2004) states that there might be a need for the future to widen the basic principles further to encompass new elements among which labour standards. IFOAM and many of its members

do give this importance including social conditions in basic standards. Utz Certified refers to several ILO conventions regarding workers' conditions and housing, remuneration, safety and health for workers, hours of work, and prohibition of forced labour, whereas FSC defines socially beneficial forest management as "helping both local people and society at large to enjoy long term benefits and also provides strong incentives to local people to sustain the forest resources." Prohibition of child labour is a common denominator in the social paragraphs of all quality systems.

2.3.3 Conflict management

Some quality systems have standard operating procedures for handling conflicts. FLO has a procedure for complaints against Fairtrade standards, although not for potential conflicts within producer organisations. Utz does maintain complaints procedures against Utz Certified, as well as about other parties (certification bodies, producers, trades, roasters etc.). MSC has an extensive procedure for handling complaints and objections against complaints. EU Regulation 2092/91 on organic production refers to the Court of Justice and the Court of First Instance of the European Communities.

2.3.4 Governance and globalization

For organisations that adhere to quality systems the often very large social and spatial distances between Northern consumers and Southern producers require extra coordination. Here the issue of governance refers to the ability of quality systems to connect and make transparent the various procedures, information sources and actors in the production chain. As for IFOAM, at present more than 60 countries have organic regulations and in some 20 additional countries this is well underway. Worldwide there are approximately 400 organic certifiers, albeit few in Africa and Asia. Its magnitude allows IFOAM to trace global production chains. The Nature & More Foundation[10], for example, an IFOAM member based in the Netherlands, is an independent foundation that evaluates quality aspects of organic food, and makes use of a global traceability system to increase awareness on the origin and production circumstances. FSC is a membership organisation with organisational bodies at different levels forming a global network. Producers are linked to the FSC through a traceability system covering the whole value chain. As fish trade is globalized, and as fish stocks and fishing boats move easily across national borders, governance sustainable fisheries, such as within the MSC system, regulation is not sufficient. The MSC-label offers an alternative by developing a form of regulation by actively engaging all market and non-market actors concerned in the production of fish.

[10] Nature & More Foundation: http://www.natureandmore.com

3. Potentials of quality systems on biodiversity conservation

In the context of many rural economies, poverty alleviation is entangled with sustainable use and development of biologically diverse resources. In rural areas these people may heavily rely on biologically diverse resources for their livelihoods. Small scale farms may at the same time function as habitats for endemic species (see Box 3). These resources provide security and resilience in the face of shocks and stresses of the environment and the market. For small scale producers, adherence to quality systems and organic standards can strengthen their productivity and natural resource base, and at the same time increase their income. Most quality systems researched have formulated criteria for natural resource management with some reference to biodiversity conservation. FSC and MSC have defined specific criteria for harvesting from natural ecosystems, with a focus on conservation and sustainable use of 'wild' biodiversity. Some more evidence from the researched and presented case studies on the management of natural resources and biodiversity is summarized below.

3.1 Regulation addressing biodiversity conservation

Most quality systems address national and international regulations regarding biodiversity conservation and seem to complement, not supplant, other initiatives that support responsible management of natural resources. There is no explicit adherence to international regulation, such as the Convention on Biological Diversity (CBD), except for FSC and the Sustainable Agriculture Network (SAN) operations in the Brazilian Atlantic Forest (as certified by IMAFLORA). These result in an average protection and/or recovery rate of 35% (from 16% to 55%) totaling 325.849 ha.

3.2 Farm management and management of natural resources

Of the quality systems researched all contain standards to secure that farm practice contributes to the protection of natural resources. Most explicit is the Biodiversity Action plan for Agriculture (EU Regulation 2092/91 on organic production) in which strategies are laid down for management of natural resources and its relation to agriculture and the role of producers. EU Regulation 834/2007 states that “Organic production is an overall system of farm management and food production that combines best environmental practices, a high level of biodiversity, the preservation of natural resources, the application of high animal welfare standards and a production method in line with the preference of certain consumers for products produced using natural substances and processes.” MSC encourages the management of fisheries from an ecosystem perspective, maintaining natural functional relationships among species, without threatening biological diversity.

Utz takes measures to prevent soil erosion, monitor and control agrochemical use, reduce water usage and decrease water pollution. The new Utz standard for cocoa includes biodiversity related control points. Producers are requested to use techniques to maintain, improve and prevent the loss of soil structure and fertility, using e.g. shade trees, compost, cover crops, nitrogen fixing plants, mulching, etc.[11]

3.3 Usage of external inputs, recycling and reproduction of resources

All quality systems researched formulate detailed farm, forest and fisheries system planning and operation standards concerning the use of external inputs, use of seed and genetically modified organisms, a ban on the use of alien species, and catch levels and appropriate fishing methods. This in order to protect the original habitat and indirectly biodiversity. In addition, most quality systems set criteria for the use of inputs, such as agrochemicals, fertilizers and in case of MSC, of fishing gear. Finally, waste management is applied in terms of operational wastes and by-product of animal or plant origin, and on-site recycling.

3.4 Collective management of natural resources

Quality systems can create a point of reference for producer groups directly or indirectly involved in the certification schemes. FSC has a 'group certification' scheme, addressing collective management. An interesting example of compliance by parties not directly involved is the Memorandum of Agreement signed (2005) between MSC and Government of Vietnam describing the intention to explore and encourage sustainable fishing practices under MSC certification throughout Vietnam. Vietnam is the only country to so far make a public commitment of this type.

[11] Oppenoorth, H., 2007, Evidence of social and environmental impacts of 6 quality systemsNovember 2007.

Biodiversity on Rainforest Alliance certified coffee farms in El Salvador[12]

The 700 square kilometers of shade-grown coffee link the Los Volcanes and El Imposible national parks, along the slopes of El Salvador's Apaneca mountains. According to BirdLife Affiliate SalvaNATURA, this may not be quite prime habitat, like untouched natural forest, but it's the next best thing. "For some species shade-grown coffee is quality habitat. For others dependent on forest, it is sub-optimal but acceptable," says Oliver Komar, SalvaNATURA's head of science, who has so far found 14 species of bird that benefit from an increase in the tree canopy sheltering coffee. Altogether, SalvaNATURA has recorded more than 280 species in coffee farms, either by direct observation, or by talking to farmers and showing them pictures. "Shade grown coffee acts as a buffer and corridor in a fragmented landscape," he says. "It could facilitate dispersal of some species that are otherwise confined to the remaining areas of primary forest." Rainforest Alliance Certified farmers have better access to specialty buyers and niche markets, where consumers are willing to pay a premium for sustainably grown coffee. In 2005's market, this provides 10 cents a pound above the world price; when markets were depressed, the premium was more than 20 cents. Kenco, Lyons Original and other major brands have launched Rainforest Alliance-certified coffees. Kraft, which owns the Jacobs and Maxwell House brands, pays certified farmers a 20 per cent premium.

[12] Report: Sustainable Coffee Farms: A Sampling of Rainforest Alliance Certified Coffee Farms, August 2004, US Aid.

4. Cross-cutting issues

The Conference indicated that although quality system are considered promising tools for poverty alleviation and biodiversity conservation, there are a number of issues that prevent these systems from becoming more effective policy instruments. A brief summary is given here.

4.1 Impact of quality systems

There are no clear-cut data on the impact of quality systems on poverty alleviation and biodiversity conservation. Scattered evidence about the impact suggests many different impacts. At one end of the spectrum there are the companies opting for certification but not intending to have any social or ecological impact at all ('window dressing'). At the other end quality systems in some occasions prove to be effective income generators for the poor. Still, an increase of income does not always generate the desired social change. This issue raises questions about the difference between observed and desired impacts. What impact is desired, how, and by and for whom? And what information is needed to make such assessment? During the Conference this issue was voiced as follows: "We can see social improvement, but is that what we mean by poverty alleviation? And how can we link this improvement to our programmes?"[13]

Apart from the focus of impact assessments, the Conference indicated that the data generated from the researched quality systems are anecdotal and often rely on secondary proxies (e.g. area certified). Their value is further obscured as most social change is already in place in preparation of certification, while the data used tend to be based on the compliance-phase. ISEAL members are currently defining key performance indicators which can be measured throughout the audit process and are based on a yearly access to every certified enterprise. These data should help practitioners, and can be meaningful for other users such as governments, ngo's, and

[13] Quote from Conference discussion.

consumers. The first results of this project are expected in 2008. Another initiative in terms of impact assessment was presented by IMAFLORA focusing on FSC certified communities and SAN certified coffee farms in Brazil[14]. Finally, a notable initiative comes from MSC, subjecting 10 fisheries to a total of 62 certification conditions.

4.2 Focus on small scale producers

Conference contributions indicated that small scale producers can benefit from quality systems in terms of social improvements, market access, social and organizational learning, and the protection of the biodiversity resources they use for their livelihood. Often the benefits are obvious: after certification small scale FLO coffee growers in Costa Rica became independent of the 'coyotes' (coffee landlords) and were paid more per kilogram. With the additional income the growers started to undertake community based projects on health, and the development of community stores, a community bank, and a school for education on organic production. As for organic farming, there are currently about 350 different grower groups existing in developing countries, comprising close to 150,000 smallholders, whose organic products are exported to markets in the North.

At the same time it is the small producers for which the thresholds to certification schemes often are highest. Certification is complex and costly and the requirements are hard to meet without sufficient information, skills or contact with the certifying organization. As the representative of Utz indicated during the Conference, dealing with small producers can create problems for processors and retailers as most small holder coffee growers are not under contract with larger producing organizations, delivering insufficient volume. In a highly competitive food market it is difficult for processors and retailers to opt for less accessible and producing growers.

The Conference yielded a number of possible solutions to this problem: (a) some form of capacity building offering small holders training and promoting organization building, (b) the application of group certification schemes, (c) allowing a certain flexibility (e.g. applying a stepwise approach through learning by doing, and using local knowledge systems and local information to assess progress), (d) financial support in terms of kick-start funding and subsidies.

4.3 Credibility and legitimacy

The growing number of quality systems also implies more rules, procedures and standards. Because in value chains' credibility in products is only passed on from the 'seller to the buyer', social and environmental claims on that product remain vulnerable, in particular when different certifying organizations are involved. This creates problems for producers with few resources, and for governments, processors and retailers that have to put faith in the systems but cannot get to grips with the juridical and regulatory complexities they bring along. ISEAL demonstrated its particular concern for this issue by presenting several strategies for increasing credibility and legitimacy[15].

A first strategy refers to the increase of power of certifying organizations. During the Conference, ISEAL further noted that quality systems remain voluntary instruments and remain fragile in terms of member cohesion and implementation, while CRECER made a strong plea for further professionalization and empowerment of certifying organizations[16]. One reason for the limited power of organizations that define and administer quality systems is that they have minute resources compared to most global economic stakeholders, and limited resources to police and redress implementation through claims and liability. At the same time, the associated regulation needs to reflect consensus on the

[14] IMAFLORA presentation by Mr. Luís Fernando Guedes Pinto at the Conference.

[15] ISEAL presentation presented by Mrs. Elizabeth Guttenstein at the Conference.

[16] CRECER presentation presented by Mrs. Ileanan Cordón at the Conference.

missions to be achieved, and if possible convince governments to use these systems to deliver on public policy objectives. This mediating or enforcing power may currently be outside the reach of many quality system organizations.

A second strategy referred to is compliance with international agreements such as ISO 65, 17021 and 17011, or if relevant, with the recently introduced ISEAL Code of Good Practice for Setting Social & Environmental Standards. The ISEAL Code, in turn, draws from ISO/IEC Guide 59 *Code of good practice for standardization*, and the WTO Technical Barriers to Trade (TBT) Agreement Annex 3 *Code of good practice for the preparation, adoption and application of standards*. A third strategy mentioned by ISEAL involves multi-stakeholder governance. Multi-stakeholder governance may be complex due to diverging interests[17] but disparities can be mitigated by allowing all stakeholder access to a central information system such as the ISEAL Accessibility Network for Emerging Initiatives. The Network is developed for producer groups, extension services, certification bodies and traders, offering information on quality management systems and local interpretations of standards. It also includes membership programmes to reduce unnecessary overlaps (e.g. mutual recognition of standards between IFOAM and FLO) and helps to improve access to schemes such as 'group certification'. Finally, it was suggested that credibility and legitimacy may be further enhanced by well functioning management information systems safeguarding the quality of products throughout the value chain.

[17] Such as developing country concerns that quality systems are imposed on them and are barriers to trade, developed country concerns with the credibility of and affiliation to quality systems, industry concerns with the (lack of) speed & reputational risk of quality systems, etc.

4.4 Mainstreaming

Quality systems have a potential to help niche products to become 'mainstream'[18] as they bring along a certain level of product standardisation, transparency in the value chain, and internationalization of the market.

First is the issue of exclusiveness: certifying organizations invest in certification of a product and in order to get this investment back they sign exclusive deals with producers and retailers (referred to as 'closed systems'). On the producer side, access to more than one retailer or certifying organisation may yield higher prices and sales. Producers represented at the Conference expressed their interest in non-exclusiveness between producers and quality systems. A looser tie, however, would weaken the credibility of quality systems it was feared. A solution, as suggested by representatives of the quality systems would be to allow access to other systems a few years after certification.
Secondly, questions were raised about the inevitable pressure of mainstreaming on costs associated with safeguarding social and ecological quality. Solutions mentioned at the Conference referred to more transparency in the value chain, allowing consumers to gather more information on what they pay (extra) for. To further enhance consumer trust, it was suggested that governments may enforce minimum 'bottom line' quality standards, promoting niche producers to grow. Internet portals may further create opportunities for increasing information flows of additional costs of certified products.

4.5 Increasing transparency

A central governance problem in the increasingly 'stretched' global value chains is the lack of transparency. This encompasses a lack of information on the types of quality systems available and consumer demand, a lack of information on where retailers can find the right producers, limited price-transparency,

[18] 'Mainstreaming' may be defined as the process of supplying products on large consumer markets through large, often global processing and retail networks.

and a complicated system of information provision which forces producers and buyers to scan a large set of information points before coming to a deal (many hubs of information, many quality systems, etc). The Conference indicated that opportunities lie in the development of so-called independent Local Service Providers that supply producers and other players in the value chain with information global markets, and available quality systems.
Internet facilities, the creation of a common 'quality system language', and the development of a 'benchmarking' system would further support transparency and traceability of products throughout the chain. A serious challenge lies in bringing all this information to the consumer and turning it into an extra buying argument. In this context the global traceability system of Nature & More Foundation may be mentioned once more[19].

5. Challenges for the future

The interest of ngo's and particularly aid organisations in quality systems is relatively new, forcing them to develop their own position on these systems. Their interest stems from their potential to be used as *policy instruments or tools* for achieving sustainability, with attention for social and environmental criteria such as gender issues, malnutrition, biodiversity degradation etc. The attention for quality systems seems justified since the overall impact on poverty alleviation and biodiversity conservation seems positive.

Preparatory research for the Conference however indicates that "There are few systematic evaluations of environmental impacts or improvements". On the social side there is mainly information on increased productivity, premium prices and additional income, and little on broader poverty issues such as labor legislation enforcement, gender, and even less on biodiversity. [20] This does neither mean that there is no material available, nor that there are no impacts. It simply was not possible to bring more materials together for the Conference.

The Conference outputs as summarized above indicate that quality systems can well play a role in ascertaining pre-conditions. Mentioned were, amongst others, gains in terms of market access, marketing conditions, income (diversification), organisational and social learning, and governance.

Whereas the attention for quality systems seems justified, one might still raise the question how quality systems, in their current shape, can be sufficiently 'tuned' to become more effective policy instruments for specific development and environmental issues. We conclude that adapting quality systems to help solve these issues would at least require further study, and most of all action, on the four issue areas indicated in the previous section:

- *Impact assessment*: Audit results of existing quality systems are available, but there are no clear-cut data on the precise impact of quality systems on poverty alleviation and biodiversity conservation. To generate these data, more inventorial research, thinking and discussion is necessary on the desired social and ecological change: What impact is desired, how, by and for whom? And what information is required to make such assessment? What more material on impacts is available? The results may help us to indicate where future action and funding is most effective.

- *Impact on small scale holders*: The Conference results indicate that quality systems may well reap benefits for

[19] Nature & More Foundation: http://www.natureandmore.com

[20] Oppenoorth, H., 2007, Evidence of social and environmental impacts of 6 quality systems. Document prepared in preparation of Conference 'Making Quality Systems work for Poverty Alleviation, Biodiversity Conservation and Company Performance, The Hague, 1 November 2007.

small scale holders in terms of social improvement, market access, and social and organizational learning, governance, and biodiversity conservation. At the same time complex and expensive systems create thresholds. As access to quality systems for this group seems promising, appropriate supportive measures in that direction, such as funding (e.g. such as through micro-finance) and capacity building (e.g. through Local Service Providers), may be further investigated. As many smallholders are women, the research would require a focus on gender.

- *Credibility and legitimacy*: The growing number of quality systems and the associated plethora of rules, procedures and standards call for harmonization and more transparency. This creates problems for all stakeholders, in particular those with few resources. ISEAL's work in terms of setting cross-cutting standard setting and on information disclosure appears valuable as it increases the legal foundation and credibility. Further elaboration of this work seems worthwhile, including research on the linkages of quality systems with overarching international agreements and standards (ISO, WTO, CBD, etc.).

- *Mainstreaming*: The future effect of quality systems for poverty alleviation and biodiversity conservation may well lie in their ability to function as credible standards in mainstream markets and showing added value in relation to conventional products. This requires more research on the potential of quality systems to meet the requirements of mainstream markets and marketing. At the same time more information is required on the social and environmental costs of scenarios in which quality systems do not further enter mainstream markets.

Finally, adaptation of quality systems to help solve poverty and biodiversity issues may also require a broader analytical scope. The challenge for the future at this point may be to understand how quality systems are affected by issues and actors directly *and* indirectly involved in the value chain[21]. Directly involved are producers, processors, retailers, consumers, thus the alignment of firms and organisations that bring products and services to the market. Their involvement in the chain is through price and market regulations. Indirectly involved are governmental organisations, ngo's, and other non-market parties influencing the transactions on the value chain through international agreements, normative issues, etc. ISEAL may be considered as an organisation able to facilitate harmonizing and mainstreaming the ever growing number of quality systems through development of overarching norms and standards.

[21] Ref. Vellema, S. and Valk, Olga van der, 2007, Taking Stock: An inventory study of quality assurance systems' contributions to poverty alleviation and biodiversity conservation. Project commissioned by the Biodiversity Fund.

Annex 1 Scope outreach and evidence of social and environmental impacts of 6 quality assurance systems

This annex provides background information on the scope, outreach and evidence of social and environmental impacts of the following 6 quality systems:

- MSC (www.msc.org)
- UTZ CERTIFIED (www.utzcertified.org)
- FLO International (www.fairtrade.net)
- FSC (www.fsc.org)
- Rainforest Alliance (www.rainforest-alliance.org)
- Organic Agriculture/IFOAM (www.ifoam.org)

The scope and outreach data were brought together to give some idea of areas covered, metric tons produced, number of producers involved and so on. The materials for these fact sheets were provided by the quality systems themselves and by IFOAM in the case of organic agriculture.

The paragraphs focusing on evidence of impact must by no means be understood as a comprehensive study or anything of the kind. We have just brought together some studies, articles, facts and figures, which are not at all exhaustive, nor representative.

On the social side there is mainly information on increased productivity, premium prices and additional income, not so much on labour legislation enforcement, payment of minimum wages, secondary labour conditions, health issues, housing, actual union membership and certainly nothing at all about women's labour conditions, specific rights and sexual harassment. This does neither mean that there is no material available, nor that there are no impacts. It simply wasn't possible to bring more materials together for this conference.

The same counts for environmental impacts. There are few systematic evaluations of environmental impacts or improvements. Even less so on the impacts of the systems on biodiversity. With the exception of organic agriculture, where there are many partial studies this certainly is an area that needs attention. On the other hand there are probably more studies than reflected in this small document.

If the quality systems want to be more convincing towards the outside world concerning specific impacts, it would be important to work in a more systematic way on impact evaluation.

Harrie Oppenoorth
Hivos, Netherlands
November 2007

1 MSC

1.1 Scope and outreach MSC

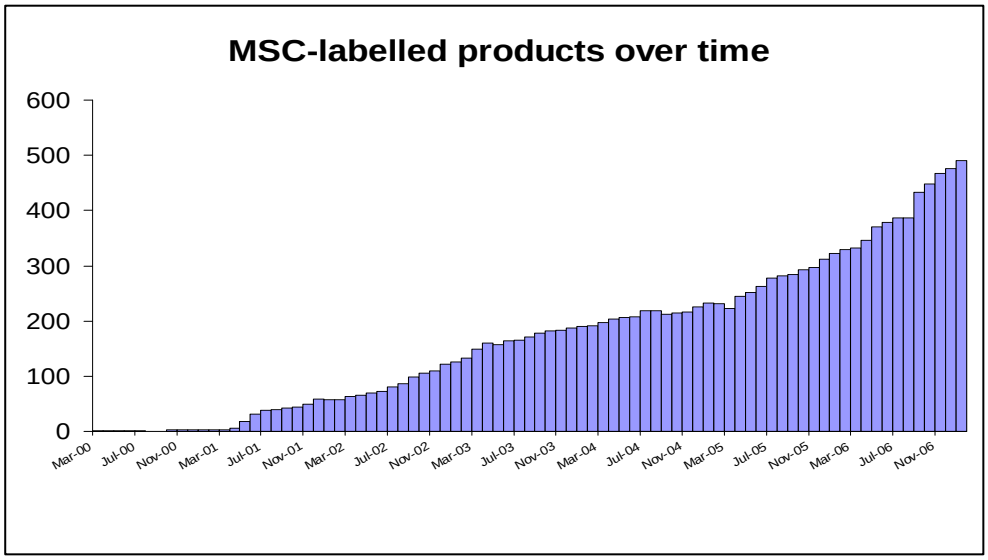
General data:

- The Marine Stewardship Council (MSC) was first established by Unilever and WWF in 1997 but became fully independent from both organisations in 1999.
- It is an independent, global, non-profit organisation which was set up to find a solution to the problem of over fishing.
- Environmentally responsible fisheries management and practices are rewarded with MSC's distinctive blue product label. This label assures consumers that the product comes from a well managed fishery and has not contributed to the environmental problem of over fishing.
- MSC represents:
  - 42% of the global wild salmon catch,
  - 32% of the global prime whitefish catch (ground fish),
  - 18% of the global spiny lobster catch,

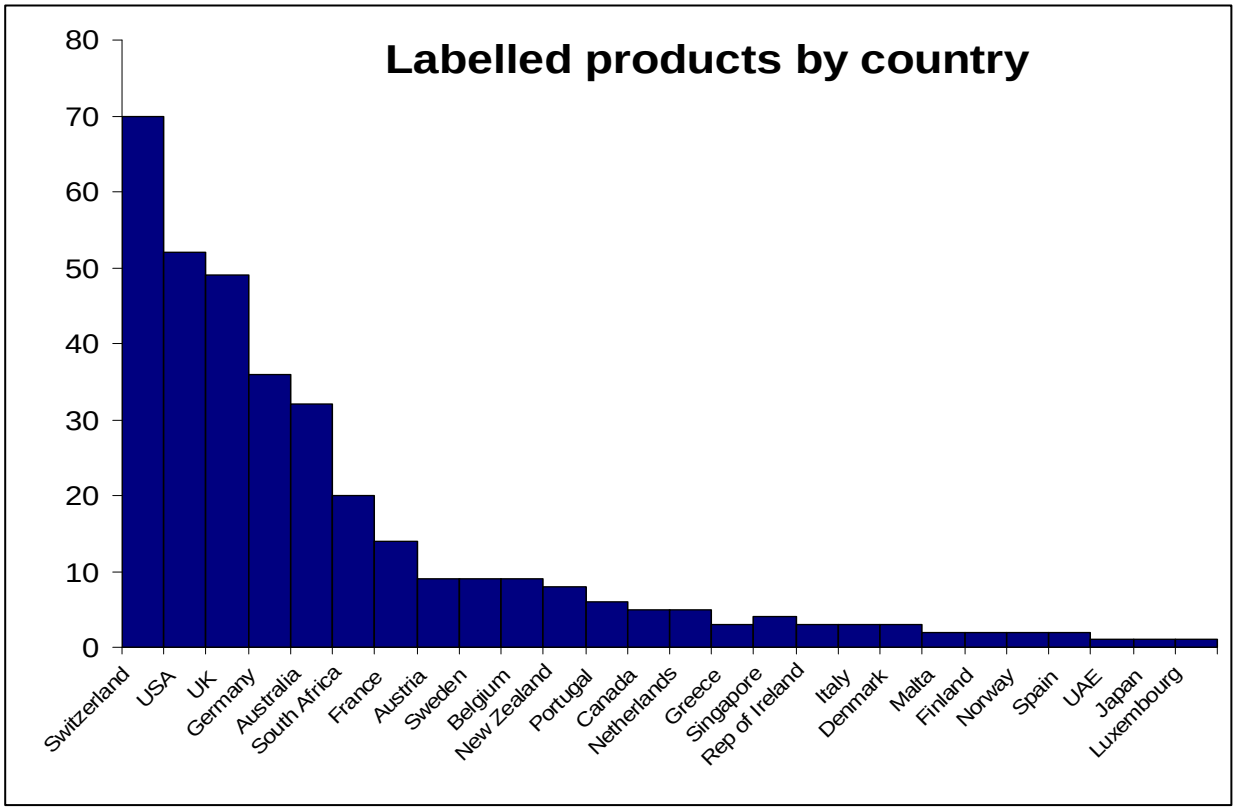
Key results:

- About 6% of world's total volume of edible wild capture fisheries were engaged in the MSC programme by 2006 (> 3.5 million tonnes of seafood).
- There has been a 10 fold growth in volume during the last six years.
- Number of Products have gone up to 467 as per November 2006.
- Sales of MSC labelled product was over 450 Million US$ in 2006.
- Total sales of MSC Certified product several billions of US$.

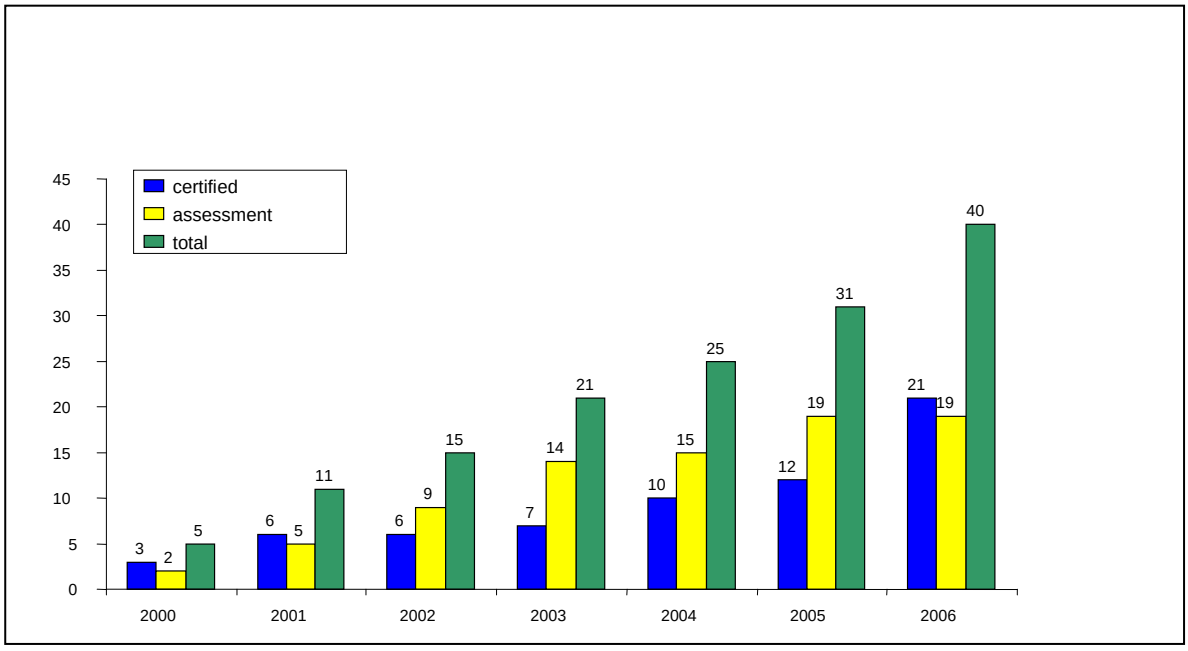
Figure 1: MSC-labelled products over time



➢ Figure 2: Labelled products by country



➢ Figure 3: Fishery participation over time



- Figure 4: Volume Certified and in Assessment (tons)

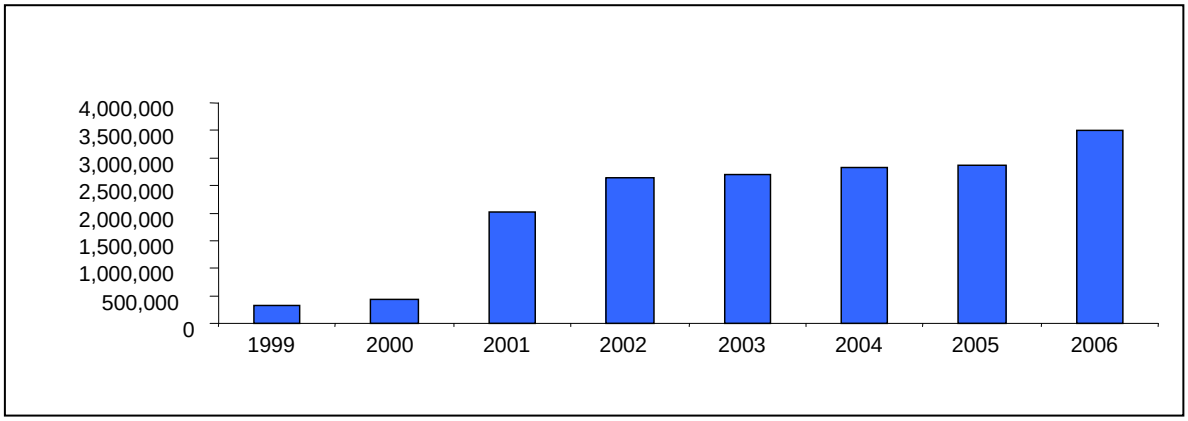


Table 1: Certified Fisheries in MT

Certified Fisheries	Amount certified in MT
Alaska Pollock (Bering Sea and Aleutian Islands, US)	1,520,000
Alaska Pollock (Gulf of Alaska, US)	80,000
Alaska salmon (US)	320,000
Antarctic mackerel ice fish (Australia)	1,200
Antarctic mackerel ice fish (Australia) –Bering Sea and Aleutian Islands Pacific cod (US)	14,500
Burry Inlet cockles (UK)	3,500
Hastings Fishing Fleet Dover sole (UK)	72
Hastings Fishing Fleet Pelagic (mackerel & herring)	10
Lake Hjälmaren pikeperch (Sweden)	166 (2 fisheries pot and net)
Loch Torridon Nephrops (UK)	120
Mexican Baja California Spiny lobster	1,300
New Zealand hoki	100,000
North Sea herring (EU/Netherlands)	160,000
South African hake	134,000
South Georgia tooth fish	3,500
South West Handline mackerel (UK)	1,750
Thames herring (UK)	121
Western Australia Rock lobster	10,750
US North Pacific sablefish (US)	18,100
Alaskan Halibut (Alaska, Oregon and Washington)	24,000
Patagonian scallop (Argentina & Uruguay)	42,000

- Table 2: Fisheries undergoing Certification in MT:

Fisheries undergoing certification	Amount certified in MT
American Albacore Fishing Association Pacific tuna	3,600
British Columbia salmon (Canada)	25,600
California Chinook salmon (US)	2,900
California Dungeness crab (US)	
Chilean hake	42,600
Kyoto Danish Seine Fishery Federation	
Snow crab and Flathead flounder (Japan)	220
Lakes and Coorong fishery (Australia) (Mulloway, Cockle, Golden perch, Yellow-eyed mullet)	
Maryland Striped bass (US)	1,025
North Eastern Sea Fisheries Committee sea bass (UK)	7
Norwegian Fishing Vessel Owners Association North East Arctic and North Sea saithe (2 fisheries)	236,590
Oregon Dungeness crab (US)	10,455
Oregon Pink shrimp (US)	7,174
Pacific halibut (BC, Canada)	5,277
Gulf of California sardines (Mexico)	
Gulf of St. Lawrence Northern shrimp (Canada)	28,800
Canadian northern trawl prawn	68,000
Hastings Dover sole trawl (UK)	
Hastings Dover sole gill-net (UK)	
German North Sea saithe Trawl Fishery	12,000
North Sea herring Swedish Pelagic Purse Seine Fishery (Sweden)	
Scottish herring fishery (North sea)	50,000
Scottish mackerel fishery (West of North east Atlantic)	150,000
North Pacific hake fishery (US/Can)	360,000
Ben Tre clam fishery (Vietnam)	
Stornoway nephrops Trawl Fishery (Scotland)	
Clyde nephrops Trawl and Creel (2 fisheries - Scotland)	
North East Arctic cod and haddock (2 fisheries - Norway)	5 000 T + 2 500 T

1.2 Evidence for social and environmental impact MSC

- Report : Environmental benefits resulting from certification against MSC's Principles & Criteria for Sustainable Fishing
- Report: Assessment Report for the Mexican Baja California fishery
- Project description: Assessment of small-scale and data-deficient fisheries

Environmental benefits resulting from certification against MSC's Principles & Criteria for Sustainable Fishing

Executive summary ~ final report for Phase 1 of 2 to create a system of tracking environmental benefits of certification against MSC's Principles & Criteria for Sustainable Fishing
By David Agnew, Chris Grieve, Pia Orr, Graeme Parkes and Nola Barker - 4 May 2006

This study focussed specifically on the first phase of the work:

1) developing tools and methodologies to measure the environmental or ecological impacts of certification to the MSC standard; and

2) cataloguing and assessing current evidence that the MSC eco-labelling programme results in positive outcomes (benefits) for the environment.

The project team embarked upon the study asking a number of critical questions. Are there meaningful and measurable changes happening on, or in, the water? Are the fisheries that have been certified really changing practices and will these lead to positive outcomes for the environment? Does certification cause more environmental gain than would otherwise occur? And finally, is there an ecological case for fishery certification?

The study examined the ten certified fisheries that, by late 2005, had been the subject of at least one post certification audit. In the ten fisheries, a total of 62 certification conditions were examined to determine whether changes or improvements observed would 1) ultimately lead to environmental improvement and 2) lend themselves to quantitative analysis. The project team identified environmental gain indices for each certification condition in the study group. Detailed investigation, looking specifically for quantitative indicators of change, was made on a sub-set of six fisheries.

The major lessons from the study are that:

- All certified fisheries have shown some environmental gain resulting from the certification process.
- Some environmental gain has resulted in areas where there were no conditions, but in general the biggest gains have been in areas which carried conditions for certification.
- There is a direct relationship between both the amount of gain, and the relative direct benefit of that gain to the environment (expressed as a 'gain score'), with the number of conditions that are set for a fishery. When the number of conditions is high, the total gains to a fishery appear to be greater than the number of conditions, whereas when they are low the gains are equal to the number of conditions.
- The instances of lack of gain in areas that we would expect to see gain resulted from issues in some of the early certifications, as well as from the difficulty of finding solutions to some very difficult environmental problems. The early certified fisheries show a lower average environmental benefit than the later certified fisheries mainly because the expectations contained in conditions (or corrective action requests as they were called) were not as well articulated as in later certifications.
- If environmental gain outweighs the other strategic objectives of the MSC, certification of difficult fisheries could be encouraged because these are the fisheries in which certification is likely to create the biggest environmental gains.
- It was virtually impossible to create a set of indices that would be equally applicable across certified fisheries for comparative purposes. The only index that comes close is target stock size in relation to target/limit reference points. But not all certified fisheries set target/limit reference points, nor do they have easily interpreted assessments of stock size. This approach should not be precluded in future analyses, but the project team deemed it not to be practical here.

Many of the result gains were supported by quantitative evidence, such as the halting of the decline in the New Zealand eastern hoki stock, the reduction in beach debris in the Western Australian rock lobster fishery, the reduction in longline hook discarding in the South Georgia toothfish fishery, and the increase in female size in the Loch Torridon nephrops fishery.

In the Mexican Baja California red rock lobster fishery, advantages stimulated by certification were described by Ramade and Garcia14 in November 2005 who suggest that the fishery's enhanced image and reputation have resulted in political empowerment, greater security of resource access and access to financial resources for research. Additionally, and significantly, long standing calls from red rock lobster fishing communities to the Mexican federal government for electricity supplies, surfacing of access roads and federal support for infrastructure improvement projects have been, or are beginning to be, fulfilled (Ramade and Garcia, 2005).

Assessment Report for the Mexican Baja California fishery

The assessment team took on board the fact that recruitment and stock assessment can be affected by climate variability. The assessment seeks to understand the extent to which those involved in managing the fishery take into account the uncertainties that can arise due to changes in climate, i.e. the precautionary response.
Indicator 1.1.1.*2 The harvest control rules and procedures include an appropriate response to uncertainty.*
The chosen alternatives for harvest control of this fishery are also described in the red book (Vega et al 2000), where it is stated on page 290 that "The biomass of this resource varies as influenced by climatic changes of large magnitudes such as El Niño events. This is evident in changes of sea surface temperature (sst). However, due to the fact that the biomass has been maintained over the Bo/2, the risk of uncertainty is minimised. Using this approach and

taking into account that the fishery is reviewed every year, harvest control rules are in place that allow for uncertainties on both data and climate to maintain biomass at appropriate levels.

Assessment of small-scale and data-deficient fisheries

Many developing country fisheries do not possess the type of detailed and comprehensive scientific information that may be required by certification bodies for assessments. In order to address this potential constraint on eco-labelling, the MSC has embarked on a project to develop guidelines for the assessment of small-scale and data-deficient fisheries. The project aims to develop guidance for certifiers on the use of the type of information that may be available to such fisheries, including the use of traditional ecological knowledge and traditional management systems. The MSC is also developing guidance around the use of risk based approach to assessment which will enable the use of qualitative information and reduce as appropriate the requirement for complex scientific data when evaluating fishery performance.

In 2004, the first two developing countries to undergo full assessment against the MSC Standard, the South African hake fishery and the Mexican Baja California spiny lobster fishery, became certified. The successful certification of these fisheries demonstrates the feasibility and potential value that certification holds for developing country fisheries. There is now growing interest in the MSC process from fisheries in Africa, Asia and South and Central America, and more fisheries are now participating in pre-assessments and full assessments against the MSC Standard. The reality of the conservation and economic benefits of certification and eco-labelling is also demonstrated by the growing interest in the MSC from both the supply and demand sectors in the global fishing industry.

2 UTZ CERTIFIED

2.1 Scope and outreach UTZ CERTIFIED

General data:

- UTZ CERTIFIED (formerly known as UTZ Kapeh) was founded in 1997 by Guatemalan coffee producers and the Dutch coffee roaster Ahold Coffee Company.
- UTZ CERTIFIED is a worldwide certification program that sets the standard for responsible coffee production and sourcing.

The UTZ CERTIFIED program is based on the UTZ CERTIFIED Code of Conduct: a set of social and environmental criteria for responsible coffee growing practices and efficient farm management.

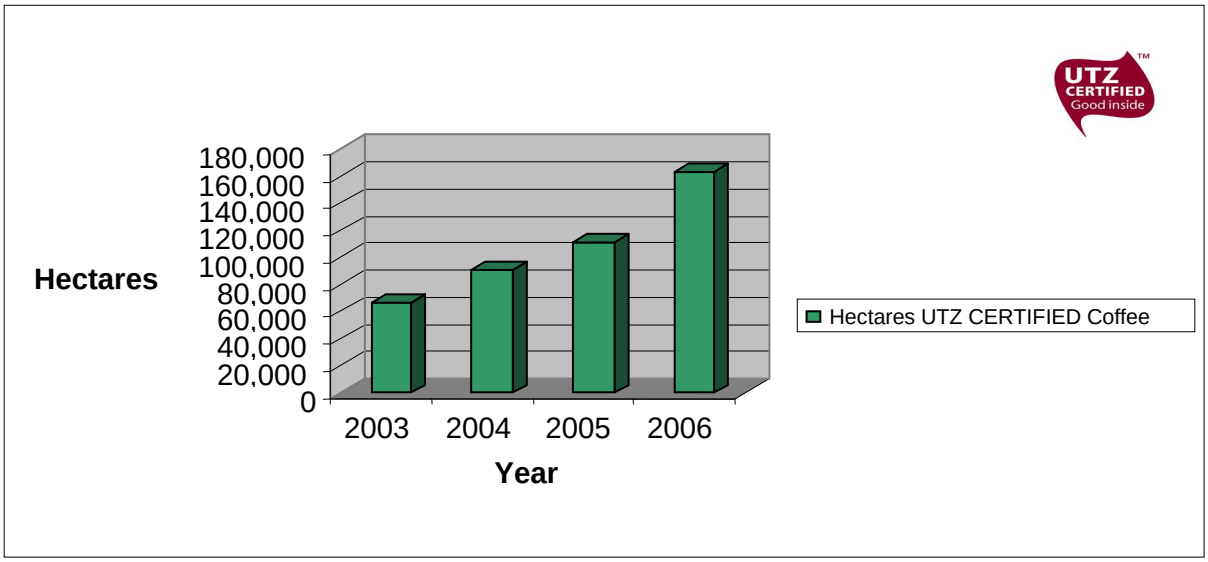
Coffee producers who are UTZ CERTIFIED comply with this Code of Conduct.

- UTZ coffee is produced in 18 countries and consumed in 21 countries around the world.

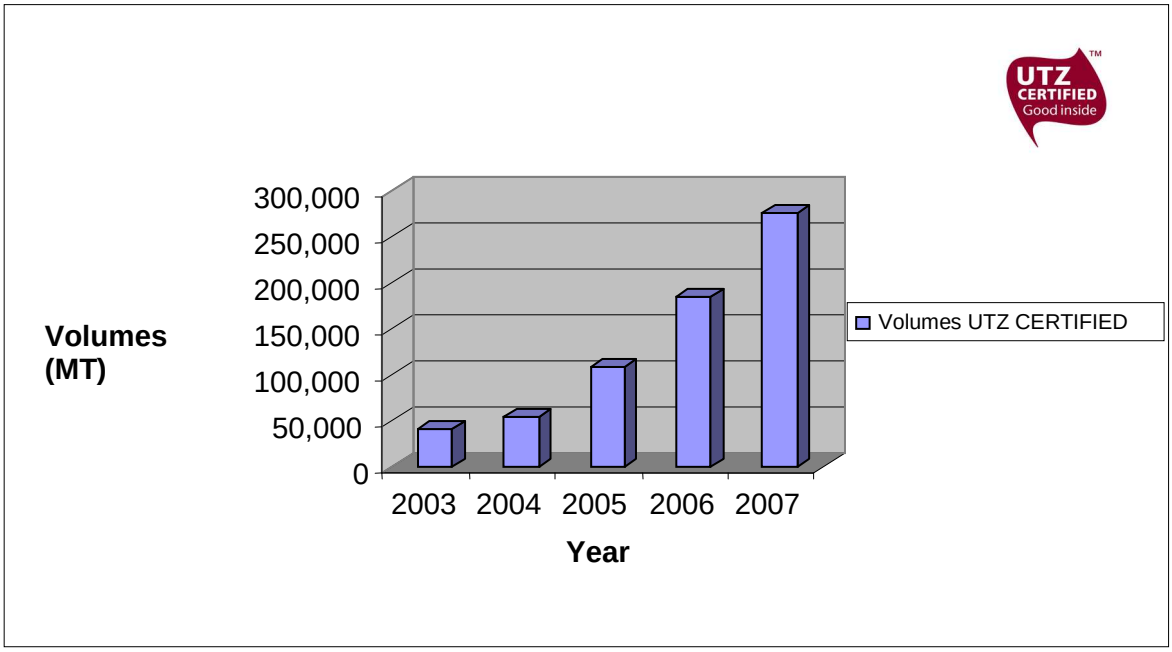
Key results:

- 600,000 bags of green coffee (60 kilo bags) purchased as UTZ CERTIFIED in 2006, 25% growth from 2005.
- Over 46,000 producers UTZ CERTIFIED by the end of 2006, 36% growth from 2005.

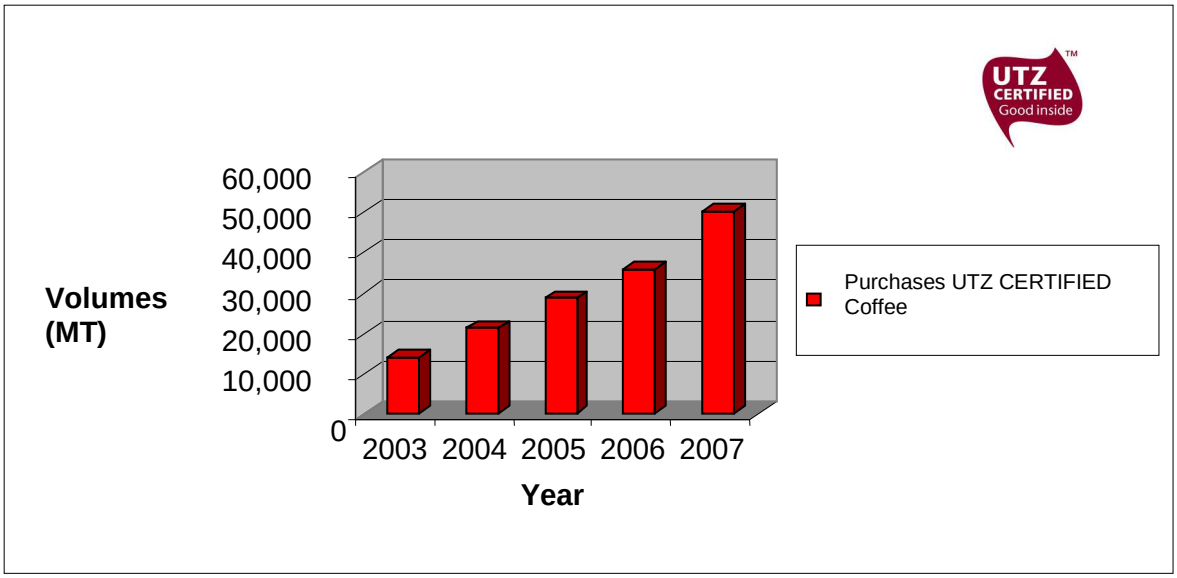
- Figure 1: Hectares UTZ CERTIFIED Coffee (in ha/year)



➢ Figure 2: Volumes UTZ CERTIFIED Coffee (in volumes/year)
(2007 estimated)



➢ Figure 3: Purchases UTZ CERTIFIED Coffee (in volumes/year)
(2007 estimated)



➢ Table 1: Production of UTZ CERTIFIED Coffee

Production of UTZ CERTIFIED Coffee	2002	2003	2004	2005	2006	Growth from 2005
Total number of UTZ- certificates	21	38	66	135	250	85%
Estimated number of producers certified (including small holders)	-	17,900	32,000	34,000	46,200	36%
Number of producers in transition*	31	46	50	102	115	13%
New producers (added from previous year)	9	19	34	69	131	90%
Dropped-out producers (for each year)	0	1	3	1	8	-
New producers in transition (for each year)	32	15	20	65	80	-
Green coffee certified (tons)	33,900	40,400	53,600	108,500	185,500	71%
Green coffee certified (60-kilo bags)	565,200	673,400	893,300	1,808,300	3,091,600	71%
Estimated hectares under certification	-	66,500	90,500	111,000	163,300	47%
Number of producing countries	6	10	14	16	18	13%

* In transition means that producers are registered with UTZ CERTIFIED but are not certified yet.

➢ Table 2: Purchases of UTZ CERTIFIED Coffee

Purchases of UTZ CERTIFIED coffee	2002	2003	2004	2005	2006	Growth from 2005
Green coffee purchased as UTZ CERTIFIED (tons)	3,700	14,000	21,200	28,800	36,000	25%
Green coffee purchased as UTZ CERTIFIED (60-kilo bags)	62,000	233,000	354,000	480,000	600,000	25%
Active first buyers	5	13	20	35	61	74%
Active final buyers	1	6	9	15	20	33%
Total active buyers	6	19	29	50	81	62%
Number of consuming countries	1	4	10	17	21	24%

- Table 3: Supply of UTZ CERTIFIED Coffee

Supply	2002	2003	2004	2005	2006	Growth from 2005
Total number of UTZ-certificates	21	35	66	135	250	85%
Estimated number of producers certified (incl. smallholders)	-	17,900	32,000	34,000	46,200	36%
Dropped-out producers (for each year)	0	1	3	1	8	-
Green coffee certified (60kg-bags)	565,200	673,400	893,300	1,808,300	3,091,600	71%
Estimated hectares under certification	-	66,500	90,500	111,000	163,326	47%
Number of producing countries	6	10	14	16	18	13%

2.2 Evidence for social and environmental impact UTZ CERTIFIED

- Report: Annual report 2006
- Data available about specific producer cooperatives in specific countries
- New developments: UTZ cocoa standard

Annual report 2006

In its 2006 Annual Report Utz cites the following impacts:
Business practices: Improvement in organizational skills; Increased market access; increased traceability; Improved quality; Reduction is costs; and Increased prices.
Environment: Prevention of soil erosion; Monitored and controlled agrochemical use; Reduction in water usage; and Decreased water pollution.
Social: Enjoyment of labour rights; Improved hygiene; Reduction in accidents; Access to health care and education; Improves employer-employee relationship and improved relationship between members and producer organisation; and Increased transparency.

Data about specific producer cooperatives

Acatenango Cooperative – Fedecocagua Guatemala
Production has increased from 2.8 to 4.5 million kg. last year. This is a 60% increase compared to a national increase of 9% in the same period. Through their improvement of a wet mill as part of obtaining certification, Acatenango reduced water usage from 1 million to 18.000 litres per day. This while they increased production by 50%. The water it uses is now also recycled and treated. Producers have pride in their farmers and are very satisfied with the cleanliness of plantations. Waste is now properly disposed of. Producers in surveys commented on their own increased awareness and motivation to maintain a cleaner, better organised farm.

Peru
Independent audit reports (Peru) indicate that groups have been more active in raising awareness among their members about health and education. This has led to access to first aid, building or improvement of sanitary facilities and better waste management.

Kenya
In the Kenyan Auction Uts Certified coffee has consistently scored high on cup quality. Records from the Kenya Auction demonstrate that based on these quality results, Utz Certified coffee is consistently receiving higher prices than conventional coffee. Over the last period there has also been an increase in the supply of higher quality Utz Certified coffees at the auction.

Ndumberi Farmers Cooperative became certified in 2006. It reports that its members' coffee production increased from 500.000 before certification to 1.300.000 kg. after.

Brazil and Colombia
Independent audit reports from Brazil and Colombia reveal the following trends: Improved administration through introduction of software for record keeping; Reduction of highly toxic crop protection products, replacement with lower toxicity products and improvement of integrated pest management; Reductions in employee accidents due to safety precautions.

Ever Reyes, Sogimex Cooperative Mexico
43% farm productivity increase over 3 harvest periods (compared to 2% national); 59 tons of fresh pulp converted to fertiliser and 145.274 litres residue water treated (instead of uncontrolled release into the river); Reduction of agrochemical use; Recycling and conservation of water; and Reforestation program.

New UTZ cocoa standard under development
The new Utz standard for Cocoa includes biodiversity related control points (see below). It would be interesting to evaluate biodiversity impacts right from the start when producers switch from conventional to Utz certified cocoa production.

The producer uses techniques to maintain, improve and prevent the loss of soil structure and fertility, using e.g. shade trees, compost, cover crops, nitrogen fixing plants, mul-ching, etc. There is visual and/or documented evidence that these techniques are used.

- Compost made of cocoa by products should be completely decomposed before use to prevent the spreading of diseases by infected pods.
- The producer uses techniques to prevent soil erosion, e.g. cross line planting on slopes, drains, sowing grass, trees and bushes on borders of sites, mulching etc. There is visual and/or documented evidence that these techniques are used. During the early years of a new plantation, the producer undertakes extra soil conservation practices to prevent erosion. Steep slopes (over 40 degrees) are not used for production. Productive areas on slopes are covered /vegetation to prevent erosion.
- Producer applies fertilizer to maintain soil fertility. The use of organic fertilizer is preferred, if not available also mineral/chemical fertilizers are allowed.
- Organic waste such as pruning and pod husks are spread on the farm as fertilizer, after disease infected material is removed.

3 FLO International

3.1 Scope and outreach FLO International

General data:

- Fairtrade Labelling Organizations (FLO) International was founded in 1997.
- It is an umbrella organization that unites 20 labelling Initiatives in 21 countries and Producer Networks representing Fairtrade Certified Producer Organizations in Central and South America, Africa and Asia.
- FLO Standards are a set of minimum standards for:
  – socially responsible production and trade
  – product pricing considered as fair to producers.
- Certification is done by an independent international certification company, FLO CERT GMBH.
- Fairtrade certified products can be found in over 50 countries.

Key results:

- 569 Fair trade Certified Producer Organizations in 57 countries (end of 2006)
- Over 1,4 million producers and workers benefit from Fair trade Labelling.
- Continuous strong growth in worldwide Fair trade sales; in 2006 consumers worldwide bought 1,6 billion Euros worth of Fair trade Certified Products, 42% more than the year before.
- At the end of 2006, there were over 1900 licensees (companies selling Fair trade Certified end products)

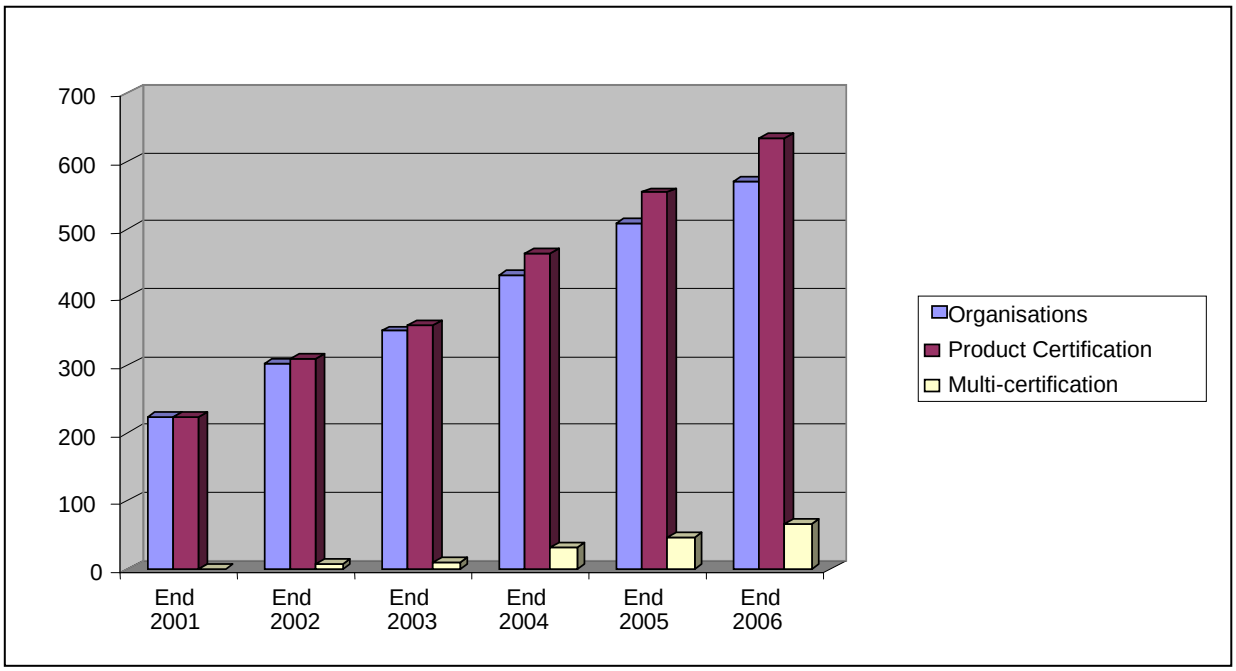
- Table 1: Sales 2005/2006 (in metric tons)

	Sales in MT		**Growth (%)**
	2005	**2006**	
Total conventional + fair	126,712	158,862	25 %
Total organic +fair	39,715	80,469	103 %
Total	*166,427*	*239,331*	*44 %*

- Table 2: FLO Estimated Retail Value 2005/2006 (in Euros)

	Estimated Retail Value 2005	**Estimated Retail Value 2006**	**Increase in %**
TF Austria	25,628,826	41,718,050	63
MH Belgium	15,000,000	27,964,581	86
TF Canada	34,847,667	53,831,626	54
MH Denmark	14,000,000	21,532,000	54
RKE Finland	13,031,556	22,481,700	73
MH France	109,061,417	159,974,264	47
TF Germany	70,855,000	110,000,000	55
FTF Great Britain	276,765,302	409,484,977	48
IFTN Ireland	6,551,910	11,618,729	77
TF Italy	28,000,000	34,500,000	23
TF Japan	3,364,500	4,139,359	23
TF Luxembourg	2,250,000	2,769,070	23
MH Netherlands	36,500,000	41,000,000	12
MH Norway	6,733,650	8,639,290	28
Rättv, Sweden	9,271,398	16,000,000	73
MH Switzerland	133,800,000	135,280,000	1
TF USA	344,129,555	498,987,855	45
MEX	222	222	0
AUS/NZ	2,462,169	7,173,400	191
Spain	25,657	1,943,175	7,474
Total	***1,132,278,830***	***1,609,038,298***	***42***

➢ Figure 1: Producer Evolution 2001-2006



Growth Ratio of Producer Organisation Evolution 2001 – 2006:
- Producer organisations: 154%
- Product certification: 183%

➢ Table 3: Number of Product Certifications per Continent and Product (2002 – 2006)

Region	Product	2002	2003	2004	2005	2006
Central America + Mexico	Banana	2	2	2	1	1
	Cocoa	3	3	3	4	4
	Coffee	82	92	97	105	107
	Dried Fruit				1	1
	Fresh Fruit	2	2	3	4	6
	Honey	17	18	17	20	19
	Juice	1	1	3	4	4
	Nut Oil Seed			1	2	2
	Sugar	3	3	3	3	3
	Total	***110***	***121***	***129***	***144***	***147***

- Table 3: Number of Product Certifications per Continent and Product (2002 – 2006) (-continued-)

Region	Product	2002	2003	2004	2005	2006
South America	Banana	5	8	16	16	19
	Cocoa	2	4	5	8	10
	Coffee	54	62	65	76	78
	Cotton				1	1
	Dried Fruit				2	1
	Flower					9
	Fresh Fruit	2	6	7	11	10
	Herb Spice					1
	Honey	6	6	6	5	5
	Juice	4	4	7	10	8
	Nut Oil Seed			3	3	4
	Quinoa			1	3	3
	Sugar	5	6	6	7	8
	Tea			1	1	1
	Wine			4	5	12
	Total	***78***	***96***	***121***	***148***	***170***
Caribbean	Banana	5	6	7	7	7
	Cocoa	1	1	2	3	3
	Coffee	9	8	10	10	10
	Fresh Fruit				1	2
	Juice	10	7	7	7	7
	Sugar	1				
	Total	***26***	***22***	***26***	***28***	***29***
Africa	Banana	1	1	1	1	1
	Cocoa	2	2	3	4	4
	Coffee	24	27	30	30	35
	Cotton			5	5	9
	Dried fruit			5	5	9
	Flower			5	14	18
	Fresh Fruit	2	14	32	39	48
	Fresh Vegetable				1	1
	Herb Spice				2	2
	Honey	2	1	1	1	1
	Juice			3	2	3
	Nut Oil Seed			4	7	7
	Rice			1	1	1
	Spice		1	1		
	Sugar	1	1	1	1	3
	Tea	11	12	16	17	25
	Wine			9	22	18
	Total	***43***	***59***	****115***	***152***	***185***

- Table 3: Number of Product Certifications per Continent and Product (2002 – 2006) (-continued-)

Region	Product	2002	2003	2004	2005	2006
Asia	Coffee	6	6	7	10	3
	Cotton				2	1
	Dried Fruit					52
	Flower				1	3
	Herb Spice				2	3
	Juice	1	1	1	1	1
	Nut Oil Seed					5
	Ornamental Plant					4
	Rice	2	8	10	10	2
	Sports Ball	3	3	5	5	18
	Sugar	2	2	2	2	10
	Tea	39	41	48	49	1
	Total	***53***	***61***	***73***	***82***	***103***
Grand Total		**310**	**359**	**464**	**554**	**634**

Note:
* In 2004 Africa column, two producers are certified for both "Fresh" and "Dried" Fruit in one certification.

3.2 Evidence for social and environmental impact FLO International

- Study by CICDA: Coffee in the Yungas of Bolivia, France 2006
- Sample evidence collected by FLO on:
  - coffee in Ecuador
  - Bananas in the Caribbean
  - Cotton in Mali
  - Rice in India
  - Cocoa in Bolivia

Coffee in the Yungas of Bolivia (study by CICDA – France 2006)

Effects at family level:

When world market prices are low, the fair-trade price is much higher. For instance between 2001 and 2003 conventional coffee fetched 64 US$/45kg and fair-trade certified between 97 and 139 US$.
Between 2000 and 2004 all of 4000 farmers managed to generate an income of 2 to 3000 US$ per family if selling 70% of their coffee as fair-trade. This is enough to live and send 2 children to primary and 3 children to secondary school. The fair-trade price offers stability when prices are low and make investments possible. Also the necessity to migrate to obtain seasonal income was reduced to 40% of what it was before.

Effects at organisational level:

The number of fairtrade certified groups grew fast between 1997 and 2005 from 1 to 17. The local federation of coffee cooperatives now has 24 member cooperatives while in 1991 there were 10. People gained trust in their own financial vehicle Fincafé: its capital doubled between 2001 and 2005 and the own funds of the members at Fincafé almost tripled in the same period.

Effects at regional level:

The impact of fairtrade is not limited to the 4000 farmers but extends to the 20.000 families in the region. A pension fund was created, shops opened and sewing workshops created. Also eco-tourism is being developed.

Sample evidence collected by FLO

Coffee in Ecuador
"In 2001 and 2002, during the world coffee crises, our situation was desperate. We received between 20 - 25 dollars per quintal (quintal = 100 pounds, 25 US$ per quintal = 0,25 US$/lb) ... many of the Ecuadorian coffee producers left. We did not have any other choice but to abandon the coffee culture" explains Valentín. FAPECAFES became Fairtrade Certified four years ago, in 2003. Having suffered himself from the crash of the coffee prices, Valentín is a passionate advocate of Fairtrade: "We are currently selling **80 %** of our total coffee production under Fairtrade terms. For our Fairtrade organic coffee we are receiving 139 US$ the quintal and 119 US$ the quintal for our conventional Fairtrade coffee. But more important than the higher prices is the stability that Fairtrade brings. We are not as vulnerable to market volatility as we used to be." Since June 1 2007, the Fairtrade Premium increased from 5 US cents to 10 US cents per pound for all Fairtrade Coffee. The Fairtrade Organic Differential for all certified organic coffee has also risen by 5 US cents per pound, increasing from 15 to 20 US cents. The increase in the Organic Differential reflects the higher costs of organic production and compliance, as well as offering a further incentive for environmentally sustainable development. These increases will provide coffee producer organizations with the additional revenue to continually
invest at the individual farmer, cooperative and community level.

Bananas from the Caribbean
On the Windward Islands of Saint Lucia, Grenada, Dominica and Saint Vincent in the Caribbean there are 3.000 Fairtrade Banana farmers and 90 per cent of their export is now Fairtrade. Renwick Rose, coordinator of the Windward Islands Farmers' Association (WINFA), says Fairtrade has effectively saved the banana industry, which is vital to the islands' economies. In the 1990s, almost half of the banana farmers in the Windward Islands went out of business as lower prices left them unable to cover costs. Thanks to growth in Fairtrade Banana sales, and the resulting wider growth that is anticipated in the Fairtrade Banana market, it's hoped that all Windward Island bananas will be Fairtrade by the end of 2007. But besides bringing economic stability, Fairtrade also aims to empower small farmers and help them to take the greatest part of the value chain for the produce they grow. A good example of this kind of development happened in the banana region of Valle Del Chira, in the province of Piura, North of Peru. In the past, due to the lack of export experience of the four Fairtrade Certified Banana Producers Organizations in this region, the Fairtrade exporters assumed responsibility for the harvest, packaging and export processes of the bananas while the producers focused only on the production of the fruit. Having gained a great deal of experience in the banana business in the last years, in 2006, producers were ready to take more responsibility in the trade chain for their bananas. From January 2006, they have been working to deliver their harvested, packed fruit (Farm Gate level) or take their fruit ready for export to the port (Free on Board level). FLO's Producer Business Unit (PBU) for Latin America provided support to the producers to carry out this transition.

Cotton in Mali
For those farmers who are already selling their cotton to the Fairtrade market, the financial benefits are significant. For example, in the 2005/06 harvest, the income farmers received for Fairtrade Cotton compared to the cotton traded under conventional terms was **40 %** higher in Senegal and **70 %** higher in Mali (see table page 23). This additional income made it possible to concretely improve the lives of many communities. For instance, in Association Dougouragoroni, a Fairtrade Certified Cotton Cooperative in Mali, the 500 inhabitants of the village have seen how the extra income generated through Fairtrade has had a positive impact on their lives. In their General Assembly, the farmers decided they were going to invest part of their Fairtrade Premium to construct a proper building for the local school, which previously consisted of a hut. "We are really happy about it. The children pay more attention since they are in the new school" says the village teacher. A second project which was financed with the Fairtrade Premium is a grain store. This will considerably improve the food security of the villagers, allowing them to store their grain the whole year through. Before, they were forced to sell it at a low price during the harvest season, when there was plenty of grain available, and had to buy grain at a high price in the rainy season. The farmers at Dougouragoroni are already busy planning their new Fairtrade Premium project, which has been agreed will be a community well.

Rice in India
Fair Trade farmers receive an income of about € 1000 per year, varying from € 350 to 2500. This means that they cannot live from rice farming alone. The price is set by Fair Trade Labelling Organisations International (FLO) in Bonn. This system has been in existence since 2002. FLO ask their licensees to pay a minimum price for the farmers. This price is € 0.114 for rain-fed rice from Thailand, € 0.095 for irrigated farming (because there are two crops per year and higher yields) and € 0.243 per kg for traditional Basmati rice from India. Most traders pay more then the minimum price up to 0.25 per kilo.

The organic rice producer is guaranteed a Fair premium price. The price is set at a fixed level taking into account the rice farming cost. In 2003 the certified organic paddy was purchased from farmers locally at 10 baht/kg (€ 0.20) and 7 baht/kg (€ 0.14, just above the minimum) for non-certified organic paddy. This was quite a significant premium as

conventional paddy cost only 4.7 baht/kg € 0.094). In this case Fair Trade farmers receive 4.5 to 10 cents more then the market price. Organic farmers get an extra differential of 0.02 per kilo.

FLO also obliges the traders to pay an € 0,015 per kilo for the cooperative. This money is for the costs of the coop and special programmes for training, rice banks, etc. For farmers Fair Trade certification costs about € 0.025/kg. Traders also pay a premium to FLO. This is a complex calculation. The costs are about € 0.12 per kilo. This is based on € 500 per company, a fee of € 0.005 per kilo and a maximum fee depending on the turnover of € 4000.
The market shows that it is possible to sell Fair Trade rice at € 1.38 per kilo. The consumer price is about 3 to 7 times the FOB price. The price for export involves a bargaining process between producers and buyers.

Cocoa in Bolivia

According to the international Fairtrade cocoa standard the buyer pays a minimum of 1600 US$ per ton to the cooperative for Fairtrade certified cocoa beans. Additionally the buyer pays a premium of US$ 150 per ton. If the prices on the world market rise above the Fairtrade price, the same price is paid by Fairtrade certified cocoa buyers, plus the premium. The premium is meant for investments either in the cooperative or the community.

El Ceibo in Bolivia consists of 38 cooperatives with a total number of some 800 families. El Ceibo processes and markets the cocoa and provides technical assistance to the farmers. Almost 50% of total production is sold as Fairtrade. Additional to the price advantage, the following impacts were found:

- The cooperative contributes to school fees of members' children
- All members of the cooperative are insured against health costs and accidents. There also is a "Safety Fund" for medical emergencies.
- El Ceibo's members have invested in trucks and improved processing
- The cooperatives have invested in a nursery for cocoa seedlings, does research on alternative crops and has promoted organic production and in diversification of food crops.

4 FSC

4.1 Scope and outreach FSC

General Data:

- The Forest Stewardship Council (FSC) was founded in 1993.
- It is an international not-for-profit membership-based organization that brings people together to find solutions to the problems created by bad forestry practices and to reward good forest management.
- FSC is a stakeholder owned system for promoting responsible management of the world's forests. It accredits independent third party organizations who can certify forest managers and forest product producers to FSC standards.
- Its product label allows consumers worldwide to recognize products that support the growth of responsible forest management worldwide.
- FSC undertakes marketing programs and information services that contribute to the mission of promoting responsible forestry worldwide.
- Over the past 13 years, over 90 million hectares in more than 70 countries have been certified according to FSC standards while several thousand products are produced using FSC-certified wood and carrying the FSC trademark.
- FSC operates through its network of National Initiatives

Key results:

- Table 1: Types of forest management systems certified (situation as of September 2007)

Forest management systems	**Certifications**	**Number of hectares (millions)**	**%**
Natural forests	393	47.9	53.3
Mixed forests	298	35.2	39.0
Plantation forests	195	6.9	7.7
Total	***886***	***90***	***100***

- Table 2: Ownership of certified forests (situation as of September 2007)

Ownership	**Certifications**	**Number of hectares (millions)**	**%**
Public ownership	233	55.7	61.9
Private ownership	534	30.6	34.0
Communal ownership	119	3.7	4.1
Total	***886***	***90***	***100***

- Table 3: Types of forests certified (situation as of September 2007)

Forest types	**Certifications**	**Number of hectares (millions)**	**%**
Boreal forests	74	43.5	48.4
Temperate forests	618	35.3	39.2
Tropical and Subtropical forests	194	11.2	12.4
Total	***886***	***90***	***100***

- Table 4: National initiatives of FSC (43)

AFRICA
Burkina Faso, Cameroon, Cote D'Ivoire, Democratic Republic of Congo, Ethiopia, Gabon, Mozambique, South Africa, Zambia
ASIA & OCEANIA
Australia, China, Japan, Papua New Guinea, Vietnam
EUROPE
Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Ireland, Italy, Netherlands, Poland, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, United Kingdom
LATIN AMERICA
Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Peru
NORTH AMERICA
Canada, United States

4.2 Evidence for social and environmental impact FSC

- Report of EEM Inc., October 2007
- **www.fsc.org/casestudies**

Report of EEM Inc., October 2007

Independent Research Finds FSC to be Most Effective Certification Option for Sustainable Forest Management - ***October 8th, 2007***

In a new report released October 4, 2007 Montreal-based management consultants ÉEM Inc. shows Forest Stewardship Council (FSC) to be the most effective certification system for achieving sustainable forest management in Canada. The report was released by environmental publishing advocates Markets Initiative. The press release states: 'Unlike the other certification systems, namely CSA, SFI and PEFC, FSC is the only one that prohibits the use of genetically modified trees, prevents the conversion of natural forest to plantations and requires a precautionary approach to the management of areas with high conservation value. “Forest certification schemes have competed for recognition in the market place for years, but this research clearly shows FSC as being the ideal choice when it comes to sustainability,” said Nicole Rycroft, executive director of Vancouver- based Markets Initiative, which presented the top level findings at an industry conference in late September. “Given the growth of green markets in Canada and around the world, this research can serve as a clear guide for the increasing number of customers looking for environmental solutions.”

Casestudies

A Battle against Illegal Wood: ScanCom Group and FSC COC certification
Keeping illegal timber out of garden furniture lines is no easy job. However, ScanCom Group, one of the world's largest suppliers of outdoor furniture, has shown its commitment to achieve it. With six companies operating under the Forest Stewardship Council Principles and Criteria, ScanCom has enhanced its quality standard production system to avoid illegal wood and thus reduce the negative impact on tropical forests, their biodiversity and the livelihoods of the people which depend on them.

Pressure from environmentalist groups questioning the legality of the wood ScanCom was buying, led ScanCom, in 1999, to become the first company to deliver FSC certified outdoor garden furniture from South East Asia to Europe. During the 2004 garden furniture season, 63 percent of ScanCom's garden furniture was FSC certified.

FSC certification has assisted ScanCom to improve its performance and protect its market position. "In just six years, we have moved from being on the black list of environment entities to where we are now considered by many as the best case example. We are proud to be the worldwide leader in the wooden outdoor furniture industry using FSC certified wood, and are continually checking to keep illegal wood out of all the factories which supply us."
Beautiful Music, Brand New Starts

In the heart of the Amazon, a group of children and young people attuned with conservation have become forest guardians in the most unique way. These young people, ages 14 to 21, are students of the Lutheria Office School of Amazonia, where they create hand-made musical instruments with Forest Stewardship Council (FSC) certified wood.

Young people come to the school from the lowest social strata in Manaus, an inland city located in the heart of the Amazon along the Negro River, some 900 miles from the Atlantic Coast. The school provides these students with a reprieve from the poverty they have known all their lives, offering them marketable skills and an understanding of the importance of the responsible use of the forest that surrounds them.

Over the past four years, students have manufactured musical instruments from FSC-certified wood, and have sold them in the local markets in Brazil. The wood, primarily lesser-known species such as pau rainha (Brosimum rubescens) or cupuiba (Rubescens moraceae) are supplied by Gethal and Precious Wood, two Brazilian companies certified under the FSC system.
The school has an average 60 students in a basic course, who then graduate to a technical course that grants them in title of "Technician Luthier", enablig them to manufacture and repair musical instruments. Two graduates of the Lutheria School program work as instructors, training new pupils in the craft.

Certified Cosmetics Keep Workforce Online
When modernization of mill operations threatened the jobs of some 600 workers, Brazil's Klabin, a Brazilian pulp and paper Brazilian company sought a way to preserve the livelihoods of its employees. At the time, Klabin was well down the path toward Forest Stewardship Council certification of its 230,000 hectares operation in Brazil's State of Paraná, and realized its commitment to the long-term social and economic welfare of its workforce. With this commitment in mind, furloughs were simply not an option.

Klabins solution was innovative as it was imaginative. The company would expand its phyto-therapeutics (plan-based medicines) manufacturing into a first-of-its-kind line of FSC-certified cosmetics and medicinal goods. To mitigate the impact of a reduction in its mill workforce, Klabin created a development project. The company donated a plot of land to the city on which workers could establish their own companies. In addition, Klabin made a commitment to supply certified wood to these ventures. Today, some 20 companies with more than 1,300 workers operate at the Telemaco de Borboa site, producing FSC certified cosmetics, medicines and furniture.

Klabin's development project is viewed as an unqualified success, contributing to improvement in the standard of living of workers through income, social benefits, and, not surprisingly, medicinal assistance. According to Loana Johansson, Operations Manager of Phototherapy and responsible for the NTFP area at Klabin, "the award of this seal of approval gives testimony to the fact that forestry activities can be diversified without losing sight of their main objective: to create social, ecological and financial benefits that can be invested in society and environment."

Community Benefits from Vision of Value and Sustainability
Ixtlán de Juárez is located in the middle of the Sierra Madre, a region recognized as a cradle of men who can move from adversity to the highest levels of success. Like its native son, Benito Juárez, one of Mexico’s most progressive presidents, Ixtlán de Juárez has itself become a very progressive community, and a shining example of responsible forest management and use of forest resources according to FSC Principles and Criteria.

In September, 2005, as a demonstration that social development can be achieved through responsible use of forests resources, 384 comuneros (community land owners) started a school furniture factory to meet the demand for chairs and desk for schools in Oaxaca, Mexico – furniture made with FSC-certified wood.
The Fábrica de Muebles de la Unidad Comunal Forestal Agropecuaria y de Servicios (UCFAS) – Furniture Factory of Forest and Agricultural Community and Services Unit – is possibly the only one of its type in Latin America. It has the latest technology and only processes FSC-certified timber. It is also largely self-funded. Of the total 20 million pesos (over one million USD) required to bring the factory to life, some 75 percent came from the community itself.

Students in Oaxaca will soon start to use the factory’s FSC-certified products in their schools. This process was possible after long negotiations with the Oaxacan government, which last year, approved a procurement policy to buy school furniture from FSC certified forests.
FSC Group Certification in Costa Rica: Oxygen for the World

Following the principle that conservation and productive development can coexist together, the Foundation for the Development of Costa Rican Volcanic Mountain Range (FUNDECOR) has charted new relations with the forests and people who live there. The incorporation of informal forest activities to formal schemes that include the forest management plans, has demonstrated new ways to make a better use of the forests and how to share the forest benefits of the forest to all people at different levels.

FUNDECOR is characterised over the world as one of the first organizations to promote the markets for "environmental services" and with this concept, it has enabled people who live in Costa Rican forests to develop alternatives to use the forest through Group Certification under the Principles and Criteria of the Forest Stewardship Council (FSC).

In other hand, with participatory practices, local development strategies and forest certification, FUNDECOR created the economic opportunity to promote the growing of a industrial-forest group in the region, where small wood producers can be connected to local and international markets. The result of this initiative shows that during 2002 the value of wood exportations was over 50 million dollars and, 50 per cent of the FSC certified wood was supplied by these small producers.

Going forward together: South African company changing the paradigm of plantation management

In a world where jobs and local community needs frequently clash with conservation goals, forest companies such as SiyaQhubeka Forests (Pty) Limited in South Africa are proving that there is a better way to manage forest plantations and balance people, jobs and biodiversity.
Located at the border of the Greater St. Lucia Wetland Park, a World Heritage Site and one of Africa's oldest reserves, SiyaQhubeka has demonstrated that fifty years of traditional plantation management can be changed in a very short period of time by using FSC standards as a model of responsible forest management.

One change has been the positioning of a 4,000 hectare 'eco-track' buffer zone between the park, the commercial plantation areas, and the adjoining farm areas. The wet-lands, hydromorphic soils and riparian areas included in the zone had been afforested by the previous managers, but now have been excluded from the commercial plantation area and will be rehabilitated back to wetlands and grasslands.

The buffer zone also allows wildlife - including a herd of 40 elephants - access to additional habitat and greater freedom of movement. Local job opportunities have increased in the region with 70 permanent jobs and activities such as silviculture, harvesting and transport outsourced to local enterprises.

SiyaQhubeka means "we are going forward together" in the Zulu language.

Rescuing Species and Preserving Traditions
A joint project to identify means to preserve threatened tree species such as African Blackwood (Dalbergia melanozylon) and Muhugu (Brachylaena huillensi) and to sustain the woodcarving industry that supports the income of Coast Farm Forestry Association members is one project in Kenya where FSC policies for small and low intensity managed forests and group certification have done an important impact.

Soil Association Woodmark certified a group of 576 small farmers, a 3000-member wood-carving co-operative and a marketing organization in 2005, becoming the first FSC certificate in Kenya. Since then, FSC certification has been used as a tool to promote responsible wood consumption within the Kenyan woodcarving industry to help reduce the threat towards biodiversity-rich coastal forests in East Africa.

The woodcarving industry in Kenya generates an income of over US$10 million each year for 60,000 carvers and their dependents. However, it has also contributed to the decline of ebony (Dalbergia melanoxylon) and muhuhu/mahogany (Brachylaena huillensis) population in the region.
Carvers at the Akamba Handicraft co-operative in Mombasa, Kenya and local farmers have now developed alternative materials for the carving needs of local community woodlots, using alternative species such as neem (Azadirachfa indica) and mango (Mangifera indaca), referred to as “Good Woods”.
Preparation for FSC certification has led to the drafting of a management plan and harvesting schedule, and the formation of a farmers group which has signed up with the scheme. Through the project, carvers have already begun to use the ‘Good Woods’. It is hoped that FSC certification will open new opportunities in the market for the carvings.

Working Together to Save Tropical Forests
Protecting Bolivia’s tropical forests is like cooking a communal meal. The recipe includes high proportions of participation, high levels of commitment, plenty of creativity and the responsibility to find solutions together.

While forest protection is still a work in progress, Bolivia is, today, the leader in responsible management of tropical forests. A remarkable two million hectares have been brought under FSC certification, protecting important areas of the Amazon basin. But as impressive as the figures are, the effort to save tropical forests cannot be measured in certified area alone – the impact of the move to FSC certification is profound and far-reaching.

”Through FSC, the forest- sector has secured a better political and economic place in Bolivia, increasing the confidence of society in responsible forest management and related operations”, says Lincoln Quevedo, member of the FSC Board of Directors.

The Bolivian forest sector faced many difficulties associated with the economic and social issues of the country. Deforestation due to shifting cultivation and agro-industry was another threat to forest ecosystems. The absence of sustainable forest management was the rule. High-grading was a common practice for forest operations that concentrated on only a few valuable species. Although forest management was clearly defined and prescribed in the former Forestry Law, sustainable management plans were not implemented under the former regime. Not surprisingly, loggers were blamed for all forest destruction and were held in very low esteem by the public.
Since 1994, work to change this scenario has moved forward on multiple fronts sharing a common denominator: FSC that offered stakeholders a platform for dialogue toward finding solutions. It also provided a framework of credible international standards to make responsible forest management possible.

5 RAINFOREST ALLIANCE

5.1. Scope and outreach of RAINFOREST ALLIANCE

General data:

- The Rainforest Alliance was founded in 1987.
- Rainforest Alliance works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviour.
- It provides farmers with incentives to meet **social and environmental standards** set up under the organisations sustainable agricultural programme, and encourages companies and consumers to support the farms making improvements toward sustainability.
- Rainforest Alliance works to help reconcile the growing demand for trees and other forest flora with a diminishing supply by encouraging better on-the-ground practices.
- In more than 50 countries around the world, Rainforest Alliance helps businesses, governments and communities change their land-use practices and set standards for the long-term use of resources and the conservation of the planet's great wealth of biodiversity.
- The Rainforest Alliance endorses **Forest Stewardship Council** certification, which assures consumers that the wood products they purchase come from forests managed to conserve biodiversity and support local communities, while constantly striving toward more sustainable practices.
- The Rainforest Alliance's certification program, **SmartWood**, was founded in 1989 to certify responsible forestry practices and now focuses on providing a variety of certification tools.
- Rainforest Alliance has advanced sustainable tourism by: (i) Introducing more than 4,000 representatives of small and medium sized businesses, community and indigenous groups and other public and private organizations to the topic of best management practices and certification in sustainable tourism, (ii) training over 1,500 entrepreneurs in Best Practices and sustainable tourism certification, (iii) leading nearly 100 training activities in Latin America, and (iv) participating in over 100 local and international fairs and other events promoting sustainable tourism.

Key results:Table 1: Summary of certified area under cultivation

Summary of certified area under cultivation

Country	BA	CA	CI	CO	FF	GU	HP	MA	PI	PL	RO	TE	Tot	% Tot
Guatemala (GT)	8,408	90		7,173	22			901.8		656			17,251	10.3%
Peru (PE)				10,591									10,591	6.3%
Panama (PA)	10,051			332									10,383	6.2%
Nicaragua (NI)	542			2,778									3,320	2.0%
Mexico (MX)				8,721	16			250					8,987	5.4%
Philippines (PH)	2,579								871				3,450	2.1%
Honduras (HN)	4,196			1,509									5,705	3.4%
Brazil (BR)		30		14,108		10	70						14,218	8.5%
Ethiopia (ET)				1,831									1,831	1.1%
El Salvador (SV)				9,535									9,535	5.7%
Ecuador (EC)	8,685	8,260									40		16,985	10.1%
Dominican Republic (DO)		4,506											4,506	2.7%
Costa Rica (CR)	16,973	113	2,609	6,168									25,864	15.4%
Colombia (CO)	10,575			13,073									23,648	14.1%
Ivory Coast (CI)	88	3,372											3,460	2.1%
Kenya (KE)												8,072	8,072	4.8%
Column total	**62,097**	**16,371**	**2,609**	**75,821**	**38**	**10**	**70**	**1,152**	**871**	**656**	**40**	**8,072**	**167,806**	
% Of Total	**37.0%**	**9.8%**	**1.6%**	**45.2%**	**0.0%**	**0.0%**	**0.0%**	**0.7%**	**0.5%**	**0.4%**	**0.0%**	**4.8%**		**100%**

Bananas (BA), Cacao (CA), Citrus (CI), Coffee (CO), Flowers and Foliage (FF), Guava (GU), Heart of Palm (HP), Macadamia (MA), Pineapple (PI), Plantain (PL), Roses (RO), Tea (TE).

5.2 Evidence for social and environmental impact Rainforest Alliance

- Short impression of RA comments on report of O. Komar, SalvaNATURA on coffee in El Salvador World in: Birdwatch September 2005 27.3
- Sample evidence collected by RA on impact of RA strategy in
  - Guatemala
  - Ecuador (tourism)
  - Nicaragua (coffee)
  - Honduras
- Sample evidence collected by sustainable agriculture network in
  - Peru
  - El Salvador
  - Honduras/Colombia
  - El Salvador
- Report: Sustainable Coffee Farms: A Sampling of Rainforest Alliance Certified Coffee Farms, August 2004, US Aid

El Salvador, Coffee - World Birdwatch September 2005 27.3

700 square kilometres of shade-grown coffee link the Los Volcanes and El Imposible national parks, along the slopes of El Salvador's Apaneca mountains. According to BirdLife Affiliate SalvaNATURA, this may not be quite prime habitat, like untouched natural forest, but it's the next best thing.

"For some species shade-grown coffee is quality habitat. For others dependent on forest, it is sub-optimal but acceptable," says Oliver Komar, SalvaNATURA's head of science, who has so far found 14 species of bird that benefit from an increase in the tree canopy sheltering coffee. Altogether, SalvaNATURA has recorded more than 280 species in coffee farms, either by direct observation, or by talking to farmers and showing them pictures. Some breed in the farms, some spend the winter there, others depend on them for food and shelter on their long journeys between South and North America.

Komar's research so far indicates that species of highest conservation concern still depend on natural forest. There are no Globally Threatened Birds on coffee farms. "Shade grown coffee acts as a buffer and corridor in a fragmented landscape," he says. "It could facilitate dispersal of some species that are otherwise confined to the remaining areas of primary forest."

Wille says certified farmers have better access to speciality buyers and niche markets, where consumers are willing to pay a premium for sustainably grown coffee. In 2005's market, this provides 10 cents a pound above the world price; when markets were depressed, the premium was more than 20 cents. Kenco, Lyons Original and other major brands have launched Rainforest Alliance-certified coffees. Kraft, which owns the Jacobs and Maxwell House brands, pays certified farmers a 20% premium.

Sample evidence collected by RA on impact of RA strategy

Guatemala, Forest conservation in Biosphere Reserve

According to José Román Carrera, Rainforest Alliance forestry manager for Central America, the export of new products — and the access to buyers willing to pay higher prices for value added certified wood — have provided much-needed additional income to the more than 6,000 people involved in managing the biosphere reserve's forest concessions. He notes that this has not only led to new jobs and improved household incomes, but that part of the profits have also been invested in community works such as a potable water system, new schools, clinics and an emergency medical fund for poor families. "The increased earnings not only raise living standards, they also raise people's awareness of the need to manage the forest in a sustainable manner," says Carrera.

The success of the Rainforest Alliance's strategy for conserving the area's natural resources is immediately apparent, especially when contrasted with the conditions found in nearby national parks. For example, Laguna del Tigre National Park, the reserve's largest protected area, has already lost more than 40 percent of its forests to illegal loggers and slash-and-burn farmers, whereas the concessions have lost less than 4 percent of their forest cover.

"Our secret is that we have more than 150 people working in this forest, collecting palm leaves, chicle and allspice, and if one of them sees something happening that shouldn't be, they report it to us, and we send a delegation to that area immediately."

Ecuador Tourism

Located approximately 48 miles northwest of Ecuadorian capital of Quito, the Mindo Nambillo Protected Forest also holds an impressive display of other wildlife, plus abundant plant species, some of which are found nowhere else in the world. The area is home to an estimated 370 orchid species, some 300 butterfly species and about 500 bird species, including 50 species of hummingbirds. In 1997, the organization Birdlife International included Mindo in its list of areas of importance for birds.

Years ago, however, Mindo's predominant landscape was cattle pasture. But community residents had the foresight to integrate their livelihoods with their natural surroundings, and little by little, the forest has grown back on former pasture land. Residents support tourism while maintaining a clear commitment to conservation.

Nicaragua Coffee plantation: coffee farmer Alvaro Reyes.
Construction of respectable homes for Reyes' permanent workers is underway, and new dormitories are planned for the hundreds of temporary berry pickers who live on the property during harvest season.

He used to fight the infamous coffee-destroying borer beetle, the broca (borer beetle), by applying 132 gallons (500 liters) each year of the pesticide Endosulfan. But in 2005 he stopped using the chemical altogether. Now, Reyes controls the borer with good farming practices: he keeps the ground clean. During harvests he invites villagers into his fields to collect fallen berries. Daily monitoring allows him to respond quickly if the pest is detected and prune back the afflicted bushes.

One of Reyes' innovations is his use of California red worms to make organic compost of the fermented berry pulp that is thrown away on other farms. Reyes also discovered that he could dramatically increase the germination of his coffee seeds from 60 percent to 90 percent by soaking them in the humic acid that drains from the compost heaps. Besides farming sustainably, Reyes protects 143 acres (57 hectares) – nearly a third of his property – as a forest reserve.
His workers receive three meals per day as well as salaries that are above the minimum. Reyes makes his largest investments in improving the lives of his workers. He built and staffed a school that educates 95 children from the farm and surrounding communities and offers adult education. He buys the students' books, uniforms and lunches. The workers have access to a clinic and health education and a doctor makes regular visits twice a month.

Honduras Río Plátano Sustainable Forest management
For years it has been the only artery for trafficking illegally cut mahogany out of the rainforest, the loot from a not-so-lucrative practice that threatens the integrity of the nearby Río Plátano Biosphere Reserve.

Since August 2005, however, loggers from Guayabo, a village of half a dozen homes, have used the road to haul the region's first legally and sustainably extracted mahogany to a stockpiling center it shares with two other villages, Sawacito and Mahor. Together, these three villages have formed a cooperative and filed for legal permission to extract mahogany. These efforts prompted the Rainforest Alliance, an international conservation organization, to tap the villages as pioneers of certified sustainable forestry in Honduras, and link them to US guitar manufacturer, Gibson.
Through a business liaison brokered by the Rainforest Alliance, subsistence farmers and loggers are now lugging mahogany planks out of the woods on mule back, cutting them with donated planers and table saws and stacking them for shipment to the US. None of the loggers has ever seen a Gibson guitar, but the company that has outfitted the likes of rock and blues legends Santana and B.B. King is paying them $40,000 monthly for a container of two-foot mahogany blocks — a windfall to the loggers, and, because the wood is harvested sustainably, a line of defense for the wildlife in the biosphere reserve.

"This is the best market we've seen," Guayabo logger Alcides Escaño says. "We used to sell wood for four or five lempiras (less than $0.25) per foot to national companies. Now we sell directly to the buyer for almost 40 times as much." "We used to throw everything on the ground, but now we pack out our trash and go back to pick up what we find that wasn't ours," he explains. "We replant after cutting, which we didn't do before, and we don't clear cut a whole area. Things are going well for us. There's no reason to cut illegally."

Sample evidence collected by sustainable agriculture network
Peru
"The program is very important because we are preventing water pollution, conserving soils and improving our production," says Felix Castañeda, another farmer associated with Pronatur in Perú. "We now sell better quality, and we are getting a better price for our coffee. We are also more efficient."

El Salvador
According to Simon Antonio Chávez, president of Western El Salvador's Las Lajas cooperative, the community's 2,000 residents benefit from a cleaner environment as a result of Rainforest Alliance certification. The coop has improved its handling of garbage and eliminated most agrochemicals, combating coffee pests with traps and pruning instead. Chávez notes that the people who work and gather firewood on the farm no longer need to worry about exposure to dangerous pesticides. Certified farms and cooperatives routinely invest part of the premiums paid for their Rainforest Alliance Certified coffee in the social and environmental improvements covered by the standard, thus completing the circle of sustainability. The Las Lajas Cooperative, for example, has invested premiums for its coffee in a potable water system, the expansion of a day care program for farm workers' children and medicines for a clinic that serves cooperative members and neighbours alike. Coop residents also benefit from such certification-inspired improvements as an irrigation system that uses wastewater from the coop's coffee mill to fertilize vegetables.

Honduras/Colombia
In central Honduras, the COHORSIL cooperative spent part of the premium paid by the US company Mayorga Coffee Roasters on medicine and fuel for a mobile clinic that visits rural farming communities. And in eastern Colombia, a farmer

organization called Grupo Kachalu donates a portion of the profits from Rainforest Alliance Certified coffee sales to a project that conserves endangered Andean forests.

El Salvador
The Ciudad Barrios Cooperative, in eastern El Salvador, used part of a premium that Kraft Foods paid for its Rainforest Alliance Certified coffee in 2005 to build a four-room school for a neighbouring community, which had been renting a house where classes were held in cramped quarters. Members have also reforested a barren hillside with 26,000 trees, improving the filtration of rainwater into an aquifer that supplies drinking water for more than a dozen communities.
According to Próspero Trejos, the cooperative's general manager, the organization began by getting its four, communally-owned farms Rainforest Alliance Certified, but is now helping its more than 1,000 member farms prepare for certification.

Sustainable Coffee Farms: A Sampling of Rainforest Alliance Certified Coffee Farms – August 2004, US Aid
What Difference Does Rainforest Alliance Certification of Coffee Farms Make?

Farm Aspects	Common Problems	Certified Farms	For Example
Tree Cover	No shade trees, or only scattered shade of one, or few tree species, often exotic tree species of little use to local wildlife.	Abundant shade trees of varied species and sizes, native species to conserve soils, provide habitat for wildlife and firewood, materials, for workers and neighbors.	The Ciudad Barrios Coop, in El Salvador, has planted more than 100,000 trees on member coffee farms.
Forest Conservation	Completely deforested or with little natural forest, which lacks protection.	Forests protected and degraded areas or deforested.	40% of the Santa Isabel farm, in Guatemala, is dedicated to forest conservation.
Wildlife Protection	Hunting, or extraction of orchids other flora commonplace.	Natural ecosystems and their flora and fauna well protected.	Daterra's 8,292-acre cerrado reserve holds dozens of Brazil's endangered species.
Occupational Health	Insufficient worker safety regulations, no first-aid kits at work sites, no ongoing medical care.	Safe working conditions, first-aid kits available, farm-supported clinics, or regular doctor visits, health education.	The health clinic operated by Las Lajas Cooperative, in El Salvador, offers services to both cooperative members and their neighbors.
Worker Housing	Rustic, run-down housing often with dirt floors, insufficient latrines, showers, or other facilities.	Decent housing with cement floors, showers, toilets, cooking and laundry washing areas.	The administrators of Finca Santa Luz, in Nicaragua, are completely modernizing worker housing.

Worker Rights	No contracts, pay below minimum wage, hiring through exploitative middlemen, anti-union policies, worker intimidation.	Contracts for permanent workers, hiring practices monitored, above-minimum wages paid, freedom to organize, complain, strike.	La Union Cooperative, in eastern El Salvador, pays coffee pickers 25% above the minimum wage.
Farm Aspects	**Common Problems**	**Certified Farms**	**For Example**
Pesticides	Dangerous, "dirty dozen" pesticides in use, excessive pesticide use, workers unaware of dangers, don't wear protective gear, unsafe pesticide storage and transport.	"Dirty dozen" pesticides banned and pesticide use cut to minimum. Pesticides handled only by trained workers wearing protective gear and stored in locked sheds far from housing.	Members of the Peruvian farmers' association APROECO use a pathogenic fungus to combat the coffee pest *broc*a instead of pesticides.
Soil Resources	No soil conservation measures, heavy reliance on chemical fertilizers and herbicides.	Erosion decreased with barriers, manual weeding, ground covers and soil enriched with compost.	Members of Peru's COCLA coffee cooperative enrich their soils with mill and kitchen waste.
Water Resources	Excessive water use, streams and rivers polluted with runoff from coffee mills, sewage and garbag riverbanks and watersheds deforested.	Water conservation practiced, watersheds protected, sewage and mill wastewater channelled to septic tanks and treatment lagoons, riverbanks reforested.	The owners of Finca El Carmen, in El Salvador managed to cut water use at their coffee mill by more than 90%
Waste Management	Farms littered with trash, coffee pulp dumped into rivers, workers defecate in coffee fields.	Garbage properly disposed, or recycled, coffee pulp used for fertilizer, workers use latrines.	Farmers involved in the Honduras' Sustainable Coffee Project have cleaned up their land and streams.
Education	Workers ignorant of farm policie environmental laws, no school, or ill-equipped/managed school for workers' children.	Farm policies posted and explained, environmental education provided, Schools supported with materials, teacher salaries, hot lunches.	Owners of Finca Nueva Granada, in Guatemala, provided the local school with teachers and supplies, including 300 books.
Community Relations	Farm provides no benefits for neighboring communities and region beyond employment.	Farms are good neighbors, help steward shared resources, contribute to conservation programs, road and water-system construction and maintenance and support local health care, education & other services.	The Ciudad Barrios Cooperative, in El Salvador, helps local people improve their homes and maintains the area's roads.

6 ORGANIC AGRICULTURE/ IFOAM

6.1 Scope and outreach ORGANIC AGRICULTURE/ IFOAM

General data:

- IFOAM was founded in 1972.
- It is an independent, global, non-profit organization with over 750 member organizations.
- IFOAM's mission is leading, uniting and assisting the organic movement in its full diversity.
- Leading the organic movements worldwide, IFOAM implements the will of its broad based constituency - from farmers' organizations to multinational certification agencies, ensuring the credibility and longevity of organic agriculture as a means to ecological, economic and social sustainability.
- At present more than 60 countries have organic regulations and in some 20 additional countries this is well underway.
- Worldwide there are approximately 400 organic certifiers. Few in Africa and Latin America.

Key results:

- **Table 1: Revenues Organic Food and Drink (in Billions of Euros)**

Year	Revenues (in billions of Euros)	Continent	Revenues specified by Continent (in billions of Euros)
2002	23		
2005	25.5	Europe	13.1
		North America	11.5
		Japan	0.6
		Australia/Oceania	0.3
2006	30.9		

- Six of the G7 countries account for 84% of global revenues.

- Table 2: Area cultivated (in millions of hectares)

Continent	2004	2007	Average annual growth rate %
Africa	0.3	0.9	66
Australia/Oceania	10.1	11.8	6
Asia	0.9	2.9	73
Europe	5.6	6.9	8
Latin America	5.8	5.8	0
North America	1.4	2.2	19
Total	*24.1*	*30.5*	*8*

- Some 62 million hectares of organic wild collection could be added to the total area cultivated (2005)
- Australia with 40% of total area mainly consists of extensive grazing land.

- **Table 3: Number of organic Farms**

Continent	**2004**	**2007**	**Average annual growth rate %**
Africa	71,221	124,805	25
Australia/Oceania	2,312	2,689	5
Asia	61,509	129,927	37
Europe	174,353	187,697	2.5
Latin America	142,904	176,710	8
North America	10,636	12,063	4.5
Total	***462,475***	***633,891***	***12***

Table 4: Organic land by main category

Main category	Africa	Asia	Europe	Latin America	North America	Oceania	Total
Arable land	60'999	84'404	2'746'185	306'840	958'325		4'156'754
Other	37'396	990	240'462	10'531			289'379
Other crops	7'796	998'446	130'184	38'890	4'956	370'000	1'550'272
Permanent crops	292'522	59'123	512'538	488'934	40'378	100	1'393'595
Permanent pastures	35'716	710'900	2'995'695	3'776'461	991'024	11'430'000	19'939'796
No information	456'076	1'039'709	295'396	1'187'664	204'541	45'000	3'228'387
Total	890'540	2'893'572	6'920'462	5'809'320	2'199'225	11'845'100	30'558'183

Source: SOEL-FIBL survey 2007

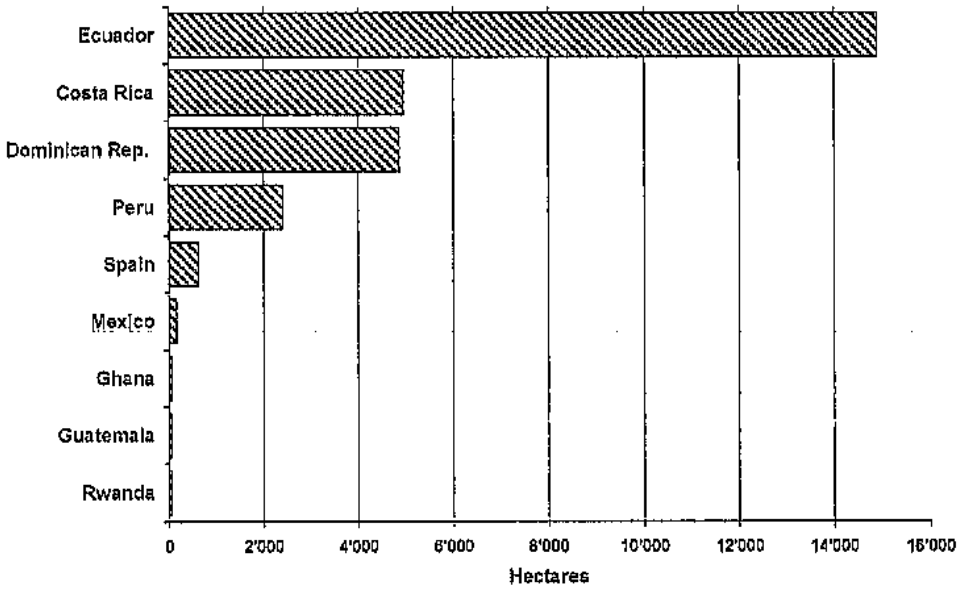


Figure 19: Organic banana production (hectares)

The most important countries according to the global organic survey 2007 (only countries with more than 50 hectares of bananas).
Source: SOEL-FiBL survey 2007
Please note: information on land use, crop categories and crops was not available for all countries.

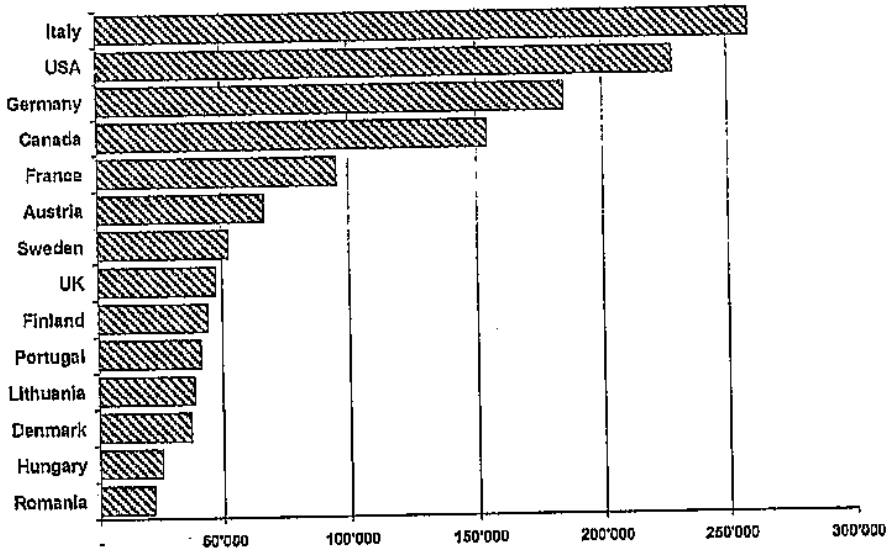


Figure 20: Organic cereal production (hectares)

The most important countries according to the global organic survey 2007 (only countries with more than 20'000 hectares of cereals).
Source: SOEL-FiBL survey 2007
Please note: information on land use, crop categories and crops was not available for all countries.

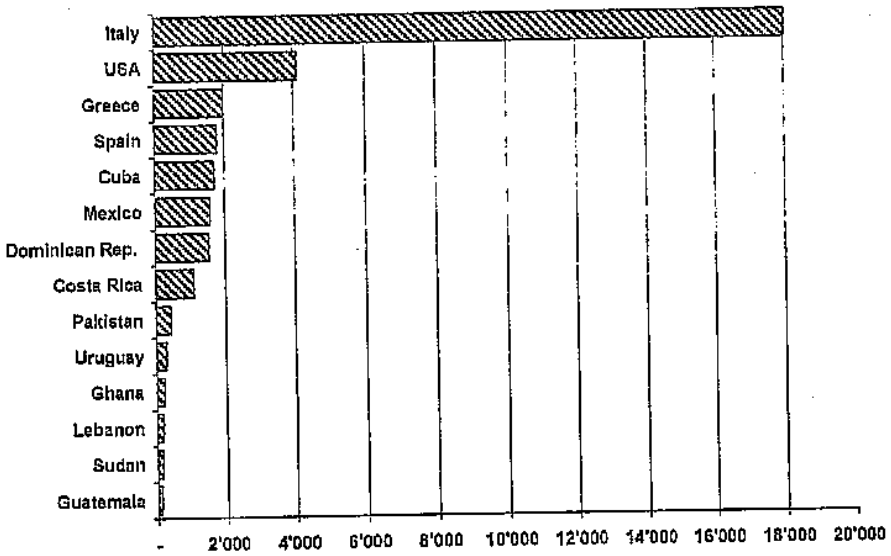


Figure 21: Organic citrus fruit production (hectares)

The most important countries according to the global organic survey 2007 (only countries with more than 100 hectares of citrus fruit).
Source: SOEL-FiBL survey 2007
Please note: information on land use, crop categories and crops was not available for all countries.

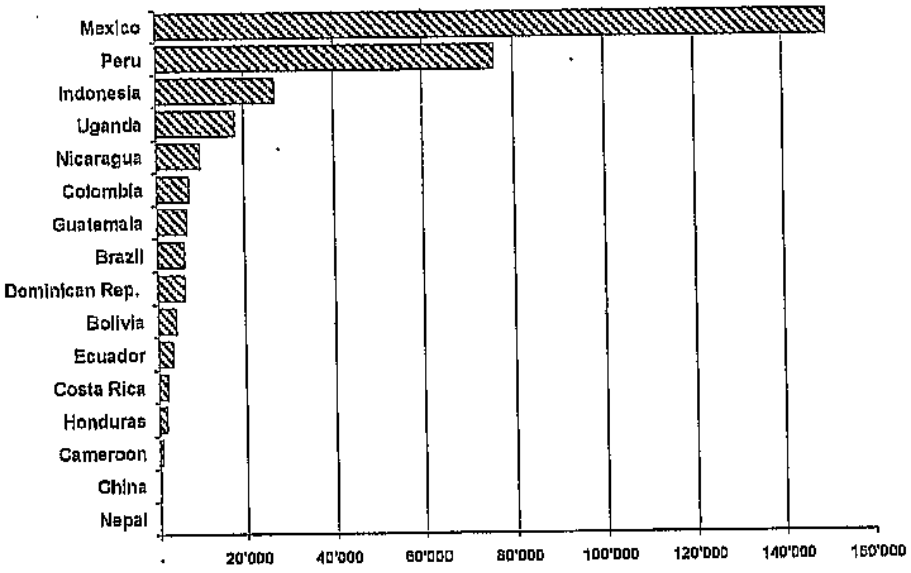


Figure 22: Organic coffee production (hectares)

The most important countries according to the global organic survey 2007 (only countries with more than 100 hectares of coffee)
Source: SOEL-FiBL survey 2007
Please note: information on land use, crop categories and crops was not available for all countries.

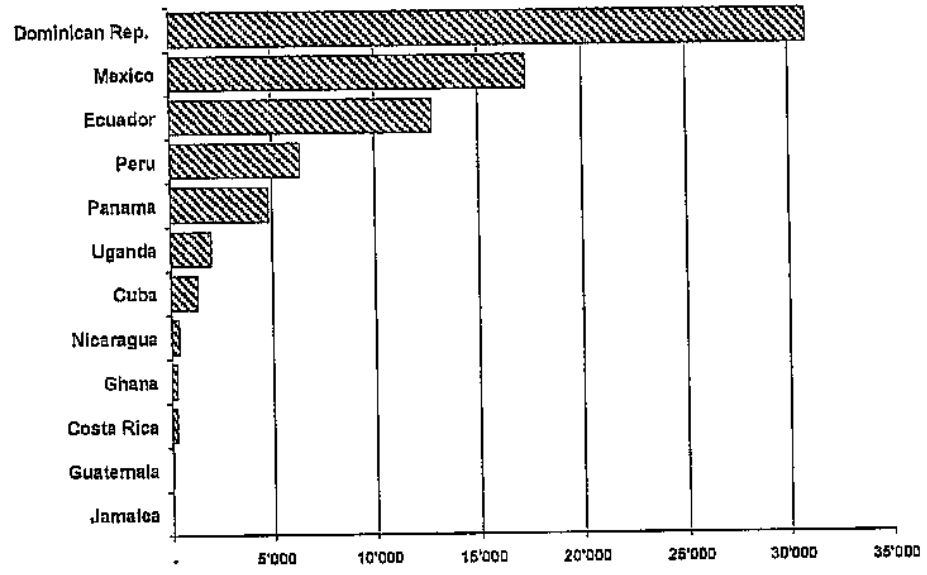


Figure 23: Organic cocoa production (hectares)

The most important countries according to the global organic survey 2007
Source: SOEL-FiBL survey 2007
Please note: information on land use, crop categories and crops was not available for all countries.

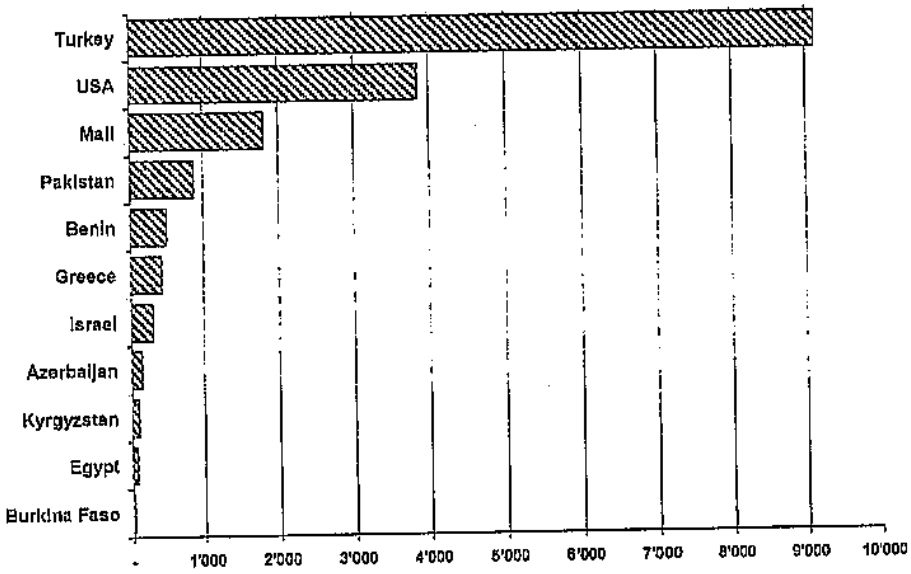


Figure 24: Organic cotton production (hectares)

The most important countries according to the global organic survey 2007
Source: SOEL-FiBL survey 2007
Please note: information on land use, crop categories and crops was not available for all countries.

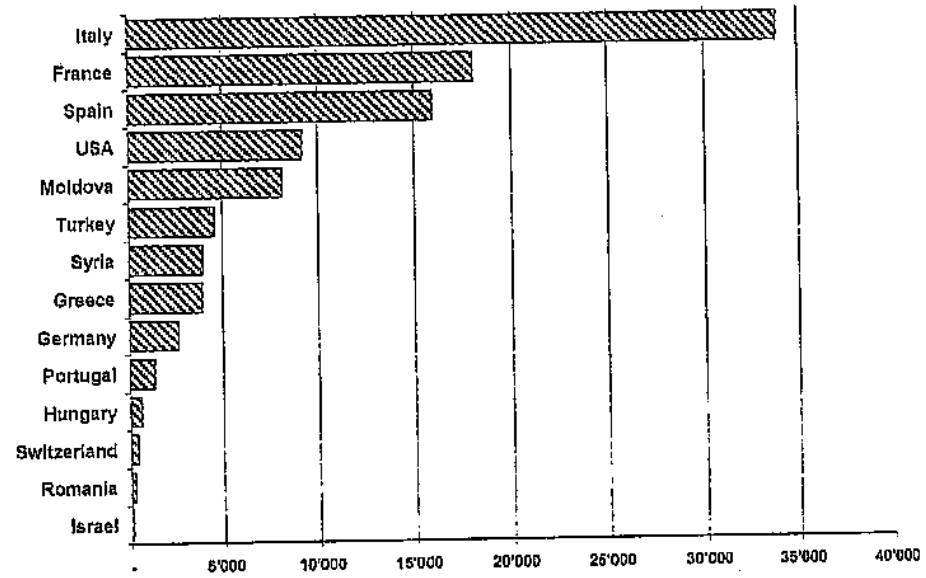


Figure 25: Organic grape production (hectares)

The most important countries according to the global organic survey 2007 (only countries with more than 100 hectares of grapes).
Source: SOEL-FiBL survey 2007
Please note: information on land use, crop categories and crops was not available for all countries.

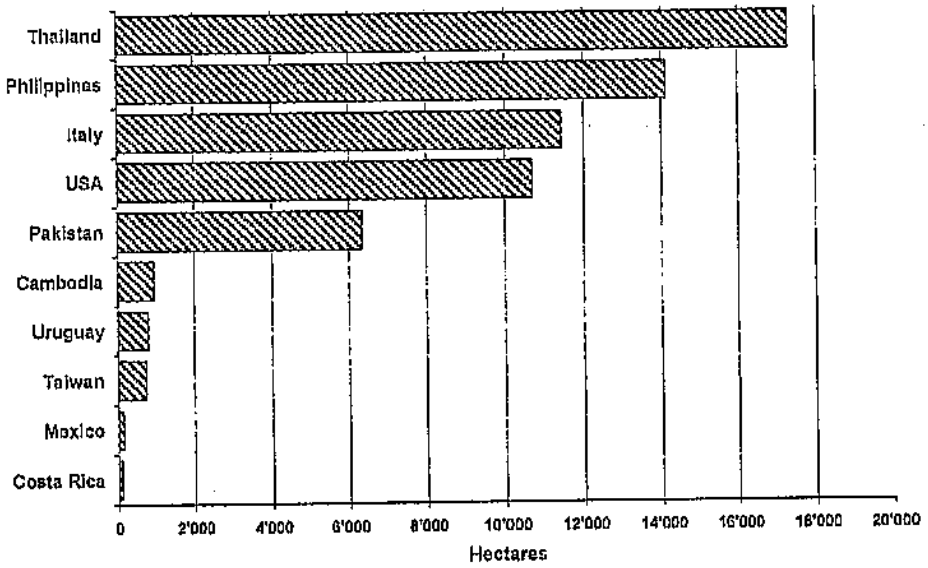


Figure 28: Organic rice production (hectares)

The most important countries according to the global organic survey 2007 (only countries with more than 100 hectares of rice)
Source: SOEL-FiBL survey 2007
Please note: information on land use, crop categories and crops was not available for all countries.

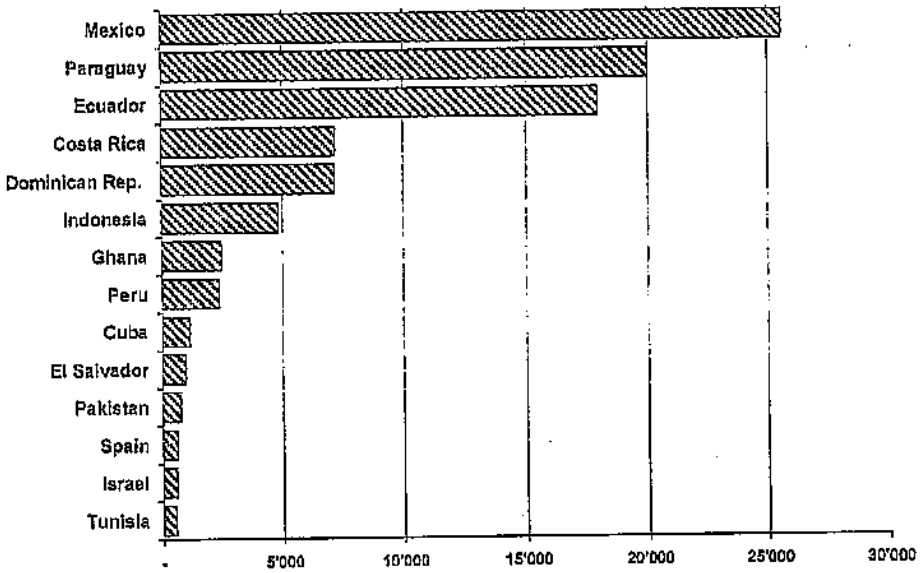


Figure 29: Organic tropical fruit production (hectares)

The most important countries according to the global organic survey 2007 (only countries with more than 100 hectares of tropical fruits)
Source: SOEL-FiBL survey 2007
Please note: information on land use, crop categories and crops was not available for all countries.

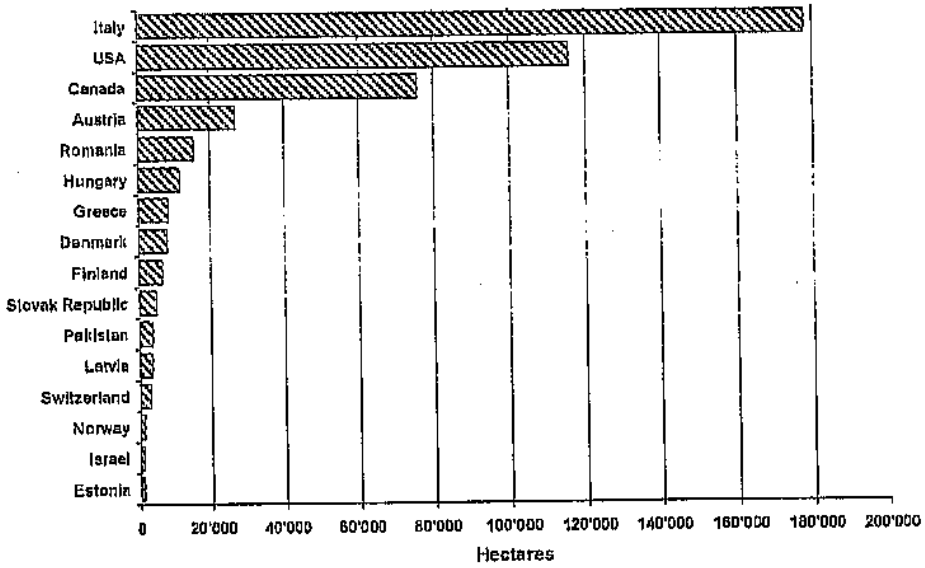


Figure 30: Organic wheat and spelt production (hectares)

The most important countries according to the global organic survey 2007 (only countries with more than 1'000 hectares of wheat and spelt)
Source: SOEL-FIBL survey 2007
Please note: information on land use, crop categories and crops was not available for all countries.

6.2 Evidence for social and environmental impact ORGANIC AGRICULTURE/ IFOAM

On impact on yields as a proxy for income and poverty alleviation

- The Tigray Experience; A success story in Sustainable Agriculture; Hailu Araya and Sue Edwards. Environment & Development Series 4; TWN; 2006
- Several documents: Organic Agriculture and Food Availability; Organic Agriculture and Food Security. Also 50 case studies**. (http://www.fao.org/organicag/ofs/index_en.htm)**
    - on temperate and Irrigated areas
    - on arid and semi-arid areas
    - on humid and per-humid areas
    - on resilience
    - on water-use efficiency
    - on agro-biodiversity
    - on climate change
- Abstract of article: Organic agriculture and the global food supply

On impact on Biodiversity Conservation

- Summary of chapters in book: The potential of Organic Farming for Biodiversity

Impact on yields as a proxy for income and poverty alleviation

The Tigray Experience; A success story in Sustainable Agriculture; Hailu Araya and Sue Edwards. Environment & Development Series 4; TWN; 2006

Using compost (5 - 15 t/ha) gave similar yield increases as the use of chemical fertiliser in barley, maize, teff and wheat and for faba beans, finger millet and field pea. Because of the lower cash outlay in case of compost, monetary income using compost was 50 to 150% higher than traditional farming and “chemical” farming. Traditional varieties are conserved.

Several documents: Organic Agriculture and Food Availability; Organic Agriculture and Food Security. Also 50 case studies:

Studies on temperate and Irrigated areas
It is estimated that yield reductions during the conversion period are 20 to 30 percent for cereals, 10 to 20 percent for maize, 30 to 40 percent for potatoes, 10 to 40 percent for vegetables and around 30 percent for fruits (Dierauer, et al., 2006). In the medium and long term, when soil fertility has recovered, yields will be slightly lower or comparable to the pre-conversion yields. Both short- and long-term field trials with maize, wheat, beans, soya, safflower, potatoes and tomatoes found no difference between organic and conventional crop yields (Warman, 1998; Clark, et al., 1999; Poudel, et al., 2002; Delate et al.; 2003, Denison et al.; 2004; Pimentel et al., 2005). However, other trials found organic crop yields to be 5 to 35 percent lower than conventional crop yields (Clark et al., 1999; Denison et al., 2004; Mäder et al., 2002). Lower yields are often a result of lower availability of nitrogen, generally due to inexperienced management such as introduction of green manuring.

Studies on arid and semi-arid areas
The following examples show that high organic yields can be achieved where biomass is available and where livestock is integrated in the system:

- In an 11-year hybrid cotton field trial in India, where organic manure application rates were high as 12 tonnes per ha per year, the average yield of the organic treatment was 10 percent higher than that of the conventional treatment (Blaise, 2006).
- Considerable yield increases in staple food crops (sorghum, millet, maize, rice) and fruits (mango and citrus) in the context of organic agriculture projects have been found in Pakistan, India, Senegal, Ethiopia, Kenya, Lesotho and Zimbabwe. Key to these achievements have been soil fertility management practices such as integrated stall-fed livestock, effective composting systems, introduction of green manure, cover crops and legumes in the rotation, use of bone meal and rock phosphate against P deficits, localized placement of ash and manure and soil conservation methods (Pretty, 2002).

Studies on humid and per-humid areas
The following examples show that yields of organically grown annual crops are about the same as those of conventionally grown crops, but that yield reductions of 20 to 50 percent are common in perennial crops.

- In Bangladesh, a study comparing conventional and ecological farming with regard to ecological, economic and social sustainability found no difference in yields of paddy rice, wheat, jute, potato, pulses and mustard 12 years after the implementation of a conventional agriculture system by a non-governmental organization (Rasul and Thapa, 2004).
- In the Philippines, rice yields dropped during the first years after conversion from conventional to organic agriculture. However, after four years of organic rice production, farmers succeeded in producing yields of 4.5 to 5 tonnes per ha, which is about the same as produced on conventional rice farms (Lina et al., 1999).

In regions with medium growth conditions and moderate use of synthetic inputs, organic productivity is comparable to conventional systems (92 percent) and in subsistence agricultural systems, it results in increased yields up to 180 percent. Overall, the world average organic yields are calculated to be 132 percent more than current food production levels (Badgley, *et al.*, 2006).

Studies on resilience
Well managed organic agriculture uses a number of preventive approaches that can greatly reduce the risk of severe yield fluctuations due to climatic and other uncontrolled incidents, contributing to the resilience of the food supply. Due to its agro-ecological approach, organic agriculture is an effective means to restore environmental services. This factor is much more important than individual practices (e.g. use of drought-resistant crops) in preventing system imbalances such as new pest and disease outbreaks. It is organic management's self-correcting process that gives a climate-related value to the agro-ecosystem.

Studies on water-use efficiency
Building active soils with high content of organic matter has positive effects on soil drainage and water-holding capacity (20 to 40 percent more for heavy loess soils in temperate climate), including groundwater recharge and decreased run-offs (water capture in USA organic plots was 100 percent during torrential rains). In Pennsylvania, organic corn yields were 28 to 34 percent higher than conventional in years of drought. In India, biodynamic soils have been reported to decrease irrigation needs by 30 to 50 percent. Water-use efficiency is assumed to further improve through minimum tillage but no comparative studies are available on this subject.

Studies on agro-biodiversity
Organic farms have greater diversity due to mandatory crop rotations and preference for seeds and breeds with high tolerance to complex abiotic and biotic factors such as climate extremes, pests and diseases. Although some organic systems can be relatively genetically limited, diversity is an economic strategy to control pests and diseases. Organic farmers search for resistance and robustness to environmental stresses through *in situ* selection, breeding and growing of heirloom varieties adapted to stress, including varieties improved with heirloom crosses. Through intercropping and other practices, organic farms establish systems of functional biodiversity that stabilize the agro-ecosystem. More knowledge is required to improve management of semi-natural landscape elements without loosing farm economic efficiency.

Studies on climate change
Organic agriculture systems contribute to reduced consumption of fossil fuel energy (especially nitrogen fertilizers), reduced carbon dioxide emissions (48 to 60 percent less, except for very intensive crops), reduced nitrous dioxide (due to less mobile nitrogen concentrations and good soil structure), reduced soil erosion and increased carbon stocks, especially in already degraded soils. Energy consumption in organic systems is reduced by 10 to 70 percent in European countries and 28 to 32 percent in the USA as compared to high-input systems, except for difficult crops such as potatoes or apples where energy use is equal or even higher. Greenhouse warming potential in organic systems is 29 to 37 percent lower, on a per ha basis, because of omission of synthetic fertilizers and pesticides as well as less use of high energy feed. Methane emissions of organic rice and ruminants are equal to conventional systems but the increased longevity of organic cattle is favourable on methane emissions. Carbon sequestration efficiency of organic systems in temperate climates is almost double (575-700 kg carbon per ha per year) as compared to conventional soils, mainly due to use of grass clovers for feed and of cover crops in organic rotations.

Abstract of article: Organic agriculture and the global food supply

Catherine Badgley, Jeremy Moghtader, Eileen Quintero, Emily Zakem, M. Jahi Chappell, Katia Avile´s-Vazquez, Andrea Samulon and Ivette Perfecto, Renewable Agriculture and Food Systems: 22(2); 86–108 June 2006

The principal objections to the proposition that organic agriculture can contribute significantly to the global food supply are low yields and insufficient quantities of organically acceptable fertilizers. We evaluated the universality of both claims. For the first claim, we compared yields of organic versus conventional or low-intensive food production for a global dataset of 293 examples and estimated the average yield ratio (organic : non-organic) of different food categories for the developed and the developing world. For most food categories, the average yield ratio was slightly <1.0 for studies in the developed world and >1.0 for studies in the developing world. With the average yield ratios, we modelled the global food supply that could be grown organically on the current agricultural land base. Model estimates indicate that organic methods could produce enough food on a global per capita basis to sustain the current human population, and potentially an even larger population, without increasing the agricultural land base. We also evaluated the amount of nitrogen potentially available from fixation by leguminous cover crops used as fertilizer. Data from temperate and tropical agro-ecosystems suggest that leguminous cover crops could fix enough nitrogen to replace the amount of synthetic fertilizer currently in use. These results indicate that organic agriculture has the potential to contribute quite substantially to the global food supply, while reducing the detrimental environmental impacts of conventional agriculture.

Impact on Biodiversity Conservation

The potential of Organic Farming for Biodiversity
Sue Stolton, Dorota Metera, Bernward Geier and Andreas Kärcher (eds.); German Federal Agency for Nature Conservation; 2003

Number of bird species nesting on organic and conventionally managed arable land. Number of bird species over-wintering on organic and conventionally managed arable land. Bird densities of all species studied were higher on organic farms, both breeding and over-wintering, as were invertebrate food sources. (Chamberlain et al, 1996) Several agricultural practices like cover cropping, introduction of beneficial habitats, soil management and introduction of sophisticated grazing systems have direct positive effects on biodiversity: agro-biodiversity, presence of beneficial insects, fungi, bacteria and other micro-organisms in the soil and the return of native grasses and forbs and the repopulation of earthworms and dung beetles (Kuepper, 2002)

Compared to conventional agriculture, more arable field plants and insect species in the field, more birds on the farmland, a higher diversity of organisms under the surface of the soil and populations of micro-organisms being more active have been shown in many investigations (cf. Weiger and Willer, 1997; van Elsen, 2000; Soil Association, 2000).

The organic farms were in the “top group” of realised biodiversity potential of farms in the Swiss pre-alps. Organic farming has a high and possibly decisive potential for reversing the dramatic decline of biodiversity in the cultural landscape (Andreas Bosshard, 1998).

Many of the cultural practices of organic agriculture obviously favour biodiversity conservation in comparison with conventional agriculture: cover crops, green manure, mixed crops, crop rotation and fallow, legume intercropping, composting, organic pest control, hedges and fences, beneficial habitats, genetic resource diversity (in situ conservation) and species diversity. Unfortunately, few systematic studies exist that document the quantitative extent of the influence of these practices.

Annex 2. Background and programme of the conference

Social and Environmental Responsibility in Progress Making Quality Systems work for Poverty Alleviation, Biodiversity Conservation and Company Performance
Venue: Museon, The Hague, The Netherlands
Date: Thursday, 1st November 2007

The conference aims to provide an overview of the currently available quality assurance systems (labelling and certification of social and environmental quality) on poverty alleviation, biodiversity conservation and the performance of companies that adhere to quality standards. The conference is organised by the Hivos - Oxfam Novib Biodiversity Fund together with IUCN-NC and the Netherlands Ministry of Foreign Affairs.

Background
In the context of many rural economies, poverty alleviation is entangled with sustainable use and development of biologically diverse resources. In such settings local people rely on biologically diverse resources for their livelihoods. These resources provide security and resilience in the face of shocks and stresses of the environment and the market. For small scale producers adherence to quality systems such as fair trade and organic production, can strengthen their productivity, natural resource base and at the same time increase their income.

Despite the potential of quality systems for poverty alleviation and biodiversity conservation, it is not exactly clear how significant the impacts are, how they can be improved and how the scope of quality systems can be expanded. What are the potentials and pitfalls of existing quality systems from a combined poverty alleviation and biodiversity conservation perspective, and what are the difficulties small scale producers and the private sector face to comply with the requirements of the systems. What benefits can the systems bring along and how can these be enhanced?

Conference outline
The conference wishes to bring together current voluntary standard setters, companies and retailers linking up with quality systems, civil society organizations from the North and South and government agencies.

The participating quality systems are: Organic agriculture (represented by IFOAM), Marine Stewardship Council (MSC), Forest Stewardship Council (FSC), Rainforest Alliance, Max Havelaar (FLO) and UTZ CERTIFIED.

The conference is organised as an open exchange forum for different stakeholders to discuss and further build on strategies to make quality systems work for poverty alleviation, biodiversity conservation and company performance.
The first part of the conference intends to bring out the views of different stakeholders on the impact of quality systems and challenges and opportunities faced in relation to these systems. This will be done through contributions of four speakers highlighting different perspectives and plenary discussions.

The morning presentations will set the stage for the afternoon programme, as challenges and opportunities highlighted by the speakers will be further explored in working groups. The recommendations from the working groups will be discussed in the plenary and follow-up activities will be identified.

Follow up to the conference

The results of the conference are expected to be useful for strategic planning purposes and to support joint initiatives between and among the private and public sector in the field of *making quality systems work for poverty alleviation, biodiversity conservation and company performance*. Where appropriate the Biodiversity Fund will actively engage itself in these initiatives.
The conference organisers will produce a report highlighting the main outcomes of the conference as well as the outcomes of preparatory studies carried out by WUR and the organisers in support of the conference. This report will be posted on the conference website (**www.hivos.nl/biodiversityfund)** and will be sent to all conference participants.

Facilitator , Jan Reinder Rosing, Debat.nl

Speakers morning programme

Welcome address by
Gerben de Jong – Director Department of Environment and Water, Netherlands Ministry of Foreign Affairs
Allert van den Ham – Director Programmes and Projects Hivos

Elizabeth Guttenstein, Policy Director ISEAL (International Social and Environmental Accreditation and Labelling Alliance) - *Quality Systems and their contribution to biodiversity conservation and poverty alleviation*)
ISEAL is an association of leading voluntary international standard-setting and conformity assessment organisations that focus on social and environmental issues.

Ileana Cordón, CRECER, *Promoting access to fair and biodiversity friendly markets – impact and possible improvements at the producer level*
Crecer, a Guatemala based NGO aims at building up capacities of farmers organizations and NGOs to improve the quality of production, marketing and related services in Central America and enhance access to fair trade and organic markets.

Ward de Groote, Director Ahold Coffee Company *Innovation is key: Utz so far and what next?*
To ensure socially responsible business practices, Ahold Coffee Company co-founded UTZ Kapeh, a special coffee certification program

Luis Fernando Guedes Pinto, Executive Director IMAFLORA - *Certification, a strategy that benefits local communities and provides incentives for conservation. An update on limitations and potentials*
IMAFLORA, the Brazilian Institute for management and certification of forests and agriculture, certifies farms (Sustainable Agricultural Network/Rainforest Alliance) and forests (FSC) to protect workers and the environment.

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