



# workshop results



## VOLUNTARY CERTIFICATION IN AGRICULTURE: BENEFITS AND SHORTCOMINGS



Numerous voluntary certifications for agricultural products set different social, economic, and environmental standards. Respecting these standards can improve smallholder farmers' working and living conditions, protect the environment and benefit consumers. However, the costs that smallholder farmers have to pay and the investments they have to make for their products to be certified are not to be underestimated. It is thus essential to understand whether all voluntary certification schemes offer good value for money, what advantages and disadvantages they bring, and how to maximise the benefits of certification to help smallholder farmers develop their activities. **This workshop aimed to give SSNUP stakeholders insights into the pros and cons of different certification schemes to enable them to make informed decisions when advising smallholder farmers on certification projects.**



**Julie Maisonhaute**

Deputy Director

Commerce Équitable France, France

Julie Maisonhaute has been Deputy Managing Director, responsible for developing fair trade Origin France and questions of guarantees within Commerce Équitable France since 2017. Commerce Équitable France is a national organisation and the biggest fair trade platform in France. It aims to transform consumption patterns, produce reliable information on fair trade with its analytical expertise on guarantee systems and labels, and structure and strengthen the fair trade sector.



**Warren E. Armstrong**

General Manager

Aldea Global, Nicaragua

Warren E. Armstrong is the general manager of Asociación Aldea Global Jinotega, a farmer's association in Northern Nicaragua. The association has extensive experience with many certification schemes such as Fairtrade, Rainforest Alliance UTZ, and USDA Organic. Its internal certification programme Aldea Cert condensed the different requirements from international certification schemes into ten clear guidelines for farmers.

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### DID YOU KNOW?

A label is a special logo on a product for sale which certifies that specific standards were respected in its production. Certification schemes should:

- (i) set specific standards,
- (ii) implement controls,
- (iii) have a recognisable product logo,
- (iv) be open to various participants in an economic sector (in contrast to corporate brands).

*Source: The International Guide to Fair Trade Labels, Edition 2020*



[www.commerceequitable.org](http://www.commerceequitable.org)



[aglobal.org.ni](http://aglobal.org.ni)



# key takeaways

## 1 } Certification schemes can be classified into four categories

- Fair trade certification schemes are the only ones that focus on economic, social, governance and environmental issues. Fair trade depends on the buyer's commitment: processors, exporters/importers or retailers offer long-term contracts at a fair price based on production costs and balanced trade negotiations.
- Organic labels exclusively focus on environmental issues in food production and processing and do not consider other social and price aspects (i.e., no minimum price is guaranteed).
- Sustainable development schemes set social and environmental criteria but do not ensure a fair price or an adequate return on investments for participating farmers.
- Corporate sustainability initiatives by multinationals promote the quality of the products sold. They are not available for all value chain actors and do not transparently communicate their standards.

Examples of labels per category:



Fair trade labels



Organic labels



Sustainable development labels



Multinationals' sustainability initiatives

## 2 } Certification schemes provide both monetary and non-monetary benefits for farmers

Certified labels can enhance visibility, help cooperatives react to market demand and ensure fair prices for agricultural products in the case of fair trade labels. Certification premiums can help cooperatives finance the improvement of communal essential services and facilities. Certification requirements can raise working standards and encourage sustainable practices among farmers. Being certified also helps enhance the image of farmers and their cooperatives, thereby attracting more investments from NGOs, donors and impact investors.

## 3 } The required investments for certifications represent a considerable burden for farmers

To qualify for certifications, smallholder farmers need to invest in their farms and pay fees for the initial certification and annual renewals, which represent a considerable burden given their low financial capacity. A member survey by Aldea Global shows that each farm needs to make an average investment of around 1,000 US dollars per year to maintain certifications. This includes materials, storage facilities and labour costs but farmers also need to pay for other on-farm investments. Low-productivity farmers with low revenue disproportionately pay relatively higher costs for certification than higher-productivity farmers. Many rely on permanent subsidies or work off the farm to finance the required investments.

## 4 } Risk of insufficient returns for farmers due to fluctuating demand

The sale of certified products is not always guaranteed. Only a small fraction of certified products are sold on the market with labels and at an adequate price. The rest ends up on conventional markets as most certification schemes do not guarantee that buyers will purchase the entire production according to the contract. At the same time, there is insufficient demand for certified products. Consequently, farmers tend to apply for multiple certification schemes to increase the chance of selling their products, thereby incurring the risk of not being able to recover the certification costs from the sales.

## 5 } Greater financial support is needed to alleviate initial certification costs

A farmer's decision to continue to pay for certification should depend on the actual benefits received. Certifications need to be complemented with digital strategies to increase productivity, improve market access, ensure traceability and promote the certified products.

## 6 } A greater say for farmers needed in the governance of certification schemes

Stakeholders should raise awareness about the costs of certification and encourage the participation of farmers in the governance of certification schemes. The farmers' voices need to be heard, so that they can influence the certification requirements.

### FURTHER INFORMATION

[The International Fair Trade Charter](#)

[The International Guide to Fair Trade Labels, edition 2020](#)

[Several projects on certification co-funded by SSNUP](#)

The ten-year **SSNUP** programme aims at increasing the productivity and resilience of smallholder farmers in Africa, Latin America and Asia thanks to improved risk management and the promotion of sustainable, climate-smart farming practices. As a result, this programme will not only improve the food security and living standards of up to 10 million smallholder farmers' households, but it will also contribute to the development of sustainable agricultural value chains. Regular SSNUP workshops enable stakeholders to exchange their experiences on project-related challenges and solutions and to share the lessons learned. Workshops can also be organised on more generic topics of interest. Please contact Mathilde Bauwin and Thu Hien Dao from the SSNUP Knowledge Management team for more information: [ssnup@ada-microfinance.lu](mailto:ssnup@ada-microfinance.lu)