Smallholder farmers do not eat certificates
Why sustainability standards and certification do not lead to systemic change
What do they have in common?

- Sustainability standards and certifications
Research question

What are the social and economic effects of private sustainability standards and certifications?
Profile of the market of sustainability standards and certification

- Rapid succession of standards – reaction to earlier ones
- Ever more and more varied claims for sustainability certification
Palm Oil

https://www.youtube.com/watch?v=VPlxNhEc2IA
Social and economic effects widely debated

- **Proponents**
  Private regulation might be a sensible solution based on the notion of shared responsibilities to address commodity-related development challenges, contribute to pro-poor growth and develop sustainable economies

- **Opponents**
  Refer to the unproven track-record and view private sustainability standards and certification as a reinforcement of old power imbalances and neoliberal discourses

General confusion regarding the activities of private standards and certification in producing countries and what they achieve with regard to the beneficiaries they intend to serve.
Policy-driven approaches: Effectiveness and impact studies

• How are they developed?
• How stringent are the standards?
• What is the uptake in the market?
• What constraints the implementation of the standards?

Implicit acceptance problem definition of the standards

Specific recommendations

Remarkable: smallholder farmers are often out of scope
Towards a problem-driven approach

What problems are the certification schemes solving and whose problems are that.

The vital question is not how to optimize certification, but how to realize a sustainable agriculture that improves the livelihood of farmers.

Look at private regulation as an incentive for reform in the political economy of the production of agricultural commodities. Thereby we are particularly interested in the scope of the reform that this incentive can create.

Putting smallholders center stage

Transformative capacity
International Centre for Integrated assessment and Sustainable development / ICIS

Adopted from Van Dijk and Trienekens, 2012
Unspecified general conclusion

Certified farmers perceive slightly higher benefits than uncertified farmers. Certification provides training to the farmers which improves the quality and quantity of their production, strengthens organizational capacities, and creates market opportunities.
The practice: empirical findings

• Different framings of the problems

  Negative environmental and social effects versus low income

• Smallholders’ understanding of sustainability certification is low

  Differences and philosophy not understood
• Marginal higher prices of certified products; Price premiums are uncertain
  
  *Coffee 2-6%; palm oil 4-5%*

• Profits result from better organization and GAP

• Profits of certification are unevenly distributed
• Dependence on traditional social relationships

  Relationships with conventual traders continue

• Farmers’ organizational structures are weak

  Opportunistic behavior
Climate change as a vulnerability

What can we expect from a commodity focused arrangement?
Will public standards become an alternative?

- National pride and sovereignty
- Fears for trade barriers
- High costs
- Growing alternative market demand
Evaluation of ISPO and ISCoffee

- Weak administrative structures

- Uncertain reaction of international markets

Positive: attention to sustainability, but weaker standards and low implementation capacity
Conclusions so far

Private certifications create awareness of sustainability aspects of production.

Uncertain perspective

Farmers still the most vulnerable and weakest actor in the value chain

- Uncertainty about market access and price fluctuations
- Dependencies do not change fundamentally
How to understand the restricted transformative capacity of private standards and certifications?
• Restrictions of the market mechanism

What is the rationale of the system?

The world of voluntary standards has become too much an end in itself

The legitimacy of the whole system of sustainability claims is at stake
Is this disappointing?

- Private certifications as agenda-setting innovators
- Restrictions of a value chain approach
Beyond certification

• Is there a future for smallholders?
  An anachronism?

How to modernize and keep small-scale farm enterprises?

• Doubts about the juxtaposition of certified and non-certified agricultural commodities
Paradigm of sustainable intensification

Optimizing production (in quantity and quality) relative to inputs (e.g. land, water, fertilizer, labor), while minimizing negative externalities (e.g. pollution, deforestation, depletion of soil and water resources).

- Livelihood diversification
- Willingness - lack of knowledge and information
- Ability – economic sustainability the basis of change
- Economies of scale – better organization of farmers
- From farmers as sole producers of raw products to farmers as entrepreneurs who ran a business
- The network: Governmental policies
Alternative routes to sustainability

- Leaving it to the market
- Bringing the state back in
- New partnership models
  Certifications as parts of theory of change, not the main agenda
  - The landscape approach
    Managing geographical regions; integrating different types of land use
  - The jurisdictional approach
    Starts with existing political and legal boundaries
  - FAIR partnerships
    Connecting host communities to oil palm companies
Terima kasih

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