



An auditor in a sugarcane field inspecting compliance with Bonsucro standards.

Photo: Joe Woodruff/Bonsucro

## Sustainability standards, traceability and certification

**Voluntary sustainability standards and certification systems alone cannot reach all the world's poor. Effective standards require critical enabling conditions, such as access to resources and finance. Organisations and institutions are now collaborating to boost the impact of standards and are improving the coordination of actors in food systems.**

**By Norma Tregurtha**

Over the last 20 years, sustainability standards and certification systems have become important players in the global food system. Voluntary standards such as Fairtrade, Rainforest Alliance and the Roundtable on Sustainable Palm Oil (RSPO) are increasingly mainstream in certain markets and sectors, and the range and volume of certified products continues to grow year on year.

While the objectives and approaches of different agricultural standards and certification systems can vary, credible schemes share certain key characteristics. They are run by independent organisations that ensure compliance and maintain integrity of the system. They promote good practices on the ground to benefit people and the environment, and they monitor and measure their impacts to ensure that they achieve these outcomes. They offer market incentives to certified producers, while providing assurance to buyers through independent, robust verification and traceability systems. They enable businesses and consumers to play their part in supporting the transition to a more ethical, equitable and sustainable food system. Importantly, standards also

help to bring together stakeholders and create a common language and a shared vision of what sustainable production and consumption looks like.

### **What is the evidence on the impact of standards?**

The big question though, is, do standards systems make a difference? And what is their impact? Until recently, the evidence was sparse and anecdotal. But this is changing, with the number of studies increasing each year and standards becoming more systematic in collecting and sharing data on their impacts.

For instance, one research study conducted by the UK's School of Oriental and African Studies (SOAS) found more than 40 robust impact evaluations and 140 other empirical studies published over the last two decades that primarily focus on agricultural standards and look at themes such as profitability, yield, good production practices and biodiversity. And this growing body of evidence shows that standards systems can and do have positive im-

pacts – including preventing the worst practices, improving profitability for smallholders and conserving tree cover.

But, it's complicated. Differing contexts and geographies, variations in study aims and designs, data gaps and the complexity of the issues make it hard to synthesise simple conclusions or give clear yes/no answers. While a sizeable number of studies show that certified farmers earn a higher income for their certified crops than non-certified farmers, relatively few have found a significant difference when it comes to overall household income, for example, looking beyond income from sales of the certified crop to all income sources. More credible information and evidence needs to be collected and made available to guide better decision-making on sustainability issues in the food system.

The impact on smallholders is a particularly important area to address. The world's poorest are hard to reach, and voluntary standards are often unable to reach all smallholders in all places. To a large extent, the effectiveness of standards depends on having enabling condi-

tions in place. These conditions, such as the presence of formal land titles and access to resources and finance, are critical. This is something that standards organisations cannot tackle alone.

### Standards and government action on sustainability

A key factor in determining how well sustainability standards can be adopted is the legislation and government policy in a given country. Voluntary standards systems are sometimes seen as replacing or competing with public regulation. In reality, to achieve sustainability impacts, governmental action and voluntary sustainability standards work best in tandem. As compliance with the law is a key principle in voluntary standards, they can reinforce regulations, particularly in contexts where state laws are poorly enforced. On the other hand, voluntary standards don't replace the need for more and better governance within a country, and supportive policies are needed to prevent the worst practices and create a level playing field for responsible producers.

Partnerships between governments, the private sector and multi-stakeholder standards are multiplying, in part thanks to the Sustainable Development Goals providing a common language across the private and public sphere. There is increasing evidence that such collaborations between governments and standards systems have brought benefits for producers, consumers and the environment. A recent review for the ISEAL Alliance carried out by Aidenvironment identified 15 cases where the involvement of voluntary standards influenced or resulted in changes to public policy that promoted sustainable production, natural resource management and responsible trade.

In the palm oil sector, for example, the growth of the RSPO has prompted the governments of the two largest producer countries, Indonesia and Malaysia, to develop their own national standards for sustainable palm oil production. While these mandatory standards don't always go as far as they should fight deforestation, they can influence those palm oil producers that are not generally reached by relevant international standards. Engagement with voluntary standards can encourage and guide governments to further strengthen policies. In the Malaysian state of Sabah, the government aims to certify all palm operations against the RSPO Principles and Criteria by 2025. The government of Ecuador has made a similar commitment to meeting the RSPO standard in its rapidly growing palm oil sector.

Examples also exist of mutual recognition between government and voluntary standards and certification schemes. In Minas Gerais, Brazil's chief coffee producing state, the government collaborated with the global sustainability standard UTZ (now merged



A community training session for UTZ standards in Uganda.

Photo: UTZ

with the Rainforest Alliance) to develop its own coffee certification scheme, aimed primarily at smallholders. And, in Mozambique, the Better Cotton Initiative assisted the country's policy-makers in adjusting their rules for cotton concessions to achieve higher yields while improving sustainability aspects.

These examples demonstrate how constructive partnerships between government actors and standard-setting organisations can reduce the hurdles to achieve sustainable practices. Governments in consuming countries also have a big role to play in creating demand for more sustainable products. Public procurement has, in some instances, already been a useful driver of demand, but other types of policies are also possible. The European Union's Renewable Energy Directive, for example, applies private standards to ensure that biofuels used within the EU meet sustainability criteria – although questions remain about the credibility and performance of some of the recognised schemes. Several European countries also use standards systems that offer traceability and credible assurance as a basis for sustainable public procurement policies.

Another recent development that is further changing the relation between public and private supply chain regulation is the adoption of due diligence laws in the EU and elsewhere. Some of these focus on specific human rights issues (such as forced or child labour), while others are broader. Overall, these new laws require importing companies to ensure responsible business practices in their operations and supply chains. Voluntary standards, with robust chain of custody and verification mechanisms, can provide a means for companies to demonstrate com-

### Evidensia

In June 2019, ISEAL, the World Wide Fund for Nature (WWF) and the Rainforest Alliance launched Evidensia, a web platform hosting evidence and information on the effectiveness and impacts of sustainability and supply chain tools and approaches. Covering voluntary standards, company sourcing codes and jurisdictional approaches, the site enables business leaders, policy-makers and researchers to understand more about what works where, why and how, as well as to identify where critical knowledge gaps remain.

pliance. While the implications of these new regulations remain to be seen, they could push forward the demand for responsibly produced goods in EU markets.

Overall, what we should expect from committed governments in both producer and consumer countries is that they develop a smart mix of policies: a combination of mandatory and voluntary tools which provide different incentives, but which are streamlined and coherent in their goal of moving towards sustainable food systems and commodity markets.

### Opportunities for smallholders

Regardless of the absence or presence of governmental action, credible sustainability standards need to be focused on increasing their accessibility for small farmers. Improving the lives and livelihoods of these farmers is, after all, one of the primary objectives of many standards and certification schemes.

While cost is often cited as a barrier to entry, audit and assurance costs are a relatively small part of this – the real cost is in making the necessary changes to meet the requirements of the standard, from maintaining books of accounts to storage facilities and protective equipment. Over time, evidence suggests that certification helps bring down costs through improved agronomic practices that reduce the use of inputs, and the economies of scale that smallholders can achieve through working together as groups or cooperatives. However, it can take time to realise these savings, and the relationship between certification and production costs can vary greatly in the initial years of certification. Research conducted by Aidenvironment for ISEAL Alliance analysed 40 studies to identify the business benefits of using sustainability standards. The findings

### How standards contribute to sustainable rural livelihoods

ISEAL's Demonstrating and Improving Poverty Impacts (DIPI) project aimed to provide a deeper understanding of the ways in which standards contribute to sustainable rural livelihoods and poverty alleviation. As ISEAL members have delved into this topic, it has become clear that monitoring systems need to do a better job of understanding the numbers and characteristics of the smallholders that sustainability standards work with. However, data and insight from empirical studies suggests that, while standards may be reaching poor farmers, they aren't reach-

ing the very poorest in rural economies. This is because the poorest tend to most often be landless wage labourers (see article on page 19) rather than landed smallholder farmers. But what we are learning is that even when they work in poor regions, certified smallholders tend to have slightly larger farms than non-certified smallholders and that the proportion of certified smallholders is higher in middle-income countries than in low-income countries.

showed that sustainability standards improve market access, profitability and production for certified businesses. Almost all sources (98%) referred to sales and marketing related early benefits. On long-term business value, sources referred most frequently to improved reputation (60%), improved profitability (53%), cost reduction (30%) and growth in production, e.g. increased production volumes (30%).

To incentivise improvements and accessibility, many standards organisations have put in place new strategies, such as adapting their models to better fit small-scale operations and developing new partnerships.

Fairtrade has recently released a revised version of its standard for small-scale producers, developed in consultation with the farmers themselves. One change is that a larger majority of members of certified cooperatives must be small family farms than was previously required. As part of its smallholder strategy, the RSPO has just released a new standard for independent smallholders which offers a simpler process for meeting certification requirements while maintaining core sustainability principles.

Other standards are helping to coordinate efforts to support small producers to introduce better practices. Through its improvement partnerships, Bonsucro provides a framework for industry or company schemes that are working with specific groups of farmers and mills to improve sugarcane production and processing. Improvement takes a variety of forms – water stewardship and soil management, better management of inputs and decent working conditions are just some of the areas that can be targeted. For farmers, improvement partnerships can have an impact in terms of better yields and reduced environmental degradation, while processors using mills are able

to improve health and safety and the efficiency of their operations. Similarly, in the seafood sector, the Marine Stewardship Council and Aquaculture Stewardship Council provide a range of tools to guide fisheries and aquaculture improvement projects.

### Training measures

The Better Cotton Initiative, meanwhile, incorporates improvement-focused capacity building into its model, which is built around finding the right implementing partner in cotton-producing countries to deliver its standard at field level. This has resulted in hundreds of thousands of farmers across the world receiving training and technical assistance to grow cotton more sustainably. For example, farmers learn how to reduce their inputs – pesticides, chemical fertilisers, water, etc. – and, in many cases, increase their yield. Training is delivered by the implementing partners, which can include civil society, government bodies, national associations and local and multinational businesses. This continuous capacity building is partly funded through 'volume-based fees' paid by retailers and brands that source Better Cotton (see article on page 22).

Ultimately, if the poorest farmers are to benefit from voluntary sustainability standards, they require support from a range of partners, whether governments, supply chain companies, NGOs or other supply chain initiatives. To create a fair and sustainable global food system, it's the responsibility of all actors in every supply chain to work together.