

Benefits and constraints of certification- evidence from case studies

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Introduction

1. Book
2. Case studies
3. Variation
4. General lessons
5. Ideal set-up

Conclusion

1. Publication

FAO Commodities and trade technical paper No. 2.



Environmental and social standards, certification and labelling for cash crops

1. Publication

Contents

2. History
3. Concepts
4. Overview of programmes
5. Markets
6. Impact for producers
7. WTO (TBT)
8. Ongoing debates



2. Case studies

Literature review

Selection of reports on horticultural and tropical cash crops:
costs, production and profit



2. Case studies



Attention!:

- Available reports:
mainly **positive cases** and
mainly those with **project support**
- No field verification

2. Case studies

12 **Organic** cases:

Fruits and
Vegetables



Coffee

Cotton

Sugar Cane

Tea

2. Case studies

7 **Fair-trade** cases:

Bananas

Cocoa

Coffee

Of which 6 farmer cooperatives



2. Case studies

Rainforest Alliance:

Citrus, Costa Rica



SA8000 and ETI: Wine,
South Africa



EurepGap: Pineapple,
Ghana



3. Variation

Each case is different!



3. Variation

Example:

Coffee, Costa Rica

10 paired organic and conventional
smallholder coffee farms



3. Variation

Yields

Average: Organic 22 % lower

Organic higher: 3

Similar: 2

Organic lower: 5



3. Variation

Net income

Average: Organic 5 % lower

Organic higher: 3 farms



But **not** the same as for the yields!!

High variation among organic and among non-organic farms

3. Variation

Hypothetical necessary organic price premium:

Lowest: 0%

Highest: 124%

Others: **14 – 53%**



(Without certification costs)

3. Variation

Even for

same crop, **same** country, **same** scale:

high variation among farms.

4. Lessons learned

With so much variation, what general conclusions can we draw?



4. Lessons learned: organic

Traditional low-input:

- Higher costs (soil conservation)
- Productivity gains
- May not need premium markets

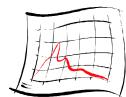


Note: conversion periods often waved or shortened

4. Lessons learned: organic

From high-input systems (4 cases):

- Variable effects on costs
- Initial yield decline
- Access to premium markets essential



4 Lessons learned: organic

Return on investments only **long-term**



Stable land use entitlements required

4. Lessons learned: ICS

Internal control systems reduce costs of organic certification

Clear and harmonised ICS regulations required.



4. Lessons learned: fair-trade

Benefits:



- Organizational capacity building
- Learning-by-doing in exporting
- Price premium less important

4. Lessons learned: fair-trade

Impact of fair-trade **marketing system** and of additional **aid activities** seem mutually supportive and **interlinked**



5. Ideal study

1. Before, during and after
2. Groups of similar enterprises
- 3. Link costs with impact!**
4. Separate implementation from certification



But also:

- a. Cheap
- b. For farmers: not time consuming

Conclusion

*Publication on certification
For free!!*

Includes Case studies:

- High variation
- Some general lessons