Research webinars on standards’ impacts

No.19: Lessons learned from socio-environmental certification for agriculture in Brazil

28th September 2017, 2pm
Assessing the Landscape of Multi-Stakeholder Initiatives

Researcher

Luis Fernando Guedes Pinto
Manager
Imaflora

Discussant

Ana Garzon
Manager, Innovations
ISEAL Alliance
Lessons learned from socio-environmental certification for agriculture

Luís Fernando Guedes Pinto
Lessons learned from socio-environmental certification for agriculture

by Luís Fernando Gusades Pinto and Eduardo Travisan Gonçalves

Summary

- The expectation of economic benefits (especially from differentiated and over-priced markets) is the main motivation for farmers to seek certification. The investment in changes required for certification, legal conformity and access to information are seen as the main barriers to get certified.
- Farmers with social-environmental certificates are different, and their environmental and social performance is different than that of other similar non-certified ones. For the most part, however, these projects were already differentiated before the first audit and it is not possible to attribute the changes detected to certification alone.
- Implementing certification schemes results in better management, enhanced efficiency, increased productivity and lower production costs. Therefore, certified farms tend to be more profitable than non-certified ones, regardless of any external market benefits.
Does certification improve biodiversity conservation in Brazilian coffee farms?

Elisa Hardt a,d,*, Edoardo Borgomeo b, Rozely F. dos Santos c, Luís Fernando G. Pinto d, Jean Paul Metzger c, Gerd Sparovek a

a Federal University of São Paulo, Department of Biological Sciences, Rua Sáo Paulo, 210, Diadema 09913-030, Brazil
b Ninth University of Oxford, Environmental Change Institute, South Parks Road, Oxford OX1 3QY, Oxford, United Kingdom

c Instituto de Manejo e Certificação Florestal e Agrícola, Estrada Chico Mendes, 185, 13426-420, Piracicaba, SP, Brazil

Analysis

Group certification supports an increase in the diversity of sustainable agriculture network—rainforest alliance certified coffee producers in Brazil

Luís Fernando Guedes Pinto a,b,*, Toby Gardner b,c, Constance L. McDermott b, Karim Omar Lara Ayub a, t

a IAMF/UNESP — Instituto de Manejo e Certificação Florestal e Agrícola, Brazil
b Stockholm Environment Institute, UPOE, London Road, Stockholm, Sweden
c International Institute for Sustainability, Rio de Janeiro CEP 22463-300, Brazil
d Environmental Change Institute, University of Oxford, Oxford University Centre for the Environment, South Parks Road, Oxford OX1 3QY, United Kingdom
e Oxford Department of International Development, Queen Elizabeth House, University of Oxford, 3 Mansfield Road, Oxford OX1 3TG, United Kingdom

POLICY PERSPECTIVE

Certification, forest conservation, and cattle: theories and evidence of change in Brazil

Peter Newton1, Helena Nery Alves-Pinto2, & Luís Fernando Guedes Pinto3

1 International Forestry Resources and Institutions (IFRI) research network, School of Natural Resources and Environment, University of Michigan, 440 Church Street, Ann Arbor, MI 48109, USA
2 International Institute for Sustainability, Estrada Dona Castorina, 124, 22460–320, Rio de Janeiro, RJ, Brazil
3 Instituto de Manejo e Certificação Florestal e Agrícola–IAMF, Estrada Chico Mendes, 185, 13426–420, Piracicaba, SP, Brazil
A landscape-level approach to equity in certification

Results from the coffee sector in Minas Gerais, Brazil

September 1, 2015

Equity and forest certification — A case study in Brazil

Luís Fernando Guedes Pinto a,b,c,*, Constance McDermott d

a IMARORA — Instituto de Manejo e Certificação Florestal e Agrícola, Brazil
b Visiting Research Associate at Oxford Centre for Tropical Forestry-Environmental Change Institute, University of Oxford, UK
c ESCAS — Escola Superior de Conservação Ambiental e Sustentabilidade, Brazil
d Oxford Centre for Tropical Forestry, University of Oxford, 5 South Parks Rd, Oxford OX1 3QY, UK

Contribuições da certificação socioambiental para a sustentabilidade da citricultura brasileira

Luís Fernando Guedes Pinto1, Alessandro Rodrigues1,
Daniella Macedo1 & Eduardo Augusto Girardi2

Wageningen University – Department of Social Science

Do Smallholders Benefit from Group Certification?

A Case Study on the Social and Economic Effects of Rainforest Alliance Group Certification on Small-Scale Tea Farmers in Misiones, Argentina
Lesson 1: Certified is different

Certified farms are different from non certified, but we do not know the reasons of the differences and when they started
Lesson 2: Who participate and why

1) Economic benefits of the market (out of the farm) are the main motivations for farmers to get certified

2) Farm size alone does allow to predict a certified farm

3) The small ones without support and not connected to “special” value chains remain marginalized of standards

4) Group certification increases the participation of small and medium farmers
Figure 04
Source: Pinto et al. (2014)

Participation of coffee farmers certified individually or in groups according to farm size.

Distribution of the size of individually certified coffee farms in 2011

- 15% Mini
- 16% Small
- 35% Medium
- 35% Large

Distribution of the size of coffee farms certified in a group in 2011

- 73% Medium
- 27% Large

Farm size classification follows the definition provided for in the Brazilian law: a mini farm is one smaller than 1 fiscal module, a small farm is one covering between 1 and 4 fiscal modules, a medium-sized farm is one covering between 4 and 15 fiscal modules and a large farm is one larger than 15 fiscal modules.
Lesson 3: Management and continuous improvement

1) We do not know when improvement starts and what is more intensive: after or before certification

2) Improvement also happens after certification, but it is not linear

3) Basic needs is part of continuous improvement

4) Improvement is correlated to management
Lesson 3: Management and continuous improvement

Correlation between compliance with environmental and management criteria in farms certified individually (left side) and as a group (right side). The closer to zero, the lower the non-conformity in each dimension (environment and management) and, therefore, the better the performance of the farms.

Lesson 4: Economic Advantage

<table>
<thead>
<tr>
<th>Direct cost of certification</th>
<th>Direct cost of certification</th>
<th>Average area of the farms</th>
<th>Cost per area (R$/ha)</th>
<th>Cost per primary product</th>
<th>Market value of the primary product</th>
<th>Relative cost per primary product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual coffee farms</td>
<td>R$17,600.00</td>
<td>1,755 ha</td>
<td>R$10.00/ha</td>
<td>R$1.01/coffee bag</td>
<td>R$350.00/coffee bag</td>
<td>0.28% of the coffee bag</td>
</tr>
<tr>
<td>Groups of coffee farms</td>
<td>R$27,500.00 Average of R$2,100.00 per farmer in the Group</td>
<td>3,185 ha per group 243 ha per producer</td>
<td>R$8.63/ha</td>
<td>R$0.57/coffee bag</td>
<td>R$350.00/coffee bag</td>
<td>0.16% of the bag</td>
</tr>
<tr>
<td>Groups of tea farms in Argentina</td>
<td>R$ 23,300.00</td>
<td>2,100 ha</td>
<td>R$11.20/ha</td>
<td>R $1.91/ton of tea</td>
<td>R$120.00/ton of green tea delivered at the factory</td>
<td>1.59% of the ton of green tea</td>
</tr>
<tr>
<td>Sugarcane mills</td>
<td>R$ 79,000.00</td>
<td>25,484 ha</td>
<td>R$3.10/ha</td>
<td>R$0.05/ton of sugarcane</td>
<td>R$53.00/ton of sugarcane</td>
<td>0.09% of the ton of sugarcane in the farm</td>
</tr>
<tr>
<td>Livestock farms</td>
<td>R$ 38,928.00</td>
<td>19,986 ha</td>
<td>R$2.00/ha</td>
<td>R$0.17/about 33 pounds (aroba) of live animal</td>
<td>R$88.00/about 33 pounds</td>
<td>0.19% of about 33 pounds of live animal</td>
</tr>
<tr>
<td>Orange farms</td>
<td>R$ 35,265.00</td>
<td>5,315 ha</td>
<td>R$6.60/ha</td>
<td>R$0.016/orange box</td>
<td>R$10.10/box of fruit in the farm</td>
<td>0.15% of a fruit box in the farm</td>
</tr>
<tr>
<td>Chain of custody - any crop</td>
<td>R$ 8,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source and technical notes: Pinto (2014)
Lesson 4: Economic Advantage

Comparison of means (One-Way ANOVA) for economic performance variables of SAN-RA certified and non-certified coffee farms located in cerrado areas of Minas Gerais state in the 2011-2013 period.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Certification</th>
<th>Mean</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost per hectare (R$/ha)</td>
<td>With RA certification</td>
<td>12.401</td>
<td>0.18</td>
</tr>
<tr>
<td></td>
<td>Without RA certification</td>
<td>11.800</td>
<td></td>
</tr>
<tr>
<td>Total cost per bag (R$/bag)</td>
<td>With RA certification</td>
<td>268</td>
<td>0.05*</td>
</tr>
<tr>
<td></td>
<td>Without RA certification</td>
<td>318</td>
<td></td>
</tr>
<tr>
<td>Gross income per hectare (R$/ha)</td>
<td>With RA certification</td>
<td>124.027</td>
<td>0.00*</td>
</tr>
<tr>
<td></td>
<td>Without RA certification</td>
<td>39.224</td>
<td></td>
</tr>
<tr>
<td>Productivity (bag/ha)</td>
<td>With RA certification</td>
<td>47</td>
<td>0.01*</td>
</tr>
<tr>
<td></td>
<td>Without RA certification</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Coffee sale price (R$/bag)</td>
<td>With RA certification</td>
<td>406</td>
<td>0.15</td>
</tr>
<tr>
<td></td>
<td>Without RA certification</td>
<td>393</td>
<td></td>
</tr>
<tr>
<td>Area planted with coffee (mean in ha)</td>
<td>With RA certification</td>
<td>305</td>
<td>0.00*</td>
</tr>
<tr>
<td></td>
<td>Without RA certification</td>
<td>98</td>
<td></td>
</tr>
</tbody>
</table>

*Statistically different at 5% significance level.

Source: Bini et al. (2015).
Lesson 5: Taboo of law compliance

1) Non conformities in law compliance are frequent

2) Continuous improvement also happens for law compliance
Lesson 5: Taboo of law compliance

Compliance of certified coffee farms (blue) and non-certified farms (red) with the requirements applied to APPs and Legal Reserves under the Forest Code in its 1965 and 2012 versions.

source: Pinto et al. (2014).
Lesson 6: Traceability

1) Trade-offs between level of robustness and simplicity from full segregation to credits.

2) Traceability choice needs to be anchored in statements that are consistent with their guarantees.

3) The choices made by companies and brands among the multiple options depend on the role played by certification in their relationship with consumers and society.
Lesson 7: The audit and the standard system

1) The audit may not capture the full reality of a farm, but its techniques and other mechanisms of the standard system may minimize its constraints.

2) Rules of standards implementation and decision-making, control of certifiers, transparency and the way of working of certifiers make a big difference for the socio-environmental outcomes of certification. Therefore, participation and monitoring of certification by society is fundamental for achieving its goals.
Final remarks

1) Certification has contributed not only to mitigating environmental impacts, but also to recovering and preserving the environment.

2) Its impacts in the social field have been limited to ensuring safe and decent working conditions and rights to the detriment of a structural change in the ways of living and well-being of rural workers and communities surrounding farms.

3) It has only had a marginal effect on addressing asymmetries between commercial and family agriculture and land and wealth concentration in rural areas.
Final remarks

4) Standards can also expose gaps in knowledge and technology.

5) The future of certification depends on a greater impact on the landscape, on establishing a connection with and complementing other private and government initiatives focused on fostering and inducing sustainability.

6) It must have synergies with initiatives designed to eliminate predatory and degrading practices, but it must continue to play the role of inducing changes toward a broader and higher sustainability level.
Final remarks

Beyond standards dilemma

Upscale standards

or

Standards to upscale sustainability of agriculture
Discussion with Ana Garzon
Thoughts? Questions? Comments?

Photo: Plucking tea © Caroline Irby for Rainforest Alliance
RESEARCH WEBINARS AUTUMN/ WINTER 2017

Landscape of Multi-Stakeholder Initiatives - 21st Sep

Socio-environmental certification for agriculture in Brazil - 28th Sep

Added value of certification for farmers - 19th Oct

Effects of sustainability standards along the supply chain - 2nd Nov

Impacts of certification in cotton in India and Pakistan - 16th Nov

Environmental-economic benefits and trade-offs on sustainably certified coffee farms - 29th Nov
Upcoming ISEAL Training Workshops

Sustainability Standards Essentials  
**Bonn** 19 October 2017

Building the Foundations of a Robust M&E System  
**Bonn** 20 October 2017

Research Design and Methodology for Standards  
**London** 23 October 2017

Visit [www.iseal.org/workshops](http://www.iseal.org/workshops) for more information about the workshops and how to sign up
Thank You!

www.iserald.org

Photo: Kericho tea estate, Kenya © Caroline Irby, Rainforest Alliance