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# Does agricultural certification improve well-being?

As global agriculture trade expands, its contribution to reducing poverty and improving welfare in low- and middle-income countries remains a contentious issue. The favourable integration of smallholder producers and workers into global value chains is often cited as a critical factor in making agricultural trade contribute to poverty reduction.

## Certification schemes

Certification schemes in agriculture set voluntary standards and monitor and support compliance, with the objective of making production socially sustainable and terms of trade fairer for smallholder farmers and workers. There has been a proliferation of these schemes since the early 1990s, linked to promoting either product quality from the consumer perspective or ethical and social standards in production to help address the plight of small producers and workers. Certified products such as bananas, cocoa, coffee, cotton, sugar and tea are popular among ethical consumers and are sold in supermarkets worldwide.

Certification schemes tailor the standards they develop and the inputs they provide to the needs of a variety of stakeholders, including processors, producers and workers. Their socio-economic objectives are usually to improve farm yields and prices received by farmers, possibly leading to higher farm incomes, total household incomes, assets and social development indicators. By committing to better labour standards, they also aim to improve wages and other working conditions.

## Highlights

- Impact on yields is mixed
- Prices for certified products have increased
- Income from the sale of certified products is slightly higher overall
- Workers' wages do not increase
- Average household incomes and asset ownership of farmers do not increase
- School attendance impact varies significantly between Africa and Asia

## Main findings

### The impact on yields is mixed.

Some certification schemes aim to improve productivity and quality, and others do not explicitly aim to increase yields. Capacity building initiatives focus on empowering producer organisations and strengthening their position in the value chain, rather than on yield improvements. Adopting organic standards may lead to reduced yields because of the absence of chemical inputs. Where schemes focus on increasing yields, inadequate implementation of non-tailored training and lack of credit are important constraints in the effective adoption of yield-enhancing practices.

### Prices for certified products increased.

Possible reasons cited for price increases are price guarantees, provided by schemes such as Fairtrade, and/or access to more remunerative markets, facilitated by schemes such as GlobalGAP. Some evidence suggests that comparing

higher certified prices with certification costs leads to a more realistic measure of incentives associated with certification.

### Income from certified products was slightly higher overall, though there is substantial variation in results across 10 studies.

On average, schemes such as GlobalGAP and UTZ do better in combining effective capacity building with access to remunerative markets. For Fairtrade, higher prices are not always high enough to compensate for low yields. Some evidence suggests that demand constraints for certified products are key barriers to increasing market income.

### Wages for workers ranged from no different to slightly lower than wages for similar workers elsewhere.

Selective targeting of schemes focusing only on employees of large-scale plantations or processing facilities excludes

workers employed by smallholders. The limitations of existing monitoring mechanisms, as well as a country's labour laws and enforcement mechanisms, can often impede adoption of the labour standards mandated by the certification schemes.

### Average household incomes or asset ownership did not increase.

Some evidence indicates that households may derive only a small part of their income from the sale of certified products. Neither of the two studies reporting on household wealth found a positive impact.

### School attendance was marginally higher, on average, though there is substantial variation in results.

Only studies conducted in Africa found significant impacts. Studies in Asia and Latin America and the Caribbean did not. Studies that reported on illness did not find significant impacts.





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Much of the diversity of effects can be attributed to different contextual factors related to actors and organisations, and specificity of settings and supply chains.

## Implications

### Policy and programming

Evidence suggests that although certification schemes improve prices and income from agriculture, they do not automatically lead to an increase in household income and wages nor improve education and health outcomes. Future certification scheme designs should focus on translating higher agricultural income into greater overall household income.

Implementation bottlenecks around uneven targeting, certification costs, producer organisation buy-in and efficient operation, and effective monitoring and auditing systems need addressing for certification schemes to enhance farmer and wage worker well-being. Producers need more assistance to secure selling contracts, expand access to

certified markets and switch to new and more favourable trading relations.

Certification coverage should be improved to include wage workers in all forms of agricultural production and establish enforceable labour standards. This may need to be complemented by changes that contribute to strengthening national labour institutions and labour market conditions. Certification complements strong national and international systems regulating trade and labour conditions in global supply chains.

### Research

The number of certification schemes for which evidence is available is limited, reflecting a bias towards a handful of

schemes, especially Fairtrade, which accounts for more than half of the included studies. More research is needed on the impacts of schemes that have not yet been evaluated, and on the impacts, in new contexts, of schemes that have been evaluated elsewhere.

Most schemes have bundled interventions, making it hard to identify the causes of given impacts. Future research should adopt a theory-based approach, ensuring that outcomes are measured consistently along the causal chain, from prices, yields and output quality to incomes and human development outcomes.



Fintrac Inc./ Zimbabwe Agricultural Income & Employment Development Program (Zim-AIED)

## What is a systematic review?

3ie-funded systematic reviews use rigorous and transparent methods to identify, appraise and synthesise all of the relevant studies to address a specific review question. Review authors search for published and unpublished studies and use a theory-based approach to say what evidence is generalizable and what is more context-specific. The result is an unbiased assessment of what works, for whom and why.

## About the systematic review

This brief is based on *Effects of certification schemes for agricultural production on socio-economic outcomes in low-and middle-income countries*, 3ie Systematic Review 34, by Carlos Oya, Florian Schaefer, Dafni Skalidou, Catherine McCosker and Laurenz Langer. The review synthesises evidence from 43 quantitative and 136 qualitative studies in 30 countries, covering 12 certification schemes, such as Fairtrade, UTZ, Rainforest Alliance and GlobalGAP. Most studies report

on initiatives in Latin America and the Caribbean and Sub-Saharan Africa and focus primarily on agricultural producers and less on wage workers. The review looks at four main types of interventions: capacity building through training, market interventions, payments for social and business investments, and labour standards. The review also explores the circumstances that facilitate or inhibit certification schemes from having their intended impact.



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June 2017