

Trade Standards Practitioners Network (TSPN) Workshop

“African Smallholders and the Challenge of Assured Compliance:
What Have We Learned From Our Interventions?”

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Tales from the steep part of the learning curve: Rainforest Alliance Sustainable Agriculture Certification in Africa

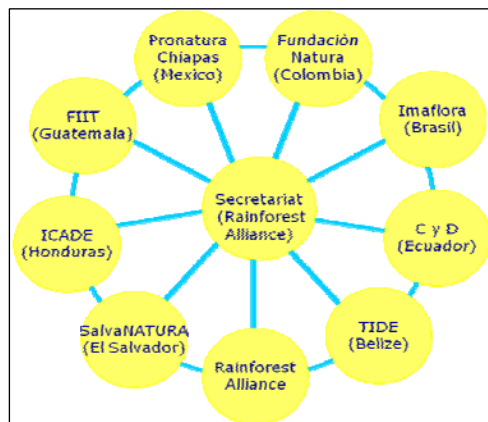
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Background

Rainforest Alliance is an international non-profit organization that works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior. Founded in 1987, Rainforest Alliance fosters sustainability in the forest products, agriculture and tourism industries through its certification programs, training and support initiatives, and communication and marketing efforts.

Rainforest Alliance and local NGOs began developing a sustainable agriculture standard and certification program in 1991 in Costa Rica through a process of research, stakeholder consultation, and field testing. The first standards were specifically for banana production, and were used for the first certifications in 1993. The program was then known as “ECO-O.K.” Subsequently, standards were developed for coffee, cocoa, citrus and flowers. Coffee farms were first certified in 1996 in Guatemala.

The specific crop standards have been consolidated into a single standard, *Standard for Sustainable Agriculture – Sustainable Agriculture Network*. Additional criteria and indicators are used to certify farms with specific crops or crop production systems; these include coffee, bananas, pineapple, cut flowers and foliage, citrus and cocoa. The scope of the standard covers agronomic practices and integrated crop management; social, labor, and community relations; environmental management; and occupational health and safety.



The Rainforest Alliance is the secretariat of the Sustainable Agriculture Network (SAN; figure to the left), a coalition of independent nonprofit conservation organizations in Latin America that promotes the social and environmental sustainability of agricultural activities through the development of standards. Network members provide certification services to the producers and agricultural companies in their countries, and contribute knowledge and experience to the standards development process. The *Rainforest Alliance Certified™* seal is awarded to those farms that meet certification

requirements. The Rainforest Alliance administers certification systems for the network, and provides certification services in Costa Rica and other select countries.

Total Rainforest Alliance Certified area has grown an average of 40% annual over the past three years. Certified area of coffee along has increased 103% during this same time period. As of the end of May 2007, the Rainforest Alliance has granted a total of 649 certificates that include 12,879 farms, covering a total area of 277,813 hectares and 154,442 hectares of certified production. The Rainforest Alliance granted the first certificate in Africa in early 2006 (Ethiopia); there are now a total of 1086 farms covering 6192 hectares (5291 hectares of certified production).

Country	Banana	Coffee	Cacao	Citrus	Ferns & Flowers	Total ha.
Mexico		12,792				12,792
Guatemala	10,071	12,409	90			22,570
El Salvador		10,747				10,747
Honduras	4,294	3,543				7,837
Nicaragua	585	5,794				6,380
Costa Rica	24,562	8,188	113	6,460		39,322
Panama	10,520	749				11,269
Philippines	3,498					3,498
Colombia	12,171	27,662				39,833
Peru		26,466				26,466
Ecuador	12,500		34,247			46,747
Ethiopia		1,831				1,831
Ivory Coast	89		5,272			5,361
Dominican Republic			8,443			8,443
Brazil		33,118	1,598			34,716
Total	78,290	143,299	49,763	6,460	0	277,813

The Rainforest Alliance and the SAN are revising the Sustainable Agriculture certification systems in order to obtain ISO 65 accreditation, and improve the transparency and international acceptance of their certification and standards development activities. Part of the changes will be the restructuring of the SAN into two networks. SANcert will provide certification services through its members, with Rainforest Alliance as the certification system administrator. The SAN will continue managing and developing certification standards, promoting sustainable agriculture, and supporting farmers and other members of the tropical agriculture value chain. Once result of this restructuring process will be to open up membership in both networks to accommodate standards development, support and certification activities in new countries, particularly in Africa and parts of Asia.

The Rainforest Alliance, along with other mission-driven, nonprofit certification and accreditation entities, is a member of the ISEAL (International Social and Environmental Accreditation and Labeling) Alliance. ISEAL's activities include the development of policies and other instruments to ensure the credibility of its members' certification and accreditation

activities. As of December 2006, the Rainforest Alliance is in full compliance with ISEAL's *Code of Good Practice for Setting Social and Environmental Standards*.

Philosophy towards certification

The Rainforest Alliance and the SAN firmly believe that the Rainforest Alliance certification process and associated benefits help drive sustainability. Rainforest Alliance certification is a means and not the end in itself and *Standard for Sustainable Agriculture – Sustainable Agriculture Network* is a blueprint for sustainable agriculture production.

Rainforest Alliance certification is demand driven. Rainforest Alliance and SAN engage in business development activities with buyers interested in certified products. Standards and certification activities in new crops or countries only begin once there is sufficient buyer demand for certified products. This approach may take longer in some countries or crops, but certification expectations among farmers are carefully aligned with market demand. Certification is not promoted until there is solid demand for products from certified farms, the exception being when project funding is available to promote certification for products destined for established markets.

While the Rainforest Alliance does not guarantee a price premium, it seeks out and works with companies and potential certified product buyers that share Rainforest Alliance philosophies and values. One of these philosophies is that the good environmental and social performance cultivated by the Rainforest Alliance certification process needs to be rewarded and supported. This can be through preferred buying policies, long-term contracts, direct technical or other support, and price premiums. The latter are particularly important during the first few years of certification. Later, the economic benefits of sustainably managed farms become more evident through reduced costs, increased worker and crop productivity, improved product quality, and increased farm efficiencies. Higher profit margins are usually the result, and the Rainforest Alliance and the SAN believe that this is more sustainable than dependence on set minimum prices or guaranteed price premiums. Furthermore, the Rainforest Alliance does not set constraints on how price premiums may be used; their distribution and use is up to the members of the certified supply chain.

Rainforest Alliance is open to all types of producers, producer groups, and supply chain arrangements. Certification of smallholders is not restricted to cooperatives, but open to processor-supplier and exporter-supplier arrangements, agribusinesses with multiple farms and/or suppliers, or other types of producer groups. The goal is to meet market demand for certified products carefully nurtured by the Rainforest Alliance Sustainable Agriculture business development team, and move sustainability into the mainstream of consumer products.

Quality is not explicitly mentioned in *Standard for Sustainable Agriculture – Sustainable Agriculture Network*, but SAN members, auditors, trainers and promoters ensure that farmers and other value chain members understand its importance. The SAN and Rainforest Alliance also recognize that there are other market requirements that producers must meet, such as supplier performance codes, product specifications, as well as other types of certification. *Standard for Sustainable Agriculture – Sustainable Agriculture Network* is a solid foundation for

sustainable farm management, and the SAN and Rainforest Alliance continually work to provide farmers and producer groups with guidance on how to meet other requirements through compliance with *Standard for Sustainable Agriculture – Sustainable Agriculture Network*. In some instances, Rainforest Alliance develops benchmarks or compares *Standard for Sustainable Agriculture – Sustainable Agriculture Network* against other certification standards or requirements and develops add-on modules to be able to include these standards or requirements as part of the Rainforest Alliance Sustainable Agriculture certification audit process.

The principles and criteria of *Standard for Sustainable Agriculture – Sustainable Agriculture Network* apply to a variety of tropical agriculture conditions worldwide. Nevertheless, the SAN policies foster the development of local indicators – the farm and auditor guidance elements of the standard – to facilitate compliance according to local social, environmental, economic, legal and cultural conditions. The development of local indicators does not begin until there is sufficient interest in Rainforest Alliance certification, as driven by demand for Rainforest Alliance Certified products.

The SAN has always required that standards development and certification activities are carried out by a local NGO partner. This is not always possible given the demands and velocity of the global certified products marketplace, but it continues to be a goal. When Rainforest Alliance evaluates a new country for certification potential, usually at the request of interested buyers, a scoping of the local NGO scene is part of the evaluation. Candidates for local auditors are identified, also. If certain conditions are met, one or more local NGOs may participate in certification, standards development, or farmer support activities, or any combination of these.

The Rainforest Alliance and SAN members realize that many farmers and producer groups require technical support and guidance to comply with *Standard for Sustainable Agriculture – Sustainable Agriculture Network*. Until recently, the SAN structure has limited support activities due to conflicts of interest with certification, as well as other constraints. The Sustainable Agriculture Support Alliance (SASA), a separate Rainforest Alliance Sustainable Agriculture initiative, will provide access to training and support to farmers and producer groups through select SAN members, as well as in alliance with other NGOs, consultants, businesses, and development agencies (bilateral and multilateral). Through SASA, the Rainforest Alliance and the SAN will address not only *Standard for Sustainable Agriculture – Sustainable Agriculture Network* compliance, but the need to add value to Rainforest Alliance certification through better business practices, improved product quality, and efficient farm management.

Case Studies

Rainforest Alliance Sustainable Agriculture started investigating the potential for certifying coffee and cocoa in Africa as far back as 2004. Scoping visits took place in Ethiopia and Cote D'Ivoire in 2005, and the first producer group was certified in Ethiopia (coffee) in 2006 as a result of audits carried out in September 2005. Rainforest Alliance's entrance into these countries was based on buyer interest in certified products and their relationships with exporters, as well as the availability of funding. Rainforest Alliance is also starting certification, support and standards related activities to certify tea in Kenya with funding from Unilever.

In both Ethiopia and Cote D'Ivoire, Rainforest Alliance has been contracted to provide certain services or manage certain components larger agribusiness development projects. These projects provide some, but not always all, the resources necessary to start certification promotion, technical support, and standards adaptation activities.

Certification of Cocoa in Côte D'Ivoire

Rainforest Alliance began working in Côte d'Ivoire in 2006 as part of a public-private partnership (PPP) that includes USAID, GTZ, Kraft Foods and Armajaro, a commodity trading company. EDE Consulting, part of the Neumann Kaffe Gruppe, manages the project for Kraft, and contracted the Rainforest Alliance for certification related activities. The Sustainable Tree Crops Program (STCP) and Anader, a government extension program, manage local farmer training and farmer field schools for promoting different production practices. Project activities center on Issia and Daloa, towards the south-west, and Abengourou, at a similar latitude in the east, close to the Ghana border.

At this time, there are six Rainforest Alliance Certified cooperatives in Côte d'Ivoire that include 398 farmers and 3372 hectares of cocoa production. The present estimate is between 1,500 and 2,000 new producers joining, yielding a volume well over the target 2,000 metric tons of cocoa in the next cycle.

Assured compliance opportunities, constraints and causes

The project is working with organized cooperatives, which facilitate to some degree the transfer of information and technical support. Rainforest Alliance auditors also found that most farmers did not use agrochemicals and similar inputs, eliminating the need to evaluate certain criteria of *Standard for Sustainable Agriculture – Sustainable Agriculture Network*.

The greatest challenge towards compliance with *Standard for Sustainable Agriculture – Sustainable Agriculture Network* was farmers' aversion to using shade trees in cocoa plantations, a requirement of the standards, and at times their elimination of "bad" shade trees. The lack of, and aversion to shade are attributable to past government and aid agency efforts to promote high-production cocoa varieties that were reported to be less shade-tolerant, but in essence were less resistant to fungal diseases. Many farmers are also share-croppers and do not own the land. As a result, they have been less likely to maintain plantations, creating conditions for infestations, and less likely to invest in planting shade.

Child labor, prohibited by *Standard for Sustainable Agriculture – Sustainable Agriculture Network*, is another confusing issue among smallholders. Minors often form part of migrant labor groups that help with the harvest; this has led sometimes to absence from school.

Rainforest Alliance and the Sustainable Agriculture Network (SAN) offer a group certification to cooperatives, farmer organizations, and exporter-supplier groups. This mode of certification reduces certification costs by transferring part of the compliance verification responsibility to a group administrator, that is, the cooperative, exporter or other "manager" of the group. The Rainforest Alliance and the SAN then audit a) the group administrator's internal control or management and verification system and b) the efficacy of the system by auditing a sample of

member farms for compliance with *Standard for Sustainable Agriculture – Sustainable Agriculture Network*.

Initial evaluations (certification diagnostics) found that farmer cooperatives are commercially inexperienced, have little knowledge of international markets, are undercapitalized, and have a weak sense of collective action and responsibility. Many lack democratic structures and even a director or manager. The cooperative presidents may be excessively powerful.

The project was somewhat slow to start because of the large number of participating organizations, situated in two distinct locations several hundred kilometers apart. This in turn was due to the interests of the different public sector partners. It took some time to clarify the work plan and budget, and Rainforest Alliance was additionally challenged by language and distance from the country of its technical staff. . A local consultant was hired and trained as a representative, but it took time before he was fully knowledgeable about Rainforest Alliance certification processes and requirements. The project was complicated somewhat by the selection of different capacity building methodologies in the two regions, owing to the tradition of the technical partners. Once activities got underway and Rainforest Alliance hired a full-time, French speaking “Cocoa Manager” with African experience and based in the United Kingdom, certainly closer than Central America, the project settled and made much stronger progress.

Intervention targets and contents

The types of interventions needed in Côte d’Ivoire were identified by Rainforest Alliance consultants, staff and auditors that visited farms and cooperatives, and met with project partners. The interventions are mostly at the farm and cooperative level, and focused on compliance with *Standard for Sustainable Agriculture – Sustainable Agriculture Network* and group certification requirements. Particular emphasis was given to the monitoring and prohibition of child labor, and to the promotion of shade through the Sustainable Tree Crops Program (STCP) farmer field schools (in Issia/Daloa) and the Anader training programs in Abengourou. Other types of intervention, such as on quality control or production practices, are managed by other project partners.

The Rainforest Alliance local representative gave promotional talks and workshops to farmers and cooperatives, and worked directly with the cooperatives to strengthen their internal control systems. This was reinforced by the work of the local EDE Consulting representative and technical staff. The Rainforest Alliance directly trained candidates for certification auditors. These training events also included staff from other project partners. These in turn used the information to advise and guide farmers as part of farmer field school activities.

Roles and responsibilities

Roles and responsibilities are well defined among project partners. The Rainforest Alliance is responsible, through its local representative, for preparing cooperatives and farms for certification. Cooperatives will assume more of the farmer education and preparation role as they become familiar with requirements, and their internal inspection and control systems become more functional. Cooperatives will likewise have to assume more and more of the direct costs of certification. Within the project, the Rainforest Alliance expects that partners will learn

more and more about certification and its requirements, and incorporate these into their training and support activities.

The Rainforest Alliance will continue to work with the local representative, but needs to continually look for and evaluate opportunities to work through a local non-profit partner. This would be for standards management, promotion, and farmer support activities, and may need to be separate from a certification services provider.

Indicators of smallholder compliance

The ultimate indicator of smallholder compliance is smallholders' ability to obtain and maintain Rainforest Alliance certification. Once they, or their cooperative or organization, obtain certification, Rainforest Alliance needs to continue and increase efforts to ensure that there are markets for their products. For the time being, this is assured through Armajaro, which in turn has a guaranteed market from Kraft. A transparent system of premium payments provides a strong incentive to farmers.

At this stage it appears that the participating cooperatives will be able to produce the required volumes of certified product, especially as they are attracting new members, and that no major adjustments in project design are required. Rather, the sustainable organizational base needs to be improved and the application of the standard consolidated and improved. This will be verified in one part through the cooperatives' ability to meet the Rainforest Alliance group certification requirements, and in the other part through their ability to supply over the long term the volume and quality of certified products required by the exporter.

Exit strategy

As long as cocoa is being certified Rainforest Alliance in Côte d'Ivoire, the Rainforest Alliance, and to some degree the SAN, will be involved. It is desired, however, that this involvement is at a more advisory level, and that actual field activities and certification services are carried out by a local SAN and SANcert partner. Ideally, cooperatives will have sufficient knowledge and practical experience with Rainforest Alliance certification requirements to only need periodic support.

STCP is undertaking economic analysis of the costs to farmers of complying with the Rainforest Alliance standard. This information will be very helpful in planning an exit strategy that can be based on the cost-benefit for the farmers being positive.

Lessons learned

Rainforest Alliance has only been involved in this project for about one year. It has learned a great deal, but it is still too early to clearly define all lessons; however, some of the preliminary lessons are:

- In multiple party projects, it goes without saying that close coordination between all of the partners is important. For projects in which certification and compliance play important roles, all project partners need to have enough understanding and knowledge of certification requirements and processes to be able to convey information to smallholders. This information should be incorporated into partner education and support activities. This multiplier effect is important, and the increased understanding of Rainforest

Alliance certification facilitates working relations and the definition of roles and responsibilities among partners.

- Initial certification goals were set somewhat optimistically by persons and project partners unfamiliar with *Standard for Sustainable Agriculture – Sustainable Agriculture Network* and certification requirements at the field level. Not all project partners understood the philosophy behind and justification for requirements and the standards, and why these are important in international markets. For example, the requirement for shade within cocoa plantation was not understood, and opposed even by technical staff. This made it difficult to meet early goals. More realistic estimations of the time and effort to prepare smallholders and cooperatives for certification are necessary based on evaluations by experienced auditors. These need to be balanced against market, buyer, and funder and project management pressures.
- It is important to quickly be able to identify and determine the breadth and depth of necessary interventions to early in the project. The lack of French speaking technical staff, in-country presence, and a local representative mostly unfamiliar with *Standard for Sustainable Agriculture – Sustainable Agriculture Network* and certification requirements resulted in a slow start, and limited participation in project planning.
- Most of the smallholders evaluated comply with *Standard for Sustainable Agriculture – Sustainable Agriculture Network*, or can move towards compliance. The larger challenges are the organizational development and strengthening needs of cooperatives. This is not a Rainforest Alliance core specialty, and a local representative that specialized in these areas had to be hired.
- The strength of the local representative was cooperative management, marketing and promotion; his weakness was the technical aspects of certification. This type of tradeoff needs to be better evaluated when starting similar projects, or when entering into new countries.
- Price premiums are a powerful mechanism for launching a project of this type. Over time, farmers come to value the benefit on yield and quality of managing their farms in compliance with the standard. For example, shade plays a key role in offsetting the effects of this year's drought. However, these longer-term benefits do not provide a powerful hook in the early stages of a project.
- The certification is managed and financed at this time by the project management. This is protecting the farmers and cooperatives from the costs and risk they will need to incur in future. Starting a project this way runs the risk of resistance when management and the accompanying costs are transferred. The project needs to address this issue.
- Rainforest Alliance needs to clarify its approach to developing the SAN and SANcert. It is more urgent to build local certification capacity so that costs can become manageable and the process efficient. The process of developing a trusted partnership for more regular training and technical assistance activities is likely to take longer.

Case Study: Coffee Certification in Ethiopia

The Rainforest Alliance's work in Ethiopia began with an initial scoping in early 2005 at the request of a coffee roaster that supplies Kraft Foods. In September 2005, Rainforest Alliance and SAN auditors carried out certification audits of three producer groups. While no group obtained certification on the first try, two required only minor adjustments in their internal control systems to meet certification, which one exporter-processor-producer group did to obtain certification in March 2006. This certification includes 678 farmers and 1831 hectares of coffee.

In 2006, the Rainforest Alliance was invited to participate in the Ethiopia Agribusiness and Trade Expansion Project, financed by USAID and managed by the consulting company Fintrac. The Rainforest Alliance's main responsibilities included the preparation and certification of farmers, and the marketing of Rainforest Alliance Certified coffee. As of May 2007, the Rainforest Alliance has hired a local representative, met with a number of producer groups and exporters, trained auditors, and carried out three certification audits and one diagnostic audit of producer groups. Decisions on certification are still pending.

Assured compliance opportunities, constraints and causes

The Rainforest Alliance has only worked with small farmers in organized groups such as cooperatives or exporter-processor-producer arrangements. The vast majority of farms comply with *Standard for Sustainable Agriculture – Sustainable Agriculture Network*. Few use agrochemicals or have permanent hired labor. Smallholders recycle almost all domestic wastes.

Shade is also a requirement for Rainforest Alliance Certified coffee production. This is generally not a problem in Ethiopia. Most smallholder coffee production is under old growth shade, farmers having thinned out the understory to plant coffee. The exception is the wild coffee that grows with little intervention in the understory of the few remaining natural forests.

Ethiopian cooperatives are reasonably well-organized owing to long support from government cooperative agents and foreign NGOs. Many are certified organic and Fairtrade and a number have ventured into other certifications or verifications such as Utz Kapeh and Starbucks' CAFE Practices. To a large degree, this experience helps cooperatives and cooperative unions understand how certification works, and fosters compliance with certain environmental, social and economic criteria.

Cooperative unions (2nd order cooperatives) manage exports and relationships with buyers and certification systems, and are generally the holders of the certifications. As such, they manage the internal control systems through the cooperatives. The unions and cooperatives depend on support from the Ministry of Agriculture and Rural Development (MoARD) in areas such as crop production; pest control; coffee processing and quality control; and organizational management, development and oversight. Legislation imposes strict controls on coffee chain of custody; traceability within cooperatives and from rural areas to the capital was rarely a problem.

There are few constraints to compliance with *Standard for Sustainable Agriculture – Sustainable Agriculture Network* at the farm level. Only in one instance farmers were found to have been applying pesticides without proper training or equipment, a critical non-compliance issue for Rainforest Alliance certification. Most constraints were at the level of the group administrator –

the cooperative, cooperative union, or the processor-exporter – despite the long history of outside support in many instances. In general, the major constraints to certification were:

- Lack of permanent personnel to manage the group certification. Cooperatives and unions are totally depending on MoARD extension programs for technical and management support, including financial auditing and oversight.
- Cooperative inspection of farms for compliance with standards was done by poorly trained, temporary workers contracted for two to three months before a certification audit was programmed. There was no permanent staff for this activity, nor were farmer leaders identified and trained to carry out this function. This was true even for cooperative unions certified Fairtrade and organic.
- Smallholders in group arrangements had never heard of the Rainforest Alliance and had no idea of the requirements of *Standard for Sustainable Agriculture – Sustainable Agriculture Network*.
- In the case of exporter-processor-supplier groups, traceability and chain of custody systems were not always stringently applied. Smallholders within the Rainforest Alliance group certification could easily include coffee from other farms or areas because there were incomplete records and estimates of annual production.

Intervention targets and contents

The Rainforest Alliance auditors and technical personnel identified farm interventions through farm diagnostics and certification audits. In some cases certification candidates have requested assistance. For reasons discussed later, the Rainforest Alliance has been slow to start interventions and has focused on analyzing supply chains in order to link producers to exporters to certified product buyers.

A local Rainforest Alliance representative is beginning to work directly with producer groups, advising them on their smallholder management systems. One of first interventions was an evaluation of the internal control system and supply chain of a forest coffee cooperative supported by the Japanese International Cooperation Agency (JICA). As a result of participating in recent Rainforest Alliance certification audits, the local representative now has better knowledge of certification processes and requirements and has begun training farmers, producer groups, and government extensionists.

Ethiopian cooperatives, unions and farmers are very familiar with organic and Fairtrade certifications. Organic and Fairtrade coffees fetched good premiums over the years. The Rainforest Alliance philosophy on price premiums, as indicated previously, is much more difficult to sell, and has required more promotion and direct intervention on the part of coffee buyers. The Rainforest Alliance's success in marketing certified coffee was what initially prompted buyers and roasters to ask Rainforest Alliance to get involved in Ethiopia. The Rainforest Alliance continues to work the demand side, and has been able to help Ethiopian exporters sell all of their Rainforest Alliance Certified coffee at a premium price.

Roles and responsibilities

As in other projects and countries, the Rainforest Alliance is responsible, through its local representative, for identifying candidate cooperatives, farms and exporter-processor-producer groups and preparing them for certification. Fintrac has two coffee extensionists that work in specific regions to provide farmers with advice on improving productivity and quality. Fintrac also works with coffee processors on improving processing techniques and has financed buyers' tours of coffee growing regions.

Exporter-processor-producer groups, in comparison to cooperatives and their unions, have proven to be more agile and quickly make the necessary changes and improvements for Rainforest Alliance certification. These groups will likely make up the bulk of new certifications during the first few years in Ethiopia, and will assume more of the farmer education and preparation role as they become familiar with requirements and as their internal inspection and control systems become more functional. This is a new concept for Ethiopia, as this has been the role of cooperative unions and the government.

Until now, buyers have paid for certification audits of cooperatives, and even of some exporter-processor-producer groups. This is shifting, and the last set of audits was paid for entirely by exporters. Future certification and related management costs will need to be absorbed by certified groups.

The Rainforest Alliance will continue to work with the local representative, but needs to continually look for and evaluate opportunities to work through a local non-profit partner. This would be for standards management, promotion, and farmer support activities, and may need to be separate from a certification services provider if there is sufficient demand for certified coffee to support both types of groups.

Indicators of smallholder compliance

The ultimate indicator of smallholder compliance is smallholders' ability to obtain and maintain Rainforest Alliance certification. Once they, or the producer group administrator (cooperative, union, or exporter), obtain certification, Rainforest Alliance needs to continue and increase efforts to ensure that there are markets for their products. Price premiums will play an important role in "selling" Rainforest Alliance certification to producer groups.

Exit strategy

The Rainforest Alliance would like to certify cooperatives and their unions, but these perceive more benefits from organic and Fairtrade certification at this time. Any shift to Rainforest Alliance certification will be the result of a concerted promotional and support effort, and price premiums comparable to the other certifications. In addition, cooperatives and unions would have to assume the group management and farmer support activities related to the Rainforest Alliance certification requirements, activities that are now mostly handled by government agencies and at the union level, to some degree. This shift of responsibilities would require intensive education and support in the field.

The Rainforest Alliance is perceived to be a viable alternative for exporter-processor-producer groups in Ethiopia as well as coffee estates. These groups and suppliers understand the

Rainforest Alliance certification philosophy, which is more aligned with and understood by private enterprise. Fairtrade certification is not available to these groups. The exporter-processor-producer groups that are certified or have undergone certification audits have now assumed the costs of certification. Their experience with *Standard for Sustainable Agriculture – Sustainable Agriculture Network* and internal control systems is increasing and they are less and less dependent on outside support to meet certification requirements.

The Rainforest Alliance will need to rely on funding from the Ethiopia Agribusiness and Trade Expansion Project to promote Rainforest Alliance certification and support producer groups and farms over the next two years. There are several scenarios for ensuring the success of Rainforest Alliance certification after that period:

- Find and prepare a local SAN and SANcert partner. This is the ideal alternative, and these partners would carry out standards management activities, support farmers and producer groups, and provide certification services.
- The Rainforest Alliance could continue to maintain a local representative, or provide certification and support services from an East African regional office. This would continue to be a temporary alternative until SAN and SANcert partners are identified.
- Train local “sustainability advisors” to provide technical assistance to farmers and producer groups in areas related to Rainforest Alliance certification. Sustainability advisors are highly experienced independent consultants or NGO experts that normally provide technical assistance in sustainable agriculture. This training would immerse these professionals in Rainforest Alliance certification requirements, processes, and *Standard for Sustainable Agriculture – Sustainable Agriculture Network*. In turn, they will be offer an additional service – technical assistance in Rainforest Alliance certification – to client farms and producer groups, and the Rainforest Alliance may be able to contract them for projects or specific consultancies.

How, if and when these scenarios come into play will depend on the number of certified clients in Ethiopia, the demand for Rainforest Alliance Certified products, and the availability of financial support from a variety of sources.

Lessons learned

The Rainforest Alliance is a newcomer to Ethiopia, with less than two years of direct experience there. Some of the early lessons learned are:

- Ethiopia Agribusiness and Trade Expansion Project partners and staff, including USAID, need to have enough knowledge of Rainforest Alliance certification to convey information about certification to project constituents. It is also critical to understand that Rainforest Alliance certification is a process that requires time and sufficient resources for field activities. This is especially true in Ethiopia where cooperatives and their unions have perceived many benefits of other certification systems for many years. The conversion of these smallholder groups to Rainforest Alliance Certified amounts to a paradigm shift, and will not happen overnight.

- Rainforest Alliance certification and market goals for the Ethiopia Agribusiness and Trade Expansion Project were set somewhat optimistically by persons and project partners before the Rainforest Alliance technical staff was fully aware of the internal and external challenges to certification. This is fairly typical of many bilateral aid agency funded projects. Planning, budgeting and goal setting should be based on realistic, in-country assessments of conditions. Subsequent adjustments should be permitted as project partners gain experience, and to allow for changing market conditions and buyer requirements.
- The Rainforest Alliance was slow off the mark in contracting a local representative. This process unfortunately coincided with changes in the Rainforest Alliance’s policies and procedures for working in new countries, and headquarters staff did not fully understand project needs and Ethiopian conditions. These types of policies and procedures need to be established before taking on similar projects, and need to be flexible enough to accommodate project timetables.
- Activities in Ethiopia are supervised by a technical manager based in Costa Rica. Time zone and language differences complicate oversight and coordination. Rainforest Alliance may have to consider a more geographic approach to East African projects to provide closer supervision, and better coordination, especially during initial project stages. The local representative can better coordinate operations once he is more familiar with the Rainforest Alliance processes, policies, procedures and requirements.
- An early lesson, simple but nonetheless very important, is the value of local, independent translators for certification activities. During the first round of certification audits, the Rainforest Alliance relied on cooperative and exporter staff for translation. The accuracy of these translations often came into question, particularly when long farmer responses were translated to a simple “yes” or “no”. Similarly, the Rainforest Alliance will need to translate *Standard for Sustainable Agriculture – Sustainable Agriculture Network* and other documents into Amharic and possibly one or two key coffee region dialects.
- The vast majority of smallholders evaluated complies with *Standard for Sustainable Agriculture – Sustainable Agriculture Network*, or can quickly move towards compliance. Compliance with the Rainforest Alliance group certification requirements is the larger challenge. Fortunately, exporter-processor-producer groups have thus far been able to meet this challenge. Cooperatives and their unions have been less able or willing to make these changes for reasons already discussed.
- Price premiums are a powerful mechanism for launching a project of this type. Over time, farmers come to value the benefit on yield and quality of managing their farms in compliance with the standard. For example, streamside buffer zones help protect domestic water sources. However, these longer-term benefits do not provide a powerful hook in the early stages of a project, particularly for cooperatives and unions that have benefited from good prices through Fairtrade and organic certifications. As long as cooperatives and unions receive good premiums and government support, Rainforest Alliance certification will be less attractive to them.
- Early experience has shown that local producers prefer to supply coffee to a Rainforest Alliance Certified exporter-processor-producer group than to some cooperatives because

of prompt cash payments for delivered coffee, and a higher and timelier second payment. Cooperative unions have not been able to do this in recent years, being saddled with debt payments and high overhead. They must also dedicate a portion of Fairtrade premiums to projects previously agreed upon, such as the construction of clinics or schools. The more agile management structure and approach of the exporter-processor-led certified group, and the lack of constraints on how price premiums are used, have meant that a higher portion of the price premium reaches farmers.

- Rainforest Alliance needs to clarify its approach to developing the SAN and SANcert. It is important to build local certification and support capacity so that costs can become manageable, the processes more efficient, and local conditions can be taken into account. This will take considerable time as preliminary investigations have not identified potential NGO or other partners for these activities. Also, some in the coffee industry have also expressed distrust of local certifiers and auditors, indicating corruption and lack of rigorous audits as the main causes of concern.
- *Standard for Sustainable Agriculture – Sustainable Agriculture Network* includes many requirements for working conditions and occupational health and safety for contracted workers. These do not strictly apply to farm owners and their family. For example, potable water must be supplied to farm workers, but the standard does not require this in the case of a farm family. If it did, many Ethiopian coffee farmers would not be meet Rainforest Alliance certification requirements. Rainforest Alliance will need to address this and similar issues if farm families in Ethiopia and many countries are to fully benefit from the Rainforest Alliance certification process.

Annex 1. Potential Assured Compliance Case Studies

The following are some suggestions for possible studies of intervention approaches for facilitating smallholder compliance with certification standards and other requirements. These are based on the Rainforest Alliance's short experience in Africa.

1. Evaluate the establishment, implementation and success of internal control system (ICS) for group certification when they are designed and implemented as a business management and technical assistance platform rather than as a simple certification requirement. The ICS can be an effective way to manage product traceability, quality control, social and environmental performance, and related costs, among other day to day agribusiness operations of smallholder groups.
2. Certification cost/benefit studies that go beyond simple market benefits. These studies should also encompass crop yields, farm worker productivity, product quality changes, and similar costs and benefits. Social and environmental costs and benefits, such as for waste management and farm family health and sickness could also be included.
3. A concern for the Rainforest Alliance is how to ensure that farmers continue to learn and have support for sustainable agricultural practices once projects are left behind. Farmer field schools are one way, but how can farmer leaders/instructors continue to have access to new techniques and materials? It would be interesting to have a compendium of case studies on post-project learning delivery techniques, especially those that don't rely on the Internet or delivery through government agencies.
4. A related case study would be to examine the success of support through independent consultants and technical assistance providers associated with NGOs on a fee-only basis. Is this feasible for Africa? Can farmers and cooperatives be weaned off fragile, weak or almost non-existent government extension programs? How have cooperatives successfully taken on the role of extensionist and technical assistance provider for their farmer members? (This could be examined in relation to case suggestion number 1.)