

SUSTAINABILITY SCHEMES IN THE INDONESIA COCOA INDUSTRY

Evaluating the Impacts

Many stakeholders have identified the need to better measure the impact of programs aimed at improving smallholder livelihoods and sustainability in the cocoa sector. As an increasingly popular approach, sustainable certification schemes require greater evaluation, something that certification organisations themselves recognise. Until recently, there weren't many attempts to systematically monitor the impacts of certification on farmer livelihoods or the environment. Jeffrey Neilson and Fiona McKenzie report.



Photo: Fiona McKenzie.

Good understanding about certification scheme at the level of agriculture, not just to improve the program, but also to improve the lives of small farmers.

In the long-run, a greater understanding of impacts will allow for improved programs and investments. This is easier said than done. Determining how to design a survey that provides a true indication of sustainability can be difficult. Indicators need to be suited to the local context and able to capture economic, social and environmental changes that are occurring at the farm-scale. This must be done in a situation where farmers may not keep farm records and where assessing changes in environmental conditions such as biodiversity can pose logistical challenges as well as requiring a skilled surveyor.

Given its importance, research exploring the effective design of a farm level sustainability survey is now being supported by the Australian Centre for International Agricultural Research (ACIAR). As part of this multi-year project, a series of assessments will be conducted across

Indonesia to determine appropriate methods as well as outcomes. As a first step, researchers from ACIAR and the University of Sydney, in partnership with Hasanuddin University, trialled a survey with 158 cocoa farmers in West Sulawesi in July 2012. The results of this pilot survey (see link on next page) are helping to inform the design of the larger-scale impact assessment.

In April 2013, ACIAR co-hosted a workshop with the CSP to discuss the method and results. The workshop was well attended with 24 representatives from academia, government, non-government organisations, the private sector and certification organisations. Some of the preliminary results are shared here, although it needs to be emphasised that the primary objective of the pilot survey was to trial a method rather than categorically assess the impacts of certification.

Changes caused by certification

The pilot survey did yield some interesting, albeit tentative, findings. Overall, farmers participating in certification schemes felt overwhelmingly positive about the benefits of the program. They were particularly positive about the economic benefits and the provision of associated services, such as training and credit. Other findings included that:

- Certification was associated with the introduction of new cocoa marketing schemes (direct exporter linkage), which was strongly supported by farmers;
- Certification was associated with significantly more active producer organisations, which were delivering several co-benefits to participating farmers (e.g. labour sharing, access to credit, collective marketing);

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- Certified farmers had higher purchasing capacity than non-certified farmers;
- Certification was associated with increased levels of farm-level record-keeping (sales, use of inputs), which may, in time, result in heightened levels of financial literacy and improved production efficiency;
- Awareness of the use dangerous chemicals was particularly enhanced amongst certified farmers, with claims by farmers (unverified by the survey) that specific pesticides were now being avoided.

Other survey findings could not necessarily be attributed directly to certification. This is not necessarily to say that certification wasn't responsible but that the method may need to be refined to better distinguish between changes caused by certification versus changes caused by other factors. For example:

- Certified farmers (even after taking into account extended drying of cocoa beans) are receiving higher prices than non-certified farmers - but it is difficult to ascertain whether this is due to the certification scheme specifically or the associated direct-purchasing program; and,
- Productivity levels appear to be significantly higher amongst certified farmers (based on farmer yield estimates) - but it is difficult to dissociate the influence of certification from the influence of other programs that had been active in the target community.

- Certification programs are often introduced to communities that are already better organised, have better yielding cocoa, or have participating in development programs previously. This creates a selection bias in the sample.

There were also several findings which could be interpreted in both positive and negative ways. For example:

- Men seemed to be assuming a greater role in cocoa marketing through the new farmer organisation structures associated with certification. This could be a positive thing but it could also have unexpected consequences for the role of women in cocoa marketing;
- Certified farmers reported spending increased amounts of time attending training. This could either be interpreted as either a positive impact (associated with knowledge development) or time-wasting; and,
- Certified farmers generally reported spending increased amounts of labour on their farm (both their own family labour and recruited labour), which could be interpreted as either employment creation or increasing farm costs and therefore reducing farm profits.

Improved smallholder livelihoods and sustainability

Lastly, there were findings which will require observation-based assessments to complement farmer surveys. For example certified

farmers had a much higher level of awareness regarding issues such as health and safety, gender, and environmental management - but it was difficult to verify whether this was translating into improved practices. Social sustainability is similarly difficult to assess and may solely depend on subjective data, although it is possible to refer to linked variables such as availability of corresponding social infrastructure and facilities.

Observation-based assessment may contribute to a better description of social household conditions such as living condition appearance, building material, ventilation and sanitation practices in addition to subjective information on social values, feelings and perceptions.

Clearly there is more to measuring sustainability than meets the eye! We will keep working to refine our method and better measure sustainability outcomes. We will keep sharing our results too and invite anyone interested in learning more to contact us. Ultimately, we hope that a greater understanding of farm-level impacts of certification schemes and other value chain interventions will not only result in improved programs, but also in improved smallholder livelihoods and sustainability. (IPR)

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http://sydney.edu.au/science/geosciences/research/re_cocoa.shtml