Upgrading agricultural work: A comparative analysis of voluntary certification schemes

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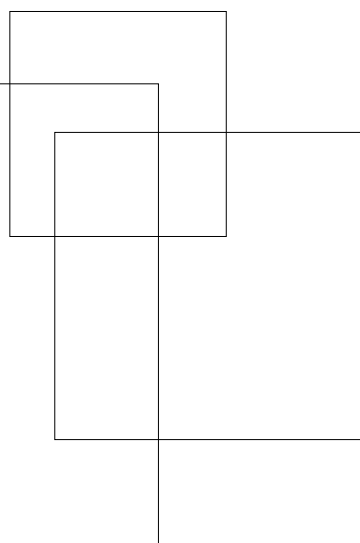AND ANOUK PECHEVY

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Acknowledgments

Abstract

In many agro-food supply chains, certification has become an important means of reinforcing adherence to standards on process quality and acceptability, including the acceptability of labour practices across the supply chain, and communicating this to buyers and end consumers. Certification is a procedure by which a third party gives written assurance that a product, process or service is in conformity with certain standards. There is, however, growing concern that suppliers in some agro-food industries are becoming overburdened by certification schemes, process standards and corporate codes of conduct. With multiple overlapping and costly schemes weighing in particular on individual grower suppliers, the reliability and added value of certification needs to be reassessed. Several frameworks are being considered to signal acceptable labour rights practices within food supply chains. There are currently multiple methodologies with diverse scope and coverage for monitoring and reporting on rights and working conditions in agriculture. These methodologies are based largely on the voluntary certification standards set by individual firms and industries.

This paper presents the results of a comparative analysis of five leading global agro-food certification schemes that cover labour rights and protection, including for small farmers, as an integral part of their certification scope.

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1. Introduction and context

Global agro-food value chains straddle very diverse worlds of work. On the supply side, while the global food industry has become highly integrated, production systems have expanded and diversified, and in some cases have spread across agricultural economies in low- and middle-income countries, where labour market institutions, public authorities and protective services are weak. Recognizing these institutional gaps, public and private initiatives have been working for several decades to promote labour rights and decent working conditions more systematically in the rural agricultural segments of supply chains. New types of private compliance initiative have emerged. These have expanded rapidly, in part owing to their promise to garner customer appreciation, which subsequently translates into brand loyalty, price premiums, higher earnings and increased market share.

The agro-food industry has become overburdened with private compliance initiatives, including voluntary certification schemes (VCS), process standards and corporate codes of conduct, to the point their validity and added value needs to be reassessed. Questions also arise as to how they relate to national public governance systems and collective bargaining practices, which may also need to be strengthened, and how they translate into tangible improvements for those working in food supply chains.

Some voluntary certification schemes are treated by food industries as credible measures for monitoring human and labour rights practices within global supply chains. Multiple auditing methodologies and certification standards with diverse scope, coverage and implementation practices, are currently relied on to monitor and report on human rights in agriculture, based largely on the voluntary standards set by individual firms and industries. These schemes are at the forefront of recent trends, such as the growing popularity of impact investment, and new national laws in countries of destination that create corporate accountability for efforts to protect human rights standards within their supply chains, linked to foreign investment and imports.[1] The rapid emergence of these frameworks reflects the growing concern of civil society and international institutions over the need for practical human rights protection. It also shows an increasing awareness of national governments' limitations when it comes to enforcing rights (including ambiguous legal authority), providing protection and addressing lapses, and a wariness of waiting for change while individual firms proffer assurances based on self-regulation.

This paper presents the results of a comparative analysis of five leading global agro-food certification schemes that cover labour rights as an important part of their certification scope. The discussion does not consider corporate codes of conduct but instead focuses on certification schemes for agro-food products that include labour standards as an integral part of their assessment and certification methodology.

Certification has become a core aspect of many voluntary schemes in agriculture. It is a procedure by which a third party gives written assurance that a product, process or service conforms to certain standards. Certification can be seen as a form of communication along the supply chain, demonstrating

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[1] The California Transparency in Supply Chains Act (2012) mandates retailers and manufacturers doing business in California to disclose their efforts to eradicate slavery and human trafficking, and protect basic human rights along the entire supply chain (Pickles and Zhu, 2013). Similarly, the United Kingdom's Modern Slavery Act (2015) requires companies with a turnover greater than £36 million to report on their efforts to address human trafficking in their supply chains.

to the buyer that the supplier complies with certain standards, which might carry more weight than an assurance provided by the supplier itself.

To better understand the strengths and shortcomings of existing VCSs with regard to improving labour rights and protection for small farmers and agricultural workers, five were selected for comparative analysis. The selection was based on the following criteria: having global scope, broad geographical coverage and covering a variety of agro-food products; offering certification or affiliation covering agricultural production; being voluntary in nature; and including standards specifically covering labour rights, human rights or social rights.

The key review parameters related to certification for agro-food rights and working conditions used in this study are:

- governance (this influences the scheme's standards, enforcement approach and credibility);
- scope and coverage of agricultural workers in certification;
- process and actors responsible for deciding what to focus on, what to measure and how, and what and how to report;
- mechanisms used to adhere to core standards and ensure compliance;
- transparency, complaints system and follow up; and
- means and sources of financing.

The selection was made using the Standards Map developed by the International Trade Centre, the joint agency of the World Trade Organization (WTO) and the United Nations. The Map provides comprehensive, verified and transparent information on voluntary sustainability standards and other similar initiatives covering issues such as labour rights, food quality and the environment. Information used in the comparative analysis was sourced from the International Trade Centre Standards Map database from April to July 2016.[2]

The certification schemes used for comparison purposes are those of:[3]

Fairtrade International (FLO) – Small Producers Organizations

Global G.A.P – Crops

Social Accountability International (SAI) – SA8000

Sustainable Agriculture Network (SAN) – Rainforest Alliance

UTZ Certified

Section 2 provides an overview of trends in voluntary certification frameworks in the global agro-food industry and the rationale for VCSs serving rapidly emerging global agro-food supply chains. **Section 3** highlights the key findings of the comparative analysis of the five schemes. **Section 4** summarizes various implications of the findings for the future of VCSs as a means of improving labour rights and conditions in agro-food supply chains and identifies areas for future research.

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[2] http://www.standardsmap.org/ [accessed 6 November, 2017].
[3] Additional information on each certification scheme is provided in Appendix 1.

2. The emergence of voluntary frameworks in the global agro-food industry

2.1 The growing dominance of supply chains

Agro-food supply chains are becoming the predominant means of organizing production, markets and trade for food products and product groups (Maertens and Swinnen, 2015). Their success is in part testimony to the efficiencies and improved quality that coordinated networks can deliver. While integration into the agro-production or upper tiers of supply chains can open access to new market opportunities for smaller producers and enterprises, it can also generate intense price competition between potential suppliers, thereby creating downward pressure on margins for profit, wages and investment.

In sub-contracted tiers, suppliers may cope with these pressures by using types of employment that may not comply with national labour regulations, in some extreme cases using forced and child labour. These practices create an unfair comparative advantage for suppliers that are not compliant with labour regulations and international labour standards. The most significant incidences of these practices are likely to be linked to smaller-scale production, which are frequently found in the rural and informal economies.

Global supply chains have also coincided with major structural shifts. Liberalization policies introduced in the 1990s, along with recent concentration through mergers and acquisitions, have resulted in lead retailers in the North dominating some global value chains, surpassing food processing giants such as Nestlé (Amekawa, 2009). These companies in turn select a handful of suppliers for various food product groups. By doing so, they can hold a concentration of influence in the downstream segments of their supply chains. This influence also aligns with a shift in the distribution of value addition away from primary producers and processors to the trade, branding, marketing and retail segments for some agro-food products. In the cocoa-chocolate value chain, for example, an estimated 70 per cent of total value added accrues to retailers and global chocolate brands, which contrasts considerably from the distribution in 1970–72. The World Bank (2008) estimated during that time that 60 per cent of value was being retained by cocoa-producing countries (reported in Abdulsamad et al, 2015, p. 33). Since market liberalization and the dismantling of national commodity boards in many countries, farmers have absorbed increasing costs and risks of production, and received declining real prices for cocoa, with subsequent underinvestment, decreased productivity and quality deterioration.

The integration of global supply chains for food products has also enabled traceability systems to be developed for food sourcing. With the advent of big data linked to trade in agriculture and food products, traceability in global supply chains is rapidly becoming a reality. Although traceability systems are diverse and largely industry-driven, they already support the ability to identify and trace the history, distribution, location and application of products, parts and materials, to ensure the reliability of sustainability claims, and to some degree claims in the areas of human rights, labour (including safety and health), environment and anti-corruption.[4]

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[4] United Nations Global Compact Office: A guide to traceability: A practical approach to sustainability in global supply chains (2014).

Figure 1. The cocoa-chocolate value chain: distribution of value addition
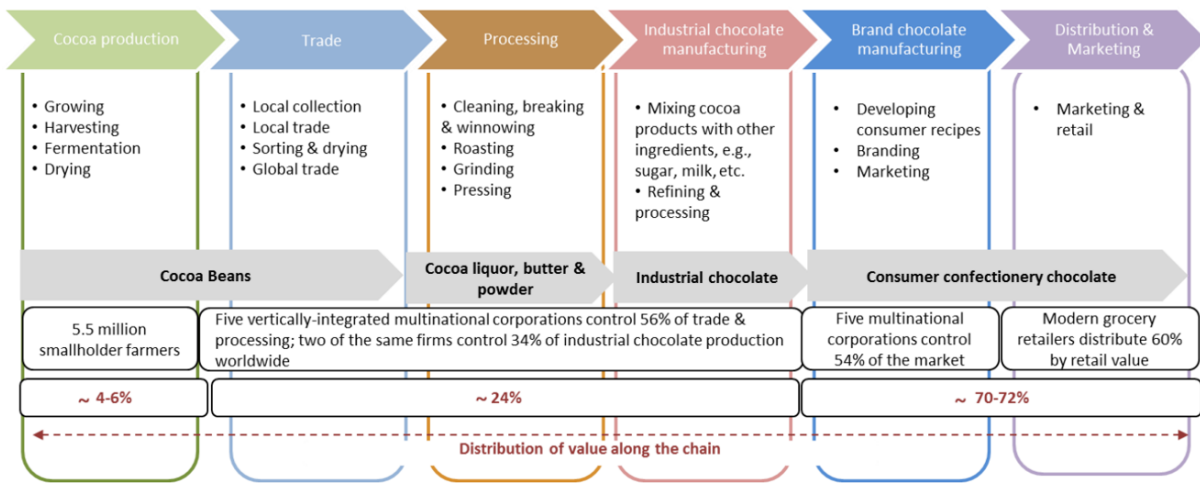
Source: Duke University Global Value Chains Center.

2.2 Voluntary certification schemes in agro-food supply chains

The concentrated influence of lead firms and brands in global agro-food supply chains, combined with traceability, has enabled certification schemes to be developed. In the food industry, these initially focused on ensuring food safety and responsible environmental practices. Key brands could be differentiated based on these quality dimensions. VCSs for food products have since evolved to cover a broader set of voluntary standards, including those focused on workers in the agricultural and food supplier segments.

The use of enterprise, industry and government standards to facilitate supply chain management has become increasingly prevalent in the food sector. As shown in figure 2, which is based on an inventory taken in 2014, voluntary sustainability schemes have become well established in the food sector. Attention to social indicators, in particular those linked to international and national labour rights and conditions, is, however, far less established.

Figure 2. Voluntary sustainability standards distribution across economic sectors (N=1218)
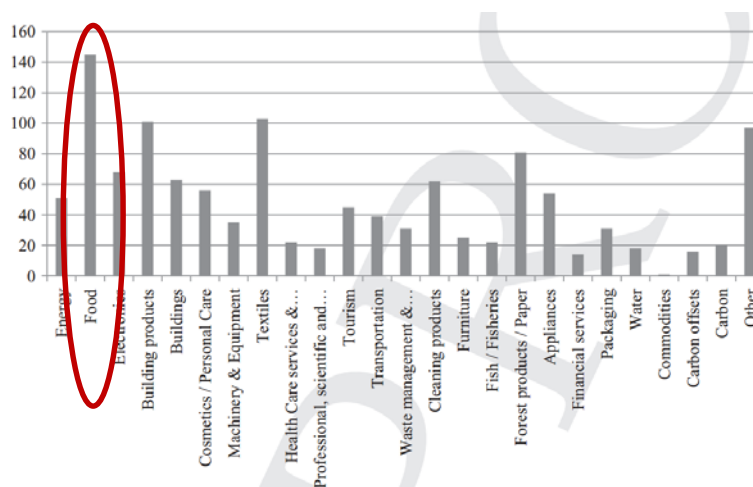
Source: Ecolabel Index Database (Marx et al, 2014)

Proponents of non-binding regulations for the private sector suggest that the lead firms in supply chains can influence their suppliers' compliance with standards, including on national labour regulation. Part of the motivation for enterprises to support voluntary certification schemes comes from consumer and investor pressure. This is connected with risk avoidance and with an interest in minimizing government regulation and pre-empting external independent assessments.

Voluntary certification schemes for agro-food supply chains have their limitations, however, such as not being adopted by lesser known firms, or being rarely applied at the level of small agricultural producers, where the worst labour rights violations and working conditions are often found. Firms and industries can also be selective about the labour standards they uphold, resulting in some core standards missing from, or only covered superficially by the standards and monitoring configuration.

The costs of systems and compliance for voluntary private standards are rising, and emerging proprietary information systems (big data systems for tracing food sources) are becoming a new form of competitive advantage in some supply chains (Parsons, 2016). The introduction of voluntary certification schemes for food products may also contribute to industry consolidation as smaller firms face new forms of competition and costs linked to compliance with higher standards (Maertens and Swinnen, 2014).

2.3 Global public governance advancements through voluntary guidelines

The gaps in governance for the rights and protections of agricultural workers are larger than for almost any other industry. This is partly due both to the way standards are written and the flexibility for interpreting their scope at the national level. In some cases, agricultural workers fall outside the scope of national laws, such as those working in the informal economy, particularly as self-employed, subsistence farmers or casual farm workers. Some laws do not protect vulnerable groups, such as women, young people, migrants and indigenous populations, who face discrimination and marginalization. Finally, where national labour laws do cover agriculture, public sector capacities for enforcing them are often weak or lacking. Acknowledgement of these gaps has spurred greater reliance on the private sector to address at least the most pervasive abuse of workers in supply chains.

Over the past decade, there has been mounting collective pressure on the private sector to take effective measures both internally and through trading partners and supply chains to ensure respect for core human rights. The Guiding Principles on Business and Human Rights, endorsed by the United Nations Human Rights Council in 2011, call on companies to conduct their business in ways that fulfils their responsibility to respect human rights, including with regard to their supply chains.[5] Although voluntary

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[5] The United Nations Human Rights Council endorsed the Guiding Principles on Business and Human Rights in 2011. Drafted by the United Nations Secretary-General's Special Representative on Business and Human Rights, Professor John Ruggie, the Principles provide guidance for public actors to protect and for private actors to respect human rights, as well as ensuring victims' access to remedy for existing human rights violations. They articulate the distinct but complementary duties and responsibilities of States and business enterprises, and are applicable to all States and business enterprises, regardless of size, sector, location, ownership or structure. The Guiding Principles define a framework for preventing and addressing human rights violations linked to business activities by applying a risk-based approach through a due diligence mechanism. The principles are based on the fulfilment of certain obligations to protect human rights in line with international agreements. Although the Guiding Principles are not legally binding, they build on the implications of existing legal obligations that States have undertaken under international human rights law and constitute a common framework applicable to all States and businesses.

in nature, the Guiding Principles signal the crucial role that private sector actors must play in raising social standards of work. They call on the individual enterprise, industries, civil society, governments and international organizations to carry out due diligence and work collectively towards bridging gaps in countries where human rights are not protected. With regard to supply chains, companies should also "seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts".[6]

The premise behind the Guiding Principles is that governments must be not only able but also willing to uphold their duty to protect human rights, and that this can be achieved most effectively by working with non-State actors.

In 2017, the ILO updated the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). The Declaration aims to maximize the positive contribution of MNEs to economic and social development, and minimize and resolve any difficulties which arise in their operations, including in their supply chains. The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises are similar recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They are supported by a unique implementation mechanism comprising national contact points who help enterprises and their stakeholders take appropriate measures.

In March 2016, Guidance for Responsible Agricultural Supply Chains was issued jointly by the Food and Agriculture Organization of the United Nations (FAO) and OECD to provide a framework for risk-based due diligence. The Guidance describes the five steps that enterprises should follow to identify, assess, mitigate and account for how they address the adverse impacts of their activities.

Various governance mechanisms have been initiated by governments, enterprises, trade unions, NGOs, and international organizations, all of which have sought in various ways to enable businesses to flourish without sacrificing labour rights. One approach being tested by some importing States is to mandate human rights transparency requirements. The information disclosed under such laws can benefit State and non-State actors alike in monitoring the impact of corporate activities on human rights. Whether such laws will require the addition of penalties to ensure compliance, however, remains to be seen, as does the knock-on effect of the disclosures.

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http://www.ohchr.org/Documents/Publications/FAQ_PrinciplesBussinessHR.pdf

[6]   Guiding Principles on Business and Human Rights (op. cit.), Principle 13

3. Comparative analysis of selected voluntary certification schemes for labour rights and related areas

3.1 Key comparative aspects of voluntary certification schemes

To better understand the strengths and shortcomings of VCSs in improving labour rights and protections for small farmers and agricultural workers, five were selected for comparative analysis. The schemes were selected based on the following criteria: having global scope, broad geographical coverage and covering a variety of agro-food products; offering certification or affiliation covering agricultural production; being voluntary in nature; and including standards specifically covering labour rights, human rights or social rights.

The schemes selected were well established food industry certification schemes covering multiple products, source countries and markets. Apart from Social Accountability International (SAI), all of the selected schemes focus on the upper end of the agricultural supply chain. SAI's standards might be used for the certification of all types of companies and facilities along the supply chain and across sectors. The other selected certification schemes have been applied to activities strongly related to agriculture.

Five schemes were reviewed for this study.

Fairtrade International

An independent, non-governmental, not-for-profit organization that promotes sustainable development and poverty alleviation and sets Fairtrade standards. A total of 19 national organizations – Fairtrade Labelling Initiatives – market Fairtrade products in 24 countries in Europe, North America, Australia, and New Zealand. One of these, FLOCERT, is responsible for auditing and certification of compliance with Fairtrade standards.

Social Accountability International

A non-governmental, not-for-profit organization that promotes the human rights of workers through the development of a voluntary standard, SA 8000. The standard is used by governments and businesses around the world. SAI's head office is in New York, United States, and the organization has representatives in 9 countries.

Sustainable Agriculture Network (SAN)

A coalition of non-profit conservation and rural development organizations in the Americas, Africa and Europe promoting the environmental and social sustainability of agricultural activities through the development of good practice standards, certification and the training of rural producers throughout the world. By 2016, it was credited with certifying 1.2 million farms covering 3.1 million hectares, and some 100 crops in 40 countries. [7]

GLOBAL G.A.P.

A non-governmental, not-for-profit organization that sets voluntary standards for the certification of agricultural products all over the world for a safer and more sustainable agriculture. GLOBAL G.A.P. is recognized in over 100 countries and works with more than 142 independent and accredited

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[7] In mid-2017, SAN and UTZ announced their intention to merge (http://san.ag/web/) [accessed 9 November, 2017].

certification bodies to carry out certification worldwide. Its risk assessment on social practice (GRASP) addresses the social aspects of agricultural production, including work standards.

UTZ

An independent, non-governmental, not-for-profit sustainability label and programme dedicated to creating an open and transparent market place for socially and environmentally responsible agricultural products. UTZ has developed three main tools to achieve these goals: the UTZ Traceability System, the UTZ Code of Conduct and the Chain of Custody documents. UTZ, the name of which is linked to the Mayan term *Utz Kapek*, or "good coffee", has concentrated on coffee, cocoa, tea and rooibos being made traceable from producers to buyers.

There were six key review parameters.

i. **Governance:** governance has a crucial influence over VCS standards, enforcement approach and credibility. A scheme's policy will be guided by the types of organizations funding it and represented on its governing board (NGOs, MNEs, producers, their representative organizations, or public bodies). The scheme's credibility can be enhanced through measures such as governance-related certification, complaint systems and transparency.

ii. **Scope and coverage of agricultural workers**: geography, sector, firm size can all influence the extent to which VCSs reach those working in agriculture.

iii. **Inclusiveness:** VCSs decide what to focus on, what to measure and how, and what and how to report. Few involve workers in that decision, and several studies have found that workers were completely unaware that a certification scheme was being used in their workplace.

iv. **Core standards and compliance:** although many VCSs may refer to ILO conventions and recommendations, measures to ensure compliance can be weak, particularly for enabling rights at the food production level. The four ILO fundamental principles and rights at work are applicable to all forms of work in agriculture.[8]

v. **Transparency, complaint systems and follow up:** auditing alone changes little. It must be backed up by supply chain management programmes that focus on training and capacity building for labour rights and working conditions, and by high-level buy-in to boost capacity, productivity and attitude change.

vi. **VCS financing:** VCS sustainability depends on how the schemes are financed and by whom. To what extent are schemes being financed by industries, buyer firms, or subsidized by public funds? Equitable financial approaches would aim to align the distribution of costs with the distribution of benefits. Given the rapid proliferation and diverse practices of VCSs, suppliers find it challenging and costly to satisfy the standards set by different buyers, especially if local legislation is not consistent with core international labour standards. Overlaps, inconsistencies, differences in approaches and lack of rigour are substantial issues.

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[8] While some ILO conventions, including those related to agriculture, exclude the self-employed, others include "flexibility clauses" that allow States to exclude certain categories of workers from the application of a convention. Several labour standards, such as those relating to freedom of association and rural workers organizations, recognize the heterogeneity of labour relations in agriculture and are clearly applicable to self-employed persons such as tenants, sharecroppers or small owner-occupiers.

3.2 Comparative Findings

Governance

A scheme's governance is the key to understanding its integrity and interests. All of the VCSs reviewed are governed by a Board, elected predominantly from their membership.[9] As to involvement of other public or non-governmental actors, some schemes include civil society in their governing board or in organizational processes. SAN, for instance, is a coalition of conservation NGOs. Those NGOs bear full responsibility for the scheme's governance. Fairtrade International's board includes independent board members and representatives of national Fairtrade organizations, which comprise local NGOs. The SAI Advisory Board, which is responsible for reviewing standards, comprises members from both the governmental and non-governmental spheres, and include representatives of trade unions, socially responsible investors and NGOs. Similarly, the UTZ governing board also includes NGO and union representatives. Global G.A.P. takes an industry-led approach, governed by business representatives only. Its associate members, which include NGOs, certification bodies, consulting firms and businesses, while not involved in decision making can contribute to standard setting through national technical working groups.

With regard to standard-setting, Fairtrade International, UTZ and SAN organize public consultations at several stages in standards revision to ensure that the opinions of producers, NGOs, governments, MNEs and academics are all taken into consideration. Fairtrade International also participates in conferences and panel discussions with trade union confederations.[10] Fairtrade International and SAI both partner directly with local NGOs for training and capacity-building projects, and implement projects funded by international donors. The European Commission has named Fairtrade International as one of the organizations contributing to its activities in favour of small-scale farmers. SAI interacts with governments in Central America to strengthen their labour inspection. Interaction with international organizations remains limited. SAI is involved in the United Nations Global Compact Human Rights and Labour Working Group and Advisory Group on Supply Chain Sustainability, and is working in partnership with UN Women to develop a global implementation plan for the UN Gender Equality Seal Certification Programme. It also participated in projects led by the International Finance Corporation.[11]

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[9] The boards of Fairtrade International, Global G.A.P. and SAN are elected by the organizations' members (see appendix). For SAI, information related to the process electing the board is scarce. UTZ Supervisory Board members are elected when the need arises, to replace those who reach the end of their mandate. See Annex 1 for more details on governance structures.

[10] Fairtrade international: "Trade Unions and Fairtrade in Common Engagement for Workers' Rights" in Fairtrade International News (Jan. 2015) (http://www.fairtrade.net/new/latest-news/single-view/article/trade-unions-and-fairtrade-in-common-engagement-for-workers-rights.html) [accessed 9 November, 2017].

[11] Depending on the CVs of the governing board members.

Table 1: VCS governance board composition

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
Governance board explicitly elected by members	✓	✓	✗	✓	✗
Proportion of board members from private sector	50%	100%	50% [12]	0%	70%
Trade union involvement	No stated policy	No stated policy	In Advisory Board	No stated policy	No stated policy

VCSs are moving towards a tripartite standards regime (TSR)[13], which links standard-setting, certification and accreditation: voluntary standard-setting organizations are responsible for creating, updating and maintaining standards; certification bodies are used to enforce those standards using various types of audit; and accreditation bodies are responsible for ensuring the effectiveness and technical competence of third-party certifiers. Table 2 below summarizes the key governance elements of the five VCSs being analysed. Only GlobalG.A.P. and SAI 8000 have established a full TSR, with SAI 8000 having incorporated its accreditation body.

Table 2: Key governance elements

Standard-setting organization	Accreditation body	Certification bodies
Fairtrade International (FLO)	-	FLOCERT is an independently governed subsidiary of FLO
GlobalG.A.P.	39 accreditation bodies have signed a Memorandum of Understanding and are either part of the European Co-operation for Accreditation or the International Accreditation Forum	138 third party certification bodies accredited
SAI 8000	Social Accountability Accreditation Services (SAAS), an independently incorporated accreditation body	22 third party certification bodies accredited
Sustainable Agriculture Network (SAN)	-	10 third party certification bodies accredited
UTZ Certified	-	Over 50 third party certification bodies approved by UTZ

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[12] Depending on the CVs of the governing board members.

[13] A. Loconto and L. Busch: "Standards, techno-economic networks, and playing fields: Performing the global market economy", in *Review of International Political Economy* (2010) 17(3): 507–536.

Standard-setting processes and standard enforcement strategies vary depending on the governance structure. SAN standard-setting involves a group of actors from all spheres, with ultimate approval given by the SAN General Assembly, which represents all SAN members. For the other four VCSs, the governing board or a committee on standards that it elects, are the ultimate decision-makers. Their composition will therefore be reflected in the schemes' principles and constraining power.

The TSR model ensures integrity and credibility at all levels, by guaranteeing the expertise and independently-certified competency of each actor.[14] Whether accreditation is performed through an internal or independent mechanism, it is intended to ensure that the certification body is able to perform objective and consistent verifications. The selected VCSs use the International Organization for Standardization (ISO) system to ensure the quality of their certification bodies. These are assessed against ISO 17065, while accreditation bodies are assessed against ISO 17011.

Table 3: Governance characteristics for setting certification standards

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
Tripartite standards regime	✖	✔	✔	✖	✖
Certification body quality standards are assessed against ISO 17065	✔	✔	✔	✔	✔
Accreditation body quality standards are assessed against ISO 17011	✖	✖	✔	✖	✖

Scope and coverage of agricultural work

VCSs must have an expert knowledge of each product or industry covered, and be able to reassure users that the requisite standards are being applied. The SA8000 standard is general and applicable across the entire value chain and across all industrial sectors except maritime, fishing and offshore workplaces. UTZ certification focuses on coffee, cocoa, tea and rooibos production, while SAN standards are applied in the production of 70 specific crops.

The five schemes' geographic and production coverage also varies, with some countries not covered at all. These restrictions can be the result of the VCS still being in the early stages of development, intrinsic limitations of the specific geographical areas concerned, or difficulties in gaining access to or operating in some countries. Of the five selected VCSs, four were created in the late 1990s, and UTZ was founded in 2002.

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[14] ISEAL Alliance: "Assuring Compliance with Social and Environmental Standards, Code of Good Practice" (2012) version 1.0. http://www.isealalliance.org/sites/default/files/ISEAL_Assurance_Code_Version_1.0.pdf [accessed 9 November, 2017].

Another key feature is the type of company that can apply for certification. Four of the selected VCSs focus on the upper part of the supply chain and agricultural activities, while SAI's standards can be used to certify all types of company and facilities along the supply chain and across sectors. Of the 3,490 organizations that are SA8000 certified, 20 operate in the agricultural sector, only 12 of which are directly involved in agricultural production. The other four schemes have been extended to activities closely related to agriculture. Traceability methods mean that schemes are often extended along the supply chain. "Chain of custody" certification, for instance, is provided by GlobalG.A.P., UTZ and SAN through Rainforest Alliance. This is the process of tracking a product from a certified farm through the various stages of trading[15], ensuring transparency and the integrity of a certified product along the supply chain. Fairtrade International has a similar system, certifying traders and companies against the Fairtrade Trader Standard. Organizations that benefit from the chain of custody and handle the products along the value chain (buyers, traders, retailers) apply and pay for this type of certification.

Even just among agricultural producers, the type of actors covered, in terms of size and economic power, vary considerably. In the 20 SA8000-certified organizations in the agricultural sector, for example, the average number of workers is 3,721, which suggests that smallholders are not yet using the scheme.[16] UTZ pinpointed the exclusion of smallholders as an issue in its 2015 annual report and has since launched a partnership programme to make its certification more inclusive. Also in 2015, SAN reported that its "certification system involved mainly medium-sized and larger farm operations whose managers typically had the capacity to implement and demonstrate conformance to the SAN Standard". The farm-by-farm certification model "proved generally inaccessible and cost-prohibitive to smallholders". Nowadays, most schemes, including Fairtrade International and SAN, have developed group certification processes using sampling approaches that have successfully led to the inclusion of smallholder farming.

Table 4: VCS certification coverage

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
Coverage of identified and differentiated products or industries	✔	✔	✘	✔	✔
Geographical coverage (by country)	120	94	All	98	33
Smallholder farm coverage	Extensive	Less than half	Very low	Low	Low

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[15] Definition according to Rainforest Alliance: http://www.rainforest-alliance.org/business/agriculture/certification/coc [accessed 9 November 2017].

[16] The most recent data is available on SAI website at http://www.sa-intl.org/ [accessed 9 November 2017].

Standards composition and framework

All five of the VCSs selected state that they regard the core ILO international labour standards as the main reference for designating rights and working conditions when setting their standards. GlobalG.A.P. addresses working conditions through its add-on product, Risk Assessment on Social Practice (GRASP), which is a voluntary, ready-to-use module to assess social practices on farms. Some schemes, such as SA8000 and SAN, also base their principles on the Universal Declaration on Human Rights and the United Nations Convention on the Rights of the Child.

Table 5: International governance frameworks taken into account in VCS standards

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
ILO MNE Declaration	✖	✖	✖	✖	✖
OECD guidelines for MNEs	✖	✖	✖	✖	✖
Universal Declaration on Human Rights	✖	✖	✔	✔	✖
UN Convention on the Elimination of All Forms of Discrimination Against Women	✖	✖	✔	✖	✖
UN Convention on the Rights of the Child	✖	✖	✔	✔	✖
UN Convention against Transnational Organized Crime, and its protocols on trafficking and smuggling	✖	✖	✖	✖	✔
UN Global Compact	✖	✖	✖	✖	✖

When setting standards, all five of the VCSs under review incorporate aspects of the ILO core labour standards. Some specify mandatory compliance with requirements under each fundamental ILO Convention, while others stipulate that compliance with these standards should be promoted. Compliance assessment differs between the schemes, in terms both of criteria and rigour.

Fairtrade standards, for example, include two different types of requirement: "core" and "development", where core requirements must be complied with in a stipulated timeframe. SAI distinguishes between "critical", "major" and "minor" non-conformances, with maximum corrective action terms of 1, 3 and 6 months respectively. SAN's Sustainable Agriculture Standard contains 23 critical criteria linked to international labour standards. The certificate is denied or cancelled if the organization fails to fully

comply with a critical criterion. The GlobalG.A.P risk assessment relies primarily on the promotion of core labour rights, rather than compliance with specific standards, through management declarations on good social practices regarding human rights and knowledge of national labour regulations. UTZ requires compliance with key indicators linked to core labour rights. While most of the indicators are unambiguous about the conditions to be met, some suggest promotional criteria, such as "measures are taken to ensure...".

Table 6: Inclusion of ILO core labour standards in certification methodology

ILO core labour standard	FLO	GLOBALG.A.P	SAI	SAN	UTZ Certified
	"Intends to prevent given practices based on…"	"Self-declaration to commit to…"	"The organisation shall also respect the principles of…"		"The Code of Conduct is also based on…"
Convention No. 29 Forced Labour	✔	✔	✔	"In agreement with…"	✔
Convention No. 87 Freedom of Association and Protection of the Right to Organize	✔	✔	✔	"As established in…"	✔
Convention No. 98 Right to Organize and collective bargaining	✔	✔	✔	"As established in…"	✔
Convention No. 100 Equal Remuneration	✔	✔	✔	"As indicated by…"	✔
Convention No. 105 Abolition of Forced Labour	✔	✔	✔	"In agreement with…"	✔
Convention No. 111 Discrimination	✔	✔	✔	"As indicated by…"	✔
Convention No. 138 Minimum Age	✔	✔	✔	"Must adhere to…"	✔
Convention No. 182 Worst forms of Child Labour	✔	✔	✔	Mentioned for definition purposes	✔

While they do not necessarily check compliance, most of the five schemes require an expression of commitment to comply with national or local laws. They all refer to national law in their requirements relating to specific issues, including child labour, women's rights, minimum wages and working hours.

Table 7: VCS alignment with national laws and regulations on labour rights and conditions of work

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
Expect compliance with national labour law (without running related audit)	✔	✔	✔	✔	✔
When they are stricter than international standards, national and local laws take precedence	✔	✔	✔	✔	✔

Compliance: The certification process

The implementation of standards and certification processes vary depending on the type of standards and VCS. Those reviewed included a combination of practices: first or second party self-monitoring by multinational companies or suppliers, third party certification by independent auditors, social labelling, voluntary commitment to related principles and development of joint training programmes involving workers representatives.[17]

All five of the selected schemes use audit as the decision-making tool for their certification process. Apart from Fairtrade International, which uses its own internal certification body, FLOCERT, the schemes use third party auditors for certification. The auditors typically use a checklist approach, filling out a questionnaire using information collected when visiting sites, which can be used for assessment.

SAI performs bi-annual audits, whereas the other schemes have an annual audit policy. All include in their monitoring policy the possibility of conducting an unannounced audit. Only GlobalG.A.P and UTZ issue a one-year certificate; the other schemes' certification is valid for three years, and even up to six years for small Fairtrade licensees.

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[17] J. Lee: "Global Supply Chain Dynamics and Labour Governance: Implications for Social Upgrading", Research Paper No. 14 (ILO, 2014).

Table 8: VCS certification practices

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
Duration of certificate validity (in years)	3 (6 for small licensees)	1	3	3	1
Frequency of audit	Annual	Annual	Bi-annual	Annual	Annual
Performance of unannounced audits	✓	✓	✓	✓	✓

Group certification can be used to enable small producers to access certification schemes. It simplifies the audit process and lowers costs for individual producers, although it may weaken monitoring by relying on the group's designated internal control system. Some schemes require internal verification of group member compliance with standards, while some require an internal control system. Compliance can also be checked by external bodies using sampling. Almost all schemes have sampling policies that apply specifically to group certification but none requires that all sites be visited at a given point to validate certification. GlobalG.A.P, SAN and UTZ take a risk-based approach and intensify the audit for high-risk situations.

Table 9: VCS approaches to group certification

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
Internal verification of all new members is required	✓	✓	✗	✓	✓
An internal control system is required	✗	✓	✗	✓	✓
External verification audits are conducted	Every 2/3 years	Annual	Annual	Annual	Annual
Written policy for sampling	✓	✓	✗	✓	✓
Written policy for group certification sampling	✗	✓	✓	✓	✓
All sites are visited during validity of certificate	✗	✗	✗	✗	✓
Risk-based approach	✗	✓	✗	✓	✓

Third-party auditing

Critics have pointed out flaws in the way audits are performed by the "burgeoning social auditing industry".[18] Information collected during audits can rely heavily on management without involving workers, their representatives or civil society. Only GlobalG.A.P Risk Assessment on Social Practice (GRASP) indicates how information is collected for each control point: site inspection, asking the employees' representative, asking the manager, record verification or asking the person responsible for GRASP implementation (RGSP). Workers' representatives are questioned for 35 per cent of control points, RGSP for 20 per cent and management for 9 per cent. Local communities are not actively involved in the checking process for any company, and worker participation remains loosely defined.

Other research gives more insight into the weaknesses of auditing. It shows that auditors tend to check the more visible aspects, such as safety and working hours, but face greater difficulties in obtaining information on discrimination or harassment. This can lead to the improvement of "outcome rights", while the "process rights" enshrined in the core ILO conventions are not properly monitored.[19] Absence of discrimination, for example, is a process right that is not thoroughly addressed by GRASP or SAN. The latter only requires "commitment" to ILO conventions and national regulations and does not indicate how to check compliance with its standard on non-discrimination in farms' labour and hiring policies. Fairtrade International is more rigorous, with eight compliance criteria, each connected with specific auditing approaches, to tackle discrimination.

An audit checklist allows conditions to be quantified based on pre-defined indicators and thereby enables auditing to be standardized and comparable results to be generated. The audit provides a "screenshot" of a situation at any given moment, with qualitative information that might be useful for monitoring working conditions.[20] The routine nature of audits may also lead to superficial reporting of information.[21]

Variation in guidelines and the stringency of checklists for assessing working conditions is also a concern. Precise definitions can generate a higher level of commitment,[22] and when a scheme's compliance criteria are associated with clear control points, compliance can be identified more easily. Some schemes, however, do not systematically define clear control points or criteria; SAN and UTZ, for example, have not done so for the prohibition of harassment and psychological mistreatment of workers.

All five of the selected schemes have audits with a pass/fail scoring methodology. This is applied to criteria associated with a particular standard, and threshold or control point conditions. Fairtrade

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[18] S. Barrientos and S. Smith "Do Workers Benefit from Ethical Trade? Assessing Codes of Labour Practice in Global Production Systems", in Third World Quarterly (2007) 28(4), pp. 713–729.
A. Marx and J. Wouters "Redesigning Enforcement in Private Labor Regulation. Will it work?", in International Labour Review (2015) (http://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/event/wcms_475106.pdf) [accessed 10 November, 2017]

[19] S. Barrientos, S. and S. Smith: op. cit. pp. 713-729

[20] A. Marx and J. Wouters: op. cit.

[21] O'Rourke, D. (2000). "Monitoring the Monitors: A Critique of Price Waterhouse Cooper's Labor Monitoring," white paper
Sabel, C. Fung A. and O'Rourke, D. (2000). "Ratcheting Labor Standards. Regulation for Continuous Improvement in the Global Workplace", SP Discussion Paper, Washington: World Bank

[22] Mamic, I. (2004). Implementing Codes of Conduct. How Businesses manage social performance in global supply chains. Geneva: ILO

International and UTZ include allowance for improvements being made during the year of certification. Some schemes, such as Fairtrade International, also include a scoring system on "development criteria", which are more ambitious than its mandatory "core criteria".

The five schemes take different approaches to non-compliance: some encourage participants to improve their practice and expedite certification, while others halt the certification process immediately. GlobalG.A.P takes a progressive approach, initially issuing a simple warning for all types of non-compliance, and subsequently ordering product suspension and cancellation if the issue is not resolved within a month. UTZ and SAN allow certification bodies to immediately suspend a current certificate, or cancel recertification. All five of the schemes require action if the auditors detect a non-conformity. This can include sanctioning the certified grower, suspending sales until corrective action is completed, or total cancellation of certification.

Table 10: VCS approaches to non-compliance

	FLO	**GLOBAL G.A.P**	**SAI**	**SAN**	**UTZ Certified**
Sanction	✖	✖	✖	✔	✔
Suspension of sales	✔	✖	✖	✖	✔
Cancellation of certification, with recertification process to commence after corrective action has been completed	✔	✖	✔	✖	✔
Timeframe given to take corrective action	4 months	90 or 28 days (renewal)	90 days	60 days	60 days

Accountability for audits

Several researchers have referred to the lack of clear accountability for audit quality as bringing into question the credibility of certification schemes and their impact on labour rights and conditions.[23] Since auditors are paid by the companies being audited, they can be incentivized to underreport bad practice.[24] In all of the schemes in this study that use external third-party certification bodies, growers use quotes to select the certification body that will perform their audit. Some schemes, such as UTZ, implement a sanction policy for misconduct, which can be applied at different levels – warning, yellow and red card or the cancellation of the certification body's approval – depending on the degree of misconduct and whether any previous sanctions have been incurred. SAI requires auditors to take an SA8000 accredited course; SAN has an auditor competence training programme, and UTZ requires the completion of

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[23] A. Marx and J. Wouters: op. cit.

[24] R. Locke: The Promise and Limits of Private Power. Promoting Labor Standards in a Global Economy (Cambridge, Cambridge University Press, 2013).

training modules based on ISO standards, as well as previous auditing experience.

Consideration has been given to how to strengthen compliance monitoring. Solutions include adopting bottom-up approaches that involve workers, local communities and stakeholders to continuously monitor working conditions[25]. Complaint systems also play a crucial role, providing "retrospective accountability".[26] Bottom-up approaches, however, are still in the early stages of development in the selected schemes, and as yet there is no clear view on community involvement.

Transparency, complaint systems and follow-up

Transparency

Two forms of transparency are required for VCSs, procedural transparency and outcome transparency, as defined by Auld and Gulbrandsen (2010).[27]

Procedural transparency is related to the decision-making and standard-setting processes. All five of the schemes selected provide a list of their board members and describe the governance procedures in place, as well as the responsibilities of their governing bodies. It is not clear, however, how consultative bodies, such as technical committees, might influence the decision-making process. Only Fairtrade International and UTZ issue an annual report and make their financial statements public. SAN started publishing an impact report in 2015 that might evolve to include more information about the scheme's organizational governance.

Transparency in financing is also important. By mid-2016, financial statements had only been published by three of the selected schemes, with SAI not having published them since 2013. According to their reports, Fairtrade International is funded at 27 per cent by contributions and grants, mostly from public funds and development agencies. SAI was funded at 28 per cent by grants in 2013 but did not provide a full list of donors in its financial statements. It did, however, name the Ford Foundation, the Rockfeller Foundation, and European and United States agencies as donors in communications related to specific projects.[28] For UTZ, 8 per cent of funding comes from subsidies, 18 per cent of which are provided by hazelnut and cocoa industry support, including Mars Inc.[29] Rainforest Alliance receives contributions from major donors, individuals, foundations and corporate grants (excluding government grants and contracts) that represent 23 per cent of its revenue, although the detailed origin of its funds is not specified in its financial statements. It is not clear whether SAN's financial structure is reflected in the financial statements of Rainforest Alliance.

Marx (2013)[30] highlights the importance of dispute systems in improving transparency in two ways.

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[25] A. Marx and J. Wouters: op. cit.

[26] N. Hachez and J. Wouters: "A Glimpse at the Democratic Legitimacy of Private Standards. Assessing the Public Accountability of GLOBALG.A.P.", in Journal of International Economic Law, 14(3) (2011) pp. 677–710.

[27] G. Auld and L. H. Gulbrandsen: ''Transparency in Nonstate Certification: Consequences for accountability and Legitimacy.'' In Global Environmental Politics, 10(3) (2010) pp. 97–119.

[28] See http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1457#.V2le3fl95pg [accessed 10 November 2017].

[29] https://www.utz.org/who-we-work-with/funders/ [accessed 10 November 2017].

[30] A. Marx: "Varieties of Legitimacy: A Configurational Institutional Design Analysis of Eco-labels", in Innovation: European Journal for Social Science Research (2013).

First, they allow internal participants, such as members and certification candidates, to appeal decisions. Second, they allow external stakeholders to pinpoint issues related to the functioning of private systems. Of the VCSs selected for the study, GlobalG.A.P and SAI do not publish their policies on complaints or dispute resolution. SAI has, however, indicated that its complaint system will be improved as part of its standards revision process.[31]

To be fully transparent, outcome transparency is also needed. Detailed audit reports, reports on violations and reports on plans for corrective action must therefore be made publicly available.[32] This would allow for post-certification verification by giving stakeholders the opportunity to compare reported conclusions with real conditions and could serve as a basis for filing complaints. Several authors consider this a condition for strengthening the enforcement potential of private standards.[33] None of the selected schemes make their auditing reports available, arguably restricting the efficiency of their complaint systems. UTZ provides a list of registered producers without any detail of their certification status. Fairtrade International, SAI and SAN provide lists of certified organizations, along with some details including certification date, status and expiration date. GlobalG.A.P has the most comprehensive system, allowing third parties – notably consumers – to trace products by searching the GlobalG.A.P. Number (shown on the product label) in its online database. This identifies the producer and displays details about current certification status, the related certification scheme, and the expiry date of the certificate.

Table 11: Administrative documentation published by VCSs

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
Annual report	✓	✓	✗	✗	✓
Financial statements	✓	✗	✗	✗	✓
List of management board membership	✓	✓	✓	✓	✓
Documented complaints and dispute resolution policies	✓	✗	✗	✓	✓

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[31] http://sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=1460 [accessed 11 November 2017].

[32] A. Marx and J. Wouters: op. cit.

[33] N. Ascoly and I. Zeldenrust: Considering Complaint Mechanisms. An important tool for code monitoring and verification (Amsterdam, SOMO, 2003).
S. Barrientos: Corporate Social Responsibility, Employment and Global Sourcing By Multinational Enterprises (Geneva, ILO, 2003).
I. Mamic: *Implementing Codes of Conduct. How Businesses manage social performance in global supply chains* (Geneva, ILO, 2004).

Complaint system

The relevance and usefulness of any complaint system are linked to the complainant's motivation for invoking it, while the system's strengthening potential will be determined by the sanctions it imposes.[34] Although investigation and dispute resolution mechanisms are defined for Fairtrade International, SAN and UTZ, specific sanctions are not defined systematically. Some schemes, such as SAI, allow third-party complaints when a facility's own grievance system has been exhausted and when a certification body's response has not dealt adequately with the allegations raised.

Table 12: VCS complaint system characteristics

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
Auditing reports, violations reports corrective action plans report are publicly available	✖	✖	✖	✖	✖
Third-party complaints are a possible form of primary recourse	✔	✖	✖	✔	✔

Follow up

Besides the costs involved, lack of awareness, weak management skills and limited financial and technical capabilities tend to prevent many small farmers from improving working conditions to the extent needed to qualify for certification. To increase the inclusion of smallholders, some VCSs have extended their range of services for certified producers. These include the provision of documentation on interpreting the standards, guidance tools, equipment and technical assistance. Access to learning forums, networking activities and conferences can increase producers' know-how. Some VCSs also provide support to improve growers' financial capacities, either indirectly by enabling productivity increases or access to markets with premium prices, or directly by providing access to finance. The Fairtrade Access Fund, for example, provides farmers' cooperatives and associations with trade finance, working capital and long-term loans to manage operations, renew farm certifications, or adopt new technologies and equipment.[35]

While all five of the schemes in this study provide training for farmers, which may be free of charge (Fairtrade international, SAI) or cost a fee, they do not organize conferences or networking opportunities, where farmers could exchange best practices.

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[34] A. Marx and J. Wouters, J (op. cit.)
[35] https://www.fairtrade.net/programmes/access-to-finance.html [accessed 20 November 2017].

Table 13: VCS services additional to certification

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
Documents, interpretation, guidance tools	✓ (free)	✓ (free)	✓ (free)	✓ (free)	✓ (free)
Technical assistance to suppliers/farmers[36]	✓ (free)	✓	✓	✓ (free)	✓
Support to increase productivity, efficiency and access to markets	✓	✓	✓	✓	✓
Access to finance	✓	✗	✗	✗	✗
Learning forums, networking, conferences	✗	✗	✗	✗	✗

Harmonization

According to the International Trade Centre (ITC), in 2016, the number of voluntary sustainability standards was estimated at between 450 and several thousand. VCSs fall within that category. The prevalence of multiple and overlapping initiatives can lead to compliance and reporting overload, which in turn gives rise to monitoring fatigue at the supplier level[37] and to confusion, unnecessary duplication of effort, and prohibitive costs for smaller suppliers and farmers.

With this in mind, several VCSs are currently trying to develop similar governance practices and guarantee their credibility by complying with the ISEAL Alliance standards.[38] The ISEAL Alliance is an NGO, which defines its mission as strengthening "sustainability standards systems for the benefit of people and governments" by certifying sustainability VCSs. The Alliance was founded in 2002 by eight certification organizations, including Fairtrade International, SAI and the Rainforest Alliance. It is governed by a Board of Directors, representing the member schemes, and its Code of Conduct is managed by an independent technical committee comprising external experts from the private sector,

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[36] When technical assistance and training opportunities are not provided free of charge, the organization interested in the training (auditor, supplier or farmer) pays the fee. In some cases, however, funders might provide financial support for training small producers, such as the Coffee Support Network and the World Bank, which have provided support to the Ndumberi Coffee Farmers' Cooperative Society.
See UTZ press release, "2nd Kenyan Coop receives Utz Kapeh Certification" (2006). (https://utzcertified.org/sallederedaction/actualite/248-press-release-2nd-kenyan-coop-receives-utz-kapeh-certification?offset=230&lang=fr) [accessed 11 November 2017].

[37] R. M. Locke *The promise and limits of private power: Promoting labor standards in a global economy* (New York, Cambridge University Press, 2013).

[38] http://www.isealalliance.org/ [accessed 11 November 2017].

certification organizations and specialized consulting firms.

Some common platforms have been established under industry-led standards with a view to harmonizing codes of conduct and monitoring systems. The Global Social Compliance Programme (GSCP), facilitated by the Consumer Goods Forum (CGF) organizes cross-industry collaboration to harmonize and continuously improve codes and audit to enhance clarity and best practices. VCSs can use the Programme to perform the GSCP Equivalence Process, enabling them to assess and compare tools and processes, identify any gaps, drive internal alignment and move towards mutual recognition.[39] UTZ and RA-Cert have signed a collaboration agreement, under which RA-Cert is named as a UTZ-approved certification body that can conduct UTZ, and combined UTZ/SAN, audits and certifications in coffee, cocoa and tea production.[40] SAN and GlobalG.A.P. also announced their collaboration to identify common areas and differences in their operations with a view to reducing audit costs and increasing efficiency. Through Fairtrade International's partnerships, FLOCERT (its certification body) is now able to verify a company's activity against the following standards: 4C Association, Economic Dividends for Gender Equality, Ethical Trade Initiative, Fair Trade Tourism, Global Organic Textile Standards, Textile Exchange and UTZ. Another type of collaboration, focusing on specific issues, has also emerged. The Global Living Wage Coalition[41] brings together SAI, Fairtrade International, Forest Stewardship Council (FSC), GoodWeave, SAN (Rainforest Alliance) and UTZ Certified on a project for the calculation and implementation of a living wage.[42] The above notwithstanding, cooperation and mutual recognition remains limited.[43]

Table 14: VCS status with regard to harmonization of standards and certification practices

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
Full membership of ISEAL Alliance	✓	✗	✓	✓	✓
Completion of GSCP Equivalence Process and publication of results	✓	✗	✓	In progress	✗

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[39] For additional information see http://supply-chain.unglobalcompact.org/site/article/126 [accessed 11 November 2017].

[40] UTZ: "RA-Cert and UTZ announce new collaboration agreement", UTZ news (2016). https://www.utz.org/corporate-news/ra-cert-and-utz-announce-new-collaboration-agreement/ [accessed 10 November 2017].

[41] The Global Living Wage Coalition brings together influential sustainability standards to improve wage levels in certified supply chains. ISEAL facilitates the coalition.
R. Anker and M. Anker: "A Shared Approach to Estimating Living Wages" (Global Living Wage Coalition and ISEAL Alliance, 2013). http://www.isealalliance.org/sites/default/files/Global_Living_Wage_Coalition_Anker_Methodology.pdf [accessed 10 November].

[42] http://www.sa-intl.org/ [accessed 27 November 2017].

[43] A. Marx: op. cit.

Financing for certification processes

Given the proliferation of VCSs in the agro-food industry, it is worth considering how the costs they incur are covered and how this aligns with distribution of benefits from certification. Costs fall into two groups: operational costs associated with running the standard-setting organization; and costs associated with auditing and certification.

Standard-setting organization

Even when its financial statements are available, it is difficult to assess how much of the standard-setting organization's budget is financed from certified entities' participation. Although none of the selected schemes require a membership subscription fee for inclusion in the certification process, inclusion will still be costly. On top of the certification body's bill, the standard-setting organization typically requires additional fees, such as a registration fee, a certification fee or a self-assessment fee. GlobalG.A.P. for example, charges registration fees that range from €2 to €1,000 depending on a variety of factors, and its certification fee ranges from €25 to €130. GRASP annual assessment fees for a group of growers are €130 plus €1 per member.[44] SAI charges a self-assessment fee of US$300.

Fairtrade International's certification costs depend on the size of the organization – the number of members, workers and production sites. Special rates apply for very small organizations and plantations and the average annual fee is estimated at between €2,000 and €3,000 for small producers' organizations and between €3,000 and €4,000 for plantations. UTZ is funded at 86 per cent by fees billed to users of the traceability system and calculated on the basis of volume. These users can therefore be assumed to be buyers or retailers. SAI is financed at 60 per cent by revenues derived from companies involved in training programmes or corporate programmes providing additional services to members, such as advice from experts or customized projects. In 2015, Rainforest Alliance's certification fees represented 24 per cent of its income.[45] It is difficult to judge, however, whether this is also representative of SAN's management.

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[44] http://www.globalgap.org/export/sites/default/.content/.galleries/documents/151218_General-GG-Fee-Table_2016_V3_en.pdf [accessed 10 November 2017].

[45] Rainforest Alliance: "Consolidated Financial Statements" (2015) June http://www.rainforest-alliance.org [accessed 20 November 2017].

Certification costs

In all five of the VCSs studied, certification and implementation costs are borne by the entity to be certified (producers in the case of production activity, and traders, buyers or retailers in the case of chain of custody certification). For producers, certification costs are substantial and difficult to predict. Except for Fairtrade International, certification costs for selected schemes depend on each certification body's policy as well as on context (country, product, operator structure). For all selected schemes, once certified, growers are responsible for meeting certification criteria. In the case of group certification, the group's management is responsible for making sure that all farms respect the standards.

Table 15: Distribution of certification costs (as at 2016)

	FLO	GLOBALG.A.P	SAI	SAN	UTZ Certified
Standard-setting organization	Fees depend on number of members, workers and production sites. Special rates for very small organizations and plantations. Average annual fees €2000 to €3000 for small producer organizations, and €3000 to €4000 for plantations	Registration fee: from €2 to €1000 depending on surface, production, etc. Certification fee: from €25 to €130	$300 fee for the self-assessment the facility must complete at least once every certification cycle	✖	✖
Certification body		Certification body verification and certification fee depending on the certification body, operator structure, country, product, volume etc.	Certification costs vary depending on the certification body	Costs vary depending on the certification body Prices vary widely according to the type of crop, complexity of the operation and the country in which the operations are located	Costs vary depending on the certification body and contextual factors (size of production unit, volume of product to certify, etc). Audit costs US$500-4,500 for large group certification

Certification price premiums

Without price premiums or in-kind benefits, farmers and groups of farmers bear additional costs associated with certification. Two of the five VCSs explicitly reported requiring a price premium for growers to at least partially cover their certification costs. Fairtrade International sets minimum prices based consultations with Fairtrade farmers, workers and traders. The Fairtrade minimum price is the lowest price that a buyer of Fairtrade products must pay the producer, unless the market price is higher, when the market price must be paid. Fairtrade International also sets premium prices to be paid in addition to minimum prices. A democratic committee of farmers and workers decide how to invest the premium in social, environmental and economic development projects to improve their businesses and communities.

The UTZ premium is a cash amount paid by the direct buyer to the certified producer or group. While payment is mandatory, the amount is negotiated between the buyer and producer or group of producers.[46] For groups, the UTZ premium can be allocated to pay for group management costs (such as audits), products and services used (such as training), and in-kind or cash payments to certified group members. UTZ does not prescribe how its premium should be divided between management, group and group members. It does, however, require that certified group members clearly benefit from the premium. UTZ also tries to promote transparency in premium setting and allocation by providing recommendations to the groups, on issues such as establishing a policy on premiums and communicating the premium procedure to group members. It is unclear whether any, and if so how much, of the premium reaches farmers or farmer groups.

Some VCS studies have reported payments from buyers to the upstream part of the chain to initiate social upgrading. Other means of covering costs can include passing more costs to consumers, benefitting from productivity gains at the producer-level, or improving cooperation between segments along the global supply chain.[47] This study did not attempt to make these kinds of comparison.

Table 16: VCS reliance on a price premium mechanism to allocate value to producers

FLO	GLOBALG.A.P	SAI	SAN	UTZ Certified
✔	✖	✖	✖	✔

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[46] UTZ: "UTZ Guidance Document, UTZ premium" (2015) July.

[47] D. Miller: "Regulating the "wage effort bargain in outsourced apparel production", in A. Rossi, A. Luinstra and J. Pickles (eds): Towards Better Work Understanding Labour in Apparel Global Value Chains (Basingstoke, Palgrave Macmillan, (2014), pp.103–124.

4. Conclusions and future research into VCSs in agro-food

This paper considers VCSs as a means to promote rights and conditions for agricultural workers and facilitate their realization within agro-food supply chains. Only a small share of global food and agricultural trade is currently subjected to voluntary certification but the practice is growing steadily. For selected products, such as coffee, certified products account for a significant market share. In the agro-food industry, certification and the associated traceability capabilities are a means of reinforcing supply chain adherence to quality and acceptability, including with regard to labour practices, and communicating this to buyers and final consumers, largely through designated certification logos. While some certification schemes, such as GlobalG.A.P., are driven by the industry itself or programmes involved in the food retail sector, most social and environmental standards-focused certification schemes, such as the Fairtrade system, have been developed by NGOs.[48]

This comparative analysis identifies useful similarities and differences between five leading global VCSs that cover agriculture, food quality and labour rights. For the most part, they have varying degrees of transparent and inclusive governance structures and processes. Three of the five schemes are evolving towards a tripartite standards governance regime, which adds to the credibility of the certification process and can improve the feasibility of future harmonization between schemes. Those under review rely primarily on auditing, which has been widely criticized for inaccuracy in ensuring compliance with the standards, and for emphasizing compliance rather than capacity development.

The five VCSs studied showed broad commitment to compliance with ILO core standards. Given the complexity of most conventions, however, the schemes fall short of requiring full compliance with full range of core standards. Over the past decade, levels of commitment, coverage and means of monitoring labour rights and conditions have been expanded and refined. All of the schemes reviewed made some degree of specific reference to ILO core rights and the conditions set out in the work-related ILO conventions, with indicators, measurements and mandatory requirements linked to certification status. Coverage of fundamental principles and rights at work was found to be most consistent, while coverage of other labour standards was less consistent and measurement rigour varied, as did requirements for compliance.

In terms of reach, certification auditing of agricultural production tends to concentrate on large farms and post-harvest handlers in agro-food global supply chains, and much less on small-scale farmers where more frequent cases of non-compliance with core and priority labour rights have been documented. One reason for this may be that the rapid proliferation and diverse practices of VCSs make it challenging and costly for farmers to satisfy the standards set by different buyers. For smaller farmers, the costs associated with the certification process limit their involvement, and participation often depends on the soundness of the cooperative or organizational entity supporting their group certification. Certification compliance is regularly coupled with follow up technical support but this is largely available on a fee-paying basis.

The contributions of buyers to the selected schemes do not go far beyond their participation in the standard-setting process and there is no clear requirement to direct financial support to the farmers they buy from, except through the Fairtrade International premium mechanism. The need to reduce duplication and costs to farmers is well recognized, which is leading to harmonization of certification standards and some consolidation of VCS entities.

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[48] C. Dankers: Environmental and Social Standards, Certification and Labelling for Cash Crops (FAO, 2003).

5. The need for future research

Who gains from certification and who loses?

Certification schemes do not alter underlying power relations between buyers and growers. They focus on ensuring basic standards assessments, which can be used to designate a differentiated product to buyers. The price differential associated with this may be captured at various stages of the supply chain. Unless certification schemes explicitly require it, growers cannot be assumed to share the gains of this differentiation.

Certification schemes may not necessarily generate better earnings or working conditions for participating farmers and agricultural workers. There are other potential benefits for agricultural producers, however, such as improved access to buyers, technical upgrades, better bargaining positions, and economies of scale through group coordination. The effect of certification on agricultural work will likely remain limited, as the schemes have limited coverage of this segment of the supply chain. Weak rural institutions may expose farmers to exploitation, although little is known about this. More research is needed to fully understand the relative costs and benefits, and their alignment across the supply chain.

Do VCSs complement or compete against national systems?

The effectiveness of VCSs may depend on how well they can embed key stakeholders in their governance processes and follow up. The five selected for this study did not state explicitly how they aimed to complement national inspection systems and capacities, or how they would promote social dialogue and collective bargaining for growers.

The impact of VCS development on the role and enforcement of national law has been widely debated. While critics perceive VCSs as displacing government interventions and being driven by private business interests, aiming not to protect labour rights but rather to limit reputation risks, others see them as a way to strengthen the enforcement of national laws and complement public intervention, particularly in countries where capacities are weak.[49] Voluntary private schemes can go beyond the requirements of national law while ensuring their application.

There is wide scope to enhance coherence between ILO standards and voluntary private standards, and the national laws through which ILO standards are applied. Harmonization would afford opportunities for more consistent coverage and interpretation of core and priority labour rights. ILO could provide useful assistance in assessing the scope and depth of coverage of core labour rights including in the context of national labour legislation and regulation. It could also be a useful partner, providing advisory services and technical support to address labour rights and protection gaps in enterprises and between supply chain elements.

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[49] T. Bartley: "Corporate accountability and the privatization of labor standards: struggles over codes of conduct in the apparel industry". In H. Prechel (ed.), Politics and the Corporation, Vol. 14 (Research in Political Sociology). (Greenwich, United States, JAI Press (2005), pp. 211–244.

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Appendix 1: Governance structures of sampled Voluntary Certification Schemes

The **International Fairtrade** system is governed by the General Assembly and the Board of Directors.

The Board of Directors is elected by the General Assembly and includes: four board members nominated by the three producer networks, four board members nominated by the national Fairtrade organizations, three independent board members. The General Assembly is composed by members of the international system with a 50 percent producer representation/50 percent national Fairtrade organization representation, the latter being composed of producers and NGO representatives. It decides on membership issues, approves the annual accounts, and ratifies new Board directors. The Fairtrade International Standards Committee makes decisions about Fairtrade standards. Its members are appointed and its Terms of Reference are approved by the Board.

GLOBAL G.A.P. is governed by a Board headed by an independent chairman.

The Board is composed of an equal number of producer and retailer representatives elected by voting members and is chaired by one of its members. It determines strategy, designs the standards setting procedure, adopts standards and rules, and provides the legal framework for regulating the certification bodies.

The technical committees consist of GLOBALG.A.P. producer/trader and retailer/food service members. These committee members, elected by their peers, represent the stakeholders before the GLOBALG.A.P. Board. Technical committees, focus groups and the Certification Body Committee develop and implement GLOBALG.A.P. standards. National technical working groups support the work of the committees on a local level. The Integrity Surveillance Committee (ISC) assesses integrity issues and certification body non-conformances and proposes correctional measures and sanctions.

The Secretariat supports the work of the Board and all the committees. This function is fulfilled by FoodPLUS GmbH, a private limited company based in Cologne, Germany, that acts as a single management platform for GLOBALG.A.P. The executive management of FoodPLUS GmbH, i.e. its Managing Director, bears responsibility for the implementation of policies and standards, as well as facilitates the GLOBALG.A.P. benchmarking process, manages the GLOBALG.A.P. Database and enforces the decisions made by the ISC.

Social Accountability International (SAI) is governed by a Board of Directors and also has an Advisory Board. The Board is composed of not less than three and not more than seven directors, current members including SAI's legal counsel, SAI's President, one person from the SA8000 Advisory Board, one person who is an administrator of a larger NGO, and two more persons with financial expertise. It has the power to delegate to the Chairman of the Board of Directors, the President, Executive Director, or others, any and all of its powers and privileges and to seek the accomplishment of its objectives and purposes. It has established the SA8000 Advisory Board (AB) and directed it to provide the President of SAI with expert advice regarding the drafting, operation, policy, and development of SA8000. The Advisory Board includes experts from trade unions, businesses, socially responsible investors, government and NGOs, its policy being to balance equally between business and non-business members. It develops, reviews and approves Social Accountability 8000 (SA8000) standard.

The Sustainable Agriculture Network is governed by the Board of Directors and the General Assembly. The Board of Directors is composed of a maximum number of 12 representatives of the members elected by the General Assembly that includes a representative of Rainforest Alliance and eleven representatives of other Association Members. It approves the annual plans, goals and strategies of the organization. The General Assembly consists of representatives of each member organizations of the network. It is the supreme authority of the Sustainable Agricultural Network and presents motions to the Board of Directors. It approves the revision of SAN standards at the final stage.

The Secretariat executes the decisions made by the SAN Board, administering the daily operations of the SAN, facilitating communication, promoting cooperation with existing initiatives, coordinating support activities and overseeing efficient implementation of SAN policies and processes. The International Standards Committee (ISC) is composed of three SAN representatives, three ISC founding members and three external experts. It develops or reviews SAN's standards and means of verification together with the Secretariat.

The Technical Operations Committee (TOC): The TOC defines the technical content of farm, group and chain of custody certification policies, and accreditation requirements for certification bodies and auditors. It advises on communication systems, tools and necessary guidelines for the effective implementation of these and of SAN standards. The TOC is divided in two working groups: a policy group and a chain of custody group. The former is composed by experts for the global region, Asian region, Latin American region, African region, smallholders, plantation, international standards committee and traceability. The latter is composed by a producer country auditor, a consumer country auditor, a SAN expert and a Rainforest Alliance export

UTZ is governed by a Supervisory Board. The Supervisory Board (SB) should at a minimum, have members drawn from the following groups: production, the supply chain (including brands, processors, trade, retailers), civil society/non-governmental organization and representative trade unions. It is currently composed of four supply chain representatives, three producer representatives, two civil society representatives and one union representative. Members of SB are appointed and dismissed by the SB itself. It appoints the executive team and the standards committee, approves UTZ standards and strategic plan. The Executive Team is formed by the Executive Director, the Markets Director, Emerging Markets Director and the Standards Director, who together are responsible for day-to-day affairs. It passes resolutions, some being subject to the Supervisory Board approval.

The Standards Committee is composed of a minimum of six and a maximum of 12 experts appointed by the Supervisory Board and including at least two producer or supply chain representatives, two NGOs or technical experts, two certification or sustainability experts and one or two non-voting UTZ certified staff It is responsible for approving new product codes (standards), approving changes to existing product codes (standards revisions), dealing with complaints, and ensuring the technical consistency and integration of all UTZ Certified programs. It may also advise the UTZ Executive Team and the Supervisory Board on credible claims that can be made with respect to different levels of performance. The Product Advisory Committees (PACs) is appointed by the Executive Team. It supports and advises both the Supervisory Board and UTZ staff on the development, implementation and revision of product specific programs.

Appendix 2: VCS coverage of additional ILO labour standards and other recognized internationally agreed standards

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
ILO Convention 1 Hours of Work – Industry	✘	✘	✔	✘	✔
ILO Convention 95 Protection of Wages	✘	✘	✘	✘	✔
ILO Convention 102 Social Security - Minimum Standards	✘	✘	✔	✘	✘
ILO Convention 131 Minimum Wage Fixing	✘	✘	✔	✘	✘
ILO Convention 135 Workers' Representatives	✘	✘	✔	✘	✘
ILO Convention 143 Migrant Workers	✘	✘	✘	✘	✔
ILO Convention 155 Occupational Health and Safety	✔	✘	✔	✘	✔
ILO Convention 159 Vocational Rehabilitation and Employment - Disabled Persons	✘	✘	✔	✘	✘
ILO Convention 169 Indigenous & Tribal Peoples	✘	✘	✔	✘	✘
ILO Convention 177 Home Work	✘	✘	✔	✘	✘
ILO Convention 181 Private Employment Agencies	✘	✘	✔	✘	✘
ILO Convention 183 Maternity Protection	✘	✘	✔	✘	✘
ILO Convention 184 Safety and Health in Agriculture	✘	✘	✘	✘	✔
ILO Recommendation 116 Reduction of Hours of Work	✘	✘	✔	✘	✘
ILO Recommendation 143 Workers' Representatives	✔	✘	✘	✘	✘

	FLO	GLOBAL G.A.P	SAI	SAN	UTZ Certified
ILO Recommendation 146 Minimum Age	✖	✖	✓	"Must adhere to…"	✖
ILO Recommendation 164 Occupational Safety and Health	✖	✖	✓	✖	✖
ILO Recommendation 193 Promotion of Cooperatives	✓	✖	✖	✖	✓
ILO Code of Practice on HIV/AIDS and the World of Work	✖	✖	✓	✖	✖
ILO Protocol 029 on trafficking in persons	✓	✖	✖	✖	✖
Universal Declaration of Human Rights	✖	✖	✓	✖	✖
The International Covenant on Economic, Social and Cultural Rights	✖	✖	✓	✖	✖
The International Covenant on Civil and Political Rights	✖	✖	✓	✖	✖
Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime	✖	✖	✖	✖	✓
UN Convention on the Rights of the Child	✖	✖	✓	✖	✖
UN Convention on the Elimination of All Forms of Discrimination Against Women	✖	✖	✓	✖	✖
UN Convention on the Elimination of All Forms of Racial Discrimination	✖	✖	✓	✖	✖
UN Global Compact	✖	✖	✖	✖	✖
UN Guiding Principles on Business and Human Rights	✖	✖	✓	✖	✖