

Coffee Standards and implementation of the Millennium Goal on Reduction of Poverty

An analysis of whether corporate social responsibility mechanisms in the form of coffee standards have reduced poverty in the coffee producing regions of Colombia



View from Finca El Jordan, Anserma Caldas, Colombia

Master Thesis - MSc International Business and Politics

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6 January 2014

Copenhagen Business School 2014



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1. INTRODUCTION

On 26 June 2013 the Wall Street Journal could report that in the *'first quarter of 2013, a total of 162.039 Colombian coffee producers were producing coffee under certifications and verifications from different sustainability standards'*.¹ As suggested by this quote, over the past decades, the number of coffee farmers in Colombia receiving certification from standards organisations promoting sustainability, such as Fairtrade, Organic and Rainforest Alliance, has increased significantly.

These standards have different focuses; Fairtrade focuses on social issues, including improving the livelihoods of small farmers and their communities, and securing access to health care and education. Organic and Rainforest Alliance, on the other hand, place great emphasis on the environment as well as ecosystem conservation and wildlife protection. However, the standards all share the same overall objective, i.e. to contribute to the sustainability of coffee growing and, consequently, the wellbeing of the coffee producers and their families.

In Colombia, according to statistics from the World Bank, 32.7 per cent of the population live in poverty.² The subject matter of this thesis will be on whether the introduction of corporate social responsibility (CSR) mechanisms in the form of coffee standards have facilitated a reduction in poverty-levels in the coffee producing regions of Colombia. The thesis will concentrate on standards with a focus on economic, social and environmental sustainability, and will use as a reference point the United Nations Millennium Development Goal on eradication of extreme poverty and hunger, which is the first of seven development targets agreed on by the United Nations in 2000.

Although poverty reduction is not an aim of CSR, many business activities have positive impacts on conditions in developing countries, i.e. by generating employment opportunities or facilitating skill development. As such, CSR-initiatives can be a vehicle for bringing development to local communities.

The thesis will outline the theory associated with sustainability standards, summarise five sustainability standards, and present an account of coffee production in Colombia, including the role of the National Coffee Federation with respect to sustainable coffee production. The thesis will conclude that the introduction of coffee standards has led to higher develop-

¹ <http://online.wsj.com/article/PR-CO-20130626-909689.html>, accessed 30 December 2013.

² <http://data.worldbank.org/country/colombia>, accessed 3 January 2014.

ment in the coffee producing regions of Colombia, as the number of coffee producers being certified has increased significantly, resulting in farmers being paid higher prices for their products, consequently reducing poverty-levels. The thesis will further conclude, that the market for sustainable coffee is becoming increasingly fragmented, and that barriers exist which hinder more farmers in becoming certified. The thesis therefore suggests that standards organisations within the coffee sector sharing the same overall objective should embrace the concept of 'meta-standardization', as this can facilitate common ground on key overarching principles. This common ground can ensure a more uniform approach and closer cooperation, thereby removing barriers and facilitating that more producers become certified, ultimately leading to reduced levels of poverty in the coffee producing regions and implementation of the Millennium Development Goal on reduction of extreme poverty and hunger.

2. SETTING STANDARDS

2.1 A brief history of standards

Standards are present in all aspects of our lives. As such, our daily lives are guided and regulated by standards, for example at the work place, where there will be an orderly way of doing things in order to achieve a desired outcome. There are standards set in place for doing tasks in a specific way in order to obtain the result expected. The same applies for students as they will be ranked according to specific standards, and the results will affect their future lives and choice of career. Another example of standard setting is international transportation of cargo, where millions of rectangular boxes, also known as standard-sized containers, transport goods all over the world. As a result of their uniform shape the containers can be stacked in trains and ports and in the holds of ships.³

Standards cover a variety of areas, including labour conditions, health and safety rules, transportation, finance norms and environmental regulations. Often they are internationally determined, i.e. the aforementioned measurements of containers for international transportation of cargo, and many have a global impact. As a consequence of this, there are different actors involved in the development of standards and standard setting, both at the national and international level. Stakeholders include consumers and buyers as well as industries, non-governmental organisations (NGO's) and governments. Each group will have their own interest in promoting certain standards depending on the nature of their business.⁴

It is important to understand how standards were developed. I will therefore consider the history of standards. As mentioned above, most of our lives are influenced by standards. However, standards are not a modern creation. Even though it is impossible to determine the first widely used standard or write a singular history of standardization, traces of standard setting can be found in archeological records indicating some form of communication. Pompeii can testify this, with its temple of Apollo that has the *mensa ponderaria* - the table of standard volumes used by merchants and their customers to measure goods.⁵

At the beginning of the 20th century there was a creation of national standard organisations in most industrialised countries. This was with a purpose of developing sets of rules for

³ S. Timmermans and S. Epstein (2010), 'A World of Standards but not a Standard World: Towards a Sociology of Standards and Standardization', *Annual Review of Sociology*, Vol. 36, p. 70.

⁴ K. Khalid and F. Wältring (2002), 'Making Sense of Global Standards', *Institut für Entwicklung und Frieden der Gerhard-Mercator-Universität Duisburg*, Heft 58, p. 3.

⁵ Timmermans and Epstein, op. cit., p. 75.

the design of industrial products so that companies could produce goods that were comparable in their key characteristics. Standardization of products and services therefore saw an increase in the 20th century. In the second half of the century greater emphasis was put on the development of international standards. In 1947 the *International Organization for Standardization (ISO)* was therefore created. The ISO is the world's largest developer of voluntary International Standards and has published more than 19.500 International Standards covering almost all aspects of technology and business. The organisation manages a great portfolio of standards, including for environmental systems (ISO 14001) and social responsibility (ISO 26000), which have been particularly successful.⁶ It currently comprises 114 Member Bodies, and membership is made up by a network of national standards bodies which in turn represent ISO in their country.⁷ Developing countries will typically be represented in the ISO by governmental departments with responsibility for voluntary standardization. Developed countries, on the other hand, tend to be represented by non-governmental bodies that have been recognised by the governments they represent to have responsibility for voluntary standardization.⁸

International standard setting did not gain full prominence until the 1980's. Up until then standard setting had been primarily an internal matter for the private sector. Further, it was up to each government to define their own standards without taking into account what other countries were doing in that regard. However, from the 1980's the world experienced a series of technology developments as well as economic integration at the regional and international level. This resulted in standards and standards-developing organisations (SDOs) gaining prominence with a consequential growth in the development of standards. This was especially the case with respect to international trade which is now one of the areas most regulated by international standards.⁹

The history of standards is not linear or cumulative as each standard has its own history. It is the specificity of the standard in question that makes the standard a persuasive topic of social analysis. Standard creation is essentially a social act. Most standards are created collectively in order to work in a standardised manner. The creation of standards can therefore

⁶ N. Brunsson, A. Rasche and D. Seidl (2012), 'The Dynamics of Standardisation: Three Perspectives on Standards in Organisation Studies', *Organization Studies*, Vol. 33, No. 5-6, pp. 613-614.

⁷ There are three categories of membership in the ISO: Member Bodies, Correspondent Members and Subscriber Members. Only the former will have full voting rights in all technical and policy committees within the ISO. The total number of all types of members currently stands at 163 (www.iso.org).

⁸ Clarke, R., *Private Food Safety Standards: Their Role in Food Safety*, Food and Agriculture Organization of the United Nations (Rom, 2010), p. 4.

⁹ W. Mattli and T. Büthe (2003), 'Setting International Standards - Technological Rationality or Primacy of Power?', *World Politics* 56, pp. 1-2.

be seen as the summit of several parties with the shared objective of obtaining legitimate coordination, comparability, and compatibility across contexts. Thus, it is important to note that several parties could be referred to as multi-stakeholders, since they will come from broad industries or sectors with the shared objective that all deal with a specific product in order to standardise either its way of creating or the way it is commercialised.¹⁰

2.2 Defining standards

The concept of ‘standards’ is not uniform or homogeneous but covers a wide variety of areas, including labour conditions, health and safety rules, transportation, finance norms and environmental regulations, as outlined above. It can therefore be difficult to find a single definition that will cover all hallmarks. The generic term ‘standards’ has many meanings. In their original definition, standards are units of measure: Weight, time, length, temperature, value etc. By immediate extension, standards are also conventions about goods’ characteristics that facilitate exchange and compatibility.¹¹ According to *Ponte*, ‘standards can be set up to specify technical characteristics of a product, specific process and producing methods, quality traits, and safety. Increasingly, they include specifications relating to environmental impact, animal welfare concerns, and worker conditions.’¹²

The modern meaning of the English word ‘standard’ as a source of authority and a level of achievement, can be traced back to the fifteen century. ‘Standardization’ on the other hand did not come into recognizable use until the late nineteenth century as a result of increased production and manufacturing due to the industrial revolution. The idea of standards representing authority is interesting and *Brunsson* and *Jacobsson* argue that the enforcement of standards is a central type of social regulation and that standards may substitute for other forms of authoritative rule.¹³

The broader sociological significance of standard-setting and standardization therefore becomes relevant, and there is evidence in nineteenth and twentieth-century social theory of an engagement with standardization as a process and standards as a defining aspect of modern life, even though the terms were rarely used by contemporary theorists. Marx in his analysis

¹⁰ Timmermans and Epstein, op. cit., p. 75.

¹¹ A. Casella, (1996), ‘Free Trade and Evolving Standards’ In: Bhagwati, J.N. and Hudec, R.E. (Eds.), *Fair Trade and Harmonization, Prerequisites for Free Trade?*, MIT Press. Cambridge, Mass, p. 122.

¹² S. Ponte, *Standards and Sustainability in the Coffee Sector - A Global Value Chain Approach*, (International Institute of Sustainable Development (<http://www.iisd.org>), 2004), p. 8.

¹³ Timmermans and Epstein, op. cit., p. 70-71.

of capitalism examined the standardization of conditions for economic activity in a capitalist market as well as the spread of the commodity as a standard mode of economic exchange. Marx' depiction of the persistent growth of a world market pointed to an increasing homogeneity, both economic and cultural. In the twentieth-century, Weber extended the analysis of social homogenization by studying the effect of the bureaucratic machines of modern life, which rejected the principle of doing business from 'case to case'. Weber's analysis pointed to examples of using standardized forms of bookkeeping, musical notation and experimentation in science.¹⁴

In order to understand the relationship between standards and standardization one can turn to the definition given by *Bowker* and *Star* according to which standardization is defined as 'a process of constructing uniformities across time and space, through the generation of agreed-upon rules'. As a result of this the standards 'thereby created tend to span more than one community of practice or activity site; they make things work together over a distance or heterogeneous metrics; and they are usually backed up by external bodies of some sort, such as professional organisations, manufacturers' associations, or the state.'¹⁵ With this definition there is a further elaboration of the idea that standards represent authority, as this authority is with respect to establishing uniformity and measurement through agreed rules or practices. Therefore, standards can be defined as communicating information about the attributes of a product, and such attributes can be classified depending on the ease with which they can be measured.¹⁶

Standards can be defined by classifying them into *categories*. *Brunsson*, *Rasche* and *Seidl* identify three characteristics that define standards. Firstly, a standard can be defined as a *specific type of rule*. As such, standards reflect explicitly formulated and explicitly decided rules and are therefore different from more implicit social norms. Secondly, standards are formally *voluntary* for potential adopters. This means that they are not stipulated or dictated by hierarchical authorities of states or organisations. Thirdly, the rules expressed by standards are meant for *common use* and as such provide rules for the many. Based on the abovementioned characteristics, *Brunsson*, *Rasche* and *Seidl* define a standard as 'a rule for common and voluntary use, decided by one or several people or organizations'.¹⁷ According to *Ponte*,

¹⁴ Ibid, p.72-73.

¹⁵ Ibid.

¹⁶ Ponte, op. cit., p. 7.

¹⁷ Brunsson, Rasche and Seidl, op. cit., pp. 615-616.

standards systems can be classified in three broad categories: Mandatory, voluntary and private. Standards are considered to be mandatory if they are set by governments in the form of regulation. Standards are considered voluntary if they arise from a formal coordinated process in which key participants in a market or sector seek consensus. Private standards on the other hand are developed and monitored internally by individual enterprises. What often distinguishes them from mandatory and voluntary standards is the lack of third party verification, and a lower degree of transparency and participation of affected stakeholders.¹⁸ Private standards are designed and owned by non-governmental entities, which include both for profit (businesses) and not-for-profit organisations. The standards set by these businesses or not-for-profit organisations can be classified as either individual firm standards, collective national standards, or collective international standards.¹⁹

Another way of further defining standards is by classifying them according to *type*. *Timmermans* and *Epstein* identify four subtypes: 1) Design standards, which set structural specifications and define the properties and features of tools and products; 2) Terminological standards, which ensure stability of meaning over different sites and times; 3) Performance standards, which set outcome specifications, and 4) Procedural standards, which specify how processes are to be performed.²⁰ *Brunsson*, *Rasche* and *Seidl* also classify standards according to type and identify three types of standards: 1) Technical and non-technical standards, 2) Process and outcome standards, and 3) *De jure* and *de facto* standards. The first category refers to standards with the aim of ensuring compatibility and interoperability among the components of a technological system. The second category covers standards, which either specify management processes that are supposed to ensure superior quality (process standards) or stipulate that adopters have to deliver a specific outcome (outcome standards). The third category covers standards, which are either the product of a deliberately steered process of decision-making (*de jure* standards) or have been developed as a result of all potential adopters adopting the same solution and turn it into a model (*de facto* standards).²¹

One can conclude, that standards can be defined or classified according to what area they cover or what outcome they are supposed to achieve. The process and outcome standards

¹⁸ Ponte, op. cit., p. 7.

¹⁹ Clarke, op. cit., p. 3.

²⁰ Timmermans and Epstein, op. cit. p. 72.

²¹ Brunsson, Rasche and Seidl, op. cit., pp. 616-617.

and technical and non-technical standards referred to by *Brunsson, Rasche and Seidl*, as well as the design, performance and procedural standards referred to by *Timmermans and Epstein*, fall into this category. One can further conclude, that standards can also be defined or classified according to their degree of application, i.e. whether they are imposed by governments and application is thus mandatory, or if the standards are a product of consensus among stakeholders, thereby making them private and their application voluntary.

2.3 Sustainability standards

A specific group of standards, which are of particular relevance for the analysis of this thesis, are sustainable standards. These are primarily private standards, which – in the absence of intergovernmental regulation – have evolved in order to address the challenges of sustainability in supply chains. Sustainability standards fall within the group of so-called socially-orientated standards. These represent norms that address ethical behavior, human rights and responsibility or sustainability. Socially-orientated standards have certain characteristics that suggest that different mechanisms may be driving the dynamics of a standardization process. There are political and normative dimensions to socially-orientated standards, i.e. their existence may be justified in terms of public policy objectives. However, concepts such as ethics, social justice and fairness are often ambiguous and contentious. This is particularly the case in the area of sustainability, whose ambiguous nature has led to the emergence and parallel existence of multiple standards to define sustainable practices.²²

A sustainability standard can be defined ‘*as a set of voluntary predefined rules procedures, and methods to systematically assess, measure, audit and/or communicate the social and environmental behavior and performance of firms*’.²³ Sustainability standards are often overlapping and have been developed by both social movement organisations and businesses. Hence, they co-exist and compete for adopters in the same sectors despite being similar in design, content and intentions.²⁴

One of the features of sustainability standards is that they are designed with the aim of ensuring transparency with respect to the social and environment conditions of production. This is in order to inform stakeholders of the initiatives in terms of sustainable development,

²² J. Reineke, S. Manning and O. von Hagen (2012), ‘The Emergence of Standards Market: Multiplicity of Sustainability Standards in the Global Coffee Industry’, *Organization Studies*, Vol. 33, No. 5-6, p. 792.

²³ Ibid, p. 793.

²⁴ Ibid.

i.e. policies relating to procurement, labour and transportation. Another feature, which characterizes sustainability standards, is that they are monitored by third-party certifiers in charge of measuring and signaling performance outside the supply chain as well as ensuring supplier sustainability inside.²⁵ These third-party certifiers will often be regulatory groups or NGO's, who provide companies with certificates subject to a charge.²⁶

2.4 Corporate Social Responsibility

International sustainability standards have thus become a key mechanism for advancing responsible business practices. Such 'standards of behaviour' - often referred to as corporate social responsibility (hereafter CSR) - implement sustainability-aligned practices into global markets thereby acting as catalysts that allow for progress towards higher levels of sustainability in production.²⁷ Sustainability standards are thus designed to induce companies to adopt more systematic, progressive and visible CSR policies. *Fombrun* has explained the motivation for adopting CSR policies:

*'Companies are increasingly often asked to demonstrate that their actions and policies meet various predetermined social and ethical criteria. Doing so can help build reputation; failing to do so can be a source of reputational risk. When companies can claim to have met the standard and are 'certified' by an accredited body, they can label their products or plants accordingly.'*²⁸

Therefore, when companies are subscribing to standards that are widely accepted as representing 'best practices', it offers the companies legitimacy, which reduces the scope for exposure to reputation risks from civil society. It further offers the companies a platform from where they can differentiate themselves from rivaling companies.²⁹

Poverty reduction is not an aim of CSR. Business does not necessarily seek to provide jobs in areas with high unemployment, and only rarely does CSR tackle any of the structural causes of poverty. However, many of the activities of business may have positive impacts on

²⁵ Ibid.

²⁶ C. J. Fombrun (2005), 'Building Corporate Reputation Through CSR Initiatives: Evolving Standards', *Corporate Reputation Review*, Vol. 8, No. 1, p. 8.

²⁷ S. Zadek (2010), 'Emerging Nations and Sustainability. Chimera or Leadership?', *notizie di POLITEIA XXVI(98)*, pp. 158-159.

²⁸ Fombrun, op. cit., p. 7.

²⁹ Ibid, pp.7-8.

certain people in developing countries, i.e. by generating employment opportunities or facilitating skill development, and as such can act a vehicle for bringing development to local communities.³⁰

2.5 Private food standards

Sustainability standards covering the agricultural and forestry industries are often referred to as private food standards or private agri-food standards. These standards do not only influence the quality of the final product, which is sold to the consumers, but also affect the internal organisation of businesses and their strategic behavior as well as the organisation of the supply chain. As such, they influence the distribution of profits along the supply and the welfare of all stakeholders involved in the production process, including the local farmers.³¹

Private food standards work alongside other regulation frames, including public regulation. The development of standards with a focus on fair trade is an example the interplay between public and private spheres in relation to standard setting. Fair trade standards were originally initiated by non-governmental organisations. However, more recently, governments have adopted regulations to promote uniform application of fair trade practices as part of their policies on sustainable development.³²

Even though private food standards are not legally binding in a regulatory sense, they are put in place by the stakeholders thereby in many cases making them de facto mandatory.³³ Public regulation often only stipulates requirements concerning the quality of the final product. It will therefore, to some extent, be up to the producers to choose the ‘appropriate’ way of achieving these requirements. By adopting private standards that are more demanding than the legally binding public regulation, farmers and businesses in the agro-food industry have managed to change their production processes and improve the coordination between different parts of the supply chain.³⁴ Thus, private food standards have partly been developed in order to assist stakeholders comply with public regulation.

³⁰ A. Tallontire (2007), ‘CSR and Regulation: towards a framework for understanding private standards initiatives in the agri-food chain’, *Third World Quarterly*, Vol. 28, No. 4, pp. 779.

³¹ A. Hammoudi, R. Hoffman and Y. Surry (2009), ‘Food safety standards and agri-food supply chains: an introductory overview’, *European Review of Agricultural Economics*, Vol. 36 (4), p. 469.

³² Clarke, op. cit., p. 5.

³³ S. Henson and T. Reardon (2005), ‘Private agri-food standards: Implications for food policy and the agri-food system’, *Food Policy* 30, p. 242.

³⁴ Hammoudi, Hoffman and Surry, op. cit., p. 470.

However, many private food standards have been developed for other reasons also, including as a response to consumer concerns and as a means by which businesses can position themselves in markets for high-value agricultural and food products. There have been moves by the private sector to address the food safety and/or quality concerns of both consumers and the broader civil society, and as a consequence of this there has been an increase in private ‘codes of practices’ standards and other forms of supply chain governance. This trend has long been seen in industrialised countries among food retailers, manufacturer and restaurant chains. However, systems of private food safety and governance are increasingly being applied in middle-income as well as some low-income countries. These systems can be seen as ‘codes of conduct’, both with respect to achieving food safety or quality attributes as well as with respect to the processes needed for achieving this.³⁵

Private food standards that are developed by social movement and/or NGO’s will typically address environmental and social issues and aim to reward sustainable or ethical practices. On the other hand, standards developed by the food industry (businesses), i.e. individual companies or industry groups, will typically have a focus on product differentiation and facilitation of supply chain management.³⁶

2.6 Sustainable coffee certification

Since the 1990s there has been an increase in sustainable standard setting with several crop-specific initiatives developing. These initiatives are based on dialogue and partnerships as well as, certifying, monitoring and labeling schemes, and cover a number of areas within the agricultural and forestry industries, including cocoa, sugarcane and coffee production – the latter being the focus of analysis in this thesis.³⁷

Coffee is the second most widely traded commodity in the world, and an estimated 25 million people globally depend directly on coffee farming for their livelihoods. Two-thirds of these people are smallholders, who are facing highly volatile coffee prices and have limited market power vis-à-vis international buyers. Standards created by social movements have resulted in the establishment of new ‘sustainable’ markets for certified product, including sustainable coffee, and the coffee industry is widely regarded as being a pioneer when it comes to

³⁵ Henson and Reardon, op. cit., pp. 243-244.

³⁶ Clarke, op. cit., p. 3.

³⁷ B. Daviron and I. Vagneron (2011), ‘From commoditisation to de-commoditisation... and back again. Discussing the role of sustainability standards for agricultural products’, *Development Policy Review*, 29 (1), p. 103.

sustainable certification. It was a combination of factors that resulted in the emergence of private standards for sustainable coffee production. These include the dismantling in 1989 of the International Coffee Agreement, resulting in a liberalisation of the coffee market, state actors withdrawing from export and marketing activities in developing countries, power shifting from producing countries to corporations in buying countries, increased focus on the importance of food safety and campaigning from civil society groups.³⁸

The market for sustainable coffee has grown significantly world wide - estimates range between 5-20 per cent annually - and sustainable coffee accounts for 17 per cent of total green coffee imports into the U.S. by volume. In 2000, sales of sustainable coffee represented approx. 40 per cent of the U.S. coffee market, and globally the volume of certified sustainable coffee was estimated to be around 16,000 tons for a retail value of \$490 million.³⁹

This has resulted in a growing, if fragmented, market for sustainable coffee. There is a variety of coffee standards with the aim of certifying and marketing coffee produced under environmentally and economically sustainable conditions. These include Fairtrade, Organic, Rainforest Alliance, Bird Friendly and UTZ Certified, which will all be outlined in this thesis. These standards were all created by social and environmental movement organisations with the aim of promoting environmentally and economically sustainable conditions in coffee production.⁴⁰ The coffees that are certified as being 'sustainable' (i.e. organic, fair trade and shade grown) are predominantly produced by small farmers. The certification standards pay farmers reasonable prices, thereby providing incentives towards organic production, and reward those who practice good natural resource stewardship in the farming process. The standards further tend to promote water conservation and protection, recycling, and community/cooperative development. Up until the beginning of the 2000s the scarce presence of these standards in the marketplace caused some confusion about what they each actually represent. However, clearer definitions and increased international certification have made consumers more aware of the certificates and ensured that coffees using these they are indeed certified by an independent third party.⁴¹

³⁸ Reinecke, Manning and von Hagen, *op. cit.*, p. 794.

³⁹ Ponte, *op. cit.*, p. 9.

⁴⁰ Reinecke, Manning and von Hagen, *op. cit.*, p. 794.

⁴¹ Lewin, Giovannucci and Varangis, *op. cit.*, p. 101.

Fair Trade

The Fair Trade certificate is based on partnerships between Alternative Trade Organizations (ATOs) and producers, and the concept has been defined as:

*'an alternative approach to conventional trade that aims to improve the livelihoods and well-being of small producers by improving their market access, strengthening their organizations, paying them a fair price with a fixed minimum, and providing continuity in trading relationships'.*⁴²

Fair Trade first rose to prominence in the 1980's when ATOs began labeling products through Fair Trade Labeling Organizations, such as Max Havelaar, which pioneered fair trade in the coffee sector. Labeling organisations are national-level initiatives that issue the Fair Trade labels to importers as well as verify that standards for specific product are met in order for them to classify as fair trade. Further, ATOs certify the products and select, verify and monitor the producers, just as they promote the fair trade products to retailers and consumers. In order to coordinate the activities of the national and/or regional ATOs, an international umbrella organisation has been created - the Fair Trade Labeling Organizations International (FLO). This organisation drafts general guidelines and has established detailed standards for 12 product groups, including coffee. It registers and monitors the participants of the fair trade system and de-certifies those, who fail to meet the required standards.⁴³

Fair Trade coffee is purchased directly from internationally registered and certified cooperatives of farmers.⁴⁴ In order for a cooperative of farmers to be registered as a producer with the FLO, the farmers must all be smallholders, and the cooperative must be democratically run and politically independent. The FLO further requires that producers follow basic guidelines leading to minimal use of agro-chemicals and higher levels of environmental protection. In order for the coffee to be certified as 'Fair Trade', the producers must meet certain process standards on which they can demonstrate permanent improvement. These requirements are imposed in order to ensure that fair trade benefits reach the farmers and/or workers

⁴² D. Giovannucci and F. J. Koekoek, *The State of sustainable Coffee: A study of Twelve Major Markets*, International Coffee Organization and International Institute for Sustainable Development, (London and Winnipeg, 2003), p. 38.

⁴³ Ponte, op. cit., pp. 21-22.

⁴⁴ B. Lewin, D. Giovannucci and P. Varangis, *Coffee Markets: New Paradigms in global supply and demand*, Agricultural and Rural Development Internal Report, World Bank (Washington, 2004), p. 101.

and that the fair trade instruments can take effect to lead to development among the members of the farming cooperative, which cannot be achieved otherwise. Importers of fair trade products must also meet certain standards, which include purchasing the coffee directly from FLO-registered producer cooperatives, payment of a FLO-determined minimum price and a social premium to the producer cooperative, and offer pre-financing for 60 per cent of the contract value, if requested by the producer cooperative.⁴⁵ The Premiums are retained by the cooperative and do not pass directly to farmers. Instead, the farmers vote on how the premium is to be spent for their collective use.⁴⁶

FLO attempts to alleviate poverty and jump-start economic development among coffee growers through a mechanism called a price floor (the Fairtrade minimum price), which is a limit on how low a price can be charged for a product.⁴⁷ FLO has set a fixed price floor of \$1.40 per pound for Fairtrade certified washed Arabica and \$1.35 for unwashed Arabica, or the market price, if higher. For Fairtrade certified organic coffee an extra minimum differential of \$30 cents per pound is being applied.⁴⁸

Farmers, whose products are certified, are thus guaranteed a minimum and consistent contract price, as well as access to credit from the purchaser if necessary to complete production and harvesting. Fair Trade's mechanisms encourage community-driven investment in public goods such as education, healthcare and infrastructure⁴⁹, and the producing cooperatives use the Fair Trade premium for community projects, environmental protection and human resources and business development, just as a percentage of the premium are also paid directly to individual farmers.⁵⁰ Fair Trade is thus the only major certification system that requires the buyer rather than the small producer to cover all of the costs of production, most of which are embedded in the base price.⁵¹

In 2002 there were 175 Fairtrade certified coffee producer organisations worldwide. By 2011 this had grown to 329 organisations, representing more than half a million farmers across 28 countries, including Colombia, and Fairtrade certified coffee was grown on a total of 718,000 hectares. The average coffee plot is 1.5 hectares – ranging from less than 0.9 hec-

⁴⁵ Ponte, op. cit., p. 22.

⁴⁶ Haight, Colleen (2011), 'The problem with Fair Trade Coffee', *Stanford Social Innovation Review*, summer 2011, p. 77.

⁴⁷ Ibid, p. 76.

⁴⁸ <http://www.fairtrade.net/coffee.html>, accessed 31 December 2013.

⁴⁹ Lewin, Giovannucci and Varangis, op. cit, pp. 101-102.

⁵⁰ Ponte, op. cit., p. 22.

⁵¹ Lewin, Giovannucci and Varangis, op. cit, pp. 101-102.

tares in Africa and Asia to 2.9 hectares in South America. Producer organisations sold 103,000 tonnes of Fairtrade coffee in 2009/10, which was an increase of 6 per cent compared to the previous year. These sales generated €17.5 millions in Fairtrade Premium, a 30 per cent growth from €13.5 millions in 2008. Almost 60 per cent was invested equally in business development and production and processing at farm level. The remainder was spent on a range of health, education and community projects. According to the FLO, in 2011 Colombian coffee producers accounted for 11 per cent of the total world export of coffee produced under the Fairtrade certificate.⁵²

Organic

In order for a product to be considered ‘organic’ the production must comply with standards set by either government authorities or international organisations. Further, accredited certification agencies must monitor that the standards are complied with in production, processing and handling.⁵³ Requirements of organic certification systems involve management practices with the aim of promoting the use of non-synthetic nutrients and plant protection methods as well as conserving or enhancing soil structure, resilience and fertility. Certification is conducted globally by a number of actors, many being private businesses. The most widely accepted certificates in terms of cross-country trade are those accredited by an umbrella organisation known as the International Federation of Organic Agriculture Movements (IFOAM).⁵⁴ The standards for organic agriculture set by IFOAM are commonly referred to as Basic Standards. These standards cannot be used for certification as they stand, but they provide a framework for public and private certification programs to develop national or regional standards. IFOAM has also established an accreditation program with the aim of providing international equivalency of organic quality claims on the basis of the Basic Standards.⁵⁵

In order to be certified as an organic coffee producer, farmers must meet the following criteria: Coffee must be grown without the use of synthetic agro-chemicals for three years prior to certification; the farmers and processors must keep records of the methods and materials used in coffee production and management plans; production methods and materials

⁵² Fairtrade Foundation (2012), *Fairtrade and Coffee – Commodity Briefing*, pp. 21-22.

⁵³ Ponte, *op. cit.*, p. 17.

⁵⁴ Lewin, Giovannucci and Varangis, *op. cit.*, p. 101.

⁵⁵ Ponte, *op. cit.*, p. 18.

must be inspected annually by a third party certifier.⁵⁶ In exchange for the certification of their sustainable cultivation practices, many farmers receive price premiums.⁵⁷ These premiums compensate the farmers for the additional costs of changing from regular or traditional production methods to the production required for organic certification, i.e. additional labour costs and in some cases, lower yields.⁵⁸ The price premium levels that the producers receive vary between 5 to 10 per cent depending on whether the cooperatives commercialise the product through an intermediary or directly.⁵⁹

The first experiences of certified organic coffee cultivation in Colombia started in the 1980's when NGOs promoted organic cultivation in different regions of the country. Since then, promotion and commercialisation of organic coffee has increased significantly, and in 2004 it was estimated that the potential exports of certified organic Colombian coffee were approximately 76.000 70 kg bags.⁶⁰ In 2011 the National Coffee Federation of Colombia estimated that the sales of organic coffee had amounted to 576.000 60kg bags.⁶¹

Smithsonian 'Bird-friendly' Coffee

The Smithsonian 'Bird-friendly' coffee certificate (as well as Rainforest Alliance, which will be outlined below) is an initiative with the aim of conserving forest cover in the production of coffee under the shade of forest, also known as 'shade-grown' coffee. In traditional farming systems, coffee is part of an integrated agro-forestry system including indigenous tree species that provide shade and timber. It is also inter-cropped with other food crops such as maize and bananas. This system supports the long-term sustainability of coffee yields and conserves water, soil and biodiversity, including by providing eco-systems for migratory birds and other forest-dwelling wildlife. Since the 1980s there has been a conversion in Latin America from shade-grown coffee to 'sun-coffee, i.e. coffee produced in fields without trees or other crops providing shade. This conversion, also known as 'technification', is threatening the biodiversity. However, sun grown coffee achieves higher revenues for the farmers in the short term as a result of higher tree density in the fields, and in 2004 it was estimated that 69 per cent of all land planted coffee in Colombia was produced as sun coffee. The importance of

⁵⁶ Ibid, p. 17.

⁵⁷ Lewin, Giovannucci and Varangis, op. cit., p. 101.

⁵⁸ Grieg-Gran, op. cit., p. 24.

⁵⁹ M. Ibanez (2010) *Adoption of certified organic technologies: the case of coffee farming in Colombia*, Proceedings of the German Development Economics Conference, Hannover 2010, No. 58, p. 4.

⁶⁰ Ibid, p. 7.

⁶¹ Colombian Coffee Growers Federation (FNC), '*Sustainability that Matters 2011*' (2011), p. 108.

shade-grown coffee for migratory birds has been underlined by studies which suggest, that the diversity of migration birds decreased significantly when coffee production was converted from traditional to sun-grown. In Colombia up to between 94 and 97 per cent fewer bird species were found in areas with sun-grown coffee than shade-grown.⁶²

In an attempt to counterbalance the trend of increased sun-growing coffee, the Smithsonian Migratory Bird Center (SMBC) has since 1997 been promoting the certification of coffee production, which ensures adequate multi-storey shaded forest settings, and maintain and support ecosystem biodiversity. Within this, birds are an indicator species of a healthy environment, hence the name 'bird-friendly'.⁶³ The certification is awarded to farmers that are already certified as Organic. There are a number of criteria, which farmers must meet in order to be certified. The coffee plantation must have at least 40 per cent canopy cover, and plant coverage must be made of a variety of strata, the lower stratum constituting a 20 per cent of the total volume of shade foliage. Further, the 'backbone' species must be at minimum 12 meters high and the shade must have some clearly visible strata, just as the upper strata must be comprised by native trees. Finally, the predominant of the backbone must occupy no more than 60 per cent of all shade trees, the remaining must belong to a minimum of 10 different species and each of these species must constitute at least one per cent of the total shade that all trees present.⁶⁴ As the farmers will already be certified as organic, becoming certified as bird friendly has the potential for a premium price in excess of the organic premium. In addition to this, farmers may profit from revenues generated from the sale of wood and fruit products from the shade trees as well as incomes from eco-tourism possibilities for birdwatchers.⁶⁵

More than 96 per cent of bird-friendly produced coffee comes from small and large coffee farms in Central and South America. Approximately 1.400 producers manage more than 7.600 hectares of bird-friendly coffee/coffee farms. In the 2010/2011 harvest year these farmers produced more than 9 million pounds of bird-friendly coffee. According to SMBC, in 2010 Colombia coffee producers accounted for 8 per cent of all the bird-friendly coffee certified globally.⁶⁶ The global market for bird-friendly coffee reached \$ 5.3 million in 2011, which was an increase of more than 30 per cent compared to 2010. Since 2008 the sale of

⁶² Ponte, op. cit., pp. 25-26.

⁶³ Lewin, Giovannucci and Varangis, op. cit, p. 102.

⁶⁴ Ponte, op. cit, p. 26.

⁶⁵ <http://nationalzoo.si.edu/scbi/migratorybirds/coffee/farmer.cfm>, accessed 30 December 2013.

⁶⁶ http://nationalzoo.si.edu/scbi/migratorybirds/coffee/bird_friendly/global_market.cfm, accessed 30 December 2013.

bird-friendly coffee has seen a sustained average growth of 25 per cent as a result of increased interest from roasters in the US, Canada, Japan and the Netherlands.⁶⁷

Rainforest Alliance

The Rainforest Alliance certification has been developed by the Sustainable Agriculture Network (SAN), and the standard combines environmental and social responsibility criteria, particularly in terms of labor practices and worker facilities. Rainforest Alliance is thus characterised by minimum use of agro-chemicals and fair treatment and good conditions for workers.⁶⁸ The social responsibility criteria include requirements for decent housing, sanitary facilities, potable water, electricity, safe cooking facilities, fair pay, access to medical care and the availability of schooling.⁶⁹ Although Rainforest Alliance has a focus on social responsibility criteria, it differs from the Fairtrade certification as farmers are not guaranteed a minimum price and larger farms can be certified, not just smallholders.⁷⁰

As with the Smithsonian ‘Bird-friendly’ certificate, coffee has to be grown under shade in order to be awarded the Rainforest Alliance certificate. The shade criteria are, however, less strict than for the Smithsonian certification. Rainforest Alliance standards only require that in regions where coffee has traditionally been cultivated beneath shade trees, farmers must maintain or establish a canopy cover of mixed native trees. This requirement include at least 12 species of native trees that are well distributed around the farm, a density of shade trees species of 70 trees per hectare , two shade strata, and a minimum proportion of evergreen species. In order to be certified, farmers must further not burn fuel-wood and other waste wood from the pruning of coffee trees, and new farms cannot be established on cleared forestland. Finally, vegetation buffers must be used to mitigate the polluting effects of pulp runoff in rivers.⁷¹

The certification thus encourages organic production methods but with less strict criteria than the Organic certificate, as Rainforest Alliance only requires the implementation and steady improvement of integrated pest management methods. This facilitates the participation

⁶⁷ <http://nationalzoo.si.edu/scbi/migratorybirds/blog/default.cfm?id=111>, accessed 30 December 2013.

⁶⁸ Ibid.

⁶⁹ Lewin, Giovannucci and Varangis, op. cit, p. 103.

⁷⁰ Ponte, op. cit., p. 27.

⁷¹ Ibid.

of producers, particularly larger scale plantations that are in transition toward organic methods.⁷²

In 2012 Rainforest Alliance certified farms produced 377.000 metric tons of coffee worldwide. This represents a 45 per cent increase in the amount of coffee produced on certified farms compared to previous years, and the volume corresponds to 4.5 per cent of the total global supply of coffee.⁷³ In Colombia, the first coffee farm was given Rainforest Alliance certification in 2004 through the local partner organisation, *Fundación Natura*, and by the end of 2009 more than 2.100 farms in Colombia, covering 12.400 hectares, had achieved this certification.⁷⁴ By March 2012 this number had risen to 2.738 certified farms in 13 coffee producing departments.⁷⁵

UTZ Certified

UTZ Certified is a label and program for sustainable farming of agricultural products. It was established in 2002 and was formerly known as *Utz Kapeh*, meaning 'Good Coffee' in the Mayan language Quiché. The objective of UTZ Certified is sustainable farming and better opportunities for farmers and their families. The UTZ program enables farmers to learn better farming methods, improve working conditions and take better care of their children and the environment. Through the UTZ-program farmers grow better crops, generate more income and create better opportunities while safeguarding the environment and securing the earth's natural resources.⁷⁶

In order to create credible assurance of sustainable production, UTZ Certified has developed the UTZ Codes of Conduct. These codes consist of product-specific standards for coffee, cocoa, tea and rooibos, as well as chain of custody standards and a thorough certification system. The UTZ Codes of Conduct are developed in a multi-stakeholder approach that includes both market and origin expertise. To achieve UTZ certification, producers must comply with the economic, social and environmental criteria set out in the Codes of Conduct. One of the visions behind the UTZ label is that economic viability is crucial for long term sustainability. Hence, the codes focus on improving management skills as well as agricultural

⁷² Lewin, Giovannucci and Varangis, op. cit, p. 103.

⁷³ <http://www.rainforest-alliance.org/newsroom/news/2012-highlights>, accessed 30 December 2013.

⁷⁴ D. Hughell and D. Newsom, *Impacts of Rainforest Alliance Certification on Coffee Farms in Colombia*, Rainforest Alliance (New York, 2013), p. 3.

⁷⁵ http://www.cafedecolombia.com/cci-fnc-en/index.php/comments/2.738_rainforest_alliance_certified_farms, accessed 27 December 2013.

⁷⁶ <https://www.utzcertified.org/en/aboututzcertified/whatisutzcertified>, accessed 30 December 2013.

methods. In addition to this, producers are required to meet standards that protect the environment and promote good social practices. This results in environmentally and socially responsible agricultural production, providing companies and consumers with the assurance of sustainable quality products. The UTZ Certified Codes of Conduct are based on a model of continuous improvement. From year one the producer has to fulfill the core criteria concerning safety, farm management and record keeping, employees and environmental protection. In the subsequent years more detailed requirements are added to these points to allow the producer to develop and improve over the years. To ensure compliance with the criteria of the Code of Conduct, producers are checked annually by independent auditors. If the producers do not fulfill the core criteria and additional requirements, they risk losing their certified status.⁷⁷

In 2012, the supply of UTZ certified coffee increased by approximately 50 per cent. At the same time the sale of UTZ certified coffee increased by 38 per cent from 136.752 tons in 2011 to 188.096 tons in 2012.⁷⁸ The first UTZ certification in South America was given to a farm in Colombia in 2004. Since then, large farms and small groups of coffee growers have joined the UTZ scheme, which has allowed them to obtain important improvements. Increased focus on good agricultural practices as well as better administrative management of farms has led to a large number of coffee growers obtaining the UTZ certification. Thus, by the end of 2011 more than 2.350 coffee farms have been UTZ certified in 11 coffee producing departments, including Caldas, Quindío and Risaralda.⁷⁹ In 2012 Colombian coffee producers account for 5 per cent of the total volume of UTZ certified coffee produced worldwide.⁸⁰

⁷⁷ <https://www.utzcertified.org/en/aboututzcertified/standardcertification>, accessed 30 December 2013.

⁷⁸ UTC Certified, '10 Years in Coffee, Cocoa and Tea - from good to better' - UTZ Certified Annual Report 2012 (2013), p. 8.

⁷⁹ http://www.cafedecolombia.com/cci-fnc-en/index.php/comments/2350_utz_certified_farms_in_colombia, accessed 27 December 2013.

⁸⁰ 10 Years in Coffee, Cocoa and Tea - from good to better, op. cit. p. 8.

3. COFFEE-GROWING IN COLOMBIA

3.1 Background

Colombia, after Brazil and Vietnam, is the third largest exporter of coffee worldwide, and the trading of this commodity has had and continues to have a great impact of the country's economy. The coffee industry has helped to reduce poverty in the country, not only for the coffee growers and their families directly, but also for people not directly involved in growing coffee by invigorating the value chain within the country.

There has been a long tradition of growing coffee in Colombia and the introduction of this crop was the start of what was to become one of the most important economic and social changes to the Colombian society. Its history dates back to the XVIII Century. It is believed that coffee was introduced by the catholic religious order of the Jesuits who brought the coffee seeds to Colombia and planted them in their seminary in the southeast of the country in the city of Popayan around 1732. There is also information that plants existed in the northern part of the country in the Caribbean coast around the cities of Santa Marta and Riohacha in approximately 1741. Today, coffee growing covers vast parts of the country's geographical variations; There are coffee plantations in 588 of Colombia's 1.102 municipalities, including the regions of Sierra Nevada and in the Andes Mountain range, which provides the perfect environment for coffee to be grown (between 1200-1800 meters above sea level). The area within the Andes mountains, located between the departments of Caldas, Quindio and Risaralda, is known as the coffee region of Colombia.⁸¹

The coffee is mostly cultivated in small plots owned by individual families. At the end of 2011 there were approximately 563.000 families that depended on this crop, with 4 million people depending indirectly on it, and 96 per cent of coffee growing families cultivate the crop in small farms or plots that are, on average, 1.6 hectares or less. Consequently, in Colombia coffee is one of the most important agricultural products that create income and social development leading to development of rural life and income distribution.⁸²

Colombia exports green coffee, roasted coffee, instant coffee and coffee extracts. In 2011 the total value of coffee exports amounted to 2.847 million USD\$. The biggest export

⁸¹ Colombian Coffee Growers Federation (FNC), '*Sustainability that Matters 2011*' (2011), pp. 11-13.

⁸² Ibid.

market is the United States with 44 per cent. 36 per cent is exported to Europe, 17 per cent to Asia and 3 per cent to other parts of the world.⁸³

3.2 The Colombian Coffee Growers Federation

With coffee production being such an important part of the country's agricultural industry, the Colombian coffee growers needed better conditions of access to international markets as well as improvement of the stability of their incomes. To help achieve this, in 1927, the Colombian Coffee Growers Federation (*Federación Nacional de Cafeteros de Colombia* - FNC) was created. The FNC is a social organisation that represents more than 563.000 small coffee growers in Colombia. The FNC is a non-profit organisation, funded by national and international resources. The organisation has a focus on sustainability policies that impact the life of coffee growers, focusing mainly on productive, social and environmental areas. The vision and mission of the FNC is to:

*'Consolidate the coffee growing families' social development, while guaranteeing the sustainability of the coffee growing business and the positioning of Colombian Coffee as the best in the world' and 'Ensure the well-being of the Colombian coffee growers through an effective, democratic and representative organization'.*⁸⁴

The FNC is composed by 15 Departmental Coffee Grower Committees and 366 Municipal Coffee Grower Committees, whose members are chosen among the coffee growers themselves. This infrastructure of federated representation promotes collaboration and joint decisions which address the interests of coffee growers and their families, and it allows the coffee growers to interact with their different stakeholders through the FNC.⁸⁵

The FNC has combined entrepreneurial vision and coffee grower representation with its mission of generating well-being for the coffee producers and their families. To this effect the FNC has created an institutional model which allows coffee growers to turn their collective savings into public goods of their own interest. With this sustainability model the FNC has

⁸³ Ibid, p. 17.

⁸⁴ http://www.federaciondefcafeteros.org/particulares/en/quienes_somos/nuestro_objetivo/mision_vision, accessed 15 December 2013.

⁸⁵ Sustainability that Matters 2011, op. cit., p. 19.

managed to ensure that coffee growers trade at transparent prices. Further, the FNC has facilitated the development of scientific research projects, transfer of new technologies to coffee fields, and implementation social programs, including projects that help improve the education, healthcare and infrastructure as well as peaceful coexistence in the coffee-growing communities.⁸⁶

One institution in particular has been instrumental in achieving this, i.e. the National Coffee Fund (*el Fondo Nacional del Café – FoNC*). Since the foundation of the FNC, the Colombian coffee-growers have understood that if they are to successfully compete at the international coffee market they have to channel the resources of their collective savings towards the rendering of services that would contribute to improve the ability to compete. Hence, in 1940, backed by the Colombian Government, the FNC created the FoNC, which has since become one of the main policy instruments of the Federation. The FoNC collects the collective savings of the coffee growers, and the goal of the Fund is to strengthen the sector and stabilize the income of the producers. The savings are directly discounted from the price paid to producers in their local communities and collected once the coffee is exported. With the resources of the Fund, the FNC has been able to provide public services such as a purchase guarantee at market prices, technical assistance for coffee growers or scientific research. The funds have also been leveraged for programmes aimed at strengthening the competitiveness of Colombian coffee growing, to improve the quality of life of the coffee growing communities and to position Colombian Coffee in international markets. Thus, the FoNC is an example of the ability to conceive functional legal and financial instruments that have helped a large number of beneficiaries as well as the rural economy.⁸⁷

The FNC provides a service which allows the coffee growers to trade at transparent prices. The ‘Purchase Guarantee’ was introduced in 1958 and the policy allows the coffee growers to sell their coffee somewhere near their farm at a transparent price, in cash, and based on international market prices for Colombian coffee on the day of the transaction. This reduces transaction costs for the small-scale producers and strengthens their ability to negotiate at the local markets in their local communities.⁸⁸

The FNC further plays a key role in guaranteeing quality in the productive processes and the use of the coffee growing practices necessary to generate crop quality and profitabil-

⁸⁶ http://www.federaciondecafeteros.org/particulares/en/sostenibilidad_en_accion, accessed 15 December 2013.

⁸⁷ Sustainability that Matters 2011, op. cit., p. 22.

⁸⁸ Ibid, p. 24.

ity. In 1960 the organisation established an 'Extension Service', which is comprised of a qualified technical team of more than 1.500 extension agents, serving as the main point of contact between the FNC and the coffee growers. Through this service the FNC is able to bring social wellbeing programs to the growers, while at the same time transferring new technology to the coffee farms spread throughout the country. The adequate provision of technical assistance services necessarily involves the implementation of monitoring systems. In 2011, the Extension Service undertook 907.856 individual training activities that included on farm consultations and office visits. Over the past few years, the FNC has consolidated the presence of the Extension Service in the most remote areas of Colombia, meaning that the coffee growers supported have been able to undertake a growing number of activities. With the support of the extension agents and through the application of different training and education methodologies, the Extension Service has thus facilitated the adoption of technologies that contribute to the sustainability of coffee growing and the wellbeing of the coffee producers.⁸⁹

The FNC is conscious of the potential of the production and sales of specialty coffees to improve coffee families' incomes. In order to ensure that the sales of Colombian specialty coffees effectively compensate the effort the coffee growers put into producing them, the FNC has adopted a definition of specialty coffee that requires that the beans not only are to be sold at a higher price than standard Colombian coffee but that those extra prices actually reach coffee growers. By doing this, the FNC has been able to guarantee that coffee growers are compensated for the effort they put into producing coffee of this category. This definition has had a positive effect on the price at which the coffee growers sell their specialty coffee.⁹⁰

The evolution of the FNC as the most important coffee institution in Colombia has led to great development of this commodity within the country as well as helped the farmers sustain their crops in order to reach higher levels of development.

3.3 Growing sustainable coffee in Colombia

In order for the strategy of promoting sales of Colombian specialty coffees to be successful, the FNC has taken on the responsibility of promoting the adoption of certification and verification standards and protocols, developing program in association with clients, national and local governments, and cooperation agencies.⁹¹ The FNC has therefore into strategic part-

⁸⁹ Ibid, pp.129-130.

⁹⁰ Ibid, p. 101.

⁹¹ Ibid.

nerships with a number of certification entities, including UTZ Certified, Rain Forest Alliance and Fairtrade.⁹² As have been previously outlined in this thesis, in order to produce sustainable coffee, certain production procedures must be fulfilled, including a number of social, environmental and/or economic criteria. The production of sustainable coffees promotes a commitment to protecting the environment and biodiversity as well as the social development of the coffee growers. In the past few years, global demand for this type of coffee has grown to annual rates higher than 20 per cent. In 2002 the FNC therefore implemented a ‘Sustainable Coffees Programme’ as a response to the growing demand.⁹³

FNC further encourages coffee growers to participate in the production of sustainable coffee, as it generates continuous improvement processes, brings higher levels of development to the coffee producing regions and contributes to the environmental sustainability of coffee growing. However, maintaining a balance between the supply and demand for sustainable coffee can be a challenge as the verification and certification processes entail financial commitments and lengthy procedures. In 2002, only 342 farms covering an area of 1,148 hectares were certified within any one of the programs or they had been included in voluntary verification program. However, at the end of 2011, a total of 109.291 coffee growers in Colombia had been able to fulfil the requirements for selling their coffee as sustainable specialty coffees. Of this, 42 per cent, covering 148 thousand hectares, fulfill the certification protocols and 58 per cent, covering 178 thousand hectares, fulfill verification protocols and continuous improvement policies.⁹⁴

In order to achieve the certifications, the coffee growers must implement quality management and continuous improvement schemes, thereby fulfilling the standards established by the different verification and certification procedures. The benefits generated from the production of sustainable coffee in terms of productivity, bean quality and cultivation practices are significant. This has been underlined by the fact that in 2007, only 65.000 hectares were part of the ‘Sustainable Coffees Program’. However, in 2011 more than 322.000 hectares were used for production within verification and certification protocols.⁹⁵

Illustrative examples of the development of certified sustainable coffee growers in Colombia are the certification of the Rainforest Alliance and UTZ Certified labels; the first Co-

⁹² Ibid, p. 61.

⁹³ Ibid, p. 108.

⁹⁴ Ibid, p. 207.

⁹⁵ Sustainability that Matters 2011, op. cit., p. 109.

Colombian coffee farm was given Rainforest Alliance certification in 2004 through the local partner organisation, *Fundación Natura*, and by the end of 2009 more than 2.100 farms in Colombia, covering 12.400 hectares, had achieved this certification.⁹⁶ By March 2012 this number had risen to 2.738 certified farms in 13 coffee producing departments.⁹⁷ The same tendency can be seen with respect to the UTZ certification program. The first UTZ certification in South America was given to a farm in Colombia in 2004. Since then, large farms and small groups of coffee growers have joined the UTZ scheme, which has allowed them to obtain important improvements. Increased focus on good agricultural practices as well as better administrative management of farms has led to a large number of coffee growers obtaining the UTZ certification. Thus, by the end of 2011 more than 2.350 coffee farms have been UTZ certified in 11 coffee producing departments, including Caldas, Quindío and Risaralda.⁹⁸

3.4 Case Study: Sustainable coffee produced by the indigenous communities of Sierra Nevada de Santa Marta

As outlined above, the FNC is promoting the production of sustainable coffee in Colombia through its ‘Sustainable Coffees Programme’. An example of this is a project in the Sierra Nevada de Santa Marta with the aim of promoting production of sustainable coffee by the indigenous communities. This project was developed so that the *Jewurna* indigenous community can produce coffee in a way that is compatible with their traditional way of living. The community consists of 5.400 inhabitants and each family is made up of 7-9 members, who complement their incomes by breeding minor species and cultivating beans, corn, plantain, cassava, sugar-cane and vegetables. All agricultural activities must be undertaken following the guidance of spiritual principles. This include adhering to the following principles: agricultural production based on sustainable access to and use of the land, water and biodiversity; the valuation and improvement of productive systems; respect; rescuing and perfecting of ancestral agricultural techniques; the preservation identity; and the refusal to use products that can negatively affect the environment.⁹⁹

⁹⁶ Hughell and Newsom, op. cit. p. 3.

⁹⁷ http://www.cafedecolombia.com/cci-fnc-en/index.php/comments/2.738_rainforest_alliance_certified_farms, accessed 27 December 2013.

⁹⁸ http://www.cafedecolombia.com/cci-fnc-en/index.php/comments/2350_utz_certified_farms_in_colombia, accessed 27 December 2013.

⁹⁹ Sustainability that Matters 2011, op. cit., p. 110.

The project includes 662 hectares of shade and semi-shade system coffee plantations using native species. Given the agro-ecological conditions in which the crop develops, traditional sun drying and wet processing is used. The coffee produced was originally marketed under the name ‘Specialty Seynekun Coffee’. However, the FNC has worked closely with the local community with the aim of achieving *Organic* and *Fair Trade* certification for the label.¹⁰⁰ In late 2008, the Dutch certifying company *Control Union Certifications* granted certification to 62.5 tons of organic dry parchment coffee, and in the beginning of 2009 the certification process for fair trade with the German company *FLO CERT* began and was subsequently awarded. The coffee is now marketed under the name ‘The Orgánico Seynekun FLO’.¹⁰¹

¹⁰⁰ Ibid.

¹⁰¹ http://www.cafedecolombia.com/cci-fnc-en/index.php/comments/organic_coffees_quality_and_commitment_to_the_environment, accessed 27 December 2013.

4. THE UNITED NATIONS MILLENNIUM DEVELOPMENT GOALS

4.1 Background

In September 2000, after a decade of United Nations conferences and summits with a focus on development, world leaders came together at the UN Headquarters in New York to adopt the Millennium Declaration.¹⁰² With this declaration they committed their nations to a new global partnership to reduce extreme poverty and setting out a series of time-bound targets with a deadline of 2015. These targets are known as the Millennium Development Goals (hereafter MDGs) and cover a wide range of dimensions of human well-being: (1) eradication of extreme poverty and hunger; (2) achieving universal primary education; (3) promoting gender equality; (4) reducing child mortality; (5) improving maternal health; (6) combating HIV/AIDS, malaria and other diseases; (7) ensuring environmental sustainability and (8) developing a global partnership for development.¹⁰³ The eight MDGs are operationalised in 18 targets, of which 10 contain quantitative targets that are to be achieved at a certain point in time, i.e. 2015.¹⁰⁴ The 18 targets were developed at a number of international conferences during the 1990s in response to global trends over the previous decades.¹⁰⁵

The MDGs are universally recognized internationally and constitute a normative consensus in the development community, where the overwhelming majority of actors seem to agree that the attainment and successful implementation of the eight goals and 18 targets is a relevant and important cause.¹⁰⁶ The goals have clarified the objectives of development policies, and international donors and developing country governments have become more accountable to constituencies and the general public by committing to the goals. However, if the objectives of the MDGs are to be reached by 2015 it will require considerable efforts and commitments from both developed and developing countries.¹⁰⁷

¹⁰² UN General Assembly, 'United Nations Millennium Declaration', UN document A/RES/55/2, 8 September 2000.

¹⁰³ <http://www.un.org/millenniumgoals/bkgd.shtml>, accessed 11 August 2013.

¹⁰⁴ A. Ziai (2011), 'The Millennium Development Goals: back to the future?', *Third World Quarterly*, Vol. 32, No. 1, p. 29.

¹⁰⁵ M. Clarke and S. Feeny (2011), 'Old challenges and new opportunities for the MDGs: now and beyond 2015', *Journal of the Asia Pacific Economy*, Vol. 16, No. 4, pp. 509-510.

¹⁰⁶ Ziai, op. cit., p. 27.

¹⁰⁷ Clarke and Feeny, op. cit., p. 510.

4.2 A holistic approach to development

Although the MDGs have eight clearly defined objectives, the issues they aim to address cannot be viewed in isolation. One could argue that if people are not lifted out of extreme poverty and their basic needs met, i.e. access to food and water and prevention of disease, it will be difficult to promote gender equality and empower women or achieve universal primary education. This was the kind of argumentation by the late American psychologist Abraham Maslow, who in *'A theory of human motivation'* introduced a 'hierarchy of needs' and argued, that the most fundamental levels of needs of an individual, i.e. breathing, access to food and water, sleep etc., must be met before the individual will desire or focus motivation upon the secondary or higher level needs, i.e. employment, property, friendship and family.¹⁰⁸

The MDGs are interrelated. Environmental sustainability directly influences other MDGs, such as the eradication of hunger, the reduction in infant mortality, the improvement of maternal health and the fight against infectious diseases.¹⁰⁹ Further, the concepts of 'development' and 'poverty reduction' are closely linked, and are on several occasions used synonymously in the Millennium Declaration. Also, as has been pointed to by *Aram Ziai*, a further link is often established between these two concepts and the concept of 'economic growth'.¹¹⁰ This is for example the case of the report of the UN Millennium Project - an independent advisory body commissioned by the UN Secretary General to propose the best strategies for meeting the MDGs - which states that:

*'Our goal is to eradicate poverty, achieve sustained economic growth and promote sustainable development as we advance to a fully inclusive and equitable global economic system.'*¹¹¹

The argument that reduction of poverty can be reached through development, which in turn can be achieved through economic growth, well-known in development theory. However, by focusing on other issues, which are pre-conditions for achieving overall economic growth, i.e. access to food and water, education, gender equality, environment and health, the MDGs rep-

¹⁰⁸ See A. M. Maslow (1943), 'A theory of human motivation', *Psychological Review*, 50(4), pp. 370–396.

¹⁰⁹ L. D. Castello, D. Gil-González, C. Alvarez-Dardet Diaz and I. Hernández-Aguado (2010), 'The Environmental Millennium Development Goal: progress and barriers to its achievement', *Environmental Science and Policy* 13, p. 155.

¹¹⁰ Ziai, op. cit., p. 30.

¹¹¹ UN Millennium Project, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals (Overview)*, New York: United Nations Development Programme, 2005, p. 5.

resent a more holistic approach to development theory. It is recognized that not only is growth necessary for poverty reduction, but poverty reduction and the provision of basic needs are equally necessary for economic growth.¹¹²

In this thesis it will be discussed whether the introduction of coffee standards has brought higher development levels to the coffee producing regions of Colombia, ultimately leading to implementation of the MDGs. Priority will be given to the first goal on eradication of extreme poverty and hunger (MDG1). The analysis will focus on whether the introduction of coffee standards with a focus on fair trade, i.e. the Fairtrade certificate, and environmental sustainability, i.e. the Rainforest Alliance and Organic certificates, has facilitated a reduction in poverty-levels in the coffee producing regions.

4.3 Eradication of extreme poverty and hunger (MDG1)

The aim of MDG1 is to achieve eradication of extreme poverty and hunger. The goal contain three targets; Target 1A with the aim of halving, between 1990 and 2015, the proportion of people whose income is less than \$1.25 a day; target 1B with the aim of achieving full and productive employment and decent work for all, including women and young people, and target 1C with the aim of halving, between 1990 and 2015, the proportion of people who suffer from hunger.¹¹³

According to recent poverty estimates from the World Bank, cited in the 2013 Millennium Development Goals Report, the world reached target 1A five years ahead of the 2015 deadline. In developing regions, the proportion of people living on less than \$1.25 a day fell from 47 per cent in 1990 to 22 per cent in 2010. This decrease has resulted in about 700 million fewer people living in conditions of extreme poverty in 2010 than in 1990. Despite this impressive achievement at the global level, 1.2 billion people still live in extreme poverty, and in Latin America and the Caribbean, 6 per cent of the population lived on less than \$1.25 a day in 2010.¹¹⁴

The decline in the number of people living in extreme poverty has also had an effect with respect to reaching target 1B. Since 2001, the number of workers living with their fami-

¹¹² Ziai, op. cit., p. 30.

¹¹³ <http://www.un.org/millenniumgoals/poverty.shtml>, accessed 12 August 2013.

¹¹⁴ United Nations Secretariat, Department of Economic and Social Affairs, *The Millennium Development Goals Report 2013*, New York: United Nations, 2013, pp. 6-7.

lies on less than \$1.25 a day has declined by 294 million, leaving a total of 384 million below this threshold classified as the ‘working poor’. In developing regions, the working poor constituted 15.1 per cent of the employed labour force in 2012. This represents a decrease from 32.3 per cent in 2001 and 48.2 per cent in 1991. However, estimates from the International Labour Organization, cited in the 2013 Millennium Development Goals Report, show that in addition to the workers that are considered the ‘working poor’, 19.6 per cent of workers and their families are considered ‘moderately poor’, living on \$1.25 to \$2 a day, and 26.2 per cent of workers are ‘near poor’, living on \$2 to \$4 a day. Altogether, 60.9 per cent of the developing world’s workforce thus remained poor or ‘near poor’ in 2011, living on less than \$4 a day.¹¹⁵ Although the level of extreme poverty among the global workforce has declined since 1990, significant challenges remain with respect to reaching the objective of achieving full and productive employment and decent work for all.

¹¹⁵ Ibid, p. 9.

5. ANALYSIS

5.1 Can implementation of sustainable coffee standards lead to reduction of poverty?

The past decades have seen a significant increase in the number of Colombian coffee producers receiving certification from one or more verification entities, certifying that their coffee is produced under environmentally and economically sustainable conditions. However, the question is, if this tendency has led to higher levels of development in the coffee producing regions, ultimately leading to implementation of the UN Millennium Goal on eradication of extreme poverty? The philosophy behind the standards is to pay farmers reasonable prices for their products, thereby providing incentives towards organic production and community/cooperative development, and reward those who practice good natural resource stewardship in the farming process. In theory this should result in higher development for the farmers and their families, thereby leading to reduced levels of poverty, as the farmers will be paid a higher price for their product, just as funds in some cases will be invested in projects aimed at development of the local community, i.e. as in the case of the Fairtrade premiums.

However, a number of concerns have been voiced with respect to ‘the performance’ of sustainability standards. These, range from general concerns that sustainability standards fail to reach their overarching objective of promoting sustainability to specific concerns that individual certificates do not always achieve their ends.

General concern has been expressed by observers that standards organisations fail to consolidate standards setting efforts, even though they claim to pursue an overarching objective of promoting sustainability. Poor coordination, duplicated activity, increased certification costs and consumer confusion have led to the perception that parallel standards fail to provide an efficient and equitable means of promoting sustainability within global value chains. The concern relates to standard-setting in general and is thus of a horizontal nature, but it is particularly the case with respect to sustainable product markets. It has been argued that these markets, when they evolve and mature, become increasingly fragmented as other social movement- and industry-driven standards providers enter the market, promoting their own versions of sustainability standards. Consequently, sustainable product markets can be perceived as highly contested arenas marked by disputes around the definition of ‘sustainability’ and the co-existence of multiple standards. In this regard it has been argued, that multiple standards represent an inefficient way of organising a cost-effective, well-coordinated and equitable solution to the global challenge of sustainable production and that - as a consequence of this -

the co-existence of multiple standards for sustainable coffee is paradoxical. Reason being that standards share the goal of transforming the world's production systems and value chains to make them more sustainable, but in a market with multiple standards there is fierce competition over market share rather than collaboration to achieve this objective. On the one hand, standards setters seem to be collaborating with respect to the same political agenda and working towards promotion of sustainable development. On the other hand, standards setters also compete just like companies, investing heavily in marketing those standards. Providers thus have an interest in self-preservation, autonomy, and increased market share.¹¹⁶

With respect to the specific certificates it has been argued, that a number of flaws are attached to the Fairtrade certificate, and that Fair trade coffee '*has evolved from an economic and social justice movement to largely a marketing model for ethical consumerism*'.¹¹⁷ The aim of the Fairtrade certificate is to improve the livelihoods and well-being of small producers. However, among the concerns expressed are the fact that premiums paid by consumers are not going directly to farmers, and that the Fairtrade certificate is unable to alter the circumstances of the poorest segment in the coffee farming community. Although FLO does dictate certain minimal labor standards, such as paying workers minimum wage and banning child labor, the primary focus and beneficiary is the small farmer, who, in turn, is defined as a small landowner. The poorest segment of the coffee farming community, however, is the migrant laborer who does not have the resources to own land and thus cannot be part of a cooperative.¹¹⁸ Therefore, as a result of the *raison d'être* of the Fairtrade certificate, where the beneficiary is the small farmer, it would seem that the Fairtrade certificate has not led to reduction of poverty levels for the poorest segment of the coffee farming community, being not the small landowner, but the migrant worker employed by the landowner.

Further, it has been argued, that the Fairtrade certificate is challenged by the fact that it lacks transparency in business dealings. FLO regulations require a great amount of record keeping, to ensure that individual farmers have access to all information pertaining to the cooperative's sales and farming practices, which will enable them to make more informed business and agricultural decisions. However, this record keeping has proven to be a hurdle in

¹¹⁶ Reinecke, Manning and von Hagen, op. cit., pp. 793-798.

¹¹⁷ Haight, C., op. cit. p. 74.

¹¹⁸ Ibid, p. 78.

some cases, as - in addition to being time-consuming - it has raised language and literacy barriers.¹¹⁹

Concerns have also been expressed with respect to the certificates that promote organic ways of farming and place great emphasis on environmental protection, i.e. Organic, Rainforest Alliance and UTZ Certified. It is argued that these certificates - and Organic in particular - entail higher production costs and lower productivity than non-organic production.¹²⁰ Although the certificates allow consumers to compensate producers who use environmentally friendly and socially responsible practices - the certified organic coffee producers receive a 5 to 10 per cent price premium - it is not clear whether this premium is enough to compensate the lower productivity and the potential higher labor costs of organic production compared with non-organic production.¹²¹ Further, analysis suggest that farmers who are closer to organic technologies before being certified, are more likely to become certified as organic.¹²² Further, in 2007 it was argued, that given the price premium at that time, certified organic production was 15 per cent less profitable than non-organic production, and that in order to make organic production attractive, the price premium of certified organic coffee paid to farmers should be approximately 5 times higher than was actually the case in 2007.¹²³ This tends to suggest that there is little or no economic incentives for farmers to become certified as organic. One could therefore argue that becoming certified will not bring higher levels of development to the farmers since analysis tend to suggest that certified organic production is less profitable than non-organic production.

5.2 Increased cooperation – could meta-standardization be the way forward?

What then could be the response, if any, to the shortcomings of ‘the performance’ of sustainability standards? Standards setters have created a competitive space within which standards can co-exist through differentiation. Research carried out by *Reinecke, Manning and von Hagen* indicates that standards differentiation in the market for sustainable coffee is driven partly by the interests of firms and standards organisations in preserving their autonomy and identity, partly by claims to moral authority over the definition of what a sustainability standard should provide. Thus, market positioning reflects different ideological roots and phi-

¹¹⁹ Ibid.

¹²⁰ Ibanez, op. cit., p. 2.

¹²¹ Ibid, p. 4.

¹²² Ibid, p. 16.

¹²³ Ibid, p. 2.

losophies promoting sustainability. However, even though standards organisations have different focuses and compete for market shares, they also recognise and accept the agendas of each other as part of a joint development effort. The research by *Reinecke et al.* suggests that standards setters utilise the ambiguity of sustainability in order to position themselves *vis-a-vis* other standards, sometimes through emphasising particular aspects. Rainforest Alliance and Smithsonian Bird Friendly emphasize the *environment* and focus on ecosystem conservation and wildlife protection. Fairtrade, on the other hand, focuses on *social* issues, including the livelihoods of small farmers and their communities, and access to health care and education.¹²⁴

Although the various coffee standards have different ideological roots and are promoting different objectives, there seems to be some level of convergence. Most standard refer to sustainability in terms of the three pillars of social equity, economic prosperity and environmental quality, although the emphasis that is placed on each element may vary. This common approach is a result of mutual observation and dynamic interaction among the standards organisations. Over time, they have adopted the same sustainability features to address the three dimensions. An example of this tendency is the adoption in 2007 by Fairtrade of more stringent environmental criteria to match competing labels. In response to the rising popularity of Rainforest Alliance and Organic, Fairtrade realised that to be credible, a sustainability standard must include the environmental pillar. In turn, Fairtrade's economic principles, especially its minimum price, influenced other standards, such as UTZ Certified, which publicised the average price premium paid to producers to demonstrate the economic benefits of its certification.¹²⁵ Further, in February 2011, Fairtrade, Rainforest Alliance and UTZ Certified issued a joint statement declaring their 'respect for each other's mission and the unique focus each brings' and the 'complementary aspects' of their diverse standards.¹²⁶

However, this statement has also been seen as an attempt to protect the collective legitimacy of an industry, which is faced with inefficiencies such as increased costs for farmers and confusion for consumers. The research by *Reinecke et al.* has uncovered that the multiplicity of standards poses a challenge for the coffee producers, particularly when they have to adopt more than one label to satisfy the requirements of various buyers, as is for example the case with Smithsonian Bird Friendly, which is only awarded to farmers that are already certi-

¹²⁴ Reinecke, Manning and von Hagen, op. cit., pp. 798-799.

¹²⁵ Ibid, pp. 800-803.

¹²⁶ <http://www.rainforest-alliance.org/newsroom/news/fairtrade-ra-san-utz-statement>, accessed 3 January 2014.

fied as Organic. Also, in 2008, 50 per cent of Fairtrade and 15 per cent of Rainforest Alliance sales were double-certified Organic. As a result of the challenges faced by the producers, standards organisations have begun to make standards elements more compatible. As a result of the challenges faced by the producers, standards organisations have begun to make standards elements more compatible by reducing the level of complexity and costs for the coffee farmers.¹²⁷

While the ongoing dynamic of convergence with and differentiation between the various coffee standards is unlikely to lead to a consolidation of standards into a single standard, it does, however, promote what *Reinecke et al.* refer to as ‘meta-standardization’ of sustainability standards and define as a concept that:

*‘...regulates competition by making individual standards responsive to emerging shared objectives, even in the absence of a central regulatory body. As standards setters converge over a certain normative understanding of core criteria and overarching principles of what sustainability standards should achieve, meta-standardization sets limits to what counts as legitimate and recognized solutions to the problem of ‘unsustainable’ production’.*¹²⁸

Meta-standardization does not create specific codes of behaviour, but is rather an ongoing process. This process is aimed at a ‘moving target’ in which standards elements might be added or dropped over time, with the meaning of concepts and practices remaining changeable. Since standards setters also compete for conceptual ownership about what ‘sustainability’ should be, the concept of ‘sustainability standard’ is not static but is shaped and re-shaped by the continuous interplay of convergence and differentiation. The concept of meta-standardization helps individual standards organisations reach common ground on key overarching principles and practical templates on how to organise rule-making in the transnational arena.¹²⁹

As noted by *Reinecke et al.*, in the coffee industry cooperation between the various standards organisations is, however, still in its infancy. Given that it is the producers in developing countries rather than the consumers in developed countries, who are negatively affected

¹²⁷ Reinecke, Manning and von Hagen, op. cit., p. 803.

¹²⁸ Ibid, p. 806.

¹²⁹ Ibid, p. 806-807.

by costly certifications and incompatible standards, the standards organisations should do more to re-direct resources away from duplicating administrative and implementation costs of certifications towards real investment in sustainable development.¹³⁰

Although the number of coffee producers in Colombia receiving certification has increased significantly in the past decades, a number of challenges remain in terms of reaching sustainable development and reducing poverty levels in the coffee producing regions. General concerns have been expressed by observers that standards organisations fail to consolidate their efforts, even though they claim to pursue an overarching objective of promoting sustainability. Also, it has been noted that poor coordination, duplicated activity and increased certification costs have led to the perception that parallel standards fail to provide an efficient and equitable means of promoting sustainability within global value chains. Research suggests that becoming certified as Organic entails higher production costs and lower productivity than non-organic production. Further, there are concerns that Fairtrade premiums paid by consumers are not going directly to farmers, and that the Fairtrade certificate is unable to alter the circumstances of the poorest segment of the coffee farming community, being the migrant worker. Finally, requirements of record-keeping have proven to pose challenges for farmers, including with respect to language and literacy barriers.

If the different coffee standards with a focus on sustainability are to have a real impact in terms of reducing poverty in the coffee producing regions, it seems that a more uniform approach is needed. Although a 'one model fits all'-approach may not be the way forward, standards organisations within the coffee sector sharing the same overall objective should cooperate in order to find common ground, rather than compete for the same market share in an increasingly fragmented market. In this respect, the concept of meta-standardization can help individual standards organisations reach common ground on key overarching principles. Such common ground can then be translated to a higher degree of cooperation between the individual organisations.

It is the producers on the ground, i.e. the local farmers, who are negatively affected by costly certifications and incompatible standards, and a number of barriers, such as administrative and implementation costs, may altogether hinder that farmers become certified. It is therefore also in the interest of the standards organisations to create the right incentives and

¹³⁰ Ibid, p. 809.

environment for the farmers to become certified, and increased cooperation may help facilitate this.

Creating the right conditions and incentives for farmers to become certified is important, and the policies of the FNC in this regard are significant. As has been previously noted, in 2002 the FNC implemented a 'Sustainable Coffees Programme' as a response to the growing demand for sustainable produced coffee. The FNC has taken on the responsibility of promoting the adoption of certification standards and has entered into strategic partnerships with a number of standard organisations, including UTZ Certified, Rainforest Alliance and Fairtrade. FNC has further encouraged coffee farmers to participate in the production of sustainable coffee, as it brings higher levels of development to the coffee producing regions and contributes to the environmental sustainability of coffee growing.

The efforts of FNC have paved the way for many Colombian coffee farmers becoming certified. By providing the conditions and incentives for farmers to change from conventional farming methods to sustainable methods, the FNC has facilitated that farmers are able to fulfil the - sometimes strict - production procedures associated with the different certificates. This has led to an increase in the numbers of farmers becoming certified, consequently resulting in rising levels of development in the coffee growing communities thereby reducing poverty.

6. CONCLUSION

It can be concluded that the introduction of coffee standards has led to higher development in the coffee producing regions of Colombia, since the number of coffee producers being certified has increased significantly, resulting in farmers being paid higher price for their products, consequently reducing poverty-levels.

However, the market for sustainable coffee is becoming increasingly fragmented and concerns have been voiced with respect to ‘the performance’ of sustainability standards, including the failure of standards organisations to consolidate their efforts. Poor coordination, duplicated activity and increased certification costs have led to the perception that parallel standards fail to provide an efficient and equitable means of promoting sustainability. Further, it has been argued that individual certificates do not always achieve their ends, and that a number of barriers prevent coffee producers from becoming certified.

A uniform approach is therefore needed. Standards organisations within the coffee sector sharing the same overall objective should cooperate in order to find common ground, rather than compete for the same - limited - market share in an increasingly fragmented market. Standards organisations should embrace the concept of meta-standardization, as this can help facilitate that these reach common ground on key overarching principles.

Such common ground can ensure a more uniform approach and closer cooperation. This in turn can remove barriers and facilitate that more coffee producers become certified, leading to reduced levels of poverty in the coffee producing regions. Consequently, this will result in implementation of the Millennium Development Goal on reduction of extreme poverty and hunger.

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