

Promoting Biological Diversity Through Sustainable Certification and Fair Trade



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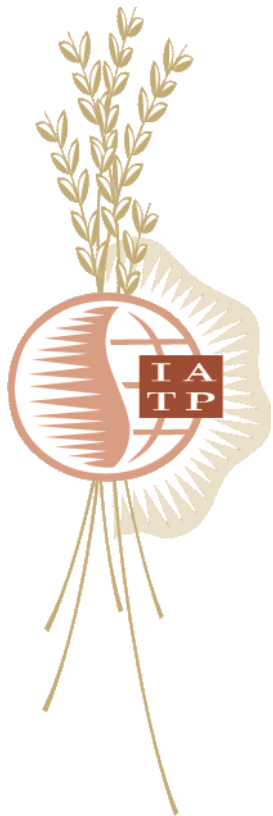
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FINAL REPORT

Promoting Biological Diversity Through Sustainable Certification and Fair Trade

Results of the Joint Inspection Project bringing together Fair Trade, Organic and Forest Management Certification Systems to identify ways to move forward in collaboration and to explore the concept of coffee as a Non Timber Forest Product.

Policy



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The Institute for Agriculture and Trade

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July 1999

**This work was carried out with the aid of grants
from the John D. and Catherine T. MacArthur Foundation
and the North American Fund for Environmental Cooperation**

Aknowledgements:

Special thanks to Paco Chapela of ERA and Sergio Madrid of the Consejo Civil Mexicano para La Silvicultura Sostenible for their coordinating efforts, to the Joint Inspection team of Patricia Gerez, Dawn Robinson, Martin Barragan, Luis Martinez Villanueva and to the invaluable technical assistance team of Jesus Salazar Martinez and Mario Fernando Melchor Vila from La Coordinadora Estatal de Productores de Café de Oaxaca (CEPCO). Thanks to Gunnar Rundgren, Pat Mallet, Dawn Robinson, Patricia Gerez and Phil Guillery for earlier comments on different drafts as a part of this project.

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June 18, 1999

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List of acronyms:

CEC	Commission for Environmental Cooperation
CEPCO	Coordinadora Estatal de Productores de Café de Oaxaca
ERA	Estudios Rurales y Asesoría Campesina
FLO	Fair Trade Labelling Organizations International
FSC	Forest Stewardship Council
IATP	Institute for Agriculture and Trade Policy
IFOAM	International Federation of Organic Agricultural Movements
IMO Control	Institute for Marketecology
NTFP	Non-timber forest product
SMBC	Smithsonian Migratory Bird Center

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1 - Summary of Findings

The joint inspection project found that there is a great deal of opportunity for closer cooperation and collaboration in the inspection and certification processes of the participating certification agencies: Fair Trade Labelling Organizations International, Certi-Mex, a national Mexican organic certification agency, and SmartWood/CCMSS (Consejo Civil Mexicano Para La Silvicultura Sostenible).

Each certification system has a great number of strengths in the inspection process from which the other certification systems can learn in order to improve their own inspection and certification processes. There are also significant areas of overlap in the issues addressed by the certification systems during the inspection process. The identification of these strengths and issues of overlap point to specific activities for collaboration such as: information sharing the harmonization of formats that would facilitate information sharing jointly coordinated inspector training workshops on specific topics of interest to two or more certification systems, and systems to be put in place to help support the producer organizations in dealing with multiple certifications.

The end goals of this collaboration for the certification organizations would be to reduce the costs of the inspection and certification process as well as to improve the inspection and certification systems themselves by learning from the other organizations in their respective areas of expertise. End goals for the producer organizations would be the reduction of costs for multiple certifications and an improvement in the administration required in meeting the requirements and standards of the various systems.

A second important issue addressed in the Joint Inspection project was the examination of the concept of coffee as a Non Timber Forest Product. The SmartWood/CCMSS team's results suggest that coffee can be considered a NTFP under Principle 10 of the FSC criteria on Plantations. The suggested draft criteria for evaluating coffee as a NTFP are included in the Appendix. Such a certification system could be extremely useful in recognizing the important role that the shade coffee plantation provides in terms of local and global environmental benefits including habitat, biological diversity and watershed protection. This recognition is greatly needed to provide incentives for the coffee producers to continue managing their shade coffee plantations in an environmentally sustainable manner. This certification tool could function in some way to "level the playing field" of international trade of coffee and incorporate these "environmental costs/benefits" into the final product in the form of a premium.

More work needs to be done on refining the indicators and identifying the best way forward in the labeling of coffee as a NTFP through discussions with shade coffee certification systems already in place and with organic certification agencies that address diversified shade in their standards, such as Certi-Mex.

2 - Background of project

Problem

In an increasingly global economy, participation in international trade is one of the most important factors in determining a country's prospects for development. Unfortunately, many social and environmental costs are considered by this system to be externalities, leading to economic desperation and marginalization for many producers in developing countries combined with environmental degradation highlighted in the loss of forest habitat, biological diversity and soil erosion.

Win-win solutions need to be found that link producers with consumers in international production to consumption systems: systems in which consumers are provided with information and choices so that they can purchase environmentally and socially preferable products and systems where producers are provided with incentives and support to protect their natural resource base. Fortunately, mechanisms are already in place that deal with issue-specific considerations, be they soil protecting, socio-economic or biodiversity starting points, to bring them into the international trading system. The global fair trade movement (represented in the United States by TransFair USA and internationally by the Fair Trade Labelling Organizations International) has developed consumer marketing channels, standards settings, on-the-ground technical assistance, and monitoring procedures to help small producers in Third World countries to receive higher, stable, fair prices based on compliance with social standards related to cooperative structure and child labor, for example. While TransFair has developed solid mechanisms for addressing the economic and social aspects of peasant coffee production, a number of organizations promoting standards for forest management like the Forest Stewardship Council (FSC) have formulated principles and criteria for environmentally and socially responsible forestry. FSC accredited certifiers use these principles and criteria to assess forestry operations worldwide which recognize well-managed forests through the FSC label. Another critical dimension is the organic movement worldwide consisting of a number of certification organizations that have developed comprehensive standards and techniques that minimize negative impacts, if not improve, the condition of the agricultural environment. The biggest international grouping is the International Federation of Organic Agricultural Movements while in Mexico, a new certification agency, Certi-Mex is taking shape.

The starting point for the project was to take stock of the current situation. With all of these initiatives taking place, very little coordinating work had been done to date between these various streams to integrate the valuable work and experiences that have been gained. In addition, no real analysis of the different certification standards had been conducted, and there is not consensus on these certification criteria. This lack of coordination presents a number of problems to all label-based initiatives in international trade.

One main problem is the fear that consumers will develop “label fatigue”, a phenomenon where consumers are so overwhelmed by a plethora of different labels promising to address a wide range of social, environmental or animal rights issues that their sensitivity to the issues is lowered and their confidence in what the labels claim to address is damaged. Another major problem is the cost entailed by certification systems. Regardless of whether the producers pay for the certification or if the costs are passed on to the consumer, the end result is usually a more expensive product than what the competition offers. Coordination between different social and environmental certification schemes could potentially lower the costs of certification by sharing of information, joint inspections or other arrangements. Possibilities also exist for coordinated consumer education programs and campaigns. Related to cost is the issue of where the certifier is located – if the certification agency is based in the country of production, the costs of certification should be theoretically lowered. However, there is also a need for the certification to be credible by consumers in the consuming country. What kinds of relationships between certification bodies would best reconcile these issues?

Why Coffee?

Coffee was chosen as the example commodity in this project as it is the most important product in the fair trade labeling system as well as the most important organic product exported by developing countries¹. Organic coffee producers can receive premiums of up to \$30 USD or more per 100 pounds of coffee (green bean). Depending on how coffee is grown, it can also lead to wide scale deforestation, habitat loss and soil erosion or it can maintain many forest functions such as habitat provision, carbon sequestration, subsistence provision for local inhabitants and a source of medicinal plants. As coffee is grown in areas of immense biological and cultural diversity, it is critical to find incentives that promote coffee production systems that protect this diversity. As coffee is the second most traded commodity in the world, its production can have significant negative social and environmental impacts. Yet, through appropriate and well recognized certification and labeling systems, incentive programs can guide this production in socially and environmentally sustainable ways.

Objectives of project

There are two main objectives of the project.

1. The first is to examine the problem of lack of coordination between the certification agencies and the high costs of certification and to suggest possible approaches to lowering the inspection costs through better coordination.
2. The second main objective was to determine whether coffee could be considered a Non Timber Forest Product (NTFP) and therefore be considered for certification by FSC accredited certifiers. If so, what criteria could be used in this evaluation? This could conceivably act as an incentive system for farmers to produce coffee in a biodiversity preferable way by recognizing the role that coffee grown under rainforest canopy can provide and by compensating them (through a premium or in other ways) for the lower yield that is characteristic of this production system.

¹ UNCTAD (1996)

The objectives of the project were accomplished by comparing the certification systems and their standards and then carrying out a pilot project of a joint inspection which brought together inspectors from organic, fair trade and forest management certification systems in an inspection of a coffee organization in Oaxaca, Mexico.

3 - Actors Involved

The joint inspection project brought together organic, fair trade and forest management certification systems. For the organic representation, the International Federation of Organic Agricultural Movements (IFOAM) was involved at a general level as their standards and accreditation system were examined in the comparative background report and feedback was provided by IFOAM members. The specific organic agency involved in the joint inspection is Certi-Mex, a Mexican national organic certification agency with supervisory agreement with IMO Control and a co-certification agreement with Naturland for products entering Europe. Certi-Mex's standards are based on IFOAM guidelines and is intending to apply for IFOAM accreditation in the near future. Luis Martinez Villanueva participated as the Certi-Mex inspector; Lucino Sosa Maldonado, the director of Certi-Mex, participated in the workshops. The fair trade side was represented by Fair Trade Labelling Organizations International (FLO). Martin Barragan, a FLO consultant based in Mexico, participated in the joint inspection. The forest management system was represented by SmartWood, a program of the Rainforest Alliance, accredited by the Forest Stewardship Council. The SmartWood network member organization in Mexico is the Consejo Civil Mexicano para la Silvicultura Sostenible. The SmartWood-CCMSS assessment team included Patricia Gerez of CCMSS and Dawn Robinson of the University of Quintana Roo. Paco Chapela of Estudios Rurales y Asesoría Campesina was instrumental in the development and organization of the project. Paco is also the Forest Stewardship Council (FSC) contact person for Mexico. The FSC was the final system covered in this project. Like the role of IFOAM, FSC's standards and accreditation system were examined in the comparative report¹. Reginaldo Haslett-Marroquin from IATP also participated in the concluding workshop of the Joint Inspection in Oaxaca City.

A final extremely important participant was the producer organization that hosted the inspections, the Coordinadora Estatal de Productores de Café de Oaxaca (CEPCO) with the help of their technical assistance team of Jesus Salazar Martinez and Mario Fernando Melchor Vila. The member organization of CEPCO that participated in the joint inspection was La Sociedad Cooperativa Mixteca Alta del Pacifico in the community of Guadalupe Miramar, Municipality of Santa Maria Yucuhiti, District of Tlaxiaco.

¹ It is worth clarifying that there are in fact three systems being compared, two of these can be understood as two tiered, functioning through an international accreditation system with general standards and more specific regional/national certification agencies whose standards are based on the international organization but are more detailed and tailored to the specific conditions of the region in which it works. This can be understood from the following:

FSC → SmartWood → CCMSS

IFOAM → Certi-Mex (this is indirect as Certi-Mex does not have IFOAM accreditation but its standards are based on IFOAM).

4 - Methodology

There were a number of steps that took place in the carrying out of the project. However, it is possible to identify two main phases:

1. Identification and comparison of the general organizational structures/issues and the specific criteria and standards of each of the participating certification and accreditation systems. This was presented in a document, Joint Inspection Brief which was circulated for comment in January 1999 with complementary excel sheets.
2. The joint inspection itself took place from March 13-20, 1999 and brought together the above mentioned participants. The following is a chart of the main activities.

DATE	ACTIVITY	COMMENTS
March 13, 1999	Informal meeting of participants	
March 14, 1999	One day introduction workshop	Objectives of project discussed; sharing of inspection process of each system and logistics of the field trip finalized with help from Jesus Salazar Martinez and Mario Fernando Melchor Vila.
March 15, 1999	Travel to community of Guadalupe Miramar	
March 15-18, 1999	Joint Inspection	<ul style="list-style-type: none"> • This included some jointly organized activities (interviews with Council Directors of the organization, meetings with local municipality representatives, interviews with producers, visits to shade coffee plantations, inspection of financial accounts) as well as activities conducted by each of the inspectors/monitors separately (further interviews, further shade coffee plantation visits, women's group discussions, meetings with municipality representatives). • Times were also arranged for the teams to meet with each other and discuss the areas of commonality, how to make better use of their time in terms of information sharing and jointly conducted activities. • At the end of each day, the participants presented a brief summary of the day's activities • Coordination for the next day's activities was arranged • SmartWood Team developed criteria for coffee as a NTFP
March 19, 1999	Travel back to Oaxaca City, Discussions with Marketing Director of CEPSCO	FLO Monitor and Certi-Mex inspector met with marketing director to go over export, financial and product flow data while the SmartWood team worked on the draft criteria for coffee as a NTFP
March 20, 1999	Conclusions Workshop	Presentation and feedback of draft criteria for coffee as a NTFP and general discussion of opinions of the joint inspection experience, identification of areas of overlap and discussion of future di

Table 1

After the joint inspection, each inspection team was to hand in their final report of the inspection to their respective organization, CEPCO and to Sasha Courville, the coordinator of the project. Feedback from the participants of the joint inspection was overwhelmingly positive. The participants found that they learned a great deal through watching other inspectors at work and sharing their knowledge and tools of assessment. The one main problem encountered was that the actual organization within CEPCO to be inspected was not determined beforehand and so background information about the organization was not available to the participating inspectors/monitors before the actual inspection.

5. Main findings from the Comparative Report: Joint Inspection Brief

The following is a brief summary of the comparisons between standards and structures of the certification and accreditation systems involved: FLO International, Certi-Mex, IFOAM (accreditation system), SmartWood/CCMSS, and FSC (accreditation system). The report is divided into general issues, social, environmental, financial/economic and organizational/institutional criteria. For a more complete coverage of this comparison, please see the original report, Joint Inspection Brief and the accompanying Excel sheets.

General Issues

First, it is worth mentioning that all of the systems have as a major goal movement towards sustainable development including bringing together the social, ecological and economic spheres through their systems. It is this common objective linked with the common tool of standard setting and certification/monitoring that makes collaboration possible and worthwhile.

Second, it is important to recognize that each system stresses a particular aspect or combination of aspects – the specific objectives are distinct requiring unique structures and tools. In moving towards sustainable systems, these organizations have much to learn from each other but also much to accomplish within their own spheres.

In terms of organizational structures, IFOAM and FSC are both broad based organizations with different types of membership. FSC is unique for its three chambers: social, environmental and economic as well as a North South divide to ensure equitable voting distribution. This reflects the time period of its creation (early 1990s) and the recognition of the need for stakeholder approaches. IFOAM was established from grassroots bases in 1972 and has grown to include over 650 member organizations in over 100 countries. A key difference between IFOAM and FSC is the decentralization tendencies of organizational structure in IFOAM compared to centralization ones in FSC.

FLO International has a unique organizational structure where its membership is made up of the 17 national labelling initiatives on the consumer side of the equation as opposed to a producer-based membership.

Producer assemblies (regional and general) are held periodically made up of the producer groups on the product registries. Plans for some form of participation of producer representatives at the highest body, the Meeting of Members (MoM), are currently being discussed. Unlike IFOAM and FSC that have separate well-defined accreditation systems apart from other activities of the organizations, FLO monitors the producer groups directly through producer register committees and coordinators in Europe. Monitoring of the importers and roasters is the responsibility of the national initiatives in their own countries.

The SmartWood program is an accredited FSC certifier and is run through a SmartWood network with affiliated organizations in different parts of the world. This structure permits the development of the most transparent centralized evaluation methodology but also allows for specific guidelines to be tailored to the social and ecological conditions of the region where inspections are carried out. For example, CCMSS has its own “Indicators of Social Evaluation” for the Mexican context. SmartWood also emphasizes the role of national/local assessors in the evaluation team. SmartWood is also unique in having a 2-3 person assessment team, normally made up of a forester, a social scientist and an ecologist/biologist.

Fulfilling a similar need in a different format, Certi-Mex was registered in 1997 to meet the need for affordable organic certification, with specific guidelines that address Mexican social and environmental conditions. However, with the need for international credibility for organic exports Certi-Mex designed its norms to be based on IFOAM standards and has in place a supervisory agreement with IMO Control Switzerland. A main advantage in having a national certification agency is that the cost of the field inspection is greatly reduced (travel costs) and expertise is developed within Mexico on organic production and certification.

Another key difference is that FLO is the only system where the producers do not pay for the monitoring/certification process; this is passed on to the final consumer through a license fee charged to the user of the Fair Trade Label (usually the roaster). It should also be noted that FLO is a very young organization compared to IFOAM and to FSC, currently in a consolidation phase after its establishment in April 1997.

In terms of the inspection and certification processes, again, there are many similarities and differences. Here, just a few will be mentioned. All systems have in place a multi-step application process that involves the provision of information and key documentation. In all cases, a site visit is also required to the production operations and to the organization’s main offices. The FSC/SmartWood system is unique in its stakeholder focus, reflected in the need for discussion with other stakeholders in the area during the inspection as well as during the accreditation process for FSC. Certi-Mex’s system is unique in its focus on ensuring the development of an internal control system in the organization to be certified which the external (Certi-Mex) inspector will check. The scale of the external inspection will depend on how well the internal control mechanism is functioning. There are many other important issues that cannot be discussed here; for these, please see the background report.

Social Criteria

FLO has the most comprehensive criteria in the social sphere as this is its primary focus. All systems have minimum standards on social aspects including the worker conditions, rights to organize and minimum pay based on ILO conventions. FLO criteria for the coffee producers register state that the coffee organization must be democratically controlled by its membership, made up of small holder coffee producers. The criteria go into considerable depth to ensure democratic and transparent functioning of the organization as well as proper use of the social premium of \$5 USD per 100 lbs of green beans included in fair trade contracts.

FSC/SmartWood criteria as well as the Certi-Mex and IFOAM criteria are not designed exclusively for small holder producer organizations. The SmartWood criteria are focused on forested areas that are usually owned by a collective group or by a community. One focus of the FSC/SmartWood standards is on community – producer relations, broadening the inspection to include other stakeholders and the potential social and environmental impacts of the production activity on these stakeholders. These standards are also more explicitly interested in land tenure issues than the other systems. CCMSS in its indicators for social evaluation does go into more detail on the organizational structure of the ownership entity of the land and the quality of decision making and distribution of benefits of this group. Certi-Mex has special standards for small holder organizations including the internal control system and administers sampling criteria based on European Council Regulation 2092/91.

The participation of women is an explicit goal of integrated development in the FLO criteria and is also explicitly mentioned in the CCMSS indicators.

IFOAM criteria has a general coverage of social issues in its social justice standards while Certi-Mex goes further to ensure that any wages paid within the producer organization are in line with regional minimum standards and that child labor is not conflicting with educational and other developmental opportunities. This is shared by SmartWood NTFP generic guidelines.

The following table is a brief summary of the social issues addressed. Check marks indicate coverage.

Issues	Fair Trade (FLO International)	Forest Management (FSC/SmartWood)	Organic (IFOAM/Certi-Mex)
Worker/member conditions	✓, comprehensive coverage	✓	✓
Producer/ community relations		✓, comprehensive stakeholder approach	
Decision making/ rights to organize	✓, organization must be democratically organized	✓, CCMSS more detailed than FSC/SmartWood	✓
Minimum Pay/ return	✓, social premium and minimum price	✓	✓
Land Tenure		✓	
Participation of Women	✓, comprehensive coverage	✓ in CCMSS criteria	✓ in terms of equal opportunities and wages
Child Labour			✓

Table 2

Environmental Criteria

FSC/SmartWood, and the organic standards of IFOAM and Certi-Mex are the most comprehensive in the environmental criteria but emphasize different key themes. The forest management standards focus on the broader ecosystem perspective where landscape impacts are carefully considered and on the management systems in place whereas the organic standards although covering landscape issues in their standards, emphasize the environmental impacts within the production and processing systems. FLO's environmental criteria are extremely vague for coffee, but it should be mentioned that for other products such as bananas, there is a stringent set of environmental criteria. In the current process to harmonize standards across the product registers, there may be more importance attached to environmental criteria in the future. This is a difficult issue in an organization with producers in many different countries with unique historical developments leading to production systems with very different impacts on the environment.

Both organic and forest management standards include criteria on ecosystem health and biological diversity including the prohibition of clearing of primary forest and provisions for the protection of habitat and special conservation zones. The forest management criteria are more comprehensive although Certi-Mex explicitly mentions that coffee is to be grown under diversified shade in its standards. This differs from other organic certification agencies that do not explicitly consider shade in coffee (most organic certification agencies currently operating in Mexico do not have specific standards for coffee).

In terms of landscape management it has been mentioned that the FSC/SmartWood criteria are the strongest. However, the organic standards do include a number of specific activities to be carried out such as the establishment of protection strips (live barriers) between certified and non certified land, and the requirement that the demand for firewood must not lead to deforestation. In terms of soil conservation and management, both forest management and organic standards cover this with the organic standards being the most comprehensive. For water conservation and watershed management, both forest management and organic standards include criteria to address this issue. However, the Certi-Mex standards are the most comprehensive with regards to coffee processing and the use and disposal of water for this process.

In terms of planting/regeneration and harvesting activities many of the forest management (and NTFP) criteria do not apply to coffee. This was a major challenge to the SmartWood team during the joint inspection. They had to develop other indicators to evaluate coffee as a NTFP. Certi-Mex criteria for coffee specify that only ripe cherries are to be picked and that fruit should not be left on the trees or on the ground in order to minimize the propagation of pests and to improve next cycle's production.

Organic standards are by far the strictest in terms of chemical inputs and pest management prohibiting such inputs and encouraging the use of biological, cultural and manual/mechanical pest management control. Surrounding the use of exotics, this is an issue for the FSC/SmartWood evidenced by the strict requirements for exotic species in their standards; this is not an issue in organic agriculture.

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The following chart is a brief summary of the environmental issues and coverage in the standards of the systems involved.

Issue Area	Organic (Certi-Mex, IFOAM)	Forest Management (FSC, SmartWood/ CCMSS)	Fair Trade (FLO)
Ecosystem Health and Biological Diversity	*emphasis is on environmental impacts within production and processing systems *Coffee is to be grown under diversified shade (Certi-Mex) * standards to protect special conservation areas	*emphasis is on broad ecosystem perspective *standards for protecting special conservation areas.	*promote production techniques that respect the specific ecosystems
Landscape Management	*demand for firewood must not lead to deforestation *most comprehensive standards for soil conservation *comprehensive coverage of water use and disposal standards in coffee processing	*most comprehensive criteria for landscape management in general *coverage of soil conservation *coverage of watershed management – bigger picture	*commitment to conservation and sustainable use of natural resources
Planting/Regeneration and Harvesting Activities	*specific standards for coffee harvesting for quality and pest control *standards for planting/regeneration using seeds from organically managed coffee plots	*Generally strong criteria but not applicable to coffee - need for development of other criteria as in Appendix 1	
Chemical Inputs and Pest management	*most comprehensive criteria prohibiting chemical inputs and encouraging the use of biological, cultural and manual/mechanical pest	*focus on avoiding chemical inputs where possible and promoting non chemical methods of pest control.	*avoidance of chemical inputs where possible

Table 3

Emphasis is on broad ecosystem perspective is important when developing standards for protecting special conservation areas.

Financial/Economic criteria

There is high compatibility between the standards on financial and economic criteria. All systems call for economic viability although for slightly different reasons. FLO has the responsibility of ensuring that the producers on the register are viable commercial trading partners to users of fair trade labels. With the organic system, there is also an emphasis on an adequate return to meet basic needs (IFOAM) and a regional focus of increasing the independence of the productive unit (ie. employment generation in Certi-Mex standards). The SmartWood NTFP draft guidelines describe economic viability in terms of providing a positive incentive for encouraging sound long term forest management.

All of the standards call for diversification as a risk management tool to avoid dependence on one single cash/forest product. In the organic standards, a further issue is put forward: diversification of the species planted as a main component to organic agricultural practices. Only FLO criteria discuss the issue of access to credit; this is due to the unique relationship that occurs in the production to consumption system between the producer organization and the importer. While lack of access to credit is a serious issue that merits attention, the role of a certification agency in this area is undefined. All of the systems mention quality control in their standards but for different reasons. This is a critical issue for the success of any certification system – the end product must be of high quality. Finally, all systems except FLO mention the need for value adding in the country of origin where possible.

The following table is a brief summary of the financial/economic issues addressed in the standards of the systems involved. Checkmarks indicate coverage.

Issues	Fair Trade (FLO International)	Forest Management (FSC/SmartWood)	Organic (IFOAM/Certi-Mex)
Economic Viability	✓	✓	✓
Value Adding		✓	✓
Quality Control	✓, sample is requested	✓	✓
Diversification	ü, avoid dependence on one crop	ü, avoid dependence on one forest product	*ü, avoid dependence on one crop and *Main component of organic agriculture
Other Issues	Access to credit		

Table 4

Organizations/Institutional Criteria

All of the systems require a management plan with the SmartWood/FSC system being the most comprehensive in terms of requirements. A key issue here is the balancing act between the obvious importance of a strong management plan at different levels and the need to tailor it to the specific circumstances of the producer group so that it is in fact a useful process and not just a paper pushing exercise to meet the certification requirements. Producers consistently mention the problems they face with certain requirements by certification agencies such as management plans that are not particularly helpful for the internal management of the producer organization itself. This issue will be discussed in greater detail in the recommendations from the joint inspection section.

All certification systems have criteria for management effectiveness in the form of internal control systems, general monitoring or otherwise. FLO's criteria are the most comprehensive for integral organizational development whereas Certi-Mex's approach is based on the internal control system that is strongly supported by the producer organizations that use them. All systems also address the issues of transparency and accountability including public information access to various degrees. The FSC/SmartWood systems are particularly strong in the public disclosure of information area.

The issue of training and support is a difficult one for certification/accreditation systems. All systems look for evidence of adequate training of members/workers of the producer group in order to be able to meet the certification requirements. However, a distinction can be made between checking that adequate training and support is available and actively being involved in this process. Many producers complain that inspectors don't provide them with direct feedback in terms of what can be improved and what is being done well. Though this may appear in the inspector's report and be taken up by the technical assistance team, most producers relate better to immediate oral and visual feedback. This points to an issue of the feedback loop in the inspection and certification process that will be addressed further in the recommendations.

FLO is unique in the fact that it is obligated to support programs of the producer organization that work towards sustainable development strategies. This could include supporting the organization to get the necessary training or by linking the organization to other sources of funding and technical support. Certi-Mex is developing a system of training and accrediting peasant inspectors who could then be used by producer organizations in internal inspections. This system maintains the objectivity of Certi-Mex as there is a strong differentiation between the internal and external inspections.

The issue of chain of custody or product flow is central to all certification systems. Given the nature of coffee trade, it is suggested that a volume based system like what is used in the organic and fair trade agencies is preferable to the individual product based chain of the forest management systems, developed for timber products. This is one area where there is tremendous overlap and possibilities for collaboration. This issue will also be discussed in the findings of the joint inspection.

The following table is a summary of the organizational issues addressed by the standards. Checkmarks indicate coverage.

Issues	Fair Trade (FLO International)	Forest Management (FSC/SmartWood)	Organic (IFOAM/Certi-Mex)
Management Plan	✓, comprehensive for commercial plan	✓, most comprehensive overall	✓, comprehensive in technical program and plans
Management Effectiveness	✓, comprehensive in integral organizational development	✓	✓, use of internal control system
Transparency and accountability	✓	✓, most comprehensive for public disclosure of information	✓
Training and Support	✓, takes a more active role	✓, look for evidence of adequate training of members/workers	✓, development of system of “peasant inspectors”
Chain of Custody/ Product Flow	✓, volume based system	✓, individual product based (for timber products)	✓, volume based system

Table 5

6. Main Findings of the Joint Inspection

Objective one – coffee as a non timber forest product –

Can coffee be considered a non timber forest product?

Whether coffee can in fact be considered a NTFP is an issue of some debate. In this section, the problems associated with coffee as a NTFP will be discussed. Then the results of the Joint Inspection team's results will be presented in terms of the physical or ecosystem reasons for considering coffee a NTFP and in terms of the potential benefits to producers.

The strongest reasons for opposing the concept of coffee as a non-timber forest product include the following:

- 1) Coffee is essentially a perennial agricultural crop and not a forest product. In shade coffee situations, the shade trees and other crops are by-products, all geared to serve the coffee plantation. Indeed in many regions coffee is not produced under shade but in open plantations.
- 2) Coffee is an introduced species in most regions where it is grown and forest certification bodies are strongly resistant to certifying exotics.
- 3) A third critique is not targeted at the conceptual basis of coffee as a NTFP but states that there is no need to recognize coffee as a NTFP, adding yet another label to the specialty coffee market already replete with labeling systems.

These issues need to be carefully considered. First, NTFP certification of coffee would be for shade coffee only; the conditions of production determine the suitability for certification. One of the main objectives would be to distinguish between different forms of coffee production systems. In a shade coffee production system as opposed to monocultures of sun tolerant coffee cultivars requiring heavy chemical inputs, there is an integral relationship between the trees and the coffee shrubs. Not only do the trees provide critical protection for the shade-loving traditional varieties of coffee, they also provide soil protection through leaf litter. This system provides many forest functions that are discussed later in this section. Given that shade coffee is planted and maintained, the SmartWood team found that it is best evaluated under the Plantations (criteria 10) standards. Indeed timber plantations are also systems geared to serve a particular tree species, be it pine or teak.

Second, it is true that coffee (*Coffea arabica*) is not a native species in most parts of the world. However, in Mexico, coffee has a history of over 200 years in many regions. Many producers have grown coffee as their main source of income for their entire lives and coffee is entwined into their cultures and environments. Many women in coffee producing regions refer to coffee as their children's milk; many producers mention that their communities are happiest during the coffee harvest season. Producers depend on the coffee plot for much more than just coffee production. The first draft of the SmartWood NTFP guidelines described a process of naturalization that could occur to non-native species allowing them to be considered NTFPs. This appears to be an apt description of a shade coffee production system.

The third issue probes whether there is a need for a further label on coffee given that there are already fair trade labels, organic labels, bird friendly labels and shade grown coffee criteria. While the fair trade and organic labels are very important ones, the concept of coffee as a NTFP and the management system that is needed to support this is a different concept. The concepts of shade grown coffee and bird friendly coffee are more similar. This overlap will be discussed later. Certification of coffee as a NTFP within a SmartWood/CCMSS framework would provide producers with a comprehensive and credible system with a label that would be acceptable to buyers, be they importers or final consumers. Producers are very much interested in finding mechanisms that can increase the price received for their coffee and that can recognize the global and local environmental importance of the shade coffee production system. Such a certification system could also provide producers with new insights and management tools for their technical assistance programs yielding positive impacts towards the goal of sustainable management.

The SmartWood/CCMSS team's results suggest that coffee can be considered a NTFP. Under the FSC's principles and criteria, it was determined that shade coffee could be considered as a plantation, "... since we are concerned with a species whose survival, reproduction and management is mainly of an agricultural nature"¹. Shade coffee conforms to the requirement of Principle 10 that states, "While plantations can provide an array of social and economic benefits, and can contribute to satisfying the world's needs for forest products, they should complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests."

³ Gerez (1999).

The SmartWood/CCMSS team found that shade coffee plantations did in fact provide many environmental benefits including the following:

- maintenance of extensive tree cover incorporating both native and exotic species which contributes to the
- production of upland watersheds and watercourse and is instrumental in the
- provision of habitat for numerous species of flora and fauna, both local and migratory.
- Coffee growing also generates direct economic benefits for the land holders in addition to producing a variety of timber and non-timber products.

For these reasons, it was determined that the shade coffee system “deserves recognition for its contribution to maintaining a variety of goods and services.”⁴

In the field inspection community of Guadalupe Miramar, the areas under shade coffee production constitute the most extensive and diverse tree cover in the region due to intensive past land use practices and heavy population pressures. The pressure on the remaining few forests is reduced by the existence of shade coffee production systems. The community depends on the shade coffee system for meeting a wide variety of needs. It should be noted that shade coffee plantations also exist in areas surrounded by high conservation value forests. In these areas, the coffee plantation creates a buffer zone with the forest and the community settlement. Shade Coffee plantations in these areas are noted for extreme biological diversity of fauna that move between the forest and the shade coffee plantation. If one compares economic uses of the land, shade coffee plantations apply less pressure on the natural forest compared to other common land uses such as corn production or animal grazing.

⁴ Gerez (1999).

The following table includes shade tree species, fruit tree species and ground plant species found in the organic coffee plots of producers in the organization. The order of presentation for shade and fruit trees reflects the numbers of each species found in the coffee plots. For example, guajinicuil and banana are by far the most common shade and fruit trees found in the coffee plots with an average of 22.5 and just over 25 trees per hectare respectively. The English common names are given if available. If this was not found, the Spanish or Mixteco common names and/or the scientific names are provided. The intent here is to show that there is a great diversity of species located in the coffee growing areas.¹

¹ This information was compiled from two sources: 1) notes taken by the SmartWood team from the organic information registers of the organization S.C. Mixteca Alta del Pacifico as well as from interviews with producer members of the same organization by the author.

Shade Trees	Fruit Trees	Plants used as Live Barriers and other ground plants/epiphytes
“Guajinicuil”, black – <i>Inga spp.</i>	Banana	“Tulipan” or tulip – <i>Hibiscus rosa-sinensis</i>
“Guananche”	“Junicuil”, green	“Florifundio” – <i>Datura spp.</i>
“Yacua”	Orange	“Palma camedor”
“Guarumbo” – <i>Cecropia spp.</i>	Mango	“Helechos” or Ferns
“Encino” or oak	Avocado	“Malvarisco”
“Tu – yuu” or <i>Casearia arguta</i>	“Pomarosa”	“Tankahua”
“Encino Blanco” or White Oak	Guava	“T’tee”
“Pino” or Pine	“Mamey” – <i>Calocarpum sapota</i>	“Tee”
“Guachipil” – <i>Diphysa robinoides</i>	“Nispero” – <i>Eriobotrya japonica</i>	“Mariposa”
“Fresno” or Ash	“Zapote”	Juachicate
“Palo Colorado” (palo mulato)	Apricot	Ginger
“Aguacatillo” or avocado tree	Lime	“Malanga”
“Capulin”	Lemon	“Siempre viva”
“Tun Tia Gua”	“Anona”	Bromelia
“Sangre de Cristo” – local common name	Apple	
“Huaje” – <i>Leucaena spp.</i>	Pomegranite	
“Palo Blanco” or Paradise Tree	“Capulin”	
“Cedro” or Cedar	Sweet lime	
“Tunihi” or “palo de aquila”	“Mesonzapote” – <i>Licania platypus</i>	
	“Cacao” or cocoa	
	“Ciruela” or plum	

Table 6

Of the shade tree species, many are used for firewood as well as for construction purposes. The fruit trees apart from providing further diversity in the coffee plot are central to the subsistence diet of the families of the landholders. Many bird species also depend on these for food.

There are also a number of other plants that are found in the shade coffee plantation that are used for food or medicinal purposes. The following chart highlights some of these.

Food Plants	Medicinal Plants
“Nabo”, a root vegetable	Arnica
“Quintonil”	“Tineca”
“Chepil” or <i>Crotalaria longirostrata</i>	“Malva” or Mallow
“Kelites”	“Trebol” or Cloverleaf
“Hierba mora” – <i>Solanum negrum</i> , rich in iron and calcium	Ginger
“Malanga”	“Garañona” – <i>Castilleja arvenis</i>
“Papalo”	“Zacate limon” or lemon grass

One of the projects of the women’s group of the coffee producer organization has a pharmacy with patent as well as traditional medicines that they make from plants found in the coffee plantations (tinctures, ointments, microdoses).

Shade coffee plantations provide habitat and spaces for many species of fauna. In the community of Guadalupe Miramar, coffee producers have noted the following in their shade coffee plantations: goldfinch, redheaded woodpeckers, roadrunner, parakeet, swallow, sparrowhawk, American eagle, various hummingbirds, heron, turtledove, toucan, parakeets, sparrow, magpies, squirrel, armadillo, bats, rattlesnake, coral snake, rabbits, wild cat, raccoon, “tigrillo” (*Felis wiedii*) [in danger of extinction] , “tepezcuintle” (*Cuniculus paca*), wild boar, white tailed deer, coyote, among many others.

Coffee is the main source of income for the people of Guadalupe Miramar. With this income, combined with what they grow for subsistence (corn, beans) and what they are able to collect from surrounding areas, namely their “cafetales”, they are barely able to meet their basic needs.

Apart from providing direct economic benefits to the landholders, the shade coffee plantation does indeed maintain a wide variety of environmental services and “forest functions”. However, it is also important to look at what would the possible benefits of NTFP recognition for the coffee producers/land holders.

One of the potential benefits to considering coffee as a NTFP under a certain production system would be to **recognize the important role that the coffee plantation system can play in biological diversity protection through the provision of habitat, watershed and watercourse protection and erosion reduction**. There are of course, other forms of coffee production including those characterized by coffee monocultures of sun tolerant cultivars requiring high levels of chemical inputs but with much higher yields than the shade coffee plantation. There is a trade off between the maintenance of the complex shade coffee plantation and yields. **If the important roles that their shade plantations fulfil were recognized, the producers could be provided with a reward or incentive to maintain their systems and would be in a better position to meet their economic needs**. This is a main objective for shade coffee producers and their organizations such as CEPCO. This could be in the form of a premium attached to the price of the exported coffee. Another possibility that was suggested by Patricia Gerez during the Joint Inspection discussions was that this recognition or certification could be used to attract funding by foundations and government agencies for integrated and related projects as has been seen with SmartWood/CCMSS certification on timber products. Such recognition could also potentially provide access to certain niche markets where the demand may be more stable and where closer relationships between producers and importers could be established.

A final benefit of this recognition relates to technical assistance. If coffee could be recognized as a NTFP, this could open up the area of technical support given to coffee on the part of forestry specialists, reinforcing the linkages between agronomy and forestry. For example, such a linkage could improve the advice being given to producers in terms of shade tree management for fuel wood and timber production and for ground cover plants. It could also stimulate new research. This could have other benefits including technical support for conservation and use of other species within that “coffee forest ecosystem” as well as looking beyond this to the wider community. One example of this final benefit comes from the producer organization. One of the long-term goals of CEPCO is to diversify economic activities through timber production linked to its shade coffee plantations. This complementary relationship could be developed through mechanisms such as technical support structures, forest management systems and SmartWood/CCMSS certification.

In summary, shade coffee plantations do indeed fulfil many critical environmental services and forest functions. As such, under Principle 10 (Plantations) of the FSC Principles and Criteria, coffee under certain shade production systems could be considered to be a non timber forest product.

Criteria for considering coffee a non timber forest product

The Criteria for considering coffee as a NTFP were drafted by Patricia Gerez and Dawn Robinson of the SmartWood/CCMSS team during the Joint Inspection. They were then presented to the rest of the project team during the concluding workshop for feedback.

The establishment of criteria for coffee as a NTFP was a difficult task as the SmartWood Draft criteria for NTFPs in terms of indicators had to be significantly modified for coffee. The following are the suggested criteria for evaluating coffee production systems as a NTFP. More work still needs to be done in the field on refining and testing the indicators based on the management techniques outlined in section 4 of the “Suggested Criteria” report.

A complete version of the “Suggested Criteria for Evaluating Coffee Production Systems as a Non Timber Forest Product” is found in Appendix 1.

It is important to note that though the joint inspection project was carried out with a small holder coffee producers organization, coffee as a NTFP could be grown under other forms of organizational structure. This is explicitly laid out in Section B of the introduction to the criteria.

Implications of considering coffee as a NTFP

Once the concept of coffee as a NTFP has been accepted by SmartWood/CCMSS and the criteria for evaluating coffee production systems as a NTFP have been refined, there is a further need to explore the consumer side or marketing implications.

It has been shown that there are considerable benefits to recognizing the role that shade coffee plantations can play in maintaining forest functions. There is a need to recognize the role of coffee producers in managing such sustainable systems. However, the question is how to do this. **What are the most appropriate channels that can provide this recognition?**

It should be noted that there are many actors involved in the shade coffee realm. This has led to over 5 different labels of shade grown coffee into the USA on top of the fair trade and organically certified coffee labels. One of these labels is the ECO-OK program also of the Rainforest Alliance. This program does in fact cover social and environmental impacts in its certification criteria but has taken the middle road in terms of strictness of the standards. For example, ECO-OK certifies large plantations but includes social criteria. This is contrasted with the FLO requirement that the producers must be small holders. And on the environmental side, ECO-OK encourages the avoidance of chemical inputs but does not prohibit them and includes techniques such as IPM, therefore putting it in a less “strict” category than organic certification. While there are advantages to this middle ground system, some people feel that moving to this middle ground approach has weakened both the social and environmental objectives. The Smithsonian Migratory Bird Center (SMBC) has also been extremely active in developing criteria for shade grown coffee. In February, The Smithsonian held a meeting in Mexico with various coffee-producing organizations to develop comprehensive criteria for shade grown coffee. This was in conjunction with the Commission for Environmental Cooperation (CEC). This initiative has developed comprehensive bio-physical criteria for shade coffee including shade tree vegetation cover, specifications on the structural diversity of the canopy, floristic diversity, soil management, agrochemical use, fauna, conservation of waterways and natural vegetation and landscape mosaic¹. All but the first three are covered in the Certi-Mex and SmartWood/CCMSS suggested NTFP criteria, with high degrees of complementarity.

Amongst the plethora of coffee labels in the North American market, putting forward yet another label for a “shade” coffee onto the market may not be the best option. It is suggested that within the Rainforest Alliance, SmartWood/CCMSS could discuss potential certification frameworks for coffee as a NTFP with the ECO-OK program. This program could evaluate the potential usefulness of the perspective and criteria suggested here. It is also suggested that SmartWood/CCMSS begin discussions with the Smithsonian Migratory Bird Center to discuss possibilities for cooperation.

¹ CEC/SMBC (1999).

The concept of shade coffee has received a great deal of attention lately given the recent announcement by Starbucks of its partnership with Conversation International in the El Triunfo Biosphere Reserve shade coffee project in Chiapas and the activities of the SMBC and the Commission for Environmental Cooperation with regards to shade grown coffee. Given the publicity and public awareness that may be created from these activities, it may be an opportune time to build on this concept and the overlap between coffee as a NTFP and shade coffee.

A further front is whether or not to pursue coffee as a NTFP within the FSC. If SmartWood is promoting the concept of NTFPs in general, it would not be difficult to include coffee. The FSC label is probably not required if other forms of communicating to consumers about the benefits of shade coffee plantations as defined in this report were available. In terms of credibility, if the issue becomes one of stringency of standards, then the FSC or SmartWood label might be useful. The FSC label might also become useful to producers if the NTFP coffee were exported to areas outside of the activities of the SmartWood Network, (for example, Northern Europe, outside of Sweden). However, cooperation and collaboration with other systems is the best first option.

From the producer's perspective, two important aspects are the credibility of the certification system in the eyes of their buyers (and the supply chain) as well as the perceived usefulness of the standards and guidelines for improving the production system in social, environmental and economic terms.

At the end of the day what is most important is that

- a) a channel exists for producers to gain recognition (in the form of economic incentive and/or technical assistance development) for the environmental service benefits of their coffee production systems;
- b) consumers and other actors understand the concept of shade coffee plantations and the biological diversity/watershed protection and subsistence functions that they provide and associate this concept with a particular label; and
- c) the label is seen to be credible both to producers and to consumers with appropriate standards (and management systems as perceived by producers) and a well enforced third party certification system. In order to allow for widespread producer access, the costs of the management of this label should be kept as low as possible.

Objective two – identification of how the certification agencies can work more closely together

The second main objective of the project was to identify areas where collaboration between the certification systems could take place in the inspection and certification process. The end goals for collaboration are important to keep in mind:

- 1) Reduction in inspection/certification costs of the certification agencies leading to a reduction in the cost for producer seeking certification and/or a reduction in the cost of the supply chain or final retail product.

This could impact favorably on the numbers of producers who are able to access the system and on the numbers of consumers who are willing to buy the products.

- 2) Improvements in the actual inspection/certification process through sharing experience and expertise with other certification systems.
- 3) Collaboration on the inspection/certification process could lead in the long term to coordination in other areas such as marketing and promotion of environmentally and socially preferable labeled products.

This section is organized into six themes: 1) what can be learned from the strengths of each system (or what can each system contribute to improving how certifications are carried out), 2) an identification of the overlapping areas of the inspection and reporting, 3) possibilities for information sharing, 4) harmonizing of formats, 5) inspector training, and 6) producer information.

Learning from the strengths of each system

Each system has its own strengths in terms of the main “content” areas of interest. However, given that all systems recognize the need for an integrated and holistic approach, much can be learned from examining how each system carries out its inspection, how the key issues are covered. Also, the systems use different methodologies for the inspections, some of which are stronger than others for the particular issue area. Much can be learned from examining these issues in a concrete case study.

The FLO monitoring visit is characterized by a strong emphasis on the internal organizational structure and functioning of the producer group. This is evident in the search for indicators for democratic control, information flows, product flow management and financial transparency in the FLO Producer questionnaire and in the questions raised by the FLO monitor. The FLO monitor knew what to look for in order to evaluate the financial health and transparency of the organization and also had the specific expertise necessary to analyze the financial documents presented. This analysis is critical given that one of the roles of the FLO monitoring is to ensure the ability of the producer organizations to complete their contracts with importers. On the more intangible or “fuzzy” issues of democratic control, solidarity and organizational health, the FLO monitor also showed great skill in asking specific questions that are related to the larger issues. For example, in trying to understand organizational health in terms of how well information channels function, questions about producer knowledge of specific aspects of his/her organization were asked including how the prices function, if the producer had heard about fair trade, and through what ways does the producer usually receive information from the organization and provide information to the organization.

However, a successful FLO monitoring visit depends greatly on the individual monitor’s skills and training, something that has been noted as being inconsistent in FLO in the past. It should also be noted that this is a key issue for the consolidation process that is currently taking place within FLO.

This high dependence on the individual monitor's skills is related to the "soft" nature of the data being analyzed and linked to this, a lack of obvious structured evaluation methodology apart from the FLO Questionnaire. A positive move is a monitoring report handed in for the joint inspection that is in table format, presenting the criteria covered, the results of the visit and a grade of compliance with each criterion. This helps to provide direct and easily digestible feedback to the producer group. This system is currently being used in Mexico and Venezuela and was developed by three consultants in Venezuela, Bolivia and Mexico.

Other certification systems could learn a great deal from the FLO monitoring visits regarding how to analyze organizational and financial health. Though these issues are covered to a lesser degree in the other systems, they underlie the success of all the systems. Without a strong organization or sound financial management, the forest management and sustainable agriculture goals do not have a base to stand on. It is also in the long term interests of all the certification agencies and their clients that these issues are evaluated adequately so that improvements can be made where necessary.

The Certi-Mex inspection focuses on both organizational and financial issues relating to the producer group as well as production and environmental impact issues. The detail for the organizational and financial issues are limited compared to the FLO monitoring except in terms of chain of custody issues and the main focus of the inspection is the production system and how well it meets the Certi-Mex norms for organic production and processing. This is reflected in the fact that the majority of the inspector's time was spent interviewing producers in the organic program and inspecting their coffee plots. In terms of content, the main contribution of the organic inspection is in the evaluation of the production and processing activities. Many years have been invested in developing an organic production system for coffee that is tailored to the Mexican context. This is linked to product quality (through nutrient inputs in the form of organic compost, disease control, selection of ripe cherries and strict sorting requirements), yields (the vast majority of organic producers note that their yields increase gradually from a traditional coffee production system), continuity of production (renovation of the coffee plot through coppices/pruning, soil conservation) and ecosystem health, all of which are important issues for fair trade and forest management systems as well.

In terms of methodologies, a useful tool covered in the inspection report is a table that describes recommendations that were made during the previous year's inspection and elaborates on what progress has been made to date. This is a great system for providing continuity and follow up to each inspection. Another strength of the Certi-Mex evaluation methodology is the previously mentioned internal control system that helps to internalize organic management skills inside the organization. Finally, a major strength of Certi-Mex's inspection is the product flow evaluation. The inspector demonstrated great awareness of how such flows can be constructed for coffee including management systems for the movement of coffee into the warehouse and out to go to the dry processing plant and provided useful comments for the producer organization for improvements.

The SmartWood/CCMSS inspection is focused mainly on the management system in place and on the impact of the production system in question on the forest resources of the region. The stakeholder approach mentioned in the standards comparison comes through in the inspection with a focus on the relationship between the producer group and the wider community and the local authorities. This is a particularly important issue with respect to the management of common property resources. Applying this wider net to the production and environmental systems, the SmartWood inspection places more emphasis on the wider ecological implications of the production activity, inside and outside the actual production site (coffee plantation in this case). In the joint inspection, this was particularly noted with relation to firewood and the application of chemical inputs in basic crops, such as corn. Firewood is a necessary forest byproduct in the area as it is essential for cooking and firewood is increasing in short supply. The SmartWood team found out that local institutions for common resource management vary depending on the end use of the resource. For example, with regards to communal lands, if the wood were to be used for firewood, it would be treated as an open access resource, but if it were to be used for construction purposes, permission would have to be sought from the municipal authorities. The local municipality is trying to put in place laws to better protect this resource. Interestingly, from this analysis, the SmartWood team found that the shade coffee plantations provide a critical function in supplying firewood that appears to be complementary to, and reduces pressure on, other sources of firewood, such as in nearby oak stands. SmartWood would then build in recommendations about the use of these fuelwood supply areas. While Certi-Mex states that the use of firewood shall not contribute to deforestation, without broadening the scope of the inspection, little would actually be known about this particular resource's use patterns. Another issue where this perspective was extremely helpful was in the application of non organic fertilizers. The SmartWood team covered this issue comprehensively by examining the issue of agricultural run-off and the contamination of other crops "downstream". While this is an issue also covered in detail by the Certi-Mex inspector, the double focus on this issue led to a stronger awareness of the severity of the problem within the community. This broadening of the scope of analysis is also useful for other issue areas such as watershed and watercourse protection.

Another main strength of the SmartWood system in general is its comprehensive coverage of the management plan as a useful tool for the producers. In terms of methodology, SmartWood's evaluation system is designed to help the producers gauge their progress in meeting the goals set out in the management plan. Unfortunately no examples can be provided here given that there was no previous relationship between the producer organization and SmartWood/CCMSS to put such a management system with plan in place.

Overlapping Areas of Inspection and Reporting

Apart from the strengths of each system, there are also a number of issues of overlap, or issues that are covered by all systems in the inspection and certification process. These areas are prime targets for information sharing between the systems.

The following is a chart of the main issues of overlap identified by the Joint Inspection Team. The ticks represent coverage of the issue in the inspection and certification process. The Most Complete column represents the certification system with the most comprehensive coverage of the criterion discussed. This does mean to suggest that the other system's coverage is inadequate for its own purposes. However, it is useful to recognize the most comprehensive coverage for information sharing purposes.

Criteria/Issue	Sub-Category	FL O	SmartW ood / CCMSS	Certi- Mex	Most Compre- hensive
Organizational Aspects and Integral Development¹		✓	✓	✓	FLO
Administration and Finances		✓	✓	✓	FLO
Management Plan	a) overall general plan (non technical)	✓	✓	✓	FLO
	b) plan for commercialization	✓	✓	✓	FLO
	c) technical management plan		✓	✓	
	d) Individual Work Plan		✓	✓	Certi-Mex
Environmental Impact	a) soil conservation		✓	✓	Certi-Mex
	b) waste management		✓	✓	Certi-Mex
	c) water and watershed protection		✓	✓	SmartWood
	d) chemical inputs		✓	✓	Certi-Mex
	e) other resources used (ie. firewood)		✓	✓	SmartWood
Conservation of Biological Diversity	a) shade (but for different purposes)		✓	✓	
	b) ground cover		✓	✓	Certi-Mex
	c) fauna and habitat protection		✓	✓	SmartWood
	d) landscape management		✓	✓	SmartWood
	e) coffee varieties		✓	✓	Certi-Mex
	f) other crops		✓	✓	Certi-Mex
Chain of Custody/ Product Flows		✓	✓	✓	

Table 8

The management plan is one area that has consistently been brought up in discussions about certification systems. The management plan is a critical part of the inspection/certification process but requires tremendous amounts of time on the part of producers and producer organizations. If an organization is interested in obtaining multiple certifications, the costs in time and money are extremely high. The participants also discussed the issue of the management plan standards/guidelines being inflexible and inappropriate for smaller producers. It was found that if the management could be divided into sections, it could save time and energy on the part of the producer. For example, the producer group could have the four sections completed and could then provide the relevant sections to each inspector, ie. Sections A and B to FLO or all sections to an organic inspector or forest management inspection team. The Certification agencies could work together to harmonize the “format” of the information required in each sub section to avoid duplication. For example, on the technical aspects of production, many certification agencies require some form of individual plan or work program. As the infrastructure for this already exists for organic certification of agencies that promote internal control mechanisms in the form of a technical form (ficha tecnica) filled out for every single producer (by either a community technician, technical support staff of the organization or a community organic committee – depending on the organization), it is suggested that this form be used as the basis for the individual work program, adding to the form a final section of a work program with key activities to focus on for the next year or two years and a map of the plot/plots that would satisfy the conditions of the individual component of the SmartWood plan.

It is also worth considering potential uses for all certification systems of the various elements of the management plan. For example, although FLO does not require a technical plan, it could be useful in evaluating whether an organization will be able to meet product quality and customer demand, issues that are at the core of FLO’s evaluation. The result would be to improve the inspection/monitoring process by including analysis done in other areas when making decisions. The added costs in making the inspection more comprehensive would be reduced by information sharing and harmonizing formats.

Regarding the Environmental Impacts and Conservation of Biological Diversity overlaps between SmartWood and Certi-Mex, there is indeed much common ground that can be enriched by the sharing of information and inspection processes. The results here mirror the discussion of standards and strengths of the organizations. It is important to note that the SmartWood criteria for coffee as a NTFP were just being developed during the joint inspection; it makes sense for coffee specific details to be modeled in part off of organic inspection processes where applicable such as in soil conservation and waste management (dealing with the coffee pulp and waste water) issues to name a few. However, the joint inspection also brought to light the importance of taking a broader perspective on production impacts and community relations in dealing with natural resource management through the participation of the SmartWood team. While firewood conditions and watershed protection (among other possible examples) are included in the Certi-Mex standards, they are not given the depth of coverage as in the SmartWood inspection. As the joint inspection has established, these can have great impacts on the long term sustainability of the organic systems

In the area of Chain of Custody¹, it was felt that there was potential in working more closely together in developing a common format so that information sharing could be optimized.

The producer organization already has a system in place for the chain of custody for organic coffee (separate labeling, separate “Acopio” or stockpiling days for organic and conventional, separate storage areas, separate dry processing plants and separate container shipments, etc...). Chain of custody for coffee as a NTFP could be developed using the experiences of experiences of organic product flows. In this case the producer organization’s already existing infrastructure could be extended to include traditional coffees and not just organic producers. FLO’s chain of custody is different as it follows financial flows from the producer instead of coffee beans (volumes) though this is linked as coffee is generally sold in container shipments of 250 bags of green beans.

The idea behind identifying common issue areas where there is overlap between the inspection/certification processes, is to reduce repetitions and time requirements both on the part of the inspector (inspecting agency) and on the part of the producer organization, to share information and to reduce costs. As was mentioned in the management plan section, while an certification system may not require coverage of a particular area, information about that area may be useful in improving the inspection/certification process as a whole. This would be another reason for coordinating with other certification organizations.

Information sharing

Many of the recommendations in this report depend on information sharing between the certification agencies. In order to take advantage of the opportunities to reduce costs and improve the quality of the inspection process, the Certification bodies need to discuss how information sharing could be accomplished. One problem is **confidentiality**, a major issue in all of the certification organizations. However, if the producer organization permits the sharing of specific information between specified certification agencies, solutions could be worked out and the realm of confidentiality, though widened, would still be secured. A possible incentive for the producer to grant such permission is the lowering of the costs of the multiple inspections. A distinction could be made between raw data and data created from the inspector/monitor’s interpretation and evaluation.

¹ This refers to the product flow that can be traced from production through to processing, the supply chain to the end consumer to ensure the integrity of the labeled product.

Another major issue is **cost sharing of information**. If one of the main goals of cooperation is to reduce costs, then agreements need to be worked out between the agencies as to how to equitably share in the costs of obtaining the information with a goal to reducing costs for everyone – the agencies involved and the producer organization (or supply chain actors as the case may be with FLO). In the case where a producer organization requests multiple certifications, the base data that is common to the multiple agencies could be retrieved by the first agency to carry out the inspection (or a different agreed upon arrangement) while the other agencies could pay a license fee for access to that information. Information sharing could also be useful in instances where a certification body would like to improve its inspection and certification process by asking for particular information that is the “expertise” of another certification agency. Payment could be in the form of financial compensation or information exchange. In either case, it is useful to differentiate between raw data and already interpreted data, relying on the expertise of the inspector/monitor who collected the data to interpret it. The explicit objective would be to lower the overall costs of obtaining the information for all parties and improve the quality of information (and/or analysis) used in the inspection/certification process by drawing on the respective strengths of the certification bodies.

Harmonizing formats

The harmonization of formats is recommended as a mechanism for encouraging information sharing. This would lead to an increase in the usefulness of shared data and could result in a reduction of time and costs for overall information collection and analysis. As was mentioned above, the **management plan**, divided into different components, presents a good opportunity to standardize the format so as to reduce duplication on the part of the producer group. A standardized format would also tend to increase the ability of producer groups to present information in a complete and timely manner to the certification body.

Another suggestion is to create a **standardized questionnaire of general information required from the producers**. This could be a section of the questionnaire used by the certification bodies or it could be a separate questionnaire. An example of what might possibly be included in a standardized questionnaire is included in the appendix.

Inspector Training

The joint inspection was a wonderful experience in learning about other inspection methods, the detail of information required by each agency on a specific issue and the expertise that each inspector/inspecting body has developed over a considerable period of time. Each organization (and thus inspection process) has its strengths from which other inspectors and inspecting agencies can learn. For example, the FLO monitor had great skills in identifying institutional problems and analyzing the financial data.

The Certi-Mex inspector knew exactly what questions to ask and what to look for regarding aspects of production and product flows. The SmartWood team provided a broader lens of the relationship between the organization and the community in terms of resource use impacts and watershed protection as well as providing a fresh perspective on the dynamics inside the shade coffee plantation with respect to forest functions, and biological diversity.

The inspection provided a unique opportunity for the inspectors to see how other inspectors with a different lens conduct an inspection. Though each inspection has a specific purpose, there is much that can be learned to improve each inspection/certification process. **It is recommended that inspector training sessions be held on topics such as: institutional issues in producer organizations (communication flows, decision making structures), watershed management, measuring impacts on natural resources (ie. firewood demand, watershed protection), how to evaluate the financial health of an organization, the relationship between biological diversity and coffee production etc...** These sessions could be run jointly by two or more certification agencies if the topics were relevant for their respective inspectors/monitors. As a logistical consideration, such workshops would be most useful in a well defined geographical location. It is conceivable that CCMSS (SmartWood) inspectors and Certi-Mex inspectors (through AMIO) as well as FLO consultants in Mexico (or FLO monitors/ employees while in Mexico) could participate in such workshops.

Another issue area that could benefit from an inspector training workshop is in the area of value adding and diversification. Though all systems cover these issues in their standards (except FLO for value adding) there is very little attention paid to these areas compared to the other standards. Producers see these as critical issues, central to their long term development strategies. It may be useful to explore how the inspection and certification process could encourage such initiatives in a more meaningful way.

As a longer term plan, the joint inspector training workshops could provide a stepping stone to the eventual possibility of an inspector, or smaller team of inspectors, being able to conduct more than one inspection at the same time.

On the topic of inspector training, a long term goal could also be to extend the training workshops to community/organization level inspectors though what actors would be involved in this is not known. This could support and expand the Certi-Mex concept of internal control mechanisms to the areas of information and communication flows.

While the joint inspection project was extremely useful as a learning exercise about the possible complementary aspects of each inspection/monitoring, it is not recommended that a “joint inspection” bringing all the inspectors of multiple certification agencies together to carry out simultaneous and coordinated inspections be used as a standard model of how to approach future collaboration.

The benefits of this approach are that the travel costs are reduced and that the producing organization only has to go through one period of interruption. However, the disadvantages are that the community and organization are bombarded with an inspection troupe akin to a herd of elephants and that the actual costs of the certification are not reduced. The timing is also not optimal as the inspectors require different time periods to complete their inspections. Another “Joint Inspection” could however, be a useful exercise as a follow up to this project to further develop or test methodologies discussed in this report.

Producer Information Regarding the Inspections

Producers and producer organizations are not aware of all of the requirements for certification and of the information that inspectors will ask for. This could be due to communication problems within the producer organizations or lack of transparency/communication of what is required by the inspecting body among other reasons. It was decided that a “Guide to Inspections” could be a useful resource tool for the community level. This could include the **standards of the certification body (bodies) written in simple language** with useful recommendations targeted at community technicians, **a list of documents that will be required during the inspection (s)**, a copy of the general common questionnaire mentioned above so that the organization have the information on hand. The guide could also include **a discussion of the similarities and differences between the inspections**. An other idea was to have some sort of “**Inspection/Certification Box**” be it literal or figurative where a copy of the general information needed for the inspections be kept so that each inspector could use the information as a base and then proceed with more detailed questions. It would be up to the producers to update the “Box” every year.

It is not suggested that certification agencies directly take on the task of organizing and running training and capacity building activities for producer organizations as this would be a conflict of interest. However, there may be ways of channeling the skills of the inspectors into other mechanisms. This could involve coordination with institutes and NGOs in the region to develop skills training and capacity building for producers and producer organizations. At the very least, the recommendations for improvements by the inspectors should be given some vehicle for follow up. FLO International is currently seeking channels to provide follow up from its monitoring.

A further issue involves producer feedback from the inspections. Many producers feel that they receive very little direct feedback from inspectors and are not provided with opportunities for valuable two-way communication. One possible solution to this is an activity that was suggested by the SmartWood team. This involved a final wrap up meeting or “reality check” with the producers to share their observations of the inspection and to ask for clarification, agreement or disagreement. This activity was carried out by the entire Joint Inspection team at the end of the last day of the inspection. The producers stated that they found this to be a useful activity as they could clarify questions they had about the different certification systems and what they meant for them.

7 - Discussion of Future Directions

Coffee as a NTFP – marketing side

There are definite benefits of pursuing coffee as a NTFP for the producers of coffee grown in shade plantations. However, these benefits depend upon functioning certification and labeling systems, a general awareness of the concept on the part of coffee consumers, and well developed distribution channels (interested importers, roasters and retailers). There appears to be some overlap between the concept of coffee as a NTFP, shade grown coffee as promoted by the Smithsonian Migratory Bird Center and the ECO-OK program of the Rainforest Alliance. While the US market is big enough to support many brand names and labels within this concept range it should also be noted that there is a degree of overlap in the target consumer groups interested in these concepts. It is in the long-term interests of the producers and the consumers that the certification systems work towards simplification and collaboration.

One possible strategy is to open discussions with the Smithsonian/CEC initiative. There appears to be a complementarity between this initiative and the SmartWood/CCMSS development of coffee as a NTFP. The Smithsonian/CEC initiative has focused on the actual bio-physical criteria for shade coffee. In terms of follow up, it was thought that once these were developed, they could be presented to interests within Mexico for use in an existing certification system at the national level or in the development of a new one¹. The suggested criteria for coffee as a NTFP are developed from the FSC principles and criteria outlining a more complete management system with a wider social, ecological and economic perspective; however, what is still lacking is a refined set of indicators for the bio-physical criteria. Another system that should be involved in this discussion is Certi-Mex given the explicit reference to diversified shade in the Certi-Mex standards and its commitment to diversified shade within the Mexican organic coffee system.

Collaboration Efforts

The Joint Inspection project has identified many areas where collaboration in the form of information sharing, harmonizing of formats, and joint training workshops may be useful in order to lower the overall certification costs and to improve the quality of the inspection/certification systems. It is now up to the certification systems themselves to analyze the results and recommendations of this project in light of their current and long-term priorities and apply what they find useful. This will most likely take place in two stages: a) internal analysis of the recommendations within each organization and b) discussions between the systems involved as to their respective interest in following up with the recommendations or other forms of collaboration.

¹ Rice (1999).

With respect to more particular issues, it is recommended that a SmartWood/CCMSS inspection be scheduled to test the suggested criteria for coffee as a NTFP developed by Patricia Gerez and Dawn Robinson and refine indicators that could be used in this assessment. Prior to this, discussions between SmartWood/CCMSS, ECO-OK, SMBC/CEC and Certi-Mex could be held.

IATP could help to provide continuity to the recommendations of this project in a number of ways:

- Facilitation of further discussions between the organizations involved,
- Co-ordination of inspector training workshops,
- The development and testing of producer information systems among other activities and
- Similar joint inspections could be carried out in different countries with interested local producers and agencies to refine the methodology and to support collaboration in different regions.

IATP is currently developing an initiative that will support and further develop the advances made in this project, taking it to a logical next step: Marketing Coffee as a Non Timber Forest Product. This project aims to examine the possibilities for marketing coffee as a NTFP through the following:

- Consultations with all actors in the supply chain to identify market interest including importers, distributors and retailers as well as the media and other stakeholder organizations,
- Further conversations with producers to provide data on how coffee as a NTFP can help to meet their goals and
- The development of innovative marketing and educational tools such as a prototype unit of an FSC certified wood coffee bin display unit that provides an esthetically enticing display and strengthens the concept of sustainable forest management as well as posters and brochures that will explain this relationship to consumers.

8 - Bibliography

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9 - Appendices