

RESPONSE

To the evaluation study

“Towards a sustainable banana supply chain in Colombia: Rainforest Alliance Certification and economic, social and environment conditions on small-scale banana plantations in Magdalena, Colombia” (2019, Wageningen Economic Research)



**RAINFOREST
ALLIANCE**



BACKGROUND

The Rainforest Alliance commissioned this independent evaluation to Wageningen Economic Research to understand the potential impact of certification on the socio-economic and environmental indicators on banana farms in the Magdalena region in Colombia.

At the time of the research (early 2018) 84 banana plantations in Colombia were certified, with a total production area of 7,134 hectares, comprising 47% of the banana sector in Magdalena and La Guajira. The sector employs about 42,000 people (about 7.5% of the work force). About 22% of Rainforest Alliance certified bananas worldwide are produced in Colombia, hence the relevance of commissioning this evaluation study.

Evaluation question

Do certified and non-certified plantations differ from each other in terms of social and environmental characteristics, and can potential differences be attributed to Rainforest Alliance certification, or other factors?

Research methodology

This evaluation compared a sample of 13 newly Rainforest Alliance certified banana farms to 16 neighboring non-certified farms in the same region at one point in time (2018). The researched farms had just passed their first Rainforest Alliance audit, which means this evaluation can also serve as a baseline against which to measure future improvements (assuming that these farms will remain certified). More than 200 workers were surveyed, as well as the management of all farms.

The evaluation design has limitations which should be borne in mind when interpreting the findings.

1. The data was collected only at one point in time (2018) and therefore does not measure changes over time. The effects of certification are measured by comparing certified to non-certified farms at one point in time.
2. To make valid comparisons, both groups of farms need to be comparable in terms of their basic characteristics. The certified farms were on average larger (25 ha) than the comparison farms (5 ha) and employed a larger number of workers (25 compared to 12).
3. The certified farms were affiliated to one trading company. Differences in outcomes may therefore also be attributable to technical assistance and training provided by this trader in combination with certification.
4. The findings on this particular sample of farms is not necessarily representative for the majority of Rainforest Alliance certified banana farms in Colombia, which on average are larger (80 ha) and have a longer track record of Rainforest Alliance certification.

EVALUATION FINDINGS

Wages, contracts and working hours

Daily and monthly wages on certified plantations are slightly higher than on non-certified plantations. This difference cannot be attributed solely to certification, since it is probably more related to workers being contracted as a permanent or as a temporary worker ("contract status"). As certified farms tend to employ more permanent workers, certification appears to indirectly contribute to higher wages. Permanent workers also enjoy more benefits than temporary workers. Higher wages were reported both by plantation managers and by workers.



The average hourly wage on Rainforest Alliance certified plantations is 4,287 pesos (1.45 USD per hour), compared to 3,632 pesos (1.23 USD per hour) on non-certified plantations. Permanent workers earn about 700 COP per hour more than temporary workers.

Wages are significantly correlated with permanent or temporary contract status, where permanent workers earn higher wages than temporary workers. Certified plantations employ a larger fraction of permanent workers (44%) than non-certified plantations (33%), but this difference is not statistically significant. Workers on certified plantations also have better access to monetary benefits such as 13th month benefits, paid holidays maternity leave.

There are limited differences for in-kind benefits (meals, transportation, health benefits, education and child care) between certified and non-certified plantations. Again, permanent workers receive more in-kind benefits than temporary workers. But there is a discrepancy between the in-kind benefits reported by plantation administration and those reported by workers (workers report less benefits).

Workers on certified plantations work more (paid) hours than workers on non-certified plantations. This reflects positively on their monthly wages. The average monthly wage is 870,262 COP (302.40 USD) for workers on newly certified plantations compared to 797,667 COP (294.15 USD) for workers on non-certified plantation. This difference is small, but statistically significant.

These wages are similar to the national minimum wages, but more than half of the workers report that their wage is insufficient to cover their daily needs.

Grievance system

Certification is related to a safer grievance claim system, as described by workers. On newly certified plantations, 44% of workers feel protected in the grievance process, versus 32% of workers at noncertified plantations. It is likely that Rainforest Alliance certification contributes to this enhanced sense of protection.

Environment and agrochemicals

Certification is related to more safety precautions and active communication regarding pest management.

Pest management and aerial fumigation practices are similar at certified and non-certified plantations, but some environmental management practices are better organised at certified plantations. All newly certified plantations have an occupational health professional, as compared to 19% of non-certified plantations.

The use of protective equipment is similar at certified and non-certified plantations (89% of the workers use PPE). But workers at newly certified plantations are more likely to wear all of their equipment when they use it (16% versus 6%). This could also be due to the fact that newly certified farms (being somewhat larger and employing more workers) employ more specialized workers for these tasks.

The restricted entry interval after pesticide application is slightly longer at certified plantations. Their policy of notifying staff and neighbors about fumigations is better organized and enforced than on non-certified plantations. This is likely a result of certification.

The presence of different types of natural vegetation zones is similar at certified and non-certified plantations, and similar integrated pest control methods are applied.

Production and yields

Newly certified plantations report higher banana yields than non-certified plantations (43 boxes per week per ha, compared to 39 boxes per week per hectare). This difference is small



but statistically significant. This difference could be an effect of certification but also of training and technical assistance.

In the perception of management and workers however certification leads to productivity increases: 30% of newly certified plantation administrators report that production has increased, while managers on non-certified plantations do not report any such increases. Similar results are found in the worker survey. Regression results indicate these worker and plantation level differences are related to certification.

POLICY RECOMMENDATIONS

1. Together with supply chain actors, Rainforest Alliance should look into incentives to increase wages, since wages are close to the minimum wage, and deemed insufficient to cover daily needs.
2. Supply chain actors in collaboration with Rainforest Alliance should look for incentives to further strengthen the position of temporary workers on certified plantations;
3. Rainforest Alliance could together with actors in the banana supply chain address understanding of and access to in-kind benefits;
4. Rainforest Alliance could look into possibilities for feasible alternative pest control methods, as replacement for aerial fumigation
5. Implement a second wave of data collection to trace changes over time, and to confirm causal relationships between Rainforest Alliance certification and outcome indicators.

RAINFOREST ALLIANCE'S RESPONSE

We welcome this study for the up to date insights it provides on the present situation on small-scale certified banana farms in Colombia and on the potential contribution of certification to improved environmental, economic and social practices and related outcomes. We thank the researchers and all participating producers and workers for their time and collaboration. These findings will be used to inform our program, the new Rainforest Alliance standard and our dialogue with stakeholders in the banana sector.

We are aware of the limitations of this study, and of the fact that the findings reflect mainly the situation on smaller farms in the Magdalena region of Colombia. We hope to include larger and longer standing banana plantations in future impact research.

It is encouraging to notice that workers on certified plantations feel a stronger sense of security in using the complaints mechanism and we think this achievement can be built upon to further advance the interests of workers and improve worker – management relations.

We are happy to learn that certified farms have better practices and systems in place regarding occupational health and taking precautions with the application of agrochemicals.

The higher banana yields reported on newly certified plantations is also encouraging.

We appreciate the timely and relevant recommendations made by the independent researchers, and intend to follow these up, as explained below.

Increase wages

In the new Rainforest Alliance standard currently under development (to become effective in 2020), we are exploring new ways to support producers to improve wages and working conditions for their workers. The Rainforest Alliance will use both the farm standard and the



chain of custody standard to drive more economic transparency and value to farmers. Under the new standard and certification system we are exploring criteria making a the payment of a premium to certified producers mandatory as well as enabling greater transparency on the payment of the premium and it's resulting impact.

To stimulate sustainable production, producers need to be compensated for the costs incurred and investments made in sustainable production. Rainforest Alliance is also stepping up its advocacy work with value chain actors to raise awareness and move towards a situation where these costs are shared more equitably along the supply chain.

As member of the [Global Living Wage Coalition](#) the Rainforest Alliance is contributing (worldwide) to calculate credible living wage benchmarks. The new Rainforest Alliance standard will contain criteria for certificate holders to report on prevailing wages, assess the gap with the living wage, and report on the progress made in closing the living wage gap. Eventually the cost of a living wage should be factored into national legislation and into the price of certified products, leveling the playing field and having the entire value chain sharing the costs of sustainable production.

Strengthen the position of temporary workers

The Rainforest Alliance standard stipulates that hiring temporary workers is not permitted as a means to cut labor costs and replace permanent workers¹. It also regulates and controls third party contracts.

The risk of abusive third party contracts is higher in larger operations (plantations). Such abuses may escape audit controls. One mitigation measure that Rainforest Alliance undertakes is continued dialogue with trade unions and other worker organizations. Strengthening grievance mechanisms is also effective.

In 2017 the Rainforest Alliance issued a policy to improve auditing of the standard's requirements related to workers' right to freely associate with organizations of their choice on fruit farms in Latin America. A requirement to meet with organization representatives before the start of a formal audit is part of the policy. This policy brings valuable information to light, which is cross-referenced with other data collected during the on-site farm audits.

Improve the understanding of and access to in-kind benefits;

The Rainforest Alliance standard stipulates that in-kind benefits can only reckoned as part of wages up to a max of 30% (which means that at least 70% of the wage should be paid in cash)².

Historically, plantation owners used to have legal obligations to provide basic services (e.g. housing, water, sanitation, education, health care) to workers, often residing on the plantation, the value of which would be (totally or partially) deducted from the wages. Where in-kind benefits are reckoned as part of the wage it is essential that employers comply with their obligations and this be strictly audited during certification audits.

Consider alternative pest control methods as replacement for aerial fumigation

¹ CC 4.8: *The farm management and group administrator do not engage in arrangements or practices designed to eliminate or reduce pay and benefits due to workers such as employing contract or temporary workers for permanent or ongoing tasks.*

² "No more than 30% of the required minimum wage is paid in-kind." (CC 4.5)



Aerial fumigation is permitted because many commercially grown banana varieties, the Cavendish banana most notably, are highly susceptible to the black sigatoka fungus. Rainforest Alliance Certified farms employ manual methods to control black sigatoka, such as manually removing infected leaves, use of green groundcover, and improved soil management. But these methods alone are often not enough to protect the crop from sigatoka. Aerial fumigation, when employed with all the rules listed below, is permitted to prevent the establishment or spread of fungal diseases ³

Our requirements for aerial fumigation include:

- Workers are not present in areas during aerial fumigation with pesticides.
- Spray drift next to natural ecosystems and areas of human activity is reduced through non-application zones or vegetative barriers.
- Aircraft are equipped with Geographic Positioning Systems (GPS) with automatic shut-off valves connected to the GPS system.
- Wind speeds during aerial fumigations are less than 10 km/h and maximum temperature is 29 °C.
- Each aerial fumigation is documented with an operational report.

Farms also have to observe a 12-hour Restricted Entry Interval (REI) in pesticide application areas or as stipulated in the product's MSDS, label or security tag. For WHO class II products, the REI is at least 48 hours or as stipulated in the product's instructions, label or security tag. When two or more products with different REIs are used at the same time, the longest interval applies⁴.

Follow up evaluation to trace changes over time and confirm causal relationships between certification and outcome indicators.

Rainforest Alliance welcomes this recommendation and invites banana certificate holders and buyers in Colombia and Ecuador, especially the larger and longer time certificate holders to partner with Rainforest Alliance on commissioning independent and robust impacts research.

³ See [RA requirements for aerial fumigation](#).

⁴ Criterion C-4.35