Abstract:
This paper explores the structure and processes that govern the Rainforest Alliance’s certified seal of approval to give insight to the robustness of the Rainforest Alliance certification system. This paper assesses the robustness of the certification by examining the incentives facing certifiers to determine whether certifiers qualify as independent, third parties. Because there is evidence that certifiers’ incentives are aligned with those being certified or retail purchasers in some circumstances, it is impossible to classify the Rainforest Alliance certification process as robust even despite criteria for certification that are scientifically and socially commendable.
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I. Introduction

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II. History of the Rainforest Alliance and the Certified Seal of Approval

The Rainforest Alliance is a non-profit organization headquartered in New York. It was founded twenty years ago in 1987 with a mission to “conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior.” The organization carries out a wide variety programs in support of its mission, including activities such as communication workshops for environmental groups, maintaining an online encyclopedia of conservation projects across the globe, providing research fellowships and awarding grants to environmentally friendly businesses.

The Rainforest Alliance also has certification programs for tourism, forest products and agriculture to reduce the environmental impact of these activities and in some cases, support its regional conservation activities. Farms cultivating coffee, bananas, cocoa, citrus, ferns and cut flowers were selected as certification targets of the Alliance because these crops are often grown in areas previously occupied by biologically diverse, tropical forests. The Alliance began its
certification program “to minimize the environmental impacts and maximize the social benefits of tropical agriculture” to support both conservation and sustainable development.ii

Figure 1: Rainforest Alliance Certified Seal of Approval

Some retail purchasers have favored Rainforest Alliance certified products over products bearing other agricultural certifications, such as Fair Trade. In the case of these two label competitors, the major difference is that no guaranteed price premium is provided by Rainforest Alliance certification even though both are comprised of social and environmental guidelines. While a price premium is not guaranteed as it is in the Fair Trade model, farmers usually do receive a price premium for goods bearing the Rainforest Alliance Seal of Approval because the seal is associated with a higher quality product. Despite paying a price premium for higher quality products, “the Rainforest Alliance certification is likely to be cheaper for the buying company, iii especially if coffee prices remain low as they have been in recent years.

This price advantage has led cost-conscious, high volume purchasers to commit to purchasing Rainforest Alliance certified agricultural products. Major corporations such as Kraft, McDonald’s, Caribou Coffee, Nestle, Goldman Sachs, Citigroup, Johnson&Johnson and KLM Airlines have purchasing commitments for the Alliance’s certified agricultural products, with most of these companies primarily purchasing coffee from certified farms. The Rainforest Alliance has used its partnerships with large corporations to drive sales of certified agricultural
products, and has been relatively successful as its certified bananas now comprise about 15% of traded bananas and certified coffee has about 15% of global market share.iv

III. Certification Structure: Standards and Standard Creation

The Sustainable Agriculture Network (SAN) in conjunction with Rainforest Alliance, which serves as the Secretariat for SAN, sets certification standards for the seal of approval that consist of a basic set of farm criteria with an additional crop-specific set of criteria.

SAN was founded as the Conservation Agriculture Network in 1991, and seeks “to transform the environmental and social conditions of tropical agriculture through the implementation of sustainable farming practices.” v SAN partnered with the Rainforest Alliance to manage the certification process at the local level, which would be difficult for the Rainforest Alliance without opening offices in every country where it intends to certify farms. SAN, aside from the Rainforest Alliance, is currently composed of ten environmental organizations located in Belize, Brazil, Colombia, Costa Rica, Denmark, Ecuador, El Salvador, Guatemala, Honduras and Mexico.

Conservación y Desarrollo (Ecuador), Fundación Interamericana de Investigación Tropical (Guatemala), Imaflora(Brazil), Instituto para la Cooperación y Autodesarrollo (Honduras), Fundación Natura(Colombia), Nepenthes(Denmark), Pronatura Chiapas(Mexico), SalvaNATURA(El Salvador), Toledo Institute for Development and the Environment(Belize), The Rainforest Alliance (United States and Costa Rica)

Figure 2: Sustainable Agriculture Network Members

Although SAN is a separate organization from the Rainforest Alliance, it does not appear to have much independence from the Alliance because all SAN documents are circulated from the Rainforest Alliance web site and there is little other organizational presence in print media,
electronic media or academic publications. In addition, it appears that SAN would be unlikely to exist without the Rainforest Alliance since there is no evidence of connections between the local organizations themselves, and instead are linked to each other only indirectly though the hub of the Rainforest Alliance.

Though the role of the Rainforest Alliance as the SAN secretariat is to provide administrative support to its member organizations, the Alliance appears to go much further than that to use SAN in a manner more similar to a contracting network for certification. In this way, it appears that SAN is an organization that exists to serve the Rainforest Alliance’s interests, rather than an interest-based coalition whose activities are complimentary to the Rainforest Alliance’s activities.

The criteria developed by SAN and the Rainforest Alliance are based on the principles of environmental protection, human welfare and economic viability. These principles were selected to ensure that certified agriculture fosters sustainable development. Upon meeting at least the critical criteria for certification under each of the ten SAN principles, a farm is deemed “sustainable” and is allowed to use the seal of approval for marketing purposes on all of the goods that are produced by the farm.

**Sustainable Agriculture Network’s 10 Certification Principles:**

2. Ecosystem Conservation.
5. Fair Treatment and Good Working Conditions for Workers.
7. Community Relations.
8. Integrated Crop Management.
10. Integrated Waste Management.

Figure 3: SAN Certification Principles

By the beginning of 2007, more than 10,000 farms in fourteen developing countries covering 530,000 acres have been certified by the Rainforest Alliance. One of the Alliance’s highest profile certification targets, Chiquita Brands International, Inc., had all of its farms in Latin America certified by the Alliance in 2002 as well as some of its subsidiaries’ farms.

The most recent edition of the standards, which are publicly available at the Rainforest Alliance’s web site, were “developed with active stakeholder involvement through a public consultation process” by Alliance and SAN members. Though documentation of the actual stakeholder consultation was difficult to find, and was only found in a Spanish-language version, the consultation process transparently detailed in “Resumen de la Consulta Pública: Norma para Agricultura Sostenible – Red de Agricultura Sostenible.” The consultation steps are clearly laid out, the text of the requests for participation is provided as well as the comments that were received, but the identities of parties whose opinions were solicited are not publicly listed nor are the identities of those who commented revealed.

This is a clear liability for the strength of the seal of approval since the parties who are shaping the criteria may have an interest in bending them for their own benefit, and perhaps at the expense of the certification’s stated goal of providing a “seal of approval guaranteeing consumers that the products they are buying are the result of practices carried out according to a specific set of criteria balancing ecological, economic and social considerations.” The failure to identify the parties who participated in the consultation process undermines the goal of public consultation—to generate publicly credible criteria, though some credibility may be derived from
the Alliance’s involvement with the International Social and Environmental Accreditation and Labeling Alliance (ISEAL) depending on the robustness of that organization’s processes.

Even if the identities of the participants were made public, a conflict of interest would remain in the standard creation process. This conflict arises from allowing those who will be affected by the standards to shape them, which creates an opportunity for stakeholders to set standards that are favorable to their own interests. Although standards influenced by those who will be subject to them does not necessarily result in a corrupt standard, standards that are created without a conflict of interest will inspire more consumer confidence and provide the basis for a robust certification.

IV. Certification Process

The actual certification process is the responsibility of the SAN member in the field. If the SAN member in that country does not have sufficient staff to inspect the farms in that country itself, it has the option to hire local certifiers to assist in the inspection process.

The inspection process begins with a preliminary farm inspection performed either by SAN employees or contracted local certifiers to create a work plan for bringing the farm into compliance with the certification criteria, and are later inspected again at the owner’s request by a local certification team, which writes a report about the farm’s suitability for certification. Farms can elect to bypass the preliminary inspection, and larger farms that have fewer concerns about the cost of complying with the certification criteria often do bypass this inspection.

If a preliminary inspection is conducted and the SAN committee agrees that the farm is a suitable candidate for certification, an inspection for certification is conducted. To achieve certification, a farm must meet critical criteria in every principle group, at least fifty percent of criteria in every principle group and eighty percent of all certification criteria.
SAN rules state that farms must be inspected at least every year, and are required to progressively increase their compliance levels with the certification criteria to maintain farm certification. Though SAN does reserve the right to make unannounced visits to certified farms, no evidence was found that indicated any surprise inspections had been conducted. The lack of surprise inspections may mean that SAN has not observed any farms under normal operational conditions.

Farms being certified are usually responsible for the initial certification costs, but organizations such as non-governmental organizations and companies have made donations to cover the costs of farm certification. In addition to the initial certification costs, farms are required to pay an annual fee for certification that is based on the number of hectares the farm cultivates.

After certification is complete, the farm is entitled to use the Rainforest Alliance certified seal of approval on the products that the farm produces, including those that are outside the variety of crops for which the Alliance has additional certification criteria. The Rainforest Alliance also publicizes the names of the certified companies on its web site as a marketing technique that may result in the farm obtaining purchasing contracts, and provides links to retailers who sell its certified agricultural products.

V. Independent Third Party Certification?

Examination of the mechanisms for certification, rather than the criteria for certification, is essential because it indicates the certifier’s ability to hold those being certified to the certification criteria. Third party status is important because certifiers are only credible when they can claim that their incentives are not synchronized with the incentives of those who they
are certifying, and in this case, also maintain independence from the purchasers of the certified products. The Rainforest Alliance is clearly aware that it must be perceived as having the ability to be independent from the interests of the producers and corporate buyers of its certified products for its certification to be credible, and states that it defines certification as an act that must be performed by an “independent, third-party.”

However, upon examining the incentives of three major actors in the Rainforest Alliance certification process—the Rainforest Alliance itself, Sustainable Agriculture Network members in the field, and the local certifiers—a number of weaknesses in the process are evident that leave the third party status of all actors involved in the certification process in doubt.

A. Rainforest Alliance

Because the Rainforest Alliance’s interests are intertwined with those of its corporate buyers as well as the farms to which it lends its seal of approval, the Alliance’s ability to be an independent certification organization has been compromised. As a result, it fails to meet the definition of a third-party, which has the effect of decreasing the robustness of its certification regime.

First, the Rainforest Alliance must ensure that there are enough certified products to fulfill the publicly declared, and often much hyped, purchasing commitments of corporate buyers. The term corporate buyer refers to companies who have made commitments to the Alliance to purchase certified agricultural products, examples of which are Kraft and Caribou Coffee who committed to purchasing Alliance certified coffee.

These corporate partnerships create a conflict of interest for the Rainforest Alliance because the Alliance will have incentives to encourage SAN members to be less thorough in the
certification process to ensure supply and avoid embarrassing its corporate purchasers by preventing them from meeting their purchasing commitments. Corporate purchasers could be embarrassed by a lack of supply if enough farms are not certified to meet these purchasing commitments, and they are accused of misleading their customers about the origin of their agricultural products.

A further challenge to the Alliance’s autonomy from its corporate purchasers is the fact that it does accept contributions from the purchasers, and 46% of its budget is comprised of donations from companies, foundations and government. It is unclear what amount of that percentage is from corporations, but this category is the single largest category of the budget. The Alliance accepts corporate support in the form of cash contributions, program sponsorship, licensing agreements and in-kind gifts. This income structure indicates that the Rainforest Alliance would find it difficult to take a course of action that would harm its major funders.

Finally, the Rainforest Alliance’s decision-making independence is also curtailed by the composition of its board. Executives from corporations that have made certified agriculture purchasing commitments to the Alliance occupy seats on its board of directors. In addition to increasing the Rainforest Alliance’s sensitivity to the problems posed by a shortage of certified goods as described above, this presence may also increase the likelihood that the company will receive positive press from the Alliance. Annemieke Wijn, a former Kraft executive involved in the company’s coffee division, is a member of the Rainforest Alliance’s Board of Directors. In 2006, Kraft Foods, Inc. was awarded the Corporate Green Globe Award by the Rainforest Alliance for the commitment it made to purchase Rainforest Alliance certified coffee in 2003.

The structure of the Rainforest Alliance’s relationship with the farms that it certifies is a second source of conflict that could influence the stringency level of the certification process.
Because the Alliance relies on fees for services such as certification for approximately 36% of its budget, this fee schedule may create incentives for the Rainforest Alliance to avoid decertifying farms—especially those farms covering more hectares—since doing so would decrease the Alliance’s income.

B. Sustainable Agriculture Network

SAN poses both structural and capacity challenges to the robustness of the certification since its incentives are synchronized with the Rainforest Alliance and the smallness of some SAN member organizations’ size may constrict their ability to conduct thorough inspections. Given these synchronous incentives, SAN members’ position in relation to both the Alliance and farms in their home countries creates challenges to the organization’s credibility to function as an independent third party certifier.

SAN is lauded by the Rainforest Alliance as an ideal partner for certification because SAN members “understand local culture, politics, language and ecology.” While devolving certification to local environmental organizations may mean that Rainforest Alliance certification “costs are often lower than other systems” of certification, the likelihood that SAN members can act as independent third-parties is also lower since they are more likely to have social or economic relationships with the owners and workers on the farms seeking certification. In addition, the ability of a SAN member to certify a farm may be most compromised when it inspects a farm in its own community since pre-existing relationships may make it difficult or impossible to conduct a surprise inspection or observe genuine farm operations even during routine certification steps.
Another country-level certification liability is each SAN member’s ability to “adapt” the certification criteria to suit local environmental, political, legal and traditional contexts, as well as different types of producers. While this policy was created to ensure “the same advantages for all producers,” XVII the process by which the criteria are adapted is completely opaque. This process opacity serves to undermine the label’s credibility even farther than the failure to apply a uniform standard does. Another fissure in the strength of the seal of approval is that the Rainforest Alliance also refused to respond when an inquiry was made about the existence of any oversight mechanism for the adaptations of the standards by SAN members.

SAN’s low level of independence from the Rainforest Alliance also poses a challenge to its credibility as an independent third party. The Alliance is the secretariat for the organization, but it is also the largest, best-funded and most prestigious member of the group. Because the Alliance is a source of funding for SAN member organizations, the likelihood that a member organization would have an interest in challenging the Alliance on any given issue is decreased, especially for small or under funded SAN members.

Differing staff sizes and funding levels also result in a lack of uniform capacity across SAN’s member organizations. Uniform organizational capacity is relevant to certification robustness because its absence indicates that the ability of the member organization to inspect and certify varies from country to country. Differing capacities means that the usefulness of certification as a guarantee of compliance with a set of criteria is damaged by the local SAN member’s ability to inspect the farm with the same stringency as other, more sophisticated, SAN members. The great amount of variation, both in terms of size and technical capabilities of the local SAN members, is evidenced by the professional staff members showcased on some SAN
member web sites, while other SAN members have no web sites and are sparsely staffed by as few as two employees.

A final obstacle to a robust certification regime is created by low organizational capacity is that SAN members may not know what specialized knowledge to look for in locally-contracted technicians who are hired to perform inspections when the organization is unable to perform the inspection itself.

![Figure 4: Actor Relationship Flowchart](image)

Local certifiers who can be hired by SAN members to conduct certification inspections may further decrease the social and economic distance between the certifier and the certification
target as described in the SAN section above. While decreasing the certification costs for farmers who pay travel expenses, lodging, and meals for certifiers, choosing the least costly certifier may have the inadvertent effect of decreasing the overall value of the certification as a third party guarantee.

VI. Case Study: Chiquita Banana Farm Certification

Chiquita began working with the Rainforest Alliance and the Sustainable Agriculture Network in 1992 to certify Chiquita-owned banana farms and some of its subsidiary farms in Latin America with the Rainforest Alliance certified seal of approval. Because the company has a long record of both environmental and worker rights violations, its partnership with the Rainforest Alliance was a major shift in company practices. Chiquita’s management claims that the motivation for the move toward greater corporate social responsibility was triggered by its belief that the “information revolution means there is no alternative to transparency in demonstrating corporate social responsibility.”

Though Chiquita’s weaker market position relative to other major banana companies during this period was probably another large factor in this decision.

All of Chiquita’s Latin American farms were certified by the Rainforest Alliance by 2000, but after Human Rights Watch released a report criticizing Chiquita-subsidiary farms’ practices in Ecuador entitled “Tainted Harvest: Child Labor and Obstacles to Organizing on Ecuador’s Banana Plantations” in 2002, the Rainforest Alliance came under fire for certifying Chiquita-owned and subsidiary farms. The Human Rights Watch report detailed child labor usage, labor rights violations and union suppression on Chiquita’s subsidiary farms in Ecuador.

These farms, belonging to Favorita Fruit Company, had been certified by the Rainforest Alliance before the Human Rights Watch report was written, and were later re-inspected by
Chiquita in early 2003. No violations were found during the 2003 re-inspection, though Chiquita did acknowledge, “freedom of association remains a concern, as it is for the industry.” These farms were not de-certified, and make up a significant portion of Chiquita’s purchases in the region, as it acquires about 11% of its Latin American bananas from the Favorita Fruit Company. As a result of the magnitude of the accusations from as reputable an organization as Human Rights Watch, the Rainforest Alliance was accused of being complicit in Chiquita’s efforts to paint itself as a responsible corporate citizen by various members of the environmental and human rights communities.

Although it is doubtful that the Rainforest Alliance actually intended to assist Chiquita in “greenwashing” its corporate practices, the organization’s third-party status was compromised by its relationship with Chiquita precisely because such a relationship was so groundbreaking. Chiquita’s unprecedented commitment to improve its practices made it believable that the Rainforest Alliance turned a blind eye to some farms’ problems in order to meet Chiquita’s very public certification goals for its own farms and subsidiaries and to keep Chiquita from giving up on the certification process. Additionally, the Rainforest Alliance had an incentive to keep working with Chiquita, even despite obstacles, in the form of certification fees from the large Chiquita farm acreage it would certify and the prestige that could translate into more certifications it would receive for having reformed a company known for poor environmental and social practices.

If Chiquita’s commitment had not been so groundbreaking, it is doubtful that the Alliance would have been so accommodating or eager to work with Chiquita while some farms associated with it continued to engage in practices that violated the core principles of the certification. Although the Rainforest Alliance’s motives for its actions in this instance cannot be known with
absolute certainty, that the Alliance’s relationship with Chiquita did compromise its status as an independent, third party auditor during this episode is clear from the furor over the relationship triggered by the Human Rights Watch report.

Another factor that may have impeded the Rainforest Alliance ability or inclination to publicly retract support for Chiquita was the extensive media coverage that the Alliance launched in support of Chiquita when it announced its desire to certify its farms. It would have been difficult to change course when the Alliance has already taken a positive and very public stance on the reformed Chiquita.

Though Chiquita has been transparent about the accusations and publicly acknowledged the Human Rights Watch report, the Rainforest Alliance has no mention of the report or violations by Favorita’s certified farms. Chiquita’s approach to this incident is related to its status as a publicly held company. Because it is a publicly held company, it is legally obligated to provide complete information to its stockholders and has further incentives to confront accusations and defend its reputation before the market can punish it by placing a lower value on Chiquita stock.

The Rainforest Alliance has no such incentives since it is a non-profit organization that only has incentives to be transparent to its donors, its main source of income. The Rainforest Alliance’s lack of public transparency was also illustrated during the author’s research on this organization when the Alliance failed to substantively respond to informational requests.

VII. Trust Without Verification?

Because the law does not bind the Rainforest Alliance to transparent practices and it also lacks financial incentives to respond to consumers, consumer ability to verify the claims that the Alliance makes is low. This factor, added to the structural and procedural limitations to the
Rainforest Alliance’s ability to provide a robust certification regime, creates doubt that agricultural products bearing Rainforest Alliance Certified Seal of Approval comply with the certification’s criteria.

Despite the foregoing analysis that deems the Rainforest Alliance certification regime weak, this work should be interpreted not as a condemnation of effort; rather it is a critique of organizational ability. Because the state’s power cannot be invoked to ensure Rainforest Alliance compliance with its own standards, independent evaluation must be used to assess its certification regime. Through the process of independent robustness evaluation, some certification regimes will emerge as superior to others over time, and those that are found to lack robustness will either change their methods or disappear.

If the Rainforest Alliance certification hopes to emerge as a superior certification in a competitive labeling market, it will need to reshape certification processes to change its incentive structure to give itself third party independence. A more professional network of certification professionals, a different fee structure, and a greater distance between corporate buyers and the Rainforest Alliance are all measures that it could take to create third party status, as well as increase its chances of surviving in the competitive certification market.
VIII. Discussion Questions

1. How robust do you find the SAN certification process? What are the incentives of certifiers? How well are they aligned with the goals? Why is evidence of alignment a cause for concern?

2. The Rainforest Alliance and SAN do not seem to have identified the stakeholders in its public consultation process while developing the Rainforest Alliance standard. Does this affect the credibility of the standard? How so?

3. Browse the Rainforest Alliance website to see if you can obtain information on the Rainforest Alliance networks’ sources of revenues, composition of the board, and the backgrounds of the organization staff. Why are these factors important to an organization’s credibility?

4. Rainforest Alliance adapts its certification criteria to each country’s unique social and environmental contexts but does not make the criteria process transparent. Suppose the criteria were transparent — how do you think the Rainforest Alliance should design the criteria so that all producers receive an even playing field? Is such a program possible?

5. How might the lack of uniform capacity across SAN’s local certifying organizations be a cause of concern? How might this be a benefit?

6. Compare and contrast the Fair Trade and Rainforest Alliance certification processes. Why might a retailer prefer to buy Rainforest Alliance certified products over Fair Trade products? Can you find any information on the number of products carrying the Rainforest Alliance logo versus the Fair Trade label? Do supermarkets carry more products bearing one label over the other?

7. To a consumer, which of the two labels seems more credible? As a consumer, which organization’s certified products are you more likely to buy?
IX. Endnotes


ili Beattie, Alan. “Coffees with a conscience ETHICAL BRANDING: Consumers have a choice between the distinct approaches of marks such as Fairtrade and Rainforest Alliance.” Financial Times (London, England) October 18, 2005, Pg. 13


viii Ibid.


xiv Ibid.


xx Ibid.