

# THE IMPACT OF FAIRTRADE: A REVIEW OF RESEARCH EVIDENCE 2009-2015

Response from the commissioning agency Fairtrade International to a review of research evidence for Fairtrade impacts, conducted by the Overseas Development Institute (ODI).<sup>1</sup>

## THE STUDY AT A GLANCE

### INTRODUCTION

Fairtrade International commissioned ODI to conduct an in-depth review of research literature about Fairtrade, in order to better understand the extent to which Fairtrade is contributing towards its intended impacts. The report synthesizes results from 45 studies published between 2009 and 2015. It provides an update to a previous review of Fairtrade research spanning 1999-2009 which was conducted by the Natural Resources Institute.<sup>2</sup>

### RESEARCH METHODS

The overall research question was: what is the impact of Fairtrade on certified smallholder producer groups and workers in certified hired labour organizations in terms of fostering sustainable livelihoods and empowerment? The review uses the [Fairtrade Theory of Change](#) as the framework for analysing evidence, and analyses evidence for impacts in seven different areas:

1. Access to Fairtrade markets and Fairtrade prices
2. Farming performance and protection of the environment
3. Investment of the Fairtrade Premium in small producer and worker organizations and communities
4. Producer and worker organizational strength and democracy
5. Decent work conditions
6. Household income, wellbeing and resilience
7. Gender equity

Initial searches for research papers to include in the review were based on internet searching, a focused search of a small number of specific websites, and consultation with 35 experts in the field of Fairtrade and certification-system research. These papers were then subject to a two-phase filtering process to assess their relevance in answering the research question, using a series of inclusion and exclusion criteria (which are set out in full in the review). All papers were required to present the results of primary empirical research, and to meet a series of methodological requirements.

A total of 90 documents were deemed to have met the inclusion criteria based on a first filter review. The second, more thorough review led to the final selection of 45 papers.

The 45 papers were read in depth and their results analyzed against the seven thematic areas listed above. The analysis also considers the limitations of the existing body of research in relation to each theme, reflecting that some themes, products and regions are more extensively covered than others.

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<sup>1</sup> The Overseas Development Institute (ODI) is an independent think tank on development and humanitarian issues, based in London, UK.

<sup>2</sup> Valerie Nelson and Barry Pound, [The Last Ten Years: A Comprehensive Review of the Literature on the Impact of Fairtrade](#), Natural Resources Institute: Greenwich

## MAIN RESULTS AND FAIRTRADE'S RESPONSE TO THE RESEARCH FINDINGS

In this section, we present a summary of the research findings for each thematic area of the review, followed with our response to the findings.

### 1. ACCESS TO FAIRTRADE MARKETS AND FAIRTRADE PRICES

#### Key findings

The evidence clearly indicates that certified producers have benefited from higher prices through Fairtrade certified sales during periods of low conventional market prices. The literature confirms that Fairtrade certification can provide important forms of price security when market prices are low, through the Fairtrade Minimum Price mechanism.

Where market prices rise above the Fairtrade Minimum Price the price effects of Fairtrade are less clear, with the price differential between Fairtrade and non-Fairtrade sales tending to drop. Fairtrade farmers may still enjoy higher prices than non-certified farmers when market prices are high, but the factors explaining this can vary. They might include differences in quality, value added by the organization, bargaining power of the producer organization, and so on.

The review finds that the effects of price differentials also depend upon the extent to which producers have access to Fairtrade markets, and the proportion of their certified crop that they are able to sell on Fairtrade terms. Demand for Fairtrade products fluctuates, and certified supply often outstrips demand, leading to limitations on producer access to Fairtrade markets. The review of evidence concludes that balancing supply with demand for certified products is a key challenge for Fairtrade.

#### Fairtrade response

The Fairtrade Minimum Price is designed as a safety net, and this is the role that it should play – protecting producers from the worst impacts of volatile commodity markets. In situations where market prices rise above Fairtrade Minimum Prices, then producers should be paid at least the market price. In some cases there is evidence that Fairtrade producers do earn above market prices.<sup>3</sup> The factors that promote this include strong producer organization and bargaining power. This provides support to the assumption at the core of the Fairtrade Theory of Change that well-managed producer organizations can command higher prices through a stronger basis for bargaining or the ability to add value to the product.

Where Fairtrade producers achieve higher product quality, this also results in higher prices. Fairtrade does not set quality requirements for products, focusing instead on environmental requirements for production and farm management. However, our experience shows that Fairtrade certification can play a role in attracting external support to facilitate quality improvement, as well by supporting farmer organization structures that support the roll-out of quality improvement practices.<sup>4</sup> In addition, many small producer organizations invested their Fairtrade Premium in quality-improvement measures.

The fact that producers often only sell a proportion of their crop on Fairtrade terms is perhaps one of Fairtrade's biggest challenges. The impact of the Fairtrade Minimum Price and the Fairtrade Premium for these producers is limited, as these economic benefits apply only to sales on Fairtrade terms. For many Fairtrade products, including major products such as coffee, cocoa and bananas, the supply of certified products outstrips the current market demand. Fairtrade responds to this by trying to grow the markets for Fairtrade products. National Fairtrade organizations in consumer countries promote Fairtrade through consumer campaigns and by building partnerships with retailers and manufacturers. Fairtrade is also developing new business models will help producers and businesses create greater value through committed long-term relationships that enable the right kinds of investment.

Fairtrade works with producers seeking to become Fairtrade certified to help them identify whether there is likely to be a market for their certified product. Fairtrade producer support teams discourage producers from

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<sup>3</sup> One of the most comprehensive overviews of the relationship between Fairtrade, coffee prices, and farmer incomes is in R. Dragusanu, D. Giovannucci, and N. Nunn (2014), 'The economics of Fair Trade', *Journal of Economic Perspectives* 28:3, pp.217–236. Other examples include: Chiputwa, B., Spielman, D.J. and Qaim, M. (2015) 'Food standards, certification, and poverty among coffee farmer in Uganda', *World Development*, Volume 66; pp. 400-412; Becchetti, L. and Conzo, P. (2009) 'Market access, organic farming and productivity: the determinants of creation of economic value on a sample of Fairtrade affiliated Thai farmers', Centro di Ricerca Interdipartimentale di Economia delle Istituzioni (CREI) Working Paper no. 3.

<sup>4</sup> Balineau, G. (2013) 'Disentangling the effects of fair trade on quality of Malian cotton', *World Development*, Volume 44, pp 241-255.

applying for certification where we feel there is already oversupply within their product sector and low likelihood of them achieving access to Fairtrade markets. Some producers will choose to become certified regardless of this, because holding Fairtrade certification indicates that they have met rigorous standards, and can therefore make them more attractive to third party support or credit providers.

## **2. FARMING PERFORMANCE AND PROTECTION OF THE ENVIRONMENT**

### **Key findings**

The research body provides only limited evidence about the impact of Fairtrade on farming performance (available only in five of the papers) and environmental protection (covered by seven of the papers).

The literature reviewed reveals a number of instances where Fairtrade certified production demonstrated superior quality or higher yields compared with non-Fairtrade production. This may be partly due to the strengthening of organizational structures and services that result from Fairtrade certification, or from support and technical assistance from a different source. Prior selection of farmers for certification who were already achieving higher yields may be another cause. In some cases, Fairtrade buyers or other intermediaries may add or incentivise quality requirements when selecting farmers from whom they purchase.

Comparative studies have tended to show that certification schemes focusing particularly on promoting good agricultural practice are more closely correlated with higher yields and quality than Fairtrade. However, as for the studies focusing on Fairtrade alone, selection bias is a potential problem for all certification schemes studied.

Fairtrade Standards include stringent environmental requirements on issues such as pesticide use, water conservation, soil erosion, GMOs, biodiversity conservation and reducing carbon footprint. The research evidence shows positive impacts of certification and the application of environment-related standards on farming practices in both small producer organizations and plantations. This may in some cases be a result of the organic certification process, given that around half of all Fairtrade producers are also organic certified. Other research found that these positive effects may result from the strength of producer organizations, or from agro-ecological approaches promoted by other organizations.

### **Fairtrade response**

The limited evidence concerning Fairtrade's impact on farming performance and environmental protection does not provide a strong basis on which to draw conclusions, particularly as none of the papers were able to rule out the possibility of selection bias influencing which farmers join certification schemes. The processes by which farmers join any certification scheme may result in bias towards wealthier farmers, more progressive farmers, or farmers with plots of a certain size etc.. Any bias may in turn be reflected in differential results, including for yield and quality.

The Fairtrade Standards do not include explicit requirements relating to product quality or the adoption of specific agricultural practices that will support increased productivity. Fairtrade producers are in many different situations and environments. We also need to remain aware that a significant proportion of Fairtrade producers combine organic certification with Fairtrade. We believe that advice and support on production practices needs to be tailored to each producer organization's specific needs, objectives and constraints. Moreover, including extensive requirements on production within the standards would create an additional barrier for producer organizations in more marginalized situations to join Fairtrade.

Fairtrade believes that it is important to focus on increasing the overall profitability of a farm. We recognize that increasing yield and quality is a key way in which farmers can maximize the returns from their hard work, and earn more from their crop. This in turn can enable farmers to invest in diversification into additional crops or other activities, increasing their resilience and improving their livelihoods.

Our model supports the adoption of good agricultural practices in a number of ways:

- The Fairtrade Premium is often used to support technical support and extension services to farmer organization members. Increasingly, Fairtrade requires producers to invest a proportion of their

Fairtrade Premium in improving quality and productivity. Fairtrade coffee Standards require that 25 percent of the Fairtrade Premium must be spent on quality or productivity improvements. Cocoa and sugar producers are encouraged to do the same (although this is not mandatory), and must discuss with their members whether such investments would be beneficial.

- Fairtrade producer support includes targeted support for better agricultural practices. For example our West Africa Cocoa Programme includes a lead farmer training scheme designed to support wider adoption of practices to increase cocoa yield and quality. Fairtrade's multi-year membership and cooperation with the Sustainable Commodity Assistance Network (SCAN) has resulted in farmer training materials as well as projects in Peru and Guatemala aimed at supporting good coffee-growing practices.
- Because Fairtrade Standards are designed to support strong, well-managed producer organizations, third-party support providers are often keen to work through Fairtrade organizations to provide additional support, training, or extension services. Fairtrade works with many partners globally to leverage these. For example, a seven-year programme funded by Irish Aid provided a wide-range of training and support to coffee farmer organizations in Central America. The evaluation showed that the targeted training and investments into quality and productivity management resulted in a productivity boost at both farm and processing levels.<sup>5</sup>

On environmental effects, the limited evidence suggests that there are positive effects from Fairtrade certification, although these can be difficult to isolate from the effects of organic certification. Again, the evidence is not sufficient to disaggregate the effects of the Fairtrade Standards, the Fairtrade requirement for organization – which can result in better levels of internal controls of environmental standards – or third-party support interventions.

In general, the area of productivity, quality improvement, and environmental impacts of Fairtrade is one where well-designed focused research is needed.

### **3. INVESTMENT OF THE FAIRTRADE PREMIUM IN SMALL PRODUCER AND WORKER ORGANIZATIONS AND COMMUNITIES**

#### **Key findings**

Fourteen papers in the review presented evidence of the impacts of the Fairtrade Premium. All of them concluded that the Fairtrade Premium had positive impacts for producers. The research papers cited community-wide benefits such as local infrastructure and support for health and education services locally; benefits focused on certified farmers or plantation workers and their families, such as production-related services, loans and scholarships; and support for the operations of producer organizations, such as investments in production facilities.

The research also highlighted challenges for the Fairtrade Premium. These included the relative dilution of Fairtrade Premium impacts within a large producer organization; situations where producers do not agree on how to invest the Fairtrade Premium – typically a tension between investment in community services versus direct payments of the Fairtrade Premium to members; and cases of poor management mechanisms and/or limited participation by farmers or workers in Fairtrade Premium decision-making. The review also notes that while there are many articles listing the uses of the Fairtrade Premium, there is very little deeper analysis of its longer-term impacts. This is an area where focused research will be useful.

#### **Fairtrade response**

It is highly encouraging that the research evidence finds a wide range of benefits to producers, workers and their communities as a result of Fairtrade Premium investments.

In situations of scarce resources and high levels of need, it can be difficult for producer organizations to agree what proportion of the Fairtrade Premium should be used to provide direct benefits to certified farmers or workers, and how much should be allocated for projects that will benefit the wider community or

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<sup>5</sup> John Grindle and Beatriz Barraza (2011), 'IFTN Fairtrade and Ethical Trade Programme Central America, 2006-2011 Final Review of Outcomes and Learning. Final Report'. Unpublished evaluation. For more information contact Fairtrade Ireland, [www.fairtrade.ie](http://www.fairtrade.ie)

for investment in the producer organization. Fairtrade producer support teams provide direct support and guidance to help producer organizations to manage the decision-making process with their membership and to communicate the outcomes effectively. Fairtrade is developing new guidance on how to plan and manage the Fairtrade Premium in 2017, and will take into account learning from evaluative research on this topic.

## 4. PRODUCER AND WORKER ORGANIZATIONAL STRENGTH AND DEMOCRACY

### Key findings

Building stronger producer and worker organizations is a key focus of Fairtrade. Eleven papers provided evidence on Fairtrade's impact on producer and worker organizational strength and democracy. Several qualitative studies showed positive effects of Fairtrade certification on the management and organization of producer groups. In some cases, this may also be partly due to organizational strengthening support from other sources. Some quantitative studies, using various proxy indicators for organizational strength, such as strong identification with the co-operative or satisfaction with membership, also showed positive impacts of Fairtrade certification.

Some studies also reported challenges in organizational governance or management. These included the potential threat to cooperative trust and unity arising from cooperative leadership use of resources; and a lack of participation and knowledge of Fairtrade amongst members.

### Fairtrade response

The research evidence provides support for Fairtrade's focus on the power of organization to generate benefits for small-scale producers. We continue to believe that strong producer organizations offer the best model for supporting small-scale farmers to access better prices, good technical support, and shared infrastructure.

Many producer organizations undoubtedly face real challenges in maintaining the governance and management standards required by Fairtrade. We have seen from several research projects that larger organizations and fast-growing organizations in particular struggle to ensure effective communications and outreach with their membership. This can lead to situations where members do not feel sufficiently informed or involved in the organization, including on key topics such as Fairtrade Premium use, or simply understanding what Fairtrade is about.<sup>6</sup>

Similarly, in larger organizations – for example in large unions bringing together many different cooperatives – it can be difficult for members to know the organizational leadership first hand, and difficult for the organization to ensure good management and integration across the membership. Problems of cooperative cohesion, trust and collective action may arise, including free-rider problems and side-selling.<sup>7</sup>

Fairtrade producer support teams work alongside producer organizations to support them to put management and communications systems in place, and to develop their leadership capacities. We have supported many small producer organizations to strengthen their governance and business management. Recognizing that leadership and management are vital for the success of producer organizations, Fairtrade has developed a new organizational strengthening training module, which is currently being rolled out to producer groups.

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<sup>6</sup> For examples of the challenges posed within large organizations, see the case of the Tanzanian producer organizations studied in Nelson *et al.*, '[Fairtrade coffee: A study to assess the impact of Fairtrade for coffee smallholders and producer organisations in Indonesia, Mexico, Peru and Tanzania](#)'. Natural Resources Institute, University of Greenwich, Chatham, UK.

<sup>7</sup> The Enhancing Development through Cooperatives programme at the Technical Centre for Agricultural and Rural Cooperation has undertaken significant research with cooperatives across Africa – including some Fairtrade cooperatives - to improve understanding of cooperative lifecycles; the potential for cooperative marketing to improve the situation of African farmers; and some of the challenges that arise in the process of growing a cooperative. Recent publications are available here: <http://edc.cta.int/2016/09/22/our-publications/>

## 5. DECENT WORK CONDITIONS

### Key findings

The evidence regarding the impact of Fairtrade certification on labour standards and decent work conditions in hired labour situations is generally positive. There is also wider evidence of positive effects on worker empowerment. The extent to which Fairtrade certification creates benefits for workers depend to some extent on the level of existing state protection and enforcement of workers' rights in the wider context. In environments hostile to trade union organizations, Fairtrade has been able to promote greater worker representation through Workers' Committees but has not been so successful in promoting the wider trade union movement. Similarly, the research suggests that Fairtrade has had only limited effects on raising wage levels for hired workers in plantations.

Fairtrade Standards have historically placed less emphasis on requirements for workers who are employed by smallholder members of certified small producer organizations, and research evidence suggests that workers on certified smallholder farms do not experience significant benefits as a result of certification. One research study found no evidence of any improvement to the wages and working conditions of workers employed in certified smallholder coffee in Uganda and Ethiopia, or for workers in a certified flower plantation in Ethiopia. Whilst the research had methodological flaws, it undoubtedly sheds light on a group of very marginalized workers who often remain hidden from analysis that focuses on plantation workers or on small farmers.

A total of nine papers were reviewed to inform this discussion. Impacts of certification on employment conditions specifically in hired labour situations are under-researched. In general, the topic is complicated because research does not always differentiate clearly between small producer organizations and hired labour situations in which different Fairtrade Standards apply.

### Fairtrade response

It is encouraging to see that the evidence on the impact of Fairtrade certification on labour standards, decent work conditions and worker empowerment in hired labour situations is generally positive. However, we acknowledge a limitation in Fairtrade's ability to promote the trade union movement in contexts where there is high hostility towards trade unions.

Fairtrade's mission is to improve the lives of workers and we are convinced that this cannot be accomplished without strong worker organizations to represent them. Fairtrade stands in solidarity with the trade union movement, and recognizes that it faces challenges to organize in many contexts. Reasons include discrimination against unions; high levels of poverty – making it difficult for trade unions to become financially sustainable – and limited worker education and awareness of their right to organize.

Our standards and approach are designed to confront these challenges. Only plantations which can demonstrate that they allow freedom of association and the right to unionize can achieve Fairtrade certification. Workers must have democratically elected and independent representation through a workers' organization. This can be achieved by joining a trade union, or if this is not possible, by forming a worker's organization within the plantation.

Beyond the standards, Fairtrade is committed to building strong partnerships with trade unions to strengthen workers' rights and representation at sectoral and country levels. In Malawi, for example, in partnership with the International Union of Foodworkers (IUF) and Oxfam, we helped to prepare the national Plantations and Agriculture Workers' Union for collective bargaining. In 2016, with our support, the union negotiated a collective agreement for tea sector workers, securing a 24 percent wage increase.

In Ghana and Cameroon, we've been working with IUF, BananaLink, and local unions on workers' rights training, understanding collective bargaining agreements, and collaboration between unions. Earlier this year, we brought together Ghanaian unions and employer representatives to discuss ways of improving wages in the banana sector.

Fairtrade recognizes that our impact on wage levels in some hired labour organizations has been limited. Fairtrade has been working with others to support living wages for workers. Based on our [Workers' Rights Strategy](#), we have been developing living wage benchmarks for the regions where we operate. These benchmarks serve to promote decent wages through collective bargaining and minimum wage setting. They are also used to understand the impact on costs of production and the contribution needed from retailers to make payment of living wages economically sustainable.

Fairtrade's aspiration is that by 2020, living wages are being paid in banana plantations in relation to their volume of Fairtrade sales. Our focus on living wages is being coupled with close collaboration with unions to support training of workers on workers' rights, collective bargaining in the workplace and the development and implementation of grievance procedures. Fairtrade has also developed increased flexibility of the rules around Fairtrade Premium use so that workers can determine how their economic needs are best satisfied.

The issue of impact for workers employed on smallholder farms is one Fairtrade takes very seriously. Initially, Fairtrade's focus was on the rights of small-scale farmers to receive a decent income for their crop. Workers on smallholder farms are a difficult group to reach, and indeed trade unions, companies, governments and NGOs all struggle to do so.

Nevertheless, it is right that this issue should gain greater priority within the Fairtrade movement as well as for other organizations endeavouring to support the rural poor. Fairtrade has taken a number of steps to strengthen its support for workers on smallholder farms. The Fairtrade Small Producer Organization Standard has strict minimum labour requirements in terms of child labour, forced labour, freedom of association, discrimination and pesticide handling. These apply to all workers, whether permanent or temporary, migrant or local, subcontracted or directly employed. The Standard also includes more detailed labour standards for production facilities and sites with a larger number of workers.

Going beyond the standards, we have also developed a human resources management training programme, to provide the tools and knowledge small producer organizations and their members need to offer adequate labour conditions to their hired workers.

## **6. HOUSEHOLD INCOME, WELLBEING AND RESILIENCE**

### **Key findings**

The impact of Fairtrade on household income and wellbeing was the most frequently-covered research aspect, with 22 papers – mainly focused on farmer organizations rather than plantations. Most papers examined income and expenditure, with a smaller number assessing wellbeing in terms of food security and access to education.

A wide variety of qualitative studies found positive effects of Fairtrade certification on the incomes and wellbeing of producers. Others concluded that the positive effects are restricted to certain categories of farmers, usually those with more assets or greater farming skills. Some quantitative studies found limited or no impact on incomes, due to issues such as limited Fairtrade sales, market prices exceeding Fairtrade Minimum Prices and high input costs. The welfare effects of Fairtrade have also been measured through alternative metrics to income and expenditure, such as food security or improved child education. In two cases, a positive impact of on education was seen, potentially as a result of higher incomes as well as Fairtrade Standards on child labour.

### **Fairtrade response**

The research findings on household income are encouraging, in that they suggest that Fairtrade does often have a positive effect on household income of members of certified producer organizations. The scale of this effect, however, depends on many factors including (1) the extent to which the Fairtrade crop contributes to overall household income in comparison with other crops and income sources; and (2) how much of the certified crop is sold on Fairtrade terms. If sales on Fairtrade terms represent only a small proportion of overall production, then the overall effect on income will also be limited.

The critique that certain categories of farmer may benefit more from Fairtrade in income terms than others reflects the reality that it is easier for some small-scale farmers to join a producer organization and gain certification than it is for others. While there is no suggestion of discrimination on the part of producer organizations themselves – indeed one research study noted that even farmers with very tiny production

volumes were able to join the organization<sup>8</sup> – certain structural factors may mean that more marginalized producers do not join producer organizations. These could affect farmers who are living in very remote communities; ‘caretaker’ farmers who do not own the land they farm or have full rights over the crops produced; farmers who cannot produce crops that meet export standards; and farmers whose production of the certified crop is too small to warrant paying the membership fee to be part of a producer organization. Similarly, women farmers who farm their own plots may not be members of an organization in their own right. As such, there will certainly be marginalized farmers in any given community who are not part of the producer organization and therefore do not benefit directly from the production and price supports that Fairtrade offers.

With its focus on crops for export, Fairtrade does not encompass the full range of agricultural production, and cannot realistically target farmers who are not producing export crops or who cannot enter producer organizations for other reasons. Fairtrade certification can make a positive contribution to the viability of small-scale export agriculture, but it does not provide all the solutions needed to support small-scale farmers or workers producing other types of crop or in other types of structural arrangements.

## 7. GENDER EQUITY

### Key findings

Evidence of Fairtrade impacts on gender equity tend to focus on women’s voice and role in governance structures rather than on differential economic impacts for women. Some studies have found direct benefits to women farmers in terms of increased recognition of land ownership, membership of associations and better prices. Much of the evidence suggests that improvements in the voice and role of women within producer organizations and hired labour situations resulting from adherence to Fairtrade Standards may be more formalistic in nature, and that such requirements may struggle to create more profound changes in gender norms and power relationships. Existing gender norms in the communities and cultures in which Fairtrade operates also have an important role in determining the impact of Fairtrade on gender equity. There were just six studies providing evidence on this topic.

### Fairtrade response

We are pleased to note the evidence that Fairtrade has had direct benefits for women producers, even though the research base is limited. We certainly recognize the challenge to ensure that women workers and farmers have stronger voices within their organizations. While our impact in this area can be limited by wider gender norms in the communities where we work, we believe that Fairtrade should have a role in changing gender power relations.

Several small producer organizations are already acting on concerns for gender equality. There are many examples of Fairtrade Premium projects which directly benefit women, enabling changes to decision making and governance structures, and improving economic opportunities. Some producer organizations are undertaking gender analyses and piloting new gender equality programmes and policies. However, while there are many examples of good practice, Fairtrade has not followed a systematic and integrated approach to promoting gender equality.

Recognizing this, Fairtrade reviewed its [Gender Strategy](#) in 2015 to encourage an approach of mainstreaming gender into every aspect of our work. This new strategy adopts a set of specific, strategic approaches as well as technical and institutional processes to achieve the goal of gender equality.

As part of this overall gender strategy, Fairtrade Africa and its partner organizations recently launched a Women’s School of Leadership in Côte d’Ivoire. This innovative programme will improve women’s opportunities in cocoa communities. In the first stage, 24 women from seven Fairtrade cooperatives will

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<sup>8</sup> Nelson, V., Opoku, K., Martin, A., Bugri, J. and Posthumus, H. (2013) [‘Assessing the poverty impacts of sustainability standards: Fairtrade in Ghanaian cocoa’](#), London: DFID.



develop skills in finance, negotiation and decision making as well as greater awareness of gender equality. Following the programme, graduates will be encouraged to share their new skills within their cooperatives.

Another key part of our gender strategy is hearing from women producers about the issues that affect them. For example Fairtrade supported women cocoa farmers to [make a film](#) about their experiences as women farmers and producer organization members, which gives many insights into the gender issues they face.

## REFLECTIONS AND NEXT STEPS

Fairtrade welcomes this very useful review of evidence. The review provides a much-needed overview of the findings of the most recent Fairtrade-related research. We commissioned this work because we want to have a good understanding of what the body of research about Fairtrade can tell us about our performance. This can inform our strategies and development plans as an organization.

We are pleased to see positive findings about Fairtrade impacts in many of the thematic areas under review. For example, the research evidence is positive overall about Fairtrade's impacts on farmer prices and incomes, and about Fairtrade's ability to support workers' rights in plantation contexts. These are key areas where Fairtrade seeks to have impact.

The review bears out findings from our own [monitoring and evaluation processes](#). Together, these insights provide a sound basis for Fairtrade's strategic decisions about where to focus our resources. The evidence from research bears out our own conclusions about the need for more investment in the following key areas:

1. Progress towards aspects of workers' rights such as living wages and the rights of workers on smallholder farms.
2. Greater support for the adoption of good agricultural practices among Fairtrade farmers. The steps that we have already taken, such as measures to direct the Fairtrade Premium towards productivity and quality improvement, and targeted support for producers, are helpful, but more is needed. While the research body does not yet reflect the impacts of climate change on Fairtrade farmers, this is also an issue of concern to us and an area where farmers need to be supported to adapt and respond.
3. More targeted work on organizational strengthening. In particular, ensuring that organizations have good processes in place for decision-making and communicating about the Fairtrade Premium; and ensuring that certified organizations are able to ensure that their members develop a good understanding of Fairtrade and what it means for them.
4. Deeper development of our work on gender equality for greater impact.

Fairtrade will share and discuss the review findings with our internal stakeholders and leadership. The review provides an excellent overview of the current research consensus about Fairtrade impacts across all thematic areas. It gives us a strong basis to develop further actions and recommendations in areas where we are still not making enough progress.

The review findings also shed light on which areas of Fairtrade impact have been more extensively researched, and which have not. This can act as a guide for researchers considering undertaking research on Fairtrade in the future.

Much of the Fairtrade research – and the majority of the papers in the review – has focused on Fairtrade coffee production. As the largest and longest-established Fairtrade product, this is not surprising. However, since every product brings its own specific contextual, production and market challenges, it would be helpful to have more research focusing on impacts in other products. While there have been a few studies focusing on Fairtrade bananas and cocoa, there are many other Fairtrade products which have received little or no research attention.

In thematic terms, much existing research focuses on questions of economic returns from Fairtrade, particularly issues of price and income. There is less research on the relationship between Fairtrade

certification and the implementation of good agricultural practices, or on the relationship between Fairtrade certification and the ability of producers to cope with climate change.

As building strong organizations is a key aspect of Fairtrade's model, it would be helpful to have more research that is able to unpick the extent to which producer organizations support producers to achieve other benefits. This includes aspects such as better prices, ability to attract third party investment such as credit or extension services, or access to shared services and resources.

Research with plantation workers is also under-represented in the corpus of literature. In particular, the relationship between Fairtrade certification and worker empowerment is under-researched – for example, to what extent is Fairtrade supporting workers' ability to become organized and negotiate for better terms and conditions.

While there is quite a lot of research about Fairtrade Premium use, this doesn't tend to tell us much about the impacts of this investment for farmers, workers and their communities. Fairtrade is currently commissioning research that will help us to understand this better, but there is scope for more research in this area.

Thematic areas such as gender and child rights are also less well-covered in the existing research body.

In methodological terms, there are a few areas of consistent weakness within the research. For example, it has been difficult for many researchers to disentangle Fairtrade and other certification effects, given that many producers hold more than one certification. This leads to a lack of clarity in some research about which certification is contributing to which effects. Research needs to be very carefully designed to respond to the challenges of multiple certification.

More challenging still is the fact that there are very few baseline studies with producers prior to becoming Fairtrade certified, which makes it difficult to assess the actual effects of certification. Since Fairtrade is not growing rapidly in terms of adding new producer organizations – but rather focusing on achieving market access and deepening impact for already-certified groups – there are few opportunities for baseline research with new groups.

Similarly, membership of groups is not randomly selected, and it is difficult to rule out the possibility that Fairtrade producer organization members differ from the outset in important ways from those who do not seek certification, or from those adopting a different certification.

Good research needs to find ways to tackle these complexities – and to acknowledge the limitations inherent in researching within a landscape of different certifications, producer organizations, and changing market dynamics and policies. Fairtrade is keen to support researchers in developing well-designed research projects wherever possible, especially when these respond to areas where research gaps exist. We welcome these efforts.