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## Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attribution</td>
<td>The action of ascribing a causal link between observed (or expected to be observed) changes and Fairtrade</td>
</tr>
<tr>
<td>Evaluation</td>
<td>The systematic and objective assessment of Fairtrade, its design, implementation and results. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into decision-making processes</td>
</tr>
<tr>
<td>Goal</td>
<td>A higher-order objective to which Fairtrade is intended to contribute</td>
</tr>
<tr>
<td>Impacts</td>
<td>Positive and negative, primary and secondary, long-term effects produced by Fairtrade, directly or indirectly, intended or unintended</td>
</tr>
<tr>
<td>Indicator</td>
<td>Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to Fairtrade, or to help assess the performance of a Fairtrade actor</td>
</tr>
<tr>
<td>Intervention</td>
<td>An instrument used by Fairtrade to achieve its objectives, such as standards, policies, producer support programmes, and engagement with businesses</td>
</tr>
<tr>
<td>Monitoring</td>
<td>A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of Fairtrade with indications of the extent of progress and achievement of objectives</td>
</tr>
<tr>
<td>Outcomes</td>
<td>The short- and medium-term effects of Fairtrade outputs, intended and unintended</td>
</tr>
<tr>
<td>Outputs</td>
<td>The processes, goods and services which result directly from Fairtrade interventions, and other immediate, tangible changes resulting from Fairtrade interventions which are relevant to the achievement of outcomes</td>
</tr>
<tr>
<td>Producer Organizations</td>
<td>Fairtrade-certified Small Producer Organization (SPOs) and Fairtrade-certified Hired Labour organizations (i.e. companies and workers employed by them)</td>
</tr>
<tr>
<td>Results</td>
<td>The outputs, outcomes and impacts (intended and unintended, positive and negative, direct and indirect) of Fairtrade</td>
</tr>
<tr>
<td>Worker organizations</td>
<td>In the Theory of Change 'worker organization' refers to independent organizations with democratically elected worker representatives (typically trade unions), as well as Fairtrade Premium Committees which are constituted by democratically elected worker representatives as well as a minority of management representatives</td>
</tr>
</tbody>
</table>

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1Adapted from the OECD Glossary of Key Terms in Evaluation and Results-Based Management (2002).
1. Introduction

1.1 Rationale
A Theory of Change describes the change that an initiative (organization, network, project, etc.) wishes to see in the world and its understanding of how it will contribute to that change. Fairtrade International has developed a Theory of Change for Fairtrade as part of work to improve the Fairtrade Monitoring, Evaluation and Learning (MEL) system. The Theory of Change captures the range of things Fairtrade does as a system (i.e. its interventions) and relates these logically to desired immediate, mid-term and long-term changes. It thereby provides a framework for identifying appropriate indicators for measuring the results of Fairtrade and progress towards Fairtrade's goals.

1.2 Principles and assumptions
The Theory of Change reflects existing and agreed Fairtrade strategy and does not seek to set new strategy or new directions for Fairtrade. Key resources used to develop the Theory of Change include:

- Fairtrade Labelling Strategic Review: White Paper (Fairtrade International 2008)
- Fairtrade Long-term Goals: Make Trade Fair, Empower Small Producers and Workers, and Foster Sustainable Livelihoods (CAN 2012)
- Recommendations from the Strategic Review of Fairtrade’s Hired Labour Model (Fairtrade International 2012)

It is acknowledged that the nature of Fairtrade strategies and activities evolves over time in line with experiences and a changing environment. However, it is assumed that the fundamental vision, purpose and principles of Fairtrade remain constant, as does the basic approach (e.g. supporting democratic organizations of small producers and workers, using voluntary standards and third party certification, etc.). The Theory of Change focuses on aspects of Fairtrade which are assumed to remain relatively stable. Nevertheless it will be reviewed periodically using data generated by the MEL system, to assess whether adjustments may be required.

1.3 Use of the Theory of Change
The Theory of Change is not a plan or strategy. Nor is it a logframe or other form of reporting framework which commits Fairtrade to specific activities and results. It is a generic theory which MEL staff will use as a guiding framework for the design of monitoring and research activities. However, by analysing data coming out of these MEL activities, it will be possible to test assumptions underlying the Fairtrade approach (e.g. strengthened small producer organizations contribute to the sustainable livelihoods and empowerment of individual farmers) and to identify which interventions and areas of change are most critical for the achievement of Fairtrade goals. This learning can then be used to guide the development of future strategies and plans, as illustrated in Figure 1 below.

The Theory of Change could also inform communication about Fairtrade, both internally and externally, and help ensure there is a common understanding about Fairtrade’s goals and approach. For this purpose it will be necessary to develop more targeted communication products.
1.4 Process so far and next steps

Existing strategic documents provide a solid foundation for the Theory of Change, but do not contain all the necessary elements. An extensive process of stakeholder engagement was undertaken between November 2011 and April 2013, involving workshops and meetings with small producer and worker representatives in Africa, Asia and Latin America and the Caribbean\(^2\) (in collaboration with the Fairtrade Producer Networks), Fairtrade International staff, and staff from various National Fairtrade Organizations (NFOS). A Steering Group with Producer Network, NFO and Fairtrade International representatives provided guidance early on in the process.

A draft of this Theory of Change document was reviewed through further engagement with stakeholders from July to September 2013. Revisions were made based on the feedback received, but it was also agreed that the Theory of Change should include more detailed articulation of how Fairtrade brings about changes through interventions with supply chain businesses and consumers, and through advocacy and campaigning, along with indicators to monitor change in these areas. Working with market-facing stakeholders, this will be done in 2014. We expect that this will generate a revised version of the Theory of Change during 2014.

1.5 From Theory of Change to Indicators and the MEL System

The finalized Theory of Change has been used as a basis to review the existing indicators that are currently incorporated within the Fairtrade MEL system, and to suggest an expanded set of core indicators that can be integrated into the MEL system for future collection. This expanded set will more fully reflect the range of themes that are reflected in the Theory of Change.

A draft expanded set of core indicators was shared for consultation throughout the Fairtrade system during 2013, gathering feedback from a range of stakeholders and internal specialists about data requirements and feasibility. This expanded list of core indicators should be finalized

\(^2\) Seven workshops were held with Small Producer Organization and Hired Labour representatives in Asia, Africa, and Latin America/Caribbean between September 2012 and April 2013, with 48 participants from 39 Small Producer Organizations and 28 participants from 24 Hired Labour workplaces (27 workers and 1 manager). This included participants from 8 countries and 13 product categories for Small Producer Organizations, and 11 countries and 5 product categories for Hired Labour.
**Fairtrade Theory of Change**

during Q1 2014, after which time the indicators will be progressively integrated into monitoring and evaluation activities.

**1.6 Structure of the document**
Section 2 sets the scene for Fairtrade’s Theory of Change by describing Fairtrade’s vision, goals and approach, and the influence of context on results (summarized in Figure 3). Section 3 then details the pathways of change from Fairtrade interventions to long-term goals - the Theory of Change - first for Small Producer Organization situations (Figures 5 and 6) and then for Hired Labour situations (Figures 7 and 8).

**2. Setting the Scene for Fairtrade’s Theory of Change**

**2.1 Fairtrade Vision and Goals**
Fairtrade aims to support small-scale producers and workers who are marginalized from the benefits of trade.³ *Fairtrade's vision is a world in which all small producers and workers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future.*⁴

To fulfil this vision, Fairtrade has identified three **long-term goals**:  

**Goal 1: Make trade fair**: Fairtrade aims to create an environment in which small producers are able to develop sound, resilient businesses; workers are able to exercise their rights and freedoms and earn a living wage; consumers are informed and demand fair trading practices as the norm; and public and private sector policies support and enable economic, social and environmental sustainability in trade. These fairer trading conditions are both a means to the other two Fairtrade goals, and the end goal of trade justice, which Fairtrade aspires to.

**Goal 2: Empower small producers and workers**: Fairtrade understands empowerment as ‘the expansion of assets and capabilities of people to participate in, negotiate with, influence, control and hold accountable the institutions that affect their lives’⁵. Fairtrade aims to support empowerment among small producers and workers by helping them build independent, democratic organizations, improve their negotiating position with buyers/employers, achieve economic stability, make joint investments and increase their collective influence.

**Goal 3: Foster sustainable livelihoods**: A livelihood comprises the capabilities, assets and activities required for a means of living. It is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets, while not undermining

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³ For workers, Fairtrade’s primary focus is on workers employed in Hired Labour situations, i.e. companies (large farms, plantations, factories, etc.) which depend on hired labour. Some change is also desired and expected for workers hired by Small Producer Organizations and their members, but more emphasis is placed on gradual improvement in labour practices proportionate to the economic situation of small producers, and enabling workers to participate in benefits derived from the Fairtrade Premium.

⁴ Fairtrade’s official vision uses the single term ‘producer’ to denote both small producers and workers in Hired Labour situations. However, employers and managers in Hired Labour situations are also commonly referred to as producers. For clarity, this paper refers specifically and separately to small producers, workers and employers/management.

**Fairtrade Theory of Change**

the natural resource base. Fairtrade aims to foster sustainable livelihoods among small producers and workers by enabling (via producer and worker organizations) improvements in income, decent working conditions, improved living conditions and sustainable ecosystems.

There are clear linkages and inter-dependencies between the three goals of Fairtrade. In particular, the combination of making trade fair and empowering small producers and workers is understood to be essential for the achievement of sustainable livelihoods.

**2.2 Fairtrade Approach**

To achieve its goals, Fairtrade aims to bring about simultaneous change in four spheres (Figure 2):

- Small producer and worker organizations
- Supply chain business practices (including labour practices)
- Consumer behaviour
- Civil society action

*Figure 2: Spheres of change in Fairtrade*

Two different types of intervention are used for bringing about change in these four spheres:

1. **Standards which establish the ‘rules’ for fair trading practices and engagement in Fairtrade.** The standards include rules for supply chain businesses which wish to trade in Fairtrade products (including Hired Labour companies and Promoting Bodies in contract production systems), and rules for small producer and worker organizations.

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7 Promoting Bodies are intermediary organizations that contract and/or support small producers in producing and marketing one or more crops. They are responsible for supporting these producers to get organized, and over time become autonomous Small Producer Organizations. Fairtrade’s Theory
**Fairtrade Theory of Change**

They codify **key principles** of Fairtrade, including: sustainable and equitable trading relations; good governance in organizations (democracy, participation and transparency); respect for human rights (particularly labour, child and gender rights) and protection of the environment. The standards also incorporate **key tools** used in Fairtrade:

- **Economic protection policies** which aim to offset price volatility and risk for Producer Organizations. These include minimum price guarantees to ensure Producer Organizations receive prices which cover the average cost of sustainable production, access to pre-finance (credit), and provision of sourcing plans.

- **Empowerment policies** which support independent organizations of small producers and workers to develop and implement their strategies for sustainable development based on their own aspirations and priorities.

- The **Fairtrade Premium** which is paid to small producer and worker organizations based on sales and enables small producers and workers to invest in economic, social and environmental development, in line with their democratically-agreed priorities.

- The **FAIRTRADE Mark** used on products which have been traded according to the Fairtrade standards. The Mark enables consumers to actively choose products that embody Fairtrade principles. It also makes demand for Fairtrade products more visible to businesses and to policy makers.

2. **Strategies and policies which enable engagement in Fairtrade** by small producers, workers, employers, supply chain businesses, consumers and civil society organizations, and leverage this engagement to bring about wider changes in support of greater justice and sustainability in trade. These include strategies to:

- **Build Fairtrade markets** though raising consumer awareness and engaging with businesses.

- **Provide support to small producers and workers** to build strong, independent organizations, achieve compliance with Fairtrade standards, and access markets.

- **Develop networks and alliances**, including supporting networks of small producers and workers, mobilizing civil society to take action around trade justice, and forming strategic partnerships with organizations which have common goals.

- **Intensify advocacy and campaigning** for change in the policies and practices of international trade, including lobbying and campaigning by Fairtrade organizations themselves as well as collaborative action with other civil society organizations.

These strategies are framed around policies of **good governance** within the Fairtrade system, with fair representation of all stakeholders in decision-making, and a commitment to **growth with integrity** to ensure that market growth opportunities are

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of Change assumes that the pathways of change in contract production situations are essentially the same as for Small Producer Organization situations, in terms of desired intermediate and long-term outcomes, just that contract producers are departing from a more basic level of organization. However, some additional, specific indicators may be required when evaluating short-term results of Fairtrade in contract production situations.

8 In addition to ongoing support provided by local Fairtrade Liaison Officers, Fairtrade provides programmatic support on Child Labour and on Climate Change, and enables access to finance through the Fairtrade Producer Certification Fund and the Fairtrade Access Fund.
available to all types of Producer Organizations and traders and do not benefit some groups at the expense of others. As part of this commitment, small producers have a special place in Fairtrade, with some product categories not open to larger farms (e.g. coffee, cocoa, cotton, sugar). Fairtrade is also committed to ongoing Monitoring, Evaluation and Learning for the dual purposes of accountability and continual improvement.

2.3 Influence of Context
The nature and extent of change brought about by Fairtrade interventions will depend on a range of contextual factors. These include (but are not limited to): structure, capacity and resources of small producer and worker organizations; motivation and commitment of PO managers and employers; knowledge of Fairtrade among small producer and workers; level of Producer Organization access to Fairtrade markets; local agro-ecological conditions and policy environment; market conditions, including value chain dynamics and pricing; and shocks and stresses such as climate change and exchange rate fluctuations. Contextual factors may work in tandem with Fairtrade to create greater benefits and opportunities for small producers and workers, or they may act as constraints on what Fairtrade can achieve. In many cases Fairtrade will have relatively little impact on outcomes for small producers and workers compared to external factors. The Theory of Change acknowledges that Fairtrade contributes towards change for small producers and workers, rather than being the sole determinant of change.

As the context for Fairtrade varies greatly from one situation to the next and over time, it needs to be a dynamic system in which different actors make use of its strategies and tools in line with the opportunities and constraints which exist. The Theory of Change recognizes this adaptation and innovation, rather than suggesting that pathways of change are uniform and static. It also recognizes that Fairtrade can have unexpected or unintended consequences, both positive and negative.

Fairtrade’s vision, goals and approach, and its interactions with context are summarized in Figure 3.
Figure 3: Linking Fairtrade’s Vision, Goals and Approach

**Fairtrade Vision**
A world in which all small producers and workers can enjoy secure and sustainable livelihoods, fulfil their potential & decide on their future

**Goals**
1. **Goal 1:** Make trade fair
2. **Goal 2:** Empower small producers & workers
3. **Goal 3:** Foster sustainable livelihoods

**Intended impacts**
- Small producers & worker organisations
- Supply chain business practices
- Consumer behaviour
- Civil society action

**Unintended impacts**

**Fairtrade Approach**

**Establishing rules for Fairtrade**
- Setting standards for trade & production including:
  - Price guarantees
  - Fairtrade Premium
  - Pre-finance
  - Sustained trade
  - Democracy, participation & transparency
  - Labour conditions
  - Environmental protection

**Enabling engagement in Fairtrade**
- Building markets through consumer awareness & business engagement
- Providing support to small producers, workers & their organizations
- Developing networks & alliances: supporting producer & worker networks; mobilizing civil society; forming strategic partnerships

**Interactions with context**
Increasing influence of contextual factors
3. Fairtrade Theory of Change

3.1 The results chain
Section 2 (and Figure 3) highlight important aspects of the way Fairtrade operates and its interactions with its environment. For the Theory of Change itself, we need to detail the steps in the change process which lead from Fairtrade interventions (the Fairtrade Approach) to its long-term goals. In MEL language (see Glossary), the process begins with Fairtrade interventions which lead directly to one or more tangible outputs, such as improved prices, investments using the Fairtrade Premium, or increased consumer awareness. These outputs then contribute to a range of short- and medium-term outcomes, such as more viable and resilient small producer businesses, improved infrastructure in communities, and growth in Fairtrade markets. Outcomes in turn contribute to various long-term impacts, such as improved household income and assets, enhanced influence for small producers and workers, and more sustainable trading systems. **The results of Fairtrade include all the outputs, outcomes and impacts which Fairtrade interventions contribute to, both directly and indirectly, intended and unintended, and positive and negative.** The influence of external factors increases from outputs to outcomes to impacts. Attribution to Fairtrade depends on the degree to which results are dependent on Fairtrade interventions versus other contributory factors.

A simplified example of this ‘results chain’ is shown in Figure 4.

**Figure 4: Simplified example of a results chain**

```
Intervention   Outputs   Outcomes   Impacts
Training on good agricultural practices
Increased knowledge & skills
Higher yields; better quality
Higher income; reduced vulnerability to poverty
Increasing influence of contextual factors (weather, market prices, etc.)
```

3.2 Theory of Change diagrams for Small Producer Organization and Hired Labour situations
The steps in the change process are different for Small Producer Organization situations and Hired Labour situations. The Fairtrade Theory of Change for Small Producer Organization situations is presented in Figure 5 (simplified) and Figure 6 (detailed), and for Hired Labour situations in Figure 7 (simplified) and Figure 8 (detailed). Starting from the base, these diagrams outline the anticipated outputs from Fairtrade interventions, contributing to intended outcomes and impacts. In practice outputs, outcomes and impacts can be intended or unintended, and positive or negative, but the Theory of Change focuses on intended, positive outcomes.

The simplified diagrams summarize thematically the different types of outputs, outcomes and impacts that are expected, to give an overview of the Theory of Change. The detailed diagrams expand on each theme, to provide a more complete and meaningful framework for designing MEL processes.
Figure 5: Simplified Fairtrade Theory of Change for Small Producer Organization situations

**Fairtrade Vision:** A world in which all small producers and workers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future.

**Sustainable Livelihoods**
- Improved household income, assets & standard of living
- Less risk & vulnerability, increased food security
- Improved access to basic services
- Increased environmental sustainability & resilience to climate change

**Impacts**
- Inter-generational sustainability of rural communities
- Increased cooperation & gender equity within communities
- Increased confidence, self-esteem, control & choice
- Enhanced influence & status of small producers
- Fairer & more sustainable trading system

**Outcomes**
- Resilient & viable small producer businesses
- Strong & inclusive SPOs
- Improved farming performance
- Protection of environment & adaptation to climate change
- Enhanced benefits for small producers & their communities
- Increased influence for small producers
- Growth with integrity in Fairtrade
- Change in trade policies & business practices

**Outputs**
- Enhanced access to fair trading conditions for SPOs
- Increased investment in small producers, their organizations & communities
- Organizational strengthening in SPOs
- Enhanced knowledge & capacity among small producers & SPOs
- Increased awareness & commitment to trade justice among consumers, businesses & funders
- Civil society influencing trade policies & business practices

**Fairtrade Interventions**
- Setting standards for supply chain businesses
- Setting standards for Producer Organizations
- Building Fairtrade markets through consumer awareness & business engagement
- Providing support to Producer Organizations
- Developing networks & alliances
- Advocacy & campaigning for trade justice
Figure 6: Detailed Fairtrade Theory of Change for Small Producer Organization situations

**Fairtrade Vision:** A world in which all small producers and workers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future.

**Sustainable Livelihoods**
- Improved household income, assets & standard of living
- Less risk & vulnerability, increased food security
- Improved access to basic services
- Improved environmental sustainability & resilience to climate change

**Empowerment**
- Increased cooperation & gender equity within communities
- Increased confidence, self-esteem, control & choice
- Enhanced influence & status of small producers
- Faire & more sustainable trading system

**Outcomes**
- Resilient & visible small producer businesses
  - Development of markets
  - Enhanced negotiation power, control & ownership in supply chains
  - Increased profitability, reduced risk
- Strong & inclusive SPOs
  - Strong, accountable leadership
  - Proactive child protection policy
  - Inclusion of young adults
  - Gender equity & joint ownership of productive assets
- Improved Provincial performance
  - Increased productivity & quality
  - Optimal use of inputs & management of outputs
  - Individual & community-owned productive assets
- Protection of environment & adaptation to climate change
  - Elimination of harmful production practices
  - Sustainable management of natural resources
  - Development of environmental services
  - Implementation of adaptation strategies
- Enhanced benefits for small producers & their communities
  - Improved services & support for SPO members
  - Improved infrastructure in communities
  - Support for vulnerable & marginalized groups
- Increased influence for small producers
  - Ability to influence Fairtrade policies & regulations
  - Influence on local, regional & international policy
  - Enhanced influence in Fairtrade markets (local, regional, global)
- Growth with integrity in Fairtrade
  - Growth in Fairtrade markets (local, regional, global)
  - Opportunities for businesses of all sizes
- Change in trade policies & business practices
  - Change in government policy & business behavior
  - Linkage with trade justice arguments

**Inputs**
- Increased access to fair trading conditions for SPOs
  - Significant & sustained access to Fairtrade markets
  - Supportive trading relations
  - Fair prices & protection from price volatility
- Organizational strengthening in SPOs
  - Management systems for business & production
  - Enhanced democracy, participation & transparency
  - Transparent systems for managing Fairtrade
  - Linkage to communities to support local development
  - Participation in Fairtrade networks & governance
- Enhanced knowledge & capacity among small producers & SPOs
  - Management & technical capacity in SPOs
  - Capacity among small producers to improve productivity & quality, protect health & environment, & adapt to climate change
  - Understanding of Fairtrade principles & practices

**Fairtrade Interventions**
- Setting standards for supply chain businesses
  - Price guarantees
  - Fairtrade premium
  - Pre-finance
  - Sustained trade
- Setting standards for Producer Organizations
  - Democracy, participation & transparency
  - Labour conditions
  - Environmental protection
- Building Fairtrade markets
  - Engaging with businesses
  - Risking consumer awareness
- Providing support to Producer Organizations
  - Support for organizational strengthening & compliance with standards, incl. financial
  - Facilitating market access
  - Facilitating support from others
- Developing networks & alliances
  - Building producer & worker networks
  - Mobilizing civil society
  - Forming strategic partnerships
- Advocacy & campaigning for trade justice
  - Lobbying & engaging with government
  - Thematic campaigns
Figure 7: Simplified Fairtrade Theory of Change for Hired Labour situations

Fairtrade Vision: A world in which all small producers and workers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future.

**Sustainable Livelihoods**
- Improved household income, assets & standard of living
- Less risk & vulnerability, increased food security
- Improved access to basic services

**Impacts**
- Improved environmental sustainability & resilience to climate change
- Increased cooperation & gender equity within communities
- Increased confidence, self-esteem, control & choice

**Make Trade Fair**
- Enhanced influence & status of workers
- Fairer & more sustainable trading system

**Outcomes**
- Increased business capacity to invest in workers
- Decent work
- Strong & inclusive worker organizations
- Protection of environment
- Enhanced benefits for workers & their communities
- Increased influence for workers
- Growth with integrity in Fairtrade
- Change in trade policies & business practices

**Outputs**
- Enhanced access to fair trading conditions for Hired Labour organizations
- Increased investment in workers, their organizations & communities
- Improved labour conditions
- Organizational strengthening in worker organizations
- Enhanced knowledge & capacity among workers & managers
- Increased awareness & commitment to trade justice among consumers, businesses & funders
- Civil society influencing trade policies & business practices

**Fairtrade Interventions**
- Setting standards for supply chain businesses
- Setting standards for Producer Organizations
- Building Fairtrade markets through consumer awareness & business engagement
- Providing support to Producer Organizations
- Developing networks & alliances
- Advocacy & campaigning for trade justice
Figure 8: Detailed Fairtrade Theory of Change for Hired Labour situations

**Fairtrade Vision:** A world in which all small producers and workers can enjoy secure and sustainable livelihoods, fulfill their potential and decide on their future.

### SUSTAINABLE LIVELIHOODS
- Improved household income, assets & standard of living
- Less risk & vulnerability, increased food security
- Improved access to basic services
- Improved environmental sustainability & resilience to climate change
- Increased cooperation & gender equity within communities
- Increased confidence, self-esteem, control & choice
- Enhanced influence & status of workers
- Fairer & more sustainable trading system

### IMPACTS
- **Increased business capacity to invest in workers**
  - Enhanced business visibility & profitability
  - Incentives for socially & environmentally sustainable production
- **Decent work**
  - Living wages
  - Improved terms & conditions
  - Health & safety
  - Ability to voice concerns & exercise rights
  - Increased equality & opportunities
- **Strong & inclusive worker organizations**
  - Strong, accountable leadership
  - Collective bargaining
  - Gender equity
  - Effective & equitable management of Fairtrade Premium
- **Protection of environment**
  - Elimination of harmful production practices
  - Sustainable management of natural resources
- **Enhanced benefits for workers & their communities**
  - Non-wage economic support for worker households
  - Improved services infrastructure in communities
  - Support for vulnerable & marginalized groups
- **Growth with integrity in Fairtrade**
  - Growth in Fairtrade
  - Improved Fairtrade markets
  - Increased economic development
  - Opportunities for businesses of all sizes
- **Change in trade policies & business practices**
  - Change in government policies
  - Change in business behavior

### OUTCOMES
- **Increased access to fair trading conditions for Hired Labour organizations**
  - Significant & sustained access to Fairtrade markets
  - Supportive trading relations
  - Fair prices & protection from price volatility
- **Increased investment in workers, their organizations & communities**
  - Investments using Fairtrade Premium
- **Improved labour conditions**
  - Good labour relations
  - Freedom of association
  - Compliance with Fairtrade standards & national law
- **Organizational strengthening in worker organizations**
  - Enhanced democracy, participation & transparency
  - Transparent systems for managing Fairtrade Premium
  - Linkages to communities for support of local development
  - Participation in Fairtrade networks & governance
- **Enhanced knowledge & capacity among workers & managers**
  - Awareness of human rights (labour, gender, child)
  - Support for organizational strengthening & compliance with standards, incl. financial
  - Capacity to protect health & environment
  - Understanding of Fairtrade principles & practices
- **Increased awareness & commitment to trade justice**
  - Business commitment to Fairtrade
  - Consumer awareness of Fairtrade
  - Civil society action around trade justice
  - Increased resources & support for Fairtrade producers & workers
- **Civil society influencing trade policies & business practices**
  - Government & business decision making
  - Influencing lobbying campaigns

### FAIRTRADE INTERVENTIONS
- **Setting standards for supply chain businesses**
  - Price guarantees
  - Fairtrade Premium
  - Pre-finance
- **Setting standards for Producer Organizations**
  - Democracy, participation & transparency
  - Labour conditions
  - Environmental protection
- **Building Fairtrade markets**
  - Engaging with businesses
  - Raising consumer awareness
- **Providing support to Producer Organizations**
  - Support for organizational strengthening & compliance with standards, incl. financial
  - Facilitating market access
  - Facilitating support from others
- **Developing networks & alliances**
  - Building producer & worker networks
  - Mobilizing civil society
  - Financing strategic partnerships
- **Advocacy & campaigns for trade justice**
  - Lobbying & engaging with government
  - Thematic campaigns

Increasing influence of contextual factors
Fairtrade Theory of Change

3.3 Pathways of Change
Not all outputs, outcomes and impacts in the Theory of Change will be relevant in all Small Producer Organization/Hired Labour situations. The exact pathways of change will vary case by case, given the different capacities, resources and contexts of each Fairtrade Producer Organization (as explained in Section 2.3). A single Fairtrade intervention may lead to very different results from one Producer Organization to the next. Examples of possible pathways of change are shown in Figures 9 (Small Producer Organizations) and 10 (Hired Labour). For each figure, one potential pathway is highlighted using red text, and another in blue. These diagrams illustrate that there are often many linkages and inter-dependencies between and within different stages of the pathway of change. The pathways highlighted represent only some of the outputs, outcomes and impacts linked to each area of intervention - many other potential pathways could be traced in addition to these.

Equally, there may be outputs, outcomes and impacts which are not represented in the Theory of Change. The Theory of Change aims to identify the most common changes which are expected to occur overall, and the most important preconditions for achievement of Fairtrade’s goals. The views of small producers and workers (gathered through regional workshops) were particularly important for this process, especially for identifying the most important areas of impact from their perspective as primary stakeholders in Fairtrade.
Figure 9: Examples of Pathways of Change for Small Producer Organization situations

Fairtrade Vision: A world in which all small producers and workers can enjoy secure and sustainable livelihoods, fulfill their potential and decide on their future.

**Sustainable Livelihoods**
- Improved household income, assets & standard of living
- Less risk & vulnerability, increased food security
- Improved access to basic services

**Increased Environmental Sustainability & Resilience to Climate Change**
- Inter-generational sustainability of rural communities
- Increased cooperation & gender equity within communities
- Increased confidence, self-esteem, control & choice

**Empowerment**
- Increased status of small producers
- Fairer & more sustainable trading system

**Make Trade Fair**
- Resilient & viable small producer businesses
  - Development of markets
  - Enhanced negotiation power, control &/or ownership in supply chains
  - Increased profitability, reduced risk

**Outcomes**
- Strong & inclusive SPOs
  - Strong, accountable leadership
  - Proactive child protection policy
  - Inclusion of young adults
  - Gender equity
  - Improved working conditions for workers

**Outputs**
- Improved learning & adaptation to climate change
  - Elimination of harmful production practices
  - Sustainable management of natural resources
  - Development of environmental services
  - Implementation of adaptation strategies

**Organizational Strengthening in SPOs**
- Management systems for business & production
- Enhanced democracy, participation & transparency
- Transparent systems for managing Fairtrade Premium
- Linkages to communities to support local development
- Participation in Fairtrade networks & governance

**Increased Knowledge & Capacity Among Small Producers & SPOs**
- Management & technical capacity in SPOs
- Capacity among small producers to improve productivity & quality
- Cooperatives & small producers to improve productivity & quality
- Support for sustainable & diversified SPOs

**Civil Society Influencing Trade Policies & Practices**
- Government & business decision-making influenced by lobbying campaigns & media coverage
- Increased awareness & commitment to trade justice
- Business commitment to Fairtrade
- Consumer & civil society actions around trade justice

**Fairtrade Interventions**
- Setting standards for supply chain businesses
  - Price guarantees
  - Fairtrade Premium
  - Pre-finance
  - Sustained trade
- Setting standards for Producer Organizations
  - Democracy, participation & transparency
  - Labour conditions
  - Environmental protection
- Building Fairtrade Markets
  - Engaging with businesses
  - Rating consumer awareness

**Advocacy & Campaigning for Trade Justice**
- Lobbying & engaging with government
- Thematic campaigns

**Contributing to Increasing Influence of Contextual Factors**
Figure 10: Examples of Pathways of Change for Hired Labour situations

Fairtrade Vision: A world in which all small producers and workers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future.

Contributing to OUTCOMES

- Increased business capacity to invest in workers
- Enhanced business visibility & profitability
- Incentives for socially & environmentally sustainable production
- Decent work
- Living wages
- Improved terms & conditions
- Health & safety
- Ability to voice concerns & exert rights
- Increased equality & opportunities
- Strong & inclusive worker organizations
- Strong, accountable leadership
- Collective bargaining
- Gender equity
- Effective & equitable management of Fairtrade Premium
- Protection of environment
- Elimination of harmful production practices
- Sustainable management of natural resources
- Enhanced benefits for workers & their communities
- Non-wage economic support for worker households
- Improved services and infrastructure in communities
- Support for vulnerable & marginalized groups
- Increased influence for workers
- Ability to influence Fairtrade policies & regulations
- Ability to influence local, regional, national & international policy
- Growth with integrity in Fairtrade
- Growth in Fairtrade markets (local, regional, national, international)
- Opportunities for businesses of all sizes
- Change in trade policies & business practices
- Change in government policy & business behaviour in line with trade justice arguments

Contributing to OUTPUTS

- Enhanced access to fair trading conditions for Hired Labour organizations
- Significant & sustained access to Fairtrade markets
- Supportive trading relations
- Fair prices & protection from price volatility
- Increased investment in workers, their organizations & communities
- Investment in Fairtrade Premium
- Improved labour relations
- Freedom of association
- Compliance with Fairtrade standards & national law
- Organizational strengthening in worker organizations
- Enhanced democracy, participation & transparency
- Transparent systems for managing Fairtrade Premium
- Linkages to communities to support local development
- Participation in Fairtrade networks & governance
- Enhanced knowledge & capacity among workers & managers
- Awareness of human rights (labour, gender, child among workers & managers)
- Capacity to protect health & environment
- Understanding of Fairtrade principles & practices
- Increased awareness & commitment to trade justice
- Business commitment to Fairtrade
- Consumer awareness of Fairtrade
- Civil society action around trade justice
- Increased resources & support for Fairtrade producers & workers
- Civil society influencing trade policies & business practices
- Government & business decision-making influenced by lobbying, campaigns & media coverage

Contributing to FAIRTRADE INTERVENTIONS

- Setting standards for supply chain businesses
  - Price guarantees
  - Fairtrade Premium
  - Pre-finance
  - Sustained trade
- Setting standards for Producer Organizations
  - Democracy, participation & transparency
  - Labour conditions
  - Environmental protection
- Building Fairtrade markets
  - Engaging with businesses
  - Raising consumer awareness
- Providing support to Producer Organizations
  - Support for organizational strengthening & compliance with standards, incl. financial
  - Facilitating market access
  - Facilitating support from others
- Developing networks & alliances
  - Building producer & worker networks
  - Mobilizing civil society
  - Forming strategic partnerships
- Advocacy & campaigning for trade justice
  - Lobbying & engaging with government
  - Thematic campaigns

INCREASING INFLUENCE OF CONTEXTUAL FACTORS
Fairtrade Theory of Change