

Assessing the Impact of Fairtrade on Poverty Reduction through Rural Development

Final Report Fairtrade Impact Study

**Commissioned by TransFair Germany and
Max Havelaar Foundation Switzerland**

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List of abbreviations

CG	Comparison Group
CP	Contract Production
FLO	Fairtrade Labelling Organizations International
HIV	human immunodeficiency virus
HL	Hired Labour (plantations)
JB	Joint Body
LBC	Licensed Buying Companies in Ghana
MHCH	Max Havelaar Foundation (Switzerland)
NGO	Non-governmental Organization
PO	Producer Organization (generic term for SPO, HL and CP)
RFA	Rainforest Alliance
SPO	Small Producer Organization
TFG	TransFair Germany
TB	tuberculosis
TG	Target Group
UTZ	UTZ Certified

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Disclaimer

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0. Executive Summary

The report at hand¹ describes the findings of an impact study, conducted by CEval for TransFair Germany and Max Havelaar Foundation Switzerland between June 2011 and June 2012, with fieldwork taking place between October 2011 and January 2012. The study explored the impact Fairtrade² had on poverty reduction through rural development focusing on five thematic impact areas (1. impacts on the social structure of communities, 2. impacts on the socio-economic situation of workers, farmers and their households, 3. impacts on the organization of rural zones, 4. impacts on local and national development and 5. impacts on the management of natural resources).

The study investigated exemplary six cases from six product categories: the flower case in Kenya, the cocoa case in Ghana, the coffee and banana case in Peru, and the tea and cotton case in India. For each product category, a case study was undertaken and the results were summarized in producer reports for each product category. The study dealt with three different forms of producer organizations (PO): small producer organizations (SPO) in the cocoa, coffee, and banana cases, hired labour producer organizations (HL) in the flower and tea cases as well as contract production (CP) in the cotton case. Each case study consisted of a comparison between a Producer Organization (PO) that had been Fairtrade-certified for several years and the villages where the farmers or workers live (Target Group= TG) as well as a PO that was not or only recently Fairtrade-certified and the relevant villages (Comparison Group=CG). This application of a quasi-experimental design allowed for attributing the impact Fairtrade has on rural development via Fairtrade-certified POs. In the case studies, a mixed methods approach was adopted, i.e. qualitative and quantitative methods were applied – in each case study, a survey was undertaken, guideline-based interviews and group discussions were conducted, and observations were realized. The objective of the study was to examine the impact Fairtrade had on rural development *in general*, without focusing on the single product categories or members of POs; that is the study investigated impact beyond the producer organizations and those people directly involved in Fairtrade production. Hence, the results of the six case studies were analyzed in relation to each other, best practices were detected, and the study further identified areas in which Fairtrade may even improve its impact. In the following, the results will be summarized.

Main Results

With regard to **social structures of communities**, education, health and gender were looked at on a regional level. It was generally ascertained that, in the cases studied, the Fairtrade Premium income is often used for projects in the communities, thus benefitting the wider population and having an impact that extends beyond the members and workers of the certified organisations. This applies in particular to education, where both direct support of educational institutions (in the cases of flowers, tea and bananas) as well as indirect impacts (coffee case study) were identified. Such indirect impacts include, for example, improved

¹ In order to protect the rights of the people and POs who participated in this study, this publicly available version of the final evaluation report is anonymised. This means that in this report no names of people or organizations are used which unfortunately leads to a more difficult legibility.

² The term "Fairtrade" applies specifically to the certification of producer organisations in accordance with the standards of Fairtrade International (FLO).

accessibility of schools for pupils, and the more easily accessible villages becoming more attractive to teaching staff as a result of investment in roads by the Fairtrade certified cooperative. The flower plantation case study provided a very good example of the direct support of schools, with the excellent cooperation between the Joint Body and the local educational institutions being particularly worthy of note.

Another, very specific point in relation to school education is that the children of small-scale farmers often have to work in the fields to help their parents. This work, which in principle is unproblematic and in many situations unavoidable, is not always reconcilable with attending school, particularly at harvest time, and can therefore give rise to conflict with the requirements of Fairtrade, as well as those of the International Labour Organisation (ILO). These state clearly that such work in the fields must not interfere with school attendance. Such school absences during harvest time were identified in the cases of cocoa and cotton, but not in the banana and coffee cases. That said, it was not possible to further determine the extent to which the target groups or the comparison groups were affected. In order to combat this widespread problem, the cocoa cooperative in the study had started an awareness-raising programme for its members, funded by the Fairtrade Premium income. There was, however, no such programme in the case of cotton.

On the health front, it was ascertained that the flower plantation in the study was genuinely fulfilling Fairtrade regulations in relation to health and safety for its workers, through regular monitoring of Fairtrade standards. However, the extent to which the Fairtrade certified flower plantations are thereby setting an industry-wide standard could not be conclusively clarified. The workers on the tea plantation in the study, on the other hand, described that there was no operational ambulance available in case of a medical emergency. With regard to the small-scale farmer organisations in the study, it was possible to identify primarily indirect impacts: the aforementioned positive impact of road-building projects on the education situation (seen in the case of coffee) also applied to healthcare. A further point (seen in the case of bananas) is that farmers who are organised into cooperatives often have better access to health insurance, which is encouraged in the Fairtrade cooperative model.

With regard to gender issues, it should be noted that successfully functioning gender committees are in place in the banana and coffee cooperatives in the study. Whilst the committees were able to strengthen the role of women, they nevertheless had little influence on the general, traditional concept of the respective roles of men and women in the region (Peru). Similar results are apparent in cocoa and cotton cases, where the additional problem exists that women often do not own the land that they cultivate, as they are traditionally not able to inherit land. A further obstacle to increased equality of opportunity is the general attitude to girls attending school, which is often regarded negatively, particularly from secondary level upwards because of fears of unwanted pregnancies. In spite of these difficulties, the established gender committees should still be regarded as important institutions within their producer organisations. The same goes for the respective committee in the flower plantation in the study, which ensures that the rights of female workers are respected and upheld. A similar provision was unfortunately not present in the tea plantation studied, but is strongly advised.

As far as the **socio-economic situation** of small-scale farmers and workers is concerned, the study revealed that, in all the regions researched, small-scale farmers benefitting from Fairtrade enjoy slightly higher and more stable incomes than producers in the respective comparison groups. This was particularly apparent in the coffee case study, in which it was reported that only members of Fairtrade certified cooperatives could survive on an income

derived solely from coffee growing in years where global market prices were lower. With the exception of cocoa, productivity in the target group was also higher than that of the comparison group. Nevertheless, the cocoa growers involved in the Fairtrade system had a higher income than those in the comparison group. This leads to the households in question being able to save more easily, and eventually also being able to invest more, which the study was able to prove quantitatively. Moreover, it was found that in spite of the attractive Fairtrade market for their products, households did not reduce or neglect cultivation of food crops for their own consumption.

With regard to the working conditions on plantations, the study showed that, in the case of the flower plantation, conditions were significantly better than on non-Fairtrade certified farms in Kenya's flower sector. Particularly in the area of workers' health and safety, the conditions on Fairtrade certified flower plantations are exemplary. Moreover, in this case study virtually all workers also have a permanent, written contract. In addition, a micro-credit system is in place on the Fairtrade certified plantation, which is highly valued by staff. All these factors cause the flower plantation to be perceived as a very attractive employer. In the tea case study such improvements to conditions were not observed, mainly because the company concerned is strongly bound to comprehensive national or sector-specific regulations that, to a large extent, dictate the terms of employment, as well as the production and trade of tea in the region. Moreover, the company in this case study is working towards equal treatment of all workers on all its tea plantations, which means that the workforce of an individual plantation does not have the freedom to decide democratically on the premium sum that they are entitled to according to Fairtrade standards. Instead a centralised representative body of workers decides on the use of the Fairtrade Premium of all the plantations combined.

Furthermore, it became clear that Fairtrade leads to an increase in the number of education and training programmes in producer organisations. In the case of small-scale farmers these are mainly centred on agricultural topics, market knowledge, topics relating to the strengthening of organisational structures, and general transfer of knowledge about Fairtrade. The latter (knowledge about Fairtrade) is extremely variable amongst small-scale farmers. For example, in the case of the cocoa cooperative in the study, individual farmers were not aware that they were members of a certified cooperative. With the plantations in the study, training focused particularly on the areas of work safety, labour relations and, again, the general transfer of knowledge about Fairtrade, which was also limited in the case of the tea plantation. Additionally, there were special training events for members of the Joint Body³, as well as general training and development opportunities, for example in IT (seen in the case of the flower plantation). The difficulty with these training and development programmes is the literacy rate, which is often very low. This became clear in the cocoa case study, among others. In two cases (coffee and bananas) the cooperatives in the target group organised literacy programmes for their members for this reason.

A further, if not the key aspect of the impact of Fairtrade, is the **organisation of rural zones**. This is where the process, unique to Fairtrade, of how the Fairtrade Premium income is managed and used, plays a crucial role. Thanks to Fairtrade, small-scale farmers and workers have the opportunity to be directly involved in the planning and implementation of development projects in their communities and regions. This means that the local population is ultimately also involved in these projects. In this way, the prevailing balance of power can also be altered, as observed in the case of cotton in India, where the allocation of roles is

³ A committee consisting of workers and management, responsible for the use of the Fairtrade Premium on plantations.

made according to the skills of each person, and not according to their caste. Particularly in the cases of the banana and coffee cooperatives studied, but also in the case of cotton, the farmers were conscious of the fact that the generation of Premium income was directly due to them. Unfortunately this was not consistently the case with the cocoa cooperative, which on the one hand is undoubtedly due to its sheer size and the corresponding difficulties in implementing grass-roots democracy, but on the other hand also has to do with the low educational level of the cocoa producers.

In hired labour set-ups, the fact that the Premium is managed by the Joint Body also means that the workers are in a unique position of responsibility in the decision-making process. Certainly, the situation in the example of the tea plantation is somewhat unfortunate, as the final decision over Premium income is made once a year by a central committee in Calcutta, in which all Joint Bodies of the individual certified tea plantations are represented by one delegate. The decision-making process is less transparent as a result, and the feeling and/or awareness of being involved in decisions is also diluted.

Another factor that has a large impact on rural areas is investment, sometimes on a massive scale, in local infrastructure, identified particularly in the cases of coffee and bananas. For example, the coffee cooperative in the study has built a total of 280 km of roads. As previously mentioned, an indirect result of this is a clearly identifiable general improvement in the areas of education and healthcare. The significance of investment in processing centres is also not to be underestimated. These often save farmers journeys of up to several days to the nearest large town (thus also saving time and money). Similar projects are planned in the case of the cotton producers' organisation.

Nevertheless, it has so far only been possible to identify the impact of Fairtrade on **local and national development** in the case of the coffee and banana cooperatives. It should however be noted here that these products have the longest history with Fairtrade, in particular in the Latin American context. Moreover, the development of the cooperative model in the banana case study in Peru is also directly associated with Fairtrade. This changes the way in which the rural zones function, with the farmers joining forces, exchanging ideas, and having a united public presence. Joining together in cooperatives has also been a distinct advantage where conversion to organic growing is concerned. The findings also show that the existence of structures makes the cooperatives attractive partners for numerous NGOs offering support in the agricultural sphere.

The unified market presence of farmers who have formed cooperatives, as well as Fairtrade-specific factors such as the guaranteed minimum price – often above the world market price – and the Fairtrade Premium, have led to “conventional” players in the market adapting their behaviour accordingly. One large company, for example, has introduced a bonus system that is similar to the Fairtrade Premium, where an amount for every box of bananas is paid into the health programme of a special foundation established by the company. The use of these monies is however not democratically determined, as in the case of the Fairtrade Premium. Fairtrade has also brought with it a further change, specifically in the case of the banana cooperative studied. Now that the banana cooperatives are no longer subcontracting the fruit packing, as was previously the case, but are undertaking it themselves, their employees benefit from guaranteed holidays and health insurance. This results in a significant increase in living standards for these workers, who in the past were often hired through an agency on a temporary basis and on less favourable terms and conditions.

In spite of the sometimes massive improvements to small-scale farmers' lives as described, only in the case of the coffee cooperative studied did the interviewed schoolchildren express

the wish to become farmers themselves. Apart from the fact that the profession of farmer is seen as less attractive, these responses are also partly due to the fact that the plots of land are becoming ever smaller as a result of sub-division for inheritance purposes, and young people can scarcely afford to acquire (more) land. Whilst a label has practically no influence over the possibility of acquiring land, Fairtrade can certainly make a positive contribution to the attractiveness of the farming profession.

Lastly, this study examined the **use of natural resources**. It was found that, thanks to the relevant standards and the regular, independent monitoring of these, Fairtrade promotes sustainable production methods. It is however often the case that Fairtrade certified producer organisations have additional, environmentally-oriented certifications, or that relevant national regulations apply (as in the case of tea). For this reason it is not always possible to attribute an identified improvement to Fairtrade certification. In the cases of coffee and tea in this study, the UTZ Certified and, most of all, Rainforest Alliance labels were perceived to have a more specific impact on certain ecological issues. Nevertheless, in practically all the case studies, it was possible to identify positive impacts that could be attributed at least in part to Fairtrade. Moreover, it is true to say that Fairtrade has assisted in the conversion to certified organic production in the cases of coffee, bananas and cotton.

Conclusion and Recommendation

Fairtrade can bring important positive changes to rural areas. As the study shows, Fairtrade can thereby improve the living circumstances of workers and small-scale farmers. Fairtrade also creates the preconditions for rural development to take place on many fronts. The increased levels of saving and investment activity on the part of small-scale farmers and workers play a central role here. The crucial factor is that the planning horizon of the rural population becomes longer term. On the one hand, this is due to the protection against price falls guaranteed by Fairtrade, but is also on the other hand a result of the better contractual situation of workers (permanent positions). Nevertheless, the number of Fairtrade certified small-scale farmers and workers is mostly too limited to identify a significant impact at a regional level.

As for the effectiveness of the Fairtrade approach in general, it has been shown that the quality of organisation, the motivation of the respective decision-makers (management or cooperative management board) and the general knowledge and understanding of Fairtrade among the respective farmers and workers are critical success factors. Of significance therefore is the extent to which the hierarchies and individual (key) positions influence the communication and information flow between the various positions and levels (management, workers, cooperative members, administration). The same goes for cooperation and the information flow between the committees of the producer organisations and local institutions, for example in the spheres of education or healthcare. A low level of education and/or literacy, as identified in the cocoa case study, compounds the difficulties in terms of internal communication.

In the examples studied the above-mentioned critical success factors could often be seen as positive, especially in the cases of coffee, bananas and flowers, although this was not the case everywhere. It is apparent in the less successfully functioning examples (cocoa and tea) that the respective producer organisations were, at least until recently, only able to sell very low volumes of their products under Fairtrade conditions. This may suggest that signifi-

cant sales on the Fairtrade market could be a further requirement to enable members and/or workers in a Fairtrade certified organisation to benefit from this certification to the extent that was expected.

An important recommendation from this study is to use the well-functioning examples in the sense of a “best practice approach” to raise levels of effectiveness within the Fairtrade system. In this way, other producer organisations can learn from the experience of the flower plantation in the study in terms of the effective planning and implementation of Premium projects. Their experience with gender committees could also be introduced in the case of the tea plantations studied. Similarly, the awareness-raising work undertaken in the cocoa cooperative with respect to reconciling children’s school attendance with working in the fields with their parents, could also be implemented in the organisation of the cotton case study.

Two points on the impacts of Fairtrade are particularly worth emphasising. Firstly, it should be recognised that any impact on rural development that extends beyond the producer organisation is not the primary aim of these organisations. Their objective consists first and foremost in the economic interests of their members. Thus it is important that Fairtrade continues to undertake awareness-raising work in this respect. Secondly, any impact at a regional level is significantly influenced by contextual internal and external factors. Internal factors include, i.a., the size and structure of the organisation: very large cooperatives and multi-estates often incorporate a large number of sub-cooperatives/plantations. External factors include the political situation and state regulations, ecological changes and the volatile international trading and market conditions for individual products.

1. Introduction

This report presents the results of an impact study that was conducted by CEval between June 2011 and June 2012, with fieldwork taking place between October 2011 and January 2012. Unlike many other studies on the impact of Fairtrade on organizational development, the subject of this study was the impact of Fairtrade in/on rural communities, with its focus on poverty reduction and rural development. Hence, the scope of the study clearly exceeds the boundary of the direct Fairtrade beneficiaries, the organized farmers and workers on certified POs. The assumption of the impact study was that Fairtrade through its social, economic, and ecological aspects promotes local/regional rural development which in turn reduces poverty.

Fairtrade is an alternative approach to conventional trade. It is a strategy for poverty alleviation and sustainable development through ensuring the payment of a minimum product price and of a defined additional (development) premium, democratically organized workplaces, technical assistance, social programming, and environmental protection, inter alia. Its purpose is to create opportunities for small scale farmers and workers who have been economically disadvantaged or marginalized by the conventional trading system. Small producer organizations, farms with hired labour, and in some cases unorganized farmers can become Fairtrade-certified if they adhere to standards set by Fairtrade Labelling Organizations International (FLO e.V.). Those standards include social, economic, and environmental requirements, aimed at improving the lives of marginalized farmers and workers. Once a farm or a producer organization is Fairtrade-certified, the products produced adhering to the standards can be marked with the Fairtrade label where the product is sold. For these products, the Fairtrade Minimum Price is paid. When the relevant market price for a product is higher than the Fairtrade Minimum Price, then at least the market price must be paid. On top, an additional Fairtrade Premium is paid, which they can spend on democratically agreed development projects.

The German labelling initiative TransFair Germany (TFG) and the Swiss labelling initiative Max Havelaar Foundation (Switzerland) (MHCH) celebrate their 20 year anniversary in 2012 and commissioned for this occasion the impact study "Assessing the Impact of Fairtrade on Poverty Reduction through Rural Development". The study results describing the impacts of Fairtrade are presented in this final report of the Fairtrade impact study.

2. Study Design

The impact study exemplary investigated six cases of six product categories in three different types of Producer Organizations on three continents. For each case, a comparison was drawn between one setting with Fairtrade presence and one setting without Fairtrade presence or one which only recently started to benefit from Fairtrade. The investigated product categories were the following:

Product	Country	PO type	Continent
Cocoa	Ghana	SPO	Africa
Flowers	Kenya	HL	
Coffee	Peru	SPO	Latin America
Bananas	Peru	SPO	
Tea	India	HL	Asia
Cotton	India	CP	

Box 1: Investigated products, countries, continents

The aim of the impact study was to document and assess the impact of Fairtrade on poverty reduction through enhancing rural development in selected areas/regions. A special interest of the study concerned ***the impact of Fairtrade on rural development***, thus, the study did not focus on one specific product and its producers/workers but rather concentrated on Fairtrade impacts on the wider community. The study tested the following hypothesis, stated in the Terms of Reference (see appendix 0.3):

“The presence of representative Fairtrade-certified cooperatives or plantations/farms within a given area have a positive impact not only on and within the Fairtrade Producer Organization, but also on rural development of their surroundings/geographical environment, i.e. to increase involvement and participation of residents in rural development activities and to improve the social, economic and environmental conditions in rural areas, typically the home region of members / workers of Fairtrade-PO.”

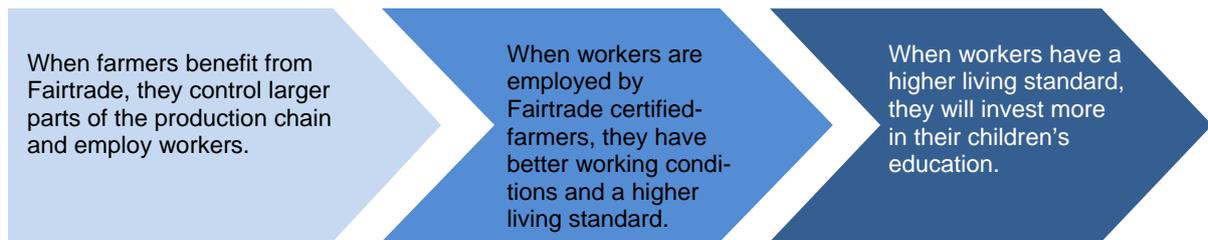
In order to test this hypothesis, the study focused on the following thematic areas:⁴

1. Changes in the social structure of communities
2. Changes in the socio-economic situation of farmers and their households
3. Changes in the organization of rural zones / of work places
4. Changes in local and national development
5. Changes in the management of natural resources

A cross-section analysis of the five thematic areas in the six case studies was conducted. For each area, various hypotheses were formulated, guiding the research study. These hypotheses are theory-based assumptions of how Fairtrade can achieve rural development, various hypotheses together build impact chains. Subsequently, one exemplary impact chain with the according hypotheses is pictured⁵:

⁴ These areas are adopted from Eberhart and Smith (2008): “A methodological guide for assessing the impact of Fairtrade”

⁵ Hypotheses and impact chains were formulated for all areas and the different steps of rural development. Because of the complexity of the study it is not possible to list all hypotheses worked with.



Graph 1: Impact chain

When assessing the impact of Fairtrade, one seeks to answer the question which changes Fairtrade brought about, changes which would not be there without Fairtrade. In other words, when assessing impacts, one also investigates what would have happened without an intervention. This is why the designs of impact studies are always based on comparisons. There are different evaluation designs for impact studies with various forms of comparisons. The design applied depends on the organizational, financial, and temporal resources.

The most adequate design would always be an experimental design (“Randomized Controlled Trial”) which allows applying the “double difference method”; that means the performance of two groups (one treatment and one control/comparison group⁶) will be measured at two points in time. The first measurement takes place before the intervention (e.g. a development project, here: entry of Fairtrade) is applied; the according data is called baseline-data. A second measurement takes place when impacts of the intervention are to be expected (in the context of development projects usually three to five years after the intervention). The application of a double difference method (difference in time and in groups) is not possible for the impact study on Fairtrade because usually there is no systematic and methodologically adequate baseline-data available on the situation before a producer organization decides to adopt Fairtrade certification. This means that in order to assess the impact of Fairtrade, a “single difference method” was applied, a so-called quasi-experimental design. The difference consisted in the different groups (treatment vs. control/comparison group). Since the adoption of Fairtrade certification by the product organizations is not randomized, in the present impact study, an experimental design with control groups cannot be applied. Instead, a quasi-experimental design with comparison groups is employed. Here, target and comparison groups are not distributed randomly, but according to certain criteria, with the treatment group (TG) being an area with the presence of a Fairtrade-certified producer organization and the comparison group (CG) an area with no Fairtrade-certified producer organization (PO) present or an area with the presence of a PO that was Fairtrade certified only recently. Since the selection of both groups (target and comparison group) could not be randomized, a matching procedure was necessary. For this study, a selection mechanism called “matching on observables” was applied, which means that certain (observable) criteria were defined in order to select the groups. The treatment and comparison group were investigated at the same point of time (after the treatment). In order to compensate for the missing baseline data and to allow for an adequate comparison, the methods applied included recall questions, which will help to describe the situation before the treatment. To get an even better picture of this situation, that is to further compensate for the missing baseline data, re-

⁶ The term *control group* is used for experimental designs in which the treatment and the control group are constituted via a randomized selection; whereas the term *comparison group* is used when the groups were not constituted by random but by using certain criteria. Comparison groups are used in quasi-experimental designs.

search on relevant secondary data of the situation five years ago was pursued. This data, together with the answers on the recall questions, served as a point of comparison to the data gathered in the actual situation.

2.1 Methodical Proceedings and Challenges

In order to implement a logical comparison between communities benefitting from Fairtrade (target group) and communities without Fairtrade-certified POs (comparison group), certain criteria (“observables”) which guided the selection of the treatment and the comparison group, were identified from TFG and MHCH in consultation with FLO. Those criteria were:

Criteria for the Selection of the Treatment and the Comparison Group

1. The target group PO should sell on the German and/or Swiss market
2. The target group PO should be Fairtrade-certified for at least five years continuously and the PO of the comparison group should not be Fairtrade-certified or only recently certified (significantly shorter than five years)
3. The target group PO should have significant product volumes under Fairtrade (regular sales in the Fairtrade system, which account for at least a third of sales), because in such a case significant financial income through Fairtrade-minimum prices and premiums can be assumed
4. The POs should have no further certification visible to the consumer (e.g. Rainforest Alliance, UTZ) other than the Fairtrade certification in order to avoid overlapping effects
5. The POs should have an appropriate size which is proposed to be between 500 - 5000 members
6. The POs should not receive significant support from development - NGO or government / private rural development - programs for at least 5 years in order to minimize the carry-over effects
7. Conditions allowing for researcher access should be in place

Box 2: Criteria selection for POs

Criteria # 4 did not apply to organic certification as the TG of many cases were producing under organic certifications (coffee, bananas, tea and cotton), and in the scope of this study, it was not possible to investigate the different certifications in all cases. This was only done in the coffee case, here the study also focused on the differences between the certifications Fairtrade, Rainforest Alliance, and UTZ, and accordingly criteria # 4 did not apply to the POs in the coffee case. Similar economic, social, and environmental conditions in both treatment and comparison group areas also had to be given in all investigated cases.

The treatment groups were selected by TFG and MHCH, regarding the criteria mentioned above.

CEval together with local consultants identified the CGs, using the same criteria as were applied for the TGs.

The elaborated research design could not be applied in the planned manner in all cases, and accordingly adjustments in the applied research had to be made. In the following, the encountered methodological challenges will be described and the way in which these challenges were handled is explained⁷. Furthermore, the identification of the CG POs will be described for each of the six product cases. The identified POs of the TG and the CG are described for comparison in table form: the two groups are listed in a table, and their characteristics regarding the selection criteria (listed by numbers) are explained. Whenever a criterion is met, this is marked with a tick ('✓'). A cross ('x') illustrates that a criterion is not met by a group.

Legend for TG and CG tables:

- 1 The group sells to the German and the Swiss market
- 2 Year of Fairtrade certification
- 3 Percentage of total sales sold to Fairtrade
- 4 The group has no other certification
- 5 Size of the group
- 6 The group does not receive significant support from NGOs or other institutions
- 7 Access to the group is possible
- ✓ Criterion met
- x Criterion not met
- / Criterion does not apply

In order to investigate Fairtrade's impact it would be ideal to work with a CG which is not Fairtrade-certified, but in practice this is difficult to implement because of two reasons: 1) Especially in the private sector (HL cases), companies generally do not wish to share their policies and practices with researchers who evaluate working conditions because such a study costs time (and therefore money) and because the companies' practices might not be anything they want to share with researchers. 2) Especially in the investigated SPO cases, cooperatives are often formed only with the aim of benefitting from Fairtrade which means that such cooperatives never existed without the Fairtrade certification. These two reasons made it necessary to work with CGs which have been recently (significantly shorter than five years) Fairtrade-certified. Fairtrade standards consist of different requirements according to the years of certification. The standards start with the acceptance level – "core indicators", and then there are further "development indicators" which have to be matched within one to six years. This means that POs which have been certified for more than six years should have a higher impact on the surrounding communities than the POs that have been Fairtrade-certified for less than six years. Accordingly, working with a recently Fairtrade-certified CG PO (partially) allows for implementing the comparison necessary to investigate the Fairtrade impact.

⁷ In the frame of this report only the most important methodological challenges can be described.

Hired Labour

At the HL POs, almost all interviews and group discussions were organized by the PO management. In the flower case, this applies to the interviews with workers, in the tea case to all interviews. This means that the scientifically ideal randomized sampling (selecting interview partners at random) was not possible to minimize selection bias. However, all interviews with staff members, (workers and farmers) were conducted without the presence of the PO management.

Flower Case

Criteria	Flower Case	
	TG	CG
1	✓	✓
2	✓ 2001	✓ 2009
3	✓ 70%	✓ 30%
4	✓	✓
5	✓ 1200 workers	✓ 560 workers
6	✓	✓
7	✓	✓

The TG PO in the flower sector has three farms at different locations, all situated about 50 kilometers (km) outside of Nairobi. The research team conducted interviews at the farm where the TG PO management is based. It was necessary to adapt the identification of the comparison group to local circumstances: The comparison group had to be located near the treatment group, in order to be able to conduct a high number of interviews in a short time⁸. As explained above, in the HL cases it is hard to find a PO willing to participate in this study, which is why a recently Fairtrade-certified PO was chosen. The farm is

Box 3: TG and CG, flower case

situated in the same area as the TG PO and has been Fairtrade-certified since 2009. Research was conducted in a village where many workers of the CG live but also workers of a flower farm which is Fairtrade-certified for more than 5 years (not the TG PO). Because of the concentration of flower farms in this area, it was not possible to find a village in which only CG PO workers live and no workers of other Fairtrade-certified farms, a methodological problem also encountered in this specific village, where workers of another farm live, which was already Fairtrade-certified in 2005. This is why data was also collected in another village in which no Fairtrade-certified farm workers live, but workers of a flower farm without Fairtrade certification.

Conducting the survey in the flower case, the research team faced obstacles. It was highly problematic to find comparable communities because of practical confinements. As described above, it was necessary to find a flower farm that was situated near the town close to the TG, and one that would be willing to participate in the study. Although there are several flower farms nearby, many of them are Fairtrade-certified, which means that many communities could not be chosen for the research due to spill-over effects. Equally problematic is the fact that the communities were very different; hence, differences between TG and CG could not always be ascribed to Fairtrade. In the data analysis, the difference between the communities was considered, and only those impacts are described which can be traced back directly to Fairtrade.

⁸ Driving from Nairobi to the TG PO and the according communities took a minimum of four hours a day.

Tea Case

Criteria	Tea Case	
	TG	CG
1	✓	✓
2	✓ 2001	✓ 2009
3	✓ 2%	✓ 4%
4	✗	✗
5	✓ 480 workers	✓ 813 workers
6	✗	✗
7	✓	✓

As with the flower case, an important factor when identifying the CG in the tea case was to find a nearby tea garden to the TG PO, due to limited time resources. The logistical challenges made it preferable to find a comparison tea garden that is managed by the same company as the TG PO because this way the management of the TG PO could support the research team in organizing the whole field trip. Furthermore, it is difficult to get permission from a private non-Fairtrade-certified company to investigate its tea gardens for a comparison on social standards (cf. above). This is why a different farm was chosen as a comparison group, which is also man-

Box 4: TG and CG, tea case

aged by the same company as the TG farm.

Since the management of both farms tries to ensure that each tea garden⁹ benefits equally from Fairtrade, a general Joint Body was implemented, which decides on the premium money of all the gardens together. Hence, the total sales under Fairtrade of the single gardens are not important indicators for the amount of premium money the garden will receive. Consequently, the fact that the comparison tea garden's sales under Fairtrade are higher than the ones of the target tea garden did not affect the data analysis. As explained above, the important criterion is the length (years) of certification.

Each of the company's 13 tea gardens has its own management and consequently it was possible to compare treatment and comparison group at organizational level for this case study. However, it is important to note that the managers of all individual tea gardens are subordinate to the overall management of the company.

The target group of the tea case only sells 2 % of its total sales under Fairtrade, which means that the amount of Fairtrade premium money is rather small. Because some gardens sell more than others under Fairtrade, the management of the company tries to compensate the different tea gardens by splitting the premium money and dividing it equally among the tea gardens. The company also allocates money from private or NGO initiatives and uses it for similar or even the same projects as implemented with the Fairtrade premium. This was done before the Fairtrade certification and also applies to other support received by the workers and is not a procedure created through Fairtrade. Hence, the asserted differences between target and comparison group in terms of rural development cannot always be traced back exclusively and directly to Fairtrade. The fact that all tea gardens of the company are also certified with Rainforest Alliance posed a challenge to the research because again, impacts could not be easily ascribed to the different certifications. In this report, it will be described clearly which changes are ascribed to Fairtrade and which changes cannot be traced back directly to Fairtrade.

⁹ Since 2011 all of the 13 gardens of the company are Fairtrade-certified.

Small Producer Organization

Coffee Case

Coffee Case			
Criteria	TG	CG 1	CG 2
1	✓	/	/
2	1995	/	/
3	95%	/	/
4	x	✓	✓
5	✓~800 members	✓ 17 Members	✓~20 members
6	x	x	x
7	✓	✓	✓

The TG of the coffee case is also certified with Rainforest Alliance (RFA), UTZ Certified (UTZ) and three organic certifications (for the German, Japanese, and American market). In the Peruvian coffee sector, cooperatives would often be created for the purposes of Fairtrade certification. In other words, Fairtrade very often is the initial reason for the cooperatives to exist. Accordingly, it is

Box 5: TG and CG, coffee case

difficult to find cooperatives that are not Fairtrade-certified; the few cooperatives which are not Fairtrade-certified are the ones which are still in the process of formation or which were formed only very recently. This also applies to the CG POs of this study, hence, only a limited comparison on organizational level was possible. The possible CG POs identified were small organizations, which is why a “cluster model” was applied, meaning that data from various cooperatives (in this case from two cooperatives) were investigated as data from one PO (data was clustered). The formation of the cooperatives is mostly initiated by NGOs, this applies to all investigated cooperatives (TG and CG).

In the coffee case, the investigation also included a comparison between farmers producing under different certifications, e.g. farmers producing for RFA and UTZ. This comparison only included farmers of the TG as the farmers of the CG do not produce for any certification.

In the coffee case, research was challenged by the fact that the coffee farmers live in scattered communities and are difficult to reach. In order to conduct extensive data gathering, a tight collaboration with the TG PO would have been necessary. Unfortunately, this collaboration was not given, since the coffee cooperative did not support the researchers, which led to a small number of implemented qualitative interviews with TG coffee farmers and to the fact that important information was not accessible to the research team. This is why impacts could not always be ascribed to Fairtrade. In this report, it will be described clearly which changes are attributed to Fairtrade and which changes cannot be traced back directly to Fairtrade.

Banana Case

For investigation in the **banana case**, a cluster model was applied: since Fairtrade-certified banana cooperatives in Piura (Peru) are rather small and several cooperatives are operating in the same area, data from four cooperatives was clustered and the cooperatives were investigated collectively. This was also done in the CG; here, farmers of one cooperative and of one second grade organization (comprising 9 cooperatives) were interviewed. All farmers of the CG were already producing for Fairtrade: One cooperative of the CG had produced for Fairtrade in the past, but could not do so for one year because of the incompliance of one buyer. The cooperatives of the second grade organization are already selling on the Fairtrade market via this second grade organization which means that the latter holds the Fairtrade certificate for all its members, not the member cooperatives themselves. But now each cooperative has to get the Fairtrade certification¹⁰, i.e. the single cooperatives are at the beginning of the certification process (during the field visit, only the second grade organization was certified, not each cooperative. However, the farmers of each cooperative had to comply with Fairtrade standards). This means that the investigation set-up in the **banana case** was not ideal because the comparison group POs had already worked under Fairtrade certification since 2007. However, considerable differences between the directly certified TG and the CG under second grade certification were detected. Each of the investigated POs of the TG receives support from NGOs. As the collaboration between NGOs and cooperatives would not be possible without Fairtrade (without Fairtrade, the cooperatives most likely would not have existed), the NGO support is not just a spill-over effect but it is also an impact of Fairtrade.

Banana Case		
Criteria	TG	CG
	Cluster of four first grade cooperatives	one cooperative and one second grade organization (comprising 9 cooperatives)
1	✓	✓
2	2002 – 2005	/
3	65 – 100%	/
4	✓	✓
5	✓1723 members	✓1175 members
6	×	✓
7	✓	✓

Box 6: TG and CG, banana case

Cocoa Case

The TG PO in the **cocoa case** forms part of a large umbrella organization. With about 45,000 members from all over the country, the TG PO is a huge second grade PO¹¹. It receives support from various NGOs. This PO posed several problems for the identification of a CG: The PO is a very large producer organization with more than 1300 village-level cooperative societies. No comparable PO exists in Ghana. The diverse support of the TG PO from NGOs and other private initiatives complicates impact attribution in the **cocoa case**. Furthermore, it was not possible to identify communities within a reachable distance without TG PO presence (without members of the TG PO living there). Consequently, it was not possible to compare data at the organizational and at the community level. This is why the direct impact through Fairtrade has been measured in selected communities at the individual level (i.e. individual TG PO members and single farmers who sell their cocoa to non-Fairtrade-certified buyers have been compared).

¹⁰ In interviews with farmers and a manager of the second grade cooperative, it was explained that FLO demanded the certification of each cooperative. However, Fairtrade staff (from different organizations) stated that this could not be true, see also chapter 6.1.

¹¹ The second grade PO holds the Fairtrade-certificate for all its first grade (village level) member organizations.

Cocoa Case		
Criteria	TG Cocoa-producing Co-operatives umbrella organisation	CG Other farmers
1	✓	/
2	1995	/
3	7% since 2011 30%	/
4	✓	/
5	✓~45000 Members	/
6	x	✓
7	✓	✓

Box 7: TG and CG, cocoa case

of its cocoa on the Fairtrade market and received an average of 375,000 USD of premium money annually (for more than 45,000 members). Only with a recently established partnership with a large buyer was it possible to sell 30 % of the total sales on the Fairtrade market and augment the premium money to almost three million USD.

The TG PO forms part of a large umbrella organization with a complex structure. Considering this structure in which money (including Fairtrade premium money but also profit derived from an associated chocolate company) is being transferred between different pillars of the umbrella organization, it is very challenging to single out the Fairtrade impact. Therefore, various indicators concerning the community and organizational level could not be investigated in this [cocoa case](#).

For impact assessment in the [cocoa case](#), it is important to note that for the past 15 years the TG PO only sold ~7 %

Contract Production

Cotton Case

Cotton Case		
Criteria	TG	CG
1	✓	/
2	2007	/
3	40%	/
4	✓	✓
5	~5700 members	/
6	x	x
7	✓	✓

Box 8: TG and CG, cotton case

limited period of time of the field trip. The research team did not locate another group of cotton farmers organized like the TG PO in the region, hence, the CG is comprised of villages that do not benefit from Fairtrade, and the farmers in these villages are not members of any organization. Accordingly, the comparison implemented was limited to the community and individual level and could not consider the organizational level. The farmers of the comparison group sell their cotton individually at the market to different local buyers.

In some of the villages of the TG, a large NGO is active and accordingly the farmers receive support from FLO, the TG PO, and from this NGO. In order to exclude spill-over effects, it would have been ideal to investigate the TG and in the CG in villages with and in villages without this NGO's presence but in the short time period of the field trip (five days), it was not

The TG PO of the [cotton case](#) has been Fairtrade-certified since 2007 (~4 years), thus, the first selection criterion is not met completely.

In the [cotton case](#) again (as in the other cases), it was necessary to identify villages that do not benefit from Fairtrade but are close to the TG villages to allow for access during the

possible to cover comparison group villages with the presence of this NGO. However, in the data analysis, there is a differentiation between villages with Fairtrade and NGO presence, villages with only Fairtrade presence, and villages without Fairtrade and NGO presence. The analysis of the qualitative data showed implausibility in two interviews. These two interviews (one of a farmer and one of school staff, both in a comparison village) could not be considered for data analysis. As a result, there are only two interviews with teachers in comparison villages and only one interview with a farmer in a comparison village, plus one group discussion with farmers in a comparison village. This means that while there is extensive qualitative data on the TG in the **cotton case**, the amount of qualitative data of the CG is not equally high. Nevertheless it was possible to investigate differences between target and comparison group and to identify Fairtrade-induced differences between the groups.

2.2 Methods applied

The field visits to collect data lasted five days for every case, which means that the researchers collected data for all six case studies in 30 days. It is important to note that in each of the six product cases data of different levels (individual, community and organizational level) was collected and analyzed. As explained above, comparisons between TG and CG could not be implemented systematically on all levels for each case. The following table summarizes the investigated comparison levels of the six cases:

	Flower case	Tea case	Coffee case	Banana case	Cocoa case	Cotton case
Individual level (farmer/worker)	✓	✓	✓	✓	✓	✓
Community level (villages)	✓	✓	✓	✓	✗	✓
Organizational level (PO)	✓	✓	(✓)	✓	✗	✗

Box 9: Comparison levels

CEval used a hypotheses guided multi-methods-approach. This means that during the data analysis and the first explorative conversations with experts (guideline-based interviews), first hypotheses were formulated concerning the different sections to be investigated in the impact study (social structures, socio-economic situation of farmers and their households, organization of rural zones / of work places, local and national development, management of natural resources). During the following field work these hypotheses were scrutinized and where appropriately adjusted, based on the information gathered through interviews.

The information necessary to prove the hypotheses was operationalized, formulated into indicators. These indicators together with indicators adopted from the Committee on Sustainability Assessment (COSA) form an analysis grid (cf. appendix 0.5) that is, they are organized systematically according to the central dimensions of the impact study. The analysis grid served as a foundation for the development of the data collection instruments (questionnaires and interview guidelines).

After every field trip, a producer report was created for each of the investigated cases, which describes the findings of the qualitative data collection according to the analysis grid worked

out prior to the field trip (cf. appendix 0. 5). The producer reports contain the qualitative results, as well as a summary of these results and derived recommendations.

The final report on hand will describe the findings of the triangulation of quantitative and qualitative data, according to the analysis grid. In contrast to the producer reports, the final report focuses on the quantitative indicators of the analysis grid, because these findings have not been integrated in the producer reports. All indicators are considered in the producer reports, except for the indicator “change of tax payment” because data on this indicator was not available. All results will be described by PO-type in this report.

2.3.1 Triangulation

Triangulation of certain components of the study allowed for benefitting from convergent validation. Using different kinds of methods, considering different perspectives and working with various researchers allows a more accurate description of Fairtrade impacts and minimizes the margin of error in the study.

2.3.2 Methods Triangulation

CEval used a mixed methods approach, meaning that both, quantitative and qualitative methods were applied. These different modes of data collection assured not only a direct attribution of impacts on rural development through Fairtrade. The combination of quantitative and qualitative methods also allowed identifying the reasons, why (and how) observed impacts do or do not occur. The analysis of literature and secondary data was accompanied by various qualitative interviews and group discussions with different stakeholders of the producer organizations and communities. Furthermore, interviews with international and local experts on certain topics were conducted (cf. appendix 0.4). In total, 128 qualitative interviews, 32 group discussions, and 11 observations were conducted with TG and CG. While these qualitative interviews allowed for deeper insights into certain topics and illuminate contextual elements, a survey at household level allowed for a statistical analysis of the different fields of interest, 3750 respondents from six product cases took part in this survey: 480 respondents in the flower cases, 720 respondents in the tea cases, 371 respondents in the coffee cases, 673 respondents in the banana cases, 740 respondents in the cocoa cases, and 766 respondents in the cotton cases. The described triangulation of methods facilitated a more comprehensive, i.e. holistic portrayal of the economic, social, and environmental impacts of Fairtrade.

Methods of data gathering applied in the Fairtrade impact study

Qualitative methods

- 128 guideline-based interviews at all levels
- 32 group discussions
- 11 participating observations

Quantitative methods

- 6 standardized surveys with farmers and workers (one survey per case)
 - In total 3750 filled questionnaires

Box 10: Applied methods of data gathering

2.3.3 Data Triangulation

Data gathering integrated not only different methods, but also various perspectives: Interviews were conducted with managers, workers, family members, school teachers, service providers and other key informants. The multiple references gave a deeper insight in the different dimensions to be analyzed.

2.3.4 Researcher Triangulation

This triangulation of viewpoints was accompanied by a researcher triangulation: In each case data was collected by a CEval consultant together with a local consultant (Researcher CVs are provided in Appendix 0.1). The local consultants did not only have special knowledge of cultural and social aspects important for the data gathering process, but further helped to analyze the data according to the local viewpoint. The researcher triangulation was enhanced by working with local interviewers: In each setting, a team of local interviewers implemented the survey. This team beforehand attended an interviewer class in which the according questionnaire and the survey proceedings were discussed and adjusted by the local interviewers together with the CEval and the local consultant. In total, 62 interviewers conducted interviews in the respective local languages in the frame of the survey.

The guidelines of the interviews as well as of the group discussions are to be found in the appendix 0.8, as is the questionnaire. All data collection instruments were adjusted together with local consultants and research institutes according to local and case-specific requirements; which implied a constant observation of the instruments.

3. Study subject

The subject of the study was the Fairtrade system and its impact on rural development. Fairtrade as an alternative trading partnership works primarily through a certification combined with local and marketing support: The POs of the Fairtrade system need to adhere to Fairtrade standards in order to become Fairtrade-certified. For the products sold under the Fairtrade certification, the POs receive a Fairtrade minimum price (at least), if applicable an additional organic differential, and in all cases an additional Fairtrade premium which they can invest in projects chosen by the farmers or workers in the producer organization. The logical framework (LogFrame) elaborated prior to the field trip pictures the logic of Fairtrade impact. This LogFrame is to be found in appendix 0.7.

The investigation of the impact of Fairtrade research was based on the CEval Evaluation approach which is founded on different theoretical models, explained in the following. The CEval evaluation approach understands social change as a transfer process that occurs essentially via organizations, and can be initiated or amplified by programs and projects within organizations. Following this logic, the concepts of organizational theory most suitable for explaining program impacts are those that conceive of organizations as open social systems intended to be rationally structured in order to achieve specific goals. These organizations have a formal structure and employ a certain technology in order to align the activities of their members with the goals pursued. In this understanding, organizations are open systems, which means, that the environment as an external feature represents a further indispensable

component of this conception¹². The impact model is one such concept and forms part of the CEval evaluation approach, an approach that was applied in various evaluations before. The impact model was used to investigate Fairtrade's impact on rural development. The impact model is supposed to assess the ability of an organization to develop and maintain structures that are effective in the long run, in interdependence with its environment. It evaluates the effectiveness of individual organizational elements as well as of the organization as a whole. Applied to the Fairtrade impact study, that means that organizational elements such as communication (e.g. between management and workers/farmers), structures (e.g. of the Joint Bodies or the farmers committees), and processes (e.g. decision on premium money spending) were investigated. In appendix 0.6, a graphic depiction of the impact model applied to Fairtrade can be found.

The diffusion model is a second concept which forms part of the CEval approach and was drawn upon to investigate Fairtrade's impact on rural development. The diffusion model follows the proven logic that an innovation (introduction of a system) is more likely to be adopted, the more compatible with existing conditions, the less complex and the more mature the innovation appears to the users. Applied to the Fairtrade impact study, the diffusion model can be translated into the Fairtrade context as follows: in order to examine whether the Fairtrade system can be successfully adopted by the different identified POs, it is crucial to inspect its acceptance among farmers and workers of Fairtrade certified POs and other stakeholders. In appendix 0.6 a graphic depiction of the diffusion model applied to Fairtrade can be found.

As explained above, the CEval approach is based on the understanding that the basis for impact is organizations. In the case of the Fairtrade impact study, these organizations are the Fairtrade-certified POs. Each investigated PO operates in a different environment and accordingly needs to be examined separately: The effectiveness of a PO and the acceptance of Fairtrade among the different stakeholders cannot be examined without considering contextual factors. The implementation of six case studies (one case study per product) accordingly allows the research team to consider the environment of each PO and of the stakeholders. Subsequently, these contextual factors are described briefly for each case.

In the Kenyan [flower sector](#)¹³ workers usually come from different parts of the country and from different tribes to work at the farms. Thus, they don't consider these communities to be their homes, and their families often live elsewhere. Due to their fast growth, the flower worker communities lack basic infrastructure. People who come there are very poor and experience high levels of HIV, drug use, and crime. Because it is economically advantageous for the flower farms to hire day labourers, many of these workers have very insecure livelihoods. Flowers under greenhouse production need to be sprayed intensely, particularly if they are to meet export quality requirements. This spraying poses a huge health risk to workers. Another problematic aspect of flower cultivation is the often criticized water management of the flower farms.

The average interviewee in the [flower case](#) was 33 years old and lived in a household of 4 people. Of the interviewees, 4 % had no schooling at all and 13 % of the interviewees had attended university (n=478).

The [tea case](#) was investigated in Darjeeling. This is a region in India famous for its high quality tea. In 1852, the British started to cultivate tea in Darjeeling. This long tradition of tea cul-

¹² For more information please refer to: Stockmann, Reinhard (2008): Evaluation and Quality Development, Peter Lang GmbH, Frankfurt

¹³ This description applies to the flower sector in Kenya in general, it is no description of Fairtrade-certified farms.

tivation, plus the good soil quality and the altitude (over 2000 meters above sea level) in which Darjeeling tea grows, make this tea a specialty, known across the world. The land of the tea gardens is owned by the Indian state, and the tea commerce is statutorily regulated by the Indian Ministry of Commerce, although private companies produce and sell the tea. This means that these private companies can only lease the land from the Indian state if they use it for tea production, no other business is allowed on this land. The companies are bound to use the land for tea production and accordingly are jointly (with the state) responsible for the people working in and living on their tea gardens: These workers have to be provided with housing, food subsidies, and other goods. The villages are situated in the tea gardens, and they are composed almost exclusively of tea garden workers. For the workers of the tea gardens, this means that they need to work at the tea garden, or it would be difficult for them to keep on living in the area. Tea production is highly labour-intensive. The British employed mainly Nepalese workers in their gardens, and even today, most of the workers in the Darjeeling tea gardens are Nepalese. As can be inferred from the above, the relationship between management and workers at tea gardens is very complex and not always easy. The strong trade unions add to the often tense relationship between them.

Darjeeling tea is an expensive tea and by virtue of it being a specialty, there is no fixed Fairtrade minimum price for it¹⁴. Thus, there are only few buyers which can afford to buy Fairtrade-certified Darjeeling tea.

The average interviewee in the [tea case](#) was 40 years old, lived in a household of 5 people, 30 % had no schooling, and 4 % of the tea garden workers had attended university (n=720).

In the Peruvian [coffee case](#), cooperatives have often been formed expressly in order to become part of Fairtrade, and there are hardly any cooperatives which are not Fairtrade-certified. Today, Fairtrade is not the only popular certification, as many producers choose to become organic, Rainforest Alliance (RFA), or UTZ Certified (UTZ). RFA focuses on environmental aspects while UTZ is centred on sustainability of production.

Coffee is traded at the New York and London stock exchanges and accordingly succumbs to changing prices. Consequently, coffee trading is rather complex, particularly at the current high coffee prices, and this complexity is quite challenging for the POs in the coffee sector.

The average interviewee in the [coffee case](#) was 49 years old, lived in a household of 4 people, 6 % of the interviewees had no schooling at all, and 5 % of the interviewed coffee farmers had attended university (n=371).

The [banana case](#) was investigated in Peru, in an area where most farmers have very small fields, sometimes covering only one quarter of a hectare. Banana cultivation is highly labour-intensive and accordingly, the banana cooperatives permanently employ many workers. Another important characteristic of the banana sector in Piura is that the location is a desert-like region in which water is a highly valuable good.

The average interviewee in the [banana case](#) was 49 years old, lived in a household of 4 people, 4 % of the interviewees had no education, and 19 % of the interviewees had attended university (n=672).

[Cocoa](#) production and trade in Ghana is regulated by the state. Until 1992, the state-owned Ghana Cocoa Board (Cocobod) was the only permitted cocoa buyer and exporter in Ghana.

¹⁴ Wording from the Fairtrade Standard for Tea for Hired Labour (version 01.05.2011_v1.1), page 7: „For conventional and organic teas from the *Camellia* plant made using the orthodox production method (except fannings and dust), a Fairtrade Minimum Price does not apply. The paid price is a negotiated price between the seller and the buyer. On top of the negotiated price the Fairtrade Premium must be paid.“

In 1992, Licensed Buying Companies (LBC) were permitted as cocoa buyers in Ghana, and only in 2000 some qualified LBCs were allowed to export part of their cocoa directly. The LBCs do not compete in pricing because all buyers pay a floor price for cocoa to the farmers, determined by Cocobod. This means that the only form of competition between the buyers is through offering extra services to the cocoa farmers. On the one hand, the regulation of the cocoa sector offers a reliable trade to cocoa farmers, which is advantageous for them. On the other hand, cocoa farmers in Ghana are not accustomed to bargain collectively, and the lack of competition between LBCs results in a lack of motivation with regards to good farming practices on the side of the cocoa farmers. The largest nine LBCs share around 95 % of the market, the cooperative union investigated in this impact study, is one of them. Another fact of the Ghanaian cocoa sector is that the farmers have rather low productivity levels.

The average interviewee in the [cocoa case](#) was 49 years old, lived in a household of 7 people, 44 % of the interviewees had no schooling, and 1 % of the interviewed cocoa farmers had attended university (n=739).

The [cotton case](#) was investigated in Gujarat, India. Due to the caste system deriving from the Hindu religion, Indian society is very hierarchical. In Gujarat, the Hindu religion is more strongly rooted than in most other Indian states, and in rural Gujarat, religious and cultural norms determine the everyday life of the farmers and their families, meaning that the attitudes towards caste and gender are very firm. Accordingly, the organization of farmers belonging to different castes is a special challenge, particularly for Fairtrade and its standard-required democratic participation and decision-making. In the Indian cotton sector, genetically manipulated seeds are already the norm and accordingly, the difference between conventional and organic cotton farming is high, as the consequences for the various cotton farmers are diverse. The average interviewee in the [cotton case](#) was 41 years old¹⁵, lived in a household of 5 people, 20 % of the interviewees in the cotton case did not have any schooling, and 2 % of the interviewed cotton farmers had attended university (n=766).

Before moving on to the following section of the report describing the investigated results of the study, it is important to note that the study could not investigate in detail all important Fairtrade-related aspects. Covering six product sectors in four countries and investigating five thematic areas, the impact study had a very broad thematic focus. Accordingly, not all important concepts and topics could be investigated in detail, as each field trip to collect data lasted only five days per case. Important aspects for Fairtrade, such as workers' organization and empowerment could therefore not be explored exhaustively, the same applies to the issue of child labour.

4. Results: Changes in the Social Structure of Communities

The implementation of Fairtrade is supposed to contribute to positive changes in the social structure of communities and of work places. Health, education and gender are exemplary determinants of social structures, and Fairtrade-induced impacts in these three areas will be described in the subsequent chapters.

¹⁵ Farmers in all of the four investigated sectors (SPO and CP) were found to be rather old, which shows that the agricultural sector is not attractive to the younger generation. This problem was detected, but could not be investigated within the scope of this study.

4.1 Health

All interviewees of the surveys were asked to prioritize five development areas, using picture cards which the interviewees had to put in order of importance. Results show that health is the second most important investment area for the workers and farmers interviewed, as chart 1 illustrates¹⁶:

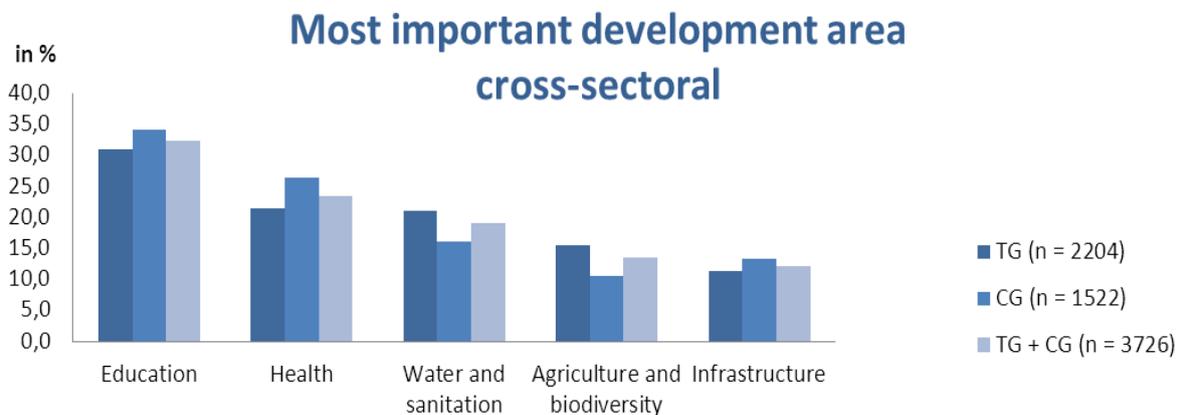


Chart 1: Priority of development areas, cross-sectoral

Fairtrade had mostly an indirect positive impact at the community level on the health aspect in the investigated communities, but it did not have impact on the development of certain health indicators such as the prevalence of human immunodeficiency virus (HIV) or of tuberculosis (tb).

In the [flower case](#), both CG and TG each employ one nurse on each farm. Workers can consult this nurse on every health matter, not only when they are injured on the farms. There is a doctor coming to each of the three TG farms once a week, and the CG has a contract with a local hospital which sends two doctors twice a week to the farm. The nurse and the female workers at the TG PO mentioned that it would be very helpful to have a laboratory on the farm. Since the nurse cannot implement laboratory tests, she often has to send the workers to the hospital for these tests. Going to the hospital for the workers means spending a lot of time and also money on the bus fare.

Both the TG PO and the CG PO had nurses working on the farms and regular doctor's visits before they were Fairtrade-certified. According to interviews with villagers, the non-Fairtrade-certified flower farm also employs a nurse on the farm who works closely with the village health center. Thus, Fairtrade did not bring any change in this regard, because the employment of health personnel is common on flower farms in Kenya. New due to Fairtrade in the [flower case](#) (standard requirement) is the check-up of workers' health: Workers on both farms have to be checked on health matters before starting work on the farms, and each worker leaving work on the farm will be checked again. There is also a sample of 10 % of the workforce that will be checked on health indicators each year. Sprayers have to periodically undergo an additional blood test. They will not be assigned for spraying but given other duties when their blood tests are positive, showing negative results such as high levels of

¹⁶ The report is not structured according to the importance of the five development area, but according to a prior determined structure.

chemical inhalation. This is an important security aspect for workers and sprayers on flower farms which Fairtrade has brought about for them. From interviews with workers of a non-Fairtrade-certified flower farm, it was not clear whether this farm also practices such health checks-ups. The most important change Fairtrade brought about regarding health are the restrictions concerning the spraying of the flowers: Through Fairtrade, spraying is reduced in frequency and needs to be documented. Only male workers are allowed to do the spraying and only at specified times, wearing protective clothing. This way, all workers are protected from dangerous chemicals. This improvement was mentioned in all qualitative interviews with male workers.

The TG PO organizes and finances typhoid immunizations every three years for the surrounding communities financed with Fairtrade premium money. All inhabitants of the communities have access to the immunizations but since more people show up than can possibly be served, immunizations are organized according to the principle of “first come, first served”. In 2010, 20,000 people were vaccinated against typhoid in a TG village.

According to information from community health workers at a TG village, the prevalence of human immunodeficiency virus (HIV) in the area is around 50 % and tuberculosis (TB) is equally high. Using Fairtrade premium money, the TG PO has supported the village in various awareness training programs on HIV, as have other entities including the Kenyan government. According to the community health workers interviewed, the training courses have had positive impacts, as young people are no longer infected in numbers as high as before¹⁷. The research team found proof of the high awareness of HIV in a group discussion with pupils at the local primary school. During this discussion, around 80 % of the pupils mentioned HIV as a threat to them and their families and knew how to prevent it. One pupil explained that it was his dream to find a cure for HIV. Although community health workers in the TG village described an improvement with regards to the HIV infection rate and awareness, it is not possible to attribute this improvement directly to Fairtrade. Nevertheless, the awareness campaigns of the TG PO (financed with Fairtrade premium) did play an important role, according to the interviewees.

The CG spent Fairtrade premium money on a TV set and DVD recorder and a generator for the dispensary in one CG village. The dispensary of the other CG village, in which no Fairtrade-certified flower farm is present, from time to time receives support from a non-Fairtrade-certified flower farm. Similar to the support that the Fairtrade-certified farms give to the dispensaries in their own communities, the dispensary needs to write letters of proposal and suggest a possible project to the flower farm which it could support or implement. Also, the dispensary in that CG village collaborates with the flower farm's nurse by conducting the flower farm's laboratory tests.

Accordingly, the health measures demanded by Fairtrade are (in similar ways) respected on non-Fairtrade certified flower farms. In the frame of this study, it could not be investigated whether these measures were adopted at the non-certified flower farms after the introduction of Fairtrade in the flower sector (and due to Fairtrade or other flower specific certifications), that is, whether Fairtrade served as a role model, or whether other farms simply introduced their own social policies independently from any certification.

At the TG PO in [the tea case](#), a doctor should be coming to the dispensary every two weeks. However, at a visit at the dispensary, on January 24th 2012, the research team learned that

¹⁷ Unfortunately, the community health workers interviewed could not give exact numbers of current HIV infection rates.

the doctor's last visit was on December 18th, 2011 (more than five weeks earlier). This doctor is on the payroll of the company and whenever there is an emergency, he can be called and will assist. At the dispensary, one nurse, one midwife, one pharmacist, and one cleaner are employed.

Treatment at the dispensary is always for free, yet to see a specialist, the workers need to travel to Darjeeling Town which is 35 km away, and the transport costs 3000 INR (~60 USD) both ways. All public health services are also for free (dentist, midwife, etc.). The scarce supply of water was mentioned as the major health problem by the health personnel interviewed.

According to the Indian plantation and labour act, a plantation needs to provide a hospital whenever it has more than 1000 workers. This applies to neither the CG nor to the TG farm. However, the former owner of the CG farm constructed a 16-bed hospital which is still operational. At this hospital, one doctor, one pharmacist, two midwives, one nurse, and one medical attendant are employed, and treatment is for free. Whenever the workers on the CG farm need a specialist, they need to go to Darjeeling Town. Darjeeling Town is around 40 kilometres (km) from the CG farm, and the transport costs around 3000 INR (60 USD), both ways. For the Rainforest Alliance and the Fairtrade certification, there are quarterly training courses on health issues at each certified tea garden (TG and CG), which teach for example the identification of hazardous areas or show which snakes are dangerous. Every 25th person of the CG farm is trained in First Aid. With a total of 813 workers, there are approximately 32 workers trained in First Aid at the CG farm.

According to statutory regulations, there should be an ambulance set up at each of the tea gardens of the company analyzed in this study, but according to the information gathered in interviews with workers, this ambulance does not work efficiently. In all group discussions with workers at both farms as well as in interviews conducted with workers and representatives from different institutions, it was stated as a major problem that the ambulance at the farms was hardly available. The management of both farms and at the company headquarters stated that there was a working ambulance at all tea gardens, but according to the workers, access to this ambulance is not sufficient.

Fairtrade did not have an impact in the health sector on the farms visited, since the existing (and in some cases insufficient) health facilities and services were installed before the Fairtrade-certification. The research team did not find proof for the diminishment of injuries due to the training programs on health, since these training courses are the same for Rainforest Alliance and Fairtrade and it is not possible to trace them back to one certification. In the [tea case](#), workers expressed concern about the bad health situation in almost all interviews. Above all, they missed a well working ambulance. The compatibility of this situation with Fairtrade standards should be checked.

To summarize, in the [HL cases](#), Fairtrade sets important standards concerning health issues of workers. As seen, some non-certified farms do respect (some of) the same standards as Fairtrade-certified farms adhere to. However, Fairtrade is an independent organization that controls the adherence to the standards, which is not a given on non-certified farms and Fairtrade accordingly has a positive impact on the health situation of workers (through the regular controls of standards adherence). The findings of the [flower case](#) show that Fairtrade can also bring about a positive change for communities in the HL sectors, when the cooperation between staff from local health posts and POs works well. As responsibilities in the Indian [tea case](#) are divided between tea garden owners and the Indian state, it is challenging to

provoke changes in public goods, and so far Fairtrade could not achieve any changes concerning health in the [tea case](#) in India.

In the [coffee case](#), Fairtrade premium was invested hugely in infrastructure, which impacted positively on the health situation. The investigated cooperative of the target group even has its own machines for constructing roads. This led to an easier access to the villages of the coffee farmers and made traveling to the hospital easier and cheaper. Fairtrade accordingly had an indirect impact on the health situation, by not directly targeting the health sector but by improving another area (infrastructure) that led to a positive impact on the health sector (indirectly). Observations showed that in the comparison villages, the Peruvian state constructed streets wherefore there was no difference detectable between target and comparison group regarding infrastructure (which impacts on health services). Chart 2¹⁸ illustrates the results of the survey and confirms qualitative data by showing that TG and CG felt positive changes of the health situation over the last five years, with a minimal (insignificant) difference (of 1 %) in favor of the CG.

The TG PO hardly cooperates with local health posts (only in one village, a post was constructed by the TG PO, yet was no longer in service at the time of the field visit) and accordingly, Fairtrade did not have a direct impact on the health situation of the communities. But the Fairtrade-certified PO clearly assumed the responsibility of the state when constructing roads and hence, changed the situation of infrastructure of its members and their communities positively. Although this impact is not detectable when comparing target and comparison group, it is evident from qualitative interviews and quantitative data (chart 2).

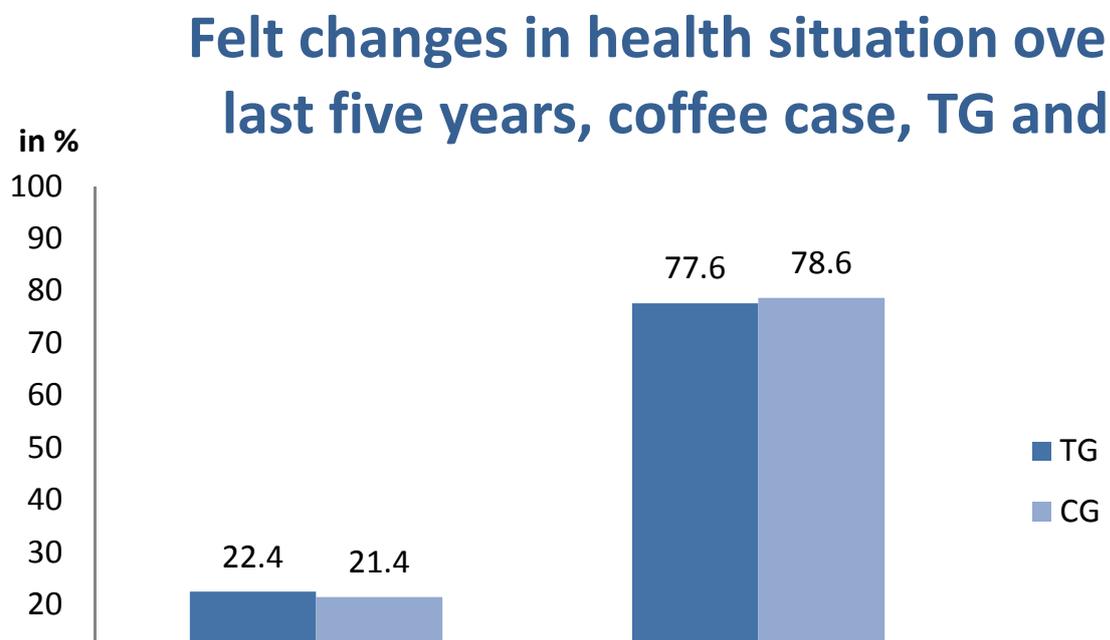


Chart 2: Felt changes in health situation, coffee case

The cooperatives in the [banana case](#) work with local health posts, supporting information campaigns and financing materials and in one case the salary of one doctor, one midwife and one laboratory assistant between 2009 and 2011. Unfortunately, communication be-

¹⁸ Due to the high presence of Fairtrade in the Peruvian coffee sector, it was only possible to interview a small number (14) of non-certified farmers, see chapter 1.4).

tween the cooperatives and the staff of the health posts does not always work well, which leads to misunderstandings among the health personnel, hence the cooperation between health posts and banana cooperatives is not completely successful. In the comparison communities, a foundation of a leading international fruit trader is operating giving free medical care to the producers of a comparison PO. According to information collected via interviews, it is most probable that this foundation started its activities in Peru because of Fairtrade and hence, Fairtrade had a positive impact even in the comparison group. However, this information was not verified by interviewed staff of this foundation (more details will be described in chapter 6.1).

In the [cocoa case](#), the interviewed farmers of both, TG and CG, rated health as the second most important development area, as shown in chart 3¹⁹:

The management of the investigated Fairtrade-certified PO recognized this necessity of the farmers and installed a mobile clinic for its members. However, the PO's radius of action is vast and so far, the interviewed cocoa farmers in the investigated region have not benefited from this mobile clinic because it has not been present in their communities. Fairtrade accordingly did not have impact on the health situation in the investigated region in Ghana.

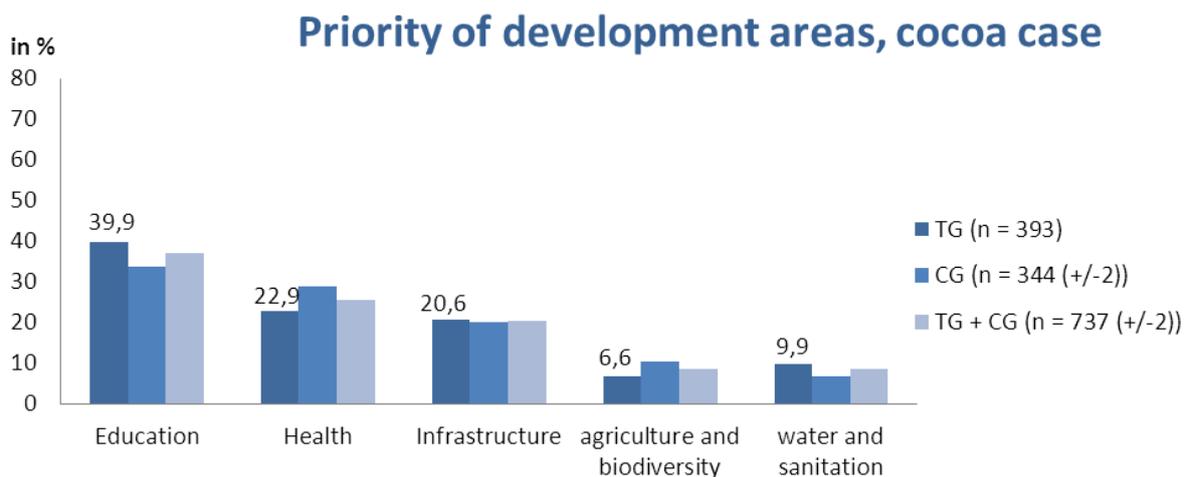


Chart 3: Priority of development areas, cocoa case

Observations in the [cotton case](#) in India show that the Gujarati government invests hugely in health services for the rural population, which lead to a good health infrastructure. Nevertheless, health is still the second most important development area for the interviewed cotton farmers, as can be seen from chart 4:

¹⁹ Not all interviewees prioritized each development area which results in varying indications of the number of respondents (n).

Priority of development areas, cotton case

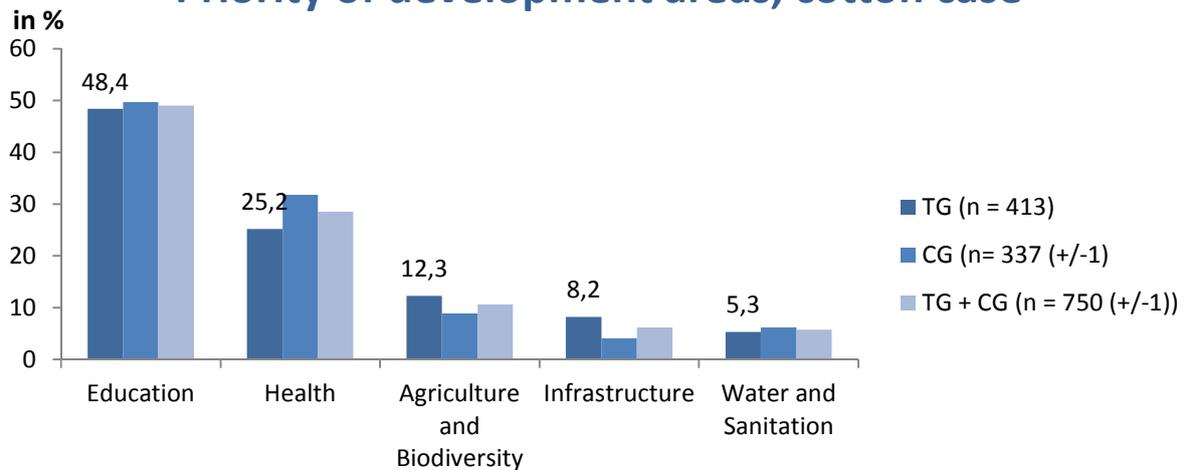


Chart 4: Priority of development areas, cotton case

Cotton farmers (TG) in the investigated region did not invest Fairtrade premium money in health services, neither did the investigated PO cooperate with health posts. Accordingly, Fairtrade did not have any impact on the health situation of the cotton farmers in the investigated region (Gujarat, India).

Fairtrade has another important impact on farmers' health situation in the SPO cases: access to improved health insurances is often only available for farmers in cooperatives and for farmers who hold a land title. Since Fairtrade supports the organization of farmers in cooperatives and in some regions is the reason for founding cooperatives (e.g. the banana case in the investigated region), Fairtrade indirectly helps the farmers to get better access to improved health insurances.

On this basis, it can be concluded that in the [SPO and CP cases](#), Fairtrade has an indirect impact on the health situation by improving infrastructure. Fairtrade can have further impact by working with local health posts. However, the cooperation between cooperatives and health posts does not always work well. This was the case in two TG banana cooperatives and in the coffee TG cooperative²⁰.

4.2 Education

The awareness of the importance of education is high among all interviewees of all investigated cases; education was the development area rated as most important when analyzing all cases together (cf. chart 1).

In the [flower case](#), Fairtrade had a positive impact on the education sector. The Joint Body (JB) of the TG PO supports 13 schools. All schools and the JB meet about three times a year to plan the JB's support to the schools. In these meetings, the JB asks the schools to write

²⁰ In the coffee TG PO only very few farmers (80) hold a land title and accordingly, only a small number can benefit from the health insurance.

proposals for projects they could sponsor²¹. Normally the Joint Body finances 75 % of the projects, and the schools have to come up with the other 25 %. Since schools have very scarce resources, these 25 % already present a major obstacle to them, but the schools usually find other sources and can invest the money. This contribution of the schools is important in order to create a sense of ownership that includes proper maintenance of the projects. Fairtrade premium money at the TG PO in the education sector was used, inter alia, to finance the class 8 exams at the local primary school, to support school with tables for teachers, desks for pupils, building administration blocks, and for building toilets. Every year, the best two pupils receive a stipend that covers the four years at secondary school. Although the JB of the TG PO normally ask for proposals before implementing a project, in September of 2011 they organized a prize-giving day on their own initiative. On this day, the best-performing pupils and teachers were rewarded with a prize, which the schools could later take with them to organize their own prize-giving days (24 trophies per school). The headmasters were very grateful for the prize-giving day and saw it as an extraordinary initiative.

There is no data available from the years before the flower farms' JB's started to support the schools, but the school teachers' statements made it clear that the attention the JB's give to the children made an important difference to the pupils.

In the CG village, the CG PO does not support the school visited, but another Fairtrade-certified Flower farm does. The headmistress of a primary school said that before Fairtrade helped the school, "this school was not even recognizable as a school. When it comes to talk about the improvements brought by Fairtrade, I can stay here for one whole day²²."

The observation at the village without Fairtrade was very different. Close to the school of this village, there is a non-Fairtrade-certified flower farm which from time to time helps the school in similar ways to the JB's of the Fairtrade-certified flower farms: e.g. by giving scholarships to the pupils who are admitted to secondary school or by building toilets for the school. The important difference between the support from the Fairtrade-certified flower farms and the support from the non-certified flower farm lies in the organization of the support. Since the JB's work closely with the school teachers, these are involved in the development projects and help making them a success. In the CG school, the head teacher reported that they would not know if the flower farm will offer any stipends until secondary school has already begun. Consequently, the stipends do not serve as motivation for the children since they do not know whether there is a chance of getting such a stipend. Similarly, the school was not involved in the CG flower farm-financed drilling of a borehole and the construction of toilets for the school. Both projects were financed by the flower farm but not successful because there is no water for the toilets, and the borehole cannot be used because a costly system was installed for sharing the water with the dispensary and the school does not have the money to pay for the water. According to the head teacher, people from the CG flower farm would just show up and suggest projects or offer stipends.

In the [flower case](#), it is shown that Fairtrade can have a very important positive impact on the education sector. The Joint Body of the TG PO works closely with school teachers, parents, and pupils and thus ensures that the support meets the demands and is effective.

²¹ Each project organized by the JB is run by a subcommittee. For the different school projects, there are different subcommittees.

²² Because the concerned Fairtrade-certified PO is not part of this study, this organization's activities are only described where it is important. Nevertheless, it should be mentioned that this PO's contribution to the visited primary school was extraordinary.

In the [tea case](#), Fairtrade brought about a small change in terms of education. The PO of the target group gives scholarships to pupils, but the comparison group PO had already done so before the introduction of Fairtrade, and there was no detectable difference between TG and CG in the tea case.

The Fairtrade impact on the education sector in the different [SPO cases](#) varies and so does the education level of the farmers. While 96.6 % of the [banana farmers](#) (n=672) finished primary school and above (secondary school or university), only 55.5 % of the [cocoa farmers](#) (n=713) have done so. The [cotton](#), [tea](#), and [cocoa cases](#) are those that show the lowest education level amongst the interviewees. The rate of farmers who have no schooling at all is highest amongst the cocoa farmers, with 44.5 % (n=713). Chart 5 illustrates the findings concerning the education level of interviewees for all six investigated cases in the six product categories, indicating the percentage for interviewees with the highest graduation level (university) and the lowest graduation level (no schooling):

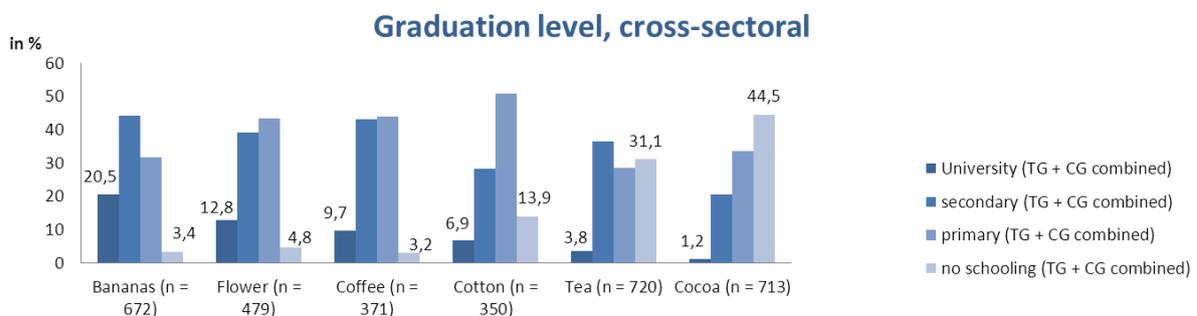


Chart 5: Graduation level, cross-sectoral

In the [coffee case](#) Fairtrade brought the most important change for the education sector through improved infrastructure (building of streets with Fairtrade premium money, s. chapter 4.1). According to interviews with teachers, improved access makes the villages more attractive for teachers to live and work there, and makes it easier for the pupils to reach school. As described in chapter 2.1, improved infrastructure was to be found in the TG and the CG, while in the TG infrastructure was financed with Fairtrade premium money, in the CG it was the state which constructed roads. The TG PO formerly had supported school children's families by financing notebooks and pencils, but these days the cooperative has stopped supporting the schools. The schools of the comparison group did not receive any support.

In the [banana case](#), the POs of the target group worked with the schools, supporting extra classes and school maintenance. The banana POs are the only organizations providing support to the schools, but as in the health sector, misunderstandings lead to a critical attitude towards the banana cooperatives. The interviewed school staff complained that they'd received very little help. School staff was not aware of the limited financial resources of the POs, neither did they know that the support was decided by the farmers rather than the PO presidents. This misunderstanding led to frustration among teachers over unanswered letters to PO presidents. While the POs (TG) were highly motivated to work with the schools, the schools felt neglected by the POs. It is not easy to understand that school and health staff were not more grateful for receiving support from the banana cooperatives. In order to avoid the described critical attitude and to make the projects more successful, health and school

staff should be integrated into the planning of the projects, similar to the way the JB of the TG PO in the flower case collaborates with local institutions (cf. above). This way, the staff of local institutions would feel like being a part of the projects (having ownership) and more easily understand the limited financial resources available for projects.

The PO of the target group in the [cocoa case](#) did not collaborate with schools in the investigated villages, the same applies to the [cotton case in India](#). Accordingly, Fairtrade did not have any impact on the education sector in the investigated area of the [cocoa case](#) and the [cotton case](#). Interestingly, in both cases, education was stated as the most important development area by the interviewed farmers, as can be seen in charts 3 and 4.

In summary, it can be stated that the impact on the education sector is strongest where POs work closely with local institutions, that is, where local school staff knows about Fairtrade and how it works. This way, projects target the most important areas and through ownership among staff, projects are more sustainable.

As described, Fairtrade's impact on the education sector regarding [SPOs](#) varies. In the [coffee case](#), the impact is indirect (through improved infrastructure), and in the [banana case](#), small projects concerning pupils' awareness on environmental issues are good, but could be improved. In the [cotton](#) and [cocoa cases](#), Fairtrade did not have any impact on the education sector in the investigated areas.

Summarizing, it can be stated that Fairtrade can have considerable impact on the education sector in rural regions when collaborating with local institutions, with the flower case being a very good example. In all cases, education was seen as a very or the most important development area and accordingly, workers and farmers should be supported to help in improving the area most important to them.

4.2.1 Child labour

In many countries, farmers in the agricultural sector need their children to help them on the fields. As long as this help does not negatively affect the children's health or education, it is fully acceptable that children help their parents on the fields. However, whenever children cannot attend school because they have to work on the fields, or whenever this work affects them physically, this is a form of child labour that must be prevented. Fairtrade explicitly prohibits this form of child labour on certified POs. As the field visit to collect data for this impact study lasted only five days, it was not possible to explore the situation of children in the investigated sectors in more detail. On the basis of the data collected, no statements can be made about the difference between TG and CG concerning child labour. In the following, the situation investigated in each sector will be described, based on the data collected which is not differentiated between the children of Fairtrade farmers and other children (not necessarily CG), as they attend school together.

In some cases, children cannot attend school regularly because they have to work with their families on the fields. While details regarding payment for work rendered or availability of schools were not followed up on, the study found that children who work with family members do not attend school full time. If children under fifteen years are engaged in work full time or work is preventing them from attending school, this is a non-compliance on the child labour aspects of Fairtrade standards. However, if the child is above the age of fifteen and the legal minimum age for work is no higher than this, working on family fields' may keep them from going to secondary education and could have a negative impact in terms of rea-

sonable employment later in life. On plantations and large farms (that is in HL cases), child labour non-compliance can be controlled effectively with employment contracts, and this study has not found this to be an issue in the investigated HL settings (flower and tea cases). It is important to note, however, that the investigated POs of the CG also were Fairtrade-certified (recently) and accordingly, in this report the situation regarding child labour in non-Fairtrade certified flower and tea plantations cannot be described.

In the SPO and CP settings, child labour has been identified as a problem. This is especially the case during harvest season when most small farmers depend on their children's help on the fields. This applies to all farmers and is not Fairtrade-specific. In the coffee as well as in the banana case, this problem was not identified, but in the cocoa and cotton cases, child labour non-compliance appears to be a problem. For example, in the cocoa case, the investigated SPO is aware that child labour is a problem creating a difficult situation and in 2010 established a child labour program including awareness training on Fairtrade standards and rights-based approaches used to tackle the harmful and abusive forms of child labour²³. Indeed, the research team observed that most of the interviewees knew that abusive child labour (hazardous and worst forms) needs to be eliminated²⁴ and that children should not work for long hours on the farms. Around 60 % of interviewees in the cocoa case addressed this topic without having been asked for it. Nevertheless, many interviewees, above all the cocoa farmers, explained that they simply needed their children's help on the farms. In the researchers' view, as long as farmers depend on the excessive help of their children in order to feed the whole family, farmers do not have any other options, especially during unforeseen negative household circumstances, than confining their children to their farms by withdrawing them from schools.

²³ The concerned PO has different strategies to fight child labour. The research team could not observe all of these strategies in the communities, which is why this report only describes the observed parts of the child labour program.

²⁴ The help of children on the farms of their parents is not illegal child labour, but they should not miss school or suffer physically from this work (see definition of child labour by the International Labour Organization (ILO): <http://www.ilo.org/ipec/facts/lang--en/index.htm> (09.06.12)).

In the **cotton case**, an average of around 28 % (estimated by the interviewed teachers) of the pupils in the TG villages²⁵ are absent from school during harvest season and miss classes. In the comparison group village under investigation, this number amounts to 60 %, but this high percentage is also due to the fact that labour in the CG is costlier than in the TG (because of its location). Furthermore, children not only work on their parents' field, but they also work for

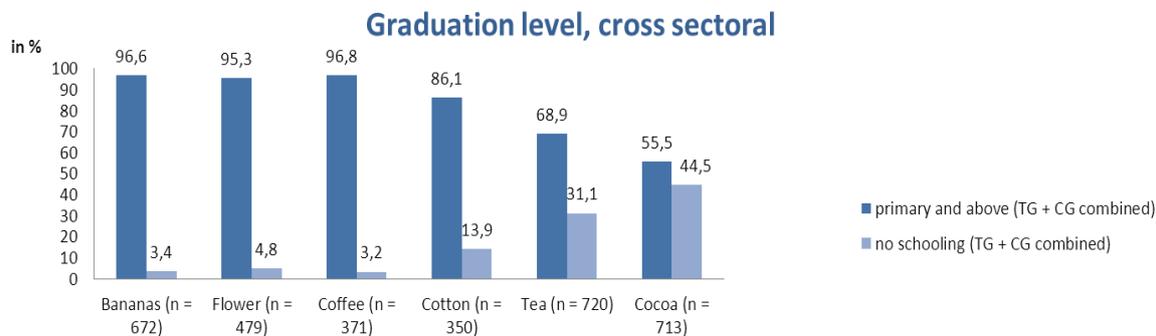


Chart 6: Graduation level, primary and above

other farmers not related to them or their family. As indicated in an interview, an adult labourer in the Indian **cotton case** costs 200 INR (3.80 USD) a day, while a child labourer costs 150 INR (2.90 USD) a day, which is why many farmers prefer to employ children.

A pattern emerges from the findings for the **cotton** and the **cocoa cases** regarding education: In both cases, education amongst the farmers is rather low (cf. charts 5 and 6), in both cases the excessive help of children in the agricultural production especially during harvest season is a real problem (cf. above) and as such is non-compliant with the relevant Fairtrade standards. In both cases, education was stated as the most important development area (cf. charts 3 and 4).

In the **cocoa case**, the TG PO's awareness training is developed and partly financed with Fairtrade premium money. This study found that through this Fairtrade had a positive impact on the awareness amongst cocoa farmers regarding the negative sides of child labour. In contrast, similar awareness on child labour could not be identified in the **cotton case**. It is recommended to target the problem of child labour in both cases, **cocoa and cotton**, building upon best practices of the **cocoa** TG PO's child labour program as well as others. In other countries (e.g. in Honduras), school vacations are organized during harvest season to ensure that children who support their families do not miss school. If there is a possibility for Fairtrade-certified POs to approach schools and suggest this solution, it would be highly recommendable to do so.

4.3 Gender

In the **flower case**, Fairtrade brought positive changes to female workers on the certified farms. Female workers of the CG and the TG have three months of maternity leave plus one month annual leave, male workers on both farms have the opportunity of taking paternity leave for two weeks. Breast-feeding women are allowed to leave the farm one hour earlier each day for a period of three months after maternity leave. Although these measures are in agreement with the Kenyan Collective Bargaining Agreement (CBA), female workers of

²⁵ This number refers to all pupils and does not differentiate between Fairtrade farmers' children and other children.

Fairtrade-certified TG and CG POs stressed that they had more maternity leave than their friends who worked on farms that were not Fairtrade-certified. This shows that other farms do not adhere to the CBA²⁶. At the TG PO, there is a gender committee which according to interview statements of male and female workers meets the needs of men and women. This committee is comprised of one female and one male worker from each of the three farms, that is, three women and three men in total. There is special training available for female farmers, in which the women are told about the principles of non-discrimination and how to handle abuses of these principles; in these training courses women are also taught family planning measures. In group discussions, female workers of TG and CG reported that they feel they would always have an advocate and that they would not feel disadvantaged or vulnerable as female workers. On both farms (TG and CG), all workers (male and female) are paid the same salary for the same job. According to the workers of the Fairtrade-certified flower farms (TG and CG), most female workers at non-Fairtrade certified flower farms do not enjoy maternity leave, or only a very short one. However, one female interviewee of the non-Fairtrade-certified flower farm reported that pregnant workers at this farm also have three months' maternity leave plus annual leave, but male workers cannot take paternity leave.

In the [tea case](#), both the CG and the TG farm have principles of non-discrimination. But neither farm has institutions that respond to the violation of these principles. There is no gender committee on the farms, nor a gender representative. Workers don't have a contact person to report to in case of sexual harassment. Until 2010, only men could be supervisors, and women worked as day labourers. This constellation posed risks to women, because women were always dependent on men, who in turn knew that female workers would never be in a position to claim their rights, since there is no institution or responsible person regarding sexual harassment. Women on both farms stressed that they needed toilets on the tea garden, because they don't have proper facilities for their needs.

The women in group discussions in the [tea case](#) did not find it a problem that there is no institution or person available to consult in case of sexual harassment. Female workers reported that they could fight for themselves in case someone wants to do them harm. However, an expert on the tea case as well as literature on the topic²⁷ describe that female workers often experience sexual harassment from their superiors and that this harassment was almost seen as normal, not something you need to report. Consequently, the research team finds it a very difficult situation for female workers in the [tea case](#) and strongly recommends the installation of a gender or women committee.

Concluding the [HL](#) cases, the high organizational level of the POs can benefit the female workers because they allow for an easier establishment of gender committees. This was done in the [flower case](#), where Fairtrade had a positive impact for female workers. In the [tea case](#), Fairtrade did not have any impact, since there were no changes implemented through Fairtrade regarding gender issues. The work-related "gender hierarchies" (with only male workers in higher positions) which existed until 2010 and the fact that women don't have a separate toilet in the tea gardens (where they spend 8 hours daily) present critical circum-

²⁶ The non-adherence of flower farms to state laws concerning working conditions most probably applies to other areas too. On this research trip, it was not possible to prove the adherence to state law by non-certified flower farms.

²⁷ For more information see for example the document "The Tea Sector, a Background Study" from Oxfam, 2002: <http://www.maketradefair.com/assets/english/TeaMarket.pdf> (28.02.2012).

stances for women. It is highly recommended to support the tea case PO in establishing gender-sensitive policies and (most importantly) to put these policies into practice, e.g. establishing a gender committee, constructing bath rooms, offering gender-sensitive training.

In the investigated **SPO and CP cases**, there were very few female farmers and accordingly, very few female members of Fairtrade-certified POs, as illustrated in charts 7 and 8 which show the ratio between female and male farmers who were interviewed for the surveys. This means that women only have an indirect opportunity of participating on the decision about business objectives of the PO, and Fairtrade premium spending.

Ratio between male and female farmers, SPO and CP cases, TG and CG combined

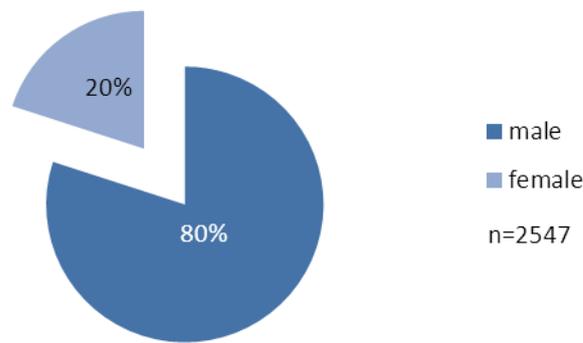


Chart 7: Ratio male and female farmers, SPO and CP cases

Ratio between female and male farmers (SPO and CP cases)

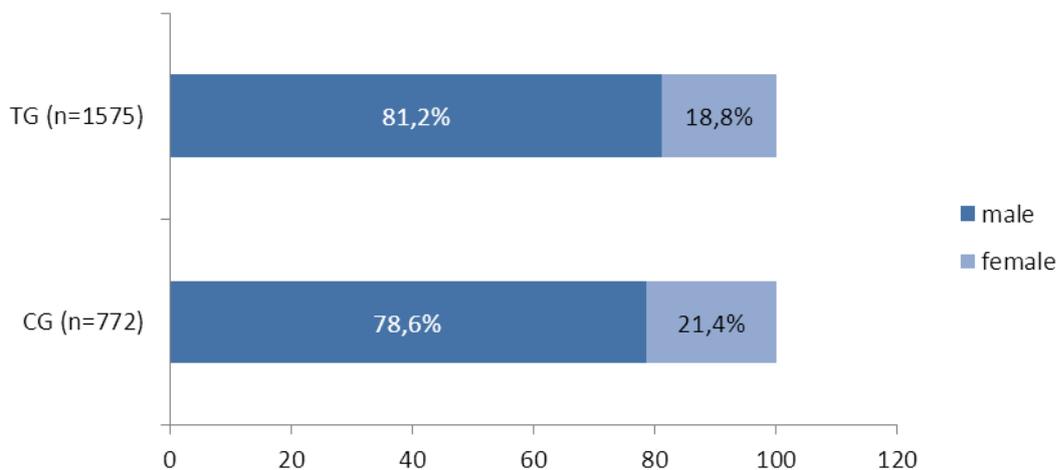


Chart 8: Ratio female and male farmers, TG CG separated

In the [coffee case](#)²⁸, the wives of the coffee farmers in the TG are deeply involved in the decision-making process about the Fairtrade premium. The discussion about the usage of the premium involves the whole community and in the discussions the farmers and their wives are present. The interviewed women in the coffee case (TG) know very well how much premium money the community is supposed to receive as Fairtrade premium and how the decision over the premium money is taken. Furthermore, in the [coffee case](#), there were women's committees established in which women have the opportunity to receive training courses on practical topics, such as handicraft or cooking. Similar committees existed in one of the cooperatives of the CG, but this cooperative receives no premium or other money, and there are no major decision-making processes at the community level in which men and women take part.

In the [banana case](#), only 11.7 % of the interviewed farmers in the TG were female (n=409) and 1.6 % of farmers in the CG were female (n=163). The female banana farmers (those women who themselves are farmers, not the women who are wives, daughters, or other family members of male banana farmers) not only do the physically hard work on the field but they are also solely responsible for all the housework and the children. According to interview information, female banana farmers work 15 hours a day while male banana farmers work 8 hours daily. The interviewed female banana farmers often talked of their husbands as their "masters" and reported that they always have to ask their husbands for permission whenever they want to do something new (e.g. assume a role in the cooperative). All investigated cooperatives in the banana case (TG and CG) had women's committees. These committees are unique to the banana cooperatives in this region (there are no other similar groups in the investigated region). The women committees support the female members of the cooperatives and the female family members of the banana farmers in doing and selling handicraft and thus help them to achieve greater independence from their husbands through their own income. Unfortunately, due to the scarce free time of female banana farmers have (as described above), they themselves can hardly participate in the committee meetings, but only the female family members of the farmers who themselves do not have to work on the field can do so. That means that female banana farmers cannot benefit from the women committees due to time constraints. Fairtrade accordingly brought about changes to the female family members of farmers, but not to the female banana farmers themselves. Furthermore, Fairtrade could not provoke a real change (impact) as the understanding of gender roles did not change; women are still subordinate to men and dependent on them, which is rooted in Peruvian society.

Another important finding of the [banana case](#) is that teachers and parents/farmers (male and female) reported that many girls would not be sent to secondary school or university because of the fear that the girls could become pregnant and leave school wherefore the school fees would be considered as wasted.

The president of the TG PO of the [cocoa case](#) is a woman and so are 34.4 % of the interviewed PO members (n=393). In the comparison group 39.7 % are female farmers (n=345). The women in the [cocoa case](#) who participated in group discussions do not feel disadvantaged as women and stated that they had the same opportunities as men have. Nevertheless, they explained that it was not possible for them to get the legal land titles which be-

²⁸ Since the sample size of the CG in the coffee sector is so small (n=14), a comparison of the ratio of female farmers in TG and CG, as done in the other five sectors, is not significant.

longed to the families of their husbands and would be in the latter's purview when their husbands die, although it is the wives who work on these fields. This is national tradition and not a problem restricted to Fairtrade. The TG PO has a gender department and offers special training for women, like financial training programs for female farmers and alternative livelihood training courses. In the investigated region, this was only done by the TG PO and no other buyer or NGO and accordingly, Fairtrade brought about a positive change for the female members of this PO. However, the main challenges female farmers face in Ghana – the land acquisition rights – can only be changed by Ghanaian state and society²⁹.

In the [cotton case](#), the situation of the farmers' wives is similar to the one of cocoa farmers' wives: Women don't own the legal title of land; after their husbands' deaths, their sons will inherit the land. Women in rural Gujarat, India, do not usually have another job than the one as housewife, they cannot decide whom to marry and when (neither can men). The research team did not meet any female farmer, and the interviewers met only 6 female farmers (TG and CG combined, of 760 interviewed farmers in total), as can be seen in chart 9. Accordingly, women do not have a voice in the decision-making process on the Fairtrade premium money in the [cotton case](#).

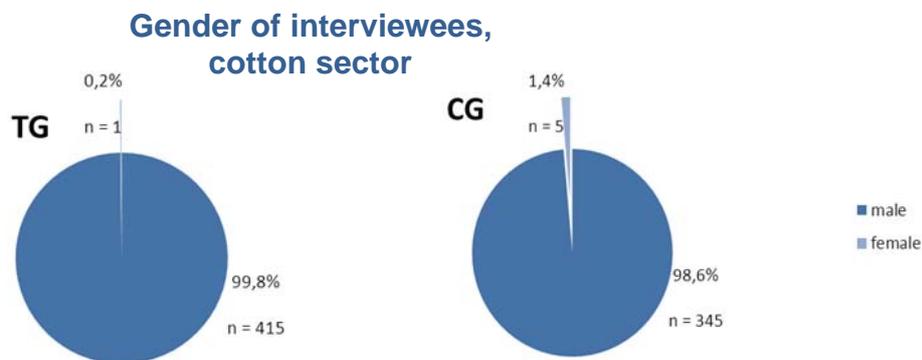


Chart 9: Gender of interviewed cotton farmers

Women (who were not farmers) in a group discussion in the [cotton case](#) reported that they decided together with their husbands on how to spend the money for their family, but they said that there was little to decide about since the money is hardly ever enough to satisfy their basic needs. Each cotton farmer interviewed (all male) stated that women in the village worked a lot more than men but that the culture would prohibit women to be solely farmers and members of a farmers' group. This shows that women's work is appreciated in the [cotton case](#) but that gender roles are very deeply rooted in the culture. There were no differences between target and comparison communities in this regard.

The firm definition of gender roles also affects the attitude of farmers towards girls' education, a finding that applies to all [SPO and CP cases](#). Parents in all of the four cases investigated hesitated to send their daughters to secondary school after having finished primary school because they were afraid that at school girls would get engaged with men. Teachers would also report that one of the most common reasons for girls not terminating secondary school was that they want to have a family of their own and sometimes they would get pregnant very young (teenage pregnancies were especially a problem in the cases investigated in Peru, the [coffee](#) and the [banana cases](#)).

²⁹ Legally it is possible for Ghanaians to bequeath land to both their spouse and children, but few Ghanaians make use of this possibility (cf. Vigneri and Holmes (2009): 5) because in Africa, land rights are at the core of the traditional law which is applied in parallel to the state law but is much more accepted.

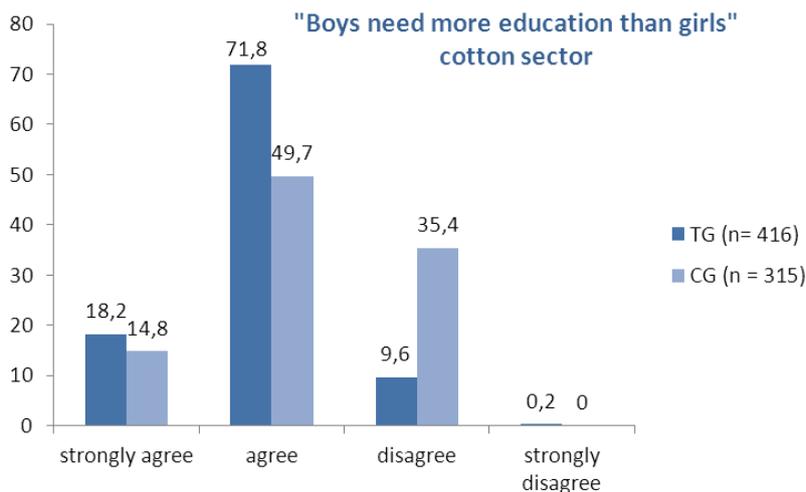


Chart 10: Attitude towards girls' education, cotton farmers

the attitude of interviewed cotton farmers (who were almost all men) towards girls' education. As can be seen from chart 10, no farmer of the CG and very few farmers of the TG (0.2%, n=416) in the cotton case strongly disagreed with the statement "Boys need more education than girls". The chart also shows a rather strong difference between TG and CG regarding girls' education: In the TG, 71.8 % of the interviewed farmers (n=416) agree with the statement "Boys need more education than girls", while it is only 49.7 % of the CG (n=315) who agree with the statement. This difference between TG and CG was not assessed in a comparison of all SPO and CP cases, as chart 11 shows³⁰. The attitude towards girls' education is decisive for the future of women in the cotton sector. Working on this attitude is crucial to improve women's opportunities.

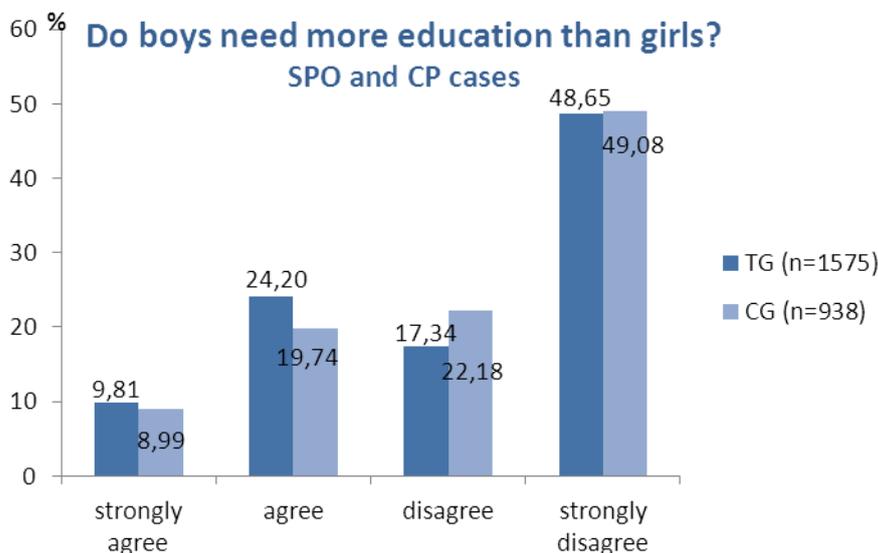


Chart 11: Attitude towards girls' education, SPO and CP cases

Interviewed teachers in the cotton case reported that in recent years the government of Gujarat advocated strongly the education of girls: For example, bicycles were given out to all girls

³⁰ Although in the banana case qualitative interviews suggested a similar attitude as the one in the cotton sector, quantitative data in this case does not verify the qualitative interview statements.

In the cotton case, this fear of parents about sending their daughters to school was strongest and accordingly, least girls went to secondary school: In the surveys, interviewees were asked in how far they agreed or disagreed with the statement "Boys need more education than girls". Chart 10 shows the answers given to this question in the cotton case, that is, the chart shows

after class 8 to make it easier for them to reach secondary school. While secondary school costs 50 INR (1 USD) a year for boys, for girls it is only 5 INR (0.10 USD). However, these measures have so far not been successful in changing parental attitudes to girls' education. Fairtrade did not target gender issues in the **cotton case** and did not have an impact on gender issues in the **cotton case**.

Chart 12 shows that the cotton case represents a difficult setting regarding gender equity and that the attitude of the interviewed farmers towards girls' education differs considerably throughout the investigated SPO and CP cases. While in the coffee case around 90 % of the farmers (n=371) strongly disagree with the statement "Boys need more education than girls", in the **cotton case** no farmer (n=731) strongly disagrees with this statement. In the **cocoa case** about 60 % of the farmers (n=757) strongly disagree or disagree with the statement, while in the **banana case** it is more than 90 % of the farmers (n=672) who disagree or strongly disagree with the statement that boys need more education than girls.

It is important to note that most of the interviewees were male (cf. chart 7) and accordingly, the charts represent pre-eminently male perspectives. In interviews with female workers and farmers in every case, women would always report that they wished another life for their daughters than the one they themselves lead; in particular, they wanted their daughters to have a good education and to endure less hard physical work.

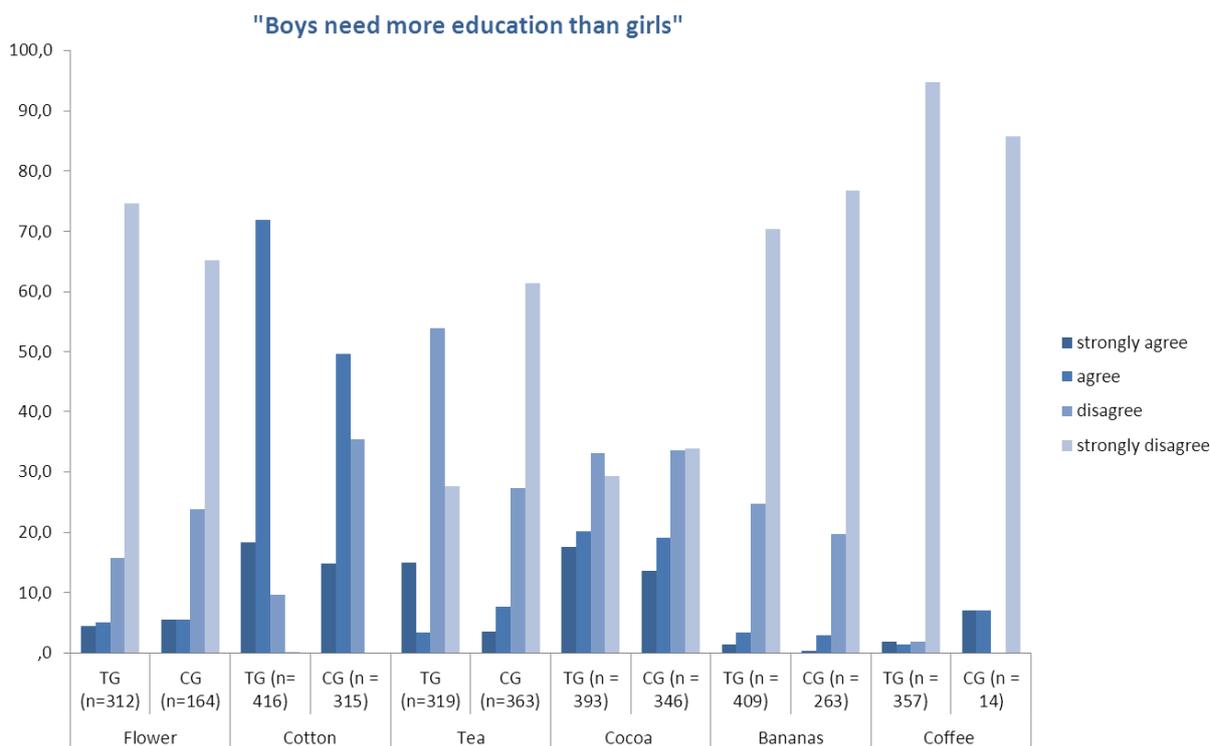


Chart 12: Attitude towards girls' education, cross-sectoral

In conclusion, for the **SPO and CP cases** it can be noted that giving only member farmers (who are mostly male) a say in the decisions taken by the cooperatives and in consequence on the Fairtrade premium money spending poses the risk of consolidating gender roles. This applies to all investigated **SPO cases and the cotton case**. It is recommended to consider how to integrate women more strongly into the decision-making and through this into the PO and community development. It is further recommended to develop a strategy that tackles

the fear of parents about sending their daughters to school and helping to give girls the same opportunities as boys.

Gender issues are culture-specific and mostly sensitive matters. There is no single best way to improve gender equality in all sectors. Fairtrade targets one important pillar of gender equality which is participation. Establishing women's committees, as is done by Fairtrade in the coffee, banana, and cocoa cases researched here, offers women the opportunity to become more independent (e.g. through learning a trade for an extra income source) and to learn more about their rights. A gender committee as established in the flower case helps men and women to handle difficult situations and should be adapted in other HL sectors. Gender equity must not only address women but also male workers and farmers. It is important that men change their understanding of women's roles in order to bring about a positive change for women in rural areas. Therefore, it might be a good idea to collaborate with local NGOs which can elaborate gender strategies for the POs.



In conclusion on the changes Fairtrade brought about in the **social structure of communities**, it can be stated that Fairtrade did have a positive impact on this area in the investigated cases. The key for sustainable positive changes in social structures through Fairtrade is the **cooperation between Fairtrade-certified POs and the community**. The integration of the staff of local institutions into project planning and implementing helps to target the most important development needs of communities. Furthermore, integration of local stakeholders leads to a greater sense of ownership among community members of the implemented projects and thus to the maintenance of projects. In order for a close cooperation between communities and POs to work, a **good organization of the POs and motivated PO staff are necessary**.

5. Results: Changes in the socio-economic situation of farmers/workers and their households

Income, living, and working conditions determine the socio-economic situations of farmers and workers. The Fairtrade standards target each of these determinants, aiming at the improvement of farmers' and workers' socio-economic situation. In the following, this situation of the workers and farmers in the investigated regions will be described and the change Fairtrade brought to their situation will be highlighted.

Information important for the interpretation of the results described in the following chapters is the number of dependents the workers and farmers have, that is, the size of the households. Chart 13 shows case by case the number of people living in one household (TG and CG): Across all cases, an average of 5 people live in one household. In the cocoa case the household size is largest with an average of 7 people living in one household. The smallest households were found in the flower case, where an average of less than four people live in one household.

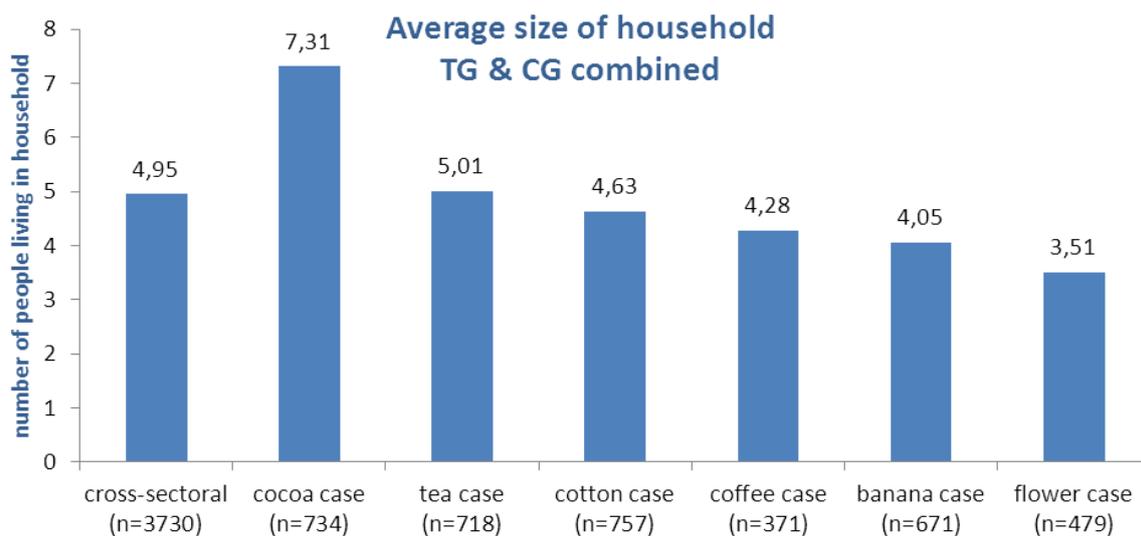


Chart 13: Average size of households

5.1 Employment and economic situation

Consumer prices for staple foods increased considerably over the last years in almost all countries in the world. This affects in particular people in the global south, who mostly have very limited financial resources.

In this situation, it is hardly possible for workers in the [flower case](#) to cover any extra expenses. Thus, a credit scheme (financed with Fairtrade premium money) on the CG PO and the TG PO was often mentioned by workers as an important advantage for them. At the CG PO, workers need to have a guarantor in order to be granted a loan. The guarantor should be a permanent employee of the farm. Workers can ask for TVs, bicycles, house-improvement material, or other items and the PO may advance the money, with the workers paying the full amount back in instalments without interests within a period of twelve months.

This way, workers are able to finance e.g. their children's school fees. At the TG PO, workers receive loans from the premium fund up to 50.000 KES (~500 \$) at a 12 % interest rate, while on the free market these interest rates are around 18%. In several interviews, it was mentioned that the fact that workers get home from the farm with a bicycle or a TV makes the Fairtrade-certified flower farms seem a very attractive place to work.

At the non-Fairtrade-certified flower farm, employees did not mention this kind of financial support. The Fairtrade-induced credit and loan schemes are of great help for workers and allow them to afford things they otherwise would not be able to buy, like bicycles or house improvements. Although these might not be items that workers need for survival, these items improve the workers' quality of life and their social status, an impact of Fairtrade.

In the Indian [tea case](#), no loans are offered to the workers, and the complex structures and relationships between management and workers lead to a strong dependency of workers on their employer, which makes it hard for them to change workplaces. The daily workers (who have the lowest salary level and comprise around 90 % of the total workforce) at the CG PO and the TG PO get a monthly salary of 2000 INR (40 USD). The minimum wage in India is 130 INR a day, the fact that tea workers get only 77 % of the minimum wage is justified by the management of the studied company with the fact that they receive additional benefits (in kind payment). According to the management of this company, this in kind payment is worth another 90 % of the workers' wage and thus a legal practice. All tea workers in Darjeeling receive the same salary, no matter whether a tea garden is Fairtrade-certified or not.

All workers at the TG and the CG farms receive payment in cash and in kind. In addition to their wage, the workers get subsidies, a list of these subsidies can be found in appendix 0.9.

All of these subsidies are statutory and are handled the same way on all tea gardens in Darjeeling. In some years, the Joint Body of the Fairtrade-certified tea gardens of the studied company decides to use the Fairtrade premium money to buy better quality subsidies, e.g. warmer blankets. Payment in kind is a security for the workers that they will always have a roof to sleep under and enough food to eat. On the other hand, payment in kind is another obstacle to a self-determined life. The workers receive exactly what they need to make a living but they can hardly save money to invest in their future or to make major decisions on how to spend the money they earn. They cannot even decide to relinquish tea for some months and instead buy a new dress.

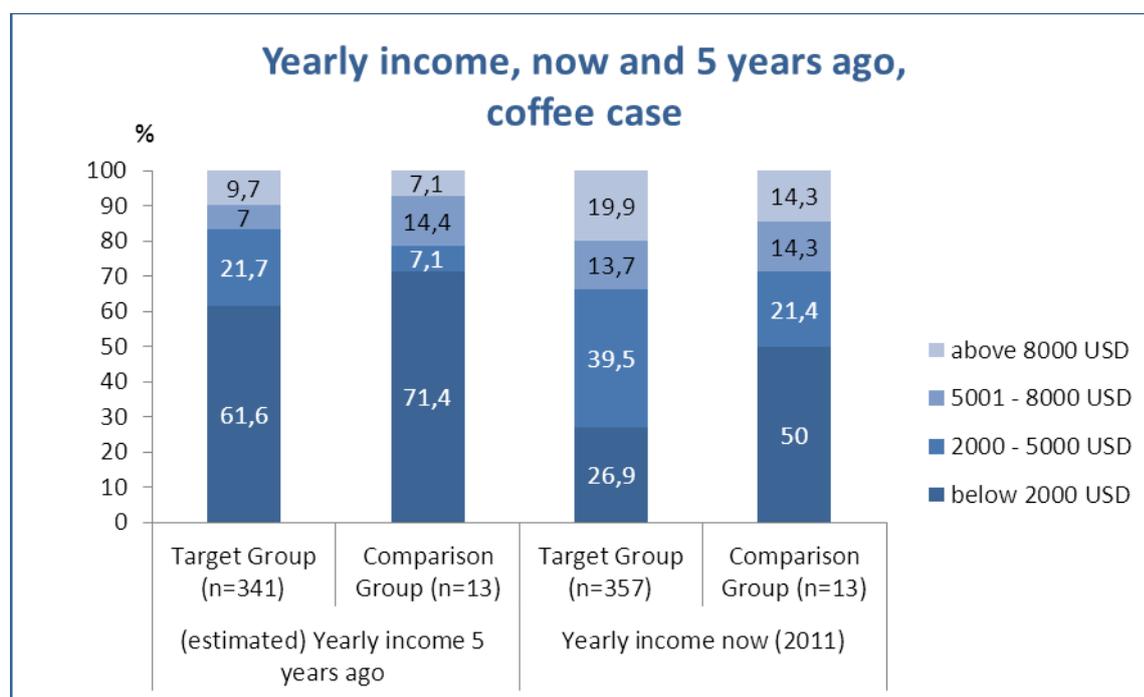
In conclusion on the [HL cases](#), Fairtrade had a positive impact on the economic situation of workers on [flower farms](#) by supporting the opportunity of access to loans at favorable conditions. In the [tea case](#), Fairtrade did not have any impact regarding the economic situation of workers. Due to the limited time of the study, the role of workers' organizations and workers' empowerment could not be investigated, although both are important pillars of Fairtrade.

In the [SPO cases](#), Fairtrade guarantees minimum prices for the products sold on the Fairtrade market and thus ensures that farmers can at least live from their production. Indeed, this study has been able to show that the TG farmers in each case earn slightly more than the CG farmers. In the banana case, this comparison was not made as both groups of farmers produce for Fairtrade. Charts 14, 15, and 16 show the difference in income between TG and CG in the year 2011 and from five years ago (estimated by the farmers). The charts also illustrate productivity volumes (arithmetic average) from the year 2011 and the productivity volumes (estimated by the farmers) from five years earlier. Productivity is indicated by

the average amount of production units a single farmer produces in one year. In the coffee case, that is the average amount of coffee bags one farmer produces in one year; in the cocoa case, the production unit is bags of cocoa; in the banana case, it is boxes of banana and in the cotton case, productivity is indicated by the number of bales of cotton one farmer produces in one year on average.

In 2011, coffee farmers of the TG had a higher income than CG farmers and also did so five years ago. Furthermore, the productivity of the TG farmers is slightly higher than that of the CG farmers but what is more important is that the TG farmers increased their production and in the year 2011 produce on average 7.25 bags of coffee more than five years earlier, while the CG farmers produce 7.1 bags of coffee less than 5 years before. It is important to note that the TG farmers produce organic coffee while the CG farmers cultivate conventional coffee. Normally the productivity of conventional farming is higher than that of organic farming. Differences in productivity, however, can also be due to differences in the size of the coffee fields or to geographic/ecological factors (e.g. soil quality, inclination etc.).

In various interviews with farmers and cooperative management, it was reported that in years of low coffee prices, farmers who produce for Fairtrade are the only ones who can still live from their production. Interviewing coffee farmers intensively about the times of low coffee prices would surely show a very positive impact of Fairtrade. However, due to the very complex international coffee market, it is difficult for Fairtrade to offer a financially attractive option to farmers in times of high coffee prices, as is the case right now (2011/12). This was confirmed in various interviews with coffee farmers.



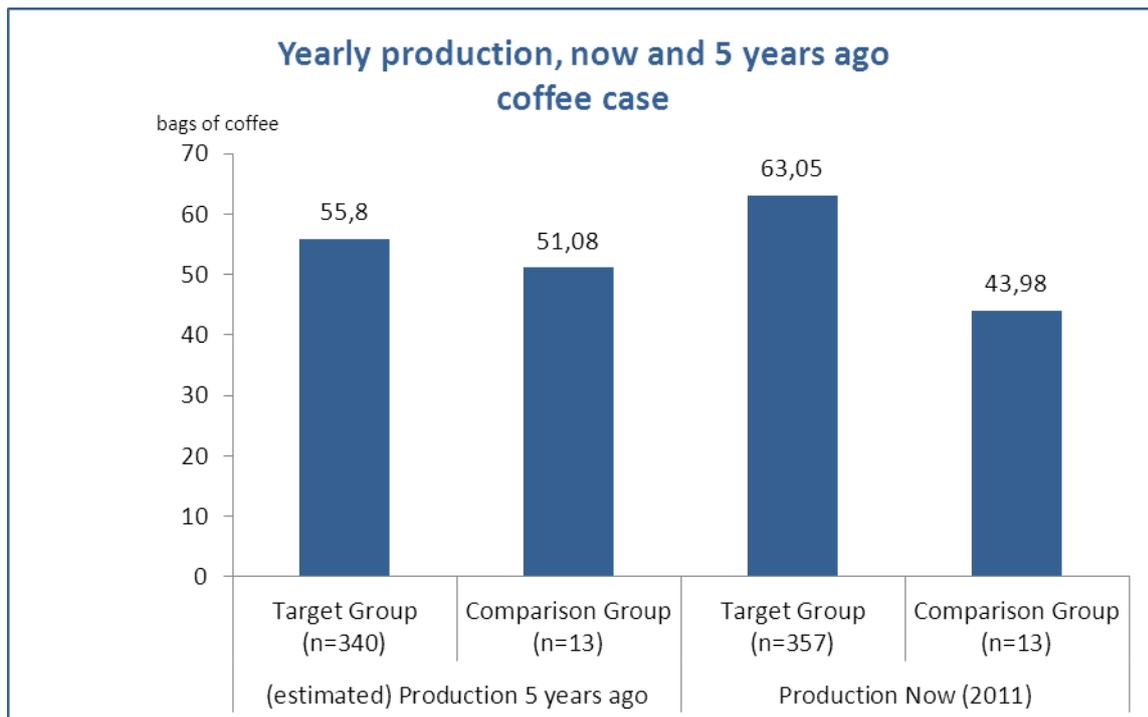


Chart 14: Yearly income and production, coffee case

As described in chapter 3, in the [cocoa case](#) in Ghana low productivity of the farmers is a problem. As can be seen in chart 15, productivity of the interviewed cocoa farmers improved over the last five years in TG and in CG. TG farmers on average produce 6.06 bags of cocoa more in 2011 than five years before and CG farmers 6.1. The CG farmers, however, produce more cocoa than the TG farmers; Fairtrade apparently did not have any impact on the increase of production of cocoa in Ghana (since the cocoa production of the CG also increased over the same period, external factors must be responsible for higher productivity). Over the last five years, the income of TG and CG increased. Interestingly, in spite of their lower productivity, TG farmers have a higher income than CG farmers, although they produce less cocoa. This shows that Fairtrade had a positive impact on the income of cocoa farmers. The low income of cocoa farmers is one of the major contributing factors and reasons for the use of child labour and therefore needs to be noted, as described in chapter 4.2. In this context, the positive impact of Fairtrade on the income situation of cocoa farmers might reduce the likelihood of child labour; however, determinants like gender, access to household decision-making and so forth must also be considered.

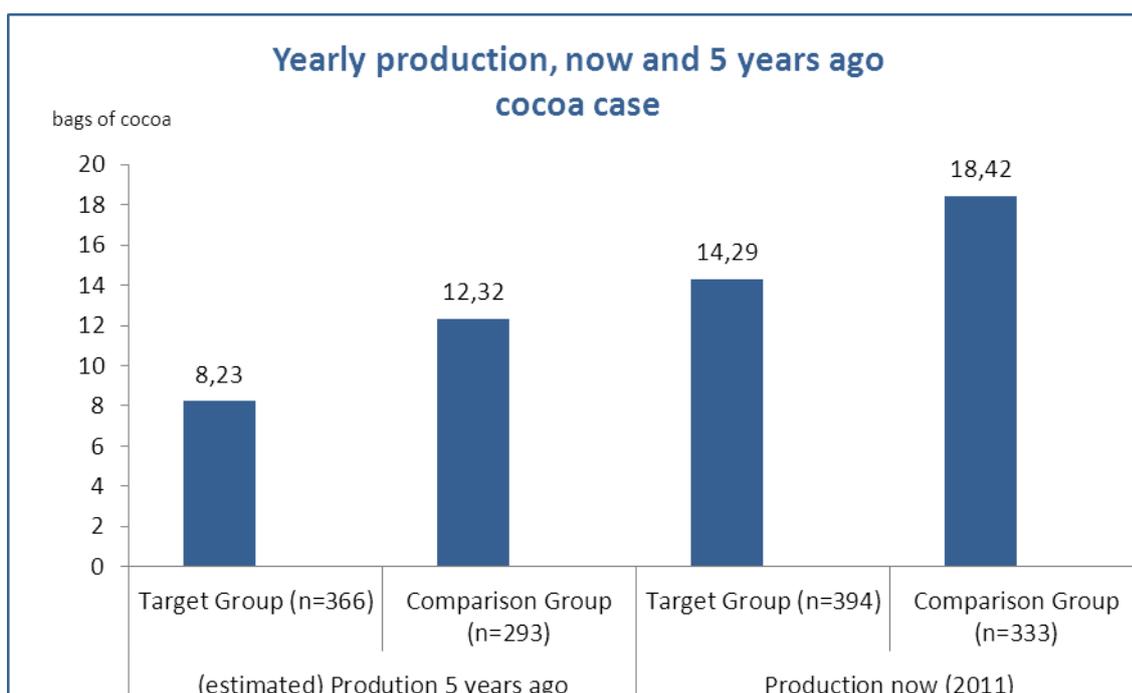
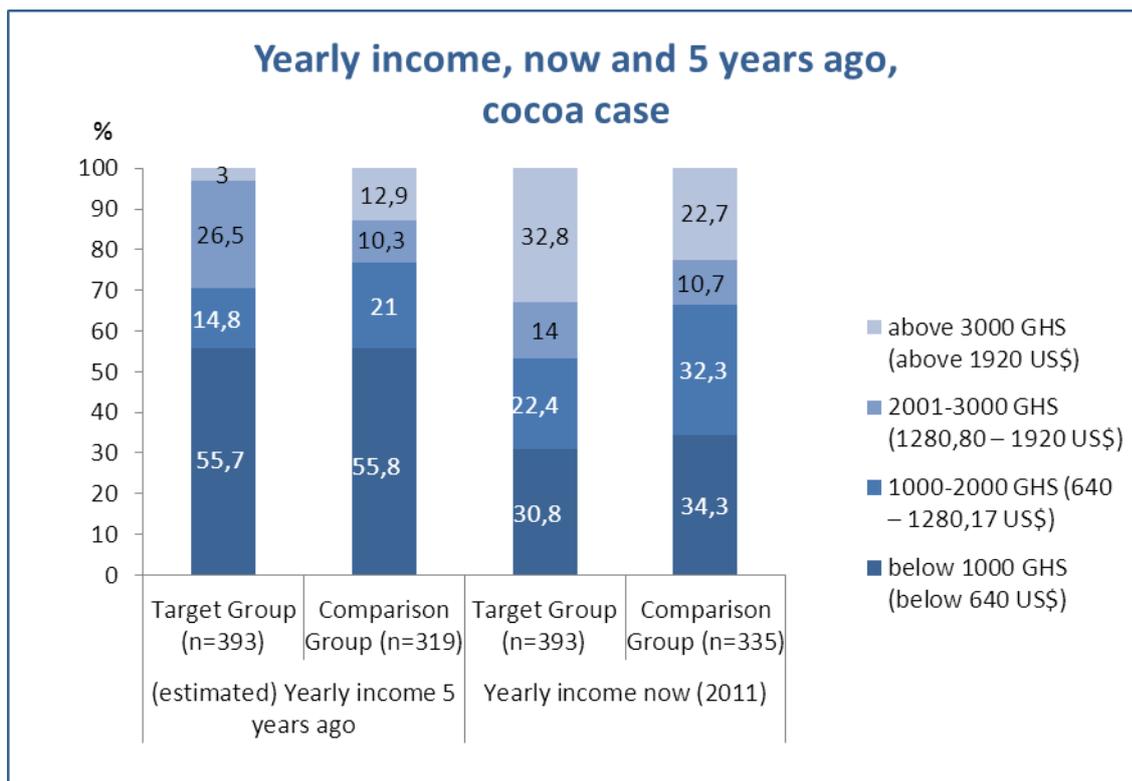


Chart 15: Yearly income and production, cocoa case

In the **cotton case**, TG farmers have a higher productivity than CG farmers, and TG farmers increased their productivity more than the CG farmers: in 2011, TG farmers produced an average of 103.8 bales of cotton more than five years before (65 % increase), while CG farmers produced 83.21 bales of cotton more (60 % increase). TG farmers also have a slightly higher income than CG farmers. Five years ago (when Fairtrade was not yet introduced into the cotton case in India), the income of TG and CG hardly differed, while in 2011 it did. Accordingly, Fairtrade had a positive impact on the income of cotton farmers and here again,

the impact on income should also be considered in line with household investments, propensity to contribute the increased income to hiring adults and accordingly, a reduced tendency to depend on child labour. However, as noted earlier, income is an important contributor to labour use, but not the only determinant. It is striking that income in the cotton case five years ago of both TG and CG was considerably higher than it is now. In the frame of this study it was not possible to investigate the reasons for this decline in income, one possible explanation is that in recent years there was more production of organic and/or Fairtrade cotton than demand on the market.

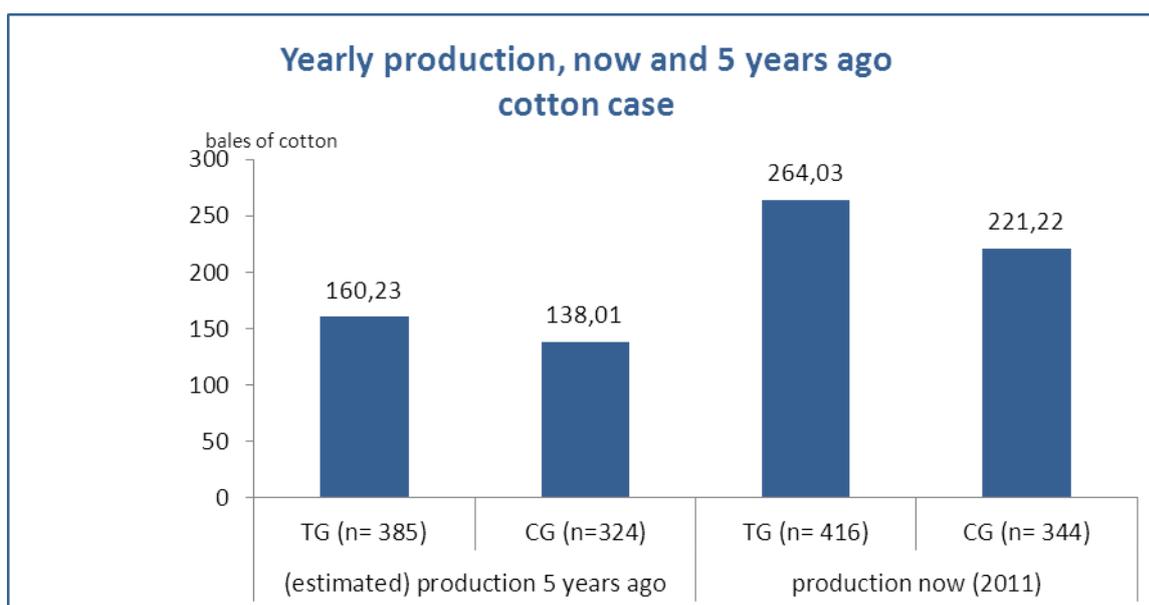
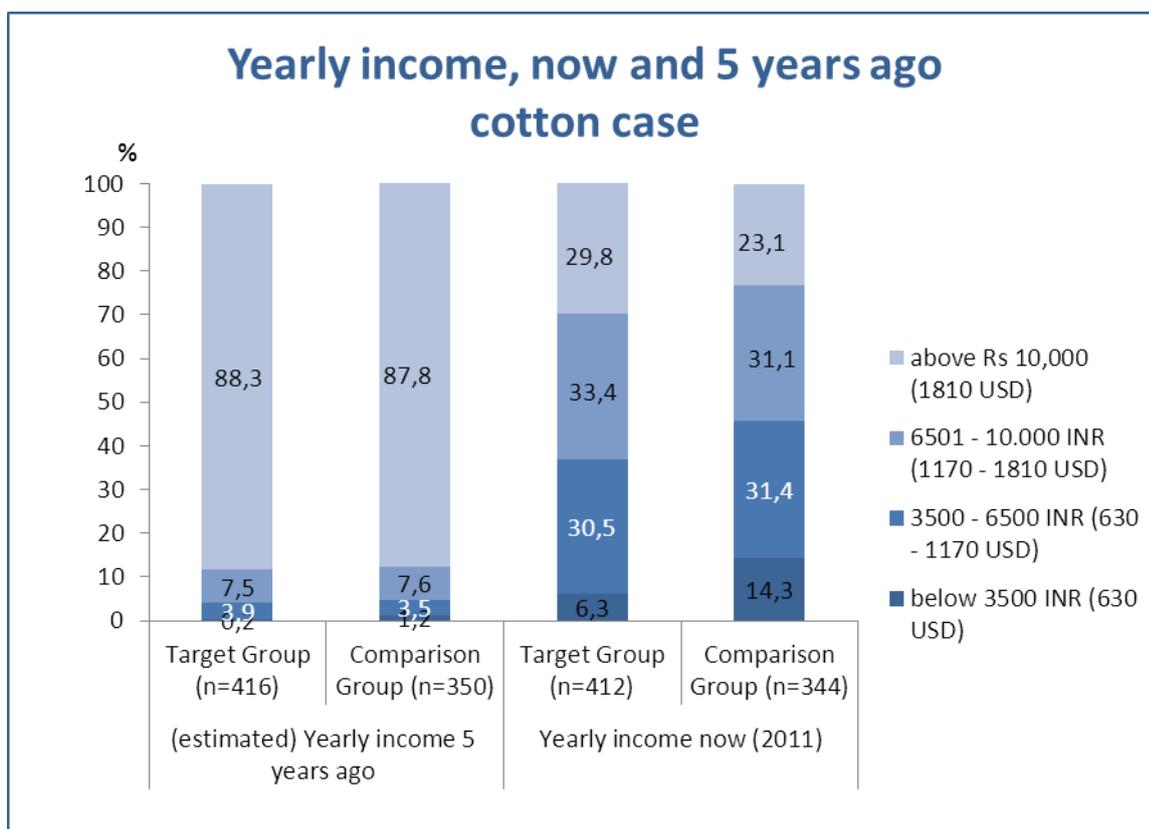


Chart 16: Yearly income and production, cotton case

As described above, TG farmers in all cases have a higher income than CG farmers but they do not always have a higher productivity. The difference in income might be due to a difference in farm land (which was not investigated), but it also shows that Fairtrade is an attractive market for the farmers. Nevertheless, this attractiveness did not lead the farmers to neglect the production of crops for their own consumption; there was no difference between TG and CG concerning the ratio between crops for sale and crops they cultivate for their own usage. This shows that Fairtrade does not negatively affect farmers by making them produce primarily for sale and neglect their own consumption, becoming dependent on the market. More details on this topic will be given in chapter 5.3.

Fairtrade farmers and also workers can more easily save some of their money,

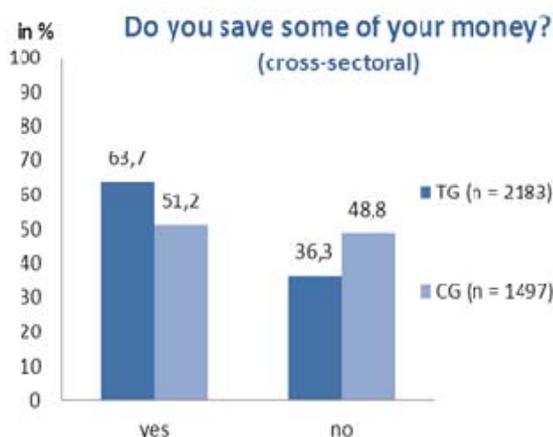


Chart 17: Saving of money, cross-sectoral

a fact that was ascertained by data analysis. A cross-sectoral analysis (over all six investigated cases) showed that the TG (64 %) saves more often money than the CG (51 %), as illustrated in chart 17.

The saving of money allows the farmers and workers to invest in their future, and the saved money also serves as security in times of difficulties. If for example farmers have a bad harvest resulting in a small income, savings help them to still provide for their families. Most interviewees invest saved money in education. House improvement, security schemes, and agricultural business were further areas in which the interviewees invest saved money. Chart 18 illustrates the major investment areas of the interviewees who save some of their money.

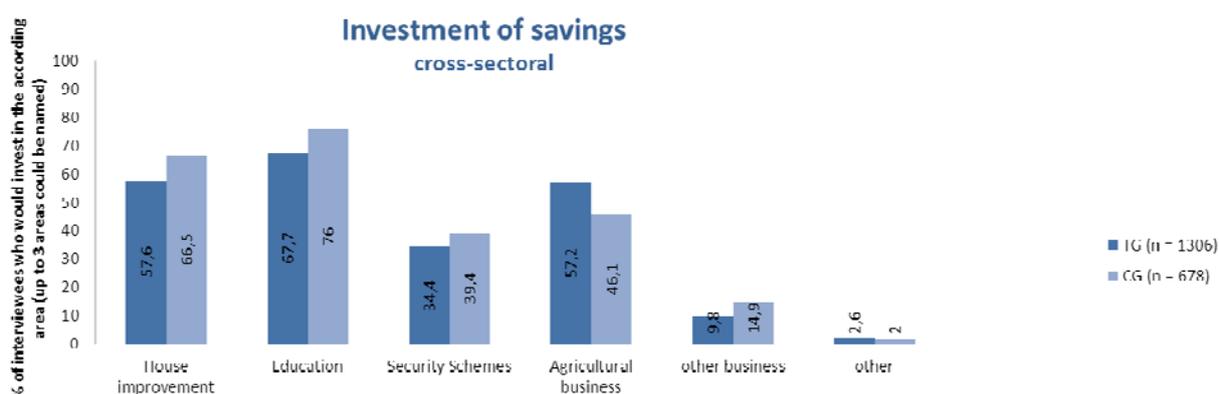


Chart 18: Investment of savings, cross-sectoral

Answers in the coffee case differed considerably. Here, 90.3 % of the TG farmers (n=267) stated that they invested money in agricultural business and 100 % of the CG farmers did so, too (n=12).

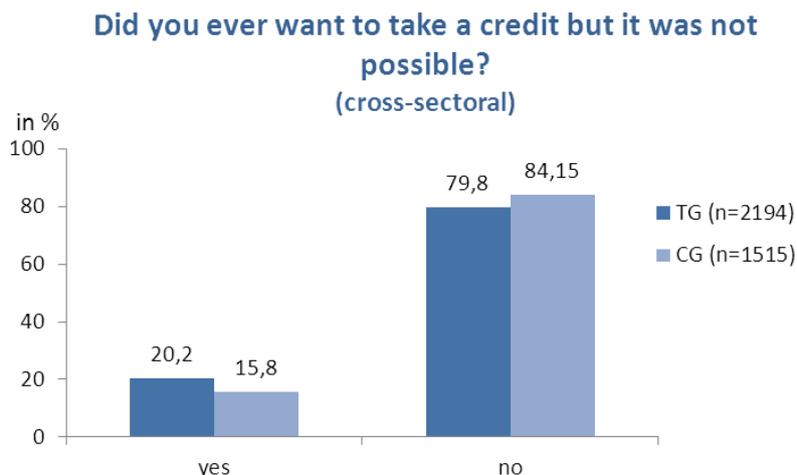


Chart 19: Access to credits, cross-sectoral

was facing severe problems for several years starting in 2005 when the TG PO could not sell its cocoa due to a disease of the cocoa trees. Farmers did not get any money and thus were not able to pay their loans back. The credit system therefore had to suspend its services for the TG PO members for about five years. Since 2009, the credit system has been operating again with currently 6.300 members, and farmers have access to loans partly financed with Fairtrade premium money.

However, as can be seen in chart 19, analyzing the data from the six cases together, the Fairtrade certification makes no difference to the farmers and workers in the investigated cases in regard to access to loans. Apparently, interviewees of the CG experienced fewer problems in having loans approved. In general, access to loans is good, and around 80 % of the interviewed persons (TG and CG) did not face major difficulties in obtaining a loan. Of the six investigated cases, access to loans is most difficult for the **cocoa farmers**. Here, 40.6 % of the TG (n=379) have experienced difficulties when needing a loan, as opposed to 22.8 % of the CG (n=325). These results suggest that other buyers offer loans to the cocoa farmers of the CG, since the buyers are the only criterion that differentiated the TG and the CG. Another possible explanation is a difference in the demand for loans between TG and CG that is, that the TG needed more loans than the CG. Fairtrade did not have a positive impact in this regard in the **cocoa case**.

A factor that often impedes farmers from living well from their production is the difficult market entry or the missing markets. Fairtrade diminishes this difficulty by offering a safe market to farmers, i.e. farmers producing for Fairtrade have a stable long-term trade relationship. Furthermore, Fairtrade training programs (cf. chapter 5.3) in some cases target marketing skills, such as in the **cotton case**. Here, staff from a local NGO stated that the farmers of the TG PO had better marketing skills than other farmers. This NGO also stated that marketing skills are very important in the **cotton sector** in India. Accordingly, Fairtrade had a positive impact in this regard and it is recommended that the POs give further training in skills the farmers need, skills which can differ between the different sectors and regions.

In the coffee case, differences between farmers who produce for different certifications were investigated. Data was collected from different farmers from the TG PO. All farmers cultivate organic coffee, the analysis therefore concentrated on differences between Fairtrade, UTZ Certified, and Rainforest Alliance. As described in chapter 2.4 it was not possible to draw on

The Fairtrade-certified POs often offer loans to their members or workers. Of the investigated cases, this is the case in the **flower**, the **coffee**, and the **banana case**. In the **cocoa case**, a credit system was established as a branch of the umbrella organization of the TG PO which offered loans to its members, but this credit system

qualitative data gathered from farmers for a comparison between the certifications. Quantitative data shows that production costs are lowest for those farmers who only produce for Fairtrade, as illustrated in chart 20. Farmers who produce for both Fairtrade and Rainforest Alliance³¹ have slightly higher production costs (3514.63 USD annually) than farmers who produce for both Fairtrade and UTZ (3265.69 USD annually) and farmers who produce only for Fairtrade (2684.63). Production costs are indicated by the amount of money the farmers spend each year for production. Again, this might be due to the fact that those farmers who produce for two certifications simply have more land, but it also shows that producing under different certifications is more attractive for farmers than only producing under Fairtrade.

Yearly production costs in the coffee case, separated by certification

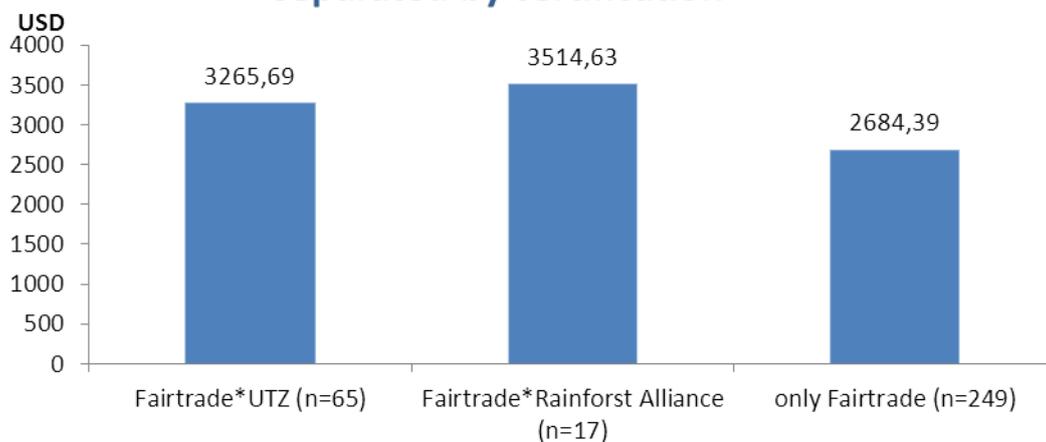


Chart 20: Production costs, coffee case, different certifications

Interestingly, the farmers who produce for both Rainforest Alliance and Fairtrade have the highest annual income, as illustrated in chart 21. This is an interesting observation, considering that while production costs differ only minimally, the difference in income is rather large. The minimal difference in production costs suggests that the size of the fields do not differ much. A possible explanation for the higher income could be that the farmers can sell their coffee more easily to other buyers than to their cooperatives and selling to other buyers, they get more money. Another possible explanation for the higher income is that production increased due to adherence to the different set of standards. Valid explanations could however only be made on the basis of qualitative data, gained from interviews with the respective farmers, which might show that the difference in income is not due to the certifications but to larger farm sizes or other factors.

³¹ It needs to be pointed out that the number of people interviewed who produce for Fairtrade and Rainforest Alliance was rather small (17 people).

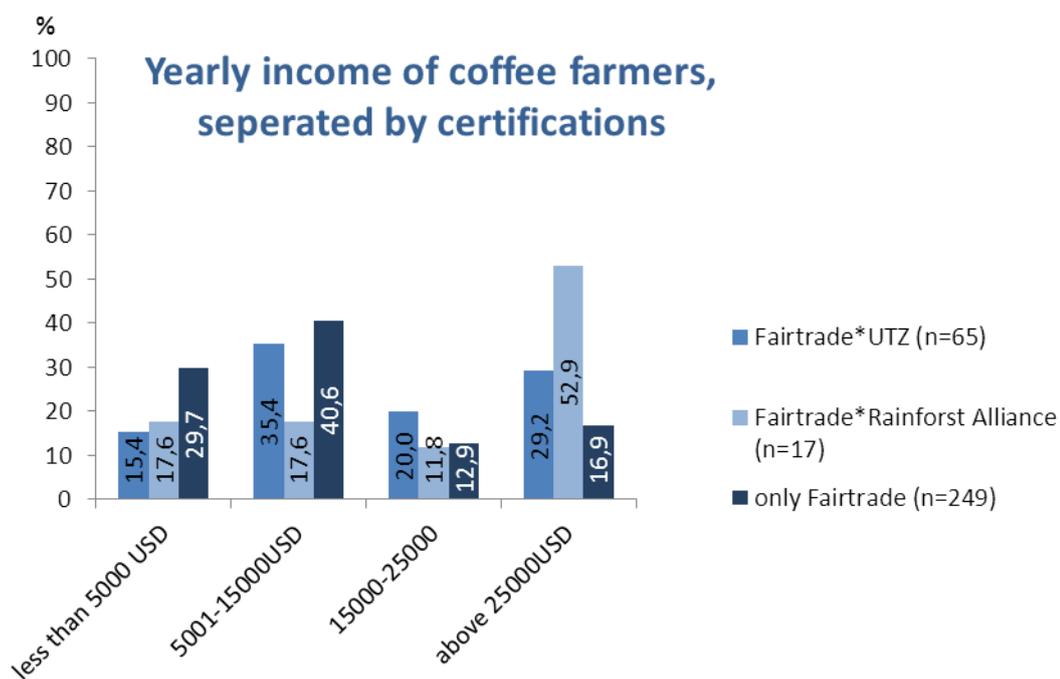


Chart 21: Yearly Income of coffee farmers, different certifications

In the SPO cases, Fairtrade had a positive impact on the income of farmers. Stable prices on the Fairtrade market and long-term trade relationships help the farmers in times of low prices on the conventional international markets.

In conclusion, it can be stated that Fairtrade brings financial security to workers and farmers in most investigated cases, except in the tea case where low Fairtrade sales and complex public regulations pose a challenge to Fairtrade. Although workers and farmers of the TG (of all six cases) did not have a higher income than those of the CG, Fairtrade brought an improvement to their financial situation through different measures, such as helping farmers to boost their productivity, or by giving workers stable working conditions which permit money to be saved (cf. chapter 5.2) and by projects financed with Fairtrade premium money that help to spend less money on the market (cf. chapter 6.1).

5.2 Working conditions

Fairtrade promotes the organization of workers aiming at increasing workers’ participation in decision-making and thus increasing empowerment. This is a very important pillar of Fairtrade and an important part of rural development. However, the short time available for data collection did not allow a more detailed investigation of the organization of workers in this study nor the empowerment provoked through Fairtrade. In the following, working conditions are described, focusing on training programs for workers and farmers and the protection of workers’ and farmers’ health at their places of work.

All Fairtrade-certified POs provide training programs on Fairtrade to their workers or farmers. These training programs help the farmers and workers to understand how Fairtrade works

and enables them to organize and to participate in the decision process of the organisation and on the premium money. Training programs on Fairtrade accordingly are an important step towards participation and empowerment. Further education (via training programs) can always be a step towards empowerment and hence, they are important for rural development. Fairtrade supports these training programs and in all cases makes an important difference for workers and farmers in this regard. In the following, the impact of Fairtrade on the further education of farmers and workers will be described.

The target POs in [all cases](#) offered training programs to the producers and in all cases, workers and farmers stated that they would like to receive even more training courses.

In the [flower case](#), in TG and CG POs training programs are organized according to a needs assessment. At the TG PO, this needs assessment is conducted by professionals who are contracted for this reason. Every year, about 10 % of the workers of each department at the PO will receive a work-related training course; the attendance of the training programs at the TG PO is the responsibility of the supervisors. Because of the different training programs and the huge workforce (1200 workers), training programs take place almost constantly. There are training courses on industrial relations, on Fairtrade awareness, special training programs for supervisors and other work-related training courses, there are also training sessions on health and safety, fire and safety, and on the correct use of chemicals for the men who spray in the greenhouses. At the TG PO, premium money is used to offer computer and driving classes, which are partly paid with premium money and workers have to pay the remaining 50 %. This means that only workers with sufficient funds can enjoy those very popular training programs. Workers of both POs (TG and CG) wished to enjoy more practical training courses and suggested classes on carpentry, tailoring, or midwifery. The knowledge gained through these training programs is not only another possible source of income for the workers but workers also like to acquire new capabilities. Consequently, it is recommended that the training programs already offered at the TG PO should not only be maintained but they should be presented to other POs which might also introduce them.

In the [tea case](#), workers of TG and CG receive training programs in regard to health issues which were initiated through RFA and the Fairtrade certification. There is also a fire-fighting training every year, which was already established before the Fairtrade and the Rainforest certification were introduced at the farms. JB members at the TG PO receive training programs every year on their role as JB members, where they learn how to handle large sums of money and how to organize village meetings. At the CG PO, JB members are educated according to their role only by the farm management. Apart from these training programs, there is no other training available on the farms. Through Fairtrade, the workers of both farms acquired leadership skills (e.g. through training as Joint Body members), though TG workers benefitted more from these training programs because they were put together more professionally. Workers of this same farm, however, approached the research team to learn more about Fairtrade, which shows that training on Fairtrade issues (how Fairtrade works and what it is) is not sufficient at the TG PO Farm. It is recommended that training on Fairtrade is expanded. As described in chapter 6.1, the relationship between workers and tea garden management in the [tea case](#) in India is a very complex and difficult matter. Hence, it is recommended to target this topic with both management and workers in special training courses.

To conclude the [HL cases](#), using Fairtrade premium money for practical training programs with cost-sharing by the workers is a very good idea which can lead to further income sources for the workers or simply offer them an opportunity to widen their experiences. It is highly recommended to suggest these training programs to the JB of the PO wherever these training programs can be put into practice. Wherever adequate, training programs on alphabetization (or reading and writing) should be offered, skills which support further learning. The [flower case](#) TG PO is very experienced in implementing new projects, and management and workers work very efficiently in the JB. It is highly recommended to support an exchange between the JB of this PO and JB of other flower farms or even of other JB of other sectors. This recommendation can be extended to [other sectors](#): Newly certified POs can always learn from experienced POs. This especially applies to the management of the Fairtrade premium, that is, it especially concerns JB and farmers' organizations. Farmers and workers of the different producer types could exchange on how they organize premium spending since they know best which difficulties they have and they know best how to solve them.

In the [SPO and CP cases](#), training programs for farmers mostly concerned agricultural topics. In the [coffee case](#), the TG PO offered alphabetization classes to its farmers seven years ago. The TG PO is certified not only through Fairtrade but also through RFA, UTZ, and several organic certifications. Hence, farmers need training programs on the different certifications. These training programs target above all environmental aspects, as demanded by RFA, UTZ, and Fairtrade. The TG PO, as all Fairtrade-certified POs, also provides training programs on Fairtrade (explaining the standards and how Fairtrade works). Furthermore, there are training programs on the role of women in the organization, on competitiveness (reliability, quality, inter alia), on the planting of fruits, organic fertilizing, health, and security. In the CG, the introduction of training programs for farmers is planned because these are seen as a significant advantage for the farmers by the NGOs supporting the CG POs. One farmer of a CG PO stated that the training programs were one of the reasons why he joined a cooperative. He explained that the government once planned to give training programs to the farmers but that these had never been organized. This describes one huge advantage of the Fairtrade-certified cooperatives: They are mostly very well organized and close to the farmers.

In the [banana case](#), TG and CG (all POs are Fairtrade-certified) offer training programs to their members. The offered training programs are on organizational strengthening, gender equity, control of pests and Fairtrade. In one of the TG POs, a leadership training course was organized, together with a local NGO. In another TG PO, members suggested training programs which they wished to be implemented. They mostly wished for further training programs on agricultural methods, but they also asked for training courses on first aid and on a health insurance for farmers ("seguro agrario"). In all POs, training programs take place in the buildings of the POs and in the fields, most training programs are for farmers and for the workers. However, in one TG PO, it was reported from management staff that it was always the same farmers who attended the training programs while most farmers would not show up at all because the training programs are not obligatory and participation is voluntary. The researchers did not collect the exact number of participants for each of the training programs. One farmer suggested issuing a certificate to the farmers who attend the training programs, which would motivate them to attend more training courses. It is recommended to consider

this suggestion. In the investigated region of the [banana case](#), the banana cooperatives are the only institutions which offer training to the banana farmers. Accordingly, Fairtrade brought an important change to the farmers.

In the [cocoa case](#), training programs are offered to the farmers and to the purchasing clerks (the persons who buy the cocoa for the TG PO in the villages from the farmers and are mostly farmers themselves). All purchasing clerks interviewed stated that they received training according to their role from the TG PO and so did the district managers (persons who organize the cocoa trade for the PO at the district level). Interview partners at the TG PO's headquarters explained that their regular training programs for farmers were held on Fairtrade awareness, on the correct handling of chemicals and fertilizer, on productivity, and on health and safety. The interviewed persons explained that farmers are also trained in the respective roles they assume at the society level (e.g. treasurer, president). One district manager stated that there are about four training programs annually, each of around 3.5 hours. Members of four village level societies attend training programs together, with a minimum of 50 and a maximum of 100 participants. As described in chapter 2.2 and as can be seen in chart 5 (graduation level), the reading and writing proficiency of many cocoa farmers is very low. This makes it difficult to teach complex details because neither trainers nor farmers have the ability to refer to any written material. Another problem are time constraints when it comes to training programs – farmers mostly need to tend to their farms daily and thus have to make up the time they spend on training. These time constraints can be translated into financial constraints, since many farmers cannot afford to stay away from their farms for one whole day. Accordingly, farmers need to be willing to afford time and costs to attend the training. Whether they are willing to do so depends on the contents of the training programs and their importance for the farmers.

Between 2003 and 2005, the TG PO together with an NGO trained 1.700 farmers on effective agro-forestry techniques (via Farmer Field Schools³², FFS). These Farmer Field Schools faced the same problems as other training programs did – due to low literacy and financial constraints, the training programs were not as successful as expected. The difficult training situation is crucial when it comes to productivity. Farmers have difficulties to apply newly learned methods and do not seem to trust them, according to the statement the NGO made in the final report on FFS' first phase, the farmer adoption rate for improved cocoa farming practices was found to be slow and it was observed that the majority of cocoa farmers did not adopt new practices until they were proven to work by few early adopters. Thus, in order to make training programs more effective, basic education for farmers is a prerequisite. FFS are put into place by different organizations and are open for all farmers. FFS are on good farming practices and aim at helping the farmers boost their productivity, just as Fairtrade-induced training does. Accordingly, the TG PO's endeavours regarding training their members on good farming techniques are important, but not unique. Fairtrade-awareness training programs, of course, are unique to Fairtrade-certified producer organizations. These training programs include the explanation of the importance of farmers in international trade and are therefore meaningful to farmers. The research team, however, met very few farmers who were aware of the fact that they were members of a cooperative and who knew what Fairtrade is and how it works. Accordingly, these Fairtrade-awareness training programs did not have the expected impact in the visited communities in the [cocoa case](#). Furthermore, it is

³² Farmer Field Schools are classes especially designed for teaching agricultural knowledge to farmers in different parts of the world.

very important to note that about 10 % of farmers in the [cocoa case](#) employ caretakers on their farms. This means that the owner of the farm lives and works elsewhere while a caretaker works on his or her farm. This presents a problem to Fairtrade because caretakers do not receive training programs, and the TG PO cannot control how much money caretakers receive for their work. Fairtrade cannot work for them since caretakers hardly benefit from bonuses and cutlasses (given to their members by the TG PO, financed with Fairtrade premium money) and since they hardly attend training programs, they will not be able to apply newly learned farming techniques. It is therefore important that caretakers are taken into account when giving training programs and also when it comes to benefits.

In the [cotton case](#), farmers of the TG PO receive training on organic farming before they convert their fields from conventional into organic farming. Organic farming is a prerequisite for the farmers to produce for the TG PO which only sells organic products, accordingly the conversion to organic farming is independent from any Fairtrade certification. Furthermore, the village presidents (village delegates of the PO) receive training programs on their role as presidents, concerning the management of the committee and on financial planning. They also receive training on good farming practices and teach these practices to the members of the TG PO in their according villages. Village committee presidents expressed that some farmers would assist in the classes they gave on farming, but other farmers were too busy or did not see their importance. In winter, it is a problem to unite the farmers because there are a lot of functions, primarily weddings, which the farmers assist with. Asked how the attendance in classes could be improved, one village committee president suggested organizing a large training event that draws the attention of the farmers. The marketing of cotton is crucial for the farmers and according to staff of a large NGO working in this region, the farmers of the TG PO were more aware of marketing concepts than other farmers, which is important evidence of the impact Fairtrade had through the TG PO in the [cotton case](#), giving their farmers a competitive advantage.

The farmers of the comparison group only receive training in villages where that NGO is present. The same NGO also provides training on good farming practices, e.g. on land leveling and the conservation of water. The NGO especially supports the farmers with water problems, installing drip-irrigation systems³³. It also informs the farmers about government schemes, something the TG PO does not do. This information is very important because without it, the farmers don't know what kind of support they could get and how they could get access to this support. In a comparison village farmers stated that they would not know at all how to get government support and that they strongly wish some organization would help them³⁴.

To sum up, in [all cases](#), the low education level of workers and farmers complicates putting training programs into place and the successful implementation of the newly learned methods. The low knowledge about agricultural practices is one of the reasons for low productivity and economic constraints in the [SPO and CP cases](#). Training programs on how to improve productivity and on good farming practices accordingly are essential for the farmers in order to earn a better living from their production. However, in the [SPO and CP cases](#), logistics for training programs are challenging: Farmers often live in scattered communities, and there is

³³ Drip irrigation is a watering system that is highly efficient because the water is only applied where it is needed (at the roots of the plants) and the water soaks into the soil before it can evaporate. Drip irrigation works with tube pipes, emitters, and valves.

³⁴ Examples of government support are subsidies for drip-irrigation, tools, and instruments for small and marginal farmers, or the installment of net houses for vegetables.

hardly any public transport. A day spent traveling to training sessions means that a farmer needs to pay the transport and misses a day on his or her field. The low education level is another problematic factor in regard to training programs for farmers. This applies especially to the cocoa case (cf. chapter 2.2 on education).

In conclusion, it can be noted that in [all six investigated cases](#), the farmers and workers of the TG receive more training programs than the CG. Training programs increase the capacity of workers and farmers to improve their work. Workers obtain higher responsibilities and farmers can improve their productivity or the quality of their land. Accordingly, Fairtrade had a positive impact regarding the learning of new things and further education. Training programs on Fairtrade (on organizing and premium spending etc.) help workers and farmers to participate in the development of their communities and workplaces. Fairtrade therefore laid a foundation for empowerment and participation amongst farmers and workers.

An important point in terms of working conditions is the organization of workers: According to interview statements with management staff of SPO and HL POs, the Fairtrade system strengthens the organizational structures.

Another important aspect of working conditions concerns the way in which workers' health is secured at their working place. In the [flower case](#), on both farms (TG and CG) only personnel that attended classes on the correct use of chemicals and on correct spraying (of chemicals) and only men are allowed to work as sprayers in the greenhouses. Workers on both farms considered these security measures as something very positive which is not common on flower farms. Without having been asked for it, all male workers reported these measures regarding the spraying as very positive. The Fairtrade-induced security measures seem to be rather exceptional. Sprayers exposed to hazardous chemicals were especially glad about the Personal Protective Equipment (PPE) they are provided with and field workers were satisfied with the organization of the spraying: On Fairtrade-certified farms, workers are only allowed to enter the greenhouse six hours after spraying is done, while at non-Fairtrade-certified farms, according to the interviewed workers, spraying goes on concurrently with other work in the greenhouses, which has huge negative effects on the workers' health in the [flower case](#). The nurse at the TG PO confirmed that sprayers wear their protective gear; only when brushing the floor they sometimes wouldn't wear their security glasses. Sprayers confirmed that they don't have to take their PPE home with them (which would pose health risks) but leave it at the farm. All other workers (who are not sprayers) also wear work uniforms which protect their personal clothes from chemicals and thus prevent that they or their children are negatively affected by chemical residues from the spraying sticking to their clothing.

At the CG PO, a management member reported that Fairtrade improved the working conditions on the farm and that these conditions attracted people looking for work. These days, when they are looking for new personnel at the CG PO, about 30 % more people come in to apply for a position than was the case five years ago, and management explained this with the Fairtrade-induced improvement of working conditions. One very important aspect in this regard is surely the fact that at the TG PO, most workers have permanent contracts which means that not only can they plan for their future, but that they also have the right to annual leave and to sick leave. According to the conducted interviews and data analysis, working conditions on Fairtrade-certified flower farms are considerably better than those at most other flower farms. Especially the security measures with regard to the spraying are a huge improvement Fairtrade brought about.

In the **tea case**, no synthetic chemicals are applied, as all tea of the investigated POs (TG and CG) is organic. Here it is important to state that workers of TG and CG did not know how much leave they have and reported that they had to take leave when they were sick. Here, Fairtrade clearly did not have any impact on working conditions.

5.3 Food security

In all six cases, TG and CG have three meals a day. There is no difference between TG and CG in the four SPO/CP cases when it comes to the ratio between the quantity of crops the farmers cultivate for their own domestic usage (that is what they use to prepare their meals, e.g. maize, potatoes, etc.) and the crops they sell (meaning cash crops such as cocoa, coffee, bananas, cotton but also other crops). The percentage of total crops for sale is highest in the banana case and lowest in the cocoa case. In the latter, crops for sale and crops for domestic usage are almost equal, cf. chart 22³⁵.

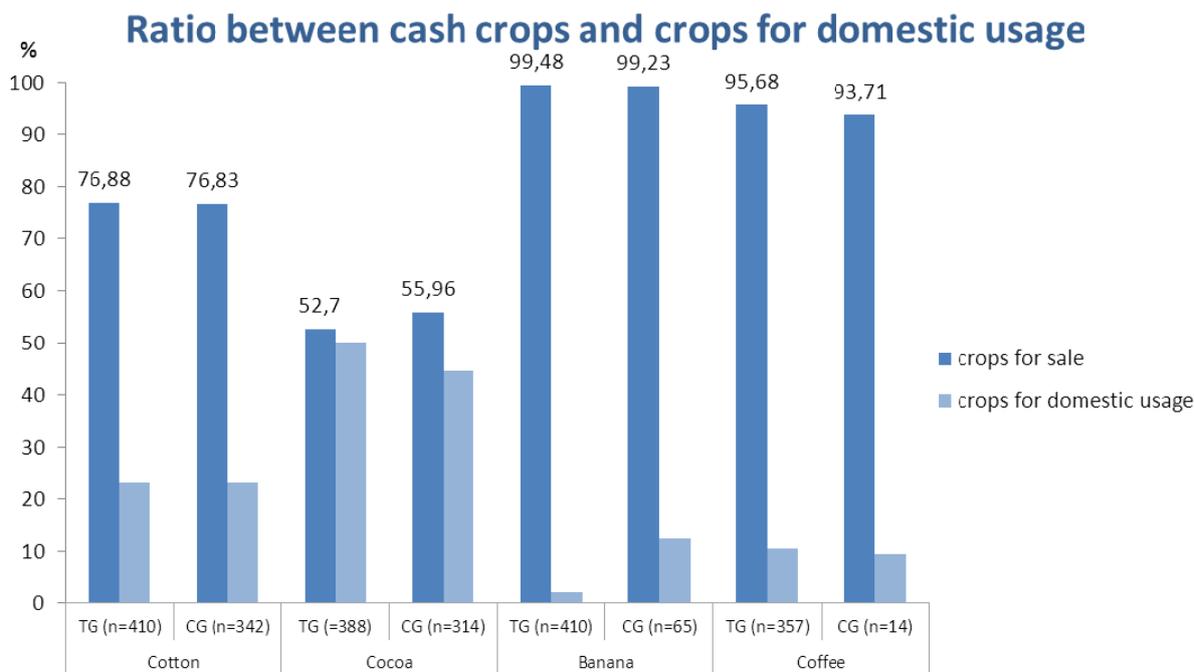


Chart 22: Ratio between cash and food crops

The fact that there are only very small differences between target and comparison groups when it comes to the amount of crops sold, shows that Fairtrade does not lead the farmers to neglect cultivating the crops they consume and need for their own alimentation, in other words, the crops for sale (cash crops) are not a threat to food security of the farmers. There were no Fairtrade-induced direct measures of food security or agricultural biodiversity in any of the investigated cases, but the fact that Fairtrade excludes genetically modified seeds contributes to agro-biodiversity, especially in the cotton case.

³⁵ Note: The standard deviations in some groups and sectors were high: In the cocoa sector, the standard deviation of the TG was 28.09, of the CG 28.42 and the deviation of the TG in the banana sector was 28.05, at a 100-scale. The standard deviation describes the range of answers given of which the arithmetic average is formed.



In conclusion on the changes Fairtrade brought in the **socio-economic situation of farmers and workers**, it can be stated that Fairtrade had a (mostly indirect) positive impact on this area. Through **stable market prices**, Fairtrade provides security to farmers and allows for money saving. In the HL cases, **Fairtrade can only have an impact where management is disposed to change the existing company policies** and where this does not interfere with state law. The **will (commitment) of the management** to change things is crucial in order to achieve any impact. Wherever **communication between PO management and workers or members** is good, training programs can be put into practice according to needs, and the workers and farmers are more motivated to attend training programs. Good communication and a good relationship between PO management and farmers and workers also support the feeling of farmers and workers of belonging to a group in which they have a say. This especially applies to the SPO cases where farmers build the POs and accordingly should be aware of this fact.

6. Results: Changes in the organization of rural zones/work places

The involvement of the rural community in development projects is crucial for sustainable development. Correspondingly, the organization of communities, the relation of workers with their employer and with other organizations and the organizational structure of farmers' organizations are of importance, since these determine the possibilities and circumstances of participation. Fairtrade standards target this organization with the goal to empower farmers and workers. As mentioned earlier, in the scope of this study, it was not possible to investigate in depth the important concept of empowerment through Fairtrade. But the study investigated how power relations on a community level changed. In the following, the Fairtrade impact on the organization of rural zones will be described³⁶.

6.1 Power relations

Unique to the Fairtrade premium is the decision-making process about the premium spending, which allows the farmers and workers to participate actively in the development of their communities and leads to empowerment.

In order for this process to work, that is, in order to participate in this decision-making process, the producers need to know about their rights and they need to know the amount of the Fairtrade premium and the possible ways of how to spend the premium money. However, this was the case in only four cases: in the [flower](#), [coffee](#), [banana](#), and [cotton setups](#). In the other two cases, the researchers identified different obstacles to a democratic process of premium money spending, which will be described in the following.

In the [flower case](#), management and workers interpreted the Fairtrade standards in a way that they assumed that premium money should primarily benefit the workers and the communities. Hence, the workers could invest only a small part of the premium in projects that benefitted only themselves (e.g. driving classes). Almost all workers lamented this in interviews and wished that they could spend the premium for themselves, because it was they who had produced this money. Here it is important to state that the workers are mostly migrants who do not identify with their communities but rather with their tribes. On the other hand, it needs to be emphasized that premium money was spent in the most efficient way in the [flower case](#). Indeed, it did benefit whole communities and of the six investigated cases, only in the [flower case](#) did the Joint Body work efficiently together with the staff of local institutions such as health posts and schools. This way it was possible to effectively invest the premium money benefitting the whole community and to spend it as well on projects that meet the needs of the community, promoting rural development. In comparison: In the [banana case](#), money was also invested in community projects but the decision process did not integrate any staff from local institutions. The missing integration of this staff led to projects that were not approved by these individuals, thus leading to a lack of a sense of ownership. Furthermore, the missing dialogue evoked negative attitudes towards the banana cooperatives. In the flower case, the joint planning of development projects and the very well orga-

³⁶ The organization of plantation workplaces (Trade Union/Workers Committee defending the rights of the workers) were not assessed as this was not the subject of this study.

nized Joint Body led to successful projects. To sum up, in the [flower case](#), the interpretation of the correct use of the premium (assuming that Fairtrade premium money must benefit the whole community and not solely the workers of the farm) led to a way of premium money spending that laid an important foundation for rural development.

Empowerment of workers is strengthened by fair working contracts. In the [flower case](#), workers on Fairtrade-certified farms do have these contracts, while on many other farms this is not the case, according to document analysis.

In the [tea case](#), the JB of each garden plans together with the community on its premises how to spend the Fairtrade premium money. They collect ideas on how to invest the premium money and give these to the mother company's management in Calcutta. There, the final decision on premium money spending is taken by a JB composed of workers of all Fairtrade-certified farms; each farm receives a part of the total Fairtrade premium money. On both investigated farms, neither JB members nor management was informed by the central JB about the amount of premium money their garden produces and how much they are able to spend (i.e. their share). The planning of the JB of the single gardens are always based on the sum they received the year before. This lack of knowledge and the fact that the final decision on how (where) to spend the money is taken by the central JB in Calcutta makes it impossible for the JB of the single farms to plan and implement development plans as projects put together in collaboration of workers and managers. The workers interviewed did not know of the composed central JB nor that they have a representative in a central Joint Body that meets in Calcutta. Therefore the workers do not believe that the managers of the single farms do not know the Fairtrade premium amount and they assume that the tea garden managers have a say in the final decision on the money spending.

In the [cocoa case](#), only two of the 15 interviewed persons in the communities (farmers, teachers, and community leaders) knew exactly how Fairtrade works and that the community should benefit from premium money. Every interviewee knew about personal incentives for farmers like cutlasses and fertilizers for some farmers (financed with premium money) but when asked about the premium money, the answers received were rather vague. Some (especially the purchasing clerks) knew well how Fairtrade premium money is supposed to reach the communities: Fairtrade premium money is managed by a special trust fund set up by the TG PO. This trust fund sends a list with possible development projects to the villages where the according village committee can choose which projects the community might need and then write a letter of proposal to the fund. The trust fund then decides which projects in which communities will be realized. As was shown in chapter 4.2, the level of education of the cocoa farmers in Ghana is rather low. This makes writing letters of proposals that will be accepted by the trust fund a difficult task for the farmers. When it comes to the decision over the spending of premium money and the control of this spending, the huge size of the TG PO is an obstacle to transparency and participation, which in the case of this PO resulted in the fact that the farmers knew very little or nothing about Fairtrade and their role in it. None of the interviewees had ever been involved in premium money spending, neither were they consulted on how to spend the premium money, nor were they participating in proposal letter writing. The cocoa farmers' low awareness of how Fairtrade works results in a low participation rate when it comes to premium money spending. When asked for community projects, all interviewed persons described that the TG PO "gave us this", but not even the farmers who are members of the TG PO were aware that it is not the PO giving gifts to the communities, but the sale of their cocoa into the Fairtrade market that generates the premium money for the development of their communities. None of the five TG PO members interviewed (farm-

ers who did not have a special position in the PO) had ever been involved in discussions on how to spend the Fairtrade premium money.

As described above, in four cases the participatory process on the decision about premium spending works well. These are the [flower](#), [coffee](#), [cotton](#), and [banana setups](#). In these cases, the members of Fairtrade-certified POs meet village by village, and the president of the villages imparts the village decisions at meetings at the headquarters of the POs. Village presidents are elected by the farmers. In the cotton case, the best performing farmer was elected village president, which brought important changes, observed during the field visit: In one comparison village, it was not possible to interview a farmer the research team had approached, because farmers of a higher caste (Darbars) forbade him to talk in the group, only the farmers of the higher caste were allowed to speak to the research team, while the other farmers had to wait at a distance. In the TG, the researchers observed the contrary: One village committee president was a farmer of a lower caste (Harijan), but in spite of his caste, he was the elected representative of the other farmers (including higher castes), and he was their spokesman. He said he was elected because he was the best farmer (when he said this, around 10 other farmers were present). This shows that the election process, based on farming skills, can bring very important changes in the social structure of the communities. Data analysis showed that in the [cotton case](#), 81.7 % of the TG farmers participated regularly at least in local institution, while only 12.3 % of the CG farmers did so. Fairtrade clearly had a positive impact on participation in the [cotton case](#), as chart 23 shows:

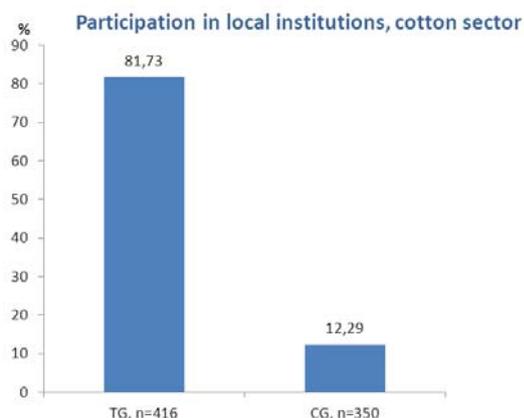


Chart 23: Participation of cotton farmers

The research team observed that the relationship between the POs and their FLO contact partners (liaison officers, networks, etc.) is not always trustful, as several examples of miscommunication show. In the [coffee](#) and [banana cases](#) (Peru), management of different cooperatives reported to the research team that the Peruvian state deducts parts of the Fairtrade premium (thousands of USD) as tax. The POs accordingly receive

less money as premium than planned and cannot invest it in projects. The interviewed persons who reported this problem stated that it was difficult to talk with FLO about this problem, as they would not feel comfortable reporting this problem to FLO.

Especially in the [banana](#) and in the [coffee cases](#), PO management and farmers were highly concerned about rumors they heard about the Fairtrade certification of plantations. They reported that as soon as plantations were Fairtrade-certified, the cooperatives would get into serious trouble to survive. These rumors derive from the fact that Fair Trade USA separated from the Fairtrade system and now calls its certification scheme "Fair Trade for All". This US certification scheme plans to certify coffee plantations, while Fairtrade does not plan to work with coffee plantations. Although it is not the responsibility of FLO to inform about "Fair Trade for All"'s certification strategy, FLO should be aware that farmers might not know about the difference between Fairtrade and "Fair Trade for All" and accordingly, FLO should explain the separation and the possibly different certification strategies. This includes that FLO should

explain detailed that “Fair Trade For All” is another certification, independent from Fairtrade and that this independent certification might have another certification strategy than FLO. FLO should emphasize that it does not plan to certify coffee plantations.

In the [banana case](#), the cooperatives (farmers and managers) of the CG reported that FLO would demand that every single cooperative is Fairtrade-certified (which costs € 525 application fee plus between € 1430 – 3060 certification fee, depending on the size of the association), instead of selling their bananas on the Fairtrade market through the second grade organization which is Fairtrade-certified. The Fairtrade liaison officer explained that the cooperatives themselves wanted to get Fairtrade-certified, that it was not FLO which demanded these certifications. These different depictions suggest that the communication between the POs and FLO can be optimized.

In the [coffee case](#), international market conditions with changing prices due to the stock exchange led to serious financial trouble for coffee cooperatives in times of high coffee prices. The Fairtrade premium helps cooperatives to cope with the situation, by using the premium money to pay the higher coffee prices to their members. The premium money then cannot be invested into social projects for the communities. The PO management did not speak about this with the researchers, and according to a coffee expert from this same region, the POs are reluctant to talk with FLO about this problem. Furthermore, as described in the [coffee case](#), it was not possible to get access to important data. This missing communication on this topic can be interpreted as lack of trust between the cooperatives and FLO.

The described examples show that although Fairtrade is very important for the POs investigated, the communication between FLO and the POs is not always sufficient and open. It is highly recommended to show the POs that they can openly communicate any troubles they are in.

Summarizing, Fairtrade had a considerable impact on power relations in the investigated regions. The most important change Fairtrade brought about for farmers and workers is the opportunity to plan and design development projects for their communities. This planning and implementation of projects does not only give the farmers and workers the opportunity to participate in their communities’ development but through this, it gives them new responsibilities and makes them feel ownership for the implemented projects. This can only work in those cases in which all (or at least most) farmers and workers know well how Fairtrade works, because only then is it possible for them to participate in decision-making and only then is it possible that decisions can be taken democratically. Therefore training programs on Fairtrade awareness should be strengthened and it should be assured that the persons assuming a role in the decision-making process on the Fairtrade premium investment (such as treasurers, community presidents, SPO board members, or JB members) receive the respective training to fulfil their roles well.

However, the relation within members of POs and between POs and FLO is not always based on trust and confidence which leads to difficult situations for the POs due to insufficient communication and misunderstanding.

6.2 Development of services

In all six cases, Fairtrade premium was invested in measures which are accessible for all community members and which improved the living conditions of the community members. In

the following, these measures are described and the impact Fairtrade achieved with these measures will be highlighted³⁷.

The PO of the TG in the [flower case](#), received around 280,000 USD of Fairtrade premium money in 2010. The largest part of this amount was spent on schools and on the health sector: In recent years, immunization and free mosquito nets benefitted all community members in the visited TG village. The JB of the TG PO further installed water kiosks in the TG village and built huts for security personnel.

At the PO of CG, workers were especially happy about the premium going to the dispensary, where a TV and DVD set was installed together with a generator in the waiting area. Although this might not be boosting a community's development, people (among them the chief of the area) were appreciating this set very much.

In one village of CG, the non-Fairtrade-certified flower farm also supported the community. The farm installed a water and an electricity system for the community. Furthermore, a borehole for the dispensary was drilled and toilets for the school were constructed. Although this flower farm implements similar projects to the ones the JBs of the Fairtrade-certified farms put together, an important difference consists in the way how the projects are planned and implemented: While the Fairtrade-certified flower farms (via the JBs) integrate the staff of local institutions, the non-certified farm implemented projects by themselves. This way, projects do not always serve the village. E.g. the water system at the school does not work and thus, the toilets constructed by the non-certified farm cannot be used. Another example is the borehole drilled for the school and the dispensary which only serves the dispensary, although it was also meant for the school. However, the chief of this CG village appreciated the engagement of the non-certified farm very much because the village is surrounded by farms of flowers, coffee, and pineapple. Only the CG flower farm supports the village. Interestingly enough, there is a large pineapple plantation situated near this CG village, owned by a huge international fruit company. This company, according to information available on the internet, has an annual revenue of several billion US Dollars but does not support the village, not even when asked to by the chief. Workers of this company live on the plantation.

The fact that only the (non-Fairtrade-certified) flower farm helps the village might be a sign that Fairtrade serves as a role model in the flower sector of this region, as was stated in one interview with management staff at the CG PO. In this interview, it was explained that more and more farms may adhere to (some of) the criteria of the Fairtrade standards because otherwise they would not find a wholesaler. According to this person, the only thing that kept some farms from getting Fairtrade-certified are the high costs related to the certification, i.e. the direct certification costs plus the costs related to the implementation of the certification (e.g. permanent employment of workers, health protection for sprayers, etc.). However, the research team could not find systematic proof that Fairtrade serves as a role model for non-certified flower farms. Due to recent attention of the media on the situation of workers at flower farms, it is surely the case that international supermarkets demand higher standards in terms of working conditions on the farms. Fairtrade-certified farms, as some of the first ones adhering to high standards, surely serve as models in this regard.

In the [tea case](#), different private initiatives (mostly from tea buyers but also from the mother company of the studied farms itself) initiated development projects or financed helpful items for the tea garden workers (like gas cylinders and stoves), benefitting all gardens equally (no

³⁷ It is important to note that each Fairtrade-certified PO of every investigated sector puts together more projects than are described in this report. In this report, only those projects are described which the research team observed during the field visit. The team did not observe all ongoing projects.

difference between TG and CG). All households on both tea farms have an electricity connection and a water tank. However, in interviews with workers of both farms, it was stated very often and vehemently that the water supply was not sufficient.

At the TG PO, the Fairtrade premium was used to hand out gas cylinders to the workers. These gas cylinders were stated as a major improvement of their living conditions by various women in a group discussion. The gas cylinders allowed them to spend much more time with their families than they used to have; now their husbands don't need to get up before sunrise to get firewood and the women can cook faster. Equally, pressure cookers bought with Fairtrade premium money are an improvement in terms of time saving at the TG PO. Workers also stated that they received good blankets, thanks to Fairtrade premium money. At the TG PO, they also bought a sewing machine for each village, which saves the villagers money. There were also 500 chairs bought for the village with the Fairtrade premium money, which now allow for better village meetings. The TG PO bought 68 cows for their workers. The milk of these cows is sold cheaper to the villagers than the milk in the shops. The dung the cows produce is sold to the tea farm, and this way the workers have an extra income. The same happens at the CG PO, although here the cow project so far has been financed with the mother company's money but it is planned to finance the project with Fairtrade premium money in the future. The workers at the TG PO so far have 15 cows. In almost every interview with workers at the TG PO, this project was mentioned, the workers were happy about the milk and also proud to produce dung for the tea garden. Around 50 families benefit from the milk and the dung of the 15 cows. Furthermore, the project has generated 12 new jobs for people who purchase the cows, take care of them, milk them, clean their stable, sell the milk, sell the dung, and take care of book-keeping³⁸. Since the TG PO farm bought four times as many cows, the number of people benefitting accordingly is higher for the TG PO.

Workers of the TG benefit from Fairtrade premium money by receiving the items stated above which save them a lot of time and help the workers in their daily lives, improving their living conditions and also saving them money. Workers on the CG farm so far only benefit from the cow project. Hence, Fairtrade improved the living conditions of the workers at the TG farm by providing them with new and better quality items. But these items did not promote rural development. Furthermore, there are private companies (customers of the mother company of both the TG and CG farm) that also support the workers, financing the distribution of gas cylinders and stoves. The mother company wants to ensure that living conditions are equal among the tea gardens it owns, regardless of the support the single gardens receive (through Fairtrade or through any other initiative). This is why the company tries to compensate the different gardens: Whenever there is some project/support for the workers in any of the 13 tea gardens (like the ones mentioned before, e.g. the purchase of gas cylinders), the management of the mother company would fund initiatives to help in the other tea gardens (whichever of the thirteen tea garden seems to be most in need of help). This is done because the workers should not be disadvantaged because of the different marketing strategies, with Fairtrade being one of them. There is one case in which Fairtrade premium money supports the management in this pursuit: The central Joint Body adopted the idea of the mother company's management to provide liquid petroleum gas (LPG) cookers for 3500 workers. Fairtrade funds are used to finance 25 % of this project (~79,000 USD), while the mother company's management took a subsidized loan to finance the other 75 % (327,999 USD). Accordingly, Fairtrade does not bring any advantage to some gardens which the other gardens would not get, but as the example described above shows, Fairtrade helps to make

³⁸ Since the cows benefit the tea workers (who need the milk, and the dung is used for the tea gardens), the cows are not considered a business that interferes with tea production and hence they are permitted in Darjeeling.

large projects for all gardens possible and boosts investments in the living conditions of workers. If the Fairtrade sales were higher and accordingly more premium money was available to be spent, the compensation (garden-wise) would surely not be possible. In how far a higher Fairtrade premium amount would affect the company's own contribution cannot be predicted.

Summing up the [HL cases](#), Fairtrade premium money brings very positive changes regarding development. Especially where POs work with local institutions, premium money can be used successfully for development projects, and workers of Fairtrade-certified POs directly help to improve living conditions in their communities.

In the [coffee case](#), the largest part of the Fairtrade premium money is invested in infrastructure. The TG PO constructed 280 km of (feeder) roads and even has its own machines for constructing roads. As described in chapters 2.1 and 2.2, investments in infrastructure benefit not only the competitiveness of the farmers but also the whole community as the health situation and the education sector also profit from good streets.

Another huge investment made with premium money is the instalment of coffee processing plants. These plants save the coffee farmers who live near the plants the trip to town to dry and process their coffee beans. These trips to town normally last several days, depending on the weather (as sunshine is needed to dry the coffee beans), and the farmers need to pay for accommodation. The processing plants financed with Fairtrade premium money allow the farmers to no longer take these trips and accordingly save them time and money. The farmers can invest the saved time and money in their families to the benefit of the community.

In two of the communities of one of the CG POs, an NGO was also installing a processing plant. The NGO wants the cooperative to become Fairtrade-certified and already tries to adopt Fairtrade strategies, as for example through training the farmers. The installation of a processing plant for farmers (so far unique to the TG PO) might be adopted by Fairtrade as well, as Fairtrade clearly serves as a role model for cooperatives in the coffee sector even before they are certified (as stated in chapter 3, most cooperatives in the coffee sector are formed in order to benefit from Fairtrade).

In the [banana case](#), a large part of the Fairtrade premium is invested in infrastructure, as in the coffee case. One of the TG POs, for example, constructed six km of roads, together with the sub-regional ministry of agriculture. Another TG PO invests an average of 10 % of the Fairtrade premium money in roads and bridges. Again, the investments in infrastructure benefit the whole community. One interviewed banana farmer reported that the improved streets lead to a greater exchange with other communities since it was easier to travel to other villages; this is especially true during the rainy seasons when it used to be (before the building of roads) almost impossible to travel.

There was a considerable difference between TG and CG regarding the roads in the communities. In the TG communities, the streets were mostly asphalted while in the CG communities, they were not. Fairtrade had a positive impact on this difference in infrastructure.

In one TG PO, a mass wedding was put into place, supported with Fairtrade premium money, as 35 couples were married on one day in 2011. This same PO also offers alphabetization classes for all interested persons in the communities; this program is now in its third year.

In one of the CG communities, a leading international fruit company via its foundation (for more details on this foundation, cf. chapter 7.1) constructed a park for families. This park converted the main meeting point of the village and now even serves official meetings. Inter-

viewed farmers of the CG expressed gratefulness and reported that the park leads to regular meetings of the villagers on Sunday afternoons. The same foundation also installed a medical service which serves all banana farmers who sell to its mother company, but it does not serve the whole community. As will be described in chapter 7.1, the concerned fruit company most probably imitated Fairtrade's investment in community projects, which is why the results suggest that Fairtrade even had an indirect impact on the CG.

The opportunity of participating actively in the decision-making and designing of development projects is unique to Fairtrade. The farmers interviewed mostly (around 70 % of them, TG) were aware of the fact that it was the sale of their cultivation products into the Fairtrade market that generates the premium money for the development of their communities. They were proud of what they had achieved and had great plans for the future. The farmers of the CG knew about the projects realized by the TG and already knew very well how they wanted to invest the premium money. They were planning on integrating their children in the cooperatives (by offering them traineeships for example) and on collaborating with NGOs, especially in the water sector. Fairtrade accordingly had an important impact on the banana farmers, offering them the unique opportunity to not only think about how they could improve the living conditions in their communities but also by giving them the opportunity to put their plans into practice. However, not all interviewed banana farmers of the TG were aware of how Fairtrade works, around 30 % of them lamented that they did not know much about Fairtrade and that they were not involved in decision-making processes.

In the [cocoa case](#), members of the TG PO in one village received training from the PO (sponsored with Fairtrade premium money) on how to produce cocoa soap. This provided an extra income source for a certain time but unfortunately had to be given up because it was not profitable in the long run. In the same village, there is also a corn mill, constructed with Fairtrade premium money which provides an extra income source especially for the female villagers and was highly appreciated and a good example of how Fairtrade premium money can make a positive impact on communities' development. In another village there were a corn mill and a borehole constructed with Fairtrade premium money but both the corn mill and the borehole were no longer in working order, and it was unclear whether they would be repaired. In again another village, there was a working corn mill, financed with Fairtrade premium money. The Junior High School in the second village mentioned received support from a European chocolate trader and manufacturer. This company financed the construction of a school building, sponsored jerseys, footballs, books, and computers.

In the visited communities of the [cocoa case](#), the Fairtrade impact is minimal in regard to the development of services. This is also due to the fact that the farmers are not aware of the premium money and of their role in the premium spending process. Therefore, it is very important to teach the cocoa farmers the idea of Fairtrade in order to motivate them to become involved in development projects. This way, there is also a higher chance that they feel responsible for the maintenance of projects established with Fairtrade premium money.

In one village in the [cotton case](#), boreholes were constructed with the Fairtrade premium money as well as an underground water tank for water storage for the animals. In another village of the TG, Fairtrade premium money was used to construct a fence around the village temple in order to keep animals out. Now the inhabitants of this village have a place where they can meet. They also constructed a watering place for the cows in the village. Before they constructed this watering place, only the first cows that arrived at the well could drink enough. Now there is enough water for every cow, which means that the cows produce more milk. Since it is typically the women in the villages, who care for the cows, this construction is

also of help to the women. In again another village of the TG, the farmers used Fairtrade premium money to construct a bath for the ritual washing after the cremation of the dead. Right now, farmers from all villages are planning together with the PO of the TG to construct a processing unit, which would allow them to travel less far to use a processing unit and thus save money. The processing unit they use now is around 30 km away and belongs to a private company. In the comparison villages, the farmers did not implement any development projects. In those villages with the earlier mentioned NGO presence, the farmers were supported with drip-irrigation systems and with women's self-help groups. But there were no projects accessible to the whole community. The community projects described above show that Fairtrade, through the opportunity of participation it provides to the farmers, indirectly brought about a positive change to community and farmer relations – a place for meetings was constructed, the ritual bath can now be built and used by the whole community, and farmers of different villages work together on a processing unit. The improved and newly established communication and relations between farmers are an important step to more empowerment.

✓ In conclusion on the changes Fairtrade brought to the organization of rural zones/working places, it can be stated that Fairtrade achieved a considerable positive impact in this area in most cases. The opportunity to participate actively in their communities' development offers many farmers and workers a unique step to more empowerment. This opportunity, however, is only given when POs inform their members or their workers adequately about the Fairtrade system and workers as well as farmers do not only understand their role in this system but are also capacitated to assume their responsibility (by participating in decision-making processes).

7. Results: Changes in local and national development

Fairtrade is a trading partnership that provokes not only changes at individual level but also at the community and organizational level. Fairtrade often is a door opener for new trading conditions such as new partnerships, easier access to markets, and production knowledge. This promotes higher production and sales and can possibly benefit people beyond the company. Furthermore, Fairtrade aims at converting agriculture into a more attractive business. The impact Fairtrade had in this regard is described in the following chapter.

7.1 Support for the development of the region

In the scope of this study, it was not possible to investigate whether the Fairtrade certification in the [HL cases](#) has any influence on the way in which the Fairtrade-certified companies' profits are used to support workers. In the [tea case](#), Fairtrade did not change the management's spending of profits for the workers; The mother company of the TG and CG farm does still (as it did before the certification) spend some of its profit on the tea gardens' workers, often supporting projects from other institutions financially. It is not possible to describe the impact of Fairtrade on the [flower](#) and the [cotton cases](#) in this regard. Additional research should try to determine whether the Fairtrade certification leads to more or less financial engagement from the Fairtrade-certified companies, or whether the certification does not affect the companies' social engagement at all. Equally, research suggests that Fairtrade-certified POs often work together with NGOs or public initiatives and that the Fairtrade certification supports these cooperations. Since this study focused on assessing the impact of Fairtrade on rural development at the community level, this issue was not examined in depth. Based on information gathered, no systematic proof was found of this assumption.

As was pointed out in chapter 3, in the [coffee](#) and in the [banana cases](#), cooperatives are sometimes formed solely for the reason to benefit from the Fairtrade certification. This means that farmers who formerly managed their sales individually join together to sell their products collectively. Fairtrade-certified cooperatives do not only affect the organization itself and its sales, but they also have implications on agricultural methods, marketing, and other areas. Farmers of Fairtrade-certified cooperatives meet on a regular basis, they interchange information with each other and learn from each other and from experts. Often the cooperatives use premium money to support their members in the conversion to organic farming. The decision-making process on how to spend the Fairtrade premium allows the farmers to plan on community development and to participate in it. They feel ownership for the measures financed with their premium and are proud of the changes they bring to their communities. Female farmers and female family members often have their own committees, and the single farmers assume different roles in the cooperatives, teaching them skills valuable in their daily life (such as financial management, communication skills, leadership skills). These changes do not only affect the farmers, they affect the whole community.

In the [banana case](#), the described development would not have happened without Fairtrade, because it was only due to Fairtrade that the cooperatives were formed. This also applies to the investigated region in the [coffee case](#). Here, the CG cooperatives were supported by

NGOs which help the cooperatives to obtain the Fairtrade certification. Accordingly, Fairtrade had a huge impact. In both the banana and the coffee case, other buyers (outside the Fairtrade system) have to adapt to this changing environment. They are very much aware of the attractiveness of selling to Fairtrade. This is why other buyers have to introduce attractive measures for the farmers as well, often spending money on social projects. A very striking example was found in the [banana case](#), where one of the world's largest trader & producers of fruits and vegetables introduced a system with the same financial incentive for the farmers as the Fairtrade incentive: For each box of bananas sold, 1 USD goes to a fund. In the case of Fairtrade, this fund is the Fairtrade premium. In the case of this company, for each box of bananas sold to the US market, 1 USD goes to a foundation created by the company. This foundation invests the money in social projects, the decision on how the foundation spends the money is taken internally by the fund, without the involvement of the farmers, and thus Fairtrade premium money remains the only fund that allows the farmers to participate in community development. This company-initiated foundation was only created in 2008, after the introduction of Fairtrade into the Peruvian banana sector, and it seems like it was founded as an answer to Fairtrade, as several Fairtrade and banana sector experts reported. However, the described findings must be interpreted with caution because the interviewed staff of the concerned company did not confirm the assumption that the foundation was formed to compete with Fairtrade. However, as the same foundation had already been active in Ecuador since 2001, it is surprising that the expansion to Peru coincides with the start of Fairtrade.

Despite the described positive changes in rural areas, the [coffee case](#) is the only one of the investigated cases, in which school children expressed the wish to become coffee farmers like their parents. In all other cases, the children interviewed wanted to work in some other profession than farming or working on a plantation³⁹. In the [banana case](#), the average farmer was 49 years old and had 0.7 hectares of land; these data explain an important trend in the banana case. The average age shows that young people hardly work as banana farmers while the average size of land is a key factor of this situation: Young people cannot acquire land to work as banana farmers. This was confirmed by the three interviewed young (male) workers (around 30 years old), who stated that they would like to work as banana farmers but that there was no land available for them, which is why they plan to take over their parents' farms one day. In conclusion, it can be noted that there are two factors posing obstacles to the professional (voluntary⁴⁰) engagement of new generations in farming: one being the lack of attractiveness of farming and the second one being the lack of available land. The attractiveness of farming is, among other factors, determined by the development of rural zones; only when investments in education, health, and infrastructure are made, small scale farming can be profitable. Fairtrade already supports investments in these areas with the Fairtrade premium, but naturally the regional (politically defined) circumstances are crucial for the successful development of a region. A detailed and differentiated (by sector and country) analysis of the positive and negative factors that determine the attractiveness of farming should be performed in order to develop strategies that help to maintain and improve the

³⁹ Because of school holidays, it was not possible to interview school children in the tea sector. There is no data on the plans for the future of pupils in the tea sector.

⁴⁰ Farmers often have no other choice than taking over their parents' land and work as farmers wherefore they may not voluntarily work as farmers but do so out of need.

Fairtrade system. In such an analysis, the important discussion on the future role of the small scale farmer (in contrast to large commercial farms) for development should be integrated⁴¹.

Fairtrade in the **SPO cases** does not only impact on farmers but also on the workers employed by the cooperative and its members. In the **coffee** and even more so in the **cocoa cases**, some land owners (farmers) do hardly ever tend to their farms. Some of them live far away from their land (mostly in nearby cities) and have workers (caretakers) tending to their fields. This means that the people working on the farms have to attend the training programs on Fairtrade in order to cultivate the landlord's land according to the standards. However, when it comes to the decision-making process over the premium money spending, these same persons (the caretakers) who cultivate the land according to Fairtrade standards and who live in the rural communities cannot participate in the decision-making process over the Fairtrade premium, but the land owners who rarely ever get in touch with Fairtrade and do not even live in the rural communities are allowed to participate. This contradicts Fairtrade's objective of empowerment and the according Fairtrade rules should be revised. The involvement of workers in the farming process varies in the different sectors⁴² and regions, and a possible revision of the rules defining the workers' role in the Fairtrade process should integrate the workers themselves along with their perspective and their needs into the Fairtrade system.

Before the presence of Fairtrade, workers in the **banana case** who cleaned and packed the bananas for international buyers, worked for subcontractors and only had monthly contracts. The cooperatives (which were formed because of Fairtrade) took over the packing stations from the subcontractors and employ their own workers. The majority (~90 %) of these workers now have permanent contracts, benefitting from all statutory rights linked to these contracts like health insurance, 15 days of leave, paid sick leave, and security for planning. Fairtrade brought an important positive change to the workers in the banana case.

In conclusion on the changes Fairtrade brought to **local and national development**, it can be stated that Fairtrade's impact in this area was considerable in the SPO cases. Through the formation of cooperatives in some sectors, Fairtrade changed the power structure in the respective regions, with farmers being less dependent on buyers. Wherever **POs are well organized and of significant size**, the farmers profit more directly from the changing structures.

⁴¹ Cf. for example: Wiggins, Steve (2009): Can the smallholder model deliver poverty reduction and food security for a rapidly growing population in Africa?

⁴² Workers in some sectors are migrant workers (and hence difficult to integrate into the decision process) while in other sectors workers might cultivate the same part of land for generations. These workers should be integrated into the Fairtrade system.

8. Results: Changes in the management of natural resources

An intact environment is crucial for successful and sustainable agriculture. Small scale farmers can only live from their production if their environment is not damaged, and an intact environment is a prerequisite for productivity in SPO, CP, and in HL cases. Environmental care and protection are therefore important for the Fairtrade system and form an important pillar of the Fairtrade standards. In the following chapter, the impact of Fairtrade on environmental aspects in the investigated cases is described.

The TG PO of the [flower case](#) adheres to MPS (Milieu Programma Sierteelt⁴³) standards; those and national legislation according to the environmental protection officer of the TG PO, have more specific requirements than Fairtrade in terms of good agricultural production, ultimately reducing the negative impact (of plant protection and fertilization) on the environment. However, the management of the TG PO stated that Fairtrade was positively pushing them towards biologically better methods, always a step ahead of the farm management⁴⁴. At the CG PO, Fairtrade certification definitely had impact. According to the CG PO's environmental protection officer, before Fairtrade certification, green waste was not used at all, and agrochemical waste was buried. Since the farm has been Fairtrade-certified, there is no waste burning at all at the CG PO, and the farm also started to use micro-organisms for soil protection, a measure due to Fairtrade-induced Integrated Pest Management (IPM). Green waste on both farms (TG and CG) is composted. Plastic waste on the CG PO is sold to a recycler, while at the TG PO, they dispose it through a licensed⁴⁵ company; agrochemical (plastic) waste⁴⁶ on both farms is given to a licensed incinerator. On both Fairtrade-certified farms spraying only takes place away from water sources, according to the standards and the respective officers for environmental protection. Flower farms need a lot of water which is why water management is a crucial point for them. The TG PO uses water from the nearby river and from boreholes. The CG PO harvests rain water and uses also water from the neighboring river. At the TG PO, it was explained that using water from the river would not be a problem since using river water was only possible with a government permit, which was only given when it was made sure that this usage of water will not pose any risks for the population. In how far the government actually controls the proper water usage could not be investigated for this study. Used water on both farms is treated and released back into the environment, according to the officers. The National Environment Management Authority (NEMA) of Kenya audits farms once a year on the Kenyan standards for environmental protection⁴⁷. Since concrete drainage systems were built on both farms, there is no problem with soil erosion on the farms. Because it was not possible to talk with members of the management of the non-Fairtrade-certified flower farm in one of the CG villages or of another non-Fairtrade-certified farm, there is no comparable data available. However, many flower farms adhere to MPS, which sets standards for each company individually; accordingly, it is not possible to describe them in the frame of this overall impact study. In chapter 2.3, it was already described that

⁴³ MPS is a Dutch certification program with its focus on Corporate Social Responsibility.

⁴⁴ This statement was made in an interview with a third person who provided the research team with the transcript.

⁴⁵ Licensed through the National Environment Management Authority (NEMA) of Kenya.

⁴⁶ Empty plastic bins which contained traces of agrochemicals.

⁴⁷ In the frame of the research trip, it was not possible to find out how efficient the audits from NEMA are and whether they are comparable to Fairtrade audits.

the Kenyan state laws are not always respected by the farms. This surely also applies to environmental aspects, as experts on Kenyan structures explained. Fairtrade-certified farms, due to the regular inspection, do adhere to state laws and stricter (Fairtrade) standards.

Both POs of the [tea case](#) (TG and CG) adhere to strict environmental standards and there are no major differences between the two gardens. In order to comply with RFA they are constructing soak pits at their workers' houses, which they started in late December 2011 and they should have finished in March 2012. All over the TG tea garden and in the villages pertaining to the garden, there are containers for glass, plastic, and other waste. These were installed in 2010, also due to RFA. To prevent soil erosion, special grasses and trees are planted on both farms. Furthermore, they do revetment, both measures were started before any certification was given to the farms. At both farms, they raise awareness for the protection of wildlife by putting up signs that remind everyone on the importance of trees and animals. The office building at the TG PO as well as the director's bungalow are provided with electricity from a hydropower plant, which was already installed 16 years earlier. The farms use compost and buy parts of it from their workers who purchased cows from the cow project financed by the Fairtrade premium. As mentioned before, with Fairtrade premium money, gas cylinders were purchased for the workers, who now don't have to cut fire wood anymore. According to the officer for Environmental Protection at the CG PO, the gardens met all Fairtrade standards in relation to environmental protection before the farm was Fairtrade-certified. The CG farm was organic-certified in 2004 as all tea gardens of the mother company of both the TG and the CG were. On both farms (TG and CG), rain water is used for tea cultivation and personal needs. In drought seasons, water shortage may occur on the farms. In two group discussions, it was stated that the communities suffered from water shortage, which was seen as one of the two major problems of the communities pertaining to both the TG and the CG farm. During dry seasons the water source (a water reservoir) would dry up and there was not enough water for everyone. The water source is an average 10-minutes walk away from the workers' houses. Especially in the TG quantitative data confirms qualitative data, as shown in chart 24, which illustrates that a majority (65,7%, n=319) of the interviewed workers of the TG rated water and sanitation as the most important development area.

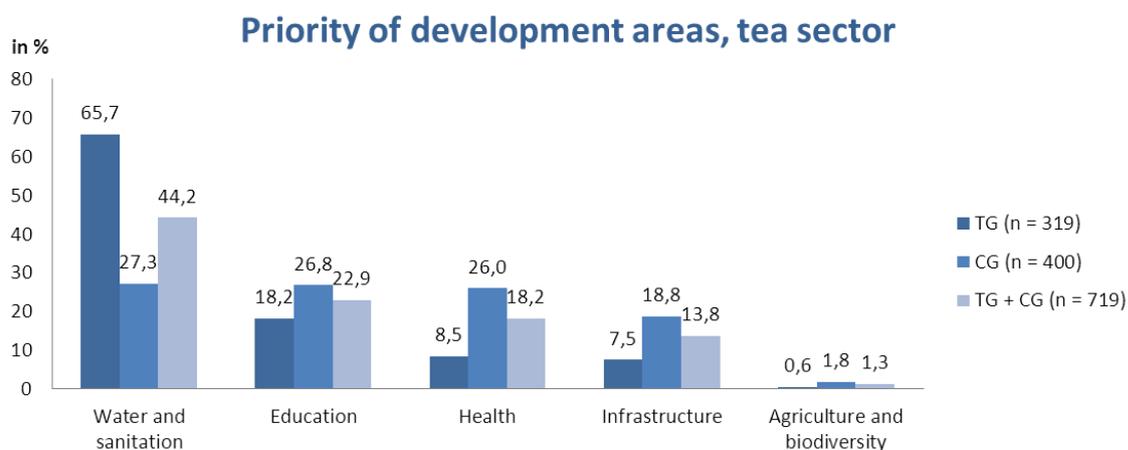


Chart 24: Priority of development areas, tea sector

Since are naturally tea gardens situated on hills, they completely depend on rain water since it will not be possible to find ground water.

At the CG farm, two types of waste pits have been constructed - one for organic and one for recycling waste. Up to now, these pits are made of bamboo but they will be replaced with more durable material. The recycling waste is picked up by waste-pickers from the surrounding cities, which have turned recycling into a trade. On both farms, biocides permitted for organic production are only used when necessary so it is not possible to state the exact amount of biocides used per year as this amount changes whenever pests occur. However, management keeps very detailed records of which biocides are used and of how to prepare it. At the CG farm, there are signs that call for attention regarding the importance of the environment and wildlife every few hundred meters. Workers in interviews continuously mentioned the importance of the environment and were very proud that they themselves now produce compost and dung through the cow project. Equally, the management of the CG farm keeps records of every measure regarding environmental protection and of the biodiversity on their farms - for example, they have a booklet where workers and managers document wildlife sighting (whenever someone sees a wild animal, the person notes when and where it was and which kind of animal) and a booklet that documents the herbal plants to be found at the farm; the booklet contains dried herbs as examples. Both booklets are theoretically accessible by everybody. Besides that, on both farms, trees are planted continuously, while this planting is very well documented, as required by RFA. On one occasion, the tree planting was a social event, when a whole community was involved.

All of the mother company's tea gardens work with the World Wildlife Fund (WWF). The collaboration is funded by a Germany-based online tea business and client of of the mother company. The WWF initiative already started in 1993⁴⁸ and, according to the responsible person at WWF, the environment at all tea gardens has changed considerably over the last five years. When the gardens were not organic, there were hardly any animals. Over the last years, since the implementation of organic production (in 2004), animals and above all birds, returned to the gardens. This was confirmed by two managers. The awareness among workers concerning the protection and the management of the environment has risen, according to the WWF employee, but is still low and according to the WWF employer remains the largest concern in terms of the environment of the tea gardens.

In conclusion, it can be noted for the [HL cases](#), that Fairtrade's impact varies concerning environmental protection. In the [flower case](#), Fairtrade brought many positive new measures for environmental protection and thus had an impact. In the [tea case](#), both POs (TG and CG) undertake many measures to protect the environment. However, Fairtrade's direct impact on environmental protection is rather small in the [tea case](#) while the conversion to organic production had a considerable and later on RFA a visible impact. The change Fairtrade brought about at both tea farms in terms of environmental protection was implemented with Fairtrade premium money: The cow project and the distribution of gas cylinders do not only help the workers but are also measures for the protection of the environment, as workers no longer have to cut as many trees for fire wood.

In the [coffee case](#), all producers of the TG PO receive training programs on the diversification of production, as demanded by the certifications UTZ and RFA. RFA also demands that the producers receive training programs that capacitate them to identify the ecosystem in which they grow their coffee and accordingly learn to treat their land adequately. Due to

⁴⁸ The main objectives of the WWF initiative are 1) Environmental restoration of Darjeeling Hills by improving the habitats. 2) Generating income and employment through reforestation and alternative livelihood programmes. 3) Environmental education and awareness for community and students. 4) Species conservation in collaboration with the forest department

Fairtrade, recycling was introduced in the TG PO. The farmers of the CG had heard of organic farming and wanted to achieve an organic certification. The reasons for this differed: Some farmers (~50 %) stated that they wanted to learn how to treat their land better and how to improve the environment in which they live, while others (~50 %) said that they heard that organic-certified coffee would pay more. The different certifications introduced measures of environmental protection in the TG and with this, the certifications support the development of an environmental awareness among the farmers. This environmental awareness could be noted in interviews in which interviewed farmers of the TG reported that the knowledge about environmental aspects was something very precious and useful for them. Fairtrade among with the other certifications had an impact on environmental aspects in the [coffee case](#), but RFA and UTZ brought about a larger change (e.g. awareness training programs on diversification) than Fairtrade regarding environmental aspects.

The [banana case](#) was investigated in Peru in a very dry, desert-like region which means that the banana plants need to be watered from a nearby river. It is very important to water banana plants sufficiently, around every 20 – 30 days. If the plant does not get enough water, it dies off and falls down. The shortage of water was stated by different people as the major problem – by farmers, by one person responsible for environmental protection, by school teachers and health personnel. Around 1,500 persons of the 2,074 inhabitants of one TG village receive water only once a week, via a truck that fills the houses' water tanks. In the school of this village, pupils must bring two buckets of water to school from their homes for their everyday needs because the school does not have its own water source. In a CG village, the situation concerning access to clean water was even worse. Here, farmers would stress the problem they have with the quality and with the quantity of water. The week before the field trip took place, a massive poisoning affected the village, due to the low water quality. In the TG, all POs already implemented projects to improve the water situation, and Fairtrade did have an impact in this regard. The POs should further be supported to collaborate with local NGOs and their water engineering experts.

Fairtrade introduced the idea of using the waste of the banana plants as compost, and the cooperatives organize the recycling of the plastic used in banana cultivation. The TG POs also provide training programs on environmental issues as do all POs that are organic-certified. Some POs of the TG work with schools in sensitization programs for children, in which pupils learn about environmental protection. Accordingly, Fairtrade brought about important changes in terms of environmental protection to the [banana case](#).

[Cocoa production](#) is mainly implemented by clearing forest vegetation to cultivate cocoa in a three level structure: The top story protects the cocoa trees from wind and sunlight, the cocoa trees cover the soil, and decomposed leaves improve soil fertility. Especially young cocoa trees need the top story's shade, and so more and more, cocoa production expands into virgin forests while at the same time former cocoa growing areas are abandoned because of low soil fertility, bush fires, diseases, and pests. This happens because many farmers do not know how to cultivate their land in a way that protects its fertility, which insects are important for the cocoa trees, and why spraying with agro-chemicals should be reduced to a minimum. This lack of knowledge not only puts the cocoa production of the farmers at risk but also the environment. This is why the TG PO is engaged in training farmers on the correct production methods and how to conserve the environment.

The TG PO farmers are supposed to plant trees around rivers and should only spray with the help of a spraying guide. Actually, special sprayers from the Ghanaian government are sup-

posed to come to the farms and spray but in reality this system does not work very well, so farmers have to take care of this task themselves. The TG PO's endeavors regarding environmental protection are very important. The low awareness of how agro-chemicals affect the cocoa trees, and of how to cultivate cocoa in a sustainable manner is a risk for the farmers' livelihoods and causes low production levels. Thus, the training programs the PO offers (alone or in collaboration with other agencies/NGOs) are a possible solution of the severe problems mentioned above. The importance of this topic was identified by various organizations: the World Cocoa Foundation, development agencies, NGOs, private companies and other certification schemes are engaged in Farmer Field Schools. Accordingly, these training programs are not unique in Fairtrade-certified producer organizations. The TG PO conducts various initiatives with regard to the farmers' training programs, most of them as public-private partnerships (e.g. a European chocolate manufacturer and the Ghanaian Cocobod train farmers on environmentally friendly practices). But as long as the farmers have difficulties in understanding the details, training programs most probably will not be sustainable. The Environmental Protection Officer at the TG PO stated that the PO's farmers are cultivating their land according to the recommendations of the Cocoa Research Institute of Ghana (CRIG). According to the officer, one automatically complies with Fairtrade standards when following these recommendations. Consequently, changes in terms of environmental protection cannot be traced back to Fairtrade. This officer also explained that cocoa farmers dispose of chemical containers by burying them in the ground of the farm, and that only through Fairtrade did the farmers learn about composting, which is what they do with cocoa waste. Composting is also addressed in FFS, and accordingly, all farmers who attend the schools know about it and may apply this knowledge.

The land in the region of the visited [cotton farmers](#) in India is very arid, and water scarcity is a significant problem in the region. There are several initiatives to improve this situation, the largest one being from the earlier mentioned large NGO that supports farmers in implementing drip-irrigation systems. These systems are also supported from the TG PO, together with a foundation of a private-sector company.

In none of the villages visited, there is a working sanitation system. The aforementioned NGO's main focus is water, school, and medical staff; it reported that lack of water (resulting in lack of hygiene) was a major problem, but surprisingly only 5.3 % (n=750) of all interviewed farmers found water and sanitation to be the most important development area.

Differences between the villages regarding the environment were due to the way of farming. While all farmers of the TG grow organic cotton, some farmers of the comparison group grow BT cotton, genetically modified cotton, also abbreviated as GMO⁴⁹. GMO cotton is widely spread in India, according to staff of the mentioned NGO around 96 % of the farmers in their working area grow GMO cotton. In the region analysed in this study this is different; here, only 40 % of non-organic farmers in the working area of this NGO grow GMO cotton.

Organic cultivation needs to be introduced to the farmers and in the case of the TG PO, it was the company interested in buying and selling organic cotton, and accordingly TO PO staff approached the farmers and asked them whether they wanted to convert. Farmers can hardly convert to organic farming without support because they need to learn how to cultivate organic cotton and they need to be supplied with seeds. Organic cotton farming is only profitable for small scale producers (maximum 3 hectares of land). At larger scales, it would be too much work to implement or farmers would need to hire workers which they cannot afford.

⁴⁹ BT cotton has genes from *Bacillus thuringiensis* (BT), which is a bacterium that can control pests. BT cotton is highly controversial; however, in the scope of this study, it was not possible to elaborate on this topic.

Another important requirement for organic farming is livestock – only the farmers who own cows and other animals can produce all the fertilizer necessary for organic farming without having to purchase the ingredients. Since the largest dairy production of all Asia is situated in Gujarat, most of the farmers in Gujarat do own cows.

Naturally, the farmers who produce organic cotton pay more attention to the environment. While the farmers of conventional cotton burn plastic and bury other waste in their fields, the farmers of organic cotton do not produce any such waste (at least not on their fields). They produce their own fertilizer using natural materials. They also use cow dung and compost to dung their fields, they don't use any plastic. The TG PO translated the Fairtrade Prohibited Materials List into Gujarati (the local language), they perform two audits in each season (six times a year) and control whether the farmers producing for them adhere to the organic and Fairtrade standards.

Through the premium, Fairtrade had some small impact on environmental matters in [the cotton case](#) because the farmers in one village invested the premium in water infrastructure. Fairtrade's most important impact on environmental matters is the further promotion of organic farming and the conversion of some farmers from GMO cotton to organic cotton. The conversion is an important change since organic farming and its positive impact on the land benefits the whole community by creating a healthier environment and through keeping available non-BT seeds. All farmers who cultivate organic cotton (whether producing for Fairtrade or for any other buyer) have to adhere to strict standards, which are controlled by the TG PO on a regular basis. In the scope of this study, it was not possible to investigate the seriousness of the control system of non-Fairtrade organic cotton farmers, but as per the International Federation of Organic Agriculture Movements (IFOAM)'s standards⁵⁰, in all organic farming, there is an internal control system which is controlled externally once a year. Compared to these controls, the TG PO ensures the compliance with standards with far stricter methods.

Especially in the tea and in the banana cases, the research team met highly motivated personnel responsible for environmental protection. This personnel promotes further measures and very successfully anchored the topic of environmental protection in the general management of the PO.

As today's conventional agriculture in many cases demands high chemical inputs in order to stay competitive, it is important that the chemicals used on the crops do not negatively affect the health of the workers and farmers. In order to avoid negative health implications for workers, farmers, their families, and other people living in the area, special measures of precaution are important.

In the organic [coffee](#) and in [the banana cases](#), there are also no chemicals applied and farmers only need boots for their work, securing them from snake bites.

In the [cocoa case](#), training programs on the correct use of fertilizers and chemicals are crucial for the farmers' health. But only wearing protective gear allows the prevention of health risks. This protective gear, consisting of boots, overalls, gloves, and goggles is rather expensive for cocoa farmers and only of value when used and maintained in the right fashion. Only some farmers (both TG and CG) own protective gear, because of its price. The Ghanaian government is supposed to send sprayers to the cocoa farms, but this system does not really

⁵⁰ IFOAM is the international umbrella organization of the organic movement with over 750 members, among them the German organic certifier Naturland and the Swiss Bio Suisse.

work, which is why farmers are often forced to take on this task themselves, which poses risks to them (TG and CG). A Fairtrade impact on the security situation of cocoa farmers regarding the health risks their work poses could not be assessed.

In the **cotton case**, all of the TG PO's farmers produce organic cotton; in some comparison villages, the farmers cultivate conventional cotton, for which a high amount of chemicals is applied. The interviewed farmers of these villages reported that they did not wear any protective clothing thus exposing themselves to risk, especially during spraying time. Through organic farming, the cotton farmers are not exposed to chemicals and work in a healthier environment, according to the farmers interviewed. Furthermore, local NGO staff told the research team that in the last 2-3 years, the chemical fertilizer needed by the conventional farmers for their cotton was not always available in time. This is a considerable problem since conventional hybrid cotton needs a lot of fertilizer, and the non-availability leads to lower production. Farmers who conduct organic farming produce their own fertilizer. The farmers of the TG PO receive regular training programs, but those farmers benefitting from the mentioned NGO's presence do so, too. Accordingly, Fairtrade brought a change in working conditions only for those farmers who did not receive any support from the mentioned NGO. The TG PO should support the farmers in getting access to government schemes as these schemes help the farmers in improving their cultivation, thus possibly increasing their productivity and accordingly their financial situation.



In conclusion on the changes Fairtrade brought about in the management of natural resources, it can be stated that Fairtrade has important standards that bring positive changes to the environmental protection in some sectors. In other sectors, these standards are already adhered to, due to other certifications or due to the POs' policies. A very important role of Fairtrade is the support of conversion to organic production. In any case, Fairtrade's **regular and independent controls of the adherence to the standards** help to protect the environment.

9. Summary of Results and Recommendations

Summary

Changes in social structures

- 1) Fairtrade premium money is often invested in projects that benefit the whole community, e.g. in improvement of the education and health situation in communities. In many cases, positive changes were achieved (see also point 15 below).
- 2) In the cotton and cocoa sectors that were researched, participants reported that they need their children to support them in the fields, sometimes during school periods. While the cocoa sector indicates that awareness training on child labour had some positive impact on issues of well-being, in the cotton sector, there were relatively few measures to raise awareness concerning child labour issues.
- 3) The formation of gender committees brought positive changes to women, especially in the [coffee](#) and [banana cases](#). Gender committees are important institutions to secure women's rights wherever the committees are working well.
- 4) In the [tea case](#), there are no gender or women committees although sexual harassment is common on tea gardens according to experts on the Indian tea sector. Female workers lack even basic infrastructure for their needs, such as toilets in the tea gardens.
- 5) In the [SPO cases](#), participation in decision-making processes on Fairtrade premium money spending is restricted to members of the cooperatives. Since women are often culturally excluded from this kind of organization, they cannot participate in the decision-making process.
- 6) The firm definition of gender roles also affects the attitude of farmers towards girls' education, a finding that applies to all [SPO](#) and [CP cases studied here](#). As the farmers are afraid that their daughters might become involved with men at secondary school and become pregnant, they are afraid to send girls to secondary school.

Changes in the socio-economic situation of farmers/workers and their households

- 7) In the [HL cases](#), through its regular controls, Fairtrade ensures the compliance with standards and national laws. In the flower case for example, working conditions on Fairtrade-certified farms are considerably better than those at most other flower farms.
- 8) In the [SPO cases](#), access to improved health insurance is often only available for farmers in cooperatives and for farmers who hold a land title. Since Fairtrade sup-

ports the organization of farmers in cooperatives and in some sectors is the reason for the founding of cooperatives (as is the case in the banana sector in the investigated region), Fairtrade indirectly helps the farmers to get better access to improved health insurance.

- 9) In the **SPO cases**, no difference was detected between TG and CG when it comes to the ratio between crops for sale and crops for one's own domestic usage. This shows that Fairtrade does not lead the farmers to neglect cultivating the crops they consume and the need for their own alimentation.
- 10) In **all six investigated cases**, the farmers and workers of the TG receive more training programs than the CG. Accordingly, Fairtrade had a positive impact regarding the possibility of learning new things and further education. Fairtrade therefore constructed a basis for empowerment and participation amongst farmers and workers.
- 11) Fairtrade cannot force farmers to attend training programs and in the **cotton** and in the **banana cases**, some members of Fairtrade-certified POs do not attend training programs which keeps them from improving their productivity and benefitting from better farming techniques.
- 12) The success and impact of training programs depends on the education level of the farmers and workers. The low reading and writing skills of some farmers and workers (especially in the **cocoa case**) is challenging for successful training programs and the implementation of developed agricultural techniques.

Changes in the organization of rural zones/work places

- 13) The results suggest that Fairtrade (especially its standards) acts as a role model for other organizations which adopt part of the Fairtrade standards' requirements. This applies especially to the **flower, coffee, and banana cases** where non-Fairtrade-certified farms and cooperatives adopted some of Fairtrade's standards.
- 14) Fairtrade had considerable impact on power relations in the investigated communities. The most important change Fairtrade brought about for farmers and workers is the opportunity to plan and design development projects for their communities. This planning and implementation of projects does not only give the farmers and workers the opportunity to participate in their communities' development but through this, it provides them with new responsibilities and makes them feel a sense of ownership of the implemented projects. The opportunity of participating actively in the decision-making and designing of development projects is unique to Fairtrade. The farmers and workers interviewed mostly were aware of the fact that it was they who earned the premium money and that the implemented development projects were to their credit. Fairtrade accordingly had an important impact on the workers and farmers, offering them the unique opportunity to not only think about how they could improve the living conditions in their communities but also by giving them the opportunity to put their plans into practice.

- 15) Organization of plantation workplaces (Trade Union/Workers Committee defending the rights of the workers) were not assessed as this was not the subject of this study.
- 16) Some workers and farmers did not know how Fairtrade works. Consequently, these farmers and workers cannot participate in the decision-making process on Fairtrade premium money spending. In one case of an exceptionally large PO (cocoa), some farmers did not even know that they are part of a Fairtrade-certified PO.
- 17) The close collaboration between JB and the staff from local institutions in the **flower** lead to a successful and sustainable implementation of development projects; the local community feels a sense of ownership, too, which results in the proper maintenance of implemented projects. In other cases, the cooperation between POs and local institutions does not always work well, due to discontinuous communication and lack of information among the staff of local institutions.
- 18) The relation between some POs and FLO is not always trustful, and communication is sometimes not sufficiently open. Some POs are not willing to tell FLO staff about the troublesome situation they are in (due to external factors) and FLO accordingly cannot react to these problems.

Changes in local and national development

- 19) In the **SPO cases**, Fairtrade-certified POs contributed to local development when roads were constructed with Fairtrade premium money, a responsibility that the Peruvian state should have assumed.
- 20) The interpretation of premium money use in the **flower case** (assuming that premium money must benefit the whole community), led to the integration of the staff of local institutions in the premium money spending and this resulted in impressive positive changes in several communities through Fairtrade.
- 21) The restricted participation concerning the decision-making process on the Fairtrade premium in the **SPO cases** (only farm owners can become members) excludes workers and caretakers of fields from participation, although these persons often are more in touch with Fairtrade than the landowners living in a town.

Changes in the management of natural resources

- 22) The Fairtrade impact on environmental aspects varied considerably between the cases, depending on the attitude of the POs' management and on other certifications. RFA (in tea) and RFA and UTZ (in coffee) had a more specific impact than Fairtrade on environmental topics like the identification of ecosystems and diversification of production.
- 23) Fairtrade brought about positive environmental innovations (like conversion to organic production or composting) in all cases and thus had an impact. Fairtrade also had an

impact on environmental matters in those cases where state laws theoretically exceed Fairtrade standards because Fairtrade controls adherence to standards regularly while state institutions don't always do so.

Recommendations

Addressed to FLO International e.V.

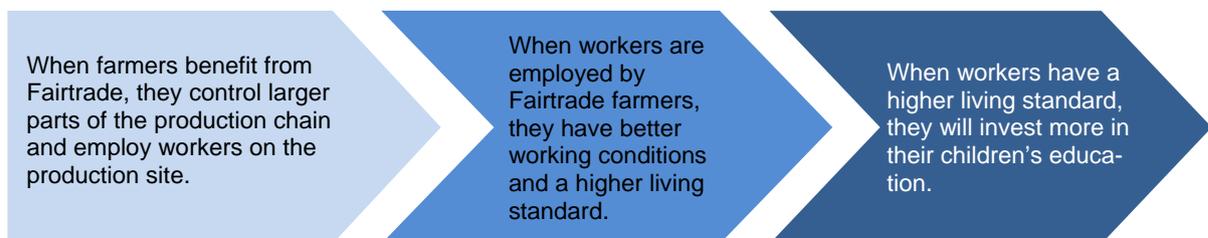
- Referring to point 2 above: Fairtrade should provide its child labour and child protection training directly to cocoa and cotton producers at the field and farm levels and draw on best practices from other Fairtrade producers taking proactive approaches to address these issues, such as the child labour programme of the TG PO in the cocoa case. Quality education and child-inclusive, gender-specific awareness building is needed. The training and awareness on the worst forms of child labour must include Fairtrade specifics on child protection and must be accompanied by appropriate policies and procedures at the PO level to ensure children extricated from these forms are ensured prolonged safety and not replaced with new children.
- Referring to point 2 above: Fairtrade should also enable advocacy opportunities and support producers in their call to align school holidays during harvest season (as for example in Honduras) so children helping their families are not taken from school.
- Referring to points 3 and 4 above: A gender strategy should be developed together with NGOs specialized in this topic. Within this strategy, gender or women committees should be established in all sectors. Gender committee members should receive respective training.
- Referring to point 5 above: In order to ensure that women in the [SPO cases](#) can participate in the PO on equal terms with men, a strategy should be worked out that integrates the wives of member farmers and single producing female farmers into the decision-making process at all levels, including on the Fairtrade premium use.
- Referring to point 6 above: In cooperation with NGOs specialized in this topic, the POs should be supported in developing a strategy that tackles the fear of parents to send their daughters to school, targeting the source of this fear (early teenage pregnancies). This would help giving girls the same opportunities that boys have.
- Referring to points 5 & 6 above: Gender issues are culture-specific and mostly sensitive matters; furthermore, gender equity must not only address women but also male workers and farmers. Therefore, corresponding collaboration possibilities with local NGOs (which do culture-sensitive work on this topic and which are able to create gender strategies for the POs) should be identified.
- Referring to point 13 above: In order to increase the number of farmers attending training programs, certificates to participants of training programs should be issued to make it more attractive for farmers to attend training sessions, as suggested by a banana farmer.

- Referring to point 12 above: Reading and writing classes should be given to farmers and workers, if possible combined with other training programs, in order to increase the effectiveness of training programs. This especially applies to the cocoa case.
- Referring to points 16 above: In order to make participation in Fairtrade-related matters possible for all farmers and workers, POs should ensure that all members assume their role in the decision-making process on the Fairtrade premium investment. Office bearers such as treasurers, community presidents, or JB members should receive specific training to fulfil their responsibilities well. Fairtrade liaison officers should be integrated into these training programs because Fairtrade liaison officers have a deeper and different understanding of Fairtrade than the PO staff. It is very important to teach the farmers the idea of Fairtrade in order to motivate them to get involved in development projects.
- Referring to point 17 above: The experiences in the flower case concerning premium money spending, especially the involvement of staff from local institutions, should be used in other sectors. This way, Fairtrade premium-financed projects will find it easier to target the most urgent development needs of communities and a sense of ownership among the community members can be established, which is an important foundation for sustainability. Accordingly, Fairtrade's impact on rural development could be increased by following the example of the TG PO in the flower case.
- Referring to point 17 above: The professional management of the Fairtrade premium money and all issues concerning Fairtrade in the flower case is a best practice example. The exchange of SPOs and JBs with the JB of the TG PO should be supported.
- Referring to point 18 above: An open communication between POs and FLO is crucial for the successful solution of problems and the avoidance of difficulties. FLO and especially liaison officers should show clearly their openness for the POs' troubles, and POs should put their trust in FLO in supporting them.

10. Conclusion

Fairtrade can bring important positive changes to rural areas. As described in this report, Fairtrade can improve the lives of farmers and workers. Major achievements of Fairtrade are for example huge infrastructure projects in the coffee and the banana cases, which brought about positive changes for all community members and promoted rural development. Another very important achievement of Fairtrade are the unlimited contracts workers at flower farms and banana cooperatives are given, workers who formerly worked as day labourers. These unlimited contracts give important rights and security to the workers and allow them to plan their future. This way, investments in education and housing are more probable, and the demand for additional services will increase. Thus, the improved situation of workers also promotes rural development. These examples show that Fairtrade not always has direct impacts, but it has a considerable indirect impact on rural development because it lays the essential foundation for successful and sustainable rural development.

This impact logic is also shown in the LogFrame (cf. chapter 3) in appendix 0.7. Here, expected impacts (called purpose in the LogFrame) in the social, economic, and ecologic sectors of Fairtrade are listed and the necessary activities and outputs to achieve these impacts are defined. Following this logic, it can be stated that Fairtrade implements the right activities and has achieved the necessary outputs in order to provoke the expected impacts in the assessed cases. For example, in the economic area of rural development this means that Fairtrade successfully protects the producers from international markets' fluctuations and (often) enables them to invest in business (agriculture or others) and education. However, the expected impact on rural development beyond the POs, that is community-wide impacts (sustainable poverty reduction through sustainable farm livelihoods) could not be proven. Accordingly, the hypotheses which served as orientation to the research (cf. chapter 2) could often be proven whenever they referred to the output level of the LogFrame (which describes the foundation for rural development) and in some cases when they referred to the purpose level (which describes direct impact on rural development). Drawing on those hypotheses and the impact chain which were stated as exemplary in chapter 2, the study showed that Fairtrade mostly impacts on the second arrow, i.e. on the basis for rural development. Accordingly, farmers control larger parts of the production chain, thanks to Fairtrade. They also employ workers and secure better working conditions for them. But since the number of Fairtrade farmers and workers employed by them in a community is rather small, Fairtrade does not have any impact at a higher level in the cases investigated, that is, Fairtrade in these cases does not raise the development level of whole communities.



Graph 2: Impact chain

Although Fairtrade does not always impact directly on rural development, but rather indirectly, it brings about very important changes to farmers and workers. The way in which

Fairtrade achieves these changes is described graphically in graph 3 and explained in the following.

Fairtrade provokes positive change through various measures. One measure is the **Fairtrade standards**. The adherence to these **standards** improves working conditions, gives security to farmers and workers, and protects the environment. Another important Fairtrade measure, which impacts on rural communities, is the **Fairtrade premium**.

The **Fairtrade premium** offers farmers and workers the important opportunity of participation in community development. Farmers and workers assume new responsibilities, acquire new skills and get involved in areas other than farming. The investments made with **Fairtrade premium** money often improve living conditions in rural communities and the active participation of POs in development projects makes them an attractive partner for private and public institutions which invest in rural development. Last but not least, farmers and workers can apply their experiences and skills in their private activities.

Further measures through which Fairtrade provokes positive change are the support Fairtrade offers to the POs and the Fairtrade minimum price, but these measures were not investigated in depth in the scope of this study.

All of the listed measures are always given whenever a PO is Fairtrade-certified and accordingly, Fairtrade can bring about positive changes in each sector. However, the structure of the PO and external circumstances are two important factors that determine the success of the Fairtrade strategy. As crucial for the success of Fairtrade, **four prerequisites at the PO level** were identified:

- 1) the level of information among farmers/workers and representatives of local institutions about the way Fairtrade works,
- 2) the quality of the organizational structure of POs and its geographical extension,
- 3) the motivation of the involved people,
- 4) the share of sales into Fairtrade market.

Prerequisite 1 (level of information among farmers/workers and community members about the way Fairtrade works) means that farmers or workers are aware of the fact that their cooperative or farm is Fairtrade-certified and that they are acquainted with the Fairtrade structures of their PO. They know their role in the Fairtrade system and accordingly can participate and assume their responsibility. Prerequisite 1 also refers to the knowledge of community members about Fairtrade. When doctors, nurses, and school teachers know about Fairtrade, they have the chance to approach the PO or individual workers or farmers and get their attention for certain development needs.

Prerequisite 2 (the quality of the organizational structure of POs) refers to the way a PO works, in how far hierarchies and working positions allow for good communication and information flow between the different levels (management, workers, farmers, administration) and

in how far workers or farmers can comprehend the way Fairtrade works in the PO⁵¹. The size of a PO plays an important role in this regard, as it defines how complex communication matters are.

Prerequisite 3 (the motivation of the involved people) refers to the motive of Fairtrade certification of the board and management and on their reasons to work with Fairtrade. It also refers to the motivation with which the involved people assume their role in the Fairtrade system, e.g. the Joint Body members, the board members, or the village presidents⁵².

Prerequisite 4 (share of sales into Fairtrade market) refers to the importance of having the necessary financial means to implement development projects with the Fairtrade premium and letting PO members and community members benefit from Fairtrade premium.

The four identified crucial points influence each other and show that the PO is the key for successful rural development through Fairtrade.

Whenever the manifestation of the four crucial points of POs is high (that is a high level of information among farmers/workers and community members about the way Fairtrade works, high quality of the organizational structure of POs, high motivation of the involved people, and Fairtrade sales that allow for the implementation of a meaningful number and quality of development projects), the POs offer the advantages mentioned above to workers, and POs are more likely to exchange information with local and international, private and public institutions and thus can increase their area of impact.

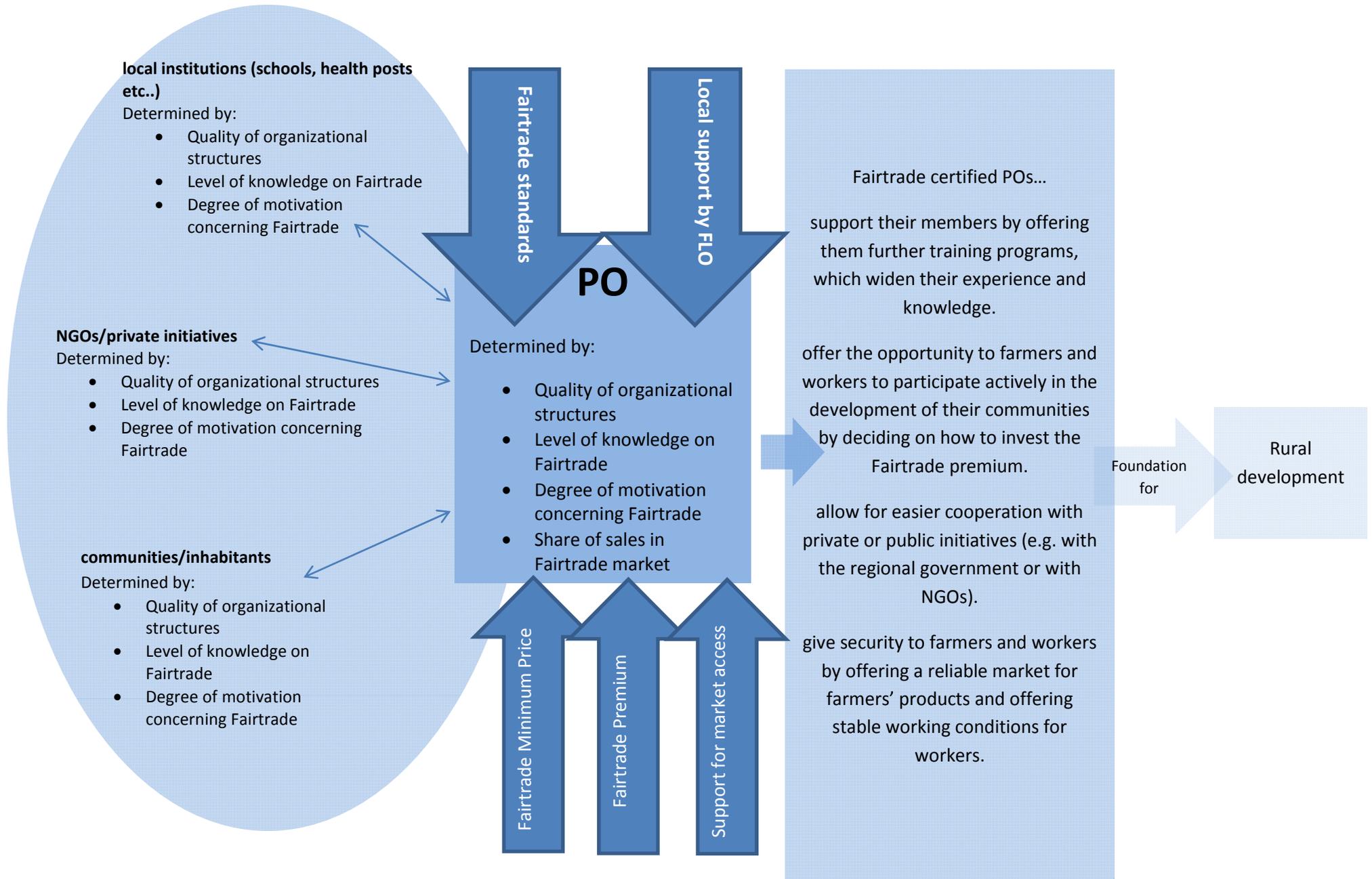
It is important to consider that POs do not form in order to promote rural development, but they form out of economic interest. The Fairtrade certification for many POs is more than just a marketing instrument, but the PO's impact on rural development is (understandably) not as important to the PO as it is for FLO. This means that FLO with its profound knowledge of rural development needs to support the POs in this regard.

External factors, such as international market conditions for the single products, environmental changes and political circumstances also play an important role when it comes to the Fairtrade impact. These factors cannot be influenced but POs should be supported by FLO in handling these external challenges wherever possible.

The following graph illustrates the Fairtrade impact, the lighter the colors of the different steps the less influence does Fairtrade have. The graph is a simplified illustration of the way Fairtrade works and does not cover all aspects, neither could this study investigate all important Fairtrade measures, but concentrated primarily on Fairtrade standards and the premium.

⁵¹ Two examples of the study at hand describe this prerequisite: The TG PO in the cocoa sector was very large, so that communication was very difficult. The associates did not know that they have premium money and they did not know what the management does with this money. In the tea sector, hierarchies were very strong, and workers and management did not communicate openly, the division of premium money on all tea gardens made the decision-making process on the premium money even more complex. The workers did not know about the central Joint Body and could not control premium money use.

⁵² The example of the flower case can describe prerequisite 3: The high motivation of management and workers/ to benefit the community and the PO from Fairtrade lead to a good collaboration between management, workers, and the community for effective use of premium money.



11. Methodical conclusions

Measuring impact is always a very complex and ambitious task; the more so when this impact measurement is to be done in six different cases across six product categories within three different organizational types and on three continents, focusing on an area as vast as rural development. The study at hand was the first to take on this challenge in regard to Fairtrade and accordingly, the study not only investigated Fairtrade's impact on rural development but the study also investigated how to handle such an investigation— how the impact of Fairtrade on rural development can be investigated. In the following, methodological lessons learnt will be explained and recommendations for future studies will be derived.

1. The investigated subject of this impact evaluation was very complex.

In this impact study, the Fairtrade impact was not only investigated in six different product sectors and three different PO forms, but also in five different dimensions (areas of impact) and at three different levels (individual, community, and organizational level). An impact assessment, just as every other kind of assessment, must be based on data analysis. Assessing any impact in six product categories, five dimensions, and three levels accordingly requires the collection of a huge amount of data and its thorough analysis. In order to guide this analysis, the study was based on the CEval approach which understands organizations as motors of impact. Each of these organizations has its own environment which must be considered when analyzing data (cf. chapter 3 and appendix 0.6) in order to attribute impact. This means that PO-, country-, and region-specific information must be included in the impact assessment.

Recommendation: When implementing another Fairtrade impact study, research should focus on certain aspects of rural development in which Fairtrade impact is to be expected. That is, the areas of impact and accordingly the investigated indicators should be narrowed. Time and financial resources should be adjusted adequately.

2. The identification of Comparison Groups was very challenging and not always methodologically satisfying.

The identified TG POs in many cases represented very well performing Fairtrade-certified POs but given the different development stages, sizes and contexts of certified POs it is hardly possible to define or to identify “representative” POs. This made it very hard to find comparable POs for the CG. As explained in chapter 2, impact assessments must always be based on comparisons which means that the identification of a similar pair of TG and CG is crucial in order to attribute impact directly to Fairtrade. If such a control or comparison group cannot be identified, only recall questions can be asked, a method that does not allow for clear impact attribution.

Recommendation: When implementing another Fairtrade impact study, researchers and principals should jointly identify TG and CG POs. Local consultants and Fairtrade liaison officers can also be of considerable help in the TG and CG POs identification process. Furthermore, the time frame should be adapted accordingly, as the selection of CGs is time-consuming.

3. Selection Criteria only applied to POs, not to communities.

As described above, a logic comparison is crucial for impact attribution. It is important to identify two similar POs because the presence of a PO (which often means further support from NGOs, etc.) is a very important variable for rural development that cannot be neglected in an impact study. But the characteristics of the communities are equally important and therefore, it is very important to also identify similar communities in order to be able to investigate the changes Fairtrade brought to rural communities. However, the selection criteria for the identification of TG and CG only concentrated on the POs.

Recommendation: When implementing another Fairtrade impact study, further selection criteria for the identification of TG and CG communities should be set. Again, the integration of local people (consultants or Fairtrade liaison officers) would be of great help.

4. Cross-sectoral comprehensive comparisons were often not possible

The comparisons crucial for impact studies are only possible when the different objects of comparison are similar to each other. In the study at hand, data and results from the different cases from different sectors and continents could not always be compared, as contextual factors which determine the results differed considerably. This means that it was not always possible to draw conclusions on the general impact of Fairtrade (beyond a special case). For example, the environmental state regulations and their controls differ considerably between the countries and even between the sectors: While commercial cut flower production needs huge amounts of chemicals and their production in the investigated case is regulated by a plantation management, cotton is cultivated organically by small producers in the investigated region. Accordingly, indicators from these two sectors could not be set in relation to each other. Because of this complexity, this report often could only describe the changes Fairtrade brought about in special cases but could not transfer the impact of Fairtrade to all six cases (describe impact at an aggregated level). This would require research on a much larger scale.

Recommendation: When implementing another Fairtrade impact study, a focus should be either on comparable areas of impact or on similar cases or similar countries. As there are already quite a number of case studies, a possible approach could be focusing on a possible area of impact (e.g. worker empowerment) and investigate the impact in this area among various cases.



The study at hand brought important results regarding the impact of Fairtrade on rural development. The ambitious comprehensiveness and study design were challenging, however dealt with properly, they showed that a future study should

- focus on areas of possible impact, adjust time and financial resources
- focus on comparable sectors and countries,
- identify very thoroughly the target and comparison groups by
 - integrating researchers, liaison officers and local consultants in this identification
 - by adopting selection criteria for the communities as well

Addendum: Comments from several producer organizations which have participated in the Fairtrade Impact Study

- Page 62, 1st paragraph, lines 5-10: *“A very striking example was found in the banana case, where one of the world’s largest trader & producers of fruits and vegetables introduced a system with the same financial incentive for the farmers as the Fairtrade incentive: For each box of bananas sold, 1 USD goes to a fund. In the case of Fairtrade, this fund is the Fairtrade premium. In the case of this company, for each box of bananas sold to the US market, 1 USD goes to a foundation created by the company.”*

The report does not mention that the Fairtrade premium is paid regardless of whether one sells to a single customer or to a several, while to receive the extra dollar of the foundation one needs to sell all or almost all to the leading international fruit company under a long-term commercial relationship. According to one TG PO Fairtrade “works on empowering producers and the foundation works on the monopoly of the leading international fruit company”.
- Page 9, Banana Case, 1st paragraph, lines 21-22: *“Each of the investigated POs of the TG receives support from NGOs”.*

According to one TG PO, NGOs do not work with them. In recent years this specific PO has received little support from the NGOs. The PO thinks the report is giving relevance to the NGOs that they do not really have.
- Page 27, Cotton Case, 1st paragraph, lines 1-5: *“In the cotton case, an average of around 28 % (estimated by the interviewed teachers) of the pupils in the TG villages⁵³ are absent from school during harvest season and miss classes. In the comparison group village under investigation, this number amounts to 60 %, but this high percentage is also due to the fact that labour in the CG is costlier than in the TG (because of its location).”*

According to the TG PO, the assumption is based on assessment for the entire village and not exclusively for farmers covered under the Fairtrade system. Since the TG PO is covering around 10–20% of population in each village, such assumptions based on a general trend may not hold true for the impact of Fairtrade on education. Furthermore, the TG PO wishes to express that as Fairtrade farmers they are well informed about the importance of education and the need to curb child labor, and that they believe that an exclusive study to assess the impact of Fairtrade on education will be needed.
- Page 22, Cotton Case, 1st paragraph, line 1-4: *“Cotton farmers (TG) in the investigated region did not invest Fairtrade premium money in health services, neither did the investigated PO cooperate with health posts. Accordingly, Fairtrade did not have any impact on the health situation of the cotton farmers in the investigated region (Gujarat, India).”*

According to the TG PO, most of health services in their region are accessible and available for free, hence fair-trade premium projects have deliberately avoided duplicity in the health sector.

⁵³ This number refers to all pupils and does not differentiate between Fairtrade farmers' children and other children.

- Page 32, Cotton Case, 1st paragraph, lines 23-25: *“The attitude towards girls’ education is decisive for the future of women in the cotton sector. Working on this attitude is crucial to improve women’s opportunities.”*
The TG PO is equally sensitive and concerned about the gender gap in secondary education. It has taken up this issue for discussion with the Project Executive Body on numerous occasions and have come up with a pilot project (Disha) wherein they are mentoring 25 girls to complete their matriculation level education through financial assistance (scholarship).
- Page 31, Cotton Case, 2nd paragraph, lines 1-8: *“In the cotton case, the situation of the farmers’ wives is similar to the one of cocoa farmers’ wives: Women don’t own the legal title of land; after their husbands’ deaths, their sons will inherit the land. Women in rural Gujarat, India, do not usually have another job than the one as housewife, they cannot decide whom to marry and when (neither can men). The research team did not meet any female farmer, and the interviewers met only 6 female farmers (TG and CG combined, of 760 interviewed farmers in total), as can be seen in chart 9. Accordingly, women do not have a voice in the decision-making process on the Fairtrade premium money in the cotton case.”*
The TG PO seeks to encourage free and fair participation of women in decision making process and is working in the direction to ensure free participation of women in concerned matter.