



Report of findings for the

Evaluative study on the contributions of Fairtrade towards driving change in the Mauritian sugar cane sector: **Executive Summary**

Submitted to Fairtrade International
Prepared by Agricane Consulting Ltd



Executive summary

The Mauritius cane sugar industry has established itself as a core contributor to the economic, social, and environmental landscape of the island nation. Mauritian sugar exports contribute approximately \$200M to GDP and sugar has been a vital contributor historically to the success of the country's economic growth (Seetanah et al., 2019; OEC, 2021). While no longer at peak production, sugarcane still constitutes 80% of total arable land. Furthermore, sugarcane plays a significant role in supporting the livelihood of rural communities throughout Mauritius. The industry has had to build resilience and adaptability over nearly 400 years of operation. Indeed, in the past 20 years, it has faced economic shocks in the wake of repeated loss of EU and UK trade protection mechanisms (Deepchand, 2010, 2019; LMC International, 2015). Additionally, changing climatic conditions and environmental shocks induced by climate change, dramatically increasing input costs, and labour shortages, have all led to the decline of sugar production, particularly among the small producers (Deepchand, 2019).

In the face of these numerous challenges, five small producer organisations (SPOs) successfully applied for Fairtrade accreditation, with funding and support from local government and industry stakeholders. The SPOs first achieved Fairtrade certification in 2009. Since then, the number of Fairtrade certified SPOs increased in Mauritius, and at its peak in 2015 it covered 38 different SPOs, producing a total of 36,808MT (Figure 4) (MSS, 2021). This number has since declined, but cumulatively, the injection of foreign capital due to the Fairtrade Premium of \$60 per ton of Fairtrade sugar sold remains significant, sitting at approximately 600M MUR (~\$15M) since the standard was first introduced.

FI has commissioned Agricane Consulting Ltd. to conduct a study to evaluate the extent to which the adoption of Fairtrade standards over the period of more than one decade, has influenced change in the sugar cane landscape of Mauritius.

The primary research questions put forward by FI were as follows:

- **Has Fairtrade been a useful tool in assuring the economic sustainability of small farmers growing cane, over the 10 years of certification?**
- **How has Fairtrade certification impacted the image of Mauritius as a sugar producing origin and seller of Fairtrade certified sugar?**

Based on the extensive list of sub-questions provided (as seen in Appendix A) the research findings have been thematically organised according to the following four questions:

1. **What has been the agricultural, environmental, and economic impact of Fairtrade¹ on certified producer organisations, the workers, and the wider community?**
2. **What has been the impact of Fairtrade on the institutional governance of certified SPOs and the sugarcane industry in Mauritius?**
3. **What has been the impact of the Fairtrade Premium on the operations and viability of certified SPOs?**
4. **What has been the impact of Fairtrade on the perception of Mauritian sugarcane products on the global market and changes to global market access?**

Methodology

The study draws from the Fairtrade theory of change (ToC) outlining the core interventions, and the targeted outputs, outcomes, and impacts (Figure 5). The study has therefore been designed to capture evidence at each of these stages, from intervention through to impacts. A mixed methodology has been utilised in the study, composed of the following four elements:

- Context interviews with key industry stakeholders (n=15)
- Focus group discussions with planters and other informants (n=6)
- A client survey to assess the perception and experience of MSS customers purchasing Fairtrade (n=11)
- A household survey targeted towards members of the SPOs, relative to a comparative group of non-certified SPOs (n=210)

All elements of the study were conducted between November 2021 and January 2022.

1 "Implementing Fairtrade" means applying Fairtrade standards, accredited with certification, and probably receiving support rendered by Fairtrade.

Results

The study findings suggest that the Fairtrade interventions have positively influenced SPOs from an economic, environmental, and social perspective. Hence, they support the resilience and sustainability of SPOs and their members. This has been seen both relative to the comparative group of non-certified SPOs, as well as the perceived changes by the certified SPO members and key industry stakeholders. These positive effects have increased the sense of optimism small planters have towards their sugarcane farming. Further, certified SPOs experienced reduced negative impacts of economic shocks. In addition, the evidence suggests that Fairtrade has played a positive role across the whole sector by fostering a more rapid adoption of GAPs, greater awareness of climate change and the need for better environmental and labour practices. At an industry level, the impacts of Fairtrade on the image of Mauritius as a sugar producing origin is more nuanced: Fairtrade products have strengthened the Mauritius Sugar Syndicate (MSS) value offering to its customers in line with the increasing interest in sustainably certified produce globally. However, the volatility of Fairtrade certification has negatively impacted MSS' ability to meet customer demands.

Key Insights

Impact of the Fairtrade Premium on SPO practices and sustainability

1. **The Fairtrade Premium of USD 60/MT of sugar sold under Fairtrade terms is the key attractor for SPOs and their members to become and remain Fairtrade certified.** The most popular and effective uses of the Premium, as seen by SPO members are:
 - a. **Agricultural:** Supplementary payment to small planters of between (US\$2-5) per ton of sugarcane produced, a subsidy for fertilisers, and provision of PPE for the planters and workers (particularly during COVID).
 - b. **Environmental:** Subsidy for bio-fertilisers & incentives for the safe disposal of agricultural chemicals.
 - c. **Social:** (in the context of the low-economic status of the communities surrounding the SPOs) Donations to the elderly and the disabled, women empowerment associations, and to local schools. The donations make the SPOs more welcome within the community and increase the sense of local community resilience.

- d. Where relevant, **investment in diversification of income and/or livelihood strategy** have helped to build the economic resilience of the SPOs. Examples include investing in premises which are then rented out as event space to the community, investing in food gardens, and property investment.
2. **The Fairtrade Premium helps to keep farmers in business in otherwise unsustainable market conditions. It is used to overcome price increases from inputs costs, high labour costs, and environmental shocks.** In the face of these, 22% of certified planters still reported an increase in income in the past 3 years, as opposed to just 2% of non-certified small planters. However, in line with the wider industry trend, many certified small planters (29%) still report income declines in the past 3 years. The income decline in recent years suggests that the combined effects of the Fairtrade Premium, and parallel productivity improving Fairtrade interventions, while beneficial, have not been sufficient to balance out the negative economic influence on the industry. **Without the Premium, even the planters whose sugarcane income is only supplementary (the case for the majority of small planters) are at risk of being unviable.**
3. **A perceived high risk of decertification among some SPOs creates uncertainty over the Premium budget available to them.** The lack of certainty regarding the additional income prohibits longer term or larger capital investments, which may be more beneficial to the SPOs.

Impact of Fairtrade Standards on SPO practices and sustainability

4. **The standards, Fairtrade financed sugar programmes, and on the ground accompanying training and support provided by local stakeholders, have led to widespread adoption of key GAPs.** Resultingly, there have been a suite of positive agricultural, environmental, and economic benefits for the certified SPOs. The benefits include:
 - a. Improved timing of agricultural operations
 - b. More effective use of fertilisers and bio-fertilisers
 - c. Reduced use of hazardous chemicals
 - d. Better handling, management, and disposal of waste chemicals
 - e. Better yields due to improved farm management practices

5. **The Fairtrade standards, and local trainings have effectively supported the increased use of GAPs, but there are some production practices, which require additional focus and resource to ensure a sufficiently resilient local ecosystem in the face of climate shocks.** For example, there is a need for increased focus on soil health and the recovery of abandoned land to a mixture of sugarcane and natural habitat, as part of a regenerative approach to agriculture. This could be a combined effort of FTA's/industry's training program, as well as input into future standards reviews as well as focused financed programs.
6. **Farm labour conditions have improved significantly, as a result of the Fairtrade standards and FTA's training on Better Labour Practices both within SPOs and across the industry.** Millers report having improved labour practices in line with Fairtrade standards, which extends to all farm contractors they partner with to supply services to the SPOs, such as harvesting contractors who employ cane cutters to cut cane on behalf of the planters). At the level of SPOs, when compared to labour conditions experienced 10 years ago, 93% of certified small planters reported an improvement in the conditions as opposed to 40% of the non-certified planters. Furthermore, among certified planters, 63% reported wage increases since they became Fairtrade certified.
7. **However, there is still some confusion and ambiguity among SPOs on the interpretation of certain standards, particularly those relating to labour. The confusion is due to a reported disconnect between some of the labour standards and the specific labour contracting model widely adopted in Mauritius.** Therefore, the existing standards on labour need to be reviewed to ensure more direct clarity and applicability.
8. **Labour shortages pose a substantive risk to the sugar sector and certified SPOs are just as likely to report labour shortages as a key risk for their farm business.** This is despite the positive impact that Fairtrade certification has had on labour conditions.

Impact of Fairtrade on leadership, governance and representation

9. **The morale among certified SPOs is starkly improved relative to that of non-certified SPOs.** Certified SPOs demonstrate a sense of greater belonging and pride, alongside an optimism and sense of resilience in the face of climate change related challenges. **However,**

certified SPOs still show concern for the future of farming,

primarily due to threats from economic shocks, labour shortages, and limited youth interest to support effective farm succession.

10. **The leadership and governance practices within certified SPOs have improved significantly in the 10 years of Fairtrade.** Nearly all (98%) of certified small producers reported an improvement in SPO board leadership with improvements in:
 - a. Book-keeping
 - b. Support provision to the SPO members
 - c. Effectiveness of communication between SPO leadership and their members
11. **The size of the SPO with respect to membership and land area (and subsequently size of Premium) plays a role in the SPO's ability to access and leverage industry resources and to serve the needs of small planter members.** Larger SPOs can provide better services to their members compared to smaller SPOs due to greater access to financial and governance resources, both with respect to a larger Premium received and with greater leverage to access alternative financial support mechanisms available, such as those from government or Fairtrade.
12. **The Fairtrade focus on internalisation of capability within the SPO leadership is a key strength of the Fairtrade approach, but the reported limited additional on the ground support for 20+ individual SPOs creates a weakness in this methodology.** For example, it often leads to pressure on the SPO secretaries to deliver the necessary governance changes, which most secretaries do not have the capacity to manage effectively. The result is that inefficiencies and gaps in governance capabilities remain across the certified SPOs, particularly among the smaller SPOs (linked to insight 9). While the addition of a local FTA representative has been helpful, there is a strong desire from the SPOs for greater FTA resourcing to support the needs of the 20+ certified SPOs more fully.

13. **There is still limited representation of women and youth both within certified and non-certified SPOs and across the industry.** The relatively low engagement of women is tied strongly to historic cultural norms and systemic factors, while youth are put off by their perception of the sugar industry as a difficult and insufficiently lucrative source of income.

Impact of Fairtrade on the sustainability of the Mauritius sugar market

14. **By keeping otherwise unviable small scale production systems in operation, Fairtrade has helped to upholster the viability of the Mauritius sugar industry in the short to medium term.** However, the long-term ability of Fairtrade to continue to enable this is not guaranteed, and a more holistic approach to supporting small planter viability is required.
15. **Fairtrade had proven beneficial for MSS as an important additional offering for customers, but more can be done to increase understanding of the benefits of Fairtrade to the supplying SPOs among customers and to ensure their continued support of Fairtrade.** Combined with the wide range of speciality sugars, and ease of doing business, Mauritius has an advantage over other Fairtrade sugar producers. However, the customer interest in Fairtrade is still limited by the additional cost requirement and limited knowledge of the tangible benefits of Fairtrade to the SPOs. This report will help to increase that awareness.
16. **The volatility of Fairtrade certified sugar volumes, caused by frequent instances of SPO decertification in recent years, is a major limiting factor to the growth of the Fairtrade market for Mauritius.**
17. **Within Mauritius the awareness of Fairtrade and the benefits that it confers to small planters and the broader industry remains limited** beyond the key stakeholders who directly engage with Fairtrade. The finding extends both to non-certified sugarcane planters and to the broader citizen population of Mauritius.
18. **There are several barriers to entry for non-certified SPOs to become certified. The barriers can be categorised broadly as financial, governance, and knowledge related.** For example, SPOs perceive the cost for initial audit and entry process to be high, and many do not have the finances, resources, or knowhow to initiate the process. While the Mauritian government currently offer support for these costs, there is limited awareness of this or how to go about receiving it.

Recommendations

Recommendations for key stakeholders are as follows:

Fairtrade

- ▶ **Review and clarify the (primarily labour) standards internally to ensure they meet contextual considerations.** Clarification on the application of specific labour requirements of the SPO standards with the objective to understand the global intention of the standard requirement and the local interpretation of certain requirements in line with audits in other sugar producing countries.
 - In conjunction with this, and to ensure SPOs are not negatively impacted in the coming year's audits, Fairtrade can provide refresher training on the standards, and the SPOs can collaborate with Fairtrade to ensure all requirements are met.
- ▶ **Commission a review of the audit outcomes over the past 5 years and compare with audits in other countries.** The review will investigate alignment of the FLOCERT auditing process and outcomes in Mauritius relative to the Fairtrade global standards in other sugar regions², while potentially also addressing the need for additional support and/or interpretation notes to better align to the context and needs of SPOs. Key points include aligning to and clarifying the requirement on labour standards and adapting the local interpretation for meeting attendance during an audit.
 - The report should be used to guide key industry supporting partners, including FTA, MSS, and MSIRI to better resource themselves to support SPOs across Mauritius.
- ▶ **Increase the communication surrounding, and accessibility to Fairtrade standards to reduce future barriers for SPOs wishing to certify, and to reduce risk of future decertification.** This should be targeted toward existing and prospective certified SPOs and external partners.
 - Incentivise first time certification through increased awareness of the benefits to SPOs and provide access to additional resourcing support mechanisms in partnership with key stakeholders including MSS, donors, and government.

² <https://www.flocert.net/solutions/fairtrade/how-it-works>

- ▶ **Review the financial support mechanisms available to SPOs including the Fairtrade Premium, to correct for higher inputs costs and economic shocks, and to enable planters to stay in business.** Fairtrade financial support mechanisms alone cannot be seen as the solution to low income, so any solutions should be considered in the context of multi-stakeholder arrangements which build the financial resilience of the planters at a more systemic level. Potential solutions include:
 - **Fairtrade (FI and/or FTA) could independently as well as jointly raise funds or invest available funds in areas agreed to be of need.**
 - **Fairtrade could explore fundraising opportunities and potential collaborations with other aligned international organisations and/or customers willing to invest in their suppliers, to mobilise additional funds and resources for SPOs and simultaneously minimise duplication of efforts.**
 - Leverage the additional funding for capital investment targeted toward specific projects, which build economic and environmental resilience. Funding of this nature could, amongst others, support irrigation repairs, and machinery purchase to overcome the decline in labour availability.
 - Additional support provision should be made to ensure the suitable physical and financial management of the assets to maximise value from any investment.
 - **Explore equitable sharing mechanisms for the value derived from existing and future income diversification efforts** e.g., from sales of Fairtrade rum and ethanol.
 - **Explore additional financial protection mechanisms to reduce risk and build resilience for the SPOs,** potentially in collaboration with development finance institutions or other partners. These may support existing or new industry instruments. One example is to 'fill in the gaps' in the current crop insurance system³ to provide an additional safety net, such as in the case where specific geographic regions may not qualify for insurance pay-outs but are still negatively affected by environmental shocks.
- ▶ **Develop policies and/or initiatives that help to overcome the risk of labour shortages for Fairtrade planters,** such as through providing additional financial incentive for labourers.

3 <https://www.sifb.mu/about-sifb>

- ▶ **Facilitate the consolidation of SPO efforts to achieve governance, financial, and efficiency gains and enable greater resilience for the SPOs in the face of increased economic and environmental shocks.**

Furthermore, encouraging certification of new SPOs with generally larger member numbers and collective land size could increase the sustainability for the Fairtrade market, as well as increase the collaboration between farmers who depend on farming as their sole source of income and smaller SPOs for whom farming alone is not sustainable (and often provides a supplementary income only).

- **Consolidation may be through formally combining existing SPO structures, or through more targeted collaboration efforts among the separate SPOs as they currently stand. The recommendation is paired with a need for caution and the use of exemplary participatory facilitation processes** to ensure that the existing socio-political dynamics within and between the SPOs, which have acted as a barrier to the consolidation of efforts to date, are appropriately incorporated. Hence, an inclusive, participatory approach will be critical to create a sense of ownership and willingness for the change among the SPOs.
- The potential benefits of the consolidation include the pooling of leadership capabilities, resources and buying power for the SPOs. FTA would be an ideal partner to facilitate a pilot project to trial such a transition.

Fairtrade Africa (FTA)

- ▶ **Support to increase 'on the ground' resources and presence** to better support the SPO leadership to implement the Fairtrade standards effectively and to support in the implementation of the above recommendations made to FI.
- ▶ **Facilitate more interactive and engaging refresher trainings on key governance, labour, and Fairtrade Premium usage processes to ensure all members within the certified SPOs have a clear understanding of the Fairtrade standards.** This will enable even further uptake in the good governance and GAPs already seen.
- ▶ **Facilitate more effective best practice sharing between SPOs on the adoption of GAPs and governance practices, and on effective uses of the Fairtrade Premium.** With respect to the latter, examples in which SPOs have leveraged the Premium (and other) funds to **invest in diversification of income and/or livelihood strategies.**
- ▶ **Increase the participation of women and youth in key positions**

and decision-making processes in SPOs. To do so, address barriers that currently hold women and youth back from participating.

- **Potential interventions for women inclusion:** more suitable timing of meetings to accommodate for women's typical schedules, create dedicated speaking times or spaces for women planters in the SPO, skilled facilitation to regulate the contribution of different members within a meeting or workshop.
- **Potential interventions for youth inclusion:** Create financial incentives for youth involvement in the industry, potentially through higher skilled and more engaging jobs, and create more global networking opportunities through Fairtrade.

FLOCERT

- ▶ **Review the exception made to the rotation of auditors** due to the high degree of dissatisfaction among SPOs with the local auditor most frequently used⁴.
- ▶ **Create a high-level annual report, which summarises the key challenges faced by the audited SPOs for FI, FTA, and MSS with respect to maintaining certification.** A national level FLOCERT report would keep SPO identity confidential, as is a necessary part of the existing audit process design. In the case that it is not in the normal portfolio of FLOCERT, it could be provided as an additional paid service.

SPO leadership

- ▶ **Increase efforts to collaborate among SPOs to pool existing resources and leverage both resources and knowledge for a more proactive approach to supporting SPO members.** For example, through direct access to funding and resources, exposure to beneficial projects, or knowledge sharing.
- ▶ **Invest in tools to maximise the efficiency of existing management and leadership responsibilities.** For example, explore more effective ways of communicating with SPO members, and increase rapid or instant access to farm business records and/or payments for SPO members.

⁴ FLOCERT works with a world-wide network of auditors. However, it is not viable to have several auditors in every possible location. Thus, FLOCERT uses a mix of local auditors and non-local auditors. In general, the selection of auditors follows a rotating scheme, but allows for exceptions.

MSS

- ▶ **Support the co-ordination of large-scale multi-stakeholder projects funded through Fairtrade and other external investment sources, as a trusted and unbiased partner.**
- ▶ **In collaboration with the Ministry of Cooperatives, coordinate the review of existing SPO structures, to facilitate consolidation of SPOs.** However, this process must be fully participatory and remain culturally sensitive for any future SPO governance system to be sustainable .
- ▶ **Increase communication and marketing efforts locally to raise awareness of the MSS and Fairtrade brands and build interest among Mauritian citizens in the local sugar industry.** This has the potential to increase the interest in the sugarcane industry among youth and to open a local market for Fairtrade products among the growing middle class.
- ▶ **Increase communication of the benefits of Fairtrade for SPOs with existing and potential new Fairtrade customers.** The findings of the report can be used to do this in the first instance, but frequent updates on the benefits to SPOs, with both regular stories and industry wide statistics of the benefits will also be beneficial.

Government

- ▶ **Develop an industry-wide small planter mechanisation and labour transition plan, differentiated for each region or community to account for the variety of opportunities and geographic constraints.** The plan should encompass locally relevant ways to overcome the labour shortages and support the development of higher skilled jobs to attract youth interest.
- ▶ **Improve the communication and accessibility of existing financial support mechanisms available to current and prospective certified SPOs to allow more SPOs to benefit from existing support mechanisms available.**

Customers

- ▶ **Explore collaborative partnerships and funding models in with Fairtrade and other international partners to provide additional support and financial assistance to the SPOs, in addition to the existing Premium.** This can be specifically designed and targeted to meet existing targets set by the customer for more sustainable sourcing, for example to support SPOs to become more 'climate smart' by reducing the GHG emissions and building climate resilience.
- ▶ **Explore the possibility of supporting SPOs to receive additional payment for the provision of ecosystem services within the customer's value chain , in line with the rapidly evolving market for carbon and other ecosystem provisions.**

These findings and recommendations provide detailed feedback to FI, FTA and MSS on the impacts of Fairtrade, and areas for potential improvements. The report is also designed to be shared with customers, consumers, as well as planters in Mauritius and around the world, to provide a more informed understanding of the benefits of Fairtrade within the sugar industry.