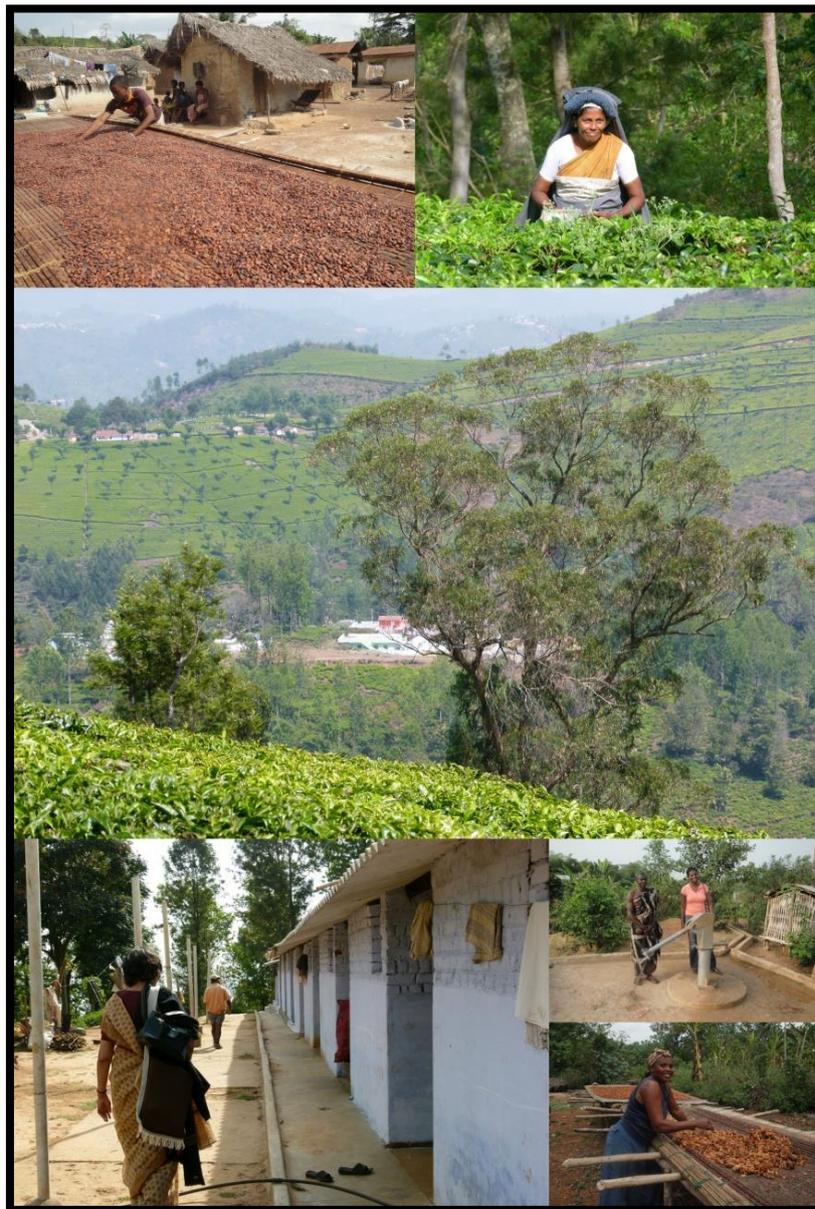


FINAL TECHNICAL REPORT: ASSESSING THE POVERTY IMPACT OF SUSTAINABILITY STANDARDS

Natural Resources Institute, University of Greenwich
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We would also like to thank FLO and Rainforest Alliance for engaging with the study and supporting us in encouraging certified producer organisations and estates to participate in the study. We also hope that the discussions to date and the findings from this study will be of use and will be taken up by these and other sustainability standards. Through our engagement with ISEAL it is likely that the report will be widely shared with the different sustainability standards.

We also extend thanks to Carlos Barahona and Cathy Garlick of the University of Reading, who provided early statistical advice and designed the databases. John Orchard, NRI, has provided consistent support and advice throughout the implementation of the study and our thanks go to him as well.

DISCLAIMER

This material has been funded by the Department for International Development. The views expressed do not necessarily reflect the views of the Department for International Development.

ACRONYMS

ASFG -	African Smallholder Farmers Group
ATI	Agricultural Transformation Index
BBA	Benchmarking the Business of Agriculture
CBA	Collective Bargaining Agreement
CLAC -	Coordination of Fairtrade in Latin America and the Caribbean
Cocobod	Ghana Cocoa Board
CSR –	Corporate Social Responsibility
DFID –	Department for International Development
ESAFF	Eastern and Southern Africa Small Scale Farmers’ Forum
FLO -	Fairtrade Labelling Organisation
FT--	Fairtrade
FTMP	Fairtrade Minimum Prices
GALS	Gender Action and Learning System
GAP -	Good Agricultural Practices
GL -	Green Leaf
ICTs	Information and Communication Technologies
IDH	Dutch Sustainable Trade Initiative
IMO	Institute of Market ecology
KK	Kuapa Koko
KPAWU	Kenyan Plantation Agricultural Workers Union
KTDA	Kenya Tea Development Agency
LBC	Licensed buyer company
M&E	Monitoring and Evaluation
M4P	Markets for Progress
MDG	Millennium Development Goals
MTH -	Mechanical tea harvester
NRI	Natural Resources Institute
PO	Producer Organisation
PPE	Personal Protective Equipment
RA	Rainforest Alliance
SACCO	Savings and Credit Cooperative
SCSKASC -	The Steering Committee on the State of Knowledge Assessment Standards and Certification
SECO	State Secretariat for Economic Affairs, Switzerland

SEVSS	Social and Environmental Voluntary Standards Systems
TOC	Theory of Change
VSS	Voluntary Sustainability Standards
WWF	World Wild Life Fund

EXECUTIVE SUMMARY

Voluntary sustainability standards have proliferated in recent years and grown in market sales, but evidence on their poverty impact has been lacking. The purpose of this study is to “*systematically examine the impact of voluntary social and environmental standards on poverty and livelihoods, particularly for the most disadvantaged workers and producers in developing countries*”.

This report presents the findings from a four year study (funded by DFID, 2009-2013). The study is an impact evaluation which covers multiple organisations (estates and smallholder producer organisations) in four countries. The study employs a theory-based evaluation and comparative case oriented design. It employs both generative causation and counterfactual logics to understand causality and utilises a mix of methods. The study covers a number of sustainability standards, principally Fairtrade and Rainforest Alliance. Five cases were included, namely: Ecuador-smallholder-cocoa; Ghana-smallholder-cocoa; Kenya-smallholder-tea; Kenya-hired labour-tea; India-hired labour-tea.

The voluntary sustainability standards landscape has evolved over time. From the early pioneers, such as Fairtrade, selling into niche markets, new standards have been developed and sales of certified products have grown. Consumer and private sector acceptance has grown leading to a huge growth in standards’ uptake and a move from niche to mainstream channels. Large retailers and brands have made commitments to sourcing mainstream product lines from sustainable producers. In some markets, market penetration has risen rapidly, but there is still a way to go before a tipping point is reached such that whole sectors and industries switch to certification. The main challenge for sustainability standards is how to scale up – to reach the next 10 to 30% of world production and more marginalized groups in rural society and to deepen impact so that it is more transformative of livelihoods. The broader context is of rural transition in developing countries and the multiple demands which are being placed on agriculture (global food security, tackling inequality and generating employment, adapting to and mitigating climate change and environmental degradation etc).

The findings from the study are summarized in table 1 below. Appendix 1 provides a more detailed tabulated analysis of findings.

Table 1: Summary of findings

Dimensions of impact	Ghana-Smallholders	Ecuador-smallholders	Kenya-smallholders	Kenya-workers	India-workers
Scoring	Cocoa		Tea		
Individual Producer Level Impacts					
Inclusion	0 +	0 +	+	+	0
Incomes	0	+	0 +	+	0
Coverage of basic needs	-	0	0 +	+	+
Assets & Services	0 +	0	+	0 +	0 +
Food Security	0 +	+	+	+	0
Job security & employment conditions	n/a	n/a	n/a	+	0

Tackling gender inequality	0 +	0	0 +	0 +	0
Child labour	+?	0	+	+?	n/a
Productivity and quality	0	+	+	+	0
Hired Labour on smallholder farms	0	0	0 +	n/a	n/a
Organisational level impacts					
Democracy	0 +	0 +	+	+	+
Management capacity	0 +	+	+	+	+
Service provision	0 +	+	0 +	+	+
Financial viability, estate profitability	0	+	0 +	0 +	0
Market access, chain effects	+	+	+	+	+
Sustainable agriculture & environmental impacts	+	+	+	+	+
Wider impacts	0 +	0+	+	+	+

Key: + = positive impacts; - = negative impacts; 0 = no impacts. Combinations of scores indicate that different aspects of the theme were rated differently

Overall, the findings from the five cases show that sustainability standards bring a range of benefits for individual producers and workers, their organisations, wider communities and the environment – see table 1 above. However, the scale is limited, except in Kenya. Complementary and possibly alternative measures are needed to scale up impact and to reach more marginalized groups and sections of societies. In Kenya there has been a positive impact on quite a significant scale, but measuring attribution is not possible because the counterfactual was not sustained as the majority of the study organisations sought or achieved certification during the research period. Both groups have shown positive improvements over time, but there is no control group available enabling the measurement of change attributable to the standard. There is also evidence of spill-over effects.

But it is rarely the case that sustainability standards are able to lift smallholder households out of poverty and their reach is somewhat limited in terms of the diverse rural population. Certain groups such as hired labourers on smallholder farms and women are less able to participate in voluntary sustainability standards, because of the structural constraints in their access to land and other livelihood resources.

The overall findings of the study are, unsurprisingly, mixed, partly due to the variability that exists in the country-commodity-sector contexts – value chains are embedded in these contexts and as sustainability standards are implemented, their level of control over outcomes and impacts decreases. A whole range of factors influence outcomes including real world contextual conditions, the nature and extent of other interventions, the specifics of the sustainability standard in question and the specifics of the commodity and value chains involved.

There are also areas in which sustainability standards are not achieving their intended objectives and areas where more attention is due – if they want to have a bigger role in tackling poverty and sustain their own relevance in this field. This would indicate reflection on individual sustainability standard theories of change and chosen strategies, as well as areas for collaboration between standards and other actors to significantly increase impact to a more transformative level in terms of producer/worker livelihoods and environmental changes at a landscape level.

A number of policy implications and practical recommendations flow from this study. Sustainability standards are likely to have a continuing role in this field. However, changes are needed within the enabling environment, market, landscape level and at farm/workplace levels if sustainable and equitable trade is to be achieved. Donor support could be vitally important in helping these standards organisations which have been created to deliver greater impact and to work in collaboration with private sector, civil society and government actors to scale up and out impacts. Different strategies will be needed, not only in particular industries/commodities, but also in different contexts. Strategic analysis of trajectories and scenarios, involving smallholder and worker representation could be useful to plan further appropriate actions in each place.

This type of impact study (complex, in-depth, mixed design and method) is not easily replicated due to the costs, time and skills (e.g. statistical, qualitative, participatory, theory of change) required. It is very important that distinctions are made between ‘first-generation’ type studies of this nature, which are intended to inform policy-makers and actors and aim to measure impact. Other impact studies should primarily give more weight to utility - for more immediate participants, especially producers and workers themselves, as well as sustainability standards and thus to improve impact). A more participatory approach would involve the development of learning alliances based around specific cases (commodity-country and/or specific producer organisations certified to specific standards) to improve impact. It is to be welcomed that the sustainability standards themselves are now putting significant efforts, with ISEAL’s assistance, into developing their own monitoring and evaluation systems.

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1. INTRODUCTION

This report presents the findings of the study “Assessing the poverty impact of Sustainability standards” in global value chains. The objective of this study is to “***systematically examine the impact of voluntary social and environmental standards on poverty and livelihoods, particularly for the most disadvantaged workers and producers in developing countries***”.

Voluntary private standards have proliferated in recent years and their reach in agrifood chains governance has expanded rapidly.

Box 1: Sustainability Standards – an evolving and increasingly crowded market

Sustainability standards, (i.e. those focused on social and environmental objectives rather than technical ones such as food safety), have a long history. The standards landscape is dynamic, with rapid growth in sales occurring prior to and during this study for many of the standards, as well as the emergence of an increased number of standards. This study focuses on the Fairtrade and Rainforest Alliance standard systems.

Such standards are voluntary in the sense that they are not required by law. However, in some markets, access to the market requires compliance with certain sustainability standards – and so they are pre-requisites or *de facto* requirements.

Three types of voluntary sustainability standards can be discerned:

- Private standards developed by individual companies (e.g. Tesco’s Nature’s Choice, Starbucks’ Café Practices)
- Collective National Standards (e.g. Organic Standards)
- Collective International Standards (e.g. GLOBAL G.A.P, Rainforest Alliance, FLO, Utz, Union of Ethical Bioproducts)

This study focuses on the third category, collective international standards. The third category includes standards which are single sector or multi-sector (e.g. FLO, Utz). Roundtables have also emerged in recent years, seeking to bring together all key stakeholders in an industry to set standards. These have often evolved into certification systems. Some standards have origins in civil society (e.g. Fairtrade), whereas others are more mainstream, having origins in and linkages to industry (e.g. Rainforest Alliance, Utz Certified).

The **rationale** for the study was the need to fill gaps in the evidence about the poverty impact of the different sustainability standards given their increase in reach and influence (in the absence of state regulation and enforcement and with the globalisation of commodity networks) (Nelson and Pound, 2009; Nelson et al, 2009). Increased scrutiny from policy-makers, donors, academics and standards themselves was leading to increased demand for systematic, rigorous assessment of the performance and impact of sustainability standards.

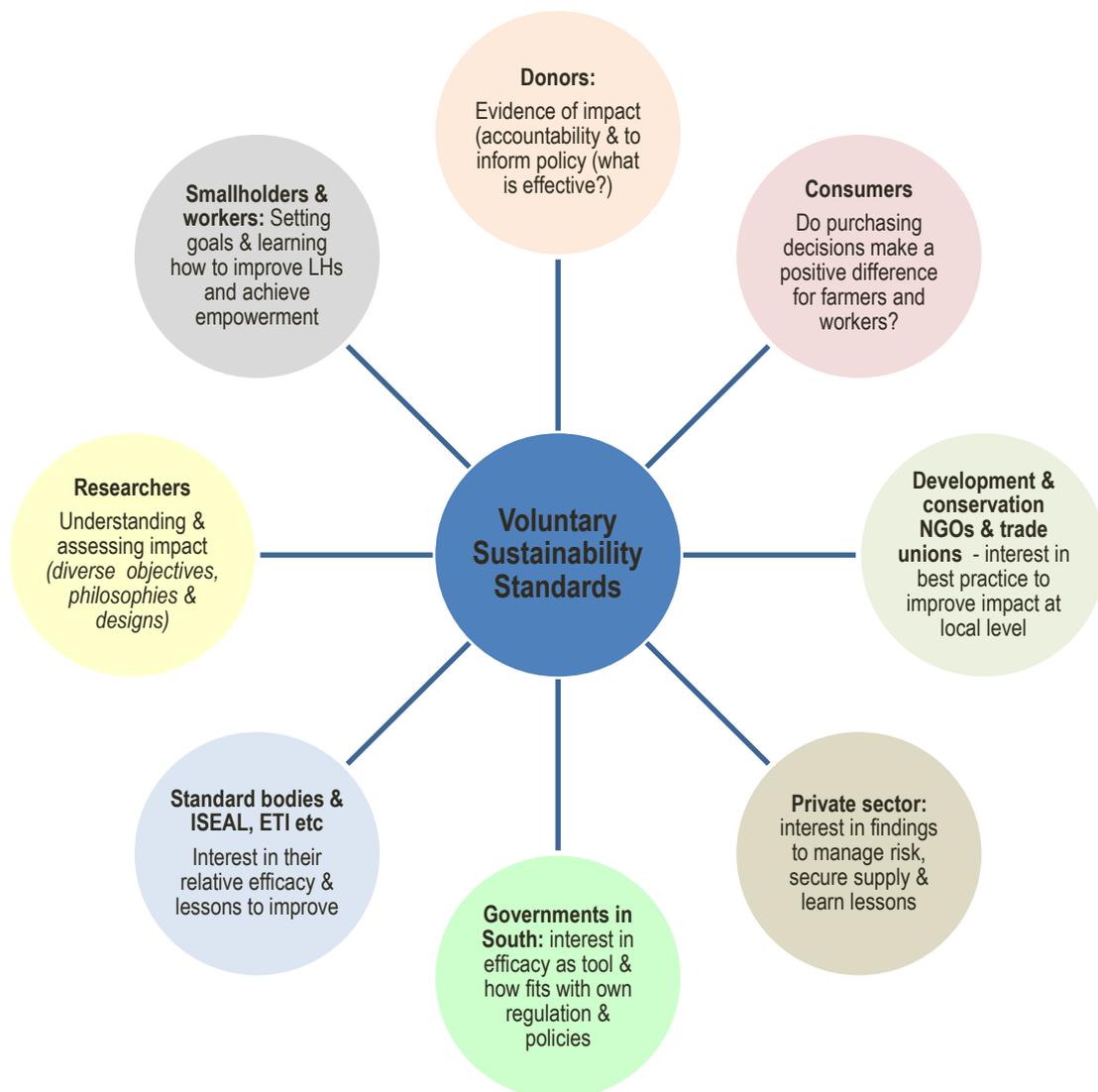


Figure 1: Stakeholders and their interest in sustainability impact findings

Impact evidence in early 2009, when this study was conceived, was very scant. Nelson and Pound (2009) conducted a meta-review of FLO Fairtrade, which revealed that there were many studies with rich ethnographic, qualitative and participatory designs, but few were based on standardized questions and methods which would enable straightforward comparative analysis and accumulation of knowledge. There were also few studies including a counterfactual and most studies were snapshots without a clear vision of impact pathways. Many of the studies of Fairtrade focused only on Latin American coffee and there were significant gaps in Africa and Asia and across other commodities (Nelson and Pound, 2009)¹. Further, evidence from hired labour contexts was severely lacking, as well as assessments of environmental and gender impacts (Nelson and Pound, 2009)². As

¹ Nelson and Pound (2009) 'The last ten years: a comprehensive assessment of Fairtrade impact'

http://www.fairtrade.org.uk/resources/natural_resources_institute.aspx

² An analysis of environmentally-oriented standards was commissioned as part of this research project (Pound and Chan, 2009)², building on the conceptual framework and methodology developed in the earlier work

well as the lack of evidence on Fairtrade and other sustainability standards, the standard systems themselves had not articulated clear theories of change. There was no systematic theoretical basis underpinning the different standards, which constrained a ‘theory-based and comparative case design’ in previous studies. Following many years of donor support, it was also timely to review how effective are sustainability standards as an intervention aimed at tackling poverty.

DFID funded this multi-year impact study to contribute to the accumulation of rigorous evidence to *inform the future strategic decisions of policy-makers and of sustainability standards themselves*. The key research questions were formulated as follows:

Table 2: Main research questions

Do voluntary standards have an impact on the poverty and livelihoods of smallholders, outgrowers and hired labourers and their organisations? If so what kind? Are voluntary standards effective mechanisms for tackling poverty?

- a. Do producers selling certified products experience greater positive long-term social, economic and other livelihood impacts than their uncertified counterparts?
- b. Do workers on certified plantations achieve greater positive long-term social, economic and other livelihood impacts than those working for uncertified enterprises?
- c. Are voluntary standards lifting people out of poverty? What is the scale or magnitude of their impacts on poverty? Are there limits to the effectiveness or potential of these standards as a means of tackling poverty?
- d. Can voluntary standards reach the most disadvantaged in society? What are the inclusion or exclusion thresholds which shape entry to such voluntary schemes and how do these vary across time, contexts and for smallholder and hired labour situations? Is there a risk that voluntary standards reinforce regional inequalities?
- e. What are the characteristics of the participants who remain within a scheme and those who leave?
- f. What are the gender dimensions of the poverty impact of voluntary standards?
- g. Are there negative or unexpected impacts on participants or non-participants?
- h. Assuming a broad-brush definition of poverty, what types of impacts of voluntary standards are the most significant for tackling poverty and supporting livelihoods? (social, economic, empowerment etc)? Are the standards tackling strategic as well as practical needs, e.g. building local institutions, giving greater power and voice etc
- i. Is there a difference in the kinds and magnitude of impacts (in terms of number assisted and extent of changes resulting) being achieved in hired labour and smallholder situations?
- j. Which elements or mechanisms of voluntary standards are the most effective in tackling poverty (e.g. producer support to access export markets, greater security through guaranteed prices and pre-financing, stronger producer organisations to increase the power of disadvantaged groups, networking amongst certified groups etc)?

commissioned by the Fairtrade Foundation. The second study found a similar picture in relation to the geographical and commodity focus of existing studies on coffee in Latin America.

- k. In which circumstances do voluntary standards have the most poverty impact (e.g. newly liberalized economies, existence of relatively strong small farmer cooperative movements etc?) What are the key drivers for success?
- l. How sustainable are the impacts of the voluntary standards and the standards themselves?
- m. Can farm level sustainability make a difference to larger scale changes in land use and ecosystem health? If not, does it matter and with what implications for tackling poverty?
- n. Are positive impacts by voluntary standards sustained over time or do they tail off?
- o. Can voluntary standards achieve the same kinds of impacts in mainstream value chains as well as alternative ones?
- p. Can voluntary standards have an influence beyond their specific certified value chains (e.g. positive impacts in raising local market prices; possible negative impacts on non-certified producer access to markets? Can voluntary standards push up standards in the rest of the market and achieve poverty impact that way? Can they change the terms of trading (market transformation) or is the overall effect more about achieving market access or market reform? How do such schemes challenge or reinforce prevailing power relations and inequalities?
- q. Can voluntary standards have an influence beyond their specific certified value chains (e.g. positive impacts in raising local market prices; possible negative impacts on non-certified producer access to markets? Can voluntary standards push up standards in the rest of the market and achieve poverty impact that way? Can they change the terms of trading (market transformation) or is the overall effect more about achieving market access or market reform? How do such schemes challenge or reinforce prevailing power relations and inequalities?

A secondary set of research questions relating to more nuanced comparisons between different standards and their approaches were also explored.

Table 3: Secondary research questions

I.	What differences are there in the impacts achieved by voluntary standards and how far could they be complementary?
II.	What relative contribution do different mechanisms make to any positive impacts (e.g. price premiums, longer-term trading relations, support to negotiations with buyers
III.	How do the poverty impacts of the different voluntary standards vary? How do the different provisions in their standards and the varying approaches they adopt (e.g. to producer support) affect the poverty impact on smallholders, outgrowers and workers?
IV.	How do different business models and value chain relationships affect the impact upon poverty of voluntary standards? How do the values, power and incentives of different actors in the value chain affect the impacts upstream? (e.g. What differences are there between retailers? What differences are there between ATOs? What difference does producer ownership along the value chain make to overall poverty impact?).
V.	How do the costs of certification and compliance (e.g. to quality requirements) affect inclusion and the membership poverty profile (e.g. does the membership of co-operatives reflect the poverty profile of their communities?). Are factors such as remoteness and marginality of land, factors in being able to benefit?

The **report structure** is as follows: section 1 introduces the study; section 2 details the study design and methodology; section 3 synthesizes the findings from across the five cases on impacts at individual producer level and at the organisational level; section 4 summarizes the evidence on impact; section 5 discusses the findings of the study in the light of the evolving landscape of sustainability standards and the increasing recognition of the need for ‘agricultural transformation’, because of converging challenges; section 6 details the policy implications.

The cases (country-commodity-target group) selected were:

- Ghana/Cocoa/Smallholders;
- Ecuador/Cocoa/Smallholders;
- India/Tea/Workers;
- Kenya/Tea/Workers & Outgrowers;
- Kenya/Tea/Smallholders.

The field reports which form the basis of the study are available at:

<http://www.nri.org/component/content/article/78-project-websites/livelihoods-and-institutions/484-assessing-the-poverty-impact-and-governance-implications-of-social-and-environmental-voluntary-standards>

Other project outputs are also available at this website, including:

- The initial conceptual and methodological framework document (Nelson, et al, 2009)
- Working papers (e.g. Nelson and Martin, 2010; Tallontire et al, 2012)
- Journal articles (Nelson and Martin, 2012)
- Presentation at ISEAL workshop (November, 2011, at and co-hosted by the University of Greenwich) on assessing the impact of sustainability standards.

2. METHODOLOGY

For some years NRI has used a definition by Roche (1999) of **impact assessment** for use in studies relating to ethical and fair trade: Impact assessment is the *'systematic analysis of the lasting or significant changes - positive or negative, intended or not - in people's lives brought about by a given action or series of actions'* (Roche, 1999). We have employed a **broad based definition of poverty** in this study. Going beyond income based definitions, we have instead employed a livelihoods approach, considering individuals' and households' access to assets, their broader livelihood strategies and relative empowerment.

The study methodology was based on **theory based evaluation** (Pawson and Tilley, 1997; Stern et al, 2012) in which evidence is carefully gathered based on a theory of change. Data is collected along the impact chain in a single case (in this study, a case is a selection of producer organisations or estates) to establish if inputs have led to expected outputs, outcomes and impacts, and whether there were unintended impacts 'within' the individual case.

By asking standardized questions based on the theory of change, across multiple cases selected according to clear criteria and using similar methods (although adapted to local circumstances) to collect the appropriate data, it is possible to replicate case studies and then conduct **comparative case study analysis** (Yin, 2014). Using this approach it is possible to generalize to certain sets of conditions and configurations of actors (referring back to the selection criteria) – but not to universalize (Yin, 2014). For example in this case by selecting carefully the countries, commodities and contexts (hired labour or smallholder participants) to produce 'cases' and using the same research instruments (adapted for local context) such as centrally designed checklists and questionnaires to collect the data (flowing from the theory of change) we have gathered evidence about the impact chain in multiple cases. By replicating the cases we gather data which is then used to test and interrogate the theory of change. Where the findings confirm the theory of change this is evidence of success. Where the findings are mixed or negative, this implies that the sustainability standards should alter their theory of change and fundamental mechanisms.

As this is an impact evaluation the study has employed not only theory based design and generative causation logics, but has also drawn upon **counterfactual logics in a mixed design study** (as well as mixed methods) (see Stern et al, 2012; Bamberger et al, 2010). We have sought to compare the 'with' and 'without' scenarios (e.g. with certification and without certification) and then made the comparisons between a period prior to the baseline (e.g. certification or three years previous, based on recall data), the study baseline (2010) and the study final survey (2012) to assess changes over time. In addition to the comparisons at these points in time, a double difference analysis enables the assessment of whether the changes over time are significantly different between the certified and non-certified groups and hence can be attributed to certification.

The **influence of contextual factors and plausible rival explanations** of what has led to observed outcomes and impacts (Yin, 2014) have been thoroughly explored, primarily in the qualitative research (for example in interviews with management, key informants and at the household level).

Mixed methods were employed with both certified and non-certified groups of farmers and workers including management workshops, key informant interviews, individual household case studies, focus group discussions and a questionnaire survey.

There were **four main phases**: 1) Set-Up (2009); 2) Baseline (2010); 3) Light monitoring (2011); Final survey and Dissemination (2012).

Theory of change *thinking* (Vogel, 2012) was the basis for the study from the outset and it was from the theory of change that indicators were chosen and tools designed (see Figure 2, from Nelson et al, 2009, p9). During the study, **hypothetical theory of change diagrams** were visualized for each standard and for hired labour and smallholder contexts, to trace intended inputs, outputs, outcomes and impacts (See figures 3 to 6). In 2009, sustainability standards had yet to articulate their own theories of change (Nelson and Martin, 2010), although this situation has now changed as a result of the ISEAL Impacts Code and with contributions from this research project (Nelson and Martin, 2010; and other studies for FLO which drew on this e.g. cocoa Peru and cotton studies – see the NRI website for more information).

Developing clear hypothetical theory of change diagrams was not easy task. This is because there are **multiple impact pathways** encapsulated within sustainability standards. These are also being implemented around the globe (although actually with a fairly limited number of organisations) in different commodities and contexts – smallholder, hired labour, outgrower situations. Documentation from the sustainability standards on what they seek to achieve, and how, was lacking. A range of policy documents was available, but a consistent articulation of the theory of change was lacking.

Fairtrade in particular is a large, multi-stakeholder system in which there are multiple and competing interpretations of what ‘fair trade’ actually is (Tallontire and Nelson, 2012). In other words there was a lack of consensus about their overall theory of change (TOC). The standard documents are themselves completely standardized and clearly articulate a large part of the TOC, but implementation varies significantly in different locations and contexts.

It also became clear in interviews with standard system representatives and in reviewing the literature (e.g. Eberhart and Smith, 2008), that there are other inputs beyond the standard document.

Rather than focusing on standard content, it was necessary to approach **standards as systems**, including (geographically and temporally variable) inputs such as producer support, brokering of links between certified entities and buyers, collaboration with other development agencies and programmes (e.g. farmer field schools). Hypothetical diagrams were developed which trace *intended* impact chains, and the data gathered was then brought together to construct *actual* impact chains (i.e. evidence of whether inputs led to outputs, outcomes and impacts or had other outcomes or were not successful). In some cases these were developed as actual impact pathway diagrams, summarizing the main ‘within case’ findings. This report presents the findings of the comparative analysis ‘between cases’ which allows for the drawing of conclusions on the study questions³.

³³ Eberhart, N. and Smith S. (2008) ‘A methodological guide for assessing the impact of Fairtrade’ prepared for FLO international.

Figure 2: A generic impact chain for Social & Environmental Sustainability Standards (Nelson and Pound, 2009)

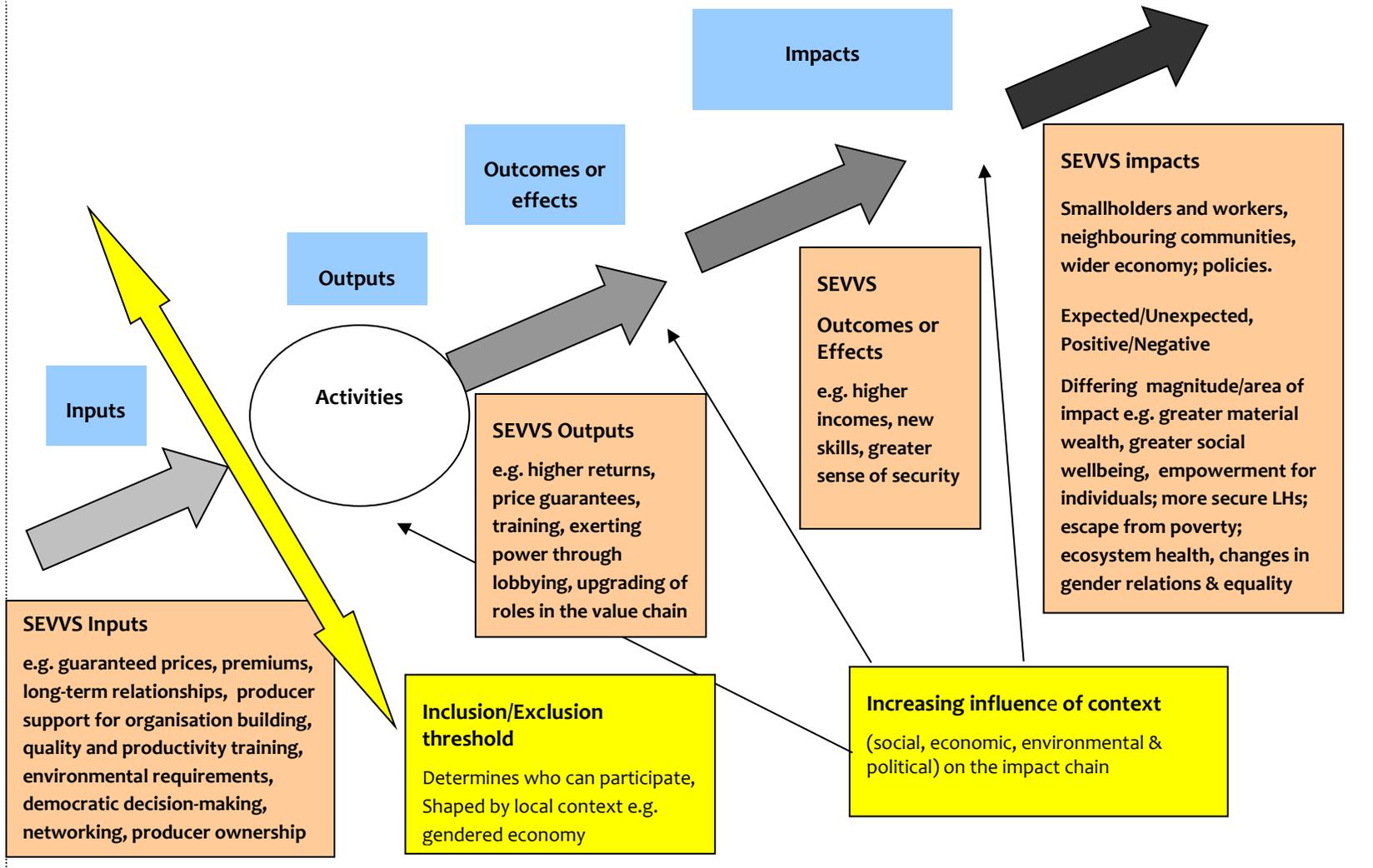


Figure 3: Hypothetical Fairtrade Smallholder Production Poverty impacts Theory of Change

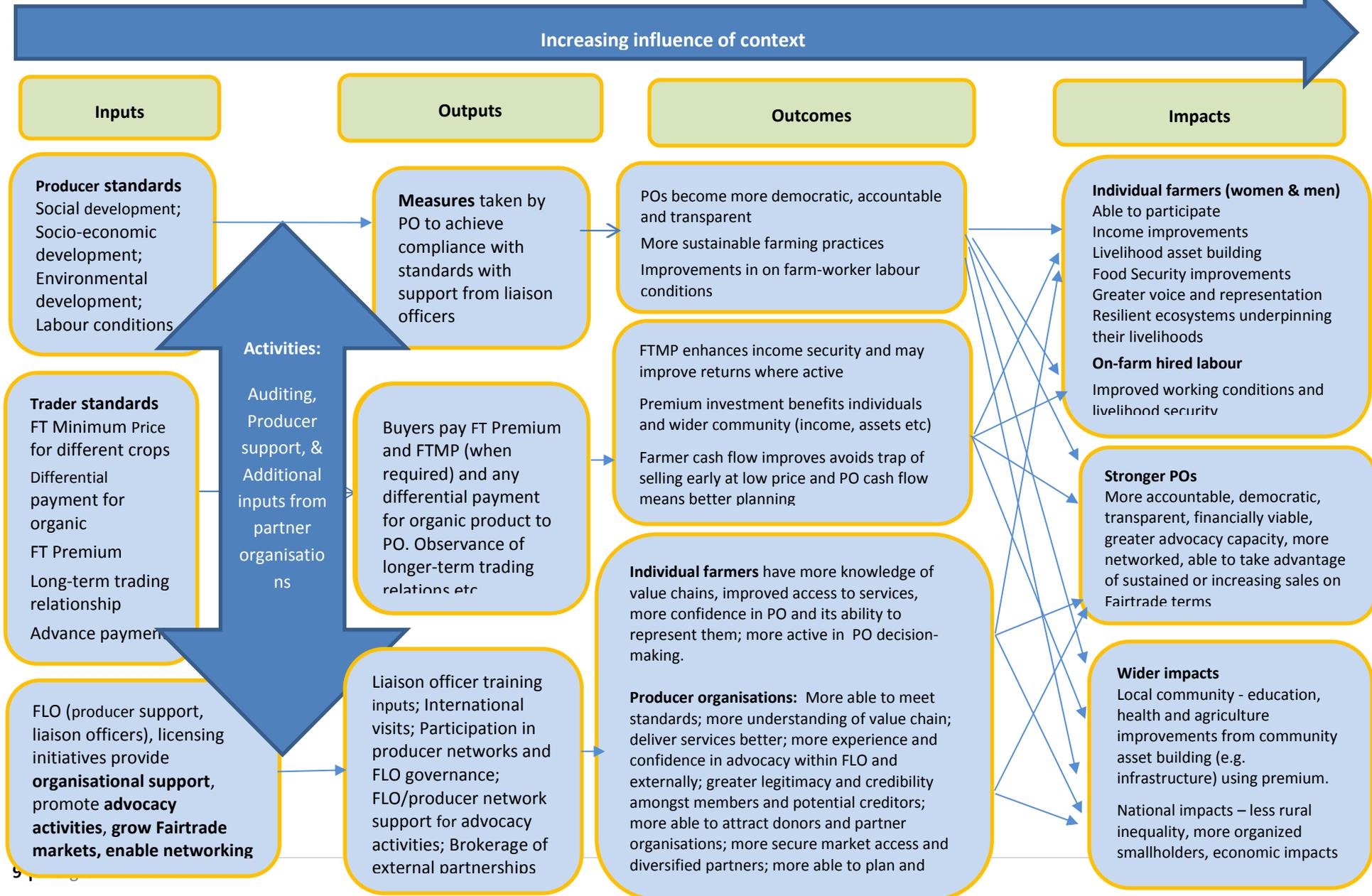


Figure 4: Hypothetical Rainforest Alliance Smallholder Production Theory of Change

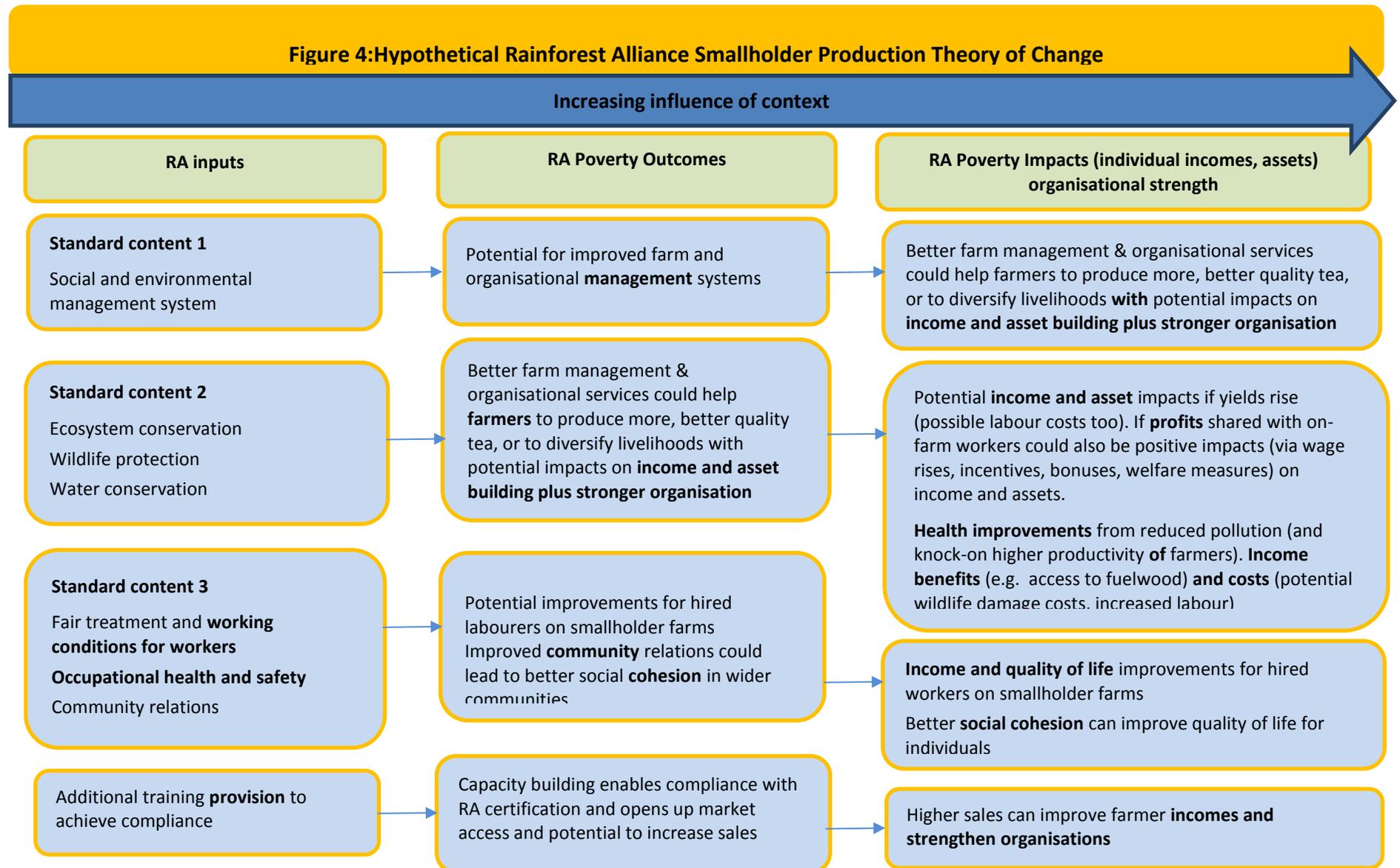


Figure 5: Hypothetical Rainforest Alliance Hired labour

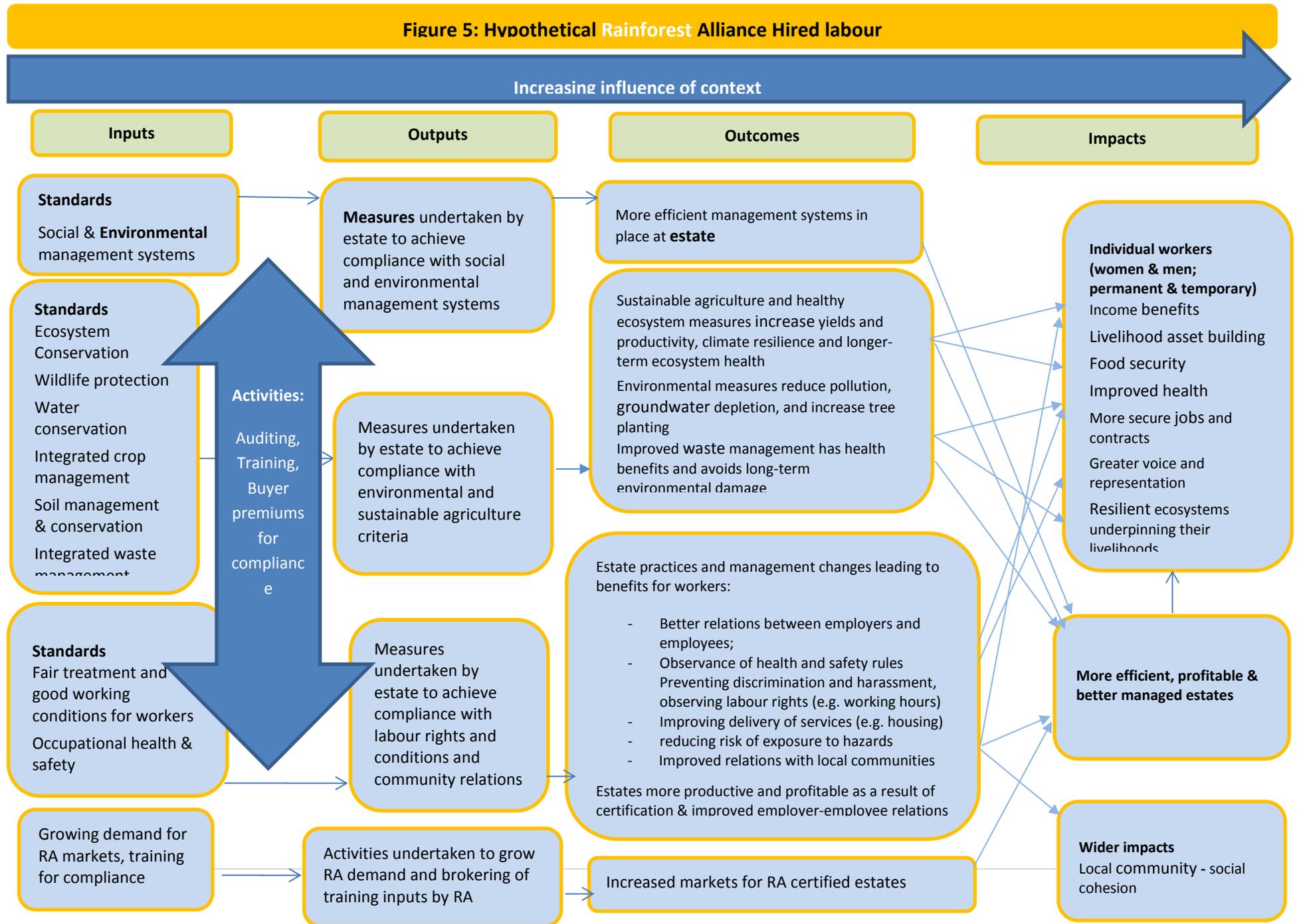
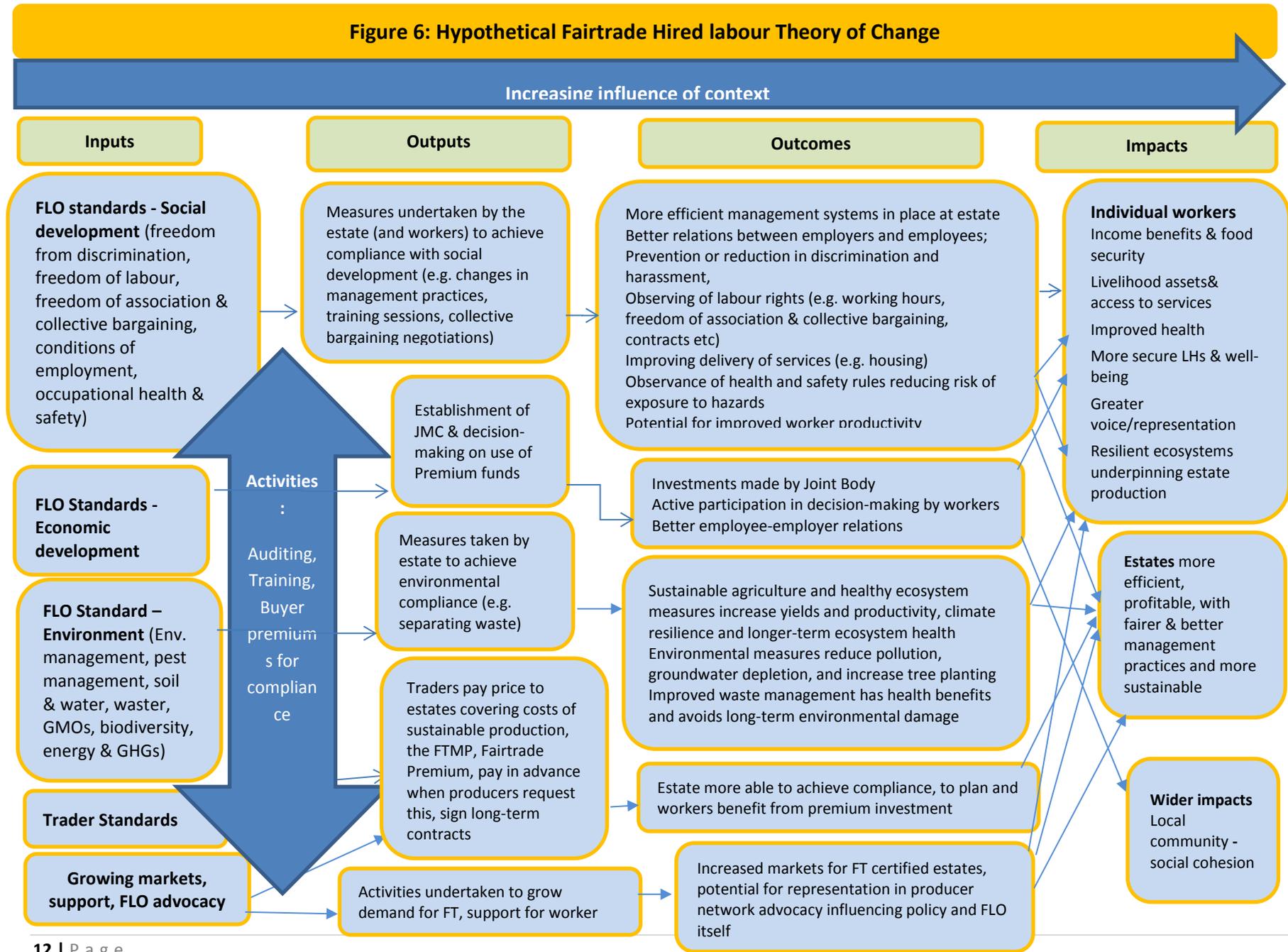


Figure 6: Hypothetical Fairtrade Hired labour Theory of Change



In **selecting cases**, a typology of the ‘universe’ of sustainability standards and their membership was used. A **range of sustainability standards** were initially considered for inclusion and FLO Fairtrade, Rainforest Alliance and Utz Certified were chosen as some of the larger and more established socio-economic or environmentally focused standards. As well as analysing the main features of each of the standards, the countries of operation (i.e. with certified enterprises) were identified and the number of producer organisations in each country. The possible country selection was mapped against the UN and World Bank lists of lower or middle income countries. The commodities covered by the different standards were also reviewed. The relative importance of the commodity in worldwide trade, for example, was taken into account as was the coverage of smallholder, hired labour and outgrower situations.

The final commodity selection was cocoa - an important commodity in global trade including in fair trade systems and increasingly in Rainforest Alliance and Utz Certified systems. **Ecuador**, a lower middle income country, where fine, aromatic **cocoa** is produced and exported has a number of certified organisations. **Ghana**, a low income country at the start of the study (reclassified to lower middle income in 2011) is a large producer of cocoa globally (ordinary, bulk cocoa) and was chosen in part because of the presence of a DFID programme in Ghana, but also because of the presence of Fairtrade and Utz Certification. **Tea** was chosen as a one of the major global beverages and as an important commodity for the standard systems. **Kenya** was chosen as having certification (RA and Fairtrade) and as being a low income country, as well as offering certified smallholder and hired labour situations. India was chosen as a low income country with Fairtrade and RA certification – hired labour on plantations in Tamil Nadu were chosen⁴.

A **multi-stage sampling scheme** was used within each (country-commodity) case - whereby the organisations were selected at the first stage and the members were selected in the second stage. Experience from previous research (Nelson, Martin and Ewert, 2007) indicated that there is often significant variation amongst producer organisations and estates in a particular industry – therefore choosing only one case would not provide opportunities for comparative analysis, nor provide a representative sample of producers or workers. Therefore a **number of enterprises** were selected in each country, based on a systematic matrix of producer organisations and estates, detailing their certification status, location and size in terms of membership.

A **counterfactual** was also constructed to provide a ‘without intervention’ comparison to the ‘with intervention’ – non-certified smallholder organisations or estates, for example, were selected in similar agroecological zones (Ecuador, Kenya, India), or non-certified farmers were identified who sell to other licensed buyers (Ghana and some areas of Ecuador).

⁴ Other possible cases are outlined in the initial project conceptual and analytical framework document (Nelson et al, 2009) and future research could be conducted employing the same methodology and thus replicating further cases to accumulate knowledge.

Box 2: Challenges in constructing counterfactuals in the evaluation of private sector initiatives

The construction of an appropriate counterfactual is not trivial for initiatives involving the private sector. The design is quasi-experimental (rather than experimental) meaning that the study does not have, nor wishes to have, control over the participation of farmers and workers (e.g. by random allocation) in such schemes. This is a decision taken by management. Access to the organisation at all levels requires agreement from managers and owners.

The identification of organisations and farmers to serve as a meaningful control group was challenging as their non-participation already distinguishes them from the group of organisations and farmers that do participate. Furthermore, random selection from among non-certified companies was difficult as their involvement in the study depended on securing agreement from private sector companies, who in several cases were unwilling to be part of the study. However, the study was able to collect information from non-participating farmers for each country and commodity, and whenever possible a group of non-participating producer organisations. Propensity score matching was used in some cases to assess the comparability of the farmers and workers in the participating and non-participating groups. Apart from allowing the exploration of the drivers and barriers to participation, these groups offer the possibility of a comparison of socio-economic characteristics between participating and non-participating producers and the assessment of relative change in these characteristics over time.

The practical limitations to understanding what would happen without the certification schemes places more rigorous requirements for the study to pay particular attention to what happens in the presence of the scheme. Data was therefore collected at the beginning of the study and towards the end of it to obtain information about what happens to key indicators of the participating organisations and its members. Some information has been collected from administrative records of the participating organisations and from recall interviews with members of those organisations to build an ex-post picture of the situation prior to the start of the scheme.

While neither of these two approaches will yield a totally satisfactory counterfactual, they offer a realistic prospect to understand the consequences of the lack of participation, and measure differences between the status of participants and non-participants. They also allow, due to the different stages of development of the participating organisations studied, understanding of the mechanisms and magnitude of the benefits of participation in voluntary certification schemes.

The study sought to include a number of enterprises and producer organisations within the study, as previous experience indicates that there can be significant variation between organisations and too often previous studies have focused only on one or two organisations, which increases the possibility that the study findings are biased by particular peculiarities of the chosen organisations.

From each selected organisation (that had also been approached and where management agreed to participate) a number of **individual members** have been selected using a probability based sampling scheme.

In each country a number of research instruments were employed:

- Management Interviews/workshops
- Key informant interviews
- Focus group discussions
- Individual household case studies
- Questionnaire survey

The findings were collated and analysed in each country/commodity case to provide robust evidence of whether the intended outcomes and impacts of each sustainability standard had in fact been realized, if not why not, what this means in terms of poverty impact and whether there were other contributing factors which were as, or more important in causing change. These analyses are

brought together in this report, providing a comparative analysis between the four country/commodity cases of poverty impact.

The findings will be disseminated through a series of peer-reviewed journal articles. Throughout the study the research team has engaged with the sustainability standards. While maintaining our independence, the team has sought to a) understand how the sustainability standards work, for example, by identifying the inputs provided beyond the standard documents and to enable the team to develop theories of change (as the standard systems had not designed their own diagrams at that stage); ii) to obtain access to data on the number of certified organisations at the baseline and their location, membership etc. in order to make a selection; iii) to ensure that the sustainability standards were aware of the research and would be ready to take up the research findings – on methodology and impact findings – as and when these were made available, to maximize the utility of the study; iv) to inform sustainability standards and their membership body, ISEAL on issues such as how to tackle impact assessment for standards, developing and using theories of change, participatory applications of theory of change thinking, theory based evaluation approaches to impact assessment, exploring the role and limitations of counterfactuals in private enterprise evaluations, comparative case analysis etc.⁵.

Table 4: Study sample at organisation level

Ecuador Smallholders	Cocoa	Ghana Cocoa Smallholders	Kenya Tea Smallholders, Workers & Outgrowers	India Tea workers
Baseline 2010				
2 RA & organic certified POs. Non-certified members of these organisations.	2 POs with Fairtrade & organic certification. 1 non-certified organisation & non-certified cocoa farmers in the same areas	1 large Fairtrade certified cooperative (secondary and primary levels)	7 smallholder KTDA POs (3 FT certified, 3 non-certified (all based in the East of the Rift valley) and 1 RA certified (and based in the West of the Rift valley); 2 outgrowers organisations (1 FT certified and 1 non-certified (both in the West of the Rift valley); and 3 estates (1 dual (FT&RA) certified; 1 RA certified and 1 non-certified (all based in the West of the Rift valley).	7 estates with RA certified (one of these with organic certification in process) 1 non certified.
Final Survey 2012				
RA certification was dropped by 2012, leaving original 2 as organic organisations. Non-certified members of the same producer organisations and non-certified farmers in the same provinces	2 Fairtrade plus organic certified. 1 additional organic organisation 1 non-certified organisation	As above	Significant changes in certifications held, plus the dual certified estate dropped out of the study estate (and hence access to their non-certified outgrowers was not possible). Final sample: 7 smallholder KTDA POs (2 FT and RA certified, 1 FT certified but working towards RA certification. 3 non-certified, but in the advanced stages of preparing for their RA certification audit; 1 FT certified outgrowers organisation working towards RA certification; 2 estates (both RA certified).	6 RA certified (1 with Fairtrade in process), 1 RA/organic and Fairtrade certified and Utz in process 1 non certified.

⁵ Methodological approach and insights have been shared with FLO, RA and ISEAL throughout the project. Final reports have been shared with the sustainability standards to allow for error checking.

The key steps in the methodology are outlined in Box 3 below.

Box 3: Key steps in the methodology

- Develop research protocol
- Select enterprises according to criteria of sampling framework and gain agreement to participate.
- Research partner training.
- Contextual analysis and participatory value chain mapping (enabling environment, supporting services, key actors and relationships) elaborating the hypothetical impact chain and informing the study plan.
- Gather information on value addition in the value chain and information on commodity sales figures and value chain functions.
- Gather secondary data on poverty and livelihoods for areas of study e.g. from Poverty assessments, MDG monitoring etc where available
- Preliminary stakeholder analysis
- Design checklist for key informant interviews (KIIs) and conduct KIIs – including co-operative and plantation management and committee members, relevant representatives from government departments, local staff of SEVSS, value chain actors etc. The KIIs will assist in identifying changes and the cause of those changes amongst upstream enterprises (e.g. SEVSS), especially those with direct and sustained contact with intended beneficiaries).
- Qualitative research with focus groups (male and female producers and workers, different age groups, different positions on plantations where relevant), case studies and individual interviews. Develop case study criteria and select households for interview.
- Household survey: Design household questionnaire, pilot and implement with sample of producers and workers (including male/female, different ages) participating in the scheme and non-participants.
- Analysis of results – characterizing socio-economic status of participants relative to background population (through comparisons with secondary data and socio-economic characteristics of non-participating producers) and creating or recreating a baseline and then measuring changes in income and livelihood assets (social, natural, physical, human, political, financial/economic) for disaggregated social groups through repeat visits. Issues of vulnerability, resilience and sustainability will also be explored and the wider causal processes of poverty.
- Focus group and interviews with ‘non-participants’ and those excluded from value chains to assess barriers to participation. Includes exploration of alternative employment opportunities (see tool in annex).
- Feedback to participating organisations
- Dissemination

3. EVOLUTION OF SUSTAINABILITY STANDARDS, AGRICULTURAL TRANSFORMATION AND THE WIDER EVIDENCE BASE

3.1 EVOLUTION OF SUSTAINABILITY STANDARDS AND AGRICULTURAL TRANSFORMATION

Voluntary, private standards have proliferated in agri-food value chains in the last 10 to 15 years, including private standards developed by individual companies, collective national standards and collective international standards. There are 30 international standards in agriculture of a total 400+ voluntary sustainability standards.

The fair trade movement emerged decades ago as an attempt to challenge inequitable terms of trading. Many other private standards have emerged partly as a response to a lack of, or weak enforcement of public regulation, meaning that companies use standards for risk management, as well as market differentiation – where consumer labels are involved. While termed ‘voluntary’ sustainability standards, compliance with many of the standards is now effectively a pre-requisite for market access. Some of the standards have been developed by civil society actors (e.g. Fairtrade, Rainforest Alliance), but others are more aligned to industry (e.g. Utz Certified and GlobalGAP). There are differences in the relative emphasis of the agricultural standards on different sustainability issues (e.g. environmental, producer organisation) and differences in governance structure and market focus (e.g. seeking to work in the mainstream or having more robust criteria and presenting something akin to a gold standard). They also differ in how they monitor compliance and use certificates or labels. Over time, there has been more of convergence between them. Utz Certified is a business-to-business standard, whereas Fairtrade and Rainforest Alliance are both consumer labels.

In terms of the content of the main sustainability standards Potts et al (2010) find that:

- Environmental criteria are most prevalent (excepting energy conservation, GMO prohibitions and greenhouse gas management criteria, which are less common). Nearly all initiatives require integrated pest management or compliance with a prohibited chemicals list (Potts et al, 2010).
- In terms of social criteria the International Labour Organisation (ILO) core conventions form the basis of many of these as well as health and safety and employment conditions. Most of the initiatives place less emphasis on gender, employment benefits, community involvement and the humane treatment of animals. It is the economic criteria that are the less developed, with most having few or no economic criteria.
- Where economic criteria are covered, these revolve around product quality requirements and minimum wage requirements. Requirements related to living wages, price premiums and written contracts are particularly rare (Potts et al, 2010; Tallontire et al, 2012). Roundtables are emerging seeking to bring together stakeholders across an industry to set international standards (e.g. in soy, biofuels, palm oil). Multi-certification is increasingly common, as producer organisations and estates seek to widen their market access – although progress on harmonization between standards (e.g. in joint auditing) has been relatively slow and Fairtrade has not yet opened up its auditing process in contrast to Utz Certified and Rainforest Alliance, which have taken this step and are piloting joint audits.

The voluntary sustainability standards have brought ethical and sustainability issues to public and business attention (Sustainability, 2011), influencing consumer behaviour, providing producers with access to new markets, supporting collaboration between stakeholders and platforms for learning,

and driven operational changes in business and large buyers (Sustainability, 2011). Fairtrade began as an attempt to challenge inequalities of trading relationships. In recent years it has moved from niche products, to the mainstream, allowing own brand Fairtrade products by retailers and brands, and developing standards for hired labour in plantation agriculture in specific sectors.

Consumer and private sector acceptance has led to huge growth in the uptake of standards with a shift from niche to mainstream channels and commitments from large retailers and brands to sourcing mainstream product lines from sustainable producers. Growth of certified products has outstripped growth in conventional ones, reaching 10% of global production (SCSKASC, 2012). ISEAL, the sustainability standards' membership body, says that standards are now entering the mainstream in specific sectors (e.g. forestry and seafood) and taking root in challenging areas (e.g. mining and electronics). In agriculture, several million certified farms and tens of billions of annual coffee, tea, sugar, fruit and other commodity sales meet Fairtrade, Rainforest Alliance and Utz Certified standards and with recent corporate commitments it is likely that certified sales in cocoa could reach 30% by 2020⁶.

However, despite this expansion, there is still quite a long way to go before whole industries become sustainable. For example, while sustainable coffee sales have grown by an estimated 433% in the last five years this still only represents 17% of global coffee sales (Potts et al, 2010). There is a concentration of supply from more organized and developed markets, especially Latin America (which suggests that market organisation and development shapes capacity to supply certified products). More recently developed standards are, in fact, demonstrating higher per annum market growth (SCSKASC, 2012).

In contrast to the position at the start of this project, when M&E systems of the standards were weak and there was limited impact evidence, there is now significant investment underway by the sustainability standards to improve their M&E systems, more rigorous impact studies are being undertaken with results beginning to emerge. Further, more strategic questions are being asked by various international bodies, as well as this study, (including sustainability standards themselves and ISEAL) about how to improve and scale up impact.

Scaling up, for example, reaching the next 10-30% of world production, and deepening impact (reaching new segments of rural societies and creating a more transformational impact) is now the challenge for sustainability standards. This imperative is already recognized by the sustainability standards – in part as a response to the scrutiny on the magnitude and nature of their impact to date – from academia, the press and donors. Different strategies are being explored to scale up impact, but the sustainability standards have to balance the following, simultaneously:

- moving to or sustaining financially viable models of operation;
- sustaining the quality and integrity of their standard system;
- making their standards more accessible to smallholders (by reducing cost and complexity);
- finding other ways (beyond cost and complexity) to broaden and deepen impact (i.e. strengthening standards by adding new conditions, or changing mechanisms).

The costs of certification are commonly cited as a factor in restricting uptake or sustaining standards for smallholders (see for example, Blackmore et al, 2011) and thus requiring streamlining of standards' own operations – in some cases – but also streamlining the standard content so they it is less complex and costly for smallholders, but also strengthening and innovating to increase impact.

⁶ <http://www.isealalliance.org/>

ISEAL, the voluntary sustainability standards' membership body, has become increasingly influential with a brokerage and information sharing role and is facilitating collaborative processes amongst the standards. In 2011 it reviewed possible stepwise approaches to scaling up, finding that: i) some standards already have improvement requirements embedded within the standard, while others combine internal and external steps; ii) there are also particular strategies for bringing in new producers (e.g. marketing, market access, reduced or no entry and audit costs, risk-based assurance, technical support, financial incentives, credit access); iii) it is possible to link existing standards together in a sequenced certification process, although for such a process to work it is necessary that each standard still has a viable business model.

Arguably, the more mainstream and more demanding standards could be seen as complementary. The new ISEAL Assurance Code may provide a framework for members to share learning in improving access for smallholders. Others go further than the strategies identified by ISEAL and suggest that a 'bottom up approach, with top-down support', such that those supporting producer organisations should start with a very simple quality management system, which the producers can build ownership over and develop over time. Further instead of focusing on systemic issues, they suggest an initial zooming in on more accessible and relevant issues to farmers which also provide more immediate returns (e.g. using the manure from cows as fertilizer in coffee production (Van Beuningen and Knorringa, 2009).

Solidaridad is running producer support programmes which follow an ethos of 'producer-centred engagement' that begins with an analysis of producers' own capacities and capacity gaps, including consideration of their priorities and specific challenges, exploring a range of domestic and national market opportunities, and opening up pathways to multiple certification as a means of widening their market access. This is an approach which moves away from thinking about producers as belonging to a particular standard, but instead works from their capacities instead.

Barriers to standard system collaboration remain, as the standards effectively compete in the standards (and broader sustainability economy) landscape to define sustainability and the means of responding to sustainability challenges (Nelson et al, 2014). However, some practitioners suggest that it is possible to encourage collaboration on the ground (e.g. in producer support programmes), while competing vigorously in the market place (key informant interview, 2012). FLO has not opened up its auditing to auditors of other standards such as Utz Certified and Rainforest Alliance, because of the reputational risks and scale of the changes needed within organisational procedures (also termed 'institutional stickiness') and developing consensus within the movement. Unfortunately, FLO's position means that joint auditing between RA, Utz Certified and Fairtrade is not possible as yet – although RA and Utz Certified have moved forward with pilots. Fairtrade is collaborating with the Forest Stewardship Council (FSC), but this is no doubt because there is a clearer gap between the standards in terms of focus and mechanisms. Varying types of collaboration between standards, are possible, where innovation could help in scaling up: e.g. joint auditing, subsidies for auditing and certification, more integrated and improved producer support programmes etc.

Initially, companies did not know where their products were sourced from and this exposed them to significant reputational risks (as citizen campaigns, press reports and early pioneer sustainability standards raised questions about sourcing conditions and terms of trading). Standards provided a means of managing reputational risk. Business-to-business standards are less costly to implement and are attractive for businesses for this reason and because they provide assurance in terms of risk management. Utz Certified, for example, is a more mainstream standard, with closer linkages to industry, which offers strong systems of traceability. Consumer labels (e.g. Fairtrade and Rainforest Alliance) can help companies differentiate themselves to consumers, as well as manage risk to

reputation. However, differentiation in the market becomes less possible as more labels crowd into the market and their reach expands. FLO Fairtrade, for example, is under competition from other social labels, such as the IMO *fairforlife* standard and FT USA, which may be cheaper to implement and more open to other forms of producer organisation, as well as the integrated agricultural standards such as Rainforest Alliance and Utz Certified. Sustainability standards have shown impressive market growth, but with time companies have begun to see a different role for standards. Increasingly, companies are employing standards for supply chain management, i.e. businesses use them to make purchasing decisions, manage supply, market products and sell to B2B and B2C, to guide employees and respond to stakeholders and regulators.

The classic model of consensus based standards, independent certification and on-pack labelling, combined with service delivery has come in for criticism from the private sector (Sustainability, 2011). Their attractive traits of governance and inclusiveness, at the same time prevent them from developing quickly enough for companies and retaining the ability to provide market differentiation. Thus companies are exploring other ways of achieving market differentiation, such as running programmes based on their own brands and investing in collaborative programmes with civil society organisations.

In recent years the discourse within international development has increasingly framed the debate in terms of the multi-functionality of agriculture and of the need for *agricultural transformation*. There is widespread agreement that the current levels of commitment and action are insufficient (see for example UNCTAD, 2013), but there is less agreement on the actual pathways to transformation.

Having fallen out of fashion, governments and development agencies are now refocused on agriculture – because of the need to meet food security challenges for a growing global population, for economic development in rural areas to tackle poverty, rising inequality, and processes of urbanization and to respond to climate change and environmental degradation. As well as increased investment in agriculture by donors, there has been first a focus on linking smallholders to value chains, followed by Making Markets Work for the Poor (looking holistically across a market to make systemic changes – i.e. not only in specific value chains, but in the enabling environment and involving different actors beyond those within the immediate supply chain).

The World Bank implies the need for global agricultural transformation, as demonstrated by the Agricultural Transformation Index and associated Benchmarking the Business of Agriculture, (see box 9 below) – with an overall aim of informing and leveraging policy reforms which enable the emergence of a stronger commercial agriculture sector. However, the UK's African Smallholder Farmers Group (ASFG), is engaging with the World Bank on the ATI and BBA, although it notes that other organisations have complaints about the process and the initiative. It has expressed concerns about the *absence* of sustainability, producer organisation and gender issues in the BBA⁷.

⁷ <http://www.asfg.org.uk/framework-report/advocacy-info-and-resources>

Box 4: Agricultural Transformation Index and Benchmarking the Business of Agriculture

The World Bank is currently leading on the development of an Agricultural Transformation Index⁸: because the development of a more productive, equitable and sustainable food and agriculture system is a global priority, this index is needed to provide ‘actionable measures of country performance on specific policy areas, promoting agricultural farming as well as agribusiness transformation’. It is intended that the ATI will ‘stimulate and guide decisions related to agricultural development; Compare enabling conditions for agricultural development across economies; target and engage governments, civil society and the private sector; include elements related to agribusiness, smallholder productivity and profitability, sustainability and food security’.

Within this broader process, the World Bank, Gates Foundation and UK, US and Danish governments are developing indicators for ‘Benchmarking the Business of Agriculture’ (BBA). An overview flyer states that *‘achieving transformative agricultural growth continues to be a key global development objective. A significant productivity boost is needed for the sector in which the majority of the world’s poor work’* (p1). It sets out an overarching aim of informing and leveraging policy reforms which enable the emergence of a stronger commercial agriculture sector. It focuses *‘beyond the farm gate, covering policy, infrastructure, trade, inputs and in particular those factors that bear upon the development of functioning networks of agribusinesses and agriculture-related businesses. These networks will be crucial in marketing input technology, purchasing production, and transforming and delivering food at affordable prices to expanding urban markets. Increased farmer productivity and strong agricultural value chains will improve food security, create livelihoods and raise incomes’* (p1).

Cross-country benchmarking attracts attention and can catalyse change in the policies and actions of governments and the existing Agribusiness Indicators (ABI) can be useful because they go beyond government laws and regulations to include their implementation in practice and private sector response to the enabling environment. Annual monitoring of comparative indicators across countries will be combined with periodic deep dives into critical issues.

Source: G. Dixie and M. Johns (undated)

The challenges of scaling up standards are increasingly being placed within this wider discourse on global agricultural transformation. Analysis of the environmental impacts of standards and drawing from thinking in climate change adaptation (about the need to work across scales and across complex, adaptive systems) in particular, has pointed to the need to work at landscape level and to move beyond the individual farm unit (Solidaridad, 2012; Tallontire et al, 2012; Ecoagriculture, 2013). Changes in the environmental and business landscape means that ‘business-as-usual’ models are unsustainable and companies will have to fully account for social impact and environmental sustainability to maintain profitability (Kissinger et al, 2013). Working at the landscape level involves moving beyond the farm level, to watersheds, ecosystems, transport networks, local markets and governments and nearby towns and cities. *‘Only at this level can problems like water insecurity, climate change, or reputational or community engagement issues be dealt with’*.⁹ Scoping the activities of twenty-seven agri-businesses, the EcoAgricultures report finds that some of the more innovative companies are responding to sustainability challenges through pro-active approaches, involving multiple-stakeholder collaborations and working at the landscape level - not just the farm level. Rainforest Alliance and Olam International, are given as an example of a private-civil society collaboration, in sustainable cocoa production, which – according to the authors - benefits farmers

⁸ <http://agriculturaltransformationindex.org/>

⁹ http://landscapes.ecoagriculture.org/global_review/reducing_risk#citation

with diversified opportunities and increased income, and has brought the first climate-friendly cocoa to market (Kissinger et al, 2013¹⁰).

Thus, there is increasing consensus that standard systems *alone* cannot deliver the change needed to meet the challenges facing agriculture (Sustainability, 2011; Nelson et al, 2014 etc). Certification cannot reach every farm and factory and labels will not shift the mainstream consumer (SCSKASC, 2012). Sustainability standards have also been criticized for being too costly in terms of the costs of auditing and achieving certification (see e.g. Blackmore et al, 2012), and for being too far out of the reach of all but the top segment of rural populations (Vorley et al, 2012).

While standards, certification and labelling will continue to play a role, this role is seen as being of lesser importance by some: By seeing standards, certification and labelling as not necessarily intertwined, but as being a box of tools, which themselves only form part of a wider set of instruments, it is argued that there are greater possibilities for business-voluntary standards movement collaboration (Sustainability, 2011). A future scenario is one in which ‘pre-competitive’ standards become the norm and above this, brands compete, civil society and companies form partnerships to transform supply chains and consumer norms and behaviour, and civil society and government evolve more effective and efficient ways of holding business accountable (Sustainability, 2011).

There have always been civil society and donor programmes which have linked up or been attracted to certified producer organisations, because they are seen to be more credible than their non-certified counterparts (Nelson, Collinson and Tallontire, 2002). Examples include the work of Alternative Trade Organisations (e.g. CafeDirect, Twin and Traidcraft) in the Fairtrade context, but also donor and NGO support projects.

However, of late there are more collaborative programmes, involving a wider range of actors, which are more ambitious in that they seek to bring together more stakeholders in an industry, are more focused on the particular contextual factors shaping outcomes, and often seek to tackle issues which have traditionally fallen beyond the remit of standards (Nelson and Tallontire, 2012). Worldwide Fund for Nature (WWF), Social Accountability International, (SAI), the Ethical Trading Initiative (ETI), Solidaridad and IDH are all examples of organisations now implementing different types of collaborative programmes. Donor engagement is increasing for these sustainable market transformation programmes (e.g. DANIDA, SECO and Netherlands are all investing via the Dutch Sustainable Trade Initiative, known as IDH). IDH leverages in private sector funding to match donor funding and is seeking to accelerate and scale up sustainable trade through coalitions of private-public-third sector partnerships. DFID is not only working in agriculture, but in other sectors such as ready-made garments.

The overall vision of Solidaridad, which is relevant to the sustainability standards, now encompasses **change at the sustainable landscape level, more ambition in transforming producers’ livelihoods and achievement of sustainable, low cost food, with higher yields and better nutrition, resulting in healthier food and lower transaction costs – this may require a supported process of rural transition with some smallholders leaving the land, but having employment** (Solidaridad Annual Report, 2012).

¹⁰ Other examples are: In Mexico and Indonesia Starbucks has engaged in multi-stakeholder partnerships, climate finance and regional producer support and sought to reduce costs and produce profitable coffee. SABMiller has addressed operational, regulatory, and reputational risks involving water quality in Colombia and South Africa at the community level (Kissinger et al, *ibid*).

Box 5: The Solidaridad approach to smallholder producer support

One international NGO, Solidaridad, is innovating in terms of collaborative civil society-private sector programmes, working with producer organisations in value chain approaches (building producer capacity, developing supply chains, building markets), but also considering wider landscape structural issues. The collaborative programmes rely on donor and private sector funding, but are rooted in regional activities and expertise. The NGO seeks to collaborate with more than one company in any programme to avoid dependency issues for producers, although we do not have evidence of how far this is avoided in practice. New programmes begin with analysis of producer support needs, food security issues, and opportunities on domestic and regional markets, as well as more demanding export ones. In a new tea programme in India, Solidaridad is supporting certification to Utz Certified by tea producers as a way of tackling health and childcare issues, but is also working with diverse stakeholders to tackle other more complex issues, such as living wages, alcoholism, and fair working conditions¹¹. Reviewing producer support programmes, Solidaridad has concluded that there are limits to maximising production in smallholder farming and thus in increasing incomes – and so a more ambitious approach is needed.

In coffee, tea and cocoa production it is generally the case that the best performing smallholders (0.2 – 5.0 ha) with an average of 2.5 hectares, manage to raise their income through smart and sustainable land use practices from the historical low range of US\$ 240 to 800 per year to US\$ 2,400 to 3,200 per year. While this represents significant benefits, really represents a step from extreme poverty to poverty. Moving beyond the individual farm unit requires increasing the scale of production, farm organisation, processing, new technologies, and supply chain development. A more robust agricultural infrastructure, better perspectives for a viable income for farmers, and living wages for workers are needed. The Solidaridad programme highlights:

- **On-farm interventions** start with the producer to achieve direct benefits on social, economic and environmental issues.
- **Off-farm interventions** are needed as well, because of the effects of farming on biodiversity and climate – which require tools and solutions beyond the individual farm level. Increased focus on adaptation is necessary, being realistic about how much climate change mitigation is likely to ultimately achieve.
- Changes are needed within the **enabling environment**, (policy development and institution building) to manage the transition towards a more sustainable agricultural sector. Financial and legal institutions need reform. Sustainable landscaping and spatial planning is needed, and economies of scale: although land ownership issues are sensitive, it will be necessary for some entrepreneurial farmers to be able to buy land from neighbours to create economies of scale. This has to be accompanied by rural and agribusiness development and the creation of employment for those no longer on the land. Re-allotment and spatial planning by local government could speed up the process of scaling up.

Source: Solidaridad Annual Report, 2012

Similarly, the WWF Market Transformation programme¹² is engaging with various sustainability roundtables which tackle sector-wide issues, collaborating with individual companies, supporting

¹¹ <http://solidaridadnetwork.org/new-tea-programme-sri-lanka-looks-beyond-certification>

¹² WWF works through engagement with 11 Roundtables (e.g. the Forest Stewardship Council, Aquaculture Sustainability Council, Better Cotton Initiative) that tackle sector-wide issues, engaging all key stakeholder groupings, and developing international standards, and often evolving an independent certification scheme. It also supports the identification and support for better management practices and building demand and purchasing of certified products. It works through individual company partnerships (e.g. working with companies to improve sustainability of specific supply chains and a bridge for sector wide action, with tools such as supply risk analysis), promoting sustainable investment in commodity financing.

awareness raising to increase demand for certified products and promoting sustainable commodity financing. There are various international initiatives by UN and public sector bodies which are also beginning to look more closely at what kinds of additional interventions are needed to increase the impact of sustainability standards¹³.

These collaborative programmes thus represent a *complementary* approach, deemed necessary to tackle underlying structural and systemic issues and capacity gaps which have hitherto undermined the ability of sustainability standards to have an impact – e.g. lack of basic infrastructure, lack of land tenure security, poor investment climate, etc.

However, these collaborative, coalition programmes tend to focus only on economic empowerment questions – e.g. quality and productivity. In terms of political empowerment, there is also growing body of work that explores the politics of private standards and roundtables (e.g. Cheyns, 2012;) and the discursive impact that they have – i.e. how they frame what is ‘sustainability’ in agricultural trade and what are the relevant challenges to address and what are the appropriate ways of getting there (Nelson and Tallontire, forthcoming). The participation of southern actors, particularly smallholders and workers themselves in standards governance is extremely limited. Across judicial, executive and legislative governance dimensions, the agenda is set by more powerful actors (Tallontire et al, forthcoming; Tallontire and Nelson, 2013; Nelson et al, forthcoming). Smallholders and wider rural communities have very little say in ‘framing’ what is sustainability and fairness in agriculture in what are essentially northern driven processes. Recent changes in the governance of Fairtrade mean that there is now co-ownership by the producer networks of the system, which is unique amongst the sustainability standards – but whether this will translate in the future into increased economic empowerment is not yet clear.

Sustainability standards present a relatively narrow vision of what sustainability might be and critics have argued that they further the interests of certain groups (e.g. legitimizing neo-liberal forms of globalization – Blowfield, 2005), restricting notions of development and the partnerships required (with the private sector increasingly uncontrollable and more of an equal with nation states (Reed and Mukherjee-Reed, 2009)). *“Critics have argued that the increasing influence of corporate social responsibility (CSR) programmes and partnerships over the last two decades have served to legitimate a neo-liberal form of economic globalization. In the process they have not only changed the practice of development agencies and NGOs, but also the dominant way of understanding what development is (Blowfield 2005).* In their efforts to be pragmatic, development actors may be neglecting other globalizing strategies (Reed and Mukherjee-Reed, 2009).

Four different types of business partnership, based upon differing degrees of social control, can be distinguished: conventional business; corporate social responsibility; corporate accountability and; social economy (Reed and Mukherjee-Reed (2009). Social economy approaches are located within an alternative model of globalization, providing *‘alternative ways for civil society movements and government to interact with “business” to promote development’* by providing *‘replicable forms that can be copied, adapted and linked together in different ways in and across other communities. They*

¹³ The UN has established a new body – the United Nations Forum on Sustainability Standards, which is seeking to *‘address the sustainable development value of VSS by pooling resources, synchronizing efforts, and assuring policy coherence, coordination and collaboration among UN agencies’*¹³. ITC is also active in the area of sustainability standards as part of its mission to foster sustainable economic growth. It produces a ‘Standards Map’¹³, which enables users to compare standards (e.g. their criteria), and also runs a global database, ‘T4SD’, which is a repository for data on sustainability standards. It also runs collaborative programmes (e.g. a silk-sector development project in Cambodia). The IFC is reviewing the future of sustainability standards and is currently developing a Roadmap for the way ahead (B. Wise, *pers.comm*).

can serve as the basis for promoting an alternative approach to development, one in which interconnected local communities control their local economies through democratically controlled businesses, while cooperating with other communities' (Reed and Mukherjee-Reed, 2009). Examples include the development of new international financial and trade organisations, which would be democratically controlled and would provide support for the development of local economies based upon social economy enterprises and promoting closer economic relations between such local economies¹⁴. UNRISD has been promoting increased academic and practitioner focus on social and solidarity economy approaches (UNRISD, 2013).

Merely tweaking the existing industrial agricultural system will not transform agriculture according to UNCTAD's latest Trade and Environment Report (2013). More fundamental changes are needed, based on: *'a better understanding of the multi-functionality of agriculture, its pivotal importance for pro-poor rural development and the significant role it can play in dealing with resource scarcities and in mitigating and adapting to climate change. However, the sheer scale at which modified production methods would have to be adopted, the significant governance issues, the power asymmetries' problems in food input and output markets as well as the current trade rules for agriculture pose considerable challenges'* (UNCTAD, 2013, pi). Both drastic reductions in the environmental impact of conventional agriculture and broadening the scope for agro-ecological production methods are needed. To achieve this requires *'reforming global agricultural trade rules, giving greater policy space for assuring national food sovereignty, climate change adaptation/resilience, and rethinking the focus on integrating smallholders into global supply chains'* (UNCTAD, 2013, pi).

For some, agribusiness concentration is deleterious for small farmers: *'Systematic concentration on globalized food supply, is currently undermining the endeavour of establishing regionally/locally appropriate and truly sustainable production and consumption patterns: if there is too much export orientation and therefore specialization, there are too many import surges, too much focus just on economic efficiency, and too little heed paid to the multi-functionality, reproductive and resilience capacity of agriculture'* (Hoffmann et al, 2013 in UNCTAD, 2013). All markets pose risks for smallholders and small-scale businesses, because of the inherent volatility of markets and challenges in relation to meeting supply and quality requirements – but issues of control of corporate behaviour, corporate accountability to society and rural governance processes are important.

The expected role of government in relation to sustainability standards has changed over time. Having pushed 'deregulation' in the late 1980s, many development agencies are now suggesting that government has a critical role to play: i) catalyzing and facilitating the uptake of private standards initiatives; ii) enhancing infrastructure for conformity assessment; iii) enhancing the profile of sustainability initiatives in national policies (Jaffee et al, 2011). However, there is insufficient analysis of: a) the incentives and mechanisms needed to support governments and other actors in promoting and adopting private standards; b) identifying criteria for prioritization of the most suitable options to support compliance; c) the types of standards and standards-related initiatives to be supported (Jaffee et al, 2011). Governments can stimulate demand by acting as buyers (requiring particular standards in public procurement, being supporters of standards, providing technical assistance in the development of standards, and facilitators of standards (providing financial support) (Carey and Guttenstein, 2009, cited in Tallontire et al, 2012). Part of their role as supporters involves raising

¹⁴The authors point to South America for concrete examples, including the development of a new regional development bank (Banco del Sur), the strengthening of regional trade bodies and the development of a new regional political body (UNASUR) may provide the basis for the promotion of regional policy alternatives. In addition, such a development may spark the development of other regional groupings in the South, which could in turn exert greater pressure on the dominant multilateral institutions.

awareness, convincing consumers in the global north and in emerging economies to include these in considerations in purchasing decisions and by putting pressure or providing incentives for consumers and the private sector to value sustainability. They can respond to the concerns of consumers and private sector in national legislation and regulations, which has been described as the ‘ratcheting up of regulatory requirements’ to guarantee minimum standards (Henson and Reardon, 2005:241). International level action is also needed to hold multinational companies to account.

Changes are needed in both government and donor policies to tip the balance more towards smallholders, who themselves are investors in agriculture, and corporate models that facilitate smallholder inclusion, rather than larger—scale investors and large-scale land acquisitions (Vorley et al, 2012). Policies should change to also ensure that less well-off sections of rural societies are reached. In poorer countries, small farm development can provide both a commercially viable option, but can also maximize pursuit of poverty reduction and environmental protection, mainly because of its more labour-intensive production methods (Wiggins et al, 2010). Conversely, the spread of large-scale, mechanized, intensive farming in sometimes fragile environments, and where there are few off-farm livelihood opportunities to absorb rural labour, can impoverish those who lose land to plantation agriculture (Vorley et al, 2012). However, to meet future global food demand, some suggest that rural transitions need to occur, such that there is a degree of land concentration amongst smallholders to increase farm sizes and this will require generation of employment for those leaving the land (Wiggins et al, 2010; Solidaridad, 2012). Developing countries are at different stages of development in terms of the role of agriculture in the national economy. When the area farmed plus marketable surplus are overlaid, the large and medium-scale smallholders offer the greater potential for food supply (Dixie, 2013¹⁵). Future global food demand on agro-industry supply chains will be shaped by urbanizing populations and richer diets in developing regions, but it is how rural transitions are achieved that will determine how brutal or equitable the outcomes for poorer rural households. A whole range of overlapping interventions are needed ¹⁶.

In relation to standards, there has been increased questioning – flowing from impact studies – of the reach of sustainability standards (refs). The rural work is highly differentiated. Amongst smallholders, for example, there are different wealth and livelihood resource levels, as well as landless and waged labourers. Waged labourers on plantations are also part of the rural world, and are generally considered to have greater livelihood security than those with formal employment. As noted in previous impact studies (e.g. Nelson, Tallontire and Collinson, 2003) a certain level of assets is needed to participate in ethical trade and export markets. Sustainability standards are only reaching the top segment of smallholders, leaving the rest untouched (Hellin, et al, 2009 cited by Vorley et al, 2012). By thinking strategically about rural worlds and assets and the levels of market

¹⁵ Presentation on the ‘Benchmarking the Business of Agriculture’ (BBA), a World Bank effort based on country benchmarking to *‘inform & to leverage policy reforms which lead to a more modern agriculture sector, built primarily on the basis of commercially viable family farms’*

¹⁶ Examples include: strengthening of land and natural resource rights (e.g. legal requirements for local consultation and free, prior and informed consent, effective regulation of commercial investment, and targeted government action to promote the equitable inclusion of small-scale producers in value chains. Other basic actions are needed to get infrastructure, participation of smallholders in policy-making etc. But thirdly in relation to market governance, (i.e. build up producer organisations, develop/sustain a diversity of market outlets, improve market coordination, improve competition policy/quotes/market preferences, shape trade policy and finally to create a level playing field for producers in relation to public policies for private standards).

participation of different classes of farmers, opportunities to support producer upgrading and realistic supply chain adaptations can be identified (Ferris and Seville, 2010).

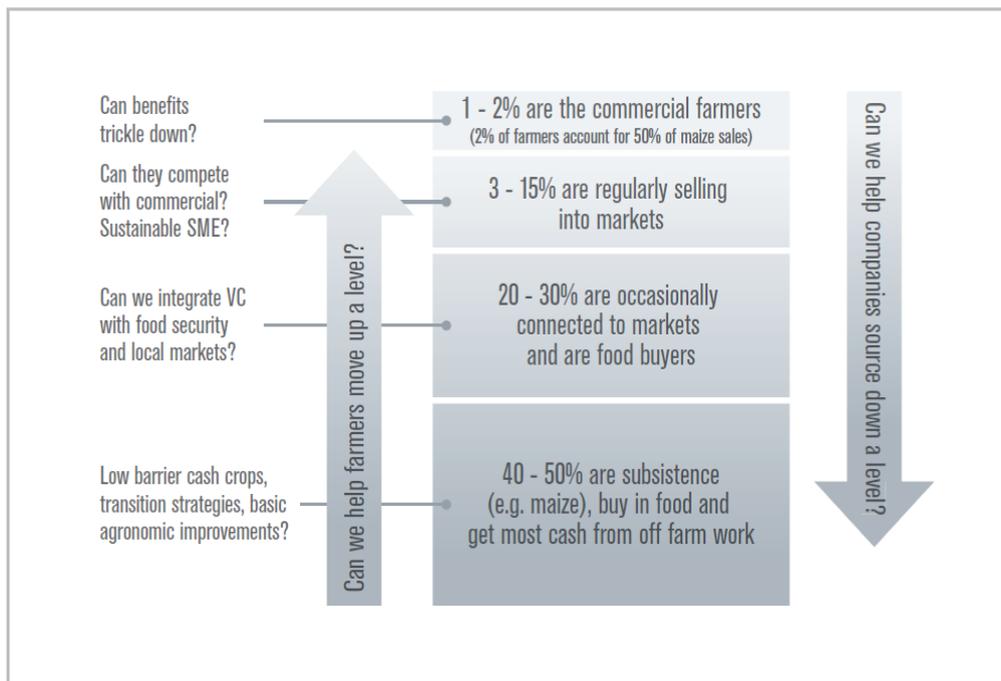


Figure 7 Opportunities to support producer upgrading and supply chain adaptations (Source: Ferris and Seville, 2010).

Similarly, Vorley et al, 2012 develop a schema of three rural worlds of smallholders and suggest that different policy levers exist for each grouping.

Box 6: Diverse rural worlds

Different groups of smallholders co-exist in any given locality. As well as different groupings of households, *within* households and communities women are discriminated against.

The top category (**Rural World 1 or RW1**) are the 2-10% of producers with access to capital, organisation, information etc. who can easily 'step up' to formal and co-ordinated markets (i.e. the richest of the poor). *"Value chain interventions are more likely to involve only the top 2–10 per cent of small-scale producers, and in terms of spend per farmer may well be un-replicable by governments and thus not sustainable in the longer term"* (Hellin et al., 2009, cited by Vorley et al, 2012).

At the next level (**Rural World 2 or RW2**) there are the majority of smallholders who are 'hanging in' and who are less able or likely to invest in the agricultural component of their livelihoods. They are less likely to be formally organized in the market, are likely to trade with the informal sector and may rely partially on waged work. State institutions and modern agri-food business are usually inaccessible for smallholders in RW2.

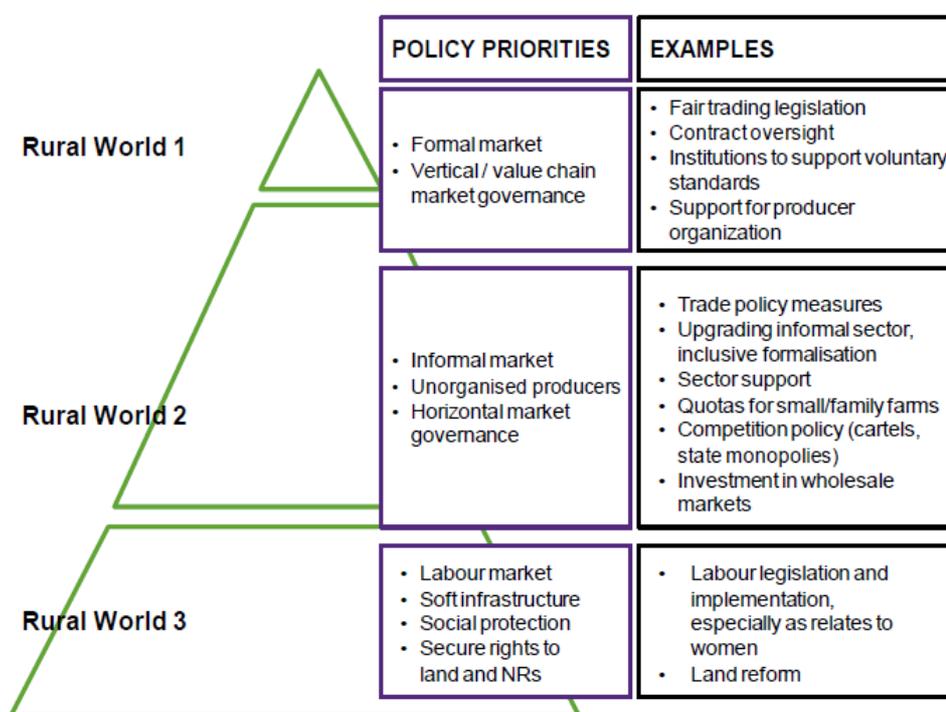
In the third category (**Rural World 3, or RW3**) many households are approaching landlessness (at least 25% of households in SSA are in this position), having less than 0.11 ha per capita). Tenant farmers and wage labourers also fall within this category and are often the most marginalized rural citizens. There are around 450 million agricultural workers globally, 200 million of whom cannot cover their basic needs. Small-scale farms in RW3 are more likely to be female-headed households, and more likely to depend on off-farm labour opportunities. Policies and business initiatives that support smallholder production may not cater for the needs of these groups/Approaches that link smallholders into the supply chain of an individual company carry risks for the smallholders (of dependency) and so the focus should be on a diversity of market outlets working for the majority of smallholders in a sector.

Source; Vorley et al, 2012)

For **Rural World 2** producers who are not formally organized in the market, improving domestic market governance and institutions is a priority (including traditional and informal trade that link smallholders and low income consumers). Informal markets are particularly important for women, as well as measures targeted at specific barriers to market access. Thus, the focus should be on *'horizontal improvement in the performance and inclusiveness of the whole sector, upgrading the informal sector, preserving a diversity of markets and a process of inclusive formalization, as well as measures that strengthen local rights to land and natural resources'*.

Rural World 3 groups have few assets, including land, and wage labour is important to their livelihood security. Measures to promote fair labour relations and labour-generating sectors are therefore important to promote more inclusive models of agricultural investment (See Figure 3 below). The question for fair and ethical trade is whether they are enabling significant numbers of producers to move from Rural World 2 to 1, how many producers they are supporting in Rural World 1 (where they are most likely to be targeting) and what impact they have, if any, on Rural World 3?

Figure 8: Examples of adapting policy priorities to the three 'rural worlds'.



This schema provides an overall conceptualization of where sustainability standards in international trade may sit (i.e. firmly with Rural World 1). However, Fairtrade also seeks to target marginal producers to support them to move from Rural World 2 into Rural World 1. Further, Fairtrade and other standards can bring benefits to agricultural plantation employees, where implemented with other types of support programmes. It is also the case that in a dynamic rural economy there may be situations in which cash cropping (e.g. coffee) is well established or represents an important element of wealth generation.

From this schema it is possible to see that currently institutions to support voluntary standards are primarily relevant to Rural World 1 producers. However, it is also the case that the scale of impact could be huge if more Rural World 1 producers can be supported through sustainability standards

and collaborative programmes – because there are also possibilities that this will have multiplier effects in the economy and if the standards take specific actions they can also channel support towards the hired labourers working on smallholder farms. More profitable and less environmental damaging plantation agriculture may also support rural employment and improved ecosystem services, but there are also issues of mechanisation and casualization of labour which could lead to jobs being lost – which neither certification, nor the collaborative programmes of investment, currently address. The wider dynamics of the rural economy, of market governance and government regulation thus come into play.

However, it is also the case that the sustainability standards and the collaborative programmes between civil society and companies need to reach beyond Rural World 1 to Rural World 2 – by taking specific steps to become easier to reach (e.g. for less well-off smallholder farmers), by supporting producer organisation (of different and more varied kinds) and engaging in the political empowerment of smallholders in local, national and international policy fora so that they can shape the enabling environment themselves.

Specifically, in the arena of public policies for private standards, there should be efforts to create a level playing field for smallholders through: Training and support services; Assistance for group formation; Subsidized audits and certification; Preferential access to inputs and services; Supporting the participation and voice of marginalized groups in standard setting; and costing of each policy instrument and weighing against alternative scenarios, including alternatives to high standards markets (Vorley et al, 2012). Other measures are discussed in the policy implications section below.

A World Bank review (June 2011) suggests that the strategy to use certified production as a tool for smallholder market integration needs to be based on a continuum of improvements, focusing on domestic and regional markets, with the target being to provide tools for long-term competitiveness. Because of the challenges of linking African smallholders in large numbers to international markets (e.g. via GlobalGAP certified markets), there has been a shift in development assistance from the firm or farmer level to more emphasis on standards-related enabling factors (e.g. providing generic training and training materials, improving associated services to reduce costs and improve outreach, enhancing policy frameworks etc). Fundamental upgrades are needed and so there has been a refocusing on farmer organisation, applied research and advisory services, business development services, logistics improvements, with a focus on quality, consistency and improved on-farm information).

There are also initiatives involving sustainability standards in a similar vein: e.g. the development of a virtual library of standards related guidance material that is already in existence to make them available to producers, and investments in generic producer support (e.g. Solidaridad, IDH). More attention is being paid to standards-based markets¹⁷ that appear to be more accommodating and suitable for smallholder farmers and thus fulfilling a vision of large numbers of African smallholders actually benefitting (Jaffee, et al, 2011). Critical bottlenecks remain in Sub-Saharan Africa in achieving consistency in supply and quality and there remains need for farmer collective action and strong group cohesion to aggregate volumes and facilitate small-scale farmers' access to services in

¹⁷ Rather than thinking dualistically of high and low value markets, Jaffee et al, 2011, suggest moving from informal standards (e.g. colour and blemishes), through official grades and standards that are pre-specified (e.g. variety, size, ripeness), to product based grades and standards (e.g. use of pesticides, sugar levels), system or process-based standards (e.g. good agricultural practice or HACCP), more detailed system or process based standards governing credence characteristics, and finally the application of these system or process based standards but in highly integrated supply chains.

certified and non-certified markets. *“Therefore, the emphasis on the achievement of certification by farmers and farmer groups should not detract from the critical role of development efforts in supporting continuous improvements to achieve quality and productivity gains, promote smallholder organization and empowerment, and so forth”* (Jaffee et al, 2011).

“Meeting high-end supermarket standards was deemed to be “necessary” for African smallholders to remain engaged in export-oriented production, while adopting one or another social standard has been cast as an opportunity to reposition smallholders in global supply chains, to their benefit. Both streams have required an elaborate apparatus of paperwork, advisers, and auditors’ (Jaffee, et al, 2011). However, much of the enhanced capacity for standards management has been embedded in a range of processing and exporting companies with comparatively little broader institutional capacity put or sustained in place. The pool of local advisers, quality managers, and standards certifiers has certainly grown, but not nearly in proportion with the investments that the development community has made in this area (Jaffee et al, 2011).

While investment in fundamentals is critical for smallholder economic empowerment and is already being addressed in collaborative programmes involving civil society and the private sector (but could still be scaled up), it also the case that political empowerment should be recognized as being part of ‘sustainable market transformation’ – given that a key pillar of sustainability is related to equity and empowerment – and that there has to be greater investment in tackling gender inequality.

One of the key positive dimensions of Fairtrade is the producer networks which are emerging at continental, regional and national levels. They are building awareness amongst possible suppliers and buyers of Fairtrade and seeking to support market access linkages. But they also are making incipient efforts to build smallholder voice and participation not only in specific bargaining positions, but in internal influencing (of the standard body – FLO) and in relation to national and international policy making.

While there are questions about who the different Fairtrade producer networks represent (probably Rural World 1 smallholders that are already involved in export production), but given that smallholder representation and voice is lacking in so many debates these networks could be an important development. Further, they could, given the right support, potentially collaborate with other emerging networks which possibly represent other categories of (less well off, i.e. Rural World 2) smallholders in advocacy related initiatives. An example network is ESAFF). Hired labourers on smallholder farms (who would fall into Rural World 3 category) have been neglected by all of the sustainability standards, although Fairtrade is planning to tackle this issue in the near future in a more systematic way, beginning with an analysis of the different options and issues (e.g. for workers on relatively larger smallholder farms in banana growing in the Caribbean, versus workers on small cotton farms in Sub-Saharan Africa who do seasonal work and are highly transient as a population).

Having created a large structure, Fairtrade has huge potential via these networks to deliver more in terms of advocacy, for example, in international climate change debates and in challenging government policy-makers to support inclusive smallholder development – as well as providing services to members. But it is early days yet.

Some might argue that it is expecting too much of producer organisations to be able not only to develop their capacity in terms of productivity, quality, management capacity and systems and bargaining with buyers, but also to build advocacy capacity. However, in the longer-term it is important that producer organisations and networks can demand changes of government and hold companies to account – as part of demand side governance – to achieve the kinds of changes in the

enabling environment that so many commentators and organisations are now saying must be tackled beyond standards to achieve sustainable and equitable trade.

3.2 A REVIEW OF THE BROADER IMPACT LITERATURE

There is an emerging body of evidence on the impact of sustainability standards, which is leading to increased questioning of the limits and potentials of standards. However, the variation in design and research questions makes comparisons difficult, between many of the studies and there is a contentious debate about what constitutes rigour and how rigour and utility can be balanced in these studies.

As well as individual studies, there are several meta-reviews of impact findings either focused on a specific sustainability standard, such as Fairtrade, or for multiple sustainability standards (e.g. Nelson and Pound, 2009; Chan and Pound, 2009; Blackman and Rivera; ITC, 2011; Tallontire et al, 2012; SCSKASC, 2012). The later meta-reviews are able to draw on an increased evidence base (although there are still many gaps), in part because of the questions raised in earlier efforts. Below we discuss the findings from the most recent meta-review to hand, although each review provides new insights – see appendix 3 for a more detailed analysis of the wider literature. .

Overall, there is increasing consensus that the impacts of sustainability standards are mixed and vary in different contexts. This suggests the need for more extensive data gathering by sustainability standards themselves (which they are beginning to do) and greater precision in identifying cases for more in-depth analysis, against a clearer typology of country-commodity contexts and with more replications undertaken with standardized research questions (based on the standards' theories of change) to enable comparative analysis (Nelson and Martin, forthcoming).

The Steering Committee on the State of Knowledge Assessment Standards and Certification (SCSKASC, 2012) conducted a wide-ranging meta-review, drawing on a number of commissioned studies, including a working paper by Tallontire, Nelson, Dixon and Benton (2012) on agricultural trade and standards (which itself drew on the findings of this study). The SCSKASC review found not only remaining gaps in large-scale qualitative and quantitative studies in relation to sustainability standards, but also in relation to *other* broader public and private policy instruments being deployed in pursuit of sustainability. A recent impact study covered IDH impact on coffee, cotton and tea and IDH states that it provides evidence that their business model (linking public investments and convening private sector interests and investments works for socio-economic development and ecological sustainability in developing countries (IDH Annual Report, 2012).

The meta-review study found significant, but not universal, positive changes in near-term ecological, social and economic well-being, although with caveats about the quality of the evidence base and more rigorous studies finding mixed evidence. There are positive benefits in terms of changes in agricultural practices, but quantification is limited. Various economic benefits are found for individual producers, but there are possible challenges in scaling up. There is mixed evidence on the social impacts of sustainability standards, but evidence is patchy and there are mixed findings on community impacts (SCSKASC, E5-E9).

The study also found indirect impacts (e.g. changing the behaviour of actors other than the certified enterprises and the economic, social and environmental consequences of those changes) were significant, and 'probably greater than the direct impacts' of standards (SCSKASC, ES-8). The adoption of sustainability standards and practices has occurred amongst other companies and their supply chains through peer influence and there are also cases of influence over government

regulation, but there is limited rigorous evidence. The study finds that learning, demonstration and spill-over effects abound (e.g. raising the awareness of industry, creating demand for certified products, encouraging retailers to adopt sustainable sourcing policies). The enhancement of institutional capacity has enabled public and private institutions to adopt procurement and permitting policies favouring more sustainable goods and services – which would not be feasible if they had to rely on their own capacity to evaluate the performance of each product or project.

Box 7: Summary of impact findings from the Steering Committee on the State of Knowledge Assessment Standards and Certification

- **Overall**, the assessment finds reasonable evidence to suggest significant though not universal positive changes in near-term ecological, social, and economic well-being resulting from standards-compliant practices, although, as noted above, literature clearly attributing large-scale sustainability impacts to standards and certification systems is rare. Moreover, rigorously designed studies do not always find the impacts expected.
- **Ecological impacts:** a majority of standard focus primarily on environmental issues. Ecosystem integrity is the overall goal for resource-extraction industries such as forestry and fisheries, but the research available is limited to understanding changes in practices from certification, with anticipated correlations in ecosystem health. Numerous case studies show evidence of specific positive (and some negative) effects of certification on biodiversity and individual species. However, quantifying these impacts proves challenging, and there is limited understanding of the impacts on non-target species. Evidence of impacts linked to air, water, and soil pollution; to a reduction of inputs in cultivated systems; and to waste management is more limited, although most of the findings are positive. One of the key challenges in the research has been the variability in environmental conditions among sites, limiting the ability of researchers to extrapolate results.
- **Economic Impacts:** While a number of standards include economic criteria, fair trade puts an explicit focus on income by way of minimum prices, social premiums, and other factors, and is more studied than other standards. The impact of certification on revenue and profitability from forestry and fisheries operations has received little attention. Price premiums are fairly rare and are most consistently available for high-profile or niche items such as certified coffee and tea. Several studies have identified other economic benefits to producers, including technical assistance, access to credit, and opportunities to diversify income sources. A common economic benefit is better access to market channels and business opportunities. Effects on yields and quality of products are not yet well studied. Though not strictly speaking impacts of certification, the challenges faced by small and medium-sized enterprises in meeting certification standards is important to note, as it prevents access to some markets and points to a challenge in scaling up.
- **Social Impacts:** The social impacts of standards and certification are much less studied than the ecological or economic impacts. Social impacts include working and living conditions; rights and benefits; and community relationships. Evidence of impacts on living and working conditions comes primarily from the study of fair trade and ethical trade systems. These standards were designed, in part, to improve the welfare of farmers in developing countries. The few studies of these systems that have sound research designs with clear attribution reveal mixed evidence. Claims that standards and certification empower and secure rights and benefits are widespread, though evidence is limited and of modest quality. Evidence of community benefits, such as development investments or conflict resolution, is also mixed, with cases of reinforcement of existing patterns of exclusion and variability in distribution of benefits between men and women, in addition to cases of enhanced community participation and equality of benefits.

Source: SCSKASC, 2012

4. EVIDENCE ON THE POVERTY IMPACT OF SUSTAINABILITY STANDARDS

Section 3 provides a synthesis of the findings of the study on the poverty impacts of voluntary sustainability standards on producers and workers.

4.1 INCLUSION/EXCLUSION

This section summarizes the findings on the 'reach of sustainability standards'. In other words to what extent do standards include or exclude smallholders and other segments of rural societies.

4.1.1 GHANA/COCOA/SMALLHOLDERS CASE (INCLUSION/EXCLUSION)

The study organisation has a large membership (now approx. 83,000 members). Members produced 35,000 tonnes of cocoa beans in 2008, which is the equivalent of 5% of Ghana's total production of 700,000 tonnes. Cocoa farmers who can produce 1 bag of cocoa of the right quality can join Kuapa Kokoo, but there are structural challenges with women and migrant hired labourers lacking access to land – their participation in Fairtrade is thus more constrained. Poorer farmers are less able to participate in the new partnership programme, as to obtain inputs on credit they require some savings with the union and have to pay a proportion of the costs upfront.

4.1.2 ECUADOR/COCOA/SMALLHOLDERS CASE (INCLUSION/EXCLUSION)

The smallholders in both the RA/organic certified organisations own 11-12 hectares of land on average. The landholdings of farmers in one of the Fairtrade/organic organisations are larger, averaging 15 hectares. Cocoa areas average three hectares. Almost half of all smallholders surveyed in 2012 are employing hired labourers to work on their cocoa farms. Certified producers reported improvements for their workers particularly in reduced exposure to health and safety hazards, whereas non-certified producers reported no change in this for workers they are employing. Most of the changes are driven by legislative changes, however, rather than being due to certification.

In terms of gender and participation, in the RA/organic organisations there are women board members, although most are men. Women tend to report that they cannot act as board members, because they do not have time to attend. This accession to board level by women is seen as a change brought about by a shift toward more progressive thinking in society, rather than being attributable to organic certification. In the Fairtrade and organic organisations several female interviewees said that there was no bar on them becoming president of the organizations. Concerning membership, there did not appear to be any active discrimination along lines of gender, race or age. The organisations encourage independent producers to join them. Fairtrade-certified organisations have provided training including on gender issues. See section 4.8 on child labour.

4.1.3 INDIA/TEA/WORKERS CASE (INCLUSION/EXCLUSION)

There are ninety nine tea estates in the Nilgiris, with a total of 29,941 workers, of which eight are RA certified and one is Fairtrade certified. Workers on estates selling into the domestic market are not reached by standards. As migrant workers are being given permanent contracts fairly rapidly and live on the estate as the existing workforce they also benefit from any certification benefits. Smallholders supplying estates are monitored, but it is not clear if and how they benefit, beyond a continued trading relationship, but potentially they benefit from training and improvements in farming practices, reduced pesticide use, quality and can achieve a better product.

Smallholders not linked to estates also not reached by certification, yet they form a large part of the Nilgiris tea industry.

There are differences in impacts according to job status – e.g. factory workers and pesticide sprayers receive more training in health and safety because they handle the machines are exposed to high noise levels and do the spraying. The majority of workers are women, and most women are trapped in plucking jobs, whereas most factory or supervisor roles are held by men. There are some instances of women being promoted but this is not due to certification. Plucking is a non-specialized task and so training opportunities are limited, which also affects women’s chances for promotion. There is no obvious positive impact from RA or FT certification as yet – although women workers were appreciative of some of the FT Premium investments and the process of decision-making. See section 3.8 on child labour.

4.1.4 KENYA/TEA/WORKERS & OUTGROWERS (INCLUSION/EXCLUSION)

Overall there are some improvements in worker-employee relations. There are some positive impacts of certification on women’s participation in training on worker rights, and more women are now involved in worker committees as a result of certification. However, women are generally stuck in lower paid plucking jobs, and are not being promoted to field supervisory or factory positions. While women are members of the union their influence is limited. There is increased use of contract labour for specific tasks (although not for plucking) in the industry which is a threat to working conditions for more permanent and seasonal employees. With increased mechanization the loss of jobs is disproportionately affecting women, as there are fewer women in a group operating a plucking machine than men, whereas women are the majority of the workforce in plucking by hand. Machine operators have observed worsening working conditions during the study period. Estates are training out-growers to achieve certification, paying for costs and organising training.

Beyond the estates, there is another segment of the rural population involved in the tea industry – outgrowers, who are linked to particular tea estates. Box 8 below outlines how they are affected by certification.

Box 8: Tea outgrowers and certification

The certification requirements to handle and process certified and non-certified products separately increases costs, and acts as an incentive for estates to help their outgrowers become certified. In some situations buyers are adding pressure for estates to get their outgrowers certified as the made tea flavour is altered when the outgrowers’ clones are removed from it, and buyers preferred the flavour made with both the estate and the outgrowers GL. The more recently RA certified estate is employing an extension agent to help train and prepare the outgrowers for RA certification.

The earlier RA certified estate has 135 registered outgrowers, 87 of whom became RA certified in January 2012 (the estate paid their RA certification costs and organised their RA related training through the use of lead outgrowers who they trained and then who they paid to train the other outgrowers), and the other outgrowers are now working towards certification. Additionally this estate has 17 smallholder outgrower groups who have signed a joint contract to supply a certain amount of GL to the factory. None of the outgrowers at the more recently RA certified estate is RA certified as yet. About 55% and 33% of the made tea at the earlier and more recently RA certified estates respectively is from GL purchased from outgrowers. Outgrowers are typically paid less than KTDA smallholders for their GL, estate managers say this is because the lower quality GL accepted by estates enables outgrowers to pluck a much larger volume of GL, additionally some outgrowers prefer to receive a lower overall payment rate if it means they do not have to wait so long for the full payment, plus they prefer being able to efficiently deliver their GL to the estate’s factory and do not have to wait in a KTDA collection centre for many hours.

Both estates are keen to increase the numbers of their registered outgrowers in order to increase their supply of GL.

See section 4.8 on child labour for more information.

4.1.5 KENYA/TEA/SMALLHOLDERS (INCLUSION/EXCLUSION)

KTDA POs typically require members to be at least 18 years old and have land title for a tea farm of at least 875 tea bushes, about ¼ acre (although some POs are now reducing this requirement to only 500 bushes) within the POs catchment area. Women generally only inherit land title if their husband dies, but some women are managing to register as members if their husband gives them a letter transferring ownership of a certain number of tea bushes to them (N.B. this does not involve transferring land title). 500-875 bushes is typically viewed as the smallest economically viable size for a tea farm. Women make up less than 30% of registered members of the POs. All smallholders can therefore be part of a KTDA PO, although where under 18 year olds inherit a tea farm (e.g. through being orphaned) then a guardian has to manage the farm until the child reaches 18 years old.

With awareness raising and training all members can meet the GL quality criteria of the PO and FT and RA. Compulsory purchase of PPEs and construction of chemical stores to meet the RA and FT certification requirements can be expensive for some households, but practical solutions such as the sharing of PPE sets between households are being found.

Lipton's commitment that by 2015 they will only purchase sustainably produced tea, has driven rapid expansion of RA certification in the Kenyan smallholder tea sector. While in 2009 only 4 of the >60 KTDA POs were RA certified. By March 2012, only 8 of the >60 KTDA POs were not already RA certified or in the advanced stages of their preparations for RA certification

While there are serious gender inequality issues in smallholder tea farming, the increased profiling of women's roles in tea farming, the insistence by the certification standards on women's involvement in agricultural, household budget management and livelihood diversification training and some committees is said to be contributing (along with other contextual factors) to women's empowerment. The increased interaction between PO staff and members due to the preparations for and implementation of the certifications has also led to improved relationships, and together with training is said to be resulting in increased voice and representation of members in collection centre committees and at AGMs.

Farmers also report that certification awareness raising and regulations on fair treatment of workers have helped a more respectful relationship develop between themselves and their hired pluckers. The hired labourers would like the certification bodies to make it compulsory for them to be provided with plucking aprons, and for the host farmer to provide food, and be encouraged to pay their permanent pluckers an annual bonus

Box 9: Hired Labour on tea smallholder farms and certification

The majority of the hired labourers plucking GL on smallholder tea farms are neighbouring tea farmers who engage in paid plucking work in between the weekly plucking rounds on their own farms. There are also hired labourers who come from more distant areas and who may live with their host farmer. Certification is reported by smallholders to have led to improved relationships between the plucker and their host farmer, and improved working conditions (e.g. better accommodation, provision of lunch, water, and toilet facilities) [FT & RA+]. The annual RA auditing of each member's activities ensures that workers are paid fairly and regularly.

On the dual certified and RA farms the pluckers knew about FT and RA standards, and reported having received training from their host farmers on GL plucking criteria and how to maintain the plucking table, advice on how to spend their money/ wages, and advice on educating their children; some had also attended FT/RA field days and training. By contrast, at another FT-only certified PO the pluckers did not know about the certification standards and said they rarely talk with their employers, although they were aware that FT had constructed concrete sorting tables, water tanks and electrification at the collection centres.

See section 3.8 on child labour issues.

4.2 INCOMES

This section assesses the impact of sustainability standards on producers' and workers' incomes and income security/stability. There are multiple ways in which sustainability standards can shape incomes for individuals and these vary between Fairtrade and Rainforest Alliance. For example, in periods of low market prices, the Fairtrade minimum price becomes active and can result in an uplift of prices obtained. Further, training can lead to quality improvements as can investments in productivity and quality via the Fairtrade Premium. Sometimes, the Fairtrade Premium is used to provide individual payments to members of a producer organisation. In hired labour situations Fairtrade has less influence on worker incomes. Rainforest Alliance does not require a fixed premium, although it does generate a market premium which can benefit smallholders. Improvements in incomes for smallholders are likely to be achieved through yield gains from training on more sustainable farming practices. Finally, for workers on certified estates there are fewer mechanisms for influencing worker wages – apart from checking that the estates are following labour laws, for example, on minimum wages and labour rights such as maternity leave, social security and pensions etc. But there can be health benefits (e.g. from reduced exposure to agrochemicals, cleaner water, better housing), which theoretically may lead to fewer days off work for sprayers and other workers.

4.2.1 GHANA/COCOA/SMALLHOLDERS (INCOMES)

In the Ghana/cocoa/smallholder case most households are highly reliant on cocoa income. No significant difference was found between certified and non-certified producers in terms of income. Some certified focus groups said they benefited from the bonuses from KK, but many did not, or confused these with government bonuses. The income related impacts are masked by rising input and food costs to some extent. All farmers are less able to cover their basic needs in the final survey compared to the baseline.

Household income and income from cocoa increased significantly over the period for both groups. There is no evidence of positive income impacts attributable to Fairtrade. However, at the final survey, non-certified farmers perceived a significantly larger decrease in income over the previous two years, than certified ones. The costs of production data collected indicate rising costs of living over the study period.

All LBCs are pushing for quality improvements, but none provide payments on the basis of quality and so incentives are generally weak for driving improvements in quality. Although only quality cocoa is bought by Kuapa Kokoo and other LBCs, Cocobod checks and maintains quality in Ghanaian cocoa exports, which sustains the position of Ghanaian ordinary cocoa as being of relatively high quality. No marked change in gender relations and control of income within households.

The lack of positive income impacts for certified farmers compared to non-certified farmers is related to the small percentage of sales sold on Fairtrade terms for part of the study period and hence the limited generation of Fairtrade Premium on these sales. Further, as previously mentioned the Fairtrade Minimum Price was below the Cocobod price and had been for some time. The cash payment bonuses paid by the organisation to the members are not very visible to individual farmers, because of: i) the dispersed location of many members and the large number of members which means the Premium funds are spread thinly and are also needed for administrative and capitalization costs etc; ii) rising input and living costs are affecting all farmers and potentially masking small income benefits, such as the bonuses; iii) government provides cocoa bonuses as well, therefore it is not easy for smallholders to distinguish between the source of different bonuses and internal communication has been limited; and iv) there has been limited active participation of individual members in Fairtrade Premium decision-making, although a decentralization process has been underway (but could go further).

4.2.2 ECUADOR/COCOA/SMALLHOLDERS CASE (INCOMES)

Farming households earn their income from various sources including the sale of cocoa, banana, plantain, citrus, other fruits, food crops and small and large animals. They also earn money working as contracted labour, either permanently or seasonally depending on where they live and the extent to which the land provides a living. Certified farmers obtain a significantly higher income from cocoa production than non-certified producers (as well as a higher income from other crops). Certified producers also rank the importance of cocoa production and other crop production for their income more highly than non-certified smallholders – the latter ranked remittances in the final survey as a more important source of income than certified producers.

Survey results from 2010 and 2012 showed that total household income increased significantly for both groups. Certified farmers obtained a higher total income than non-certified smallholders. Nevertheless, the rate of increase was higher for non-certified producers, but mainly derived from a large increase in income from permanent employment, while their cocoa income reduced by around 35%. However, there is considerable variation and complexity at the local and organisational levels. In terms of producers' perceptions, in the baseline survey, certified farmers reported an increase in income over the previous three years, while non-certified farmers reported no change. In 2012, both categories of farmers reported a slight improvement. There was no significant difference between certified and non-certified producers' perceptions in 2012.

In terms of the contribution of cocoa income to basic household expenditures (food, clothing, school expenses, health, water, energy and debt repayment) there were no significant differences in 2010 between certified and non-certified producers (with the exception of higher contribution to debt repayments for non-certified producers). However, in 2012 certified producers reported significantly higher contributions of cocoa income to covering all basic expenditures except school expenses. Many respondents replied that the household relies on multiple income activities of multiple household members (head of household, spouse and in some cases older children). Income activities included permanent jobs, selling timber and charcoal, searching for gold, casual labour and crop and livestock sales.

Credit is not made available through the organically-certified organisations, but members of the two Fairtrade organisations reported good access to credit from their own organisations through funds from the Fairtrade Premium. Surprisingly, no significant difference in access to credit was reported by farmers in the questionnaire survey.

Certified farmers have more savings than non-certified farmers. However, incomes barely cover basic necessities for organic farmers and savings are used for short-term needs, rather than longer-term investments. More than 70% of Fairtrade farmers have not been able to achieve savings from cocoa sales for the last two years. Where Fairtrade farmers did have savings, they were higher than those of non-certified farmers. Savings are typically spent on paying off loans and improving homes and farms.

There were no significant differences in how the certified and non-certified producers ranked the importance of investment of cocoa income in debt repayment, household appliances, farm improvements, business investment or health. In 2010 certified producers ranked house improvements higher and in 2012, non-certified producers ranked 'other' investments (such as education, livestock, food and labour hire) higher than certified producers.

4.2.3 INDIA/TEA/WORKERS CASE (INCOMES)

Tea is the primary source of income for the majority. Since the basic wages are the same in all the estates (if other estates are also party to the tripartite agreement), income disparities among the workers can only arise from: (a) workers in better yielding estates being able to earn more than others; (b) good health leading to more productive days; (c) savings by workers on the Fairtrade estate, as the burden of educational expenditure is taken care of through premium activity and hence the possibility of more saving and more asset creations or reduced debt burden.

No major significant differences were observed for tea workers in income (due to existing legislation, unionisation & collective bargaining agreement). Suppliers in the value chain are required to adopt payment of minimum wages to all workers by both standards, which most of them have adhered to and payment is on a fixed day per month so incomes are fairly stable (a minimum daily wage in 2010 was 2.6 USD per day) There may be a slight negative impact from RA overtime restrictions for some factory workers at certified estates.

However, various improvements from RA & FT certification have contributed to workers' feeling better off than workers on neighbouring estates. Workers at certified estates rated the improvement in daily income and stability of income, significantly higher than workers at the noncertified estate.

Income for certified workers was found to be higher than for non-certified workers, but the difference is not statistically significant. This is likely due to the fact that some certified estates pay higher bonuses than others and offer specific incentives for performance (e.g. maintaining clean living quarters).

There is no obvious impact pathway from creating additional skills or creating income earning opportunities for workers under RA. If yields increase at an estate then workers can pluck more per day and raise their incomes. RA2 and RA4 are higher yielding estates, but there is no clearly emerging evidence on yields being raised as a result of RA as yet.

At the FT/RA certified estate a vocational training programme has been funded using the FT premium.

4.2.4 KENYA/TEA/WORKERS & OUTGROWERS CASE (INCOMES)

The majority of tea estate workers rely on their tea estate income, which typically contributes about 75% of their total household income. Male workers explained that their wives, who usually stay in their rural homes, earn additional income from the sale of crops such as maize, from livestock farming, and from casual labouring opportunities including tea plucking on smallholder tea farms. Some workers own or rent tea farms and sell Green Leaf (GL) to a KTDA factory. Workers often use their tea estate wages to invest in their children's education, food, rural homes and farms, for leasing land or buying livestock, clothing, paying for medical services or for purchasing motorbikes to operate as taxis to earn additional income. Some workers also engage in income earning activities such as small shops selling salt, soap and vegetables or sales of small dried fish, eggs or milk.

Pluckers are paid using a 'per kg' rate (of Ksh9.28/kg GL in Dec 2011) and their income is dependent on the amount of GL plucked and fluctuates with the season as well as the workers strength and the productivity of the field to which the worker is assigned. Managers explained that although RA certification has resulted in the use of agricultural practices which have contributed to increased GL yields (e.g. more frequent plucking round, improved fertiliser application, mulching), the stricter plucking quality criteria lead to reduced GL volumes being plucked. In addition to the certification influenced practices, the estates have also been planting new higher yielding tea clones which should bring yield benefits as they reach maturity. RA certified workers confirmed that more frequent plucking rounds meant they could pluck more GL and thus earn more, although they also explained that as the cost of living has increased so significantly they are not necessarily better off than a few years ago despite CBA negotiated per kg plucking rate rises and being able to pluck more (kgs) per day. During the baseline study, FT certified estate workers said the stricter leaf quality standards had reduced the number of kgs they could pluck per day and thus their incomes. However, workers also mentioned that the higher sales prices earned due to the higher quality Green Leaf (GL) influence the CBA negotiations and the plucking and wage rate increases subsequently agreed upon.

Workers estimated that their annual tea income was Ksh100,000 (USD\$1,125) in 2011, with workers at the earlier RA estate earning significantly more (~Ksh110,000 per annum) than those at the more recently RA certified estate (~Ksh89,000 per annum). The increase in workers income during the last two years had also been significantly greater at the earlier RA certified estate. As most of the respondents were pluckers and were earning the same per kg GL rates at the two estates, this suggests the pluckers at the earlier RA certified estate pluck more kgs of GL.

The introduction of mechanised plucking has had negative impacts on the number of manual pluckers employed, on the proportion of women employed as plucking labour, and also because it is usually accompanied by decisions to reserve some fields for manual plucking while the majority of fields are then machine plucked. On one estate the number of fields being manually plucked had reduced from 29 to five, and as a result the manual pluckers said this restriction had reduced the amount of GL they could pluck per day. This increase in mechanised tea harvesting was not attributed to certification by those interviewed in the study, but there is a possibility that the social labour costs (beyond basic wages) could exacerbate this trend on some certified estates.

Other types of workers on the tea estates (e.g. general work, maintenance, factory workers, cleaners, accounts, guards, supervisors) are paid using a daily rate and have a constant income throughout the year. However, the reduction in overtime hours allowed as a result of RA certification standards has made many of the jobs paid using a daily rate much less attractive to workers. Additionally, those workers who had taken out loans based on their typical wage plus

overtime incomes are now struggling to repay these loans as their overtime income has reduced. January is the month during which they typically have to borrow money from the estate, or SACCO or friends in order to cover school fees and planting inputs. In addition to the income benefits associated with the certification-influenced more frequent plucking rounds, some workers had also improved their household budget management through RA associated training.

Managers felt that the perceived status of tea estate work was increasing due to increases in 'per kg' GL plucking rates which meant that pluckers typically earned as much as teachers and in peak GL months could earn a lot more. Managers felt that the level of workers' living and working conditions were becoming increasingly important in attracting capable workers. However, the reduction in overtime income, due to certification standard regulations, was in some cases leading some workers on daily wages to leave their jobs. While male workers felt the surrounding population had a better standard of living than them due to being free to diversify and spend more time on their livelihood activities, in contrast female workers felt they were better off than the surrounding population as they could dress better than them, better educate their children, access loans more easily, were healthier and were often caretakers of members of the surrounding population.

Box 10: Wages in the Kenya tea sector, worker's income security & certification

Workers' wages are negotiated in a collective bargaining agreement (CBA) between the Kenyan Tea Growers Association (KTGA) and the Kenyan Plantation Agricultural Workers Union (KPAWU) every two years, and have been increasing by about 10% per year recently. Plucking rates increased from Ksh7.67/kg GL in December 2009 to Ksh9.28/kg Green Leaf in December 2011 following strong union negotiations and given the increasing cost of living and current high market price of tea.

Pluckers' incomes are influenced by the amount of GL available as they are paid per kg, they are therefore highly weather dependent. Long dry spells or frost damage which reduce the amount of GL available for plucking, have serious implications for pluckers' incomes. During the low GL season there is limited GL to pluck and therefore pluckers pluck fewer kilos (and plucking is often reduced to just 3 days per week instead of 6) and their incomes are reduced.

Pluckers may be working as permanent or seasonal pluckers. If seasonal they may work on a series of short (≤ 6 month) contracts for many years, but with no security that a subsequent contract will be issued.

Certification is said by some managers to have contributed to increased GL yields through the introduction of improved agricultural practices and more frequent plucking rounds, more sustainable crop management practices should result in more secure incomes for workers in the long-term. Workers say the more frequent plucking rounds enable them to pluck larger quantities of GL and earn more, however where the plucking quality criteria have become much stricter due to certification standards this reduces the volume of GL that can be plucked.

The strict overtime limits (2 hours per day) associated with certification do not directly affect pluckers as they are paid per kg and generally determine their own hours to maximise their plucking returns, although supervisors may make them stay longer in the field in order to qualify for the supervisor to qualify for overtime payments. Guards, office and factory workers have been most affected by the overtime limits, and some are now struggling to repay loans which they took out based on their typical wages plus overtime incomes prior to the overtime limits being instituted.

While factory workers mentioned having received training from RA on livelihood diversification strategies, they say they currently lack time to put the learning into practice. Pluckers and field workers are requesting training to help them diversify their livelihoods. Female pluckers had found RA associated training on 'better planning and use of their incomes' very helpful.

The increasing trend of mechanical tea harvester (MTH) use on some estates is leading to reduced workforce size and particularly reduced numbers of manual pluckers. It is also resulting in reduced employment opportunities for local women as MTH teams are typically composed of 3 men and 1 woman. MTH introduction has led to a significant reduction in the number of tea fields being plucked manually, and remaining manual pluckers say this has reduced the GL daily amounts they can pluck as the allocated fields

are less productive. This increase in mechanised tea harvesting was not attributed to certification by those interviewed in the study, but there is a possibility that the social labour costs (beyond basic wages) could exacerbate this trend on some certified estates.

If workers take out loans, the estate managers are involved in approving the loan (even if issued by the SACCO) in order to help ensure repayment plans are realistic, and to help prevent workers from being left with insufficient subsistence funds. This practice has increased in recent years due to awareness-raising on it during the certification process.

In terms of **livelihood security** estate workers are extremely dependent on their tea estate income. While many of them also have homes and farms in rural areas where their spouses stay, and the sale of crops and livestock from these farms contributes to their households livelihoods, their tea estate income contributes about 75% of their household income. A few workers run small businesses at the estate such as small shops, motorbike taxis. Male workers envied the surrounding population who were able to invest time in their own farming activities. All the workers said that if they lost their tea estate job they would rely on their farming activities. None of the workers wanted their children to work on tea estates, as the work is so laborious and the pay so low. They are investing in educating their children in order that they can find jobs off the tea estate.

4.2.5 KENYA/TEA/SMALLHOLDERS CASE (INCOMES)

The majority of tea smallholders rely on tea income as their primary source of income. Other important income sources for tea smallholders typically include dairy, horticulture and for some households coffee in the East of the Rift Valley, and maize, bananas, horticulture and livestock keeping in the West of the Rift valley. Tea smallholders (mainly the women) also work as tea pluckers on their neighbours' tea farms during periods when they are in-between plucking rounds on their own farms, and are paid in cash for this work.

Various income benefits for RA & FT smallholders associated with certification were identified as resulting from for example, improved GL quality (and thus made tea prices), and yields, increased livelihood diversification and ability to grow food crops. Improved farmer decision making regards profitability of activities due to record keeping skills developed through RA training.

The FT Minimum Price for made tea in Kenya, is currently too low (e.g. just over half the free market made tea price) to be having any income impacts for farmers. However, income benefits are derived through the FT premium investments (e.g. reduced needs for tea households to make individual contributions to community projects now funded using the FT Premium, such as building of school classrooms, dormitories, latrines, foot paths, collection centre improvements; improved GL quality and hygiene associated with the concrete benches and water investments at collection centres)

Increased direct overseas sales as buyers source RA and FT certified tea, these sales are more profitable than sales through the Mombasa auction. Additionally if a PO has reduced quantities for sale via the auction due to having sold more of their made tea through direct sales, the competition for the reduced amounts available at the auction increases the auction sales price for that POs tea.

RA has created income benefits through training of all the members in a PO using a lead farmer training approach which builds on and uses the learning and farmer graduates from Tea Farmer Field Schools and lead farmer approach, and its various requirements (e.g. environmental and sustainable agriculture) – supporting agricultural practices and yield improvements.

The rising costs of food and agricultural inputs in Kenya and high world market tea prices are obscuring certification related income benefits. Questionnaire data indicates significantly higher tea incomes for certified than non-certified producers in 2009, 2010 and 2011, with FT certified KTDA farmers in the East of the Rift valley reporting significantly higher tea incomes than RA certified KTDA farmers in the West of the Rift valley. Qualitative data revealed that farmers felt their tea incomes had increased in the last two years due to them applying the practices they had learnt about in the crop husbandry training (e.g. increased frequency of plucking, better application of fertiliser and the associated improved GL quality), which had been provided by their POs. Due to RA certification preparations farmers at non-certified POs have also received increased crop husbandry training in the last year.

Tea smallholder farmers in Kenya are perceived as relatively well-off compared to other smallholder farmer types, and they are gaining some income benefits as a result of certification. These income benefits are typically being invested in their children's education, better food, household and farm improvements (e.g. new roofs, water storage tanks, new rooms, fertiliser, labour), livestock, small shops, motorcycles and clothes.

Tea smallholder farmers are perceived to have better income security than other types of farmers due to the regular monthly payment they receive from their PO for delivering GL, plus the annual bonus payment. Efforts associated with FT and RA certification in helping farmers improve their GL yields has improved their monthly tea income amounts, and the improved quality of their GL has resulted in higher made tea sales prices and therefore higher annual bonus payments. However, there are also non-certified POs where farmers traditionally produce very high quality GL and therefore receive high payments for it.

The FT Minimum price is designed to provide a safety net, but this was not mentioned by Kenyan POs or smallholders as to date it has not been active and therefore useful for them. World market prices (~USD 3/kg) are currently much higher than the FT Minimum Price (Auction=USD1.7/kg, FOB=USD1.8/kg) and so this mechanism does not have an impact. Income security has been improved by livelihood diversification, quality and sustainable agriculture improvements (FT & RA)

4.3 INDIVIDUAL PRODUCER HOUSEHOLD ACCESS TO AND CONTROL OF ASSETS & SERVICES

This section summarizes the findings of the study on the impact of sustainability standards certification on producer and worker households' access to and control over assets and services. Sustainability standards can have an impact on producers' and workers' assets and services in a number of ways (e.g. building stronger producer organisations, including their capacity to deliver training, negotiate with buyers, improvements in services provided by estates required by the standards).

4.3.1 GHANA/COCOA/SMALLHOLDERS CASE (ASSETS & SERVICES)

No significant differences were found for certified producer household ownership of and control of assets, although there have been positive impacts in terms of *perceived* improvements by certified farmers compared to non-certified farmers in relation to **market access, safe use of pesticides, access to training, health services (small improvement), and improvements in the environment** etc.

Education: No significant difference between certified and non-certified producers in education levels. No significant difference in relation to changes in the community on education comparing certified and non-certified producers. However, significantly more FT certified farmers report improvement in access to training, with topics covering farm management practices, improving quality, democratic organisation and Fairtrade principles, safe use of chemicals, and child labour issues. Investments in child labour programme likely to support children's education and reduce child labour. Awareness is high amongst certified and non-certified cocoa farmers, but we have limited information on actual practices.

Health: Health services are provided by Kuapa Kokoo according to management. This is not provided by non-certified LBCs: Mobile clinics visit 17 districts, although limited mention of this in FGDs in our study sample communities. Some distribution of mosquito nets, training on the safe use of chemicals amongst smallholders. In 2012 certified farmers reported more positive change in health services than non-certified. Some boreholes and toilets constructed using FT premium funds, but in relatively few communities compared to the number of primary societies in the organisation and so the impacts are not very visible. A slightly mixed picture in the questionnaire survey: Both certified and non-certified farmers report very little change on average in health services in the final survey, but Fairtrade certified producers did report a slight improvement and non-certified producers reported a slight deterioration. Certified farmers report lower expenditure on health inputs in 2012 than non-certified farmers, but conversely non-certified producers report a slight improvement in medical facilities and Fairtrade certified producers report a slight deterioration

Financial capital -Advance payments are not offered by KK and other non-certified LBCs to farmers, but by the purchasing clerks at their own risk. The KK credit union has been re-established, but only recently. A partnership programme has been established with an international NGO and is reaching approx. 6,500 farmers (not clear if these are all KK farmers), although it is not likely to be accessible to the poorest farmers. There was a perceived improvement in market access reported by certified farmers compared to non-certified farmers.

Natural capital – A positive improvement in the environment was reported by producers compared to non-certified farmers (statistically significant) and management report investment by KK in environmental measures, training and planning – none of which were mentioned by non-certified LBCs. Some farmers have received training on the use of approved chemicals, watershed management, rehabilitation of cocoa farms, education on soil management, shade, fire prevention and the safe disposal of chemical containers, but there needs to be scaling up and it was not possible to establish whether significant changes in farming practices have occurred.

Political – Representation in the only farmer licensed buying company, participation in decision-making (e.g. spending of the Fairtrade Premium), many staff and some FGDs expressed pride in their organisation. There was found to be greater representation by women in positions of authority in the certified organisation and clear commitment to gender empowerment by the organisation. Limited evidence of advocacy activity and impact – the joint governance of the cocoa sector has positives in terms of sustaining quality and setting a minimum price, but the environment is somewhat constrained for political lobbying by the study organisation, which has been the only farmer owned licensed buying company in Ghana for many years.

4.3.2 ECUADOR/COCOA/SMALLHOLDERS CASE (ASSETS & SERVICES)

There were few significant differences in the level of change in household assets between certified and non-certified producers. Certified producers reported, on average, significantly more improvement in access to credit than non-certified producers between 2010 and 2012.

In terms of patterns of asset ownership, certified producers had significantly more bicycles, pickups, radios, and credit than non-certified producers in 2010. Certified producers had more bicycles than other producers in 2012, but otherwise current household assets were not significantly different between certified and non-certified producers.

In 2012, certified farmers had a significantly larger area under cocoa and higher yields than non-certified farmers. Both categories had increased cocoa area in the previous 2 years, but only certified farmers had significantly increased yield. There was a decrease in some categories of livestock (cows, chickens and pigs) among both certified and non-certified producers. Certified producers reported on average more improvement in farming methods than non-certified producers.

Certified producers received significantly more training than non-certified producers in 2010, but reported a reduction in training events by 2012. Access to training and technical assistance is important for increasing productivity and quality, both of which are routes to increased incomes for farmers and the organisation. No significant difference in access to training emerged in the final survey, but there was a greater increase in satisfaction with training among certified farmers than non-certified farmers.

In terms of services available in the community, some positive change was reported in infrastructure, health, education and household services (e.g. water, electricity). Certified producers reported a significantly greater improvement in education services compared to non-certified producers, but mostly this was attributed to government interventions.

4.3.3 INDIA/TEA/WORKERS CASE (ASSETS & SERVICES)

Financial: Informal revolving saving fund schemes present on each estate to assist workers & some workers have savings with formal financial institutions, but neither result from certification. Most of the certified estate owners provide credit to workers to assist with emergencies or larger expenses without charging interest & give letters of support so workers can access formal credit. The non-certified estate has withdrawn this service following financial difficulties and tensions between management and employees.

Social: Children's education is highly valued & most workers pay fees for private schools: most of their children are already technically qualified or pursuing technical education. No significant difference was found between certified and non-certified estates on this indicator. The FT/RA certified estate provides salaries for the teachers who coach the children in the after school hours, funded by the FT Premium, which has also been used to fund scholarships, tuition fees, buy educational materials and accessories. Vocational and soft skill training courses are also provided for the children of the workers and community members to improve job prospects. It is too soon to judge impact, but in the future workers in the FT estate may have better opportunities to save more as educational expenditures are taken care of by the Fairtrade Premium fund in comparison with workers in the RA estate.

In terms of health impacts, reduced exposure to pesticides and agrochemicals (e.g. phasing out harmful pesticides, training on safe handling, improved PPE kit provision etc) leads to health benefits for workers. There were reports of reduced skin allergies and eye irritation, loss of appetite etc from workers. Buffer zone and safe re-entry period has reduced direct contact with chemicals by pluckers. This means possible income generating benefits if fewer sick days – but sick day records are not reliable due to absenteeism. Provision of safe chlorinated drinking water has also reduced the illness due to waterborne diseases. Annual health check-ups are routinely being conducted for sanitary

workers, pesticide sprayers and drivers due to RA (the PLA was revised later in 2010, but the certified estates were already complying). We do not have confirmation that the non-certified estate is conducting all these tests currently. General health check-ups for all the workers and screening for breast cancer and HIV-AIDS is part of company CSR (rather than RA related).

Political: Relatively good employer-employee relations were found at the certified estates. Workers were pleased with the RA and FT changes, but there was disquiet amongst workers at the non-certified estate. However, this is not the result of certification, but a reflection of different levels of management capacity, the financial situation of the estate and ownership issues and this itself is connected to whether the company operates on the domestic and not international market. Most workers have grown up on the estates, are an average age of 42 years and have some degree of labour rights protection through PLA & unionization. Further their children are likely to work elsewhere. Though most women workers are members of the trade union, their active participation in the meetings and elections is limited. In estates with FT certification female members of the Joint Management Committee (JMC) reported positive experiences participating in the discussions, but the team was not able to directly observe a JMB meeting and thus assess how transparent and democratic is the decision-making. Election to the JMC from different section of workers, including migrant and women workers, has resulted in a sense of joint responsibility for their own welfare activities and also empowerment. However, there has been no real change in producer understanding of or access to value chain information. RA workers are aware of the physical changes like housing, waste management measures and of the improvements in environmental protection and use of personal protective gear resulting from certification. At the estate with FT certification there is fairly high worker awareness of Fairtrade. Workers were generally satisfied with the services provided particularly in the certified estate, like housing, school, crèche, transport, and medical services, compared to the workers in the non-certified estate.

Natural: RA certification has raised awareness amongst certified workers on the need to protect the environment and sustainable practices in agriculture. Workers and managers report that there is no more unauthorised felling of trees or hunting of animals. Improved ecosystem health is likely following RA measures & this will in the longer-term underpin estate operations & ultimately worker livelihoods.

Physical: Positive RA impact - greater improvement in housing quality, i.e. repairs of leaking roofs, electrical wiring upgrading at certified estates. Where investments made at non-certified (e.g. house repair, laying of sewage lines, rewiring) there were problems with the quality of works. The non-certified has covered its water sources. Positive RA impact on drinking water quality (coverage of water sources to prevent contamination by wildlife; chlorination of water; upgrading of water pipelines); Positive RA impact on waste management leading to more hygienic living conditions by workers; Positive RA impact on sanitation: Each certified workers' house has a toilet with water and electricity, improving personal and environmental cleanliness. The physical improvements in the houses of the workers, provision of individual toilets, etc. have made the workers feel that they are socially better off compared to their counterparts in other estates.

4.3.4 KENYA/TEA/WORKERS & OUTGROWERS CASE (ASSETS & SERVICES)

Physical: Workers explained that prior to the first RA audit major changes had occurred in their living camps. These included: installation of external security lighting around the living camps and the driveways to the main road to improved security; basic repair and maintenance of doors and floors; the changing of the chimneys to reduce smoke inside houses; replacement of thatch roofs with aluminium sheets; painting of houses; building of additional washing and toilet facilities; water in the bathrooms; construction of garbage pits and waste containers and regular slashing of grass around the living camps which has improved the cleanliness. At one estate managers explained the

reduced workforce size now meant that some living camps had been abandoned and in others they now have a 1 person per living unit ratio only which is appreciated by the workers. The quality of drinking water continues to be monitored but this was happened prior to certification.

At the dual (FT&RA) certified estate some of the FT Premium fund had been invested in bringing the water supply into and closer to workers' houses and upgrading workers housing.

KPAWU officers said that workers housing is generally a big problem in the tea estate sector. They cautioned that although many tea workers' houses now look very beautiful on the outside, this can be a facade with the inside remaining in poor condition, with pot holes in the floors, and many people having to share each hut and cooking inside the hut using firewood which means it gets smoky and there is little privacy. However, during the focus group discussions at these RA certified estates, workers reported improvements in their housing.

Education: As a result of RA criteria highlighting the need to ensure workers children can access decent education and because of understanding how important their children's education was to maintaining a strong workforce the recently RA certified estate had invested in organising seminars between the district education officer and their primary schools and bringing in new teachers which dramatically increased the pass rates, they had also encouraged parents to get more involved in the school. Both RA certified estates have bursary funds for supporting about 45 of their workforce's brightest children through secondary school; these existed prior to RA certification but have been enlarged as part of their CSR scheme. One of the estates has also been investing in school infrastructure installing a toilet block in a local secondary school. The dual certified (FT&RA) estate had used some of its FT Premium fund for educational bursaries for workers children.

Both RA estates had improved their childcare arrangements as a result of RA certification, with the more recently certified estate hiring new early childhood development personnel and paying others to train. These improved facilities are very important to female workers, who also greatly appreciate the RA certification driven childcare classes being run by their estate's clinic. At the dual certified estate female workers said they felt they had benefited more than men from certification as childcare was their responsibility.

Workers are generally satisfied with the services they receive from their RA certified estates, these services are mainly housing, health care, water, sanitation at work, schooling, and child care.

Management and workers said RA certification had increased the amount and type of training being offered to workers. Training topics had included RA and ISO certification, tea production and plucking practices, health and safety, fire fighting, HIV/AIDs, hygiene, public relations and family life education.

Pluckers seemed to have attended very few trainings, given they are paid per kg it may make it difficult for them to attend training.

Workers requested further training in the same topics, and also in financial management, livestock keeping (cows and poultry), business skills and planning, tree planting, improved cohesion amongst neighbours, tailoring and sustainable household level agriculture.

Health: Estate managers felt RA certification had driven a lot of occupational health and safety improvements. These included: creation of a Health and Safety Department; H&S training; and quarterly meetings of the new H&S committee where minutes are taken and shared; first aid training and provision of first aid kits; fire fighting and exit training, increased fire extinguishers and

installation of a fire hydrant system in the factory; starting of annual medicals for chemical sprayers, MTH operators and sifters and sorters; providing the required PPEs (including noise and dust protection) for factory and saw mill workers; improving cleanliness; installing changing and wash rooms for chemical sprayers and giving them training on the use of chemicals; ensuring they follow the WHO guidelines on which chemicals to use; regular inspections and risk assessments. These improvements have decreased the number of accidents in the field and factory. Workers felt more attention had been given to the factory workers than the field workers, although sprayers and MTH teams were provided with PPEs.

Due to RA certification they have also installed roofs on the washrooms in the living camps; increased the number of ablution blocks to the required ratio; put toilet blocks in the tea fields; and installed hand rails around the dams. Increased signage has generated discussions and questions from workers (e.g. related to the need for good hygiene levels when producing tea).

One estate felt that increased health training provided to workers as a result of RA certification requirements for health and hygiene educational programmes, along with the much cleaner environment in the living camps and estates has resulted in reduce incidences of malaria, typhoid and amoeba, and reduced sick leave payments. Managers at the other estate felt RA certification had not affected worker health and that their partnership with health projects had such as APHIA II and Marie Stopes had been influential in their reduced HIV incidence rates. However workers at this same estate say RA certification led to the introduction of PPEs and washing facilities for workers who use chemicals.

Female workers said the increased number of weighing points at the earlier RA certified estate, meant they no longer had to walk so far with the GL they had plucked and so had more energy left to look after their children.

Male and female workers said domestic violence had reduced as a result of workers adopting the RA values on equal rights, prohibition of harassment and alcohol being banned during work.

Improved relationships with managers as a result of RA trainings have made the workplace a less stressful environment for workers

However whilst most workers feel their health has improved in recent years, MTH workers feel theirs has deteriorated due to the nature of MTH work.

Overall, environmental protection activities (particularly those related to the rivers, river banks, forests and springs, and estates waste systems) are said by workers to have improved the quality of the surrounding environment [RA]. RA driven investments in occupational health and safety, workers housing, children's education, childcare and worker training have also improved workers health and quality of life.

Political: In terms of worker's rights, freedom from discrimination, freedom of labour, freedom of association) there are mixed results.

Due to RA certification, the certified estates have implemented training for workers on their rights. One estate hired the Federation of Kenyan Employees (FK) to train the workers on industrial relations and KPAWU to train the workers about their rights to organize, their benefits and the hours they have to work.

Women are now playing a greater role in workers committees, and are now present amongst the estate managers although less numerous than their male colleagues – these changes are due to general mind-set changes in Kenya and not just due to awareness raising by certification standards.

Whilst manual pluckers can be male or female, other jobs on the estate have fairly rigid gender norms associated with them, e.g. factory workers, pruners and drivers are typically male. One RA certified estate has been actively trying to increase the number of female factory workers it employs since becoming RA certified but due to their child and house care responsibilities and personal security issues women only work the day shift of the three factory shifts.

Very few field supervisors are female which has negative implications for the estates with regards to being aware of and addressing issues affecting women workers including promotion. Further, wages are determined by the CBA, and are related to tasks and not the gender of the worker.

Managers stated that even prior to RA certification there was no forced labour or child labour on their estates.

About 90% of workers (permanent and seasonal) are voluntarily members of the KPAWU, however some workers feel the Union representatives no longer represent their interests and even live in the management areas of the living camps.

There has been very limited interaction between the Union and the certification bodies. Union officers said the tea estate workforces were shrinking rapidly with casualisation of employment and contracting in of services becoming the norm. The trend of increasing use of seasonal workers has implications for the Union too as seasonal workers only make a monthly payment to KPAWU and not to the Central Organisation of Trade Unions (COTU) as well, permanent workers pay both payments. Contractors cannot currently be KPAWU members. Where contractors are being used they tend to do specific jobs such as pest control or weeding, as opposed to plucking which is done by seasonal or permanent estate workers.

Although KPAWU does not recognise MTH workers because of the labour implications of machines, the MTH workers can pay an agency fee in order to be represented by KPAWU. Union officials said there were 900 MTH operators who are paying this. Managers at RA certified estates explained that any contractors they use have to meet the RA standard criteria. Workers and managers felt that due to RA certification employee-employer relations had improved and there was more interaction, and a more open-door management culture had emerged. Workers organisations include funeral groups, hospital bill groups, savings groups, bursary groups, living camp committee. Due to RA certification, factory workers now have committees for H&S, food safety, fire-fighting and first aid, while the field workers just have a first aid committee.

Although RA certification has increased the number of worker committees which exist in the estates and these committees interact with management, and have led to increased interaction between workers and managers and increased voice and influence by workers in estate operations – there remain significant power differentials still between management and workers at estates.

RA certification auditing has led to the implementation of H&S management and practices and reduced workers accidents. Management at some tea estates keep information regarding their productivity and costs confidential for commercial reasons. Workers are free to join the KPAWU and most are members. They can raise issues with the shop steward representatives who then discuss them with estate management and their Union colleagues to try and find an acceptable solution.

4.3.5 KENYA/TEA/SMALLHOLDERS CASE (ASSETS & SERVICES)

Financial: GL payment slips are used by banks and SACCOs to decide on whether to provide farmers with credit, the increased earnings of tea farmers results in them being able to access larger loans and to back pay loans in a timely way. The final survey questionnaire data showed RA KTDA farmers reporting significantly higher savings than non-certified of FT certified KTDA farmers, no significant differences in the amount of credit they could access (Ksh23,000-33,000) were reported.

Human: Education (For most tea smallholder families the first priority for expenditure of their tea income is investment in their children's education from primary through secondary and even tertiary levels, increased incomes associated with improved GL quality and yields as a result of certification related trainings has enabled them to invest more in educating their children. Many of the FT certified POs have used some of their FT Premium funds for improving their local school facilities (e.g. school roofs, latrines, kitchens, dormitories, classrooms, teachers housing). KTDA FT certified farmers ranked their three most important FT Premium expenditures as: renovating the GL collection centres; education investments; and health investments, while the FT certified outgrowers ranked their most important FT Premium expenditures as: investment in education and investment in health). Health (e.g. reduced exposure to pesticides and agrochemicals used on livestock and horticultural activities have led to some reports of reduced respiratory and/or headache type problems following pesticide application, improved incomes and crop diversification activities are said by farmers to be having nutritional benefits, FT Premium expenditure on new dispensaries is said to have improved mother and child health).

Natural: livelihood diversification and range of sustainable agricultural practices from which the tea farmers are benefitting directly in terms of increased tea yields and incomes, reduced food expenditures, and the wider community in these tea zones through improving ecosystem services (e.g. reduced river pollution, increased natural forest protection).

Social: Some changes re increased women's representation in PO collection centre committees [FT & RA], and reported increases in joint household decision making regarding the expenditure of the annual tea bonus following farmer training in financial management [RA]. Small increase in the number of women being given small areas of tea bushes by their husbands or fathers to register in their own names due to generally increased awareness on gender issues and women's right to own land.

Physical: Better collection centres, school buildings [FT Premium funds], household investments (e.g. increase in brick built structures, water storage tanks and pipes, electricity installation) [due to increased tea incomes as a result of improved GL quality and yields and current high tea prices].

4.4 FOOD SECURITY

Household food security is an important indicator of poverty and as such is an impact indicator for sustainability standards. This section assesses food security impacts resulting from certification to sustainability standards.

4.4.1 GHANA/COCOA/SMALLHOLDERS CASE (FOOD SECURITY)

The baseline and final surveys found no significant differences in food security between certified and non-certified farmers. Both certified and non-certified farmers reported having at least two meals a

day on average. The **average number of meals** per day did not change significantly between 2010 and 2012 either.

However, there were some significant differences when comparing food security between men and women. The certified farmers reported in the baseline that men consume more protein than women. In the final survey, both non-certified and certified farmers reported (with significance) that on average, men consume more protein and carbohydrates than women. This difference was reported more often among non-certified farmers, and the significance of the finding was thus stronger than for certified farmers.

In terms of **satisfaction with the quality and quantity of food consumed**, in the baseline there were no significant differences between the Fairtrade certified and non-certified producers, nor between men and women. In the final survey, however, certified farmers were significantly more satisfied with the quantity and quality of food than the non-certified farmers. The men were significantly more satisfied with the quantity of food than women (among both certified and non-certified farmers).

In 2010, 40% of all farmers interviewed obtained all their **food from their own production**. This figure had almost halved by 2012 to only 22%. However, while 45% obtained half their food in 2010, 62% obtained half in 2012. In 2010, a small but significantly higher proportion of certified farmers than non-certified farmers reported that they obtained all their food consumption from their own farm. There were no significant differences between certified and non-certified farmers in the final survey. The focus group discussions indicated that in most of the western region, farmers' food crop production received less attention due to land scarcity and could have accounted for the significant difference at $P \leq 0.05$ for food from own production. Most cocoa farmers in the Western region complained about the high cost of living due to high food prices. The results suggest that the more farmland devoted to cocoa cultivation, the less land is made available to food crop production and therefore the higher the risk of food insecurity.

4.4.2 ECUADOR/COCOA/SMALLHOLDERS CASE (FOOD SECURITY)

Certified farmers are more food secure than non-certified farmers. In 2010 certified producers ate meat, chicken or fish significantly more often than non-certified producers; there was no significant difference in frequency of consumption of staple foods, or the numbers of meals per day, or in satisfaction with quantity of food. Satisfaction with quantity of food was lower for non-certified producers. In 2012, there were more differences; certified producers consumed significantly more meals per day, more frequently consumed meat or fish, and consumed slightly more staple foods. There were no significant differences in satisfaction with the quantity and quality of food. The proportion of food covered by own-farm production (between a quarter and a half for both certified and non-certified producers), was significantly higher for certified farmers in both years.

4.4.3 INDIA/TEA/WORKERS CASE (FOOD SECURITY)

No significant differences were found between certified and non-certified estates in food security. This is due to the uniform prevalence of basic wage rates and payment on a fixed day of every month providing income stability. Most workers say they are able to cover their basic needs. Workers are satisfied with the quality and the quantity of the food intake. The governments' food subsidy through the public distribution system (PDS) provides some cushion against food inflation – those without the PDS card will be worse off, only able to cover food costs. It is more difficult for migrant workers as they have to deregister in their home state and re-register in their new location to obtain the PDS card – assuming they are eligible. Meat is too expensive for most workers to buy

daily. A free noon-meal scheme for all the workers was operating in one estate. At the Fairtrade certified estate, a nutritious drink is provided for all the workers and evening snacks are given to children who attend tuition classes – all funded by the Fairtrade Premium.

4.4.4 KENYA/TEA/WORKERS & OUTGROWERS CASE (FOOD SECURITY)

Tea estate workers reported eating approximately two meals per day in the short and long rains and during the dry season. The number of meals eaten per day had increased significantly more during the long rains and dry season in the last two years at the earlier RA certified estate than at the more recently RA certified estate. In general tea estate workers were not dissatisfied with the quantity or quality of food they eat, however a greater increase in satisfaction with the quantity of food consumed had occurred at the earlier RA certified estate during the last two years than at the more recently certified estate. Many workers bring some food back to the estate from their rural farms in order to reduce their food expenditure. In bad years when there are food shortages, the estates provide their workers with maize and then later deduct the cost of this from their wages. This support existed prior to certification.

4.4.5 KENYA/TEA/SMALLHOLDERS CASE (FOOD SECURITY)

Fairtrade and Rainforest Alliance certified smallholders have increased ability to grow food crops including vegetables, helping them reduce expenditure on some food items

Improved tea incomes have been achieved associated with the improved green leaf (GL) quality and yields (influenced by training associated with Fairtrade & Rainforest Alliance certification), as well as the currently high tea prices, which also enable them to purchase more desired foods (e.g. increased frequency of meat consumption and sugar)

4.5 JOB SECURITY & EMPLOYMENT TERMS AND CONDITIONS

4.5.1 INDIA/TEA/WORKERS CASE (JOB SECURITY & CONDITIONS)

No real changes were observed in relation to job security, as the Plantation Labour Act is already in place, plus labour shortages in the plantation sector mean that most workers are employed on a permanent basis & new recruits are rapidly moved onto permanent contracts. Temporary workers have social security - not due to RA, but due to labour shortages and minimum wages. Some casual workers are employed on one estate and they receive 150 Rs per day, which is above the minimum wage, and are included in the lunch scheme. Migrant workers are also treated on par with the locals. Representatives of migrant workers are included in the joint management committee at the Fairtrade certified estate. No discrimination was reported in providing employment opportunities – again due to shaping contextual factors. Migrant workers or temporary workers, all get the same access to housing, health, water and sanitation as existing or permanent workers primarily due to labour shortage.

4.5.2 KENYA/TEA/WORKERS & OUTGROWERS CASE (JOB SECURITY & CONDITIONS)

Both permanent and seasonal workers have contracts, social security contributions are included in all their contracts, and workers get 26 days paid annual leave. Due to certification requirements workers have to have one rest day after every 6 days of work. Pluckers typically work from 7am to 4pm although as they are paid per kg of GL plucked it is up to them how long they stay for. Due to RA certification, factory workers now work an 8 hour shift as opposed to a 12 hour shift, and the estate have had to hire extra factory workers due to this change. Overtime has been limited to 2

hours per day or 12 hours per week and this had led to problems for some workers as discussed in the income section above. Despite the existing CBA agreements, estate workers report that certification led to the implementation of 3 months maternity leave, 2 weeks paternity leave, paid sick leave, and lighter duties for nursing mothers.

Certification has also led to major improvements in workers housing, including: repairs, repainting, changing of chimneys to reduce indoor smoke, renovation of houses has also led to reduced crowding in houses as some workers moved to the newly renovated houses, additional washing and toilet facilities have also been built to meet the RA criteria.

RA certification has also led to the provision of jugs of water in the tea fields for pluckers, who were already provided with one cup of porridge each day during plucking. The safety of the drinking water provided in the workers camps is regularly monitored but this was the case even prior to certification.

4.7 GENDER INEQUALITY & WOMEN'S EMPOWERMENT

This section assesses the gender-related impacts of sustainability standards. Explain impact pathways

4.7.1 GHANA/COCOA/SMALLHOLDERS CASE (GENDER)

Women's influence in the cocoa sector has been extremely limited in the past, because men conduct most of the cocoa cultivation tasks traditionally, and tend to control the income. There is consultation in some households on spending the income. Women who have inherited land are taking more decisions themselves, although some still rely on 'caretaker' farmers, whom they employ to manage the cocoa trees. Women's representation in the certified organisation is growing in terms of membership. It was estimated to be more than a quarter in 2008/9 (28%) - unfortunately, we were not given gender disaggregated membership figures over the years, but a figure was provided in early 2013 of 32.13% women members, compared with 67.74% men.

Although women can attend meetings and are said to speak freely, some female farmers reported that they did not attend meetings due to time constraints or because it was the task of men. Both Kuapa Kokoo and the non-certified LBCs reported taking action on gender issues, but Kuapa Kokoo is more committed, having a clear gender policy and clear targets on women's representation at the primary society level, aiming to fill two out of six positions with women. Women generally have less access to and control of land compared to men and male headed households, and entrenched gender norms (e.g. socially ascribed gender roles in farming have not been overturned, nor is there significant shift in consciousness at the local level as a result of certification. However, as an organisation – and compared to the non-certified LBCs – Kuapa Kokoo is committed to women's empowerment. TWIN and Divine have recently funded a Gender Action Learning (GALS) project which seeks to actively engage men and women in tackling gender inequality.

4.7.2 ECUADOR/COCOA/SMALLHOLDERS CASE (GENDER)

In terms of gender differentiation, the results were very similar for the RA/organici groups – certified and non-certified. Organic certification does not appear to have direct impacts on gender relations (roles, responsibilities and rights of women and men) at the field level. Most of the farm work, such as applying fertilizers and weeding the plot is done jointly, with some activity differentiation – men tend to do more of the physical tasks (e.g. cocoa pruning and harvesting) and women tend to do

lighter tasks (e.g. collecting harvested pods, extracting the seeds). In financial aspects, greater gender equality is also becoming more common according to some interviewees, although this was not attributed to organic certification. Indeed generally progressive changes in gender relations were attributed to overall societal shifts rather than certification.

For the Fairtrade-certified organisations training has been provided which includes employment conditions, gender equality and discrimination issues, more than technical production issues.

Both women and men within the Fairtrade system ensure together that women reach a better position in society. Some producers argue that gender inequality is reducing, but it is a slow process. Access to education is giving women better job and development opportunities, but as part of overall societal change.

4.7.3 INDIA/TEA/WORKERS CASE (GENDER)

No significant shift in gender relations was observed: women continue to be trapped in plucking positions and men are more likely to have factory or supervisor roles. There are some instances of women being promoted, but this is not due to certification. Only limited training is provided for pluckers, as it is not a specialist task, and there are thus few opportunities for women to be promoted, whether certified estate or not. Household decisions are taken after consulting the spouse according to most workers, but there were also widespread complaints reported by the managers, of male workers spending on alcohol. Neither workers on-certified and non-certified estates reported sexual harassment either by the supervisors or management. There was no obvious influence of RA or FT – although women workers were appreciative of some of the FT Premium investments and the process of decision-making.

In the baseline, the annual income earned by females is less than the males for both certified and non-certified estates. However the difference was not statistically significant. This may be due to lower yields, meaning lower incentives earned by, the largely female, pluckers, or that female workers have under-reported their extra incentives as part of their annual income.

Women in both certified and non-certified estates, reported a significantly higher proportion of the total household income coming from working in the tea estate compared to their male counterparts. In the baseline sample, workers said that 60 per cent of the total household income is from working on the tea estates - 58% for the RA estates and 66 per cent for the non-certified. This compares with 80% overall for women; 79% for certified and 90% for non-certified. The difference is statistically significant in all three cases. Reasons for this may relate to the greater engagement of men in casual labour or other paid work outside the tea estate. In the final survey, the overall contribution of tea income to household income increased to 61.5 per cent. For workers in the non-certified estates, the percentage rose to 73.8 per cent and for certified estates, 60.3 per cent (the difference is statistically significant).

All the workers uniformly mentioned that there had been no gender or social discrimination of workers in wages, or promotion or in provision of services in the estates. Women have also been elected onto the worker committees, which were already established prior to RA certification. Both women and men reported that women tend to have higher earnings than men because of the incentives for the pluckers.

There are no significant differences between certified and non-certified workers in rankings of the importance of different income sources. 76 and 80 per cent of the workers in non-certified and certified estates respectively say that working on tea estate is their major income activity. Casual labour, other paid jobs and trade are indicated as other income sources.

4.7.4 KENYA/TEA/WORKERS & OUTGROWERS CASE (GENDER)

Whilst women are now serving on the worker committees (many of which have been set up as a result of the certification standards), there are still very few female field supervisors or managers on the tea estates. Women are represented on all the FT Joint Body committees as per the FT rules.

The increased presence of women on worker committees together with the more open management-worker relationships which RA certification has encouraged results in women having a greater influence on decisions than in the past. Women's increased access to RA certification driven training also provides more opportunities for their voices to be heard and to influence decisions, although the plucking workforce which is where many of the women are employed seem to have accessed or attended less training than other worker types.

Women participate in decision making on the use of FT Premium funds, and many of the FT Premium fund investments are reported to benefit women and children (e.g. increased length of maternity leave, improved childcare facilities, educational support etc).

Domestic violence was reported by workers to have reduced due to workers also adopting the RA values in their private lives (e.g. equal rights, no harassment, no drinking of alcohol during working hours). While some women workers report that they are expected to hand over their wages to their husband on pay day, others report that there is now increased joint decision making on household expenditure and budgeting. Due to RA certification some of the workers were provided with household level financial management training which they appreciated.

The increasing trend of mechanisation on some tea estates is leading to a reduction in the overall size of the tea estate workforce and to the proportion of women employed, as MTH teams are typically composed of 3 men and 1 woman, with the woman sorting the GL that has been cut.

4.7.5 KENYA/TEA/SMALLHOLDERS CASE (GENDER)

Representation of women in official PO positions: The tendency for women to be elected onto the collection centre committees is increasing across POs (whether certified or not), however they are generally not elected onto the zonal committees or Boards of Directors. The number of female managers within POs is also increasing particularly within processing sections, and the new Kenyan constitution should result in the increased employment of women within KTDA. Women are represented on all the FT Premium committees as per the FT rules.

Women's ability to participate in decision-making of PO: Women's increased representation in collection centre committees results in them participating more in decision making, women's increased access to training also provides more opportunities for their voices to be heard and to influence decisions (RA specify that at least 30% of their lead farmers must be female). Women participate in the FT premium decision making, and many of the FT Premium fund investments are reported to benefit women and children (e.g. better facilities at collection centres, investments in new clinics and in school facilities, educational support etc).

Women's ability to participate in household decision-making: Training in preparation for and during RA certification has included a focus on joint financial planning, and this has been reported to have improved women's input into household expenditure plans for the annual tea bonus.

Women’s access to PO membership: Few women have tea farms as land title is typically in men’s names. However all POs mentioned an increasing trend of women being given some tea bushes by their husbands or their fathers and then registering to become members of the PO. In the past the only female members were women who had been widowed and had inherited their husband’s membership registration number. Women still make up less than 30% of registered members. The increasing trend is explained as being linked both to women become more empowered and refusing to help pluck tea on their husband’s farm unless they receive access to a decent proportion of the tea income, and to the population becoming more aware that women can own land. Whilst certification may have had a role to play in this, general awareness and mindset change was mainly cited as the reasoning. In many cases when husbands give their wives some tea bushes this is done through a letter as opposed to a formal titling exchange of the land on which those bushes grow.

Ability to actively participate in meetings: Whilst women can and do attend meetings, and awareness is being raised by certification training sessions requesting at least a certain number of the participants should be women [RA], there still seems to be a general view that *‘men attend the meetings while women get on with the business of plucking GL’*. This was particularly evident amongst the FT certified outgrowers group in the West of Rift where the women’s FGD participants revealed they knew almost nothing about their FT certification status and never normally attended the outgrower meetings, explaining that in order for them to attend, the meetings would need to be held at times when their older children were at home and could take over their duties [FT].

Ability to benefit from FT Premium investments: Numerous respondents mentioned ways in which women and children had particularly benefitted from the FT Premium investments, including through building of more dispensaries, more classrooms, girls dormitories, water tanks and pipes, improved facilities at the collection centres, and livelihood diversification activities.

Whilst the FT and RA certification systems have partially contributed to some of the positive changes in gender relations amongst tea smallholders, this is within the Kenyan context of generally increasing awareness regarding gender inequality, although major gender inequalities persist.

4.8 CHILD LABOUR

This section summarizes the findings on the impact on child labour of sustainability standards.

4.8.1 GHANA/COCOA/SMALLHOLDERS CASE (CHILD LABOUR)

Child labour is widespread problem for the cocoa industry in West Africa. Its prevalence in cocoa cultivation and exposes in the press, have meant that there are now different initiatives in Ghana and Cote d’Ivoire to try and tackle child labour. The study organisation was suspended from Fairtrade certification in 2009, but reinstated following corrective measures. There has been large investment by the producer organisation during the study period in child labour awareness programmes, with the establishment of district and community monitoring groups and training, with a collaboration with the International Labour Organisation (ILO) as part of these efforts. The study found widespread awareness of the need to avoid child labour on certified and non-certified farms. Non-certified licensed buyers have not been as active as Kuapa Kokoo in this field – a direct result of Fairtrade certification. Within a broad study of impact such as this it is not possible to employ the specific research techniques needed to uncover child labour (i.e. child sensitive research techniques) and so we do not have data to confirm changes in practices on the ground.

4.8.2 ECUADOR/COCOA/SMALLHOLDERS CASE (CHILD LABOUR)

There was no reporting of child labour issues in Ecuador by the study team. As in the other country case studies, this type of broad ranging study is not able to investigate in depth child labour issues

4.8.3 INDIA/TEA/WORKERS CASE (CHILD LABOUR)

The working population on the tea estates is now ageing rapidly, as the children of many of the tea estate workers head off to better-paid jobs in the lowlands. Child labour is therefore not an issue challenging the sector currently.

4.8.4 KENYA/TEA/WORKERS & OUTGROWERS CASE (CHILD LABOUR)

RA certification has deterred tea estate pluckers from being helped by their older children and instead these children have now been enrolled in secondary school. The old practice of pluckers having helpers (*wasaidizi*) no longer exists once estates become certified, any potential helpers (18 years and over) are said to now have to ask the estate management for a temporary contract of their own, if the estate has vacancies.

To be employed in the estates' factories you have to show an ID card, ID cards are only issued to Kenyan citizens at 18 years of age.

Estate managers reported there was no child labour on their estates, and that this went for their contractors as well. RA standard criteria prohibit the use of child labour either directly or indirectly, and contractors are also audited.

It is not possible in a wide-ranging study such as this to investigate child labour beyond this level of analysis. Therefore we cannot make judgements on whether child labour is a continuing issue, although it appears likely that certification is helping in this regard.

4.8.5 KENYA/TEA/SMALLHOLDERS CASE (CHILD LABOUR)

Farmers, PO managers and key informants reported that the use of child labour on smallholder tea farms was not a common occurrence, although children do help their families to pluck tea during weekends and school holidays. The certification standards had reinforced existing messages regarding not using child labour, but had not resulted in a reported change in practice as child labour was not being used in smallholder tea systems.

There was a misunderstanding by certified farmers that the RA and FT standards do not allow children to help their families on the tea farm after school or during holidays. Both standards do recognise and allow children to help their families pluck tea as long as the work they do is appropriate for their age, they do not work long hours and/or under dangerous or exploitative conditions and their parents supervise and guide them. It is not clear why this misunderstanding exists.

4.9 HIRED LABOUR ON SMALLHOLDER FARMS

This section explores whether certification has had an impact on hired labourers working on smallholder farms.

4.9.1 GHANA/ COCOA/SMALLHOLDERS (HIRED LABOUR)

There is widespread use of hired labour on cocoa farms in Ghana, and including amongst the study sample. Training has been provided on health & safety by Kuapa Kokoo for some hired labourers, but otherwise no impact on working conditions for hired labourers has been achieved. In particular caretakers are not able to join Kuapa Kokoo as members and participate in Fairtrade. Not much action in relation to working conditions of hired labour.

4.9.2 ECUADOR/ COCOA/SMALLHOLDERS (HIRED LABOUR)

The 2012 survey showed that 48% of the whole sample employed labourers in cocoa production. The percentage of certified producers hiring labour (52%) was significantly higher than for non-certified producers (39%). Around half of the producers who employ labourer reported that the labourers' conditions had changed for the better, particular their wages and the timing of payments. Certified producers also reported an improvement in labourers' level of exposure to health and safety hazards whereas non-certified reported no change. This difference was significant.

However, qualitative research did not indicate major differences in labour conditions resulting from certification. Government pressure was the cause of improvements for workers (indicating a rise in salaries, improved health and safety and a reduction in child labour) according to Fairtrade producer organisations.

4.9.3 KENYA/TEA/SMALLHOLDERS (HIRED LABOUR)

The majority of the hired labourers plucking GL on smallholder tea farms are neighbouring tea farmers who engage in paid plucking work in between the weekly plucking rounds on their own farms. There are also hired labourers who come from more distant areas and who may live with their host farmer. Certification is reported by smallholders to have led to improved relationships between the plucker and their host farmer, and improved working conditions (e.g. better accommodation, provision of lunch, water, and toilet facilities) [FT & RA+]. The annual RA auditing of each member's activities ensures that workers are paid fairly and regularly.

On the dual certified and RA farms the pluckers knew about FT and RA standards, and reported having received training from their host farmers on GL plucking criteria and how to maintain the plucking table, advice on how to spend their money/ wages, and advice on educating their children; some had also attended FT/RA field days and training. By contrast, at another FT-only certified PO the pluckers did not know about the certification standards and said they rarely talk with their employers, although they were aware that FT had constructed concrete sorting tables, water tanks and electrification at the collection centres.

4.10. ORGANISATIONAL IMPACTS

This section synthesizes the study findings on the organisational impacts of sustainability standards. It is a particular feature of Fairtrade that it focuses on producer organisational development and on worker's representation (FLO hired labour standards). Assessment of organisational development has been somewhat weak in previous impact literature focusing on Fairtrade. There are also impacts for producer organisations and estates as a result of certification to Rainforest Alliance (e.g. in terms of market access, employer-employee relations etc).

4.10.1 GHANA/COCOA/SMALLHOLDERS CASE (DEMOCRATIC ORGANISATION)

Democratic organisation: There has been a sizeable investment in Kuapa Kokoo in terms of organisational capacity building in Ghana and it is the only farmer organisation which is a licensed

buying company. Fairtrade Premiums fund the organisation of meetings and elections, administration costs etc. Farmers are represented by elected farmers on the Trust in decision making on Fairtrade Premium and can put in suggestions for projects, but understanding at the individual producer level is limited. Recent decentralisation with greater focus on district level may help to shorten the distance between individual members and the management, but more could be done (e.g. to decentralize FT Premium decision-making to the district level). Increased women's participation in decision-making and leadership positions, but there is still a long way to go to overturn gender inequalities. The quotas set by KK mean that there is increasing representation on primary committees and in the organisation, including a female President of the union and the organisation has a clear gender policy – which marks it out from the non-certified LBCs ,where women's empowerment is not such a strong priority. While women's income generating projects/groups are supported by KK according to managers, they did not come up in our field research which indicates that they have limited coverage, but it is also not possible to assess their effectiveness from our field research.

There has been an increase in **management capacity**, but there are still capacity gaps and internal tensions. Need for increased professionalization, skills and resources of the farmers union to compete in the cocoa business and to manage KKL so that it delivers benefits for individual members of the union. The development of the ICS is a positive step forwards.

In terms of **financial viability** the PO requires cash to buy beans from farmers in a timely fashion. Difficult for LBCs to differentiate themselves and generate strong relationships with members, as prices are set nationally. Fairtrade Premiums are important to capitalize the organisation (although this has been on a relatively limited scale), but the benefits are dispersed and other Licensed Buying Companies (LBCs) also distribute incentives. All LBCs rely on seed funding from government to buy cocoa beans, and so KK experiences delays just as other LBCs do, but the public PBC has an advantage over the other private LBCs as they usually have money from the government earlier. KK are at a disadvantage compared to the economies of scale and skills/professionalized staff of competitors. However, part-ownership of Divine has reportedly enabled KK managers to build up greater understanding of end markets and value chains.

4.10.2 ECUADOR/COCOA/SMALLHOLDERS CASE (ORGANISATIONAL IMPACTS)

All respondents – certified and non-certified - gave good **scores for the performance of their POs**. In particular they gave good scores for the POs (certified and non-certified) in terms of how they maintain the quality of cocoa, how cocoa is sold, future plans, leadership and technical assistance. Highest scores were given for maintaining quality of cocoa and the way cocoa is sold. In terms of maintaining cocoa quality there was a significant difference between certified and non-certified farmers' scores, with certified farmers more positive than non-certified farmers. However, there was also a significant difference in 'the way cocoa is sold' with non-certified farmers giving a higher score than certified farmers.

Cocoa producers' satisfaction with their producer organisations increased for both the certified and non-certified producers over the course of the study. The double difference analysis indicates that there was a *greater* increase in certified producers' satisfaction with their PO compared to satisfaction levels of non-certified farmers, in terms of leadership, financial management, technical assistance, the way cocoa is sold, communication of information, future plans and use of the Fairtrade Premium.

Access to training and technical assistance is important for increasing productivity and quality, both of which are routes to increased incomes for farmers and the organisation. No significant difference

in access to training emerged in the final survey, but there was a greater increase in satisfaction with training among certified farmers than non-certified farmers.

The picture is somewhat complicated by the **support provided by external organisations** which can vary over time. Some of the organisations that dropped RA certification would have previously received training and technical assistance to comply. Over the study period, certified farmers became more satisfied with the technical assistance provided by the PO, compared to their non-certified counterparts. The qualitative data shows that all POs provide some training to members, whether certified or not, with some receiving support from other buyers or development agencies. But the Fairtrade organisations can also invest their Fairtrade Premium resources in improving the quantity, quality (e.g. location and classroom versus practical field training) and breadth of topics of the training and technical provision, and for organic farmers in one organisation they are obliged to attend, whereas non-certified members are not.

The levels of organisational infrastructure and the level of processing offered to members varies between the organisations – and this is not necessarily related to certification, although in some cases certification does support improvements (e.g. through increased yields and Fairtrade Premium investment) - (see box 5 below).

Box 11: Different study organisations in Ecuador cocoa study and their organisational infrastructure

Both the organic-certified and non-certified farmers in the two RA/organic POs have a similar, good level of access to infrastructure for processing cocoa via their organisations. Both organisations have good facilities, in part funded by external agencies and access is not restricted to certified farmers. Both organisations buy fresh cocoa beans and have similar infrastructure to ferment and dry the beans to obtain a high quality product. This provides confidence that their beans will be processed carefully, reach high quality standards and command a good price. Both organisations have their own cocoa nurseries for their respective members, and they all have their own collection stations, with awnings, sheets, fermentation boxes, storage rooms and all that is required for drying the beans. One PO has substantial equipment having been founded with external support, but the equipment of the other PO is more modern. They have recently bought three motorized brush cutters to speed up weeding to assist members and the PO is constructing a factory to produce chocolate.

Within the Fairtrade organisations the picture is more mixed. Farmers in one of the Fairtrade/organic POs have better access to processing facilities than the non-certified PO, and also have better access than the other Fairtrade/organic certified PO, despite both receiving the Fairtrade Premium. The better endowed PO has a large facility that includes an administrative and financial area, fermentation area, drying area, storage warehouse, and a laboratory for quality control. They also have a cocoa liquor tasting facility and plan to make their own chocolate. Finally, they have an area for events or meetings. Much of this has been financed from sales and the Fairtrade Premium. Perhaps because of these good facilities, they are able to sell all of their production to Fairtrade buyers. The non-certified PO has an office area and a collection station. But they are not in use currently. Each member organization has its own collection station, and space for fermentation and drying, but these too are also not in use. The other Fairtrade/organic PO has to buy dried beans from farmers, and does not have control over product quality, because of its more limited processing facilities. A sub-group belonging to this PO has a small collection station close to their farms consisting of a small traditional cocoa drier. Their cocoa is later sold to UROCAL. This centre has been selected for improvement using Fairtrade Premium.

The Organic certified PO, in the same province as the second FT/organic PO, and under the same umbrella organisation, UROCAL, also has better processing facilities the FT/organic PO. Its members through their own means have purchased sheets for drying the cocoa, a cocoa nursery and a small collection centre where they also hold meetings. They also classify the different quality types here and then it is sold to UROCAL where it is ready for export.

UROCAL has offices for administration, technical and financial activities, where farmers can meet and attend training sessions. They also have a central collection station where the cocoa from all members is brought

together (both organic and Fairtrade). They have wooden fermentation boxes and gas driers, but the latter are not in use due to the high maintenance costs.

There were no significant differences between certified and non-certified smallholders in the extent of change in levels of infrastructure or in post-harvest handling facilities between 2010 and 2012.

Certified producers achieved significantly higher productivity of raw and dry beans in 2010 and 2012 compared to non-certified producers. Organic farmers reported that yields have increased as a result of technical improvements and management techniques flowing from RA and organic certification. Organic producers have higher yields than non-organic farmers in their respective organisations, although the rate of increase is higher amongst the non-organic farms (perhaps because some are in transition to organic where yields drop in the early years, then pick up). There is room for improvement in one of the organic PO's yields, but they are generally considered fairly good given the farming system (*chacra* cropping, in which cocoa shares space with a lot of other trees and annual crops). The Fairtrade certified POs and their non-certified comparison groups in the same provinces, have higher average yields than the organic farmers in other provinces, partly due to more monocropping and better growing conditions.

The certified farmers in one of the organic POs have higher costs than the non-certified farmers, but there is little difference in the other, because both groups follow the same traditional, agroforestry farming system. For one group of Fairtrade certified farmers, their costs were higher than non-certified farmers, but at the other it was the non-certified farmers who had higher costs.

The Fairtrade Premium is invested in fertilizer use, reforestation and soil conservation which should all help with productivity. In contrast, the organic certified PO in the same region, without the opportunity to invest the Fairtrade Premium, has lower yields.

Certification has supported improvements in quality according to individual members, because farmers must comply with rules on farm management, use of agrochemicals and hygiene methods for pest and disease control for Rainforest Alliance and organic certification. According to the organic PO managers, quality is key for sales as customers are primarily buying (and paying a premium) for high quality Ecuadorian *nacional* type cocoa and only secondly for the certification label. One of the Fairtrade certified organisations buys only raw cocoa so it can control the quality of the end product and so sell more to lucrative export markets, including Fairtrade. The other only buys dry cocoa because it has limited processing capacity, but it uses the Fairtrade Premium to invest in farmers' purchase of fertilizer and to carry out reforestation and conservation activities. Thus, having Fairtrade certification supports quality as it enables investment in production and post-harvest systems.

Overall, all farmers saw positive changes in a wide range of factors related to **cocoa farming**. Highest levels of improvement were in management of the cocoa crop and the environment. Certified farmers were more positive about change in a number of areas than non-certified. A significantly larger proportion of certified producers reported an improvement in market access compared to non-certified producers. The same applied to improvements in payments for quality cocoa, and improvements in the environment. Farmers' assessment of the importance of the changes reflects the level of perceived improvement.

Producers reported improvements in all aspects of **household well-being and welfare**. Certified producers had more land under cocoa than non-certified producers, as well as higher cocoa yields. Certified producers reported, on average, significantly more improvement in farming methods and

access to credit than non-certified producers. There did not appear to be a significant difference in the level of change in household assets between certified and non-certified producers. In 2012, certified farmers still had a significantly larger area under cocoa and higher yields than non-certified farmers. Both categories had increased cocoa area in the previous 2 years, but only certified farmers had significantly increased yield. There was a decrease in some categories of livestock among both certified and non-certified producers.

In terms of **sales and marketing** there are different systems at the different producer organisations.

Certified producers sold significantly more raw beans and dry beans in total in 2010 and 2011 than non-certified producers. The total value of beans sold by certified producers was significantly higher than for non-certified producers in the years 2008 to 2011.

The two RA/Organic POs both organize collection of their members' harvest and ferment and dry the beans in optimum and homogeneous conditions, producing higher quality beans than if processed by the farmers. The beans are then sent to semi-processors or sometimes to a chocolate maker. One Fairtrade PO's farmers can also sell raw beans to their PO, but in the other certified POs and the non-certified, farmers sell dry beans to their respective organisations, having dried the beans themselves in their own installations, which is less preferred by members.

Certified farmers ranked their PO significantly higher in terms of importance than other buyers (local and external intermediaries). Certified producers sold a significantly higher proportion of their yield (in 2010 and 2011) to their producer organisations than non-certified producers in organisations, indicating a preference for their producer organisation over other market alternatives. There was a significant increase in the percentage of cocoa sold to an association or cooperative between 2010 and 2012 and a reduction in the proportion sold to local and external intermediaries. The certified sample sold 74% of their cocoa to their cooperative in 2010 compared to 41% of non-certified cooperative members and 91% in 2012 compared to 61%. Non certified individual farmers sold more to local middlemen and external middleman.

These higher sales to POs on the part of certified organisations are due to the other benefits they receive, such as the price premium for organic farmers, workshops and training in cultivation and some farmers receive pruning saws and brush cutters for site clearing, plus transport for cocoa from fields to the collection station organized by the PO. In addition, the non-certified POs and middlemen tend to buy only dry beans, whereas several of the certified POs buy raw beans and process them, reducing the burden of drying for farmers. However, organic supply is outstripping infrastructure capacity and certified farmers who need cash sometimes have no choice but to sell to intermediaries. Many intermediaries are pushing up their prices to try and compete with the certified POs – sometimes raising their prices above those of the organic certified organisations and challenging the commitment of members to certified production.

Certification has led to **increased market access** according to producers. There is variation in organisational end markets – farmers in the two RA/organic sell mainly on domestic markets, but the latter sells some (the highest quality) on export markets. Managers said that they had used Rainforest Alliance certification to enable them to secure sales for their organic members when demand was limited. Their BCS organic certification gives it market access in the US, Europe and Japan. Its markets have diversified and commercial contacts increased – something which RA and organic certification has supported. However, its production of chocolate bars is not the result of certification, but a partnership with Salinas de Bolivar and companies with stores in the US such as Good Food. The other RA/organic PO lacked capital and logistical capacity. They attempted to include producers in price setting, but a consensus could not be achieved. However, certification has

enabled the two organisations to increase the price they pay to farmers and to buffer the price drop of 2009.

For the Fairtrade organisations, **Fairtrade markets provide more stable sales**: One sells most of its cocoa through UROCAL to France and Italy. The other directly exports its own cocoa and sells all of its production on Fairtrade terms. The managers of Fairtrade certified organisations were positive about the stability of the contracts developed with Fairtrade buyers.

RA/organic individual members have **limited understanding of value chains and influence on price**, although in one PO the management has a strong vision of their future marketing strategies. Understanding is also limited amongst individual Fairtrade farmers, although at organisational level there is greater vision about future value chain strategies than amongst their counterparts. Managers in one Fairtrade PO indicated that market forces largely set prices, but they are becoming less dependent on intermediaries. Similarly, managers in the other PO reported that prices are determined mainly by the market, but the Premium is generated on all sales and distributed to members. The management of the other organic and the non-certified PO, appear to have less good understanding of the value chain or vision of how they might improve the terms of trade for their members in comparison to the Fairtrade certified managers. This is particularly the case at the non certified PO, where despite having good infrastructure, they no longer collect or buy cocoa from the members due to recent administrative and financial problems. Instead, members have to sell to local and external intermediaries -

Since 2010, cocoa prices have been rising, but farmers' perceptions are that during the two year period (2010-2012) prices fell. Currently, prices for organic cocoa are dropping. The price paid to organic certified farmers for fresh beans is always higher than for conventional (non-certified) beans, although the price for organic beans has driven up the price for conventional beans, reducing the difference. Organic farmers have to put in more labour than conventional farmers, and it is therefore debatable if the extra price offsets the increased (mostly family) labour investment. Prices paid are higher for one of the RA/Organic POs than the other because of the greater competition from intermediaries in the region of the former. Farmers in the other, complain that the price they receive is insufficient and unstable.

The **prices paid** by organisations to farmers are an important link in the impact chain. The prices paid to Fairtrade farmers are slightly higher than for non-certified farmers and have been gradually rising for the past few years. However, farmers' perceptions are that prices have got worse or decreased – profits have been decreasing because of increased production costs, or that domestic costs have risen with inflation reducing the buying power of their income. Poor communication on the part of the organisations may also play a role. The FLO Minimum Price is a useful safety net for certified organisations and their members, but prices since 2006 have been above the present minimum price, so prices have been linked to the New York Stock Exchange instead. The prices for raw beans received by certified farmers from their producer organisations were higher in 2010 and 2011 than those of non-certified producers (but they received lower prices for dried beans).

In terms of the use of the **Fairtrade Premium** in Ecuador the findings were as follows: Fairtrade farmers also benefit from the Fairtrade Premium generated on all sales – US \$ 150/MT FOB for non-organic and US \$200/MT FOB for organic Fairtrade dry cocoa. The Premium is given to the general assembly and should be used for social, economic and environmental projects through a democratic process and implemented by the members.

In the 2012 survey, 75% of the Fairtrade/organic certified farmers knew about the use of the Fairtrade premium. It was mainly used for cocoa production, followed by (in decreasing order)

infrastructure and equipment, credit, health, training and education. 98% of Fairtrade certified farmers reported benefitting from use of the premium in production and at least 80% benefitted from its use for infrastructure, credit, health and other uses.

One of the Fairtrade POs uses the Premium for administration, organisational strengthening, environmental activities, health costs, social security for members and staff and school scholarships, as well as funds for fertilizer application and soil conservation. There is limited benefit for the wider community as the funds are directed mainly to members.

In the other Fairtrade PO, nearly half of the Premium earned is used for providing credit to members, while the rest is split between health and funeral funds, the rehabilitation of plantations, a plant to make organic fertilizers, infrastructure development, training and information. Again most of the Premium is focused on farmers and organisational productivity, rather than the overall well-being of communities. However, no part of the Premium is explicitly earmarked for running the organisation. Although the audit reports are discussed during meetings, when asked, most individual members did not know about or understand the Premium, indicating a lack of communication between the PO and members.

All respondents – certified and non-certified - gave good scores for the performance of their POs. In particular they gave good scores for the POs (certified and non-certified) in terms of how they maintain the quality of cocoa, how cocoa is sold, future plans, leadership and technical assistance. Highest scores were given for maintaining quality of cocoa and the way cocoa is sold. In terms of maintaining cocoa quality there was a significant difference between certified and non-certified farmers' scores, with certified farmers more positive than non-certified farmers. However, there was also a significant difference in 'the way cocoa is sold' with non-certified farmers giving a higher score than certified farmers.

In terms of individual members' satisfaction with their producer organisations, levels of satisfaction increased for both certified and non-certified producers over the course of the study. This is not all that surprising, given the inputs from other development organisations that have been provided prior to and during the study period. The double difference analysis indicates that there was a *greater* increase in certified producers' satisfaction with their PO compared to satisfaction levels of non-certified farmers, in terms of leadership, financial management, technical assistance, the way cocoa is sold, communication of information, future plans and use of the Fairtrade Premium. There was no significant difference in access to training, but this is complicated by the inputs from external organisations – which themselves vary over time. Fairtrade organisations have Premium funds to invest in improving the quality of training provision.

There were no significant differences between certified and non-certified smallholders in the extent of change in levels of infrastructure or in post-harvest handling facilities between 2010 and 2012.

In terms of **producer organisation governance** similar levels of transparency and democracy were found in the two RA/organic organisations, which operate mainly as cocoa buying operations rather than farmer representative organisations – and organic standards do not tend to tackle farmer organisation governance in the way Fairtrade does – the relationship is one based on trading transactions primarily, and there is less consideration of farmer voice and empowerment. In one PO members do not have information about markets, prices at which their organisation sells the cocoa, how much stays in Ecuador. Farmers only know how much they are paid and there is a lack of transparency by the PO. In contrast the members of the other four organizations studied - agreed that their organizations are democratic because members elected their leaders and new members and because there is no exclusion of anyone. The Fairtrade organisations should demonstrate

certain levels of accountability, democracy and transparency, as this is specified in the producer standards. However, the Fairtrade system requires umbrella organizations as well as member organizations to be democratically controlled by their members and so it would be expected that the organisations would all exhibit some level of democratic organisation as a result of Fairtrade participation.

For the Fairtrade POs, managers said that there is transparent management of the distribution of the Fairtrade Premium because both they and the auditors are always working on this topic. However, interviews with individual members did not indicate a strong understanding of the Fairtrade Premium – how it is generated and what it is used for. Few members of the study POs where premiums are generated are aware of the premium (organic or Fairtrade).

Many organic farmers know in general terms that organic certification is good for improving the quality and production of cocoa through a series of standards, and that this will help to achieve a better price and a more assured market. However, there was also some confusion amongst members regarding the difference between Rainforest Alliance and organic certification.

4.10.3 INDIA/TEA/WORKERS CASE (ORGANISATIONAL IMPACTS)

Management capacity: Some improvement in management systems (data collection and recording). Documentation of various activities adopted only after certification & clearer road map for introducing cost reduction strategies & sustainable method of production. Increased management attention on the quality of the services provided by them for workers. More attention is also paid to adopting sustainable cultivation and production processes and environmental conservation. At the FT estate the owners/managers have been keen to engage with FT to improve worker wellbeing, although it is less clear that this will lead to a change in worker rights and empowerment. Certification has resulted in a reawakening of managers' corporate social responsibilities towards their workers, environment and society, although the main driver for certification was always the demands of key buyers, as on an average, exports constitute nearly 65 per cent for the certified estates. Also reputational benefits in local industry - the certified estates carry a better image among the other estates for their services (interview with the non-certified and an export intermediary).

Employer/employee relations: Workers reported easy access to the management both directly and through the worker management committees. A complaint box system had been introduced (rather than just a register) to help workers to voice their issues, but this was not the result of certification according to managers. No sexual harassment was reported by the workers, although we could not research this sensitive topic in an in-depth way during this study.

Worker satisfaction: Overall, the services provided by the estates have improved after certification. Certified workers are significantly more satisfied with the services like housing, crèche, schooling, medical, sanitation, drinking water, electricity, transport and food, than at the non-certified estate. However, the changes are limited in scale.

Estate profitability: The certified estates on average sell 65% of their tea on export markets. In recent years tea prices have been better and they were able to realise profits, but prior to this tea prices had been low. They are also affected by rising labour and input costs. Most of these estates sell directly to Unilever (and small amounts on the auctions). The estates have been selling a fixed amount to their buyers (e.g. Unilever, Finlays) who require RA or FT certification. The bargaining power of the estates is limited if they want to retain these contracts, which give them more stability than the auction. Unilever provided a premium to the estates enabling them to obtain RA certification. Their share of exports on average accounts for 60 per cent of the total sales. The non-certified estate has experienced financial difficulties and was unable to sustain earlier ethical

standards. It now sells on the domestic market and continues to struggle with employer-employee relations. In terms of worker productivity, workers reported health improvements due to safe drinking water and use of protective equipment enabling them to work better. Though this ideally should lead to reduction in person days lost due to illness, sick leave taken by workers does not show a clear trend (due to absenteeism and the ageing demographic of the workforce etc). Costs of certification were initially covered for RA estates by the buyer, but not now. Once an estate has obtained certification from one standard, it is easier to meet the demands of others with some standards requiring more documentation than others.

Chain effects: -No particular changes have been observed in value chain relationships and there is continued limited transparency in the chain.

Diversity of buyers - For the RA certified estate there is only one buyer and hence estates are dependent on this buyer. This can have both positive and negative advantage. The fixed price prevails during the contract.. Hence, the returns to investment are more or less known. But there is no assured minimum purchase by the buyer. There is also no alternative export market for the certified product. If the product has to be sold at a lower price in the domestic market, then the returns may not be high and thereby it could affect the profits shared with the workers. Estates with multiple certifications have perhaps opportunities to explore new markets

Unexpected impacts: There are no formal association of the certified estates, though the estates are members of UPASI and the Tamil Nadu Planters Association. But estates do use the social occasions to discuss the newer strategies adopted by them, including certification and have made a joint response to RA to request alteration to buffer zone rules.

4.10.4 KENYA/TEA/WORKERS & OUTGROWERS (ORGANISATIONAL IMPACTS)

Management capacity: Improved management systems due to RA certification standards, particularly with regards to documentation, record keeping and traceability aspects. These have led to improvements in GL quality, worker-management relations, audit preparations, and their environment and energy use. However these investments are costly for the estate, especially when coupled with increased costs of production due to certification standards requiring stricter plucking criteria which results in reduced GL volumes, although the per kg made tea price typically becomes higher as a result of the improved quality [RA]. Some of the RA certification standards require specialised technical expertise (e.g. in soil conservation knowledge) to determine which practices should be applied or tests in their specific situation, and not all estates have such expertise, they suggested it would be helpful if an RA officer could assist those preparing for RA certification in deciphering the RA standards and suggesting necessary changes to practice as opposed to just coming to audit the estate [RA]. Managers felt that RA certification led to workers being more enlightened about tea quality, H&S and workers rights and responsibilities, which then makes management work easier

Market access: Estate managers credit their RA certification status with having improved their market access, visibility and reputation. Both these focal RA certified estates became RA certified for market access reasons, particularly given Lipton's pledge to purchase only RA certified tea by 2015. With some buyers RA certification has enabled the estates to enjoy an additional payment for the certified made tea, which helps them meet some of the costs associated with becoming and remaining RA certified. New buyers have been attracted by the RA certification status, and at one estate this has resulted in an increase from 4% to 30% of their made tea being sold through direct overseas sales in a period of just one year. Direct overseas sales typically fetch a USD\$0.15-0.3/kg higher price than sales through the Mombasa auction, so this certification driven change has major

financial benefits for the estate. Managers at the earlier RA certified estate explained that on average they managed to obtain an additional payment of USD\$0.075/kg made tea from buyers wanting their RA certified made tea. RA certification has in some cases resulted in the buyers actually visiting the estates in order to inspect the factory facilities, workers living and working conditions and hygiene standards. It is likely that this may lead to stronger relations between the buyer and the producing estate and more long-term sales arrangements.

In some situations buyers are adding pressure for estates to get their outgrowers certified as the made tea flavour is altered when the outgrowers' clones are removed from it, and buyers preferred the flavour made with both the estate and the outgrowers GL. During the baseline survey, the dual certified (FT&RA) estate managers complained about the lack of growth in the market for FT declared made tea. Neither of the RA certified estates were blending, packing or marketing tea for retail. They both sell processed black made tea.

Tea quality More selective plucking criteria required by the certification bodies results in reduced GL volumes being plucked and thus increases the cost of production. However the more selective plucking also results in higher quality GL which when combined with improved handling and processing practices leads to higher quality made tea and therefore increased made tea prices. The more frequent plucking rounds (every 7 days as opposed to every 14 days) introduced as a result of RA certification results in younger, softer leaves being plucked, which are both easier for the pluckers to pluck and produce a less fibrous (higher quality) made tea. The estates recognise that the RA traceability requirements help them to maintain product consistency, and they can check the quality standards of each of their sorting GL reception workers at the factory, and trace a bag of GL back to the field team or plucker. RA certification has helped increase the number of weighing points so pluckers do not have to walk so far with their GL. Hygiene at the leaf collection centres has also improved which influences leaf quality as does more efficient weighing (due to use of electronic weighing balances) and transporting of GL from field to factory. The clean cemented floors installed in the leaf sheds, together with the raised concrete benches which have been installed in some of them have also improved the postharvest handling of the GL.

Workers think RA certification has also motivated them to work hard which improves quality. RA standards require all foreign matter to be removed from the GL. Plucking machines are non-selective in their cutting (similar to a hedge trimmer) and so a sorting worker then has to sort the GL and removes the insects and chopped up snakes as well as non-acceptable leaves and stems before the GL is weighed and taken to the factory.

RA certification has enforced the use of hand washing with soap and drying prior to entering the factory. Machine and safety training in the factory has also helped improve tea quality.

Tea production: RA certification has promoted improved tea husbandry practices including: more frequent plucking rounds, manual weeding, leaving of the prunings as mulch on the bushes, maintenance of a flat plucking table to maximise yields, better fertiliser placement practices, and reduced fertiliser application times and practices, planting of flowers along the edges of tea plots to reduce soil erosion, creating drainage ditches to prevent soil run off from the tea fields. In the factories RA certification has influenced the increased use of PPEs and H&S training and accidents have reduced.

Plucking machines are being used at the earlier RA certified estate on 24 of the 29 fields which has led to a reduction in the workforce size. One plucking machine operated by 4 people (typically 3 men and a woman) can pluck 500-600kg GL/ day, while the average figure used for hand pluckers is 33.5kg GL/d, although they can pluck double this amount during the peak season. One plucking

machine (4 people) can therefore pluck the equivalent GL of 9 to 17 hand pluckers. This plucking machine use is encouraging a trend of masculization of the plucking workforce. Workers dislike the plucking machines as they threaten their jobs, and because the machine operators suffer serious health issues, the GL cut by machine may be contaminated with chopped up pieces of chameleon or snake which were in the foliage at the time of cutting which they think will affect the taste and quality of the resulting made tea and potentially the reputation of the estate. The same estate had also experimented with pruning machines but they resulted in the drying up of tea bushes and so their use was stopped.

The yields from the two estates' tea fields were ~4,900 kg/ha/yr of made tea (~8,526 kg/acre/yr of GL at a conversion rate of 0.23) for the earlier RA certified estate and 4,000 kg/ha/ yr of made tea (~6,956 kg/acre/yr of GL at a conversion rate of 0.23) for the 2010 RA certified estate. Workers felt the GL yields had increased due to RA certification practices such as more frequent plucking and lower plucking table heights, managers at the more recently certified RA estate said their yield had increased from 3,800kg/ha/yr in 2009 to 4,000 kg/h/yr in 2011 due to improved agricultural practices some of which they associated with RA certification.

The more recently RA certified estate explained that in the financial year 2011, the cost of producing, plucking and delivering GL to the factory was 53Ksh/kg made tea, and the processing, packing and transport costs were a further 75Ksh/kg made tea, bringing the total to 128Ksh/kg made tea (USD\$1.44/kg). Managers at the earlier RA certified estate saw opportunities for reducing the costs of production by increasing the number of plucking machines used on their estate. While the more recently RA certified estate managers said they were going to remain with manual plucking as the GL quality was so much higher and they felt buyers would prefer the higher quality and the social benefits of employing manual workers, however in addition to increasing GL yields and quality they saw opportunities to reduce their costs of production by increasing the efficiency of the machines in their factory, RA certification has heightened their awareness and monitoring of these opportunities. 55% and 33% of the made tea at the earlier and more recently RA certified estates respectively is from GL purchased from outgrowers. Managers at the RA certified estates suggested RA should provide field extensionists to help improve RA certified systems.

Future challenges to tea estate production are identified as increasing labour, electricity, fuel wood costs and climate change. Land ownership issues of such large areas of land may also develop.

Tea sales: Both the RA certified estates currently sell about 30% of their made tea via direct sales overseas (DSO) and 70% through the Mombasa Auction (MSA) and KETEPA and factory door sales. It is notable that at the 2010 RA certified estate DSO sales increased from 4% in 2010 to 30% in 2011, due these buyers wanting its RA certified made tea.

The DSO buyers are mainly from the UK and include Lipton, Tetleys, Betty Taylors of Harrogate, Keith Spicer, James Finlays, Twinings, and Thompson Lloyd & Ewart. Average made tea prices at the two estates were USD\$2.50/kg and USD\$2.23/kg in 2011.

4.10.5 KENYA/TEA/SMALLHOLDERS (ORGANISATIONAL IMPACTS)

Democratic organisation: Inspection of the H&S meeting minutes during the audit has meant that managers do regular H&S training and have set up an active H&S committee which produces regular H&S action plans and reports. Although the factory should have had such H&S plans and training previously as part of the statutory and legal labour laws, they were not implemented until the certification system led to auditing and ensuring compliance. Improved H&S results in increased profits for the PO, as less productive time is lost, and fewer compensation pay-outs are required.

Information about the factories operations, staffing, costs and profits is shared with members in the AGM of each KTDA PO (whether certified or not).

Market access: POs are more attractive to buyers seeking certified tea – certification status helps to secure tea sales [FT & RA]. Lipton is an important buyer of Kenyan tea and their statement that by 2015 they will only purchase sustainably produced tea has driven the rapid expansion of RA certification in the Kenyan smallholder tea sector [RA]. While the expansion of the FT certified tea market has not been as rapid as FT producers had hoped, they have managed to complete valued community projects using their FT Premium funds. It was suggested that when world tea market prices are high, the addition of the FT Premium amount of USD\$0.5/kg makes tea purchases extremely expensive for buyers. Additionally FT Africa explained that some buyers are sourcing FT produced tea as part of their supply chain risk management strategy, but are not paying a FT Premium for the tea as they do not market their packaged tea as FT certified [FT].

PO understanding of the value chain: The majority of Kenyan smallholder tea is sold through the Mombasa auction with no direct interaction between the buyers and the producers. There is a continuing lack of transparency in tea value chains, as buyers do not typically place advanced orders. Retro-certification of tea purchased from FT certified POs is commonplace. PO managers are unclear regards the auditing process of the FT tea buyers, and how accurately the FT Premium amounts paid can be linked to the FT retail sales amounts [FT]. Direct sales increase both the transparency and prices obtained for made tea [FT & RA]

PO ability to add value KTDA members are shareholders in their factories and thus receive an annual bonus amount dependent on the sales price of the processed made tea, which is also dependent on the GL quality which has increased as a result of certification [RA & FT]. Outgrowers typically receive a lower per kg GL price than KTDA members as the outgrowers just supply the raw materials (GL) and are not shareholders in the factory. However the focal FT outgrowers association in the West of the Rift valley has been using its FT Premium to purchase a tea processing factory from the multi-national company that they supply GL to, they plan to then hire managers of that company to continue managing the factory and receive shares as a result of the value added through processing of their GL into made tea.

The same group of outgrowers has also used part of its FT Premium to help purchase a tea collection truck in order to give producers more control over the collection times of their GL. One triple (FT, RA, Utz) certified KTDA PO is working with Marks and Spencer and Traidcraft to set up a packaging unit at their factory in order to retain more of the retail added value. A value chain study reported that the average export price of Kenyan made tea was only 13% of its retail price.

Management capacity: Some professionalization through improved management systems, training in documentation, accountability, traceability, auditing, environmental and energy conservation [RA, FT]. Management transfers between KTDA POs are common, when managers from FT or RA certified POs are transferred to non-certified POs this can help speed up the certification preparations, while when managers from non-certified POs are transferred to certified POs there are significant transaction costs as managers become familiar with the certification standards. The FT certified outgrowers association is recruiting an extension/ environmental officer to help them with farmer training as they prepare for RA certification [RA]

Employee/employer relations: A more open and participatory style of management and improved relations between management and members/ factory staff [FT & RA]. Improved employment terms and conditions for factory workers with one rest day per week, sick leave and extended maternity leave being paid [FT&RA]. Enforcement of working hours and overtime limits mean that factory staff

now know when their shift will finish, and are therefore able to better plan their home lives, they are also now paid on time and in cash [FT&RA]. Introduction of training [FT] and credit programmes [RA&FT] for staff which makes the staff feel appreciated, increases their motivation, and helps them diversify their livelihoods

Financial viability: Sales trends: Increasing direct overseas sales by buyers interested in RA certified made tea [RA]. Variable trends in purchase of FT declared made tea amongst POs, with some seeing increasing year on year sales and associated FT Premium payments and others seeing disappointingly low FT declared made tea sales [FT]. FT Africa explained that they are dissuading any Kenyan tea POs interested in becoming FT certified from currently doing so, until the FT declared tea market has increased sufficiently [FT].

In terms of PO profitability: Both certification standards emphasise increased efficiency during tea processing, in the factories this has resulted in workforce reductions and investment in new more automated machines such as controlled fermentation units. An increased focus on energy efficiency has resulted in cladding of boilers, improved drying and storage of dry fuel wood for the furnace which increases its efficiency. The improved GL quality which the POs and members associate with improved training and higher certification quality standards has resulted in higher sales prices and increased revenues for the PO and its members.

Fairtrade Premium payments of USD\$0.5/kg are received from all buyers making FT declared tea purchases, although many purchase are only retrospectively certified. The majority of FT certified POs earn a FT premium on less than 10% of their FT made tea, although FT Africa report that other buyers are actively sourcing FT produced made tea in order to reduce supply chain risks but not marketing their tea as FT certified and therefore not paying a FT Premium for it. One RA buyer pays a premium of USD\$0.1/kg to an early RA certification adopter to cover costs of certification, other RA certified KTDA POs and those preparing for

RA certification does provide a fixed premium on prices, but it does generate a market premium, because of the associated quality of the product. The increased quality and associated sales price and wider market access achieved by RA certified KTDA POs is viewed as bringing sufficient extra income to the POs and members.

The recurrent high certification and audit costs, are viewed by many POs as a burden along with the significant time costs of documentation, awareness raising, training and planning especially in the early stages of seeking certification.

POs expressed desire for an umbrella certification process to help reduce the costs of multiple certifications (eg FT, RA, Utz, ISO). One PO reported managing to access a combined RA and Utz audit which had slightly reduced the cost.

Costs of production: During the FY 2010, outgrowers were getting lower returns from their tea production than the KTDA smallholder tea growers, with gross margins of Ksh79,190 - 92,725 acre/year and Ksh172,000 - 183,081 acre/year respectively. The total per kg green leaf (GL) price received by outgrowers (Ksh30.08-36.00/kg GL) was much lower than that received by the KTDA smallholders (Ksh43.5-46.55 /kg GL). Some producers are happy to settle for lower total GL prices if the monthly payment is proportionally higher and they therefore do not have to wait for and depend entirely on the bonus which is typically paid once a year about 3 months after the end of the financial year. Certification is to date having little if any impact on the price per kg GL that the farmers receive, although the FT certified POs after sales of FT declared tea receive the FT bonus of 'USD\$0.5/kg made tea' which is used as per the FT guidelines for the various projects the members

select. One RA certified KTDA PO receives an additional payment of USD\$0.1/kg made tea for every kg declared as bought as RA certified tea, but unlike the FT premium this RA payment is divided between the individual members and paid to them with their annual bonus.

Improved quality of certified POs made tea quality and associated higher sales prices and income for the PO and members improves the POs reputation in the eyes of the members [FT & RA]

Occupational health and safety: Increased occupational health and safety and first aid training and provision and compulsory use of PPEs in areas of the factory with safety risks (e.g. gloves, boots, dust masks, ear protectors), and removal of asbestos from factory roof [FT&RA]. Improved hygiene rules in the factory with compulsory use of footbaths and hand washing prior to entering factory and dust coats being washed at work [RA&FT]. Health and safety committee which workers participate in, and for which minutes are taken and inspected during audit [RA&FT]

Advocacy capacity: The certified POs have been doing a lot of local advocacy work with farmers in the community on environmental protection and safe use of chemicals [RA]

☐ The FT certified POs have been advocating with Fairtrade to try and raise the current low level of the FT Minimum Price compared to market prices; reduce certification fees; and to make the standards achievable in a more gentle progression over time (e.g. X within in years 1-3, Y within years 4-6 etc) [FT]

Networking: Certification preparations have increased interactions between KTDA POs as those already certified share experiences and lessons with those who are still preparing for certification. FT Premium committees from different POs visit each other to share experiences. The 'Fairtrade Tea Product Network' which is composed of FT certified tea POs in Kenya, Tanzania, Rwanda, Malawi and Uganda shares information (e.g. in July 2011 they shared what they were each doing on adapting to climate change and have followed this exchange up with visits, in another meeting KPMG were invited to explain carbon credits). The FT Africa Network is focused on ensuring producers are on the FLO board and have the capacity to articulate grass roots issues. The FT outgrowers view their FT certification status as having attracted donor agencies to set up new development activities with them (e.g. the Bill and Melinda Gates Foundation).

4.11 WIDER & UNEXPECTED IMPACTS

This section reviews the wider impacts, beyond the individual producer and worker level and beyond the producer organisation/estate. It includes effects at the sub-regional or national level, such as impacts on other producer organisations/estates, other spillover effects on the local or national economy, changes in policy as a result of advocacy activities and impacts on the environment. The latter include changes in sustainable agricultural practices on certified estates/farms and beyond, and for ecosystem services more generally. We have not been able to conduct specific studies to directly measure changes in ecosystem services (e.g. water or soil quality), but take changes in agricultural practices toward more sustainable practices as proxy indicators.

4.11.1 GHANA/COCOA/SMALLHOLDERS CASE (WIDER & UNEXPECTED IMPACTS)

Local community impacts: Limited evidence of impact in study sample communities as Fairtrade premium investments limited, but where boreholes or corn mills had been constructed there were positive benefits.

Sub-regional or national impacts: Kuapa Kokoo is still the only farmer owned cooperative LBC in Ghanaian cocoa, with a large membership. The benefits – though spread thinly – do reach many farmers across the Ghanaian cocoa belt. However, the economic benefits are currently somewhat limited, and there is no clear influence over national policy or district level planning.

In terms of **environmental impacts**, we find improved awareness of the safe use of chemicals is likely to have environmental benefits in the longer run. Some reforestation activities reported (although not directly observed in study sample). Increased awareness at organisational level of importance of environmental conservation and sustainable farming practices.

4.11.2 ECUADOR/COCOA/SMALLHOLDERS CASE (WIDER & UNEXPECTED IMPACTS)

In terms of **environmental impacts** the greatest changes in natural resource management were reported at one of the organic certified POs. with increased diversification, more fruit crops planted for household subsistence and sale and support for improved cocoa production. The farmers and producer organisation leaders mentioned mixed cropping, and the economic benefits and advice on reducing chemicals resulting from organic certification (BCS). The impact was less pronounced for the certified PO in the Amazon region where farmers were already practising environmentally friendly production. Organic certification predated RA certification – and the former has stricter standards on soil and crop management so it is unlikely that the latter has had additional impacts. RA mainly influenced waste management, with collection of waste. The organic PO was able to conduct some awareness raising activities. Using the Fairtrade Premium, one PO has invested in agroforestry and environmental training Fairtrade has positive environmental impacts, but may, on its own, be insufficient to challenge the wider forces causing environmental degradation in the study zones. Further, it is not necessarily the standards that cause farmers to care for the environment – other personal and organisational values are at least as important. In the survey, certified farmers were more positive about change relating to the environment than non-certified producers.

Changes at **sub-regional and national scale** resulting from certification are as follows: The most obvious impact on a national scale has been an increase in the amount of organic cocoa produced. More farmers are joining POs and there has been an increase in the number of organic certified organizations. The area planted, the volumes of cocoa exported and foreign currency earned, have all increased.

Cocoa organisations are gradually gaining greater representation in Ecuador and gaining greater self-esteem and confidence as a result. In the Amazon region, an example of this has been on PO's membership of the Cocoa Roundtable of the Sumaco Biosphere Reserve, which has increased the voice of small producers locally, as well as nationally. The PO's work together with other organizations, has led to a new proposal for a "Cocoa Law." The participation in the Roundtable and the associated interactions with other value chain players has been important in extending the PO social and commercial networks: such contacts can potentially assist the POs to establish cooperative or commercial agreements with different organizations.

Public development bodies are also showing increased interested in supporting cocoa farmer organisations and cocoa heritage, including investing in cocoa-related projects. In Tena Province, for example, the state is funding projects to recognize and rehabilitate cocoa culture and its origins. This in turn influences the marketing strategies of cocoa by the producer organisations and its promotion locally and with it the creation of niche markets for local groups.

The certified PO has become the main cocoa buyer in the region and is creating alliances with other groups and this gives them greater ability to push prices upwards to the benefit of members – with

intermediaries often following suit. Their confidence has grown rapidly to the extent that they dropped RA certification and are now considering ending organic certification at some stage in the future to develop their own standard or brand, based on chacra farming, now that they have positioned their products on the market and have established an international reputation.

The Fairtrade (and also organic) POs belong to the Unión Nacional de Asociaciones de Pequeños Productores Agropecuarios Certificados en Comercio Justo del Ecuador (CECJ). This organization was founded in 2010 to lead the empowerment of democratically organized small producers in Ecuador and have been pioneers in developing Fairtrade as an alternative form of sustainable development. CECJ is linked to the CLAC network (Coordination of Fairtrade in Latin America and the Caribbean) which represents democratically organized small farmer organizations in Latin America, and aims to strengthen and develop grass roots organizations through supporting their members, promoting their products and their involvement in social, political, economic institutions within the Fairtrade framework. These two associations - both locally and at a regional level - help strengthen small producer organizations and promote their products to different clients.

4.11.3 INDIA/TEA/WORKERS CASE (WIDER & UNEXPECTED IMPACTS)

In terms of **community impacts** the FT premium has been used to provide (a) blankets in the hospitals (b) health camps in a nearby tribal area and (c) provision eye check-up and reading glasses for the aged in the tribal area (and the workers). Hospital patients and local tribal community are benefiting from FT premium investment, but too soon to judge impact and limited data. Adherence to buffer zones ensures that the neighbourhood is not affected by the pesticide spray, with likely health benefits & biodiversity benefits. Similarly, the check on water quality at the exit point and treatment of waste water also ensure that the community dependent on the same water source is not affected by any type of contamination. Use of the estate crèche, hospital and roads by the neighbouring community and public transport – but not related to certification.

Environmental impacts: Integrated pest management practices, phasing out of hazardous chemicals, soil conservation practices, and use of natural compost to strengthen soil are some of the improvements in practices reported by the estates. All of these should have a positive impact on improving soil fertility and productivity in the longer term on soil quality. Certified estates are shifting to energy efficiency methods of production.

As at the certified estates, the non-certified estate has also stopped using toxic chemicals and adopted safe re-entry period for allowing workers to re-enter a sprayed field. But no Personal Protective Equipment (PPE) is provided for workers (only a coat), compared with good provision on certified estates. Nor have separate wash areas been constructed with soakpits for the sprayers at the non-certified estate, whereas this was provided on the certified estates.

Permission to cut trees is required from the Forest Dept. of India, so all the estates (certified or non-certified) do follow this in terms of banning tree felling. However, chopping of trees by workers for firewood has come under greater scrutiny from management as a result of RA certification, in order to prevent it happening and it was reported by workers and managers that that indiscriminate cutting of trees in the estate and surrounding areas has been stopped. The availability of gas cylinders under a government scheme has made life easier for many workers, and pruned bushes are not buried but given to workers to use for fuelwood.

Estates also plant more trees, which should lead to more tree cover and reduce the adverse climatic changes and better rainfall pattern. Wildlife protection and ban on hunting would lead to increased bio diversity in the region, less occasions of human-animal conflict.

4.11.4 KENYA/TEA/WORKERS & OUTGROWERS CASE (WIDER & UNEXPECTED IMPACTS)

Local community impacts: Local communities benefit from the support given to the local primary schools and secondary schools. The local community are also able to access the hospital on the dual certified estate. Enforcement of environmental protection of water sources and large scale tree planting and wildlife protection by RA certified estates have resulted in cleaner rivers and raised awareness about environmental protection and the importance of conserving wildlife and planting indigenous tree species. These environmental activities associated with RA certification are said to have led to cleaner rivers, wider awareness in the community on not to pollute the environment, and an increased culture of health and safety – all of which have affected the local community [RA]. Tree planting is reported to have improved environmental protection and awareness in the community [FT & RA].

Sub-regional /national impacts: Spillover effects are reported, with improvements to workers' living and working conditions on certified estates, leading other workers to demand improved conditions and better services.

Environmental Impacts: RA certification has promoted improvements in tea husbandry practices including: more frequent plucking rounds, manual weeding, composting of weeds prior to returning them to the fields, leaving of the prunings as mulch for the bushes, maintenance of a flat plucking table to maximise yields, better fertiliser placement practices, and reduced fertiliser application times and practices, safer use and handling of agrochemicals, planting of flowers along the edges of tea plots to reduce soil erosion, creating drainage ditches to prevent soil run off from the tea fields.

The estates recognise that the RA traceability requirements help them to maintain product consistency, and they can check the quality standards of each of their sorting GL reception workers at the factory, and trace a bag of GL back to the field team or plucker, and thus identify and address any quality problems quickly.

RA certification has helped increase the number of weighing points so pluckers do not have to walk so far with their GL which helps reduce GL squashing problems. Hygiene in the field and at the leaf collection centres has also improved which influences leaf quality. The clean cemented floors installed in the leaf sheds, together with the raised concrete benches which have been installed in some sheds have improved the postharvest handling of the GL. The more efficient weighing (due to use of electronic weighing balances) and transporting of GL from field to factory also reduces damage and premature fermentation of the GL.

The relevant workers have received training from their supervisors in the improved practices and their GL and made tea quality and price has increased as a result. Workers said they plan to incorporate many of these practices into their home farming activities whether for tea or other crops as they felt they would help increase their yields and would ensure their farming activities were viable in the longer-term. Estate manager and workers credit RA with having helped them improve the environment on the estate.

In addition to reducing soil erosion and use of industrial fertilisers in their tea fields, the certified estates have both implemented and done local community awareness training on other

environmental conservation practices. These include: creating and implementing short, medium and long term social and environmental management plans for their land.

Certified estates have set up tree nurseries of indigenous and Eucalyptus tree seedlings and planted some of the indigenous species along the riparian strips at the edge of water courses on their land to protect these water sources and they have encouraged the local community to do the same providing them with seedlings to help with this. The estates have also provided local schools with tree seedlings to plant.

Due to RA certification they have also identified and fenced off protected areas of their land to prevent it being grazed, and they report that the vegetation in areas such as the riparian strips has grown rapidly as a result. Due to RA certification they have put in hedges to separate tea production and living areas of the estate.

Due to RA certification the estates worked with local elders to create a census of all the wildlife on the estate and have designated land for wildlife protection. Both estates have implemented hunting and fishing bans on their land.

Due to RA certification, both estates now monitor their water use in different activities and are implementing strategies to try and reduce their water use. While previously wastewater water was left to flow straight back into the river due to RA standards it now has to be treated and tested to ensure it is of NEMA and KEBS compliant status before being discharged into waterways. Both the RA certified estates and the dual (FT&RA) estate installed water treatment systems to address this compliance issue. Key informants say this has led to health benefits of all those using the river water and those who used to be exposed to the untreated wastewater as it flowed all over the place.

One of the RA estates has educated its workers on rational water use and installed tanks and pipes to harvest rainwater for domestic use from the roofs of the managers' houses.

Prior to and 3 weeks after fertiliser application they take water samples from the nearby river which are then analysed for phosphate, nitrate contents and pH levels to monitor whether fertiliser is running off into the water ways.

As there are no serious diseases or pests of tea in Kenya very few if any pesticides are used. Where herbicides were being used, the certified estates have reduced their usage to spot application for very persistent weeds only and manually weed the other areas. The composted weeds are then used as mulch.

Factories have insectocutors installed to trap any insects present, and the wooden pallets on which the tea sacks are stacked are heat treated prior to the tea being loaded into ships at Mombasa.

Approved chemicals are used for cockroach control in workers' houses and this is either done by a contractor such as Rentokil, or by a worker trained in the safe use of chemicals. Due to RA criteria factory chemical stores are inspected quarterly for leakages.

One RA certified estate reported that they now monitor the siltation level of their dam and check their roads regularly for evidence of soil erosion. The other RA certified estate said they use grass roads as opposed to murrum clay roads to help reduce soil erosion.

This study did not assess the actual biophysical impacts of 'better management practices' (e.g. by measuring soil or water quality), but it is plausible and was reported by workers, managers and key informants.

Since becoming RA certified, both estates started carefully collecting, separating and disposing of their waste, with biodegradable waste being composted. Workers are expected to separate their household waste, and sometimes struggle to do this correctly. The improved cleanliness of the living camps is appreciated by the workers and they feel it has led to reduced incidences of illness.

Tea processing requires large quantities of energy to run the furnace, this is usually supplied by fuelwood. Due to RA certification both estates are using only Eucalyptus wood from renewal sources, and have invested in building sheds to ensure the wood they burn is dry for maximum efficiency. They are also altering and replacing various machines in the factory to improve energy efficiency and have installed transparent roof panels to minimize the need for electric lighting. They do regular energy audits to monitor and plan how they can improve their energy efficiency as energy is one of their largest costs.

4.11.5 KENYA/TEA/SMALLHOLDERS CASE (WIDER & UNEXPECTED IMPACTS)

Local community: Others accessing services from the focal tea communities (who may not be members of the POs) have benefitted from FT premium investments in school facilities, dispensaries, water tanks and pipes, and improved ecosystem services. Of the three Fairtrade certified focal KTDA POs: 2 of them had invested some of their FT Premium in local school, healthcare, water and electricity facilities, the other PO had not earned enough FT Premium to enable these kinds of investments. The FT certified PO had also made significant investments in local school facilities, health and water services. These services can be accessed by all in the community, the process of deciding on which community development projects to spend the FT Premium on had also brought the local community together [FT].

Environmental activities associated with RA certification are said to have led to cleaner rivers, wider awareness in the community on not to pollute the environment, increased culture of health and safety – all of which have affected the local community [RA]. Tree planting is reported to have improved environmental protection and awareness in the community [FT & RA]

Environmental impacts: Farmer field schools and lead farmer training in preparation for and after RA certification and increased training by the POs Tea Extension Services Assistants have been used successfully at scale to enable farmers to learn about more sustainable agricultural techniques for tea (more regular and more selective plucking, maintenance of the plucking table, improved fertilizer and manure application, leaving of tea prunings on the field as mulch, and better postharvest handling of GL) and production of other crops and safer use of agro-chemicals have led to improvements in tea quality and yields, and food diversification with health and income benefits.

Health and Ecosystem Services: Training and investments in sustainable agricultural practices and wildlife and riparian strip protection, tree planting, rain water harvesting, waste management, and more efficient energy use represent an investment in ecosystem services for the future. This study did not assess the actual biophysical impacts of ‘better management practices’ (e.g. by measuring soil or water quality), but it is plausible and was reported by smallholders/ PO managers and key informants.

Sub-regional and national impacts: FT Premium funded community projects have brought benefits to all in the focal tea communities, as dispensaries, schools, water tanks etc are not only for PO member use [FT]. The more intense training of members in tea crop husbandry, record keeping and financial planning, environmental protection in preparation for RA certification is reported to have

increased social cohesion amongst these members who now meet regularly in their training groups [RA].

Key informants report that RA certified farms, households and POs are much cleaner than prior to certification as waste management is a key element of RA certification. Enforcement of environmental protection of riparian areas is reported by members and key informants to have resulted in less soil run off into rivers, and in wider understanding by the local community of the importance of conserving wildlife and planting indigenous tree species [RA].

PO managers reported that tea farms were being better maintained than previously as tea farmers recognised the value of managing their tea farms well in order to produce high quality GL particularly when tea market prices are high [FT & RA]. However the Tea Board of Kenya is warning against rapid establishment of new tea farms as tea prices are notoriously cyclical and they expect tea prices to drop again.

In the West of the Rift valley where there is land to expand tea farms, members have been increasing their planted areas under tea. In the East of the Rift valley land pressure is so high that this is not usually possible [FT & RA].

It is estimated that about 480,000 (85%) of the 560,000 KTDA smallholder tea farming households are already RA certified, with a target of 100% by end of 2013. About 18% of the KTDA smallholder tea farming households is already FT certified, it is likely that many of these FT certified POs have now additionally become RA certified. Seven outgrower organisations in Kenya are reported as FT certified¹³, and 17,752 tea outgrower households are reported to have been RA certified by Dec 2012¹⁴. There are also numerous large tea estates which are now certified. Certification driven socio-ecological change at this scale will undoubtedly be leading to ecosystem protection. Tea farmers in general are perceived to be better off than non-tea farmers although this varies depending on the size of their tea farm, and their tea husbandry and productivity.

5. CONCLUSIONS ON EVIDENCE OF IMPACTS

The conclusion of the five cases is that sustainability standards have brought benefits to individual producers, to their organisations, wider communities and to the environment. **They each have brought positive benefits to individual workers and smallholders and to their organisations, but the scale of that impact has been limited – in all but one of the cases.** In Kenya there has been a positive impact on quite a significant scale, but measuring attribution is not possible, because the counterfactual was not sustained during the research project as the majority of the study organisations sought or achieved certification. **Both groups have shown positive improvements over time, but there is no control group available enabling the measurement of attribution. There is also evidence of spill-over effects in Kenya.**

But it is rarely the case that sustainability standards are able to lift smallholder households out of poverty and their reach is somewhat limited in terms of the diverse rural population. Certain groups such as hired labourers on smallholder farms and women are less able to participate in voluntary sustainability standards, because of the structural constraints on their access to land and other livelihood resources. The overall findings are mixed partly due to the variability that exists in the country-commodity-sector contexts – value chains are embedded in these contexts and as sustainability standards are implemented, their level of control over outcomes and impacts

decreases. But also there are areas in which sustainability standards are not achieving their intended objectives and other in which more attention is due. Therefore sustainability standards should review these and other impact findings and reflect upon their theories of change and whether their mechanisms and models are indeed correct and then seek to innovate to increase impact and scale-up uptake.

The conclusions are presented in the following sections in response to the evaluation questions.

5.1 CONCLUSIONS

5.1.1 POVERTY IMPACT OF VOLUNTARY SUSTAINABILITY STANDARDS

The primary question for this study was ‘Do voluntary standards have an impact on the poverty and livelihoods of smallholders, outgrowers and hired labourers and their organisations? If so what kind? Are voluntary standards effective mechanisms for tackling poverty?’

The conclusion of the study, from the five cases conducted, is that sustainability standards can and do bring multiple social, economic and environmental benefits to individual producers, strengthening their organisations (on balance), investing in wider communities and bringing plausible improvements in the environment. Thus, they do have an overall positive impact, but the scale of that impact has been limited – in all but one of the cases. We have not found evidence that sustainability standards, especially without significant additional producer support programmes, are able to lift smallholder households out of poverty and their reach is somewhat limited in terms of the diverse rural population. Certain groups, such as hired labourers on smallholder farms and women, are less able to participate in voluntary sustainability standards, because of the structural constraints on their access to land.

The overall findings are mixed, partly due to the variability that exists in the country-commodity-sector contexts – value chains are embedded in these contexts and as sustainability standards are implemented, their level of control over outcomes and impacts decreases. But also there are areas in which sustainability standards are not achieving their intended objectives – e.g. improving farmers’ incomes, or are failing to address other aspects of poverty, such as gender discrimination which marginalizes women. Further reflection is therefore needed by the sustainability standards to re-assess and modify their theories of change. It is important that the ambition of sustainability standards meets the scale of the challenges for global agriculture and so innovation is needed in terms of finding complementary and/or alternative measures which can better tackle rural poverty, deliver greater equity in global value chains, and support rural transitions to sustainable landscape management and employment.

These findings are similar to those emanating from the wider evidence base (section 3).

5.1.2 IMPACTS ON CERTIFIED VERSUS NON-CERTIFIED PRODUCERS AND WORKERS

A second key question for the study was ‘Do producers selling certified products and workers on certified plantations experience greater positive social, economic and other livelihood impacts than their uncertified counterparts?’ In this section we review the findings on incomes, household assets and services, food security, job security and ability to cover basic needs, drawing on the comparisons between certified and non-certified farmers and workers.

Improving **farmer incomes** is a key route to tackling poverty (we discuss the gender dimensions of this in section 5.1.5). In four of the five cases there were high levels of reliance on the tea or cocoa income within the study households. In terms of impact on income the findings were as follows:

- In the case of Ghana-cocoa-smallholders, no significant difference in producer household incomes was found. All farmers are affected by rising input and food costs, but overall household income and income from cocoa increased both for certified and non-certified producers due to relatively high market prices for cocoa. In terms of producer perceptions, the non-certified producers perceived a larger decrease in income over the past two years than the certified farmers.
- In the Ecuador-cocoa-smallholders case, certified farmers had significantly higher incomes from cocoa than non-certified farmers. Between 2010 and 2012 there was no significant change in cocoa income for certified farmers, but for non-certified producers, income from cocoa significantly declined. Household incomes were higher for certified farmers compared with non-certified, although non-certified household incomes increased at a higher rate over the study period, linked to a large increase in permanent employment. Certified farmers reported a significantly higher contribution of cocoa income to household expenses than non-certified farmers. Both groups reported feeling slightly better off in 2012 compared to 2010, but the difference was not significant.
- In the Kenya-tea-smallholders case, farmers reported income benefits arising from improved tea yields and quality as a result of certification. Although certified farmers had a higher annual income from tea, they also had a higher average acreage under tea. Tea yields of certified farms were significantly higher than non-certified in 2011, but only if certified outgrowers are included. In terms of household income, a significantly greater improvement between 2010 and 2012 was perceived by the farmers who were not certified in 2010, compared to earlier certified farmers, since many of the latter had already perceived high improvements in income in the two years prior to 2010, while the former were benefitting from improvements introduced as part of RA certification. Both reported similar scores on the extent to which tea income covers basic needs.
- In the Kenya-tea-workers case, there was a significant increase in annual incomes at both certified and non-certified estates between 2010 and 2012. Although the increase was larger for workers at the estates already RA certified in 2010 than those that were not, the difference is not significant. From questionnaire data, workers at certified estates perceived a significantly greater positive change in annual income and income per day, compared to non-certified estate workers. However, workers in focus group discussions indicated that they were not better off due to rising living costs, despite rises in negotiated rates and that overtime restrictions had led to losses in income for workers involving in maintenance, factory, transport etc. at the RA certified estate.'
- For India-tea-workers, no positive impact on tea incomes, either annual income or daily wage was found. There was no significant difference in workers' perceptions of change in income from certified and non-certified tea estates over the previous 2 years. RA certification has placed some restrictions on overtime for workers, but RA certified workers get paid more for overtime than the non-certified workers (perceptions of change).

Access to and control over livelihood assets and services are an important element of livelihood security and tackling poverty. The findings of the study in relation to the impact of certification on access to and control of key assets and services are as follows:

- In the Ghana-cocoa-smallholders case no significant differences were found in terms of ownership and control of assets. However, there was a significant difference in how farmers perceived change in market access, safe use of pesticides, access to training, health services and the environment, with certified farmers more positive than non-certified farmers. No significant differences were found in terms of cocoa productivity, prices, or education, but certified farmers report better access to training. New partnership programmes are in place which could improve productivity and quality through improving access to inputs and technical advice and there has been a sudden rise in sales on Fairtrade terms, but the benefits have not as yet filtered through to individual farmers.
- In the Ecuador-cocoa-smallholders case, improved income has not translated into significant differences in household assets. The income benefits have been used for more short-term needs. However, certified farmers were more satisfied than their non-certified counterparts about food security and other livelihood dimensions, including access to credit (Fairtrade producers), improved access to markets, having more stable markets and there was increased satisfaction in terms of training provision. Certified farmers have significantly higher productivity compared to non-certified farmers, with yield increases resulting from technical improvements and management techniques (organic, RA and Fairtrade) and access to inputs (Fairtrade). **However, a propensity-score matching exercise is still needed to ensure that this data is not affected by selection bias.**
- In the Kenya-tea-smallholders case, the RA certified farmers have improved savings rates compared to non-certified, although the level of increase was not significant. Farmers reported investing more in children's education with improved incomes from certification and higher prices, but no significant increase was evident from the questionnaire responses. Farmers reported increased quality and yields, livelihood and crop diversification and other various benefits accruing from investment of the Fairtrade Premium, including renovation of collection centres, health and school buildings leading to improvements in these areas. Out-growers report Premium investment in education and health facilities such as new dispensaries which contribute to improving mother and child health.
- In the Kenya-tea-workers case, certified workers have benefitted from significant physical improvements in sanitation, repair of houses, better access to education for children and improved transport. Non certified workers also reported positive change in housing, on site water supply and electricity. However, certified workers identified significantly more positive change in sanitation, on site water supply and education provision for children, than non certified workers. Non certified workers reported a significantly greater improvement in housing. Certified farmers are more satisfied with their access to services at the RA estate and overall quality of life as there are many occupational health and safety improvements benefitting factory workers as well as improved hygiene and environmental improvements. Female pluckers are benefiting from the reduced distances between weighing points following investment in these. Improved worker-manager relations are also reported. However, there are mixed outcomes in terms of political empowerment.
- In the India-tea-workers case, no major differences were found in terms of financial services or education, but positive health benefits were reported by certified workers. RA certification has had a positive impact on housing quality, drinking water quality, waste management, hygiene and sanitation. The Fairtrade Premium is supporting scholarships, paying a teacher's salary, vocational training for some of the workers' children. The various improvements from RA and FT certification have contributed to workers feeling better off compared to non-certified estate workers, and worker-manager relations have improved, although no major changes have been achieved in terms of worker's empowerment. The non-certified estate has experienced poor worker-management relations in recent years.

Achieving food security is a critical element in tackling poverty. The study findings were mixed on this issue. In the Indian tea workers case, no significant differences were found in terms of the number of meals consumed per day. However, certified workers were significantly more satisfied with the quantity and quality of food consumed, compared to non-certified workers. Between 2010 and 2012, both non-certified and certified workers became less satisfied with the amount of food they had, but workers at non-certified estates had a significantly larger decrease in satisfaction than workers at certified estates. This suggests that workers at RA-certified estates are less vulnerable to food insecurity.

In the Kenyan-tea-worker case there were improvements in the numbers of meals and satisfaction with quantity of food for workers at the RA certified estate compared to the comparison estate which obtained RA certification several years later. In Ghana no significant differences were found in the number of meals consumed per day between certified and non-certified farmers, but certified farmers were more satisfied with the quality and quantity of food consumed. Significantly more certified farmers obtained all their food from their own farm. In Ecuador there were positive results: certified farmers were more food secure than non-certified farmers (with higher protein consumption and a greater proportion of food covered by own farm production). In Kenya there is increased ability to grow food crops amongst FT and RA certified smallholders, helping to reduce expenditure on food items and farmers have more purchasing power (as higher incomes). There were no differences in numbers of meals or satisfaction with amount of food eaten, but FT and RA certified smallholders became significantly more satisfied with their quality of food compared with non-certified farmers.

In terms of **achieving job security** and improving employment terms and conditions there was more impact in Kenya, compared to India – in the latter case existing legislation, collective bargaining and labour shortages meant that job security and terms and conditions were relatively good, because management were keen to retain existing staff and mechanisation was not very feasible due to the steep slopes in many areas. In the Kenya tea workers case, all workers have contracts, with social security contributions included and 26 days paid annual leave. Certification has led to entitlement to a rest day after every 6 days of work and 3 months maternity leave, 2 weeks paternity leave, paid sick leave and lighter duties for nursing mothers. Factory workers have reduced hours due to RA rules on overtime. Major improvements have been made in housing as a result of certification and more provision of water for pluckers. Increasing mechanization is leading to a reduced workforce, disproportionately affecting women. The machine operators reported worsening working conditions. In the India tea workers case, there were no changes (for existing or migrant labour) in job security due to existing labour legislation and labour shortages – most workers are already on permanent contracts already. Temporary workers share similar benefits as newly recruits permanent workers are rapidly given permanent contracts.

Covering basic needs

In Ghana, cocoa farmers' assessment of the contribution of cocoa income to covering their basic needs showed a significant decline between 2010 and 2012, for food, clothing, school expenses and health. There was no significant difference in either year between non-certified and Fairtrade certified farmers. Both groups considered they had become significantly worse off between 2010 and 2012 compared with the years prior to the baseline. The certified smallholders had become less optimistic about their well-being in the near future.

Cocoa farmers in Ecuador reported a significant decline in the contribution of cocoa income to basic needs (clothing, schooling, health, water, energy and debt repayment). Certified farmers also saw a

significant decline in contribution to food. However, the extent of the decline was significantly greater for the non-certified group (for clothing, health, water, energy and debt).

Kenya RT and RA certified and non-certified smallholders both reported similar positive changes in extent to which tea income covers basic needs (food, clothing, school expenses, health costs, water, energy. Income was invested in children's education, better food, household and farm improvements, livestock, small shops, motorbikes and clothes. However, in discussions smallholders indicated that rising living costs are masking benefits from improved incomes.

For tea estate workers in Kenya, the contribution of tea income to basic needs increased between 2010 and 2012 (significant increases among certified and non-certified workers for food, clothing, health and energy, and additionally for certified workers, school expenses). The extent of change was significantly greater for non-certified workers for health and energy expenses, (starting from a lower base) but greater among certified workers for schools expenses.

In India, the estimated contribution of tea income to meeting basic needs increased for certified and non-certified workers (for food, clothing, health, energy and school expenses)

5.1.3 MAGNITUDE OF POVERTY IMPACT

Many previous impact studies have considered the benefits and costs of certification, but have not really addressed the question of 'whether voluntary standards are lifting people out of poverty? What is the scale or magnitude of their impacts on poverty?'

This study finds that there limits to effectiveness. It is not possible to universalize our findings across all situations in which sustainability standards are implemented, but in the cases we have studied it is clear that while there are commonly benefits from sustainability certification, the impacts are limited and large numbers of producers are not moving up the poverty ladder to the next levels. There is limited reach to smallholders who do not already have a certain level of assets, or who are particularly marginalized and discriminated against, such as women, migrant hired labourers and landless. To increase impact to a level that will tackle poverty requires more investment and policy reforms. However, this does not mean that sustainability standards do not have an important and useful role to play, although they also need to innovate. It is also important to communicate to the public and businesses more carefully their outcomes and impacts, explaining how these will vary in different conditions (i.e. their marketing has to be more realistic in the messages given out) and that they cannot overcome rural poverty alone. More partnerships are needed with agricultural advisory and extension services, and engagement in lobbying on structural constraints.

To achieve sustainable and equitable trade will require a much larger set of interconnected interventions, including rights based issues of land and tree tenure security for women and access to inputs, services and information, but as more collaborative investment programmes are implemented, it is critical that these engage more deeply on issues of gender and social difference and innovation in the types of producer organisation which can be supported. Scaling up is needed and for this, sustainability standards have to become easier to comply with. This could be achieved by using 'step-wise approaches', as ISEAL is exploring, and collaborative investment programmes, as well as government support (e.g. through procurement policies which favour certified products and building up institutional capacity for monitoring). Donors can support learning alliances for monitoring and impact work, support initiatives that enable harder-to-reach groups to participate in trade (as the private sector is less likely to invest here) and support innovation in civil society and government capacity to hold corporations to account. Donors can also support action research to

pilot and *cumulatively* scale up social economy enterprises focused on different end markets. There are opportunities in emerging markets as well as building demand in existing consumer markets.

The findings from this study indicate that where additional investment programmes (public-private-civil society) accompany sustainability standards, providing support for sustainable agriculture, productivity, quality, and producer organisation, then much greater impacts are likely. More strategic assessment of needs and potential trajectories is urgently needed at a country-commodity/industry level, (with a particular focus on supporting smallholder agricultural development, as well as improvements in existing large-scale enterprises in terms of decent work and labour rights). As part of this analysis, much more strategic collaboration with organisations which can provide agricultural advisory and extension services in the public, private and third sectors is needed. In fact the sustainability standards world needs to better connect generally with the agricultural international development community – because there are so many initiatives (e.g. learning alliances and innovation platforms, use of ICTs, participatory approaches, climate change adaptation) which are of relevance to the export agriculture sector and which are not being adequately taken up by many of voluntary standards.

This is needed to avoid duplication in producer support services and to increase quality and targeting. More strategic analysis, investment and partnerships could also support innovation, including greater use of ICTs, employing approaches such as farmer field schools and participatory learning, and sharing of existing materials from standard bodies and alternative trade organisations.

In the past, Fairtrade has neglected investment in good agricultural practices, but they too are recognising the need for greater action in this sphere. We would also argue that support for producer organisation is a critical component of success, but that it is not necessarily the case that cooperatives are the answer in every location and there needs to be more innovation to scale up. But Utz and Rainforest Alliance do not attend to the democratic organisation of producer groups which is something unique offered by Fairtrade. It is not yet clear what efficacy the Fairtrade producer networks will have, but if they can develop a culture of accountability to members, and remain open to and engaged with the interests of non-member smallholders as well as existing smallholders, then they represent a real opportunity for devolution within the Fairtrade system from North to South.

In plantation contexts, the evidence of impact in our two cases is limited. In the Indian case there is already labour legislation, collective bargaining agreements and fairly widespread unionization (although their efficacy is limited), and a wider context of labour shortages. These things combine such that managers at the estates are already providing a certain level of services to workers in order to sustain their existing workforce. Thus Rainforest Alliance certification – required by the buyer – has been taken up to sustain market access, but the changes on the estates have not been very far reaching. There are benefits for workers, as explained above, but the changes are not transformational for workers in terms of their poverty/wealth levels. Neither Rainforest Alliance nor Fairtrade has been able to tackle living wage issues through their mechanisms, although Fairtrade is reviewing its hired labour standards. No major problems were observed in relation to the increasing use of migrant labour – probably because labour shortages are so severe that existing workers do not feel threatened by the incoming workers from the North of India. In both Kenya and India, women workers make up the majority of the workforces, but are unable to progress to better positions, because there are no routes to promotion and the sustainability standards cannot address these issues. Nor can they address issues of alcoholism, which is a problem for workers as well as employers in the Nilgiris. In Kenya there are various benefits for workers and for outgrowers resulting from certification (as well as costs), but the fact that women, who make up the majority of the plucking workforce are stuck in lower paid jobs, means that they are not able to be promoted.

The wider forces of casualization and increased use of contract labour, and mechanisation in Kenya are affecting overall workforces, leading to job losses and disproportionately affecting women.

Again these broader forces are not being tackled by sustainability standards, although there are some examples of broader coalition collaborative programmes (e.g. Solidaridad has begun a new tea programme in India tackling issues beyond the standards, including living wages and alcoholism). Clearly, the sustainability standards need to address living wages, but also contract labour issues and to work more closely with trade unions.

5.1.4 REACH OF VOLUNTARY SUSTAINABILITY STANDARDS IN RURAL SOCIETIES

The study also formulated an important question of relevance to poverty impact: 'Can voluntary standards reach the most disadvantaged in society? What are the inclusion or exclusion thresholds which shape entry to such voluntary schemes and how do these vary across time, contexts and for smallholder and hired labour situations? Is there a risk that voluntary standards reinforce regional inequalities?'

Voluntary sustainability standards, in common with other market based interventions, are not easily able to reach the most disadvantaged in society, because of the basic level of assets required to produce the product that is then traded on the market. In most cases, the smallholders with whom sustainability standards are engaging and the ones they could potentially engage with, are already located in the better-off category of smallholders in a rural territory, but this does not mean that the benefits to these groups are not valuable – if part of a comprehensive set of overlapping interventions and if innovations are made to reach marginal groups. It is also worth noting that in terms of spatial patterns of poverty, areas dominated by export tree crops are not usually the poorest zones. Further, wider society can benefit through spill-over effects and improvements in ecosystem services which underpin the livelihoods of the majority. However, such changes are not of a sufficient scale to transform markets and landscapes without complementary measures, such as investments in productivity, quality, infrastructure, changes to legislation, exploring domestic and regional market opportunities etc., nor without a greater consideration of the power dynamics involved in value chains.

An analysis of the **coverage or reach of sustainability standards within each case across the industry and the types of smallholders able to participate** (country-commodity-sector) finds that in one case, Kenya, there has been dramatic expansion of sustainability standards across the sector, and in the others there has also been expansion with some POs obtaining multiple certifications during the study – but the scale is less extensive. In terms of the types of smallholders being reached, we find that in Ecuador the farmers in our study sample have an average farm size of 11.5 ha (2012) rather larger in comparison to other smallholders (when comparing to a national typology of farming). In Kenya, overall, KTDA smallholders are widely considered to be among the better off of smallholder farmers. In Ghana there was no difference found between Kuapa Kokoo farmers and non-certified cocoa farmers, but both are widely seen as being better off than non-cocoa farmers.

In Ecuador according to the 2000 census, 100,000 families are involved in cocoa cultivation, covering an area of 490,000 ha (of which 90% living in the coastal region). The producer organisations within the study were relatively small – ranging from 59 to 908 individual members. The study organisations had a membership at the time of the 2012 fieldwork of 1518 members - this therefore roughly represents 1.5% of the total cocoa households. Most of the cocoa grown in Ecuador is grown on farms of 11-50 hectares, although the majority of agricultural productive units are of less than 10 ha in size and there is variation between the mountains and coast with larger average farms at the

latter. The majority of farmers in the study organisations have farm sizes of 11.5 ha (average 3 hectares of cocoa – except at one FT/organic PO. This would indicate that sustainability standards are not just reaching the (relatively) better off smallholders, but also those with even more limited resources (although not subsistence farmers who have very limited assets, yields and agricultural income).

In Ghana the organisation has grown large and has an estimated membership of 85,000 farmers, producing approx. 5% of national cocoa production. Kuapa Kokoo is the only farmer-owned licensed buying company (LBC), and one of the few large farmer cooperatives. However, there is on-going investment in the Ghanaian cocoa sector to develop new organisations, including primary level farmer groups who have already achieved certification during the study period, and which could sell via other exporters or could potentially unionize themselves. Other sustainability standards have expanded rapidly in Ghana in recent years, raising concerns in some quarters about over-supply of certified cocoa. This producer organisation was included in the study because it illustrates the potential for a sustainability standard to go to scale (in other words to reach a significant section of rural society). However, partly due to the specific contextual factors in Ghana cocoa governance, the evidence does not seem to indicate a major poverty impact from the sustainability standard as yet. In a sense this reflects the positive benefits of a joint governance system offered by COCOBOD, but at the same time it reveals some of the limitations of sustainability standards to make a big difference in such contexts and also when sales of certified products are low. It is unfortunate that sales of Fairtrade cocoa have leaped up at the producer organisation *after* the final fieldwork was conducted – therefore the impact has not yet filtered through, but an increase of PO sales on Fairtrade terms from under 10% to 30% is likely to mean much greater impact. This would be enhanced if PO governance and capacity are improved through innovative investments and support, and *if* investments are made in quality, productivity and producer empowerment. At the same time, systematic changes are needed in the enabling environment. Collaborative programmes involving the private sector and civil society are being implemented and can play a role, but it is also the case that structural issues such as land tenure insecurity require reform– particularly if women are to be empowered and gender inequality tackled. Further, one of the collaborative projects supporting farmer groups, including some Kuapa Kokoo primary societies, to obtain inputs on credit and business services, are not accessible to poorer cocoa farmers, because of the upfront investments required.

But it is in Kenya that there has been the widest reach of sustainability standards in both the smallholder and hired labour sectors. 85% of the 560,000 KTDA smallholder tea farmers are already RA certified, with a target of 100% by the end of 2013 and 18% of KTDA smallholders are FT certified). By 2012 only 8 of the 60 KTDA POs were not already certified or in advanced stages of preparation. This represents significant coverage of the sector. Similarly, many of the large estates in Kenya are now RA certified and outgrowers are also obtaining FT and RA certifications.

In India there has been a shift amongst the estates selling to Unilever, driven by the buyers' commitment to purchasing only certified products by 2015. However, there are many estates within the Nilgiris Hills who are not yet certified, including some who sell only on the domestic market and who are not touched by the sustainability standards. Furthermore, at the time of the study there was no coverage of the large smallholder tea sector in the Nilgiris by sustainability standards. Once an estate is certified there is the potential for all workers to benefit – however, job status (which is correlated with gender) is a key determinant of benefits obtained. Women in tea are stuck in low paid plucking jobs and are those most vulnerable to replacement by mechanisation and currently the sustainability standards do not have mechanisms to address this adequately. This does not mean that there are not benefits for women workers. Although, benefits have been derived by women workers in the Kenya case, there is no observed shift in job status for the majority.

In terms of **producer governance and inclusion/exclusion thresholds**, we did not find any active discrimination to exclude particular groups. .

There are **specific marginal groups in each context** who are not reached by sustainability standards. While we do not have evidence that they are further marginalized as a result of sustainability standards, it is an issue of concern. Some of **the requirements to join the PO effectively prevent certain groups of rural people from joining and hence benefiting from sustainability standards**. For example, the KTDA requires members to have a land title and sets a threshold of a minimum number of tea bushes and a minimum age (18). While there are constitutionally driven changes in Kenya and some signs of women being given areas of land/tea bushes to enable them to register with the PO, these are not widespread. The land title and number of tea bushes severely restricts women's capacity to join the PO and membership levels remain low. Women may benefit from increased incomes resulting from certification and the associated training in quality etc, but this cannot be assumed.

Quality requirements and costs of compliance (e.g. purchasing expensive Personal Protective Equipment) can also be difficult for some households, but are not necessarily insuperable - in Kenya training is being provided to overcome quality challenges, with significant success, and there is sharing of PPE equipment which reduces costs of compliance. In Ghana, there are migrant hired labourers who are not casual labourers, but are managing operations on the cocoa plots at least seasonally and sometimes for longer periods of time). These 'caretaker' farmers - are unable to join the PO, because they do not own the land. They can benefit from attending training sessions, but otherwise they are excluded from the producer organisation (and hence any benefits to be derived from Fairtrade certification).

Hired labourers on smallholder farms are not reached by sustainability standards. Use of hired labour is common place in Ghana and Ecuador, but no significant differences between certified and non-certified producers were found in conditions for labour except on reduced exposure to health and safety hazards as a result of training. There were no major changes in their terms and conditions in either case. In Kenya, smallholder farmers reported improvements in hired labourers working conditions and relations between employer and employee. However, the perspectives of hired pluckers were more mixed, with some participating in training on quality, advice on financial management and educating children and farming field days, but at another producer organisation they had no information and did not report improvements.

It was not feasible to assess changes in **child labour** in this wide-ranging study, because this would require more in-depth, investigative research methods. However, sustainability standards are certainly bringing improvements in this area by shining a light on practices on farms and workplaces through auditing (however, flawed) and in the case of Fairtrade, supporting investment in programmes to tackle child labour where it is an issue.

Child labour is a serious challenge in West African cocoa production and there are many initiatives seeking to tackle it. The Fairtrade certified PO is very large, and when cases of child labour were reported in the press it was suspended in 2009, just prior to this study. However, following corrective measures it was re-instated and the PO has invested significantly in a programme of measures aimed at tackling child labour, including a partnership with the ILO. Fairtrade is thus helping to highlight this issue and to fund, through the FT Premium, specific actions to tackle it. We cannot assess the actual change in practices on the ground, however, but levels of awareness were high on this issue across both certified and non-certified farmers interviewed. At the same time, it is

difficult for an organisation the size of Kuapa Kokoo to guarantee that there is no child labour given its very size and the dispersed location of members across so many regions of the country.

In the Kenya smallholder sector, messages about tackling child labour have been reinforced by sustainability standards, although there was also a lack of proper communication by certified POs about whether children can help on farms after school and during the holidays if the work is appropriate and not hazardous. Our information on actual practices in the tea estates is limited, although older children (18 plus) should now have a contract as a result of certification and more children were being enrolled in secondary schools.

In Ecuador, child labour was not seen to be an issue and previous reductions have been achieved, according to key informants, as a result of government legislation. In Indian tea, child labour has not been an issue. The workforce is relatively stable, and the majority of children of the tea estate workers have been well educated and are working in the cities in relatively technical and professional jobs. The managers are now facing a labour shortage and so child labour could possibly be an issue in the future as more migrant labourers are brought from the North of India to the Nilgiris, but this is a recent phenomenon and no evidence was found that under-age workers are being employed.

5.1.5 GENDER IMPACT

This section provides an answer to the important study question: ‘What are the gender dimensions of the poverty impact of voluntary standards?’

There has been very limited impact on gender inequality as a result of sustainability standards certification. Much more serious attention to this issue is needed by the standards themselves, but also there is a role for donors providing support in this area, to ensure that action is considered a priority. Some crops and standards markets may be easier for women to reach – there is also variability between types of crops with tree cash crops being particularly gendered in terms of access and control. However, it is also the case that with investment in systemic changes in organisations and at household and community levels, change can be achieved. The scale of the investment needed is often under-estimated. It requires a change in underlying cultural norms that discriminate against women, and the tackling of structural factors such as land tenure insecurity as well as improving access to inputs and technical advice. Labour saving technologies are particularly needed, because of the workloads women in many rural areas have. There are many existing areas of good practice not being applied or adequately addressed because of the focus on getting the market linkages to work. While there are costs to tackling gender inequalities, if more serious efforts are not made in this area then opportunities will be missed to empower women (known to have important impacts in tackling poverty) and there are risks that inequalities will only be deepened – if women have increased workloads, no change in control of income, cannot join growing POs etc.

In all the five cases, underlying norms and structural factors create significant gender inequalities. In none of the cases were underlying gender norms significantly challenged and in some cases it is possible that there has been some reinforcement of existing inequalities, because of the way benefits (e.g. income benefits) are likely to be controlled within the household. However, positive steps are being taken and women are getting some benefit from certification - particularly in the two Kenyan cases.

In Ghana, we did not find any significant changes in gender relations. However, the producer organisation does have a strong gender policy, and there are specific targets for women’s representation on primary society committees – resulting from Fairtrade – and until recently Kuapa

Kokoo had a woman President acting as a role model. Women participate in meetings, although some women's focus groups reported some difficulties in accessing information about meetings, in attending meetings and speaking freely. We do not have systematic membership figures – because the PO was not collecting this data earlier in the study – but women's membership has risen. Women generally have less influence in cocoa production. Few women own land, except where they inherit it, and many rely on 'caretaker farmers to cultivate the cocoa'. Until issues relating to land tenure security are addressed, it is unlikely that women can benefit more clearly from Fairtrade – but this is obviously an issue which (largely) goes beyond the reach of a sustainability standard. At the same time, were the PO to be able to build its advocacy capacity it could lobby for change in this area – but it is a deep-seated problem requiring engagement from a host of stakeholders to achieve change, as well as societal changes in attitudes.

Communication between management and individual members within the organisation needs to improve on a range of issues, including the decision-making process for the Fairtrade Premium, and training should be more tailored to engaging and reaching women farmers. More could be done to ensure that women in cocoa farming households and women who own land in female headed households are fully informed about scheduled meetings, they are encouraged to attend, that topics focus on their needs and interests, and meetings and training sessions are held when it is convenient for them. More creative use of ICTs is needed to support better communication across such a vast organisation – including community radio, interactive SMS messaging, participatory video, e-learning for managers and staff, and development/sharing of (tailored) resources. Improved two-way communication would enable members to be more active participants – but efforts need to be made to ensure that women are supported to participate. Funding had been allocated from the Fairtrade Premium for women's groups within Kuapa Kokoo, but these groups did not fall within the fieldwork study areas and so we were not able to assess their effectiveness. However, it is notable that these groups are not seeking to support women in cocoa production training and skills. Since the fieldwork, there has been investment by Twin, an Alternative Trade Organisation (ATO), in Gender Action Learning Systems (GALS) work in several primary societies – so the support organisations are aware of the challenges. There was no evidence of any efforts being made by the comparison licensed buying companies to try and empower women. Within Kuapa Kokoo as an organisation there has not been any systematic analysis and strategizing on gender norms and practices. This needs to be tackled if changes are to be expected at household level.

In the Ecuador-cocoa-smallholders case, some women have been appointed as board members in both RA/organic and Fairtrade/Organic certified organisations, although this is not attributable to the certification process. One constraint to their participation was reported to be the lack of time for them to attend meetings which suggests inappropriate timing of the meetings or restrictive cultural norms. Women and men have received training on employment conditions, gender equality and discrimination issues, but the outcomes of this training are unknown.

In the Kenya-tea-smallholders case, more women are represented on collection centre committees as a result of certification, which is a positive step, but not at zonal level or board of directors. There are also more female managers being appointed in POs, especially in processing sections, again supported in part by the encouragement and focus of certification. Women are also represented on all Fairtrade Premium committees, as required by the standard. There has been provision of training on joint financial planning which has increased women's input into household expenditure plans for the annual tea bonus. There are a few reports of limited improvements in women's access to land and registration in POs, but women still represent less than 30% of members and any changes are mainly driven by broader societal and constitutional changes. There have also been some improvements in women attending meetings, again due to pressure from the certification process, but progress limited and mixed across different groups. Numerous Fairtrade Premium investments

have been made, which particularly benefit women and children, such as construction of dispensaries and classrooms, girls' dormitories, water tanks, collection centres, and support for livelihood diversification.

In the Kenya-tea-workers case, more women are now represented on worker committees. However, they are still stuck in plucking jobs and few women are found in field supervisory positions. Women pluckers have attended fewer training sessions compared to other groups of workers. There are improvements in manager-employee relations, with improved influence of women over decisions, because of a more open dialogue. Women participate in Fairtrade Premium decision-making, with some of these investments particularly benefiting women and children. There were some reports of reduced domestic violence and more joint household decision-making as a result of training from Rainforest Alliance, although we could not research this sensitive subject in any depth.

In the India-tea-workers case, there were no major changes in gender relations observed. Workers are appreciative of recent investments using the Fairtrade Premium and being involved in a process of decision-making relating to the Premium, but it is early days and so the outcomes are not yet evident. However, women form the majority of the workforce and tend to work only in the lower paid plucking jobs: They are not getting any more opportunities for promotion as a result of certification (e.g. to field supervisor or factory positions). No significant differences were found between men and women's earnings in the questionnaire survey, although in focus group discussions men and women reported that women tend to have higher earnings than men because of the incentives for pluckers based on quantities of tea picked. Women's representation in union meetings is limited.

5.1.6 NEGATIVE OR UNEXPECTED IMPACTS

The study sought to test not only whether the voluntary sustainability standards' theories of change (or those articulated by the study team) produced the expected outcomes and impacts, but also – as befitting an impact study – to explore any negative or unexpected impacts. The question 'Are there negative or unexpected impacts on participants or non-participants?' was included in the study design. However, where any negative or unexpected impacts have been observed, these have been discussed in earlier sections as an integral part of the analysis.

It is worth noting that we did not find evidence, however, of major serious negative impacts for particular groups or regions. Some issues have arisen (e.g. overtime restrictions reducing working hours and pay for factory workers in Kenya), but these are not hugely serious.

The most challenging aspects of the findings are more to do with the *magnitude* of impacts, particularly at individual household level – which in some cases are fairly limited – and the lack of *reach* – i.e. the segments of society not able to participate in tree cash cropping, or that are able to grow the same crop but are within an organisation that is not yet certified. There are also *thematic* areas where sustainability standards are not tackling poverty or broader sustainability issues adequately as part of their required standards – e.g. greenhouse gas emissions and climate change adaptation, gender issues, and living wage.

5.1.7 RELATIVE IMPACT IN HIRED LABOUR AND SMALLHOLDER SITUATIONS

The study asked: 'Is there a difference in the kinds and magnitude of impacts (in terms of number assisted and extent of changes resulting) being achieved in hired labour and smallholder situations?'

This study was one of the first to cover multiple enterprises in each country, covering the different conditions in which the crops chosen for the study are grown and exported. Cocoa is largely a

smallholder produced crop and so there are no comparisons to be investigated. In Kenyan and Indian tea there are both hired labour and smallholder situations in India. In India the smallholder sector in the Nilgiris is not covered by voluntary sustainability standards as yet and so again there are no direct comparisons to investigate. In Kenya estates and associated outgrower groups and smallholders are seeking and obtaining certification and often multiple certifications.

Key informant interviews revealed that hired labour situations on estates are seen more as the 'low hanging fruit' by many associated with the more mainstream sustainability standards – because buyers can demand certification from suppliers, and if there is some level of management commitment then changes can be rapidly implemented and reach across the whole workforce. For Fairtrade the challenges are harder, because they are seeking to empower workers.

Our previous research on the impact of corporate codes of practice indicated that the commitment of managers is a crucial element shaping their outcomes and impacts – this is because some non-committed managers made investments in some areas as required by standards, but then made cost savings elsewhere in order to make up their perceived losses – leaving workers not necessarily better off. Further, the benefits of codes of practice did not reach the seasonal and casual workforce and much greater progress was made on material and social wellbeing indicators, and much less on worker empowerment indicators. Further, a range of more structural or cultural/norms-based issues were identified in participatory indicator development exercises as being of importance to workers, but were not adequately addressed by the corporate codes of practice, e.g. access to promotion, access to jobs and decent work, alcoholism, sexual harassment and domestic violence, housing etc. Since that time, sustainability standards have been taken up to address environmental sustainability issues on estates, as well as to secure ILO labour standards, and Fairtrade has sought to deliver on ILO labour standards, but also to go beyond this to worker empowerment, for example, requiring traders to pay a premium that is then invested in community projects and decided upon by a Joint Body (with worker and management representation). Fairtrade itself has reviewed its worker strategy and identified areas in which it needs to make changes in the strategies encapsulated within the theory of change (see next section).

The challenges in the smallholder sector, according to key informants interviewed, are harder to overcome, because smallholder livelihood strategies are inherently risky and complex, they face so many challenges to reach and stay in markets, especially export markets and because of a lack of organisation and economies of scale. Thus, it has been a strategy of some of the more mainstream standards to work with estates first, but then to roll-out their standards in smallholder settings later. It also depends on the incentives for obtaining certification – the commitments made by major tea buyers has led the estate suppliers in Kenya and India to rapidly seek certification. In Kenya, KTDA companies have also seen benefits in obtaining certification to sustain market access. In contrast in India, the smallholder sector remains untouched in the Nilgiris hills at the time of the study.

In Fairtrade, from the early days of working only with smallholders, they have chosen to mainstream, and this includes working with hired labour estates certain commodities/locations. They are also still developing their work in this area to increase impact. However, their primary focus is still said to be on smallholders and as well as focusing on producer empowerment, including through their important governance changes and building up of producer networks, they have begun to respond to the analysis that productivity, quality and sustainable agriculture capacities need to be built up (which competitors such as Utz Certified are tackling), well as benefits to individual producers via price mechanisms (these have limited effect when world prices are high and for those with small farms it is harder to achieve poverty impacts via price mechanisms alone). In 2011 the New Standards Framework of FLO indicated that producer organisations must discuss investing at least 25% of their premium in productivity and quality related areas. In hired labour

Fairtrade faces a challenge when world market prices are high, as the additional Fairtrade Premium makes this option expensive for buyers, compared to other standards and they have struggled to sustain demand in tea as a result in recent years of relatively high prices.

5.1.8 EFFICACY OF MECHANISMS

The study raised an important question about what is the efficacy of the different mechanisms used by sustainability standards to achieve their ends and how far do these mechanisms and outcomes/impacts tackle poverty: 'Which elements or mechanisms of voluntary standards are the most effective in tackling poverty (e.g. producer support to access export markets, greater security through guaranteed prices and pre-financing, stronger producer organisations to increase the power of disadvantaged groups, networking amongst certified groups etc).

There are a range of mechanisms or impact pathways by which the different sustainability standards seek to create an impact. These are encapsulated in our hypothetical theories of change for different situations – e.g. hired labour or smallholder, and for the different sustainability standards (see figures 2 to 5).

The efficacy of mechanisms in smallholder situations is discussed first, followed by a discussion of the efficacy of mechanisms in hired labour situations.

Fairtrade has a number of economic mechanisms designed to intervene along the value chain to deliver 'fairer' trade. The Fairtrade Minimum Price (FTMP) is calculated to cover the costs of sustainable production. There is not space here to cover the wide-ranging debates about how the FTMP is set and at what level it should be set. In this study the FTMP has been inactive, because while volatility continues, world market prices have generally been higher for tea and cocoa. Fairtrade developed as market prices in coffee dropped sharply, as a result of the collapse of the International Coffee Agreement in 1989. The safety net effect of the FTMP was important during that time for the certified producer organisations and individual members. However, given the likely upward trend in agrifood commodity prices, this mechanism became fairly irrelevant. If commodity prices fall, and coffee prices have fallen in 2013 below the FTMP, then this safety net could still be valuable – but as a means of improving returns to farmers it may be limited as a mechanism. Unless the FTMP is raised significantly higher - which would mean that some buyers would find it too expensive – then it appears unable to raise incomes significantly and particularly for smallholders with small farm sizes, who therefore only produce relatively small quantities. There is a risk that this mechanism has or will become redundant.

In Ghana, there is the interesting case of COCOBOD, which sets a fixed national price and during this study the FTMP has been below this. Therefore, Fairtrade cannot differentiate itself from the other licensed buyers in this context and in the race to capture cocoa beans. On the other hand, this system means that all cocoa farmers are guaranteed a price. Further, the government established a stabilization fund, which would provide a three year pot of funds to be drawn upon by COCOBOD to ensure that the fixed price is met when world prices decline. In effect, this is playing a similar function to the FTMP which is actually paid to the producer organisation by buyers. Further, COCOBOD sustains a quality premium for Ghanaian cocoa (bulk, ordinary cocoa) in world markets by carrying out quality monitoring functions. This would indicate two things: a) that more governments should consider some level of state involvement, without returning to state control, by instituting this kind of joint governance system which benefits all producers of a particular commodity, but also that Fairtrade may need to strengthen its other mechanisms to retain its relevance – at least in contexts where the government already has similar measures in place. This might indicate more regional flexibility for Fairtrade and certainly more innovation. It is now widely recognized that

improvements in (sustainable) productivity and quality are needed to deliver improved returns to producers, and Utz Certified and Rainforest Alliance have embraced this idea focusing much more on sustainable agricultural practices and training and while they do generate market premiums (Blackmore et al, 1991), they do not set a fixed price and they do not make their main messaging revolve around the premiums. Some have queried whether the market premiums they generate will continue in times of lower market prices.

Buyers are required to pay a Fairtrade Premium to producer organisations for producer organisations to make livelihood investments and to improve the situation of local communities. Workers also benefit from a Fairtrade Premium, which is decided upon by the Joint Body, which is established involving management and workers. The Premium is an important means of generating revenues which can be invested in community infrastructure, as well as paid out to individual farmers as a boost to incomes, and for producer organisation development (including democratic organisation, capitalization etc) and agricultural development purposes. There are many examples from the field research of Fairtrade Premium investments benefitting local communities. However, in Ghana the size of the Premium has been limited due to a lack of market demand and for such a huge organisation, the impacts are thinly spread. The impacts have also been somewhat invisible to individual producers (as well as limited in scale), because they have been spent on things like material incentives, as well as community projects, and competitors are providing material incentives such as soap and tools. It is also the case that the organisation is so large and internal communication is poor, so individual members are unaware of the Fairtrade Premium process and are not so able to engage with it.

Similarly, in Ecuador and Kenya individual members had limited information on the Fairtrade Premium and there is a clear need for improvements in this area – possibly draw on the new opportunities offered by ICT developments. In India the Fairtrade Premium investments were appreciated by workers, who also appreciated being involved for the first time in a decision-making process and engaging with managers in this way. However, it is too soon to tell what difference, if any, the investments will make to workers.

In several cases there is a need for more strategic use of the Fairtrade Premium. The Premium is decided upon by the producers themselves in a democratic process and this has meant that FLO has not wanted or been able to interfere with how it is spent. However, the changes in the New Standards Framework now require discussion, at least, of spending 25% of the Fairtrade Premium, and this is an important step forwards, but may need to be strengthened given the findings of many of the newly emerging impact studies. In large producer organisations such as Kuapa Kokoo, and as the Fairtrade Premium figure is rapidly rising with new commitments from a specific buyer, it may also be advisable to do more to a) inform the decision-making process and b) to decentralize spending decisions to a lower level than is currently the case. For example, a more strategic assessment of need through a facilitated participatory process could do much to improve farmers' own analysis of what their priorities are and how to achieve them – using Fairtrade Premium funding, and linking to/demanding improved rural government services. It is obvious that this type of exercise would require resources – resources which have been lacking given the lack of Fairtrade market demand until recently. However, the concerns regarding the sustainability of supply in cocoa is certainly leveraging significantly higher investments from the major international manufacturers and brands. These companies are also looking for ways to scale up impact – because they need to see a reverse in trends such as the exit of younger people from cocoa farming, as well as tackling declining yields etc.

The Fairtrade Premium is not fully understood by many workers and producers as resulting from their own work – but instead it is sometimes seen as charity or something organized by the producer organisation. Further, it can be somewhat lacking in connection to rural government planning – although generally the projects are small-scale and are identified to fill a need outlined by the producers. The starting point of community infrastructure and of the *quality* of rural governance (e.g. community participation in local government planning processes) varies widely between developing countries, and so the relevance of the FT premium and the ability of POs to link more closely to government investments is also context specific.

The Fairtrade Premium is paid initially to the producer organisation and the uses then decided upon democratically. However, to give an indication of why the Fairtrade Premium varies from one situation to another, it is worth considering what it is based on. The size of the Fairtrade Premium varies between commodities, depending on the level set by FLO. The extent to which there is an established infrastructure and market, and average farm sizes and yield levels in an area also vary. For some commodities there are already established industries – e.g. with an existing infrastructure and market, leading to relatively high volumes of production and often sales on FT terms, but for other commodities the industry is less well developed. Pound, Phirri and Rangan (2013) found this in an internal monitoring study for the Fairtrade Foundation when comparing between tea, sugar and groundnuts¹⁸.

The other Fairtrade economic mechanisms include pre-financing, longer-term relationships and increased access to export markets. The producer organisations did not report having pre-financing from buying partners as a result of Fairtrade in this study. In terms of longer-term relationships, there were examples in Ecuador and Ghana of longer-term relationships being established with Fairtrade buyers. In Ghana Kuapa Kokoo has worked with the ATO Twin for many years and is now a part-owner of the ‘mission-driven’ Divine Chocolate Company (Raynolds, 2004). This generates dividends (although limited in scale) and greater knowledge of end markets. In Ecuador there were examples of FT buyers providing more stable sales – which enable the POs to plan better. Increased access to markets does seem to be a result of certification, but multiple certification is even more desirable as a market widening/sustaining strategy. In Kenya and India the study certified estates reported more or at minimum a retention of direct sales as a result certification.

It is worth noting that FLO is currently reviewing its trader standards (which include the Fairtrade requirements for traders wishing to be licensed Fairtrade). Amongst other things, the review is seeking to improve ‘communication, collaboration and trust between operators and producers to enable producers to better plan their production and to better estimate their volumes of Fairtrade sales’ (Fairtrade International, 2013). Further, FLO are consulting on an advanced, voluntary element to the standard, which would encourage traders to go beyond a minimum compliance to create even fairer trading conditions, to deliver enhanced development assistance to producers, and to further improve operator’s own business practices’ and ‘create fairer competition among all types of

¹⁸ A smallholder groundnut farmer growing (as is typical) 1 ha of groundnuts might in favourable circumstances get a yield of 1.5 tonnes/ha. If all was sold to Fairtrade the premium would be US\$165. For a Sukambizi tea producer with the average of 1.25ha of tea, the yield of made tea would be around 250kg, which would get a premium of US\$344. A Fairtrade Premium of approx. US \$270 would be generated by a sugar producer with a typical 2ha, and with a sugar yield of 6 tonnes/ha. In reality the difference per farmer is much greater as 100 per cent of sugar is sold to Fairtrade, while around half of tea is sold to Fairtrade. The argument put forward by some is that a higher premium for groundnut would overprice Fairtrade groundnuts in the present international marketplace and make them harder to sell

Fairtrade operators' (Fairtrade International, 2013). The decisions on how FLO trader standards will try to do these things has not yet been decided. What is clear is that there is recognition within Fairtrade that more needs to be done to change value chain relations, to increase their own market differentiation and improve impact – but any changes have to be supported by the willingness of Fairtrade buyers to stick with Fairtrade under new, potentially more demanding, conditions.

Rainforest Alliance products attract market premiums – because of the association with a higher quality product. In Ecuador one of the certified producer organisations obtained Rainforest Alliance certification, because it generated a premium on their product, which they used to support their farmers to move to organic production. Having achieved this shift, they have now dropped Rainforest Alliance certification, and are actually confident enough to consider dropping organic certification in favour of developing their own producer organisation label. In India and Kenya Unilever had also provided a premium to enable the estates to cover some of upfront costs of complying with certification. However, later entrants may not be able to access such a payment.

The main impact pathway though by which Rainforest Alliance (and Utz Certified) expect to have an economic impact for individual producer households is not through the market premiums, but through improving yields and quality and thus improving farmers' returns. The lead farmer training associated with Rainforest Alliance has led to benefits for smallholders through improvements in yields and green leaf (GL) quality and thus tea prices and bonus payments. There has also been training on livelihood diversification and the ability to grow food crops, both of which have benefitted smallholders. Interestingly, this training has also improved the record keeping skills of smallholders and covered household budgeting. In Ecuador the different certifications have increased productivity, quality and incomes through support for sustainable farming practices, better environmental management, reduced agrochemical use, better pest and disease control and investment in production and post-harvest systems.

In terms of social criteria the ILO core labour standards form the basis of many sustainability standards. In India the existing labour legislation, widespread unionization, collective bargaining agreements and labour shortages combine to create a situation in which most of the estates in the Nilgiris already meet many of the requirements of the sustainability standards (e.g. in relation to written contracts, housing, wages etc). A living wage would help to raise wages in the Nilgiris, but needs to be supported by resources from buyers – not only suppliers. Rainforest Alliance has increased enforcement and led to improvements – more in the quality of services provided to workers, rather than providing them for the first time. The environmental and agricultural changes resulting from RA certification has had benefits for workers (e.g. health benefits in Kenya).

Developing good community relations form part of the Rainforest Alliance Sustainable Agriculture Network (SAN) standards. However, we found limited obvious impacts in India or Kenya.

We did not directly measure the environmental impacts of the Rainforest Alliance SAN standards (or the environmental criteria of the relevant Fairtrade standards). However, we did assess how far sustainable agricultural and natural resource management practices had been taken up by smallholders and estates - in order to understand what difference they make to workers and smallholders.

For Fairtrade producer organisation development is a key mechanism and is instituted in the Fairtrade theory of change through the producer organisation standards and also through the investments of the Fairtrade Premium (e.g. in running elections, administration, capitalization etc). Indicators include improving organisational democracy and accountability to members, delivery of services to members, management capacity, financial viability and profitability, understanding of

value chains and markets and ability to negotiate with buyers. The findings of the study are somewhat mixed with regard to organisational development resulting from Fairtrade certification or as an outcome of Rainforest Alliance or other sustainability standard certification.

In Ghana the organisation itself was formed as a result of support from the Alternative Trade Organisation, Twin, and so all of its achievements can - in part - be attributed to Fairtrade. The organisation has grown rapidly in size – scaling up and reaching 85,000 farmers, which represents a significant achievement and could be a precursor to much greater impact at the individual farm level as Fairtrade sales are beginning to increase (and if the organisation were willing to seek other certifications to widen their market access). At the moment the organisational development benefits are not translating into significant impacts for individual producers – for reasons discussed earlier in the report.

The organisation prides itself on its democratic structure, with elections for all key positions, Annual General Meetings, regular meetings of primary societies etc, particularly in the context of Ghana, where cocoa farmer organisation is limited – most farmers sell to the other licensed buying companies many of which are owned by international corporations in contrast to Kuapa Kokoo which is a producer organisation. A process of decentralisation has been undertaken during the study, which has had positive effects in bringing the organisation closer to individual members, but there is still a gulf of information and communication between individual members and the central management of the organisation and in terms of individual members' understanding of Fairtrade or of the Fairtrade Premium. FLO is currently supporting the organisation of farmers into other groups within Ghana, which will have clearer restrictions on location of members so that the area covered is not as great as it is in Kuapa Kokoo and farmers will be less dispersed. It is not yet clear through which channels these newer certified groups will export – and this presents challenges for Kuapa Kokoo of potential 'unfair competition within the Fairtrade system' if they export through multi-national competitors such as Armajaro, which have much greater economies of scale and better access to credit. Further, they are somewhat dependent on their new buyer of certified products (as well as Divine Chocolate) and need to diversify. The competition between the mainstream and mission driven buyer (Divine Chocolate) is also potentially problematic for the latter, given the economies of scale of the mainstream buyer.

In the Ecuador-smallholder-cocoa case there are two organic secondary level producer organisations, which operate more as cocoa buying businesses, than democratic organisations and no major improvements in producer organisation governance were found. This is unsurprising as organic certification does not address producer organisation specifically within its standards. Within the Fairtrade organisations (and one organic and a non-certified group) members considered their organisations to be democratic, with elections for leaders and new members. Knowledge of the Premium was quite high amongst Fairtrade producers who also reported significant increases in satisfaction with PO leadership, financial management, future plans and communication

In the Kenya-tea-smallholder case certified POS had a more open and participatory style of management and reported improved relations between management and members/ factory staff. Certification and associated training was felt by managers to have increased members' understanding of the point of electing representatives and participating in meetings. By 2012, managers at some of the certified POs felt there was more openness in information sharing. This was reflected in the small but significant difference between certified and non-certified farmers in satisfaction with how their views are understood. The annual audits have helped strengthen the culture of accountability.

However, despite the positive outcomes for producer organisations and the benefits for estates (as well as the costs incurred), there are wider forces at work, which sustainability standards are less able to tackle. It has long been pointed out that the casualization of labour forces and the increased use of labour brokers is a challenge with regard to labour rights for workers – and this was found to be an issue in Kenya. Increasing mechanisation is also another issue – in Kenya this is leading to job losses, which disproportionately affect women. However, in India, this was not found to be the case, with labour shortages presenting a contrasting set of challenges for managers and increases in migrant labour from North East India to the Nilgiris Hills in Tamil Nadu.

Rainforest Alliance certification supports the enforcement of labour standards, as does Fairtrade. In Kenya workers reported new employment benefits such as maternity pay being observed. Fairtrade has further mechanisms to support workers - such as the Fairtrade Premium, but is also looking to scale up their impact as a movement. They recently published a new hired labour ¹⁹strategy which proposes that Fairtrade should now seek to achieve ‘mature systems of industrial relations’, and take more steps to support Freedom of Association, improving the decision-making for the Fairtrade Premium and encouraging payment of a living wage, as opposed to compliance with a minimum wage. The Hired Labour standard is undergoing a review at the moment, and this may define how these objectives will be achieved in the FLO system. The hired labour strategy, 2013, states that ‘in future Fairtrade International will define a clear process for employers to transition to paying workers a living wage. We will benchmark regional living wage levels based on existing cost databases and dialogue with workers and others. We will create a well-defined process and offer guidance for employers on paying a living wage’ (Fairtrade International, 2013). This indicates an intention by Fairtrade to increase its impact for individual workers – and this is urgently needed.

There were mixed results on political empowerment of workers, In India Fairtrade was only recently initiated at the estate in question and so it is too early to judge impact. In Kenya as a result of Fairtrade and Rainforest Alliance certification there has been some training for workers on rights, women are more involved in worker committees, of which there are more, but there is a fundamental problem whereby women are stuck in lower paid plucking jobs – something that might lead to more transformational impacts.

Both Fairtrade and Rainforest Alliance support certified organisations and those seeking certification to improve their links to potential and existing buyers.

The development of continental producer networks is a major feature of the Fairtrade system and is a mechanism by which producer voice could be amplified. We do not have evidence from our study that this has occurred. However, for individual Fairtrade certified POs managers in Ecuador, there were reports of greater visibility on then national stage and increased influence in local roundtables and participation in different national and Fairtrade networks. In Ghana the size of the organisation, its Fairtrade status, its position as the only farmer owned licensed buying company, and its part ownership of Divine has led it to developing an international reputation. However, the organisation has – despite its huge size - limited advocacy capacity at local or national government levels according to the managers.

The sustainability standards also seek to build consumer and business awareness. We have not assessed their ability to do this – although both Rainforest Alliance and Fairtrade, particularly the latter, encourage grassroots activism as well as marketing their consumer labels. The discursive

¹⁹http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2012-06-20_Workers_rights.pdf

impact of sustainability standards should not be under-estimated. Indirect impacts (including spillover, learning, changing cultures amongst business etc) are said by SDJKD REF to be greater than direct impacts. We cannot measure this, but it is clear by the number of organisations engaged in sustainability in trade and the growth in sales of certified products, but also of other types of brand programmes and collaborative programmes that this is now an important area of international development – something which sustainability standards have brought to the fore.

5.1.9 SUSTAINABILITY OF IMPACTS

The sustainability of impacts of voluntary sustainability standards is of relevance when trying to assess their overall poverty impact. The initial study question was framed as follows: ‘Are positive impacts by voluntary standards sustained over time or do they tail off?’ This is related to what some have termed ‘graduation effects’ (ref Ruben). However, because Rainforest Alliance and Fairtrade employ multiple impact mechanisms, it is difficult to generalize regarding sustainability – some of the mechanisms will be active when world market prices are low (e.g. the Fairtrade Minimum Price) and vice versa and therefore it depends on world market conditions. There is volatility in international export markets and for tree crops the cycles of boom and bust cover several years. Another temporal issue is the changes in Fairtrade market demand, which shapes the proportion of sales which producer organisations can sell on Fairtrade terms and how much Fairtrade Premium is therefore generated.

Reductions in pesticide use may have immediate health benefits for workers and smallholders. However, the strengthening of organisations may have impacts over different timescales and is a cumulative investment. Similarly, it may be that the environmental conservation measures do not have immediate poverty impacts, but they sustain the ecosystem services upon which livelihoods depend (and the question is more whether they are achieving sufficient change at scale to protect and enhance these services). The improvements made as a result of Rainforest Alliance certification may have immediate health benefits for workers (e.g. improved water quality), but other environmental improvements (e.g. in soil conservation) may take longer to filter through (if at all) through (plausibly) sustaining and enhancing the ecosystem services upon which the estate depends, helping to sustain yields, profitability and ultimately jobs. Improvements in quality, productivity and investments in processing infrastructure can all lead to on-going benefits for smallholders.

5.1.10 IMPACTS OF VALUE CHAINS WITH DIFFERENT RELATIONS

The question was posed: ‘Can voluntary standards achieve the same kinds of impacts in mainstream value chains as well as alternative ones?’ The only example within the study where this comparison is easy to draw is in the Ghana-cocoa case. In Ghana we see that the part-ownership of Divine Chocolate is a source of pride for Kuapa Kokoo, and has brought a range of benefits, not only economic. However, it is also the case that until the mainstream buyer, Cadbury, switched certain product lines to Fairtrade, there were limited sales on Fairtrade terms. Unfortunately, our study was not able to capture the impacts of this change. However, it is clear that much greater impacts are possible – but improvements in organisational governance and greater focus on quality, productivity and sustainable agriculture are also needed.

5.1.11 WIDER IMPACTS OF SUSTAINABILITY STANDARDS

Voluntary sustainability standards can have an impact beyond the farm level and indeed they specifically seek to do so. The study question was formulated as follows ‘Can voluntary standards have an influence beyond their specific certified value chains (e.g. positive impacts in raising local market prices; possible negative impacts on non-certified producer access to markets? Can voluntary

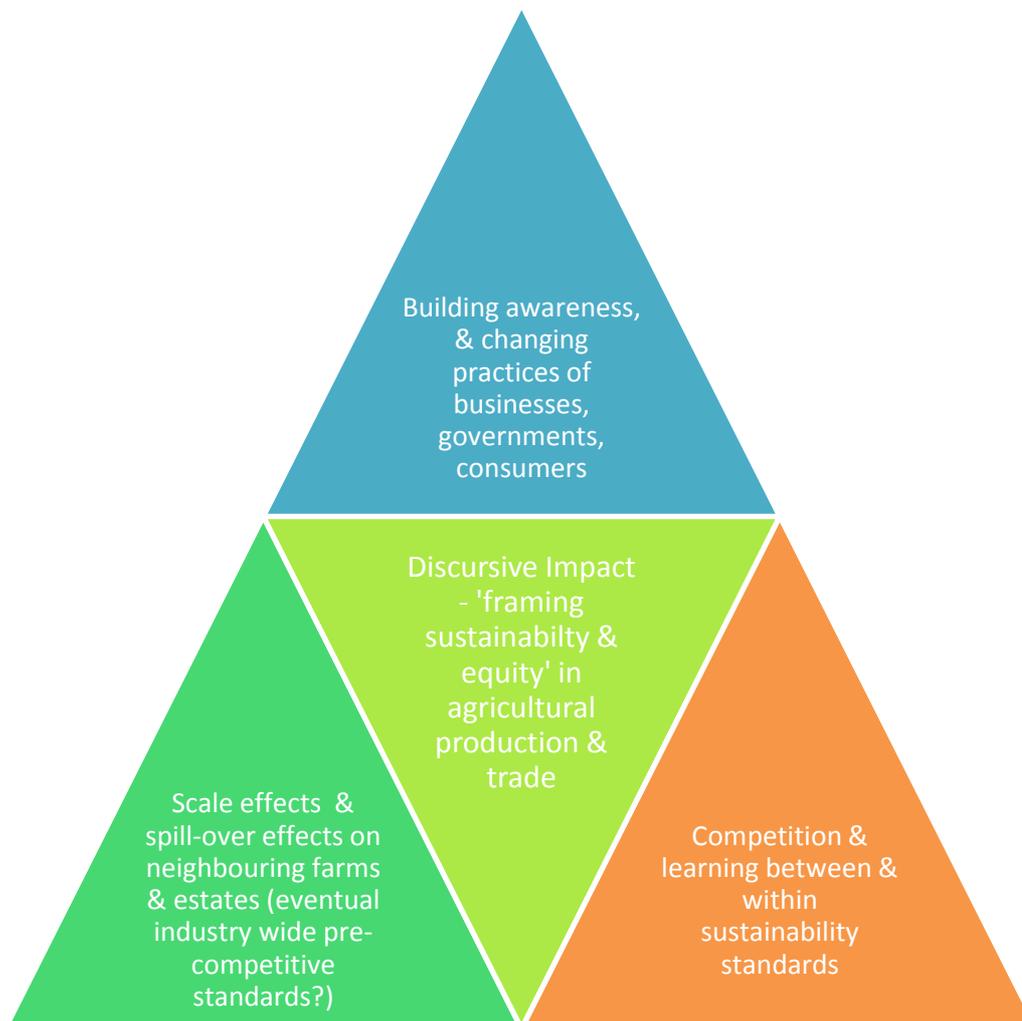
standards push up standards in the rest of the market and achieve poverty impact that way? Can they change the terms of trading (market transformation) or is the overall effect more about achieving market access or market reform? How do such schemes challenge or reinforce prevailing power relations and inequalities?’

In most of the cases the impacts were not on a sufficient scale to actually change market prices elsewhere or to create major spillover effects. However, in Kenya where the shift to certification has been so widespread and accompanied by investment in training of farmers and workers, there have been some spillover effects. The KTDA shifts managers between POs quite regularly, and there were reports that practices were being transferred as a result by the managers. The KTDA itself has a range of policies, which overlap and interact with the certification initiatives and as most of the member POs have sought certification it is very difficult to actually separate out the drivers of change across the sector.

Fairtrade, especially, seeks to impact upon local communities through Fairtrade Premium investments in community infrastructure and Rainforest Alliance seeks to achieve sustainable land use management. In Ghana the Fairtrade Premium has supported a range of community infrastructure projects, although the study found only limited evidence on the ground of these making significant changes to local communities in relation to their education and health needs.

We discussed in the previous section the political impact of producer organisations and workers at the local and national levels. Increased lobbying within the Fairtrade systems has been occurring, for example this was reported by KTDA smallholder managers in Kenya, and is facilitated by the development of the producer networks.

Figure 9: Dimensions of the potential wider impacts of voluntary sustainability standards



A final point is perhaps about the business models of the sustainability standards themselves. To some extent some of the impacts will be sustained without certification, but were the sustainability standards' business models to fail, this could have implications for sustaining impacts on the ground.

5.1.12 CONTEXTUAL CONDITIONS FOR SUCCESS

In which circumstances do voluntary standards have the most poverty impact (e.g. newly liberalized economies, existence of relatively strong small farmer cooperative movements)? What are the key drivers for success?).

The impacts of voluntary sustainability standards are *highly context specific*. Just as we found in our impact evaluation of corporate codes of practice (ref), the particular country context plays a huge role in shaping the actual outcomes and impacts of sustainability standards. This was also neatly described as 'co-production' of outcomes as sustainability standards are implemented in different institutional settings (Neilson and Pritchard, 2009). Thus, it is important to understand well the drivers and contextual conditions within each study case. These real-world contextual conditions have an increasing influence as the analysis moves along the impact chain (Nelson et al, 2009, after Roche, 1999).

There are multiple sources of *complexity* in many impact evaluations (Stern et al, 2012), but this is particularly the case in private sector related interventions, where the study team does not have (nor wishes to have) control over which are treatment and which are control groups. As the standards have expanded, it is also becoming much more complex to find fairly 'clean' certified versus non-certified comparisons, as so many groups are changing the certifications they hold or seeking multiple certifications. There are also other confounding factors, which are part and parcel of the local context, which affect the ability to attribute impact.

In comparative case oriented research, it is possible to identify sets of conditions, from which it is possible to generalize, but not to universalize. Our study shows, for example that joint governance systems for commodities can deliver some of the outcomes that Fairtrade seeks to achieve. The nature and extent of legislation on labour standards influences the starting point which shape the level of impact of sustainability standards on core labour standards. Labour markets also play a role – with labour shortages combined with relatively comprehensive labour legislation and widespread (although not necessarily very effective) unionization provide a higher starting point, than where there is a relatively abundant supply of labour, and less well enforced legislation. The level of professionalization or establishment of an industry – its infrastructure and markets – influences whether there are relatively high volumes of production and may also influence how quickly sustainability standards can spread and generate premiums etc. There are thus very many factors shaping outcomes and impacts.

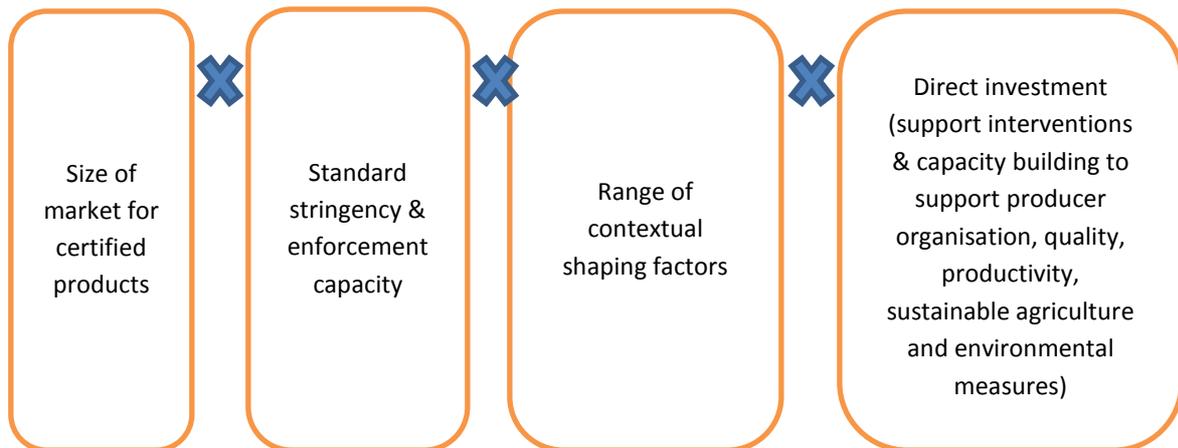
It is important that more work is done to map the 'starting point' conditions which will influence impact – e.g. existing poverty levels, levels of education of smallholders and workers, level of development of a market, farm sizes and average yields, levels of producer organisation and politicization, the relationship between government-civil society and the private sector in terms of freedom of expression for civil society and the ability of governments and civil society to hold companies to account etc. This kind of mapping on a country basis for each commodity / industry would provide a clear trajectory of what needs to be achieved and could /should support greater innovation and flexibility by sustainability standards and value chain actors in their responses.

The impact of voluntary sustainability standards ultimately depends upon the '**enforcement capacity and market size**', according to Potts et al (2010). However, real-world conditions play a role. The real world contextual conditions (i.e. the institutional, social, economic, environmental and political context at the local, sub-regional, national and international levels) are found principally in the horizontal plane. In a Practical Action Food Chain journal article (Nelson and Martin, 2012) we analysed the contextual factors shaping impacts in Fairtrade:

- formal and informal institutions;
- resource and livelihood endowments;
- structural issues
- cultural norms and power relations
- existing capacity and development of farmer organisations
- management style and capacity at an estate
- market trends and forms of globalization
- value chain governance and relations
- support extended to Fairtrade organisations
- size of a Fairtrade market

The impact equation is more accurately expressed as involving size of market for certified products, standard stringency and enforcement capacity, contextual factors and also there is direct investment from other programmes and projects to consider.

Figure 10: A simple equation for sustainability impact.



There are four main sets of factors determining success (or failure) which are shown visually in figure 10. These are:

- **Real-world contextual conditions**
- **Interventions from other programmes and projects**
- **Specificities of the commodity itself and the characteristics of the value chains through which it is traded**
- **Internal characteristics of the sustainability standard**

As well as the real world contextual factors, e.g. the level of development of an industry, there are also vertical value chain relationships which shape impact and the commodity itself has specific characteristics which also have a bearing. In an influential article, Reynolds (2004) identifies different motivations for buyers – which shape outcomes and impacts, distinguishing between mission-driven, quality-driven and commercially-driven buyers.

It is important to note that the investments made by other organisations should also be considered more systematically. It is clear from our research that these ‘interdependencies’ play a critical role in shaping outcomes at the local level. Rather than ignoring such partnerships – which are only likely to increase – it is important that new methods are found to assess levels of contribution of different interventions, because sustainability standards are rarely operating in a development vacuum. For large organisations such as the KTDA or Kuapa Kokoo, there will be a whole range of development partnerships, and it is important to understand how these inter-relate with sustainability standards. As explained in section 3, beyond the traditional donor or civil society (NGO or ATO) intervention in support of a producer organisation, there are increasing numbers of coalition-based collaborative programmes and new investments from philanthropic organisations (e.g. the Bill and Melinda Gates Foundation), which engage with sustainability standards in different ways. The impact of these is relatively under-studied in terms of impact and of political economy – except for in Kenyan tea.

Internal to the sustainability standard there are specific characteristics which may have a bearing on impact. As well as the efficacy of its mechanisms in different contexts – discussed in depth earlier in this section) there are other issues such as: external legitimacy amongst wider stakeholders, credibility in the market and market demand, flexibility and adaptive capacity, learning capacity (does it learn from impact studies?), implementation and enforcement capacity, costs of certification, sustainability of voluntary standard business model etc.

The question of ‘what is the impact of Fairtrade or Rainforest Alliance’ is therefore diverse. This is hardly a surprise to those that recognise the multi-dimensional nature of rural poverty and the complexities of development processes and interventions. Yet the public profile of consumer labels adds pressures on the standard organisations to give clear messages about positive benefits, without tackling the issue of scale of impacts.

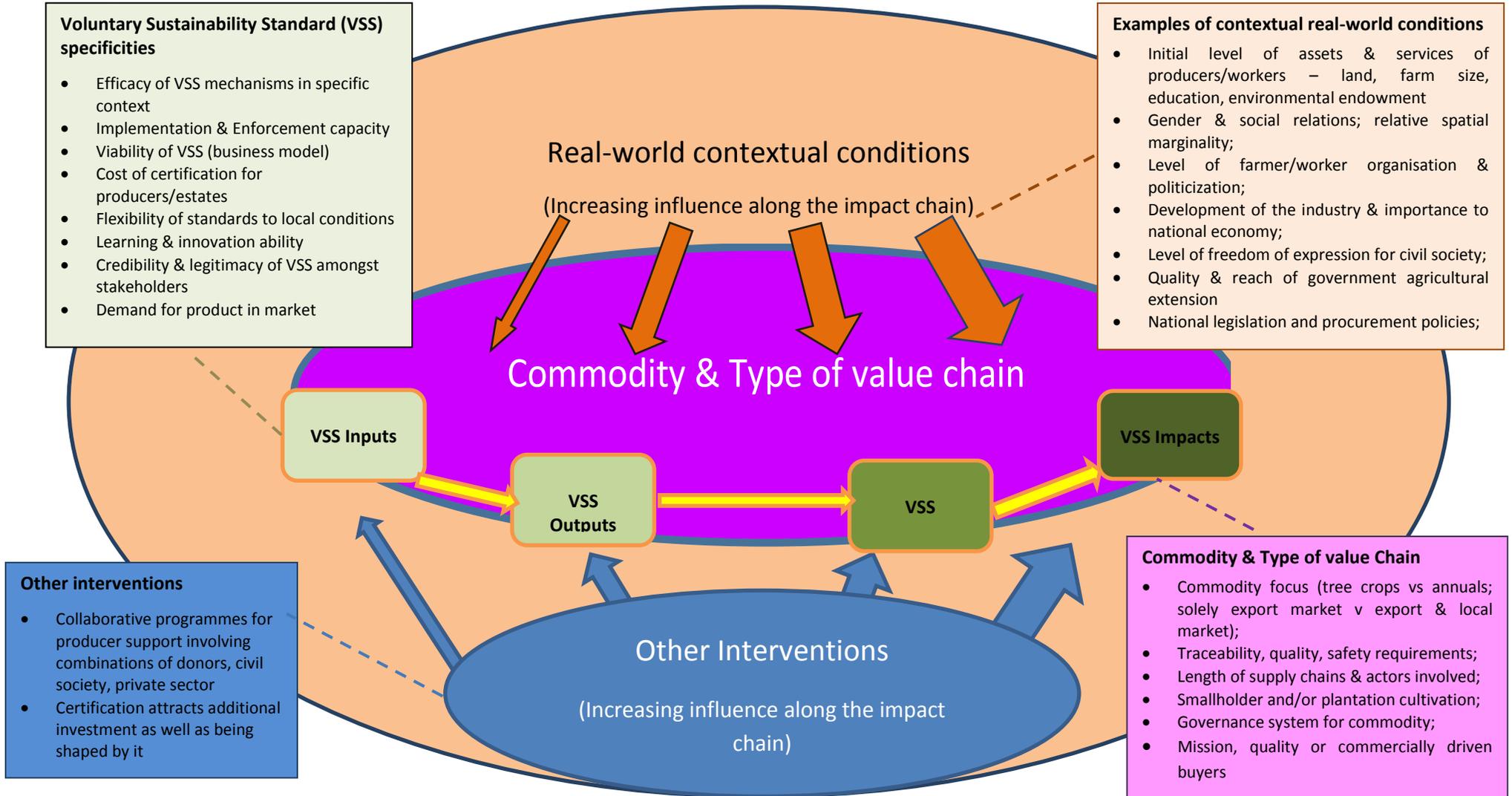
As an example which illustrates the complexities of the drivers in a particular country –commodity context the box below sets out the main drivers in Kenyan tea. In Kenyan tea (both smallholder and hired labour sectors) the shaping factors are myriad given the dynamism of the sector, the history of codification in Kenya, and the interest and investment of so many external actors.

Box 12: Key contextual factors in Kenyan tea shaping outcomes and impacts

Key factors include:

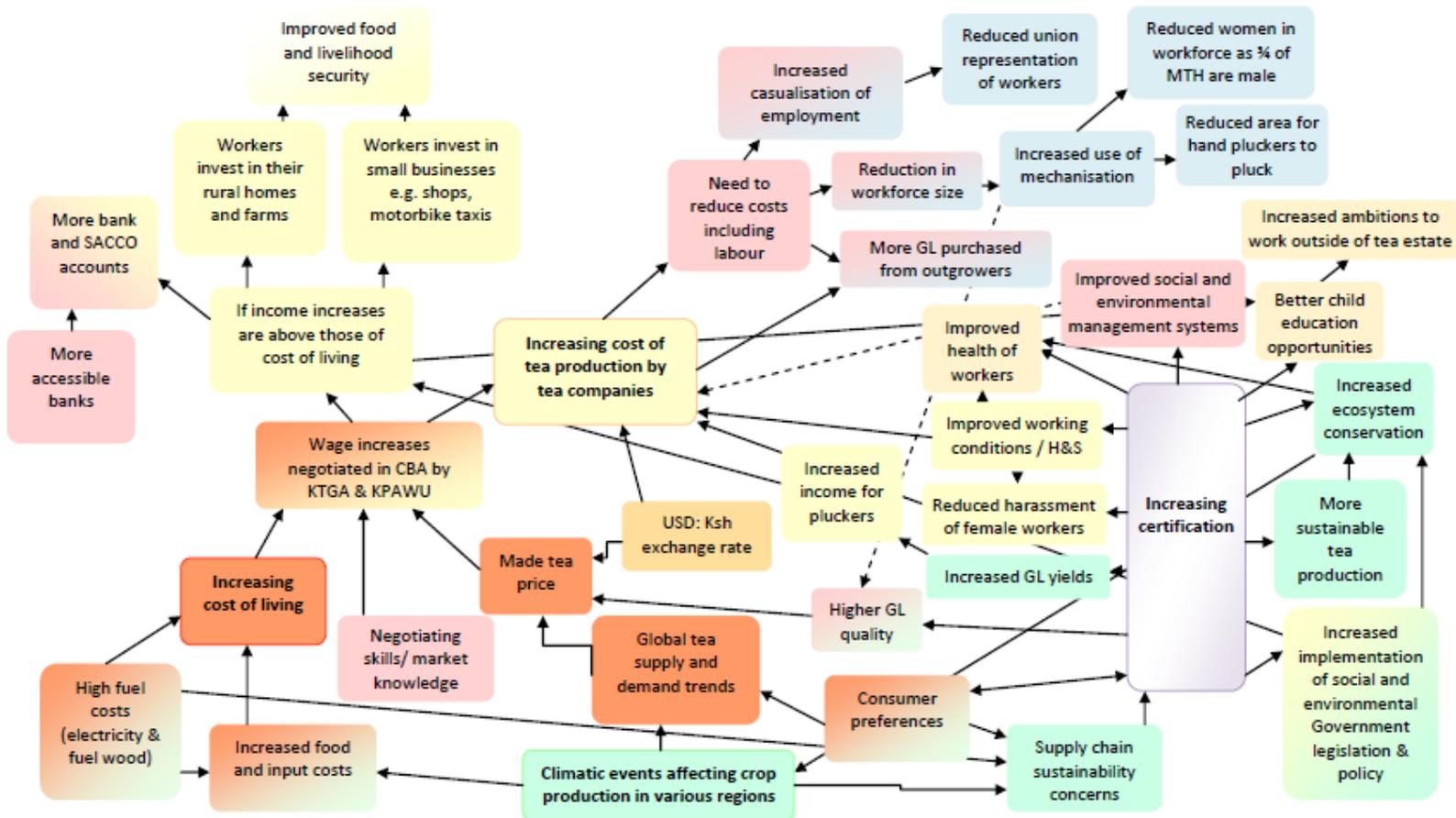
- i) the existing policies and regulations of the KTDA as an organisation which shapes the practices of all KTDA companies, whether certified or not, some of these policies are increasingly influenced by learning from certification processes and then extended to both certified and non-certified POs;
- ii) the rapid expansion of RA certification across the sector as a result of market requirements (e.g. Unilever sourcing pledge), and the management and interactions of multiple certifications within a PO;
- iii) national environmental protection, employment and basic rights legislation is relatively comprehensive but is not always monitored or enforced;
- iv) existing social inequalities in rural societies;
- v) current high market price of made tea;
- vi) increasing cost of living and tea production for Kenyan farmers as the prices of purchased food items, energy, labour and fertiliser have all increased significantly;
- vii) less predictable climate and weather trends;
- viii) subdivision of land at inheritance resulting in extremely small tea farms;
- ix) lack of interest by youth in tea farming, as education and the laborious nature of tea farming results in them looking for off-farm income generating opportunities.

Figure 11: Factors determining outcomes and impacts for voluntary sustainability standards



Source: Adapted from Yin (2014, p163)

Figure 12: Interconnected drivers in the Kenyan tea estate



6. POLICY IMPLICATIONS

This section presents some of the policy implications of this study.

Sustainability standards as a mechanism for tackling poverty

This study provides a significant contribution to the evidence regarding the impact of sustainability standards. This and other emerging impact studies can be used to inform donor, government, and sustainability standard policies and strategies. The study shows the potential and limits of sustainability standards in tackling poverty.

It is clear from this study and the emergent critical mass of research in this field that sustainability standards *alone* will not be able to deliver the scale and depth of impacts required to lift millions of smallholders and workers from poverty, nor deliver on environmental, inequality, climate change and employment challenges. While there is ample evidence from this study that sustainability standards unlock benefits for workers, producers, their organisations, communities and environments, it is rarely the case that they have a *transformational* poverty impact.

Measures needed to increase poverty impact

The *sustainability* of voluntary sustainability standards as a mechanism and their relevance to international development and brands and retailers relies upon *greater impact* being achieved – and this requires:

- *complementary* measures across scales in the enabling environment, markets, landscape, farm levels;
- *more systematic analysis of the potential and impact of alternative trade development approaches and support for piloting and scaling-up effective approaches;*
- *internal reflection and innovation* in sustainability standard theories of change, mechanisms/impact pathways and business models to scale up impact (necessary also for their own continued viability);

The global policy debate on agriculture is increasingly focused on agricultural transformation and how to achieve it. However, *agricultural transformation* needs to be both sustainable to enable humanity to operate within planetary limits and equitable (for instrumental and philosophical reasons). Therefore changes are needed at different levels.

Changes required at multiple scales

Firstly, changes are needed in the *enabling environment* so that they support smallholder economic development and decent work: e.g. *participatory* strategic planning at a landscape, sub-regional or territorial level; policy development, reform and institution building on various issues such as land tenure security, labour rights legislation and enforcement) etc. Incorporation of sustainability issues in public procurement and investment policies, changes in international trade policy, citizen engagement and consumer demand for certified products, including in emerging markets etc.

Secondly, *markets and value chains need to work for sustainability at the landscape and global level and for the poor*: What really works for the poor though needs to be better understood with more analysis and development support given to Social and Solidarity Economy (SEE) type approaches than in the past. Thirdly, interventions are needed at the landscape level, including a diverse range of measures, for example: strengthened rural governance systems, with investment in participatory landscape/territorial planning processes, value chain development on different markets (local, national and international), development of civil society to hold companies and governments to account, as well as support for producer and worker organisation, payments for ecosystem services

and financial incentives etc. Fourthly, at the farm/workplace level there needs to be investment in farmer and farmer organisation capacity building to meet market demands on productivity, quality and sustainable agriculture, but also to challenge value chain relations so that they are more equitable and to build farmer/worker voice in national and international arenas – including their ability to demand improved services and investment from government. For workers, there is a need for stronger trade unions to represent them, but also better management training in companies and regulation/training of contract labour brokers.

What does really work for the poor clearly requires more attention – sustainability standards alone are not sufficient, and there are alternative forms of globalization being mooted and practised which deserve greater attention from donors.

Figure 13: Working across scales to achieve equitable and sustainable trade



After Seville et al, 2011; Solidaridad, Annual Report, 2012; own work

Adapting sustainability standard mechanisms by reflecting upon theories of change

As well as the increased support across all of the areas outlined above, voluntary sustainability standards need to innovate and evolve in a number of areas. Support should be provided to further the understanding of sustainability standards of their impact in different country-commodity-sector contexts, and funding of processes by which they can act upon the findings - individually or in

collaboration with other standards and via ISEAL. Standards can increase their poverty impact by reflecting and adapting as appropriate their theories of change and the strategies implied therein and finding partnerships to deliver on more ambitious targets.

Supporting collaborative programmes for scaling up and reaching the tipping point

Increased *investment by donors in collaborative programmes involving civil society and the private sector* is desirable to support the scaling up of impact of sustainability standards. These collaborations involve sustainability standards certification, but also go beyond them. In this way it may be more possible to reach a tipping point in different industries and enable standards to reach hired labour and poorer smallholders. There is still a huge capacity gap in producer organisations and investment in *producer support programmes* is thus needed (as well as measures to change the enabling environment). These programmes should seek to support group formation and organisational development. Further, they should provide direct training and technical assistance to producer organisation leaders and managers, but also to individual farmers and workers. It is also possible that such programmes can support preferential access to inputs and credit for smallholders.

These programmes can be either channelled via the sustainability standards own producer support systems, where these are established, or be channelled via generic producer support programmes which are not tied to a specific standard system. Avoiding duplication is obviously critical in this regard – but also it is important to weigh up which smallholders are being targeted within a rural population and which type of producer support programme is more likely to reach poorer groups.

Research is needed to assess the relative effectiveness, impact and risks of different models employed within these collaborative (and individual corporate) programmes.

Innovation using ICTs to build up internal communications within smallholder organisations

Much more innovation is possible by harnessing the use of ICTs to share existing materials and conduct training with POs and worker groups, open up e-learning opportunities and to support training of trainers, as well as sharing of market information, advocacy activities and networking etc. Producer support programmes should adopt a ‘generic’ support approach, and explore *different* market opportunities (local, national, regional, as well as international export). Further, they should be open to supporting multiple certifications, and engage with landscape level challenges and opportunities. Donor investment may also leverage more private sector funding by investing in such programmes.

Expanding the reach of sustainability standards especially women, marginal groups and rural workers

Voluntary sustainability standards need to do more to *reach more marginalized groups* within rural societies to avoid worsening rural inequalities and to tackle poverty and environmental challenges by scaling up coverage of populations and areas. Much greater attention should be paid to *mainstreaming gender within sustainability standards* and this is an area in which donor support is needed – to draw on and share best practice and find new insights into women’s collective action and empowerment in markets. These types of investments and actions are relevant in relation to commercialization different kinds of crops, but especially export crops, and particularly in relation to tree crops, which are associated with highly gendered relationships and outcomes.

Sustainability standards need to reach hired labourers on smallholder farms, and to support improvements in their working conditions and livelihood impacts. Previously, this group has been relatively neglected. The sustainability standards are beginning to respond to this issue, but further support is needed for them to take new measures, and research is needed to map out across different commodity-country cases the challenges for hired labourers, because this will vary

between countries/regions and commodities. Similarly, where child labour is an issue further investment is needed to find practicable solutions.

Voluntary sustainability standards need to reduce their costs and levels of complexity, while sustaining their integrity. There is a risk to the relevance of sustainability standards if they do not speed up progress on this front – but collaboration and piloting requires resources. Thus, it is appropriate for donors to support progress on this front, as reduced costs and complexities would enable more smallholders to participate in sustainable trade. Joint auditing pilots are one critical way of achieving this reduction in cost and complexity. Testing of combined audits across major certification systems is needed. Standards which have not yet agreed to open up their auditing processes should be encouraged to do so. There is also a case to be made for providing subsidies to cover auditing and certification costs for more marginalized groups of smallholders. Further, piloting and research into stepwise scaling up strategies is advisable, including sequencing between standards.

There are a number of areas in which sustainability standards could collaborate to develop and harmonize content for group certification. Examples include issues such as reducing pesticides, gender, climate change, living wage etc). There are varying responses to climate change mitigation and adaptation, and lesson learning/innovation is needed involving sustainability standards and the private sector. There are opportunities to leverage private sector funding for adaptation projects linked to their own value chains as part of their corporate responsibility budgets, but the quality of these projects should be analysed.

Increasing smallholder political empowerment alongside economic empowerment

Support for the development of Fairtrade Producer Networks, and other smallholder networks, is important to build up producers' and workers' own representation and voice in this field. So much is done in the name of supporting smallholders and workers – yet their own voices are rarely heard directly in policy debates. Building up smallholder and worker engagement in relevant policy debates and lobbying of more powerful interests would enable them to demand improved services, to inform policy-making, build up markets, hold companies to account. Research on the effectiveness of such networks is lacking and is urgently needed.

The study indicates the need for increased capacity building. There is an opportunity to disseminate existing tools and guidance materials for producer groups, on assurance, group certification, internal management systems, risk assessment, and also on other issues of importance, such as cooperative governance, gender and climate change for smallholders in certification systems. Exploration of and support for e-learning systems and localized systems for knowledge management and communications linked to learning alliances and different forms of ITC (e.g. internet access, participatory video, community radio, text messaging, Sensemaker etc.) would enable producer organisations to build their own capacity and to begin to buy in services themselves as they require them.

Support for innovations is desirable that can enable recognition of smallholder production (as opposed to plantation agriculture) by consumer labels and companies. This requires consumer awareness building, but also innovations in measurement, different levels and approaches to traceability and on-pack labelling, and public awareness-raising of differences between minimum compliance approaches and companies which go beyond this. Support for the development of mechanisms to reward agro-ecological and equitable practices of producers (and 'fair' trading practices) can include packaging innovations for smallholder groups. In Ecuador one of the producer organisations has used one international standard (Rainforest Alliance) to generate premiums that support its members to move to organic production. Having achieved organic certification the PO

has dropped RA certification. They are now considering developing their own standard and dropping organic certification. Their own standard would be based on their own smallholder agro-ecology farming principles. It would thus be a specific *place-based* and *group-based standard*. While this standard would not likely receive widespread recognition on international, mainstream markets, this strategy may work for an individual producer organisation, and it may be possible to build up more such examples from the grassroots to generate a cumulative effect on regional societies and economies.

Innovation in building southern and international civil society engagement with philanthropic and corporate investment (sometimes implemented in programmes with civil society partners) is desirable. A strong civil society is needed to balance corporate activities, support implementation of collaborative programmes, pressure governments and consumers/citizens for change, build up consumer and business awareness etc.

Encouraging developing country governments to engage with sustainability standards

Developing country governments can support sustainability standards, by incorporating sustainability issues across their activities and by reforming policies to support smallholder investment and decent work. Governments can also build demand for certified products by increasing procurement.

Provision of support for emergent national sustainability standards

There are national standards emerging and these hold out some opportunities the development of greater ownership by southern stakeholders and may be more locally appropriate in content and monitoring systems. However, they are only useful for international trade if they are recognized by the markets. There is a need to support the development of robust systems by these national standards, including building legitimacy through consensus-building processes, and be recognized/interact with international standards. This support should enable them to reach more producers and deliver greater impact.

Donors could provide support to the identification of opportunities in emerging economies for promoting fair and sustainable trade principles in *other* commodities, as well as promoting certification in those markets for the existing certified products such as tea, coffee etc. For example, oilseeds or dairy are crops that are relatively high value and might therefore be appropriate for certification of some kind in emerging economies.

Support research into the power dynamics of sustainability standards, agribusiness and alternative forms of globalization

Given the critique of sustainability standards and trends towards agribusiness concentration it is important to give space to work that is exploring and piloting *alternative* forms of globalization. There is a UN task force recently created to investigate Social and Solidarity Economy (SEE). But more investment is needed into the policies and concrete practices and institutional settings which can facilitate them.

The Capturing the Gains research explored the increased outsourcing of production and services to developing countries through global production networks and sought to develop knowledge on the employment and wellbeing of workers and smallholder producers in those networks. The research network pointed to the fact that economic upgrading does not automatically lead to social upgrading and noted the global governance deficit and decent work deficit that have emerged with the growth of global production networks. Social upgrading for workers and smallholders may lead to economic upgrading for firms, but is as yet unproven as a business case strategy, and there needs to be more research on what *types* of social upgrading are effective in delivering benefits for workers, smallholders and firms. The risk is that more attention is given to the easier to deliver

material and social wellbeing benefits (E.g. housing, nutrition), than the political dimensions of worker empowerment. More research and evidence is needed about how effective are ‘mature systems of industrial relations’, at delivering poverty impact and reducing vulnerability and risks for workers, but also to understand whether this leads to positive impacts for workers and businesses (i.e. the business case).

Mapping country and sub-regional trajectories for change

Strategic analysis of trajectories of particular industries in particular contexts – with a *territorial* lens is urgently needed. It is important for sustainability standards and partners to map further the possible scenarios for country-commodity trajectories. This type of analysis would chart the contextual factors identified in this report, including using existing data sources to establish *starting point* levels of poverty, education, health, level of industry development, smallholder and worker national or sub-regional typologies, farmer and worker organisation, access to finance, importance to the national economy, types of value chains etc. This kind of analysis will provide a clearer country-commodity level overview of what needs to be done to achieve sustainable and equitable trade in each case. A series of stakeholder meetings would enable this to occur (supporting by rapid field reviews) or social labs to assess trajectories and to inform action – by sustainability standards, private sector actors – large and small. These analyses should consider opportunities for Social and Solidarity Economy innovations as well as large multinational activities.

Future impact work in the realm of voluntary sustainability standards

It is high time that there was a) greater differentiation between the purposes of different types of impact assessment in academic and practitioner debates, and b) recognition of the practical limitations of impact measurement and attribution in a dynamic sector involving private enterprise, and encouragement of mixed designs (generative causation, as well as or instead of counterfactual logics). In particular, it is important that sustainability standards, who have limited resources, are not driven to conducting complex, multi-year, first-generation impact evaluations similar to this study which require a mix of technical skills and are costly. Instead, they should be supported to develop strong M&E systems, whereby they are gathering good quality data on trends and patterns within their systems, and can undertake more in-depth strategic case studies, which are participatory in nature and engage multiple stakeholders in a landscape/territory, not least producer and workers themselves in learning alliances.

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APPENDIX 1: SUMMARY OF OUTCOMES AND IMPACTS ACROSS THE FIVE CASES

Key: + = positive impacts; - = negative impacts; 0 = no impacts. Combinations of scores indicate that different aspects of the theme were rated differently

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers			
	COCOA						TEA									
Individual Producer Level Impacts																
Inclusion/exclusion (overall reach to different segments of the workers/smallholder population; & PO inclusiveness).																
Scoring		0	+		0	+		-		+			+		0	
Details	Very large organisation (85,000; approx. 5% of national cocoa production). Average farm size of members 6.8 hectares (average for Ashanti 2.7ha and Western 3.6ha). No active discrimination. Strong gender policy & some progress on women's representation. Structural challenges of inequitable land tenure: women and migrant hired labour lack access to land – caretaker farmers not able to join PO, but can benefit from training. Widespread use of hired labour. No significant differences found in conditions for			Small POs (between 59-908 members). Smallholder farmers with average farm size 13 hectares (larger averages for RA farmers, but no significant differences between certified and non-certified group). Average cocoa area 3 ha. No active discrimination for membership. Widespread use of hired labour. Certified producers report more improvement in conditions for hired labourers than non-certified producers, particularly wages and timing of payments, but the only significant difference was in relation to H&S hazards. No major improvements in working terms & conditions as a result of certification according to			85% of the 560,000 Kenya Tea Development Agency (KTDA) smallholders are already RA certified, (target of 100% by the end of 2013) & 18% are FT certified. Corporate commitments to purchase only sustainable tea have led to a huge shift during the study: By 2012 only 8 of the 60 KTDA POs are not already certified or advanced in preparations. KTDA has land title, tea bush and age of farmer rules which limit membership especially for women. Training provided to help meet quality requirements. Costs of compliance difficult for some households, but some tactics being employed to overcome them. Some improvements in relations between smallholders and hired labourers and in the working conditions for the latter. Tea smallholders considered to be among			7 outgrower organisations are FT certified and 17,752 outgrowers RA certified by 2012. Numerous large estates are now RA certified – so reach across the Kenya tea sector is significant when taking into account reach across the KTDA. Some positive impacts of certification on women's participation in training. Some improvements in worker-employee relations. Estates are training out-growers to achieve certification, paying for costs and organising training.			Women trapped in plucking jobs – no impact on promotion from certification. Factory workers & sprayers benefit from increased training on H&S. Migrant workers are benefiting from employment and rapidly given permanent contracts due to labour shortages – but not certification driven. Many estates in region not yet certified; Smallholder sector not reached by certification.			

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers		
	COCOA						TEA								
	labour except for health and safety (H&S)			smallholders interviewed in focus groups, except reduced exposure to H&S risks. Very limited action on gender equality.			the better off compared to other smallholders.								
Producer Incomes (reliance on cocoa income, overall household income and living costs)															
Scoring		0				+		0	+	-	0	+		0	
Details	High reliance on cocoa income. No significant impact on producer incomes as a result of FT. All farmers affected by rising input and food costs, but overall household income and income from cocoa increased for certified & non-certified producers. Non-certified producers perceived a larger decrease in income over the past 2 years. FT Minimum Price is not active due to high world market prices, but COCOBOD sets national prices and provide stability of incomes (by sustaining			Certified farmers have significantly higher incomes from cocoa than non-certified farmers. Between 2010 and 2012 there was no significant change in cocoa income for certified farmers, but for non-certified producers, income from cocoa significantly declined. Household incomes were higher for certified farmers compared with non-certified, although the rate of increase in income was higher for non-certified household incomes, linked to a large increase in permanent employment. Certified farmers reported a significantly higher contribution of cocoa income to household expenses than non-			High reliance on tea income. Income benefits from FT & RA certification e.g. improved yields (significantly more so for certified) and green leaf (GL) quality and thus tea prices, bonus payments. Increased livelihood diversification and ability to grow food crops creates income benefits. Improved farmer decision-making on profitability of activities (record keeping skills through RA training). FT Minimum Price not active and not mentioned as a safety net. FT Premium investments provide income benefits (e.g. reduced contributions to community projects, improved GL quality and hygiene). RA income benefits through lead farmer training. FT and RA certified producers			High reliance on tea income. There was a significant increase in annual incomes of workers at both certified and non-certified estates between 2010 and 2012. The relative increase was larger for workers at the estates already RA certified in 2010, than those that were not, but the difference is not significant. Pluckers' income determined by per kg rates, productivity of field and their own productivity. More frequent plucking rounds mean workers can pluck more. Perceptions of income benefits are mixed. Workers at certified estates perceived a significantly			High reliance on tea income, but reducing by 2012. No impact on tea incomes, either annual income or daily wage was found, due to existing legislation, unionisation and collective bargaining agreement. Possible slight negative impact from RA certification restrictions on overtime. Some certified estates pay higher bonuses and offer specific incentives for performance. Limited mechanisms for certification to lead to income impacts (except through higher yields which would help pluckers		

Type of Impact	Ghana/Smallholders	Ecuador/Smallholders	Kenya/Smallholders	Kenya/workers	India/workers
	COCOA		TEA		
	quality levels, stabilization fund etc.	certified farmers. Certification contributes to improved productivity and quality and hence increased incomes. Both groups reported feeling slightly better off in 2012 compared to 2010, but the difference was not significant. Certified farmers were significantly more positive about the future status of their children.	achieved higher incomes compared to non-certified farmers (or those certified during the course of the study, but they also had a higher acreage under tea. However, the latter group perceived a significantly greater improvement in household income, compared to certified farmers who had already perceived high improvements in income in the two years prior to 2010.	greater positive change in annual income and income per day, compared to non-certified estate workers. However, workers in focus group discussions indicated that they were not better off due to rising living costs, despite rises in negotiated rates and that overtime restrictions had led to losses in income for workers involving in maintenance, factory, transport etc at the RA certified estate. RA associated training improved HH budget management for some.	to earn more – but no clear evidence on yields. Vocational training begun at multi-certified estate (FT, RA and Utz etc) using FT Premium funds. There was no significant difference in workers' perceptions of change in income from certified and non-certified tea estates over the previous 2 years.
Income coverage of basic needs.					
Scoring	-	0	+	+	+
Details	Farmers' assessment of the contribution of cocoa income to covering their basic needs showed a significant decline between 2010 and 2012, for food, clothing, school expenses and health.	Farmers reported a significant decline in the contribution of cocoa income to basic needs (clothing, schooling, health, water, energy and debt repayment). Certified farmers also saw a significant decline in contribution to food. However,	Kenya RT and RA certified and non-certified smallholders both reported similar positive changes in extent to which tea income covers basic needs (food, clothing, school expenses, health costs, water, energy). However, in discussions smallholders indicated that rising living costs are	For tea estate workers in Kenya, the contribution of tea income to basic needs increased between 2010 and 2012 (significant increases among certified and non-certified workers for food, clothing, health	The estimated contribution of tea income to meeting basic needs increased for both certified and non-certified workers (for food, clothing, health, energy

Type of Impact	Ghana/Smallholders	Ecuador/Smallholders	Kenya/Smallholders	Kenya/workers	India/workers
	COCOA		TEA		
	There was no significant difference in either year between non-certified and Fairtrade certified farmers. Both groups considered they had become significantly worse off between 2010 and 2012 compared with the years prior to the baseline. The certified smallholders had become less optimistic about their well-being in the near future.	the extent of the decline was significantly greater for the non-certified group (for clothing, health, water, energy and debt)	masking benefits from improved incomes.	and energy, and additionally for certified workers, school expenses). The extent of change was significantly greater for non-certified workers for health and energy expenses, (starting from a lower base) but greater among certified workers for schools expenses. Workers said incomes were not sufficient to cover basic HH needs.	and school expenses)
Household assets and services					
Scoring		0 +		0 +	
Details	No significant differences found in terms of ownership and control of assets. But perceived improvements for certified farmers in market access, safe use of pesticides, access to training, health services (small improvement) and in the environment. No significant difference in	Improved income has not translated into significant differences in HH assets (used for more short-term needs), but more satisfied than non-certified farmers about food security and other livelihood dimensions, including access to credit (FT producers). Improved access to markets, more stable markets and increase in satisfaction with training.	Improved savings rates of RA certified farmers (although not statistically significant). Farmers reported investing more in children's education with improved incomes from certification but no significant increase was evident from the questionnaire responses. Farmers reported buying better food, household and farm improvements, livestock, investing in small shops, motorbikes and clothes. However, in	Physical improvements (RA) in sanitation, repair of houses, better access to education for children and improved transport. Originally non certified workers also report physical improvements. Benefits for education of workers' children and improvements in childcare facilities (FT &	Various improvements from RA and FT certification have contributed to workers' feeling better off compared to workers on non-certified estate. No major differences in financial services or education, although FT Premium is supporting scholarships, teacher fees and vocational training for workers' children. Positive

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers		
	COCOA						TEA								
	cocoa productivity or prices between non-certified and FT-certified producers in 2010 or 2011. No difference on education indicators, but higher access to training for certified farmers. Partnership programmes established (inputs on credit, business services).			Improvement in services available in the community – especially education, but not necessarily attributable to certification.			discussions smallholders indicated that rising living costs are masking benefits from improved incomes. FT Premium funds used for education, renovating collection centres and health investments leading to better collection centres, school buildings, improved health. Out-growers report Premium investment in education and health facilities. New dispensaries improving mother and child health. Overall higher tea prices driving some changes, but increased quality and yields from certification as well.			RA). Improved access to training, but pluckers less able to attend. Satisfaction with access to services at RA estate. Many occupational H&S improvements reported by factory workers. Better hygiene. Less distance to walk to weighing points for female workers.			health benefits reported by certified workers. Some improvements in worker-manager relations & positive appraisal of initial stages of FT Premium committee. Positive RA impact on housing quality, drinking water quality, waste management and hygiene, sanitation. No major changes in terms of worker’s empowerment.		
Food Security															
Scoring		0	+			+			+			+		0	
Details	No significant differences found in number of meals per day. Certified farmers more satisfied with the quality and quantity of food consumed. Significantly more certified farmers obtained all their food from their own farm			Certified farmers more food secure than non-certified farmers. Higher protein consumption. The proportion of food covered by ‘own farm’ production was significantly higher for certified farmers.			Increased ability to grow food crops (FT & RA), helping to reduce expenditure on food items. More purchasing power (as higher incomes). FT and RA farmers significantly more satisfied with the quality of food eaten compared with non-certified farmers.			Improvements in numbers of meals and satisfaction with quantity of food, for workers at the RA certified estate compared to the latterly certified (2010) comparison estate.			No significant differences found in the number of meals consumed per day. Certified workers were significantly more satisfied with the quantity and quality of food consumed, compared to non-certified workers. By 2012, both groups became less satisfied with the amount of food,		

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers		
	COCOA						TEA								
															significantly more so for non-certified workers. This suggests that workers at RA-certified estates are less vulnerable to food insecurity. FT Premium at one multi-certified estate being spent on a free, nutrition drink for all workers and snacks for children attending classes.
Job Security and Employment Conditions															
Scoring										-		+		0	
															<p>All workers have contracts, with social security contributions included and 26 days paid annual leave; a rest day after every 6 days of work; 3 months maternity leave, 2 weeks paternity leave, paid sick leave and lighter duties for nursing mothers. Factory workers have reduced hours due to RA rules on overtime. Major improvements in housing from certification and</p> <p>No changes (for existing or migrant labour) due to existing labour legislation and labour shortages – most workers on permanent contracts already and new recruits rapidly given permanent contracts. Temporary workers share similar benefits as permanent workers.</p>

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers		
	COCOA						TEA								
											more provision of water for pluckers. Increasing mechanization leading to reduced workforce (and so women have fewer jobs). Machine operators have observed worsening working conditions.				
Tackling gender inequality and women's empowerment															
Scoring		0	+		0			0	+		0	+		0	
	Underlying gender norms not challenged, although investment (e.g. in gender learning action systems recently). PO has gender policy, more women in positions of authority in the cooperative (including a female President until recently), and increasing numbers of women as members – with FT certification supporting these changes, compared to limited or no action in non-certified licensed buying companies. Women participate in			Some women board members in RA/organic organisations, although not attributable to organic certification. Training on employment conditions, gender equality and discrimination issues.			Greater women's representation in PO collection centre committees but not at zonal level or board of directors. More female managers in POs, especially in processing sections. Women represented on all FT Premium committees following FT rules. Training on joint financial planning has improved women's input into household expenditure plans for the annual tea bonus. Some limited improvements in women's access to land and registration in POs, but still women are less than 30% and changes mainly driven by societal and constitutional changes. Some improvements in women attending meetings, but progress limited and			More women on worker committees, but still stuck in plucking jobs and few women are field supervisors. Women pluckers have attended less trainings than other groups of workers. Increased presence of women in worker committees and improvements in manager-employee relations have improved women's influence over decisions. Women participate in FT Premium decision-			No major changes in gender relations. Workers appreciative of recent investments using FT Premium and the process of decision-making, but early days. Women stuck in lower paid plucking jobs, and not getting opportunities for promotion (e.g. to field supervisor or factory positions). No significant differences between men and women's earnings reported in the questionnaire survey, although in FGDs men and		

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers			
	COCOA						TEA									
	meetings, although some difficulties to attend meetings and speak freely. Women generally have less influence in cocoa production. Few women own land, except where they inherit it, and some rely on 'caretaker farmers to cultivate the cocoa'.						mixed across different groups. Numerous FT Premium investments which particularly benefit women and children (more dispensaries, classrooms, girls' dormitories, water tanks, collection centres, livelihood diversification etc).			making, with some of these investments particularly benefiting women and children. Some reports of reduced domestic violence and more joint household decision-making as a result of training from RA			women reported that women tend to have higher earnings than men because of the incentives for the pluckers. Women's representation in union meetings limited.			
Child labour																
Scoring			+		O							+		n/a	n/a	n/a
	Widespread problem, in West Africa. The study organisation had been suspended in 2009 but reinstated in 2010. Huge investment in child labour programme. Widespread awareness amongst cocoa farmers of need to avoid child labour – but no evidence could be gathered on actual practices due to the nature of the study.			Questionnaire responses indicated no change in the use of child labour. Not reported as a widespread issue by the study team and key informants. No evidence could be gathered on actual practices due to the nature of the study. Reductions in child labour overall the result of government legislation.			Sustainability standards have reinforced messages regarding child labour. Farmers, PO managers and key informants report that the use of child labour on smallholder tea farms is not a common occurrence. Farmers mistakenly believed that FT & RA standards prevent children helping on farms after school or during holidays (as long as the work is appropriate for their age, they do not work long hours and/or under dangerous or exploitative conditions).			Limited evidence on actual practices. Older children (e.g. 18 plus) now have to have own contracts due to certification if employed on estates, and more youth of this age have been helped into secondary school as a result of RA certification.			The worker population is actually ageing and the managers face labour shortages. There has been an increased recruitment of hired labour in the final year of the study – but no indications/reports known of child labour issues.			

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers		
	COCOA						TEA								
Productivity and quality															
Scoring		0				+			+			+		0	
	No significant differences between certified and non-certified farmers in their total farm size, area under cocoa or percentage of land under cocoa. Yield differences were significant in 2010 but not in 2012.			Certified producers had significantly higher productivity of raw and dried cocoa beans in 2010 and 2011 compared to non-certified. Yield increases resulting from technical improvements and management techniques (organic, RA and Fairtrade) and access to inputs (Fairtrade). Farmers saw positive changes in management of the cocoa crop and environment.			Improved revenues for members and PO from higher GL quality (resulting from training and other measures). RA has created yield, quality and income benefits through training of members in a PO using a 'lead farmer' training approach which builds on learning and uses farmer graduates from Tea Farmer Field Schools. Farmers considered that livelihood and crop diversification and improved agricultural practices have increased tea yields and incomes, brought nutritional benefits, reduced food expenditures. Improved quality of certified POs made tea quality and associated higher sales prices and income for the PO and members – improves PO reputation, and improves outcomes for members			Improved tea husbandry practices associated with RA certification (more frequent plucking rounds, manual weeding, leaving prunings as mulch), better fertilizer application, soil erosion measures) leading to improvements in yields. Traceability, training and infrastructure improvements, resulting from RA have led to quality improvements			Two of the estates were higher yielding but there was no clearly emerging evidence on yields being raised as a result of RA as yet. Higher yields, mean that workers can pluck more per day and raise their incomes. The data is unreliable on worker productivity (e.g. number of sick days) because of ageing workforce and high levels of absenteeism.		
Hired Labour on smallholder farms															
Scoring		0			0			0	+						

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers		
	COCOA						TEA								
	Widespread use of hired labour. H&S training provided by study PO for some. No other impacts for hired labourers. Caretaker farmers (migrant hired labourers) not able to join Kuapa Kokoo as members, but can join training sessions.			Widespread use of hired labour. More certified producers hiring workers than non-certified farmers. Improvement on H&S (reduced exposure to risks) from training for labourers employed by certified smallholder farmers – but changes attributed to government legislation.			Smallholder farmers reported improved working conditions for hired labourers and improved employer-worker relations. Farmers reported a significant reduction in labourers' exposure to health and safety hazards. Pluckers' awareness of standards varied across certified groups; some received training on quality; advice on financial management, children's education, participation in FT/RA field days/training. Others had no information on the standards and rarely communicated with their employer, but did note the FT investments in concrete sorting tables								
Organisational Level Impacts (* indicates an objective of Fairtrade not RA)															
Democratic organisation*															
Scoring		0	+		0	+			+	-		+			+
	Improvements in democratic organisation (e.g. recent decentralisation), although lack of communication to individual members on			Two organic POs in the study operate more as cocoa buying businesses - no major improvements in governance found; but FT organisations, and another organic and a non-certified group considered themselves to be relatively democratic, electing their			Certified POS had a more open and participatory style of management and reported improved relations between management and members/ factory staff. Managers felt that certification and associated training had increased members' understanding of the point of electing representatives and			Mixed results on political empowerment (some training for workers on rights, women more involved in worker committees, but women stuck in plucking jobs and increased use of			The managers reported a reawakening of corporate social responsibilities towards workers, environment and society. Reputational benefits amongst other estates. Multi-certified estate is		

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers		
	COCOA						TEA								
	use of FT Premium.			leaders and new members. 73% of Fairtrade certified producers and 50% of FLO/organicas had knowledge of the premium in 2010, and 75% in 2012. One PO has used the premium to support administration and organisational development.			participating in meetings. By 2012, managers at some of the certified POs felt there was more openness in information sharing. This was reflected in the small but significant difference between certified and non-certified farmers in satisfaction with how their views are understood. Increased interactions between KTDA POs seeking certification. FT Premium Committees visit each other to share information. The annual audits have helped strengthen the culture of accountability.			contract labour for specific tasks (not plucking). Increased number of worker committees. Some improvement reported in worker-manager relations			using FT premium to engage with workers. Improvements in employer-employee relations – workers positive about changes resulting from FT & RA.		
Management capacity															
Scoring		0	+			+			+			+			+
	Some improvements in systems and capacity building (support from Alternative Trade Organisation), but capacity gaps given the size of the organisation and internal tensions. Need for professionalization, skills and resources to managing trading arm and compete in cocoa business			Significant increase in satisfaction with PO leadership, financial management, future plans and communication.			Some professionalization through improved management systems, training in documentation, accountability, traceability, auditing, environmental and energy conservation. Improvements in manager-employee relations at the factory and in employment terms and conditions for factory workers. Workforce reductions supported by certification emphasizing efficiency in the factory. FT certified POs have been lobbying FLO			Improvements in management systems due to RA certification standards (documentation, record keeping, traceability) leading to better GL quality, worker-management relations, audit preparations, energy use and environmental			Improvements in management systems (e.g. monitoring and documentation) widely reported. Increased attention of management on improving quality of services for workers. Positive appraisals of Joint Management Committee established as a result of Fairtrade. Plausible		

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers		
	COCOA						TEA								
	while benefiting members. Part-ownership of Divine builds understanding of end markets, but disadvantage in terms of competitors given their size (many are international companies).						to raise the FT Minimum Price, reduce certification fees, and make standards more achievable in a more gentle progression over time.			impact.			positive impacts, although only information on proxy indicators. The non-certified estate has experienced poor worker-management relations in recent years.		
Service Provision to members/workers															
Scoring		0	+			+		0	+			+			+
	FT Premium investments of limited scale due to low level of FT sales of cocoa and given the size of the organisation there is limited visibility of impact. Other non-certified companies provide similar incentives and bonuses. Recent scaling up of partnerships with NGOs and international philanthropic foundations beginning to invest in inputs on credit and technical training. Credit Union re-established but only recently. Investments			All respondents gave good scores for performance of their PO, but certified farmers ranked their PO significantly higher than other buyers. Certified farmers more positive than non-certified farmers about PO maintaining quality, but less satisfied about the way cocoa is sold. 98% of FT farmers reported benefitting from the Premium, used for cocoa production, infrastructure, credit, health, training and education. Certified farmers reported more investment in farming methods and access to credit			Improvements in occupational health and safety for factory workers.. Perceived improvements in a range of services by certified and non-certified (in transition) smallholders. Significantly more change for non-certified groups in credit, farm inputs on credit, training, post-harvest handling, diversification, value addition, pesticide use			Improved quality of surroundings and various RA related investments e.g. in infrastructure and occupational health and safety have improved quality of life.			The services provided by estates have improved after certification, although this has not been a radical transformation as the Plantation Labour Act already meant workers had a certain level of service provision. Certified workers significantly more satisfied with services e.g. housing, crèche, schooling, medical, sanitation, drinking water, electricity, transport and food than at non-certified estate – however, the changes are limited in extent.		

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers		
	COCOA						TEA								
	<p>in child labour and environmental activities, but impacts not measured. Significant improvements in satisfaction with certified primary society: cocoa price, leadership, technical assistance, maintaining quality of cocoa, way cocoa is sold, how views are understood and communication of information. Both certified and non-certified farmers saw improvements in a range of services between 2010 and 2012, but significantly greater for certified farmers only for house roofing and farming methods.</p>			<p>than non-certified farmers. Certified farmers more satisfied with access to training than non-certified farmers (the picture is complicated by several external agencies providing support at different times). One PO uses premium for organisational strengthening. Greater increase in satisfaction during the course of the study amongst certified producers in terms of leadership, financial management, technical assistance, the way cocoa is sold, communication of information, future plans and use of the Premium.</p>											
Financial viability, Estate Profitability															
Scoring	-	0				+		0	+		0	+		0	
	Pricing is set by COCOBOD the national cocoa body and so there is no price uplift for individual			Prices paid to certified farmers for raw beans are significantly higher than for non-certified. Prices have been stable over			Direct sales increase both the transparency and prices obtained for made tea. PO members are shareholders in the KTDA company			Limited growth in FT tea market. Tea quality has risen from stricter plucking requirements			The buyer provided a small premium in the early stages to help the estates to cover the costs of		

Type of Impact	Ghana/Smallholders	Ecuador/Smallholders	Kenya/Smallholders	Kenya/workers	India/workers
	COCOA		TEA		
	<p>farmers, beyond an additional bonus paid to farmers from the FT Premium based on the quantities they sell to the PO.</p> <p>Limited capitalization of the organisation using FT Premium. Difficulties in accessing credit at reasonable rates in Ghana.</p>	<p>the previous 2 years, although farmers perceive a decline – possibly due to increased production costs.</p> <p>FT premium used for cocoa production inputs, infrastructure, health, training and education. One PO has used half the premium funds for credit facility for members.</p> <p>Cocoa organisations gaining greater representation and confidence, and ability to influence prices. Public development bodies are also supporting cocoa farmer organisations & cocoa heritage</p>	<p>and thus receive an annual bonus dependent on the sales price of the processed made tea, which is also dependent on the GL quality which has increased as a result of certification.</p> <p>Outgrowers typically receive a lower price than smallholders as they just supply the raw materials (Green leaf) and are not shareholders in the factory. Some prefer to have the higher monthly payment without waiting for the annual bonus paid after the end of the financial year. One FT outgrowers’ association in has been using its FT Premium to purchase a tea processing factory. The FT outgrowers view their FT certification status as having attracted donor agencies to set up new development activities with them (e.g. the Bill and Melinda Gates Foundation). Market premium generated by RA sales. FT premiums are generated for certified POs but most are in single digits for proportion of PO sales on FT terms. High recurrent costs of auditing, documentation, awareness raising, training and planning etc.</p>	<p>(despite initial loss in yields, made tea prices become higher with better quality). But costs of certification said to be fairly high and more technical advice is needed.</p>	<p>certification. The non-certified estate is only able to sell on the domestic market (and therefore is not an ideal counterfactual).</p>
Market access, chain effects.					

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers		
	COCOA						TEA								
			+			+	-		+			+		0	+
	<p>Part-ownership of Divine Chocolate Company brings dividends and understanding of end markets. FT has provided stable sales (via Divine) and FT has made the PO attractive to Cadbury (raising FT PO sales to 30%). Potential competition from other newly certified FT suppliers.</p>			<p>Certification has led to increased domestic and export market access, increase in volumes of cocoa exported and foreign currency earned. Markets have diversified and commercial contacts increased. FT markets provide more stable sales for certified POs who are becoming less dependent on intermediaries. Certified POs have a stronger vision of their future marketing strategies and ways in which they can become less dependent on intermediaries and improve the terms of trade for their members, in comparison to non-certified POs. One PO has used FT certification to increase market access and generate premiums, while members shift to organic production and are now looking to develop their own standard. More certified farmers were positive about improvement in market access, payments for quality cocoa and improvements in the</p>			<p>POs are more attractive to buyers seeking certified tea. Rapid expansion of certification across the sector due to commitments of buyers to RA. FT certified tea markets have not grown so rapidly, but the POs have completed valuable projects funded with the FT Premium. Some buyers are sourcing FT tea without paying the Premium. Most Kenyan smallholder tea is sold via the Mombasa Auction. There is a continuing lack of transparency in tea value chains, as buyers do not typically place advance orders. Retro-certification of tea purchased from FT certified POs is commonplace. FT PO managers not able to work out accurately the FT Premium amounts linked to FT retail sales amounts.</p>			<p>Improved market access, visibility and reputation as a result of obtaining RA certification. Either sustaining contracts or obtaining new direct overseas sales, which fetch a higher price leading to major financial benefits at one estate. Selling 30% of their made tea via direct sales overseas.</p>			<p>Certification has enabled the estates to sustain a contract with a direct overseas buyer which is more stable than the auction in terms of pricing. The estates are still reliant on the one buyer for their direct sales</p>		

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers		
	COCOA						TEA								
				environment than non-certified producers. Members have limited understanding of value chains and organisational capacity /vision varies.											
Sustainable agriculture and environmental impacts															
Scoring			+			+			+			+			+
	A significantly greater improvement in the environment was reported by certified farmers compared to non-certified. PO provided training and investment in environmental management (watershed management, agro chemical use, cocoa rehabilitation, afforestation etc). The PO's training, investments and activities on environmental issues have made a positive difference to farming practices and environmental management although it			FT Premium investments have supported environmental activities - reforestation and soil conservation practices, sustainable farming practices, reduced agrochemical use and better pest and disease control (RA)). Most significant improvements at one organisation (more diversification, more fruit crops, reduced chemical use, etc). Less obvious impacts at another PO where already using environmentally friendly production methods. Some improvements in waste management due to RA. Certified farmers were more positive about change relating			Both groups of smallholders, those RA certified prior to 2010 and those certified later or who are in process, perceived a significant improvement in the environment by 2012 and also an improvement in safe use of pesticides – but no significant difference in the degree of improvement between the two groups. The higher score of certified smallholders in 2010, indicates the earlier introduction of changes on these farms. Tea Farmer Field Schools have emphasised environmental and sustainable agriculture and support to sustainable agricultural practices. Increased training by the POs Tea Extension Services. These practices have also contributed to food			Environmental protection activities - relating to rivers, river banks, forests and springs, and estates waste systems - are said by workers to have improved the quality of the surrounding environment [RA]. Improvements in hygiene are improving quality of life for workers. Spot herbicide application has improved and composted weed used as mulch. Improved waste disposal as a result of RA. Significant investments in energy efficiency.			RA certification has raised awareness amongst certified workers on the need to protect the environment and sustainable practices in agriculture. Workers and managers report that there is no more unauthorised felling of trees or hunting of animals. Improved practices include Integrated pest management, phasing out of hazardous chemicals, soil conservation, and use of natural compost and energy efficiency methods of production. Estates also		

Type of Impact	Ghana/Smallholders			Ecuador/Smallholders			Kenya/Smallholders			Kenya/workers			India/workers		
	COCOA						TEA								
	was not possible to measure these changes .			to the environment than non-certified producers.			diversification, with health and income benefits.						plant more trees.		
Wider impacts															
Scoring		0	+		0	+			+			+			+
	Local community impacts from investment of FT Premium (education, health etc), but spread thinly across a wide area. The organisation has grown and now covers a large area and number of producers. Environmental impacts – increased awareness at organisational level of importance of environmental conservation and sustainable farming practices, and some pilot projects and reforestation activities, but scale limited. Limited advocacy activities aimed at local or national			Use of the FT Premium is focused on members and PO rather initiatives of wider benefit to the community, although some POs give access to facilities for both certified and non-certified members. Environmental benefits e.g. waste management, are relevant to PO members farms and the community rather than wider landscape level. Increases in national organic cocoa production and more farmers joining PO. Increased confidence and influence of cocoa organisations. Participation of one PO in local Cocoa Roundtable has increased smallholder voice locally and nationally.			Certified POs active in local advocacy work, leading to environmental improvements. Agricultural extension has improved tea and food crop production with diversification, health and income benefits for smallholders. Environmental initiatives have benefitted the wider community (through improved ecosystem services In the west of the Rift Valley where land is available,(farmers have expanded their tea areas (no expansion east of rift valley where land is scarce). KTDA managers are regularly transferred between POs enabling sharing of practices promoted under certification (but also creating challenges for new managers in learning how to follow standards requirements). FT Tea Product Network covers 5 countries			Support to local primary and secondary schools benefit the local community. Environmental measures (improvements in tea husbandry, awareness raising in the local community, water monitoring, wildlife surveys etc) likely to have positive environmental impacts – cleaner rivers, raised awareness of biodiversity and need for tree planting. Spillover effects include reported improvements for workers’ terms and conditions on other estates. Few pesticides used in Kenya as no serious diseases or pests			Some small-scale health benefits to local community. Adherence to buffer zones and checks on water quality plausibly has benefits for local community in reduced exposure to agrochemicals. Various measures all likely to have positive impact on soil fertility and productivity and estates moving to more energy efficient production. Some improvements at non-certified estate but on lesser scale.		

Type of Impact	Ghana/Smallholders	Ecuador/Smallholders	Kenya/Smallholders	Kenya/workers	India/workers
	COCOA		TEA		
	government in view of the size of the organisation, although the need to sustain license potentially restricts activity in this area.	Greater engagement from public bodies – not all resulting from certification, but supported by it. Participation of FT POs in producer networks nationally and regionally.	and supports information exchange. The regional producer network is lobbying in FLO to increase producer representation on the board etc. FT outgrowers believe they have attracted additional funding from external agencies due to FT certification.	so pesticide use is not an issue.	

APPENDIX 2: MAPPING AND SELECTING CASES

Tea is produced by both estates and smallholders, although there is variation between countries. Cocoa is not produced on estates. 75% of the world's cocoa is produced by smallholders in Cote D'Ivoire and Ghana.

Fairtrade product standards for different commodities

Products	Small producer standard	Hired Labour standard	Products	Small Producer Standard	Hired Labour Standards
Bananas	Yes	Yes	Nuts and Oil seeds	Yes	-
Cocoa	Yes	-	Quinoa	No	-
Coffee	Yes	-	Rice	No	-
Cotton	Yes	No	Soybeans and pulses	Yes	-
Dried fruit	Yes	-	Cane sugar	Yes	-
Flowers & Plants	No	Yes	Sports balls	No	Yes
Fresh fruit	Yes	Yes (except bananas)	(Cane) Sugar	Yes	-
Fruit juices	Yes	Yes	Tea	Yes	Yes
Honey	Yes	-	Wine	Yes	Yes
Herbs and Spices	Yes	-	-	-	-

Fairtrade has the largest number of certified producers in an Asian country - India has the most Fairtrade-certified organizations. Products that are being certified in India are cotton, tea, nuts and oil seeds, rice and cocoa/vanilla. There are also Fairtrade-certified producers in Asia in Pakistan, Indonesia, the Philippines, Vietnam, Laos and Thailand. Rice production is certified in several Asian countries, but it falls under the atypical contract production standards (CPS) which are slightly different to the hired labour standards. In CPS the promoting body (NGO or plantation) has to agree to help support the smallholder grouping to eventually become independent, but there are fewer demands for democratic organization within the farmer organization from the start. This standard was designed to help bring in less democratic organizations, to put them on a path of capacity building and increased democracy and enable them to benefit straightaway. However, a recent review found that the pathway needs to be more clearly defined, as there are insufficient incentives for promoting bodies to help outgrowers become independent, as they would possibly lose business as a result. There are certified vanilla producers in India, (not cocoa as the FLO-Cert website states – an error). In Africa there are a small number of vanilla producer groups in Uganda and Madagascar. Certified Fairtrade sugar is produced in Malawi, Kenya and Zambia. Fairtrade cotton is produced in Burkina Faso, Malawi Senegal, Egypt, Cameroon. There is much higher levels of Fairtrade certification in Latin America in coffee of course, but also cocoa, bananas, etc.

The **Rainforest Alliance** works mostly in India in South Asia in (tea and coffee) in terms of the number of enterprises certified. It also is working in the Philippines (bananas and pineapples), Vietnam (Coffee) and Indonesia (coffee and tea) – although the latter is not in South Asia. The Rainforest Alliance also has plans to expand to have certifications in Sri Lanka, but this is not considered a least developed country.

Utz Certified farms exist in India, Vietnam and Indonesia, all producing coffee. The Utz Code of Conduct for tea is also in the final stages of development and there will be an Utz Certified tea by the end of 2009. It has been trialled in Indonesia and Malawi in recent months. The Indonesian organization, PT Perkebunan Nusantara V III (Persero) is the first tea producer worldwide to receive Utz certification. It is a multi-site, umbrella body certified against the draft version 0.5 of the Utz Code of Conduct. The total certified area is 2,120 ha²⁰.

Certified tea in Asia

- **Fairtrade certifiers** in tea exist in Laos (1), Viet Nam (2) and India (19).
- **Rainforest Alliance** tea certifiers exist in Indonesia (3), India (8 entities are listed)
- **Utz Certified** has just certified an enterprise in Indonesia (1).

Leaving coffee aside, **tea** is the only commodity in which Rainforest Alliance, Fairtrade and Utz Certified are all operating in South Asia.

- A choice of two states in India in which tea is grown and where producer groups are certified under both standards would thus provide a good comparison between the two standards. However, Rainforest Alliance is only currently certifying in Assam and Tamil Nadu State/Nilgiris. Fairtrade is certifying mainly in Tamil Nadu.
- A second option is to include another country. There is no certification under these three standards in Nepal. Indonesia is in SouthEast Asia rather than South Asia, but there are three Rainforest Alliance tea certified organizations and one new Utz Certified example. However, there does not appear to be any Fairtrade tea certification in Indonesia. There are 12 tea producers in Sri Lanka with Fairtrade certification and Rainforest Alliance is planning to expand there soon²¹.

Neither Sri Lanka nor Indonesia is ranked either as a least developed - or a low income country, but both are ranked as lower-middle income countries. India is ranked as a low income country, but not as a least developed country.

Certified tea in Africa

- **Fairtrade** tea certified enterprises are as follows: Kenya (16), Tanzania (5), Malawi (4), Uganda (4) and Rwanda (2), Burkina Faso (2).
- **Rainforest Alliance** tea certification has certified enterprises in Kenya (7), and Tanzania (1), (and recently 1 in Uganda). They are planning on increasing their work with smallholders in tea in Kenya and smallholders and estates in Tanzania over the next year, as well as expanding in Malawi and Rwanda (although a thorough monitoring and evaluation study is proposed for Rwanda)²². There are 7 or 8 big producers of tea in Malawi and Rainforest Alliance plan to cover most of them. As a result there will be cross-over with Fairtrade certification, which has also been studied by NRI for the Fairtrade Foundation²³.

²⁰ <http://utzcertified.org/index.php?pageID=227>

²¹ An estate has already been audited and so certification may be imminent (M.Monserrat, Rainforest Alliance, *pers comm*).

²² Yale research student, Cory McCrudden, is slated to do this work with DFID FRICH funding. This information is CONFIDENTIAL.

²³ In Rwanda it is likely to be different factories that will achieve Rainforest Alliance certification compared with those seeking Fairtrade certification, as the former have issues from a management and biodiversity point of view with the latter. The project in Rwanda is managed by Taylors.

- No **Utz Certified** tea in Africa.

Certified tea in Latin America

- **Fairtrade certification** in Peru includes two certified enterprises (2).
- **Rainforest Alliance** has certified tea enterprises in Argentina (6).
- No **Utz Certified** tea in Latin America.

Cocoa certification in Africa

- **Fairtrade certification** in cocoa in Africa includes the following: Cote D'Ivoire (6), Ghana (1), Cameroon (1), Sierra Leone (1).
- **Rainforest Alliance** have certified enterprises in cocoa in Cote D'Ivoire (8),
- **Utz Certified** are piloting their code in Cote D'Ivoire and certifications are due soon. Utz Certified is called the 'Good Inside' Cocoa programme, based on a 'good inside code of conduct' for cocoa with stakeholder consultation and collaboration²⁴. The code is being tested in Cote D'Ivoire with capacity building also on-going on the ground with the partner at origin, the Certification Support Network (CSN) and in training certifiers. The plan is to begin certifications in Cote D'Ivoire but there are also plans to expand to other countries.

All three standards are operating in Cote D'Ivoire which makes this an obvious selection for the study. Kuapa Kokoo has been studied in the past, but we have approached them to explore the possibility of inclusion since Utz also are planning several certifications there (and COSA are not doing M&E there). However, there is no Rainforest Alliance certification in Ghana. There is Cadbury's funded study likely to occur in Ghana but that would not be with Kuapa Kokoo but with other newly organized producers.

Cocoa Certification in Latin America

- **Fairtrade certification** in cocoa in Latin America includes: Belize (1), Bolivia (1), Dominican Republic (4), Ecuador (4), Haiti (1), Nicaragua (3), Panama (1), Peru (13). The four countries (Dominican Republic, Ecuador, Peru and Nicaragua) with the larger number of cases are all classed as lower middle income countries.
- **Rainforest Alliance** have certified enterprises in cocoa in Ecuador (11), Dominican Republic (2), Costa Rica (1), Colombia (1), and Brazil (2).
- **Utz Certified** has not certified cocoa enterprises in Latin America.

Cocoa certification in Asia

- In **Fairtrade** there is just one producer in Indonesia (Cooperative Cacao Organic Aceh).
- **Rainforest Alliance** does not certify cocoa producers in Asia.
- **Utz Certified** does not certify enterprises in cocoa in Asia.

²⁴ Version 1 is now developed. UTZ CERTIFIED is working together with major stakeholders from industry, government and civil society to help achieve a more sustainable cocoa sector. UTZ CERTIFIED is cooperating with Ahold, Cargill, Heinz Benelux, Mars, Nestlé, ECOM, Chocolat Frey and Ludwig Schokolade to develop and implement a mainstream certification and traceability system for sustainable cocoa. Solidaridad, Oxfam Novib and WWF are supporting the initiative. Other companies and NGOs are invited to join and support the program.

APPENDIX 3 REVIEW OF LITERATURE

There is an emerging body of evidence on the impact of sustainability standards, which is leading to increased questioning of the limits and potentials of standards. However, the variation in design and research questions makes comparisons difficult, between many of the studies and there is a contentious debate about what constitutes rigour and how rigour and utility can be balanced.

A number of meta-reviews provide interesting insights into the findings from the wider research community.

An early meta-review by **Nelson and Pound (2009)** of impact studies relating to FLO Fairtrade found:

- There is a geographical bias in existing Fairtrade impact assessment with a focus on Latin America, with very little work on Africa and Asia;
- The majority of the studies are on coffee, with few on the other commodities;
- Many of the studies are qualitative studies and are snapshots, and employ different research questions, foci, and methodologies thus comparative analysis and generalization are not possible. The studies involve varying levels of participation of smallholders/workers.
- Few studies on hired labour situations;
- Limited studies comparing impact from different types of Fairtrade value chains;
- Insufficient information on whether Fairtrade was helping producers to escape poverty or can reach the poorest
- Few studies analyse impact on the regional economy and identify the factors which shape success (e.g. market governance, size of PO certified product sales, characteristics of the PO, characteristics of the buyer etc)
- Little on the relative contribution compared to other interventions
- Limited evidence on the extent to which Fairtrade Premium activities have been achieved objectives
- Extent of impact on gender equality and women's empowerment not analysed and for other marginalized groups.
- No impact studies for the Fairtrade Producer networks, advocacy, or gender and social difference;
- Limited analysis of gender and social difference issues.

Of the 33 case studies analysed, 25 (the vast majority) are of Fairtrade coffee case studies (a small number are repeated). Four case studies of Fairtrade in bananas (in Ghana, Costa Rica, Peru and the Caribbean) were found, and three studies of Fairtrade cocoa (all of which are of Kuapa Kokoo). One case study covers outcomes for Fairtrade Fresh fruit producers. No Fairtrade impact studies were found for cotton, sugar, tea, rice, nuts or other commodities for which there are Fairtrade standards. Most of the case studies are from Latin America and the Caribbean (26), with 7 African examples (some of which are repeated) and no case studies from Asia. This bias towards Latin American coffee is probably the result of the history of Fairtrade itself, with its beginnings in Mexican coffee and the continuing bias in terms of sales. The vast majority of the studies are of smallholder farmer organisations. There are two studies of hired labour situations for Fairtrade banana growers and workers (see Ruben *et al*, 2008; and Moberg, 2005).

The studies are diverse in terms of their specific objectives and the methodologies used. Many are snapshot studies (especially the earlier ones) providing insights in a new field. More of the later studies include a longitudinal assessment of changes in producer income and assets over time (e.g. Ruben *et al*, 2008). Some studies pay more attention to context than others. For example, newly liberalized economies present challenges for small producers which Fairtrade can assist with (see OPM/IIED, 2000). Few of the studies move beyond a small number of cases to be able to draw conclusions that are relevant to a whole sector or fully explore these success and context factors across different situations.

Further research is needed to establish what are the key factors driving success, as current studies are weak on teasing these out. (Examples might include: the specific characteristics of the Fairtrade trading chain, i.e. who is the buyer, ATO, differences between retailers; hired labour versus producer co-operative situation; specific characteristics of the commodity itself; changes in world commodity prices compared to Fairtrade prices over time; is the market in surplus or deficit in the market?; size of Fairtrade sales; proportion of sales sold as Fairtrade for a single co-operative or company etc).

Some of the earlier studies have a slightly less critical eye than later studies – some of the more recent studies exploring empowerment issues and producer knowledge and perceptions of Fairtrade in more depth than previously (Moberg, 2005), or the ability of Fairtrade to stabilize prices (Berndt, 2007). The impact of producer networking is explored, but rarely fully assessed. There is increasing funding being made available to strengthen formal Fairtrade networks, with the aim of raising capacity, awareness and eventually sales, yet the differences between the different regional networks (in Africa, Asia and Latin America) are not yet analysed. Few of the studies considered the impact of advocacy interventions of Fairtrade producers and workers.

Many studies address whether producers are getting higher prices for their products and improved access to credit, but there are fewer studies which attempt to measure changes in income, expenditure or assets for participating households. Empowerment impacts are explored in many of the studies (especially organizational strength of producer co-operatives, individual self-confidence), but few of the studies assess social impacts in any great depth (e.g. changes in health and education) or impacts on producers or workers in conventional market. Very few of the studies analyse the gender dimensions of Fairtrade (a notable exception is Ronchi, 2002a) and few disaggregate data along lines of gender or social difference.

A review commissioned for this project covered environmentally-oriented standards, using a similar methodology (Chan and Pound, 2009). The study also found a patchy evidence base, a focus on coffee, and Latin America. It also found few studies on Utz Certified and Rainforest Alliance compared to Fairtrade. There were few participatory studies, comprehensive cost-benefit analyses or longitudinal studies. Most studies report some positive outcomes, but many of these also found that the benefits were not substantial in key areas (e.g. improving incomes). Several report negative impacts of certification and/or that the costs of certification outweigh or equal the benefits.

There was more emphasis on economic impacts, compared to environmental, social or other wider impacts. The most frequently reported, positive impacts were improved incomes, income security, market access and access to credit/pre-financing.

Environmental impacts were found in four of the eight (e.g. reduction in pesticide use/contamination, reduction in water use/reduced contamination of water resources, more environmentally friendly waste disposal and improved conservation of biodiversity). Improved environmental management practices were reported usually, rather than environmental impacts. Many of the reported impacts appear to be relatively small-scale and isolated, although there was some limited evidence of more systematic environmental impacts. However, specialist environmental studies were not found by the research team, but may be available.

Little systematic information was found on social impacts. The most common impacts reported are: improved skills and knowledge (marketing, technical, general business skills) for producers, improved self-confidence/esteem and improved access to basic rights (eg, improved participation in decision-making, prolonged schooling for children). In the case of fair trade (but not the other standards), reduced vulnerability to external shocks was also a commonly reported social benefit of certification.

The most frequent positive impacts for workers were related to improved physical well-being and health (from reduced working hours, improved occupational health and safety, and living conditions). There was little evidence of positive empowerment-type impacts (eg, improved knowledge/skills, reduced gender discrimination, improved respect for union rights). This does mirror findings from recent impact assessments of ethical trade/labour standards (e.g. Nelson, Ewert and Martin, 2006; Barrientos and Smith, 2006).

Wider social impacts include: approx. 50% of the studies found positive impacts in terms of a strengthening of the producer organization or community enterprise (such as more participation and democratic workings; increased transparency and co-operation between value chain actors was an impact further down the chain; positive regional externalities (e.g. improved product prices and/or quality for non-certified as well as certified products, improvements in wages and working conditions on non-certified farms as well as certified ones; positive impacts on national policy.

There was weak assessment of unintended and/or negative impacts of certification. The most common negative impacts identified were the high direct and indirect costs of certification (both financial and time costs). Overall, positive outcomes were found, but are not necessarily sufficient to 'lift producers or workers out of poverty' as with the Fairtrade study. There was weak assessment of whether impacts can be sustained over time. There was also fairly limited assessment of distribution of impacts, as found in the Fairtrade impact assessment. Most studies which included a gender analysis found certification had not significantly addressed gender imbalances (as found in the Fairtrade study) but with a few notable exceptions.

Factors shaping success include local contextual factors, price differentials (e.g. gaps between prices for certified and non-certified products, and fluctuations in world markets), barriers to entry faced by smaller or poorer producers and the high costs of certification and/or compliance costs (Chan and Pound, 2009).

Since this meta-evaluation a number of independent impact studies have commissioned by FLO including research on Malawi on five commodities, Belize sugar cane participatory impact assessment, a global study of Fairtrade impact in cotton (Nelson and Smith, 2011, NRI report), and a Peru cocoa impact study (forthcoming)²⁵. These studies have all demonstrated positive impacts of Fairtrade for individual producers and for organisational strengthening, but also point to areas

²⁵<http://www.nri.org/development-programmes/equitable-trade-and-responsible-business/overview>

where more progress is needed and particular challenges – an example being the thorny issue of ‘unfair competition’ within Fairtrade, as newer entrants (sometimes with different levels of operation or relations in the value chain and hence economies of scale) compete with established Fairtrade suppliers).

A review by **Blackman and Rivera (2010)** covers a wide range of standards, but was limited to bananas, coffee, fish, tourism, timber and non-timber forest products. Their criteria were highly stringent, excluding any studies without a ‘credible’ counterfactual – thus excluding any studies employing theory based evaluation and plausible impact pathway designs. They found only 14 studies as a result. Niggli et al (2010) suggest that they under-estimate the number of scientific studies on organic agriculture. Kennedy (2011) also finds the number of studies to be very low. A summary of their findings is provided in the table below. The findings of their meta-review are mixed in terms of the impact of organic and Fairtrade standards for individual producers.

Summary of the findings of the Blackman and Rivera meta-evaluation

Study	Findings
Bananas	
Fort & Ruben (2008a); FT and Organic standards, Northern Peru	Producer socio-economic status assessed. Certification may have an impact, through boosting farm productivity (possibly by generating on-farm investment).
Zunita-Arias and Saenz Segura (2008); FT standard, Southern Costa Rica	Farmer households’ socio-economic status is assessed. No significant difference is found for incomes, expenditures and profits indicators, between FT and non-FT households, but FT households have higher levels of wealth and invest more in education and training – collective decision-making about the use of FT premiums is attributed as the cause. FT farmers have a more positive view of their current and future well-being and a stronger feeling of belonging to their community.
Ruben and Van Schendel, 2008; FT standard, Eastern Ghana.	FT workers, receive lower total salaries and have lower total family income than non-FT workers, but work fewer hours and receive more fringe benefits. Total expenditures for the two groups and subjective assessments of job safety, job satisfaction and fairness are not significantly different.
Coffee	
Arnould et al, 2009; FT impact. Nicaragua, Peru, Guatemala.	Variety of socio-economic indicators. FT certification is positively correlated with coffee volume sold and price obtained, but less consistently correlated with indicators of educational and health status.
Blackman and Naranjo, 2010; Organic certification.	Compare rates of adoption of four environmentally friendly farm management practices. Organic certification improves coffee growers’ environmental performance. It significantly reduces chemical input use and increases the adoption of environmentally friendly management practices.
Bolwig et al, (2009). Organic certification. Eastern Uganda.	Certification boosts net coffee revenue by 75 % on average, but this revenue effect is not principally due to price premiums offered to certified farmers. Rather, it is an anomaly of the ‘contract farming’ organic marketing system in their study, which requires participants to process their coffee before selling it, thereby increasing its value.
Fort and Ruben (2008b); FT and	Socio-economic status in Central Peru. In comparing organic FT farmers and matched organic non-FT farmers, the study finds no significant difference in income

Organic, Peru.	and investment, although FT farmers have more of certain types of assets. In comparing non-organic FT farmers and non-organic, non-FT farmers, the study finds FT farmers have lower incomes and productivity, but higher levels of some assets and investments. The authors attribute the limited benefits of FT in their study to the 'deficient distribution and use' of the FT premiums. <i>N.B. a methodological concern is that the matching does not control for important differences between the cooperatives (such as percentage of coffee sold as FT) that almost certainly affect outcomes.</i>
Lyngbaek et al (2001), Organic certification, Costa Rica.	Socio-economic impact of organic certification in Costa Rica. The authors find that average yields on organic farms were lower than on conventional farms and that the average net income (excluding fixed certification costs) was similar for both groups, mainly because of price premiums received by organic farmers. However, if certification costs were considered, net income for organic farmers was significantly lower than for conventional farmers.
Saenz Segura and Zuniga, Arias (2008), FT impact, Costa Rica.	Socio-economic status. Compared with matched non-FT farmers, FT farmers have lower incomes, profits and household expenditures and worse perceptions of the functioning of their cooperatives. <i>N.B. A methodological concern is that all the FT farmers belong to one cooperative and all non-FT farmers belong to a second cooperative. As a result, unobserved factors correlated with cooperative membership (not FT certification) may drive the observed differences between FT and non-FT farmers.</i>

Other agricultural products

Becchetti and Constantino (2008). Non FLO certified fair trade. Mango, guava, lemon, sorghum, maize, millet, okra, red pepper), Central Kenya.	Analyse the socio-economic impact of FT certification of a wide variety of agricultural products. The number of years of affiliation variable is positive and significant in two of the six selection effects models: for nutritional quality and satisfaction with living conditions. FT certification has causal impacts on these two variables.
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Source: Blackman and Rivera, 2010.

An economic analysis of Fairtrade (Mohan, 2010) argues that Fairtrade can offer benefits in terms of income generation, organizational capacity building and resilience to shocks for some producers and workers in developing countries. But the capability of fair trade to target marginalized producers, because of the complex entry requirements and costs of certification and compliance. Mohan concludes that rather than a 'poverty panacea', it can be a complement to trade liberalization and the facilitation of better governance.

In a comprehensive analysis by Tallontire et al, (2012) of the impact literature, it was found that evidence on environmental impacts tends to focus on proxy indicators of sustainable agricultural practices – rather than measuring environmental impacts themselves. A range of scale effects also need to be taken into account:

In short, comprehensive assessment of environmental sustainability (and to an extent, also economic and social sustainability) needs to include assessment of the following.

1. **Multiple currencies:** e.g. greenhouse gases, water, soil condition, biodiversity impacts etc. Is each currency equally important, or is one or a few more important?
2. **Land use effects:** by requiring more land if yields drop, and demand is inelastic, lower yielding farming systems will require more land in total, which leads to off-site environmental impacts;
3. **Scale effects as you move from small to large scale:** an isolated farm doing the same thing as a landscape full of the same farming practices will have different effects, and this scaling up is unlikely to be "additive" (i.e. it will be non-linear). It is therefore possible for an intervention to be positive when rare and negative when common;
4. **Landscape effects as different places often do different things:** As farming interacts with the local landscape, what may be a positive intervention in one place may be negative in another.
5. **Off-farm and distant effects:** As a farm does not exist in isolation from its environment or supply chain. For example, off-farm effects can arise via importing cattle feed for developed world farms from the developing world (soy or palm kernel extracts), or via diffuse pollution or water extraction (leading to down-stream effects).

A recent study by **CEVAL** (Klier and Possinger, 2012) investigated six cases across the product categories of Fairtrade (flowers in Kenya, cocoa in Ghana, coffee and bananas in Peru and tea and cotton in India), employed a quasi-experimental design allowed for attributing the impact Fairtrade has on rural development via Fairtrade-certified POs. The study does not conduct systematic matching, meaning that there is the potential for selection bias – i.e. the target group already has specific characteristics (e.g. they could be better off before entering FT. Their findings are as follows:

- **Social structure:** Cooperation between Fairtrade-certified POs (their workers and members) and the communities is critical to achieve changes in social structures through Fairtrade. The integration of staff of local institutions into project planning and implementation 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 hence 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.
- Fairtrade had a positive impact on the **socio-economic situation** of farmers and workers through more stable market prices, which gives farmers greater security and supports money saving. In the Hired Labour sectors, Fairtrade can only have an impact where management is disposed to changing the existing company policies and where Fairtrade's objectives do not interfere with state law. The commitment of the PO management to change things is always crucial in shaping impacts. Wherever communication between PO management and workers or members is good, training can be put into practice according to needs and is more effective for workers and farmers. 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.

- Fairtrade achieved a considerable positive impact in enabling farmers and workers to take a unique step to more individual and collective **empowerment**. This opportunity only arises when members and workers are adequately aware of the Fairtrade system, do not only understand their role in this system but are also capacitated to assume their role (by participating in decision processes)
- Impacts on **local and national development** were investigated. Through the formation of cooperatives in some cases, Fairtrade changed the power structure in the according regions with farmers being less dependent on buyers. Wherever POs are well organized, the farmers profit more directly from the changing structures.
- Fairtrade standards brought positive changes to **environmental protection** in some cases. In other cases, these standards had already been adhered to, due to other certifications or due to the POs' policies. In any case, Fairtrade's regular and independent controls of the adherence to the standards help to protect the environment.

By 2012 the Steering Committee on the State of Knowledge Assessment Standards and Certification (SCSKASC, 2012) conducted a wide-ranging meta-review, drawing on a number of commissioned studies, including a working paper by Tallontire et al (2012) on agricultural trade and standards, which was based in part on this project's findings on impact assessment and sustainability standards. They found that large-scale qualitative and quantitative studies are lacking which can document outcomes and impacts sufficient to determine effects, to establish attribution and to assess the durability of impacts. The study notes that there is also a dearth of rigorous evaluation of broader public and private policy instruments being deployed in pursuit of sustainability. More information is available from the farm or enterprise level on performance of a certification system (e.g. in delivering intended benefits). A quick review of the 3iE database of impact evaluations also found no M4P impact evaluations.

The study found significant, but not universal, positive changes in near-term ecological, social and economic well-being, although with caveats about the quality of the evidence base and more rigorous studies finding mixed evidence. There are positive benefits in terms of changes in agricultural practices, but quantification is limited. Various economic benefits are found for individual producers, but there are possible challenges in scaling up. There is mixed evidence on the social impacts of sustainability standards, but evidence is patchy and there are mixed findings on community impacts (SCSKASC, E5-E9).

Indirect impacts of certification systems were also found (e.g. in changing the behaviour of actors other than the certified enterprises and the economic, social and environmental consequences of those changes) are **'substantial and probably greater than the direct impacts'** (SCSKASC, ES-8). The adoption of sustainability standards and practices has occurred amongst other companies and their supply chains through peer influence and there are also cases of influence over government regulation, but there is limited rigorous evidence. The study finds that **learning, demonstration and spill-over effects abound** (e.g. raising of awareness amongst industry and in creating demand for sustainable seafood and adoption by retailers of sustainable procurement policies such as in seafood). The enhancement of institutional capacity has enabled public and private institutions to adopt procurement and permitting policies favouring more sustainable goods and services – which would not be feasible if they had to rely on their own capacity to evaluate the performance of each product or project.

Summary of impact findings from the Steering Committee on the State of Knowledge Assessment Standards and Certification

- **Overall**, the assessment finds reasonable evidence to suggest significant though not universal positive changes in near-term ecological, social, and economic well-being resulting from standards-compliant practices, although, as noted above, literature clearly attributing large-scale sustainability impacts to standards and certification systems is rare. Moreover, rigorously designed studies do not always find the impacts expected.
- **Ecological impacts:** a majority of standard focus primarily on environmental issues. Ecosystem integrity is the overall goal for resource-extraction industries such as forestry and fisheries, but the research available is limited to understanding changes in practices from certification, with anticipated correlations in ecosystem health. Numerous case studies show evidence of specific positive (and some negative) effects of certification on biodiversity and individual species. However, quantifying these impacts proves challenging, and there is limited understanding of the impacts on non-target species. Evidence of impacts linked to air, water, and soil pollution; to a reduction of inputs in cultivated systems; and to waste management is more limited, although most of the findings are positive. One of the key challenges in the research has been the variability in environmental conditions among sites, limiting the ability of researchers to extrapolate results.
- **Economic Impacts:** While a number of standards include economic criteria, fair trade puts an explicit focus on income by way of minimum prices, social premiums, and other factors, and is more studied than other standards. The impact of certification on revenue and profitability from forestry and fisheries operations has received little attention. Price premiums are fairly rare and are most consistently available for high-profile or niche items such as certified coffee and tea. Several studies have identified other economic benefits to producers, including technical assistance, access to credit, and opportunities to diversify income sources. A common economic benefit is better access to market channels and business opportunities. Effects on yields and quality of products are not yet well studied. Though not strictly speaking impacts of certification, the challenges faced by small and medium-sized enterprises in meeting certification standards is important to note, as it prevents access to some markets and points to a challenge in scaling up.
- **Social Impacts:** The social impacts of standards and certification are much less studied than the ecological or economic impacts. Social impacts include working and living conditions; rights and benefits; and community relationships. Evidence of impacts on living and working conditions comes primarily from the study of fair trade and ethical trade systems. These standards were designed, in part, to improve the welfare of farmers in developing countries. The few studies of these systems that have sound research designs with clear attribution reveal mixed evidence. Claims that standards and certification empower and secure rights and benefits are widespread, though evidence is limited and of modest quality. Evidence of community benefits, such as development investments or conflict resolution, is also mixed, with cases of reinforcement of existing patterns of exclusion and variability in distribution of benefits between men and women, in addition to cases of enhanced community participation and equality of benefits.

Source: SCSKASC, 2012

The **IDH programme** has recently reviewed its impact in cocoa, cotton and tea, based on a methodology and plan approved by the Dutch Ministry of Development Affairs. The studies conducted by independent research organisations show significant impact both at farmer level and in the transformation of markets. Significant improvements in farm productivity and ecological

sustainability were attained. As businesses in the supply chains of these commodities started to act more sustainably, impact was created at scale. It proves that the IDH business model - linking public investments and convening private sector interests and investments – does indeed provide a powerful model for socio-economic development and ecological sustainability in developing countries (IDH Annual Report, 2012).

Creating Impact at Scale

The year 2012 was an important year for assessing the impact of our work. Based on a methodology and plan approved by the Dutch Ministry of Development Affairs, our impact assessment focuses on the programs in three commodities: cocoa, cotton and tea. For each of these commodities, studies were carried out to assess impact at farmer level, in terms of income, sustainable production and the like. And the studies assessed the extent to which markets transformed by integrating sustainability considerations into the market rules of the game. The studies were conducted by independent academic institutes and international consultancy firms, such as the ODI, Lei Wageningen, Cosa, KPMG and Steward Redqueen in Kenya (tea), India, Mali, Pakistan, Brazil (cotton) and Ghana and Cote d'Ivoire (cocoa).

The studies show significant impact both at farmer level and in the transformation of markets. Significant improvements in farm productivity and ecological sustainability were attained. As businesses in the supply chains of these commodities started to act more sustainably, impact was created at scale. It proves that the IDH business model - linking public investments and convening private sector interests and investments – does indeed provide a powerful model for socio-economic development and ecological sustainability in developing countries.

All in all, the studies indicate that the source of livelihoods of over 700,000 farmers in cotton, cocoa and tea has significantly improved. Our programs have significantly increased the global market share of sustainable products: sustainable tea and cocoa are well on their way to becoming mainstream. Cooperation between companies, NGOs, governments and science is well established; the systems for market transformation are in place. Programs have triggered large scale private investments. For instance in cocoa, the industry started to invest over € 90 million a year into farm development and cocoa premiums. We also see that flanking and additional activities are necessary to address more complex issues related to child labor and gender inequality.

Good Agricultural Practices training by the KTDA (Kenyan Tea Development Agency) led smallholders to generate an average yield improvement of 36%. Due to the training, yields of food crops (such as tomatoes and yams) increased too, adding to farmers' incomes and improving food security in the region. In cotton an average 20% higher yield (compared to control groups) was accomplished in Pakistan, India, Mali and Brazil, and the use of water and pesticides was significantly reduced. In cocoa, premiums and better quality of cocoa have led to higher incomes for cocoa farmers in Cote d'Ivoire and Ghana. Creating impact at scale is at the heart of the IDH intervention model. The private sector – if aligned and focused on sustainability goals – does have the capacity to reach scale. Cotton is a good example. After only 2 years of implementation approximately 490,000 MT Better Cotton lint has been verified in the 2011/2012 season. This was more than all other sustainability initiatives in the sector together. It shows the power of a committed coalition of large brands, in close collaboration with strong NGOs. In 2013 all 560,000 KTDA tea small holders in Kenya will be certified. This is quite a unique achievement. On the market side, a coalition of companies with 40% of the global cocoa market share was built.

The studies also provided a wealth of information for further improvement of our interventions. For one, it showed the combination of farmer field schools and certification provides real change. Interventions closest to the core of the interests of private sector players – like investments in productivity and farmer organizing - gained the best results. Issues that are of less direct benefit to the private sector thus need other players – like NGOs or governments – to play a larger role. Secondly, the studies revealed the need for going beyond certification to attain real impact on the ground.

(Annual Report, 2012 IDH)

The analyses by IDH suggest that more can be done to act at scale through - linking public investments and convening private sector interests and investments through 'committed coalitions' of actors including 'large brands and strong NGOs'. There is limited analysis of the political economy of such collaborative programmes.

