

FAIRTRADE COFFEE: AN EVALUATION OF THE IMPACT OF FAIRTRADE IN INDONESIA, MEXICO, PERU AND TANZANIA

Response from the commissioning agency Fairtrade International to an [independent impact evaluation of Fairtrade certification in the coffee sector](#), led by the Natural Resources Institute at the University of Greenwich, UK, in collaboration with the World Agroforestry Centre.

THE STUDY AT A GLANCE

Coffee is the largest Fairtrade product. At the end of 2014, there were more than 812,500 coffee farmers in 445 Fairtrade certified producer organizations, in 30 countries around the world. In 2014 they sold 150,800 MT of their coffee under Fairtrade conditions. Fairtrade invests in ongoing monitoring and regular external evaluation, with a particular focus on our major products. We want to understand more about how our model is delivering impacts among certified coffee farmers, their communities and their organizations, and where we can improve.

This evaluation research focused on small-scale coffee farmer organizations in four countries: Indonesia, Mexico, Peru and Tanzania. The purpose of the study was to understand how and in what ways Fairtrade coffee farmers and their farmer organizations benefit from Fairtrade, focusing on key indicators including price, income, production, access to training, and various aspects of producer organization strength.

The countries studied, and the focal producer organizations were independently selected by the research team with the aim of allowing the research to explore diverse producer situations. There was wide variation in the size of coffee plots, the structure, size and capacities of the farmer organizations, and different historical and current approaches to the production and trade of coffee.

Research questions were developed based on the key themes in the [Fairtrade Theory of Change](#), and these were used to design a mixed methods approach. This included a quantitative survey and a series of focus group discussions with coffee farmers, as well as interviews and discussions with producer organization managers and other key informants. The research was undertaken with eight Fairtrade certified producer organizations (two in each of the focus countries) in 2014. In each country, a neighbouring, non-certified producer organization or a group of non-certified farmers was selected as a comparison group. The researchers surveyed 800 farmers and held 23 focus groups with both men and women.

THE MAIN FINDINGS

The main evaluation findings are set out in [this Summary Report](#), written by NRI. We summarize some key points below.

IMPACTS FOR PRODUCER ORGANIZATIONS

Producer organization management, leadership, and influence

Generally, leaders and managers of producer organizations found that Fairtrade has improved their overall organizational performance and governance. Some producer organizations had become more self-reliant, less reliant on traders, and better able to manage their core business operations independently. Support from Fairtrade had helped producer organizations to improve their management capacities

While farmers in many of the organizations were able to hold their leaders to account on key issues, the research found some challenges in the larger producer organizations in particular relating to the accountability of leadership towards the members.

Training provided by Fairtrade on Fairtrade principles has resulted in higher awareness of human rights issues, such as gender equality and child labour. However, this understanding was better among leaders than at individual farmer level, which suggests that more needs to be done to cascade knowledge of Fairtrade principles to members.

Producer organization resilience and investments

In terms of profitability and risk, the Fairtrade certified producer organizations have developed greater resilience as a result of their participation in Fairtrade. They have used the Fairtrade Premium as a source of funds to help the organizations meet the ever-changing day-to-day demands of their businesses. This has included providing price subsidies to farmers to remain competitive in relation to other local buyers during periods of high international prices and limited local supply; investing in quality management to meet buyer demands; and providing training and inputs to farmers to combat coffee rust. The availability of the Fairtrade Premium has been essential to producer organizations in their ability to respond to recent crises.

Fairtrade producer organizations also used the Fairtrade Premium to make substantial investments in their businesses. In Peru and Mexico, the Fairtrade Premium – in combination with other funding sources – was critical to investment in business development and service provision. In Indonesia, Mexico and Peru, producer organizations used the Fairtrade Premium to invest in land, warehousing and processing facilities. Co-financing from the Fairtrade Premium was also essential in enabling producer organizations to leverage funds and credit from donors, government agencies, and credit providers.

Farmers' knowledge of how the Fairtrade Premium was used varied between producer organizations, however. In addition, leaders did not always have a good understanding of Fairtrade guidance on use and management of the Fairtrade Premium.

While most Fairtrade producer organizations had access to credit of some kind, the levels of finance available were considerably lower than those required. In particular, pre-harvest finance was not generally offered directly by buyers, although this is often requested by producer organizations.

The costs of running a producer organization can make a Fairtrade supply chain more expensive than a supply chain where a trader buys directly from un-organized producers. While such costs are often offset by income from the Fairtrade Premium, this means that there is less Fairtrade Premium available to support direct member benefits, and perhaps less pressure on producer organizations to reduce costs and identify efficiencies. The research found that in some cases there could be scope for

greater efficiency, for example through combining infrastructure or services with other producer organizations.

Services to members

Fairtrade farmers received substantially more services and were generally more positive about the services they received than non-Fairtrade farmers. Two to three times more Fairtrade farmers received marketing, credit, extension or agricultural supplies services compared with non-Fairtrade farmers. A majority of those who received services were satisfied with them, although there was some variation between services and countries.

Fairtrade farmers also received substantially more training than non-Fairtrade farmers. Overall, 3.8 times as many Fairtrade farmers said they received training compared to those who are not members of a Fairtrade producer organization.

The inputs that producer organizations receive from Fairtrade producer support staff were generally viewed as being positive, but not sufficient. Producer organizations would like this support to increase.

Markets, prices and trade relations

All producer organizations studied made significant Fairtrade sales. In Peru, Indonesia and Mexico sales to Fairtrade markets had increased over the three years prior to the research, with Fairtrade sales representing over 80 percent of total sales. Whilst they had good demand for high quality coffee, the Peruvian producer organizations did face challenges to sell lower quality coffees produced by their members. In Tanzania, Fairtrade sales had declined over the same period. For producers with both high quality and organic status, the proportion of coffee sold as Fairtrade rose to about 90 percent of sales. The groups in Indonesia sold all their coffee on Fairtrade and organic terms.

Coffee which producer organizations sold to Fairtrade buyers was sold at a higher price than the coffee sold to non-Fairtrade buyers.

In Peru and Mexico, producer organizations have stable direct relations with importers, based on annual contracts. Two producer organizations in Peru and Indonesia had become independent of the commercial traders that they were initially associated with. In Tanzania, there were stable relations via contracts with Fairtrade importers, though producers had concerns that Fairtrade buyers would move away when global prices are high. In Indonesia, while coffee producers were often dependent on exporter companies, several Fairtrade organizations had been able to gain their own export licenses.

The research found some confusion among producers about how prevailing country price differentials are considered with respect to Fairtrade pricing during periods of high market prices, especially when negative differentials exist in some markets.

Gender equity

The Fairtrade producer organizations have made efforts to increase women's membership and to support women to assume positions of responsibility within the organizations, but progress has been limited. The study found some examples of changes in female membership and participation. In Peru there was an increase in the number of female members and their respective participation in training. In Mexico, one of the two producer organizations studied has successfully increased women's participation. Fairtrade has provided management level training on gender issues to the producer organizations. However, understanding of gender issues is still fairly limited among producer organization leaders. Gender and other social inequalities are often pervasive in these origins and in the overall coffee sector, and tackling these within Fairtrade coffee producer organizations will require concerted, long-term efforts.

IMPACTS FOR FARMERS

Livelihoods, income, assets and resilience

The Fairtrade Minimum Price allows farmers to realise improved income versus non-Fairtrade farmers, particularly in years of low coffee prices. The study found that in 2013, when global coffee prices were low, Fairtrade farmers in three of the countries received eight to 26 percent higher prices from their producer organizations than they would have received from other buyers. Despite their higher incomes from coffee, when asked about their perceptions of economic change in the past five years, more Fairtrade farmers than non-Fairtrade farmers in all four countries assessed their economic situation as having worsened. This may be because they have invested more in coffee production, are more dependent upon coffee, and are less willing to leave coffee. As coffee prices fell sharply between 2011 and 2014, farmers who have invested most in coffee were affected by the changes more severely than their non-Fairtrade counterparts. In Peru and Mexico, the coffee crop had also been significantly reduced by coffee rust, endemic in the region, again badly affecting Fairtrade farmers who are perhaps more reliant on their coffee crop for income.

Nevertheless, the study shows that Fairtrade provides coffee farmers with a safety net when global prices are low, and supports producer organizations to access higher prices for high quality coffee grades when market prices are higher.

The study found that Fairtrade producer organizations are more resilient in the face of market risks through the support of the Fairtrade Premium, and have greater ability to invest. As a result, Fairtrade farmers had access to more assets for coffee production and processing compared with non-Fairtrade farmers, as well as better access to services such as extension and training.

Power and influence of Fairtrade producers

The study found instances of members having increasing influence within their organizations, particularly in Latin America. More generally, however, the research found that there was limited understanding of Fairtrade principles and practices among members of Fairtrade producer organizations. Fairtrade often supports improvements in producer organization practices with respect to these principles, but in larger organizations where members are dispersed across large areas, it is not always easy for individuals to hold their leaders to account, or for the producer organization to ensure that the communications, training and services they offer are reaching all members. The researchers found clear differences between organizations with several thousand members – such as those in Tanzania – and those with only a few hundred, in Latin America.

OUR RESPONSE TO THE RESEARCH FINDINGS

Fairtrade International welcomes the research findings, many of which are positive and encouraging.

The research team employed a theory-based approach and mixed methods in the evaluation, meaning we can feel confident in the findings and in the explanatory analysis. We do acknowledge that there were some methodological limitations to the research. In particular, it was challenging to find appropriate non-certified farmer groups, with the result that in some cases there were important differences between the non-certified and certified groups.

Importantly, in several cases the Fairtrade producers had adopted organic farming methods, but the comparison groups had not. A comparison which seeks to understand the specific contribution of Fairtrade should ideally minimize other differences between the Fairtrade and the non-Fairtrade group, including the effects of other certifications such as organic. This needs to be taken into account when comparing the agronomic results for some of the producers, since conventional non-organic methods using intensive fertilizers and herbicides/pesticides will generally deliver higher crop yields where farmers have sufficient income to invest in inputs. The challenge of how to deal with dual Fairtrade-organic certification when selecting counterfactuals is complicated still further by the fact that there are

important synergies between Fairtrade and organic certification, and that in some cases the adoption of organic farming approaches is itself related to Fairtrade certification, because Fairtrade provides additional financial incentives for organic production.

The use of theory based evaluation was important in enabling the research team to explore the contribution of Fairtrade to outcomes and impacts. It is important to note that this was a snapshot study employing recall methods, rather than a longitudinal study comparing an endpoint with a baseline. Further, there were some challenges encountered in constructing counterfactual comparisons in some cases, because of the reach of certification in the landscape and the non-organization of remaining coffee producers or the multiple certifications held by producer organisations. These limitations mean that it is important to exercise caution in with respect to the conclusions of the study from a rigorous impact evaluation perspective.

The study also highlights the considerable challenges faced by small-scale coffee farmers, including volatile weather patterns and climate change; the increased incidence of pests and crop diseases, such as coffee rust; and price and currency volatility. Given these endemic challenges in the coffee sector, we welcome the positive findings in the report, but also recognise that much more needs to be done to ensure that small-scale coffee farming can be both sustainable and profitable for farmers and their families. We therefore take on board the recommendations made by the researchers, and have been able to incorporate many of these learnings and recommendations into the Fairtrade coffee strategic plan 2016-2020.

Our response to each of the main recommendations in the report are detailed below:

Recommendation 1: Fairtrade should continue to support producer organizations in strengthening their organizations, and Fairtrade, government and other actors should improve their support to enable producer organizations to become viable, resilient businesses. The research team suggests that the establishment of rural business centres or coffee- focused learning alliances could be interventions that would support greater impacts for coffee farmers.

Fairtrade International response:

Fairtrade puts support for producers at the heart of its operations. Producers consistently express their appreciation of the support that Fairtrade offers, while also stressing that more is needed, across a variety of topics. Fairtrade agrees with the recommendation that producer support needs to be improved further. Accordingly, our coffee plan for 2016-2020 prioritises increased support for coffee producers through the development of new partnerships and programmes across a range of areas where producers have expressed support needs. These include organizational strengthening, good agricultural practices, leadership and governance, business planning, and price and risk management.

As part of our 2016-2020 strategy, Fairtrade has devolved greater resources and responsibility for service delivery to the Fairtrade producer networks. As part of this, country level and regional product networks will also be strengthened, meaning that expertise and learning can be better shared among small producer organizations.

Recommendation 2: Fairtrade should seek ways to incentivise coffee producer organizations to achieve greater organizational efficiencies, for example by managing collective dry milling facilities between various producer organizations.

Fairtrade International response:

The research found that Fairtrade producer organizations used the Fairtrade Premium to make substantial investments in their businesses. Co-financing from the Fairtrade Premium was also essential in enabling producer organizations to leverage funds and credit from donors, government agencies, and credit providers, which could then be used for investments.

The costs of running a producer organization can make a Fairtrade supply chain more expensive than a supply chain where a trader buys directly from un-organized producers. The research found that

relatively small organizations were investing in infrastructure to process small volumes of coffee. While such costs are often offset by income from the Fairtrade Premium, this means that there is less Fairtrade Premium available to support direct member benefits, and perhaps less pressure on producer organizations to reduce costs and identify efficiencies. The report authors considered that in one of the cases they researched, the Fairtrade Premium investment in facilities for one producer organizations might have been more efficient if it had been a joint investment with other producer organizations.

Fairtrade coffee producer organizations as a whole used around 44 percent of their Fairtrade Premium to invest in their organizations in 2013-14. The Fairtrade Standards require producer organizations to consult and agree Fairtrade Premium spending plans with their membership; there are requirements to ensure that Fairtrade Premium is used appropriately; and in the case of coffee, there is an additional requirement that at least 20 percent of the Fairtrade Premium is invested in activities to support coffee quality or productivity. Beyond these basic requirements, however, producers themselves decide how to use these funds.

We recognize that determining the best ways to invest the Fairtrade Premium or other funding can be challenging for producer organizations, and this is an area where producers often request guidance. While some producer organizations may need to invest in their own capacities and infrastructure, in other cases there might be alternative infrastructure-sharing models that would support greater efficiency or cost savings. Fairtrade producer support staff at origin work with producer organizations to help them identify the most strategic ways to use and manage their Fairtrade Premium. The research finding that increased collaboration with other producer organizations around investment decisions might be beneficial is a helpful one, and is something that producer support staff should explore as part of their training and discussions with producer organizations.

Recommendation 3: Fairtrade should support coffee producer organisations to improve individual members' understanding of how their organisation operates, and particularly of their rights and responsibilities under Fairtrade.

Fairtrade International response:

Fairtrade's producer support teams help producer organizations to gain and maintain their Fairtrade certification. This includes working with producer organizations to ensure that they have strong internal communication and governance arrangements. We know that it can be challenging for producer organizations to ensure that farmer members develop a good understanding of what being Fairtrade certified means for their organization, and to ensure that farmer members have confidence in the governance of their organizations and feel able to influence this. Other research studies have also identified challenges in this respect. This is particularly an issue for larger producer organizations where there are high numbers of members, who are often spread across a wide area.

Fairtrade's coffee plan for 2016-2020 prioritises increased support for coffee producers. Recognizing that many organizations need more support in ensuring that they are implementing good governance and communication processes, the areas of organizational strengthening and governance have been identified as priorities for greater training and support.

Recommendation 4: Fairtrade should clarify its trader standards to include issues such as the provision of pre-finance, and should generate better understanding of its existing trade standard to clarify the rules under which exporters can engage in the Fairtrade system, and on the relationship between Fairtrade Minimum Price and the New York premiums/discount system.

Fairtrade International response:

Following the global financial crash of 2008, sourcing funding to support the coffee business has generally become much more difficult for both traders and producers. Moreover, severe price and currency volatility have combined with volatile weather, increased crop disease and resulting

fluctuations in crop production levels to create significant risk at a time when banks are seeking to reduce risk exposure. As a result, the risk of default, price risk management and the use of hedging tools have become more prevalent in the wider coffee industry. As banks reduce lending exposure, coffee producers and traders have experienced reductions in their access to finance. This in turn means that the export business has become more concentrated among international traders with better access to funds and risk management tools.

Fairtrade has sought to reflect this new reality in our revised Fairtrade Trader Standard. The Standards now require traders to either pay a percentage of the contract price in advance to producers, or facilitate that this pre-finance is done via a third party– for example by introducing producers to suitable lending institutions, or providing letters of intent against which producers can secure loans.

The research found that some producer organizations are confused about the relationship between the Fairtrade market reference price and the use of benchmark differentials. The use of benchmark differentials has proven popular with traders because it ensures that Fairtrade prices reflect prevailing country differentials, once those prices are above the Fairtrade Minimum Price. Fairtrade publishes a regular price reference for prevailing differentials using data from a commercial third party source, and requires that Fairtrade prices (excluding the Fairtrade Premium), should not be ‘significantly different’ to the prevailing differential for a given origin/quality. <http://www.fairtrade.net/coffee.html>

We recognize that producers can find issues relating to pricing and contracting confusing, which is why we support Fairtrade producers and traders through our Fairtrade coffee help desk coffeehelp@fairtrade.net. The helpdesk provides guidance documents and free technical advice on contract and pricing issues. We also facilitate price risk management training with more than 200 Fairtrade small producer organizations each year, training Fairtrade coffee managers in producer countries on commercial issues. Understanding global coffee market dynamics and the New York pricing mechanism alongside Fairtrade standards for minimum price and the market reference price is included in this price risk management training.

Recommendation 5: Fairtrade should study how coffee farmers can be assured benefits from a minimum price when the Fairtrade minimum is an export price and not the price received by the farmer.

Fairtrade International response:

In the Fairtrade Standards, the Fairtrade Minimum Price (or the market price, whichever is higher) is the price received by the small farmer organization, and not by the members. The Fairtrade Minimum Price is intended to cover costs at producer organization level (e.g. fees, processing, packaging, quality control) as well as at farmer level. Many Fairtrade prices are set at ‘free on board’ (FOB) level, or the point when the product is loaded for shipping. In these cases, the Fairtrade Minimum Price also covers transport costs from the farming region to the port. The producer organization and its members then decide or negotiate on the price that the individual farmers will receive when they sell their crop to the cooperative.

This and other research has shown that the Fairtrade Minimum Price can increase household income and stability and serve as “a safety net” against price volatility. During periods of low market pricing, the benefits of the Fairtrade Minimum Price mean that small farmer organizations are able to offer higher prices than the local market to their members.

There has been debate within the Fairtrade movement about whether to define assured farmer prices and require that producer organizations pay their members at a certain level. However, Fairtrade’s view is that the best way to maximise individual farmer prices and other benefits is to have efficient producer organizations, with good leadership and strong member engagement and democratic

processes to ensure that the right balance between individual and shared benefits can be struck.

Nevertheless, Fairtrade shares the growing concern about low pay and poor working conditions for the people who grow our food, and progress towards living income and living wages is a cornerstone of Fairtrade's global strategy. In coffee we are currently carrying out a study on living income and cost of production working with True Price, an NGO specialising in this type of study. This research to-date covers seven countries in Asia and Africa, working with 12 small producer organizations and over 450 households. This will help us to understand the situation of small coffee farmers, the extent to which they are achieving a living income, and their level of dependency on coffee for their livelihoods – something which varies greatly from country to country. This will provide important inputs for our thinking on how to continue our support for living wages for producers within our movement and beyond.

Finally, while clearly important, the Fairtrade Minimum Price and Premium are just one way of making an impact. Fairtrade offers a number of targeted programmes addressing needs that producers themselves have identified: from organizational development to food security, productivity improvements, gender equity and tackling child labour, many of which were also raised in this study.

Recommendation 6: Fairtrade intensifies and scales up its producer support services to benefit coffee producer organisations and the individual members of producer organisations. This would include improved extension on good agricultural practices, which can help farmers respond to the challenges of rust, adapting to climate change etc.

Fairtrade International response:

Fairtrade recognizes that coffee farmers face significant challenges in climate change and in coffee rust. Fairtrade's coffee plan for 2016-2020 prioritises increasing support for coffee producers. Good agricultural practices will be a central focus of the coffee plan.

[Fairtrade is already working with coffee producers in several countries to help them manage the impacts of coffee rust](#), and to help them adapt to and mitigate the effects of climate change. Our response recognizes the important interconnections between leaf rust and climate change on the one hand, and the importance of good agricultural practices in reducing vulnerability, on the other.

In Mexico, for example, [Fairtrade has been partnering with German retailer Lidl to work with Fairtrade coffee farmers who were seriously affected by leaf rust](#). This project includes planting of 125,000 new coffee bushes to replace the old ones and revitalize the coffee farms; training of farmers in good agricultural practices such as integrated pest management, fertilization, soil nutrition, and coffee farm renovation; and increasing farmer knowledge and awareness of climate change and how they can respond – for example through planting more resilient coffee varieties. Fairtrade is also working with coffee farmers in El Salvador to support them in responding to coffee rust disease by planting new coffee bushes, and training in good agricultural practices.

In Honduras, Guatemala, and Nicaragua, the Fairtrade Finland Development Cooperation Programme is supporting Fairtrade coffee cooperatives. A big part of this programme is inclusive climate change adaptation and resilience, focusing on women and youth who are vital actors in bringing about change. The project has supported the planting of almost two million new coffee plants to replace those destroyed by coffee leaf rust. Producers have also received training and support to implement better coffee management practices. The project is supported by CLAC (the Fairtrade producer network in Latin America and the Caribbean), Fairtrade Finland, the Finnish Ministry of Foreign Affairs, and Fairtrade International.

Between 2016-2020 Fairtrade plans to roll out other similar initiatives with coffee farmers around the world.

Recommendation 7: Fairtrade actively seeks to broker partnerships (or support existing collaborations) in a particular territory or landscape to benefit Fairtrade producer organizations. Coffee

should be one of the key commodities for piloting this approach given its importance to the system and the likelihood of finding multiple certified examples in a locality.

Fairtrade International response:

Fairtrade recognizes that there are many other actors working to support small-scale coffee farmers around the world. We have a long history of collaboration with other organizations which share our aims to support and strengthen small-scale farmers and their organizations. For example, in 2016 Fairtrade partnered with Coffee and Climate in Nicaragua and [Climate Edge](#) to host workshops for more than 20 producer organizations to review the results of working with innovative farm data collection and measurement tools. This work builds on a previous climate workshop hosted by CLAC at the Specialty Coffee Association of America meeting in Seattle to highlight the effect of climate change on coffee farmers in Nicaragua. This workshop identified that farmers need much better farm data to understand the causes of and vulnerability to coffee rust at farm level.

We know that we can still do more in this regard, and that we need more capacity in producer countries to be able to identify and develop more partnerships that will benefit coffee producers. In particular, the recommendation suggests adopting a more territory- or landscape-based approach to collaboration, which is something Fairtrade could explore further. Exploring new opportunities for partnership and collaboration are identified as a priority in the 2016-2020 Fairtrade Coffee Plan.

Recommendation 8: There is an opportunity for Fairtrade to engage with the public in consumer countries about what it can achieve and the limitations – given the scale of the challenges that exist – as part of reporting on impact and in increasing mobilisation of citizen action for fairer trading in coffee. Fairtrade should seek to influence governments so that they support improved business development services for smallholder coffee producer organisations and make the enabling environment (policy, investments and regulatory) more favourable for coffee producers.

Fairtrade International response:

Fairtrade recognizes that many of the issues that affect Fairtrade coffee farmers – such as the impact of climate change, price volatility, or the need to achieve fairer trading arrangements for global trade – are beyond the scope of Fairtrade certification alone. By publishing our results, including evaluation reports such as these, we seek to be open about our limitations as well as our achievements.

Fairtrade has historically been successful in engaging the public in consumer countries in a wide range of campaigns relating to Fair Trade, including on issues of wider policy or regulatory significance. We employ advocacy staff at national and regional levels, whose role is to influence government and regional policy in support of the rights of small-scale farmers and workers in Fairtrade producer countries. Building on these experiences, and recognizing the role of national and international policy and regulation on trade practices, in our 2016-2020 strategy, Fairtrade has committed to increase its focus on influencing and advocacy work at national and international levels.

Recommendation 9: Fairtrade continues to strengthen and extend the producer networks as a means of enabling greater small producer representation and voice, including coffee producers.

Fairtrade International response:

Fairtrade supports the development and strengthening of three regional producer networks: Fairtrade Africa (FTA) in Africa and the Middle East; Network of Asia and Pacific Producers (NAPP) in Asia and Pacific; and the Coordinadora Latinoamericana y del Caribe (CLAC) in Latin America and the Caribbean. Their role is to represent producer interests within the governance of Fairtrade; to provide direct services and support to certified producers; and to advocate for producer interests at national, regional and global levels.

Since their creation, the three regional networks have grown their staffing and capacities steadily. The networks are now entirely responsible for Fairtrade's producer support work, employing expert staff to

support the Fairtrade certified producer organizations. They also increasingly lead on advocacy and policy influencing work, and on the development and management of thematic programme work.

Fairtrade certified producers automatically become members of their producer network. Each network is responsible for representing certified producers' interests in key internal and external fora. Each network holds a seat on the Fairtrade International Board, ensuring balanced representation of producer and market interests.

The Fairtrade strategy for 2016-2020 emphasizes the central role of the producer networks in supporting producer development going forward. Producer networks will lead on the delivery of programmes aimed at supporting producers across a range of thematic areas including organizational strengthening, gender, climate change, workers' rights, and children and young people. The Fairtrade Coffee Strategy for 2016-2020 also emphasizes the role of networks, and will focus on building and strengthening country-level networks of producers, who can work together to influence policy, leverage support, and share good practices.

You can learn more about the Fairtrade producer networks here:

<http://www.fairtradeafrica.net/>

<http://www.fairtradenapp.org/>

<http://clac-comerciojusto.org/en/>

Recommendation 10: Fairtrade seeks to implement practical actions to tackle gender inequality in coffee farming, for example, through peer learning, giving women preferential access to, and supporting advocacy actions by producer networks to change policy, legislation and practices.

Fairtrade International response:

Supporting greater gender equality is a core programme area for Fairtrade. This work is led by the Fairtrade producer networks. Fairtrade recognizes that there are many structural and cultural barriers to women participating in and benefiting from Fairtrade on equal terms with men. Fairtrade aims to increase women's participation in and leadership of Fairtrade certified producer organizations; to ensure that women and girls gain more equal access to the benefits of Fairtrade; and to address the systemic issues hampering the realization of greater gender equality in Fairtrade value chains. Fairtrade sets out these commitments and approach to tackling gender inequality in our gender strategy, available here:

http://www.fairtrade.net/fileadmin/user_upload/content/2009/programmes/gender/1601-fairtrade_gender_strategy.pdf

There are many existing examples of Fairtrade producer organizations taking action in support of gender equality. For example, pioneering work has taken place in Central America, in particular in El Salvador, Nicaragua, Honduras and Guatemala, where external funding has helped producer organizations to analyse collectively and in a participatory manner what gender equality means in practice for their organizations. A significant number of organizations in all four countries have undertaken baseline analyses and a range of actions, including: revision of by-laws of the organizations; development of gender strategies; and establishment of funds to buy land for women.

In Kenya, the Growing Women in Coffee project is supporting the transfer of ownership of coffee bushes to women, resulting in the establishment of women coffee cooperatives where women are being trained in good agricultural practices for coffee. Fairtrade producer support initiatives in East Africa have also resulted in the development of Gender Policy Guidelines for producer organizations in Kenya, Tanzania, Uganda and Rwanda.

While celebrating these achievements, Fairtrade recognizes that there is a long way to go. Although Fairtrade can contribute in some respects towards greater gender equality, many of the challenges faced by women and girls in many contexts go beyond the scope of Fairtrade alone to influence, and

can only be surmounted through broader processes of social change to which Fairtrade aims to contribute.

Recommendation 11: Fairtrade seeks to take action to better understand how to effectively ensure benefits for hired labour on smallholder farms and youth.

Fairtrade International response:

Fairtrade continues to deepen its work with young people and on issues relating to workers employed by smallholder farmers. Both of these are highlighted as areas for continued focus in the Fairtrade 2016-2020 strategy, and we recognize that these are both complex areas which continue to present challenges for Fairtrade producer organizations and the wider communities in which we work.

We will continue to work to fight the root causes of child labour and to prevent the exploitation of children – through our standards, our support to producer organizations, and our focused programme work. We will also focus on expanding opportunities for young people to realize their full potential in their communities. From 2016-2020, we will continue to hone our approach, working with companies and governments to share our learning on how producer organizations can become leaders in tackling the exploitation of children in their communities, and supporting efforts to make farming a more attractive career option for young people.

Fairtrade will continue to work towards living wages and better conditions for workers on smallholder farms, as part of our wider work on workers' rights.

Recommendation 12: Fairtrade promotes internal learning to improve the impact in coffee.

Fairtrade International response:

Fairtrade recognises the importance of internal learning and improvement. We have recently invested in an on-line learning platform database, which captures and summarizes the learning available in research like this, and makes it available internally to staff throughout the Fairtrade system.

We also held learning workshops with staff throughout the Fairtrade system, including in producer countries, to share and discuss the findings from research and evaluation, and what these tell us about how we can improve our performance. The findings from this research are reflected within this learning analysis.

To facilitate learning as a result of this study in particular, Fairtrade held follow-up learning workshops with producer organizations in each region, where we have presented the research findings and discussed and debated them with producer organization representatives. We have been able to use the workshops as a platform to go beyond the study findings, and to present and discuss the Fairtrade coffee plan, and how it can incorporate some of the findings and learnings from the research, and from producers' direct experiences. We are confident that many of the findings and concerns raised in the research and in the follow-up workshops are now highlighted for further action in our coffee plan and in our global strategy.

A major conclusion from the learning workshops was that the challenges for smallholder coffee growers have worsened significantly over the past 25 years. While growing Fairtrade sales, and the support from the Fairtrade Minimum Price and Fairtrade Premium have been positive for producers, this is in many cases not sufficient to enable them to achieve sustainable livelihoods. The Fairtrade Coffee Development Plan builds on learning from this and other research, and most importantly is based on the experiences of coffee producers themselves, particularly the pioneering Fairtrade coffee producer organizations who have long experience within the Fairtrade system. The conclusion of the Coffee Development Plan is that it is important to grow the opportunities for producers to sell their coffee on Fairtrade terms, but also to complement this with other well-targeted support, based on seven key principles which we believe will help deliver sustainable coffee in future. The Coffee

Development Plan will see Fairtrade making significant investments in coffee-producing countries in 2017 to help deliver increased capacity and impact over and above the benefits of Fairtrade sales.

NEXT STEPS: ACTION FOR FAIRTRADE COFFEE

The research has found that Fairtrade makes important positive contributions in the lives and communities of small-scale coffee farmers in four countries. At the same time, it also identifies many areas where we can and should do better. The Fairtrade Coffee Plan for 2016-2020 aims to address identified weaknesses so that we can deliver increased impact through increased investment, resource and focus on key issues.

Priority areas for action within the coffee plan include:

Climate change and good agricultural practices: Supporting small-scale coffee producers to adapt to climate change, through direct investment and partnership to deliver programmes that will help producers to implement improved agricultural practices, to manage the threat of coffee diseases, and to plant coffee varieties that can withstand climate variability more effectively.

Supporting stronger coffee producer organizations: The Fairtrade Coffee Plan will leverage more support for producers in building stronger organizations and businesses. Support will focus on key areas such as business planning, risk management, financial management and organizational governance. Focused programmes will support producers in key areas of concern such as living wage, workers' rights, youth, and gender.

Reviewing, simplifying and making Fairtrade coffee standards fairer for producers and traders: Reviewing Fairtrade Standards for coffee to make them simpler and fairer, and to support clearer interpretation on some of the areas where producers and traders lack clarity – for example the area of discounting which was highlighted in the research. The Fairtrade Coffee Plan will focus specifically on improving trader practices and ensuring a level playing field between exporters and producer organizations which export.

Building the market for Fairtrade coffee: If certified coffee organizations can sell even more of their production as Fairtrade, this will allow them to return more benefits to their members, and invest more in their businesses. The coffee plan includes a range of activities which will support greater business engagement with Fairtrade coffee.

Supporting coffee producer networks: The research highlights the importance of local networks for coffee producers, and this is also one of the areas highlighted for investment through the coffee plan. In particular, Fairtrade will focus on building country-level networks of producers who can leverage support and policy change through joint action, and share best practices.

Improving monitoring and evaluation for Fairtrade coffee: The research makes several suggestions in relation to data collection and monitoring, evaluation and learning (MEL) for Fairtrade coffee. Fairtrade has increased its investments in MEL over the past five years, including through implementing better data collection processes with producer organizations, and investing in research like this. The Fairtrade Coffee Plan emphasizes this as an area for further investment and improvement, through for example the creation of a role focusing primarily on implementing improvements in MEL and impact communication for coffee.

In conclusion, we are optimistic and excited about the next steps for Fairtrade coffee as we implement the Fairtrade Coffee Plan for 2016-2020, and we are grateful for the high quality inputs that the NRI research team has been able to make in this process.