

# THE IMPACT OF FAIRTRADE:

## A REVIEW OF RESEARCH EVIDENCE 2009-2015

SEPTEMBER 2017



FAIRTRADE  
INTERNATIONAL

### INTRODUCTION

Fairtrade International commissioned ODI to conduct an in-depth review of recent research to find out to what extent Fairtrade is contributing towards its intended impacts. This review synthesizes results from 45 studies published between 2009 and 2015. It offers comprehensive insights into Fairtrade's impacts for smallholder producer groups and workers on plantations. The results are analysed according to key themes from the Fairtrade Theory of Change, focusing on Fairtrade's contribution to our goals of sustainable livelihoods and empowerment for small-scale farmers and agricultural workers.



### KEY FINDINGS



#### Higher prices and more security when market prices are low

Fairtrade producers have benefited from higher prices, particularly in periods where market prices are low. When market prices rise above the Fairtrade Minimum Price the price effects of Fairtrade are less clear, and other factors such as quality, value-addition, and bargaining may be more important. How much farmers benefit from better prices through Fairtrade also depends on what percentage of their crop they are able to sell on Fairtrade terms.



#### Limited impact on farming performance

There is limited evidence about Fairtrade's impact on farming performance. The review found some cases where Fairtrade farmers achieved superior quality or higher yields. Other studies found limited impact in these areas. The research also found that, in general, Fairtrade has positive impacts in terms of environment-related farm practices. It was unclear to what extent improvements were the result of Fairtrade, or of other forms of support.



#### Stronger producer organizations

Building stronger farmer and worker organizations is a key focus of Fairtrade. Several studies showed positive effects of Fairtrade certification on the management and organization of producer groups. In some cases, this may also be partly due to organizational strengthening support from other sources. Some studies also reported challenges in organizational governance or management. These included the potential threat to trust arising from cooperative leadership use of resources; and a lack of participation and knowledge of Fairtrade amongst members.



#### Fairtrade Premium generates positive impact with wide-ranging investments

All fourteen papers which presented evidence on the impacts of the Fairtrade Premium concluded that it had positive impacts for producers, across a wide range of different investments. Some

studies found challenges relating to management, communication, or decision-making on Fairtrade Premium use.



#### Workers: positive impacts on labour standards, decent work in plantations

The evidence regarding Fairtrade's impact on labour standards and decent work conditions in hired labour situations is generally positive. There is also wider evidence of positive effects on worker empowerment. Fairtrade has been able to promote greater worker representation through Workers' Committees but has not always been as successful in promoting the wider trade union movement. Fairtrade has had only limited effects on raising wage levels for hired workers in plantations. Historically, workers on certified smallholder farms have not been a primary focus for Fairtrade. The limited evidence suggests that they have not experienced significant benefits to date.



#### Mixed evidence for impacts on producer income and wellbeing

Several qualitative studies found positive effects of Fairtrade on the incomes and wellbeing of producers. Some quantitative studies found limited or no impact on incomes for producers facing issues such as limited Fairtrade sales, market prices exceeding Fairtrade Minimum Prices and high input costs. The welfare effects of Fairtrade have also been measured in terms of food security and improved child education. In two cases, a positive impact on education was seen, potentially as a result of higher incomes as well as Fairtrade's Standards on child labour.



#### Limited evidence for impacts on gender equity

There is limited research evidence about Fairtrade's impact on gender equity. Existing research tends to focus on women's voice and role in governance rather than on economic impacts. Some studies have found direct benefits to women farmers in increased recognition of land ownership, membership of associations and better prices. Much of the evidence suggests that improvements in the voice and role of women within producer organizations may be more formalistic in nature, and may not reflect more profound changes in gender norms and power relationships.

## RESEARCH METHODS

Initial searches for research papers to include in the review were based on internet searches; a focused search of a small number of specific websites and databases; and consultation with 35 experts in Fairtrade and certification-system research. More than 500 papers were found through this process. They were then passed through a two-phase filtering process to assess their relevance in answering the research question, using a series of inclusion and exclusion criteria.

All papers were required to present the results of primary empirical research, and to meet a series of methodological requirements. A total of 90 documents were deemed to have met the inclusion criteria based on a first filter review. A second, more in-depth, review led to the final selection of 45 papers. These papers were read in detail and their results analysed against key Fairtrade themes. The analysis also considers the limitations of the existing body of research in relation to each theme, reflecting that some themes, products and regions are more extensively covered than others.

## LEARNINGS AND RECOMMENDATIONS



### More support needed for good agricultural practices

Fairtrade has historically placed greater emphasis on price interventions and less on promoting improved production practices which may help to improve yields, quality or other intrinsic product characteristics. Whilst the research evidence is limited, it suggests that farmers in schemes which emphasize good agricultural practices tend to have stronger results in terms of productivity – although selection effects cannot be ruled out. Recognizing the importance of good agricultural practices for farmer incomes and profitability, Fairtrade is placing greater emphasis on productivity and quality through new standards and producer support. We are working with others to leverage stronger supply chain commitments for support in this area.



### Increased attention on workers on small farms

The review presents evidence that Fairtrade certification of small producer organizations has not contributed significantly to improvements in the livelihoods and conditions of wage labourers working on certified small farms. While Fairtrade by itself cannot provide solutions to all the problems faced by workers on small farms, we are focusing more attention on this issue, a fact welcomed by the researchers. This increased focus is reflected in standards, training and other interventions designed to support improvements for workers on small farms.



### Trade union relations and living wage key for progress on workers' rights

The review finds that the extension of Fairtrade to include workers on plantations has had positive effects for workers. It has spread the impact of certification to sectors where the absence of third party inspection and enforcement of standards had led to closed conditions in which exploitative labour relations flourished. The evidence highlights trade union relations and progress towards living wages as key areas for Fairtrade to focus on going forward, priorities which are well-reflected in our [Workers' Rights strategy](#).



### Research needs to fill knowledge gaps and tackle methodological challenges

The report highlights several research themes where evidence is weak, and some methodological challenges that continue to affect research into certification. Key themes for future Fairtrade research include good agricultural practices; the longer-term impacts of Fairtrade Premium use; workers' rights; and gender. More research is needed on products other than coffee, and in areas outside of Latin America. Good quality mixed-methods research incorporating robust design continues to be much needed. Fairtrade will continue to work with researchers to support good quality and relevant research into Fairtrade impacts.

## FAIRTRADE RESPONSE

Fairtrade welcomes this new review of research evidence. It provides a very useful overview of the status of Fairtrade research and its findings so far as they relate to key areas of our intervention. The findings are encouraging in many respects, and they show strong convergence with our own analysis of Fairtrade's strengths and weaknesses, and the focus of our current strategy.

The review also highlights some of the areas where evidence is limited or lacking, which is very helpful for informing future research. We are deepening our collaboration with the research community to support well-designed efforts to fill gaps in our knowledge about Fairtrade impacts for themes, products and regions that are not yet well-researched.

**For more information** The report and Fairtrade's full response are available on the [Fairtrade International Impact and Research pages](#).

Image: Harvested Fairtrade coffee cherries, Peru. © Danielle Villasana

