



# MONITORING THE SCOPE AND BENEFITS OF FAIRTRADE:

## COCOA

Monitoring Report 10th Edition



FAIRTRADE  
INTERNATIONAL



### About Fairtrade International

Fairtrade International is a non-profit, multi-stakeholder association that promotes fairer conditions for international trade, empowers small-scale farmers and workers, and fosters sustainable livelihoods.

Fairtrade International develops and maintains the internationally-agreed Fairtrade Standards, owns the FAIRTRADE Mark, and supports the international Fairtrade system. Three regional Fairtrade producer networks representing 1.6 million farmers and workers co-own the international Fairtrade system, which also includes the independent certification body FLOCERT, and Fairtrade organizations in more than 30 countries that promote Fairtrade to business and consumers.

For more information, visit [www.fairtrade.net](http://www.fairtrade.net)



### About FLOCERT

FLOCERT is a global certification body offering verification and supply chain services to ensure social and environmental standards. Founded in 2003 as the single certifier for Fairtrade, the company has six international offices, 125 employees and more than 120 auditors worldwide.

For more information, visit [www.flocert.net](http://www.flocert.net)

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### Disclaimer

The monitoring data in this report are based on data collected by FLOCERT, and reported in some cases by producer organizations through the audit process and in other cases by other supply chain actors. Fairtrade International is not responsible for the accuracy of the data. The report has been compiled to the best of our knowledge and is provided for informational purposes only. Fairtrade International reserves the right to update the monitoring data as new information becomes available. The data are provided 'as is' and no warranty of any kind is given for the accuracy and reliability of the data. Fairtrade International will not be liable for any claims or damages related to the quality and completeness of the data, as far as it is permitted under law.

### Cover Photo:

*35-year-old Margarite Lalutu (centre) is a member of ECOOKIM, a union of seven primary cooperatives located in rural communities across four regions of Côte d'Ivoire.*

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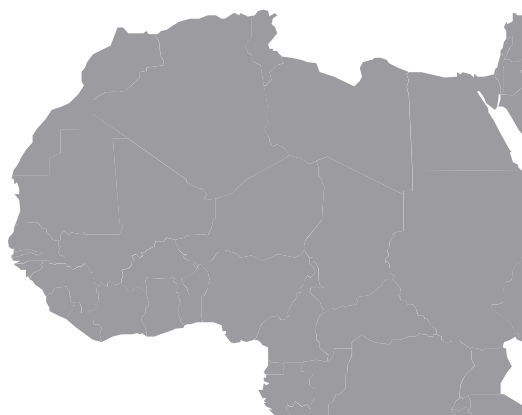
**263 COCOA**

PRODUCER ORGANIZATIONS

REPRESENTING

**263,825**

FARMERS IN 21 COUNTRIES

**86% OF ALL  
FAIRTRADE COCOA  
FARMERS ARE IN  
WEST AFRICA****€38 MILLION IN  
FAIRTRADE  
PREMIUM**EARNED BY COCOA PRODUCERS  
IN 2017**SALES VOLUMES**

FOR FAIRTRADE COCOA

SURGED BY **57%****45% OF FAIRTRADE PREMIUM**INVESTED AS PAYMENTS TO MEMBERS  
AND IN THE PROVISION OF  
AGRICULTURAL TOOLS AND INPUTS

## 1. KEY DATA: FAIRTRADE COCOA



### 263 PRODUCER ORGANIZATIONS

↑ 39% since 2016



### 263,825 FARMERS

↑ 16% since 2016



### 1,170,612 HECTARES

↑ 62% since 2016



### 428,053MT OF COCOA PRODUCED BY FAIRTRADE PRODUCER ORGANIZATIONS

↑ 47% since 2016



### 214,425MT OF COCOA SOLD AS FAIRTRADE

↑ 57% since 2016



### €38,015,433 PREMIUM EARNED

↑ 54% since 2016

## COCOA IN CONTEXT

In 2017, cocoa was the fastest-growing Fairtrade product category with sales jumping by an impressive 57 percent in volume to more than 214,000 metric tonnes (MT). Growth continued in 2018, with a 21 percent increase in volumes sold (to 260,628 MT) and €44 million in Fairtrade Premium paid to certified cocoa producers.

However, the situation for cocoa growers, especially in West Africa, continues to be very challenging. Cocoa farmers struggle to make a living despite being the source of a highly-prized commodity. Widespread poverty, deforestation, gender inequality and child labour are persistent problems in the cocoa sector and pose a major threat to its sustainability.

Fairtrade is changing the cocoa business for the better in a number of ways. Our top priorities are helping cocoa farming communities to fight poverty – a root cause of problems such as child labour – and empowering women farmers as business owners and leaders in their cooperatives. We do this by strengthening the capacities of Fairtrade cooperatives and their farmer members, by promoting and acting on the issue of sustainable pricing, and by designing interventions to tackle the sector's challenges.

#### Notes:

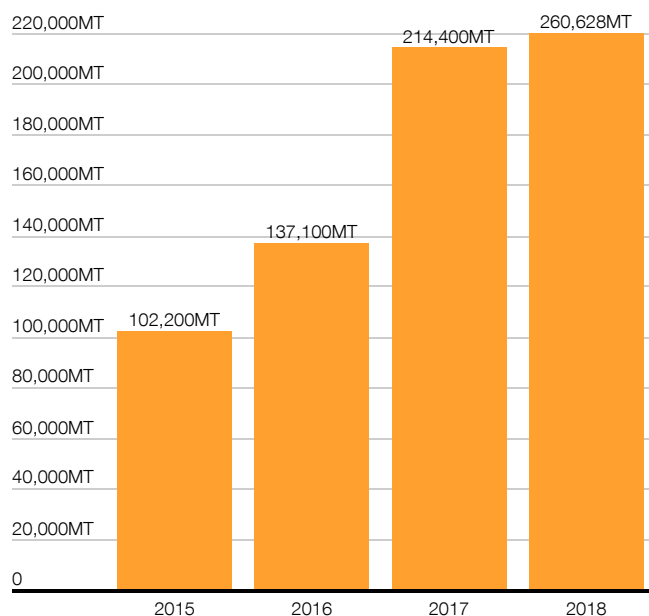
Data from 2017.

Numbers above 10,000 are rounded to the nearest hundred.

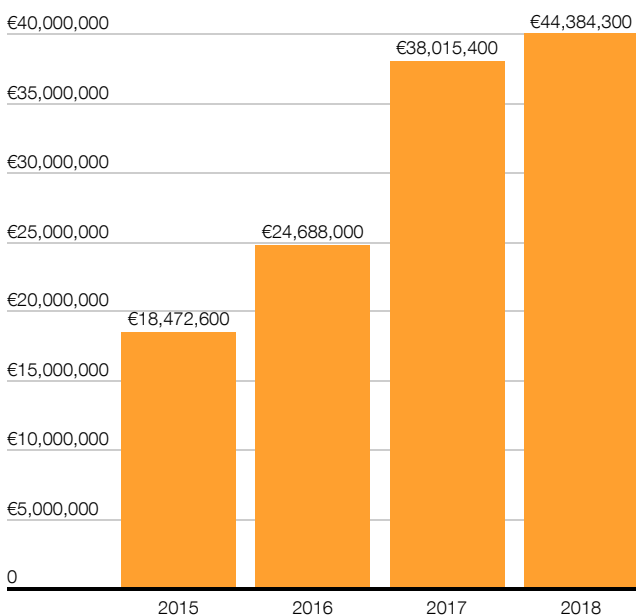
Metric tonnes abbreviated to MT.

## 2. FAIRTRADE COCOA SALES VOLUMES AND PREMIUM EARNED 2015-2017

Fairtrade cocoa volumes sold (MT)



Fairtrade Premium received (€)



**Note:**

Data rounded to the nearest hundred.

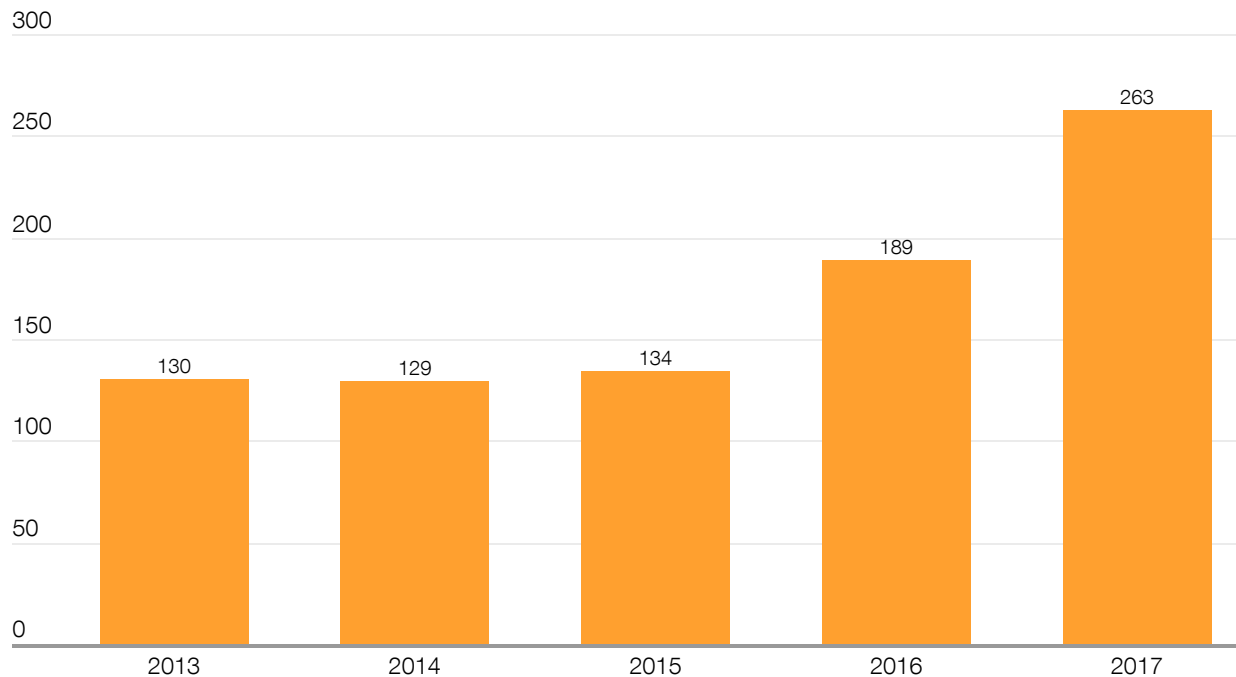
## STRENGTHENING COOPERATIVES: THE WEST AFRICA COCOA PROGRAMME

In mid-2016, Fairtrade Africa launched the West Africa Cocoa Programme (WACP) aimed at empowering and strengthening Fairtrade certified cocoa cooperatives in Ghana and Côte d'Ivoire. One of the WACP's priorities is to build up the capacities of the cooperatives so that they become both more professional and capable of investing their Fairtrade Premium strategically. The project aims to develop strong, viable co-ops that are responsive to their members' and business partners' needs enabling access to key markets. A crucial element of the WACP is helping over 200 cooperatives to understand and adhere to the Fairtrade Standards, and thus improve the sustainability of their operations.

The WACP also provides strategic support to a selected group of co-ops to strengthen their organizational management. The cooperatives receive guidance on creating three-year Fairtrade Development Plans that document their intended Fairtrade Premium spending based on their own identified needs. In line with the Standards, these plans are then voted upon at each cooperative's annual General Assembly. Strategic use of the Premium enables co-ops to gain skills in certain areas (such as financial management or implementing Internal Management Systems), respond better to the demands of their members and the market, and improve the living conditions of their members (see the case study of SACANDI cooperative on p. 14). The needs are usually identified through self-assessments, Fairtrade's monitoring systems or identified external trends that the cooperative wants to address.

The Fairtrade producer network for Latin America and the Caribbean, CLAC, also devises strategic interventions to strengthen the capacities of cocoa cooperatives in their region, particularly focused on improving overall productivity and quality (see case study from CONACADO on p. 15).

### 3. NUMBER OF FAIRTRADE CERTIFIED COCOA PRODUCER ORGANIZATIONS 2013-2017









### FAIRTRADE'S WORK TO HIGHLIGHT THE ISSUE OF SUSTAINABLE PRICES

In the wake of the collapse in cocoa market prices at the end of 2016, which still have not fully recovered, Fairtrade has taken a leading role in calling for more sustainable prices to be paid to cocoa farmers. This is part of a holistic solution to enable farmers to earn a living income, which in turn supports responsible and sustainable cocoa farming practices. We have developed Living Income Reference Prices for Ghana and Côte d'Ivoire as benchmarks, which some leading sustainable chocolate brands have chosen to pay. Local Fairtrade organizations in the global north, for instance Belgium and the UK, have run powerful consumer-facing campaigns to raise awareness about the challenges facing cocoa farmers.

In addition to advocacy, we have also strengthened our own interventions. Following an extensive global consultation process, we announced in December 2018 that, as of October 1st 2019, the mandatory Fairtrade Minimum Price for conventional cocoa would increase by 20 percent to US\$2,400 per metric tonne, with additional increases for organic cocoa. The Fairtrade Premium for cocoa farmers and their cooperatives has also increased by 20 percent to US\$240 per metric tonne. Fairtrade is the only scheme with a fixed Premium that must be paid directly to the cooperative with no deductions by any other supply chain actor.

Since then, in July 2019, the governments of Ghana and Côte d'Ivoire announced the introduction of a 'Living Income Differential' (LID). This will be paid in addition to the market price for all cocoa sold by producers in these countries effective from October 2020, with an associated guarantee of a minimum farm gate price of US\$1,820. Fairtrade believes in sharing the benefits of trade more equally and we welcome the move by the two governments to make progress towards a living income for cocoa farmers.

## 4. FAIRTRADE COCOA-PRODUCING COUNTRIES

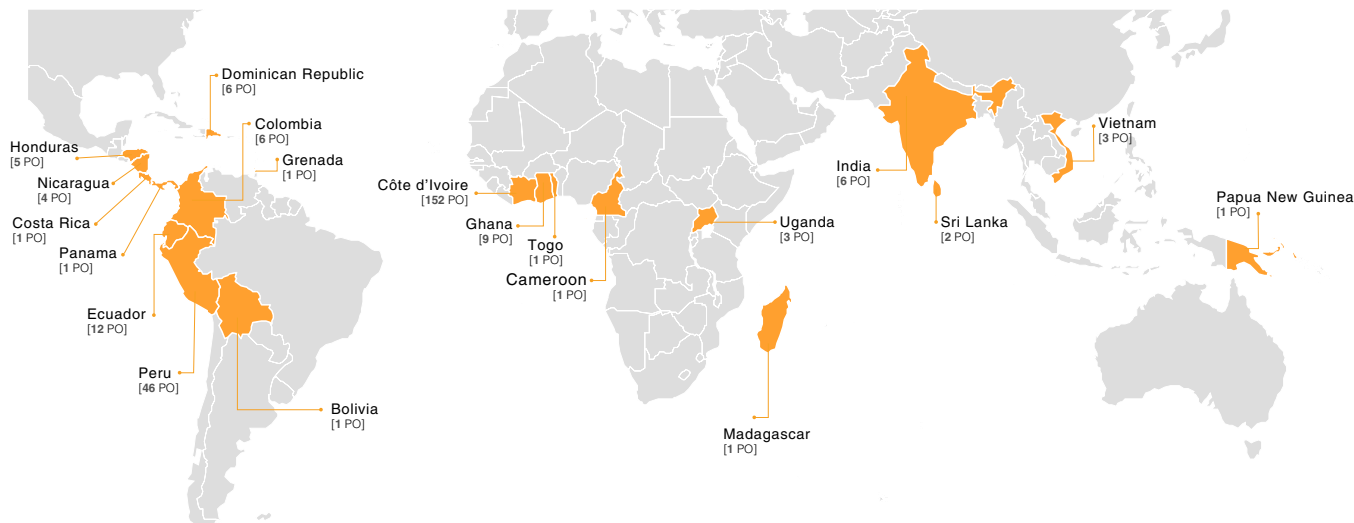
	Country	Premium received (€)	Volume sold as Fairtrade (MT)	Number of POs	Number of farmers
	Dominican Republic	€2,575,729	14,519MT	6	14,342
	Ecuador	€637,438	3,583MT	12	3,770
	Ghana	€4,191,141	23,652MT	9	92,789
	Côte d'Ivoire	€26,615,585	150,436MT	152	129,783
	Peru	€3,662,986	20,582MT	46	11,727
	Rest of the World	€332,554	1,654MT	38	8,764
	<b>Total</b>	<b>€38,015,433</b>	<b>214,425MT</b>	<b>263</b>	<b>263,825</b>

While details of how the Living Income Differential will be implemented had not yet been published at the time of writing, Fairtrade's approach is to be as transparent as possible with our partners. For example, in 2018, we published our own research<sup>1</sup> showing that only 12 percent of Fairtrade certified cocoa farmers in Côte d'Ivoire were earning a living income. We are following up with targeted monitoring and evaluation efforts to find out what works to improve farmer incomes. Sustainable cocoa is not just the responsibility of any one actor. It relies on everyone in the chocolate industry playing their part to make it a reality.

<sup>1</sup> Rusman, A. et al. (2018): "Cocoa Farmer Income: The household income of cocoa farmers in Côte d'Ivoire and strategies for improvement", True Price (April, 2018). Available at: [https://files.fairtrade.net/publications/2018\\_FairtradeCocoaFarmerIncomeCDI.pdf](https://files.fairtrade.net/publications/2018_FairtradeCocoaFarmerIncomeCDI.pdf)

### Notes:

- Data from 2017.
- Where there are fewer than three Fairtrade certified producer organizations in a country, the data are aggregated into the 'Rest of the World' category to protect the organization's data confidentiality.
- Metric tonnes abbreviated to MT.
- Producer Organizations abbreviated to POs.



## TWENTY COUNTRIES WITH FAIRTRADE COCOA CERTIFICATION

### FLOCERT: ENSURING COMPLIANCE WITH FAIRTRADE STANDARDS ON DEFORESTATION

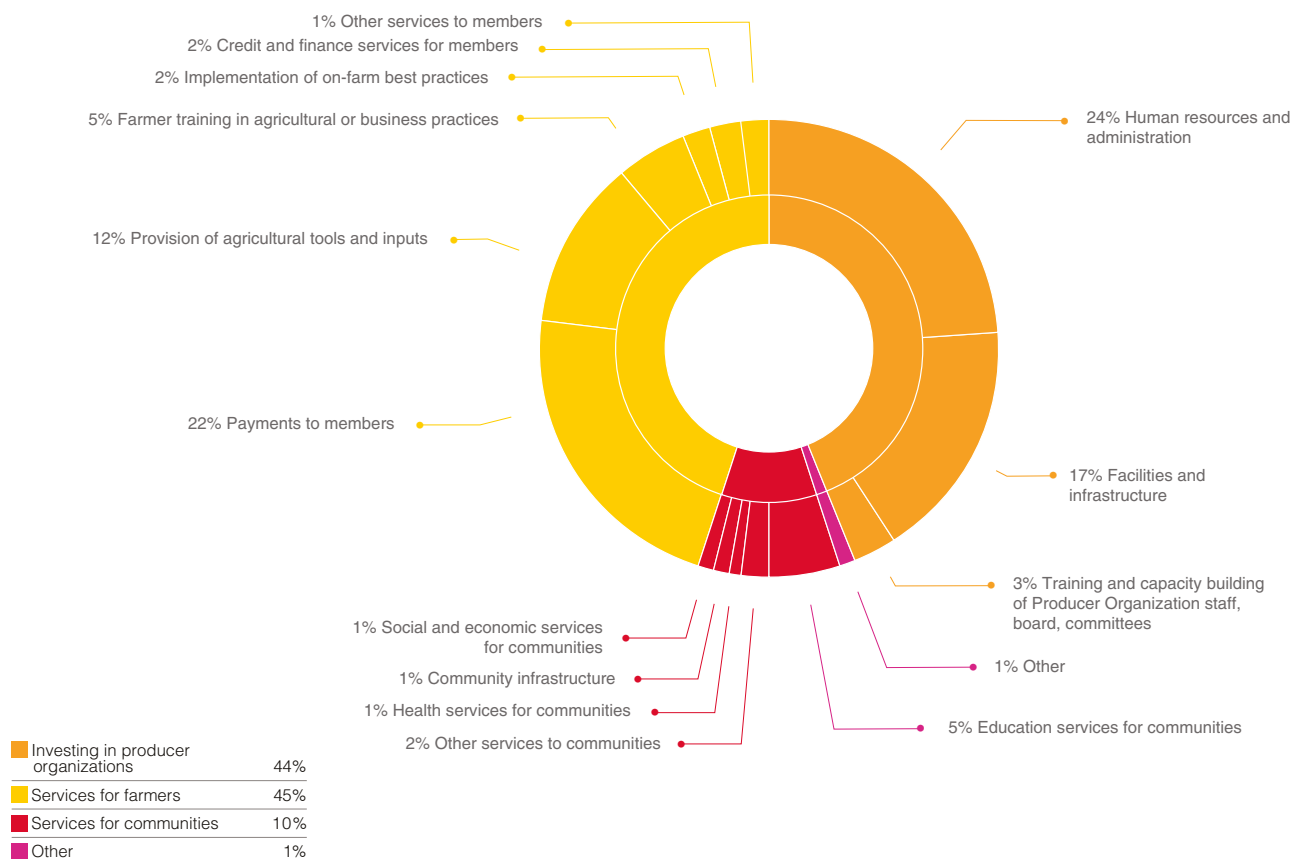
The rates of deforestation in West Africa have been well documented, and are in part attributable to illegal clearing for cocoa farming. The Fairtrade Standard for Small Producer Organizations prohibits the deforestation of protected areas. The 2019 revision of this Standard now requires cooperatives to have a procedure in place to ensure their members do not cause deforestation.

Given the known risk of deforestation in the region, auditors from our independent certifier, FLOCERT, pay close attention to checking that the Standards are being met. For example, auditors ensure that they are aware of where the protected areas are prior to audit. During audits, cooperatives are asked to point out the areas of High Conservation Value (HCV) that are close to the villages of their farmer members. The auditor selects farms located in close proximity to protected forests (if there are any in the area). New members are also visited to make sure the farmland they are using is not of high conservation value.

In addition, our West Africa Cocoa Program experts have added information to their training modules about the Cocoa & Forests Initiative, an industry and government-supported strategy to end deforestation and restore forested lands. Fairtrade Africa is also running biodiversity and dynamic agroforestry projects in Ghana with the objective of reducing deforestation, conserving biodiversity, increasing the number of economic shade trees in cocoa farms, and supporting farmers to adapt to environmentally-friendly land preparation practices in cocoa production.



## 5. FAIRTRADE COCOA PREMIUM USE IN SMALL PRODUCER ORGANIZATIONS 2016-2017



### PREMIUM USE

The Fairtrade Premium is a key driver of impact for cooperatives, farmers and their communities and has been invested by cocoa producers in diverse ways.

In 2017, 45 percent of Premium funds was spent on services for farmer members. The bulk of this was made up of direct payments to farmer members to supplement their earnings. Significant proportions were also spent on providing agricultural tools and inputs as well as on training farmers in agricultural and business practices. This type of spending not only reduces farmer expenditure but also contributes to enhancing their capabilities.

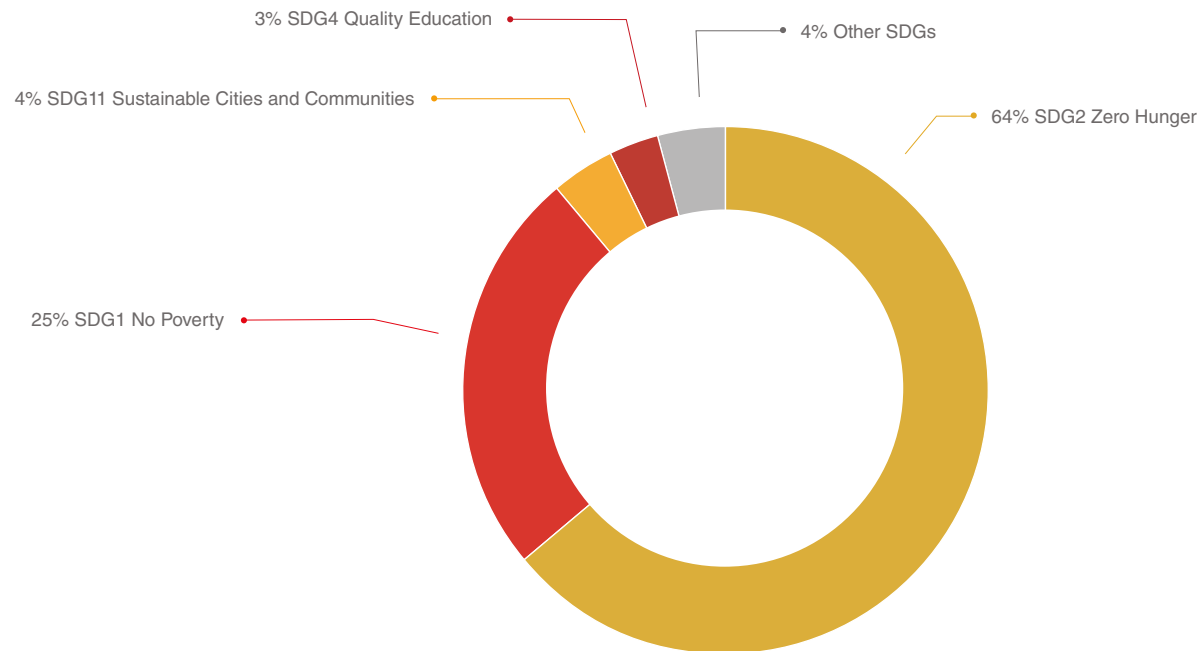
Forty-four percent of the Fairtrade Premium was invested in the producer organizations, boosting the capacities of the cooperatives themselves. The funding was used for facilities and infrastructure as well as for administrative costs.

Cocoa producers also spent ten percent of the Fairtrade Premium they earned on services for their communities, notably education services.

**Note:**

Percentages may not sum due to rounding.

## 6. FAIRTRADE PREMIUM USE IN RELATION TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS (SDGs)



### HOW FAIRTRADE PREMIUM USE CONTRIBUTES TO THE UN SDGS

Fairtrade Premium investments made by cocoa producers contribute to several of the UN Sustainable Development Goals (SDGs). While most activities can apply to more than one SDG, here we have mapped each category of spending to a unique SDG for the sake of simplicity.

Almost two-thirds (64 percent) of the Fairtrade Premium investments by cocoa producers contributed to SDG2 (zero hunger). Primarily, these included activities that contributed to sustainable agriculture and the strengthening of producer organizations through the provision of agricultural tools, inputs and fertilizers, composting programmes, productivity training for farmers and processing and crop storage facilities. Investments like these also help reduce household expenditure.

SDG1 (no poverty) is central to Fairtrade's mission to connect disadvantaged producers and consumers, promote fairer trading conditions and empower producers to combat poverty, strengthen their position and take more control over their lives. A quarter (25 percent) of Fairtrade Premium spending in the cocoa sector contributed to this goal. This primarily included direct cash payments of Fairtrade Premium funds to members, and loans and emergency payments to members. Both helped supplement farmer incomes.

Four percent of Fairtrade Premium investments related to the community. SDG11 focuses on sustainable cities and communities and aims to make cities and human settlements inclusive, safe, resilient and sustainable. Investments in community buildings, infrastructure, socio-economic services and lighting contributed to this goal.

SDG4 (quality education) aims to ensure inclusive and equitable quality education and the promotion of lifelong learning opportunities for all. Three percent of Fairtrade Premium spending contributed to this goal. It included investments in school facilities, meals, scholarships and bursaries.

## EMPOWERING WOMEN: WOMEN'S SCHOOL OF LEADERSHIP

Despite making up almost half of the workforce, the majority of women farmers in developing countries receive less pay than men, are often unable to own land and have very little influence on decisions within their communities and cooperatives. At the same time, research shows that empowered women with access to resources can contribute substantially to the well-being of their children, households and communities<sup>2</sup>.

It was with the precise objective of enhancing women's economic empowerment and leadership in Fairtrade certified organizations in Côte d'Ivoire that the Women's School of Leadership was launched in May 2017 with funding from UK retailer the Cooperative Group and Compass UK and Ireland. Since then, it has been a catalyst for change for the seven participating Fairtrade cocoa cooperatives and its influence has spread beyond the initial 23 course participants (19 women and four men). Of the first cohort who graduated in June 2018, many have assumed leadership roles in the management of their cooperatives and communities. In particular, the 19 women are now leading the women's associations in their co-ops. These are engaged in setting up income generating projects such as cassava, nuts and maize production or the processing of cassava into the popular local side dish attiéké (made of fermented cassava). The second cohort of students comprises 30 women and ten men. They will start classes in autumn 2019 and will have the opportunity to learn from their predecessors. Given the good results so far, the intention is to continue rolling the programme out to other cooperatives.



*Graduation ceremony for the first cohort of students of the Women School of Leadership in June 2018.*

© Fairtrade Africa

<sup>2</sup> World Bank (2012) *World Development Report 2012: Gender equality and development* and World Bank (2013) *World Development Report 2013: Jobs*.

## THE POWER OF WOMEN

**AN INTERVIEW WITH JULIENNE ASSOKO,  
GRADUATE OF THE WOMEN'S SCHOOL OF  
LEADERSHIP**

Julienne Assoko is a producer with the cocoa cooperative CAPRESSA in Abengourou. She told us about her experience, her ambitions and her message for the next group of students.

***You graduated from the Women's School of Leadership. How did this experience impact on you?***

During the year that I attended the programme, I learned a lot. It was a very beautiful and productive experience for me. Although I was already a member of the management board of my cooperative, the programme reinforced my capacities in the exercise of my functions and enabled me to diversify my activities. In a way, the School of Leadership helped me unlock my school education. All my hidden talents were revealed. I used to think that I wasn't useful to the community and that I should just work the land. I didn't think that, as a producer, I could do much more beyond my own plantation. But, through my participation in the school, everything changed. My vision changed. I realized how much I could do for my cooperative, my community and my personal projects.

***You are also the President of the Women's Association in your cooperative. How was the Association created?***

As a member of the management board of CAPRESSA, I was travelling around sensitizing members of the co-op. During these tours, I realized that women were not organized in associations. I informed the President of our Board about this situation and, with the agreement and willingness of the women, we founded the Association in February 2018. There was an election and I was elected President by a majority. The Association is made up of 14 groups and each of these groups has its own project.

***What have been the main achievements of the Association so far?***

Our main project is the production of *attiéké* or granulated fermented cassava pulp from our cassava yield. Attiéké is used as a side dish and is an integral part of the cuisine of Côte d'Ivoire so its production provides a great opportunity to generate extra revenue for the women. We are providing support to one of our groups in Dallo where members are composting cassava pelts to generate extra income. And, finally, CAPRESSA is supporting another project, led by the FRAMSTRONG company, to build a greenhouse for soil-less culture.

***What are your next objectives for the Women's Association?***

My main objective is that each of the groups has a project of their own to run and that all the women involved become independent. I would also like them to be able to actively participate in the meetings and activities of the community and the cooperative.

***The second cohort of students of the Women's School of Leadership begin classes in autumn 2019. What is your message for them?***

I have great hopes for this second group of students because the first cohort represents a concrete example for them of what can be achieved. Whatever the difficulties, I believe they will do great. I consider our work to be a kind of 'tourist site' for the new group. Our experiences will motivate them. In our case, we believed in the direction the school was taking even though there was no example to follow. There was a lot of positivity in the training sessions so we were totally motivated. I am sure this will be the same for the new ones.

***You have also been elected to represent producers at the Fairtrade Africa Producer Congress for West and Central Africa. What motivated you to take on this role?***

I want to seize this opportunity from Fairtrade to show the capacity of the women. I was motivated to apply by my desire to bring the voices of the women to the highest level, demonstrate their value and reiterate that women have the same rights and capacities as men. Overall, my main

functions will be to defend the interests of the producers, particularly those of the region. I want to be the voice of the producers, bring forward their propositions, suggestions and expectations.

***What does Fairtrade mean for you as a person?***

For me, Fairtrade is a label which fights for the well-being of the producers, a movement that gives producers the opportunity to decide their own futures. It is also a system where the producers are, at the same time, beneficiaries and owners.



*Julienne Assoko*

© Fairtrade Foundation, UK



## IMPACT STORY

## SACANDI: STRENGTHENING THE CAPACITIES OF THE COOPERATIVE AND IMPROVING THE LIVING STANDARDS OF THE COMMUNITY

SACANDI COOP-CA (Société Coopérative Nataaba de Diégonefla) is a Fairtrade certified cocoa cooperative in Côte d'Ivoire since June 2017 and is part of the West Africa Cocoa Program (WACP). The support provided by the WACP as well as strategic Fairtrade Premium investments have helped SACANDI to professionalize and strengthen its operations. This, in turn, has benefitted its members and the extended community.

For example, thanks to the Fairtrade Premium, SACANDI was able to invest in surveillance cameras for storage facilities and offices in order to prevent robberies, which before then were a frequent occurrence. The cooperative also purchased a tractor and four new trucks with the Fairtrade Premium. To professionalize its operations and better serve its members and customers, SACANDI bought laptops, chairs, tables and internet access for its offices. A meeting room with capacity for over 200 people was also built in order to hold general assemblies and training sessions.

These improvements have positively impacted the members of the cooperative who are now able to work more efficiently.

*"I can say that there has been a lot of change because, thanks to the pickup trucks, we no longer have any problem transporting our cocoa from the sections to the central warehouse; it's easy. Also, before certification, we used only one sprayer for spraying pesticides in all sections, but today the cooperative has bought several sprayers. Each section has at least one atomizer. In addition, we also benefit from the producers' cash [from Fairtrade Premiums], which allows us to better take care of our families."*

**Ouedraogo Sidiki, a SACANDI member**

Strategic investment of the Fairtrade Premium has also brought about projects that improve the living conditions of the farmers, their families and the broader community.

One such project was the construction of a fully-furnished canteen at the EPP WEAKA primary school in Diégonefla,

which most of the farmers' children attend. The school is approximately 3km away from the village, and because it had no canteen, the children had to return to the village at midday to eat, and then walk back to school. This was both demotivating and exhausting for the children. Also, since most of the inhabitants of the city of Diégonefla are Muslims, the cooperative has decided to build two classrooms in a Franco-Arab school to enable them to attend there.

*"Today, our children who attend the EPP WEAKA school benefit from a canteen and are no longer obliged to come home for lunch before going back to school. Before the Franco-Arab school, there were not enough classes to accommodate all pupils. Today, thanks to Fairtrade, our children can benefit from quality training in modern and sophisticated facilities."*

**Ouedraogo Sidiki, a SACANDI member**



**SACANDI members used the Fairtrade Premium to build a fully-furnished school canteen for the children in their community.**

© Fairtrade Africa

## IMPACT STORY

## CONACADO: DOMINICAN COCOA PRODUCERS STRIVE TOWARDS EXCELLENCE IN PRODUCTION

In 2011, one of the biggest problems facing the Fairtrade cocoa cooperative CONACADO, based in the Dominican Republic, was the low productivity of its members.

On average, they were producing 436 kilos per hectare. But the yields of some farmers were as poor as 360 kilos per hectare. These figures were well below productivity levels in other cocoa-producing countries such as Brazil, Colombia or Peru.

There were a number of reasons they were doing badly: poor farm practises; the low density of cocoa plants combined with inadequate spatial distribution; limited financial resources to invest in farms and the use of low-productivity crop varieties.

The bad output figures were also producing wider, negative knock-on effects. A majority of CONACADO producers weren't earning much and the younger members of the community didn't see a future in cocoa production.

They needed to do something to improve the situation so they started, what they called, the Cooperative Development Program (CDP). Funded by the United States Agency for International Development (USAID) and supported by the Fairtrade export company, Equal Exchange, the project aimed to design a strategy to increase productivity, ensure better cocoa quality, and strengthen the capacities of the cooperative.

### **Demonstration plots: learn by observing best practices**

One of the main interventions to increase cocoa productivity and quality involved setting up demonstration plots. Eight organic cocoa farms with very low levels of productivity were selected by CONACADO to serve as examples of good practice in cocoa management for other producers in the area.

Each demonstration plot was assigned a technician, who was in charge of the programme. Using a process of constant training, they were responsible for implementing best practices with the producers who owned the plots.

The project directly benefitted the producers who owned

the plots and, indirectly, the 2,017 members of the relevant CONACADO branches. Through a combination of the demonstration plots and training, farmers were able to learn about and adopt appropriate agronomic practices. In addition, the plots also served as clonal gardens, where farmers could obtain vegetative material and seeds to produce grafted or hybrid plants for the renewal of their cocoa plantations.

### **Positive results**

At the end of the project in 2017, productivity levels in both the demonstration plots and the plots located in the adjacent areas were calculated. The results showed a substantial improvement in productivity, demonstrating the effectiveness



*Members of CONACADO receive training on Good Agricultural Practices as part of the CDP. The main objective of the project was to boost productivity and quality.*

© CONACADO

of the methods used. In the demonstration plots, productivity increased by 496 percent from 353 kg/ha at the beginning of the project in 2011 to 2,104 kg/ha in 2017. In areas close to the demonstration plots, productivity increased by 258 percent over the same period.

*“When I started to apply the new practices to my plot [...] people told me I was crazy, but I did it because I had seen that it gave results. My farm was previously very overgrown – it had old trees with low productivity. But I put in young plants and now those same people who told me I was crazy are interested in what I’m doing. The farm is 50 percent grafted with basal suckers and nursery grafts. Now the neighbours want to visit the farm because they have seen I have shade control, living barriers and a good level of production. They already say that I am not so crazy. In the other 50 percent of the farm I will continue to implement the new practices because they have made a difference. Now I can say that I am an expert in grafting.”*

*Evaristo Sánchez, demonstration plot owner*

### Expanding the benefits

Following the successful completion of the project in 2017, CONACADO decided to invest part of its Fairtrade Premium in expanding the programme to other branches and members of the cooperative. Currently, ten percent of CONACADO producers, or around 900 farmers, have direct access to demonstration plots where they can learn agricultural techniques and obtain vegetative material and seeds to renew their plantations. Already, they have seen an increase in productivity on their farms.

The Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC) has now decided to start a new phase of the project involving two other Fairtrade certified cooperatives in the Dominican Republic: COOPROAGRO and APCOC. Additionally, this new phase plans to involve cocoa producers from neighbouring Haiti, whose productivity rates are even lower. The objective is the transfer and exchange of technical knowledge, allowing Haitian producers to learn from Dominican producers.

## RESEARCH INSIGHTS

### DO SUSTAINABILITY STANDARDS BENEFIT SMALLHOLDER FARMERS ALSO WHEN ACCOUNTING FOR COOPERATIVE EFFECTS?

by Jorge Sellare, Eva-Marie Meemken, Christophe N. Kouamé, and Matin Qaim

This study focused on cocoa farmers in Côte d'Ivoire. Its aim was to understand differences between certified and non-certified farmers by disentangling them from the benefits that may occur due to being a part of a cooperative. The study found that Fairtrade certification has a positive impact on smallholder farmers especially on economic aspects such as yields, prices and living standards even after controlling for the positive effects that may occur due to being part of a cooperative. The findings were based on a random sample of 50 cooperatives with different characteristics: 25 non-certified and 25 Fairtrade certified cooperatives (16 of which were also certified under UTZ/Rainforest Alliance) and 500 farmers, also split 50/50. The robust methods used in the study control for any impact of farm size, education, age and market access of the farmers.

The economic effects of Fairtrade certification were primarily demonstrated by increased household consumption expenditure. The effects of Fairtrade were also controlled for any difference that may occur due to the impact of other certifications. The differences between the cooperatives were mainly based on a comprehensive set of characteristics, such as asset ownership, capacity of the leaders, age and size of the cooperative, and the extent of democratic decision-making.

The positive impact of Fairtrade was largely attributed to the Fairtrade Premium, better prices in Fairtrade markets, and organizational support. However, cooperatives that were already doing better are also likely to take up certification and thus show a positive impact on their members. The study also found that certification has a higher impact on the cooperatives that are not well-resourced.

- **PARTICIPATION OF COOPERATIVES THAT ARE ALREADY DOING BETTER ARE MORE LIKELY TO TAKE UP CERTIFICATION AND THUS SHOW A POSITIVE IMPACT.**
- **FAIRTRADE CERTIFIED FARMERS HAVE 13% HIGHER YIELDS, RECEIVE ON AVERAGE A 3.5% HIGHER PRICE FOR THEIR COCOA THAN NON-CERTIFIED FARMERS.**
- **THE PROPORTION OF FARM HOUSEHOLDS LIVING BELOW THE POVERTY LINE IS MUCH LOWER IN FAIRTRADE CERTIFIED GROUPS, ALTHOUGH – OVERALL – 45% OF THE TOTAL SAMPLE LIVED BELOW THE POVERTY LINE.**
- **FAIRTRADE CERTIFIED FARMERS HAVE 20% HIGHER PER CAPITA CONSUMPTION EXPENDITURE RAISING HOUSEHOLD LIVING STANDARDS BY 18%.**



## RESEARCH INSIGHTS

### EFFECTS OF FAIRTRADE ON THE LIVELIHOODS OF POOR RURAL WORKERS

by Eva-Marie Meemken, Jorge Sellare, Christophe N. Kouamé and Matin Qaim

The main focus of this study was to explore the impact of Fairtrade on workers hired by small farmers. It is based on a large-scale data collection in Côte d'Ivoire where 50 cocoa cooperatives were surveyed, including 250 workers employed by the cooperatives, 500 cocoa farmer members of these cooperatives and 250 workers employed by these farmers. Half of these cooperatives were Fairtrade certified.<sup>1</sup> Aspects like wages, working conditions, household welfare and poverty were explored following robust methodological approaches.

The research shows mixed findings for Fairtrade. On the one hand, it confirms that Fairtrade certified farmers have higher yields and receive higher prices, and that workers employed by Fairtrade cooperatives not only earn higher wages than workers in non-certified cooperatives but also have more stable incomes throughout the year.

The same, however, was not found to be true for farm workers on either certified or non-certified farms. It is worth noting, though, that both cooperative workers and farm

workers do receive more additional non-income benefits in certified cooperatives compared to non-certified cooperatives but neither have written contracts.

The study confirms that:

- **CERTIFICATION HELPS COOPERATIVES ATTRACT MORE MEMBERS, SELL LARGER QUANTITIES OF COCOA AND PROVIDE A WIDE RANGE OF SERVICES.**
- **FAIRTRADE INCREASES THE ANNUAL WAGES OF COOPERATIVE WORKERS BY ABOUT 160%, RAISES THE LIKELIHOOD OF RECEIVING AT LEAST THE MINIMUM WAGE BY 59% AND REDUCES THE LIKELIHOOD OF LIVING BELOW THE POVERTY LINE BY 35%.**
- **FAIRTRADE INCREASES THE LIKELIHOOD OF HAVING A WRITTEN CONTRACT BY 62% FOR COOPERATIVE WORKERS.**
- **NO SIGNIFICANT FAIRTRADE EFFECT IS OBSERVED FOR FARM WORKERS.**

The reasons for this last finding came down to a lack of rules and close monitoring but also point to the likelihood that farmers lack sufficient financial resources to pay the workers higher wages. The concerns raised relate to aspects where Fairtrade needs to do more to ensure that the benefits of Fairtrade reach everyone in smallholder cooperatives, including those working at farm level.



Map of Côte d'Ivoire

<sup>1</sup> Eight of these were UTZ certified and nine were UTZ and Rainforest Alliance certified.



## ABOUT THE DATA IN THIS REPORT

This report has two sources of data.

CODImpact is the data collected from producers during the audits. Since not all producer organizations are audited each year, the data is completed using the last available record. This is the data source for production volume, area of cultivation, number of farmers and workers, and Premium usage.

The second source of data is FLOTIS. This is the data collected from all Premium payers for all transactions in a given year for Fairtrade sales and Premium generated. The data has been extensively checked and cleaned. However, in a monitoring project of this magnitude there may be some areas of inaccuracy, such as:

- There may be missing information from Fairtrade certified producer organizations that is not taken into account because of quality.
- There may be missing information in some questionnaires from certified producer organizations that was not reported by auditors.
- There may be wrong data or data that were not validated.

The number of certified organizations is counted as the number of producer organizations at the end of the year with any of the following certifications statuses: certified, suspended or permission to trade.

Data on volumes produced, volumes sold and Fairtrade Premium income and expenditure are retrospective for a 12-month period preceding the audit. Since the majority of the audits for this data set took place during 2017, the majority of producer organizations have reported on time periods spanning 2016–2017. We thus use '2016–17' to describe these data in the report.

Under the terms of confidentiality agreements with Fairtrade producer organizations, data may be publicly reported in



*The inside of a cocoa fruit*  
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aggregate form, but not used in ways that expose data belonging to a single producer organization, Fairtrade Premium payer or trader. Where there are fewer than three Fairtrade certified producer organizations in a country, and market-sensitive business information could be deduced, we do not report aggregated data on the producer organizations.

### DISCLAIMER

Fairtrade International is not responsible for the accuracy of the data. The report has been compiled to the best of our knowledge and is provided for informational purposes only. Fairtrade International reserves the right to update the monitoring data as new information becomes available. Data quality checks are performed continuously, thus the data presented can change in future reports. The data are provided 'as is' and no warranty of any kind is given for the accuracy and reliability of the data. Fairtrade International will not be liable for any claims or damages related to the quality and completeness of the data, as far as it is permitted under law.

## REFERENCES

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