



FAIRTRADE
INTERNATIONAL

The effect of Fairtrade on forest protection and deforestation prevention

Study At-a-Glance

Introduction

In 2023, the European Union introduced new legislation aimed at minimising the risk of placing commodities that cause deforestation – including cocoa and coffee – on the EU market, known as the European Union Deforestation Regulation (EUDR). Low prices and associated poverty, as well as weak institutions, climate change, and lack of knowledge about agroecological practices are known drivers of deforestation. While there is evidence that voluntary sustainability schemes (including certifications) can contribute to curbing deforestation, it has also been anecdotally suggested that higher prices may be an incentive for and contribute to deforestation.

In the context of the new regulation and the need to understand underlying causes and the best approaches to address them, Fairtrade commissioned a study to investigate whether Fairtrade incentivises or de-incentivises deforestation in the cocoa and coffee sectors, the respective drivers behind this, and how Fairtrade affects cooperatives' ability to protect forests.

Study areas of focus

Countries were selected based on highest volumes of Fairtrade cocoa or coffee produced.



Coffee

Colombia,
Honduras, Peru



Cocoa

Côte d'Ivoire,
Ghana

Methodology

Between May 2023 and April 2024:

- Desk review of more than **60 documents**
- Interviews with Fairtrade staff and external stakeholders
- Interviews, focus group and survey involving **8 cooperatives** from Colombia, Côte d'Ivoire and Honduras (including non-Fairtrade cooperatives for counterfactual comparison)
- Buyer interviews

Key study findings

From the field data collection of producers in Colombia and Honduras (coffee), and Côte d'Ivoire (cocoa).



Farmers see deforestation as a risk, and directly associate it with low incomes.

Coffee farmers noted that low prices and smaller farm sizes due to land

division through inheritance contribute to financial hardship, and therefore deforestation. Cocoa farmers attribute income challenges to low productivity of the land due to disease and climate change, with the result that farmers cannot invest in sustainable practices such as planting shade trees.



Fairtrade supports investments in forest conservation.

The Fairtrade Minimum Price and Premium provide essential resources for cooperatives and farmers to invest

in geolocation mapping (which contributes to EUDR compliance), forest conservation, and other measures – such as planting shade trees, water protection, and waste management – that are necessary for more climate-resilient production of coffee and cocoa. These measures improve coffee and cocoa production, influencing quality and market desirability which can improve prices, farmer incomes, and subsequently the ability to further invest in agroecological practices and forest protection. However, producer organisation leaders noted the problem that the cost for compliance with due diligence regulations such as the EUDR is being passed to producers. While the Fairtrade Premium is useful in defraying these costs, it means organisations cannot invest those funds in other priorities.



Fairtrade Standards promote adoption of forest conservation practices.

Farmers reported that the Fairtrade Standards guide producers to implement key forest protection

measures. Fairtrade producer networks train cooperatives on the Standards requirements as well as the context of the EUDR, often with a positive effect on the entire region as knowledge is shared with non-certified farmers too.



Cooperatives benefit from Fairtrade producer network programmes, and more external partnerships.

Fairtrade producer networks provide programmes and training that go

beyond raising awareness of the Standards, such as on agroforestry and agroecology, which are seen as highly valuable. Many cooperatives report getting training and support from other entities in addition to Fairtrade, with the Fairtrade cooperatives tending to have more external partnerships than their non-certified counterparts. The study found that Fairtrade seems to be relevant in launching beneficial multi-stakeholder partnerships from both public and private sectors.



Farmers see positive effects of conservation and agroforestry.

Fairtrade farmers perceive many benefits of forest protection, including better micro-climates, protection

of water sources, more biodiversity, and animal protection. Related to agroforestry, farmers also see many advantages such as soil health, shade protection for crops, better pest and disease management, better crop pollination and quality, and income from fruit trees or other crops planted. Perceived disadvantages expressed by a small number of farmers are reduced yield, additional labour, and slow return on investment, though these are seen as outweighed by the advantages. Agroforestry is not mandatory in the Fairtrade Standards, but it is strongly recommended as they are the best means to climate change adaptation of smallholder coffee and cocoa production. The study found that the Fairtrade certified cooperatives were likely to have implemented agroforestry.



Readiness for compliance with the EUDR and ability to invest in forest protection is varied, and support is urgently needed.

When it comes to market development, data, and advocacy the study identifies some progress but also the need for additional buyer commitments, more investment in digital tools and training related to deforestation, and continued advocacy on agroecology and the necessary financing to support producers.

“Through its pricing and premiums regulations, standards and tools, and producer support, the Fairtrade system is correlated with action on curbing deforestation and forest protection.”

The Effect of Fairtrade on Forest Protection and Deforestation Prevention, p. 73



Conclusions & recommendations

While Fairtrade contributes to preventing deforestation and promotes forest protection, the study also shows where more action is needed. For example, more compensation is needed for the additional work that cooperatives are having to do especially related to regulatory compliance. In addition, cooperatives need financial support for forest conservation measures (reforestation, agroforestry). These not only contribute to compliance with the EUDR, but also to safeguarding the supply chain – and farmer livelihoods – against the consequences of climate change in the future.

Fairtrade response

We appreciate the study's findings that Fairtrade interventions put coffee and cocoa cooperatives in a better position to protect forests, comply with the EUDR, and adopt agroforestry methods. We also note that according to the literature, strong and well managed cooperatives, which are central to Fairtrade, are also an important factor in being able to manage resources well, meet farmer needs, and plan for the long-term. While Fairtrade producer organisations have an advantage in having the option to use Fairtrade Premium funds to meet EU compliance demands, this means they forego their own self-determined priorities about how to improve the overall sustainability of their organisations and communities.

There is much more to be done. Companies and governments along the supply chain must take responsibility, including the associated financial commitment, for compliance with the EUDR, and for forest protection more broadly, to safeguard the livelihoods of farmers and the future of the products they grow.

When it comes to the EUDR, no certification can take the place of companies' own due diligence. Fairtrade supports producer organisations and their trade partners on their pathway to compliance in four ways:

1. collection of geolocation data
2. delivery of deforestation monitoring data
3. deforestation risk assessments
4. mitigation of deforestation risk.

This is thanks to the alignment of our coffee and cocoa standards with the EUDR, training and support to producer organisations by the Fairtrade producer networks, our partnership with Satelligence and their satellite monitoring platform (free to all Fairtrade cocoa and coffee producer organisations), and our risk map. Fairtrade sourcing itself – including pricing, Premium, and deforestation-specific standards requirements – contributes to risk mitigation, as do our tailored programmes to accelerate progress toward living incomes and agroforestry adoption.



For more information, please visit www.fairtrade.net/issue/deforestation or contact your national Fairtrade organisation.

