SUMMARY & FAIRTRADE MANAGEMENT RESPONSE:

ANALYSIS OF THE PRODUCER LEVEL IMPACT OF FAIRTRADE ON ENVIRONMENTALLY FRIENDLY PRODUCTION, BIODIVERSITY CONSERVATION AND RESILIENCE AND ADAPTATION TO CLIMATE CHANGE

Response from the commissioning and overseeing organizations: Fairtrade Germany, Fairtrade Austria, Max Havelaar Switzerland, Max Havelaar France and Fairtrade International

THE STUDY AT A GLANCE

INTRODUCTION

The study was initiated by a group of four Fairtrade organizations to examine the impact of Fairtrade's interventions with regard to environmental-friendly production, biodiversity conservation and resilience/adaptation to climate change. Fairtrade International contributed staff and time to oversee the study's implementation. Using Fairtrade's Theory of Change (ToC) as a guiding framework, the following three Fairtrade interventions were assessed:

- Fairtrade Standards for Small-scale Producer Organizations and Hired Labor (v1.5);
- Fairtrade producer support for producer organizations such as trainings, programs and projects; and
- use of Fairtrade Premium.

The research was done by Kerstin Linne, Mario Donga, and Christine Lottje from FAKT, a consultancy working to improve social and economic conditions in developing and transition countries (https://www.fakt-consult.de/).

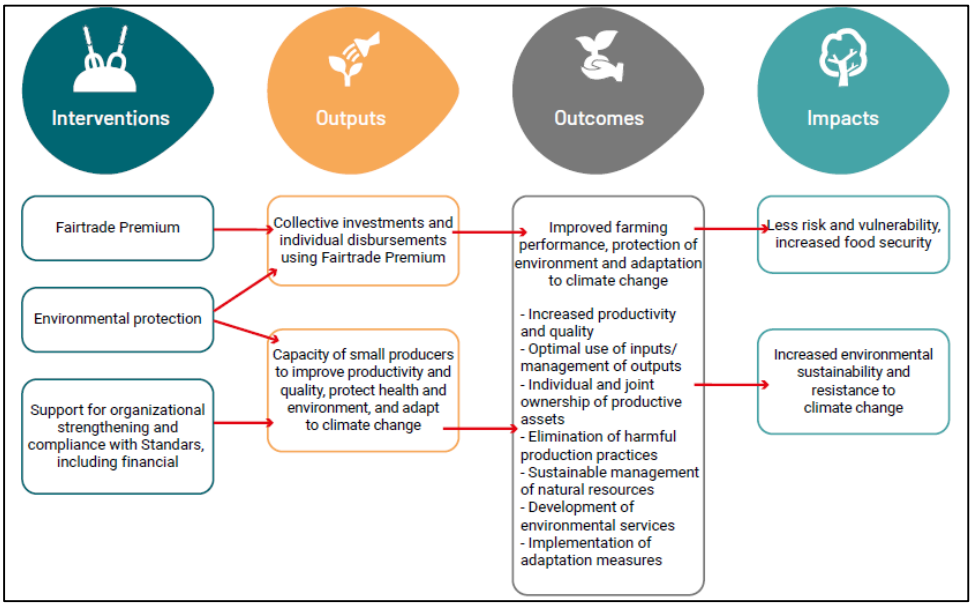

Figure 1: Fairtrade's Environmental Change Pathways (for Small-scale Producer Organizations), extracted from current ToC and Study.

STUDY OBJECTIVE(S)

The objective of this impact evaluation is to understand if and how agricultural production under Fairtrade conditions supports environmentally friendly agricultural production, biodiversity protection, and resilience & adaptation to climate change. The study also looks at how these outcomes lead to benefits for Fairtrade farmers, workers, and their communities. The results of this study will be used to better understand and improve upon (if necessary) Fairtrade's operations as well as provide evidence for increasing inquiries about Fairtrade's environmental impact from external stakeholders, media, civil society, and businesses. The study can also be seen as a response to the growing interest into how certification schemes, and Fairtrade in particular, impact and support biodiversity protection.

In recent years, some impact studies have looked at least to some degree into Fairtrade's impact on environmental-friendly agricultural production. However, so far there have been no studies focusing exclusively on the environmental impact of Fairtrade.

In the early years of Fairtrade, standards and producer support focused primarily on social impact, rather than the environmental impact of Fairtrade-certified agricultural production. However, over time both Fairtrade standards and support have incorporated more environmental aspects. Currently, approximately one-third of the criteria of the Fairtrade Hired Labour Standard (v1.5) and about a quarter of the criteria of the Fairtrade Standard for Small Producer Organisations (v1.5) are environmental criteria, covering issues such as pest management, pesticide use, soil management, water use, biodiversity and more. Meanwhile, Fairtrade is engaged in supporting producers around these issues, in addition to helping to build their resilience and adaptation strategies for climate change.

STUDY METHODS

The study, completed in December 2019, analysed existing data sets held by the Fairtrade system as of end of 2018. This included audit data, CODImpact data, Impact Monitoring data, and data on environmental and climate change projects. The researchers also collected their own primary data. This primary data was collected through remote key informant interviews with representatives inside of Fairtrade International, National Fairtrade Organizations, Producer Networks, and FLOCERT, as well as six fieldwork-based case studies in India (cotton and tea), Kenya (coffee and flowers), Costa Rica (cocoa), and Panama (bananas). The case study data collection included focus group discussions, key informant interviews, individual farmer interviews, and household/farm visits.

RESEARCHER FINDINGS & RECOMMENDATIONS

STUDY FINDINGS

According to the study, Fairtrade producers are experiencing environmental challenges including deforestation, water contamination, changes in rainfalls, water scarcity and increasing temperatures. Many of these challenges can be linked directly or indirectly to climate change.

Impact	Cocoa	Banana	Coffee	Flowers	Cotton	Tea
Deforestation		x	x		x	x
Water Contamination		x			x	
Changes in Rains		x	x	x	x	x
Water Scarcity			x	x	x	x
Increasing Temperatures	x				x	x

Table 1: Environmental Challenges as Perceived by Fairtrade Producers (from study)

For the producer organizations (POs) examined in the study, environmental compliance criteria in the Fairtrade standards are not strong enough on their own to lead to positive environmental impact. Many POs have other certifications - including organic – that are more rigorous on environment than Fairtrade. While consumers and POs value the association of Fairtrade and organic, the environmental benefits of organic certification cannot be directly attributed to Fairtrade certification. A large percentage of Fairtrade's environmental compliance criteria are development criteria, which are often not as strict as major or core criteria and have longer timelines and/or are process- rather than outcome-oriented, which contributes to the difficulty in measuring impact.

Fairtrade's environmentally-focused PO support is small-scale and currently benefits only a limited number of producers. In addition, Fairtrade's lack of a centralized, systematic processes for collecting, analysing, learning from, and communicating environmental impact data from these support activities inhibits continuous learning and improvement. Producer Networks could benefit from more environmental human resources and technical capacity in order to be able to scale up the number and thematic scope of their environmental-themed trainings.

The Fairtrade Premium is very rarely used for purely environmental purposes (1.57% of total Premium use for HLOs and 6.05% for SPOs) with socio-economic considerations driving Premium investment decisions. Where positive environmental impact appears as a result of the Premium spending, it is often a co-benefit and not necessarily the original intent of the Premium spending.

Overall, the study shows that the three types of interventions – Standards, producer support and Premium use – have the "…potential to contribute to generating positive impacts regarding environmental protection, biodiversity conservation and climate change adaptation. However, the interaction of the three interventions seems crucial to achieve meaningful environmental impact. This, however, rarely takes place in practice," according to the findings of the study.

RECOMMENDATIONS

The research team that conducted the study proposed the following key recommendations, (full recommendations available in the report).

For Fairtrade International and National Fairtrade Organizations:

- Increase the impact of the Standards by (1) adding more environmentally-themed criteria, (2) strengthening existing criteria (e.g. make them more outcome/impact oriented, have more core criteria, shorten timelines for compliance), (3) providing standardized environmental training materials around the standards to PN support staff and POs, and (4) support the building of PO structures to record, analyse, and share environmental activities, impact data, and best practices.
- Offer guidance to POs in prioritizing Premium projects that are economically viable but also have environmental co-benefits (i.e. tree planting).
- Strengthen the Theory of Change regarding the interaction of the different intervention options based on a developed strategy for environment and climate change, and highlight this interplay across the Fairtrade system.

For the Producer Networks:

- Have a monitoring, evaluation, and learning system in place which tracks impacts as well as activities. This is not only relevant for environmental projects, but also for Standard implementation, producer support and Premium use. A first step could be establishing baselines, e.g. through risk assessments as encouraged by the SPO Standard v2.1. Building in a review process of such risk assessment results every three years (i.e. for every renewal audit) would allow for tracking change.
- Further strengthen capacities such as staff numbers, time and expertise, on environmental topics, specifically on climate change adaptation. This can be done in part by internal trainings and webinars and ensuring that everyone knows where to access relevant information and material.

FAIRTRADE'S RESPONSE TO THE FINDINGS

Fairtrade was established years ago as a certification scheme and movement focused on improving the lives of farmers and workers in the Global South and making trade fair. The focus of our Standards and producer support had therefore historically been on social and economic aspects. Reflecting this historical emphasis, the study shows that any positive environmental impacts induced by our interventions have been more incidental than causal.

We feel this study is a solid basis for improving our work, as it identifies areas of improvement in our practices that need to be addressed. The study's findings are also a confirmation of our own internal discussions and other related studies.

The Fairtrade Standards have traditionally been developed democratically by taking all stakeholders needs into account, and thus they reflect a balance between Fairtrade Standards intention, compliance, and implementation costs.

While good environmental & climate change adaptation work is happening through Fairtrade-supported projects on climate change resilience and adaptation, these projects are still limited in scope vis-à-vis the entire Fairtrade network of POs (that integrates 1.7 million producers and workers), with a current focus on climate change adaptation for coffee producers, particularly in Latin America. While we are building a centralized database and systematizing learnings from our environmental and climate change projects, at the time of the study no overall Monitoring, Evaluation and Learning Programme (MEL) framework or database was available to interpret or understand the impact of all these projects in aggregate.

A study on the usage of the Fairtrade Premium as well Fairtrade internal data show that Premium usage is much more commonly used to benefit farmers and workers and investments in communities rather than environmental purposes (Loconto et al 2019)[1].

[1] Note that POs decide based on their own needs assessment how to best spend the Fairtrade Premium. Often, environment related issues are not identified as critical as socially led projects/investments by these organizations.

Farmers and workers themselves, through participation in their producer organization's General Assembly, decide democratically on Premium use, and must balance investing in environmental-friendly production or environmental projects with other perceived pressing needs.

The internal sharing of the findings of this study in January 2020 was immediately followed by creation of an Action Plan, intended to identify the most actionable findings & recommendations, and to document a strategy for disseminating these throughout the Fairtrade system to ensure that the study led to concrete changes. Implementation of the Action Plan led to dissemination and knowledge exchange through policy briefs, presentations, and guided discussions with multiple internal key stakeholder groups, including the Fairtrade Board, CEO Forum, Strategy Incubator, the Environment & Climate Change Working Group, and various National Fairtrade Organizations and Producer Networks.

NEXT STEPS: ACTION FOR FAIRTRADE

The Fairtrade system is moving towards incorporating a stronger environmental and climate change focus in its core work, supported by expanding its human, technical, and monitoring capacity.

The Fairtrade system had already initiated key initiatives before the completion of the study.

- The Fairtrade Standard for Small Scale Organizations (SPOs) has been revised and implemented in 2019 (v2.1). This updated version already has stricter environmental compliance criteria versus the previous version (v1.5). Fairtrade has made a commitment to track the environmental impact of the new SPO standard, particularly relevant in 2021 and onwards when many of the compliance criteria in the updated Standard become applicable for new Fairtrade producer organizations. A Standards monitoring review will likely be launched in the second half of 2021.
- Fairtrade provides guidance[2] to help Fairtrade POs with the process of designing Premium projects as well as adhering to compliance criteria related to environmental management. This guidance seeks to involve POs in this effort toward positive environmental impact as well as foster autonomy and empowerment of POs on the topic. Through this guidance, Fairtrade continues to support and encourage Premium use decisions by Fairtrade farmers/workers.
- A review of the Fairtrade Theory of Change (ToC) has been launched and is still ongoing. The new ToC will better reflect the real-world environmental change pathways we see with Fairtrade producers and POs and enable targeted monitoring of the environmental and climate change impacts of our Standards and producer support.
- Fairtrade has launched an analysis of various Environment & Climate Change projects going on across the Fairtrade system, with an eye towards aggregating systematization and learnings, as well as developing a set of models for engaging with our commercial partners on these topics.

[2] SPOs: https://files.fairtrade.net/standards/2020.10.08_SPO_Expl_Doc.pdf, HLOs: https://files.fairtrade.net/standards/2014-03-31_Ex_Doc_FPC_EN.pdf

- Various National Fairtrade Organizations have continued to scale up their focus on and resources towards Environmental & Climate Change issues, meaning that the Fairtrade system is going into 2021 with greater human, financial, and technical capacity around these topics than ever before.

The Fairtrade system has also begun implementing changes that, at least in part, have been developed based on the findings of the study, including:

- A stronger emphasis on environment & climate change in the new Fairtrade 2021-2025 strategy, which will bring increased attention, resources, and capacity to environmental aspects within Fairtrade in the years to come.
- A commitment to focus on Producer Network capacity building around environment & climate change, so to ensure that there is strong producer support possible to help in the implementation of environmental compliance criteria. In Producer Networks' new 2021 – 2025 strategies, climate change mitigation and resilience has been put as a top priority.
- Establishment of a Programme MEL Task Force, for which one goal will be to build a centralized learning database for Fairtrade's projects and programmes (including those related to the environment), as well as exploring innovative data analytics and visualization solutions to better recognize trends and aggregate impacts across the entire Fairtrade project/programme portfolio.

For any questions on the study and Fairtrade's response, please contact impact@fairtrade.net.