Assessing the poverty impact of voluntary sustainability standards
Conceptual and methodological framework

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Executive Summary

This paper sets out the conceptual and methodological framework for this research project. The project, funded by DFID, aims to systematically assess the poverty impact of social and environmental voluntary standard systems (SEVSS). It sets out the research hypotheses and questions which this project will set out to address. The main questions the project seeks to address are as follows: Do voluntary standards have an impact on the poverty and livelihoods of smallholders, outgrowers and hired labourers and their organisations? If so what kind? Are voluntary standards effective mechanisms for tackling poverty? Which are the most effective voluntary standard approaches for tackling poverty?

The paper also provides a definition of impact and explains how hypothetical impact chains are a useful concept for understanding how SEVSS might achieve poverty impact in theory, and whether this impact is being achieved in practice and for whom. We explain the main elements in the key voluntary standards in question – namely FLO Fairtrade, Rainforest Alliance and Utz Certified. The conceptualization of poverty is outlined, with a major focus on income and livelihood assets. Impact on income and livelihood assets will be explored using participatory and comparative indicators.

Patterns of certification of enterprises to the different standards are changing rapidly as the SEVSS expand, particularly into Africa and to a lesser extent South Asia. The task of selecting commodities and countries has been complicated by the dynamism in this field and the explosion of assessment of impact (mainly through participatory monitoring and evaluation by the standard boides themselves or by commissioned researchers). We set out the selection criteria that we have developed for deciding which countries and commodities to include and this provides the rationale for the selection which we have made.

Cocoa and tea will both be included in this study. Analysis will be conducted in three countries for each commodity. For cocoa we will cover Cote D'Ivoire, Ecuador and Ghana or Dominican Republic (some critical information has been requested from the relevant standard body). For tea we will study poverty impact in Kenya, India (Tamil Nadu) and Tanzania or Uganda (again a last minute change has been required to maintain support of the relevant standard bodies)

The paper then concludes by explaining how we will study poverty impact in these countries and commodities. Selecting enterprises is the first step (based on selection criteria where this is feasible) and inclusion of a counterfactual to provide comparison. Key lines of comparison and key steps in the methodology are described in the final section.

1. Introduction

The development of social and environmental voluntary standards systems (SEVSS) and labelling initiatives has occurred in response to a range of diverse, but converging sustainability objectives. Examples of these voluntary standards are FLO-certified Fairtrade, Rainforest Alliance, Utz Certified, Organic Agriculture, Forest Stewardship Council Certification. The voluntary standards are based on upon third party certification and labelling in consumer markets and are adopted voluntarily by producer groups and plantations.

Fairtrade has its origins in supporting marginalized producers in developing countries, with the aim of developing greater economic and social equity in trade (Smith and Barrientos, 2005). Environmentally oriented standards have more conservation-focused goals such as sustainable forest management (FSC) or sustainable agriculture (Rainforest Alliance). Many of these standards are building momentum, moving in the mainstream and yet **understanding of the impact across different standards, sectors and contexts is limited.**

This project, funded by DFID, began in March 2009 and will end December, 2011. The purpose of this project is to:

- *systematically examine the impact of voluntary social and environmental standards on poverty and livelihoods, particularly for the most disadvantaged workers and producers in developing countries.*

A number of studies have been undertaken in the past to assess the impact of voluntary standards, especially FLO-certified Fairtrade, but these have been limited in scale and reach[1]. Many of the Fairtrade studies have focussed predominantly on coffee and on Latin America and few have provided longitudinal analysis of impacts over time. Studies of environmentally oriented voluntary standards are also limited in scale and reach. There is a need for a greater in-depth analysis of such schemes and their capacity to raise producers and workers out of poverty across a range of different country contexts and to track impact over time.

This study will assess the poverty impact of voluntary standards in two different commodities (tea and cocoa) in a minimum of six countries, tracking change across time to measure poverty impacts on smallholders and workers.

2. Research Hypothesis and Questions

The hypothesis of the research is that: Social and Environmental Voluntary Standards Systems (SEVSS) have a positive impact on poverty in Sub-Saharan Africa and South Asia.

The project aims to answer the following **specific research questions** on the poverty impacts of voluntary standards:

Do voluntary standards have an impact on the poverty and livelihoods of smallholders, outgrowers and hired labourers and their organisations? If so what kind? Are voluntary standards effective

[1] Nelson, V. and B. Pound (2009) 'The Last Ten Years: A Comprehensive Review of the Literature on the Impact of Fairtrade'. A Fairtrade Foundation Report.

	mechanisms for tackling poverty?
a)	Do producers selling certified products experience greater positive long-term social, economic and other livelihood impacts than their uncertified counterparts?
b)	Do workers on certified plantations achieve greater positive long-term social, economic and other livelihood impacts than those working for uncertified enterprises?
c)	Are voluntary standards lifting people out of poverty? What is the scale or magnitude of their impacts on poverty? Are there limits to the effectiveness or potential of these standards as a means of tackling poverty?
d)	Can voluntary standards reach the most disadvantaged in society? What are the inclusion or exclusion thresholds which shape entry to such voluntary schemes and how do these vary across time, contexts and for smallholder and hired labour situations? Is there a risk that voluntary standards reinforce regional inequalities?
e)	What are the characteristics of the participants who remain within a scheme and those who leave?
f)	What are the gender dimensions of the poverty impact of voluntary standards?
g)	Are there negative or unexpected impacts on participants or non-participants?
h)	Assuming a broad-brush definition of poverty, what *types of impacts* of voluntary standards are most significant for tackling poverty and supporting the livelihoods? (Social, economic, empowerment etc.)? Are the standards tackling strategic as well as practical needs, e.g. building local institutions, giving greater power and voice etc?
i)	Is there a difference in the kinds and magnitude of impacts (in terms of numbers assisted and extent of changes resulting) being achieved in hired labour and smallholder situations?
j)	Which *elements or mechanisms of voluntary standards* are the most effective in tackling poverty (e.g. producer support to access export markets, greater security through guaranteed prices and pre-financing, stronger producer organisations to increase the power of disadvantaged groups, networking amongst certified groups etc)?
k)	In which circumstances do voluntary standards have the most poverty impact (e.g. newly liberalised economies, existence of relatively strong small farmer co-operative movement etc)? What are the key drivers for success?
l)	How sustainable are the impacts of the voluntary standards and the standards themselves?
m)	Can farm level sustainability make a difference to larger scale changes in land use and ecosystem health? If not, does it matter and with what implications for tackling poverty?
n)	Are positive impacts by voluntary standards sustained over time or do they tail off?
o)	Can voluntary standards achieve the same kinds of impacts in mainstream value chains as well as alternative ones?
p)	Can voluntary standards have an influence beyond their specific certified value chains (e.g. positive impacts in raising local market prices; possible negative impacts on non-certified producer access to markets? Can voluntary standards push up standards in the rest of the market and achieve poverty impact that way? Can they change the terms of trading (market transformation) or is the overall effect more about achieving market access or market reform? How do such schemes challenge or reinforce prevailing power relations and inequalities?

A secondary set of research questions will be explored relating to more nuanced comparisons between different standards and their approaches.

	Which are the most effective voluntary standard approaches for tackling poverty?
a.	What differences are there in the impacts achieved by different voluntary standards and how

	far could they be complementary?
b.	What relative contribution do *different mechanisms* make to any positive impacts (e.g. price premiums, longer term trading relationships, support to negotiations with buyers, quality incentives etc)?
c.	How do the poverty impacts of the *different* voluntary standards vary? How do the different provisions in their standards and the varying approaches they adopt (e.g. to producer support) affect the poverty impact on smallholders, outgrowers and workers?
d.	How do *different business models and value chain relationships* affect the impact upon poverty of voluntary standards? How do the values, power and incentives of different actors in the value chain affect the impacts upstream? (e.g. What differences are there between retailers? What differences are there between ATOs? What difference does producer ownership along the value chain make to overall poverty impact?
e.	How do the costs of certification and compliance (e.g. to quality requirements) affect inclusion and the membership poverty profile (e.g. does the membership of co-operatives reflect the poverty profile of their communities). Are factors such as remoteness and marginality of land, factors in being able to benefit.

3. Conceptual framework.

3.1 Characterizing social and environmental voluntary standards

There is a wide and **increasing range of social and environmental voluntary standards systems** in international agricultural trade, with the standards having varying origins, objectives, characteristics, approaches and content – but all may have an impact on the workers and smallholders engaging the value chains in question. Some voluntary standards are more environmentally orientated, with a focus on sustainable forest management (e.g. Forest Stewardship Council) or sustainable agriculture and conservation (Rainforest Alliance). Fairtrade is the only standard which is primarily of social orientation with an aim of supporting smallholder farmers, and more recently, hired workers in plantation agriculture.

3.2 Impact assessment of social and environmental voluntary standards

Until recently, impact assessment of social and environmental voluntary standards systems (SEVSS) has been somewhat fragmented, with many studies being of short duration and without any kind of comparison between participating and non-participating organizations and farmers (Nelson and Pound, 2009). A recent study commissioned by the Fairtrade Foundation (Nelson and Pound, 2009) on the evidence available on the **impact of FLO-certified Fairtrade,** found that there are significant gaps in the evidence base, particularly in commodities other than coffee, and for regions other than Latin America. There is very little evidence on hired labour situations, with most of the work covering smallholder co-operatives. Few of the studies systematically explore impacts, focusing instead on outputs and sometimes outcomes (see annex 1 for more details).

An **analysis of environmentally-oriented standards** was commissioned as part of this research project, building on the conceptual framework and methodology developed in the work commissioned by the Fairtrade Foundation (Pound and Chan, 2009). The second study found a similar picture in relation to the geographical and commodity focus of existing studies on coffee in Latin America (see annex 2 for more details).

This picture is now beginning to change, however, with a very **recent spate of activity in SEVSS impact assessment.** This is because a wider range of standards are now beginning to integrate participatory impact assessments into their normal operations. This flurry of activity has added to the complexity of the process of selecting enterprises for our study, as they may already be engaged in other research, even though the research projects have divergent objectives. Stakeholder consultations have revealed several studies are just beginning or are being planned, although the objectives and methods vary (see box 1 below for examples). There is interest amongst scholars and standard bodies to link up such studies and to have methodologies which enable comparison of data. Where possible this will be done, but the design of methods used in this project has to fit the specific objectives of the project.

The on-going ISEAL process to develop a **code of good practice for assessing the impacts of social and environmental standards systems** is involving wide-scale stakeholder consultation. The aim of this work by ISEAL is to develop a framework for assessing the impact of social and environmental standards systems to help demonstrate impacts, build capacity, improve the standards systems, inform policy and strategies, sustain credibility and societal learning. The framework is to guide standards systems in implementing a monitoring and evaluation programme, enabling collection and analysis of data to show how standards contribute to long-term change (http://isealimpacts.wikispaces.com/Introduction web address). The ISEAL approach is seeking to guide standard users to measure short and medium-term change that show contribution of standards systems to impact and plausible relationships – rather than to try and prove impact which is extremely difficult. ISEAL differentiates between formal impact assessments (as in periodic, scientifically based studies on specific aspects of a standards system), as envisaged in this research project and the efforts of most standards systems which will collect and analyse data on different elements of the standards programme, rather than trying to prove a impact through comparison with a counterfactual. However, the information collected by standards systems can be used in more formal assessments.

Box 1: On-going activity in SVES impact assessment

- Traidcraft funded a short-term study of the impact of voluntary standards (Rainforest, Utz Certified, Fairtrade) in tea and coffee in East Africa (to be conducted in 2009).
- COSA – Impact assessment for Rainforest Alliance and Utz Certified in West Africa.
- Fairtrade Foundation: They have commissioned NRI to conduct participatory monitoring and evaluation studies in Belize and Malawi over a three year period. They have commissioned IDS to do a banana sector study which is nearing completion and are in the process of commissioning a cotton sector study in collaboration with Max Havelaar, France.
- FLO commissioned an evaluation of their contract production standards (2008) which is now complete. FLO also have a trade union working group which is facilitating some focused studies on specific aspects of Fairtrade relating to the role of trade unions.
- Utz Certified and Solidaridad – commissioning CIDN to conduct studies of coffee in Africa. They have also announced in June 2009 that CIDN will also cover tea in Kenya.
- David Philips, PhD student is conducting research on Fairtrade sugar in Malawi.
- Cadburys have commissioned researchers at Harvard to conduct impact assessment on Fairtrade

cocoa in Ghana (still being planned).

- Yale University researcher to conduct monitoring and evaluation for Rainforest Alliance in Malawi

Although there is now quite a lot of activity which touches on the effectiveness and impact of voluntary standards there are **still significant policy questions to be answered** concerning their poverty impact and the conditions in which they are successful. Few of the existing and on-going studies involve longitudinal impact assessment of impact across several commodities and standards. Few include a characterisation of those entering voluntary schemes in order to inform future policy on tackling poverty and the role of voluntary standards in different conditions.

It is important to emphasize that this flurry of activity means this is **a dynamic field**, as the voluntary standards themselves are changing in nature and in reach in different markets (see box 2 below).

Box 2: Social and Environmental Voluntary Standards (SEVS) – a dynamic field

- **Expansion into the mainstream:** Fairtrade has extended its coverage to include hired labour standards and own-brand supermarket labels are increasing.
- **Content of existing voluntary standards.** Provisions of standards are changing. For example, the FLO Hired Labour standard was strengthened in January 2006. Changes to the trader standards have recently been announced by FLO. Changes in FLO minimum price also occur, such as introduction of a minimum price where previously there was none, such as for tea.
- **New enterprises gain certification:** New enterprises are seeking certification to existing product standards and some are stacking up multiple certifications. This includes mainstream companies announcing wholesale switches of sourcing in particular locations to a particular standard (e.g. Cadbury's announcement during Fairtrade Fortnight of their switch to Fairtrade in Ghanaian cocoa, which will mean a big increase in the number of farmers that can participate in Fairtrade).
- **Existing standards move into new products:** (e.g. Utz Certified are moving into cocoa).
- **Emergence of completely new standards:** e.g. Fairfood

3.3 Defining impact and the impact chain

For some years NRI has used a definition by Roche (1999) in relation to ethical and fair trade impact assessment: Impact assessment is the *'systematic analysis of the lasting or significant changes - positive or negative, intended or not - in people's lives brought about by a given action or series of actions'* (Roche, 1999)[2]. In a literature review for the Fairtrade Foundation we found

[2] Eberhardt and Smith (2008) use a definition of impact in their methodology for Fairtrade impact assessment as follows: 'a new situation created by a set of results and effects that induce significant, sustainable change in the lives and environment of people and groups for which a direct or indirect chain of causality can be established with the development initiative" (CIEDEL, 1999). This distinguishes between the *results* of Fairtrade, such as those derived from actions taken to comply with FLO standards (e.g. receipt of stable prices, improvements in working conditions) and the range of *effects* that these actions have on different individuals, groups and the general environment in terms of sustainable change (e.g. reduced vulnerability to poverty, improved health). It also highlights that impact can be both *direct* and

that ‘Many of the studies focus on the outputs of Fairtrade (e.g. higher price, training activities etc), rather than on the outcomes (e.g. higher incomes, or new skills) or livelihood impacts (e.g. changes in material wealth, social wellbeing and empowerment). The further along the impact chain one moves, the greater the influence of context and the more tricky the attribution to a specific intervention (in this case Fairtrade) (Nelson and Pound, 2008).

To measure whether and how SEVSS have an impact on poverty it is helpful to **hypothesize an impact chain** (Roche, 1999; Nelson, Martin and Ewert, 2002). See diagram 1 below which illustrates how the goals and objectives of voluntary standards translate into a range of specific inputs (such as capacity building and guaranteed prices) leading to outputs, outcomes and eventually accumulate to have an impact on producers, workers, their organisations and the environment.

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indirect. For example, Fairtrade may have direct effects on small producer organisations (e.g. greater financial stability, better management), which in turn would have various indirect effects on farmers and their communities (e.g. improved access to services, higher prices on conventional markets, etc.). Ronchi (2002a) distinguishes between the direct and indirect impacts of Fairtrade at different levels:

- the *direct* impacts of Fairtrade on producers
    - financial impact of payment of a ‘fair price’ on producers and other disbursements of Fairtrade premium;
    - financial and non-financial support given by Fairtrade organisations to producer organisations.
- the *indirect* impacts of the producer organisations on:
    - producers;
    - other organisations.

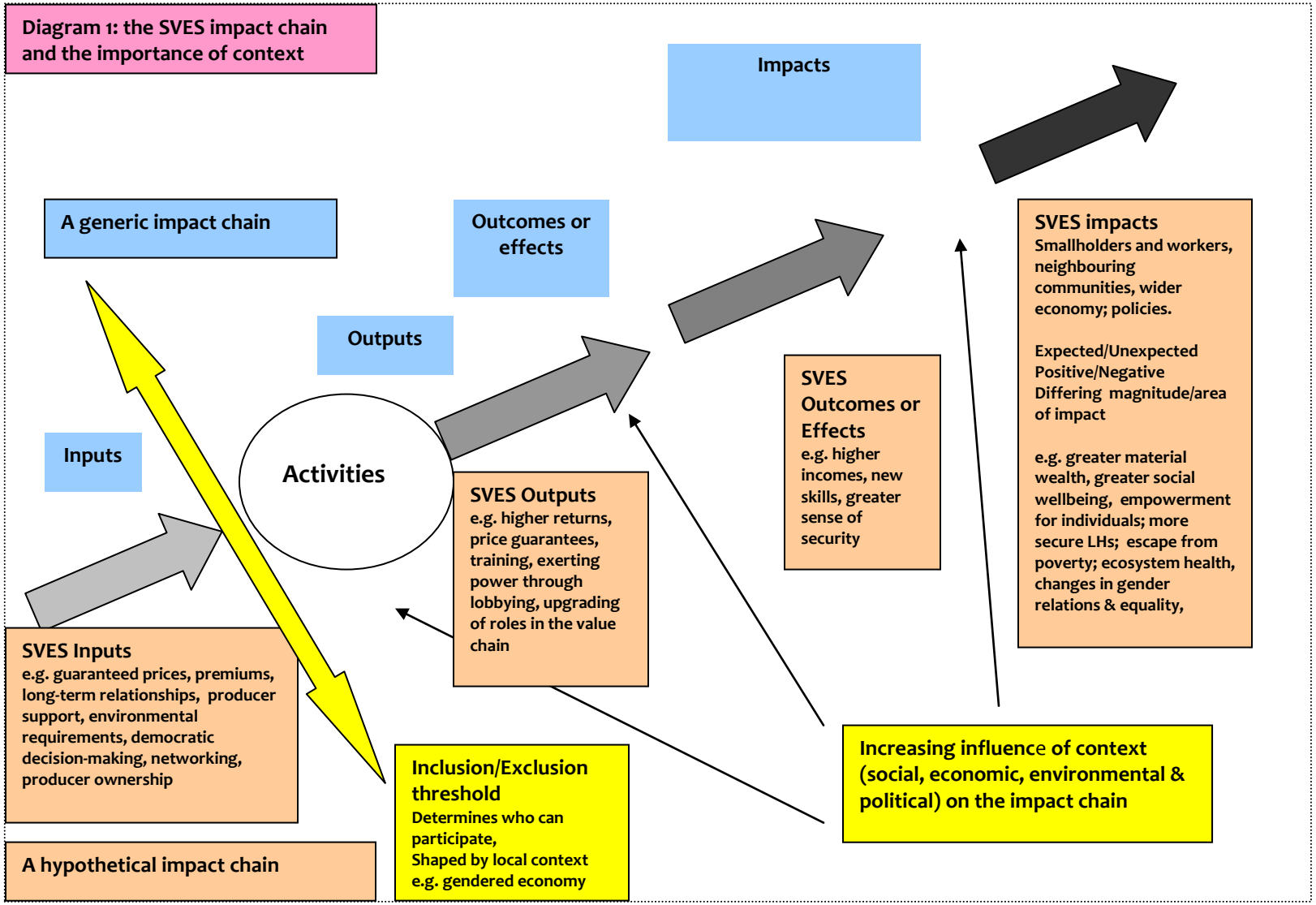

Diagram: V.Nelson in Nelson and Pound (2009)

Each of the voluntary standards in question (e.g. FLO Fairtrade, Utz Certified, Rainforest Alliance) have **differing objectives and inputs therefore differing impact chains** (see table 1 below which summarizes the key elements of the different standards in terms of impact chains). For example FLO Fairtrade has impacts on small scale producers and workers through a range of product, small producer, hired labour and trader standards – it is the only standard that has trader standards. The Rainforest Alliance reaches workers through labour standards and producers via more sustainable production practices. In Utz Certified, workers are reached through labour standards and producers via better market recognition.

Table 1: Summary table of main elements for key SEVSS

Standard system	**Fairtrade (FLO)**	**Rainforest Alliance**	**Utz Certified**
Key elements	**Producer & Hired labour standards** covering labour standards, social development, economic development, environmental development. **Trader standards** – which specify FT price and premium, long-term relationships, pre-financing etc. **Capacity building** – Varies with different models. ATOs tend to provide longer-term support than buyers contracted by supermarkets **Networking, Advocacy & demonstration effect –** e.g. support for African FT network. Varies in different parts of the world. Also FLO and 'gold standard' type ATOs (Twin, Traidcraft, Cafedirect etc) attempt to change the market and raise the bar for others in ethical trade.	Sustainable Agriculture Network (SAN) **standards** set by Standards Policy unit. The Sustainable Agriculture Network (SAN) standard is the **overarching, generic standard** and covers more than 100 crops. Social and Environmental Management System Ecosystem Conservation Wildlife Protection Water Conservation Fair Treatment and Good Working Conditions for Workers Occupational Health and Safety Community Relations Integrated Crop Management Soil Management and Conservation Integrated Waste Management The standard consists of ten principles. Each principle is composed of various criteria. *SAN's Sustainable Agriculture Standard, version April 2009* contains 94 criteria. The criteria describe best practices for social and environmental management, and are evaluated during the inspection process. How the standard is interpreted and applied to particular situations is determined by **Interpretation Guidelines.** Two types of guidelines exist: 1) generic interpretation guidelines 2) local interpretation guidelines. Sustainable agricultural auditing services team (SAAS) **coordinates audits.** In Latin America SAN 'own' the standard and do training and audits. In new countries RA aim to develop local bodies to shape the standard but currently use local individual auditors and companies	Utz collaborates closely with industry and other stakeholders in establishing new programmes. The key steps in the cocoa programme are: organizational set-up, development of the first draft code, intensive stakeholder consultation and network building and working out traceability and chain of custody requirements. Key principles in programmes and Codes of the Conduct are: ***Meaningful***: The Code must have a positive effect on social, environmental as well as economic sustainability of tea production. ***Practical and credible***: The Code must include realistically achievable control points and measurable and auditable indicators (these indicators may be further elaborated outside the Code itself). ***Inclusive***: The program must be accessible and workable for smallholder producers. ***Efficient***: The Code must be applicable within the mainstream tea sector and market, creating extra value for all parties against the minimal additional costs. ***Accepted***: The Code must be broadly accepted, not only within all parts of the

		Producer support – provided by Sustainable Landscapes team. Training and implementation, contacting producers and building relations with stakeholders depending on funding available from donors) **Linking up farmers to markets** by Sustainable Value Chains team. Once farms are certified efforts are made to link them to buyers. Sometimes others such as tea packers ask them to find certified suppliers.	chain but also in the societal and institutional environment in which the chain is embedded Standards include good agricultural and business practices, e.g., good record-keeping, training, internal monitoring On the main codes that they have for coffee (and recent ones for cocoa and tea).

The **voluntary standard system** refers to more than a **standard document** approved by a recognized body, allowing for common and repeated use of a prescribed set of rules, conditions or requirements. Most standard systems include other activities pertinent to the application of a specific standard, including standard setting, capacity building, verification and monitoring (as defined in the ISEAL code of good practice on impact assessment[3] Many standard organizations provide **capacity building support** to producer and worker organizations either through alternative trade organizations such as Solidaridad, Twin, Traidcraft, or directly from specialist standard body support units, such as the Producer Support Unit at FLO. This support can take a wide range of forms and intensities (e.g. African Fairtrade networking and awareness-raising which is supported by FLO; assistance from Rainforest Alliance to enterprises seeking certification). **Advocacy support** is another important potential dimension for consideration in impact assessment – given the scale of change that could potentially be achieved through policy reform and implementation etc. Support may be provided by Fairtrade-ATOs to producer co-operatives, for example, to lobby for change on the national stage. FLO Fairtrade is currently supporting the development of networks to link up Fairtrade producers, help raise awareness of Fairtrade and assist in the identification of remunerative opportunities.

In what has been termed 'Fairtrade Plus' or the 'Fairtrade Gold Standard', support is provided by alternative trade organizations such as TWIN and Traidcraft, to enable **producer ownership** further down the value chain. It is not clear if there are situations of worker ownership, but where these exist they would merit special consideration. It is likely that these models will provide greater positive impacts than models of Fairtrade without it.

Harder to measure, but nonetheless important, is the impact that voluntary standards have on their competitors in the **wider conventional market**. In a sense this is one of the most important ways that voluntary standards may be able to achieve their objectives – by encouraging competitors to develop 'more ethical' practices or adopt alternative standard initiatives which may or may not raise the bar. Consumers may also be encouraged to buy other 'ethical' goods, and again this relates to the role that voluntary standards have in transforming or reforming the market – rather than simply providing market access to participants.

This project will focus on assessing the **poverty impact** at the local level (e.g. on workers and producers) of voluntary standards, drawing on their perspectives of how voluntary standards are changing their lives (but the inputs of different SEVSS clearly involves multiple and diverse strategies). The next section explains how we are defining poverty.

3.4 Concepts of poverty

We are assuming a **livelihoods-based concept of poverty** in which all assets (human, social, financial, physical, natural and political) are seen as important in defining poverty status. Access to and control over assets is determined by power relations, macro-economic and environmental processes. Impacts on incomes related to participation in the relevant schemes will be measure as part of the project's broader effort to assess how the combined outcomes of certification have an impact on overall household well-being, quality of life, ability to

[3] ISEAL (2009) P041 Draft ISEAL Code of Good Practice for Assessing the Impacts of Social and Environmental Standards Systems *(Policy or Form)*
http://www.isealalliance.org/index.cfm?fuseaction=Page.viewPage&pageId=1025&grandparentID=490&parentID=999

survive external shocks etc. Income-only definitions of poverty are flawed because they fail to incorporate the whole range of assets which cumulatively individuals and households rely upon to survive.

Others suggest that even the more holistic asset-based analyses which focus only on poor people, ignore the **causal 'external' and local social, political and economic factors and relationships which create and reproduce poverty and inequality in rural areas** (see Harriss, 2007[4]). Rather than trying to measure and explain individual deprivation, inequalities should be explained in terms of the distribution of power, wealth and opportunity[5]. The horizontal dynamics of value chains include the changing institutional arrangements, political processes, livelihood practices and land use changes (Bolwig et al, 2008[6]) which shape local responses to 'universal' standards (Neilson and Pritchard, 2008). The vertical dynamics relate to power and functional relationships along the value chain and the research team will also explore how these are operating and influence impacts on the ground. Whilst it is useful to visualize horizontal and vertical dimensions to value chains, it is important to remember that the horizontal dynamics of poverty and wealth creation are not divorced from macro-economic and regional economies and politics.

Vulnerability or resilience to shocks and stresses is also an important element of poverty or well-being assessment. Analysis of the vulnerability context (environmental and climatic, social, political, and economic trends) is thus a critical element of this study. The recent review of the evidence base on the impact of Fairtrade found that in many instances small producers valued the stability that Fairtrade can provide (through guaranteed prices, longer-term relationships, increased access to credit, capacity building support, increased self-esteem etc) as being one of the key aspects of its impact.

The question of who judges success or failure is also critical. Participatory approaches emphasize the importance of **basing impact assessment upon the perspectives of farmers and workers**. There are characteristics of individuals and households which mean they are more likely to experience poverty (e.g. women and female headed households, elderly, widows etc) because of inequitable power relations and cultural norms. The nature of poverty thus varies across contexts and will be explored in each location using qualitative methods and in collaboration with participants and non-participants in the voluntary standard systems and a common set of key indicators will also be established. The aim will be to explore local definitions of poverty, the expectations of local participants in terms of what they might be able to gain from their participation in a particular scheme (if they have knowledge of it at all) and what might constitute an escape from poverty for different social groups. Participatory video will be used in an innovative way – to enable case study households to review previous recordings in order to discuss what has changed and to provide a powerful communication tool for evaluating change. At the same time, a number of core indicators on poverty will be developed and used across the study in order to have comparative data.

Questions will also be asked of key informant interviewees as to what are the possible **trajectories for escaping poverty** in a particular area might be and how resilient are these trajectories in view of on-going and new stressors (such as a changing climate, local environmental degradation, economic globalisation etc)? It is important to frame an assessment of the poverty impact and role of SEVSS in an analysis of the overall agricultural trade system and sub-regional economic and environmental trajectory.

In **hired labour situations** it will be important to conduct off-site interviews with workers to provide a forum in which they are more likely to speak freely and will include all different types of workers (e.g. women as well as male workers, temporary and seasonal workers, migrant workers and workers employed through third-party contractors). Particular emphasis will be placed on empowerment impacts as these were found to be weak in

[4] Harris, J (2007) 'Bringing politics back into poverty analysis: Why understanding social relations matters more for policy on chronic poverty than measurement', Chronic Poverty Research Centre Working Paper 77.

[5] Nelson, V., A. Martin, and Joachim Ewert 2007. The Impacts of Codes of Practice on Worker Livelihoods; Empirical evidence from the South African wine and Kenyan cut flower industries. *Journal of Corporate Citizenship* 28, December 2007. pp61-72

[6] Bolwig, S., S. Ponte, A. Du Toit, L. Riisgaard, N. Halberg (2008) **'Integrating poverty, gender and environmental concerns into value chain analysis' A conceptual framework and lessons for action research'. DIIS Working Paper, no. 2008/16.**

recent studies of codes of practice (Nelson, Ewert and Martin, 2008; Barrientos and Smith, 2007)[7] compared to impacts in relation to material wealth or social wellbeing and it is clearly something that voluntary standards and codes of practice find difficult to address given the highly inequitable power relations in most plantations (Nelson, Ewert and Martin,2005[8]).

In **smallholder situations** efforts will be made to cover key lines of social difference, such as gender and age. Empowerment impacts were found to be important in recent studies of Fairtrade impact (Nelson and Pound, 2009) and will be assessed as well as income and livelihood asset changes. The analysis will consider the direct impacts on individuals, but also the indirect impacts through organizational strengthening.

Entry barriers will be explored through an analysis of the socio-economic characteristics of those participating in the voluntary standards systems and those unable to meet certain requirements or levels of organization. Attempts will also be made to interview farmers and workers on plantations that drop out of the certification system for one reason or another, in order to identify particular challenges they may have faced.

Environmental impacts are not the central focus of this study, but clearly environmental sustainability is intimately inter-twined with livelihood sustainability and as such will be considered during the course of the research. The resilience of livelihoods and ecosystems in the face of potential shocks and sudden surprises must be considered in any analysis. The relationship between on-farm sustainability (relative diversification/intensification) and broader landscape level changes must also be explored through qualitative research and stakeholder interviews. Projected climate change impacts also merit consideration in key informant interviews to answer questions about the sustainability of the trajectory of livelihoods and economic development which voluntary standards are promoting or supporting.

4. Method

The following sections provide information on the selection criteria developed for choosing commodities and countries for this study. It provides information about where smallholder situations can be found for specific commodities and also for hired labour. It also presents information on the agricultural commodities certified under the three key SEVSS in Africa, Latin America and Asia as a means of identifying where there may be overlap between the voluntary standards and thus feasible research locations. The section concludes with a table presenting the decisions made about which commodities and countries are to be included in this study.

4.1 Selection criteria for commodities and countries

This section describes the selection criteria for commodities and for countries for inclusion in this study. However, it is important to note that where there are only small numbers of examples in a country then it may not be possible to follow all of these criteria.

Selection criteria for commodities include the following:

- Certification under a voluntary standard
- Certified enterprises in low income or least developed countries. (If it is not possible to find appropriate certified enterprises in these types of countries, then lower middle income countries will be included).
- Covers both smallholder and hired labour situations
- There are enterprises certified to the commodity in question which are not participating in other participatory monitoring and evaluation or formal impact studies. (The aim is to avoid duplicating other research, although this is difficult where this approach is not mutual. There is one example in which a SEVS body has decided to commission research despite knowing that this project is planning to include the commodity in the country in question).
- Coffee is not being considered for this study given the existing bias in the research evidence base toward coffee.
- Where feasible, different business models will be covered
- New entrants as well as established certified entrants.

[7] Barrientos, S. and Smith, S. (2006) in 2007 'Own brand fruit and chocolate in UK supermarkets' in Raynolds, Murray and Wilkinson 'Ethical sourcing in the global value chain' Earthscan.

[8] Nelson, V. , J. Ewert, A. Martin.(2005) "Assessing the social impact of codes of practice in African export agriculture" *Development in Practice*, 15, 3 /4, 539-546

- There is certification in more than one country, allowing for comparative analysis of how contextual differences shape impact.

Selection criteria for countries are as follows:

- A relatively large scale of production and export of commodity in question
- A number of voluntary standards in action or being introduced
- Enterprises exist that are just beginning certification (allowing for baseline to be constructed), as well as those with some history of certification (it may not be possible to find this diversity across all different standards).
- Certified enterprises are not already engaged in studies on impact assessment or other topics with international researchers.
- Commodities are being certified in these countries, and the countries have varying contexts (social, cultural, legal, economic and political context).
- Examples of smallholders, hired labour and outgrower schemes (although unlikely to find all of these in the same location).

4.2 Selecting commodities and countries

This selection provides details as to how we have made a selection of studies for inclusion. It explains the patterns of smallholder and hired labour in different commodities and countries in Fairtrade. It then describes geographical locations of certification of agricultural enterprises to different standards in different countries. Finally it sets out the specific choices we have made as a result.

This research project is focusing on the least developed countries (as defined by the UN (see annex 2), and low or lower middle income countries (as defined by the World Bank) in which SEVSS are in action (see annex 2). Coffee has not been considered an option for this study given that so much of the initial evidence on the impact of SEVSS is on coffee.

4.3 Smallholder versus hired labour

Tea is produced by both estates and smallholders, although there is variation between countries. Cocoa is not produced on estates. 75% of the world's cocoa is produced by smallholders in Cote D'Ivoire and Ghana.

Table 2: Showing Fairtrade product standards for different commodities

Products	Small producer standard	Hired Labour standard	Products	Small Producer Standard	Hired Labour Standards
Bananas	Yes	Yes	Nuts and Oil seeds	Yes	-
Cocoa	Yes	-	Quinoa	No	-
Coffee	Yes	-	Rice	No	-
Cotton	Yes	No	Soybeans and pulses	Yes	-
Dried fruit	Yes	-	Cane sugar	Yes	-
Flowers & Plants	No	Yes	Sports balls	No	Yes
Fresh fruit	Yes	Yes (except bananas)	(Cane) Sugar	Yes	-
Fruit juices	Yes	Yes	Tea	Yes	Yes
Honey	Yes	-	Wine	Yes	Yes
Herbs and Spices	Yes	-	-	-	-

4.4 Certification of agricultural commodities

- **Fairtrade** has the largest number of certified producers in an Asian country - India has the most Fairtrade-certified organizations. Products that are being certified in India are cotton, tea, nuts and oil seeds, rice and cocoa/vanilla. There are also Fairtrade-certified producers in Asia in Pakistan, Indonesia, the Philippines,

Vietnam, Laos and Thailand. Rice production is certified in several Asian countries, but it falls under the atypical contract production standards (CPS) which are slightly different to the hired labour standards. In CPS the promoting body (NGO or plantation) has to agree to help support the smallholder grouping to eventually become independent, but there are fewer demands for democratic organization within the farmer organization from the start. This standard was designed to help bring in less democratic organizations, to put them on a path of capacity building and increased democracy and enable them to benefit straightaway. However, a recent review found that the pathway needs to be more clearly defined, as there are insufficient incentives for promoting bodies to help outgrowers become independent, as they would possibly lose business as a result. There are certified vanilla producers in India, (not cocoa as the FLO-Cert website states – an error). In Africa there are a small number of vanilla producer groups in Uganda and Madagascar. Certified Fairtrade sugar is produced in Malawi, Kenya and Zambia. Fairtrade cotton is produced in Burkina Faso, Malawi Senegal, Egypt, Cameroon. There is much higher levels of Fairtrade certification in Latin America in coffee of course, but also cocoa, bananas, etc.

- The **Rainforest Alliance** works mostly in India in South Asia in (tea and coffee) in terms of the number of enterprises certified. It also is working in the Philippines (bananas and pineapples), Vietnam (Coffee) and Indonesia (coffee and tea) – although the latter is not in South Asia. The Rainforest Alliance also has plans to expand to have certifications in Sri Lanka, but this is not considered a least developed country.

- **Utz Certified** farms exist in India, Vietnam and Indonesia, all producing coffee. The Utz Code of Conduct for tea is also in the final stages of development and there will be an Utz Certified tea by the end of 2009. It has been been trialled in Indonesia and Malawi in recent months. The Indonesian organization, PT Perkebunan Nusantara V III (Persero) is the first tea producer worldwide to receive Utz certification. It is a multi-site, umbrella body certified against the draft version 0.5 of the Utz Code of Conduct. The total certified area is 2,120 ha[9].

4.4.1 Certified tea in Asia

- **Fairtrade certifiers** in tea exist in Laos (1), Viet Nam (2) and India (19).

- **Rainforest Alliance** tea certifiers exist in Indonesia (3), India (8 entities are listed)

- **Utz Certified** has just certified an enterprise in Indonesia (1).

Leaving coffee aside, **tea** is the only commodity in which Rainforest Alliance, Fairtrade and Utz Certified are all operating in South Asia.

- A choice of two states in India in which tea is grown and where producer groups are certified under both standards would thus provide a good comparison between the two standards. However, Rainforest Alliance is only currently certifying in Assam and Tamil Nadu State/Nilgiris. Fairtrade is certifying mainly in Tamil Nadu.
- A second option is to include another country. There is no certification under these three standards in Nepal. Indonesia is in SouthEast Asia rather than South Asia, but there are three Rainforest Alliance tea certified organizations and one new Utz Certified example. However, there does not appear to be any Fairtrade tea certification in Indonesia. There are 12 tea producers in Sri Lanka with Fairtrade certification and Rainforest Alliance is planning to expand there soon[10].

Neither Sri Lanka nor Indonesia is ranked either as a least developed - or a low income country, but both are ranked as lower-middle income countries. India is ranked as a low income country, but not as a least developed country.

4.4.2 Certified tea in Africa

- **Fairtrade** tea certified enterprises are as follows: Kenya (16), Tanzania (5), Malawi (4), Uganda (4) and Rwanda (2), Burkina Faso (2).

- **Rainforest Alliance** tea certification has certified enterprises in Kenya (7), and Tanzania (1), (and recently 1 in Uganda). They are planning on increasing their work with smallholders in tea in Kenya and smallholders and estates in Tanzania over the next year, as well as expanding in Malawi and Rwanda (although a thorough

[9] http://utzcertified.org/index.php?pageID=227
[10] An estate has already been audited and so certification may be imminent (M.Monserrat, Rainforest Alliance, *pers comm*).

monitoring and evaluation study is proposed for Rwanda)[11]. There are 7 or 8 big producers of tea in Malawi and Rainforest Alliance plan to cover most of them. As a result there will be cross-over with Fairtrade certification, which has also been studied by NRI for the Fairtrade Foundation[12].

- No **Utz Certified** tea in Africa.

4.4.3 Certified tea in Latin America

- **Fairtrade certification** in Peru includes two certified enterprises (2).

- **Rainforest Alliance** has certified tea enterprises in Argentina (6).

- No **Utz Certified** tea in Latin America.

4.4.4 Cocoa certification in Africa

- **Fairtrade certification** in cocoa in Africa includes the following: Cote D'Ivoire (6), Ghana (1), Cameroon (1), Sierra Leone (1).

- **Rainforest Alliance** have certified enterprises in cocoa in Cote D'Ivoire (8),

- **Utz Certified** are piloting their code in Cote D'Ivoire and certifications are due soon. Utz Certified is called the 'Good Inside' Cocoa programme, based on a 'good inside code of conduct' for cocoa with stakeholder consultation and collaboration[13]. The code is being tested in Cote D'Ivoire with capacity building also on-going on the ground with the partner at origin, the Certification Support Network (CSN) and in training certifiers. The plan is to begin certifications in Cote D'Ivoire but there are also plans to expand to other countries.

All three standards are operating in Cote D'Ivoire which makes this an obvious selection for the study. Kuapa Kokoo has been studied in the past, but we have approached them to explore the possibility of inclusion since Utz also are planning several certifications there (and COSA are not doing M&E there). However, there is no Rainforest Alliance certification in Ghana. There is Cadbury's funded study likely to occur in Ghana but that would not be with Kuapa Kokoo but with other newly organized producers.

4.4.5 Cocoa Certification in Latin America

- **Fairtrade certification** in cocoa in Latin America includes: Belize (1), Bolivia (1), Dominican Republic (4), Ecuador (4), Haiti (1), Nicaragua (3), Panama (1), Peru (13). The four countries (Dominican Republic, Ecuador, Peru and Nicaragua) with the larger number of cases are all classed as lower middle income countries.

- **Rainforest Alliance** have certified enterprises in cocoa in Ecuador (11), Dominican Republic (2), Costa Rica (1), Colombia (1), and Brazil (2).

- **Utz Certified** has not certified cocoa enterprises in Latin America.

4.4.6 Cocoa certification in Asia

- In **Fairtrade** there is just one producer in Indonesia (Cooperative Cacao Organic Aceh).

- **Rainforest Alliance** does not certify cocoa producers in Asia.

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[11] Yale research student, Cory McCruden, is slated to do this work with DFID FRICH funding. This information is CONFIDENTIAL.

[12] In Rwanda it is likely to be different factories that will achieve Rainforest Alliance certification compared with those seeking Fairtrade certification, as the former have issues from a management and biodiversity point of view with the latter. The project in Rwanda is managed by Taylors.

[13] Version 1 is now developed. UTZ CERTIFIED is working together with major stakeholders from industry, government and civil society to help achieve a more sustainable cocoa sector. UTZ CERTIFIED is cooperating with Ahold, Cargill, Heinz Benelux, Mars, Nestlé, ECOM, Chocolat Frey and Ludwig Schokolade to develop and implement a mainstream certification and traceability system for sustainable cocoa. Solidaridad, Oxfam Novib and WWF are supporting the initiative. Other companies and NGOs are invited to join and support the program.

- **Utz Certified** does not certify enterprises in cocoa in Asia.

4.5 Possible Commodities and Countries

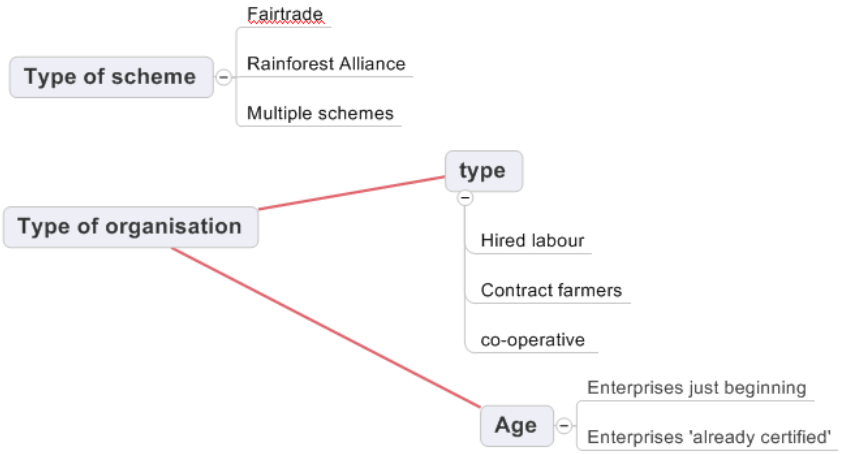
Commodities	Locations	Classification of these countries	Smallholder or hired labour situations	SEVSS
Tea	India Tamil Nadu	Low income	Estates + Smallholders	Fairtrade & Rainforest Alliance
	(Sri Lanka RESERVE)	Lower middle income		Fairtrade & Rainforest Alliance (imminent)
	Kenya	Low income		Fairtrade & Rainforest Alliance
	Tanzania (or Uganda)	Low income Least developed		Fairtrade & Rainforest Alliance
	Uganda	Low income Least developed		Fairtrade Foundation & Rainforest Alliance
Cocoa	Cote D'Ivoire	Low income	Smallholders	Fairtrade & Rainforest Alliance & Utz Certified
	Ghana	Low income		Fairtrade and Utz Certified
	Ecuador	Lower middle income		Fairtrade & Rainforest Alliance
	Dominican Republic (possibly dropped if we go with Ghana).	Lower middle income		Fairtrade & Rainforest Alliance
	Peru (reserve)	Lower middle Income		Fairtrade

4.6 Selecting organizations

The study units - those entities from which information will be collected to answer the research questions - have been identified as

- Different SEVSS
- Organisations of producers
- Individual members of those organizations

A classification of organizations of producers is presented in figure 2 below illustrating how organizations will be selected:



A number of combinations of type of scheme, type of organisation and age of organisation are likely exist out of the total of 18 combinations that can be derived from the scheme presented above (3 × 3 × 2). The diversity of types of organisation to be included in the study will be guided by the principle of including a set that is as complete as possible but will be eventually determined by what is found in each of the countries and commodities selected for the study.

The organisations involved also have varying characteristics. Eberhart and Smith, (2008) have identified several: producer organizations vary (with primary and umbrella small producer organizations; single and multi-estates in hired labour situations); size of producer in terms of number of small producers or workers; length of involvement in Fairtrade; % of production sold as Fairtrade (of individual producer groups/estates and umbrella organizations/companies); degree of export capability; degree of worker ownership. It is not likely to be possible to cover all of these variables in selecting study organizations, but efforts will be made to consider how these variables shape impact findings.

The **selection of specific organisations** will be made after a list of all the organisations has been compiled in each selected country and will be made using a statistical sampling procedure. The sampling will be designed to take into account the required diversity of organisations according to the typology described above and also on-going studies in order to avoid duplication. However, it is recognised that the selected sample can only be operationalised for the study if the required permissions are forthcoming from the organisations' management.

Information on **individual members of organisations** will also be collected. For this purpose, from each organisation selected as part of the study, a number of members will be selected using a probability based sampling scheme. The number of individuals will be decided based on the requirement of presenting results at country and commodity level. This decision will be informed by statistical sample size calculations based on an agreed level of precision for key variables, and by practical considerations with respect to efficiency of use of research resources.

A classification of members into smallholders, hired labour in plantations, contract farmers linked to a plantation, cooperative members etc., may need to be considered when selecting the members for information collection.

The proposed process for selection of the study units can be described as a multi-stage sampling scheme, where the organisations are selected at the first stage and the members are selected in the second stage.

4.7 Searching for an appropriate counterfactual

In designing this study we are mindful of the need to answer the question "what would have happened if the voluntary certification schemes had not been there?", i.e. the establishment of an appropriate counterfactual.

The construction of an appropriate counterfactual is not trivial for this case. While the proposed design of the study is quasi-experimental, the study team does not have, neither wishes to have, the ability to control participation of farmers in organisations or organisations in schemes.

The identification of organisations and farmers that could serve as a meaningful control group is unlikely to be successful as their non participation already makes them too different from the group of organisations and farmers that do participate, therefore limiting their use as controls[14]. However, the study plans to collect information from a group of non-participating farmers for each country and commodity, and whenever possible a group of non-participating producer organisations. Apart from allowing the exploration of the drivers and barriers to participation, these groups will offer the possibility of a comparison of socio-economic characteristics between participating and non-participating producers. While this comparison group may be useful, we do not expect this comparison to be equivalent to a "with and without" comparison given the complexity of the participation issues.

The practical limitations to understanding what would happen without the certification schemes places more rigorous requirements for the study to pay particular attention to what happens in the presence of the scheme. We propose to conduct data collection at the beginning of the study and towards the end of it to obtain information about what happens to key indicators of the participating organisations and its members. It is also proposed that some information is also collected from administrative records of the participating organisations and from recall interviews with members of those organisations to build an ex-post picture of the situation prior to the start of the scheme.

While neither of these two approaches will yield a totally satisfactory counterfactual, they offer a realistic prospect to understand the consequences of the lack of participation, and measure differences between the status of participants and non-participants. They also will allow, due to the different stages of development of the participating organisations that will be studied, understanding of the mechanisms and magnitude of the benefits of participation in voluntary certification schemes.

In situations where an organisation is just entering the voluntary standard system then a baseline will be constructed. Where organisations have been certified for some time a baseline will be reconstructed.

4.8 Key lines of comparison

The study will assess the following:

- the impact of Fairtrade in two different commodities (tea and cocoa) in 3 countries each. Tea will be studied in India, Kenya and Uganda or Tanzania - Because we have had to drop Malawi as a possible country we need to review which is more appropriate. . Cocoa will be studied in Cote D'Ivoire, Ecuador and Ghana or the Dominican Republic (again we are receiving and awaiting more information).. It will assess the poverty impact of participation in the Fairtrade system. Differences in poverty impact of Fairtrade across hired labour, outgrower smallholder schemes and co-operatives will be assessed.
- The study will assess the poverty impact of the Rainforest Alliance in the same commodities, countries and hired labour, outgrower and co-operative situations (where these are available) and thus provide a comparison with Fairtrade.
- The study will assess the poverty impact of the Utz Certified in the same commodities, countries and hired labour, outgrower and co-operative situations (where these are available) and thus provide a comparison with Fairtrade.

Direct comparisons between commodities may be more difficult because of differences in base prices and labour requirements for different crops complicating comparisons across commodities, but insights can be drawn as to the effectiveness of voluntary standards in different commodities.

Different value chain relations and models within a certification scheme will be explored through key informant interviews and if there are examples of producer ownership (e.g. Fairtrade Plus) then these will be included as case studies.

Attribution is complex, because the organisations participating in SEVSS are self-selecting and are likely to have different characteristics to those who are not participating. Efforts will be made to explore what forms the inclusion or exclusion barriers for organisations and for individual participants. Also SEVSS may facilitate change, but may not always be the only driver for change – other local and international organisations may be providing support and in some cases organisations have stacked up multiple certifications. This is starting to be

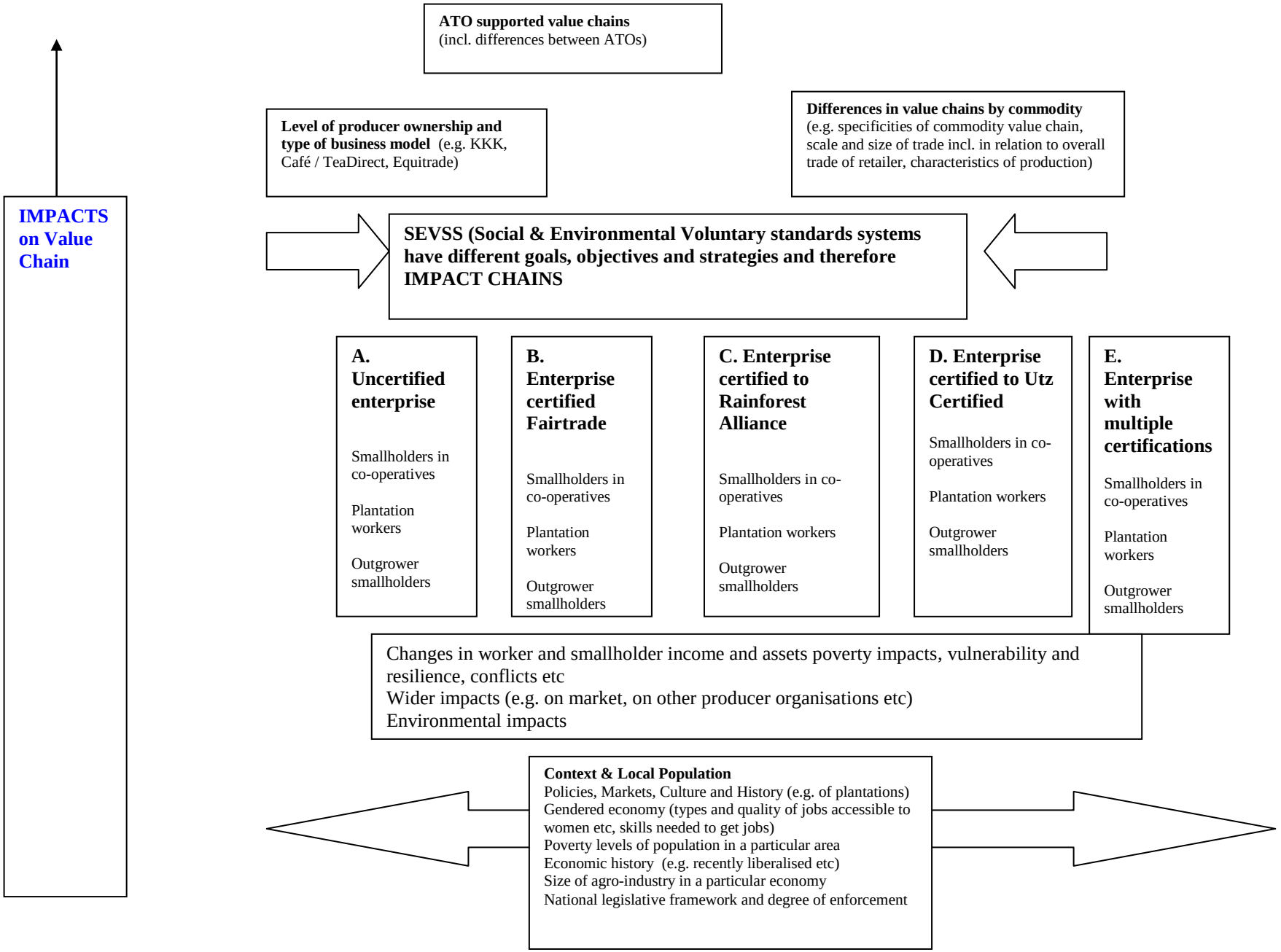
[14] It is important to stress that the study will put a great deal of effort to identify and understand the barriers, motivators and enablers of participation into voluntary certification schemes.

the case in Malawi for example, with major tea estates having Fairtrade certification already and likely to gain certification to Utz Certified and Rainforest Alliance soon.

4.9 Steps in the methodology

The key steps in the methodology are explained below.

- Select enterprises according to criteria of sampling framework and gain agreement to participate.
- Research partner training.
- Contextual analysis and participatory value chain mapping (enabling environment, supporting services, key actors and relationships) elaborating the hypothetical impact chain and informing the study plan.
- Gather information on value addition in the value chain and information on commodity sales figures and value chain functions.
- Gather secondary data on poverty and livelihoods for areas of study e.g. from Poverty assessments, MDG monitoring etc where available
- Preliminary stakeholder analysis
- Design checklist for key informant interviews (KIIs) and conduct KIIs – including co-operative and plantation management and committee members, relevant representatives from government departments, local staff of SEVSS, value chain actors etc. The KIIs will assist in identifying changes and the cause of those changes amongst upstream enterprises (e.g. SEVSS), especially those with direct and sustained contact with intended beneficiaries).
- Qualitative research with focus groups (male and female producers and workers, different age groups, different positions on plantations where relevant), case studies and individual interviews. Develop case study criteria and select households for interview.
- Household survey: Design household questionnaire, pilot and implement with sample of producers and workers (including male/female, different ages) participating in the scheme and non-participants.
- Analysis of results – characterizing socio-economic status of participants relative to background population (through comparisons with secondary data and socio-economic characteristics of non-participating producers) and creating or recreating a baseline and then measuring changes in income and livelihood assets (social, natural, physical, human, political, financial/economic) for disaggregated social groups through repeat visits. Issues of vulnerability, resilience and sustainability will also be explored and the wider causal processes of poverty.
- Focus group and interviews with 'non-participants' and those excluded from value chains to assess barriers to participation. Includes exploration of alternative employment opportunities (see tool in annex).
- Feedback to participating organisations
- Dissemination


IMPACTS on Value Chain
ATO supported value chains (incl. differences between ATOs)
Level of producer ownership and type of business model (e.g. KKK, Café / TeaDirect, Equitrade)
Differences in value chains by commodity (e.g. specificities of commodity value chain, scale and size of trade incl. in relation to overall trade of retailer, characteristics of production)
SEVSS (Social & Environmental Voluntary standards systems have different goals, objectives and strategies and therefore IMPACT CHAINS
A. Uncertified enterprise
Smallholders in co-operatives
Plantation workers
Outgrower smallholders
B. Enterprise certified Fairtrade
Smallholders in co-operatives
Plantation workers
Outgrower smallholders
C. Enterprise certified to Rainforest Alliance
Smallholders in co-operatives
Plantation workers
Outgrower smallholders
D. Enterprise certified to Utz Certified
Smallholders in co-operatives
Plantation workers
Outgrower smallholders
E. Enterprise with multiple certifications
Smallholders in co-operatives
Plantation workers
Outgrower smallholders
Changes in worker and smallholder income and assets poverty impacts, vulnerability and resilience, conflicts etc
Wider impacts (e.g. on market, on other producer organisations etc)
Environmental impacts
Context & Local Population
Policies, Markets, Culture and History (e.g. of plantations)
Gendered economy (types and quality of jobs accessible to women etc, skills needed to get jobs)
Poverty levels of population in a particular area
Economic history (e.g. recently liberalised etc)
Size of agro-industry in a particular economy
National legislative framework and degree of enforcement

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Annex 1: Findings from a Review of the Fairtrade Impact Literature

- There is a geographical bias in existing Fairtrade impact assessment with a focus on Latin America, with very little work on Africa and Asia.
- The majority of the studies are on coffee. There are 3 studies of Fairtrade in bananas (in Ghana, Costa Rica/Peru and the Caribbean) and 4 studies including Fairtrade cocoa case studies (all of which are of Kuapa Kokoo). There is one cut flower study that contains some information about Fairtrade Impact on producers. This means that no impact studies were found on cotton, sugar, fresh fruit, tea, rice or other commodities with Fairtrade standards.
- The vast majority of the studies are of smallholder farmer organisations. There are, however, a handful of more recent studies that consider the situation for hired labour situations for Fairtrade banana growers and workers and 1 cut flower study.
- The studies have differing objectives and employ varying methodologies.
- Many are snapshot studies (especially the earlier ones) providing insights into a new field and most employ participatory research methods to a lesser or greater extent.
- More of the later studies include a longitudinal assessment of changes over time, including some analysis of changes in household budgets. But there is a need not only to measure changes in household wellbeing, but to set this in the context of the regional economy and to identify the factors which shape success. Such factors may include contextual factors (e.g. newly liberalized economies present challenges for small producers which Fairtrade can assist with) and the characteristics of the Fairtrade trading chain (e.g. who is the buyer, is it a hired labour or co-operative situation, specific characteristics of the commodity etc) or of the market (Is it in surplus or deficit? What is the size of Fairtrade sales etc).
- Few of the studies move beyond a small number of cases to be able to draw conclusions that are relevant to a whole sector or fully explore these success and context factors across different situations.
- It is also unsurprising that as this is an evolving field, that some of the earlier studies have a slightly less critical eye than later studies - the more recent studies exploring empowerment issues in more depth than previously, for example, or the ability of Fairtrade to stabilize prices.
- None of the studies explore the impact of support for producer networking which is currently provided within the Fairtrade system and which is growing in scale and importance. The different networks in different parts of the world (e.g. Africa, Mexico etc) may have differing characteristics and roles to play in challenging or changing the terms of trade for small producers and the situation for hired labour. Similarly, none of the studies focus specifically on advocacy interventions and their impacts.

Annex 2: Key lessons from an analysis of the impact literature on environmentally-oriented standards.

- There is also found a fairly patchy evidence base in relation to the impact of environmentally-oriented standards.
- There are fewer studies on sustainability standards such as Utz Certified and Rainforest Alliance compared to FLO-certified Fairtrade.
- As with the study on Fairtrade, the vast majority of studies on environmentally-oriented standards are also focused on coffee, with relatively little coverage of any other commodity, including tea (apart from impact studies on timber certification, such as the Forest Stewardship Council) and on Latin America and the Caribbean, with few examples from Africa and Asia.
- Few participatory research studies, comprehensive cost-benefit analyses or longitudinal studies.
- Most studies provided evidence on inputs, outputs and outcomes of certification rather than impacts – as with the Fairtrade studies reviewed earlier. Few studies attempt to quantify impacts at the household level on wellbeing and quality of life.
- Most studies report some positive outcomes, but many of these also found that the benefits were not substantial in key areas (e.g. improving incomes). Several report negative impacts of certification and/or that the costs of certification outweigh or equal the benefits.
- More emphasis on economic impacts, compared to environmental, social or other wider impacts. Positive impacts most frequently reported were improved incomes, income security, market access and access to credit/pre-financing. Positive income outcomes were more pronounced for fair trade producers and improved access to credit/pre-financing was not found in any of the studies of non-fair trade schemes.
- Environmental impacts were found in 4 to 8 studies e.g. reduction in pesticide use/contamination, reduction in water use/reduced contamination of water resources, more environmentally friendly waste disposal and improved conservation of biodiversity. Improved environmental management practices were reported usually, rather than environmental impacts. Many of the reported impacts appear to be relatively small-scale and isolated, although there was some limited evidence of more systematic environmental impacts. However, specialist environmental studies were not found by the research team, but may be available.
- Little systematic information on social impacts. The most common impacts reported are: improved skills and knowledge (marketing, technical, general business skills) for producers, improved self-confidence/esteem and improved access to basic rights (eg, improved participation in decision-making, prolonged schooling for children). In the case of fair trade (but not the other standards), reduced vulnerability to external shocks was also a commonly reported social benefit of certification.
- The most frequent positive impacts for workers were related to improved physical well-being and health (from reduced working hours, improved occupational health and safety, and living conditions). There was little evidence of positive empowerment-type impacts (eg, improved knowledge/skills, reduced gender discrimination, improved respect for union rights). This does mirrors findings from recent impact assessments of ethical trade/labour standards (e.g. Nelson, Ewert and Martin, 2006; Barrientos and Smith, 2006).
- Wider social impacts include: approx. 50% of the studies found positive impacts in terms of a strengthening of the producer organization or community enterprise (such as more participation and democratic workings; increased transparency and co-operation between value chain actors was an impact further down the chain; positive regional

externalities (e.g. improved product prices and/or quality for non-certified as well as certified products, improvements in wages and working conditions on non-certified farms as well as certified ones; positive impacts on national policy.

- Weak assessment of unintended and/or negative impacts of certification. The most common negative impacts identified were the high direct and indirect costs of certification (both financial and time costs).
- Positive outcomes but not necessarily sufficient to 'lift producers or workers out of poverty' as with the Fairtrade study.
- Weak assessment of whether impacts can be sustained over time.
- Fairly weak assessment of distribution of impacts, as found in the Fairtrade impact assessment. Most studies which included a gender analysis found certification had not significantly addressed gender imbalances (as found in the Fairtrade study) but with a few notable exceptions.
- Factors shaping success include local contextual factors, price differentials (e.g. gaps between prices for certified and non-certified products , and fluctuations in world markets), barriers to entry faced by smaller or poorer producers and the high costs of certification and/or compliance costs.

Annex 3: Overview/comparison of the different standards

	Fair trade (FLO)	Fair trade – other (non-FLO)	Rainforest Alliance	Utz Certified 'Good Inside'	Organic	Forest Stewardship Council
Mission	Ensure equitable trading arrangements for disadvantaged producers as means of alleviating rural poverty and promoting sustainable development. Founded on premise that current global trade is ***in***equitable, in that poor producers faces barriers to entry and unfavourable terms of trade.	Global fairtrade movements share similar goals, but those fairtrade organisations who are not part of FLO system vary in terms of their particular priorities. Many place emphasis on maintaining fully integrated alternative supply chains , thereby by-passing mainstream retail markets.	To conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviour	To enable coffee (and soon other commodity) producers and brands to demonstrate their commitment to sustainable development in a market-driven way	Create a verified sustainable agriculture system that produces food in harmony with nature, supports biodiversity and enhances soil health	Promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.
History	Began in 1950s as partnership between non-profit importers, retailers in the North and small-scale producers in developing countries, who were struggling against low market prices and high dependence on intermediaries. Started	Shared history with FLO-based fairtrade, but those fairtrade organisations who stay outside of FLO-system often focus on selling products through alternative (non-mainstream) trading organisations and	RFA set up 1989 – involving coalition of Latin American NGOs.	Begun in 1997 as initiative from coffee industry and producers in Guatemala. Became independent NGO in 2001.	Began in early 1970s as a farming movement and developed into internationally recognised system	Founded post-Rio in 1993, and because of the failure of other initiatives to halt forest decline (e.g. CITES, GEF and ITTO).

	Fair trade (FLO)	Fair trade – other (non-FLO)	Rainforest Alliance	Utz Certified 'Good Inside'	Organic	Forest Stewardship Council
	entering mainstream market after development of Max Havelaar label in Netherlands.	retail outlets.				
Governance structure	FLO is umbrella organisation whose membership consists of fairtrade producer networks and 20 labelling initiatives (eg, Fairtrade Foundation). FLO Board of Directors represents different stakeholders and regions and is elected by General Assembly which is open to all members.	Most fairtrade importers are members and/or certified by international fair trade federations (eg, European Fair Trade Association, World Fair Trade Organisation), whether or not they are tied in with FLO system. Most are therefore bound by external standards, but these are variable as are the assurance systems behind them	RFA is not-for profit org governed by Board of Directors	Not for profit org governed by Board of Directors.	International umbrella organisation (IFOAM) sets international standards and accredits national certification bodies, who define national standards which are aligned to IFOAM basic standards.	Membership organisation governed by General Assembly and Board of Directors. FSC system relies on stakeholder consultation and consensus based processes. Power is equally divided between social, environmental and economic interests as well as the global north and south.
Who sets the standards?	Fairtrade Labelling Organisations International (FLO) Standards Committee, in which stakeholders from FLO's member	Variable – see under "governance structure"	Rainforest Alliance certification means compliance with Sustainable Agriculture Network (SAN) standards.	Utz Certified. Standard reviewed every year by producers, agronomists and certifiers.	The International Federation of Organic Agriculture Movements (IFOAM) defines basic standards. For	FSC determines overarching Principles and Criteria, which are then developed into more specific

	Fair trade (FLO)	Fair trade – other (non-FLO)	Rainforest Alliance	Utz Certified 'Good Inside'	Organic	Forest Stewardship Council
	organizations, producer organizations, traders and external experts participate.		SAN is international coalition of leading conservation groups		international recognition, national/regional certification bodies need to align their standards with the IFOAM basic standard.	standards for specific countries, forest types etc. All standards go through public consultation process. National standards can be set by local stakeholder groups with due consultation.
Who monitors/audits?	FLO-CERT GMBH, an independent international certification company responsible for inspecting and certifying producer organisations and traders	Variable – see under "governance structure"	8 authorised local and international auditing bodies (independent from certification company)	Utz approved independent certification bodies (mix of local and international orgs).		FSC accredited independent certification bodies. To become accredited, certifiers have to comply with an extensive set of rules and procedures which are verified by Accreditation Services International, ASI (a wholly owned and controlled subsidiary of the FSC).
Who certifies?	FLO-CERT GMBH	Variable – see under "governance structure"	Certification for farms is carried out by an independent	Same as who audits.	Independent national/regional certification bodies	Same as who audits

	Fair trade (FLO)	Fair trade – other (non-FLO)	Rainforest Alliance	Utz Certified 'Good Inside'	Organic	Forest Stewardship Council
			international certification company, Sustainable Farm Certification, Intl.		who are accredited to IFOAM. Accreditation requires that these bodies meet IFOAM's accreditation criteria	
Commodities/sectors covered	Currently 18 different product categories	Multiple – including food and beverages, giftware, household goods, furniture, garments, jewellery.	Approx. 20 agricultural crops incl. cocoa, coffee, tea	Coffee. Currently expanding into cocoa, palm oil and tea	Numerous agricultural commodities	Timber and non-timber forest products.
Intended/target beneficiaries	Primarily small scale producers, also workers through labour standards (including on large plantations)	Small-scale producers and workers (as FLO)	Workers (via labour standards); producers (via more sustainable production practices)	Workers (via labour standards); producers (via better market recognition)	Workers (via labour standards); producers (via more sustainable production practices)	Local communities, workers for forest enterprises, indigenous peoples.
Environmental standards	Producer organisations are tasked with ensuring that producer members adhere to standards on reducing agrochemical use, reduction/composting of waste, maintaining soil health, reducing water use and contamination, prevention of fires and avoidance of GMOs.	Variable. Eg, WFTO standards for fair trade organisations include general requirements on environmentally friendly production.	Ecosystem conservation, wildlife protection, water conservation, soil conservation, waste management, integrated crop (pest) management	Minimise soil erosion, minimise use of agrochemicals, IPM, minimise water and energy usage, reduce contamination of water resources, no deforestation of primary forest, use of native species,	Standards banning use of synthetic herbicides, fungicides, pesticides, and chemically treated plants. Minimal use of synthetic fertilisers only as part of integrated system. Restrictions on land clearing/soil	Minimise waste, maintain forest resources & services, eg, watershed, sustainable harvest of forest products, conserve biodiversity, water resources, soils, endangered species and fragile

	Fair trade (FLO)	Fair trade – other (non-FLO)	Rainforest Alliance	Utz Certified 'Good Inside'	Organic	Forest Stewardship Council
				protection of endangered species	management. Requirements to preserve local ecosystems including setting aside conservation areas.	ecosystems. Establish conservation areas, control human interference, eg, hunting. IPM, no GMOs, controlled use of exotic species, monitoring of biological control agents, EIAs conducted and recommendations addressed.
Trading standards (ie, favourable terms of trade for producers)	FLO standards include **trader standards** which stipulate that traders that buy directly from the Fairtrade producer organizations must pay a minimum price, pay an additional premium that producers can invest in development, provide pre-financing to producers, and offer long-term contracts.	Variable, although most share FLO principles of payment of a fair price, long term trading relationships and commitment to partial pre-financing (eg, these are covered by WFTO standards). However, a guaranteed minimum price and social premium are not always	Price premium: varies with the market – estimated at US$ 0.10-0.20/lb for coffee in 2004. No other trading standards	Price premium: varies with the market – estimated at US$ 0.01-0.15/lb for coffee in 2004. No other trading standards	Price premium: varies with the market – estimated at US$ 0.15-US$0.35/lb in 2004. No other trading standards	No price premium or minimum price. No other trading standards

	Fair trade (FLO)	Fair trade – other (non-FLO)	Rainforest Alliance	Utz Certified 'Good Inside'	Organic	Forest Stewardship Council
		apparent.				
Labour standards	All fairtrade producers must: develop an employment policy, and ensure there is no discrimination, physical/verbal abuse, sexual harassment, forced labour or child labour. Producers who employ a significant number of workers – and those who adopt the Hired Labour standard - must also meet standards on right to organise, wages and benefits, regular employment, working hours and OHS.	Variable. Eg, WFTO covers child labour and OHS.	No discrimination, regular employment, fair pay, reasonable working hours, no child labour, no forced labour, no harassment, right to organise, decent living conditions, OHS, access to healthcare and education for children	Fair pay, reasonable working hours, no child labour, no forced labour, no harassment, right to organise, decent living conditions, OHS, access to healthcare and education for children, freedom of cultural expression	Requirement for operators to have a social policy. No forced labour, right to organise, no discrimination, equal opportunities, no child labour. Following recommended but not required: decent wages and benefits, decent contractual arrangements, good OHS practices, decent living conditions.	Provision of employment opportunities to local communities, OHS, right to organise.
Social standards – other	Producer organisations have to be democratic and transparent, have the welfare of members in mind, be non-discriminatory in terms of membership, and spend the Fairtrade premium in ways that are decided by and	Variable	Community relations		Recommended that organic producers should respect indigenous rights and impoverished farmers who are farming but do not have legal rights to land.	Tenure and use rights, including respect for local and indigenous people's rights and responsible dispute resolution. Respect for indigenous IPR. Consultations with stakeholders,

	Fair trade (FLO)	Fair trade – other (non-FLO)	Rainforest Alliance	Utz Certified 'Good Inside'	Organic	Forest Stewardship Council
	benefits the membership.					incorporation of recommendations from social impact assessments.
Unique features	Existence of trader standards and guaranteed minimum price. Focus on small producers. Works solely through producer organisations (apart from hired labour standard)	Emphasis on integrated, alternative trading chains (ie, non-mainstream)		Standards include good agricultural and business practices, eg, good record-keeping, training, internal monitoring		Strong stakeholder consultation model.
For further information:	www.fairtrade.net		www.rainforest-alliance.org	www.utzcertified.org	www.ifoam.org	www.fsc.org

Annex 4: List of low income countries for 2008 (World Bank)

Low-Income Economies

People from the following countries are eligible for an electronic-only membership of US$16 annually.

Afghanistan
Bangladesh
Benin
Burkina Faso
Burundi
Cambodia
Central African Republic
Chad
Comoros
Congo, Dem. Rep.
Cote d'Ivoire
Eritrea
Ethiopia
Gambia
Ghana
Guinea
Guinea-Bissau
Haiti
India
Kenya
Kyrgyz Republic
Lao PDR
Liberia
Madagascar
Malawi
Mali
Mauritania
Mongolia
Mozambique
Myanmar
Nepal
Niger
Nigeria
North Korea
Pakistan
Papua New Guinea
Rwanda
Sao Tome & Principe
Senegal
Sierra Leone
Solomon Islands
Somalia
Sudan
Tajikistan
Tanzania
Timor-Leste
Togo
Uganda
Uzbekistan
Vietnam
Yemen
Zambia
Zimbabwe

Lower-Middle Income Economies

People from the following countries are eligible for an electronic-only membership of US$37 annually.

Albania
Algeria
Angola
Armenia
Azerbaijan
Belarus
Bhutan
Bolivia
Bosnia & Herzegovina
Cameroon
Cape Verde
China
Colombia
Congo, Rep.
Cuba
Djibouti
Dominican Republic
Ecuador
Egypt
El Salvador
Fiji
Georgia
Guatemala
Guyana
Honduras
Indonesia
Iran
Iraq
Jamaica
Jordan
Kiribati
Lesotho
Macedonia
Maldives
Marshall Islands
Micronesia
Moldova
Morocco
Namibia
Nicaragua
Paraguay
Peru
Philippines
Samoa
Sri Lanka
Suriname
Swaziland
Syria
Thailand
Tonga
Tunisia
Turkmenistan
Ukraine
Vanuatu
West Bank & Gaza

Upper-Middle Income Economies
People from the following countries are eligible for an electronic-only membership of US$59 annually.

American Samoa
Argentina
Belize
Botswana
Brazil
Bulgaria
Chile
Costa Rica
Croatia
Dominica
Equatorial Guinea Gabon
Grenada
Hungary
Kazakhstan
Latvia
Lebanon
Libya
Lithuania
Malaysia
Mauritius
Mayotte
Mexico
Montenegro
Northern Mariana Islands
Oman
Palau
Panama
Poland
Romania
Russian Federation
Serbia
Seychelles
Slovak Republic
South Africa
St. Kitts & Nevis
St. Lucia
St. Vincent & the Grenadines
Turkey
Uruguay
Venezuela

http://www.un.org/special-rep/ohrlls/ldc/list.htm

List of Least Developed Countries			
1	Afghanistan #	26	Madagascar
2	Angola	27	Malawi #
3	Bangladesh	28	Maldives *
4	Benin	29	Mali #
5	Bhutan #	30	Mauritania
6	Burkina Faso #	31	Mozambique
7	Burundi #	32	Myanmar
8	Cambodia	33	Nepal #
9	Cape Verde *	34	Niger #
10	Central African Republic #	35	Rwanda #
11	Chad #	36	Samoa *
12	Comoros *	37	São Tomé and Principe *
13	Democratic Republic of the Congo	38	Senegal
14	Djibouti	39	Sierra Leone
15	Equatorial Guinea	40	Solomon Islands *
16	Eritrea	41	Somalia
17	Ethiopia #	42	Sudan
18	Gambia	43	Timor-Lesté *
19	Guinea	44	Togo
20	Guinea-Bissau *	45	Tuvalu *
21	Haiti *	46	Uganda #
22	Kiribati *	47	United Republic of Tanzania
23	Lao People's Democratic Republic #	48	Vanuatu *
24	Lesotho #	49	Yemen
25	Liberia	50	Zambia #

*** Also SIDS**
 # Also LLDCs