

# Assessing the Poverty Impact Of Social and Environmental Voluntary Standards



## Introduction

Social and environmental voluntary standards and labelling schemes, such as Fairtrade, Rainforest Alliance and UTZ Certified, have differing primary objectives, but all include both social and environmental criteria in their written standards, and all involve certification and consumer labelling.

These schemes have expanded rapidly in recent years, covering new products and regions of the world, greater volumes traded following a move into mainstream markets and continuing subsidisation from donors. Scrutiny of such schemes by key stakeholders has increased as a consequence, with key question being 'What kind of impact are such standards having on smallholder farmers and workers?' and 'How can impact be improved?'. There is very limited systematic evidence available to provide answers to the critical question of the development potential of standards. This research project aims to help fill that gap in order to inform future public and private policy making.

## Background

Fairtrade began with the aim of supporting marginalised producers in developing countries in order to achieve greater economic and social equity in trade. Fairtrade Labelling Organisation standards for Fairtrade now include environmental criteria. Environmentally oriented standards are based on conservation-focused goals, such as sustainable forest management (the Forest Stewardship Council) or sustainable agriculture (Rainforest Alliance), but they also include provisions on labour rights and community relations. However, they do not have standards for traders as Fairtrade does, concentrating instead on the conditions of production.

There is limited understanding of the impact across different standards, sectors and contexts.<sup>1</sup> Many previous studies of Fairtrade have focused 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. The UK Government Department for International Development has therefore commissioned a research project to improve understanding of voluntary standard impact in policy circles. The project began in March 2009 and will continue until December 2011 or beyond.

## Overall objective

The overall objective of the 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'.

## Some of the key dimensions of impact we will explore

### Scale of impact

Are voluntary standards having an impact on worker and producer poverty? What level of impact do voluntary standards have? Are they able to lift people out of poverty? In what situations do they have most impact (different commodities, countries, value chains and market conditions)?

### Reach

Can voluntary standards reach the most disadvantaged in society? What is the social status of participating farmers and workers compared to the background population? Who is not able to participate?

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



## Gender and social difference

How are the benefits and costs of voluntary standards distributed among women and men, and along other lines of social differentiation? What differences are there in levels of participation of women and men in farmer organisations, joint bodies and worker committees? How do voluntary standards change the representation of different social groups in household and community decision making?

## Types of impact for individual producers/workers

What kinds of impact are most being felt by farmers and workers? Are there social impacts (e.g. in self-confidence, education, skills, social networks)? Are there environmental impacts (e.g. improvements in farm management leading to higher yields, reduced pollution and exposure to harmful chemicals)? Are there empowerment impacts (e.g. greater representation in decision making, more advocacy skills and influence on the national or international stage, more confidence to negotiate with buyers)? Are they economic (e.g. higher incomes, more stable incomes, greater access to credit, access to new markets)? Are farmers and workers able to diversify their activities because they have higher

incomes to invest or new skills, confidence and networks, or more able to invest in household durables and education? If there are farmers or companies exiting from a scheme or switching between standards, why is this occurring?

## Drivers of impact

Which elements of the voluntary standard are creating positive impact (e.g. price or social premiums, exposure to new buyers, environmental improvements, organisational capacity building, networking and advocacy)? How do different models of the standard systems affect outcomes (e.g. farm-level auditing, producer group certification, estate certification)? What are the main barriers to increased impact? Are there any negative impacts arising? How do different forms of value chain governance and different business models affect outcomes at the local level? What sustainability issues are there in terms of the relative vulnerability and resilience of workers and growers (e.g. are there issues relating to a reliance on export-led trade, agricultural intensification and climate change, market volatility, reliance on donor funding)? What are the geographical, market and socio-political contextual factors which lead to different outcomes in certification schemes?

## The impact on producer organisations and estates

How does participation in a certification scheme affect smallholder farmer organisations? How does participation in certification affect estates and companies?

## Wider impacts

Beyond the immediate participants in a certified organisation, what are the impacts on markets, communities, policy, migration patterns and rural trajectories? Are trade standards able to respond to structural issues such as land tenure inequality?

## Methodology

### Locations and commodities

This project will assess the poverty impact of voluntary standards in two different commodities: tea (India and Kenya) and cocoa (Ecuador and Ghana), tracking change across time to measure poverty impacts on smallholders and workers.

### Methods and timelines

We propose to compare the changes in income and diverse livelihood assets for workers and smallholders in certified producer organisations compared to non-certified producer organisations and changes in organisational capacity of farmer and worker organisations. We will conduct a baseline study in early 2010 with follow-up surveys in 2011 and possibly beyond. We plan to use a mixture of sequenced qualitative and quantitative methods, including a questionnaire-based survey (with statistical support from the University of Reading) and participatory focus group discussions, individual household case studies, management workshops and key informant interviews at all levels. By using a mixture of approaches, we can triangulate our information to increase its trustworthiness and to identify the causal factors driving change as well as to measure those changes.

## Outputs and dissemination

The team will produce a series of country impact studies as part of the baseline study and in each following survey. These will be placed on the project website with an overall synthesis of findings and analysis. Where necessary, the studies will aggregate findings and anonymise content to maintain confidentiality (as agreed with participating organisations). Findings will be shared with participating organisations to inform their processes and practices with the aim of leading to improvements in assessing impact and in impact per se.

The team will strive to make this a capacity-building exercise for participating organisations such that the process assists them to improve their understanding of the impact of their participation in voluntary standards. The team will ensure that the findings of the research are shared with the standard organisations collaborating with this study (and other value chain actors) to help them learn about their impact and methodologies for assessing this. Other key dissemination target audiences are civil society and practitioners involved in the field of trade standards, worker capacity building, support to disadvantaged rural farmers and poor communities. As a piece of important strategic policy research, specific efforts will be made to present the findings to donors, governments and academics to inform their understanding about the role and effectiveness of voluntary standards in rural development and, where feasible, linkages will be made to other voluntary impact assessment initiatives.

## Key partners



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