

# Final report: literature review of sustainability standards and their poverty impact

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**By Man-Kwun Chan and Barry Pound**

**Commissioned by Valerie Nelson**

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UNIVERSITY  
of  
GREENWICH

Natural  
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### Disclaimer:

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# 1. Introduction

## 1.1 Background to the report and project

This report is an output of the first phase of the Natural Resources Institute (NRI) project *Assessing the Impact and Governance of Sustainability Certification and Labelling Schemes* (Project Number B0224x3). A three-year research project funded by the Department for International Development (DFID), this project aims to systematically examine the impact of sustainability standards and certification schemes on poverty and livelihoods – particularly for the most disadvantaged workers and producers in low-income countries.

To allow consideration of a large number of variables and how they influence the extent of poverty impacts, the project will focus on a small number of key agricultural commodities (probably tea and cocoa) and on the key sustainability initiatives that hold sway in these sectors (including fair trade, organic, Rainforest Alliance and Utz Certified). However, the project will also draw on lessons learned from other schemes and commodities.

The project is divided into two phases:

- **Phase 1** – the set-up phase - will involve consultation with key stakeholders, development of the research methodology, and a literature review of existing impact studies on sustainability standards (the subject of this report);
- **Phase 2** – the main part of the project – will involve participatory field research in selected low income countries, and the analysis, writing up and dissemination of research findings.

## 1.2 About the Phase 1 literature review

This report presents the findings from the literature review conducted as part of Phase 1 of the project. The **aim of the literature review** was to assess the existing literature (ie, the existing evidence base) on the poverty impacts of the key sustainability standards, in order to ensure that Phase 2 of the project will be designed in such a way that it will **complement and add value to the existing evidence base**.

Specifically, the review was intended to complement and build on the recent “meta-review” conducted by NRI for the Fairtrade Foundation, which provides an analysis of existing literature on the poverty impact of **Fairtrade Labelling Organisation (FLO)-certified fairtrade initiatives**<sup>1</sup>. This report summarises the findings from this meta-review, and compares these to the findings from the current review (which focuses on non-FLO fair trade and other sustainability standards).

### 1.2.1 Scope of the review

The review included impact studies of the following standards:

- The following environmentally-driven standards: Rainforest Alliance, Utz Certified, organic certification, Ethical Tea Partnership, International Cocoa Organisation and the Forest Stewardship Council.

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<sup>1</sup> *Fairtrade impact assessment: a literature review commissioned by the Fairtrade Foundation*. Nelson, V. and Pound, B., 2008.

- FLO-certified fair trade initiatives that were included in the Fairtrade Foundation (FTF) meta-review. This report includes relevant findings from the meta-review and compares these against the findings from the current review
- Relevant (non-FLO-certified) fair trade studies which were not included in the Fairtrade Foundation study.

Moreover, impact studies of the above standards were only reviewed in detail if:

- The studies were conducted on tea, cocoa or other major agricultural commodities. We also reviewed some studies conducted on forestry products including timber, but did not systematically review all available studies on the impacts of sustainable timber certification.
- The studies included a significant assessment of poverty impacts, ie, social and economic impacts on poorer social groups in less developed countries. Therefore, we did not review studies that focused solely or primarily on environmental impacts, nor did we review impact studies conducted in developed countries.

In total, we reviewed 19 impact studies in detail, in addition to the 38 studies previously covered by, and summarised from, the FTF meta-review.

### **1.2.2 Focus of the analysis**

In reviewing the literature, we focused on evaluating the following aspects of each study:

- **How strong is the existing evidence base on poverty impacts?** How much evidence exists, how robust is the evidence (ie, how robust are the study methodologies), and what are the gaps in evidence?
- **What are the main avenues/mechanisms through which the standards are intended to achieve poverty impacts?** (eg, through adherence to standards, capacity building support, access to wider networks)
- **What were the main poverty impacts identified by the studies reviewed?** This included consideration of:
  - Social, economic, environmental and empowerment impacts
  - Positive and negative impacts, including unintended impacts
  - Distribution of impacts, including who can participate and who is excluded, and differences in impact on smallholders, outgrowers and hired labour
  - Sustainability/vulnerability issues
  - The scale/significance of poverty impacts (eg, are people moving out of poverty as a result of the intervention?)
  - Wider impacts (regional economic impacts, impacts on national policy and value chains impacts)
- **What were the success or limiting factors identified?** Did the studies identify certain factors or conditions (eg, local context, nature of value chain, nature of commodity) that tend to promote or limit the success of the standards in achieving poverty impacts?

### **1.2.3 Methodology – how the review was conducted**

The literature review involved the following steps:

- **Literature search** – identifying relevant impact studies through internet searches and consultation with the relevant standard-setting bodies (eg, Rainforest Alliance) and other key stakeholders.
- **Sifting through the identified literature to select out the most relevant references.** Starting off with over 100 references, we sifted through these to identify those studies that fell within the scope of the review (see 1.2.1). Through this process, we identified a subset of 19 studies that were then reviewed in-depth.
- **Developing a common assessment framework.** In order to ensure a consistent and systematic assessment of the literature, and to facilitate the compilation and analysis of the findings, we developed a tabular framework (a set of Excel spreadsheets) that was used by both researchers to evaluate and summarise the findings from each study
- **In-depth evaluation of each impact study.** The researchers then reviewed each of the selected studies, entering summarised findings into the common assessment framework.
- **Analysis of findings and preparation of this final report.**

### ***1.2.3 Limitations of the review methodology***

There were a number of **limitations to the methodology** that should be taken into account when interpreting the findings presented below. Overall, the limited amount of time available to complete the literature review (approximately 16 person-days in total) placed constraints on the comprehensiveness of the review and depth of analysis, in particular:

- **The number of impact studies that could be reviewed in-depth.** We were not able to conduct a second tranche of internet searches to double-check our coverage of all relevant impact studies. In addition, there were several impact studies that had been identified by the initial search that were considered potentially relevant, but we did not have time to review in detail. Nevertheless, we did prioritise the most relevant studies and tried to ensure we covered a cross-section of different types of studies, so have reasonable confidence that the general trends reported are representative of the overall evidence base.
- **We did not compare differences in impact between the different non-fair trade schemes.** In the analysis of findings below, we have attempted to analyse differences in impacts found between fair trade and non-fair trade schemes. However, we did not break this down further in terms of analysing differences between the different non-fair trade schemes, for example, differences in impact between Utz Certified, Rainforest Alliance and organic schemes. Not only would this level of analysis have taken considerable time, but we also judged that any differences found would have been likely to be inconclusive. This is due to the small number of studies reviewed for each label/scheme, and also the large variation in methodology and focus between the different studies.

The other main limitations of the review methodology were:

- **The categorisation of impacts was sometimes not clear-cut and required a subjective judgement call.** When inputting the impact findings into the analysis framework (spreadsheets), it was sometimes difficult to decide how to categorise specific impacts. This was in part due to the fact that there was inevitably some overlap between the different impact categories we used, eg, reduced pesticide use counted as an environmental impact but will usually also have an impact on health and physical well-being, which was classified under “social impacts”.
- **There were some differences in the categories of analysis used in the FTF review as compared to the current review.** In designing the analytical framework for the current review, we tried

as far as possible to make it compatible with the framework used for the FTF review. However, this was not always possible given that the types of impact arising from the more environmentally-driven standards were somewhat different from the impacts of fair trade schemes (or at least had a different emphasis). As a result, for some categories of impact it was difficult to provide a direct comparison and aggregation of findings from the two reviews. In these cases, the findings from the two reviews are reported separately.

### **1.3 About this report**

#### **1.3.1 Aim of the report**

The aim of the report is to provide an overview and analysis of existing literature on the poverty impacts of the key sustainability standards, in order to ensure that Phase 2 of the project will be designed in such a way as to complement and add value to the existing evidence base.

#### **1.3.2 Target audiences**

The target audiences for the report are:

- The internal NRI project team and its advisory panel
- DFID
- Informed researchers and practitioners.

#### **1.3.3 Status and distribution of the report**

This report is intended as a working document aimed at a limited audience (see above). It is intended for posting on the project website and for distribution to DFID as a Phase 1 project output. It will not be a formally published document in its own right, but has been written so that it can be used as the basis for a journal article and/or policy briefing at a later date.

#### **1.3.4 Overview of what's in the report**

The following chapters of this report present the findings and conclusions from the literature review:

- **Chapter 2** provides a brief introduction to, and comparison of, the different sustainability standards reviewed. It also looks at the intended impact pathways of each standards, ie, the mechanisms by which they are intended to benefit producers, workers and/or the environment.
- **Chapter 3** describes the scale, scope and quality of the existing evidence base on poverty impacts of sustainability standards. It compares the number of impact studies conducted on each standard and commodity, the scale or size of the studies, and the quality of the evidence base (ie, the robustness of the methodologies used).
- **Chapter 4** forms the main body of the report. It presents the main economic, environmental and social impacts resulting from implementation of the relevant sustainability standards, as identified by the impact studies reviewed. This chapter also assesses what the existing literature has to say about any unintended (including negative) impacts of sustainability standards, the distribution of impacts between different social groups, and the significance (scale) and sustainability of impacts identified.
- **Chapter 5** reports on the main factors that influence the extent to which sustainability standards generate positive impacts, as identified by the studies reviewed.
- **Chapter 6 (conclusions and recommendations)** presents the conclusions from the literature review, including implications and recommendations for Phase 2 of this project.

- Finally, **Chapter 7** provides a full bibliography of the impact studies reviewed, both for the current literature review, and for the Fairtrade Foundation meta-review.

## 2. Overview of the standards

### 2.1 Overview of the standards

**Table 1** below provides an overview and comparison of the six different sustainability standards covered in this review (FLO-certified fair trade is distinguished from other forms of fair trade). ICCO and Ethical Tea Partnership standards have not been included because no impact studies were found on either standard (see **Section 3.1** below).

**TABLE 1: OVERVIEW/COMPARISON OF THE DIFFERENT STANDARDS**

	<b>Fair trade (FLO)</b>	<b>Fair trade – other (non-FLO)</b>	<b>Rainforest Alliance</b>	<b>Utz Certified ‘Good Inside’</b>	<b>Organic</b>	<b>Forest Stewardship Council</b>
<b>Mission</b>	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 <i>inequitable</i> , 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.
<b>History</b>	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 entering mainstream market after development of Max Havelaar label in Netherlands.	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 retail outlets.	RFA set up 1989 – involving coalition of Latin American NGOs.	Began 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).
<b>Governance structure</b>	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	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	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

	Fair trade (FLO)	Fair trade – other (non-FLO)	Rainforest Alliance	Utz Certified ‘Good Inside’	Organic	Forest Stewardship Council
	members.	are therefore bound by external standards, but these are variable as are the assurance systems behind them				and economic interests as well as the global north and south.
<b>Who sets the standards?</b>	Fairtrade Labelling Organisations International (FLO) Standards Committee, in which stakeholders from FLO’s member organizations, producer organizations, traders and external experts participate.	Variable – see under “governance structure”	Rainforest Alliance certification means compliance with Sustainable Agriculture Network (SAN) standards. SAN is international coalition of leading conservation groups	Utz Certified. Standard reviewed every year by producers, agronomists and certifiers.	The International Federation of Organic Agriculture Movements (IFOAM) defines basic standards. For international recognition, national/regional certification bodies need to align their standards with the IFOAM basic standard.	FSC determines overarching Principles and Criteria, which are then developed into more specific 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.
<b>Who monitors/audits?</b>	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).
<b>Who certifies?</b>	FLO-CERT GMBH	Variable – see under “governance structure”	Certification for farms is carried out by an independent international certification company, Sustainable Farm Certification, Intl.	Same as who audits.	Independent national/regional certification bodies who are accredited to IFOAM. Accreditation requires that these bodies meet IFOAM’s accreditation criteria	Same as who audits
<b>Commodities/se</b>	Currently 18 different product	Multiple – including food	Approx. 20 agricultural	Coffee. Currently	Numerous agricultural	Timber and non-timber

	<b>Fair trade (FLO)</b>	<b>Fair trade – other (non-FLO)</b>	<b>Rainforest Alliance</b>	<b>Utz Certified ‘Good Inside’</b>	<b>Organic</b>	<b>Forest Stewardship Council</b>
<b>ctors covered</b>	categories	and beverages, giftware, household goods, furniture, garments, jewellery.	crops incl. cocoa, coffee, tea	expanding into cocoa, palm oil and tea	commodities	forest products.
<b>Intended/target beneficiaries</b>	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.
<b>Environmental standards</b>	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, protection of endangered 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 management. Requirements to preserve local ecosystems including setting aside conservation areas.	Minimise waste, maintain forest resources & services, eg, watershed, sustainable harvest of forest products, conserve biodiversity, water resources, soils, endangered species and fragile 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.
<b>Trading standards (ie, favourable terms of trade for producers)</b>	FLO standards include <b>trader standards</b> 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	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
		premium are not always apparent.				
<b>Labour standards</b>	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.
<b>Social standards – other</b>	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 benefits the membership.	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, incorporation of recommendations from social impact assessments.
<b>Unique features</b>	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.
<b>For further information:</b>	<a href="http://www.fairtrade.net">www.fairtrade.net</a>		<a href="http://www.rainforest-alliance.org">www.rainforest-alliance.org</a>	<a href="http://www.utzcertified.org">www.utzcertified.org</a>	www.ifoam.org	<a href="http://www.fsc.org">www.fsc.org</a>

## 2.2 Comparison of the different standards

On the face of it, there is growing convergence of the key sustainability certification initiatives, in that all of the six standards reviewed above require certified producers to meet similar environmental and labour standards, and include mention of “sustainable livelihoods” or “sustainable development” in their mission and aims. However, as the “mission” and “history” rows indicate in **Table 1** above, the origins and initial rationale for these initiatives are quite different, and their different emphases are still reflected in terms of how these standards are governed, monitored and implemented.

Whilst there are of course between FLO and other fair trade initiatives, and between the different non-fair trade initiatives (eg, in terms of governance, extent of coverage of key labour standards), the clearest line of distinction can be drawn between fair trade (both FLO and non-FLO) and the other, non-fair trade standards. Key differences include:

- **Emphasis on social versus environmental issues.** Although, as noted above, all of the standards mention both social and environmental objectives, the emphasis is different. Whereas fair trade emphasises **social** objectives (empowering poor producers), the other standards are primarily about **environmental objectives** (promoting sustainable production/harvesting systems and practices). These differences in emphases are reflected in:
  - The **level of detail** given in the standards/criteria on social versus environmental issues.
  - The **stringency of the standards** on social versus environmental issues. For example, organic standards cover both environmental and labour criteria, but whereas they adopt zero tolerance stances on many environmental aspects (eg, synthetic pesticides), many of the labour criteria (eg, decent wages) are *recommended* – but not required.
  - Priorities and skills of the auditors.
- **Who are the target beneficiaries.** Another notable difference is that, of all the initiatives reviewed, fair trade is the only initiative that prioritises the interests of **producers** – and whose success is judged by its ability to help producers. In contrast, the other initiatives reward (ie, certify) a producer for meeting specified labour and environmental standards: however, whether or not that **producer** derives any benefit from the process does not influence the certification decision. Producers are expected to benefit from more sustainable production practices, but this is implicitly treated as a secondary benefit. Interestingly, whether or not **workers** benefit does actually influence the certification decision for all of the standards (fair trade and non-fair trade), albeit in practice often only to a minor extent.
- **Inclusion of trading standards.** Linked to the above point, fair trade puts much greater emphasis than the other initiatives on leveraging favourable terms of trade for producers. Most of the standards try and provide some level of price premium for certified producers, but fair trade goes much further by setting additional standards/requirements for **traders**, including payment of a minimum price, provision of long-term trading relationships and pre-financing requirements.

Two other relevant points to note are:

- **Emphasis on co-operative values.** A distinction can be drawn between those standards that explicitly promote co-operative values, and those that may work through producer organisations but do not see this as central to certification. Fair trade obviously falls in the

first camp, but so do particular systems within the organic and FSC standards. Democratic decision-making, organisation and empowerment of member producers are central to Organic Participatory Guarantee Schemes, and FSC also encourages such principles when certifying community forest enterprises.

- **Emphasis on worker empowerment.** While all of the standards reviewed include some requirements regarding labour standards, none of them place workers' rights at the centre – labour standards are on the periphery for all of these standards. This is in contrast, for example, to SA 8000 – which certifies producers solely on the basis of their labour practices.

### 3. Scale, scope and quality of the evidence base

#### 3.1 Coverage of the different sustainability standards

In terms of coverage of the different sustainability standards, we found that:

- the vast majority of poverty impact studies of sustainability standards to date have been conducted on FLO-certified fair trade products
- a reasonable number of poverty impact studies have been conducted on FSC and organic certification – we reviewed 6 and 9 studies of each, respectively <sup>2</sup>.
- only a handful of poverty impact studies were found on the Rainforest Alliance and Utz Certified
- no poverty impact studies were found at all on the ICCO and ETP standards.

**Table 2** below provides a breakdown of the number of **poverty impact** studies reviewed for each of the different sustainability standards:

**TABLE 2: NUMBER OF IMPACT STUDIES REVIEWED FOR EACH STANDARD**

	Number of studies	Notes
<b>FLO-certified fair trade</b>	45	This comprises 38 studies included in the FTF meta-review, plus an additional 7 studies included in the current literature review
<b>Fair trade – other</b>	4	
<b>Fair trade – not identified whether FLO-certified or not</b>	2	1 of the studies was a literature review only, ie, no new primary research/findings
<b>Rainforest Alliance</b>	5	
<b>Utz Certified</b>	4	
<b>Organic</b>	9	This figure includes 4 studies where the main focus of the study was actually on impacts of fair trade, but where the impacts of organic certification were also assessed. As noted below, additional impact studies of organic certification were identified but not reviewed.
<b>Ethical Tea Partnership</b>	0	None found through internet literature search
<b>International Cocoa Organisation</b>	0	None found through internet literature search
<b>Forest Stewardship Council</b>	6	1 of the studies reviewed was a literature review only, ie, no new primary research/findings. As noted below, additional impact studies of FSC were identified but not reviewed.

<sup>2</sup> These studies were judged to be most relevant to this review. Other impact studies of both FSC and organic certification were identified, but we did not have time to review these in detail.

Two significant caveats apply to the above data:

- **Our definition of a “poverty impact study” is quite loose**, in the sense that we included any report we found that incorporated an assessment or description of social and/or economic impacts on small-scale producers or workers in less developed countries. This included general project progress reports, reports from evaluation workshops attended by scheme staff/practitioners, and secondary literature reviews (although only two of the 19 studies reviewed were pure literature reviews with no new primary research data).
- **There may be other relevant impact studies that we did not identify.** Due to the time constraints on conducting the literature search, it is entirely possible that there are other relevant impact studies in existence that we did not identify, and therefore were not included in our review. The above figures should therefore not be seen as a definitive inventory of the absolute numbers of impact studies available, but rather an indication of the *extent* to which the impact of different standards have been assessed to date.

### 3.2 Coverage of the different commodities

The vast majority of studies we reviewed have been conducted on coffee. This applies to studies of non-fair trade as well as fair trade standards. 8 of the studies we reviewed covered cocoa (6 studies on fair trade, 2 on other standards), 4 covered timber (all FSC), and there were a small number of studies on other products/commodities. No studies were found on tea at all.

**Table 3** below shows the number of poverty impact studies we reviewed for each of the major agricultural commodities, broken down by sustainability standard (note that the caveats in **Section 3.1** also apply to the figures below):

**TABLE 3: NUMBER OF IMPACT STUDIES REVIEWED BY COMMODITY**

	Coffee	Timber	Tea	Cocoa	Other commodities
<b>FLO-certified fair trade</b>	34	0	0	5	Bananas (4); cut flowers (1); citrus (1); 2 studies that covered range of commodities/commodities not specified.
<b>Fair trade – other</b>	1	0	0	1	Brazil nuts, fruit incl. citrus, vegetables, herbs, cereals, lokta (hand made paper products)
<b>Rainforest Alliance</b>	3	0	0	1	1 study not commodity-specific
<b>Utz Certified</b>	3	0	0	0	1 study not commodity-specific
<b>Organic</b>	5	0	0	1	Bananas, citrus, other fruit, vegetables, herbs, cereals. 2 studies not commodity specific
<b>Forest Stewardship Council</b>		4	0	0	Various non-timber forest products (3); 1 study not commodity specific.
<b>Total:</b>	<b>46</b>	<b>4</b>	<b>0</b>	<b>8</b>	

### 3.3. Geographical coverage

The majority of the studies reviewed were conducted in Latin America and/or the Caribbean. However, 17 of the studies reviewed included at least one African country, and 6 covered less developed countries in Asia. In the current literature review:

- One or more studies have been conducted in the following countries in **Africa**: Zambia, Kenya, Ghana, Uganda, South Africa, Tanzania and Cote d’Ivoire.

- One or more studies have been conducted in the following less developed countries in Asia: Nepal, China, Philippines, Papua New Guinea, India and Thailand, but all but one of these (Nepal) were part of multi-country comparative studies.

**TABLE 4: NUMBER OF IMPACT STUDIES REVIEWED BY REGION**

	No. of impact studies reviewed that covered countries in:		
	Sub-Saharan Africa	Latin America and the Caribbean	Asia (less developed countries only)
<b>Fair trade (FTF review)</b>	9	28	2
<b>Fair trade – other</b>	4	7	1
<b>Rainforest Alliance</b>	2	3	0
<b>Utz C</b>	2	2	0
<b>Organic</b>	5	7	1
<b>Forest Stewardship Council</b>	1	3	3
<b>Totals<sup>3</sup>:</b>	<b>17</b>	<b>40</b>	<b>6</b>

### 3.4 Scale of the evidence base

It was not possible to assess or even estimate the total number of households or producer organisations covered by the impact studies reviewed. Moreover, such a figure would not have been very meaningful, since the depth of assessment varied significantly between studies. However, in terms of the 19 studies reviewed as part of the current literature review, the scale of the evidence base they provide is significant in that:

- Apart from one study that focused on a single producer organisation, all of the other studies covered a significant number of producers and/or other beneficiaries, and attempted to compare impacts across a range of contexts, eg, inclusion of several countries; inclusion of two or more regions within one country with contrasting social, economic and/or agro-ecological characteristics; inclusion of different types of producer (eg, large/small); inclusion of producers from several primary co-operatives, producer organisations or community forestry enterprises.
- Specifically, nearly half (9) out of the 19 studies included evidence of impact from more than one country.
- There was a good mixture of more in-depth case study type impact assessments on the one hand, and larger-scale multi-country comparative studies on the other hand
- A significant number of studies (approximately 8 studies) included interviews with a range of stakeholders (ie, not just individual producers) eg, workers, representatives of producer organisations/community enterprises, government departments, researchers, processors, exporters, importers and/or retailers
- Several studies (approximately 6 studies) reviewed and compared the impact of more than one sustainability standard.

### 3.5 Quality of the evidence base

This section assesses the quality of the evidence base we reviewed, based on:

- The overall methodological rigour of the impact studies reviewed, and the range of methodologies used.

<sup>3</sup> Note that a study which compares the impact of several different standards in one country will only count as one study in the totals

- The extent to which studies provided evidence of **impacts**, as opposed to inputs, outputs or outcomes.
- The extent to which the studies reviewed provided in-depth assessment of *poverty* (as opposed to other types of) impacts.

### **3.5.1 Methodological rigour and approach of impact studies reviewed**

#### **CURRENT LITERATURE REVIEW**

Of the 19 studies included in the **current literature review**, in the majority of cases the methodologies used were judged by the authors to be rigorous, in the sense that the methods used were fit for the stated purpose and scope of the study. However:

- Perhaps inevitably, most studies had significant limitations in terms of their **scope**. For example, several impact studies statistically assessed whether there were differences between participating producers/beneficiaries and control groups (where significant differences were taken as “impacts” of intervention). While valuable in their own right, these studies were weak in terms of proving causal relationships between scheme participation and “impacts”, and also in terms of explaining cases where expected impacts had not been found.
- Several “impact studies” reviewed were not intended as formal impact assessments (eg. a couple of pure literature reviews, one project progress report which provided information on social outcomes but was not intended as an impact assessment). 2 studies did not provide information on their methodology.

In terms of the **methodological approaches** used, many studies did triangulate data through, eg, interviewing a range of stakeholders, combining field work with a literature review, and/or conducting field observations of environmental aspects as well as interviewing producers about their environmental practices. A significant number (7 studies) also used a control group or counterfactual. However:

- Only a handful (approximately 5) of studies used **participatory research** approaches. Many studies made assumptions about the types of impact they expected to find, and were weak at probing for unexpected, unintended impacts
- Only 3 studies conducted a **cost-benefit analysis** comparing the benefits from certification against the costs. Many of the reported benefits were therefore “gross” rather than “net” benefits.
- **None of the 19 studies reviewed included a longitudinal assessment** of impacts. Studies were mostly snapshots of a particular time, and did not follow through how impacts change over time.

#### **FTF REVIEW**

Many impact assessments included in the FTF meta-review provided limited information about their methodologies. Nevertheless, where information was provided, most authors did combine information from different levels of organisation with field interviews/questionnaires with producers (and, in a few cases, workers). However, assessments were rarely based on replicable methodologies, and there was little attempt to track impacts over time. There were also few studies that evaluated achievements against the progression elements of the Fairtrade standard.

Methodological tools/approaches used included questionnaires, value chain analysis, livelihood analysis, case studies, PRA tools including semi-structured interviews, and econometric analysis.

### **3.5.2 Assessment of impacts (as opposed to inputs, outputs or outcomes)**

In terms of reviewing (or conducting) impact assessments, it is helpful to distinguish between **inputs, outputs, outcomes** and **impacts**. In relation to Fairtrade, for example:

- **inputs** are the resources and activities provided by Fairtrade organisations and participation, such as the Fairtrade premium, guaranteed price, training workshops etc.
- **outputs** include, for example, any price differences obtained by farmers through participation in the Fairtrade system, community investment in infrastructure, new information and skills from attending a training workshop
- **outcomes** include changes to farmer income, more access to education, more access to credit, better farming practices or transition to organic farming, and
- **impacts** would be, for example, improved health, wellbeing, quality of life and quality of education.

Many “impact” assessments only in fact measure inputs and outputs (and sometimes outcomes), because actual impacts – be they social or environmental – are more difficult to measure and attribute to an intervention. This was the case with the impact studies we reviewed for both the current literature review and the FTF review: few studies really looked at the **impacts** of certification.

A significant number of studies focused primarily on measuring inputs; many used a range of indicators that mixed inputs, outputs and outcomes. This places limitations in terms of what conclusions can be drawn about **impacts**, since there is no guarantee that certain inputs or outputs will lead to positive impacts. (For example, community investment in processing equipment will not lead to improvements in household wellbeing if community members do not know how to use or repair the equipment, or if demand for the processed product is weak).

### **3.5.3 In-depth assessment of poverty impacts**

A key weakness of the studies reviewed for both the current literature review and the FTF review was that few of the studies provided a real assessment of **the extent to which certification reduces the poverty (or increases the well-being)** of producers, workers or other intended beneficiaries. This was due to a mixture of the following factors:

- Most “impact studies” did not provide a thorough assessment of “impacts” (as opposed to outputs, outcomes), as noted in **Section 3.5.2** above
- Many impact studies did not try to assess the **scale** of impacts identified, eg, amount of extra income, percentage reduction in healthcare costs)
- Where studies did try and measure the scale of impacts identified, these were usually not assessed in terms of their contribution to the overall household income, healthcare costs, credit needs etc. Exceptions were the few studies that used a livelihoods framework or similar approach to assess whether certification had led to significant increases in livelihood assets.

- The lack of longitudinal studies, thus not being able to identify whether beneficiaries of certification have been able to “lift themselves out of poverty” over time.

## 4. Main impacts identified by the studies

### 4.1 Economic impacts

#### 4.1.1 Extent to which economic impacts were studied

##### CURRENT LITERATURE REVIEW

Economic impacts (as compared to environmental, social and other wider impacts) were the type of impacts most widely addressed by the studies reviewed. All of the 19 studies provided some assessment of the impact on income (ie, level and/or stability of income of the target beneficiaries). Most (16 of the 19 studies) also provided evidence and/or insights on other economic impacts, eg, access to credit, market access.

Nevertheless, the depth of analysis varied significantly between studies, and this needs to be borne in mind when interpreting the findings below. For example, whereas some studies systematically quantified the additional income received through certification, others simply assumed that a price premium would be translated into improved income for the producers.

##### FTF META-REVIEW

In the Fair Trade Foundation meta-review, the large majority of studies also addressed economic impacts (31 out of 38 studies). All of these 31 studies looked at income impacts, and many looked at other types of economic impact as well.

#### 4.1.2 Summary of economic impacts

Table 5 below provides a summary of the main types of economic benefits (ie, positive impacts) accruing to **producers**, as identified by the studies reviewed:

**TABLE 5: ECONOMIC BENEFITS IDENTIFIED FOR PRODUCERS**

Type of economic benefits (positive impacts):	Number of studies demonstrating these impacts in:	
	FTF Meta-Review (total of 38 studies reviewed)	Current review (total of 19 studies reviewed)
Improved income levels	31	13
Improved income security/economic stability	25	7
Improved access to credit and pre-financing	10	5
Improved cash flow	Not mentioned	1 <sup>4</sup>
Greater diversification of incomes sources	10	5
Improved market access	9	10
Improvements in facilities and equipment (including being able to position themselves further down the value chain)	7	2
Improved income enables quality improvements	6	2
Enable transition to organic agriculture	9	Not mentioned
Access to lower interest rates	4	Not reviewed specifically

<sup>4</sup> Improved cashflow was only explicitly mentioned in one study, but it is quite likely that this might have been an undocumented impact experienced in other cases where farmers benefited from improved income stability

In addition to the above economic benefits for producers, 7 of the 19 studies reviewed as part of the current literature review also identified economic benefits for **workers**:

- 3 studies identified improved income, ie, higher wages/salary levels for workers
- 4 studies identified greater income security, ie, better job security and/or increased employment opportunities for workers.

However, it is important to remember that a significant number of the studies also identified **negative or indifferent economic impacts** as a result of certification. **Table 6** below compares the number of studies in the current review who reported positive, negative and indifferent (neutral) impacts:

**TABLE 6: NUMBER OF STUDIES REPORTING POSITIVE, NEGATIVE AND INDIFFERENT ECONOMIC IMPACTS**

No. of studies reporting <i>positive</i> economic impacts	No. of studies who assessed economic impacts, but found no significant impacts in at least one key area (eg, income)	No. of studies who found <i>negative</i> economic impacts
16	7	2

In addition, several (6) studies mentioned the high direct and indirect costs of certification. In most cases, it was not specifically assessed whether the identified economic benefits outweighed these costs (ie, whether there was an increase in net as opposed to gross incomes). Moreover, at least two studies that covered organic certification explicitly indicated that the additional organic premium was outweighed by the associated costs (particularly additional labour required).

Finally, several studies in both the current and FTF review conclude that, despite some improvements, the **scale** of economic benefits from certification has on the whole not been substantial, ie, not sufficient to radically improve producer livelihoods. The exceptions are where fair trade producers have seen world commodity prices plummet, and where the guaranteed fair trade price has been significantly higher than the world price.

**Sections 4.1.3 to 4.1.7** below provide further information on the main types of economic impacts found.

#### **4.1.3 Income-related impacts**

The majority of the studies reviewed found positive impacts on income: 77% of the studies (44 out of the overall 57 studies) reported increased income levels for producers, and 56% (32 of 57 studies) reported increased income security as a result of certification. However, these top-level statistics mask a more mixed picture of income impact, as indicated below.

- **The positive income impacts for producers are more pronounced for fair trade**, whereas income impacts are less clear-cut for the non-fair trade standards. This is perhaps not surprising, since unlike fair trade products, not all of the other standards offer a guaranteed premium price for certification. Of the 7 studies who included an assessment of the impact of non-fair trade standards on the income of small producers, 4 demonstrated a positive impact on income levels, but the other 3 demonstrated very mixed or no impact.
- **Several studies of non-fair trade standards found *negative* impacts on income.** An assessment of Utz Certification on coffee in Tanzania found that the Utz requirement to leave land

fallow led to lost revenue, since farmers could no longer grow crops on these areas (Danish Institute of International Studies, 2008). An assessment of the impact of FSC certification on community forestry enterprises in five countries found cases where communities made financial losses due to their inability to meet quality standards and/or failure to meet export delivery requirements. As a result, they found a number of certified community enterprises that had only managed to survive through external subsidies.

- **Even with fair trade, the scale of income benefits for producers can be limited by a number of factors.** According to the FTF meta-review, these include:
  - Only a proportion of the guaranteed price paid to the producer organisations go directly to individual farmers, who may only receive 10-22% of the final product price (Fitter and Kaplinski, 2001).
  - Where output exceeds demand, only a proportion of the produce is actually sold as fair trade. The rest is sold at lower (non-premium) prices to conventional markets.
  - Inefficiency of the Fairtrade value chain, especially in areas such as processing, trading and marketing (Imhoff and Lee, 2007), lead to reduced returns for producers.

Nevertheless, on a more positive note, even where increases in income as a result of certification are relatively small, the social impacts of a guaranteed price and/or income source can be significant – see **Section 4.3** below.

#### **4.1.4 Access to credit**

A significant number of the impact studies found that participation in schemes had led to improved access to credit, as a result of:

- the scheme (eg, via the alternative trading organisation) providing direct pre-financing or other forms of credit with relatively favourable terms and conditions, and/or
- traditional credit sources seeing participating farmers as having a better credit rating than others, and/or delivery contracts for certified produce acting as collateral for loans.

However, one author (Lyon, in Farnworth and Goodman, 2006) cautioned that the success of providing alternative credit sources depends on careful management by both the producer organisation and members who borrow from it – there have been several allegations of mismanagement and poor transparency made against producer groups across the region.

Finally, it is important to note that all of the evidence found on improved access to credit was in relation to fair trade schemes: there was **no evidence that any of the non-fair trade schemes had improved access to credit for participating producers.**

#### **4.1.5 Diversification of incomes sources**

A significant number of studies showed evidence that participation in both fair trade and non-fair trade schemes have allowed producers to diversify their income sources, as a result of one or more of the following:

- improved income and/or access to credit as a result of certification has allowed them to invest in new income-generating activities
- several sustainability certification schemes (eg, FSC) actively encourage producers to diversify their farming practices
- scheme provided training on diversification, and assistance on marketing of diversified products

- cultivation of shade-grown coffee – promoted by FLO and others – means that coffee farms provide fruit, firewood and timber as well as coffee. One study (Pistorius and Oppenorth, 2007) found that this added 25% to income.

A few studies provided evidence that diversification led to improved incomes and “positive economic outcomes”. However, some studies also reported instances where certification had led to crop specialisation and therefore had negative impacts on income diversity. Moreover, several studies included in the FTF review noted that, with the increasing emphasis on quality, there is a danger that there will be a shift towards higher input coffee plantations that are poorer in bio-diversity and secondary income sources. Such specialisation might disadvantage smaller and more marginal producers without the conditions or resources to meet quality requirements.

#### **4.1.6 Improved market access**

A substantial number of the studies found evidence that participation in sustainability schemes (both fair trade and non-fair trade) led to improved market access, as a result of:

- investment in organic certification. Many fair trade producers invest in organic certification in an effort to further improve incomes, therefore gaining access to organic export markets
- improved quality of their products
- improved confidence and negotiating/commercialisation skills, exposure to export partners and/or access to market information. Some schemes, including fair trade schemes, Utz and FSC, actively provide capacity-building, market information and contacts to support producers improve market access.
- Improved marketing skills and information has in some cases allowed producer organisations to develop their own export arms or cut out intermediaries in other ways
- Utz certification widens market access by providing certification equivalent to EUREP (Global) GAP.

#### **4.1.7 Improved product quality and/or value-added**

A number of studies provided evidence that certification had allowed producer organisations and/or individual producers to invest in improving the quality of their product, and/or invest in processing facilities that have allowed producers to move further down the value chain. This has been the result of:

- Improved income allowing farmers to invest in converting traditional extensive farming systems into more intensive and productive systems producing higher quality crops
- Schemes providing training on quality and processing skills
- Schemes funding the purchase of processing equipment.

However, a number of assessments did question whether the incentives from Fair trade work effectively to encourage producers to increase quality (a guaranteed minimum price can bring complacency).

#### **4.1.8 Economic impacts on workers**

Overall, 7 studies in the current literature review<sup>5</sup> did find evidence that workers benefited from participation of producers in certification schemes, through increased wages, improved job security and employment opportunities and/or improved ability to invest in new income-

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<sup>5</sup> Equivalent figures were not available from the FTF meta-review

generating activities. These types of impact are significant in terms of their contribution to workers' overall economic status and security. However:

- In all but one case, improvements in wages were a result of bringing wages in line with the national *minimum* wage, rather than ensuring workers were being paid a *living* wage (minimum wages in developing countries are often significantly less than a living wage)
- Most studies did not distinguish between permanent, temporary and third-party contracted workers. Other studies (not reviewed here) of the implementation and impact of labour codes show that a high proportion of the workforce in global agricultural supply chains are temporary and/or contracted workers, and typically these types of workers do not benefit from certification/codes. Moreover, many audits or studies of working conditions fail to interview temporary or contract workers, even when they specifically set out to do so. Therefore, it is likely that the wage and employment benefits identified in the studies reviewed may only have been for permanent workers, who are usually better off in the first place.

## 4.2 Environmental impacts

### 4.2.1 Extent to which environmental impacts were covered

Of the 38 papers reviewed for the **FTF meta-review**, the majority (27 papers) made significant comment on the environmental impacts of fairtrade. However, none of the papers provided a methodical assessment of the application of FLO environmental standards or of the impacts of this application.

Of the 19 studies reviewed as part of the **current literature review**, only just under half (8 studies) conducted a significant assessment of environmental impacts of certification. Of the six studies focusing primarily on fair trade, only one looked at environmental impacts in any significant way. However, it is important to note that this is **not** representative of the total number of impact studies conducted on some of the standards. Many other studies exist that concentrate on the environmental impacts of certification, especially of Rainforest Alliance and FSC certification. These studies were not included in our review because they did not provide a sufficient assessment of social, economic or poverty impacts.

### 4.2.2 Overview of environmental impacts

**Table 7** below provides a breakdown of the main types of positive environmental impacts found in the 19 studies reviewed as part of the **current literature review**:

**TABLE 7: SUMMARY OF ENVIRONMENTAL IMPACTS FOUND**

Type of positive environmental impacts	No. of studies in current review with evidence of impacts (out of a total of 19 studies reviewed)
Reduced use of inorganic pesticides/use of more environmentally friendly pesticides	8
Improved soil fertility and structure, reduced use of inorganic fertilisers	5
Reduced use of water resources (eg, through more efficient irrigation), reduced contamination of water resources	6
More environmentally friendly waste disposal practices	4
Improved conservation of biodiversity	7
Reduced energy use/carbon emissions	1
Other positive environmental impacts	7

Note that there is inevitably some overlap in terms of reporting categories, since for example improved waste management practices will often lead to reduction in pollution of water resources.

The “other environmental impacts” found included:

- Conversion to organic farming
- Tree-planting
- Improved/more sustainable management of forests in general, including development of protected area plans
- Greater reporting of environmental crimes in conservation (forest) areas and improved control of human interference (eg, fire prevention) in conservation areas.

In terms of findings on environmental impact from the **Fairtrade Foundation meta-review**, none of the 38 studies reviewed provided a detailed breakdown of the different types of environmental impacts found (eg, reduction in pesticide use vs. specific soil conservation measures taken). However, the meta-review noted the following general positive environmental impacts:

- 9 of the studies found evidence that participation in fair trade had allowed producers to convert to organic as well
- the fair trade price premium and price stability has enabled farmers to resist the temptation (unlike many non-fair trade farmers) to adopt higher-yielding, but less ecologically sound, practices, such as growing “sun-grown” coffee.
- several studies found that a proportion of the fair trade premium has been used to finance environmental/conservation programmes, ranging from the conservation of turtles to seminars on environmentally sensitive waste disposal methods. However, none of the studies explored what difference these activities actually made in terms of positive environmental impacts.

Overall, while a significant number of studies did provide evidence of improved environmental **management practices** (ie, “inputs”), few provided evidence of actual positive environmental **impacts** – and none of these were of fair trade. Many of the improvements in practices and impacts were also fairly small-scale and isolated, eg, improvements in pesticide use and waste disposal, and do not amount to a systemic shift towards more sustainable environmental practices overall. Moreover, several studies that did assess environmental impacts in some depth concluded that the impact of certification in changing environmental management practices was small, due to the fact that the environmental practices of farms/plantations/forests who apply for certification are generally quite advanced to start off with.

Nevertheless, it is promising that there was a significant number of studies reporting conversion to organic agriculture, and that there were cases where certification has permitted farmers to continue with more ecologically friendly farming practices (eg, shade coffee). Both of these trends have significant implications in terms of improving/maintaining the overall environmental sustainability of farm agro-ecosystems, and could have significant livelihood implications if these outcomes are maintained over time.

None of the 19 studies in the current review reported any **negative environmental impacts** of certification, apart from the cases where certification had encouraged crop specialisation, where the environmental consequences of reduced crop diversity were hinted at.

### 4.3 Social impacts – individual producer/worker level

#### 4.3.1 Extent to which social impacts at producer/worker level were covered

The vast majority of the studies reviewed as part of the **current literature review** (17 out of 19 studies) did assess one or more aspects of the social impact of certification at the individual producer/worker level, although in some cases the papers only provided evidence of activities undertaken (inputs) rather than actual outputs, outcomes or impacts of these activities.

The vast majority of studies reviewed as part of the **FTF meta-review** also included an assessment of at least one indicator of social impact at the producer/worker level (at least 25 out of 38 studies reviewed). However, many papers only looked at one or two aspects of social impact in detail.

#### 4.3.2 Summary of social impacts found at the producer/worker level

**Table 8** below provides a breakdown of the main types of positive social impact found at the **individual producer level**:

**TABLE 8: POSITIVE SOCIAL IMPACTS FOR INDIVIDUAL PRODUCERS**

Type of positive social impacts found at producer level	Number of studies demonstrating these impacts in:	
	FTF Meta-Review	Current review
Health and physical well-being	0	2
Nutrition and food security	Several (exact number unclear)	2
Vulnerability to external shocks	Many	2
Self-confidence/esteem	8	4
Improved skills/knowledge (market and technical)	14+	7
Improved household stability and cohesion	Several	2
Access to basic rights (including right to organise, freedom from discrimination, schooling for children)	Not mentioned	5
Other social impacts	Not mentioned	4

Six of the studies on the non-fair trade standards also assessed one or more aspects of social impacts of certification on **workers**. **Table 9** below provides a breakdown of the main types of positive social impact found for **workers**. No significant assessment of worker impacts was reported in any of the fair trade studies (neither in the FTF meta-review nor in the current literature review).

**TABLE 9: POSITIVE SOCIAL IMPACTS FOR INDIVIDUAL WORKERS**

Type of positive social impacts found at worker level	No. of studies in current review with evidence of impacts
Health and physical well-being	6
Nutrition and food security	1
Vulnerability to external shocks	1
Self-confidence/esteem	1
Improved skills/knowledge (market and technical)	2
Improved household stability and cohesion	0

Access to basic rights (including right to organise, freedom from discrimination, schooling for children)	2
Other social impacts	3

#### **4.3.3 Impacts on health and physical well-being**

Only two of the studies in the current review reported evidence of positive impacts on the health and physical well-being of **producers**. One of these showed that more FSC certified producers had attending training on occupational health and safety (OHS) when compared to their non-certified counterparts; the other study provided evidence that infant mortality rates were lower in fair trade as opposed to non-fair trade groups. None of the studies covered by the FTF meta-review provided any evidence of impact of fair trade on the health and physical well-being of producers.

Six of the studies on non-fair trade standards reported evidence of positive impacts of certification on the health and physical well-being of **workers**, including:

- **Improved OHS practices on farms**, including provision of training on OHS and safe pesticide use, provision and use of personal protective equipment (PPE), improved accident monitoring, and improved provision of medical assistance and equipment (first aid kits). Some of the studies also provided evidence of positive **outcomes** from improved practices, eg, improved awareness of health risks of pesticides, reduced need for medical assistance.
- **Improved living conditions for workers**, including better housing, toilets, and provision of potable drinking water.
- **Reduced working hours** to ensure compliance with maximum working hours legislation.

#### **4.3.4 Impacts on nutrition and food security**

Only two of the studies in the current review reported evidence that certification had led to improved nutrition and/or food security for **producers**. Both of the studies were on fair trade, and found that fair trade certification led to higher food consumption and improved dietary quality. Several of the studies included in the FTF review reported evidence of improved nutrition/food security practices, eg, provision of personal hygiene and cookery classes, provision of small livestock (eg, rabbits) to households.

Only one study found evidence that certification had led to improved nutrition and/or food security for **workers**. This study reported that certification had led to provision of basic food for estate workers. One other study had assessed the impact on nutrition/food security, but found that certification had had no impact. However researchers classified existing conditions as "excellent" and workers confirmed that 3 meals a day were provided for workers and their families.

#### **4.3.5 Vulnerability to external shocks**

Many of the studies in the **FTF review** found that fairtrade had increased the resilience of producer households, increasing their ability to withstand external shocks such as price crises and weather-related difficulties. This has been largely the result of the guaranteed price provided by fairtrade, but also the extra income obtained (where relevant). Where fairtrade had let to better access to credit, this also played a role: the availability of credit at reasonable rates helped see farmers through lean times without being saddled with crippling repayment demands.

Two of the studies in the **current review** also reported evidence that certification had decreased producers' vulnerability to external shocks. Both of these were on fair trade. One study found that fair trade minimum prices shielded fair trade producers from the collapse of world coffee prices in 2002-3 (resulting from the collapse of the International Coffee Agreement). The other study reported evidence that fair trade had led to improved social networks, community health and diversification of local economies. None of the studies on the non-fair trade standards explicitly reported evidence of reduced vulnerability for producers.

Only one study directly linked certification to reduced vulnerability of **workers** to external shocks. This study reported that some 1,000 workers were able to keep their employment due to stable minimum FT prices, whereas many of their non-fair trade counterparts had less work and had to migrate from the area. However, there were other studies that demonstrated improved job security and/or employment opportunities as a result of certification – it is likely that this in turn also reduced their vulnerability to external shocks, but this was not specifically addressed in the studies.

#### **4.3.6 Improved self-confidence/esteem**

A significant number of the studies reviewed (8 in the FTF meta-review, 4 in the current literature review) found evidence that participation in certification schemes had led to increased self-confidence/esteem of **producers**. Specific examples include:

- Participation of Ghanaian cocoa farmers in Kuapa Kokoo and the formation of the Day Chocolate company provided them with an increased sense of control
- Members of fair trade producer organisations becoming involved in politics (eg, local government)
- Participation in participatory group-based organic schemes meant that smallholders were treated with greater respect by technical/scientific staff and the urban population generally.

However, only one study reported any positive impacts of certification on the self-confidence/esteem of **workers**. This study found that training provided through the certification scheme has improved the self-esteem of estate workers, including female workers.

#### **4.3.7 Improved skills and knowledge**

A large number of the studies (at least 14 from the FTF review, and 7 from the current review) found that certification had led to the provision of training for **producers** on marketing, farming and processing skills. Some studies found evidence that this had led to improved knowledge, skills and access to information, and a handful reported that this had in turn resulted in the application of these new skills to other crops and/or allowed producers to access new markets and trading partners. A number of the sustainability schemes seem to place emphasis on provision of capacity-building of this nature – not only fair trade, but also FSC, Utz and RFA. Types of support provided include:

- Provision of market information and contacts, and training on marketing skills
- Training on general business and organisational skills
- Training on various aspects of the sustainability standards themselves, eg, integrated pest management, labour rights issues
- Technical training – improved farming and processing techniques

In contrast, only two of the studies reviewed provided evidence that certification had helped to improve the skills and knowledge of **workers**. In both cases, this was limited to the provision of on-the-job safety and technical training (application of agrochemicals, technical training on forest management skills).

#### **4.3.8 Improved household stability/cohesion**

A significant number of studies in the **FTF review** reported improved household stability and cohesion as a result of fair trade, whereas only two studies in the **current literature review** reported improved cohesion. Both were assessments of fair trade, and found that increased income opportunities from fair trade had reduced the need for migration to look for work, and so had contributed to maintaining family cohesion/stability.

There was no evidence that certification had led to improved household stability and cohesion for **workers' families**.

#### **4.3.9 Access to basic rights**

A significant number of studies (5 from the current review, several from the FTF meta-review) reported evidence that certification had led to greater access to “basic rights” of **producers**. Reported benefits in this category included:

- Empowerment of women, including greater access to women’s support projects and establishment of income-generating projects for women
- Increased participation and power of individual producers in decision-making processes at the producer organisation/community enterprise level, including in some cases improved participation of women
- Prolonged schooling of children, increased access to schooling through funding of scholarships, and improving the quality of local schooling
- Greater voice given to indigenous people’s rights, including land and resource tenure rights in particular

However, several studies also reported that they had specifically assessed whether certification had led to greater empowerment of women, but found no significant impact. Some had specifically looked at whether women were better represented in producer organisations as a result of certification, and found no impact. Others had reported on income-generating initiatives for women, but had found these were fairly weak and required greater co-ordination and support. Another study looked at whether certification had led to greater participation of producers (both men and women) in decision-making at the producer organisation level, but found no impact.

Two studies in the current review found evidence that certification had improved respect for the basic rights of **workers**. Both studies reported that certification had led to the issuing of formal, written employment contracts for workers (in one case they specified for temporary as well as permanent workers), and one study found that certification increased the level of worker organisation (ie, having a trade union or other worker organisation on-site).

#### **4.3.10 Other social impacts at individual producer/worker level**

Seven studies in the current literature review also identified other, broader social impacts at the individual producer and/or worker level that are not covered by the categories above. Identified impacts on **producers** included:

- Greater transparency from actors further down the value chain (traders, processors, intermediaries etc.) – this was in the case of fair trade schemes based on alternative trading channels
- Increased household and transport assets, and reduced debt
- Stronger communication and relationships between producers and the wider community including consumers
- Improved basic facilities in the local community, including improved water supply protection, lighting, sewage system and footpaths

Other identified impacts for **workers** included:

- Greater transparency/openness between management and workers
- Overall improvement in treatment, pay and conditions for workers – in one case, the working conditions on the fairtrade farm being studied have become the yardstick for the region.

#### **4.4 Social impacts – organisational level**

##### **4.4.1 Coverage of organisational level impacts**

Approximately half of the studies in both the current and FTF reviews provided some assessment of impacts of certification on the producer organisation, co-operative or community enterprise. Note however that not all of the certification schemes reviewed work through producer groups and/or require certified producers to be organised, so this level of impact is not relevant in all cases.

##### **4.4.2 Summary of organisational level impacts**

A significant number of the studies reviewed found positive impacts at the organisational level, with the most common types of impact being:

- Improved management, strength and/or credibility of the organisation
- More democratic processes/increased levels of participation.

**Table 10** below summarises the main positive organisational level impacts found.

**TABLE 10: POSITIVE SOCIAL IMPACTS AT THE ORGANISATIONAL LEVEL**

Type of positive social impacts found at the producer organisation/co-operative/community enterprise level	Number of studies demonstrating these impacts in:	
	FTF Meta-Review	Current review
Increased advocacy influence of the organisation	9	1
Improved capacity of organisation to serve its members	Several	1
Improved management, strength & credibility of the organisation	17	7
More democratic processes/increased levels of participation	19	3
Investment in processing skills/facilities	Several	Several
Ability to attract other sources of funding	8	At least 1
Other impacts:		3

Further detail about the main positive impacts found is provided in the sections below.

##### **4.4.3 Increased advocacy influence**

Overall, 10 of the studies reviewed (9 on fair trade, one on FSC) found evidence that certification had increased producer organisations’/community enterprises’ influence at

national level over policy-makers and via participation in national organisations and forums. However, in one example of Fairtrade in Tanzania, although fairtrade had increased the influence of the coffee co-operative participating in the scheme, a parallel model (support from Technoserve) had enabled coffee associations to have a significantly higher impact at the national level.

#### **4.4.4 Improved management, strength & credibility**

Overall, 24 studies found that certification had led to the strengthening of the producer organisation/community enterprise, in terms of improved management, greater credibility and/or continued survival of the organisation. This has been encouraged/supported by the following:

- Some standards (eg, FLO, FSC) require certified producer organisations/community enterprises to put in place business management and quality control systems and plans
- Some schemes provide training for producer organisations/community enterprises on business management and administration, leadership and/or organisational skills
- Some schemes (particularly Fairtrade) help put producer organisations in touch with marketing contacts, donors etc., thus helping to increase their credibility

However, one study of FSC (Bass et al, 2001) found that while in some cases certification created stronger and more cost-effective management, administration, monitoring and reporting processes/mechanisms, this had been at the expense of higher cost. This can be particularly exacerbated by the fact that multiple stakeholders are often involved in community forest enterprises.

#### **4.4.5 More democratic processes/increased levels of participation**

22 studies overall found evidence that certification has led to more democratic processes and increased levels of participation in producer organisations/community enterprises. This was at least in part due to the emphasis placed by some schemes (including Fairtrade, FSC, and organic Participatory Guarantee Schemes) on the values and principles of democracy, participation and transparency. Such principles are embedded in FLO's organisational standards.

However, a small number of studies questioned Fairtrade's faith in co-operatives and suggest that levels of corruption and inefficiency can be high, thus swallowing up benefits that could otherwise go to individual members. Similarly, one study of FSC (Bass et al, 2001) found examples where lack of cultural nuancing in the application of democratic principles had been problematic. For example, in Honduras, the external imposition of an over-prescriptive corrective action regarding community participation structures created conflict and tension between members. Bass *et al* also found cases where lack of significant financial benefit from certification has caused resentment around annual membership/certification fees and created tensions between community leaders and the community enterprise.

Impacts of certification on the participation of women in producer organisations is covered in **Section 4.3.9** above.

## 4.5 Wider impacts

### 4.5.1 Extent to which wider impacts were covered

More than half (12) of the 19 studies included in the current literature review provided some assessment of wider impacts of certification, that is, impacts beyond the immediate target beneficiaries (ie, workers, producers and producer organisations/community enterprises). However, most studies did not address such wider impacts in a systematic way.

### 4.5.2 Summary of wider impacts found

TABLE 11: WIDER IMPACTS FOUND

Type of wider impacts found	Number of studies demonstrating these impacts in:	
	FTF Meta-Review	Current review
Impacts further down the value chain	Several (implied)	3
Regional economic impacts	6	4
Impacts on national policy	Several (implied)	3
Other wider impacts	Several	8

### 4.5.3 Impacts further down the value chain

Several studies (3 in the current literature review) included evidence that certification had led to impacts further down the value chain that could have positive impacts for certified producers and workers in the longer term. These include:

- Increased transparency, communication and strengthened relationships between actors along the value chain (participatory organic schemes and non-FLO fair trade)
- Reduction of number of intermediaries between the producer and final consumer (non-FLO fairtrade).

One detailed study of the impact of FSC certification on supply chains (Bass et al, 2001) found that the growth of FSC certification had led to the following value chain impacts:

- increased transparency (wood users/retailers keen to prove sustainability of their products and therefore their provenance);
- some cases of companies switching from non-certified to certified suppliers;
- improved market access for those companies/suppliers who are able to certify swiftly and effectively (by maintaining/expanding existing markets and accessing new ones);
- occasionally higher prices for suppliers (but only for specialist products, eg, tropical hardwood);
- overall however, retailers – especially those with powerful market positions – receive most of the benefits of certification.

### 4.5.4 Regional economic impacts

Overall, approximately 10 studies (4 in the current review, 6 in the FTF review) found evidence of positive regional economic impacts, ie, benefits for producers and workers in the region who are not directly participating in certification schemes. These included:

- premium price paid for certified products has pushed up the standard price paid by middlemen for the commodity in the region, thus benefiting other local producers
- improvements in weighing and grading practices for purchased product introduced through certification scheme has encouraged/pressurised conventional traders to follow suit

- improvements in overall pay and conditions for workers on certified farms has pushed up the bar for working conditions in the region
- improvements in product quality achieved through certification have pushed up the quality and price of the commodity generally in the region
- creation of employment.

#### **4.5.5 Impacts on national policy**

Three studies in the current review identified cases where certification led to changes in national policy that could have a positive impact for poor producers and workers in the longer term. These included:

- raising the profile of organic farming and community forestry enterprises at a national level
- FSC certification has occasionally stimulated the implementation of a particular law or policy, or the award of dispensation from a particular legal requirement, in favour of community forestry enterprises.

#### **4.5.6 Other wider impacts**

8 studies in the current review, and several in the FTF review, identified other wider impacts of certification, including:

- Through the demonstration effect, non-fairtrade farmers have been adopting practices – including organic farming methods – by learning from their fairtrade neighbours
- Local (non-certified) community members benefiting from Fairtrade investment in community infrastructure
- Generating increased local awareness and ownership of social and environmental standards/issues, through establishment of local/national stakeholder fora that define how international certification standards, such as RFA or FSC, are interpreted and applied at the local level
- Improving product quality at a national level through working with/supporting appropriate national institutions
- As a result of FSC certification, greater involvement of local communities and other stakeholders in forest management decisions taken by certified operations, through improved communication and consultation with these groups and greater attention to conflict resolution, eg, addressing local communities' land tenure claims.
- FSC has also forced others to regulate and certify their products (e.g. American Forest and Paper Association), and through certifying community forest enterprises has helped generate greater awareness of indigenous people's rights, particularly land and resource tenure claims.

#### **4.6 Unintended/negative impacts**

Overall, there was not much evidence of negative impacts of certification on intended beneficiaries or other groups. However, many of the studies reviewed did not pay much attention to identifying and assessing unintended and potentially negative impacts, so the paucity of evidence does not necessarily mean that certification has not had significant negative impacts. Negative impacts that were identified included:

- Nearly half (9) of the 19 studies included in the current review, and several in the FTF review, highlighted the high direct and indirect costs of certification (both financial and time costs). Some studies found that high certification costs can cancel out or even

outweigh any increase in income resulting from certification, particularly where the price premium is small or non-existent. This seemed to be a particular issue for organic certification. Particular costs mentioned included:

- the costs of applying for certification and paying for audits,
  - increased financial costs of meeting labour standards where relevant (eg, payment of better wages etc.),
  - high labour demands of organic farming methods
  - the time spent on record-keeping and other documentation and data monitoring required for certification, and
  - an overall increase in the management and administration required.
- Increased vulnerability due to reduced crop diversity and intensification of production of the certified crop/commodity
  - Negative impacts resulting from locally inappropriate standards/application of standards, eg, creation of conflict and tension between producer organisation members.
  - Loss of income due to requirement by some certification standards to leave a portion of land fallow.

#### **4.7 Who gains, who loses? Distribution of impacts, barriers to entry etc.**

Virtually none of the studies included in the FTF review analysed the differentiation of impacts along gender or other lines (eg, pre-existing wealth, ethnicity, age etc.). The current literature review fared better on this front, with 8 of the 19 studies having attempted to disaggregate impacts between different social groups and/or to assess barriers to entry to some extent. However, not all of these 8 studies provided an in-depth assessment of differences in impact between all relevant social groupings. Specifically:

- 5 of the studies assessed gender differentiation in impacts of certification. However, only 2 of these studies identified positive impacts for women (increased employment opportunities, equal participation of women in certification-related decision-making forums). The other 3 studies found that women had been by-passed by income or other benefits arising from certification, and that certification had not increased their participation in decision-making – despite some of the schemes having specific gender equality objectives.
- 5 of the studies had assessed the differences in impact of certification on smaller versus larger producers. All concluded that smaller producers had lost out compared to their larger counterparts. Reasons cited included the high fixed costs of certification which are more difficult for small producers to pay; higher threshold of achieving certification because smaller producers have to receive more training and support to comply with standards; and small producers losing market access to larger producers.
- Only 2 studies looked at differences in impact between temporary/seasonal and permanent workers.
- None of the studies analysed intra-household distribution of income and benefits from certification.

#### **4.8 Significance of impacts**

Overall, just under half (9) of the 19 studies included in the current literature review provided a specific assessment of the scale or significance of impacts, and/or reported impacts that

appeared significant in scale. Several studies in the FTF meta-review also assessed these issues.

6 of the studies in the current review and several from the FTF review reported that certification had led to significant positive impacts for producers and/or workers, including:

- In several cases, the extra income from certification (organic, fair trade) had been sufficient to allow the producer organisation to invest in processing equipment, thus allowing the producers to move further down the value chain
- Also in several cases, the extra income from certification had allowed producer organisations to invest in community infrastructure improvement and training for members (eg, computer training) which could increase their future income-earning opportunities
- Two studies found evidence that economic benefits from certification had allowed producers to increase their assets (household durables, transport assets, land and cattle)
- Several studies found evidence that improved incomes and access to credit had allowed producers to invest in new income-earning activities/small-scale businesses, eg, cassava chip business
- One study found that fair trade had allowed producers to reduce their debt and prolong their children's education
- One study found that the particular product addressed through certification (lokta) was often the sole source of income for workers, and so the significant increases in wages and other benefits from lokta had a substantial impact on overall household incomes.

However, 3 of the 9 studies in the current review had specifically assessed the scale of the benefits from certification and concluded that these were insignificant. In the FTF review, while a couple of studies mention a dramatic improvement in livelihoods, most emphasise that producer families are still only surviving and covering basic needs, and that fairtrade needs to be supplemented by other development policies and initiatives to raise rural livelihoods to a more sustainable level.

Moreover, very few of the studies provided a holistic assessment of the impact of certification on overall household income, quality of life and well-being, taking into account other sources of income and what impact the *combination* of impacts had on the overall poverty status of households/beneficiaries.

#### **4.9 Sustainability of impacts**

There are two separate (but related) questions regarding sustainability, in terms of the impacts of certification:

- Firstly, to what extent will the positive impacts of certification that have been identified **be sustained over time**?
- Secondly, to what extent do the impacts identified **contribute to improving the sustainability of livelihoods**? This second question overlaps to some extent with the question of the *significance* of impacts (covered in **Section 4.8** above).

Overall, the existence evidence is very weak in terms of addressing the **first question**. This is in part due to the lack of longitudinal studies that track impacts over time. However, at least in the case of the current literature review, it is also due to the fact that few studies actually tried

to explore this issue with beneficiaries and stakeholders. Only 5 of the 19 studies reviewed provided substantial comments on the sustainability of impacts, and these were mainly conjectures about the factors most likely to encourage sustainability. The types of factors identified included:

- Existence of clear exit strategies (for fair trade schemes)
- Provision of strong and continued capacity building elements
- Provision of support on market access – linking producers to other, mainstream markets
- Adoption of good organisational systems (good business plans etc.) by producer organisations
- Ensuring producer organisations are well linked in to external NGO and government support
- The promotion and adoption of sustainable farm/forest management practices.

In terms of the **second question**, a significant number of studies obviously looked at whether certification had led to more environmentally sustainable forest or farm management practices. However, most treated improvements in an isolated manner: few studies sought to assess whether the isolated improvements in, eg, pesticide use, water resource management really amounted to a systemic shift in overall management systems.

In terms of economic and social sustainability, a significant number of studies in both reviews point out the sustainability implications of certain social and economic impacts. For example, some studies demonstrated that increased income from certification had led to the purchase of new household or transport assets, thereby improving livelihood security. Several studies also showed that fair trade had deterred many producers from emigrating and/or prevented them from losing their land (while other non-fair trade farmers were losing theirs), thus supporting social cohesion and maintaining farmers' very means of survival. Moreover, in the case of the coffee crisis, there was evidence that fairtrade had helped to prevent remote, indigenous communities from disintegrating completely through mass emigration.

Overall however, the majority of studies did not explore in-depth whether and to what extent certification led to improved long-term social and economic sustainability of livelihoods.

## 5. Limiting factors and conditions for success

In simplistic terms, impact assessments are conducted for two reasons: to identify and **prove** what impacts have (or have not) occurred, and to identify what can be done to **improve** impact. A key contribution to the “improve” agenda is to identify, from the experience available, what are the factors and conditions that contribute to success (or failure).

Unfortunately, many of the studies we reviewed did not pay much attention to identifying such success factors. 11 out of the 19 studies included in the current review, and some studies in the FTF review, did provide some analysis of limiting factors and/or conditions for success, but many did not do so in depth. Nevertheless, these studies did reveal some useful lessons: these are summarised below.

Unsurprisingly perhaps, those studies that compared impacts in two or more contrasting locations tended to find a huge degree of variation in impacts between locations (both between countries, and between different regions within the same country). The variation in impacts was explained by one or more of the following factors:

- Differences in farming practices and agro-ecological conditions
- Variation in social and/or economic context
- Nature of the local industry and value chain for the relevant commodity/ies – for example, one study on fair trade (Nelson et al, 2002) found that the lack of trust between actors in the Brazil nut value chain in Peru contributed to the lack of significant benefits from fair trade.
- Differences in availability of business development and other support from local NGOs, government and other organisations. One study found that the impacts of certification were less in middle-income as compared to low-income countries, and put this down to the better availability of business development support to non-certified (as well as certified) producers in middle-income countries such as Thailand.

Several studies also identified the critical role played by **commodity prices** in determining the level of benefits from certification. Basically, if the price differential between the certified product and normal commodity prices is large, the benefits of certification are substantial. Conversely, if the price premium on certified products is small or non-existent, the benefits to certified producers are small.

This means that, as has been sharply demonstrated by the huge fluctuations in coffee price over the last decade or so, the impacts from certification can vary significantly over time as commodity prices rise and fall. Where price premiums are not fixed, the level of benefits can also vary according to local market conditions and/or market conditions for specific products.

The substantial variations in impact over space and time raise serious questions about the replicability and transferability of success and learning to other locations. Nevertheless, the studies reviewed also highlighted the importance of certain management practices in contributing to success. These are lessons that could potentially be applied in all locations, for example the importance of:

- Strong and continued capacity building support for producers
- Highly committed, high-calibre support staff. One study (Nelson et al, 2002) highlighted the importance of both strong social development skills and commercial management skills for scheme staff.

Some studies also identified certain **limiting factors**, ie, factors that prevent or limit the level of benefits accruing to intended beneficiaries. These studies found that:

- There are barriers to entry for the **poorest producers**. Poor producers can face barriers to entry if they lack tenure rights over land and/or crops, have too little land, have too few skills and resources to meet compliance requirements, and/or are too geographically remote
- Producers often don't receive a net benefit from participation in certification schemes because the **costs of certification and/or compliance are too high**.
- **Workers don't receive much benefit from certification if their employers are already complying with local labour laws**, since the impact of certification has often been limited to ensuring compliance with legislation.

- **Weak producer organisations** (eg, lack of leadership, poor management practices, corruption, debt) can limit the benefits received by members.

## 6. Conclusions and recommendations

### 6.1 Scale, scope and quality of the evidence base

The **scale** of the evidence base on the social, economic and environmental impacts of sustainability standards is substantial. We identified well over 55 impact studies of the eight standards we reviewed. Between them, these covered a large number of producers and producer organisations in many different countries, covered interviews with a wide range of stakeholders, and included a significant number of multi-country comparative studies. Several studies also compared the impacts of two or more sustainability standards.

In terms of the **scope** of the evidence base however, coverage is quite patchy. While a large number of impact studies have been conducted on FLO-certified fairtrade, there are fewer impact assessments of the other sustainability standards, with a only a handful conducted on Utz Certified and Rainforest Alliance, and none found at all on ICCO or the Ethical Tea Partnership. Moreover, the vast majority of the studies found were conducted on coffee, with relatively little coverage of any other commodity (apart from impact studies of FSC on timber). No studies were found on tea at all. In terms of geographical coverage, the majority of studies were conducted in Latin America or the Caribbean, with relatively few impact studies in Africa or Asia.

The **quality of the evidence base** was judged to be reasonably good as far as it goes, but has quite significant limitations. The methodologies used (where reported) were mostly sound, but there were few participatory research studies, comprehensive cost-benefit analyses or longitudinal studies. Moreover, relatively few studies provided solid evidence of **impacts** – most focused on inputs, outputs and/or outcomes of certification. Finally, very few studies really assessed the **poverty** impact of certification, ie, how the individual impacts identified influenced overall household well-being and quality of life.

### 6.2 Main impacts found

The vast majority of the studies reviewed reported at least some positive outcomes from certification. However, many also found that the scale of these benefits was not substantial, and a significant number found no significant impacts in key areas (eg, income). Several also reported negative impacts of certification and/or that the costs of certification outweighed or equalled the benefits.

#### 6.2.1 Economic impacts

Economic impacts were most comprehensively covered by the studies reviewed, when compared to environmental, social or other wider impacts. Positive economic impacts most frequently reported for **producers** were: improved income levels, income security, market access and access to credit/pre-financing. However, there were some differences between fair trade and other sustainability standards: positive income outcomes were more pronounced for fair trade producers, and improved access to credit/pre-financing was not found as an impact in any of the studies of non-fair trade schemes.

The main positive economic impacts for **workers** were: improved wage levels, improved job security and greater employment opportunities.

It is important to note that a significant number of studies specifically assessed potential economic impacts but found no significant benefits or very mixed impacts.

### **6.2.2 Environmental impacts**

In the current literature review, the types of environmental impacts found were fairly evenly spread, with between 4-8 studies finding positive environmental impacts in each of the following areas: reduction in pesticide use/contamination, reduction in water use/reduced contamination of water resources, more environmentally friendly waste disposal and improved conservation of biodiversity. None of the studies on fair trade provided a detailed, methodical assessment of different types of environmental impact.

Many of the studies only provided evidence of improved environmental management practices rather than actual positive environmental impacts. Moreover, many of the reported impacts appeared to be relatively small-scale and isolated, although there was some limited evidence of more systemic environmental impacts. However, this may have been partly a function of the papers selected for review – as noted above, specialist environmental impact studies were excluded from this review.

### **6.2.3 Social impacts at producer/worker level**

Compared to economic and environmental impacts, there was relatively little systematic assessment/evidence of social impacts. The most common positive social impacts found for **producers** were improved skills and knowledge (marketing, technical, general business skills), 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 OHS 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 however mirror the findings from recent impact assessments of ethical trade/labour standards (eg, Barrientos and Smith, 2006).

### **6.2.3 Other social impacts found**

The studies reviewed identified a number of other positive social impacts from certification at a broader level (ie, beyond the individual producer/worker). These included the following:

- Roughly half of the studies reviewed found positive impacts at the producer organisation/community enterprise level. The most common benefits were improved strength, management and/or credibility of the producer organisation/community enterprise, and better democratic processes/level of participation in the organisation.
- Impacts further down the value chain, including increased transparency and co-operation between value chain actors
- Positive regional economic impacts, such as improved product price and/or quality for non-certified as well as certified producers, and improvements in wages and working conditions on non-certified farms within the region
- Positive impacts on national policy.

The impact studies reviewed were generally weak at assessing unintended and/or negative impacts of certification. Where these were studied, the most common negative impacts identified were the high direct and indirect costs of certification (both financial and time costs).

#### **6.2.4 Significance and sustainability of impacts**

Overall, the evidence indicates that the positive impacts of certification are often not very substantial and not enough to “lift” producers or workers out of poverty. However, several studies did find evidence of significant positive outcomes from certification, including where extra income from certification has allowed producer organisations to invest in processing equipment, quality improvements and/or provision of community facilities and training; and where extra income has been substantial enough to reduce individual producers’ debt, allow them to purchase new assets and/or permitted them to invest in new income-earning activities.

The studies reviewed were generally very weak at assessing whether the positive impacts identified are/will be sustained over time. This is partly due to the lack of longitudinal impact studies, and partly to researchers not paying much attention to this issue. However, several studies did find that certain positive outcomes of certification had led to substantial improvements in the sustainability of producer livelihoods, including where fair trade had deterred significant numbers of producers from emigrating and/or prevented them from losing their land.

#### **6.2.5 Disaggregation/distribution of impacts**

Overall, the impact studies reviewed were weak in terms of providing an in-depth and systematic assessment of the **distribution** of impacts between different social groups (including between men and women), although a significant number of the studies in the current literature review did try to disaggregate impacts to some extent.

Those impact studies that did attempt to assess **gender impacts** mostly found that certification had done little or nothing to address existing gender imbalances, although there were some notable exceptions.

### **6.3 Limiting factors and conditions for success**

Unfortunately, many studies did not pay much attention to identifying conditions for success and/or limiting factors, despite the fact that these are critical in teaching us lessons about how to **improve** the impacts of certification in the future. However, those studies that did identify success/limiting factors did identify some useful insights, including:

- The importance of **local context** (social, economic, agro-ecological and policy context) – impacts vary hugely between countries, and between regions within one country
- The importance of **price differentials** between certified and non-certified products in determining the levels of impact, which in turn is influenced by fluctuations in world commodity prices and markets, as well as the sustainability standard in question (whether/how much price premium they offer and whether this is guaranteed)
- **Smaller/poorer producers** face significant barriers to entry
- **Costs of certification and/or compliance can be high** and constitute a significant barrier to entry and/or significantly **affect the net benefits** obtained from certification.

## 6.4 Recommendations/implications for Phase 2

The current literature review and the Fairtrade Foundation meta-review have identified key gaps and weaknesses in the current evidence base that have been summarised in the conclusions above. We would recommend that Phase 2 of this project should aim to address these gaps and weaknesses by:

- **Assessing the impact of Utz Certified (Good Inside), Rainforest Alliance and organic certification (particularly Participatory Guarantee Schemes) – as well as fair trade.** This is recommended not only because fewer studies have been conducted on these other (non-Fairtrade) sustainability standards, but also because the evidence base suggests that there are likely to be differences in social and economic (and therefore poverty) impacts between fairtrade and non-fair trade standards. However, the Phase 2 research would need to take into account the difference in emphases and aims of the different standards, in particular the different emphases on helping workers *versus* producers, and sustainable production *versus* social welfare/empowerment aims.
- **Focusing the research on sub-Saharan Africa and/or Asia, and on tea (and possibly cocoa).** This is recommended given that the current evidence base is already very strong on coffee in terms of commodities, and Latin America in terms of geographical coverage.
- **Adopting one or more of the following methodological approaches:**
  - Conducting a **longitudinal study** – or at least collecting a set of baseline data from which a longitudinal study could be built
  - Use of **participatory and/or anthropological** methodologies, to allow in-depth investigation of unintended/unanticipated impacts and holistic assessment of livelihoods impacts
  - Conducting **costs-benefit analyses** of the full economic benefits and costs of certification
- **Conducting reliable and in-depth interviews with workers, using best-practice worker interview/auditing techniques.** This would include conducting off-site interviews with workers, using open-ended interview techniques, and ensuring inclusion of all key types of workers on farms (women workers, temporary and seasonal workers, migrant workers and workers employed through third-party contractors). Particular emphasis should be placed on assessing empowerment-type impacts, as well as improvements in income, physical well-being etc.
- **Applying a livelihoods framework-type approach.** This would be important to assess how the *combined* outcomes of certification impact on overall household well-being, quality of life, ability to survive external shocks, etc. However, it would be important to bear in mind how realistic it is to expect certification to lead to *transformational* changes in well-being/wealth status. Should we really expect certification to lift beneficiaries out of poverty? An interesting angle to explore might be to ask producers/workers themselves about what they really expect from participating in these schemes.
- Ensuring that the research methodology allows for **proper assessment of the distribution of impacts between relevant social groups** including men and women
- **Paying sufficient attention to identify limiting factors and conditions for success, and assessing the sustainability and significance of impacts**
- **Using the findings from this report/review to generate a set of poverty impact indicators** that can be tested and refined during the Phase 2 fieldwork. These indicators would be aligned against the livelihoods framework – not just the five assets, but the other aspects as well.

## 7. Bibliography: list of studies reviewed

*The following is a full list of the impact studies that were reviewed in detail for this report. It incorporates both the 38 studies included in the Fairtrade Foundation meta-review, and the 19 studies that formed part of the current literature review.*

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STEPHEN F. SIEBERT *School of Forestry, University of Montana, Missoula, MT 59812, USA (e-mail: siebert@forestry.umt.edu; fax: 11-406-243-6656)*

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