

<b>Institution:</b> SOAS University of London		
<b>Unit of Assessment:</b> 22B - Development Studies		
<b>Title of case study:</b> Agricultural Certification Schemes in Developing Countries: How Fair and For Whom? Challenging claims and exposing unfair practices		
<b>Period when the underpinning research was undertaken:</b> 2009-2016		
<b>Details of staff conducting the underpinning research from the submitting unit:</b>		
<b>Name(s):</b>	<b>Role(s) (e.g. job title):</b>	<b>Period(s) employed by submitting HEI:</b>
Carlos Oya	Professor - Political Economy of Development	2002 - present
Christopher Cramer	Professor - Political Economy of Development	1996 - present
Deborah Johnston	Professor – Economics	2001 – April 2020
<b>Period when the claimed impact occurred:</b> 2014 – 31 July 2020		
<b>Is this case study continued from a case study submitted in 2014?</b> N		
<p><b>1. Summary of the impact</b> (indicative maximum 100 words)</p> <p>Research at SOAS has openly challenged public perceptions that Fairtrade and other certification schemes improve conditions for the poorest people in producing countries. Initial research on the effects of Fairtrade certification on rural labour markets and wages and a subsequent systematic review of wider agricultural certification schemes, have had an impact on the practices of agricultural certification standard bodies (including Fairtrade International and the ISEAL Alliance) in terms of monitoring and assessment of the impact of the schemes as well as on standard setting. The research has informed the reform of the coffee sector in Ethiopia and has also changed public understanding of certification standards.</p>		
<p><b>2. Underpinning research</b> (indicative maximum 500 words)</p> <p>Fairtrade schemes award certifications to producers of commodities such as coffee, tea, bananas, flowers, cocoa etc. to reassure consumers that these are produced in relatively “decent” working conditions. Yet, prior to the research described in this case study, there had been virtually no independent research on the impact of such certifications on the poorest people, especially wage workers, and on the effectiveness of agricultural certification schemes in addressing rural poverty. Fairtrade was and remains the best known of these schemes and it has separate certification standards for ‘hired labour’ and ‘smallholder’ producer organizations (SPOs), based upon the assumption that smallholder producers did not employ significant numbers of wage workers. Fairtrade also claimed that rural producer cooperatives were democratic and egalitarian, again without a strong foundation in independently collected, methodologically careful research. Meanwhile, standards monitoring organizations like ISEAL (the global membership organization for credible sustainability standards) also lacked knowledge and capabilities in this respect.</p> <p>SOAS-led research has challenged such assumptions with two research projects. The first project was led by Christopher Cramer (Professor of the Political Economy of Development); the second by Carlos Oya (Professor of the Political Economy of Development). The research also engaged John Sender (Emeritus Professor of Economics at SOAS), Deborah Johnston (then Professor of Economics, SOAS), and Florian Schaefer at LSE.</p> <p>In the first project - Fairtrade, Employment, and Poverty Reduction in Ethiopia and Uganda, FTEPR (2010-2014, Department for International Development, GBP692,958) - the researchers carried out fieldwork in Ethiopia and Uganda. Surveys were conducted to compare labour markets and production, looking at areas with 1) certified producer organizations; 2) smallholder production</p>		

with no Fairtrade certified organizations; and 3) areas defined around large-scale commercial plantations. In total, 1,700 people were interviewed, through individual interviews and focus group discussions – including cooperative leadership, private plantation and company managers and owners, policy officials and wage workers [3.3]. The research showed that huge numbers of very poor people depend for their survival on wage employment in small-scale coffee and tea production in Ethiopia and Uganda. The key finding was that Fairtrade certification could not be associated with any positive outcomes for wage workers compared to other production arrangements [3.1]. This was the case both in larger scale flower farms in Ethiopia and in smallholder producer organizations (SPOs). Further, the research found that cooperatives were highly unequal organizations, in which the largest and best-off producer-members captured most of the limited gains from Fairtrade certification [3.2]. The research recommended changes to the claims made by Fairtrade as well as improved monitoring to ensure better wages and working conditions [3.2].

Following the dissemination of the FTEPR findings, the Campbell Collaboration (the leading international organisation promoting evidence-based policy in the form of systematic reviews) and 3ie-International Initiative for Impact Evaluation commissioned and funded (GBP71,624, 2014-2016) a systematic review of research on the impact of all agricultural certification schemes on socio-economic outcomes for producers and wage workers in developing countries [3.4; 3.6].

The systematic review carried out in 2016 and 2017 provided the first exhaustive and rigorous review of the state of the evidence on the impact of standards systems – certification - in developing countries. The work entailed a critical review and analysis of the evidence from 43 quantitative impact evaluations that explored the effectiveness of certification schemes, and 136 qualitative studies examining the barriers to and enablers of effective certification schemes. It found some marginal, positive effects of certification schemes on producer prices and on certified farmer incomes but no effects on household incomes or assets and mild, negative effects on wages [3.4; 3.6]. This lack of clear effects was compounded by the limited evidence base for each outcome and by widely varying results across what studies there were [3.5; 3.6]. The study recommended that organizations revise their claims to effectiveness and improve their reporting practices and monitoring capabilities to ascertain the impact of their interventions.

### 3. References to the research (indicative maximum of six references)

3.1 Cramer, C., Johnston, D., Mueller, B., Oya, C., & Sender, J. (2017). Fairtrade and labour markets in Ethiopia and Uganda. *The Journal of Development Studies*, 53(6), 841-856.

<https://doi.org/10.1080/00220388.2016.1208175> Peer-reviewed

3.2 Cramer, C., Johnston, D., Oya, C., & Sender, J. (2014). Fairtrade cooperatives in Ethiopia and Uganda: uncensored. *Review of African Political Economy*, 41(sup1), S115-S127.

<https://doi.org/10.1080/03056244.2014.976192> Peer-reviewed

3.3 Cramer, C., Johnston, D., Mueller, B., Oya, C., & Sender, J. (2014). How to do (and how not to do) fieldwork on Fair Trade and rural poverty. *Canadian Journal of Development Studies / Revue canadienne d'études du développement*, 35(1), 170-185.

<https://doi.org/10.1080/02255189.2014.873022> Peer-reviewed

3.4 Oya, C., F. Schaefer, & D. Skolidou (2018). The effectiveness of agricultural certification in developing countries: a systematic review. *World Development* 112, December, 282-312

<https://doi.org/10.1016/j.worlddev.2018.08.001> Peer-reviewed

3.5 Skolidou, D. & C. Oya (2018). The challenges of screening and synthesising qualitative research in a mixed methods systematic review: the case of the impact of agricultural certification schemes. *Journal of Development Effectiveness* 10 (1), 39-60

<https://doi.org/10.1080/19439342.2018.1438495> Peer-reviewed

3.6 Oya, C., F. Schaefer, D. Skolidou, C. McCosker, & L. Langer (2017). Effects of certification schemes for agricultural production on socio-economic outcomes in low- and middle-income countries. Campbell Collaboration Systematic Review <https://doi.org/10.4073/csr.2017.3> Peer-reviewed

**4. Details of the impact** (indicative maximum 750 words)

The research has had an impact on the practices of specific organizations, especially Fairtrade and ISEAL, as well as on public understanding of certification schemes. Fairtrade has since changed its standards to pay far more attention to wages and working conditions in smallholder producer organizations. The research has also influenced the reform of the Ethiopian government policy for the coffee sector.

*Impact on monitoring and assessment of 'ethical trading' certification schemes*

The Systematic Review [3.6] engaged representatives of the ISEAL Alliance as members of the project advisory group. ISEAL is the global membership organisation for certification schemes; most of the certifications covered in the Systematic Review are ISEAL members. Their involvement from the start facilitated the subsequent take-up of some key recommendations. In her testimonial, the ISEAL Director of Impacts explains how the organisation has used the review as a “core resource” to forming the gathering, analysis and presentation of the evidence on the effectiveness of certification systems [5.1]. The director explains how the research has inspired ISEAL “to improve the quality of future studies and study reports”, as well to “integrate a regular systematic mapping of the literature on sustainability standards into our own operations”. Throughout the assessment period, the Systematic Review contributed to ongoing internal ISEAL discussions about the complexity of impact pathways and how to improve standards in order to meet poverty reduction goals. It raised awareness of the limited rigorous research on the impacts of standards on workers, thus providing an impetus to their fundraising for more research - particularly on the impacts of activities undertaken by the standard systems beyond certification [5.1a]. Both projects have also shaped ISEAL commitments on how to communicate their impact more accurately to members, farmers, buyers and to the general public so that they are not misled. The report now sits on Evidensia, a platform founded in 2019 by the ISEAL Alliance, Rainforest Alliance and WWF with the support of the Global Environment Facility to improve research standards in the sector [5.1b]. The SOAS Systematic Review was cited in ISEAL’s presentation to the Global Sustainability Standards Symposium 2019 [5.1c, slides 13, 14, and 33]. Summing up the project’s impact, ISEAL writes that “Ultimately, this study provides much learning for sustainability standards and ISEAL will work with its member systems and the SOAS research team to learn from this review”. [5.1d p3].

ISEAL members such as **UTZ** (a certification scheme for the sustainable farming of coffee and cocoa) and **Fairtrade** also individually acknowledged the Systematic Review. Fairtrade confirmed in January 2020 [5.2] that their Monitoring, Evaluation, and Learning team had used the Systematic Review in [text removed for publication]. In their response to the review, UTZ explains that it contains important lessons that can inform their work in different areas. Specifically, in relation to their work on monitoring and evaluation, UTZ stated that a key lesson of the study was “the need to continue our investment in our M&E capacity, in order to monitor improvements and innovations to certification and evaluate impact. We will use the findings of the review to refine our Theory of Change and to unpack the underlying pathways of change and how these work in different contexts, for different farmers”. Moreover, UTZ also committed to “align and collaborate with other stakeholders to pool evaluation resources” [5.3 p4].

*Impact on Fairtrade standard setting*

After an initially hostile response, including legal threats that were then withdrawn and concerns that the FTEPR research findings might damage its reputation, Fairtrade acknowledged the utility of the SOAS research and engaged more constructively with its findings and recommendations. In June 2014, Harriet Lamb, then CEO of the Fairtrade Foundation, stated “We recognize and appreciate the insights their research gives into the type and conditions of employment of vulnerable farm workers [...]; we hope that the SOAS data will help address [...] how to better reach temporary labourers and casual workers and ensure benefits of trade include them” [5.4 p2]. A 2014 Fairtrade International and FloCert report (FLOCert being the independently governed audit and certification body for Fairtrade) cited the FTEPR research and recognized that workers in SPOs had been “largely overlooked”. Acknowledging that “Fairtrade’s work with farmers in cooperatives does not necessarily result in significant benefits trickling down to the workers”, the report noted that Fairtrade “will be working on this in 2015 and beyond” [p.24 – 5.5]. The annual

Fairtrade report (2017) also cited the research and its findings concerning workers and wages in SPOs [p. 19 - 5.6]. During a Fairtrade 2018 consultation to review SPO standards, the need to address the situation of workers in SPOs was discussed – an issue not addressed at all in previous consultation rounds – although the consultation report indicates that many members (who are mainly farmers/employers) were resistant [5.7, p8].

The 2016 completion review of Fairtrade's Programme Partnership Arrangement with DFID, which was an opportunity to reflect on lessons learned over the previous period of DFID funded Fairtrade programmes, states that: "responding to research findings into working conditions and earnings of smallholder farmers, we have improved and revised the Hired Labour Standard with stronger protection and benefits for workers, launched a new project to improve the situation of workers within small farmer organizations and further improved our monitoring and evaluation systems to gather essential data on wages and working conditions to feed back into our work" [5.8 p27]. The revised Fairtrade Standard for SPO (April 2019) amended the threshold for application of the standard so that now producers employing at least 10 workers should be subject to monitoring of working conditions, "[to] ensure that a larger number of workers in SPO are covered by the requirements in the Standard", to "strengthen the requirement [that producers give and provide employment contracts to permanent workers] and to promote decent work and reduction of risk of exploitative practices" [5.9 p9]. There has therefore been a clear shift in Fairtrade standards concerning wage employment in SPO, as recommended by the research.

#### *Influencing major reforms to the coffee sector in Ethiopia*

FTEPR research also helped shape major reforms to the coffee sector in Ethiopia. After a presentation of the research to high-level policy officials and coffee sector stakeholders in Addis Ababa (in November 2013), Cramer and Sender were invited to present to the then Prime Minister and his senior advisor, Dr. Arkebe Oqubay. This led to a three-year engagement with the Prime Minister's Office. The research team was involved in a coffee reform process led by Dr. Arkebe, for which Cramer and Sender wrote a coffee policy paper. A number of policy changes drew directly on the SOAS research findings and recommendations, including the transformation of the Jimma Agricultural Research Institute into a body with a singular focus on coffee; the need to exploit the potential for employment creation in coffee through prioritizing finance for exports; and allowing exporters and traders to invest directly in commercial coffee plantations [5.10].

#### *Impact on media discourse and public understanding*

The initial research (and the related public dispute with Fairtrade itself) has attracted extensive media and press attention and stimulated widespread international public debate. In May 2014 Christopher Cramer provided an overview of the Fairtrade research that was featured on the front page of The Observer [5.11a] as well as a letter to the Financial Times [5.11b]. The Observer article was shared online almost 500 times and led to an intense debate among readers appreciating or challenging the study and its findings. The now CEO of the Global Partnership for Sustainable Development Data commented: "blanket rejection of a careful and well-thought-out study [...] is hardly an appropriate or adult response. The report does not reject the principle of Fair Trade but asks important questions about how it works in practice and there will be plenty of people wanting answers that have a convincing ring to them". Another dedicated Guardian article [5.11c] was shared 1,234 times and attracted 338 comments from readers supporting or disagreeing with the research findings. One reader noted "this is a good article – it's made me question my activities – but rather than turning my back on ethical shopping I would prefer reports like this to be used to put pressure on Fairtrade to do more to ensure that its producers are acting ethically through the chain..." [5.11d]. In June 2014 UK fair trade organization Traidcraft published a column [5.11e] in which they stated: "We welcome the research and we are keen to learn from it". An online column in Forbes from contributor Tim Worstall (Fellow, Adam Smith Institute in London) reviewing the study findings was visited 23,787 times [5.11f]. The research was also covered by the Economist [5.11g] and other various print and online media in the UK, Europe, and the USA, for example in Der Spiegel [5.11h], in 2014 and beyond. In 2019 the research was again cited in a Financial Times report [5.11i] - the author noting that "Fairtrade International says it has since worked closely with the researchers to listen to their views and better understand some of their findings" – and in the Guardian [5.11j] – shared 858 times]. In March 2020 the



research was cited by media covering an investigation on Starbucks, Nespresso and child labour. The research has also been used as a benchmark when discussing other research projects on Fairtrade and certification schemes on public online platforms such as Twitter [5.11k].

#### 5. Sources to corroborate the impact (indicative maximum of 10 references)

- 5.1. ISEAL responses **a)** Letter from ISEAL Director of Impacts; **b)** Fairtrade, employment and poverty reduction in Ethiopia and Uganda report shared on ISEAL's Evidensia platform <https://www.evidensia.eco/resources/419/fairtrade-employment-and-poverty-reduction-in-ethiopia-and-uganda/>; **c)** The Evidence State of Play – presentation by ISEAL at the Global Sustainability Standards Symposium 2019 <https://www.isealalliance.org/get-involved/resources/evidence-state-play-recording-presentation-iseal/>; **d)** ISEAL thoughts on SOAS Systematic Review: Effects of agricultural certification schemes for improving socio-economic outcomes in low- and middle-income countries (2017)
- 5.2. Email from The Fairtrade Foundation – provided for REF purposes only
- 5.3. UTZ Response to the Effects of certification schemes for agricultural production on socio-economic outcomes in low-and middle-income countries: a systematic review [3.6], April 2017
- 5.4. Unpeeling the Impacts of Poverty - Harriet Lamb, CEO of International Alert, 28 May 2014 [https://www.huffingtonpost.co.uk/harriet-lamb/fairtrade\\_b\\_5402176.html?guccounter=1](https://www.huffingtonpost.co.uk/harriet-lamb/fairtrade_b_5402176.html?guccounter=1)
- 5.5. Fairtrade International & FloCERT (2015), Monitoring the Scope and Benefits of Fairtrade, Sixth Edition 2014. London: Fairtrade International. Report
- 5.6. Fairtrade Foundation (2017), Annual report and financial statements for the year ended December 31st 2017
- 5.7. Fairtrade International (2018), 'Consultation Results Synopsis: information to stakeholders on the outcome of the second round of consultation – review of the standard for Smallholder Producer Organizations'.
- 5.8. DFID Review (2016) Unlocking the Power of Fairtrade: Powerful Partnerships for Inclusive Trade and Development: Fairtrade International Programme Partnership Arrangement
- 5.9. Fairtrade revised Standard for Small –scale Producer Organizations: Main Changes
- 5.10. Statement from Dr. Arkebe Oqubay, Senior Advisor, Prime Minister's Office, Ethiopia
- 5.11. Media file
  - a.** Fairtrade accused of failing to deliver benefits to African farmworkers - The Observer, 24 May 2014
  - b.** Coffee farm workers still face fight for a fair deal - Financial Times, 3 June 2015
  - c.** Harsh truths are necessary if Fairtrade is to change the lives of the very poor - The Guardian, 24 May 2014
  - d.** Quotes from comment section of Guardian article, 24 May 2014
  - e.** Traidcraft response to adverse report on Fairtrade – St Barnabas, 3 June 2014
  - f.** Surprise! Fairtrade Doesn't Benefit The Poor Peasants – Forbes, 25 May 2014
  - g.** Not so fair trade - Agriculture in Ethiopia and Uganda – The Economist, 19 May 2014
  - h.** Fairtrade-Betriebe zahlen Arbeiter laut Studie schlecht - SPIEGEL ONLINE, 27 May 2014 (German)
  - i.** Fair trade food schemes battle to promote better standards - Financial Times, 7 January 2019
  - j.** Is fair trade finished? -The Guardian, 23 July 2019
  - k.** Twitter debate, 2018