

Guest editorial: Fairtrade impacts

VALERIE NELSON

WELCOME TO A SPECIAL ISSUE exploring the effectiveness and impacts of fair trade *in practice*. The papers here seek to advance the debate on this vibrant topic by drawing on detailed fieldwork, and providing an overview of Fairtrade impact assessment and the issues thrown up by the evidence agenda. These articles come with an exciting *Crossfire* debate.

The fair trade movement combines the efforts of many different organizations with a shared aim of achieving more equitable trading partnerships between disadvantaged producers and mostly Western consumers. This special issue focuses on one strand of this movement commonly known as 'Fairtrade' – the product certification system operated by Fairtrade International. Fairtrade, and other voluntary sustainability standards, have expanded rapidly in recent years, particularly in certain products such as tea and cocoa, but they are still relatively minor in relation to overall conventional trade in many products. Fairtrade is a pioneer among the voluntary sustainability standards and with a consumer label and particularly high visibility in certain markets, it has unsurprisingly attracted more attention than other market-based mechanisms, including other voluntary sustainability standards (although this is beginning to change).

This collection of papers emerges at a critical juncture for Fairtrade. With its expansion and the increased attention given to effectiveness and impact of all kinds of interventions in international development, there is increased questioning of its impact and relevance in many quarters. The case studies and overview paper in this issue draw on detailed empirical studies of Fairtrade around the world and practical experience of conducting impact studies. The authors cast a critical eye over the key factors and processes in each place which influence the implementation and uptake of Fairtrade by producer organizations and companies, and the eventual outcomes. The overview raises questions about how best to understand the outcomes and impacts of Fairtrade in a way which minimizes bias and supports rigour, but which also pays attention to utility and learning. Taken collectively, these papers ask pertinent questions about the efficacy of Fairtrade and offer practical suggestions as to how improvements might be achieved.

The *Crossfire* debate sets the scene nicely with a robust debate on the question 'Does Fairtrade have more impact than conventional trade or trade certified by other sustainability standards?' Matthew Anderson argues that despite some limitations, Fairtrade is a unique tool for promoting development and empowerment of marginalized rural communities in the South. Philip Booth and Sushil Mohan counter that while Fairtrade is a welcome addition to markets because it opens up alternative trade channels which meet the needs of some producers, it will never reach the very poorest farmers, it will remain a niche market, and it is not tackling market

Valerie Nelson (v.j.nelson@gre.ac.uk) is Principal Researcher at the Natural Resources Institute, University of Greenwich, UK.

© Practical Action Publishing, 2014, www.practicalactionpublishing.org
<http://dx.doi.org/10.3362/2046-1887.2014.001> ISSN: 2046-1879 (print) 2046-1887 (online)

fundamentals. Other factors such as free trade, peace, and stability are far more relevant than Fairtrade when assessing relative contributions to poverty reduction in developing countries. It is conventional trade, they argue, that sets the demand and supply conditions for Fairtrade products (as well as for other voluntary sustainability standards-certified products and speciality market producers) and in which mainstream corporates and retailers have increasing power.

In the first of three case studies, McEwan, Hughes, Bek and Rosenberg provide a fascinating analysis of the cultural economy of Fairtrade raisins produced by smallholders in the Eksteenskuil Agricultural Cooperative, South Africa. The raisins are supplied to the alternative trade organization Traidcraft plc in the UK. Following an emerging strand of critical thinking on fair and ethical trade the authors explore how Fairtrade *co-produces* outcomes in a particular place in interaction with local geography, history, and institutions. The Eksteenskuil farmers live in an area favourable to seedless grape and high-quality raisin production, but are highly disadvantaged by the legacies of apartheid, spatial marginality, and increasing environmental risks. The communities are more riven with disputes than they are drawn together by a sense of collective enterprise, affecting the cooperative's functioning and the effective use of the Fairtrade Premium as well as being somewhat at odds with the Fairtrade conception of community. Fairtrade has delivered more stable markets, but the organization and its members face significant challenges. To build up legitimacy among their membership, the cooperative needs to decentralize, build upon informal inter-group networks, improve internal communication and utilize the skills of a wider group of members across the different communities. Traidcraft and other external bodies, such as municipal government and commercial farmers' groups, should support the development of disaster risk reduction plans and diversification of income streams.

A similarly insightful, grounded study is provided by Jason Donovan and Nigel Poole in their article exploring the specific case of the Nicaraguan coffee cooperative, Soppexcca, and associated supporting buyers and NGOs. The authors find that significant positive outcomes for the cooperative have been achieved in terms of improvements in infrastructure, membership numbers, and financial stability. But there are challenges pertaining to weaknesses in cooperative governance and service provision and issues of future growth and stability. The members (especially the poorest) have not been able to intensify their coffee production and fully capitalize on the benefits of preferential market access. Both buyers and NGOs have not sufficiently questioned the impacts of their own interventions or engaged the cooperative to achieve more inclusive governance by decentralizing or delivering more effective services. More coordination and collaboration among stakeholders is needed, including buyers and NGOs and a process of mutual learning.

Said-Allsopp and Tallontire provide the third detailed case study, which compares a Fairtrade and a corporate code mechanism in terms of their efficacy in empowering women workers in Kenyan flowers and tea. Fairtrade has various mechanisms through which it seeks to empower workers, the most visible of which is the Joint Body. This has representatives from management and workers and it manages the Fairtrade Premium funds. Achieving equal representation of women and men on

the Joint Bodies was challenging for many companies and women have limited influence on their decision-making. Some of the projects have benefited women, but many of the investments have favoured male workers. The Joint Bodies are compared with Gender Committees which have been promoted by the industry body, the Kenya Flower Council, in order to improve social auditing of its own code following labour rights campaigns. The Gender Committees studied have been successful because they have had a clear mandate, women-only composition and support from management, broad-based training of members, and encouragement to share learning with peers. They have had some early success in tackling sexual harassment in the workplace and some have facilitated the establishment of rotating savings and credit associations for workers and other livelihood diversification projects, benefiting the whole community. The authors note that Fairtrade has already revised its hired labour standard, but suggest that more could be done by Fairtrade to understand and respond to gender relations in the local context. Insights can also be learned from good practice in other standard systems.

The article by Nelson and Martin provides an overview of the evolution of Fairtrade impact assessment reflecting wider evaluation practice and debate in international development and the growing emphasis on rigour which many interpret as meaning quasi-experimental and experimental designs. The drive for greater rigour poses challenges for Fairtrade organizations in terms of skills, resources, and ethics. Many of the previous independent studies commissioned by them have been criticized for insufficient rigour. But rigour is about matching evaluation designs to the attributes of a programme and the context in which it is being implemented, rather than a specific design, and the inherent complexity of Fairtrade, the localities where it is taken up, and the interactions, often mean that neat, quasi-experimental designs are not feasible. More attention needs to be paid to who benefits from the study and how effectively the commissioning organizations (donor and Fairtrade) learn from the findings. We outline some practical steps to improving both utility and rigour, such as improving learning through facilitating learning alliances on a sub-regional level with horizontal links to key stakeholders and vertical links to value chain actors. On a strategic level the mixed results from several recent rigorous impact studies funded by donors raise questions about Fairtrade's ability to tackle poverty in a transformative way and in the light of the challenges for global agriculture in terms of food security and climate change, among others. Some impacts may not appear as statistically significant differences, because of the high degree of variability involved, the limited coverage of many studies compared with Fairtrade's reach in different commodities and countries, and the 'spillover' influence of Fairtrade on local markets. However, it may be necessary for Fairtrade to rethink its mechanisms and theory of change assumptions to scale up and deepen its impact.

Essentially, all of these special issue papers point to the need for Fairtrade to learn more about its effectiveness in different value chains and places and to find ways to respond in a more flexible and informed manner to local conditions. It also needs to balance this with providing assurance to buyers, which has in the past meant

standardization. But in the future more engagement through producer networks and support services will be needed and greater responsiveness to local dynamics.

Fairtrade cannot overcome deeply embedded structural and institutional constraints on its own and does not claim to. But it needs to be more strategic in its collaboration with, or advocacy of, external stakeholders. Achieving this engagement with the key stakeholders in a particular locality or territory in itself requires resources, facilitation skills, and a willingness on the part of other stakeholders to engage. Fairtrade is supporting decentralization via its regional producer networks and in some cases through newly emerging national networks, but this type of brokering of new or support for *ongoing* stakeholder participatory processes needs to happen at the sub-regional level, anchored in a full understanding of the local context.

A capacity and willingness to rethink strategies may ultimately be required if impact studies and research continue to point to challenges within Fairtrade's current mode of operation. Increasingly, Fairtrade will be compared with its peers, namely other voluntary standards systems, and also other market-based mechanisms. Fairtrade already constantly revises its standards and in a participatory stakeholder movement, consultation and consensus takes time. But the question is can Fairtrade learn deeply and quickly enough? Can it recognize where there are limitations in its current approach and make the right changes? If not, then it may struggle to retain its relevance and credibility.

Valerie Nelson, Guest Editor