



Final Report

2nd Follow-up Study

Assessing the Impact of Fairtrade on Poverty Reduction and Economic Resilience through Rural Development

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Acronyms

ACOPAO	Asociación Señor de Chocán
APOQ	Asociación de Pequeños Productores Orgánicos de Querecotillo
APPBOSA	Asociación de Pequeños Productores de Banano Orgánico Samán y Anexos
ASPROBO	Asociación de Productores de Banano orgánico de Buenos Aires
AVACH	Asociación Valle De Chira
BMZ	Federal Ministry for Economic Cooperation and Development
CAPFRUOR	Cooperativa Agraria de Productores de Frutas Organicas
CEDEPAS	Ecumenical Centre for Promotion and Social Action North
CLAC	Coordinadora Latinoamericana y del Caribe de Pequeños Productores y Trabajadores de Comercio Justo
COCOBOD	Cocoa Marketing Board
COSA	Committee on Sustainability Assessment
CYDEX	Cooperativa Agraria CAFOM-CYDEX
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FGD	Focus Group Discussion
FT	Fairtrade
FTA	Fairtrade Africa
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
INA	Initiative for Sustainable Agricultural Supply Chains
JUNABA	National Banana Board
KIIs	Key Informant Interviews
KK	Kuapa Kokoo Farmers Union
Mgm	Management
OECD	Organisation for Economic Co-operation and Development
PEN	Peruvian Sol
PNIPA	National Innovation Fishing and Aquaculture Program of Peru
RA	Rainforest Alliance
SAFA	Sustainability Assessment of Food and Agricultural Systems
SDGs	Sustainable Development Goals
SENASA	National Agricultural Health Service of Peru
SPOs	Small Producer Organizations
TA	Technical Assistance
ToC	Theory of Change
ToR	Terms of References

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Executive Summary

In 2021, Fairtrade Germany and Fairtrade Austria commissioned Mainlevel Consulting to implement an applied research project that aims at identifying the contribution of Fairtrade on poverty reduction through rural development. It is a second follow-up study, after two impact studies (CEval 2012, CEval, 2018) had already been conducted in 2011/2012 and 2017/2018. The research assesses Fairtrade's contribution across four different sustainability dimensions – economic resilience, social well-being, good governance and environmental integrity. It focuses on Fairtrade certified and non-certified Small Producer Organization (SPOs)¹ in three product settings, i.e. cocoa in Central Ghana, banana in Northern Peru and coffee in Central Peru. Whereas in the cocoa and coffee setting one Fairtrade-certified cooperative was examined, in the banana case several certified cooperatives were part of this study.

Whereas the two previous studies were based on indicators by the Committee on Sustainability Assessments (COSA), the current study is based on the Sustainability Assessment of Food and Agriculture (SAFA). It is a framework introduced by the Food and Agriculture Organization (FAO) that is based on COSA and specifically designed to assess SPOs in agricultural settings. Following a case study approach, the findings are based on primary qualitative data derived from Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs). In addition, quantitative data on key variables (such as household income, trainings received and price received) was collected at producer level and participatory observations were conducted. Data collection across the three different contexts took place between June and October 2021. Findings are structured along the economic, social, governance and environmental themes of the SAFA dimensions and include cross-sectional, i.e. Fairtrade and non-Fairtrade case study comparison, and longitudinal, i.e. comparison over time (2012 – 2018 – 2021) results. Findings for each case are summarized as follows.

The case of cocoa in Ghana

On **economic resilience**, it can be positively noted that the Government of Ghana, with the pro-active support of Fairtrade, strives towards establishing living income for their cocoa farmers and enhancing value creation in the country. The increase in farm-gate **price**² represents a key achievement but is compromised by **cost of production** and living costs rising simultaneously. Thus, Fairtrade farmers interviewed in this study do not yet perceive a substantial improvement in their **net income**. Indeed, this study as well as other research strongly suggests that **product diversification** is key to achieve a living income in the long term. The Fairtrade cocoa cooperative examined acknowledges this need and has started several support projects, together with Fairtrade and other international organizations, to promote diversification. In times of Covid-19, the study showed that the Fairtrade community can represent an important **safety net** to support SPOs and their producers. During the pandemic, relief projects supported the cooperative in introducing necessary Covid-19 measures to maintain production. Nevertheless, challenges such as low market volumes and a resulting low amount of Fairtrade Premium money obtained limit direct support and relief to members of the Fairtrade cooperative. The Fairtrade Premium obtained has to be spread across a very large number of members and their societies, leading only to punctual **investments** at **community** level.

On **social well-being**, although the working conditions in cocoa farms continue to be labor-intensive and demanding, Fairtrade farmers involved in the study are not dissatisfied with their **quality of life**. According to discussions led, they are less exposed to food insecurity than independent farmers, who do not belong to any Fairtrade-certified cooperative. Prior to the pandemic, Fairtrade farmers mostly benefitted from **capacity building** provided by their Fairtrade -certified organization. They highly value trainings received and attribute positive outcomes on farm maintenance, safety measures and productivity to the same. Fairtrade farmers interviewed showed high awareness on **child labor** issues and were well informed about detailed norms and standards. They emphasized, during discussions, the value of education, and claimed that many youths are rather disinterested in farming activities. Once grown up, most of their offspring has gone to look for other

¹ While for cocoa and coffee one FT certified cooperative was examined, for the banana case several certified banana SPOs were included. This allows to understand the potential difference the duration of being certified makes.

² Text marked in green in this executive summary represent SAFA sub-themes that were examined in this study.

occupations than farming. As challenges might occur in the future regarding intra-generational sustainability of cocoa production as a whole, it already puts pressure today on elderly cocoa farmers who then highly dependent on external labor to maintain their farmland. Eventually, the study confirmed that women in cocoa farming still face discrimination. The cooperative's gender unit intends to support **gender equality** and income diversification for female members but is not yet in the position to break through established stigma and attitudes. Lastly, **the support to most vulnerable groups** is not yet structurally anchored in policies or actions of the Fairtrade cooperative.

The **good governance dimension** shows, that the cocoa Fairtrade cooperative has established itself as professional organization with several business units and departments and a **clear mission statement**. Their members, however, seem to be more detached from the mission-driven operations. The size of the SPO as a whole – more than 100,000 members spread over several districts - impedes direct involvement of most of the farmers in decision-making processes, questioning effective and meaningful **participation** of farmers. **Stakeholder engagement** is found to be fruitful as the cooperative has set up a strong network and partnerships and is engaged in my initiative to promote sustainability in cocoa production.

From an **environmental integrity perspective**, **climate change** is acknowledged as a great threat, and farmers interviewed perceive that it impacts their productivity and hence their income and livelihood. The cooperative proactively participates in support projects on e.g. stopping deforestation and other mitigation measures. Their farmers, however, do not always have the awareness that their own actions contribute to changes in the climate they observe. Soil improvement is high on the SPO's agenda and translates in good satisfaction levels on soil quality of their farmers. **Water conservation practices and water quality** are yet issues to be tackled more structurally.

Figure 1 summarizes findings of SAFA themes for the cocoa case in a polygon.

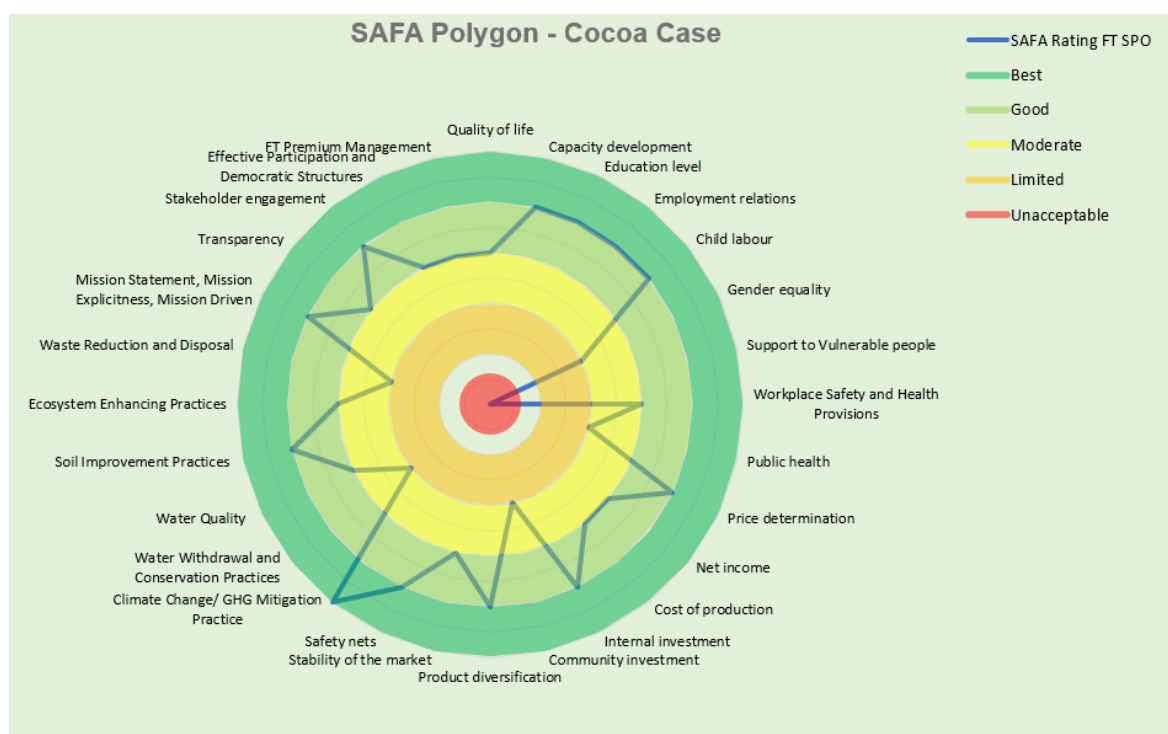


Figure 1: SAFA Polygon - Cocoa Case

The case of banana in Peru

In this study, rating for SAFA themes and indicators were provided for the strongest among the three banana Fairtrade SPOs that were visited, to show the potential impact of Fairtrade to contribute to different spheres of sustainability.

On economic resilience, the study confirmed that the global **price** pressure on banana as a product is severely felt by SPOs in Northern Peru, even by the strongest one. At the point of the study, the difference between price received for banana and the production costs for many producers interviewed are at minimum levels. However, it appears that Fairtrade also enables SPOs to strengthen their market position and bargaining power. The strongest Fairtrade cooperative, currently, achieves a substantial higher price than recently or non-Fairtrade certified organizations and has maintained a **stable market** position in the last years. Current **net income** levels of their farmers are sufficient to meet basic needs but are not perceived as utterly attractive. Quite different, recently certified or non-certified producers and their SPOs at the moment of the study struggle with making profits at all. Interviews with SPO management revealed that, given the current price pressure, SPOs need at least 10 containers per week to reach a break-even point, considering occurring costs, including those of the certifications. Higher revenues than the **costs of production** are crucial for final income at both producer and organizational level. The Fairtrade cooperative manages costs effectively, but many farmers still struggle to keep records of their costs or sales. Fairtrade already developed record-keeping tools to strengthen financial literacy of banana farmers, which require further institutionalization. Here, the support of the Fairtrade can be crucial to bring costs down. It was, indeed, found that the Fairtrade Premium is used both for **internal investments** at organizational level, but also to cover production costs and some other type of expenses, such as costs for health services and safety measures. The well-established SPO is in the position to also use the Fairtrade Premium for **community investments**, based on the demand of their members and their surrounding villages. They have invested in, for instance, community health care, cultural events or educational centres. **Product diversification** has not yet advanced among banana producers of all cooperatives visited. Despite the notable effects of a changing climate, only a small minority of farmers has initiated the cultivation of other products, such as lemons. Eventually, the study confirms once more that the Fairtrade Premium serves as **safety net** for Fairtrade cooperatives: it can be used, in times of crisis, to e.g. mitigate negative effects that were observed in the banana case - emerging fungus diseases, heavy floods, and the current Covid-19 pandemic.

Examining **social well-being** shows that Fairtrade banana farmers are, generally, satisfied with their **quality of life**, their spare time and diet and nutrition. Some evidence was found that non-Fairtrade farmers are more prone to food insecurities due to the pressing income situation. **Capacity building**, financed by the Fairtrade Premium, continues to be an important service for both the cooperative and producers to professionalize their activities. While **education** levels of elderly farmers are still only basic, the study, like the predecessor one, reinforces that their children had the opportunity to access secondary or even higher education. As a consequence, they often turn away from banana farming and agriculture per se. The study assesses **child labour, gender equality, the support to vulnerable people within the society and health and safety provisions** as rather good for the Fairtrade cooperative. Their organizational structure as well as additional resources through Fairtrade Premium money allow the organization to set up various support activities and awareness creation.

Findings from the study showcase evidence that Fairtrade, among other factors, continues to be of key support for the evolution and strengthening of producer organizations and the development of **good governance** systems. The Fairtrade cooperative is transparent in its activities, engages with a broad range of stakeholder groups and supports lobbying activities to strengthen the banana cluster in their valley, where banana cultivation is the dominant land use and economic sector. The organization has a strong **democratic system**, but also reduced regular and personal meetings due to Covid-19. It is one of the only organizations that can really actively invest in their communities with the help of the **Fairtrade Premium** and provides support to infrastructure projects, social welfare and health and community activities. Weaker, more recently certified or non-certified SPOs cannot afford to support investments in their communities.

Within the **environmental integrity dimension**, the issue of **climate change** remains underestimated and calls for more intensified attention towards adaptation measures. Product and income diversification could

decrease dependency on the cultivation of banana, which might be highly affected by a changing climate in the future. The Fairtrade cooperative implements different measures in regard to environmental issues: they put high value in **soil improvement practices**, but yet look less after **water conservation and ecosystem enhancing practices**. With waste management being an issue that remains unresolved, the strongest Fairtrade cooperative started to explore the topic of **waste reduction and disposal** and, currently, pilots a circular economy project.

Figure 2 summarizes SAFA themes for the banana case in a polygon.

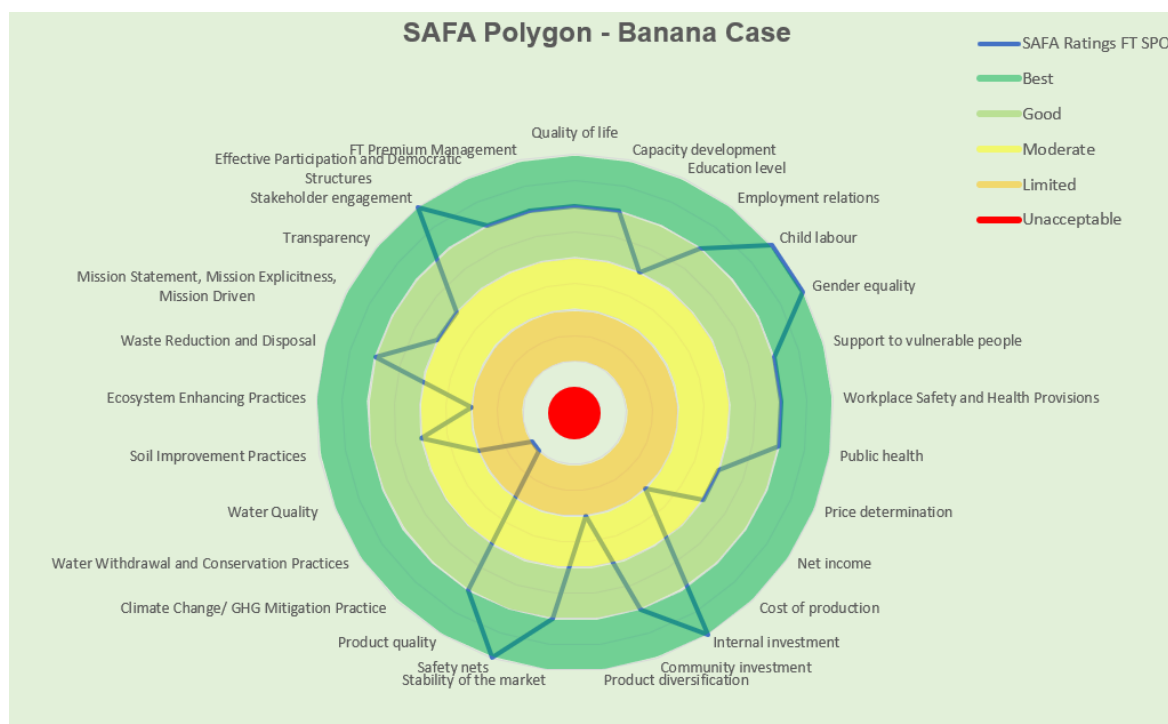


Figure 2: SAFA Polygon - Banana case

The case of Coffee in Central Peru

On **economic resilience** of coffee farmers interviewed in the Central Amazon of Peru, the aftermath of the coffee rust crisis is still felt, and producers find themselves in a very vulnerable position. Many of them are struggling to pay back loans, which they had to take up to renovate their farms. The cooperative's new management has introduced strict austerity measures to ensure the pay-back of debt at organizational level. The study, however, also shows that in the last four years the Fairtrade minimum price and long-term contractual agreements have provided stable **prices** in times when global coffee market prices are very volatile. Fairtrade certified producers achieve higher prices than non-certified producers. With prices being higher than four years ago, **net income** of Fairtrade certified producers is slightly improving, but still very limited and compromised by the obligation to pay back loans and rising costs of living. Cost of production continue to be a crucial determinant of final profits and keep fluctuating, especially since the outbreak of Covid-19. The biggest support the cooperative can currently provide in this situation of continued **vulnerability** is to use the Fairtrade Premium for in-cash payments to their producers. This supports their members to handle their situation of debt as well as rising cost of production and living. The Fairtrade coffee cooperative is found to be very conscious about **vulnerable sub-groups** within the communities and provides selected support measures, such as incentivizing indigenous community member to become part of their cooperative. Recognizing the urgent need for diversification, the cooperative also initiates support projects, e.g. on fish farming, to diversify income sources. Fairtrade Premium money is otherwise used to **invest** and improve **internally**, while **community support** measures are barely provided at the moment of the study. While the situation continues to be precarious, the study shows that Fairtrade is a substantial **safety net** for their producers and allows the SPO and their members to continue with coffee cultivation.

On the **social well-being** dimension, **quality of life** is moderate, as a tight economic situation affects the hiring of external labor, leaving more hard work to producers themselves. Farmers are also more prone to food insecurity than during the predecessor studies. **Education levels** remain unchanged but farmers, at least before the pandemic, received regular **capacity building** and technical visits, which positively affected their farm management. Awareness of Fairtrade certified farmers on **child labor** continues to be high, while there are some indications that children of non-Fairtrade farmers have started to engage again in farm activities when the pandemic did not allow them to attend school regularly anymore. **Gender equality** is assessed as moderate, as measures to strengthen women empowerment are restrained. The cooperative supports **safety and health** of their farmers but has less impact on public health in general. At the moment of this study, the Fairtrade cooperative has not initiated any special support measures on **vulnerable people** in the communities or indigenous groups.

On **good governance** related themes, producers voiced satisfaction regarding the new management, the cooperative's **transparency**, and the **engagement with stakeholders** both within the respective communities, collaborating with public institutions, and at regional level, e.g. the cooperative's proactive role in forming a Coffee Cluster in the Central Amazon. Farmers, are in general, satisfied with their **participation and influence in decision-making**, even though the recent austerity measures adopted by the cooperative's leadership were not appreciated by everyone, leading to some members leaving the cooperative.

On SAFA themes related to **environment integrity**, awareness on **climate change** is high and consequences are perceived and observed. However, concrete **mitigation practices** are not yet be proactively installed by the cooperative. Water is abundant in the region of La Florida and no specific **water conservation or improvement practices** are followed. **Soil quality** is important for the growth of coffee and farmers show good capacities in managing soils, whereas outside the cooperative practices to burn land and forest still exist or were resumed by non-certified farmers. **Waste management** continues to be an unresolved issue in coffee communities visited. For this specific case, it is important to understand that the cooperative, besides the Fairtrade and several organic certifications, is also labeled by UTZ. Advances in environmental practices can therefore not only be attributed to Fairtrade but also to other certifications and initiatives.

Figure 3: SAFA Polygon - Coffee Case

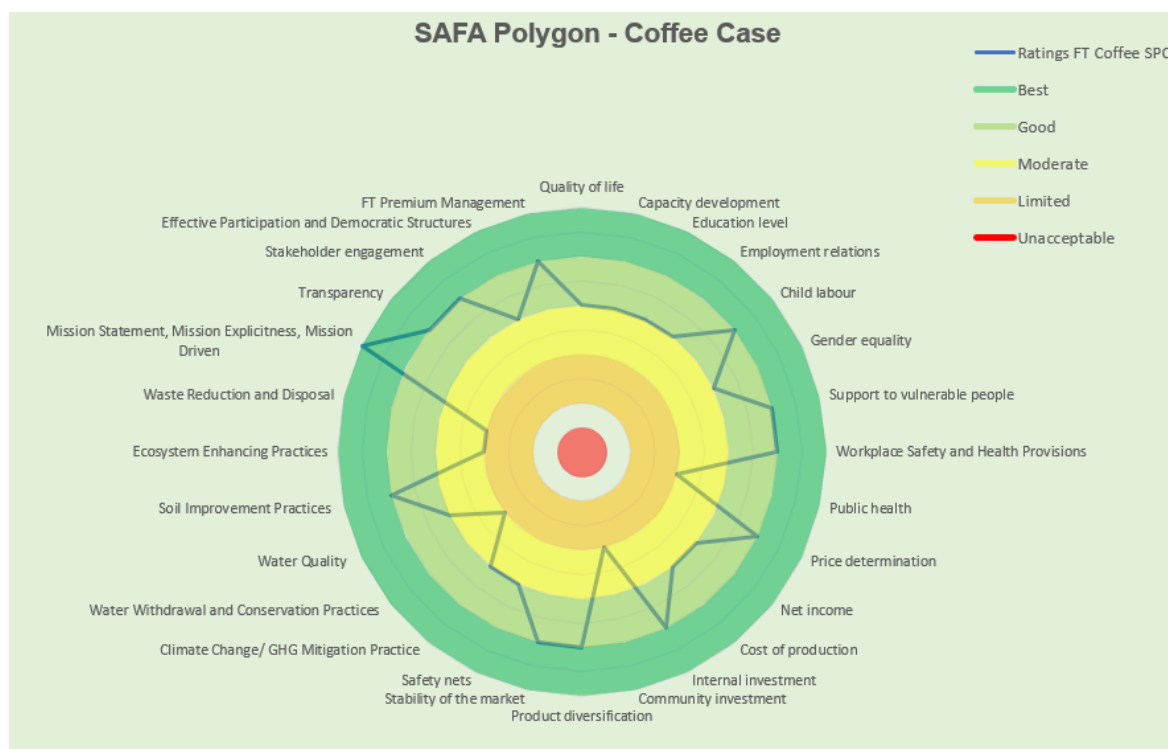


Figure 3: SAFA Polygon - Coffee Case

Conclusion and recommendations

Findings across the three case study settings corroborated and allowed the research team to identify overarching conclusions, from which a set of key recommendations, directed to different actors, were derived. Conclusions and recommendations are presented as follows.

Directed at the SPOs involved in cocoa, banana and coffee cultivation

Climate change and other external risks increasingly pose an inevitable threat to crops, putting in particular farmers who only focus on one product, in a highly vulnerable position. This study along with other research shows that diversifying income sources is indispensable to ensure economic stability, an acceptable quality of life and even food security. The case of coffee has shown how vulnerable farmers can be in times of a climate change-induced crises ("La Roya"/coffee rust fungus disease), jeopardizing their existence and livelihood. It could also be shown that, especially with small farm sizes, building only on one type of product, makes the achievement of a living income impossible.

R1: It is recommended that SPOs across all supply chains, with the help of Fairtrade and producer networks, proactively support product and income diversification of their members to reduce vulnerability, enhance their resilience and ensure that they continue their farming activities even in times of crisis. The issue of food security, for now rather largely voiced by non-certified farmers, emerged in all three settings and requires careful observation and attention.

The study also illustrates that farmers require support to invest in the modernization of their farms. The acquisition of funds for necessary investments remains challenging and technical capacities on modern techniques could be enhanced. Especially female farmers are rather left behind in this regard.

R2: It is recommended that SPOs either assist in the actual acquisition of funds, e.g. by setting up credit schemes, or explore alternative ways that support farmers in the modernization of their farms, e.g. by providing new techniques or machinery inputs via the Fairtrade Premium. The use of machinery should be integrated in trainings, so that farmers have the technical know-how to operate modern technical devices that positively affect farm productivity.

Study evidence has shown that farmers tend to not appropriately monitor their farm expenditures and sales revenues. Record-keeping tools are meant to facilitate better decision-making and planning to optimize farmers' income.

R3: It is recommended to provide trainings on financial literacy for coffee, cocoa and banana farmers. In order to ensure efficient use of business tools, trainings need to be tailored and implemented to guide farmers. Alternatively, training-of-trainers could be given to technical staff of cooperatives, who would then train their peers on financial literacy and raise awareness about the importance of record keeping. In addition, training on how to invest, understanding banking institutions and the processes in acquiring loans, were demanded by cocoa farmers.

In all three settings, trainings, capacity building but also physical meetings, such as general assemblies, were put on hold due to the on-going pandemic. While obeying to necessary health and safety measures continues to be important, it was found necessary to again increase transparency towards producers, create awareness on their rights to participate and showcase the value added of being a member of the cooperative. Benefits are mutual, as cooperatives depend on their farmers to deliver their product in the quality that is required.

R4: It is recommended to develop materials to explain to the producer and their children how they benefit from the SPO both in terms of revenue and services. Benefits of being member of a Fairtrade cooperative should be transparently communicated when payments are delivered. Especially Ghanaian Fairtrade cocoa farmers would require more awareness on their right as a member to enhance meaningful and effective participation.

Directed to Fairtrade regional networks level (CLAC and Fairtrade Africa)

In situation of price pressure, production volumes matter both at producer but also at organizational level of the SPO. Research suggests that producers with a small land size to cultivate their product are barely in the position to ever achieve a living-income. In addition, small-scale SPOs also struggle to become profitable when their weekly production is low but cost of production, including certification cost, remain high. The banana case showed that the profitability of an SPO highly depends on the overall volume that can be exported.

R5: In the banana case, at organizational level, it is recommended to encourage SPOs to achieve larger export volumes that allow to cover all running costs. To do so, it is found necessary to promote and incentivize the non-break up of cooperatives and encourage them to acquire and maintain a larger number of members that produce sufficient volumes per week.

Over the last decades, it became evident that smallholder farmers in general receive a very small share of the actual product value, i.e. of the supply chain value. Accordingly, the younger generation often turn away from agricultural practice, jeopardizing intra-generational sustainability of cocoa/banana/coffee production.

R6: It is recommended that regional network organizations support SPOs in identifying strategies for enhanced value creation, such as the use of by-products to produce e.g. coffee-cherry infusion, or processed products based on banana or cocoa. Networks with their resources available could promote pilot projects or bring together SPOs to discuss how value creation could be enhanced within the respective settings.

Directed to Fairtrade Germany and Fairtrade Austria

This study found thorough evidence that climate change increasingly impacts banana, coffee and cocoa producers negatively. Actors along the supply-chain, who have a continued business interest in sourcing agricultural products, must urgently expand their responsibility and support cooperatives and producers in implementing climate change adaptation measures.

R7: Fairtrade plays a pivotal role to mobilize actors and funds and to raise awareness on the effects of climate change at the beginning of the value chain. It is recommended that Fairtrade continues its strong stand to support the implementation of climate change adaptation projects and to create awareness at both retailer and consumer level

This study elaborated on how Fairtrade has contributed to influencing the Ghanaian government towards implementing a living income strategy that includes a raise in farm-gate price. It is considered positive that Fairtrade supports this strong position despite knowing that this would have a negative effect on some of the buyers of Fairtrade cocoa. The same challenge can be seen across all value chains. Products, above all banana, are highly price-sensitive, while at the same time, farmers are very cost-sensitive: The recent Covid-19 crisis showed that current prices might be too low to achieve adequate livelihood with food prices and production costs rising.

R8: It is recommended that Fairtrade keeps up a strong position, continues to critical reflect on minimum prices across different Fairtrade contexts and further fosters the political discourse on prices set on products cultivated in the Global South.

Covid-19 has caused challenges for producers worldwide. Besides economic hardship and risks to one's own health, the study also indicates that women and marginalized groups face additional constraints. Support measures to women and to vulnerable groups within the communities have come to a hold or receive substantially less attention.

R9: Following the United Nations' call to "Leave no one behind", it is recommended that special attention is given to sub-groups of producers that might be even more prone to poverty, food insecurity and health issues. Fairtrade could initiate research and collect thorough disaggregated data to understand the situation of vulnerable groups better and to act accordingly..

1 Introduction

Fairtrade's mission is to connect disadvantaged producers with consumers, promote fairer trading conditions and empower producers to combat poverty, strengthen their position and take more control over their lives (Fairtrade International, 2021). As previous studies generated important insights on how the certification of Fairtrade contributes to poverty reduction through rural development, Fairtrade Germany e.V. commissioned Mainlevel Consulting AG for a study to assess the impact of the Fairtrade certification on Small Producer Organizations (SPOs), their members, and their wider community. The study at hand is a 2nd follow-up on the "Fairtrade Impact Study: Assessing the Impact of Fairtrade on Poverty Reduction through Rural Development", which was first commissioned in 2011/2012 (CEval 2012) and followed up upon in 2017/2018 (CEval 2018). The study's objective is to identify Fairtrade's contributions to i) good governance, ii) economic resilience, iii) social well-being and iv) environmental integrity of SPOs in selected areas/regions. Whereas the two previous studies were based on the COSA-approach, the current study is based on the Sustainability Assessment of Food and Agriculture (SAFA) – framework introduced by the Food and Agriculture Organization (FAO) as a further development of the COSA approach and specifically designed to assess the situation of agricultural smallholder organizations.

This 2nd follow-up study focuses on SPOs that are Fairtrade certified and compares results with findings from non-Fairtrade certified producer organisations as respective comparison group to understand the counterfactual situation. Similar to the forerunner studies, the study covers the same certified SPO from Africa/Ghana (cocoa) and the same two SPOs from Latin America/Peru (1 coffee, 1 banana)³. While the research focuses on the timeframe from 2017 – 2021, an important contribution of the study was to identify longitudinal findings, considering study outcomes of the 2012 and 2018 studies and comparing them with the findings of this study.

The study serves to address the information demands from a variety of stakeholders including consumers, governmental and private donor organisations, which have a legitimate interest in understanding to what extent the Fairtrade system is meeting its aims and objectives and improving the situation of disadvantaged producers by increasing their resilience and contributing to a more sustainable livelihood.

The study findings are structured along the research areas proposed by the SAFA framework – covering the economic, social governance and environmental dimensions – and tested against the following **hypothesis**⁴:

"The presence of Fairtrade-certified cooperatives within a given area have a positive impact not only on and within the Fairtrade Producer, but also on rural development of their surroundings/geographical environment, i.e. to increase involvement and participation of residents in rural development activities and to improve the governance, economic, social and environmental conditions of rural areas, typically the home region of members of Fairtrade producer organisations."

Recently, especially the topic of (economic) resilience has gained substantial popularity and interest across all stakeholder groups. Resilience in situations of crisis or distress is an important virtue for producers and their SPOs and has wider impacts on their economic, social, governmental and environmental sustainability. The ongoing Covid-19 pandemic has led to new challenges and economic burden worldwide and affects actors along global value chains. The SAFA framework allows to structurally examine organizational resilience and provides room to understand the effects of and organizational behaviour to the on-going pandemic. Furthermore, this study caters to the demand for in-depth context information, to understand changes at producer level and provide more insights into the long-term development processes that Fairtrade aspires to support.

³ The predecessor study also examined organizations that followed the Hired Labour (Flowers in Kenya) and Contract Production (Cotton in India) standard. As the applied framework for this study, was specifically designed for Smallholder Producer Organizations, the flower and cotton cases were not included in this study.

⁴ Based on the almost identical hypothesis as in 2012 and 2018, with the addition of "governance"

The study is structured as follows: Chapter 2 elaborates on the Study Framework and Methodology, including objectives of the evaluation as well as the theoretical framework, i.e. SAFA, which the study is based on. The chapter also elaborates upon the general design and specific methods applied for data collection and analysis. Chapter 3 maps and describes the selected supply chains, i.e. cocoa, banana and coffee. Furthermore, sample and scope of each of the three case studies are described and limitations of the study are outlined. Chapter 4 - 7 provide findings on each case in respect to the economic, social, governance and environmental dimension. In addition, cross-sectional findings and longitudinal developments are described for each dimension. Chapter 8 illustrates conclusions and provides recommendations to strengthen its approach and impact.

2 Study Framework and Methodology

2.1 The Sustainability Assessment of Food and Agriculture (SAFA)

Unlike the forerunner studies, that applied the COSA framework, the study applied the **Sustainability assessment of food and agriculture systems (SAFA; FAO 2014)**. SAFA is derived from COSA but has a wider and SPO-specific perspective. Building on existing initiatives, SAFA serves as impact assessment tool for sustainability performance that was introduced in 2013 by the FAO, following a five-year participatory process including a broad range of stakeholders.

SAFA is a holistic global reference framework for the assessment of sustainability along agriculture, forestry and fisheries value chains. According to the SAFA guidelines, SAFA was developed as an international benchmark that defines the elements of sustainability and a framework for assessing trade-offs and synergies between all dimensions of sustainability. **Results of the assessment process** are to be used as a guide on how to improve system sustainability, to present an internal assessment of sustainability management, to facilitate learning and strategic planning or to harmonize communication between stakeholders. **SAFA guidelines** have been prepared so that enterprises, whether companies or small-scale producers, involved with the production, processing, distribution and marketing of goods have a clear understanding of the constituent components of sustainability, thus, better tackling their strengths, weaknesses, and progress towards sustainability. SAFA can be used at multiple levels for multiple purposes and by different actors (i.e. enterprises, NGOs and government/policy makers). Using a harmonized taxonomy under one framework ensures consistency, applicability and transparency. Regardless of size, geography or role, all stakeholders have a clear and common language for assessing sustainability.

The SAFA framework is composed of **four high level overarching sustainability dimensions**:

Figure 4: Sustainability dimensions of SAFA



These four dimensions are translated into **21 themes and 58 sub-themes** for each of the sustainability pillars, which are made measurable and verifiable through relevant indicators. The **SAFA Indicator Set (FAO 2013)** is based on sound fundamentals to assess sustainability along the range of themes and sub-themes and entails detailed descriptions of the 118 suggested indicators.

FAO provides a digital **tool** that can be used to implement the assessment process: It is an open source, freely available, and user-friendly software offered to assess indicators and visualize results. The SAFA tool, based on the guidelines, suggests four key steps that guide the impact assessment.

- I. **Mapping:** Plotting the supply chain of banana, cocoa and coffee of SPOs clarifies what is being measured, where the sphere of influence and direct control of the enterprise would stop, what the organizational and operational boundaries are and what interactions take place in the production network.
- II. **Contextualization:** The purpose of contextualizing sub-themes and indicators is to refine the SAFA framework, based on the circumstances surrounding the SPO assessed – meaning the geographic or regional circumstances of the SPOs in Peru and Ghana, as well as according to the objectives set in this impact study.
- III. **Indicators:** Considering the broad range of themes, sub-themes and indicators provided by the SAFA indicator set, the research team must conduct a prioritization of themes (see chapter 2.2) along with its accompanying indicators that enable comparison over time. Indicators are rated on Likert-scale, ranging from “**best**” (dark green), **good** (green), **moderate** (yellow), **orange** (limited) to “**unacceptable**” (red), that is:
- IV. **Reporting:** This step provides a synthesis of findings illustrated in a so-called **SAFA sustainability polygon**. A range of automatically generated information is displayed, giving insights on the performance of the assessed SPO across selected SAFA themes.

2.2 Contextualization SAFA to Fairtrade SPOs

Since the COSA indicators, used in previous studies, were considered when conceptualizing SAFA, a high compatibility between the indicator sets can be confirmed by the research team. Nevertheless, following this new protocol requires an alignment of the mentioned frameworks. As part of this study's inception phase, the research team conducted a **mapping exercise** to connect research areas of COSA with respective SAFA themes. While many areas seemed to match, we noted that the SAFA protocol entails additional dimensions that the previous impact study had not considered. At the same time, SAFA areas of lesser importance could be identified for this impact study due to the focus on the producer level and rural development. Key results of the mapping exercise are as follows:

- √ High match in the social dimensions between themes and sub-themes of SAFA and COSA
- √ Lesser match in the economic dimensions; SAFA includes themes of investments and product quality
- √ The governance dimension – a strongpoint already included in the previous impact studies – is listed separately in SAFA but covers some themes of the COSA social dimension.

Considering the broad range of themes, sub-themes and indicators, the SAFA methodology suggests a prioritization of themes to short-list a set of themes and accompanying indicators (“**contextualization phase**”). The research team sets up two criteria to contextualize the SAFA framework and to select relevant themes and sub-themes. Themes are prioritized when they

- √ match to a great extent with COSA (sub-)themes of predecessor studies or
- √ include new, relevant SAFA sub-themes that are aligned to the Fairtrade SPO standard and recent developments, namely the new “Fairtrade International Strategy 2021-26”.

Table 1 shows an assessment of all SAFA themes and corresponding sub-themes. It summarizes the selection of themes and sub-themes that have been prioritized for the impact study. SAFA (sub-)themes coloured in grey were either found not to be applicable in this impact study or could not be assessed due to lack of data (see study limitations at Chapter 2.4).. A workshop with Fairtrade Germany took place during the inception phase to validate the selected themes and sub-themes. Nevertheless, due to limitations encountered during the implementation of the impact study, not all selected themes could be analysed in-depth as foreseen.

Table 1: Summary of the selected SAFA themes and sub-themes

	Themes	Sub-Themes		Themes	Sub-Themes
SOCIAL	S1 Decent Livelihood	S 1.1 Quality of Life	Economic	C1 Investment	C1.1 Internal Investment
		S 1.2 Capacity Development			C1.2 Community Investment
		Additional: Education level			C1.4 Profitability
	S3 Labour Rights	S 3.1 Employment Relations		C2 Vulnerability	C2.1 Stability of Production
		S 3.3 Child Labour			C2.3 Stability of the Market
	S4 Equity	S 4.2 Gender Equality			C2.4 Liquidity
		S 4.3 Support to Vulnerable People		C3 Product Quality and Information	C.3.1 Food Safety
	S5 Human Safety and Health	S 5.1 Workplace Safety and Health Provisions			C.3.2 Food Quality
	S6 Cultural Diversity	S 6.1 Indigenous Knowledge			C3.3 Product Information
		S 6.2 Food Sovereignty			
ECOLOGICAL	E1 Atmosphere	E1.1 Greenhouse Gases	Governance	G1 Corporate Ethics	G1.1 Mission Statement
	E2 Water	E2.1 Water Withdrawal		G2 Accountability	G2.1 Holistic Audits
		E2.2. Water Quality		G2.3 Transparency	
	E3 Land	E3.1 Soil Quality		G3 Participation	G3.1 Stakeholder Dialogue
		E3.2 Land Degradation		G3 Rule of Law / Rule of Standards	G4.2 Remedy, restoration and prevention
	E4 Biodiversity	E4.1 Ecosystem Diversity			G.4.4 Resource Appropriation
		E4.3 Genetic Diversity			
	E5 Materials and Energy	E5.1 Material Use			
		E5.2 Energy Use			
		E5.3 Waste Reduction Disposal			
Legend: Cells covered in yellow: Themes and Sub-Themes corresponding to the SAFA social dimension Cells covered in red: Themes and Sub-Themes corresponding to the SAFA economic dimension Cells covered in green: Themes and Sub-Themes corresponding to the SAFA environment dimension Cells covered in blue: Themes and Sub-Themes corresponding to the SAFA governance dimension Cells covered in grey: Themes and Sub-Themes excluded in this study					

2.3 Methodological approach

2.3.1 Research process

The research process was divided into different phases that related to the study's key deliverables. The research team first started to conduct a comprehensive document analysis. One core outcome of this step was the prioritization of SAFA indicators. First results and the suggested research approach were shared through the inception report. Once discussed with Fairtrade Germany and approved, the collection of primary data started in May 2021: In a first step, explorative interviews were set up with Fairtrade product / supply chain managers of the different products and the Fairtrade Network organizations (CLAC, Fairtrade Africa). Inputs were used to inform the field research in the different country settings, where data collections took place. Once data was collected, the data was cleaned and analysed. During the reporting phase, findings were summarized and described, resulting in the key deliverables, i.e. the final report at hand as well as three producer reports – for each product: cocoa, banana and coffee. Eventually, findings shall be communicated e.g. at conferences or trade fairs in 2022 and within the different producer contexts. The research process is shown in Figure 2 and the different elements of data collection and analysis are summarized in the following sub-chapters.

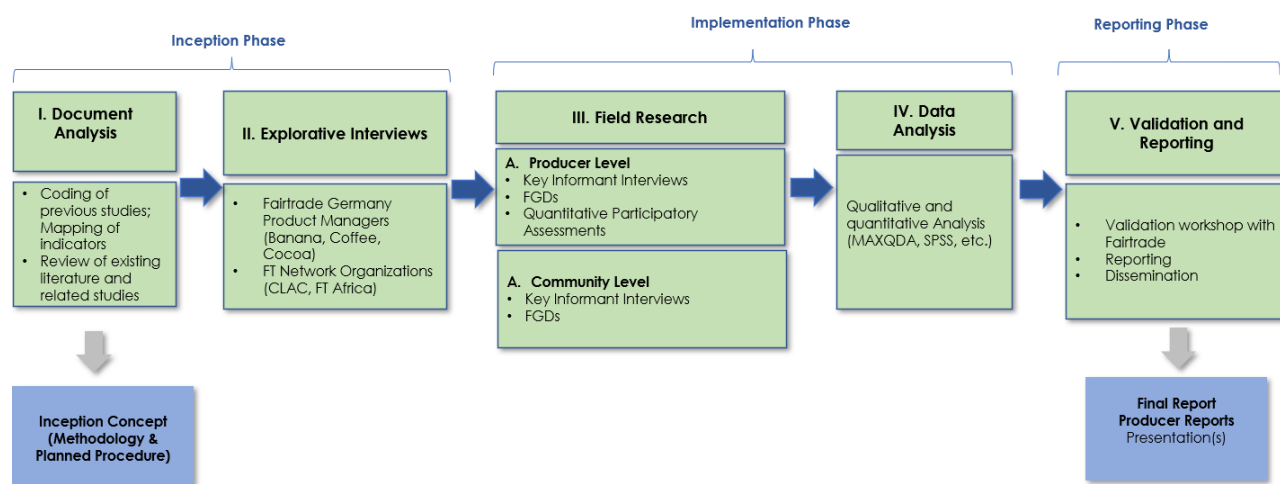


Figure 5: Research process in a nutshell

2.3.2 Methods of Data Collection and Analysis

Similarly to the first two impact studies, the research team gathered a rich set of primary data from different actors in the different regions. We enhanced the methodology and data collection instruments used in the previous studies with the guidelines provided for each **SAFA indicator in the accompanying SAFA manual**.

Desk study

The analysis of secondary data was very important for this follow up study to (i) inform the research team about changes that occurred in Fairtrade strategy and standards and (ii) ensure comparability of findings over time. During the inception phase, the research team conducted a systematic and comprehensive document analysis. A central element of this research phase was the review of the predecessor studies: **Impact study 2012 and Follow-up Impact Study 2017**. The research team categorized findings of the previous impact studies as per the selected SAFA themes and indicators. With the help of MaxQDA®, a qualitative data analysis software, a category system following SAFA indicators was developed. The selected SAFA themes and sub-themes were applied to each product (banana, coffee and cocoa), where data was then be categorized per study year, i.e. 2012 and 2017. The category system is open for further enhancement of categories during the data collection and analysis. By doing so, information comprised from the impact studies regarding a certain SAFA theme could be retrieved and summarized.

Explorative Interviews

Following the desk study, the research team conducted explorative interviews with (i) the respective supply chain managers for coffee, banana and cocoa from Fairtrade Germany e.V. and (ii) Fairtrade network organizations (CLAC and Fairtrade Africa). They served as primary sources to understand changes in the context and framework conditions and inform the in-depth case studies. Interviews followed a semi-structured guideline.

Field research

As in the predecessor studies, field research in the selected SPOs and their communities formed the core of this study. Different data collection methods were implemented in different stakeholder groups:

Key informant interviews: For each case, KII were conducted at two levels: Firstly, representatives at SPO management level (i.e. presidents of the cooperatives, environmental officers, gender specialists, extension officers, technical directors etc.) were interviewed. Secondly, community representatives (i.e. municipality staff, teachers, doctors, opinion leaders, village chiefs, among others) were interrogated.

Focus Group Discussions (FGDs): FGDs were set up with producers in the different settings, each including an average of 5-6 members of the respective SPO. The discussions were held without company staff and with male and female participants separated to ensure a safe space for discussion. FGDs allowed the evaluators

to validate individual opinions by consent among the participants or disclose extreme positions in case of dissent. The previous study showed that no randomized sampling strategy can be followed to select FGD participants, but that a convenience sample approach proved to be most efficient. The research team extensively discussed selection criteria with the respective SPO to ensure heterogeneity of participants and mitigate a potential selection bias that could be caused if SPO merely select participants.

Mini-survey and participatory assessments: To generate meaningful quantitative data at SPO and producer level on the SAFA indicators, the research team conducted a mini-survey to collect quantitative data on a key set of variables (e.g. net income, numbers of trainings received) and so-called participatory assessment questions. The latter refers to rating questions posed to producers: FGD participants were asked to assess their today's and past satisfaction towards their social/economic/environmental situation on a scale from 0 to 10 where 0 stands for very low standard and 10 for excellent standard. This assessment was already conducted in 2017, which allowed to compare perception ratings between the 1st and 2nd follow up study.

Participatory observation: Interviews were complemented by participatory observation on site (i.e. at community meetings, coffee processing plants, banana packing stations, among others), which gave the research team the possibility to gain additional insights regarding certain SAFA indicators.

Sampling strategy and representativity of results: In this study, the selection of producers followed a so-called convenience sampling. Producers were approached and asked to participate in FGDs and the survey. Considering that the overall population of farmers in a cooperative can be very large (i.e. in the case of the cocoa SPO > 100,000 members) and spread widely across the region, representative sampling strategies, based on a random sample selection were not feasible. Findings retrieved at farmer level are not entirely generalizable, as there are many different factors that influence their lives. Nevertheless, the farmers included in the study serve to complement other data with their insights and perception on certain developments.

Mobilization of non-Fairtrade certified organizations: This study was based on a counterfactual set up. Fairtrade-certified SPOs were contrasted with non-certified SPOs and/or producers. Thanks to our past experience when implementing the foregone impact studies, the evaluation team could draw on important learnings and experience with regard to the participation of non-Fairtrade farms and organizations. Our experience had shown that it is (i) difficult to find non-certified producers in regions that feature a high share of Fairtrade certified producers and (ii) hard to mobilize those non-certified producers to participate in the study as they might not have the same motivation to participate as Fairtrade certified producers do. The evaluation team adopted a two-fold mobilization strategy. Firstly, the research team closely collaborated with the respective producer networks (i.e. Fairtrade Africa) and their regional staff coordinators in the selected countries. Secondly, in adherence with Fairtrade research ethics, the research team provided incentives in the format of Covid-19 mitigation measures. A substantial amount of masks, sanitizers and vitamins were provided to both producer groups and their organizations to support them in the fight against the virus.

Data analysis

The data analysis was based on the SAFA indicators. The considerable amount of qualitative data compiled from documents, interviews and FGDs was analysed by employing the qualitative data analysis software MaxQDA®.

Statistical evidence was derived from quantitative participatory assessments, to understand differences between Fairtrade-certified and non-certified producers and over time. Additional quantitative data of the mini survey was analysed descriptively.

2.4 Limitations of the Study and coping mechanisms

^ The **COVID-19 pandemic** has affected the way we have routinely performed research in the past and oftentimes requires (field) work to be conducted (semi-) remotely. International travels restrictions and quarantine obligations continue to exist in many parts of the world. For this reason, the selected

consultants, with consent of Fairtrade's team, opted for a **semi-remote** field study approach. Both Mainlevel international consultants worked off-site, supporting the data collection process, which was led by two local consultants on site in Ghana and Peru. Within this scenario, the local evaluators took a bigger responsibility to conduct interviews, discussions and surveys in person, while international consultants set up processes for virtual data collection with management representatives. Cooperation and exchange of information with the local consultants was structured, efficient and consistent. Furthermore, international consultants extensively trained the local consultants, closely (virtually) coordinated with them on a daily basis and ensured data quality control. Not all **SAFA themes** were able to be assessed to the same extent and quality and some indicators had to be adapted. SAFA originally is used to examine organizational strength, while this study also wanted to collect substantial primary data at producer level – thus, following the first two impact studies that were conducted. Furthermore, data was not accessible to the research team with respect to certain sub-themes (e.g. Food Quality, Holistic Audits – see table 1). The SAFA tool description of sub-themes, in certain cases, follow high international standards which go beyond the reality and capabilities of small producer organizations, farmers and their communities. For instance, when assessing the "Water Quality", the sub-theme has been adapted to access the availability of water/water scarcity in the region, which precedes the topic of water quality.

- √ Reporting of the **SAFA tool has one single SPO** as target. However, in the banana case, several Fairtrade SPOs were examined, leading to heterogeneous findings per theme. The rating provided in this report for the banana case refers to the strongest SPOs to illustrate best practices and the potential that Fairtrade certified SPO have to perform in regard to the given themes and indicators.

3 Mapping the supply chains

As per the SAFA framework, **mapping the supply chains** of banana, cocoa and coffee is considered a first crucial step in the research to set the scope of the study. The following sections describes the global supply chains of each product and is complemented by a visualization of the same.

3.1 Cocoa Case Study

In the cocoa value chain, there is a strong south-north trade orientation. The two West African countries of Côte d'Ivoire and Ghana are among the main exporters of cocoa beans (Fairtrade Germany 2021). They produce approximately 75% of the global cocoa and 78% of Fairtrade cocoa (Fairtrade Germany 2019; Hütz-Adams 2018, p. 5). The beans are cultivated in West Africa and especially in Ghana, mainly by smallholder farmers. The cocoa sector is the most important source of income for the Ghanaian agricultural sector. In addition to cultivation and harvesting, the smallholders only take on very first processing steps (Hütz-Adams 2012, p. 5). The cocoa beans are taken out of the fruit by the farmers, fermented and dried, and often packaged and stored for a short time (ibid.), before being sold.

In Ghana, the Cocoa Marketing Board (COCOBOD), a state-controlled organisation, regulates the cocoa trade (Hütz-Adams 2018, p. 12). The board already sells a large part (approx. 70%) of the expected harvest before the start and can then estimate how high the price will be for the year (Hütz-Adams 2018, p. 13). After that, a committee, consisting of the COCOBOD, the Ministry of Finance and farmer representatives, determine the so-called farm-gate price, i.e. the share of the price that goes to the farmer (ibid.). Furthermore, the COCOBOD determines the taxes (Hütz-Adams, 2011, p. 19). Originally the board was established to cushion the fluctuations of the world market price, but there is increasing criticism due to non-transparent information on the distribution of funds and price determination, corruption and general mismanagement (Hütz-Adams 2018, P. 13).

The price fixed before the harvest must be, due to their limited bargaining power, accepted by the smallholders, at least if they want to take the legal route (HÜTZ-ADAMS 2018, p. 1). The Produce Buying Company Ltd. (PBC) represents the purchasing organisation of COCOBOD and is thus responsible for buying the cocoa beans from the farmers at gate-fixed price (HÜTZ-ADAMS 2011, p. 20). In the meantime, private companies are also allowed to buy cocoa beans from the farmers, but these so-called Licensed Buying Companies (LBCs) can only operate within the framework of COCOBOD (ibid.). Once traded, the cocoa beans are then roasted, grinded and pressed to cocoa butter and powder by processors. Chocolate and other final products are

produced. Via retailers these products are then distributed to the market and final consumer. Figure 6 shows the cocoa value chain that is examined in this study. In specific, the study examines the first step of the chain, focusing on smallholder farmers and the SPO, "Kuapa Kokoo Farmers Union" (from herewith Kuapa Kokoo), they belong to.

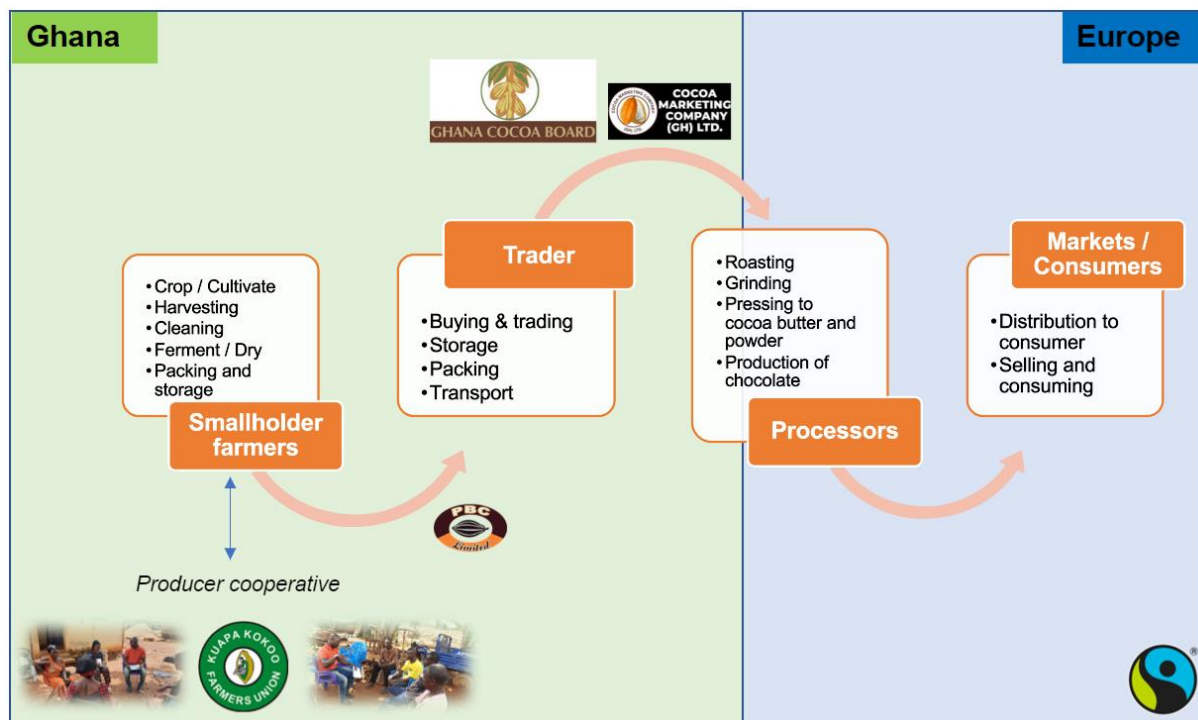


Figure 6: Mapping of the Cocoa Value Chain

Kuapa Kokoo Farmers Union, one of the study subjects of this study that was also examined in the predecessor studies, was founded in 1993 and is based in Kumasi, a city in the west of Ghana (Fairtrade Foundation UK, 2021). The organisation has currently around registered 103,000 members, out of which 70,000 are active. Members are spread across 57 societies and 2000 communities. It is the largest cooperative in Ghana and produces approximately 6% of the country's cocoa beans. Farmers included in the study are smallholder farmers, with an average of 2.2 ha land and above 40 years of age. Cocoa farmers that live in the villages of Nobewam, Bipoa and Achiase were included in the study. The villages are located between one and two hours from Kumasi.

Figure 7 illustrates the data sources used to draw findings for the Ghana case study.

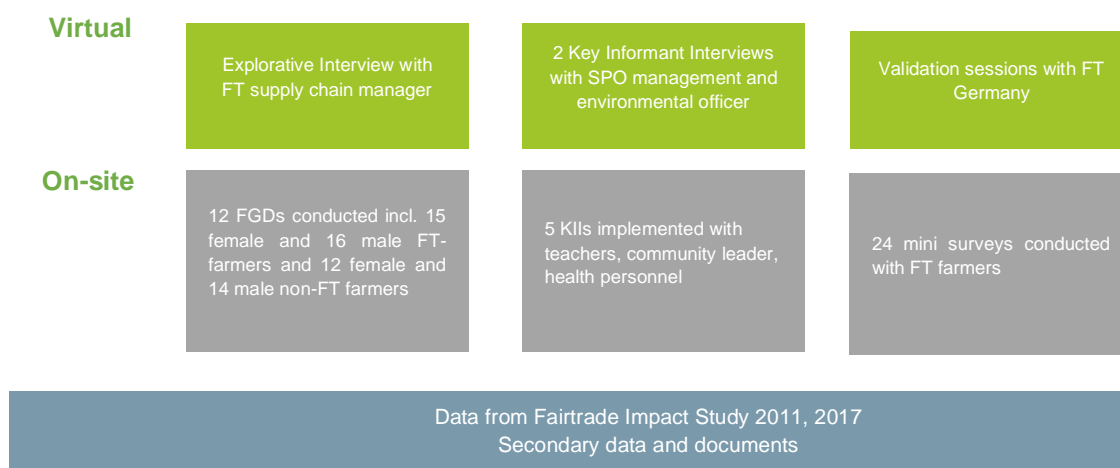


Figure 7: Primary and Secondary data used for the Ghana case study

3.2 Banana Case Study

Latin American banana plantations benefit from trade policy advantages through the 2012 EU's trade agreement with Peru and Colombia (FAO, 2021), and later with Ecuador (in 2017), which is by far the largest exporter in Latin America, with 6,881,120 tonnes of bananas exported in 2019 (Statista, 2021b). Although Peru cannot compete with such volumes, in the last decades the country has focused on growing and exporting organically grown bananas and became the world leader in this niche market (Maxwell, 2021). Organic bananas benefit from the dry Peruvian climate and relative high cultivation zones, decreasing the chances of fungus propagation.

Although bananas have a fairly short value chain compared with processed products, the fact that the fruit is perishable and has to travel long distances before it arrives at its end consumer, requires a closely coordinated supply chain of cultivation, packaging, ripening and exportation. In a **first step**, the banana is cultivated and harvested, followed by the first processing steps, such as cleaning and packaging. In the packing facilities, the bananas are cleaned after harvesting, cut into manageable bundles and bad bananas are sorted out. The remaining volumes are then packed for further transport. The **second value-adding step** relates to transport and ripening. Bananas are harvested green, i.e. not yet ripe, and in order to slow the ripening process, the fruit must be cooled quickly after harvesting (ibid., p. 9). Traditionally, the step of transportation has been dominated by large corporations, as they have a significant cost advantage when shipping large quantities of bananas due to the complex logistics involved (ibid., p. 11). The three largest corporations, ChiquitaFyffes, Dole and Del Monte (all from the USA) share almost 70% of the market among themselves (Isidore, 2014) and own reefer ships for export to the USA and Europe. The final step in this process is taken by large ripening plants, which, with the addition of the hormone ethylene, ensure that the ripening process is uniform and well controlled, and can thus ensure that the quantities demanded by retailers have reached the right level of ripeness at the right time (Hütz-Adams et al., 2012).

However, due to technical advances, there is a development that could force company-owned refrigerated ships and large ripening plants in the importing countries to change. For example, more and more bananas are no longer exported in specially constructed refrigerated ships, but in refrigerated containers belonging to global shipping companies (ibid.). These advanced refrigerated containers could benefit local producer organizations, who can load the containers themselves directly after cleaning and sorting and are no longer dependent on the large corporations as middlemen. In addition, the bananas can already ripen in the special refrigerated containers and no infrastructure has to be built in ports to keep the cold chain closed. Lastly, transport in containers on huge container ships is more efficient than transport by refrigerated ships (ibid.). After the ripe bananas have arrived in importing countries, such as Germany, the **last step** in the value chain begins: distribution. In Germany, this is dominated by the four large retailers EDEKA, Aldi, Lidl and REWE, which share over 70% of the market (Statista, 2021c, n.d.).

Figure 8 shows the banana value chain that is examined in this study. In specific, the 2nd follow-up study examined the first step of the chain, focusing on smallholder farmers and the SPOs they belong to. This 2nd follow-up study examined SPOs that were included in the 2018 study and intended to approach the same comparison groups. In the following, target regions and organizations for each case study are briefly described. The target region is around the city of Sullana, in the state of Piura in Northern Peru.

Fairtrade-certified SPOs: The 2021 study visited three Fairtrade-certified SPOs in the Chira valley, in and around the village of Querecotillo: Asociación Valle De Chira (AVACH) in Querecotillo, La Asociación de Pequeños Productores de Banano Orgánico Samán y Anexos (APPBOSA) in the village of Sáman, Asociación de Pequeños Productores Orgánicos de Querecotillo (APOQ) in Querecotillo.

Moreover, two recently certified organizations were also part of the study: Asociación Señor de Chocán and Asociación de Productores de Banano orgánico de Buenos Aires (ASPROBO). These two SPOs were included in the last study but had not been certified previously. Including them again in this study is an

interesting case, as it provides an understanding on whether results differ according to the duration of being certified⁵.

Non-Fairtrade SPOs (comparison group): Two non-Fairtrade certified cooperatives were included in the 2021 study: Agronegocios Cydex in the village of Mallares, in the neighbouring district “Alto Piura” and the CAPFRUOR. Farmers included in the study from both groups have, on average, 1.2 ha of land and are, on average, 52 years old.

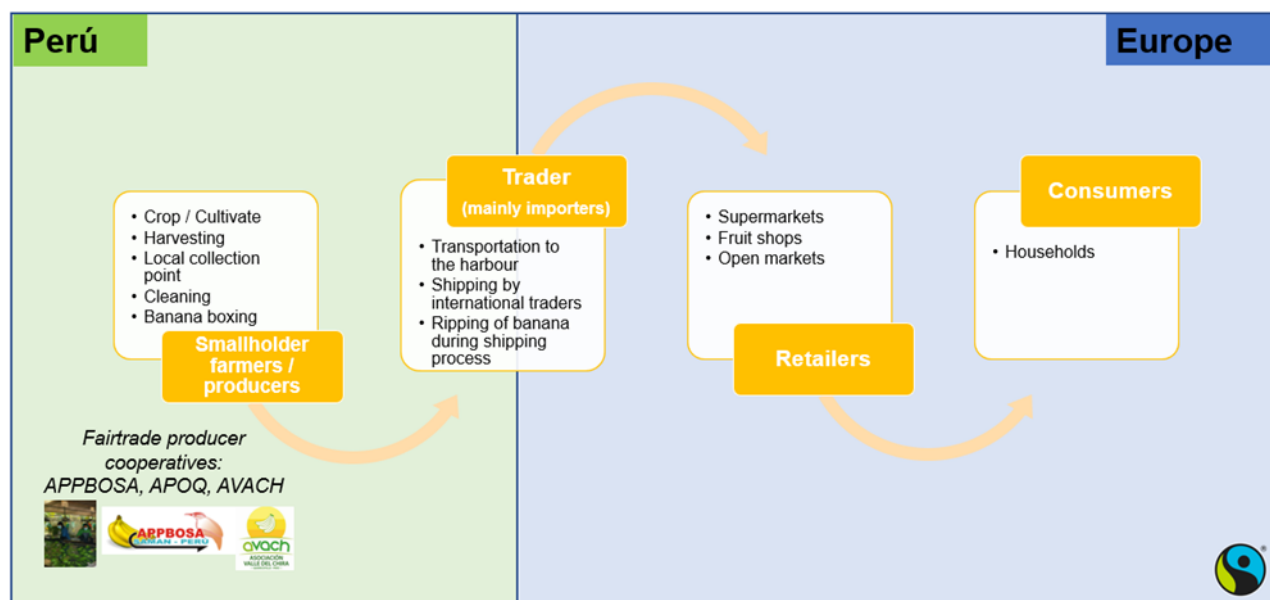


Figure 8: Mapping of the Banana Value Chain

The following graphic illustrates the data sources used to draw findings for the Peru banana case study.

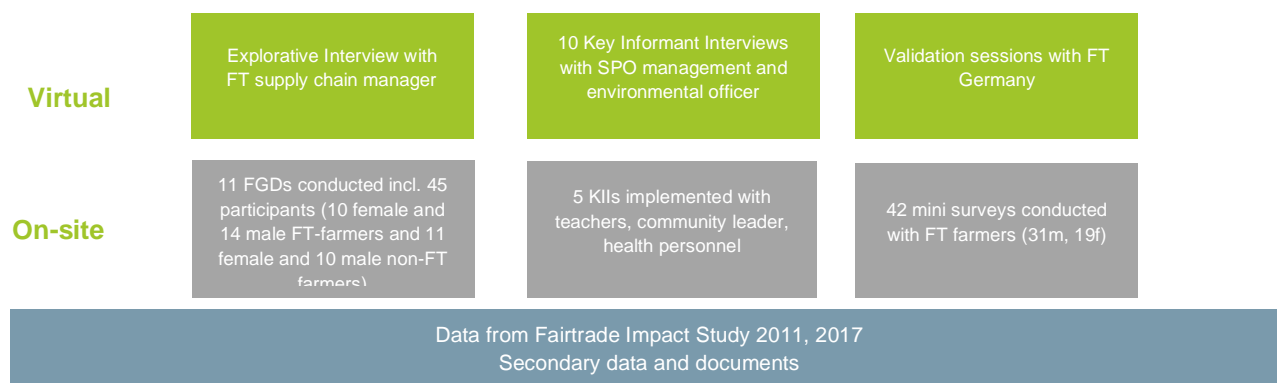


Figure 9: Primary and Secondary data used for the Peru banana case study

3.3 Coffee Case Study

Peruvian coffee is produced in more than 350,000 hectares of coffee plantations, involving more than 200,000 coffee growers. These are all located in 210 rural districts distributed in 10 departments on the Eastern side of the Andes. The Peruvian Amazon, San Martín, and Chanchamayo regions are the three main growing areas, with the latter being the place of origin of coffee in Peru, producing traditionally par excellence coffee. Chanchamayo is the target region of this study.

⁵ The Asociación de Bananeros Orgánicos Solidarios Salitral (BOS) an SPO included in the 2018 study could not be involved again in this study. It recently got decertified and was not willing to cooperate for this research project.

Similar to the cocoa and banana, the coffee value chain is highly dependent on north-south trade relations. Within the last two years, the COVID-19 pandemic has impacted the coffee trade across the globe, bringing negative effects to different actors in the production chain. European countries and other developed nations were not able to do imports, due to the trade restrictions by nations. In addition, the coffee industry witnessed various issues from farms to markets, like poor labour practices combined with unacceptable wages, continued deforestation, air pollution from roasting plants, and fluctuating coffee prices on the world market.

The coffee value chain can be differentiated into four main phases: Cultivation, Processing, Roasting, and Consumption. The coffee cultivation process begins with coffee cherries, which are determined by natural conditions such as altitude, latitude and volcanic soil. A coffee plant usually starts to produce flowers 3–4 years after it is planted, and it is from these flowers that coffee cherries appear. Newly planted coffee plants require five years until harvesting is possible. Cherries typically ripen and are harvested around eight months after the emergence of the flower. In most countries, coffee cherries are picked by hand, which makes it a labour-intensive process. Once coffee berries are collected, they are then transported to processing mills. Processing of coffee is the method of converting the raw fruit of the coffee cherry into the green, dried coffee beans. Cost for transportation from the field to the mill can be significant depending on the distance between the farm and the producing mill. Once the berries arrive at the mill they are processed, sorted, and graded by size, weight, and form. There are two processing methods: wet and dry process. The latter is the most common among the SPOs selected in this study. The dry process involves sorting and cleaning cherries by hand and then placing them in the sun to dry naturally or using a machine to speed up the drying process. In fact, this is very common on small or medium plantations and in regions where temperatures are warmer and supplies of clean, fresh, water are not plentiful. Inputs needed for the processing phase are the coffee cherries, water, for the wet processing method, and fuel/oil for machine drying. The output of the processing phase are dried coffee beans and solid waste from cleaning the cherries which is typically disposed. The beans are then classified, graded, and exported to consuming markets for roasting, packaging and, eventually, retailing.

Figure 10 shows the coffee value chain that is examined in this study. In specific, the study examines the first section of the chain, focusing on smallholder farmers and their corresponding cooperatives.

The target region of the coffee case is the region of Pichanaqui in Chanchamayo. As in the preceding studies, the cooperative “La Florida” is examined.

Fairtrade SPO “La Florida” (treatment group): The cooperative was founded in 1966. In 2021, the cooperative is composed of 524 members, including 111 women. Producers come from various villages and annexes which are up to two hours away from the village of La Florida, where the collector plant is based. Farmers interviewed have, on average, 3.95 ha of land and are, on average, 55 years old. At the cooperative La Florida, coffee is mostly oriented to be exported, with 80% of exports going to the United States and 20% to Europe. The cooperative is Fairtrade certified since 1999.

Non-Fairtrade SPO (comparison group): Similar to the banana case, the research team tried to mobilize the same non-Fairtrade SPOs in the current study than in the predecessor one. The Asociación de productores de Café agroecológico Túpac Amaru had been already included in the forerunner study and could again be approached. The *Asociación de Productores Ecológicos Agroforestales Calle de Oro* had not been examined in the previous study but provided additional insights from a non-Fairtrade organization’s perspective.

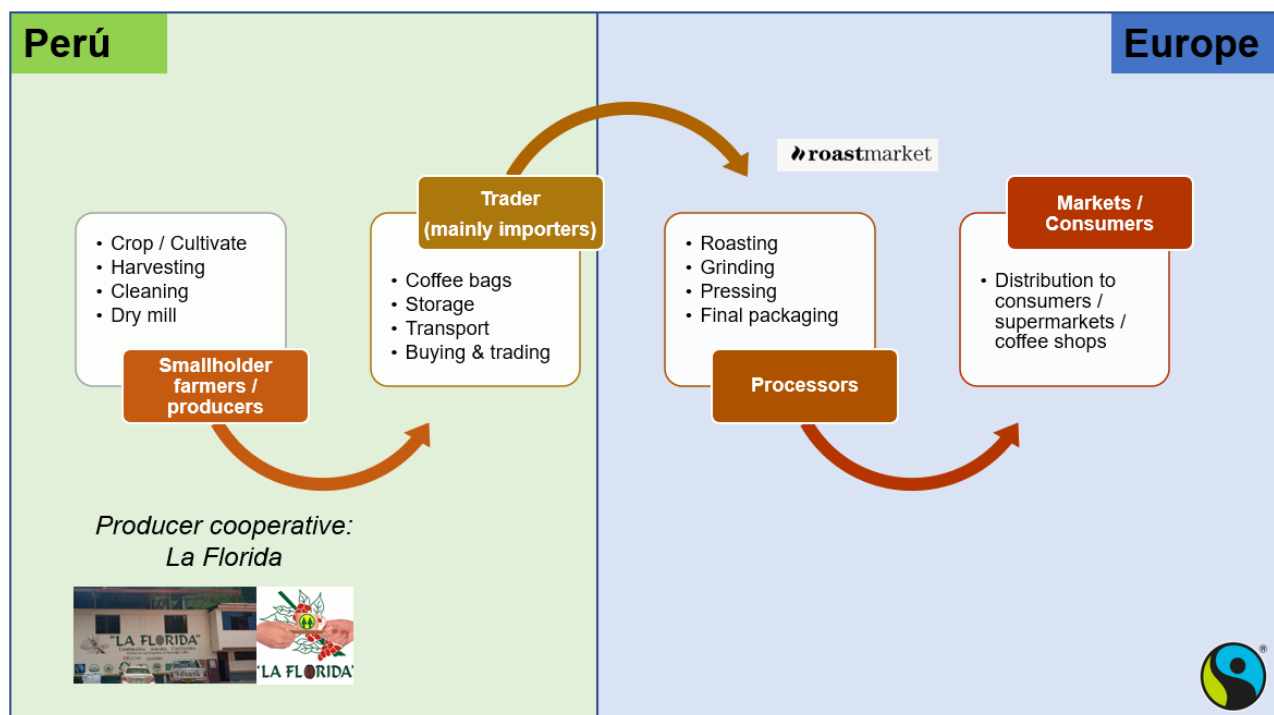
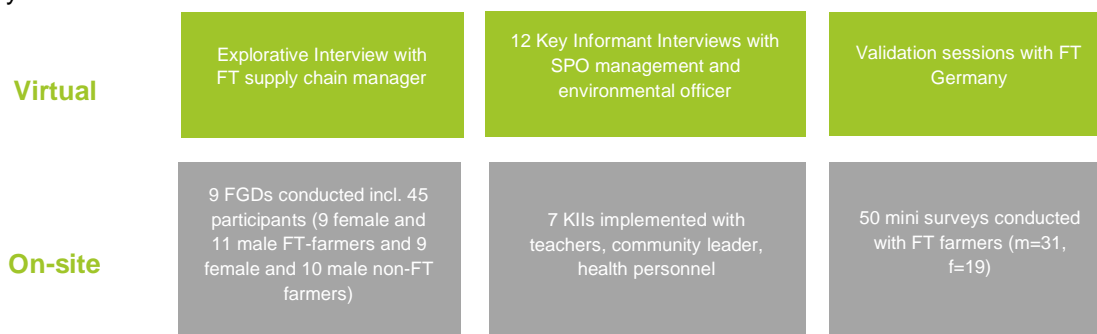


Figure 10: Mapping of the Coffee Value Chain

The following graphic illustrates the data sources and methods used to draw findings for the Peru coffee case study.



Data from Fairtrade Impact Study 2011, 2017
Secondary data and documents

Figure 11: Primary and Secondary data used for the Peru coffee case study

4 Findings on the SAFA Economic Dimension

As per SAFA Guidelines, the first dimension focuses on **Economic Resilience**. Economic activity involves the use of labour, natural resources and capital to produce goods and services to satisfy people's needs (Jörisen et al., 1999). In this study, the following themes are covered by the economic dimension of SAFA: **Investment; Vulnerability; Product Quality and Information**.

4.1 Cocoa Case Study

Development of framework conditions 2017 – 2021

During the last decade the Fairtrade cocoa market was characterized by low volumes that hampered certified organizations in selling a larger share of their production under Fairtrade conditions. The introduction of a second business model, the Fairtrade Sourced Ingredient model⁶ – a reaction drawn from the results of the 2011/2012 study by CEval – intended to open new market opportunities. Indeed, market volumes increased strongly until 2017, but then fluctuated substantially. Overall, Fairtrade volume sold still remain problematic for Ghana, as there is higher global supply than demand. The country also faces tight competition from their neighbouring country, Ivory Coast. Kuapa Kokoo, subject to the cocoa case study, currently sells only 20 – 30 % of their produce under Fairtrade. The Covid-19 pandemic led to additional economic burden for cocoa farmers worldwide. Overall FT cocoa sales in Germany in 2020 were below expectations (76.400t instead of estimated 89.000t), but strong sights of recovery have been seen lately. In state of this emergency, Fairtrade International reacted in 2020 and limited the entry of new Fairtrade cocoa cooperatives.

Table 2: Amount of FAIRTRADE cocoa sold 2017 – 2020

Fairtrade Volume Sold (MT)				
Country	2017	2018	2019	2020
Ghana	23.652	8.328	16.777	7.775
Ivory Coast	150.436	208.602	193.676	119.068

Another crucial development in the last four years was a vital discourse and subsequent policy change on achieving a so-called living income⁷ for cocoa farmers. Fairtrade piloted and supported the general framework building and the implementation of pilot projects on living income and influenced the governments of Ghana and Ivory Coast in pushing for demanding a living income differential⁸. As a result, cocoa buyers now must pay a higher price and an additional differential of 400 USD per ton of cocoa. At the same time the governments call for more value creation within the producer countries. The introduction of a higher price and the living income differential did not come without costs. According to interviews with Fairtrade, approximately 10% of buyers were lost. A parallel general trend that can be observed is that some global retailers have initiated their own sustainability program or label to free themselves from Fairtrade conditions and to secure markets by strengthening their own supply chains. However, so far in Germany this has not happened.

⁶ This white mark indicates that the ingredient named on the tab has been sourced as Fairtrade, such as Fairtrade cocoa in a breakfast cereal. It is different from the "All-that-can-be" product FAIRTRADE Mark, which signifies that all the ingredients of a given product that are available as Fairtrade are also Fairtrade certified.

⁷ Living Income is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household (The Living Income community of Practice 2021). Fairtrade has a definition based on the systematic "Anker-Methodology" on living income, see https://files.fairtrade.net/standards/GLWC_Anker_Methodology.pdf

⁸ In October 2019 Fairtrade published its increase in minimum price for FT cocoa by 20%/400US\$ and announced its Fairtrade Living Income Reference Price (FLIRP) for cocoa from Ghana and Ivory Coast.

4.1.1 Findings on selected SAFA economic themes and indicators

Theme: Investment

Price (Determination)⁹

The government fixed farm-gate price per bag of cocoa (á 64 kg) received by cocoa farmers today is 660 Ghanaian Shilling (GHS). It has increased in the last four years by 39% (2017/2018: 475 GHS). The SPO does not have influence on this final price set and prescribed by the government to be paid to producers at farm-gate level. While the increase in farm-gate price is appreciated, both Fairtrade and non-Fairtrade farmers voiced in FGDs that they are not satisfied with the cocoa buying price. The farmers interviewed could not yet perceive a positive change in their livelihood (see sub-theme “*Net Income*”). According to their perception, the increase in price, however, stimulated some interest among the youth to engage in cocoa production. As previously mentioned, the data from the producer level cannot be generalized. While the farmers interviewed could not yet perceive sufficient benefits from the price increase, other farmers of the cooperative, e.g. those who participated in living income support projects¹⁰, might have a more positive perception towards the impact of new price levels.

Kuapa Kokoo, over the years, has professionalized operations and keeps a close eye on the profit margin. With a licensed cocoa buying company, owned by Kuapa Kokoo, the organization has set up a direct business channel between their farmers and trading partners. The farmers interviewed in this study, however, rather have weak knowledge on break-even points and profits and voiced the need for better understanding.

Price (Determination) for Kuapa Kokoo is assessed as good in the SAFA tool, as the push for a higher farm-gate price sets an important signal. In terms of price determination, the cooperative acts professionally in their business administration, however, the farmers interviewed lacked a clear understanding of price and profit structures.

Data quality: Good evidence available

Net Income¹¹

Achieving a living income for cocoa farmers still represents a serious challenge. While the price of cocoa has increased, framework conditions have limited the improvement in income at farmer level. Above all, production costs and productivity determine disposable individual income. Farmers included in the study mentioned that their income situation remains challenging. It varies over the year with lowest income during “lean seasons”, i.e. period between planting and harvesting when job opportunities are scarce, thus lower income. Key challenges comprise high production costs (incl. cost of labor), lack of access to financial services and small farm sizes.

It can be positively noted that productivity among Fairtrade farmers continues to improve, leading, consequently, to improved yields. Non-Fairtrade farmers appear to struggle much more with low productivity levels and pressure caused by costs for external labor.

We experience low productivity due to irregular provisions of fertilizer by the government. As a 67-year-old cocoa farmer, I lack the strength to perform certain required activities in managing my farm, therefore causing me to spend a great deal of my income on hiring laborers. (FGD_Non_FT_Women)

In the framework of this study, it was not possible to collect reliable data from a sufficiently big sample to find statistical evidence on changes in the current income levels and the (potential) achievement of living income. As a reference, the determined living wage in Ghana is set to be 1,464 GHS per month for a typical family of

⁹ Considering the market regulations through the COCOBOD, the SAFA sub-theme on price (determination) must be slightly adapted for the Ghana case. The research team was interested in understanding whether farmers are satisfied with the prices received and understand profit margins and break-even points. Furthermore, it was analysed whether the cooperative operates profitably with the given prices.

¹⁰ See supporting projects here: <https://www.impactdiaries.de/>.

¹¹ Net income is primarily examined at producer level and less at SPO level, as no data on the cooperative's income development was obtained.

two adults and three children. The data that was reported in the mini survey could be analysed but needs to be interpreted with caution as farmers had difficulties to reliably articulate profits, costs and household income. Out of the 44 farmers interviewed (both Fairtrade and non-Fairtrade) only 3 stated that they have an income above 1500 GHC and the relative majority (18 farmers) stated that they have a monthly income between 300 and 700 GHC. While no statistical evidence could be retrieved, discussions indicated that Fairtrade farmers included in the study are in a better financial situation than non-Fairtrade farmers due to better productivity level and saving behaviour.

Living Income Strategy

Fairtrade developed its first Living Income Strategy (2017) and outlined a roadmap for making tangible progress towards living incomes – “remuneration received for a standard work week by an entrepreneur in a particular place sufficient to afford a *decent standard of living*¹² for the entrepreneur and her or his family, based on an average household composition” (Fairtrade Living Income Progress Report, 2020). Living Income Reference Prices are instruments to i) raise awareness of the need for sustainable prices to enable living incomes, and to ii) inform price setting for Fairtrade and other actors committed to sustainability. Joint coordinated efforts are needed of actors across the value chain – farmers, their SPOs, retailers and governments – to implement a living income. An extensive study from Ivory Coast showed that income from cocoa production is, generally, not sufficient to make the living income and that diversification is key to better overall household income. More specific studies are needed to better understand what is needed for farmers to reach an income they can live decently with.

Net Income for Kuapa Kokoo producers is assessed as moderate in the SAFA tool. Fairtrade's active support on the living income differential is an important attribution to improved financial sustainability of farmers and certified SPOs. For farmers interviewed, however, this could not yet translate into improved livelihood, as overall costs had risen, especially during the pandemic.

Data quality: High evidence available

Cost of Production¹³

Discussions showed that cocoa farmers continue to be very cost-sensitive with costs for labour largely determining overall profits of individual farmers. At the same time, other input costs and rising living costs currently affect the net income of farmers interviewed. According to the FGDs led, Fairtrade farmers are in a better financial position to hire external labour than non-Fairtrade farmers. The Covid-19 pandemic, however, led to certain constraints, as travel activities across districts reduced and labour became scarce and more expensive. As a result, cost of production rose, impacting the improvement in livelihood envisioned.

The need for improved financial literacy to better understand cost structures, gross margins and profits, could be identified in this study, as it was difficult to put a value on cost of production in the mini survey conducted.

Cost of production for Kuapa Kokoo farmers is assessed as “moderate” in the SAFA tool, as they, compared to non-Fairtrade farmers, are in a better position to keep down costs, but still struggle to clearly understand cost structures.

Data quality: Moderate evidence available

¹² Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events (ISEAL, 2013).

¹³ Cost of production are assessed at farmer level and less at SPO level, as data on the cooperative's cost structure was not examined.

Theme: Investment**Internal Investment**

This indicator measures the extent to which the enterprise has invested over the last five years into activities and practices to improve and monitor its social, economic, environmental and governance performance. Interviews with the management showed that since 2015 the SPO has invested in stronger adoption of the cooperative structure. Detailed spending of profits made was not received, but interviews confirmed that most of the surplus is used to run the organization profitably, dedicate funds to support projects in collaboration with international development organizations and invest in farmer related activities, such as trainings.

For Kuapa Kokoo, *Internal Investment* is assessed as good in the SAFA tool. While the evidence received is limited, it appears that the organization manages their business activities successfully, investing in internal areas to strengthen their activities.

Data quality: Limited evidence available

Community Investment

Services to the community are one intended purpose of Fairtrade Premium investment to positively impact the development of the surrounding community beyond organizational borders. The decision on what part of the Fairtrade Premium is used to improve community services, is always taken in a democratic way during the Annual General Meetings (AGM). The cooperative's size and scope in terms of farmers and villages covered hampers wide-spread community support. Nevertheless, specific and very punctual Fairtrade Premium investments to cover needs identified by the communities were provided over the years. Examples include the construction of a toilet facility, a mobile clinic or the supply of a water tank. In the last 4 years, however, Kuapa Kokoo could not provide significant infrastructure investments to the community anymore, as the Fairtrade Premium was rather used to enhance farmers' productivity and awareness campaigns.

For Kuapa Kokoo, *Community Investment* is assessed as limited in the SAFA tool. Fairtrade Premium gained must be shared among the high number of members/societies/communities of the SPO, resulting in rather low investments for each community.

Data quality: High evidence available

Theme: Vulnerability**Product Diversification**

Considering that Fairtrade market volumes are still too low, diversification is now a clear strategic focus of the Kuapa Kokoo's management to improve both livelihood and income of producers as well as at organizational level. According to the management, farmers are encouraged to cultivate food crops, such as cassava, plantains, yam and vegetables, and cash crops such as rice and palm plantations. Estimates given by the management state that about 20-25% of their farmers engage in some additional income activities. According to discussions led, also non-Fairtrade farmers see the need to cultivate other crops but use them mainly for their own consumption.

"We are able to mobilize 60.000 metric tons of certified cocoa beans, but we are not able to sell everything as the market cannot absorb all of it. We produce more but get less Fairtrade Premium in the certified market. That is why we started diversifying the forms of income." (KII_SPO management)

One specific support project, the SANKOFA project, supported by Fairtrade and implemented by Kuapa Kokoo can be mentioned in this regard. The project aims to address the challenges faced by cocoa farmers in Ghana who have single cash crop dependency, underinvestment in food crops, limited capacity to run farms sustainably and profitably, underdeveloped linkages in value chains and the impacts of climate change (due to notably extended and unpredictable hot and wet periods).

The SANKOFA project in Ghana¹⁴

Running from 2016 to 2023 and being steered by Max Havelaar Switzerland, the SANKOFA project is a multi-stakeholder approach that looks holistically at income diversification, climate resilience and biodiversity conservation. It aims at integrating the production of cocoa, timber, biomass and fruit trees, yam and other associated crops for income, food security and nutrition and plans to link farmers via the gold standard for Carbon In-setting. Key project achievements show that, due to crop diversification, farmers have increased household food security and available income. According to Fairtrade Climate Change Projects' report (2019), 1,203 smallholder farmers could be directly reached with capacity building and market linkages support and 174 farmers have established 68.75 hectares of Dynamic Agroforestry. A further 1,029 farmers have established 1,023 plots with yam and associated crops in Climate Smart Cropping Systems. In all, the SANKOFA project seems to be a win-win for all supply chain actors involved as it serves the interests of producers, the origin country, the sourcing company, consumers and the environment.

For Kuapa Kokoo, *Product Diversification* is assessed as comparably good in the SAFA framework. The cooperative is aware of the importance of diversification and currently implements pilot projects on diversification that shall enhance both economic and environmental sustainability.

Data quality: Good evidence available

Stability of the Market

The Kuapa Kokoo cooperative lost some Fairtrade buyers during Covid-19, but, reportedly, compared to other actors, market stability was still good. Long-term contracts, which are fostered by the Fairtrade standard, helped to maintain sales channels. As mentioned in the introduction to this chapter, the new minimum price and mandatory living income differential led to the loss of some retailers, who used to purchase Fairtrade cocoa. While the obligation to pay the higher minimum price is one reason for some retailers to withdraw or change to other standards that are less costly, other retailers now intend to set up their own sustainability label to secure their own supply chain. In contrast, single retailers also firmly engage in the living income discourse: One example includes Lidl, who started their "Way to Go Campaign" at Kuapa Kokoo to proactively create awareness on the living income debate, thus taking an active stand on their continuous purchase of Fairtrade cocoa.

For Kuapa Kokoo producers, *Stability of the Market* is assessed as moderate in the SAFA tool. While the cooperative benefits from long-term agreements, the market is still very dynamic and cost sensitive. Apparently, there is a new trend of retailers setting up their own sustainability standards.

Data quality: Good evidence available

Safety Nets

This indicator measures whether the enterprise, or in this study both the organization and its producers, have access to formal and informal financial sources to withstand (liquidity) crises¹⁵. This section looks first at safety nets provided directly by Fairtrade and also examines saving behaviour and access to liquidity.

Fairtrade provides two direct support mechanisms as safety nets: the Fairtrade Premium and the minimum price. In addition, Fairtrade is a global community with different network organizations supporting sustainable supply chains both from a demand and supply side. Through its network, Fairtrade also fosters special support projects and access to funds and grants. The data analysis showed that the cooperative examined in this study, in difficult times, could build on safety nets by the Fairtrade community. Cocoa farmers in Ghana

¹⁴ See more information at: https://www.fairtrade-deutschland.de/fileadmin/DE/01_was_ist_fairtrade/04_fokusthemen/Klimawandel/2021_04_FT_O2B_Climate_Change_Project_Final_w_eb.pdf, page 30.

¹⁵ At farmer level, this indicator should not be only limited to financial liquidity, but also understand other safety nets that serves as support in times of crisis.

benefitted from several development projects that were channelled via network organizations to the cooperative and its members. The SPO received close consultancy support from Fairtrade Africa to access the Fairtrade relief fund and facilitate support projects during the Covid-19 pandemic (see chapter 5.1.1). The relief obtained, however, was not in-cash relief, as the most urgent needs are generally addressed to stabilize production by providing necessary hygienic measures to farmers and their labourers.

In terms of financial liquidity, the study confirmed that the Fairtrade SPO nudged their members into improved saving behaviour and money management. Most Fairtrade farmers have a bank account and appreciate the cooperative's introduction of a money saving box. Non-Fairtrade farmers rather reported to not be able to save. The following quotation underlines the importance of saving for cocoa farmers.

"The situation of cocoa farmers in Ghana is very difficult because farmers suffer from seasonal volatility. During the 8th month of the year, we experience a great deal of hardship which cannot ensure farmers and their households a decent livelihood." (FGD_Non_FT_Women)

However, similar to results of the 2017/2018 study, farmers voiced that they still lack access to micro-credits or other financial services, compromising on their liquidity.

Compared to the situation of non-Fairtrade farmers, for Kuapa Kokoo producers, *Safety Nets* of the Fairtrade cooperative are assessed as good in the SAFA tool. The Fairtrade network and community mobilizes support to their farmers in times of crisis.

Data quality: Good evidence available

4.1.2 Comparative and longitudinal findings

Findings of this and other studies reconfirm that cocoa still represents the main income source for both the Fairtrade and non-Fairtrade farmers included in this study. While its advantages lie in its market readiness and its fixed price, in most cases it does not (yet) lead to sustainable income at producer level. The new set of regulations on living income, implemented by the Ghanaian government and proactively supported by Fairtrade, is an important step to mitigate exploitation at the end of the value chain, but its implementation does not go without challenges. At the point of this study, both Fairtrade and non-Fairtrade farmers appreciate the rise in minimum price, but still voice discontent as rising living costs and input prices erode the potential positive effect of a higher price. According to discussions held in the research phase of this study, Fairtrade farmers still show better financial stability and reported better saving behaviour and patterns compared to non-certified farmers. They were also more likely to save at the formal financial institutions and adopt village savings mechanisms.

With comparably better financial strengths, Fairtrade farmers are in the position to employ external labour in cocoa production activities than their non-Fairtrade farmers. A positive tendency is that Fairtrade farmers slowly start to engage in other income generating activities to enhance and stabilize their livelihood. Non-Fairtrade farmers show comparably less income generation activities other than cocoa production, which makes them more vulnerable and takes its toll on both their economic stability but also nutrition and food security – especially during the off-season.

In the mini survey farmers were asked to give ratings of their current satisfaction with their economic situation on a 10-point scale, whereby a rating of [10] denoted a very high satisfaction with their economic situation. Average perception ratings shared below¹⁶, show that both Fairtrade (mean: 3.7) and non-Fairtrade farmers (mean: 4.13) are rather not satisfied with their current economic state, thus providing low ratings. The Fairtrade farmers' perception has, according to the data from the survey, even deteriorated in the last four years, contradicting to some extent the progress made with the living income differential. Why could this be the case? Local consultants observed that Fairtrade farmers were more critical towards the changing framework

¹⁶ Being aware of potential distortions and hence limited comparability of absolute ratings, the following observations should not be used for comparisons between the banana, cocoa and coffee case but can only inform the interpretation of changes over time within one case study setting.

conditions and perceive that economic consequences, such as the rise in cost of livings, still hampers their income and livelihood. This might have reflected on the assessment they shared to articulate their dissatisfaction with the economic situation.

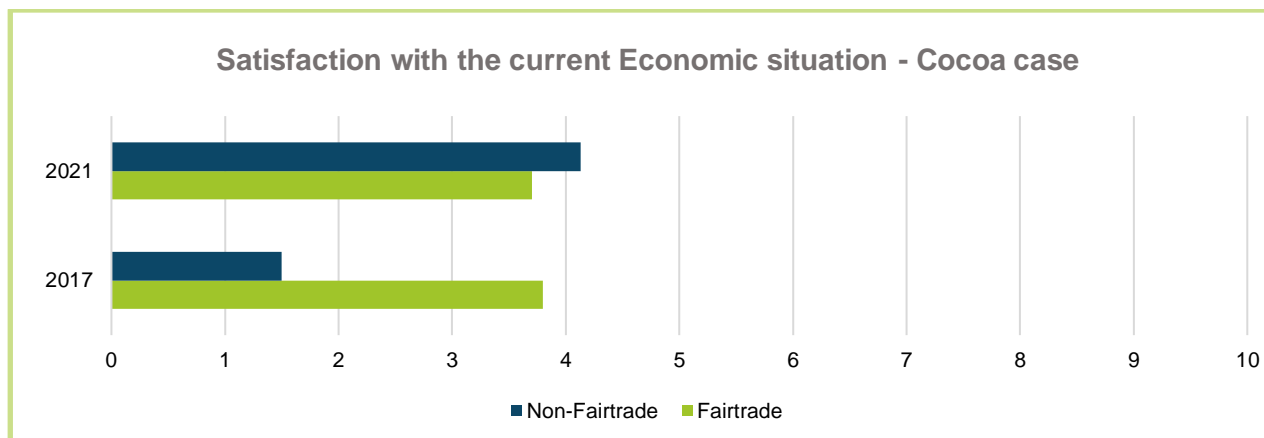


Figure 12: Perception rating of cocoa farmers on economic situation

4.2 Banana Case Study

Development of framework conditions 2017 – 2021

Peru is currently the world market leader in exports of organically grown bananas (Maxwell, 2021). Due to the high demand for their product and the higher price that can be achieved for organically produced bananas compared to conventionally grown ones, banana clusters have been formed in northern Peru. Since the start of exporting the economic situation of banana farmers engaged in exporting associations has improved significantly. During the last years, the increase in the world supply for banana led to intensified competition for Peru, encouraging more Fairtrade producer organizations to enter the market.

In Peru, bananas are usually cultivated by small farms of no more than one hectare. There are, currently, 35 certified SPOs and 5 certified hired labour farms (Fairtrade Monitoring Data 2020). In the last year overall sales have declined for SPOs, while hired labour organizations, especially in the Dominican Republic and Ecuador, are on the rise (ibid). The constant decrease in the price of bananas and consequent price pressure takes its toll on SPOs. Primary data shows that Fairtrade SPOs' producers current economic perception is being worse off given the comparably low average price received for bananas (6.5 USD per banana box), whereas POs without Fairtrade receive even less (5.0 USD on average). For both Fairtrade and non-Fairtrade farmers, evidence shows that the rise in prices of basic cost of living in the last two years has caused difficulties to cover basic expenses, affecting their quality of life. In addition, crop failures on individual plantations due to e.g. pest infestation are easier for large companies to compensate for, as they have a large number of plantations at their disposal.

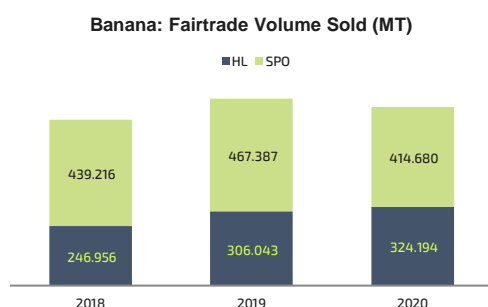


Figure 13: Development of Fairtrade bananas sold – SPOs vs. HL

Fairtrade Volume Sold (MT)				
Country	2017	2018	2019	2020
Peru	120.661	129.894	117.801	108.361
Ecuador	94.231	130.662	157.729	148.157
Dominican Republic	199.873	182.097	223.092	217.840

Figure 14: Volume of Fairtrade banana sold

4.2.1 Findings on selected SAFA economic themes and indicators

Theme: Investment

Price Determination

Price pressure dictated by retail companies in the Global North still remains. The demand for bananas is hardly increasing, while the market supply is considered as saturated. Given that banana is a commodity without much product variation, no competitive advantage can be gained by substantially changing the product type. This means that new market shares in the banana trading processes can only be gained through price. The resulting permanent price pressure affects the entire value chain, but specifically the weakest actor in the chain: banana producers. Oxfam (2018) shows that banana farmers in Ecuador receive only 8.5% of the end consumer price which is a vanishingly small amount that some supermarkets offer a price of 0.79 euros per kg (Fairtrade 2019). This shows the low bargaining power of banana farmers and their cooperatives vis-à-vis the large corporations that have for long controlled the market. Acknowledging the pressuring situation of banana farmers, Fairtrade is currently undertaking a Banana Price Review¹⁷ with the aim to i) review the Fairtrade Minimum Prices for banana and ii) ensure that the average cost of production of producers and the position of the trader is reflected in the prices set. New prices are expected to be implemented in the course of 2022. However, this adaptation in price will not go without trade-offs. Fairtrade expects retailers to de-list Fairtrade certified bananas and look for alternative sourcing. Indeed, one large retailer in Germany already de-listed Fairtrade organic banana and switched to a competing, less stringent standard.

“In an aggressive and changing foreign market, neither the small producer nor the association itself has power over the price of bananas.” (KII_FT_SPO Management)

What are current prices per box of banana at SPO level in Peru? According to the data received, Fairtrade SPOs receive a higher price than non-certified or recently certified SPOs. The differences in price vary across the SPOs with the strongest Fairtrade certified SPO receiving more than 1 USD per box of banana than more than non-certified organizations.

	SPO	Price per banana box
Fairtrade	AVACH	5,5 USD per box
Fairtrade	APPBOSA	6,5 USD per box
Fairtrade	APOQ	5,4 USD per box
Recently Fairtrade certified	CHOCAN	5,3 USD per box
Non-Fairtrade	CAPFRUOR	5,4 USD per box
Non-Fairtrade	CYDEX	5,2 USD per box

Table 3: Price overview of Banana SPOs in Peru

For the strongest Fairtrade banana SPO (APPBOSA), *Price Determination* is assessed as moderate in the SAFA tool. While the SPO managed to receive a substantial higher price than non-Fairtrade certified POs, there is tremendous external price pressure on the product of banana. Not all Fairtrade certified POs, especially recently certified ones, are in the same position, as their organizational development strength is less advanced and allows for lower bargaining power.

Data quality: Moderate evidence available

¹⁷ More information on the price review can be obtained here: https://files.fairtrade.net/standards/20201020_EN_PA-Banana-price-review-2021.pdf

Net Income / Profitability

Net income of producers is currently low given the direct impact of decrease in global sale and lower banana prices. The field study findings show that low prices are one of the determinants of lower income levels, leading to socio-economic hurdles at producer level (even Fairtrade certified) to cover basic expenses. The global pandemic was also a determining factor as Fairtrade sales decreased, aggravated by pre-pandemic levels which were not recovered. Consequently, producers' limited ability accumulate income (and therefore to save) led to financial stress.

Significant changes were not observed with regard to farmer's income levels. Limited income levels are directed to maintain their households and reinvested in their production. Female producers in non-Fairtrade organizations stated the necessity of having other dependent and independent sources of incomes: teaching, raising animals, contribution from their husbands to reach decent income levels.

For the Fairtrade banana producers, *Net Income / Profitability* of producers is assessed as moderate in the SAFA tool. The strongest Fairtrade-certified SPO can provide a higher price than non-Fairtrade or recently certified POs, but income still largely depends on either external factors (e.g. costs) or the actual size of the production area. Current income levels are sufficient to meet basic needs but are not perceived as attractive.

Data quality: Limited evidence available

Cost of Production

Most Fairtrade smallholder farmers do not keep records of their farming costs or sales and do not have the appropriate tools or the required skills to calculate farm profits (Living Income Progress Report, 2020). Production costs have increased for both Fairtrade and non-Fairtrade organizations, mostly caused by fertilizers, labour force, commodity prices and transportation (increased fuel prices). The labour costs for the workers on the plantations are one of the central cost factors in banana production, as the cultivation hours are very high due to the large amount of care required (harvest cannot be taken over by machines). In addition, the COVID-19 pandemic has incremented unexpected costs due to biosecurity measures and health expenses, e.g. alcoholic gel, face masks, tests, vitamins etc.. Increased production costs and exposure to negative shocks have affected producer organization's profitability.

"Production costs have increased a lot, which affects what we can consume at home. The price we receive for bananas is almost the same, it is not sustainable." (FGD_FT_SPO_Male)

Fairtrade's farm book of records

To address the challenge of costs record keeping and to obtain more accurate data on the actual costs of production and incomes, Fairtrade has developed record-keeping tools for coffee and banana farmers to record their farm expenditures and sales revenues. The tools are meant to facilitate better decision-making and planning to optimize their farm incomes. The record book is designed to be easy to use, but group training and intensive individual follow-up coaching is required to develop a habit of record-keeping and ensure it is done correctly. A 'Training of Trainers Manual' was developed to guide lead farmers – or technical staff at the cooperatives for example – who are training their peers on how to use the tool and raise awareness about the importance of keeping records (Living Income Progress Report, 2020).

For producers of Fairtrade-certified banana SPOs, *Cost of Production* is assessed as limited in the SAFA tool. While at organizational level, the well-established certified SPO manages costs effectively, at producer level rising cost of production, coupled with low price levels, largely influences farmer livelihood.

Data quality: Limited evidence available

Internal Investment

Based on SPO information at management level, decisions on internal investment are taken based on the demand identified, brought to the general assembly for common agreements. Suggestions on potential projects / investment areas are presented, prioritized and approved by the general assembly. Key internal investment areas within Fairtrade POs were identified as: Organic certification, production materials, collection/packaging centre, social investment. The Fairtrade Premium functions as a catalyst, covering internal investment costs and educational / health expenses for the producers. Within non-Fairtrade organizations, internal investments are mostly directed to organic certification, material, package centres, security protocols, product quality control.

For the strongest Fairtrade banana PO (APPBOSA), *Internal Investment* is assessed as very good in the SAFA tool, as profits and part of the Fairtrade Premium are effectively re-invested into different technical areas of the organization based on needs identified. Recently established Fairtrade or non-certified POs have a limited potential for internal investment and rather use surpluses to cover running costs.

Data quality: Good evidence available

Community Investment

The ability to engage in community investment varies from SPO to SPO. While some Fairtrade certified organizations (APPBOSA, APOQ and AVACH) were able to invest in community health care, cultural events, educational centres and community projects (potable water treatment), others, especially those which are recently certified (ACOPAO), are unable to provide any source of community help. Similarly, non-Fairtrade SPOs are not in the position to engage in community investment.

For the strongest Fairtrade certified SPO (APPBOSA), *Community Investment* is assessed as good in the SAFA tool, as support projects, financed by the Fairtrade Premium, are implemented based on the community needs. Non-certified SPOs have no financial means to support at community level.

Data quality: Moderate evidence available

Theme: Vulnerability

External shocks such as pests (e.g. *La Mancha Roja*) and the COVID-19 pandemic, have affected both Fairtrade and non-Fairtrade-SPOs with increased costs as well as drop of production and sales. Similarly, increases in production costs contributed to lower production, therefore substantially lowered profit levels and internal investment for following plantation periods. Further negative environmental impacts related to climate change have been identified – heavy rains / floods (in 2018), the El Nino phenomenon, droughts in 2020, earthquakes and the Fusarium R4 threat – which reduced banana production by 30%-40% in the region. Cumulative negative externalities caused by the mentioned events continue to significantly increase producers' socio-economic vulnerability levels, aggravating the existing "circle of poverty".

COVID-19: The global pandemic has strongly affected banana producers economically, as there was no security plan available to deal with the external shocks due to the pandemic. Changes in transportation/product mobility schemes and personnel collective work due to social distancing led to higher costs and delays in the banana sales /trading processes.

Product Diversification

Evidence from the 2021 field study shows that product diversification is marginally practiced as producers under Fairtrade certified organizations are mostly exclusive dedicated to banana production. Approximately 90% of the product is sold under Fairtrade certification. Given that banana is a permanent crop, diversification

can be very costly: it requires knowhow and hiring of extra labour force. Within the selected SPOs, an average of 5% of producers have stated involvement with cultivation of other products (e.g. lemon cultivation) and activities (e.g. security services) as a matter of income diversification. The Fairtrade organization APPBOSA engages in a project to make research on new products based on the product of banana.

Even for the strongest Fairtrade banana SPO (APPBOSA), *Product Diversification* is yet assessed as limited in the SAFA tool, making them more vulnerable to market or environment-related developments.

Data quality: Good evidence available

Stability of the Market

For banana POs the ability to maintain themselves within the exporting market is crucial for a positive organizational development. The strongest Fairtrade SPO, APPBOSA, has maintained their stable market position in the last four years. They gained two new clients and are proactively engaging in public support projects to identify new market opportunities. Recently certified SPOs stated difficulties to find buyers but have the hope that the situation improves soon as they endured big efforts to achieve the Fairtrade certification with the help of the government. Non-certified producers of CAPFRUOR are catering the national market, selling locally to dealers or on the streets. While there is always local demand, it represents a financial compromise as they obtain much lower prices.

For APPBOSA, *Stability of the Market* is assessed as good in the SAFA tool, as strong market links are established, maintained and potentially enhanced in the future. Recently certified POs encounter substantial challenges to identify buyers that allow them stable trade relationships.

Data quality: Limited evidence available

Safety Nets

Within Fairtrade certified SPOs, the Fairtrade Premium serves as safety net for certified SPOs. In addition, financial safety nets such as bank loans and microcredits (average of 5% repayment rate) have also been identified. Farmers stated that those who borrow as part of a Fairtrade-certified SPO, benefit from easier credit opportunities due to cooperatives' reliability (if any). Non-financial safety nets include capacity building and technical assistance provided by institutions such as the Ministry of Agriculture, the National Agricultural Health Service of Peru (SENASA) and the Ecumenical Centre for Promotion and Social Action Centre North (CEDEPAS). The comparison group, on the other hand, mostly depend on access to credit through financial institutions (e.g. such as Agrobanco Perú) and governmental programmes, such as AGRO PERÚ. The SPOs submit a list to Agrobanco for financial checks and if feasible, producers are allowed to borrow. Some non-Fairtrade organizations can only borrow limited amounts.

Stress relief mechanisms for cooperatives were established in the last years, in which debt payments have been rescheduled with low interest rates (3.5%).

"The Fairtrade premium brings a concept of sustainability, as export costs change, and the premium evens it out, so that SPOs can continue production." (KII_FT_SPO Management)

COVID-19 Emergency Aid commissioned by the Federal Ministry for Economic Cooperation and Development (BMZ)

The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) has been commissioned by BMZ to implement the COVID-19 Emergency Aid for Fair Trade Producer Organisation in more than 30 producing countries. The BMZ has provided a total of EUR 19.5 million for this purpose, aiming to reduce the emergency of smallholder farmers caused by the pandemic with direct and rapid relief measures and to contain the spread of the virus. According to the *Initiative for Sustainable Agricultural Supply Chains* (INA, 2021), the business activities of the producers and their organisations are to be ensured through the assumption of operating costs and the implementation of various training courses. The initiative is being implemented in cooperation with Fairtrade (Germany and International), Forum Fairer Handel e.V. and Deutsche Welthungerhilfe e.V..

The Fairtrade Premium as well as support provided through the Fairtrade community represent an important *Safety Net* in times of insecurities or crisis. The theme on safety nets is assessed as very good in the SAFA tool. Both Fairtrade certified and non-Fairtrade certified SPOs receive additional public support.

Data quality: Good evidence available

Theme: Product Quality and Information

Product Quality

Fairtrade certified SPOs reported the existence of staff (e.g. technicians) responsible for quality control of the banana fields. Fruit condition specifications are checked along packaging and maintenance processes. SPOs reported the importance of quality control given that, in previous years (2016), the absence of control at times led to rejections at final product destination points, due to early ripening beginnings. A non-Fairtrade organization reported that, in order to improve quality standards, the banana fields are now being evaluated, products are pre-sorted and those in good conditions are processed. Control and supervision on the field /collection centre is key.

For APPBOSA, *Product Quality* is assessed as good in the SAFA tool, as mechanisms for quality assurance are in place. Non-Fairtrade SPOs stated to have their own quality mechanisms as well.

Data quality: Good evidence available

4.2.2 Comparative and longitudinal findings

The study, similar to findings of 2018, shows that the Fairtrade certification has the potential to effectively facilitate the economic relationship between the managing PO and its members and to contribute to organizational strength and economic resilience in the long-term. While more established certified SPOs can effectively use the Fairtrade label to improve their services and operations, recently certified and weaker SPOs cannot yet translate their certification into substantial economic benefits and struggle to bear certification costs.

Farmers within Fairtrade cooperatives are supported with production materials, technical assistance, market access and the insurance that buyers comply with established long-term contracts. In addition, producers have better access to loans from their cooperatives. On the other hand, producers without Fairtrade certification are struggling more with low productivity levels. Their small plots of land combined with insufficient resources to maintain it, often results in low yields. Consequently, low-income levels lead to difficulties to cover basic needs and producers' inability to save, thus reducing chances for investment in their farms and reinforcing a circle of poverty. Based on the study findings, farmers in non-Fairtrade POs claim substantial need for infrastructure improvements, competitiveness and community support.

Currently, the price pressure on the product of banana is much more felt at the point of this study than during predecessor studies. Furthermore, a lack of awareness on the need for income and product diversification across both producers' groups jeopardizes farmers to become even more vulnerable in future.

Farmers in the banana case study were asked to assess their satisfaction with their economic situation on a Likert-scale from 1 to 10 with 10 symbolizing greatest satisfaction. Results show that members of SPOs with the longest Fairtrade certification show the highest satisfaction ($m=7.77$). Recently certified members showed the lowest satisfaction ($m=5.66$). Why is this the case? The certification brings along costs and obligations and could not yet materialize in economic improvement. Compared to results of the 2017/2018 study, the perceived satisfaction with their economic situation has slightly deteriorated (Fairtrade farmers: $m = 7.6$; non-Fairtrade farmers: $m=5.8$).

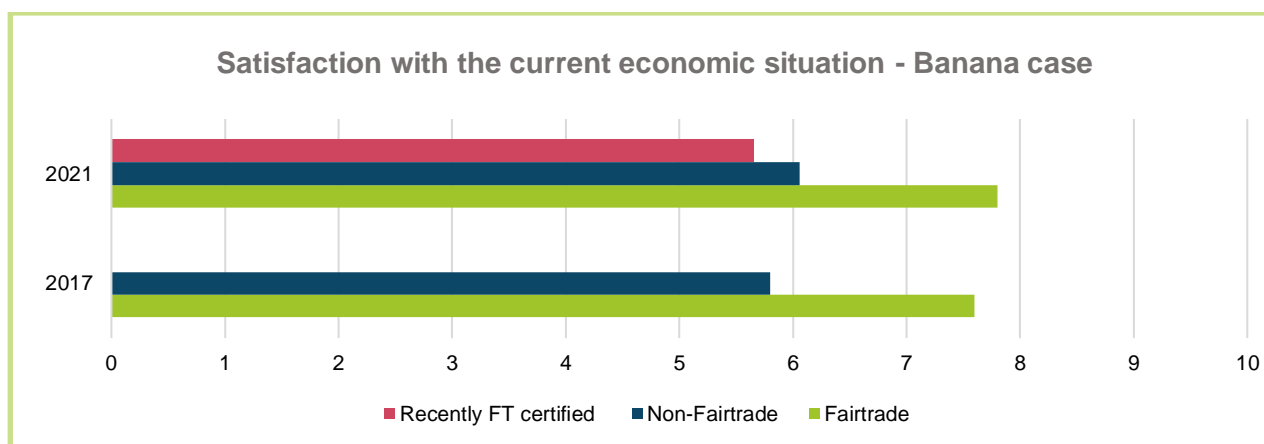


Figure 15: Perception rating of banana farmers on the economic situation

4.3 Coffee Case Study

Development of framework conditions 2017 - 2021

There are currently 175 Fairtrade-certified coffee SPOs in Peru, involving almost 60,000 farmers (Fairtrade Monitoring Data 2020). Each year the number of farmers who are members of Fairtrade certified SPOs is increasing. Overall Fairtrade sales in coffee have slightly risen in the last four years.

Table 4: Fairtrade Volume Sold – Coffee

Fairtrade Volume Sold (MT)				
Country	2017	2018	2019	2020
Peru	55,819	54,700	60,993	62,471
Overall Fairtrade Sales	214,692	214,692	226,254	226,338

Coffee farmers in the Peruvian Chanchamayo province have experienced a range of setbacks in the last years. The most prevalent crisis, that was intensively explored during the predecessor study of 2018¹⁹, was the emergence of La Roya – coffee rust – a fungus, that aggressively destroyed coffee plants and led to a dramatic loss of plants and parcels across the Amazonian region. The coffee rust crisis of 2013-2015 has been the worst crisis since the first emergence of the fungus in 1976 and its epidemic spread is widely perceived as a climate change effect. Making their way down south from Central America, the plague emerged in Peru in the middle of 2012, hitting coffee plantations and requiring plants to be removed and new seedlings to be planted.

¹⁹ For more details on the impact of La Roya, see 1st follow-up study from CEval from 2017/18.

The recovery of coffee plantations is expected to take up to three years and at the point of this study farmers continue to be affected by the direct and indirect effects of the epidemic crisis. Some of the impacts observed as an effect of coffee rust plague included i) accelerated drop-out rates of school children from families living remotely to the villages and ii) increased importance of diversification of different coffee crops. Some farmers, who only planted one type of coffee plant, which was non-resistant to the plague, leading to the total loss in plants, realized the importance to diversify their plants and income source and hence to be more resistant in the future.

At the point of the predecessor study in 2017, La Florida was in a tight economic situation: as the SPO couldn't comply with a large contract due to the emergence of the coffee rust, they were obliged to pay a substantial fine, which concurrently contributed to a state of high indebtedness. A new management has implemented a strict austerity plan and strategically changed the cooperative's location of the headquarters from La Merced to Pichanaqui. By selling off their previous premisses, the cooperative was in the position to pay off a large part of its debts, leading to financial relief.

4.3.1 Findings on selected SAFA economic themes and indicators

Theme: Investment

Price Determination

The price of coffee is strongly determined by the global world market and stock exchange. High coffee prices have a direct impact on decreased demand, as consumers opt for other products and therefore lower sales. Consequently, the coffee prices tend to drop as sales are lowered. This is referred to as so-called "vicious circle of coffee". In other terms, although higher prices tend to bring more profit, lower coffee prices are more beneficial to certified farmers.

When prices drop, farmers of La Florida benefit from long-term contracts including Fairtrade and FMP, as their business partners are bound to signed-off contract parameters. Price volatility tend to harm independent producers much more, given that selling coffee to independent buyers, i.e. spot selling on the street, highly depends on the price at the moment of the selling. As prices drop, the absence of contractual agreements leaves non-certified farmers unprotected and with no negotiation power to determine their selling price. Equally, non-certified SPOs are not in the position to negotiate long-term contracts with fixed prices and, therefore, are equally vulnerable when it comes to price volatility.

What prices do coffee SPOs included in this study currently receive? Table 5 shows the price development for both Fairtrade certified and non-certified organizations. Both Fairtrade certified and non-certified organizations receive a higher absolute price in 2021 than in 2017. However, prices given do not account for rising cost of living and potential inflation, which, indeed, mitigate the positive price development. The price for Fairtrade producers is higher than the price received by non-certified producers.

Organization	2017	2021	On average
Fairtrade	7 – 8 Soles/Kg	10 – 12 Soles/Kg	10.94 Soles
Non-Fairtrade	5 – 7 Soles/Kg	7 – 11 Soles/Kg	9.99 Soles

Table 5: Prices received by coffee SPOs in 2017 and 2021 (Source: Own survey data)

For La Florida, *Price Determination* is assessed as good in the SAFA tool. Prices are highly dependent on external determinants, but the Fairtrade minimum price and long-term contracts lead to a certain stability in price at SPO level. The absolute price received by Fairtrade farmers for coffee has increased compared to 2017/2018, but rising costs of living and inflation mitigate positive effects.

Data quality: Limited evidence available

Net Income / Profitability

Very recently, due to the increase in price, financial revenues for producers and the cooperative as a whole have slightly improved. However, producers interviewed in this study are still burdened by economic constraints. They face the challenge that profits of their annual coffee harvest must cover household expenses until the next harvest. Their situation in 2021 remained tense, as farmers reported rising costs of living due to the global pandemic and they, in addition, are obliged to pay back loans. As a result, they can only cover core needs and are not able to save. Members of La Florida have democratically decided that they use a share of the Fairtrade Premium for in-cash support. Profits and the Fairtrade Premium are currently used to stock up members' income, which allows them at least to pay back their loans and build up their farms again.

The financial situation of non-Fairtrade farmers interviewed appears to be more severe. Their income is only sufficient to cover very basic expenses and they cannot allocate sufficient means to health and education matters.

Table 6 summarizes survey data on household income received per coffee campaign, which largely represents farmers' annual income, and shows that the income of Fairtrade producers is higher than those of non-Fairtrade farmers.

Producer	Average household income in Peruvian Soles per coffee campaign	In EUR
Non-certified	20319	4804
Fairtrade-certified	31043	7340

Table 6: Average household income per coffee campaign (Source: Own survey data 2021)

Years of financial pressure at producer level added to additional constraints to both Fairtrade and non-Fairtrade farmers. According to discussions led, farmers voiced that they face at times food insecurity²⁰. Eventually, discussions raised another important point on the living income debate: Similar to the other product case studies, farmers' income substantially depends on the land size they own and can cultivate. Producers with rather small lands face substantial financial constraints to gain sufficient profits. For them, diversification is even more crucial to stock up their income gained through coffee.

For La Florida producers, *Net Income / Profitability* is assessed as moderate in the SAFA tool, as despite slight improvements in framework conditions, farmers still very much struggle to achieve an income they can adequately live with. Fairtrade farmers receive in-cash support by their cooperative, which reflects in their final household income and enables them to pay back their debt.

Data quality: Limited evidence available

Cost of Production

Coffee is a labour-intensive product, cultivated in large extensions of land. Over the last years, Fairtrade certified and non-certified farmers observed an increase in the price of fertilizers, in the cost of transportation and in other production inputs. Farmers of La Florida benefit, however, from the provision of some farm inputs and interest-free loans, which assists producer's stability of production and builds loyalty connections with their cooperative. The change of location from La Merced to Pichanaqui has benefited producers with cost reduction as they are closer to the cooperative's headquarter and processing plants.

²⁰ Based on these findings, and according to Welthungerhilfe Food Security Standards (2020) criteria indicators, deprived access to income and hence to food signals food insecurity conditions.

Similar to the banana case study, farmers don't keep records of their farming costs or sales and many don't have the appropriate tools or the required skills to calculate farm profits.

At La Florida, costs determinants are (i) uniform quality production and (ii) the assurance of environmentally friendly and social practices. Such measures are a prerequisite for La Florida to comply with certification requirements. According to interviews with the SPO management, La Florida's board is currently working on cost restructuring policies in some areas to enhance their own efficiency. The cooperative, furthermore, plans to re-open their multi-processing plants (the so-called *planta de beneficio*, where coffee is washed, dried and fermented), if targeted volumes are achieved, which should lead to additional cost-reductions.

For La Florida, *Cost of Production* is assessed as moderate in the SAFA tool as prices continue to be fluctuating and the cooperative, for now, can only support their producers to a small extent in keeping costs down.

Data quality: Good evidence available

Internal investment

Considering the precarious situation La Florida had encountered itself due to the long-term effects of the coffee rust crisis, it was of highest priority of the new management to establish austerity measures and re-pay the organizations' debt. La Florida, on the other hand, reported that internal investments were directed to ensure that processes were functioning at organizational level. Examples include the maintenance of machinery, infrastructure instalments, such as plants to dry coffee, and a new coffee laboratory.

For La Florida, *Internal Investment* is assessed as good in the SAFA tool. Given the tight financial situation, the cooperative takes democratic decisions on internal investments to ensure the efficient functioning of the organization.

Data quality: Moderate evidence available

Community Investment

Fairtrade Premium payments enable cooperatives, if they democratically decide to do so, to contribute to community development. Community members and producers of La Florida stated that the cooperative is currently not providing community and municipality investment to, for instance, support public institutions, such as medical centres and schools. The management of La Florida argued that the lack of financial means and the cooperative's existing debts deprive extensive support to the local communities.

Indeed, the cooperative currently only provides punctual support, such as lending machinery in cases where roads collapse. Non-certified SPOs are also not in a position to invest in their communities. It is important to mention that the organizational development level of the SPO itself is a key determinant on their possibilities to engage in community development activities, i.e. the stronger cooperatives and their members are, the higher are their chances to provide additional community support.

For La Florida, *Community Investment* is currently assessed as limited in the SAFA tool. The cooperative and member are recovering from the economic burden of the last years and invest the Fairtrade Premium money received to recuperate.

Data quality: Moderate evidence available

Theme: Vulnerability

The coffee rust plague has put certified and non-certified producers across the Amazon in a very vulnerable position. Some producers reported to the research team that they sold their lands, run out of savings, took up loans, which they are now unable to pay back and changed to coffee varieties with lower quality scores. Other producers left the coffee production altogether. Family members had to migrate, children stopped studying and

food insecurity rose. POs without Fairtrade-certification indicated an increase in emotional vulnerabilities, resulting even in cases of suicide. Producers indicate that they were equally hit by the crisis but at least La Florida and their producers were able to survive.

The global Covid-19 pandemic brought additional burdens to coffee producers. These include increased expenses to treat infected family members, with some of them dying, rise in production costs, for instance in transportation, and decrease in the coffee production due to labour shortages, leading to lower crop maintenance. Producers work levels increased, leading to intensive working hours and less disposal hours to dedicate to their children and their virtual education processes – school dropout or a deteriorating quality of education were observed. In addition, some of the producer's adult offspring returned to their family coffee plots to help their parents due to the lack of work in cities.

Product Diversification

Vulnerability exposed when focusing purely on coffee production, made producers understand that they must grow other products for subsistence purposes and to diversify their income. The Fairtrade cooperative La Florida supports their producers in this task. At La Florida, members are provided small loans, between 500-1,500 soles, to raise small animals or other subsistence crops. In addition, a current research project with the government is exploring fish reproduction as a new source of income through fish farming.

The Paco reproduction project

About the project: The project objective is the intensive production of *paco fingerlings* throughout the year, together with partners from La Florida. It is implemented in the district of Perene, province of Chanchamayo, department of Junín. The project lasts 12 months, consisting of laboratory implementation and production targeted to produce 1 million fingerlings (*alevino* fish) per month. The cost of project implementation is 600,000 soles. The cooperative is providing a counterpart of more than 200,000 soles (with support from the Fairtrade premium) and the rest is from the National Innovation Fishing and Aquaculture Program of Peru (PNIPA).

Technology: The project uses a zero-water replacement method in which the water is not changed but purified continuously. The cooperative had infrastructure where a laboratory could be set up. The fish water is be filtered (removes ammonium) and passed through a process of UV lamps for disinfection. The system operates with photovoltaic panels.

Economic benefits: Paco is more in demand than tilapia. The price is 15 soles per kilo (fish of 200 grams of 4 months of breeding, or 1 kg of 12 months of breeding). Production cost is 8 to 9 soles. Producers intend to raise one fish per square meter. Producers are expected to benefit from ongoing production, low transportation costs, balanced food and better nutrition values for the local population (more protein).

The market opportunity exists within the region, as there is high fish consumption. Non-Fairtrade SPOs also stated the urgent need of support to cultivate other products, such as avocado and bananas, or engage in livestock or other non-agriculture activities.

For La Florida producers, *Product Diversification* is assessed as good in the SAFA tool as there is awareness among members and the cooperative that income diversification is needed to enhance resilience. La Florida set up a support project on fish farming and provides micro-loans.

Data quality: Good evidence available

Stability of the Market

Market stability is characterized by three key determinants: stability of coffee production, ability to trade the product, e.g. through direct buyers and direct exports, and the ability to bargain long-term agreements. While the Fairtrade certified cooperative directly exports, non-certified producers sell coffee independently to local markets and intermediaries. At the point of the study, it is of highest importance for La Florida to set up strong client relationships and, indeed, the management could successfully expand the client base in the last four year. They currently sell 100% of their produce under Fairtrade and have 12 client relationships. A key

achievement was to enter the Japanese market and secure two stable clients in Germany. The Fairtrade Premium enabled the management to take part in international fairs and visits, which are crucial to set up client relationships.

However, the cooperative also sometimes faces struggles when their members are being offered better prices in the street than the Fairtrade minimum price. Furthermore, disloyal market competition has been observed by members of La Florida, as major players/companies compete with actors in the market falsely claiming to produce organic coffee or mixing low quality with high quality coffee to increase trade volumes. Furthermore, according to interviews led with SPO management and as also identified in the 2017 impact study, the occurrence of Fairtrade 'ghost-cooperatives', set up by local companies, who list members that do not actually exist, while instead sourcing from the street, presented an issue in the past. Cases detected were terminated and the potential issue was targeted by the new Fairtrade coffee standard to, prevent this phenomenon.

For La Florida producers, *Stability of the Market* is assessed as good in the SAFA tool.

Data quality: Moderate evidence available

Safety Nets

During the coffee rust, almost every coffee producer took up a credit or loan, which represents a common, but also risky safety net option. While it supported producers in the long-term it now leads to high indebtedness among producers. Indeed, most members have not been able to pay their loans and the bank has given them a grace period until 2024. CrediFlorida, La Florida's credit scheme for members, is close to bankruptcy due to loans it could not recover and has not been able to repay contributions to members.

The crisis let many producer organizations and their producers leave coffee farming behind. La Florida survived, avoided bankruptcy and is in the position to pay back its debts. The Fairtrade Premium has played an important part in keeping operations up and re-paying debt both at farmers and at organizational level.

"The coffee rust is the main reason for loans with banks; it is the root of our debts." (FGD_Non-FT_Male)

For La Florida, *Safety Nets* is assessed as moderate in the SAFA tool. In times of crisis, the Fairtrade Premium was crucial for the cooperative to survive, but producers continue to be in a vulnerable situation.

Data quality: Good evidence available

4.3.2 Comparative and longitudinal findings

Since the last study, economic conditions for Fairtrade coffee farmers in Peru have improved: Sales are, currently, satisfactory and farmers receive a higher price per bag of coffee than four years ago. Producers are again able to cover their basic costs and do not depend anymore on taking up credits. However, the last years took its toll: Almost all producers from both groups interviewed still find themselves in debt, as they had to take up loans to restore their plantations due to the coffee rust crisis. As a result, a tremendous increase in farmers' vulnerability can be observed. While Fairtrade-certified producers receive some support from their SPO, non-Fairtrade farmers had not received any support from their cooperatives. The Fairtrade organization counts with guaranteed loans to producers, in-cash support through the Fairtrade Premium and support projects on the diversification of income. Non-Fairtrade producers report their need to sell property i.e. land and motorcycles to survive and many have left coffee production.

In the given perception ratings, Fairtrade farmers ($m=5.73$) appeared to be more satisfied with their economic situation than non-Fairtrade farmers ($m=4.65$). However, it can be positively noted, that for both groups satisfaction levels (see Figure 16) have improved since the 2017/2018 study (Fairtrade: $m= 3.4$, non-Fairtrade: $m= 3.3$), where they were unacceptable low.

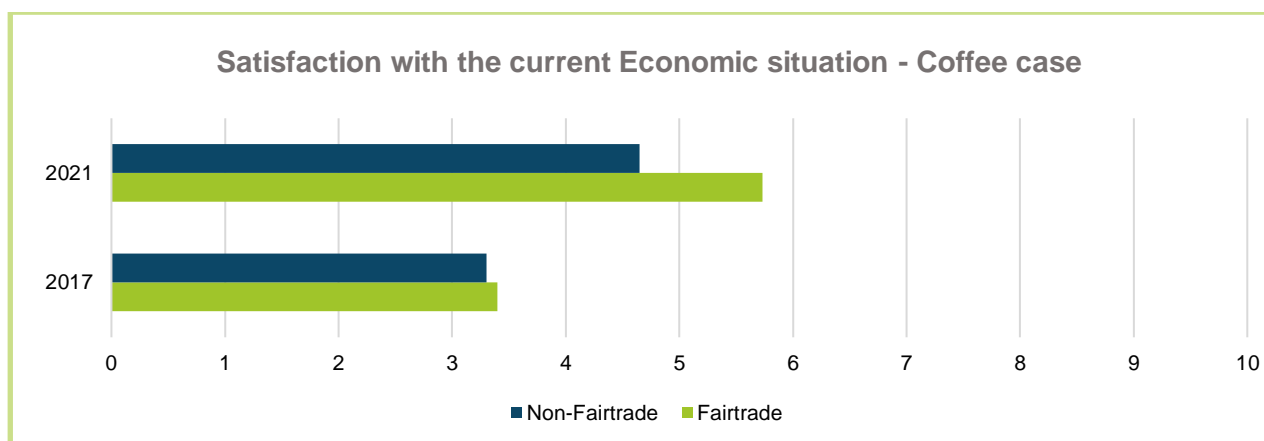


Figure 16: Perception rating of coffee farmers on economic situation

5 Findings on the SAFA Social Wellbeing Dimension

Based on the SAFA Indicator Guidelines, the social dimension covers the following themes: **Decent Livelihood; Fair Trading Practices; Labour Rights; Equity; Human Health and Safety; and Cultural Diversity.**

5.1 Cocoa Case Study

5.1.1 Findings on selected SAFA social wellbeing themes and indicators

Theme: Decent livelihood

Quality of Life

Discussions with farmers showed that working conditions in cocoa farms continue to be labor-intensive and demanding. The majority of female farmers interviewed mentioned that they engage workers to handle the difficult aspects of farming and only monitor their activities. While this eases the burden of work, it also means that income must be used to pay off workers. As mentioned above, due to fluctuation in prices, this can be a very dynamic variable, affecting final income and thus livelihood. Non-Fairtrade farmers mentioned that due a tense financial situation, they are neglecting the maintenance of the farm.

Farmers interviewed brought up in discussion that they can no longer rely on their adult offspring to support the activities on the farm, as many children turn away from farming and prefer job opportunities in the cities. Thus, families are often separated. As a result, farmers must hire external labor. One FGD revealed that some male farmers even took up additional wives to cope with the labor on the farm.

At the same time, both male and female Fairtrade farmers revealed their satisfaction with the amount of spare time they spend with their families. They usually spend about 6 hours on farming activities. Farmers who employ laborers can flexibly decide when to monitor them and only face more time constraints during harvest season. Diet and meal consumption vary throughout the year and highly depend on the farm produce and income. Both Fairtrade and non-Fairtrade farmers interviewed mentioned that obtaining a sufficient diet and meal consumption can be very problematic, especially during the dry season. Whereas some Fairtrade farmers are now in better control of their food intake, non-Fairtrade farmers voiced more dissatisfaction and confirmed that they experienced food insecurity. One group also indicated that the yield of food crops has decreased due to changing climate conditions.

For Kuapa Kokoo producers, *Quality of Life* is assessed as moderate in the SAFA tool. Cocoa farming provides them with flexibility and sufficient spare time but working conditions in the farm

continue to be difficult. Many producers are highly dependent on hiring external labour. Farmers mention that, indeed, food insecurity is prevalent, especially during the dry season.

Data quality: Good evidence available

Capacity Development

Considering that household income highly depends on yield achieved, trainings to enhance productivity and better agricultural practices continue to form a crucial component of the SPO's spending of the Fairtrade Premium. Fairtrade Farmers confirmed their participation in trainings sessions that mainly focused on farm-related aspects and showed satisfaction with the capacity building that was provided. They reported that trainings have led to an increase in production levels. Furthermore, trainings on record keeping and saving were provided. However, FGDs and the mini survey showed, however, that trainings were substantially down since the start of the pandemic. Figure 15 shows that most farmers received no training in the last 12 months. The majority received between 2-4 technical assistance visits. Farmers emphasized the importance of more regular trainings to improve their productivity levels. They also voiced their wish for more technical trainings that would include the use of machinery.

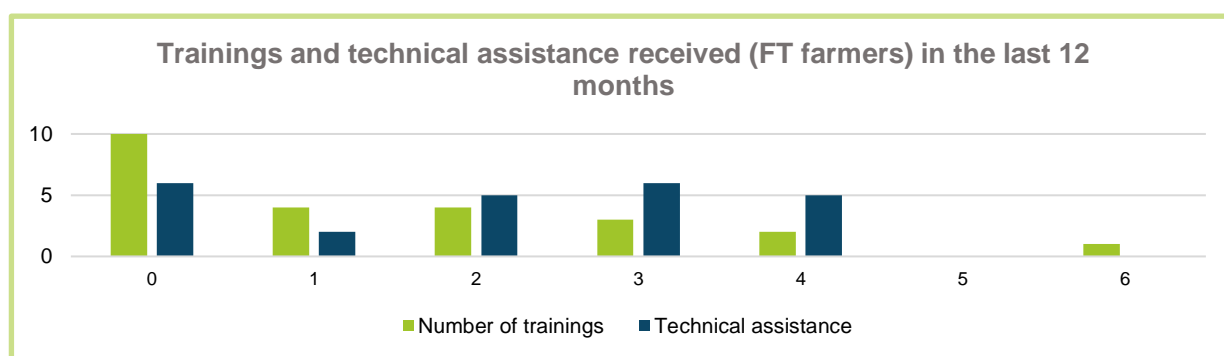


Figure 17: FT trainings and technical assistance received over the last year

Almost all non-Fairtrade farmers groups had not received any training or capacity building in the last 4 years. Two groups mentioned that, prior to the pandemic, they received personal visits from agriculture extension officers, which they found educative and helpful. Since March 2020, non-Fairtrade farmers have not received any support through the extension offices, which, reportedly, affects their farm management.

For Kuapa Kokoo producers, *Capacity Development* is assessed as good, especially when comparing it to non-Fairtrade farmers. Farmers showed satisfaction with the trainings they received before the outbreak of Covid-19, but must be kept up despite barriers posed by the ongoing pandemic.

Data quality: Good evidence available

Education Level

In regard to primary education of children (aged below 15) in farmer communities, the study confirms that the access to education for children has improved. According to feedback received by teachers, approximately between 75% to 85% of children in cocoa communities are passing primary education in the communities visited. This positive development can be mainly attributed to governmental efforts and campaigns. In addition, sensitization on child labor by the Fairtrade cooperative (see below) also contributed to better awareness among parents on the value of education. The effect of Covid-19 on school attendance could not be examined in this study, but, considering that schools were closed for several months, (online) school attendance, temporarily, dropped, but then increased again.

Education Level is assessed as good with current children of Fairtrade farmers having better opportunities to pursue education. Both the government and the Fairtrade cooperative contribute to the increased awareness on the value of education.

Data quality: Good evidence available

Theme: Labour Rights

Employment Relations

Different levels of employees need to be distinguished, as there are (i) formal employees of the cooperative engaged in management and administrative issues, (ii) workers involved in the processing/selling of the cocoa bought from producers and, eventually, (iii) labourers hired by producers to support them in their farm. In this study, information could only be obtained on formal employment relations within the cooperative structure (SAFA category i). According to the Fairtrade SPOs management, all employees that are permanently hired by the cooperative have formal employment relations. A specific study on workers and labourers would be required to understand their working conditions, wage levels and employment relations.

For Kuapa Kokoo, the indicator on *Employment Relations* in regard to formal employees of the cooperative is assessed as good in the SAFA tool. No evidence could be obtained in regard to employment relations at worker level.

Data quality: Limited evidence available

Child Labour

The topic on child labour within cocoa production continues to be sensitive, as prevalence of children working on the cocoa plantations has been a long-standing issue. It was identified as key problem in the 2011/2012 study. The results of the 2017/2018 study, as well as interviews and discussions showed that in the last decade, the cooperative put in many efforts into mainstreaming and institutionalizing of awareness creation against child labour. Examples mentioned by farmers included jingles played in information centre or advertisement via radio stations. This outreach would go beyond cooperative members and, according to farmers interviewed, has positive effects at community level. Fairtrade farmers confirmed that they are very sensitized on child labour and do not involve children in unduly farm activities. They showed detailed knowledge on national standard requirements (e.g. minimum standards include, that children are allowed to work at maximum two hours a day and must only carry a load that is less than 30% of their own weight). This awareness goes along with an improved conviction on children going to school instead of working on the farms, as mentioned during FGDs. Fairtrade farmers showed higher awareness and better knowledge on the issue of child labour than non-Fairtrade farmers. In at least 1 FGD farmers described, that children above 14 regularly engage in farm activities, while children under 14 also support their parents only from time to time. Apparently, the work they engage in is non-hazardous and does not deprive them from their schooling.

Despite positive feedback from farmers, the researchers cannot rule out that child labour occurs more than reported. The on-going pandemic deepened the fear that child labour might increase due to closing of schools and lack of seasonal labourers who could not travel. The Swiss Int. Cocoa Initiative estimated an increase in child labour by 20%. Evidence from this study does not confirm this development for Fairtrade farmers interviewed in this study, as it appears, that long-term sensitization efforts yield a positive effect on parents' mindset in regard to children taking over work in the plantations. It can further be positively noted that schools in Ghana were only closed for a limited period of time. More detailed studies, incl. observational elements would be required to understand the current situation of children in Ghana better.

For Kuapa Kokoo producers, evidence showed that thanks to the cooperative's, the government's and Fairtrade's continued and joint efforts to create awareness on *Child Labour*, children of farmers interviewed appear to not be inadequately involved in cocoa cultivation, leading to a "good" assessment of the SAFA indicator.

Data quality: Good evidence available

Theme: Equity

Gender Equality

The study finds that female cocoa farmers and labourers continue to be more vulnerable and marginalized than male farmers. They are disadvantaged when it comes to the access to farmland, as traditionally, land is handed over to males within the family and share-cropping arrangements are restricted to men. Women also rather possess small farm sizes, which compromise their profits. As mentioned above, female farmers also have a greater need to hire external labour, resulting in lower final income. The same is true for female workers that are hired by farm owners: according to the FDGs let, female hired labourers face discrimination during the hiring process: They are hired less often and are paid less for the same amount of work.

"Women are more likely to be hired for lower-paid roles and are sometimes paid less for doing the same work as men. [This is] based on the assumption that women will be able to carry out less work, or to do it less competently." (FDG_Non_FT_Members)

According to both Fairtrade and non-Fairtrade women, men continue to take final decisions within the communities and often within the household. Fairtrade women, however, showed more confidence in speaking up and voicing their thoughts. According to one Fairtrade FGD, the decision-making power for Fairtrade producers has bettered for in the last four years. Conclusively, gender equality in the cocoa supply chain is still a crucial topic that requires attention. The cooperative has set up a gender unit that follows the objective to enhance the participation of women in the decision-making process of operations and the organization as a whole. The unit is run by a gender coordinator. Programmes are implemented across women groups in the different communities / zones. One concrete example that was shared by female farmers was that a women group was initiated in 2017 to promote income diversification for women. Trainings on yam production and rice cultivation were provided and coupled with cross-cutting areas, such as child protection issues. While this initiative is very promising, no more concrete activities to enhance gender equality were confirmed during discussions with female farmers. The size of the SPO appears to be a substantial challenge to consistently trickle-down gender mainstreaming across the different communities.

For Kuapa Kokoo producers, *Gender Equality* is still assessed as limited in the SAFA tool. While the cooperative implements some initiatives to mainstream gender equality further, female producers and workers continue to face discrimination in their profession.

Data quality: Good evidence available

Support to Vulnerable People

Elderly farmers, visually impaired, orphans or out-of-schoolchildren were identified as vulnerable groups within cocoa communities. According to farmers, indigenous groups are not prevalent in the areas visited. No support system by the cooperative for vulnerable groups was identified by teachers and community representatives. It has not yet been put on the cooperative's agenda to proactively support marginalized community members.

For Kuapa Kokoo, *Support to Vulnerable People* is assessed as unacceptable in the SAFA tool. The Fairtrade cooperative does not provide targeted measures to vulnerable members of their communities.

Data quality: Moderate evidence available

Theme: Human Safety and Health

Workplace Safety and Health Provisions

In the Ghanaian context, farmers are many times located very remotely from the cooperative's premises and infrastructure. Nevertheless, according to interviews with the cooperative's management, farmers are provided health screenings at mobile clinics and, by contributing with an insurance fee of 100 GHS have access to a health clinic at the cooperative's premises in the city of Kumasi as well as to partnering hospitals. Yet, enrollment in the insurance scheme, according to the discussions held, is rather low. Farmers confirmed these health provisions and those who make use of the services, were rather satisfied. However, it was also mentioned that health services are still rather basic, and no emergency support is provided. Recognizing this gap, in the future, the cooperative, according to interviews with SPO management, plans to set up their own hospital. Eventually, farmers reported that trainings on productivity also entail aspects on safety issues while working in the plantations. Since the outbreak of Covid-19 no intensive trainings on health and safety were provided. Non-Fairtrade farmers stated that they would only learn from members of the cooperative about safety and health guidelines.

"We used to go about spraying the farm in a wrong manner until the health and safety training. We had little knowledge in terms of how chemicals are harmful to their health when kept in a confined environment especially in the sleeping space." (FGD_FT SPO_Male)

For Kuapa Kokoo producers, *Workplace Safety and Health Provisions* is assessed as 'moderate' in the SAFA tool. The cooperative offers additional medical services and an insurance scheme. The uptake of the latter is still low. The Fairtrade cooperative's health screenings and trainings on health and safety are appreciated by the Fairtrade farmers interviewed.

Data quality: Good evidence available

Public Health

Sanitation issues, above all the lack of toilets, malaria during the rainy season and malnutrition caused due to food insecurity during off-season were identified as key public health issues in the communities that would require more attention. According to farmers, the provision of health services remained the same over the last years. The Fairtrade SPO barely provides substantial investments to public health in farmers' communities. These only include the provision of mosquito nets and the implementation of health screenings. NGOs and the government also contribute to better access to and quality of health services across the villages. One key aspect to regard under this criterion are health threats caused by Covid-19. Generally, there has been rather good crisis management and spread of vaccines by the government in Ghana. Covid-19 cases in communities visited up to the point in time of data collection was rather low. It can be positively noted, that Kuapa Kokoo proactively approached partners for support and mobilized resources in this state of emergency. The cooperative received direct support measures by Root Capital²¹, an NGO operating in Ghana, to prevent the spread of the virus. A financial contribution of US\$325,000 was received to aid the cooperative in its effort to fight Covid-19 among cocoa farmers. With the first tranche issued, relief items, such as disinfection liquids and masks, were distributed among farmers and the communities and awareness creation on hygiene measures implemented. Upcoming interventions financed by this grant shall support to set-up a system for the prevention, identification and reporting of Covid cases (Kuapa Kooko 2022).

For Kuapa Kokoo, contribution to *Public Health* is assessed as 'limited' in the SAFA tool, considering that the cooperative does not provide extensive support to the public health system in producer communities. The cooperative's support during Covid-19 is an exception, as, indeed, support material was handed out across the communities.

Data quality: Good evidence available

²¹ Root Capital provides credit and capacity building to small and growing agricultural businesses around the globe, aiming to build a more prosperous, inclusive, and resilient future for rural communities. More information at: <https://rootcapital.org/what-we-do/>.

5.1.2 Comparative and longitudinal findings

In the following, key differences between Fairtrade and non-Fairtrade farmers shall be described. While both groups are rather satisfied with their quality of life and spare time they have for family and friends, several factors limit their satisfaction with their social situation: Income levels remain unstable, especially for women, considering that they highly depend on the cost for external labour. In the past years, producers' offspring rather turn away from farming due to hard working conditions and insecurity in income. It remains interesting to see whether the introduction of the living income differential and, thus, a higher farm-gate price will make cocoa production again more attractive for the next generation. Furthermore, food insecurity cannot be neglected and, according to the data received, non-Fairtrade farmers are more exposed to the risk of having an inadequate diet.

Women still face substantial discrimination in terms of their profession but also decision-making within the community. Non-certified producers showed a substantially larger dissatisfaction during FGDs than Fairtrade producers. Fairtrade farmers have adequate knowledge on child labour issues and are, in comparison to non-certified farmers, more aware of the specific norms and standards to adhere to, as well as of the benefits of going to school. Fairtrade farmers tend to participate in more trainings than their non-Fairtrade farmers prior to the pandemic, but almost no trainings or technical visits have been taking place since the outbreak of Covid-19. Evidence showed that training packages organised by Kuapa Kokoo have the potential to trickle down to non-Fairtrade farmers as they learn from their peers.

Lastly, the Covid-19 relief provided by Kuapa Kokoo partners provided direct contributions to prevent spreading the virus and to maintain production and stabilize supply. However, the cooperative's contribution to public health is yet marginal. Mechanisms, such as an insurance scheme and a health clinic in Kumasi exist but are not yet effectively used. In comparison, non-Fairtrade producers can only rely on health services by the government or additional support measures by NGOs.

What do the perception ratings on the satisfaction of the social situation reveal? Both Fairtrade and non-Fairtrade farmers are moderately satisfied with their social situation. Fairtrade farmers ($m=6.5$), on average, appear to be a bit more satisfied than non-Fairtrade farmers ($m=6.3$). Satisfaction levels have improved for both groups in the last four years.

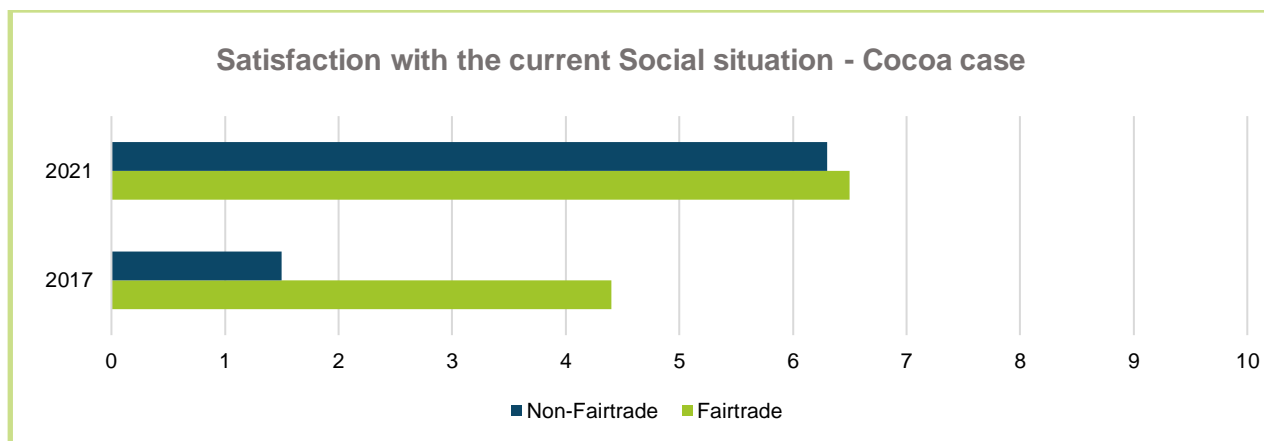


Figure 18: Perception rating of cocoa farmers on social satisfaction

5.2 Banana Case Study

5.2.1 Findings on selected SAFA social wellbeing themes and indicators

Key findings of the 2021 field study in Piura (Peru) reveals that the overall perception on welfare within Fairtrade and non-Fairtrade small producer organizations (SPOs) has worsened due to (i) increase of living costs, (ii) lower selling price of banana, (iii) external factors (COVID-19), which lead to social insecurities for

farmers and their households. Improvements have been seen with regard to gender equality, as women, although still the minority within SPOs, are positioning themselves and participating in decision making and leadership positions in their cooperatives. At community level, continuous community support (especially within Fairtrade SPO regions) generated improvements with respect to infrastructure, equipment in schools and community hospitals/medical centres.

Theme: Decent livelihood

Quality of Life

The overall social satisfaction was rated as **moderate**. Producers, on average 52 years old, of Fairtrade SPOs have stated moderate quality of life: Across POs working conditions remain difficult (work every day, $\frac{3}{4}$ of the time), and the concept of vacation is not familiar to farmers in the region. However, farmers of APPBOSA have reported that income gained covers their basic necessities and allowed them to provide better education opportunities to their children. For non-certified SPOs it was found that limited financial resources have an impact on food and nutrition levels within the household. According to discussions with non-Fairtrade farmers, food consumption is strictly correlated to the price of basic necessities as well as their own food production. The low selling price for banana and the inability to save are aggravating factors.

For APPBOSA, *Quality of Life* is assessed as good in the SAFA tool. Working conditions continue to be demanding but the income gained covers basic household needs and has allowed for new opportunities (e.g. investing in their children's quality). Evidence was found that farmers of non-Fairtrade certified POs are prone to food insecurity.

Data quality: Good evidence available

Capacity Development

Provision of capacity development to the selected SPOs is supplied by three key actors: the Latin American and Caribbean Network of Fairtrade Small Producers and Workers (CLAC), government institutions such as the National Agricultural Health Service of Peru (SENASA), and by Fairtrade SPOs themselves. Although reduced due to COVID-19 protective measures (especially for older producers), trainings were conducted by Fairtrade SPOs in different sectors: security at work, productivity issues, product management, environmental protection, health and sanitary issues and pandemic protective measures. However, trainings in areas such as business management courses, market functioning, violence against women (specifically for female) are still flagged as needs of the cooperatives. According to survey data, farmers of APPBOSA, as most established SPO, received between 6 and 48 technical assistance visits in the last year ($m=19.5$). Farmers from non-certified SPOs received substantially less technical assistance visits ($m=5.9$).

Among non-certified cooperatives, one has reported the absence of capacity development, while the other mentioned trainings conducted by the local municipality on coffee cultivation, techniques to better prune the plantations. Although not related to banana cultivation, capacity development with regard to other products might increase producers' chances to engage in product diversification, thus diversify sources of income.

"Producers received training in different sectors. The trainings were very beneficial, on how to manage the fruit, with updates in terms of production and management." (KII_FT SPO Management)

For APPBOSA, *Capacity Development* is assessed as good in the SAFA tool, as it represents an important cornerstone of the cooperative's services to farmers. Room for improvement was found in terms of business-related courses, above all for women. Non-certified SPOs depend on capacity building provided by the government, which is not provided consistently, especially not during the pandemic.

Data quality: Good evidence available

Education Level

Similar to the study findings in 2018, the level to which certified and non-certified farmers are informed about the market and prices depends on their education, but also on their interest and motivation to understand determining factors. Education level of producers was identified as low, especially with regard to **financial education**, calling for improvement. Studies on Peruvian farmers report that their education levels are correlated to farm efficiency, thus a minimum level of schooling is necessary for the positive effects to appear within cooperatives as part of the banana value chains in Peru.

Regarding the education level of producer's offspring, most children finish high school, and some go on to college; a few are able to reach the university level. This is explained by significant (positive) impact of socioeconomic changes observed over time, in comparison to their parents. Children of producers tend to leave agriculture-related jobs and the rural areas for better opportunities in the urban areas. A few producers have reported their ability to provide their children with higher education levels.

For APPBOSA, *Education Levels* of elderly farmers, which represent the majority, are assessed as moderate in the SAFA tool. Their children finish high-school and some even pursue higher education levels.

Data quality: Moderate evidence available

Theme: Labour Rights

Employment Relations

Employees within Fairtrade -certified cooperatives, such as APPBOSA, have a stable status with legal benefits: have an employment contract, health insurance (some with life insurance), bonuses – social benefits are included in the income. Workers earn per working day depending on production and have minimum working conditions (roof, bathroom), although improved infrastructure conditions are demanded. Based on the field study findings, workers would still like to have their salaries increased. Contract relations vary according from SPO to SPO as well as on its member's role/position. Some are provided annual or indetermined contracts (minimum number of personnel), others are contracted according to seasonal demand.

A new Peruvian agrarian labour regulation (*Ley 31110*) published in 2019 mandates adaptations in hiring processes of workers as well as an increase in daily wage. This represents an important step to improve livelihood for workers but is rather perceived as challenging by SPO management. Paying living wages for workers is difficult unless a living income at producer/SPO level cannot be ensured.

For APPBOSA, *Employment Relations* are assessed as good in the SAFA tool with contracts and social security provided to their workforce. Lifting up wage levels for workers represents still a challenge.

Data quality: Good evidence available

Child Labour

Producers in SPOs with and without Fairtrade are aware of child protection regulations and acknowledge the importance of children's focus on education activities. According to interviewed producers in the banana fields, there is no form of child labour, as they are conscious of not having underage workers. A large number of Fairtrade -certified producers reported that they were trained in this regard. Children seen in the plots are there with the only purpose of accompanying their parents, learn about agriculture, assisting with minor activities, without pressure or obligation.

Within both Fairtrade-certified and non-certified SPOs, the absence of *Child Labour* practices is assessed as very good in the SAFA tool. All SPOs involved in the study demonstrated full awareness on the importance of not involving children in labour-related activities, rather focusing on their education prospects.

Data quality: Good evidence available

Theme: Equity

Gender Equality

Producer organizations are aware of gender equality rights and the concept of non-discrimination. Societal changing processes through different actors (government, NGOs, schools) have been established through projects /programs to eliminate, for instance, structural *machismo* and gender-based violence that is predominant in Peruvian/Latin American societies. Nevertheless, findings show that, for all selected Fairtrade-certified and non-certified SPOs, female members are still a minority in the cooperative across all categories . They, on average, represent only a quarter of members and, occupy less administrative and leadership positions. Even at APPBOSA, the strongest certified SPO in this study, females account only for 11% of the total number of workers. Female farmers included in this study reported that although they feel represented in their SPOs, there is room for improvement in, for example, trainings on leadership and/or informative sessions on gender empowerment.

On a positive note, findings showed that women in leadership positions (e.g. presidency) tend to positively motivate participation of other women in the SPOs. However, in the same proportion, poor managerial decisions / wrongdoings made by female leaders have strong negative impacts, as members tend to doubt their ability to manage SPOs.

“We are not discriminated; there is more inclusion and equality on the part of the men in the cooperative and in the field.” (FGD_SPO_FT Female)

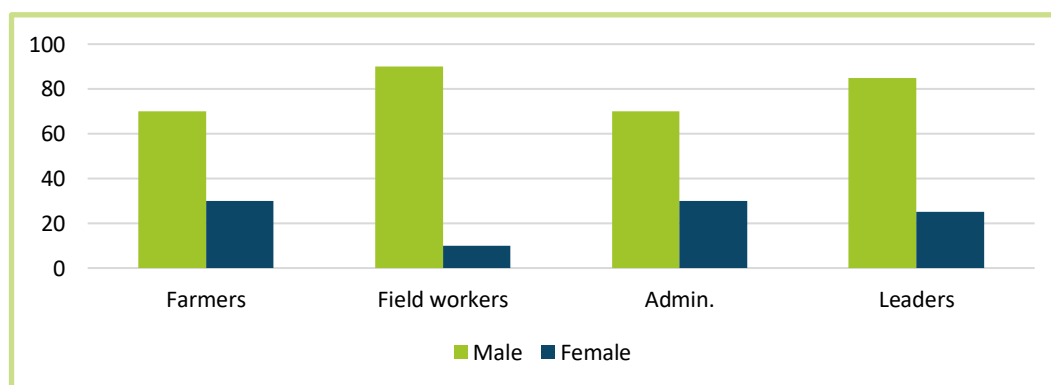


Figure 19: Average participation (in %) by gender in Fairtrade certified and non-certified SPOs

For APPBOSA, *Gender Equality* is assessed as good in the SAFA tool. The study findings show that the selected cooperative does not discriminate against women in hiring, remuneration, trainings or access to resources. While leadership positions are now hold by women, their capacities to manage the organization are sometimes doubted.

Data quality: Good evidence available

Support to Vulnerable People

Support to vulnerable people strongly depends on the SPOs financial resources. Well established SPOs, such as AVACH (Valle de Chira), were able to donate emergency beds (stretcher) and a wheelchair, assessed to be very useful equipment according to interviews with medical community members. Similarly, APPBOSA was able to support, for instance, (i) illiterate producers with the provision of literacy trainings, and (ii) elderly producers in the age 70 to 80-year-olds with low-income levels, providing them priority in community care projects and financial/food support. Recently certified and non-Fairtrade SPOs are financially limited to provide support to vulnerable people as they endure vulnerabilities themselves.

Support to Vulnerable People by stronger Fairtrade-certified SPOs (APPBOSA and AVACH) was assessed as good in the SAFA tool. These SPOs are actively engaged in providing resources to the local community to support with social and health services as well as trainings. Recently certified and non-Fairtrade SPOs are financially limited to provide support to vulnerable people.

Data quality: Moderate evidence available

Theme: Human Safety and Health

Workplace Safety and Health Provisions

Based on the study findings, well-established Fairtrade-certified SPOs make use of the Fairtrade Premium to provide health services and health-related trainings to its producers, including doctor in facility, surgeries, death benefit, health related trainings, including on COVID-19 safety measures. According to managers in Fairtrade certified organizations, there is active medical surveillance in the cooperatives with the presence of doctors and nurses (specialized in emergencies). The medical benefits are also extended to the community level, supporting society health. Non-certified SPOs reported very basic conditions with regard to health and safety situation in their cooperatives, without much help due to precarious resources.

Workplace Safety and Health Provisions is assessed as good as Fairtrade-certified SPOs make efforts to provide medical assistance as well as basic health and safety trainings to their employees. Even in the recently certified SPO (Senor de Chocán), evidence shows that members have received capacity building trainings on emergency cases. Non-Fairtrade SPOs reported very basic access to safety and security measures on the field as resources are very scarce.

Data quality: Good evidence available

Public Health

The quality of public health varies in different regions in Peru. According to medical staff in *La Margarita (Piura)*, although children and adults have been able to adopt healthy nutrition (e.g. water consumption) and hygiene habits, poverty levels still affects malnutrition levels observed in the province. In addition, medical centres oftentimes lack infrastructure (essential materials such as beds, wheelchairs, oxygen balloons) to sustain quality provision of medical care. Decent infrastructure is key in such fragile environments, especially in times of negative external shocks, such as COVID-19. According to producers in Fairtrade certified SPOs, medical care was crucial during the pandemic times as they had access to medical surveillance, making them feel more secure in terms of medical protection. Fairtrade-certified farmers reported that support on health coverage and access to emergency medical care were essential to their physical protection. Contrary, farmers in non-Fairtrade SPOs stated that, especially during the pandemic, challenges were encountered with regard to food scarcity and limited access to medicine in cases of sickness.

COVID-19

The COVID-19 pandemic has intensified vulnerability levels in the selected regions. Fairtrade certified organizations have provided support for the purchase of essential treatment utensils such as oxygen balloons, vaccination for farmers, hygiene. The Fairtrade Premium enabled the purchase of biosecurity

measures (*medidas de bioseguridad*) including coronavirus test kits, respirators, gloves and disinfectants, as well as food to distribute among smallholder families.

Public Health is assessed as good among Fairtrade-certified SPOs as they partially provide their workers access to health coverage and ensures emergency access to medical care for their employees. The extent to which these services are provided vary from SPO to SPO. Non-Fairtrade SPOs farmers stated that although basic safety trainings are provided, there is no substantial support from the cooperative with regard to health coverage.

Data quality: Good evidence available

5.2.2 Comparative and longitudinal findings

The 2018 study illustrated how Fairtrade SPOs turned into important actors in local development. Indeed, also four years later well-established and -functioning POs, such as APPBOSA, play an important role in their communities. Their members have a comparably better quality of life, decent work conditions and enjoy quality capacity building to improve their knowledge and practice as banana farmer and beyond. The Fairtrade Premium has enabled producer organizations to have access to health and infrastructure that potentially reduces the burden on workers. At community level, Fairtrade-certified organizations revealed their ability to support with the provision of equipment to medical centres (nebulizer, blood pressure monitor, wheelchairs), support on school infrastructure (English course, gender equality activities, musical instruments).

Results from non-Fairtrade organizations have shown that the social wellbeing perception slightly improved, although some POs feel that their situation has worsened. The increase in prices / costs and the absence of established safety nets leave non-certified POs farmers without leverage to cover basic costs and unable to invest resources in members and their communities.

Continuing the trend from 2017, improvements are seen in the region and across organizations with and without Fairtrade in regard to awareness on gender equality. It materializes in strengthened participation, the occupation of leadership positions and equal prices paid.

How do banana farmers perceive their social situation when asked in the perception rating exercise? Fairtrade farmers who belong to a Fairtrade certified SPO show the highest satisfaction in terms of well-being ($m=6.9$), followed by non-certified organizations ($m=6.133$). Recently certified organizations showed least satisfaction ($m=5.83$). Overall, perceived satisfaction, according to survey data, has deteriorated for both groups since the last study in 2017/2018. A potential reason for the same could be that banana farmers are currently looking more anxiously into the future, considering the economic pressure they feel.

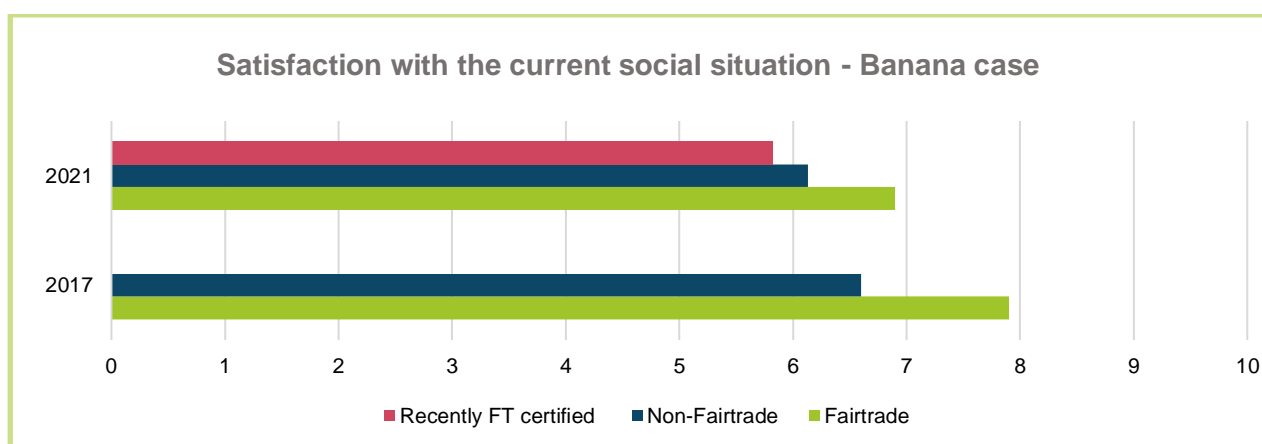


Figure 20: Perception rating of banana farmers on social satisfaction

5.3 Coffee Case Study

5.3.1 Findings on selected SAFA social wellbeing themes and indicators

Theme: Decent livelihood

Quality of Life

Both Fairtrade and non-certified producers work from Monday to Friday between 8 to 12 hours per day and some farmers also report working on the weekends. Despite heavy and intensive work, farmers interviewed are still satisfied with the time they spend with their family.

Although this year's increase in the price of staple food, such as rice, oil, sugar, and other essential goods has affected producers' welfare, they indicate that the increase in coffee price and by being part of Fairtrade producer organizations helps them cover food and education expenses. Improvements were seen in their ability to grow crops/livestock for their own consumption. Since the last ten years, their financial state has not allowed them to invest in renovation of their homes. Non-certified producers claim that they are barely able to cover their nourishment needs and cannot invest in education and health services. As mentioned above, food insecurity has risen for both farmer groups due to their tight income situation.

For La Florida producers, *Quality of Life* of producers is assessed as moderate in the SAFA tool. Compared to non-certified producers, their quality of life is perceived to be better, but they also face constraints in terms of tough working conditions and risk to experience food insecurity.

Data quality: Good evidence available

Capacity Development

Farmers within La Florida have received trainings by the SPO on agricultural issues, on cooperative and farm management and insurance themes, conducted by technical assistants. Even though the learned techniques benefit them with knowledge, their financial status does not allow farmers to further acquire production inputs (e.g. tools, organic materials) and put the learned skills into practice. Other producers have stated that the trainings were not accessible to everyone as it was conducted in distant locations. The survey shows that Fairtrade farmers have, on average, received two trainings or technical assistance in the last 12 months ($m=2.3$). More capacity development is demanded for the diversification of products, such as beekeeping and fish farming.

Producer in non-Fairtrade organizations do not have access to trainings through their SPOs. Instead, they have received some trainings financed by the local government (e.g. the Municipality of Perene) about the processes to cultivate coffee and techniques for improved pruning of coffee bushes. According to survey data, non-certified producers received, on average, one training/technical assistance in the last 12 months ($m=0.95$). Discussion show that non-Fairtrade female producers demand trainings to improve the quality of their crops, which is a key determinant for final income.

"The trainings help us in our day-to-day work because it helps us with the technique, on how to plant a coffee plant, however, sometimes because of the economic conditions, we cannot carry out what we have learned."
(FGD_FT_SPO_Male)

For La Florida producers, *Capacity Development* of producers is assessed as moderate in the SAFA tool. It must be taken up again more regularly. once the Covid-19 situation allows to do so.

Data quality: Good evidence available

Education Level

Farmers and their communities are characterized by low education levels, especially in remote villages or annexes with low-income levels. In both producer organizations with and without Fairtrade, common awareness is observed that education is children's priority. La Florida pay attention to educational level of farmers' offspring: in earlier years, they supported the provision of scholarships to members' children to study. While a small part of the Fairtrade certified farmers' offspring tends to dedicate themselves to coffee production, many migrate to urban areas, often to Lima to attain higher education levels, e.g. as agronomist or engineer, or engage in different activities to earn a living.

COVID-19

Covid has strongly affected children's school presence and study processes during the pandemic due to access to poor internet connections. In many regions in Chanchamayo it is difficult to get sufficient signal. Due to the pandemic, not only class hours have been reduced, but higher dropout rates (up to 30%) were also observed with respect to other children in the region, as low-income levels impair parents' ability to purchase smartphones / laptops to guide their children through home schooling.

For La Florida producers, *Education Level* is assessed as moderate in the SAFA tool. Except for the impact of the Covid-19 pandemic for current learners, no changes could be observed in the last four years for coffee producers and their offspring.

Data quality: Moderate evidence available

Theme: Labour Rights

Employment Relations

Employment conditions between producers and workers are mostly characterized by informal labour relationship, based on verbal agreements, with limited labour rights. Shortage of workers in the field, aggravated by COVID-19, lead to decrease in loyalty relations between farmers and their workers, compared to the previous years. This is a consequence of farmers no longer seeing high returns reflected in their production. La Florida, besides their long-term employees, usually hires personnel to assist in the crop production with temporary contracts, and depending on the activities to be performed, they are hired at short-period basis, for e.g. one or two weeks per month.

For La Florida, *Employment Relations* between the SPO and its employees is assessed as moderate in the SAFA tool. La Florida provides long-term contracts to permanent employees in business-related activities and short-term contracts to temporary workers. There are no written contractual agreements between producers and workers²².

Data quality: Good evidence available

Child Labour

Fairtrade farmers and villagers in the studied areas indicate that child labour is not common in their region. Producer of Fairtrade and non-Fairtrade SPOs are aware on the importance of their offspring's education. According to interviews, children only support their parents in minor tasks on the plot (1 or 2 hours a day or during weekends) without impairing educational and schooling processes. They, apparently, are only allowed to help once school activities are finished. Most of the adult offspring of Fairtrade or non-Fairtrade farmers are not involved in agricultural activities, as they have higher education aspirations and wish to live in the cities. Nevertheless, some go back due to external factors such as the lack of jobs in the urban areas. Stories were reported in FGDs with non-Fairtrade farmers, where children are involved in agriculture work due to lack of

²² Oftentimes, the SPO-standard allows for oral contracts: E.g. SPO 3.3.22 NEW 2019** Employment contracts. "Guidance: If national legislation accepts oral contracts, then this is also accepted as long as the oral contracts provide the same benefits of a written contract."

financial means to go to school or lack of schooling infrastructure – children study only until primary school due to the inexistence of secondary schools. Female farmers in non-certified SPOs also report that children who have been affected by the COVID-19 pandemic, as they had no access to virtual classes, are now involved in agricultural activities. The risk remains that once they start generating money from their work, they do not want to go back to school.

For La Florida producers, the absence of *Child Labour conditions* is assessed as good in the SAFA tool. Awareness on the prohibition of child labour is high. The ongoing pandemic presents a risk for child labour to rise again in non-FT settings.

Data quality: Good evidence available

Theme: Equity

Gender Equality

Findings on gender equality are mixed. According to interviews held with community members, the conditions related to female roles have improved due to community dialogues on the topic and social assistance programs from medical centres. Gender equality is acknowledged and respected among coffee farmers, but not always pursued in their daily work life. Survey data of this study shows that in the non-Fairtrade setting women (m=10.1 PEN), on average, receive a slightly lower price for a bag of coffee than male producers (m=10.8 PEN). In the Fairtrade-setting, women (m=10.9 PEN) surveyed, on average, receive almost the same price than male counterparts (m = 11.0 PEN).

Women still represent a minority within the FT cooperative. In La Florida, 22% of members are women, whereas in the non-Fairtrade organizations 35% are female. One reason for a higher share of women in the non-certified SPOs included could be that smaller cooperatives are more family-based, where husband and wife work together. Having the wife helping the is an extra source of income for the couple, and an easier source of labour for SPOs. Especially in isolated rural areas it is usually not as easy to find workers. However, a higher participation of women might not necessarily be translated into good quality of their participation, especially in cooperatives with weak democratic structures. Fairtrade SPO members indicate that there was an increase of female participation over time. At times, women were being hired due to the lack of men in the cooperative.

“Women participate freely, they have no limitations. In recent years, there is greater participation of women in all meetings.” (FGD_FT_SPO_Female)

On the current situation of Women in the Region of Chanchamayo

In the province of Chanchamayo, non-Fairtrade women interviewed indicated that egregious sexual violence against women and girls was predominant in the past. Members of the association sought support from state institutions, such as municipalities and the National Police, and non-governmental organizations to intervene. With the support of a donor organization, a temporary project called “Sueños Bonitos” was implemented to address gender-based violence. As such recurrences of sexual violence continue to exist, community members interviewed advocate for support projects to be reactivated.

For La Florida producers, *Gender Equality* among producers and SPO members is assessed as moderate in the SAFA tool. While improvements can be observed, structural discrimination still exists in terms of lower economic returns and less effective participation.

Data quality: Good evidence available

Support to Vulnerable People

Vulnerable sub-groups that are identified by coffee cooperatives are elderly producers, families, in which a family member has expired and indigenous communities. The Fairtrade cooperative has set up a small fund

to support producers who experience the death of a family member and provide loans with no interest to elderly farmers to enable them to cope with potential health issues. Furthermore, the Fairtrade cooperative recognizes indigenous communities who live within their outreach area and proactively approach them to become part of La Florida. A scheme has been set up to facilitate and incentivize entry to the cooperative of members of indigenous communities: They only have to pay half of the membership fee. According to the SPO management, this yields also benefits for the cooperative, as community members with indigenous background provide good quality coffee and are reliable in the delivery of coffee. Previously, the cooperative had also supported communities with school material, but is currently not in the position to do so.

For La Florida producers, *Support to Vulnerable People* is assessed as good in the SAFA tool, as the cooperative is remarkably conscious about vulnerable members within their communities and provides some support measures within their scope of financial means.

Data quality: Moderate evidence available

Theme: Human Safety and Health

Workplace Safety and Health Provisions

Health expenditure support by the state has significantly decreased in the last years. Risks such as back problems due to heavy carrying, respiratory diseases, animal bites, have been identified in the work setting of coffee farmers. La Florida offers first aid kits and aid trainings as well as partial support with medicine to its members. In case of emergencies and accidents at work, the cooperative supports its members with hospital transfer to the urban areas. In addition, the SPO pays of 50% of the agricultural insurance and provides loans for illnesses with no interest rate.

SPOs without Fairtrade count with capacity building on first aid trainings as well and mostly depend on public health insurance (*Seguro Integral de Salud, SIS*) to have access to medical treatment. Female producers reported that the majority of producers are not insured, thus do not have access to any type of health services.

“At our age, we require medical care; for example, if we have any serious illnesses, money is no longer enough. We have problems to cover health expenses” (FGD_FT_SPO_Male)

For La Florida producers, *Workplace Safety and Health Provisions* for producers is assessed as good in the SAFA tool, as the cooperative provides its members more support mechanisms compared to producers on non-Fairtrade settings.

Data quality: Good evidence available

Public Health

COVID-19

Many members of La Florida have suffered and the former president of the cooperative has died from Covid-19. Although the medical centres have worked to prevent and treat the community against the corona virus, medicinal and religious beliefs have prevented the reduction of COVID-19 infection rates, as some have not accepted preventive vaccinations (e.g. the indigenous community). Annual medical visits have been suspended during COVID-19, as the SPO has ceased the practice of hiring doctors to check up on members.

Producers have basic insurance from the State (SIS), although the insurance is not considered to be sufficient. Farmers voice that there is a need for improved medical equipment, ambulances, computers, microscopes, laboratory centrifuges, among others. In fact, although some farmers know they have access to SIS, others are not sufficiently aware of the benefits. Remote communities are deprived from better health services, both with and without Fairtrade, as hospitals are located distant from their community areas. Before the COVID-19

pandemic, medical professionals would visit community members, supporting for instance vaccinations for the children. Given the public health sector inefficiencies, citizens who are economically better off opt for private clinics for better care, as most prefer not to go to the hospital. In case of emergencies, they usually call a person in charge to provide first aid. Elderly producers in both SPOs have difficulties to cover medical costs in cases of extreme illnesses.

For La Florida, *Public Health* of producers is assessed as limited in the SAFA tool. The Covid-19 pandemic showed insufficient services of and limited access to public health care.

Data quality: Good evidence available

5.3.2 Comparative and longitudinal findings

Although differences in social conditions are not significantly different for Fairtrade and non-Fairtrade farmers, changes were observed with regards to external support that Fairtrade SPO farmers receive from their cooperatives in terms of health care, capacity development and support for their offspring's education. Both groups are aware about the importance of children's education and the prohibition of child labour, but children from non-Fairtrade farmers are more likely to engage themselves in agriculture activities in vulnerable situations. The pandemic and the halt in schooling has increased the risk of child labour in non-Fairtrade communities. In both groups with and without Fairtrade, there is awareness of gender equity, but it is not yet structurally practiced.

Perception rating show an interesting picture. Both Fairtrade (m=6.40) and non-Fairtrade (m=5.2) farmers perceive an improvement in their satisfaction level regarding their social situation compared to satisfaction levels in 2017 (Fairtrade: m=4.8, non-Fairtrade: m=4.86). Farmers who belong to La Florida show substantial higher satisfaction, looking more optimistic into the future.

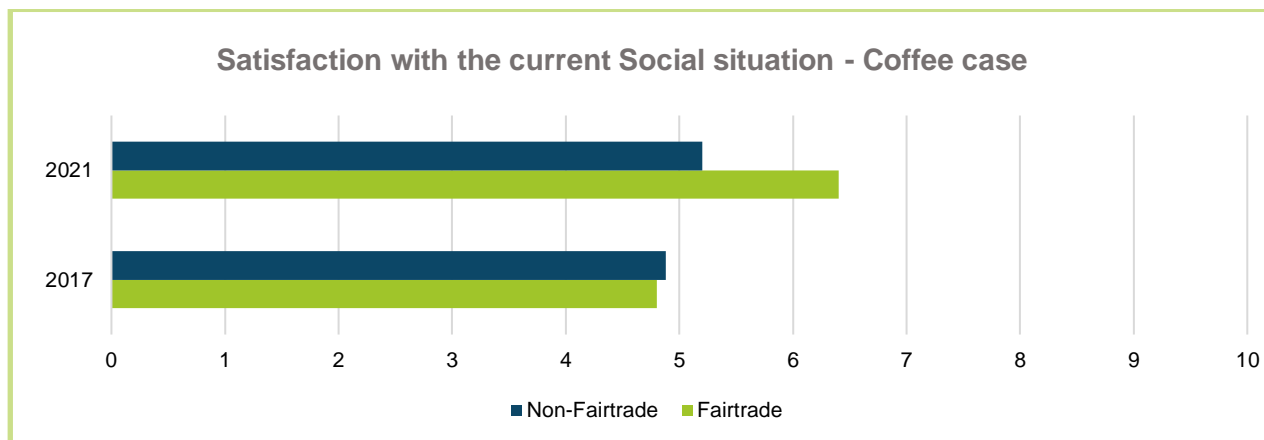


Figure 21: Perception rating of coffee farmers on social satisfaction

6 Findings on the SAFA Governance Dimension

According to the SAFA Indicator Guidelines, the Governance Dimension relates to the process of making and implementing decisions (UNESCAP, 2009), be it in the environmental, economic or social spheres. Unless **Good Governance** is seriously considered, sustainability will remain a mirage. For SAFA, this includes the aspects of **Corporate Ethics**, **Accountability**, **Participation**, **Rule of Law** and **Holistic Management**.

6.1 Cocoa Case Study

6.1.1 Findings on selected SAFA governance themes and indicators

Theme: Corporate Ethics

Mission Statement, Mission Explicitness, Mission Driven

The vision of Kuapa Kokoo is “to become a leading, caring, efficient and the most globally recognised cooperative in cocoa production and marketing in Ghana” (Kuapa Kokoo 2017). According to the SPO management, this holistic mission is communicated throughout the organization and reflected in its structure. Kuapa Kokoo is characterized by a professional organizational set up, that is divided into seven departments (administration, accounts and finance, certification, child labour, gender, environment and I.T.). Furthermore, the cooperative has several subsidiaries, including a professional commercial and trading wing, called Kuapa Kokoo Limited (KKL), which is the licensed cocoa buying company owned by the cooperative. The cooperative has a 45% share in a UK-based purveyor of Fairtrade chocolate, called Divine Chocolate Limited.

While the cooperative has successfully established itself as leading national cooperative, farmers seem to be more detached from the business-driven statement. They feel ownership towards their cooperative but lack understanding of business-related aspects.

For Kuapa Kokoo producers, *Mission Statement*, *Mission Explicitness*, *Mission-driven* are assessed as good considering the professionalization of the cooperative but shows room for improvement to professionalize relations to farmers.

Data quality: Moderate evidence available

Theme: Accountability

Transparency

In general, the information accessible on the website and upon request is assessed as good. The cooperative regularly shares updates on their activities and provides a transparent overview on staff members and departments. However, some stakeholder mentioned that the cooperative was not open to share certain information on e.g. Fairtrade Premium spending in the last years. Audit reports could also not be made accessible to the research team.

An interesting initiative to promote better transparency at farmer level was identified. For three years, the cooperative was engaged in a pilot project by Divine, a social enterprise co-owned by Kuapa Kokoo, in collaboration Twin UK. The project aimed to transform verbal agreements between farm owner and the sharecropper into written documents to set responsibility agreements (Kuapa Kokoo 2022). The objective was to formalize practices and avoid disputes between the caretaker and the farmer.

For Kuapa Kokoo, *Transparency* is assessed as moderate in the SAFA tool. The website shares many relevant information and resources, but in-depth information on Fairtrade Premium spending was not shared to either Fairtrade Africa or the research team.

Data quality: Moderate evidence available

Theme: Participation

Stakeholder Engagement

Kuapa Kokoo engages with a broad range of actors independently or via Fairtrade Africa at different levels. No detailed stakeholder mapping could be compiled for each product case, neither were interviews with stakeholders conducted, but exemplary relations were identified. Stakeholders the cooperative engages with, include international development organizations, who initiate support projects, private sector organizations that have connecting value chains with the cooperative, and local government representatives as well as community heads. Being one of the oldest and largest cooperatives, a strong collaboration network could be established over the years. Primary data collected also showed that community heads are rather satisfied with the cooperative's engagement.

For Kuapa Kokoo, *Stakeholder Engagement* is assessed as good in the SAFA tool. They have a strong network to different stakeholder group and frequent interactions.

Data quality: Limited evidence available

Effective Participation and Democratic Structures

Fairtrade foresees strict guidelines for farmer's representation and participation in certified cooperatives. The size of Kuapa Kokoo might intrinsically challenge effective participation, but Kuapa Kokoo set up a democratic structure to enable farmers to participate in the decision-making process. According to the cooperative's website, the Union operates a three-tier governance structure with the Zonal Executive Committee at the community level, Society Executive Council at the District level and National Executive Council who are elected by a National Assembly to formulate policies at the national level (Kuapa Kokoo 2017). Needs are identified at society level with one society incorporating 2000 members. These plans are then brought to the Annual General Meetings (AGMs) via delegate farmers. The cooperative's management needs to make sure that the measures are then being implemented according to the plan agreed upon. However, the size of each society impedes direct participation of farmers in decision-making processes and allows to question effective participation of farmers.

During the field research, it was difficult to trigger critical discussions on farmers' participation. According to the discussions in the field, most of the Fairtrade farmers stated that they are satisfied with the governance structure of the cooperative. They consider themselves knowledgeable about the Fairtrade Premium and confirmed that consensus on the use of the Fairtrade Premium is reached. Farmers perceive that the participation of both men and women in the cooperative results in having a diversity of perspectives that strengthens the cooperative. To which extent participation is really effective cannot be stated, as missing knowledge on participation rights and alternative democratic systems might hamper the critical discourse.

For Kuapa Kokoo producers, *Effective Participation and Democratic Structures* is assessed as moderate in the SAFA tool. It can be positively noted that a thorough democratic system has been set up that complies with the Fairtrade standard. The issue rather lies in whether farmers really participate in a meaningful way, considering that their influence on final decision-making remains very indirect. The growth in member represents a risk to solid democratic engagement at all levels.

Data quality: Good evidence available

Fairtrade Premium Management²³

No detailed information on Fairtrade Premium spending of the cooperative was obtained²⁴. Findings from interviews state that in Kuapa Kokoo the Fairtrade Premium is predominantly spent on farmers' training to enhance productivity, create awareness and ensure a maximum yield. While priorly more specific Fairtrade

²³ This specific indicator was added to the SAFA framework to retrieve findings on one of the key FT mechanisms.

²⁴ The SPO did not provide further information on premium spending, which represents a limitation to the assessment of this indicator.

Premium investments could be provided to cover needs identified by communities (examples include the construction of a toilet facility, a mobile clinic or the supply of a water poly tank), currently, the limited Fairtrade Premium coupled with the cooperative's large size amount does not allow for major infrastructure investments at community level and hence less contribution to overall rural development.

For Kuapa Kokoo producers, *Fairtrade Premium Management* is assessed as moderate in the SAFA tool.

Data quality: Moderate evidence available

6.1.2 Comparative and longitudinal findings

Kuapa Kokoo has established itself as strong organization and adopted a complete cooperative model in 2015. It counts with a strong mission and organizational structure that entails departments relevant to sustainability, such as environment and gender. Examining the cooperative's development shows that the cooperative has grown substantially in terms of member size. Today, the organisation has currently around 103.000 members, while in the 2011/2012 study the size comprised approximately 45,000 members. Considering that the size has almost doubled, it can be questioned whether democratic processes allow for effective and meaningful participation by members involved. It can be positively noted that the cooperative reacted to the large growth in members and in 2015, adopted a new structure to strengthen farmer commitment, ownership and transparency and to further deepen grass root participation in decision making.

Non-Fairtrade farmers included in this study did not belong to any cooperative, which leads to no comparative findings on the governance dimension.

6.2 Banana Case Study

6.2.1 Findings on selected SAFA governance themes and indicators

Theme: Corporate Ethics

Mission Statement, Mission Explicitness, Mission Driven

Findings in regard to mission statements and explicitness varied across cooperatives and were highly correlated to their internal and external organizational strength. The research team identified that the stronger SPOs are, the more likely they are to establish their mission, vision and short-term and long-term goals. In the case of APPBOSA, their vision is to position their brand in various markets and obtain international prestige and recognition to allow them export without the intermediation of companies, achieving greater incentives for farmers to continue prioritizing quality of the product. Survey data showed that farmers interviewed on average 12.4 years member of their cooperative.

The non-certified members surveyed have been members for an average of 3.4 years. No formal mission statements could be identified for non-certified SPOs. Nevertheless, farmers (within non-Fairtrade and recently certified SPOs) clearly expressed their mission and wish to continue growing and gain more market stability.

For stronger SPOs such as APPBOSA, the sub-theme *Mission Statement, Mission Explicitness, Mission Driven* is assessed as moderate in the SAFA tool.

Data quality: Limited evidence available

Theme: Accountability

Transparency

According to the banana study findings in Peru, well-established SPOs tend to be more transparent in their activities as transparency levels are highly correlated with the internal knowledge processes and organizational development within the SPO. APPBOSA, for instance, is characterized by a professional organizational set

up, with different departments areas and an organigram with clear member roles and functions. For non-Fairtrade certified SPOs, no evidence on transparency practices could be identified.

For stronger SPOs such as APPBOSA, *Transparency* levels within SPOs is assessed as moderate in the SAFA tool.

Data quality: Limited evidence available

Theme: Participation

Stakeholder Engagement

SPOs interact with different groups of interest including local government entities, NGOs, community organizations and other sister cooperatives (mutual help). Larger SPOs such as APPBOSA are able to be part of groups such as the National Banana Board (Junta Nacional Del Banano, JUNABA) together with all representatives of all the banana-related cooperatives to represent common issues such as transportation, tax issues, risks, pests, diseases, etc. In addition, APPBOSA is part of groups such as the Banana Technical Roundtable and assist the work of NGOs such as CEDEPAS Norte or Solidariedad (working on bananas). They have a great project with the Inter-American Foundation, which helps strengthen the cooperative in terms of gender equality, business issues, sustainability and capacity building assistance. Other Fairtrade SPOs such as APOQ have their production chain consolidated thanks to the support of a banana cultivation promotion program implemented by the central government to grant organic certifications to small producers' associations. Although limited evidence was found among non-Fairtrade SPOs with respect to engagement with different stakeholders, members at CAPFRUOR stated sporadic activities with local political NGOs and with the *Mesa Técnica de Banano*.

For the strongest Fairtrade certified SPOs, *Stakeholder Engagement* is assessed as very good in the SAFA tool. The SPOs are committed to engage with stakeholders and include them in different activities.

Data quality: Good evidence available

Effective Participation and Democratic Structures

In both Fairtrade and non-Fairtrade producer organizations, effective member participation has been identified. The majority of members attend meetings (approx. 75%) and participate in democratic decisions. Although most SPOs members are 40 years or older, youth minorities (under 30-years-old) are also heard. Young adults represent less than 10% of SPO members as they are not likely to work in agriculture activities when there is the opportunity to migrate to urban areas. Similarly, female members also count with effective participation, although they are the minorities (average 30% within SPOs). According to female producers, they are not discriminated and there is more inclusion and equality on the part of the men in the cooperative /on the field. Female presidents/leaders are seen as inspiration to women in the SPOs, "even though closures of a female-headed SPO has led some members to believe she was not capable of managing the cooperative.

Fairtrade certified producer organizations feel that democracy has improved over the years, although due to the COVID-19 pandemic, less general assembly meetings took place (delegates only). Democratic structures can be clearly observed, for instance, on decision making processes on how to spend the Fairtrade Premium. Similarly, organizations without Fairtrade reported that investment decisions are taken through a meeting held between the Board of Directors, management and accounting members; the latter propose a list of needs, and a General Assembly is convened for approval. The inclusion of women in the SPO and in the production fields is quite remarkable. Although non-certified SPOs do attempt to establish democratic structures, some reported the lack of financial resources to implement the process of democratic decisions within the cooperative.

"The participation and inclusion of younger adults in the PO or in the production field is good. Since young people have new ideas, they share them and that helps us to maintain new concepts." (FGD_FT SPO_Female)

For the strongest Fairtrade SPO, *Effective Participation and Democratic Structures* are assessed as good in the SAFA tool. The study provides strong evidence on the establishment of democratic structures. Covid-19 led to a reduction of meetings and did not allow for all members to participate. Once the situation improves, regular meetings must be held again to allow for effective participation again.

Data quality: Good evidence available

Fairtrade Premium Management

Improvements in Fairtrade Premium management have been noted in some Fairtrade SPOs.. Fairtrade producer organizations feel they manage the Fairtrade Premium well. Decision making on how to invest the Fairtrade Premium is democratically done, where each cooperative sector meet and check their main investments needs in the sector. Investment areas are identified and decided according to main priorities. The decision is approved by the General Assembly (management, finance administration), and then decided which months of the year they are going to spend on respective selected items. Fairtrade Premium expenditure is mainly directed to production support (organic fertilizers, pest control, machinery, technical assistance), productive infrastructure, social welfare (health, education) and community activities. In addition, the Fairtrade Premium is also used to invest in the purchase of other certifications (e.g. organic), as SPOs tend to reach higher profit levels when complying with both certifications.

No detailed Fairtrade Premium spending per SPO could be obtained in this study, but Fairtrade monitoring data shows overall Fairtrade Premium spending of Fairtrade banana SPOs, reconfirming the findings from the field.

For the strongest Fairtrade SPO, *Fairtrade Premium Management* is assessed as good in the SAFA tool.

Data quality: Good evidence available

6.2.2 Comparative and longitudinal findings

Like in the predecessor study, democratic structures, effective participation and stakeholder dialogues were observed in the well-established FT SPO. The Fairtrade certification and its Fairtrade Premium are perceived as vital to strengthen organizational development, provide sufficient stability and sustainable capacity to stay in the market. Certified SPOs have reported the great added value to the cooperative due to the Fairtrade certifications, including when compared to other certifications such as Organic, Global Gap and Rainforest Alliance. Based on research findings, Fairtrade aggregates value as it allows certified SPOs to export most of their production, maintaining competitive relations with banana pioneer countries in the region, such as Ecuador. Fairtrade is the main reason why farmers can maintain competition at a fair price with good sales conditions. In addition, they are able to keep prices competitive given the Fairtrade Premium investments.

According to interviews led, the Fairtrade certification is the main reason farmers are able to export (KII_Fairtrade _SPO Management).

“Without the Fairtrade Premium there would have been no organization.” (KII_FT_SPO Management)

Differences can be seen between different certified SPOs. The duration of being certified and the level of effectively using FT mechanism, determine organizational strength. Recently certified SPOs went through the certification process aiming to improve their quality of life of its producers and grow as a cooperative. Nevertheless, benefits do not immediately materialize, as they are only recently certified and might not have achieved to set up client relations with Fairtrade buyers.

Although non-certified SPOs have democratic structures, some reported the lack of financial resources to implement democratic processes to a full extent.

6.3 Coffee Case Study

6.3.1 Findings on selected SAFA governance themes and indicators

Theme: Corporate Ethics

Mission Statement, Mission Explicitness, Mission Driven

La Florida members express their goal to be united by the desire to foster and protect the social and economic stability of coffee growers in the region. Since their start, La Florida continues to pursue better standards for social and environmental stewardship within international trade. In addition to internal goals, their mission also combines societal goals, such as children's education, with the future of the cooperative. Members believe that supporting children's education can lead to strong leaders capable of management roles of coffee production in the future. During discussions with members of the FT cooperative, it has shown that they feel a strong connect to their cooperative. No evidence on a mission statement was found for non-Fairtrade SPOs.

At La Florida SPO, *Mission Statement, Mission Explicitness, Mission Driven* is assessed as best in the SAFA tool. The cooperative has a strong mission, putting their farmers first.

Data quality: Moderate evidence available

Theme: Accountability

Transparency

Members of La Florida are satisfied with the level of transparency, as they, both female and male, actively participate in the general assembly and are aware on how decisions are made in the SPO. Nevertheless, the field study results identifies the need to further capacitate producers who still do not clearly understand, for instance, the Fairtrade Premium management processes. Full transparency levels are highly correlated with strong internal knowledge processes within the SPO.

With regards to non-certified producer organizations, although decisions are made through open general assemblies, transparency levels are observed as lower due to weaker organizational development. Thus, chances of awareness and participation of producers in decision making processes are lowered.

For La Florida producers, *Transparency* levels within SPOs is assessed as good in the SAFA tool.

Data quality: Moderate evidence available

Theme: Participation

Stakeholder Engagement

Stakeholder engagement is crucial to internal processes and external development of cooperatives. La Florida is engaged with the district municipality, involved with stakeholders from different sectors, i.e. health service providers (medical centres), infrastructure (water quality), financial institutions (*Agrobanco, Focal, Copla los Andes*), government programs (*Agroideas*) and some NGOs. In addition, the Fairtrade SPO is also engaged with other cooperatives such as *Norandino* and *Sole Café*, sharing good working and learning practices. Another key organization, in which La Florida proactively engages is the coffee cluster *Selva Central*.

Coffee Cluster Selva Central

The cluster is a non-profit association that was born as a financing project of Innovate Perú, in 2018. It is an alliance between 4 organizations: Negociaciones Agroindustriales Arévalo (NARSA), **Cooperativa La Florida**, CooPerú and Alto Palomar. La Florida currently plays the role of co-financing the six milestones to develop the research; funds from the **Fairtrade premium** are used.

An agreement with Peruvian National Institute for Agrarian Innovation (INIA) is currently in process with the aim of exchanging knowledge and cooperation among members, carrying out innovation and development activities to improve productivity or develop new businesses, among others. The project is already 30% complete. At the beginning, 300 companies were involved, but when a financial contribution was requested, many left. The monetary contribution is significant: 40 thousand PEN per milestone, there are 6 milestones. They have projects with DEVIDA and would like to join projects with **Fairtrade**. The coffee cluster is also involved in coffee studies, for instance, to know the European and North American consumers preferences in acidity and sweetness. The cluster also work on projects to open innovation on the identification and control of rust/pests.

Some of the **achievements** conquered **by the coffee cluster** was to provide coffee processing course for producers, increased productivity from 20 to 40 quintals per hectare, improved cup quality and yield. They have been able to geo-reference the plots that they are going to support in order to know the productivity of each plot. Obtained another open innovation project and other projects under evaluation. In the future, the cluster aims to improve yield per hectare and costs.

For La Florida producers, *Stakeholder Engagement* is assessed as good in the SAFA tool.

Data quality: Good evidence available

Effective Participation and Democratic Structures

Democratic structures are observed among certified and non-certified SPOs, where decisions are taken through their General Assemblies. Active participation is observed among members of La Florida, with an increase particularly in the membership of younger individuals aged between 18 – 30 years old (due to urban unemployment rates). The SPO also counts with female participation, although it is still a minority. Women's participation in leadership positions is still very limited. In the past, the cooperative faced governance issues due to internal political discrepancies, which resulted in the dismissal of managers and dissatisfactory performance of the cooperative. During the last four years, La Florida has also shrunk in size, as members left their cooperative. The current austerity measures, despite the fact that they were decided upon democratically, are not favoured by all (former) members.

Within non-Fairtrade producer organizations, improvements were observed in the participation of women in the associations, considered as “very active”. A non-certified SPO reported that current board meetings require the participation of at least one female member. Women participation in leadership roles are also seen in related external organizations, such as CODEFAM's, where the board of directors is made up entirely of women.

For La Florida producers, *Effective Participation and Democratic Structures* of producers is assessed as moderate in the SAFA tool. While in the last four years mismanagement led to drawbacks, the cooperative has gained again organizational strength.

Data quality: Moderate evidence available

Fairtrade Premium Management

La Florida transparently shared information on the Fairtrade Premium and its use with the research team.

Table 7 summarizes Fairtrade Premium volume received by the cooperative between 2018 and 2020 and shows that with increasing sales the Fairtrade Premium amount has also increased substantially. According

to the SPO management, Fairtrade Premium money received has represented an important contribution to better the cooperative's financial situation in the last years, as it could be used to pay back pressing debts. As a result, the cooperative can now make new investments with Fairtrade Premium received.

Year	Premium received in USD	Premium received in EUR
2018	\$289.649	EUR 258.2578
2019	\$539.870	EUR 483.776
2020	\$772.363	EUR 692.113

Table 7: Overview of Fairtrade Premium received by La Florida

Currently, La Florida uses the Fairtrade Premium to (i) invest in productivity and quality of production, (ii) strengthen the organizational, (iii) implement support and rural development projects and (iv) provide in-cash support by topping-up the price paid to their producers. Thanks to the in-cash payment received, producers are in the position to pay back their debts and invest in their farms. Additional Fairtrade Premium support reflects positively on their productivity and the quality of their coffee beans.

For La Florida producers, *Fairtrade Premium Management* is assessed as good in the SAFA tool. The cooperative has managed to deploy the Fairtrade Premium in a way to ensure both producer and organizational survival in times of crises.

Data quality: Good evidence available

6.3.2 Comparative and longitudinal findings

As already found in the 2018 study, the Fairtrade certification continues to be vital for producer organizations' democratic structures, above all in times of crisis. It supports La Florida in pursuing their mission to improve lives of coffee farmers and their communities. In the last four years, the Fairtrade Premium has been used effectively to ensure organizational survival. Governance and management processes have improved significantly within the Fairtrade certified cooperative, even though austerity measures applied led to some members leaving the cooperative. Still, better transparency is needed to ensure that all producers are aware of the use and benefits of Fairtrade.

Non-Fairtrade SPOs included in this study show a high interest in obtaining the Fairtrade certification. However, they are not always fully aware of how Fairtrade works, but only believe that it would help them to export their produce and, thus, receive better income. Some SPOs already comply with organic regulations, but do not have sufficient financial resources nor knowledge on how to achieve the Fairtrade certification. It is important to mention the erroneous assumptions of some non-certified farmers, who associate FT with immediate increase of income level. It is true that FT supports the process of SPOs to reach higher income levels and eventually become their own exporters. Nevertheless, it must be understood as a process rather than an automatic effect once being certified.

In general terms, SPOs with and without Fairtrade apply democratic decision-making, although uncertified cooperatives sometimes face issues adhering to democratic structures due to the lack of financial means to implement them.

7 Findings on the SAFA Environmental Dimension

As per SAFA Indicator Guidelines, **Environmental Integrity** consists of maintaining life support systems essential for human survival by minimizing negative environmental impacts and fostering positive impacts. Protecting the integrity of the Earth's system is a precondition of any development. In a SAFA, the following themes of environmental sustainability are addressed: **Atmosphere, Water, Land, Materials and Energy, Biodiversity and Animal Welfare.**

7.1 Cocoa Case Study

7.1.1 Findings on selected SAFA environmental themes and indicators

Theme: Atmosphere

Climate Change / GHG²⁵ Mitigation Practices

According to interviews and secondary data, the SPO is very aware of climate change issues is committed to take initiatives for mitigation measures. As the only cooperative in Ghana, Kuapa Kokoo signed the Cocoa Forest Initiative (CFI), a commitment to end deforestation, restore forest areas and contribute to the reduction of carbon emissions until 2023.

As part of the previously mentioned SANKOFA project, timber trees and fruit trees are planted. The envisioned dynamic agroforestry creates favourable growing conditions that are helping to counter the impacts of climate change on farmer's livelihoods.

"The SANKOFA project taught me not to burn the land and keep a lot of trees and organic matter to keep the soil moist. The cocoa does very well under this system. By planting lots of trees, following agroforestry techniques, I can earn money from selling the crops I grow, and I have food to feed my family." (Cocoa Farmer from Sankore, SANKOFA project²⁶)

There was no particular document available to the researchers that states clear carbon emission reduction targets, but Kuapa Kokoo, according to their website and interviews, has an environmental policy and yearly environmental plan. The cooperative integrates measures on climate change mitigation in their trainings, installed a radio jingle to encourage farmers and joined a call by the Ministry of Lands and Natural Resources to plant 5 million trees on a certain day.

How do these measures translate into actions at the producer level? The research showed that Fairtrade farmers articulate that they perceive notable effects of climatic changes, while non-Fairtrade farmers showed less awareness. During FGDs, Fairtrade farmers complained about extreme sunshine that negatively affect cocoa cultivation and farmers' productivity. According to farmers, it is more difficult to harvest during off-peak season than 4 years ago. However, while changes are recognized, farmers do not yet understand well the reasons for the same, including their contribution by e.g. cutting trees.

For Kuapa Kokoo, *Climate Change / GHG Mitigation Practices* producers is assessed as very good in the SAFA tool, as the cooperative shows high awareness and proactively engages in international and national initiatives to prevent deforestation and contribute to the reduction of carbon emissions.

Data quality: Moderate evidence available

²⁵ Greenhouse gas

²⁶ See complete report on the analysis of climate change adaptation projects at https://www.fairtrade-deutschland.de/fileadmin/DE/01_was_ist_fairtrade/04_fokusthemen/Klimawandel/2021_04_FT_Q2B_Climate_Change_Project_Final_w eb.pdf.

Theme: Water

Water Withdrawal and Water Conservation Practices

All the cocoa communities visited in this study rely on borehole as the main source of drinking water. They have been established in two out of three communities by the cooperative and in one by the NGO. According to the farmers' interviewed, their communities generally do not experience water shortage. One exception is the community of Bipoa, where water supply is inadequate due to long distance to access the well. No household water supply is available.

For cocoa cultivation, most farmers usually rely on rainfall. Some few farmers apply some kind of self-made irrigation systems using the water bodies close to their farms. Access to water only becomes a challenge when farmers have to engage in spraying activities.

According to the SPO's environmental management, their activities do not consciously target water conservation, but they integrate related topics in their trainings and sensitization campaigns. There are, according to interviews, no specific government initiatives targeting water conservation.

For Kuapa Kokoo, *Water Withdrawal* is assessed as limited in the SAFA tool, as, except for training elements, no evidence on the implementation of water conservation practices could be identified.

Data quality: High evidence available

Water Quality

Lack of water quality is an issue that concerns producers involved in this study. Some of the river bodies that go through the communities are heavily polluted by, among others, illegal mining activities. Kuapa Kokoo takes up these issues and keeps sensitizing their farmers on the danger of contaminated drinking water and potential mitigation measures. The SPO also collaborated with the government and co-financed, with the help of the Fairtrade Premium, a purification plant to clean water.

For Kuapa Kokoo producers, *Water Quality and Water Conservation Practices* is assessed as moderate in the SAFA tool. The SPO provides punctual support, but the issue of water contamination remains urgent.

Data quality: High evidence available

Theme: Land

Soil Improvement Practices

The quality of soil is of high importance to ensure adequate productivity levels. According to the SPO management soil improvement practices from a substantial part of technical assistance provided to the producer. Kuapa Kokoo takes part in the CocoaSoils Program²⁷, a research initiative that aims at delivering improved soil fertility management recommendations to cocoa farmers in four countries (Ivory Coast, Cameroon, Nigeria and Ghana). Fairtrade Farmers showed satisfaction with their soil quality in their communities. They mentioned that they apply traditional methods of using animals waste to improve the soil quality.

For Kuapa Kokoo producers, *Soil Improvement Practices* is assessed as good in the SAFA tool, as the cooperative assigns value to improving soil quality and engages in support projects.

Data quality: High evidence available

²⁷ More Information on the CocoaSoils Program can be found [here](#).

Theme: Biodiversity

Ecosystem Enhancing Practices

Reportedly, cocoa farms are rather separated from protected areas or wetlands. According to the management, Kuapa Kokoo, nevertheless, considers to some extent ecosystem enhancing practices in their work with producers. Examples include the establishment of Dynamic Agroforestry within the SANKOFA project, teaching farmers to conserve insects that are good for the cocoa production and the entire ecosystem in general and sensitizing farmers not to hunt in protected areas. No written documentation on practices to enhance the ecosystem could be identified.

For Kuapa Kokoo producers, *Ecosystem Enhancing Practices* is assessed as moderate in the SAFA tool. Single practices exist, but they are not yet institutionalized by the cooperative.

Data quality: Limited evidence available

Theme: Materials and Energy

Waste Reduction and Disposal

No detailed information could be retrieved on waste reduction and disposal that includes waste reduction targets, practices and waste disposal at SPO level. However, it appears that within the communities the situation on waste disposal is rather poor as no waste collection system is set up. In addition, sanitary waste due to the lack of toilets and wastewater cleaning system, was identified as key issues in some of the communities.

For Kuapa Kokoo, *Waste Reduction and Disposal* assessed as limited in the SAFA tool, as no concrete mechanisms for improved waste management could be identified.

Data quality: Limited evidence available

7.1.2 Comparative and longitudinal findings

Environmental topics are, generally, more difficult to discuss with Fairtrade and non-Fairtrade producers, as it seems that they have little understanding of the respective details and technical aspects. In this research, however, Fairtrade farmers showed comparably more understanding and awareness on environmental topics, which allowed for more profound discussions. Indeed, this is again connected to intensified training on soil improvement practices to enhance farmers' productivity.

Climate change has bigger effects than 4 years ago and has large implications for the future of cocoa production and community livelihoods. Fairtrade farmers believe that farmers in the community are likely to face decreasing productivity rates due to increased temperature and rainfall variability compared to 4 years ago. While there is an acknowledgment on changes in climate, an underlying understanding on the reasons of climate change (e.g. consequences of deforestation) is still missing. It can be positively noted that the Fairtrade cooperative started mitigating initiatives (e.g. tree planning) in collaboration with international alliances and continues to train their farmers on environmentally friendly farming techniques. As a result, thanks to the SANKOFA project, over 2500 farmers comply with the Climate Smart Cocoa System. Non-Fairtrade farmers do not yet have any access to such trainings and, hence, a low understanding on the issues of climate change.

How does this reflect in the perception ratings? It shows that Fairtrade farmers ($m=4.9$) are less satisfied with environmental circumstances than non-Fairtrade farmers ($m=5.6$). Compared to 2018 results, the overall perceived satisfaction with the environment has decreased in the last 4 years for Fairtrade farmers ($m=5.28$), while it remained almost stable for non-Fairtrade farmers ($m=5.89$). The quantitative ratings confirm that due to more training on environmental topics, farmers appear to be more critical towards environmental issues, such as climate change, which reflects in lower satisfaction levels.

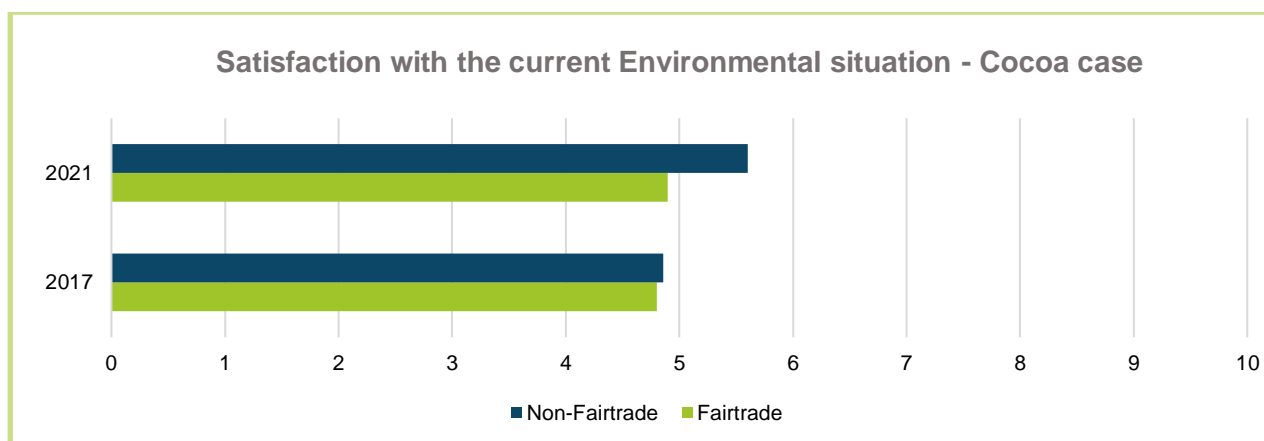


Figure 22: Perception rating of cocoa farmers on environmental satisfaction

One issue, that already emerged in the 2018 study, is inappropriate waste management at community level. Considering that no improvements could be made in this regard, it is a future area that requires more attention by both the government and the cooperative.

At SPO level an articulated environmental policy and, as an example, the instalment of solar energy panels can be seen as an important commitment to contribute to environmental sustainability. Further good practices could not be identified.

7.2 Banana Case Study

Climatic conditions in the regions visited enable organic banana farmers to maintain their productions without pesticides, given that the main pest (a fungus) cannot survive in the dry climate of northern Peru. The banana growers in Peru use this location advantage, have formed cooperatives and are able to significantly increase their exports of organic bananas in the last decades due to the increasing demand for uncontaminated bananas.

7.2.1 Findings on selected SAFA environmental themes and indicators

Theme: Atmosphere

Climate Change / GHG Mitigation Practices

SPOs and their producers appear to be aware of the issue of climate change. Farmers perceive that climate change is leading to extreme temperatures, i.e. colder and hotter days, worsening the presence of pests and triggering floods in times of extreme rainfall. Nevertheless, holistic climate change mitigating measures could not be identified in Fairtrade or non-Fairtrade SPO settings.

Organic Banana Cluster Project²⁸: Enhanced competitiveness through strategic differentiation

One successful initiative, supported financially by the government programme Innóvate Peru and implemented by the NGO Solidaridad, was the “Organic Banana Cluster Project”, which aimed at increasing the level of production and enhancing the competitiveness of banana producers in Peru, while strengthening the organic certification, as well as other environment related aspects. During the first phase, from 2019 to 2020, the cluster has worked to identify the gaps, both social and technological, along the organic banana value chain to achieve environmental, social and economic sustainability. One specific field of action has been the strategic differentiation of organic bananas through carbon Neutral and environmental footprint certifications. With a vision of environmental protection, the cluster has achieved, among its

²⁸ More information on the Organic Banana Cluster Project can be found here:
<https://www.ideassonline.org/public/pdf/ClusterBananoOrganicoPiura-ENG.pdf>

goals, that ten associations of producers in Piura can have carbon neutral certification to market the fruit to international markets and have a distinctive Carbon Neutral brand. The second project phase started in 2021.

For Fairtrade banana SPOs, *Climate Change / GHG Mitigating Practices* are assessed as still limited in the SAFA tool. While there is awareness on the issue, no concrete actions are implemented to mitigate the effects of climate change.

Data quality: Limited evidence available

Theme: Water

Water Withdrawal and Conservation Practices

Considering that banana is a water intensive crop, producers in Northern Peru are challenged by the dry climate of the region. Limited water availability affects both certified and non-certified SPOs, especially during extreme heat periods. The absence of water at extreme levels affects farmers' production with the droughts leading to crop damages. Current irrigation systems cannot assure regular water supply. Farmers reported that during periods of drought they are only in the position to provide irrigation every 60 days, while banana plants, usually, would require watering every 20 days. From their perspective, better drip irrigation systems and improved water conservation practices are needed to prevent damages of their banana field.

Given the increasing frequency of climate change related issues and the certainty that water is a limited resource, the region will continue to face water scarcity in the future. Awareness needs to be raised among producers to assess alternative crops, that are less water dependent, and might complement or substitute the banana production.

"Reports have been sent to the municipality for well maintenance, but nothing has been heard." (KIL_FT SPO Management)

Interviews with SPO management revealed that, currently, Fairtrade in collaboration with a local NGO implement a research project to identify a process of cleaning and reusing water used to wash bananas. The project has not yet reached the implementation stage, however.

For Fairtrade banana-POs, *Water Withdrawal and Water Conservation Practices* are limited as moderate in the SAFA tool. While, on a positive note, research initiatives and pilot projects have started, no long-term water conservation practices could yet be implemented.

Data quality: Moderate evidence available

Water Quality

Although villagers indicate that the quality of water for production has improved, medical centres indicate poor quality drinking water, which are the main causes for diarrhoea, parasites, vomiting etc. of the local population. Evidence shows that there are no sewage treatment plants for household wastewater.

While some SPOs claimed to have no issues with access to potable water, others stated that drinking water is available only every 2-3 weeks, which drives the local population to seek for alternative water sources, at times contaminated and leading to diseases. The State has built communal wells to supply water for human consumption, nevertheless, the availability of drinking water remains at a low level.

Recognizing the need for improved drinking water availability, one Fairtrade SPO, Valle de Chira, with the help of the Fairtrade Premium provided a low-cost drinking water treatment plant for their community.

For the Fairtrade banana-POs involved in this study, *Water Quality* is assessed as moderate in the SAFA tool. While the availability of clean drinking water continues to be delicate with no

structural solutions found, the case of Valle de Chira shows that the Fairtrade Premium can be used to mitigate this social and environmental issue.

Data quality: Limited evidence available

Theme: Land

Soil Improvement Practices

Fairtrade certified producer organizations engage in soil improvement practices by using organic materials and fertilizers. The Fairtrade Premium helps with technical assistance, access to fully organic fertilizers and salinization treatment. Awareness among producers, due to trainings and increased environmental dialogues tend to focus more on soil quality (natural drainage, oxygenation, adequate fertilizers), not only on production yields as in the previous years. Some SPOs without Fairtrade certification adhered to home practices (use of *compost*²⁹), while others are seeking to build capacities to renew old plantations (ca. 40-years-old), maintain it, and nourish the soil adequately.

“We use methods to improve soil quality, soil microbial fauna, improving soil fertility levels.” (KII_FT_SPO Management)

For Fairtrade banana-POs, *Soil Improvement Practices* are assessed as good in the SAFA tool, as improving soils and thus enhancing productivity represents one key support area financed by the Fairtrade Premium.

Data quality: Moderate evidence available

Theme: Biodiversity

Ecosystem Enhancing Practices

Interviews showed that APPBOSA and Valle de Chira are involved in small-scale reforestation activities in their communities. Furthermore, SPOs claim to manage crops without harming the wild animals that may enter and damage the banana trees. Visits from regional governmental organizations encourage reforestation practices, such as intercropping and the construction of living fences for livestock. According to information provided by managers within Fairtrade organizations, those without Fairtrade certification have lower financial means to engage in ecosystem enhancing practices. In regard to species conservation, in most SPOs with and without Fairtrade, no documented mechanisms could be identified.

For the most advanced Fairtrade certified banana SPOs, *Ecosystem Preservation Practices* are assessed as moderate in the SAFA tool with single mechanisms in place to promote reforestation. The protection of wildlife must be further incorporated and documented.

Data quality: Moderate evidence available

Theme: Materials and Energy

Waste Reduction and Disposal

Mixed opinions have been shared on the topic of waste reduction. Producers acknowledged that there is more promotion of environmental awareness and less use of disposables. Nevertheless, street garbage and burning practices of sugarcane are still occurring, harming the air and the banana crops. Fairtrade SPOs, together with local organizations, engage in recycling practices to ensure that producers collect the plastic bags, that were used to protect the fruit, after the harvest for waste recycling purposes (previously not collected and burned).

²⁹ Carbon-rich fertilizer derived from organic materials, including livestock manures, and other organic materials or mixed materials used to supply nutrients to soils. Compost is used to improve soil structure through the addition of carbon and provide plant nutrients.

They also changed their plastic burning practices to more sustainable practices. The well-established SPO APPBOSA takes part in a pioneering circular economy project using plastic to generate income to help banana exports.

For the strongest Fairtrade certified SPO, *Waste Reduction and Disposal*, which represents a pressing issue in the region, is assessed as good in the SAFA tool. Several promising activities to reduce and recycle waste could be confirmed.

Data quality: Limited evidence available

7.2.2 Comparative and longitudinal findings

Despite ubiquitous challenges caused by climate change, producers in this study perceive an improvement in current environmental conditions. SPOs stated that environmental awareness has increased among their members and there is now a higher focus on soil quality and better practices with regards to waste reduction and disposal. Nevertheless, mitigating practices against recurrent issues such as climate change are still at minimum level.

From an economic perspective, producers reported that although the environment benefited during the COVID-19 pandemic (fewer human activities, less contamination), negative economic effects, i.e. decrease in price of banana, reduced the attention of SPOs on some environmental issues.

Non-certified producer organizations indicate the absence of financial means and technical assistance to improve environment-related practices. In general terms, both POs with and without Fairtrade are more environmentally conscious than formerly, but only Fairtrade has better financial means to implement environmentally friendly practices

Findings on the ratings on the environmental perception show that Fairtrade farmers ($m=6.85$) are more satisfied with environmental circumstances than non-Fairtrade farmers ($m=5.47$). Compared to 2018 results, the overall perceived satisfaction with the environment have slightly improved in the last 4 years for Fairtrade farmers ($m=6.1$) as well as for non-Fairtrade farmers ($m=4.5$).

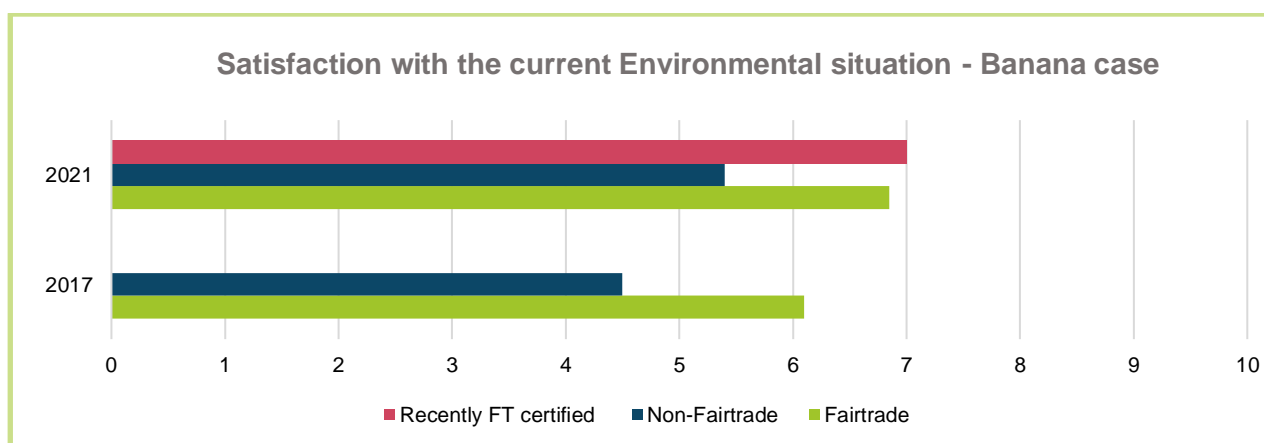


Figure 23: Perception rating of banana farmers on environmental satisfaction

7.3 Coffee Case Study

Similar to the findings in previous studies, increased awareness regarding environmental practices must be attributed to both Fairtrade and the Rainforest Alliance certification. This trend continues as Fairtrade farmers stick to environmental policies established by the cooperative. In contrast, non-Fairtrade farmers stated to have resumed damaging practices such as burning of fields. Climate change related issues, e.g. less rainfall,

extreme temperatures and waste elimination remains to be recurring factors which have a significant environmental and production impacts.

7.3.1 Findings on selected SAFA environmental themes and indicators

Theme: Atmosphere

Climate Change / GHG Mitigation Practices

Coffee farmers interviewed in this study stated to experience consequences of climate change leading to environmental and economic consequences, delaying harvesting, affecting production levels and the quality of coffee (increased in temperature levels). Coffee crops are specifically affected in lower areas due to heat intensity levels leading to higher probability of coffee rust appearance. Although most producers are aware of the issue of climate change, the study could not identify any short- or long-term mitigating plans / measures against climate change.

For La Florida producers, *Climate Change / GHG Mitigation Practices* of producers/SPOs are assessed as limited in the SAFA tool.

Data quality: Limited evidence available

Theme: Water

Water Withdrawal and Water Conservation Practices

Given the water availability circumstances in the region of Chanchamayo, this sub-theme will rather assess the ability of SPOs and their communities to have access to water. The issue of water scarcity is being observed due to less rainfall, extreme heat periods and drying of springs, affecting not only human consumption but also coffee production. At La Florida, producers reported that there are plots of land that have no access to farming water, relying solely on rainfall. Similarly, there are households who do not have access to potable water, relying on wells closer to their homes. It should be noted that the population considers that the water they consume from wells is purer than drinking water. Community medical centres confirm water shortages, calling attention to the absence of a public water supply network; rivers and springs are their main sources.

The community of one of the non-Fairtrade SPO included in this study has difficulties accessing spring water, as a key water source, is at one kilometre distance. Non-Fairtrade SPOs reported the attempt to plan on alternative means to access water in the community, however the lack of budget and district /municipality requirements are out of their reach. Producers confirmed the use of untreated river water for human consumption, which causes parasites and diarrheal diseases in the population, especially in children. Producer organizations such as Tupac Amaru have the access to a water reservoir, which is shared with the entire village, supplying water for household consumption.

For La Florida producers, *Water Withdrawal and Water Conservation Practices* are assessed as moderate in the SAFA tool

Data quality: Limited evidence available

Water Quality

Since the last study in 2018, there has been no major changes in the water situation, requiring the population to act on their own to treat water for consumption purposes. Water is usually contaminated during rainy seasons, requiring households to boil water before consumption. Although practices have improved and filters are used, the water from coffee processing has a certain impact on river contamination. According to non-Fairtrade certified farmers, there are no existing practices of water conservation in the associations.

For La Florida producers, *Water Quality* in the studied region is assessed as moderate in the SAFA tool.

Data quality: Limited evidence available

Theme: Land

Soil Improvement Practices

Although producers have stated that the soil is very fertile in specific seasons, they indicate that climate change effects are leading to less productive soils. Fairtrade and non-Fairtrade certified farmers make use of organic compost to improve soil fertility at certain times of the year; in other cases, they use crop rotation mechanisms on other fields /crops. Fairtrade SPOs have been trained in waste management and have created organic pits for fruit peels, vegetables, and non-organic pits for plastics, cans, bottles. To avoid soil degradation, some use hedgerows, which work as a barrier to separate pieces of land and avoid soil erosion. Nevertheless, producers reported that others are still damaging the soil by burning the plantation to plant kion (ginger), damaging fertile landscapes and killing small animals that support the soil's fertility.

For La Florida producers, *Soil Improvement Practices* of producers are assessed as good in the SAFA tool.

Data quality: Moderate evidence available

Theme: Biodiversity

Ecosystem Enhancing Practices

The presence of wild animals, such as anteaters and monkeys, are considered to be preserved, as producers and their management members make sure to not harm animals and maintain flora on their plots. In addition, SPO members try to ensure that, when raising of cattle / other domestic animals from outside the region, it does not encourage the process of deforestation. Within La Florida, members ensure the prohibition of animal hunting and preservation of exotic plants (e.g. orchids). Some producers in non-Fairtrade cooperatives are individually engaged in reforestation practices, such as planting trees or bamboos around the waterholes. Nevertheless, there are no specific type of activity to preserve specific species.

For La Florida producers, *Ecosystem Enhancing Practices* of producers and their SPOs are assessed as good in the SAFA tool, as practices to nurture flora and found in the communities appear to be in place.

Data quality: Limited evidence available

Theme: Materials and Energy

Waste Reduction and Disposal

Pollution is a pressing issue in the Junín region due to the presence of plastic, bottles, paper in the farms or around the rivers. Burning practices are still seen in some areas. The municipality is engaging in training activities to enhance practices of environmental care, and gradually reduce the presence of waste in the farms. In addition, the municipality has implemented pits to collect bottles, cans and other waste. No concrete measures could be identified for cooperatives with and without Fairtrade.

For La Florida producers, *Waste Reduction and Disposal* in the SPOs is assessed as limited in the SAFA tool.

Data quality: Limited evidence available

7.3.2 Comparative and longitudinal findings

Like in the predecessor study of 2018, producers continue to feel the effects of climate change. The changing climate results in pests but also changes the quality of their produce. Fairtrade certified organizations provide more incentives to producers to adapt and maintain environmentally friendly practices. La Florida provides organic fertilizer and actively discourages deforestation. The Fairtrade Premium provides additional measures (organic fertilizers, technical assistance, others), although producers have to pay for the implementation of some of the measures (e.g. to reduce soil acidity).

Producers of SPOs without Fairtrade are more limited to maintain good environmental practices. Producers expressed their wish to, for instance, be able to treat coffee wastewater for reuse. In a community without Fairtrade, members are seeking support from the municipality to build a water reservoir for the community. With regards to soil, although some producers have practices to prevent erosion (stone walls or hedges) and organic production (composting), other independent producers still maintain prohibited burning practices.

Both POs with and without Fairtrade have received training in environmental care. SPOs without Fairtrade from the municipality and Fairtrade cooperatives through their own resources, supported by certifications. Advances in environmental practices must be also attributed to the cooperative's organic and Rainforest Alliance certifications. Findings on the ratings on the environmental perception shows that Fairtrade farmers ($m=6.63$) are more satisfied with environmental circumstances than non-Fairtrade farmers ($m=6.05$). Compared to 2018 results, the overall perceived satisfaction with the environment has improved in the last 4 years for Fairtrade farmers ($m=5.4$) as well as for non-Fairtrade farmers ($m=4.9$).

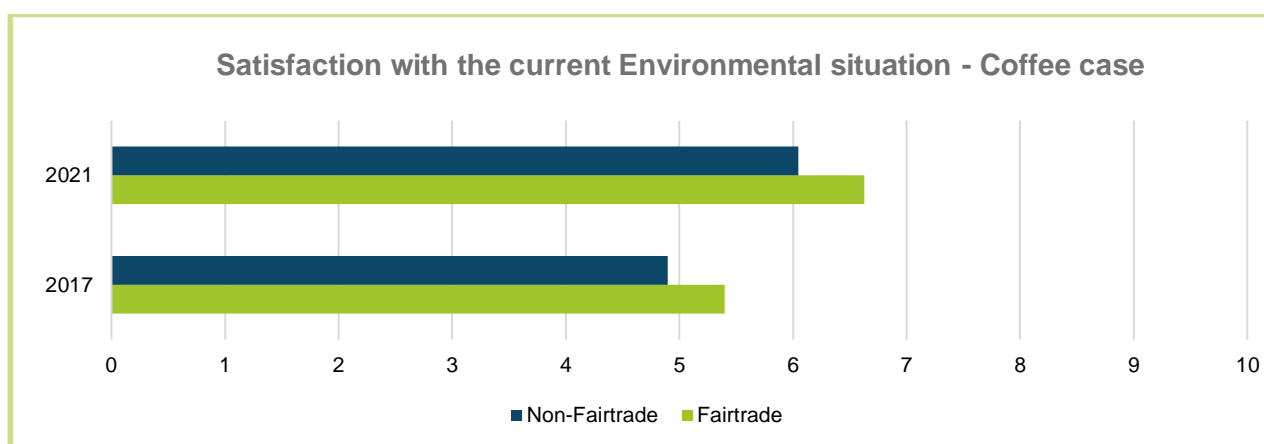


Figure 24: Perception rating of coffee farmers on environmental satisfaction

8 Conclusions and Recommendations

8.1 Aggregated SAFA Reporting

With the help of the SAFA tool, the research team rated FAIRTRADE SPOs in the respective producer setting across all SAFA sub-themes as either – **best** (dark green), **good** (green), **moderate** (yellow), **limited** (orange) or **“unacceptable”** (red). In a next step, these ratings can now be aggregated and illustrated in a so-called “SAFA sustainability polygon”. The following section concludes findings for each case study and displays the respective polygon.

Based on the evidence gathered for the cocoa case study, the SAFA tool sustainability polygon for Kuapa Kokoo presents mixed performances across the four SAFA dimensions and corresponding sub-themes.

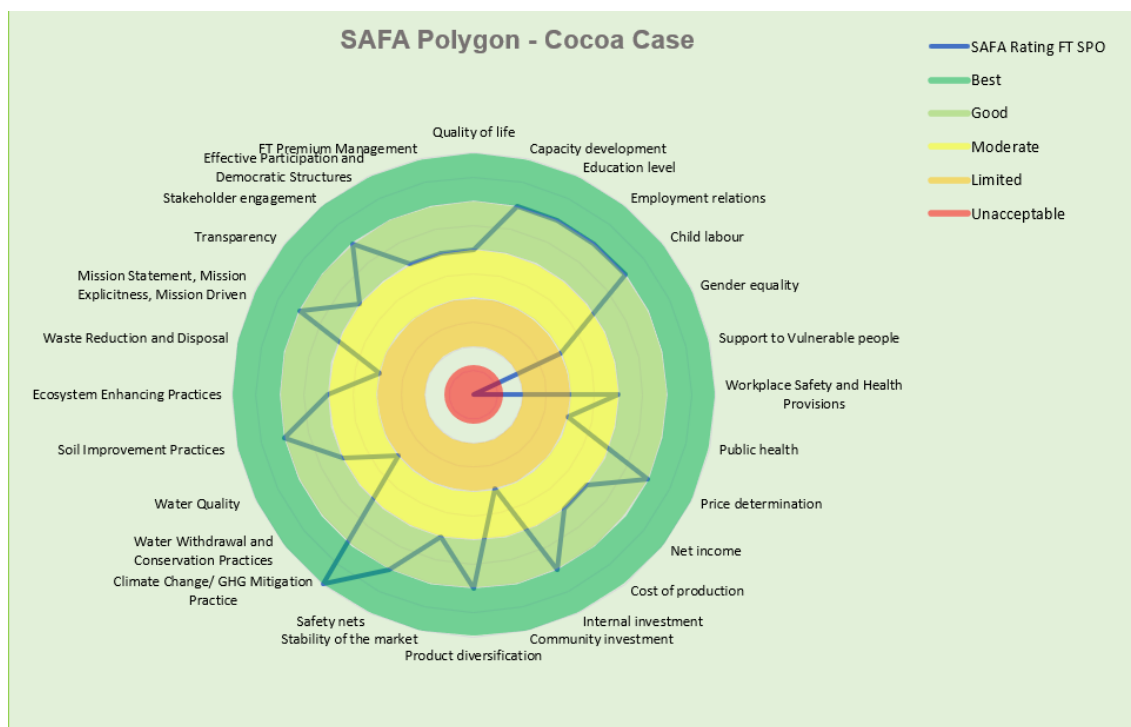


Figure 25: SAFA tool sustainability polygon for the Cocoa Case

In this study, rating for SAFA themes and indicators were provided for, APPBOSA, the strongest Fairtrade certified SPO to show the potential of Fairtrade in terms of different spheres of sustainability.

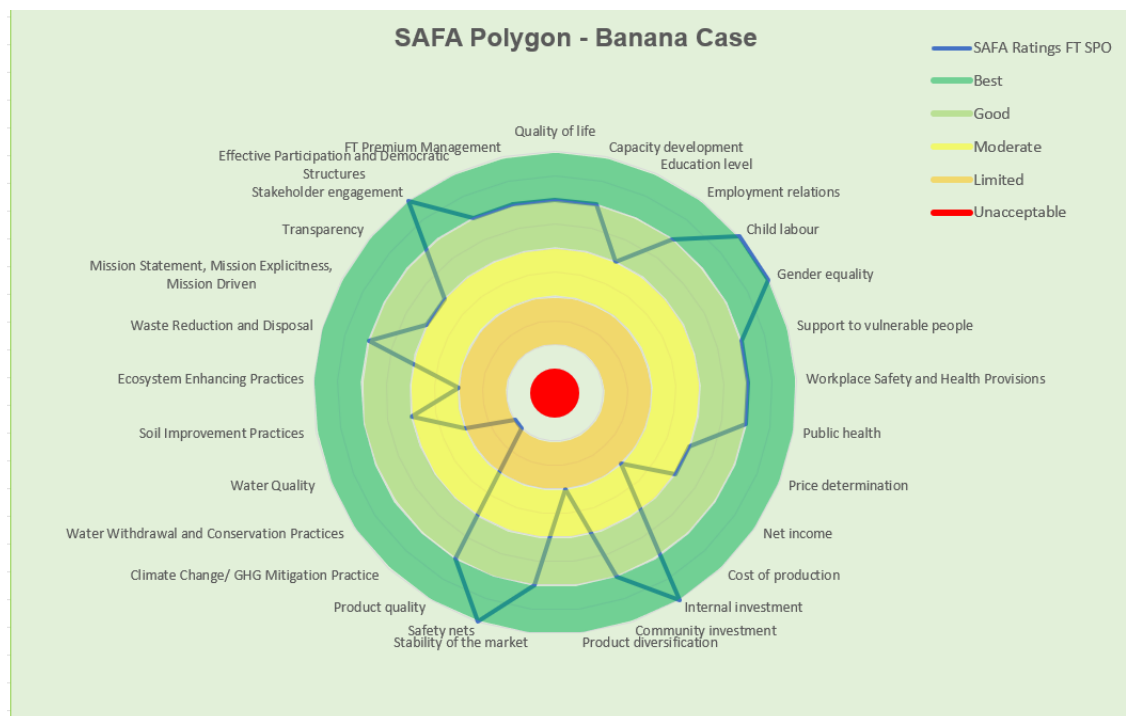


Figure 26: SAFA tool sustainability polygon for the Banana Case

Based on the evidence gathered for the coffee case study, the SAFA tool sustainability polygon for La Florida presents rather positive performances across the four SAFA dimensions and corresponding sub-themes.

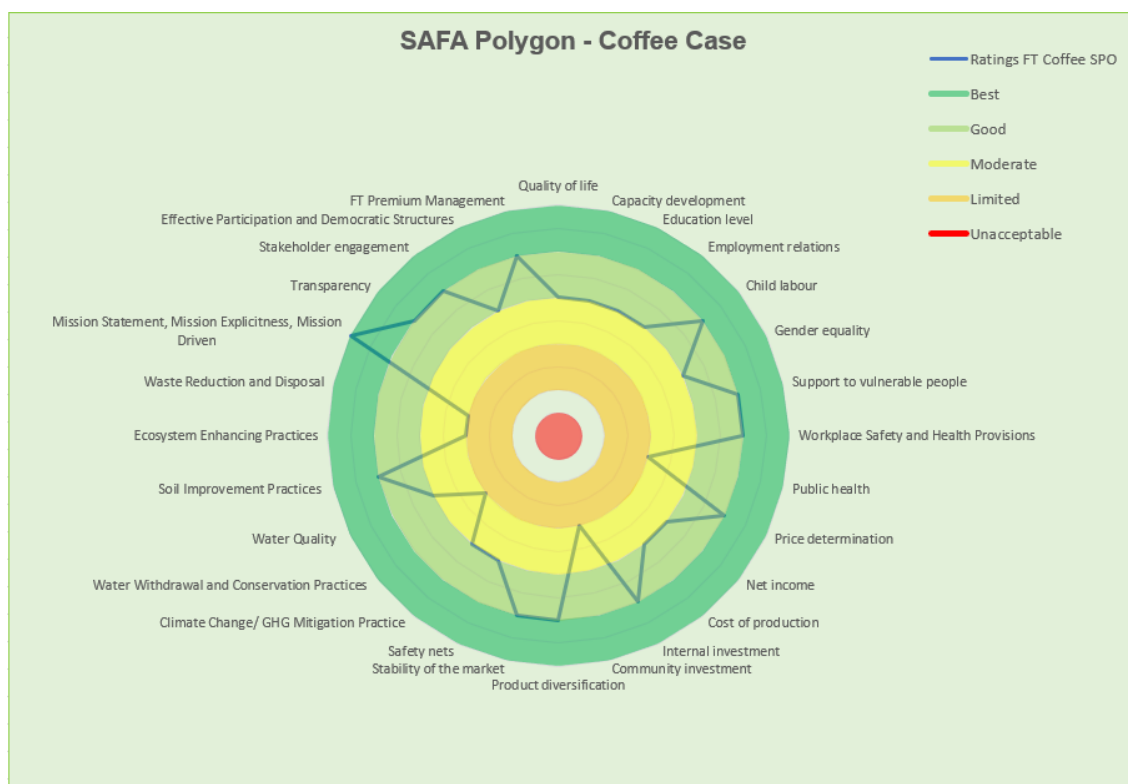


Figure 27: SAFA tool sustainability polygon for the Coffee Case

8.2 Recommendations

Findings across the three case study settings were corroborated and allowed the research team to identify overarching conclusions, from which a set of key recommendations, directed to different actors, were derived. Conclusions and recommendations are presented as follows.

Directed at the SPOs involved in cocoa, banana and coffee cultivation

Climate change and other external risks increasingly pose an inevitable threat to crops, putting farmers who only focus on one product, in a highly vulnerable position. This study along with other research shows that diversifying income sources is indispensable to ensure economic stability, an acceptable quality of life and even food security. The case of coffee has shown how vulnerable farmers can be in times of a climate change-induced crises (La Roya), jeopardizing their existence and livelihood. It could also be shown that, especially with small farm sizes, building only on one type of product, makes the achievement of a living income impossible.

R1: It is recommended that SPOs across all supply chains, with the help of Fairtrade and network organizations, proactively support product and income diversification of their members to reduce vulnerability, enhance their resilience and ensure that they continue their farming activities even in times of crisis. The issue of food security, for now rather largely voiced by non-certified farmers, emerged in all three settings and requires careful observation and attention.

The study also illustrates that farmers require support to invest in the modernization of their farms. The acquisition of funds for necessary investments remains challenging and technical capacities on modern techniques could be enhanced. Especially female farmers are rather left behind in this regard.

R2: It is recommended that SPOs either assist in the actual acquisition of funds, e.g. by setting up credit schemes, or explore alternative ways that support farmers in the modernization of their farms, e.g. by providing new techniques or machinery inputs via the Fairtrade Premium. The use of machinery should be integrated in trainings, so that farmers have the technical know-how to operate modern technical devices that positively affect their productivity.

Study evidence has shown that farmers tend to not appropriately monitor their farm expenditures and sales revenues. Record-keeping tools are meant to facilitate better decision-making and planning to optimize farmers' income.

R3: It is recommended to provide trainings on financial literacy for coffee, cocoa and banana farmers. In order to ensure efficient use of business tools, trainings need to be tailored and implemented to guide farmers. Alternatively, training-of-trainers could be given to technical staff of cooperatives, who would then train their peers on financial literacy and raise awareness about the importance of record keeping. In addition, training on how to invest, understanding banking institutions and the processes in acquiring loans, were demanded by cocoa farmers.

In all three settings, trainings, capacity building but also physical meetings, such as general assemblies, were put on hold due to the on-going pandemic. While obeying to necessary health and safety measures continues to be important, it was found necessary to again increase transparency towards producers, create awareness on their rights to participate and showcase the value added of being a member of the cooperative. Benefits are mutual, as cooperatives depend on their farmers to deliver their product in the quality that is required.

R4: It is recommended to develop materials to explain to the producer and their children how they benefit from the SPO both in terms of revenue and services. Benefits of being member of a Fairtrade cooperative should be transparently communicated when payments are delivered. Especially Ghanaian Fairtrade cocoa farmers would require more awareness on their right as a member to enhance meaningful and effective participation.

Directed to Fairtrade regional networks level (CLAC and Fairtrade Africa)

In situation of price pressure, production volumes matter both at producer but also at organizational level of the SPO. Research suggests that producers with a small land size to cultivate their product are barely in the position to achieve a living-income. In addition, small-scale SPOs also struggle to become profitable when their weekly production is low but cost of production, including certification cost, remain. The banana case showed that the profitability of an SPO highly depends on the overall volume that can be exported.

R5: In the banana case, at organizational level, it is recommended to encourage SPOs to achieve larger export volumes that allow to cover all running costs. To do so, it is found necessary to promote and incentivize the non-break up of cooperatives and encourage them to acquire and maintain a larger number of members that produce sufficient volumes per week.

Over the last decades, it became evident that smallholder farmers in general receive a very small share of the actual product value, i.e. of the supply chain value. Accordingly, offspring of farmers often turn away from agricultural practice, jeopardizing intra-generational sustainability of cocoa/banana/coffee production.

R6: It is recommended that regional network organizations support SPOs in identifying strategies for enhanced value creation, such as the use of by-products to produce e.g. coffee-peel infusion, or processed products based on banana or cocoa. Networks with their resources available could promote pilot projects or bring together SPOs to discuss how value creation could be enhanced within the respective settings.

Directed to Fairtrade Germany and Austria

This study found thorough evidence that climate change increasingly impacts banana, coffee and cocoa producers negatively. Actors along the supply-chain, who have a continued business interest in sourcing agricultural products, must urgently expand their responsibility and support cooperatives and producers in implementing climate change adaptation measures.

R7: Fairtrade plays a pivotal role to mobilize actors and funds and to raise awareness on the effects of climate change at the beginning of the value chain. It is recommended that Fairtrade continues its strong stand to support the implementation of climate change adaptation projects and to create awareness at both retailer and consumer level

This study elaborated on how Fairtrade has nudged Ghanaian government towards implementing a living income strategy that includes a raise in farm-gate price. It is considered positive that Fairtrade supports this strong position despite knowing that this would have a negative effect on some of the buyers. The same challenge can be seen across all value chains. Products, above all banana, are highly price-sensitive, while at the same time, farmers are very cost-sensitive: The recent Covid-19 crisis showed that current prices might be too low to achieve adequate livelihood with food prices and production costs rising.

R8: It is recommended that Fairtrade keeps up a strong position, continues to critical reflect on minimum prices across different Fairtrade contexts and further fosters the political discourse on prices set on products cultivated in the Global South.

Covid-19 has caused challenges for producers worldwide. Besides economic hardship and risks to one's own health, the study also indicates that women and marginalized groups face additional constraints. Support measures to women and to vulnerable groups within the communities have come to a hold or are given substantially less attention.

R9: Following the United Nations' call to "Leave no one behind", it is recommended that special attention is given to sub-groups of producers that might be even more prone poverty, food insecurity and health issues. Fairtrade could initiate research and collect thorough disaggregated data to understand the situation of vulnerable groups better and to act accordingly.

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Annex

A: Lessons learned of impact studies conducted during times of COVID-19

The COVID-19 pandemic has brought high levels of uncertainty and pressure to researchers worldwide, putting studies at times at risk. Researchers are rightly ensuring that field research is included in the response to the coronavirus disease 2019 pandemic. In order to successfully conduct the study at hand, our team of international and local consultants reflected, prior and throughout the data collection phase, on health and ethical issues to consider when conducting rural development research in communities with high vulnerability levels. With the support of Fairtrade Germany protective measures have been discussed and therefore implemented to ensure a low-risk and reliable research process, considering health and safety conditions for the contracted local consultants as well as the selected treatment and comparison groups. Hereby, the team of consultants provide some lessons learned /recommendations to consider when conducting similar research processes.

Ensure transparency and collaboration needs between the study partners: Open communication and collaboration between Fairtrade Germany and Mainlevel were crucial to ensure a successful and safe research process. The international and the local consultants played a crucial role in identifying specific needs of the study's selected cooperatives, assessing their conditions and requirements to take part of the study at hand. With the aim to ensure larger participation rates and therefore a representative study (especially within the comparison groups), the contracted firm (Mainlevel) counted with financial support from Fairtrade Germany to purchase biosecurity measures kits (*medidas de bioseguridad*), including masks, alcohol gel, multivitamin tablets. The distribution of kits was successfully implemented in the Peruvian case studies, through the local consultants, and functioned as i) a participation incentive for both Fairtrade and non-Fairtrade farmers as well as ii) a short-term protection measure for farmers and their families.

Be attentive to ethical standards and local health policies: Research must maintain ethical standards ("do-no-harm" principle) and comply with national and local public health directives, policies and regulations, especially those pertaining to the COVID-19 pandemic.

Have a reliable network of local consultants: The COVID-19 pandemic restricted travels across the globe. As the selected consultants opted for a semi-remote field research approach – to comply with e.g. local social distancing demands (esp. in Peru) –, strong dependencies were created among the international and local consultants. Through consistent knowledge information exchange, the study at hand benefited from two knowledgeable national experts, who assisted the process of ensuring safe and reliable (semi-remote) data collection mechanisms.

Make use of consistent remote data collection tools: Research activities that can be carried out remotely (such as review of literature; data collection, such as through phone interviews; online data collection, such as through data mining; observation without direct contact; data analysis; online meetings; writing) should be pursued.

Ensure non-biased longitudinal findings: Identifying developmental improvements over time can be challenging as external shocks (such as the COVID pandemic) might overshadow existing positive impacts. Accordingly, researchers need to rightly ensure that short-term and long-term project outcomes are considered and, if possible, identified based on pre- and post-COVID dimensions.

B: Documentation of the field research

Focus Group discussions with female farmers in Ghana



Sign of Kuapa Kokoo Ltd in the Bipoah Society



Farmer showcasing plant from the cocoa fields



Focus Group Discussions with male farmers in Ghana



Banana packing center Piura, Peru



Key Informant Interview with Health Centre manager, Piura



Covid-19 support measures provided



Key Informant Interview with SPO Management member, Piura, Peru



La Florida, Junin, Peru



Focus Group Discussion with female coffee farmers



Covid-19 support measures provided, Junin, Peru



Educational institution in Junin, Peru

