

Research into the impact of voluntary standards on producers

Traidcraft has produced a report into the impact of voluntary standards on producers and compared the merits of Fairtrade, Rainforest Alliance and UTZ Certification.

Recent years have seen a marked increase in the development of ethical schemes and labels.

This has partly been the result of greater consumer concern about the impact the products they buy has on producers and on the environment, but also about the demand for clear and reliable information.

Businesses, either in response to this concern or as part of their own ethical agenda, have massively taken up the use product labels.

What about the people in developing countries who are meant to benefit from these schemes?

How do they feel about these schemes? Are they serving the purpose they are designed for or do standards just add another layer of complication to the already difficult business of growing commodities for export?

With this study we wanted to establish a better understanding of the performance of different voluntary standard schemes, from the perspective of small producers in East Africa.

The study compared small-scale producers' perceptions of the impact that certification to Fairtrade, UTZ Certified and Rainforest Alliance standards had on them and covered tea and coffee growers in Uganda, Kenya and Ethiopia. It also solicited small-scale producers' views on how the standards under investigation could be improved upon.

The main research method was qualitative, based on 18 semi-structured focus group discussions with participants in six different schemes involving small-scale producers. Interviews were carried out in May and June 2009.

In general, the results from the six case studies provide an overall picture of producer satisfaction across all three schemes, although there are differences as to which circumstances are perceived to have improved as a result of scheme participation. Below we summarise - from Traidcraft's perspective - the encouraging and the more challenging conclusions of the study:

- Being part of a voluntary ethical scheme has a positive impact on producers – regardless of the scheme. Producers in the study perceived standards as leading to marked improvements in income and farm management and in support services received, relative to previous situations of non-participation. This finding confirms the importance of Traidcraft's generic work to promote responsible purchasing, which seeks to improve the way companies source products from suppliers in developing countries.
- The Fairtrade scheme provides greater overall welfare benefits compared with others. Participants in the Fairtrade scheme earn significantly higher average *gross* revenues than those belonging to other schemes although there is no significant difference in *net* revenue. This can be explained by the higher costs that Fairtrade certified schemes incur, particularly in hiring labour. However, we note that the study was undertaken at a time of high world commodity prices, when the price difference between the Fairtrade minimum and market rates was low. The benefits of Fairtrade would be even greater the lower world prices are.
- The results show positive impacts for women across all three standards. In particular, the Fairtrade case studies show improved female representation and participation in farmer organizations. Also, the emphasis on participation of women in the management of factory activities has enhanced women's confidence, as demonstrated in improved attendance and increased contributions during meetings.
- Fairtrade importers are required to help producers with pre-financing of up to 60% of the Fairtrade minimum price. This is greatly rated by producers.
- There is a lack of incentive to becoming a certified producer when world prices are high. The costs of compliance and certification can also make producers uncompetitive in local markets, so when producers take the decision to certify, they need to have access to significant market share abroad to outweigh the local disadvantages.
- The interviews highlighted the value of training in better agricultural techniques as a way of boosting productivity and income. They also recognised that this was often a side-benefit of the commercial relationships established through the certification schemes. This is an aspect of Fairtrade and other schemes which perhaps deserves more attention, especially as we seek to help small famers adapt to the challenges of climate change.

Read the report

- [Download our Voluntary Standards report as a PDF \(275kb\)](#)