

BASELINE STUDY OF FAIRTRADE COTTON IN WEST AFRICA



*Summary and response from the commissioning agency Fairtrade International to an independent baseline study on Fairtrade cotton in West Africa.
Bonn, March 2016*

THE STUDY AT A GLANCE

Cotton is an important cash-crop for many marginalized farmers in developing countries and hence important to Fairtrade. However, some farmers do not obtain good prices from international markets. In 2015¹ a new partnership option was launched to connect the growing number of companies that want to make sustainable cotton a central part of their business with the farmers who grow the crop, called the Fairtrade Cotton Program. A consequent increase in Fairtrade cotton sales will help Fairtrade provide additional support to farmers, enabling them to make their farms more environmentally friendly, reduce water use or buy new equipment.

Fairtrade commissioned Aidenvironment, a Dutch consultancy on sustainable production and trade, to assess the current state of Fairtrade cotton farming and to draw up a methodology to measure the long-term impact of the introduction of the Fairtrade Cotton Program. Two studies were carried out in 2014/15 in India and West Africa, where most Fairtrade certified cotton is produced, representing around 75 percent of Fairtrade certified cotton producers. While the results for India are soon to be published, this management response accompanies publication of the findings of the study in West Africa.

To ascertain the differences between them, a total of 177 Fairtrade certified farmers and 87 non-certified farmers were surveyed across Senegal, Mali and Burkina Faso. Interviews were also carried out with individuals at different levels of the producer certified organizations in the three countries and with industry experts.

THE MAIN RESULTS

Improved farming performance: Fairtrade certified farmers had better access to services than non-certified farmers and certified Small Producer Organizations (SPOs) provided more services to support farming performance. Certified producer organizations also provided training on a wider range of topics and more frequently had child rights policies and control systems for pesticides in place. Certified and non-certified SPOs performed almost equally in the provision of farm inputs and finance. However, Fairtrade-only (i.e., Fairtrade but not organic) farmers reported considerably better access to Personal Protective Equipment. Use of chemical fertilizers and pesticides was similar between the two groups, but Fairtrade farmers used more organic fertilizers than non-certified farmers.

Fairtrade certified farmers had better awareness levels on children's rights and performed slightly better on environmental practices. Fairtrade conventional certified farmers had similar yields compared to non-certified farmers – approximately one tonne per hectare. The

¹ <http://www.fairtrade.net/about-fairtrade/fairtrade-sourcing-programs/fsp-cotton-mark.html>

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yield of Fairtrade-Organic certified farmers was 50 percent lower. Ignoring the costs of non-paid labour, Fairtrade certified farms were more cost efficient than non-certified farms.

Improved market access: While Fairtrade-Organic certified producers were generally able to sell their production under Fairtrade conditions, most Fairtrade-only producers experienced difficulties in selling all their Fairtrade seed cotton as certified, particularly in Mali. Farmers selling under Fairtrade conditions received between eight percent and 18 percent above the conventional price. Farmers selling under Fairtrade-Organic conditions received between 27 percent and 60 percent more, with the Fairtrade Premium on top of that. However, due to lack of market uptake, many farmers and SPOs did not receive these benefits. At outcome level, the state control of the sector by monopolistic nationalized cotton companies meant that farmers had limited influence on price negotiation. Producer organizations had few direct trade relationships with international buyers. Those that did felt they could negotiate well.

Strong and inclusive Small Producer Organizations: Certified producer organizations performed slightly better in the timing and quality of their General Assemblies than non-certified ones. Almost all certified SPOs reported involving their members in decisions on how to spend Fairtrade Premiums. However, fewer than half the farmers knew how the Premium was spent or perceived that they could influence its spending. Approximately 80 percent of certified and non-certified farmers thought their producer organizations worked in their best interests. Certified SPOs more often had a gender policy and had more women members and managers. Certified producer organizations were more active on the issue of climate change than non-certified ones. Certified producer organizations more frequently showed recent positive financial results. Since entering Fairtrade, approximately three-quarters of certified farmers had experienced improved cooperation in their community and improved gender equality at home. A similar proportion of non-certified farmers perceived improved gender equality in the past three years. Both certified and non-certified SPOs felt they had limited influence on local, regional and international policy.

Impacts at household level: Certified and non-certified farmers shared similar food insecurity and ability to cope with emergency situations. For most farmers in both groups, total household income had recently increased. The Progress out of Poverty Index showed that certified and non-certified farmers in Senegal had comparable levels of poverty, while in Burkina Faso and Mali, certified farmers were poorer than non-certified farmers. In both systems women were poorer than men. In both systems school enrolment figures, energy sources for lighting and access to health services were similar. Certified farmers had better access to clean drinking water.

Satisfaction with Fairtrade: Three-quarters of certified farmers were satisfied with Fairtrade. The main benefits cited were the Fairtrade Premium and improved social networks.

OUR RESPONSE

The quantitative analysis in this report was based on data from an initial survey which aimed to collect a baseline round of data. The methodology was designed to isolate the impact of

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Fairtrade certification in subsequent rounds of research. A second data wave will provide a better picture of the differences between the certified and non-Fairtrade groups, especially on indicators such as plot sizes and overall household income. The authors wrote: “Fairtrade managed to reach out to poorer farmers. It was not possible to determine what impact Fairtrade had on poverty levels as the poverty level at the moment of certification was unknown.” The future data will also give more insight into the effects of the Fairtrade Cotton Program, which was introduced to increase producer sales volumes and enhance capacity building – needs recognized by the authors of the study.

Certified farmers and producer organizations outperformed their non-certified counterparts on several indicators; on others performance was similar. Overall the researchers recommended the following:

Intensify efforts to improve access to Fairtrade markets for producers.

Aware that the extreme complexity and diversity of the cotton supply chain was hindering mainstream cotton brands from embracing Fairtrade cotton’s physical traceability model, Fairtrade has launched the Fairtrade Cotton Program, which has generated interest in the industry. As a result, seven partners across Switzerland, UK, Germany, Finland, the Netherlands and Austria have committed to procure 5100 MT of seed cotton.

Make a deeper analysis of the sector and market governance models and identify strategies for promoting Fairtrade in the cotton industry under the existing models.

The Fair Trade Advocacy Office (FTAO) has researched the factors blocking the use of sustainable cotton and is undertaking policy advocacy to ease the problem. Fairtrade, along with FTAO and the African Cotton Producers’ Association (APROCA), organized an International Cotton Forum on March 15 2016 in Paris to draw attention to the challenges facing African cotton producers and seek support from the industry.

Invest more in farmer support. For example, the number of farmers with adequate access to training on a variety of important topics was relatively low in all three countries.

We are enhancing Fairtrade’s ability to deliver organizational strengthening activities. We are also developing a Technical Program, which aims to give extra technical support to producer organizations in areas they have identified. This support will be delivered by selected partners from an agreed catalogue of technical areas, funded jointly by Fairtrade and the SPOs. This recognises that Fairtrade is not, and should not aim to be, an expert in many areas important to producer development. As part of the Technical Program we will formalise service agreements with technical partner organizations and others to support producers in areas not covered by Fairtrade’s producer support services.

Investigate the business case for Fairtrade certification at farm, SPO and sector level in more detail.

Fairtrade collaborates with APROCA, which is carrying out research into this area. Fairtrade will use this research to communicate the business case of Fairtrade certification to a wider audience.

Monitoring recommendations: Develop more specific impact pathways and use mixed methods, plus investments in SPO record-keeping.

Fairtrade has invested in Monitoring, Evaluation and Learning (MEL), to better understand

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the difference we make and to see where we can improve further. Moreover, we are committed to being transparent about our findings and were recognized for this in [Bond and Nido's Transparency Review 2015](#). Our improved monitoring system collects regular data from all certified organizations. We have invested in a number of studies based on robust longitudinal methodologies – that means we collect data on the same items several times to measure the difference over a period of time. Baseline data collection took place now, and follow-up evaluative studies are scheduled for the coming years. Where possible, Fairtrade's baseline and evaluative research covers both certified farmers and a counterfactual group of non-certified farmers. This will help us to measure the difference we are making to certified farmers and workers, and our ability to attribute differences to Fairtrade. Our plans also include collecting household level data longitudinally from a rolling sample of certified coffee, banana and cocoa-producing households to measure our impact on those farmers and workers year by year. This is on top of commissioned baseline and evaluative research on a number of topics. Longer term, Fairtrade's MEL vision is to invest in producer self-reporting. The first monitoring data from the improved system has been included in the newly-published report: *Monitoring the Scope and Benefits of Fairtrade 2015*

LESSONS LEARNED & ACTIONS

We welcome this study which generates a hugely important set of baseline data on the impacts of Fairtrade certification across a number of indicators and pathways. The findings strengthen our evidence base about the positive impact of certification and identify areas for further work. We shall investigate topics such as the measures around pesticide application, investments in record keeping and profitability, and incomes from different types of production models. To look deeper into such issues, learning workshops scheduled by Fairtrade with the relevant stakeholders, including producers in Africa, are discussing the findings and agreeing how to respond. FLOCERT, the Fairtrade International Standards Unit, thematic advisors, the Fairtrade Global Cotton Manager and Producer Network field staff are all involved in these workshops, ensuring that the relevant teams in Fairtrade are aware of Aidenvironment's findings and are designing achievable solutions. These workshops are an important part of being a learning organization which continuously improves its performance.

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