

# FAIRTRADE COFFEE:

# IMPACT EVALUATION

## MEXICO, PERU, TANZANIA AND INDONESIA

2016

## INTRODUCTION

Coffee supports the livelihoods of millions of smallholder farming families around the world who face significant and growing challenges. Coffee is also the longest-established Fairtrade product, with Fairtrade supporting more than 812,500 small-scale coffee farmers in 445 certified producer organizations at the end of 2014. Understanding Fairtrade's impact on coffee farmers and their organizations is thus of great importance. This independent evaluation, commissioned by Fairtrade International and undertaken by the Natural Resources Institute, University of Greenwich, provides an in-depth analysis from four countries of the impact of Fairtrade for producers and their organizations. It represents a contribution to the evidence base on the impact of Fairtrade, and also seeks to inform Fairtrade on how to improve its impact in the future.



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## KEY FINDINGS



### Stronger producer organizations

The research found that Fairtrade has supported strengthening of producer organizations in several ways. Producer organization leadership and business management capacities have improved. Producer organizations have developed greater self-reliance and stronger trade negotiating positions. However, there are still challenges around accountability and communication between leadership and members, especially in larger organizations.



### Supporting investment

Fairtrade enables producer organizations to make investments in their businesses, beyond what would otherwise be possible given their limited access to investment capital. In Peru and Mexico, the Fairtrade Premium has been critical to investment in business development and service provision. In Indonesia, Mexico and Peru, producer organizations have used the Fairtrade Premium to invest in land, warehousing and processing facilities. Co-financing from the Fairtrade Premium was also key for leveraging funds from other finance providers. In some cases, however, this has encouraged organizations to invest in infrastructure for a relatively small membership, where greater efficiency might be achieved through collaborating with other producers.



### Fairtrade farmers have better access to training and services

Fairtrade farmers received substantially more training and services than non-Fairtrade farmers. Overall 3.8 times as many Fairtrade farmers said they received training in key agronomic and business topics compared to non-Fairtrade farmers. Fairtrade farmers also received substantially more services than non-Fairtrade farmers: Two to three times more Fairtrade farmers received marketing, credit, extension or agricultural supplies services compared with non-Fairtrade farmers. Nevertheless, farmers and organizations still have considerable needs for services and training to be increased.



### Better prices and incomes

All producer organizations made significant Fairtrade sales – from 30 percent of total sales in Tanzania to over 80 percent in Peru, Indonesia and Mexico. The coffee sold to Fairtrade buyers was sold at a higher price than coffee sold on non-Fairtrade terms.

The Fairtrade Minimum Price allows Fairtrade farmers to realise improved incomes. In 2013, when coffee prices were low, Fairtrade farmers in three of the countries received prices that were between eight and 26 percent higher than they would have received from selling to other buyers. Fairtrade provides a safety net when global coffee prices are low.

## RESEARCH METHODS

The research team used the Fairtrade Theory of Change to guide the evaluation. The research drew comparisons between Fairtrade and non-Fairtrade producers in each country, and undertook comparative analysis between countries. The research methodology included both qualitative and quantitative methods: focus group discussions, participatory gross margin analyses and a questionnaire survey with farmers; workshops with producer organization managers and board members; a marketing manager questionnaire; and key informant interviews.

In total, 800 questionnaire surveys were completed and 23 focus group discussions conducted.

The research team selected the case study countries: Mexico, Peru, Indonesia, and Tanzania. These countries capture some of the important diversity within Fairtrade coffee producing contexts. Within the chosen countries, the study team selected Fairtrade or Fairtrade-organic producer organizations in a systematic way and identified a producer organization or group of farmers for comparison. The field research was conducted in 2014.

## LEARNINGS AND RECOMMENDATIONS



### Strengthen producer organizations

Fairtrade should seek ways to incentivize coffee producer organizations to achieve greater organizational efficiencies, for example by managing collective dry milling facilities between various producer organizations. Organizations should be supported to improve communications with their members in order to foster greater understanding of Fairtrade. Fairtrade should also consider how organizations can ensure that farmers can benefit from minimum prices.



### Scale up producer support and collaboration

Fairtrade should intensify and scale up its producer support services to benefit coffee producer organizations and their members, especially improved extension on good agricultural practices, which can help farmers respond to the challenges of coffee rust disease and adapting to climate change. It may be necessary to broker partnerships in a particular landscape with a wider set of actors to achieve such scaling up, tackle structural issues and achieve learning and change.



### More action to support gender equality, youth and workers

Fairtrade should seek to implement practical actions to tackle gender inequality in coffee farming. Fairtrade should also support research to identify strategic actions to increase benefits for hired labour and young people.



### Support producer networks to increase producer voice

Fairtrade should continue to strengthen the producer networks as a means of enabling greater small producer representation and voice. The movement should increase efforts to lobby governments and donors to fund improved business development services and make the enabling environment more favourable for small-scale coffee producers.

## FAIRTRADE RESPONSE

Fairtrade welcomes the report recommendations. We have discussed the report findings in workshops with producers in several countries, and we have integrated many of the resulting recommendations and learnings into the Fairtrade Coffee Strategy for 2016-2020.

In particular, our work going forward will emphasize the importance of well-targeted support and collaboration for coffee producers, led by stronger producer networks.

The Fairtrade Coffee Strategy will do more to help producers implement good agricultural practices and to respond to the challenges of climate change and coffee disease. We will also continue to emphasize the importance of producer organization capacities and governance in our support. We are deepening our focus on living wages for both farmers and workers, on gender equality, and on working with young people, through focused programmes in these areas.

**For more information** The full research report, summary report, and Fairtrade's response are all available on the [Fairtrade International Impact and Research pages](#).

