

FAIRTRADE CERTIFICATION IN THE BANANA HIRED LABOUR SECTOR

*Study summary and response from the commissioning agencies Fairtrade International and the Fairtrade Foundation to an independent impact study on Fairtrade certification in the banana hired labour sector.
London/Bonn, April 2016.*

THE STUDY AT A GLANCE

Bananas are a significant product within the Fairtrade system – both in terms of market demand and producer coverage. As of late 2015, 125 producer groups across 10 countries were Fairtrade certified, comprising 74 small producer organisations and 51 plantations. Within the hired labour/plantation sector, the predominant banana origins are Colombia, Ecuador, the Dominican Republic, Ghana and Cameroon.

In January 2014, Fairtrade International published its revised Fairtrade Standard for Hired Labour¹. The revised Standard includes requirements to actively protect workers' rights to freely organize and collectively bargain². Certified organisations must declare this right publicly to workers, allow unions to meet with workers, and offer to engage in a collective bargaining process with worker representatives. The Standard also includes a clear process for plantations to progress towards a living wage. Companies must, in the first instance, enter into wage negotiations with workers' representatives. If wages combined with benefits are below the living wage benchmark defined by Fairtrade International, companies must increase real wages annually to continuously close the gap with living wages³. Workers additionally have more control over how they spend the Fairtrade Premium under the new Standard. Elected workers on the Fairtrade Premium Committee lead a General Assembly of workers at least once a year to report on and approve the Fairtrade Premium plan. Workers can decide to distribute up to 20% of the Premium as a cash or in-kind bonus equally among workers (or up to 50% in exceptional circumstances if the majority are migrant workers). In addition to the revised Hired Labour Standard, Fairtrade is adopting a programmatic approach, which will lead to an increasing number of projects and programmes being implemented to support workers and further enhance impacts.

As the revised Standard is currently being implemented, and some new criteria will only take effect in 2016, Fairtrade aimed to gather baseline data in order to track how the Standard is impacting working conditions and worker empowerment on Fairtrade plantations. There was further an identified need to gather baseline data on the banana sector in major origin countries to understand the difference that certification makes to workers' employment and living conditions. The key aim of the study was, therefore, to gather data on a range of indicators salient to production from key banana origins in Latin America (namely the Dominican Republic and Colombia) and Ghana (as the country with the most certified organisations in West Africa). This data would then act as a baseline for assessing Fairtrade's impact in key areas, as compared to non-certified contexts. Studies of this nature are invaluable in helping Fairtrade to evidence the impacts of its work, ensure continuous learning and highlight areas for future programmatic focus.

¹ http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/2014-07-16_HL_EN.pdf

² Some of these criteria are only being implemented now; their impact will not yet be evident on certified plantations.

³ <http://www.fairtrade.net/new/latest-news/single-view/article/new-living-wage-benchmarks-point-the-way-forward.html>

The study was carried out by LEI Wageningen UR⁴, one of the leading institutes for economic and social research in the field of agriculture. A total of 1137 waged workers (653 from Fairtrade-certified plantations and 485 from non-Fairtrade certified plantations) were surveyed across the three countries of study between February and May 2015. A mixed methods approach was adopted, involving worker surveys, in-depth interviews with management and workers, gaming sessions and direct observation.

THE MAIN RESULTS

- **Workers' income:** Fairtrade certification clearly contributes towards overall workers' income through a number of in-kind benefits received by waged workers in all three countries of study. A clear link can be made between the investment of the Premium and economic benefits – especially in terms of the impact that in-kind benefits such as the provision of food, housing and education has on a household's expenditure. So far, the impact on primary wages has been limited in all three countries of study.
- **Income diversification:** Waged workers rely heavily on their income from the plantation; no difference in reliance on wages was found between workers from Fairtrade-certified and non-certified plantations.
- **Job security:** Fairtrade certification was reported during interviews to have a positive impact on workers' sense of job security in all three countries of study.
- **Standard of living:** Fairtrade certification was found to contribute significantly to an increased standard of living amongst workers in the Dominican Republic. Workers on Fairtrade-certified plantations were found to be more satisfied with their standard of living, have a higher level of savings and can be considered to be more food secure. The study found no significant differences, however, in land ownership or the number of household assets between workers on Fairtrade-certified and non-certified plantations in Ghana or Colombia.
- **Working conditions:** Workers on Fairtrade-certified plantations appear to be more often aware of sexual harassment and grievance policies and more often indicate an improvement in terms of health and safety. Workers on Fairtrade-certified plantations reported that health and safety measures have improved since certification. Results also show, however, that many waged workers in all three countries of study are not fully aware of workers' rights, including those on Fairtrade-certified plantations.
- **Collective bargaining:** survey results highlight a positive contribution of Fairtrade certification in terms of worker representation in two out of three of the case study countries. In the Dominican Republic, workers on Fairtrade plantations are more often members of plantation workers' committees and report higher levels of trust in these committees. They also feel more listened to by their supervisors. In Colombia, positive differences between workers on Fairtrade-certified and non-Fairtrade certified plantations were found regarding trust in the workers' union.
- **Dialogue:** In the Dominican Republic, Fairtrade certification contributes strongly to positive changes in dialogue between workers and management on the plantation, although there is no legally recognized collective bargaining. In Ghana, the influence of Fairtrade on the quality of social dialogue between waged workers and those in management is still uncertain.
- **Premium governance:** The large majority of Fairtrade workers are aware of the existence of the Fairtrade Premium; some doubts were, however, raised by various stakeholders (including workers) as to whether or not the structure and process that governs the use of the Premium are transparent enough – especially in Colombia.

⁴ LEI Wageningen UR is a leading social-economic research institute and an independent, strategic partner for government and companies. The unique data, models and knowledge of LEI support customers in policy and decision-making.

- **Empowerment⁵:** Workers on Fairtrade-certified plantations were found to feel more empowered and generally have a stronger sense of ownership of the plantation they work for than those working on non-Fairtrade certified plantations. Workers on Fairtrade-certified plantations also generally have a higher level of job satisfaction, better past and current development perspectives on issues such as income, health and schooling (than workers on non-Fairtrade certified plantations).
- **Gender:** In Ghana, women on Fairtrade-certified plantations feel better listened to by their supervisors. In Colombia and the Dominican Republic, women on Fairtrade-certified plantations are more aware of grievance policies. No major differences were found, however, in terms of gender equality in other areas including empowerment and equality between women working on Fairtrade and non-Fairtrade certified plantations.
- **Migrant workers:** Migrant waged workers on both Fairtrade-certified and non-Fairtrade certified plantations are characterised by similar positions for most economic, social and empowerment related indicators assessed in the study. In Colombia, migrant workers on Fairtrade plantations are less confident in expressing their ideas to supervisors and trust the workers' union and others in their community less than non-migrant workers. Respondents did, however, note that workers did not suffer discrimination due to their status as a migrant worker. Migrant workers on Fairtrade-certified plantations were also found to be at less risk of falling below the poverty line than those working on non-Fairtrade certified plantations.

OUR RESPONSE

LIMITATIONS OF THE STUDY

As noted by the study authors, quantitative analysis was based on data from an initial survey and should therefore be seen as baseline evidence. The study aimed to collect an initial round of data, with the methodology designed to maximise the possibility of attributing differences to Fairtrade certification through subsequent rounds of data collection. The authors themselves reported that the study cannot '*yet attribute any major differences solely to Fairtrade certification*' and that a second wave of data would be useful to explore the findings '*in more detail, depth and with more certainty*'. Subsequent rounds of data collection will be particularly useful in light of the fact that the revised Hired Labour Standard was only introduced in 2014; the impact of changes under the new Standard would not have been evident at the time of the study.

In addition to being a baseline study, it was unfortunately impossible for the researchers to find a suitable counterfactual case study in Ghana. The year of certification in two Fairtrade-certified plantations was instead used. This undoubtedly influenced the accuracy of any analysis, particularly due to the considerable contextual differences between the plantations (as noted by the authors).

OVERALL WORKER INCOME AND BENEFIT PACKAGE

Despite the methodological limitations of the study, we welcome the finding that a clear link can be made between Fairtrade Premium investment and economic benefits for workers and are very encouraged by findings that certification does indeed impact positively on workers' overall income and benefit package. We would hope that further livelihood enhancement impact through Fairtrade Premium will be evident from 2015. It is also clear that future research on the living wage should take account of a wider array of factors where possible. As noted in the study, for example, the calculation of a living wage depends on various factors and should clearly be contextualised. In line with the definition included in the Hired Labour Standard, the study authors define living wage as '*remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living of the worker and her or his family*'. Elements of a decent standard of

⁵ The researchers defined empowerment (for the purposes of sub-themes to be included in this study) as including sense of ownership, social capital, sense of control and life satisfaction, individual worker empowerment through participation in training and through career progression, culture around unionisation and the functioning of various worker committees.

living include food, water, housing, education, healthcare, transport and clothing; it should be noted that the study did not examine all of these elements in detail and thus further research would be needed to fully assess Fairtrade's impact on the living wage. It is also important to note that the study coincided with the launch of the new Hired Labour Standard that prioritises progress towards a living wage. We therefore feel that this baseline has been introduced at a key juncture to measure the progress made by Fairtrade on aspects of one of its key targets for workers: progress towards a living wage.

Although we welcome the positive findings regarding impact on worker income, we accept the finding that Fairtrade has so far had limited capacity to impact directly on primary wages, and we are transparent regarding this. A myriad of factors beyond our control will influence the setting of primary and minimum wage levels in the countries in which we work. Fairtrade has, however, taken up the challenge to overcome some of these limitations. Progress towards a living wage is a key priority in our new Fairtrade strategy 2016-2020. Since 2016 the Fairtrade system has been committed to ensuring that wage improvements in bananas will be linked to the amount of business conducted on Fairtrade terms and that all workers will enjoy these wage benefits by 2020. We believe that we can further influence positive change through our leading role and partnership with other standard setters in the Global Living Wage Coalition. We have also embarked on a project bringing thematic experts together with market-facing organisations and producer networks in the Fairtrade system to develop new tools for value transfers, benefiting workers working in banana and other product categories. We recognize that the Fairtrade Premium acts as a unique mechanism contributing to workers' incomes and their empowerment and can be a building block for other instruments.

Another essential building block of our Living Wage Strategy is our work with global and local trade union organisations. In 2015, we worked with Ghanaian trade union GAWU and UK-based NGO Bananalink to build greater understanding among workers at banana plantations of the applicable collective bargaining agreement. In the Dominican Republic we organised, again together with Bananalink, dialogue between local union CASC and management of Fairtrade-certified banana plantations. Fairtrade's focus on promoting freedom of association and collective bargaining has also been reflected in requirements for plantations to sign a Freedom of Association Protocol and to provide a Right to Unionize Guarantee to their workers.

AWARENESS, WORKERS' RIGHTS AND PROTECTION

Fairtrade additionally notes the positive findings regarding high awareness levels of sexual harassment and grievance policies and health and safety. We will continue to remain focused on these issues. Workers' rights is noted as an area of potential focus. It is also encouraging that workers on Fairtrade-certified plantations were found to feel more empowered and generally have a stronger sense of ownership of their plantations than those working on non-Fairtrade certified plantations. This is a key focus in ensuring democratic decision-making processes and worker voice. Fairtrade also clearly has an impact in certain areas (such as voice and awareness of policies) related to gender equality on certified plantations. Further research needs to be undertaken to assess concrete differences against comparative non-certified plantations.

FAIRTRADE PREMIUM

We have noted that waged workers in all three countries of study identified education and housing as the main two areas of preferred focus for the Fairtrade Premium; two countries (Ghana and the Dominican Republic) also suggested that cash payments are preferred in terms of Premium spend. This overlaps to a great extent with existing expenditure and further indicates that our Premium decision-making model indeed leads to democratic decisions. We will be examining findings relating to the transparency of the structure and process governing Premium use; this will be under discussion in our regional workshops.

DISADVANTAGED GROUPS

Regarding the analysis of impact on disadvantaged groups, we note the finding of the researchers that migrant and non-migrant waged workers are characterised by similar positions for most social and empowerment related indicators on certified and non-certified plantations across all three countries of study. We also note the finding that migrant waged workers appear to be less well off in terms of poverty and food access, especially in the Dominican Republic. Fairtrade has already engaged significantly to ensure a voice for migrant workers and work in this area clearly should continue. For example, Fairtrade took a proactive stance on regularising migrant workers by building compliance into the Fairtrade Standards across all countries. In the Dominican Republic, Fairtrade also provided support to Haitian migrant workers to register on the new National Regularisation Plan by allowing the Fairtrade Premium to be used for the financial costs of obtaining the required documentation for the process. Furthermore, Fairtrade actively worked with organisations such as the UNDP to support applications, as well as engaging in dialogue with the government of the Dominican Republic to encourage a progressive and flexible process. Over 97% of the workers on Fairtrade-certified plantations, and over 81% of the workers in small-producer organisations, registered on the Plan and are receiving their permits which will enable them to stay in the country.

LIVING STANDARDS

We suggest that further research is needed to ascertain Fairtrade's impact on living standards, due mainly to the inconclusive and differing nature of findings across the three countries in this area. Previous studies, such as an impact evaluation by CODER for example, have shown the very direct impact that Fairtrade certification has on living standards in Colombia⁶. Further data would therefore be helpful to ensure that our project and programmatic focus remains fit for purpose.

NOTE OF CLARIFICATION

We would like to make a small point of clarification regarding definitions used in the report. The Premium does not count towards a living wage under the Hired Labour Standard. We do, however, recognise the positive financial effects of the Premium on workers' overall income and benefit packages.

ACTION

We welcome the findings of this study as a hugely important set of baseline data on the impact of Fairtrade certification across a number of economic, social and empowerment-related indicators. We are further committed to ensuring that we continuously learn from impact studies and that evidence gathered is used to adapt and guide future projects, programmes and Standard reviews.

INTERNAL DISSEMINATION OF STUDY RESULTS

Researcher recommendation: awareness-raising of grievance policies. Fairtrade could put processes in place to have plantation management provide more waged workers on Fairtrade certified plantations with information on the grievance and sexual harassment policies that the plantation has put in place.

Researcher recommendation: awareness-raising of in-kind benefits. Fairtrade could do more to improve awareness among waged workers of the in-kind benefits and worker rights that are made possible by Fairtrade certification and the Fairtrade premium. On-plantation Fairtrade representatives could also do more to ensure that workers know what is not possible and what rights and entitlements are the responsibility of plantation management and the workers' union (e.g. social security payments).

- Fairtrade is currently in the process of conducting participatory learning workshops with Fairtrade staff members in each country engaged in the study, as well as at the international office, to assess how we can best act on the important learnings from the study to further

⁶ http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/140330-Banana-Colombia-Fairtrade-Impact-Study-final.pdf

enhance and improve our positive impacts on workers. This will ensure that the study findings and recommendations are actioned by the relevant departments in our system and that practical actions are designed going forward. Fairtrade has, for example, Senior Advisors in position who are responsible for key thematic areas, such as workers' rights and gender. Those Advisors also run programmes to support certified farmers and workers on making progress in their thematic areas and welcome concrete suggestions to continuously improve programmes for maximum impact. Areas of focus resulting from the study will be awareness-raising of grievance policies and in-kind benefits.

DIRECTING STRATEGIC FOCUS

Researcher recommendation: Fairtrade could explore in more detail the different pathways through which they intend to influence the position of women and migrants. While the current standard includes various themes related to this, Fairtrade could explore in more detail the exact pathways through which they intend to influence the position of women and migrants.

- The findings are invaluable in adding to our evidence base on both major areas of positive impact of Fairtrade certification as well as areas in which further programmatic efforts should be focused. These suggestions reinforce the importance of our programme on workers' rights and we will continue to invest in this area going forward. We will also continue to examine how we can best support the position of women using our Gender Strategy to guide our approach⁷.

FUTURE RESEARCH FOCUS AND METHODOLOGY

Researcher recommendation: worker perceptions. Further research should focus on the role that worker perception plays when they are asked to compare the past with the present, or when asked about self-reported subjective indicators related to job satisfaction and trust. While a baseline study resolves the first, much research is still based on single measurement.

Researcher recommendation: M&E data to gain insight into work-related accidents and sick leave. The number of sick-leave days due to work-related accidents or poor working conditions was very low in all countries, except in Colombia. Future research should indicate why this is the case; it might simply be more realistic because workers feel better able to report in sick. The possibility to gather more information on these topics in monitoring activities should be explored.

Researcher recommendation: Explore individual decision-making power in Fairtrade Premium. Fairtrade may like to explore whether individual wagedworkers have enough say in how the Fairtrade premium is spent and/or whether the processes and leadership concerning premium use are sufficient to reflect workers' interests.

- The study has highlighted several thematic areas for future research. The impact that certification has on standards of living, income security, workers' rights, workers' perception of job satisfaction and trust and reporting in cases of, for example, sick leave would benefit from further investigation. Further data is also needed regarding the transparency of Premium use. Research is, finally, needed on the impact on living wage, taking into account a much broader array of factors and indicators. These issues will be added to our research agenda to guide future studies.

Researcher recommendation: Second wave of data needed to strengthen impact evaluation. Given the fact that our research is a baseline study we could not (yet) fully attribute any major differences solely to Fairtrade certification. A baseline can only act as a starting point and cannot be used to measure impact. While our method was designed to maximise our ability to attribute observed differences to Fairtrade, a second wave of wagedworker data is needed to explore the findings in more detail, more depth and confirm them with more certainty. This follow-up should be combined with qualitative methods such as 'Process Tracing' to provide more certainty when proper comparison plantations are non-existent, as was the case in Ghana.

⁷ http://www.fairtrade.net/fileadmin/user_upload/content/2009/programmes/gender/1601-fairtrade_gender_strategy.pdf

- As noted above, subsequent rounds of data collection will be needed in order to provide a full assessment of impact. Fairtrade’s Monitoring, Evaluation and Learning (MEL) Working Group will also ensure that other suggested methodologies are considered when commissioning future studies.

Researcher recommendation: measuring food security. In Ghana, results with respect to the Household Food Insecurity Access Scale (HFIAS) tool were somewhat contradictory. The use of the HFIAS should be adjusted to better reflect the food access status of waged workers.

- Future impact evaluations should carefully examine the most effective and accurate measurement frameworks in order for us to fully understand food security status. This recommendation will be circulated to Fairtrade’s MEL Working Group in order to guide future use of this tool.

Researcher recommendation: Use of experimental games. Future research could invest more in the use of experimental games, in addition to surveys, to better capture Fairtrade’s influence on complex constructs such as trust, empowerment or gender equality.

- Fairtrade endeavours to commission comprehensive impact assessments using mixed methods approaches to ensure robust results. This recommendation will again be circulated the MEL Working Group as part of ongoing learning on new methodologies available.

ENSURING COMPLIANCE WITH HEALTH & SAFETY PROCEDURES

Researcher recommendation: compliance to health and safety equipment. Fairtrade could improve the timing and supply of health and safety equipment and work with both supervisors and workers to ensure compliance as non-compliance can occur for a number of reasons.

- Workshops will be held with banana producers and Fairtrade staff and the workers’ rights advisory committee will ensure that any learnings are shared and actioned. This will include engaging workers and supervisors in discussions around compliance to and use of health and safety standards and equipment.

EXTERNAL DISSEMINATION OF STUDY

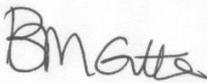
- The study will be disseminated externally through various channels in order that key stakeholders are informed about the study and that we continue to cultivate a learning environment around effective practice in certification in the banana hired labour sector.

REVIEW OF THE HIRED LABOUR STANDARD

- In addition to ensuring that the future direction of programmes and projects are informed by the findings of such studies, and collecting data on a rolling basis through monitoring, the revised Hired Labour Standard will be formally reviewed in 2019.

ORGANISATIONAL IMPACT REPORTING

- Study findings will be incorporated into Fairtrade International and the Fairtrade Foundation’s annual impact reports.



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