



Overseas Development
Institute

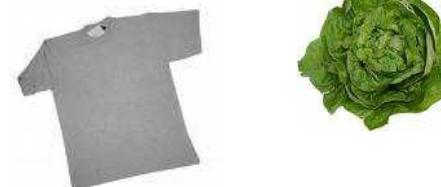
Are ethical and fair
trade schemes
working for poor
producers, or do we
need a new 'Good for
Development' label?

20th January 2009

Ethical Schemes Reviewed

The labels and standards reviewed were:

- Fair Trade
- Rainforest Alliance
- Ethical Trading Initiative
- GlobalGAP
- Utz Certified / Utz Kapeh
- Marine Stewardship Council
- Forestry Stewardship Council



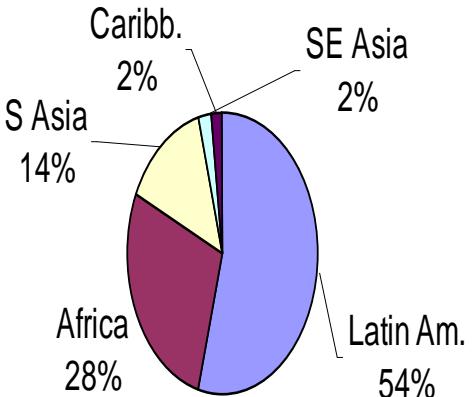
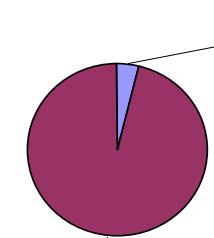
For each of the schemes we considered:

- Objective and focus
- Economic and social impacts, broken down into:
 - Scale of coverage
 - Potential impact on participating farmers
 - Compliance costs
 - Overall development impact

Key Findings

- Fair Trade only scheme with higher economic benefits for producers as main objective;
- Benefits for participating producers, sometimes including a price premium;
- But high compliance costs, often borne by the producers;
- This excludes many producers, and reduces scale of impact.

1. Fair Trade

Countries	Products	Coverage														
 <table border="1"> <tr> <td>Caribb.</td> <td>2%</td> </tr> <tr> <td>SE Asia</td> <td>2%</td> </tr> <tr> <td>S Asia</td> <td>14%</td> </tr> <tr> <td>Africa</td> <td>28%</td> </tr> <tr> <td>Latin Am.</td> <td>54%</td> </tr> </table>	Caribb.	2%	SE Asia	2%	S Asia	14%	Africa	28%	Latin Am.	54%		 <table border="1"> <tr> <td>FT</td> <td>4%</td> </tr> <tr> <td>Other</td> <td>96%</td> </tr> </table> <p>4% total UK imports analysed (volume) certified by Fair Trade. UK sales were equal to 0.4% total spending on F&B. 20% Fair Trade certified produce purchased at the Fair Trade price. 7 million farmers benefit (directly and indirectly).</p>	FT	4%	Other	96%
Caribb.	2%															
SE Asia	2%															
S Asia	14%															
Africa	28%															
Latin Am.	54%															
FT	4%															
Other	96%															

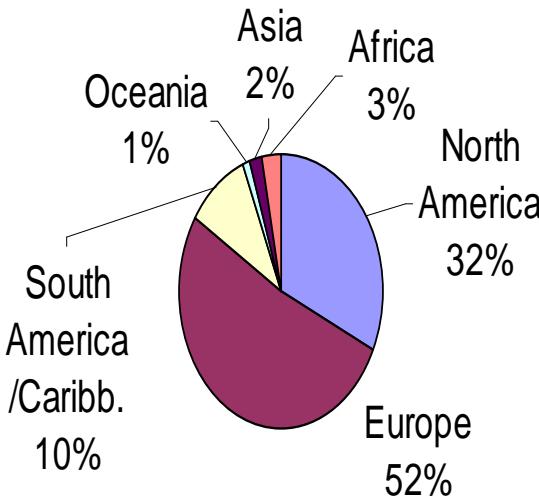
Cost of Compliance / Certification

Producers	Buyers
	

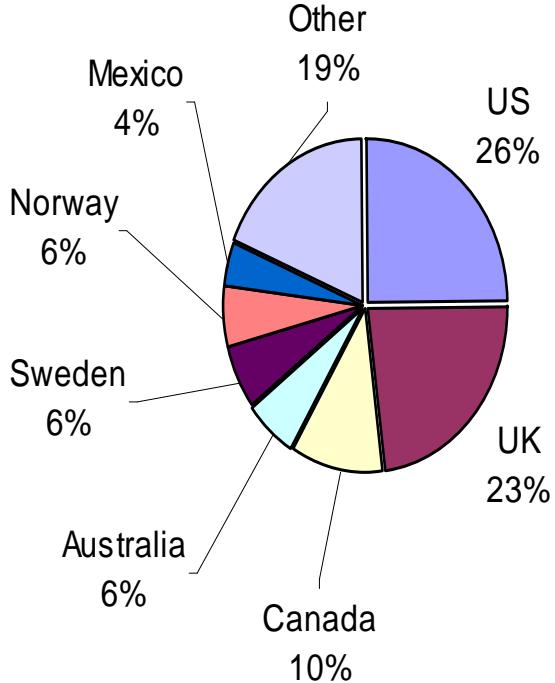
2. Rainforest Alliance

Countries	Products	Coverage
<p>A pie chart showing Rainforest Alliance coverage by region:</p> <ul style="list-style-type: none"> Latin America (LA): 94% Africa: 4% Asia: 2% Caribb.: 0% 	<p>A grid of eight images representing Rainforest Alliance certified products:</p> <ul style="list-style-type: none"> A cup of coffee A bunch of bananas A bag of coffee beans A stack of chocolate bars A bunch of red carnations A whole pineapple A bunch of leeks A pile of cacao beans 	<p>US\$1.2 billion worldwide sales of coffee, bananas and cocoa in 2007.</p> <p>1.3% world's coffee certified.</p> <p>15% of global banana sales.</p>
<h3>Costs of Compliance / Certification</h3>		
Producers		
		Buyers

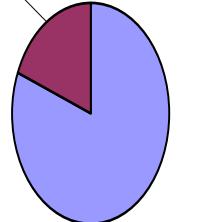
3. FSC

Countries	Products	Coverage														
 <table border="1"> <thead> <tr> <th>Region</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Europe</td> <td>52%</td> </tr> <tr> <td>North America</td> <td>32%</td> </tr> <tr> <td>South America/Caribb.</td> <td>10%</td> </tr> <tr> <td>Africa</td> <td>3%</td> </tr> <tr> <td>Asia</td> <td>2%</td> </tr> <tr> <td>Oceania</td> <td>1%</td> </tr> </tbody> </table>	Region	Percentage	Europe	52%	North America	32%	South America/Caribb.	10%	Africa	3%	Asia	2%	Oceania	1%		<p>FSC-certified forests account for 7% of the world's 'productive' forests.</p> <p>The value of FSC labelled sales is equal to US\$20 billion.</p> <p>Tropical forests account for 56% of global forest cover but just 13% of FSC certified forest.</p>
Region	Percentage															
Europe	52%															
North America	32%															
South America/Caribb.	10%															
Africa	3%															
Asia	2%															
Oceania	1%															
Costs of Compliance / Certification																
Producers 		Buyers 														

4. MSC

Countries	Products	Coverage																		
 <table border="1"> <thead> <tr> <th>Country</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>US</td> <td>26%</td> </tr> <tr> <td>UK</td> <td>23%</td> </tr> <tr> <td>Canada</td> <td>10%</td> </tr> <tr> <td>Australia</td> <td>6%</td> </tr> <tr> <td>Sweden</td> <td>6%</td> </tr> <tr> <td>Norway</td> <td>6%</td> </tr> <tr> <td>Mexico</td> <td>4%</td> </tr> <tr> <td>Other</td> <td>19%</td> </tr> </tbody> </table>	Country	Percentage	US	26%	UK	23%	Canada	10%	Australia	6%	Sweden	6%	Norway	6%	Mexico	4%	Other	19%	  <p>89% of certified products contain either Alaskan Salmon or NZ Hoki.</p>	<p>Estimates of the total global catch that is certified range from 3-7%.</p> <p>Developing countries account for less than 15% of certified fisheries though developing countries account for nearly ½ of global fish exports; low income countries account for 20%.</p>
Country	Percentage																			
US	26%																			
UK	23%																			
Canada	10%																			
Australia	6%																			
Sweden	6%																			
Norway	6%																			
Mexico	4%																			
Other	19%																			
<h3 data-bbox="685 1198 1560 1253">Costs of Compliance/ Certification</h3>																				
<h4 data-bbox="231 1274 482 1321">Producers</h4> 	<h4 data-bbox="1439 1274 1619 1321">Buyers</h4> 																			

5. Global Gap

Countries	Products	Coverage
<p>Most countries that export agricultural produce to European markets.</p> <p>Developing countries 19%</p>  <p>World 81%</p>		<p>Most agricultural exports to European markets (mostly supermarkets).</p> <p>Over 68,000 producers, 2254 in SSA, 1538 in South Africa.</p> <p>As a group, LDCs in SSA have seen their small share in fresh fruit and vegetables (FFV) trade shrink (UNCTAD 2008).</p>

Costs of Compliance/ Certification

Producers	Buyers
	~ 

6. Ethical Trade Initiative

Countries	Products	Coverage
All countries that supply UK buyers/retailers and who are members of the ETI.	All products covered by ET members (Food, clothing etc.)      	52 UK based companies. 20,000 suppliers. Estimated 157million workers worldwide.
Costs of Compliance / Membership		
Producers	Buyers	
~ \$ / \$ \$	\$ / \$ \$	

What could a 'Good For Development' label achieve?

- It could be graded (gold, silver, bronze) depending on pro-development contributions such as:
 - help in meeting other standards;
 - free technical assistance or training;
 - access to finance;
 - contributions to local infrastructure development;
 - investment in healthcare for workers;
 - best practice in supply chain management;
 - responsible resource management.
- Could help to incentivise improved development contributions by food retailers / manufacturers.

How does the GFD label compare?

Scheme	Required for UK market access	Labour standards	Environmental standards	Extra development contribution by retailers/ importers	Compliance costs	Scope of coverage in developing countries
Fair Trade	✗	✓	✓	✓	High	Low
Rainforest Alliance	✗	✓	✓	✗	High	Low
Marine Stewardship Council	✗	✗	✓	✗	High	Low
Forestry Stewardship Council	✗	✗	✓	✗	High	Low
GlobalGAP	✓	✓	✓	✗	High	High
Ethical Trade Initiative	✗	✓	✗	✗	Low	High
Proposed Good for Development Label	✗	✗	✗	✓	Graded for importers, zero for producers	High



Issues for consideration

- Avoiding proliferation
- Scaling up existing schemes
- Other ways of communicating development impact i.e. league table
- Independent verification of business impact – could reduce proliferation and greenwash
- Next step: how to measure development impact