Fair Trade USA

Impact Management System
Contents

About Fair Trade USA........................................................................................................................................3
Impact Management System (IMS)..................................................................................................................3
Theory of Change..............................................................................................................................................4
How Fair Trade USA Drives Impact................................................................................................................5
Producer Impact Framework...........................................................................................................................6
Program Measurement Approach ...................................................................................................................7
Collection Methods ........................................................................................................................................8
  Certification Application and Member Information.......................................................................................8
  Audit Monitoring and Evaluation (“Audit M&E”)............................................................................................8
  Progress Surveys.............................................................................................................................................8
  Premium Questionnaires.................................................................................................................................9
  In-depth Studies............................................................................................................................................9
Communication of Fair Trade’s Impact ............................................................................................................10
About Fair Trade USA

Fair Trade is a movement that empowers farmers and workers to fight poverty in ways that improve lives and protect the environment. Founded in 1998, Fair Trade USA is the leading 501(c) (3) nonprofit, third-party certifier and promoter of Fair Trade products in North America. Our mission is to enable sustainable development and community empowerment by cultivating a more equitable global trade model that benefits farmers, workers, consumers, industry and the earth. We achieve our mission by empowering producers around the world with the business training, environmental knowledge, and capital investment necessary to create high-quality products that can compete in global markets, and by certifying and promoting Fair Trade products.

Impact Management System (IMS)

The Impact Management System is Fair Trade USA’s approach to defining, measuring and communicating the impact of our model. It includes the organization’s Theory of Change and the indicators, processes, and technologies used to monitor and report on progress over time.

The objectives of the IMS are:

• Define the impact that Fair Trade USA aims to achieve and the methodology of measuring it
• Evaluate the effectiveness of program activities (e.g. standards, market support, consumer activation programs) in realizing goals and desired outcomes
• Use our evaluation to refine our program to improve results
• Communicate the change Fair Trade is enabling for producers, businesses and consumers

This document provides a high-level overview of the whole system, and goes deeper on the impact for producers. Future iterations will include more information on our approach to defining and measuring the impact of fair trade for businesses and consumers.
Theory of Change

Fair Trade USA’s Theory of Change frames a model where people prosper in resilient and sustainable communities through building a market for responsible business & mutually beneficial trade that cultivates conscious consumption.

STAKEHOLDER JOURNEYS

We support producer and worker COMMUNITIES through stakeholder engagement, capacity building, and participatory and equitable decision making, all of which lead to increased social capital and community resilience.

We protect our WORKERS, FARMERS, and FISHERMEN through certification, auditing, and compliance with our standards which grant access to safe environments, additional capital and resources, and education along their fair trade journey.

We change INDUSTRIES and empower communities by educating our farms, factories, fisheries, and brands on responsible business practices and developing ethical supply chains.

We engage CONSUMERS by celebrating brands that sell Fair Trade Certified products produced in the fair trade process, as well as educating consumers to advocate for sustainable supply chains.

©2020 Fair Trade USA
How Fair Trade USA Drives Impact

The primary goal of Fair Trade USA is to enable sustainable livelihoods for the farmers and workers who grow and create the goods we purchase. Fair Trade USA accomplishes this through certifying producer organizations against Fair Trade standards and enabling a price premium that goes back directly to producers and their communities.

<table>
<thead>
<tr>
<th>STANDARDS</th>
<th>PREMIUM</th>
<th>IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producers are certified against Fair Trade standards.</td>
<td>Fair Trade Producers receive a premium on products sold.</td>
<td></td>
</tr>
<tr>
<td>Some of the concepts that are required and encouraged include:</td>
<td>Farmers &amp; Workers vote democratically on how to invest the premium based on their community’s needs.</td>
<td></td>
</tr>
<tr>
<td>• Elections &amp; democratic decision-making</td>
<td>Example Premium Projects include:</td>
<td></td>
</tr>
<tr>
<td>• Freedom of Association &amp; Collective Bargaining</td>
<td>• Women’s training &amp; leadership programs</td>
<td>Empowerment</td>
</tr>
<tr>
<td>• Capacity Building (Trainings)</td>
<td>• Training &amp; investment in financial literacy &amp; income diversification</td>
<td></td>
</tr>
<tr>
<td>• Clear employment contracts &amp; conditions*</td>
<td>• Building schools &amp; funding scholarships for students</td>
<td>Community &amp; Individual Well-being</td>
</tr>
<tr>
<td>• Ethical recruitment of workers*</td>
<td>• Investment in medical &amp; dental care</td>
<td></td>
</tr>
<tr>
<td>• Dialogue between workers &amp; management*</td>
<td>• Investment in infrastructure to improve production output &amp; product quality</td>
<td>Income Sustainability</td>
</tr>
<tr>
<td>• No forced labor, discrimination or abuse</td>
<td>• Development of low-interest credit &amp; savings programs</td>
<td></td>
</tr>
<tr>
<td>• Protection for young workers</td>
<td>• Training &amp; technical support to help farmers convert to organic production</td>
<td>Environmental Stewardship</td>
</tr>
<tr>
<td>• Use of Personal Protective Equipment</td>
<td>• Development of reforestation programs</td>
<td></td>
</tr>
<tr>
<td>• Safe worker housing conditions*</td>
<td>• Prohibition of the worst chemicals</td>
<td></td>
</tr>
<tr>
<td>• Access to potable water</td>
<td>• Protection for biodiversity &amp; waterways</td>
<td></td>
</tr>
<tr>
<td>• Access to education &amp; childcare*</td>
<td>• Integrated Pest Management</td>
<td></td>
</tr>
<tr>
<td>• Access to healthcare, first aid &amp; emergency services*</td>
<td>• Efficient pesticide use</td>
<td></td>
</tr>
<tr>
<td>• Reasonable working hours &amp; breaks*</td>
<td>• Waste management</td>
<td></td>
</tr>
<tr>
<td>• Fair Trade Minimum Price</td>
<td>• Soil health management</td>
<td></td>
</tr>
<tr>
<td>• Trade, contract &amp; pre-finance requirements</td>
<td>• Prohibition of the worst chemicals</td>
<td></td>
</tr>
<tr>
<td>• Increased market access</td>
<td>• Protection for biodiversity &amp; waterways</td>
<td></td>
</tr>
<tr>
<td>• Soil fertility &amp; soil health practices</td>
<td>• Integrated Pest Management</td>
<td></td>
</tr>
<tr>
<td>• Progress towards a living wage</td>
<td>• Efficient pesticide use</td>
<td></td>
</tr>
<tr>
<td>• Prohibition of the worst chemicals</td>
<td>• Waste management</td>
<td></td>
</tr>
<tr>
<td>• Protection for biodiversity &amp; waterways</td>
<td>• Soil health management</td>
<td></td>
</tr>
<tr>
<td>• Integrated Pest Management</td>
<td>• Training &amp; technical support to help farmers convert to organic production</td>
<td></td>
</tr>
<tr>
<td>• Efficient pesticide use</td>
<td>• Development of reforestation programs</td>
<td></td>
</tr>
</tbody>
</table>

*In these areas there are additional requirements for larger scale producers because they tend to have more workers and often have more resources to implement the standard.
Impact Management System

Producer Impact Framework

The Producer Impact Framework is a structure of the expected outcomes within the overarching goal of Sustainable Livelihoods for producers. Sustainable livelihoods are driven by Empowerment, Individual & Community Well-being, Income Sustainability, and Environmental Stewardship. Tier 1 Outcomes are a more granular definition of what Fair Trade USA is working to achieve within those goals. Tier 2 Outcomes are quantitative or qualitative factors to which Fair Trade USA directly or indirectly contributes.

Using the impact framework, a comprehensive list of indicators was developed, in close alignment with industry-accepted metrics from the ISEAL Alliance, Sustainable Food Lab, Committee on Sustainability Assessment (COSA), Fair Trade USA business partners and many other organizations. Refer to the Indicator List for the full set of metrics we track, by collection method.

* Producers / ** Workers
Program Measurement Approach

Our Monitoring and Evaluation (M&E) program includes various collection types and the tools to measure the outputs, outcomes and impacts from a variety of data sources. The Data Collection Pyramid below breaks down the IMS data sources into different collection levels and methods based on their content and frequency of collection.

The Data Collection Pyramid below breaks down the IMS data sources into different collection levels and methods based on their content and frequency of collection.

- **Level 1 – Systematic Data**
  Systematic Data: Data collected from all Producer Organizations.

- **Level 2 – Sampled Data**
  Data collected periodically across a selected group of Producer Organizations, preferably a representative sample. Where appropriate, these results can be extrapolated to draw conclusions at an organizational level.

- **Level 3 – In-depth Studies**
  Deeper research studies on a specific topic or for a carefully chosen subset of Producer Organizations. The goal is depth over breadth. They can also include a “control” group of similar, non-certified entities to enable comparison.
Collection Methods

Certification Application and Member Information

Fair Trade USA collects Certification Applications from all new producer organizations that we certify. This information includes data about the Producer Organization and its members that serves as the baseline for on-going monitoring. Applications are validated by Fair Trade USA or partnering certification bodies to ensure data integrity.

Smallholder Producer Organizations also submit member lists to Fair Trade USA when they apply for initial certification or re-certification. This often includes detailed information about production area and quantity.

Audit Monitoring and Evaluation (“Audit M&E”)

As part of Fair Trade, producer organizations are audited by partnering certification bodies to ensure compliance with Fair Trade Standards. While on site, auditors also gather monitoring and evaluation data related to audit performance and impact indicators. These data are verified by independent third party certification bodies.

This process is essential to monitor how producer organizations perform year-over-year within our certification system. As we believe in a journey of development, we analyze this information to understand what’s working best and what needs improvement for each individual producer organization and across the whole system.

Progress Surveys

To complement the systematic data collection at the Producer Organizations level, Fair Trade USA implements farmer and worker surveys in a subset of supply chains to measure the progress over time against key indicators. Progress Surveys contain a limited number of questions, including ones that are asked across the system and others that are specific to the context (e.g., geography, product, organization structure). Producer Organizations are also involved in survey development to ensure that the questions will help them understand their members better and offer improved services. The questions remain the same over time to enable progress comparisons. All efforts are made to ensure a robust and representative sample of farmers and workers so inferences can be made about the population as a whole.

Depending on the context, surveys are conducted using one of two technologies: TaroWorks by Grameen Foundation or LaborLink by Good World Solutions. TaroWorks is an Android-based application used by enumerators who conduct individual, in-person interviews of farmers and workers. It is best used in smallholder, agricultural settings. LaborLink is a phone-based Interactive Voice Response Survey (IVR) system initiated anonymously by farmers or workers after receiving instructions. It is best used in factories with ubiquitous mobile phone use and coverage.
**Collection Methods (continued)**

**Premium Questionnaires**
Fair Trade Premiums and the management of them is one of the most unique components of the Fair Trade model. Because premium investments are determined by the farmers and workers based on their individual and community needs, the types of projects can vary significantly. It is therefore important to understand what premium projects are implemented and who they benefit in order to pair this information with other M&E indicators.

Premium Questionnaires are used to collect data on premium projects. Fair Trade USA currently tracks premium project information from many Producer Organizations and is actively working toward gathering this information systematically. A variety of tools are used to gather this information, based on the context.

**In-depth Studies**
In-depth Studies complement Fair Trade USA’s on-going monitoring and evaluation. We partner with researchers who are already studying the model and have plans to commission our own studies in the near future. The primary purpose is to go deep on a specific topic or for a carefully chosen subset of Producer Organizations. Because of the contextual nature of interventions like Fair Trade, few results from the studies can be extrapolated to make inferences about the system as a whole. Therefore, we look to the body of research to understand where Fair Trade is driving the most impact, what needs to be implemented for Fair Trade to succeed in a variety of contexts, and what components of our model can be improved.
Communication of Fair Trade’s Impact

Fair Trade USA is committed to sharing the results of our Impact Management System publically. Each year, we will release a system-wide impact report that highlights the quantitative and qualitative results of our program, including any In-depth Studies commissioned. The goal is to demonstrate how we are growing, what’s working best, and how we are integrating learnings from our IMS into our model. Key business partners, funders, and producer partners will continue to receive more detailed information about the supply chains and programs they are involved in.

For any additional inquiries, please contact impact@fairtradeusa.org.