What is a Theory of Change?

The Fair Trade USA® Theory of Change describes the vision of how the fair trade programs catalyze change in the lives of people around the globe.

The Theory of Change is a visual and narrative representation of how the strategies and activities of Fair Trade USA impact the livelihoods of small farmers, fishermen, and hired workers on farms and in factories (collectively referred to as producers) over time.

In many global supply chains value is not shared equitably, and producers have limited ability to control whether they receive a fair exchange for their goods or services. Labor is still commoditized, and producers may not receive payment (wages or prices) that covers their basic needs or costs of production. Despite increasing awareness of these inequalities, global systems change is needed to create fair trading relationships.

To create a better model of trade, Fair Trade USA, with support from its strategic partners, advocates for and implements decent work in order to drive more equitable supply chains. This model empowers producers and enables businesses to more transparently support sustainable livelihoods.

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

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The Fair Trade USA vision manifests across four main groups of stakeholders: individual producers, the communities where producers work and live, the industries that buy and sell their goods, and the consumers who purchase products with the Fair Trade Certified™ seal.

Each stakeholder on the graphic is represented by a color; each color blends into the adjacent color, indicating that these stakeholders are not exclusive in how they contribute to and benefit from the model, but rather how they share the impact that is created.

There are two primary types of producer stakeholders at origin:
- Small producers (farmers and fishermen)
- Hired workers (agricultural and factory)

Fair Trade USA consumers, and the industries that produce Fair Trade USA products and goods, are also global actors in the model. These industries are comprised of:
- Brand partners
- Farms, factories, fisheries and cooperatives that hold a Fair Trade Certificate (also known collectively as Certificate Holders)

These business entities partner with Fair Trade USA to preserve human rights in their supply chains. Consumers are able to choose Fair Trade Certified products with the confidence that the individuals and communities behind the seal are treated equitably and empowered through the program.

The ability of Fair Trade USA to create value for producers is dependent on the value created by businesses and consumers. Growing consumer and business demand for fair trade products is a key component in the impact of the model.
How Does Fair Trade USA Create Change?

Fair Trade USA’s impact results from two primary mechanisms:
Certificate Holders’ adherence to rigorous standards and the investment of Community Development Funds, an output of the standard. To amplify the impact at origin, Fair Trade USA provides producer support services such as education and training on human rights, leadership, gender equity, and financial resilience.

Fair Trade USA implements fair trade standards that drive Certificate Holders to operate ethically and fairly. These standards are designed to protect the livelihoods of those who produce goods by requiring decent and safe working conditions, supporting economic well-being, advocating for gender equity, requiring fair prices*, and protecting human rights.

Through adherence to the Trade Standard, each industry and brand partner commits to pay an additional sum of money above the purchase price of the Fair Trade Certified product. These funds are then returned to the producer community in the form of Community Development Funds. Each producer community organizes into a committee that democratically votes on the administration of these funds, supporting empowerment and agency over the impact on their communities and livelihoods.

Ultimately, these stakeholder journeys culminate in shifting the global systems of inequity to create a model where producers, as well as their communities, thrive under strong social protections and fair trading relationships supported by a movement of conscious consumers. Businesses are in turn rewarded by consumers for responsible sourcing and supporting the people producing the products they buy and sell.

*in certain supply chains

“Fair Trade Community Development Funds are a really good incentive for us, plus we feel like we are better supporting our community with this program. For example, this year we bought air conditioners for the local primary school. That was pretty special.”

—Gabriel Tiburcio García Inzunza, Co-op Pescadores del Puerto de Altata, Sinaloa, Mexico

TO LEARN MORE ABOUT FAIR TRADE VISIT FAIRTRADECERTIFIED.ORG
How to Read the Theory of Change

The Theory of Change is graphically intended to represent a dial that visualizes change across the four main stakeholders and their outcomes, which are intertwined, or overlapping, as each outcome affects the others.

This dial is meant to be read from the center outwards, beginning with “Inputs” in the center and progressing outward to “Outputs”, “Outcomes”, and finally to “System-Wide Impact Goals.”

**THE CENTER OF THE DIAL (INPUTS)**
Fair Trade USA’s logo represents the inputs used to implement the model. Two critical inputs that drive impact are the Fair Trade USA standards, as well as the many strategic partnerships such as auditors, businesses, and philanthropic donors that support the implementation of the model.

**OUTPUTS** include the creation of the Fair Trade Committee, the administration of the Community Development Funds to invest in producer communities, and, in some supply chains such as coffee and cocoa, the governance of the Fair Trade Minimum Price.

**OUTCOMES** As outputs develop over time, outcomes emerge. These include empowered individuals, resilient supply chains, responsible business production, ethical trade, and increased consumer demand for products supporting the health and well-being of all communities at origin.

**SYSTEM-WIDE IMPACT GOALS**
The goals stated in the outside ring of the circle cross over several sections of the dial as the outputs and outcomes listed are not exclusive to one stakeholder, but rather drive impact for all. The colors of the dial fade into the adjacent section to represent that all stakeholders mutually benefit from different outcomes of the model; what positively impacts a farmer can also impact their community as well as the consumer of their product and the businesses who are partners in creating change.

The **COLOR LEGEND** at the bottom is to guide the reader through the Fair Trade USA model and the different **STAKEHOLDER JOURNEYS** that work together to drive system wide impact.

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Outputs</th>
<th>Outcomes</th>
<th>Impact</th>
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<tbody>
<tr>
<td>Tools, resources, activities &amp; strategies dedicated to the project</td>
<td>The volume or quantity of work accomplished by the project</td>
<td>Short, interim, &amp; long term benefits or changes for participants after project activities</td>
<td>System wide long term fundamental change of the intervention</td>
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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.

*in certain supply chains

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