

# Fairtrade, Employment and Poverty Reduction in Ethiopia and Uganda

April 2014

**FTEPR**

## Contributions to the report and acknowledgements

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# **Fairtrade, Employment and Poverty Reduction in Ethiopia and Uganda<sup>1</sup>**

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# 1. Introduction

## 1.1 Research objectives, rationale, and institutional framework

This research project addresses three intersecting issues where it has been acknowledged that there is too little empirical knowledge: the transmission mechanisms linking global trade in agricultural products with poverty reduction; the functioning and significance of rural labour markets in low-income countries; and the labour market dimensions of Fairtrade certification. The Fairtrade, Employment and Poverty Reduction in Ethiopia and Uganda (FTEPR) research team, based at SOAS, University of London, set out to develop and apply innovative, careful research methods in order to gather analytically useful, policy relevant evidence on these issues.

Thus, the core objective of the research was to improve knowledge of transmission mechanisms between the lives of extremely poor rural people (especially women) and international trade in agricultural commodities, focusing especially on the role of labour markets as means of transmission. In particular, the purpose of the research was to understand better the comparative benefits/disadvantages of different institutional arrangements for agricultural production for poor rural people needing access to wage employment. This applies specifically to the comparison – from this labour market and poverty reduction perspective – between Fairtrade certification and production not certified as Fairtrade. And the over-arching research question was whether a poor rural person dependent on access to wage employment for their (and their family's) survival is better served by employment opportunities in areas where there is a Fairtrade certified producer organization or in areas where there is none. Thus, the research set out to support a response to the call by the June 2007 International Development Committee report on [Fair Trade and Development](#): “we believe there should be more systematic analysis of the impact of Fair Trade on poverty and would urge DFID to contribute to this process”.<sup>2</sup>

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<sup>2</sup> <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmintdev/cmintdev.htm>

FTEPR researchers set out to pursue these objectives by collecting detailed and original micro-evidence in rural areas of Ethiopia and Uganda producing agricultural export commodities: coffee and flowers in Ethiopia and coffee and tea in Uganda. A contrastive site selection design was adopted (see Section 2), based on the criteria of a widely acknowledged high quality output (comparing ‘the best of’ rather than comparing, for example, successful areas with failed production areas or enterprises) and variation in institutional arrangements. Specifically, sites were selected that would enable a comparison of employment between areas including Fairtrade certified production and those without such certification, as well as a comparison where possible between areas characterised by predominantly ‘small’ scale vs. larger scale production. Although there are elements of assessment of effects, this research was not a straightforward ‘impact assessment’ and its concerns and design were not bound by standard evaluation frameworks.

The project set out to produce three main outputs, as follows:

1. A refined research methodology and increased African capacity to assess effectiveness of certification schemes on poverty reduction among men and women.
2. Comparative and longitudinal assessment of the benefits and disadvantages (especially for women) – from a labour market and poverty reduction perspective – between special certification schemes (Fairtrade) and non-certified production.
3. Dissemination of results to inform stakeholders (e.g. donors, businesses, trade unions and certification bodies as well as the wider public interested in ‘ethical consumption’ and in policy and standard setting).

FTEPR has been entirely funded by DFID, initially through the Trade Policy Unit and subsequently supported by the Private Sector Development Department. The original budget agreement allocated £607,475 to the project. However, later in the project DFID approved a request to provide additional resources, adding £85,484, principally to cover the cost of new technology that the team had decided to adopt for some of the survey instruments, which increased efficiency and value added of the project, among

other things by reducing the attrition rate of respondents when researchers returned to the field to conduct a longitudinal re-survey and to carry out life's work interviews (see Section 2). An opportunity arose to give dissemination presentations on the main findings of the research to a very high level audience in Ethiopia that would help to test the validity and policy relevance of the findings and their implications, which could then be drawn upon in completing the final project report. Because these presentations could only be scheduled in November 2013, DFID agreed to a project extension till December 31<sup>st</sup>, 2013. As advocates of Fair Trade might find some of the findings controversial, the FTEPR team and DFID agreed to a fact-checking period that allowed only academic dissemination till March 31<sup>st</sup>, 2014.

Throughout, the FTEPR research team has benefited from the support and advice of an Advisory Group whose composition has reflected the range of relevant interests in the research. The Advisory Group included DFID staff, an academic researcher with specific expertise in research on Fairtrade coffee, a representative of relevant international trade unions, and a UK based coffee roaster with experience and expertise in the 'specialty' coffee market as well as knowledge of Fairtrade and broader ethical trading initiatives. A representative of a Dutch NGO with long experience and interest in ethical trading was to be on the Advisory Group but proved unable to attend any of its meetings.

The FTEPR research team consisted of a core of four SOAS academics and, for the majority of the project, a full time research officer who was based at SOAS and who led most of the fieldwork. Research supervisors in Ethiopia and Uganda were hired and trained (see Section 2), as well as a number of enumerators. Enumerator teams varied within countries because of specific language requirements. FTEPR research was also benefited from expert logistical support: through WARKA in Ethiopia and Venture in Uganda. And in each country relevant research permits were secured as well as letters of introduction and support at different levels of government.

## **1.2 Background to research**

The theoretical starting point for this research is that an important impact of expanding agricultural exports on poverty will be transmitted through changes in rural labour

markets. A review of the theoretical literature on these labour markets concludes that: “Unfortunately, few existing labour market models begin to capture the rich empirical realities of developing countries’ labour market conditions”, noting that there are “distinct labour market sectors that work in different ways from one another” and that there are extremely complex interrelationships among these sectors (Fields, 2007). At the same time, the World Bank admits that: “Making the rural labour market a more effective pathway out of poverty is...a major challenge that remains poorly understood and sorely neglected in policy making” (World Bank, 2007).

In much of the literature the prospects for achieving poverty reduction and economic growth through primary commodity exporting are deemed unpromising. Varieties of ‘commodity pessimism’ have been a common thread in the development literature for many years. At the heart of these concerns are empirical claims that there is a secular decline in the net barter terms of trade between primary commodities and manufactures (Spraos, 1980; Cuddington and Urzua, 1989; UNCTAD, 2013: 50). Furthermore, it has been observed that price movements for primary agricultural commodities are more volatile than for manufactures and for processed commodities.

For some so-called traditional primary commodities in particular, recent world market trends and changes in the regulatory framework for markets have compounded these concerns. For example, the collapse of the International Coffee Agreement and the rise of new producers like Vietnam contributed to a rapid decline in the world price of Robusta coffee, which fell to a 30-year low in November 2001 (Gilbert 2005); this led to a massive retrenchment of workers (Wild, 2005). In Ethiopia, farmers even uprooted coffee bushes, eliminating the demand for harvest labour (<http://news.bbc.co.uk/1/hi/world/africa/3304385.stm>). Some commentators doubt that primary commodity exports can be a source of economic growth and poverty reduction, especially in Africa (Gibbon, 2003). It has also been claimed that many African countries are so poorly endowed with labour market skills that they will be unable to diversify vertically into commodity processing (Mayer and Farjanes, 2005). Generalised commodity pessimism (UNCTAD, 2001) can, however, divert attention from a number of important market trends, commodity and country experiences.



First, some countries have achieved extraordinary rates of agricultural export growth. For example, Vietnam's expansion of Robusta production is regarded as part of the problem but the other side of this experience is an extraordinary achievement in securing dramatic rates of growth of exports and rural incomes. Second, markets for a range of agricultural commodities have become more complex. For some (forms of) commodities the pessimistic assumption of an exhausted income elasticity of demand cannot be sustained (CBI, 2005). Other demand trends have included the emergence of the 'specialty coffee market', (Daviron and Ponte, 2005) as well as the rapid expansion of new markets outside the EU and the USA (USDA, 2006). Nevertheless, these shifts in demand, as well as the rapid rise in international coffee prices in between 2001 and 2009 that rose to another peak in mid-2011 ([http://www.ico.org/new\\_historical.asp](http://www.ico.org/new_historical.asp)), may not have unambiguously benefited Africans working on small coffee farms: the huge gap between farm gate prices for coffee and the prices paid by final consumers and the high degree of concentration in the international coffee trade illustrate the imperfection of the transmission mechanism between volatile world market prices for coffee and stable or rising consumer prices (Morisset, 1998; Johannessen and Wilhite, 2010).

Since the 1970s, there have been practical initiatives to mitigate the adverse impacts of world market price and concentration trends on coffee producers. Some initiatives highlight benefits to (small-scale) producers through Fair Trade price premiums while others place more emphasis on 'sustainable development' benefits through, for example, organic production and/or quality improvements. In addition, large suppliers and retailers have embraced the branding opportunities involved. For example, in October 2005 Nestlé launched its own Fair Trade coffee, while Sara Lee/ Douwe Egberts planned to purchase 12,000 tons of UTZ Certified coffee for the European market in 2006 and by 2011 had become the largest buyer in the world of UTZ certified (Tropical Commodity Coalition, 2012). In 2011 Fairtrade coffee accounted for nearly 25 per cent of the UK roast and ground coffee market and for 3.4 per cent of sales of instant coffee (Fairtrade Foundation, May 2012). FLO/Fairtrade International figures show that the sales value of certified products reached €1.6bn in 2006, an increase of 42 per cent over 2005 (FLO Annual Report, 2006/7). In a recent Annual Report FLO, now called Fairtrade International, reports worldwide sales of €4.8 billion in 2012

(<http://www.fairtrade.net/annual-reports.html>). On April 8<sup>th</sup>, 2009 Mars announced it would commit tens of millions of dollars annually to certify that cocoa used in its chocolate products is all, by 2020, 'sustainably sourced'. Mondelez International (the global food and snacking brands of the former Kraft Foods Inc.), with a dominant share in the global chocolate industry, is now also the largest purchaser of Fairtrade certified cocoa (Kruschwitz, 2012).

Fair Trade, organic and sustainability certification organizations make claims that they reduce poverty and improve sustainability – through price premiums, ownership stakes, higher output demand, more environmentally sustainable production conditions, and/or 'civil society empowerment' activities.<sup>3</sup> Unfortunately, there is a bewildering variety of schemes, with varying content to their certification processes and auditing procedures (Jaffee and Henson, 2004; ProForest, 2005; Muradian and Pelupessy, 2005; Kolk, 2005).<sup>4</sup>

The poverty reducing impact of these different institutional arrangements for international trade in agricultural commodities is poorly understood. As discussed below, there has been limited research on the impact of both Fair Trade agricultural exports and other, non-certified agricultural exports on the wages and working conditions of people employed on the farms producing labour-intensive commodities like coffee, flowers, or horticultural products (Weitzman, 2006; Huybrechts, 2005). There is certainly no clear knowledge of the relative benefits of certified versus non-certified agricultural export production for rural people dependent on access to wage employment. Thus, for example, Fairtrade International claims in its 'Vision Statement' (<http://www.fairtrade.net/our-vision.html>) that its work is "driven by informed consumer choices". Yet consumers remain rather poorly informed on some important features of the production of commodities over which they exercise choice; this

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<sup>3</sup> This report distinguishes between Fair Trade, as a broad 'movement' with different organisations whose standards and practices may vary and which forms one part of the even broader 'ethical trade' movement, and Fairtrade, as the specific label based on standards overseen by Fairtrade International and, for example, promoted in the UK by the Fairtrade Foundation.

<sup>4</sup> The certifying body FLO-CERT is accredited to ISO 65 standards. Though Fairtrade International is the sole shareholder of FLO-CERT its influence is legally limited. The independence of FLO-CERT is monitored by the German accreditation organisation DAkkS.

research contributes to the improvement of information and suggests the need for far more work to inform consumer choices.

The fact that most agricultural export commodities depend on wage labour is generally ignored. This dependence is true of small coffee farms in Ethiopia and Uganda as it is true of large (coffee or cut flower) plantations or medium sized farmers in cooperatives or outgrower schemes. The forms, levels and conditions of wage employment in agricultural commodity production vary enormously, among plantations and between contiguous smallholder producers alike. Where wages and working conditions have been found to be inadequate and to discriminate against women, supermarkets and transnational agents in the supply chain have been blamed (Wijeratna, 2005), ignoring the fact that not all farmers in the same local supply chain treat their workers in the same way (Standing, Sender and Weeks, 1996). These arguments also ignore the theoretical and empirical grounds for assuming a positive link between wage levels and the scale of agricultural enterprises (Damiani, 2003; Oi and Idson, 1999); it is often simply assumed that price support for the smaller-scale producers will benefit the poor. Yet, as Luetchford (2008, 146) argues, on the basis of 14 months of ethnographic work in Costa Rica: “Whereas the national government and cooperatives have pursued measures to return higher proportions of profit to farmers...there is a silence when it comes to wage labour”.

This is an example of a broader research gap. It is increasingly recognised that there is far too little empirical knowledge about the labour market dimensions of rural poverty and poverty reduction. DFID has highlighted the lack of attention to labour market institutions, health and safety inspectorates and “decent work” in Poverty Reduction Strategy Papers (Morrison and Murphy, 2004).

Much of the wage labour in export-oriented agriculture is *female* labour. It is widely acknowledged that the majority of the rural poorest are women and girls. Given that wage employment may offer important opportunities for poverty reducing remuneration to women, but that conditions of employment are often pitiful, an important emphasis in empirical research should be on casual, seasonal female employment.

Earlier research has suffered from the absence of baseline or other data on seasonal hired labour inputs and wages (Nelson et al, 2002; Barrientos, 2003; Greenberg, 2004). These gaps are acknowledged in the literature analysing global value chains (Gibbon and Ponte, 2005; Kilian, 2006): “value chain analysis has been least effective in capturing employment relations at the production end of the chain” (Dolan and Sutherland, 2002). A number of studies attempt to deal with this problem by developing what is called a ‘gender value chain’ analysis (for a full description of this approach, see Tallontire et al 2005: 563). The gender value chain approach assumes that the nature of employment in any one agricultural labour market is determined by its position within a particular global value chain as well as ‘the gender context in which employment takes place’ (ibid:563). The gender value chain approach takes as its starting point two interrelated concepts: that gender bias exists in economic activities; and that an analysis of productive activity must be supplemented by an analysis of reproductive activities.<sup>5</sup> However, the degree to which an ethical code will impact on workers will be determined by several interacting factors, and we argue that there is a need to look beyond gender to understand how the position of the most marginal workers can be strengthened. While gender discrimination may indeed shape the structure of the labour force in a particular branch of horticulture, so will other social and economic relations. At the same time, the characteristics of production will also determine this labour market structure. Finally, we will also need to understand the wider factors that determine the worker ‘voice’, such as the structural position of different types of labour, the reach of the ruling political party into rural areas, and the history of union regulation.<sup>6</sup>

For coffee, for example, there is some evidence that organic certified coffee production is relatively labour intensive (Bolwig et al 2009), but the labour market impact of organic certification has not been systematically studied. Unfortunately, a recent major study of the impact of Ethical Trade Initiatives on wage workers did not include coffee

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<sup>5</sup> See Young (2000:1-2) for a definition of these activities as applied in standard national accounting, and and Mason (2001:89-90) for their use in academic literature.

<sup>6</sup> Recent research from the Poverty Team of the World Bank on Brazil’s poverty dynamics finds that relative rates of poverty reduction in the manufacturing sector are related to worker voice and unionization (Ferreria, Leite & Ravallion 2007).

enterprises (<http://www.ids.ac.uk/idsproject/ethical-trading-initiative-impact-assessment>, 2007). While the amount of Fair Trade monitoring and impact reports has increased since criticism in the mid-2000s (Ronchi, 2002; Weitzman, 2006), it is not clear that the quality of impact assessment has been adequate. Impact assessments often fail to appreciate the methodological difficulties of evaluating the impact of Fair Trade arrangements in contexts where they represent only a tiny proportion (typically less than two per cent) of total export production, and where local non-Fair Trade working practices have not simultaneously been studied for comparative purposes (Nicholls and Opal, 2005; Becchetti and Constantino, 2006; Ruben, 2013). Evaluations often focus on the ability of smallholder producers to benefit from Fair Trade schemes and Tallontire concludes that ‘it may be more accurate to say that successful fair trade benefits small producers in poor countries as opposed to saying that fair trade benefits the poor’ (2006, p.44).<sup>7</sup> One problem is that “smallholder” producers are vaguely defined (Ethical Trading Initiative, 2005: 16). Besides, these evaluations cannot provide adequate insights into poverty if, as is often the case, the small-scale producers and the cooperative members joining Fair Trade schemes are actually already relatively well off compared to others in the locality (OPM, 2000; Blowfield and Malins, 1999; GTZ, 2005; Leuchtford, 2008, Wedig 2012). Even more so, much research already emphasises that indeed farm workers, rather than farmers, are usually amongst the poorest of the poor (Barrett et al, 2001; Sender, 2003; Hurst et al, 2005; Jayne et al, 2010).

### 1.3 Outline of report and summary of findings

Following this Introduction, Section 2 describes the methodology developed for FTEPR research. The core of the research design was a contrastive venue based survey, with three main research sites identified for each commodity in each country. In each of the

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<sup>7</sup> Some more recent evaluations have begun to pay more attention to issues of wage employment, though typically these focus on plantation workers rather than those employed by members of smallholder producer organizations. In one example (Fairtrade Foundation, March 2013), the Fairtrade Foundation’s “research partner” interviewed four workers about wages and conditions on a Fairtrade certified tea plantation in Malawi out of some 4,200 workers on the estate. Though the report notes that workers would like higher pay, it unambiguously finds that workers have experienced positive improvements in living and working conditions. These findings are put in question by another report (Oxfam and Ethical Tea Initiative, 2013, p.5), which found that in the regions studied (which included Malawi) “wages were found to be no higher on certified estates than on non-certified estates”.

main research sites, further disaggregation into sub-sites allowed for contrastive exploration and analysis both within and between research sites for each commodity. The research adopted a combination of research instruments, broadly both quantitative and qualitative. This involved quasi-census data for sub-sites, very short questionnaires (on hand-held computers) for a large sample within the sub-sites, a long paper-based questionnaire applied to stratified random samples within the sub-sites, a repeat survey of a sub-group of the original respondents (in coffee producing research sites), and a large number (more than 100) “life’s work” interviews with individuals identified from the survey sample respondents in accordance with a set of analytical criteria, to allow for more detailed and different kinds of evidence.

These formal research instruments were applied in a research design guided by a considerable amount of secondary literature on the economies of Ethiopia and Uganda (and on agricultural exports, Fairtrade, and labour markets more generally) as well as by “scoping” and other qualitative exploratory interviews with government officials, donor agency officials, sector/industry specialists, trade unionists, local researchers, and others. The aim of the research was not to produce the standard type of “evaluation” or “impact assessment” that aid organisations so frequently publish. It should be stressed that FTEPR research has been fully independent: Fairtrade organizations played no part in commissioning the research or shaping its design. This conferred a number of analytical advantages (discussed in Appendix 5) and it is hoped that this will make the findings particularly useful to such organizations (which have very limited research budgets for the evaluations and research that they commission), among others. Appendix 5 discusses this research independence, and the challenges of fieldwork, in more detail.

Section 3 presents the main findings of the research in some detail. FTEPR research has generated striking empirical findings. Three of these in particular stand out. First, wage employment in areas producing agricultural export commodities is widespread. FTEPR survey results from the short questionnaire addressed to a very large proportion (in some cases 100 per cent of the sub-site populations) show that a large percentage of people had experience of working for wages specifically on farms and processing stations producing the commodities that were the focus of the research. This finding is a

major contribution, given the lack of research and policy attention to rural labour markets in Africa. Very large numbers of people in these areas have to work for wages – often in seasonal/casual employment – in order to survive. And the figures cited exclude all those who work for wages in the production of other (domestically traded but not exported) crops in the same areas, or those who work for small traders and shopkeepers, let alone the huge number of people, mainly young women, who work (at best for money wages, but often only for food) as domestic servants. This set of research results alone should provoke much more policy and research attention in future.

FTEPR evidence, moreover, shows that people who depend on access to wage employment in export commodity production are typically extremely poor. Section 3 shows in detail that the survey respondents are desperately deprived, indeed that they are very poor by comparison with other available estimates of poverty in the areas where research was conducted. They are deprived in terms of educational attainment, restricted diets, and ownership of or access to many rudimentary assets. The implication is that it is imperative for policy makers and donor agencies to improve their understanding of the material conditions of low-income wage workers, among whom the most deprived on average are female manual agricultural wage workers. Understanding the characteristics of those who depend on access to poorly paid agricultural wage jobs is important. And it is especially important, this research suggests, that policy makers and donor agencies better understand the functioning of labour markets in such areas: far more policy attention needs to be devoted to understanding and acting on the determinants of the number of jobs available, the number of days of labour typically offered, the working conditions prevailing, and the wage rates applied. In short, FTEPR evidence may help policy makers, scholars, and donor agency officials to overcome the ‘jobs dementia’ (Amsden, 2010) that prevails in discussions of poverty and development, notwithstanding moderate shifts in recent years that included the *World Development Report 2012*.

The third main set of FTEPR findings concerns Fairtrade specifically. This research was unable to find any evidence that Fairtrade has made a positive difference to the wages and working conditions of those employed in the production of the commodities produced for Fairtrade certified export in the areas where the research has been

conducted. This is the case for ‘smallholder’ crops like coffee – where Fairtrade standards have been based on the erroneous assumption that the vast majority of production is based on family labour – and for ‘hired labour organization’ commodities like the cut flowers produced in factory-style greenhouse conditions in Ethiopia.<sup>8</sup> In some cases, indeed, the data suggest that those employed in areas where there are Fairtrade producer organisations are significantly worse paid, and treated, than those employed for wages in the production of the same commodities in areas without any Fairtrade certified institutions (including in areas characterised by smallholder production). At the very least, this research suggests that Fairtrade organizations need to pay far more attention to the conditions of those extremely poor rural people – especially women and girls – employed in the production of commodities labelled and sold to ‘ethical consumers’ who expect their purchases to improve the lives of the poor.

Section 3 discusses other evidence too, drawing on both quantitative and qualitative findings. The FTEPR research design did not set out to capture comprehensive data on child labour. However, in the quantitative survey results and especially in the qualitative life’s work interviews, the fact of widespread wage labour by children and teenagers (specifically, children working for wages and during school time) was inescapable. This has unsurprisingly been a contentious issue at FTEPR dissemination events. Section 3.5 discusses this issue and puts it more broadly within the context of the prevalence of young boys and especially girls working for wages in rural areas, as one feature of relatively ‘slack’ labour markets.

Another issue of importance both to the Fairtrade literature and more widely is the governance and structure of producer cooperatives. Section 3.6 discusses evidence on cooperatives, especially on Fairtrade certified cooperatives in FTEPR research sites. The

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<sup>8</sup> Fairtrade International’s (2011) standards for Small Producer Organisations (SPOs) recognises that the members of SPOs may hire some labour. FLO-CERT’s published “Public Compliance Criteria List” for SPOs suggests that they pay rather little attention to wage issues when the members of these organisations are assumed to employ fewer than 20 workers ([http://www.flo-cert.net/flo-cert/fileadmin/user\\_upload/certification/requirements/CC\\_November\\_2013/PC\\_PublicComplianceCriteriaSPO\\_ED\\_7.4\\_en.pdf](http://www.flo-cert.net/flo-cert/fileadmin/user_upload/certification/requirements/CC_November_2013/PC_PublicComplianceCriteriaSPO_ED_7.4_en.pdf)). At issue here is the extent to which there is an attempt accurately to assess the number of workers on member farms and to audit them once they have been recognised as employing more than 20, and the fact that there is a huge amount of wage employment below the arbitrary 20 workers level. See section 2.2 for the general issue and also the specific examples of the underestimation of agricultural wage in the surveyed sites.



research finds a high degree of inequality between members of these cooperatives, i.e. the area cultivated with the certified crop (tea and coffee) and the share of the cooperative's output are very unevenly distributed among members: there are large numbers of members who have tiny plots of land and sell very little to the cooperative, and there is a small number of members who dominate sales to and through the cooperative. One clear implication of this is that the many benefits of being a member of a Fairtrade certified cooperative – tax breaks, direct marketing channels to high-value niche markets, international donor financed subsidies – accrue very unequally. Fairtrade may 'work' but it does not quite do what it says on most of the labels: it aggravates rural inequality and at best may do so by supporting the emergence of rural capitalist producers; and it fails to make a difference, on the data collected, to the welfare of the poorest people involved in the Fairtrade chain, i.e. manual agricultural wage workers.

If Fairtrade does not make a positive difference in these research areas to the wages and working conditions of manual workers, then it is challenging to explain what accounts for this and what does make the most difference to wages and conditions. There are two sides to this, which this report (in Section 3.4.6) attempts to address: first, the report offers some explanation for why Fairtrade has failed to make a positive difference; second, the report highlights some of the main likely reasons accounting for variations among employers in the wages and conditions of employment. The data presented and analysed, and the discussion of the features of an explanatory framework, provide the basis for the conclusions and policy recommendations presented in Section 4. These divide recommendations into those directed at Fairtrade and other ethical trading organizations and those directed at policy makers and donor agencies. Other relevant interest groups, including buyers and roasters with an interest in the welfare of poor rural wage workers, direct investors in production, and national and international trade unions, will also find material of interest in the conclusions and recommendations.

It is hoped that this report presents clearly the findings of a careful research design that has benefited from the considerable financial and institutional support of DFID and that these findings, and the arguments and recommendations they suggest, will contribute to a more informed level of debate at a number of levels including broader public debate.

## 2. Methodology

### 2.1 Introduction<sup>9</sup>

A recent review of research on Fairtrade and other ethical labels argues that field studies ‘lack a convincing and consistent methodology’ (International Trade Centre, 2011: 25). FTEPR was conceived as a response to this shortcoming. But as set out in the original project documents and summarised above (Section 1), the research addresses a subject of wider importance too. It has been acknowledged that too little is known about the transmission mechanisms linking agricultural commodity trade and poverty reduction. Collecting more evidence, specifically on complex rural labour markets linked to agricultural export production, is therefore urgently required. This much has been acknowledged by, among others, the World Bank, in its 2008 and 2013 *World Development Reports*, and the UK’s DFID, which has begun to commission research on labour markets and growth in low-income countries.<sup>10</sup> The evidence needed is not available because almost all socioeconomic surveys in developing countries fail to capture data on the most vulnerable, poorly educated casual and seasonal workers, especially *temporary migrant* workers (Sender et al., 2005, Sender and von Uexkull, 2009: 64-66, Pincus and Sender, 2008).<sup>11</sup> FTEPR collected evidence precisely on labour market dynamics, through more than 1,000 person days of direct field research.<sup>12</sup> It did

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<sup>9</sup> Further information on FTEPR methodology may be found on the project website and in Cramer et al (2014).

<sup>10</sup> The *World Development Report 2008* emphasised, for example, that ‘stunningly little policy attention has been given to the structure, conduct and performance of rural labor markets and how they ease successful transitions out of agriculture’ (World Bank, 2007: 221). For DFID’s ongoing research programme see <http://www.dfid.gov.uk/r4d/Project/60890/Default.aspx>.

<sup>11</sup> On the poor coverage of rural wage employment in commonly cited Ethiopian surveys specifically see Rizzo (2011). The more general point has been made that ‘in much of the development literature on pro-poor growth nowadays, little or no attention is paid to the underlying mechanisms that determine the dynamics of income...specifically, the dynamics of employment growth and of how and to what extent productivity growth translates into the growth in labour earnings is left out of the equation’ (Wuyts, 2010: 10). On the ‘jobs dementia’ that affects development aid thinking and agencies more generally, Amsden (2011: 57) points out: ‘Despite championing the cause of poor people around the world, and dramatizing the human condition, the United Nations’ Millennium Development Goals make not the slightest mention of employment generation as a means to battle poverty’.

<sup>12</sup> This is an approximate estimate based on the effective days of interviewing by enumerators, field supervisors and SOAS-based researchers over different fieldwork phases between 2010 and 2013. In marked contrast, the impact research that is frequently quoted by Fairtrade lobbyists, devoted a grand total of five days in the field to each commodity they studied,

so through a research design that sought to protect the independence of the research. First, the research was independent in the sense that it was not commissioned by or influenced by any Fairtrade or other certification body. Second, research independence was strengthened by the construction of new sample frames for surveys, rather than relying on inaccurate official population lists. These research design and methodological choices are discussed below, while some of the serious challenges that arose as a result of these choices are discussed in Appendix 5.

The following sub-sections outline the methodological choices and innovations in this project. These are elaborated in a working paper on the project website and in an academic journal article.<sup>13</sup> Briefly, the research was innovative in its efforts to overcome the widespread neglect of wage labour in rural research (especially in Africa) and even more so in Fairtrade research. This focus on wage employment and working conditions guided the commitment to creating new and accurate sample frames; it guided the decision to use venue-based samples; it shaped the unusual design of questionnaires; it informed the (stratified randomised) sampling strategy; and it required an innovative method of selecting women to participate in focus groups.

FTEPR, supported by GPS technology, adopted a particular form of venue based sampling, selecting contrasting sites to draw out comparative insights. The combination of venue based sampling and a focus on residential units rather than vaguely and misleadingly defined 'households' produced an unusual and more accurate population frame within which stratified random sampling was pursued. Further, the main survey questionnaire – see Appendix 6 – was designed to collect detailed information, particularly on labour market participation, for a large number of people linked to the respondents.

Further, FTEPR teams returned between one (Uganda coffee) and two years (Ethiopia coffee) after the initial survey to conduct a repeated version (shorter) of the main questionnaire with a subset of the original respondents, allowing for an element of

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including four hours per day travelling time from the capital city in the case of their research on flowers (CEVAL, 2012: 11).

<sup>13</sup> Cramer, Johnston, Mueller, Oya and Sender (2014).

'longitudinal' insight, for example, into the effects of changes in the international price of coffee. Towards the end of the data collection phase of the project, lead researchers from SOAS also collected more than 100 detailed "Life's Work Histories", tracing the history of individuals' passage into and out of labour markets as well as their experiences of labour market transactions and labour relations. The interviewees for these Life's Work Histories were all previous respondents in the main FTEPR survey and were carefully selected from the FTEPR survey datasets according to analytically driven stratifying criteria. Following this same 'nesting' principle, the team also organised focus groups with women workers. These forms of qualitative research brought out evidence of a different kind from the data in the survey and the fact that the qualitative research was directly linked to the survey added value to these interviews. All this research was framed and enhanced by a large amount of qualitative, less structured research, including initial site selection scoping visits, interviews with sector specialists, agronomists, government officials, international buyers, cooperative officials, enterprise owners, trade unionists, and others.

## **2.2 Overcoming neglect of wage workers in rural research and Fairtrade evaluations**

### **2.2.1 Neglect of wage employment in Fairtrade research & evaluations**

The key aim of FTEPR was to provide robust data on wage employment. In contrast, most Fairtrade research has concentrated on an ideal type of crop producer, i.e. the small farm household using family labour to produce the certified crop. "Yes, coffee is picked by kids but they are all family members", argued one internationally influential advocate of Fairtrade in Ethiopia at a presentation on this research in November 2013. This suggested that there was light child work taking place (as permitted by Fairtrade standards) and that coffee picking did not involve any wage labour. One systematic review of the certification literature found that 'most of the studies reviewed deal with the producer as a self-employed individual and with producer cooperatives' (International Trade Centre, 2011: 19). The Fairtrade Foundation commissioned a review of 33 case studies, which concluded that: 'there is limited evidence of the impact on workers of participation in Fairtrade, and more research is required ...' (Nelson and

Pound, 2009: 35). FTEPR provides some of that research.

A recent impact evaluation commissioned by the Fairtrade Foundation of certified smallholder banana organizations failed to obtain any data at all on workers hired by producers or their organizations in two of the three case studies (Smith, 2010: 52). In Nelson and Smith's (2011) four-country study of the impact of Fairtrade cotton certification there were in total "7 interviews with hired labour and sharecroppers" in India but none at all in Senegal, Mali, or Cameroon, where it is stated that cotton is produced by smallholder farmers with negligible wage labour hiring. This is despite the availability of other research that suggests widespread dependence on wage employment in cotton production in West Africa.<sup>14</sup> Other research on the impact of Fairtrade certification, based on case studies of six rather successful small producer organizations, simply assumes that the landless, women and those with limited education do not benefit from and are 'outside the dynamics of' Fair Trade labelling (Laroche and Guittard, 2009: 34). The International Initiative for Impact Evaluation highlights the problem that 'many Fairtrade organizations ... establish a minimum price for producers but do not deal with the conditions of workers that the producers may employ' (International Initiative for Impact Evaluation, 2010: 2).<sup>15</sup> A good and especially relevant example is Jena et al (2012) whose study of the impact of coffee certification in Jimma Zone, Ethiopia, fails to take an interest in wage employment and focuses solely, for a study of the impact of coffee certification on poverty reduction, on 'smallholder farmers'. Given the findings of this research on wage labour in the Jimma area (see below, Section 3), this is a very striking omission.

Thus, the majority of these studies do not even attempt to construct samples of seasonal and permanent wage workers producing Fairtrade certified export commodities. On the rare occasions when wageworkers are included in Fairtrade research, information on these workers is often collected from lists of wage workers provided, and sometimes selected, by employers or by officially sanctioned worker representatives (CEVAL, 2012:

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<sup>14</sup> See Bassett (2002, 361) and work by the organization [www.bettercotton.org](http://www.bettercotton.org) (<http://bettercotton.org/in-the-field/>).

<sup>15</sup> Important exceptions to this neglect of wageworkers include research by Valkila and Nygren (2009), Luetchford et al. (2008), Maertens and Swinnen (2012), Maertens et al (2011) and Maertens and Verhofstadt (2013).

6; Barrientos and Smith, 2006: 4, Ruben et al., n.d.: 23, Omosa et al., 2006: 7). These lists may well be censored and are certainly unlikely to contain all casual workers, let alone recently dismissed or disgruntled workers. The other main source is focus groups, with group membership guided by employers' advice, or over-representing the leaders of the permanent workforce, rather than large numbers of illiterate casual (female) waged workers. No convincing rationale for the selection of members of these focus groups is provided (Pound and Phiri, 2009, Gonzalez, 2010).

The unrepresentative workers who appear on these lists or in these focus groups are, all too frequently, interviewed on their employer's premises (Ewert et al., 2005: 22-3, Barrientos et al., 2009: 27). Such interviews are unlikely to solicit reliable information; workers who are not interviewed in private and with firm assurances of confidentiality may go to great lengths to avoid the risk of being seen to offend dominant classes. In Nicaragua, for example, some workers for cooperative coffee processing mills were interviewed at their workplace and some while waiting for buses along the roads outside the mills. 'Unsurprisingly, workers interviewed outside the mills were more critical of their working place than those interviewed inside. According to these workers, visitors often come to the mill to ask about their working conditions, but they are afraid to say anything negative for fear of losing their job' (Valkila and Nygren, 2009: 5).<sup>16</sup>

### **2.2.2 FTEPR methodological principles to overcome wage employment neglect**

FTEPR methodology was principally designed to overcome the gaps in knowledge reproduced by these common omissions and assumptions. Even cursory observation and initial interviews during scoping visits revealed the widespread significance of wage employment (typically casual wage employment in coffee and tea, but usually

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<sup>16</sup> FTEPRP fieldwork highlighted precisely that employers, who may have close ties to local officials, are keen to avoid situations where their workers may have the freedom to engage independently and privately with researchers. Local security officials in one fieldwork site detained research assistants for several hours (despite all research permits being in order) and lectured the senior researchers on 'proper' research methods, which included asking 'the owner' of a large agro-export (multinational) business to select workers and then interviewing these workers at the workplace (see Appendix 5).

more permanent in flowers) in areas producing the commodities studied in this project. To ascertain the significance of wage labour, the research adopted a venue based sampling approach: the team selected areas surrounding 'production hubs' for coffee, flowers, and tea (for selection criteria see below), counted *all* adults living in that area, and conducted a quasi-census (a survey on a very large sampling fraction, approaching a full census in some cases) in each of three sub-sites for each main research site. The quasi-census contained a few key questions on age, education and labour market participation. While this census – carried out on a handheld computer or PDA – very quickly revealed useful evidence on the proportion of people in each area with recent wage employment experience (directly in the production of the commodity in question), the main survey questionnaire and stratified random sampling were designed to elicit much more detailed evidence. Further, and as discussed below, the questionnaire, the follow-up questionnaire two years later, and the Life's Work History interviews were all designed to maximise understanding of wage employment experiences.

### 2.3 Selecting research sites

Certified or Fairtrade production takes place in very different contexts, with certified producer organisations varying in terms of the level of external subsidy/support they have received, the number of producers participating, the number of years of operation, the degree of financial viability, distance from markets, among other factors. The range of rural areas where there are Fairtrade certified producer organisations or other ethical trading schemes (and therefore the range of possible research sites within a country) is very wide, but the reasons for deciding to focus fieldwork in a particular rural area, or on one particular group of certified producers, are rarely explained in any detail.

For example, the only rationale for choosing producers in one methodologically ambitious, 'quasi-experimental' study of the welfare impact of Fairtrade programmes is briefly (and unsatisfactorily) stated as: 'The selection of FT organizations for the analysis has been conducted in coordination with Solidaridad' (Ruben et al., n.d.: 17).<sup>17</sup>

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<sup>17</sup> Similarly, Nelson and Smith's (2011) evaluation of the impact of Fairtrade certification in cotton production studied four case studies that "were selected by the Fairtrade Foundation and

These problems are shared by much economic research in poor rural areas. For example, the most influential rural surveys conducted in Ethiopia in recent decades have made little effort to justify their selection of sample sites. Debates on rural poverty in Ethiopia very often cite the results of The Ethiopian Rural Household Surveys 1989-2004. These surveys selected only 15 (out of more than 20,000) *kebeles* in Ethiopia as the sites for data collection.<sup>18</sup> The rationale provided for the selection of these *kebeles* is confusing: initially some were chosen on the grounds that they were typical (in some undefined sense) of areas affected by the 1984-5 famine; additional *kebeles* were later selected 'to account for the diversity of the farming systems in the country' and it was then claimed that that households in the survey are 'broadly representative of households in non-pastoralist farming systems as of 1994' (Dercon and Hoddinott, 2009: 6-8).<sup>19</sup> However, 18 agro-ecological zones have been defined for Ethiopia (CSA, 2006: 16) and within each of these zones there are many hundreds of alternative *kebeles* that could have been selected as research sites. The reasons for selecting the 15 particular *kebeles* that continue to be the focus of so much research are not discussed.

The choice of fieldwork site may be expedient and more or less defensible. For example, a ruling political party or the Fairtrade certifying body or Co-operative Union officials may have pre-selected the area for researchers, discouraging research in other areas; there may be insufficient research funding to travel to more distant research sites;

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Max Havelaar France at the start of the study" (p.28). The authors then admit that the case studies do not constitute a representative sample, but fail to provide convincing arguments for their specific choices (p.29).

<sup>18</sup> In Ethiopia, the *kebele* is the smallest administrative unit. It is broadly comparable to a ward.

<sup>19</sup> A similar claim was made concerning the choice of the 36 villages surveyed in an influential study of poverty in rural Uganda: 'The selected villages represent quite well the considerable diversity that exists within the two selected regions'. However, the researchers make it clear that the actual choice of villages was heavily influenced by the wishes of District-level bureaucrats; the measures, or the relevance to issues of poverty, of the indicators of 'diversity' are not discussed (Krishna et al., 2006). Another study in four Districts of rural Uganda (of coffee producers) sampled *only* those producers appearing in the Uganda National Household Survey (UNHS). Unfortunately, the UNHS was not designed to be representative of coffee producers (or of households in each District), so that the sample cannot be considered representative of *robusta* producers in the Districts concerned, let alone of coffee producers in Uganda as a whole. This fundamental problem did not prevent the World Bank funded researcher from drawing conclusions about 'the Ugandan coffee market' and 'the majority of coffee grown in Uganda' from unrepresentative data (Hill, 2010: 455 and 438). The fact that the UNHS specifically excluded larger scale coffee farmers in Uganda from the survey is another important reason for caution in extrapolating its results to the coffee market as a whole (Ssekiboobo, 2008: 7).



record keeping may be weak at other sites, or production volumes erratic; local managers and state officials may welcome (or refuse) visits from outsiders. These types of practical issue will always play a role, but it is difficult to make a judgement about the meaning of research results if *all* the reasons for the selection of research sites are not discussed in detail. It is necessary to weigh up and balance complex information about potential sites, since sampling will have little credibility if it appears to have been *ad hoc* or whimsical (Wilson et al., 2006). There is, therefore, a strong case for more detailed discussions than are typical of the rationale for and methods of site selection in research projects.

One principle of site selection – though not the only justifiable one – is that of *contrastive* case studies. The point of contrastive research is to explore the factors responsible for differences between phenomena in conditions with some common features (without imposing the unrealistic expectation that a ‘control group’ can be identified): first, to establish whether there are contrasts, and what they are, (between Fairtrade and non-Fairtrade crop production, or between Fairtrade production and labour in coffee versus flowers, for example, or indeed between wage employment among smallholder producers and employment on larger scale farms); second, to try to explain some of these differences (Lawson, 2003, 2004).<sup>20</sup> Thus, for example, the FTEPRP adopted a contrastive approach to studying rural employment and poverty dynamics in two very poor sub-Saharan African countries, based on a theoretical interest in researching the impact of small- and large-scale export crop production, certified and non-certified production, and production of different commodities.<sup>21</sup>

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<sup>20</sup> See also George and Bennett (2005) on comparative case studies.

<sup>21</sup> The choice of Ethiopia and Uganda specifically was partly a function of budget constraints discussed in collaboration with the funding agency, DFID, and partly it represented a selection of two poor economies with a strong dependence on coffee for foreign exchange earnings (coffee being a particularly significant Fairtrade commodity).

**Fig. 1: Research sites in Uganda**



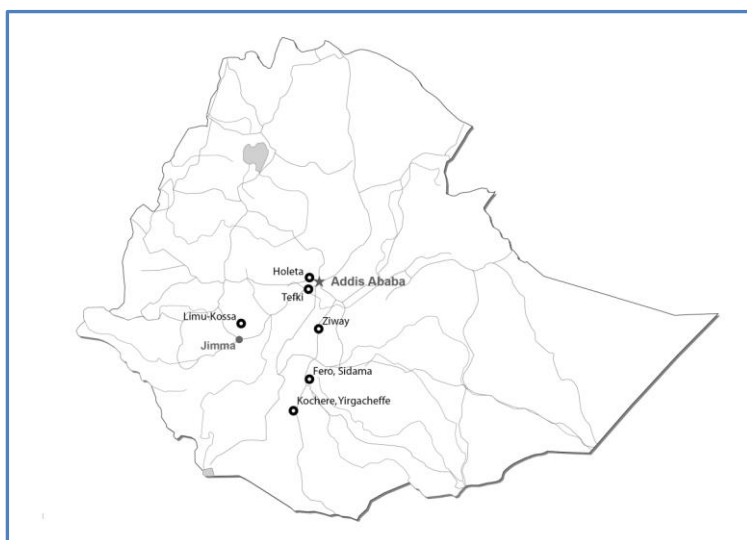
Contrastive case study research may appear to have something in common with different impact evaluation methods, and even with the randomised controlled trial (RCT), ‘experimental’ method used to evaluate development ‘treatments’ (Banerjee and Duflo, 2011). The contrastive research site selection adopted in FTEPR differs from RCTs. For example, the purposive selection of sub-sites was motivated by FTEPRP’s aim to understand complex mechanisms and to accumulate new knowledge about rural development processes through old-fashioned theoretically motivated descriptive research. Such methods have been favourably compared to ‘quasi-experimental’ methods promoted by RCT advocates (Deaton, 2010).

FTEPR research questions go beyond the usually narrow scope of the parameters of interest in social experiments through RCTs (Ravallion 2009, 2; Basu, 2013). Further, a contrastive case study strategy does not have to make over-ambitious claims to establish ‘control’ groups, emphasising rather the complexity and flux *within* specific rural populations and research sites. Note, for example, that during the course of this research project (data collection during 2010-13) one Fairtrade certified flower producer near one research site withdrew from Fairtrade (in 2011), while another non-Fairtrade certified enterprise in a different research site was later (2012, after the quantitative and qualitative research for this project were carried out) certified (some possible implications of these changes are discussed further below). Moreover, the

contrastive case study approach can more easily explore and emphasise the *distributive* implications of different institutional arrangements for agricultural export production (for example) than the typical RCT effort to isolate *average* ‘treatment’ effects. This ‘Q-squared approach’<sup>22</sup> where both quantitative survey and qualitative methods interact, is also more suitable to understanding causal mechanisms and the complex interactions between factors underpinning work conditions among heterogeneous samples of wage workers.

Thus, in the FTEPRP research a decision was taken early on in consultation with the funding agency to select two commodities in each country, allowing for further contrasts within – and in the case of one commodity across – the two countries. The research team chose to study labour markets in coffee and flower producing sites in Ethiopia and coffee and tea producing sites in Uganda. The reasons for choosing coffee, tea and flower production include: the macro-economic importance of at least two of these commodities in Ethiopia and Uganda; the labour-intensity and contribution to employment of all these commodities; the relatively long history of Fairtrade and other certification schemes for these commodities; and the dramatic contrast between the dynamism of floriculture in Ethiopia and the relative stagnation in the production of both coffee and tea in Uganda and in the production of coffee in Ethiopia.

**Fig. 2: Research sites in Ethiopia**



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<sup>22</sup> See Schaffer (2013) on the benefits of this approach.

Briefly explaining some of the decisions taken in the FTEPR research project may illustrate the method. The contrastive objectives implied that it would be useful to identify several of the most important agricultural commodity exporting sites in each country. An effort was made to identify the 'best' producing sites in terms of reputation for quality and dynamism, as well as other relatively 'average' sites, in order to achieve a consistent method of contrastive exploration. The starting point in the case of coffee, for example, was to ask the largest and most experienced international buyers based in Ethiopia and Uganda where the highest quality beans were being produced (as reflected in the prices paid) and where the highest yields per hectare and most efficient processing/washing was being undertaken. In Uganda, as in Ethiopia, there are no grounds for believing that the smallholder sites selected because they contained Fairtrade certified producers were in atypically poor, remote or low-yielding areas. In fact, both the Fairtrade certified tea and coffee producer organisations in Uganda have had many years in well-publicised partnerships with both Cafédirect and Fairtrade.<sup>23</sup>

Table 2.1 indicates the degree to which the objective of studying Fairtrade certified and non-certified production on large and small-scale farms could be combined in each country. Selection of these sites reflected qualitative observations of *predominant* production characteristics; scale at this stage of the research design was very much a relative concept in that 'small' in flower production, for example, included farms employing more than 100 workers. The key reference indicator was the number of workers (permanent, seasonal and/or casual) at peak. Therefore, in coffee, small-scale was defined as equivalent to less than 10 workers at peak. The benchmark was obviously higher in the case of flowers or tea. The concept of 'family farms' is irrelevant here since all the employers identified by workers hired at least one labourer and did not entirely depend on family labour.

Once site selection was agreed, in the analysis of survey data the employers of the respondents in the FTEPR survey were identified and classified by carefully analysing several specific questions contained in the questionnaire, as well as by an exhaustive

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<sup>23</sup> <http://issuu.com/tradefordevelopmentcentre/docs/uganda/25>

examination of the qualitative notes that enumerators had been trained to write on the questionnaire forms. Further, classification drew on other qualitative work in the research sub-sites, including FTEPR interviews with employers themselves. The number of workers that each employer hired “at the peak of the agricultural season” was the basis for the classification of employers into groups of employers operating farm enterprises of a similar scale in each research site. And when scale is considered as a covariate in regression analysis it is not simply equivalent to particular sites. But it should be noted that because casual wage workers were not always able to answer questions about the precise number of other workers hired at different periods by their employer, or might even have to refer to their employer by a nickname rather than be able to provide the full details of his/her formal name, the classification of employers was a challenging task – requiring different techniques and operational guidelines in each of the research sites.

It can be seen that it was impossible to identify appropriate research sites to complete all of the elements of the simple matrix in Table 2.1 because, for example, there are no small-scale Fairtrade certified floricultural enterprises in Ethiopia and no large-scale Fairtrade certified coffee estates in either country. This was one reason for the selection of only six research sites in each country, although the constraints imposed by the FTEPRP budget also limited the total number of research sites that could be considered. There is certainly a trade-off between the number of sites visited and interviews conducted and the depth of the quantitative and qualitative research that is feasible. By constraining the number of research sites, and given the timeframe, the FTEPR study could engage in intensive mixed-method research over an extended period, which allowed for substantial probing, cross-checking, triangulation, and, very importantly, contextualisation.

Once the main sites (six in each country) were selected, additional scoping research was undertaken to carefully inform the selection of relevant sub-sites. This was particularly important in the case of research sites selected because of the presence of a well-known Fairtrade certified organisation. For example, in the Ishaka area, the main site for Fairtrade certified coffee production in the Uganda research, there was a choice of several primary cooperative societies, with several hundred members each. The FTEPR

team interviewed the main representatives of ACPCU headquarters in Ishaka to make an informed decision about the most relevant societies, in terms of higher volume of production generated, higher reputation for quality and yields and larger number of members. Pre-selected sub-sites were chosen for field visits in which FTEPR researchers interviewed several respondents, including senior leadership at the cooperative office, extension agents, local traders, and several individual producer members. In addition, lists of members were also consulted, as well as their volumes of sales, in order to establish potential smallholder employers. The aim was to target specifically areas where *active* members known for employing hired labour were more numerous. Many of these potential employers were interviewed to establish the origins and residence of their labourers, in order to fine-tune the geographical boundaries of each site, so that most relevant workers (i.e. working for *active* members of the cooperative societies) could be captured in the survey. Through this careful selection process, the FTEPR team could be confident that the sub-sites selected contained important numbers of *active* Fairtrade cooperative members (active in the sense of selling relatively significant volumes of coffee to the primary society), who constituted the vast majority of smallholder farmers employing labour in these sub-sites.

Researchers adopted the same approach in selecting other sites and sub-sites, for example, in identifying the Fero cooperative as a flagship primary society cooperative within the large Sidama Coffee Farmers Cooperative Union and then in honing in on a more precise sampling strategy for the GPS area. Given the hilly terrain and scattered residential units this was fairly complicated but the same strategy was employed to ensure a significant number of active members of the cooperative and of wage working households employed by the Fairtrade certified cooperative washing station or by the active farming members of the cooperative. Researchers interviewed (repeatedly) members of the cooperative executive, a prize winning cooperative member farmer who employs some 50 workers at the peak of the production cycle (introduced by staff of the USAID funded Fintrac, that has been assisting the cooperative), members of the Sidama Coffee Farmers Cooperative Union in its office in Addis Ababa, other local farmers, *woreda* officials and extension workers, an agricultural input trader, and villagers and wage workers living nearby. The sub-sites were defined to ensure proximity to the two washing stations owned by the Fero cooperative (Fero I and Fero

II) plus another site close to a comparator private washing station and an effort was made to define the boundaries of the sub-sites to include areas close to some of the ‘model farmers’ achieving the highest coffee yields who had been identified through scoping interviews and some of whom had themselves been interviewed.

In most micro-level impact evaluation studies either a limited number of research sites or statistically unrepresentative research sites provide the evidence that is used to conduct the evaluation. The lack of statistical representativity may limit the generalizability of claims, but only a very careful and well-researched selection of sites can ensure analytical and empirical relevance that transcends anecdotalism. This study is based on a conscientious approach to selecting sites that does not entail a misrepresentation of the realities of the types of export commodity production that provide the basis for this contrastive case study analysis.

**Table 2.1: Research Site Selection in Ethiopia and Uganda**

	ETHIOPIA			
	<u>Floriculture</u>		<u>Coffee</u>	
	Large Scale	Small Scale	Large Scale	Small Scale
Fair Trade	Golden Rose	n.a.	n.a.	Fero
Non-Fair Trade	Ziway	Holeta	Limu-Kossa	Kochere
	UGANDA			
	<u>Tea</u>		<u>Coffee</u>	
	Large Scale	Small Scale	Large Scale	Small Scale
Fair Trade	n.a.	Mpanga	n.a.	ACPCU
Non-Fair Trade	Ankole	Kabale	Kaweri	Masaka

Within the boundaries of each of these six research sites, it was possible to achieve additional variation, i.e. to identify further contrastive opportunities, by careful selection of heterogeneous sub-sites, or ‘venues’, for sampling. For example, some export production sub-sites are in rural areas of very recent settlement and others in areas where people have been living for many years. A more detailed discussion of the selection of sites (including maps), showing how contrastive exploration was

operationalized, can be found in 'Methodological Issues', FTEPRP Discussion Paper No.1 on the project website ([www.ftepr.org](http://www.ftepr.org)).

## **2.4 Research sub-sites and sampling choices**

Beyond the choice of sites in which to conduct research, there are important methodological challenges in sampling in order to capture the dynamics of poverty and employment, largely swept under the carpet by much socioeconomic research. Researchers must decide how to define a household and to be clear about the implications of their definition. Pragmatic concerns as well as methodological ones will influence sample size. Sampling procedures may then depend on how important it is to capture variations within sites and among sub-groups in a population. Efforts purposively to capture those most typically ignored in socioeconomic research and to gather evidence, for example, on the heterogeneity of poor rural waged workers, may require some over-sampling. By this is simply meant a stratified non-proportional sampling. Specific examples of the application of these methodological principles are elaborated below.

### **2.4.1 Sample Size and Stratification**

The budget for fieldwork was one of the determinants of the overall sample size in the FTEPRP. The original plan was that the first round quantitative survey could only afford to interview approximately 750 individual respondents, equivalent to about 125 respondents per site, in each country. Since comparisons between sites are an extremely important part of the FTEPRP analysis, there were good arguments for achieving a roughly equal sample size in each site, also considering possible variation *within* sites (Wilson et al., 2006: 357-8). In the end the sample size was larger (see table 2.4), especially in Ethiopia, which resulted in sufficiently large samples of wage workers in areas where Fairtrade certified organisations predominated (for example, in the case of coffee, more than 100 wage worker respondents in both Ishaka – Uganda- and Fero – Ethiopia).

The random sample at each purposively chosen site was large enough to be statistically representative of *all* female and male adults (aged 14 years or older) resident in the research sub-site areas (see Table 2.4). However, the final total sample (for the long



paper based questionnaire as opposed to the prior PDA short survey) at each research site was designed to *over-sample* those adults whose experience has been neglected in previous surveys but was most relevant to FTEPRP research, namely casual wagers producing the relevant export crop. Since the focus of the research was on this particular group and given qualitative evidence gathered about heterogeneity among wagers during scoping trips in the pre-selected sites, it was considered that a sufficiently large sub-sample of wagers was necessary to be able to account for variation and allow comparisons between different wagers. In other words, selective oversampling in FTEPR reflected the priority given to comparisons among different groups of wagers. As a result, a very large proportion of all the respondents in each site were classified as having worked for wages. For broad comparisons between sites (in terms of general characteristics of the populations) sampling weights could be used to correct for the over- and under-sampling.

Nevertheless, since the overall site samples were designed to be large enough in absolute terms to be representative of the local adult population, they include and allow comparisons with both male and female *non-wagers*. Moreover, the design did *not* rely on an arbitrary definition of the 'Household Head' in selecting the target respondents; and the lists from which the samples were drawn were far more accurate and up-to-date than in most rural surveys.

In addition, the total sample at each research site was designed to ensure variation in the other characteristics of respondents, mainly through the choice of analytically relevant sub-sites. Several days of qualitative research and discussions with key informants living in each research site provided sufficient information to identify sub-sites (venues) containing a sufficient number of Residential Units (RUs) housing wage workers (see further discussion in Section 3 of the significance of this aspect of research design). A boundary was drawn around each research sub-site with the aid of waypoints defined by the GPS Unit attached to a handheld computer (PDA).<sup>24</sup> For example, in Ziway (Ethiopia) two distinctive sub-sites near the flower farms were

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<sup>24</sup> Epidemiologists have pioneered the use of these technologies for surveys in rural Africa; see for example Vanden Eng et al (2007). The FTEPRP benefited from advice and training in the use of PDAs with GPS provided by Anja Terlouw and James Smedley of the Liverpool School of Tropical Medicine.

selected, both of which contain a large proportion of flower wagers. The first was an established part of Ziway town, where most residents originated from Ziway or its immediate surroundings. The other sub-site was a very new neighbourhood on the border of the rapidly growing town. This is an area where most newly-arriving migrant workers settle, many of them originating from the Southern Nations, Nationalities, and People's Region (SNNPR) of Ethiopia. Exclusively sampling in only one of the two sub-sites would have resulted in the virtual exclusion of either group of core respondents.

By random sampling in several contrasting, purposively selected sub-sites it was possible to achieve much more heterogeneous samples – samples that included non-migrant and food crop wagers, females, more highly paid and permanent wagers, non-wagers, etc. The analysis could, therefore, be based on comparisons of data covering very different types of local people, leading to a better understanding of the complexities of the determinants of rural welfare.

#### 2.4.2 Constructing a sampling frame

Most household surveys in Ethiopia and Uganda are based on samples drawn from lists of rural households provided by village-level authorities. Officially maintained registers of 'households' are often used as the basis for the distribution of scarce resources such as food aid, or subsidized agricultural inputs and credit; rural elites are likely to have good reasons for selective editing of the names appearing on lists of potential beneficiaries.<sup>25</sup> Besides, fieldwork experience in these two countries, as well as elsewhere in Africa, indicates that these lists are frequently unreliable because, apart from excluding marginalized people who have encroached as squatters and all those living in arrangements that do not correspond to standardized households, the lists are not sufficiently up-to-date to include all newly arrived (or departed) residents.<sup>26</sup>

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<sup>25</sup> Ethnographic work in two villages in Northeast Ethiopia describes how local officials administering the Productive Safety Net Programme constructed lists of households so as to reserve the benefits of the programme for 'the more affluent and economically potent households', excluding 'the poorest and chronically food-insecure households', many of which depended on casual agricultural wage labour (Bishop and Hilhorst, 2010).

<sup>26</sup> For example, fieldwork in Kabale District in Uganda compared the official list of households maintained by one LC1 Chairman with a careful FTEPRP village census. The Chairman's list was found to be grossly inaccurate. There is also evidence, insufficiently discussed in the relevant survey documentation, that lists of households at the *kebele* level in Ethiopia, which are

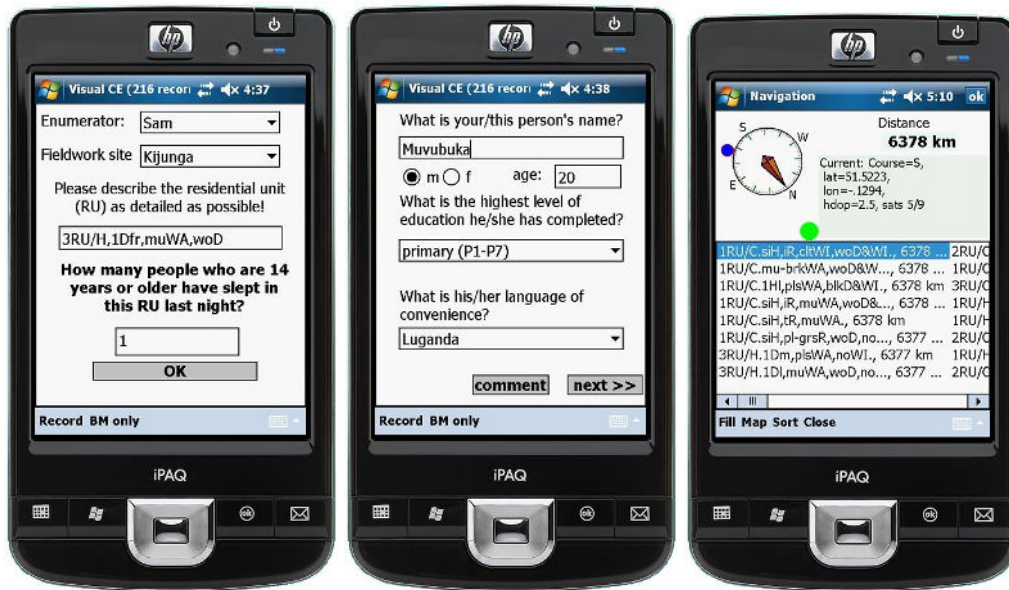
An alternative, adopted in the FETPRP research, is to create a sample frame on the basis of a new and complete census of all types of housing structures discovered in the research sub-sites. Thus, the FTEPRP sampled from an up-to-date list of Residential Units created specifically for the project rather than from a conventional list of arbitrarily defined 'heads of households'. The process of listing Residential Units started with a complete enumeration (census) by the research officer and a field supervisor of all the RUs observed within the sub-site boundaries (defined above). An RU was defined as *any structure in which at least one person was sleeping*. Special care was taken by these senior and experienced members of the research team to record the precise GPS location and to assign an identifier to all RUs, including non-conventional RUs, e.g. temporary shacks and the doors of rented rooms where migrants were sleeping. The complete census of a sub-site could be completed rapidly, since it involved walking up to the door of each RU and entering its position on the PDA.<sup>27</sup> Once the preliminary residential census had been completed, field teams constructed a more detailed and up-to-date sampling frame of adult potential respondents living in a sample of RUs in the research sub-site by conducting a PDA survey that included seven questions, designed to stratify the selection of respondents for the main paper-based interview (See Appendix 8 for this short questionnaire).

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regularly used as rural sampling frames, are unreliable. For example, a choice has to be made between alternative lists of households held by the *kebele* Chairman, local Health Extension Workers or Development Agents; one or more of these lists may well have been amended by the survey team (IFPRI and EEPRI, n.d.). It has been admitted that not all villages sampled in the Ethiopian Rural Household Surveys had 'good' lists of registered households (Dercon and Hoddinott, 2009: 7). A quantitative survey in the Northeastern Highlands of Ethiopia, backed up by careful qualitative work, indicated that official *kebele* lists usually excluded households that did not pay tax, as well as some single person households and people belonging to 'socially marginalized groups' (Sharp et al., 2003: 36). In Tigray, there was a huge discrepancy between official estimates of the number of households living in a sub-district and the results of a census carried out by academic researchers (Segers et al, 2010).

<sup>27</sup> Depending on settlement density and topography, the FTERP research teams might enumerate between 80 and 150 RUs a day in rural settings, while in the more urban settlements of Ziway this could rise to more than 300 a day.

**Fig.3 - PDAs: questions, sampling, locating respondents**



The research officer, in consultation with all the members of the research team (by email or Skype), analysed on a spreadsheet the data uploaded to his laptop computer from the electronic questionnaires. The key information used to define strata for the final sample of adults concerned individuals' labour market participation and migration history. For example, adults could be classified into the following strata: 'never worked for wages'; 'currently working for (a named certified or non-certified export crop enterprise)'; 'currently working for wages for another farm'; 'currently working for wages for an export crop processing factory'; 'recent migrant'.<sup>28</sup> It was easy to confirm that the final sample was representative of the large population of adults from which it was drawn – in the sense that the gender, mean age and education of the sample respondents generally closely matched the gender, mean age and education recorded in the population lists. This congruence was expected, since rather high percentages of the

<sup>28</sup> The list of possible classifications of respondents varied across research sites. The electronic questionnaire included additional questions for some research sites, reflecting the type of variation that FTEPRP hoped to achieve in the context of different crops and production contexts.

individuals in all the strata on the population list were sampled.<sup>29</sup>

**Fig.4: Residential units in Fero site, Sidama (Ethiopia)**



### 2.4.3 Ensuring a more complete coverage of household members

Almost all socioeconomic surveys in developing countries fail to capture data on the most vulnerable, poorly educated casual and seasonal workers, especially temporary migrant workers.<sup>30</sup> One reason for this failure is that the most influential of these surveys, the Living Standards Measurement-type household surveys (LSMS) promoted and funded by the World Bank throughout the developing world, rely on an *a priori* standardized, narrow and inappropriate definition of ‘the household’ and its ‘residents’. So, in both Ethiopia and Uganda, the Rural Household Surveys and the National

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<sup>29</sup> There are exceptions as in the case of male tea workers in Uganda. This difference between sample and population may be due to the over-sampling of a particular group, and can be corrected for site-level inference with the use of sampling weights.

<sup>30</sup> At the other end of the scale, the largest and richest farmers in a rural area may also be excluded from lists of households or farm households, because their farms are not defined as being operated by ‘households’ (Choudhry, 2008: 11), or simply because surveys of households usually exclude the top end of the wealth/income distribution (Banerjee and Piketty, 2003: 4, Székely and Hilgert, 1999, Deaton, 2001). The domestic and farm servants living with and working for the rural rich are, therefore, also missing from rural household surveys.

Household Surveys fail to collect detailed information from ‘non-residents’ concerning migration episodes in search of wage employment.<sup>31</sup> Important groups of vulnerable wagedworkers, especially those engaged in seasonal, casual and low-paid jobs outside major urban centres, are frequently not ‘resident’ in ‘households’. They live and work for long periods in hostels, labour camps, barracks, construction sites and illegal squatter settlements, or they have been given some space to sleep at their workplace during the harvest season, or while working as domestic servants.

In the FTEPRP, enumerators contacted the respondents selected for the final sample and then completed a long, paper-based questionnaire that provided information not only about the selected individual respondent, but also about a large number of other individuals to whom the respondent was ‘*economically linked*’. The concept of a roster of ‘economically linked’ individuals replaces the more conventional concept of a ‘household roster’ (based on *residential* criteria), providing additional and extremely useful information on labour market participation and the other characteristics of individuals usually considered ‘absent’ and therefore irrelevant to an analysis of the welfare of rural populations.<sup>32</sup> Despite widespread knowledge of the limitations of traditional, simple residence coding rules for household membership, few alternatives have been applied in large-scale surveys.<sup>33</sup> The use of the “economically linked” rule normally leads to a greater number of individuals being included in the household roster and the capture of more information on the socio-economic characteristics of a

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<sup>31</sup> Some implications of the failure to collect information on young, mobile rural people who are defined as ‘non-residents’ in conventional household surveys have been quantified using data from Burkina Faso – their exclusion has a major influence on assessments of rural living standards (Akresh and Edmonds, 2010). In Vietnam, assessments of rural and urban living standards have been shown to be unreliable for the same reasons (Pfau and Giang, 2008). See also Hamoudi and Thomas, 2014: 15).

<sup>32</sup> The definition was designed to include the four following categories of linked individuals: (1) those who *live permanently* with the principal respondent and who share income and expenditure; (2) those who, even if not sharing residential accommodation on a *regular* basis, make significant economic contributions (in cash or in kind) to the expenses of the household/respondent; (3) those who, even if not sharing residential accommodation, regularly depend on economic contributions in cash or in kind from the respondent or others in the RU; (4) those who, even if not resident *at all* in the same place as the respondent, either can be relied upon by the respondent, or receive contributions from the respondent.

<sup>33</sup> The problems and associated ‘myths’ surrounding the use of conventional (residential) definitions of the ‘household’ in rural surveys in Africa have been the subject of extensive debate and criticism (Adato et al., 2007, Akresh and Edmonds, 2010, Guyer and Peters, 1987, O’Laughlin, 1995, Randall et al, 2011).

wider range of adults<sup>34</sup>

Finally, GPS identifiers helped enumerators to locate not only the individuals selected for the sample but also the respondents randomly selected as substitutes by the research officer in case the individual originally selected could not be found or did not consent to the interview. On average the time gap between compiling the sample frame and conducting the eventual interview was about 10-14 days. However, given the highly mobile nature of the target group, it proved necessary to interview substitutes in 247 out of 1705 interviews (14.5 per cent). All substitutes were selected randomly from within the specific sub-site where the originally selected respondent lived.<sup>35</sup>

## 2.5 Longitudinal research – repeat survey

### 2.5.1 Site Selection and the Timing of Re-Surveys

It was anticipated that after the original quantitative surveys had been completed and before re-surveys could be undertaken some important changes might take place in the fieldwork areas. For example, one rationale for selecting Kabale (Uganda) as a research site was that detailed plans to establish a new tea processing factory near the research site had been developed (Kalyango, 2010). If this factory had in fact been built, it would have transformed tea production and the labour market in the fieldwork area and the processes of transformation could have been analysed through a comparison of baseline and re-survey data. Similarly, if a previously uncertified commodity production site had achieved Fairtrade certification in the period after the original survey, then a re-survey might illuminate some of the labour market and other socio-economic consequences of certification: one enterprise producing flowers in Ziway (Ethiopia) was indeed newly certified Fairtrade but only in July 2012, after fieldwork had been completed, while another, in Tefki (Ethiopia) stopped participating in Fairtrade. Or on-going

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<sup>34</sup> See Cramer et al (2008) on previous research on Mozambique where the use of an economic definition of the household usually led to larger household rosters as a number of individuals were economically relevant but only sporadically resident in the principal respondent's (PR) home.

<sup>35</sup> The site selection and sampling methods and GPS technology also facilitated a follow-up survey of a sub-sample of the original respondents. FTEPRP research also involved qualitative research methods, including life histories of a small nested sample of those included in the initial survey.



wageworkers' struggles in one research site in Ethiopia (Menagasha) might have succeeded in improving wages and working conditions on local flower farms. Some possible changes were envisioned from the start of the project; others were unanticipated.

In the event, one change affecting the research sites in the period between 2010 and 2012 was a pronounced spike in the international market price of one of the three commodities (coffee) that are the focus of this research (Chart 2.1). The International Coffee Organisation's Indicator Price almost doubled between April 2010 and April 2011, while over the same period the New York Price of coffee more than doubled (ICO, 2013). In 2011, coffee prices suddenly increased to a much higher level than they had been at any time since the mid-1990s.

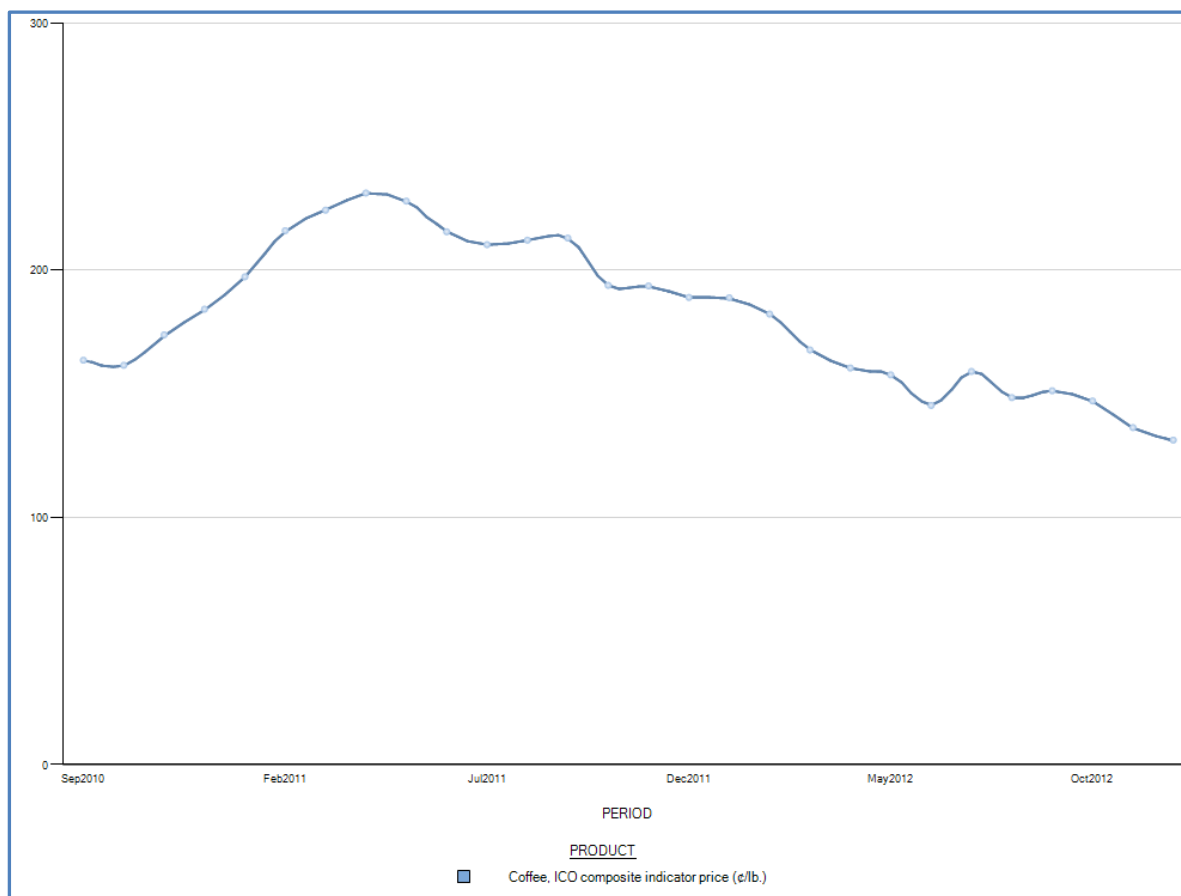
Following such a dramatic shift in coffee prices, it could reasonably be expected that an appropriately timed re-survey could capture evidence on the transmission mechanism between international commodity prices and micro outcomes in contrasting coffee production sites. Available literature and theory do not suggest that higher international coffee prices are unambiguously associated with improved welfare, e.g. declines in child mortality or child labour, on farms or in rural producing areas (Miller and Urdinola, 2010). However, there is no longitudinal evidence that focuses on changes in African rural wages and working conditions following a period when coffee prices increase so rapidly.<sup>36</sup> This was the main justification for re-surveying the FTEPR coffee producing sites in 2012, although unfortunately the original surveys in Uganda (May –July 2011) were conducted when coffee prices had already fallen from the peak reached in April 2011. It was also important to identify any differences or similarities in real wage trends across sites with different characteristics in terms of dominant forms of production and in terms of the presence or not of Fairtrade certification within the re-surveyed research sites. This longitudinal dimension helps us overcome some of the limitations of cross-sectional contrasts by expanding the sample size and providing evidence of changes over time.

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<sup>36</sup> One study does assess the impact of rising coffee prices between 1992 and 1995 on poverty in Uganda. It uses problematic National Household Survey data, rather than longitudinal labour market data collected in coffee producing areas (Bussolo et al, 2006).



**Chart 2.1: Research period coffee prices (ICO composite indicator price, c/lb)**



Source: IMF Primary Commodity Prices Database 2013

In addition, not all of the original 18 coffee sub-sites could be re-surveyed. A decision was taken not to work again in the Mubende area (Kijunga and Kifufu villages) in Uganda, because the research team had been threatened with violence in early 2011 (see Appendix 5). Also, a small number of respondents living in the Limu Genet area of Ethiopia (in Washa/Derru village and in the Nigussie workers' camp) were excluded from the longitudinal survey, because these particular sites were logistically difficult to research and would have entailed an unacceptably high cost per re-surveyed respondent. Table 2.2 provides details concerning the location of the 14 re-surveyed sub-sites.

**Table 2.2: Location of Re-Surveyed Sites**

Country	Site	Sub-site
Uganda	Masaka	Kabusilabo village
		Kigando village
		Kinvunikidde village
	Ishaka	Bitooma
		Kibutamo
		Ngomba
Ethiopia	Jimma	Limu Kossa village
		Limu Kossa camp
		Wollo village
		Geday camp
	Kochere	Sisota kebele
		Reko kebele
	Fero	Fero 1 kebele
		Fero 2 kebele

Both the original surveys and the re-surveys were timed in an attempt to capture the peak labour input demand season in coffee production. However, peak seasons vary from year to year and the precise weeks when very high volumes of coffee will be harvested cannot accurately be predicted. The Ethiopian coffee harvest in 2012 was later than usual. The result was that the FTEPR re-survey in Ethiopia took place in November - just *before* the peak of the 2012 harvest, in contrast to the original survey (which was in the field just *after* the peak harvesting weeks of 2010). Ideally, research teams could be assembled, air tickets purchased, vehicles hired and accommodation reserved at the drop of a hat, or with sufficient flexibility to account for variations in cropping cycles and the weather. The reality is that academic research must adhere to rather rigid, pre-planned schedules, timing planned research leave to coincide with expected harvest peaks, for example. FTEPR schedules and budgeting meant that the Uganda coffee re-survey had to enter the field in June/July 2012 - only one year after the original survey in Uganda. However, Robusta coffee prices had fallen quite considerably between the survey and re-survey periods, making comparison of the results potentially interesting, despite the very short gap between the Ugandan surveys.

### 2.5.2 Sampling in the Re-Surveys

Although rather a high proportion – up to about 70 per cent - of the original respondents in the chosen sub-sites were re-surveyed, not all of the original respondents could be included in the re-surveys, because of budgetary constraints. Instead, the re-surveys targeted a selection of the original respondents, namely those respondents who had been recorded in the original surveys as having worked for wages in coffee production during the reference period (the previous three years). Unsurprisingly, some of the original coffee waged worker respondents could not be found by 2012, despite attempt to contact them by timing the survey during the harvest: many were seasonal migrants who had left the original research sites at the end of the previous harvest; others, especially women, had moved out of the survey areas to cohabit with new partners. In the Jimma area, the failure to contact the target respondents for the re-survey was much more marked than in other research sites, because such a high proportion of the original respondents in that area had been seasonal migrants.<sup>37</sup> Table 2.3 shows the relative failure to contact target respondents for the re-survey in Jimma, where attrition over the two-year period was more than 45 per cent, compared to an attrition rate of only 5 per cent in Kochere. The implication in areas where attrition rates were higher was that the final sample in the re-survey was smaller than the potential full sample had all respondents been found, but overall not too small for a tracking survey.

PDA's containing the GPS coordinates and descriptions of Residential Units registered at the time of the original survey were used, usually with great success, to navigate to the relevant RU. If the target respondent was not immediately available at this RU, relatives or neighbours were asked where the target could be found. Two further visits to the RU were made before giving up, and classifying a target respondent as “not available for interview”. Quite often the target respondent had moved to another RU within the research site, but they could be contacted at their new home. In some cases, although a target respondent had migrated a considerable distance from the original RU, they were called by a relative or neighbour and were willing to travel to take part in the re-survey.

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<sup>37</sup> The percentage of the original respondents that were migrants in Jimma was more than 55 per cent compared to 29 per cent in Fero and 3 per cent in Kochere.

**Table 2.3: Re-Survey Attrition Rates**

<i>Site</i>	<i>Uganda</i>			<i>Ethiopia</i>	
	<i>Masaka</i>	<i>Ishaka</i>	<i>Jimma</i>	<i>Kochere</i>	<i>Fero</i>
<b>Original Sample:</b> Number of Respondents	144	150	249	165	158
<b>Re-Survey:</b> Target Number of Respondents	62	86	145	118	102
(Targeted Coffee Wageworkers as % Original Sample)	(43%)	(57%)	(58%)	(71%)	(65%)
Number of Respondents Actually Re-Surveyed	52	65	79	112	93
<i>Attrition Rate</i>	<i>16.1%</i>	<i>24.4%</i>	<i>45.5%</i>	<i>5.1%</i>	<i>8.8%</i>

### 2.5.3 Designing the Questionnaire for the Re-Surveys

It is often argued that surveys and re-surveys should use identical questionnaires to ensure comparability and avoid bias. However, it has already been noted that the FTEPR re-surveys were biased in the sense that they were less likely to contain the most mobile respondents and because they were not completed at precisely the same points of the harvesting season.<sup>38</sup> These are both good reasons for caution when offering explanations for the causes of differences between the results of the original and the re-survey of the coffee sites. Cautious interpretation of the results is also required because the FTEPR re-survey questionnaire differed in some important respects from the

<sup>38</sup> In different weeks of the coffee harvesting season, depending on the ripening of the coffee cherries, employers offer a varying number of days of employment (and different wage rates), so comparisons of earnings might reflect differences in the timing of the re-survey, rather than changes in coffee prices, etc.

original questionnaire, and because highly localised trends in prices of basic commodities make it difficult to estimate changes in real wages.

Budget and time constraints made it impossible to use the original, lengthy paper questionnaire in the re-surveys. The questionnaire for the re-survey was designed to focus more narrowly on wage and labour market issues; this allowed the number of questions to be halved. Important reductions in cost were also achieved in the re-survey by switching from paper to electronic data collection. Printing/duplicating costs, the costs of secure shipping to London, of data entry into SPSS and most of the data cleaning costs were all eliminated. Samsung Galaxy 10.1 tablets were used to conduct “Computer Assisted Personal Interviews” (CAPI). The costs of CAPI per respondent are estimated to have been about half the costs of using paper questionnaires.

The electronic questionnaire was designed using the Dooblo “SurveytoGo” Android-based platform (<http://www.dooblo.net/>). Piloting led to design improvements that would have been much less feasible if successive versions of the questionnaire had to be duplicated on paper. The programming of answer limitations, skip and fill rules, intelligent questionnaire navigation and a detailed set of dynamic on-screen enumerator instructions resulted in a more consistent data set, containing fewer enumerator errors than in the paper questionnaires. Routine post-interview consistency/quality checks by team supervisors in the fieldwork areas were greatly facilitated by an in-built display function that enabled a quick overview of the data without having to flick back and forward through a 40-page paper questionnaire. All new re-survey interviews were uploaded onto a server every evening, so that the entire data set was immediately available in SPSS both in London and in the field.

## **2.6 Life’s Work Histories**

Combining quantitative and qualitative evidence is now widespread in development research but remains difficult to achieve effectively. One approach is to “nest” qualitative, semi-structured interviews within the quantitative data captured in a large survey (Sender, Oya and Cramer, 2006; Shafer, 2013; Orkin, 2010). FTEPR data-linked nesting involved purposive selection of a small number of respondents from a much

larger population of survey respondents. Semi-structured interviews with selected respondents could then be combined with quantitative analysis of data covering a larger number of respondents to provide a simultaneous micro and macro perspective. This method has advantages when compared with the commonly used separate, parallel mixed-methods design (Schatz, 2012).

The original surveys, the resurveys and qualitative field notes compiled by the enumerators meant that, before the “life’s work” histories were collected in 2012, detailed information was already available concerning the mix of respondents in each FTEPR coffee research site. Rapid preliminary analysis in SPSS of the quantitative data from the surveys provided information on the degree to which each respondent suffered from relative deprivation, e.g., low scores on simple asset and educational indices. It was also possible to identify respondents who were workers in processing factories, child labourers, migrant labourers, divorced, separated and widowed women, and respondents belonging to different age cohorts. This quantitative data was used to select a group of about 25 respondents in each research site, with the explicit aim of maximising variation within the selected group. Random selection of respondents for work history interviews would have been a less efficient method. It might have resulted in a large number of very similar work histories; for example, too many histories provided by mature adult female coffee pickers, while no male factory workers, or child labourers were interviewed.

Aside from the pursuit of variation, selection also took account of the advice of enumerators, who had been instructed (before they began the quantitative surveys) to identify the “best” potential candidates for longer and less formal interviews. If enumerators judged a respondent to be exceptionally articulate and open in their response to questions, or if there were aspects of a respondent’s employment history that were either particularly atypical or typical, then these attributes were always recorded on the survey questionnaires.

Interviews for the life/work histories lasted about two hours - often considerably longer. All interviews were conducted and written up by four senior researchers with

decades of experience in African fieldwork.<sup>39</sup> The focus was on the respondent's first entry into the labour market and their subsequent experience of both wage labour and self-employment, although their reproductive history, contacts with schools and health facilities, levels and forms of debt, patterns of migration and many other topics might also be investigated. The aim was to hold an informal extended conversation, unshackled by the constraints of any requirement to run through a detailed checklist of queries. More than 80 life's work interviews were conducted with coffee wage workers and 25 with flower workers.<sup>40</sup>

As noted above, respondents in the flower and tea research sites could not be re-surveyed using the electronic questionnaire, mainly because of budget constraints. However, about 25 life's work histories of flower wagers were collected in March-April 2012. These workers were selected using the same "nesting" method as the coffee workers.

In addition, analysis of data in the original flower survey questionnaires allowed the research team to identify a group of women who appeared to have some knowledge concerning sexual harassment on flower farms. These women were invited to meet the female senior researcher, so that the issue of harassment could be discussed informally, away from their homes over coffee and soft drinks. Two specially constructed all-female focus groups, one at Tefki and the other at Ziway, met for a total of three hours each and succeeded in providing new insights into gender relations on the flower farms (see Appendix 7 for focus group protocol). The members of these focus groups were selected on the basis of detailed knowledge of their characteristics (derived from both the original quantitative survey and from qualitative work history interviews). Specifically, they were selected as, during the long questionnaire interviews, they appeared to be open and articulate, and reported that they had experienced sexual harassment/abuse, had witnessed it or reported other direct or indirect experience of

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<sup>39</sup> Young enumerators, experienced in completing lengthy questionnaires but with limited training in political economy, did not have the confidence or the skills required to investigate relevant issues with sufficient flexibility.

<sup>40</sup> Towards the end of each interview, where it was appropriate, researchers asked some respondents for their consent to having their photograph taken. Only one respondent declined.

physical or verbal abuse. It is unlikely that a less carefully constructed focus group would have provided comparable insights into these sensitive issues.

**Table 2.4: Sample overview (individuals)**

	<b>Uganda</b>	<b>Ethiopia</b>	<b>Total</b>
<i>GPS census</i>	<b>3,256</b>	<b>5,093</b>	<b>8,349</b>
<i>PDA survey</i>	<b>2,270</b>	<b>2,473</b>	<b>4,743</b>
<i>Main questionnaire survey</i>	<b>772</b>	<b>928</b>	<b>1,700</b>
<i>Longitudinal survey</i>	<b>117</b>	<b>284</b>	<b>401</b>
<i>Work history interviews</i>	<b>31</b>	<b>84</b>	<b>115</b>

### **3. Findings**

#### **3.1. Introduction**

Having presented some descriptive statistics derived from both the short electronic questionnaire and the long paper-based questionnaire, econometric techniques and Propensity Score Matching will be used to assess the confidence with which conclusions about Fairtrade can be drawn from the quantitative data. Finally, qualitative research findings will be used to make some more nuanced arguments.

This report will concentrate on presenting fieldwork results concerning participation in rural wage labour markets. There are many reasons for this emphasis, including the fact that so much of the literature on Africa flatly denies the significance of agricultural wage labour and ignores, therefore, key policy interventions to reduce poverty. Another important reason for a narrow focus stems, paradoxically, from unanticipated



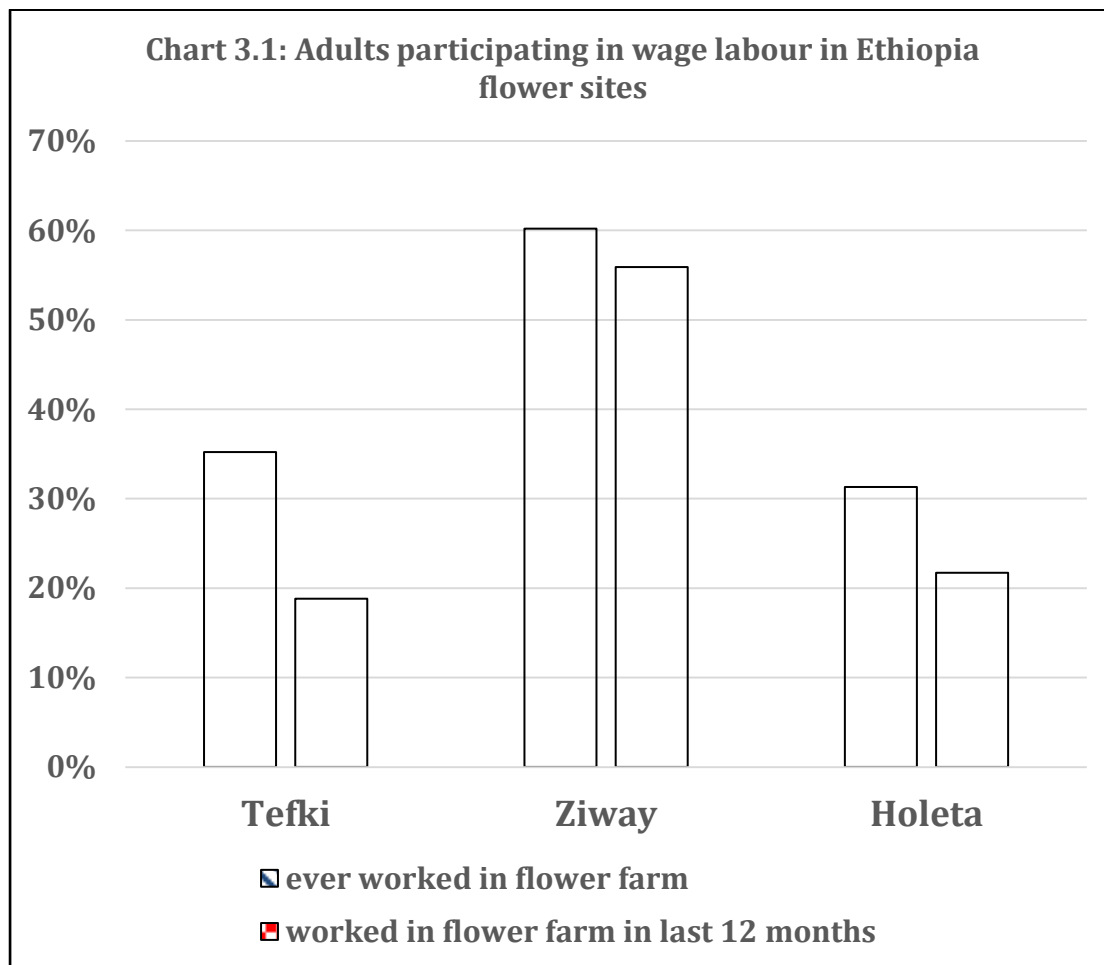
success in fieldwork: an immense volume of high-quality quantitative and qualitative socio-economic data was collected; comprehensive analysis of this rich source (by the researchers and their graduate students) should extend for at least a year beyond the deadline for the submission of this final report to funders. Initial estimates of the time required for data analysis underestimated the volume of material the project would generate and there are plans to publish additional data analysis in 2014. At the end of section 3.4 there is some discussion of the elements of an explanatory framework within which the findings make sense.

### **3.2. Prevalence of rural wage labour**

Hand-held GPS devices facilitated a complete enumeration of all the Residential Units in the areas defined for the 12 Research Sites, registering a total of 8,349 Residential Units. A large random sample of about 60 per cent of these Residential Units was used to complete a quasi-census (see above, Section 2). The quasi-census used a very short electronic questionnaire to obtain information concerning the 11,858 adults who had slept in the 5,014 sampled RUs on the night before the survey. These adults, given the size of the sample, may certainly be regarded as representative of the population aged 14 years or older in the area of the Research Sites. They are not, of course, representative of the total rural populations of Ethiopia and Uganda, especially the population living in rural areas where no or few high-value agricultural exports are produced.

It is perhaps not surprising that, in the rapidly growing town of Ziway, about 60 per cent of adults in the quasi-census reported having worked for wages on a flower farm. After all, it is common knowledge that tens of thousands of people have found wage employment on the flower farms within and adjacent to this “flower company” town. It may be regarded as more surprising that in both the Holeta and Tefki research sites in Ethiopia, where floriculture is not obviously so dominant, about a third of adults had worked for wages on flower farms during the 12 months prior to the survey (Chart 3.1). Excluding women and men older than 35 years, then an even higher proportion of those captured in the quasi-census have had experience as wage labourers. For example in

Holeta and Tefki over 45 per cent of women aged 14-35 had worked for wages to produce flowers during the three years prior to the survey (Chart 3.1).



Source: FTEPR

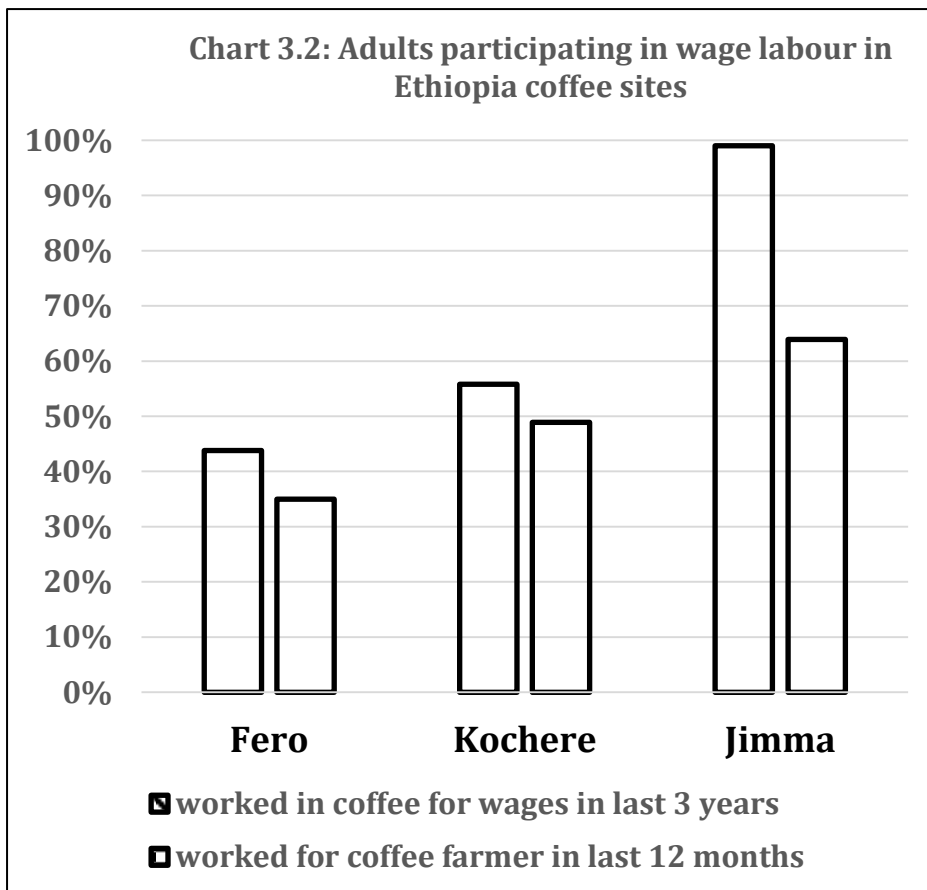
It is also not surprising that in the Jimma coffee research sites in Ethiopia, selected precisely because they contained large-scale and state owned coffee estates, almost all adults had worked for wages in coffee at some point during the previous three years. Similarly, in the Mubende research sites in Uganda, selected because they were adjacent to a large coffee estate owned by a multinational corporation, almost all adults had experience of wage work in coffee production. Much more surprising, in view of the widespread assertion that smallholder coffee and tea producers do not employ much wage labour, is the finding that in the Ethiopian smallholder coffee production research sites between a third and a half of adults had worked for wages in coffee production in the 12 months prior to the interview. In the Ugandan smallholder coffee production research sites a comparable, even slightly higher, proportion of adults had worked for

wages in coffee production, while in the main Ugandan tea smallholder research sites between 40 and 50 per cent of adults had recently worked for wages producing tea. In Kabale, only a small amount of tea was being grown at the time of research, but the well-documented historical importance of wage labour for adults in this area (Rutanga, 1989; Carswell, 2007) was confirmed by the fact that no less than 73 per cent of adults captured in the rural FTEPR quasi-census had done some work for wages in the previous 12 months (Charts 3.2 and 3.3).

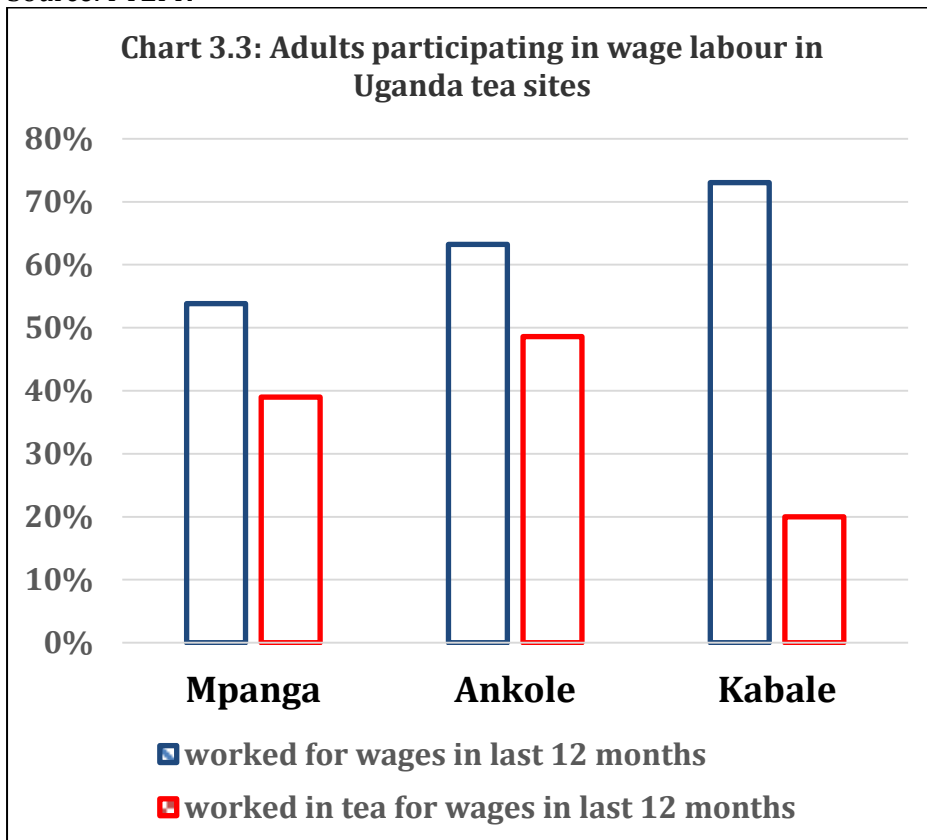
An even higher proportion of those captured in the quasi-census who were aged less than 35 years had experience as wage labourers. For example, in the Kochere smallholder coffee research site in Ethiopia a remarkable 56 per cent of *all* adults had worked for wages in coffee production at some point during the three years prior to the FTEPR survey (Chart 3.2). The proportion doing this wage work in Kochere was even higher if only those men aged less than 35 are considered (about 65 per cent); if only those women aged less than 35 are considered, the proportion was nearly as high (about 64 per cent). In the Fero coffee smallholder research site, a similarly high proportion of males aged less than 35 (almost 63 per cent) had worked for wages in coffee, but a much smaller proportion of females (almost 41 per cent) than in the Kochere site (Table 3.1).<sup>41</sup>

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<sup>41</sup> In general, a higher percentage of adults aged less than 35 have worked for wages and a higher percentage have worked for wages within the last three years than within the last 12 months.



Source: FTEPR



Source: FTEPR

**Table 3.1: Wage Labour (Participants Aged 15-35 Years) in the Quasi-Census: Participation by Gender, Research Site and Export Commodity**

	TOTAL NUMBER OF RESPONDENTS RECENT* WORK FOR WAGES	MALE (%)	FEMALE (%)
<b>COFFEE (ETHIOPIA)</b>			
KOCHERE	773 (793)	64.0 (65.4)	61.7 (63.6)
FERO	479 (486)	61.7 (62.5)	40.0 (40.6)
JIMMA	678 (952)	74.6 (97.8)	63.5 (100.0)
<b>FLOWERS (ETHIOPIA)</b>			
TEFKI	105 (184)	15.7 (34.1)	30.1 (46.6)
ZIWAY	473 (504)	51.3 (52.0)	68.0 (73.9)
HOLETA	139 (196)	23.6 (38.7)	35.5 (45.4)
<b>COFFEE (UGANDA)</b>			
ISHAKA	103 (266)	23.3 (60.4)	11.9 (39.7)
MUBENDE	383	74.6	39.2
MASAKA	(383)	(69.3)	(54.7)
<b>TEA (UGANDA)</b>			
MPANGA	137 (166)	59.5 (70.9)	27.6 (34.6)
ANKOLE	216 (257)	71.6 (80.6)	31.3 (41.8)
KABALE	(126)	(20.2)	(26.6)

\*Recent refers to wage work to produce the specified crop within the last 12 months. Bracketed data refer to wage work to produce the specified crop within the last 3 years or ever, except in the case of Ishaka, where the bracketed data refer to all types of wage work.

Source: FTEPR

The results of the short electronic questionnaire allow some important preliminary conclusions to be drawn: in *all* the areas producing export crops in both Ethiopia and Uganda, a rather large proportion of the local adult population work for wages to produce these exports; these wagers include both men and women and there are important variations in their participation rates by age and across research sites and crops (Table 3.1). The PDA electronic questionnaire also captured information about variation in the level of educational attainment among these adults (Table 3.2). These results will be discussed below, together with data on education derived from the long questionnaire, to compare the characteristics of adults who have and have not been employed as wagers in export crop production.

### 3.3. Poverty and manual agricultural wage employment

The long paper-based questionnaire was completed for 1,700 respondents. It provided very detailed information on the many types of wage employment these respondents had found, allowing the precise identification of manual agricultural jobs in the production of the specified export commodity that was the focus of interest in each research site. The researchers' impression was that the women who engage in this specific type of manual agricultural wage work were extremely poor in absolute terms and relative to other rural women. A comparison of the level of education of those female respondents engaged in manual agricultural labour for wages (FEMAGWA) with the level of education achieved by female respondents who had *not* recently done this type of job provided an initial confirmation of the relative poverty of the former.

#### 3.3.1 Education attainment, manual agricultural wage work and deprivation

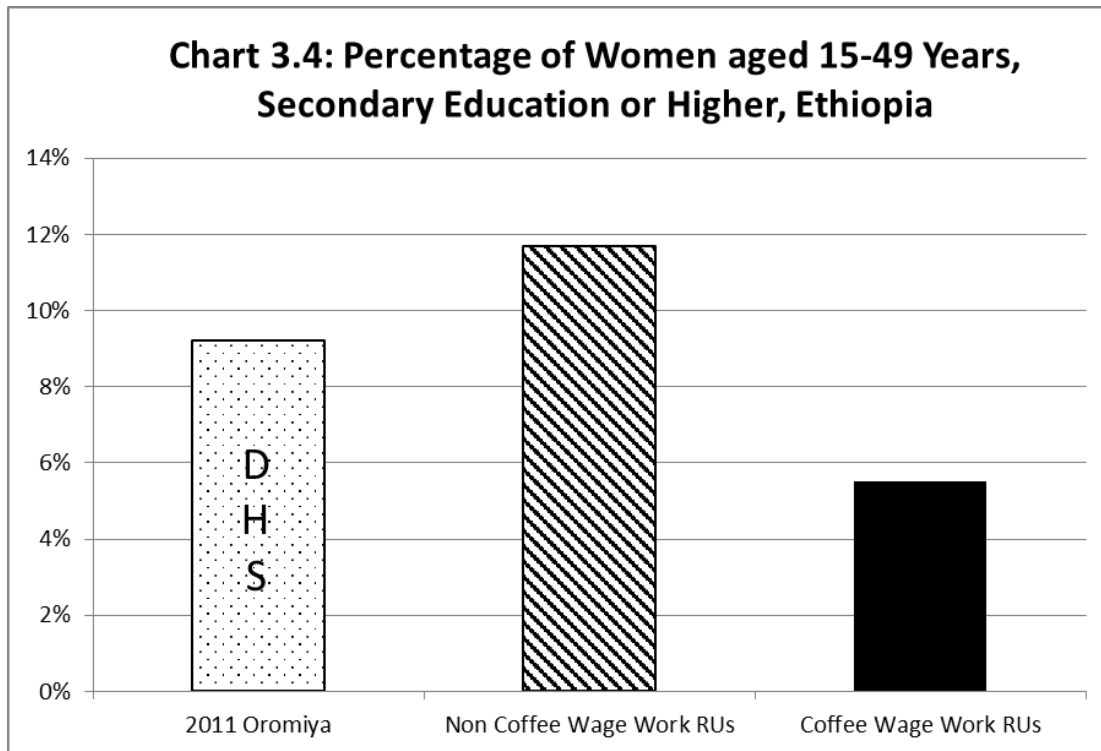
Levels of female adult educational attainment are a good proxy for socio-economic status in Sub-Saharan Africa; women with low levels of education usually live in households that are relatively deprived in terms of the nutritional status of the children in that household and in terms of many other indicators of poverty (Smith, 2003; Woldehanna, et al, 2008; Plavgo et al, 2013). For example, in both Ethiopia and Uganda the children of mothers who have completed secondary school education or higher are much less likely to be stunted than the children of mothers who had no education. In both countries the latest Demographic and Health Survey (DHS) data also show a clear association between low levels of adult female education and household membership of the very lowest wealth quintiles.<sup>42</sup>

One group of FTEPR respondents reported working as manual wage workers in coffee during the past three years; this group was defined as living in coffee wage work

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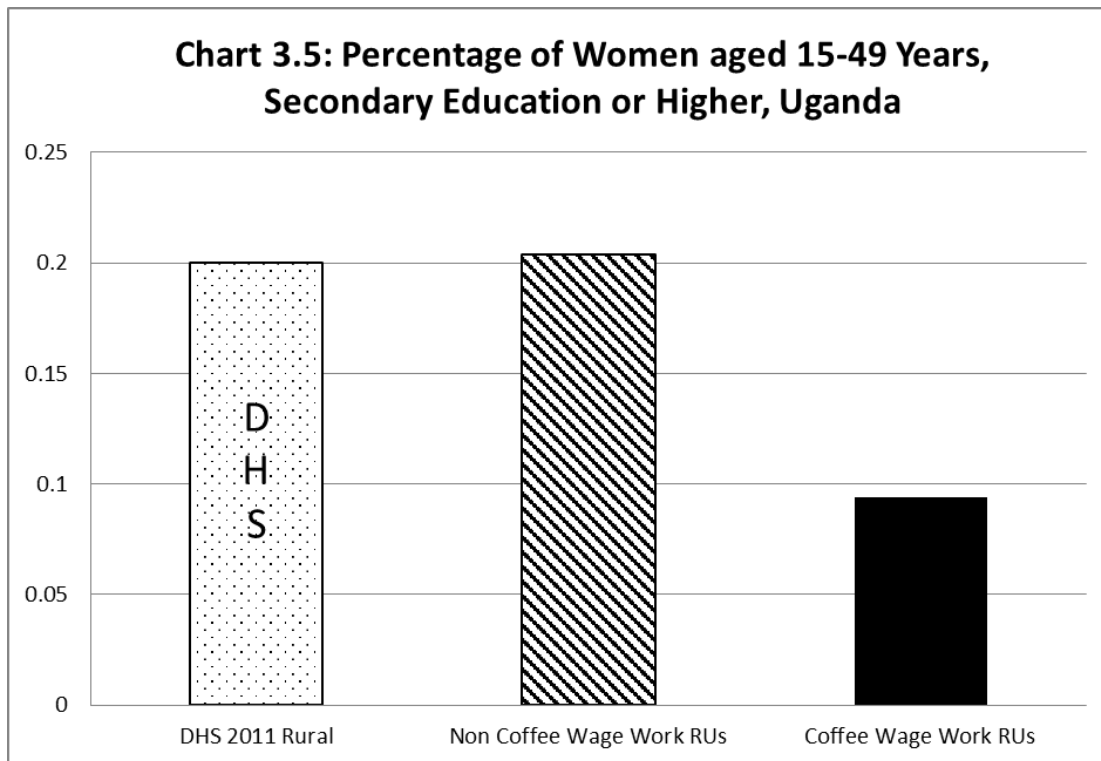
<sup>42</sup> In Ethiopia, no less than 22.5 per cent of the children of uneducated mothers were more than three standard deviations below the median of the International Reference Population for Height-for-Age, compared to 4.1 per cent of the children of mothers with secondary education or higher. In Uganda too, although the overall rural prevalence of stunting (15 per cent) is lower than in Ethiopia (21.7 per cent), the children of uneducated mothers are much more likely to be stunted - 19.1 per cent - than the children of mothers with secondary or higher education - 9.5 per cent (UBS, 2012: 159; CSA, 2012: 21). On the association between low levels of adult female education and household poverty as measured by a Wealth Index, the latest DHS provide unambiguous evidence (ibid: 38 and 31).

residential units (RUs). In these RUs very few adult women had achieved a secondary level of education or higher. In fact, only 6 per cent of these women in coffee research sites in Ethiopia, and 9 per cent of those in Uganda, had reached this level of education. In contrast, a much higher percentage of the adult women who did *not* live in these coffee wage work RUs had been highly educated: 12 per cent and 20 per cent in Ethiopia and Uganda, respectively (Charts 3.4 and 3.5).



Source: FTEPR and DHS 2011 Ethiopia (data for Oromiya region)

Not only were women living in coffee wage work RUs less educated than other females within the FTEPR survey, they were also less educated than comparable women captured in nationally representative surveys, such as the DHS, suggesting that the FTEPR survey succeeded in reaching a poorer group of rural women than the usual official surveys. In rural Uganda as a whole the DHS found that 20 per cent of adult women had completed secondary or higher levels of education. However, in some regions of Uganda, including regions surveyed by the FTEPR, the percentage of highly educated rural women was close to 30 per cent, compared to only about 9 per cent of women living in coffee wage work RUs in the FTEPR coffee research sites in Uganda.



Source: FTEPR, DHS 2011 Uganda (data for Rural sample)

The relationship between low levels of education (as a proxy for poverty) and participation in manual agricultural wage labour also emerges in an analysis of the data on education captured in the short electronic questionnaire.<sup>43</sup> A very high proportion of people who worked for wages in smallholder coffee and tea production had failed to complete primary education or had never attended school. For example, in Kochere over three quarters of wageworkers fell into this very poorly educated category, as did almost two thirds of the wageworkers in Masaka. Wage workers producing flowers at Ziway were much less likely to be poorly educated in relative terms, and the large-scale coffee producers at Mubende and Jimma also seemed to be able to avoid employing relatively badly educated workers. It is possible that the more efficient, large-scale employers use basic literacy as a screening device to select workers; in all the other research sites wageworkers were more likely than other adults to have failed to complete primary school (Table 3.2).

<sup>43</sup> Data derived from the short electronic questionnaire does not distinguish between different types of wage employment. For example, a monthly-paid supervisor in a coffee washing factory and a casually employed fieldworker picking coffee would both simply be recorded as wage employed in coffee production.



**Table 3.2: Adults Aged 15-35 Years in the Quasi-Census: Wage work Participation by Level of Education Completed, Research Site and Export Commodity**

	ADULTS WITH NO EDUCATION OR INCOMPLETE PRIMARY SCHOOLING		
	<i>% of those who had NOT worked for wages in reference period *</i>	<i>% of those who had worked for wages in reference period</i>	
<b>COFFEE (ETHIOPIA)</b>			-
KOCHERE	55%	74%	***
FERO	57%	61%	
JIMMA	60%	61%	
<b>FLOWERS (ETHIOPIA)</b>			
TEFKI	56%	66%	**
ZIWAY	27%	38%	***
HOLETA	30%	41%	**
<b>COFFEE (UGANDA)</b>			
ISHAKA	43%	62%	***
MUBENDE	61%	54%	*
MASAKA	38%	61%	***
<b>TEA (UGANDA)</b>			
MPANGA	65%	63%	
ANKOLE	57%	63%	**
KABALE	59%	60%	

\*The reference period was 12 months prior to the quasi-census in all sites, apart from Kabale, where the respondents were questioned about *any* experience of wage work producing the specified commodity

Source: FTEPR

The broad comparison in Table 3.2, which compares those who report having worked with those who do not, is then complementary to the more specific analysis from our long questionnaire. However, it is useful to investigate the dynamics of this further. The literature acknowledges that women's failure to complete primary education is probably the best predictor of poverty (Lloyd and Hewett, 2009). In the FTEPR data set, female respondents performing manual agricultural wage labour to produce the target

export crops (FEMAGWA) are much more likely to have no education at all, or at best to have an incomplete primary education, compared to other female respondents. For example, in the Ugandan coffee sites 71 per cent of FEMAGWA respondents had either no education or incomplete primary schooling, compared to 57 per cent of other female respondents – a difference that is statistically significant (Table 3.3).

**Table 3.3: Relative educational achievement of female manual agricultural wage workers**

	No of respondents defined as FEMAGWA	% of FEMAGWA respondents with no or incomplete primary school	No of female respondents defined as Non-FEMAGWA	% of female Non-FEMAGWA respondents with no or incomplete primary school	Total no of male and female respondents	
<b>Ethiopia Coffee sites</b>	153	76.5%	84	65.5%	572	*
<b>Uganda Coffee sites</b>	106	70.8%	99	56.6%	439	**
<b>Uganda Tea sites</b>	81	69.1%	89	60.7%	343	
<b>Ethiopia Flower sites</b>	139	54.7%	72	40.3%	356	**
	*significant at 10% level					
	** significant at 5% level					

Source: FTEPR

### 3.3.2 Manual agricultural wage work and asset ownership

Poverty and deprivation can usually be predicted not only on the basis of levels education, but also on the basis of access to a few simple assets that make an important difference to the quality of life. For example, if some respondents live in houses containing a kerosene lamp, a radio/cassette player and a few other assets with a similarly high income elasticity of demand, then it is not only possible to conclude that they are enjoying a higher standard of living, it is also possible use an index of these assets to predict with some confidence other household socio-economic characteristics,

including child welfare and levels of expenditure on food (Filmer and Pritchett, 2001; Christiaensen et al, 2011).

It is remarkable how few of the households where the respondent was a manual agricultural wage worker (MANAGWA households) in coffee producing areas of Ethiopia and Uganda own the simple goods that feature in most of the asset indices constructed for these two economies. For example, very few of the MANAGWA households in Ethiopia contain a kerosene lamp (10 per cent) or a mobile 'phone (12 per cent), despite the fact that there are virtually no domestic electricity connections or land lines in the surveyed RUs (Banerjee et al, 2009)<sup>44</sup>. On the other hand, it is clear that a much higher proportion of the households where the respondents do *not* work as manual agricultural wage labourers benefit from access not only to kerosene lamps and mobile 'phones (22 per cent and 24 per cent, respectively), but also to other basic assets such as radio/cassette players and farm implements (Table 3.4). It is also possible to compare access to basic assets published in recent, nationally representative surveys such as the Demographic and Health Survey (DHS) and the Ethiopia Rural Socio-Economic Survey (ERSS), to the FTEPR data on the access of MANAGWA to selected assets, i.e. radios and mobile 'phones. This comparison is also shown in Chart 3.6 and provides additional support to the proposition that MANAGWA households are much more likely to be poor than other rural households in Ethiopia.

Table 3.4 provides similar comparisons specifically for FEMAGWA respondents in coffee research sites in Uganda. Although a much higher proportion of the Ugandan than the Ethiopian FEMAGWA households contain kerosene and mobile 'phones, there is still a large difference between the level of access in the FEMAGWA and in other households, confirming the association between manual agricultural wage labour and poverty.

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<sup>44</sup> Among MANAGWA households in Ethiopia coffee sites, 89% did not have access to publicly-provided electricity and none had a fixed line phone.

**Table 3.4: Ownership of Assets by FEMAGWA Respondents and by Respondents Not Doing Waged Agricultural Work in the target sector.**

	<i>Percentage of female agricultural wage worker respondents reporting asset ownership</i>	<i>Percentage of respondents not doing manual agricultural wage work in target sector reporting asset ownership</i>	
<b>ETHIOPIA COFFEE</b>			
Mobile phone	5	24	***
Wrist watch	12	38	***
Leather shoes	45	77	***
Radio	26	44	***
Kerosene lamp	13	22	**
Torch	43	63	***
Table	45	62	***
Thermos	19	33	***
Metal or wood bedframe	36	57	***
Improved flooring	5	20	***
Cupboard/Cabinet	6	19	***
Sofa set	5	17	***
Corrugated iron roof	47	63	***
Windows	53	75	***
<b>ETHIOPIA FLOWERS</b>			
Radio	30	47	***
Torch	22	34	**
Leather shoes	61	74	**
Table	48	53	
Sofa set	2	12	***
Improved flooring	4	12	**
<b>UGANDA COFFEE</b>			
Radio	52	66	**
Kerosene lamp	31	44	**
Torch	25	38	**
Cupboard/cabinet	21	34	**
Leather Shoes	48	60	*
Table	48	54	
Bicycle	14	32	***
Improved flooring	16	35	***

	<i>Percentage of female agricultural wage worker respondents reporting asset ownership</i>	<i>Percentage of respondents not doing manual agricultural wage work in target sector reporting asset ownership</i>	
<b>UGANDA TEA</b>			
Mobile Phone	17	31	**
Wrist Watch	7	17	**
Leather Shoes	49	73	***
Kerosene Lamp	25	38	*
Torch	14	32	***
Table	56	69	*
Thermos Flask	30	41	
Sofa set	14	30	***
Cupboard /Cabinet	24	38	**

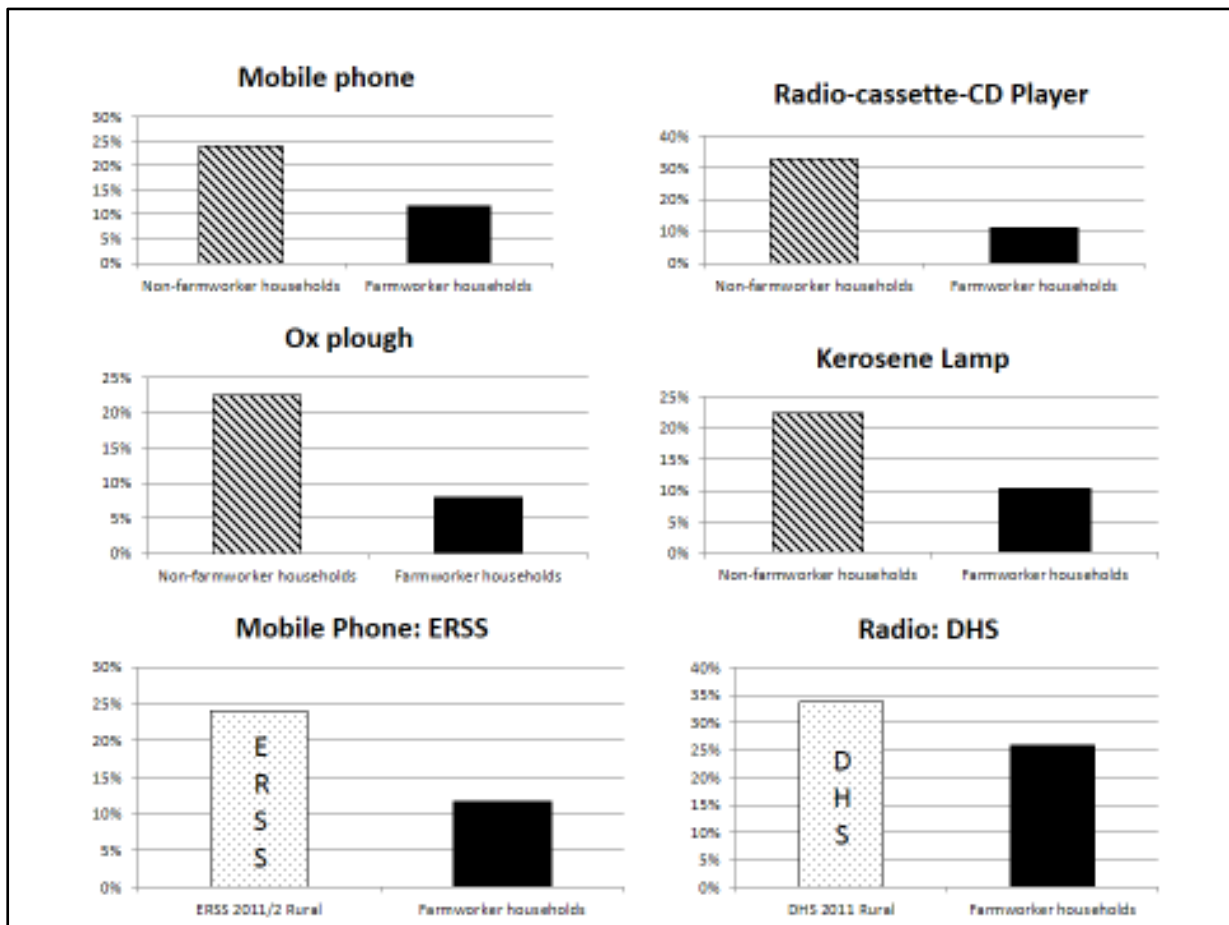
Source: FTEPR

\*significant at 10% level

\*\* significant at 5% level

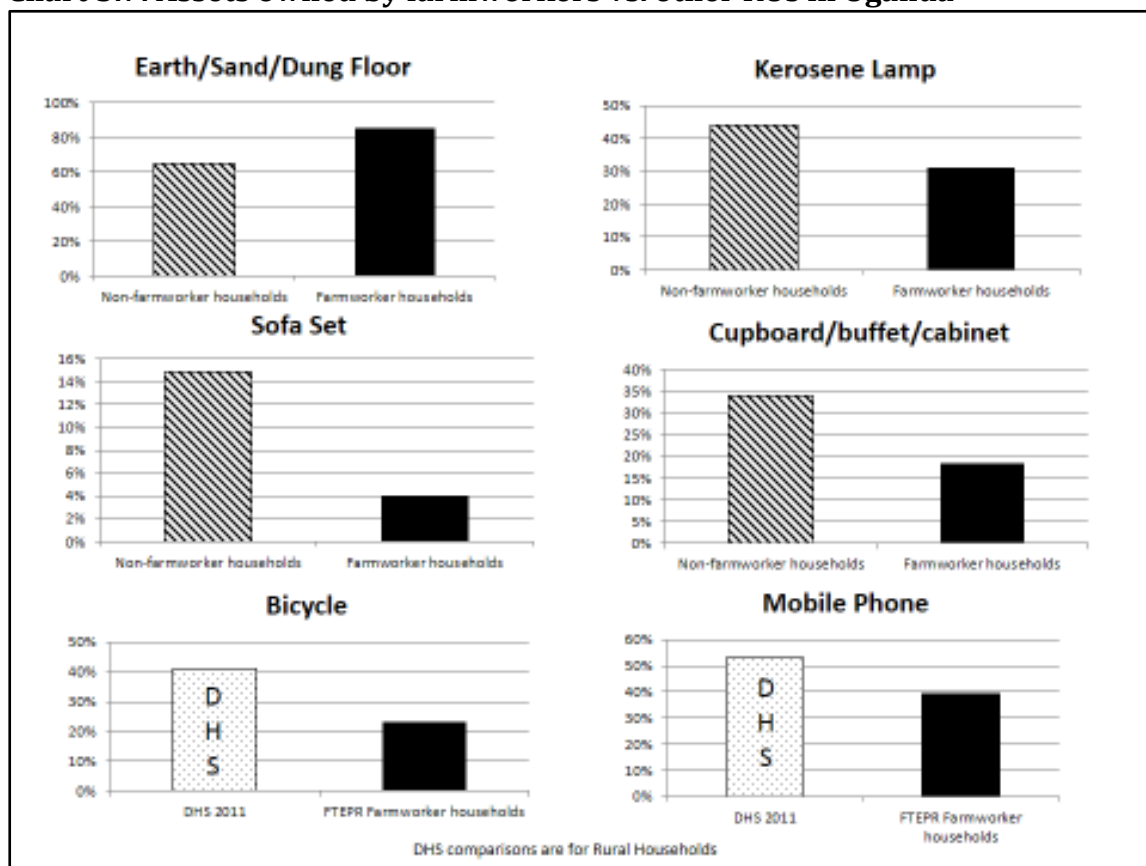
\*\*\* significant at 1% level

**Chart 3.6: Assets owned by farmworker vs. non-farmworker RUs in Ethiopia**



Source: Unless otherwise stated data is from FTEPR. Also, where indicated, Ethiopia Rural Socioeconomic Survey 2011/12 (Rural Sample), Ethiopia DHS 2011 (Rural Sample)

**Chart 3.7: Assets owned by farmworkers vs. other RUs in Uganda**



Source: Unless otherwise stated data is from FTEPR. Also, where indicated, Uganda DHS 2011 (Rural Sample)

### 3.3.3 Manual agricultural wage work and dietary deprivation

People living in the most deprived rural households are likely to face the risk of malnutrition. FTEPR did not collect anthropometric data, but did ask respondents how frequently they had consumed different types of food during the week prior to the interview. While preferred foods might vary from respondent to respondent and between research sites, some types of food are expensive and rarely eaten. If they are eaten, then the respondent’s diet may be regarded as more diversified and dietary diversity is a reliable predictor of nutritional status in rural Africa (Kadiyala and Rawat, 2013). Many of the more costly foods may be regarded as important for women’s health, such as milk/yoghurt or fish, while the consumption of other relatively expensive foods, such as bread, pasta, teff and rice (rather than sorghum or maize), is a mark of status and/or reduces the time taken for food preparation. In some contexts, basic food grains such as sorghum may be regarded as inferior goods.

If FTEPR respondents in Ethiopia and Uganda had recently been employed for wages in coffee production (MANAGWA respondents), then they were generally *less* likely than other respondents to consume meat, eggs, or wheat-based high-value foods.<sup>45</sup> In Ethiopia, the relationship between manual agricultural wage labour in coffee production and a relatively poor diet is particularly strong: MANAGWA respondents are significantly less likely than other respondents to consume a wide range of high-value foods, including milk/yoghurt and teff (Table 3.5).

In the flower production sites in Ethiopia, where male and especially female wages are higher than in coffee production, a larger proportion of all respondents consume high-value and preferred foods such as teff, pasta, chicken, and eggs. However, a significantly smaller percentage of MANAGWA respondents were able to consume milk/yoghurt, while a significantly larger percentage of MANAGWA respondents consumed inferior basic food grains such as sorghum and maize (Table 3.5). In the tea production sites in Uganda, there are statistically significant differences between MANAGWA and non-MANAGWA respondents' consumption of bread/*chapathis* and rice, which may be regarded as expensive, quasi-luxury sources of calories in rural Uganda (Haggblade and Dewina, 2010) (Table 3.6).

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<sup>45</sup> The statistical difference in dietary characteristics between manual agricultural households and others (i.e. lower consumption of nutritious foods and status foods) is even clearer if we amalgamate results for *all* manual agricultural workers, rather than only those in the target sectors (ie. other than tea, coffee and flowers).



**Table 3.5: Differences in Diet Between Respondents Reporting Manual Agricultural Wage Labour in Target Sector (MANAGWA) and Other Respondents, Ethiopia**

<i>Consumes Item at Least Once Per Week</i>	<i>Percent of MANAGWA Respondents</i>	<i>Percent of NON-MANAGWA Respondents</i>	
	<i>Coffee Production Sites in Ethiopia</i>		
Meat	28	36	*
Teff	37	51	**
Pasta	17	29	***
Chicken	1	4	
Eggs	15	25	***
Milk/Yoghurt	33	43	**
Maize	90	89	
Sorghum	39	38	
<i>Consumes Item at Least Once Per Week</i>	<i>Flower Production Sites in Ethiopia</i>		
Meat	24	28	
Teff	94	92	
Pasta	42	47	
Chicken	9	9	
Eggs	31	35	
Milk/Yoghurt	30	44	***
Maize	65	55	*
Sorghum	39	28	**

Source: FTEPR

\*significant at 10% level

\*\* significant at 5% level

\*\*\* significant at 1% level

**Table 3.6: Differences in Diet Between Respondents Reporting Manual Agricultural Wage Labour in Target Sector (MANAGWA) and Other Respondents, Uganda**

<i>Consumes Item at Least Once Per Week</i>	<i>Percent of MANAGWA Respondents</i>	<i>Percent of NON-MANAGWA Respondents</i>	
	<i>Coffee Production Sites in Uganda</i>		
Beef	26	38	***
Bread/Chapathi	40	52	**
Chicken	4	1	
Rice	25	28	
Eggs	12	22	***
Milk/Yoghurt	42	50	
Dried Fish	16	28	***
<i>Consumes Item at Least Once Per Week</i>	<i>Tea Production Sites in Uganda</i>		
Beef	33	41	
Bread/Chapathi	27	36	*
Rice	25	34	
Chicken	1	1	
Eggs	18	18	
Dried Fish	3	9	**
Milk/Yoghurt	49	50	
Sorghum	24	36	**

Source: FTEPR

\*significant at 10% level

\*\* significant at 5% level

\*\*\* significant at 1% level

### 3.3.4 The Prevalence of Divorced, Separated and Widowed Women

Previous research in rural Africa has established a strong relationship between labour market participation and female divorce or widowhood. There is also good evidence from elsewhere in Africa that formerly married women, especially widows, live in households that are much poorer than other rural households (Oya and Sender, 2009). A further indicator of severe deprivation in these households is the fact that the children of divorced and separated women, in a sample of nine Sub-Saharan African countries, are much more likely to die before the age of five than children with currently married parents (Clark and Hamplová, 2013). Marital status is, therefore, another useful proxy for the degree of female deprivation and vulnerability.

The DHS has recently published nationally representative statistics for Uganda and Ethiopia on the proportion of women (aged 15-49 years) who were divorced, separated and widowed (DSW) in the first half (Ethiopia) and second half (Uganda) of 2011. Unfortunately, the DHS did not publish disaggregated statistics for the rural and urban percentages of DSW women. However, it may be assumed that using the national data from the DHS over-estimates the rural prevalence of divorce and separation, because urban and more educated women are usually more likely to be divorced.<sup>46</sup> Bearing this caveat in mind, the published DSW prevalence rate for Uganda is somewhat higher than for Ethiopia (13.1 per cent versus 10.6 per cent), but these rates are very much lower than the prevalence found in the FTEPR surveys, confirming that the FTEPR captured women who are more vulnerable than the women covered by nationally representative surveys. The highest DSW prevalence rates in the FTEPR data were for the Mubende coffee site in Uganda, where the rate was about three times higher than suggested in the DHS data - an astonishing 36 per cent of the female respondents aged 15-49 years fell into the DSW category in Mubende.<sup>47</sup> If a wider age-range of the FTEPR female respondents, including respondents older than 49 years is considered, then the DSW percentage at Mubende is even higher (41 per cent), as it is in all the Ugandan research

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<sup>46</sup> Analysis of earlier DHS's in Ethiopia, for example, indicates that DSW prevalence in rural areas is only about 60 per cent of DSW prevalence in urban areas (Bitew and Telake, 2010).

<sup>47</sup> An interview with a manager from the nearby coffee estate, who was responsible for labour recruitment, said that it was extremely difficult to recruit anyone who had access to their own farm land. For this reason, migrants from land-scarce regions and women who lacked secure access to land through an adult male were the majority of workers on the estate.

sites when older women are included (Table 3.7). This is unsurprising, since the probability of widowhood (and of divorce/separation) increases with age. However, the highest DSW prevalence rates at Mubende, and at all the other Ugandan research sites, were found amongst those female respondents who had recently worked for wages in coffee and tea production (FEMAGWA). Prevalence was nearly as high as the FEMAGWA rate for female respondents who had recently worked for wages producing *any* crop, but a much lower percentage of non- FEMAGWA respondents were DSW (Table 3.7). Once again, these data from Uganda suggest that all women who perform agricultural wage labour are likely to be more deprived and vulnerable than rural women who do not participate in this low-status labour market.

**Table 3.7: Percentage of Divorced, Separated and Widowed Women in Uganda: by Research Site, Age Group and Wage Employment Experience**

	Coffee sites				Tea sites			
	Mubende	Masaka	Ishaka	avg coffee	Mpanga	Ishaka/ Ankole	Kabale	avg tea
Female PR 15-49	36%	25%	23%	27%	27%	16%	17%	19%
Female 15-49 (ALL in roster)	24%	19%	14%	19%	15%	13%	13%	14%
Female PR (all ages)	41%	33%	31%	34%	43%	19%	25%	28%
all ages	Mubende	Masaka	Ishaka	avg coffee	Mpanga	Ishaka/ Ankole	Kabale	avg tea
FEMAG (focus crop)	50%	41%	32%	42%	47%	27%	35%	34%
non FEMAG	19%	27%	29%	26%	40%	8%	18%	23%
female manual agr WL (all crops)	46%	35%	39%	40%	47%	26%	25%	29%
Average ages								
For PRs	Mubende	Masaka	Ishaka	avg coffee	Mpanga	Ishaka/ Ankole	Kabale	avg tea
Female	31.8	37.7	35.0	35.1	37.4	32.2	30.1	32.9
Male	28.6	35.9	34.1	32.5	34.8	35.8	32.6	34.7

Source: FTEPR

Results from Ethiopia on the prevalence of DSW are less dramatic, but in some sites point in the same direction as the Ugandan results. The DSW rate for the FTEPR respondents aged 15-49 is higher than national DHS rate (10.6 per cent) for respondents in the same age group in one of the coffee research sites (Jimma – 14 per cent) and much higher in two of the flower research sites (Tefki and Holeta, 18 per cent and 23 per cent respectively). As in Uganda, when older respondents are included in

the analysis, much higher DSW rates are observed in all research sites, although the DSW rate remains very low in the Ziway flower site, where the average age of the female respondents is significantly below the average age of the respondents in all the other Ethiopian research sites (Table 3.8). When a larger number of women is considered, by including all the women in the age group 14-49 that are recorded in the roster of people linked to the respondent, then the Kochere coffee research site also appears to have a higher DSW rate (16 per cent) than the rate recorded by the DHS, while the extremely high DSW rates in Jimma, Tefki and Holeta are re-confirmed.

There are remarkably high DSW rates in Holeta (50 per cent), as well as in Kochere and Tefki (32 per cent and 31 per cent, respectively), among the non-FEMAGWA respondents, i.e. respondents who have *not* recently worked for wages to produce flowers and tea (Table 3.8). These and other contrasts across research sites between patterns of female labour market participation, DSW rates and other individual attributes such as age raise questions that careful analysis of the FTEPR data set may be able to answer in the future. At this stage, it is sufficient to emphasise that many women captured by the FTEPR surveys in Ethiopia, both wage workers and other women, should be regarded as more vulnerable than other Ethiopian women because they are more likely to be divorced, separated or widowed.

**Table 3.8: Percentage of Divorced, Separated and Widowed Women in Ethiopia: by Research Site, Age Group and Wage Employment Experience**

	Coffee sites				Flower sites			
	Jimma	Fero	Kochere	<i>avg coffee</i>	Tefki	Ziway	Holeta	<i>avg flowers</i>
<b>Female PR 15-49</b>	14%	6%	4%	9%	18%	2%	23%	14%
<b>Female 15-49 (ALL in roster)</b>	9%	7%	5%	7%	16%	9%	19%	14%
<b>Female PR (all ages)</b>	20%	9%	16%	16%	23%	3%	31%	19%
<i>all ages</i>	<i>Jimma</i>	<i>Fero</i>	<i>Kochere</i>	<i>avg coffee</i>	<i>Tefki</i>	<i>Ziway</i>	<i>Holeta</i>	<i>avg flowers</i>
<b>FEMAG</b>	21%	7%	8%	14%	18%	4%	20%	14%
<b>non FEMAG</b>	18%	10%	32%	19%	31%	0%	50%	31%
<b>FEMAG (all crops)</b>	21%	7%	8%	14%	17%	4%	21%	14%
<b>Average ages</b>								
<i>for PRs</i>	<i>Jimma</i>	<i>Fero</i>	<i>Kochere</i>	<i>avg coffee</i>	<i>Tefki</i>	<i>Ziway</i>	<i>Holeta</i>	<i>avg flowers</i>
<b>Female</b>	31.8	26.9	36.5	32.1	29.0	23.7	32.6	28.6
<b>Male</b>	29.5	28.8	27.7	28.8	28.7	28.3	33.4	30.1

Source: FTEPR

### 3.3.5 Summary

In areas producing export commodities, it has been shown using a variety of poverty indicators that households containing manual agricultural waged workers, especially female manual agricultural waged workers, are likely to suffer from more severe deprivation than other rural households. Standards of living in these relatively deprived households will depend upon wages and working conditions. The next section analyses FTEPR data on wages and working conditions and pays particular attention to comparisons between those working for wages in Fairtrade certified production sites and those working in other production sites.

### 3.4 Comparing wages and working conditions in Fairtrade certified production and other production

Descriptive analysis of FTEPR data (i.e. differences in *average* wages) finds that Fairtrade certification appears to have had no positive effect on either wages or working conditions of manual agricultural wage workers. Indeed, in the case of the

poorest manual agricultural wage workers, i.e. females, work in research sites where there was a Fairtrade certified producer organization is associated with *lower* wages than work in sites where there was no Fairtrade certified production. As Table 3.9 shows, for example, female wage workers working in areas containing Fairtrade certified producers earn, on average, between 71 and 85 per cent of wages earned by women working in areas where there was no certified production, across both countries and all commodities studied.<sup>48</sup>

**Table 3.9: Fairtrade certified (average) daily wages as a percentage of non-Fairtrade certified (average) daily wages**

	<b>Female manual agricultural workers</b>	<b>Male manual agricultural workers</b>	<b>Total manual agricultural workers</b>	<b>Total sub-sample (N)</b>
<b>Coffee sites Ethiopia</b>	71%	62%	67%	433
<b>Coffee sites Uganda</b>	85%	110%	99%	282
<b>Flowers sites Ethiopia</b>	71%	59%	67%	225
<b>Tea sites Uganda</b>	71%	67%	74%	206

**Notes:** 1. These calculations refer to the sub-sample of manual agricultural workers in each target commodity, i.e. we compare the average daily wages among manual coffee/flower/tea workers by certification status. The calculated wages therefore exclude respondents working for wages in other commodities. 2. Values are calculated nominal daily wage rates. Methods of payment may have been in the form of piece-rates, task-rates, daily and monthly pay. Each modality was translated into daily equivalents. 3. All mean differences are statistically significant at 1% level except for differences in wage rates for the overall sample of coffee wage workers in Uganda.

Source: FTEPR

A great deal of effort was made to calculate consistent data on the daily wages upon which Table 3.9 (and subsequent charts presenting evidence on average daily wages) are based. It was necessary to examine the responses in different sections of the long, paper-based questionnaire, to consider the variety of payment methods (monthly, daily, piece-rate and task-rates), to triangulate various pieces of information on duration of tasks and targets achieved in a day, and to examine detailed comments on each questionnaire by the enumerators, which were complemented with many qualitative

<sup>48</sup> For details of implicit estimated daily wage rates, including the absolute levels of daily wages expressed in current Bir/Shs in each production site, see Tables A1.1-A1.5 in Appendix 1.

interviews, to arrive at implicit estimates of the “daily wages” received by different workers. In Ethiopian and Ugandan rural labour markets payments take a bewildering variety of forms. In order to collect data that allow for comparison of levels and forms of payment, FTEPR researchers went to great lengths during the training of enumerators and research supervisors, and took care in designing and piloting survey instruments and qualitative interviews, to ensure careful attention was paid to the complexity of forms of payment.<sup>49</sup> For example, when gathering evidence on task rate payments, it is often difficult for respondents to be sure how many hours or days it took to weed a given area of land or for enumerators always to be sure how to assess the balance between payment in kind and in money or to subtract the contribution of help provided, where it was, by the respondents’ family. Similarly, payments for harvesting coffee are usually piece rate based, but there are local variations in units of measurement and respondents may not be able to recall the amount of time “normally” taken to harvest a given weight or volume of coffee cherries.

The results shown are expressed in terms of nominal wages since the interviews for each phase commodity/site were undertaken within the same period. The only exception was in Uganda, where one site (Mubende, where there was non-Fairtrade certified coffee production and a large-scale employer) was surveyed in January 2011 while Masaka (non-Fairtrade certified and a mixture of small and large-scale) and Ishaka (Fairtrade certified and small scale production) coffee sites were surveyed several months later - over the period May-July 2011.<sup>50</sup> Qualitative research showed that piece-rates and daily wages did not usually change significantly after a few months, but all comparisons in terms of nominal wages should be regarded with a degree of caution. It is quite possible that estimated daily wages for Mubende may be slightly *underestimated* in relation to calculated wage rates in the other sites because of the time lag and the possibility that higher nominal wage rates prevailed in May-July compared to January. This would mean that the higher average wages paid in non-Fairtrade certified production in Ugandan coffee and on large-scale farms than on Fairtrade and smaller farms are under-estimates.

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<sup>49</sup> Data cleaning to ensure the accuracy of estimates of implicit daily wages absorbed several weeks of intense work by FTEPR staff and hired research assistants.

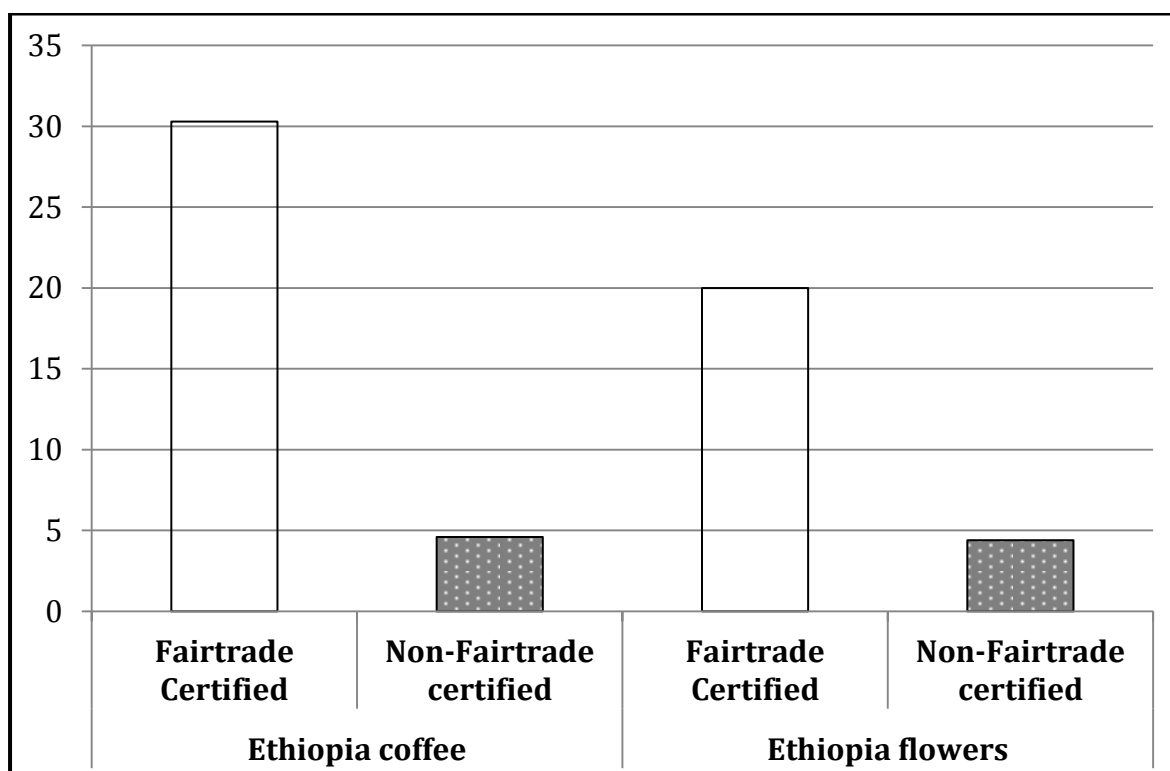
<sup>50</sup> This was a result of the different times of the coffee harvest between central and southern/south-western Uganda.



### 3.4.1 Comparing average wage rates, extremely low wages, and high wages

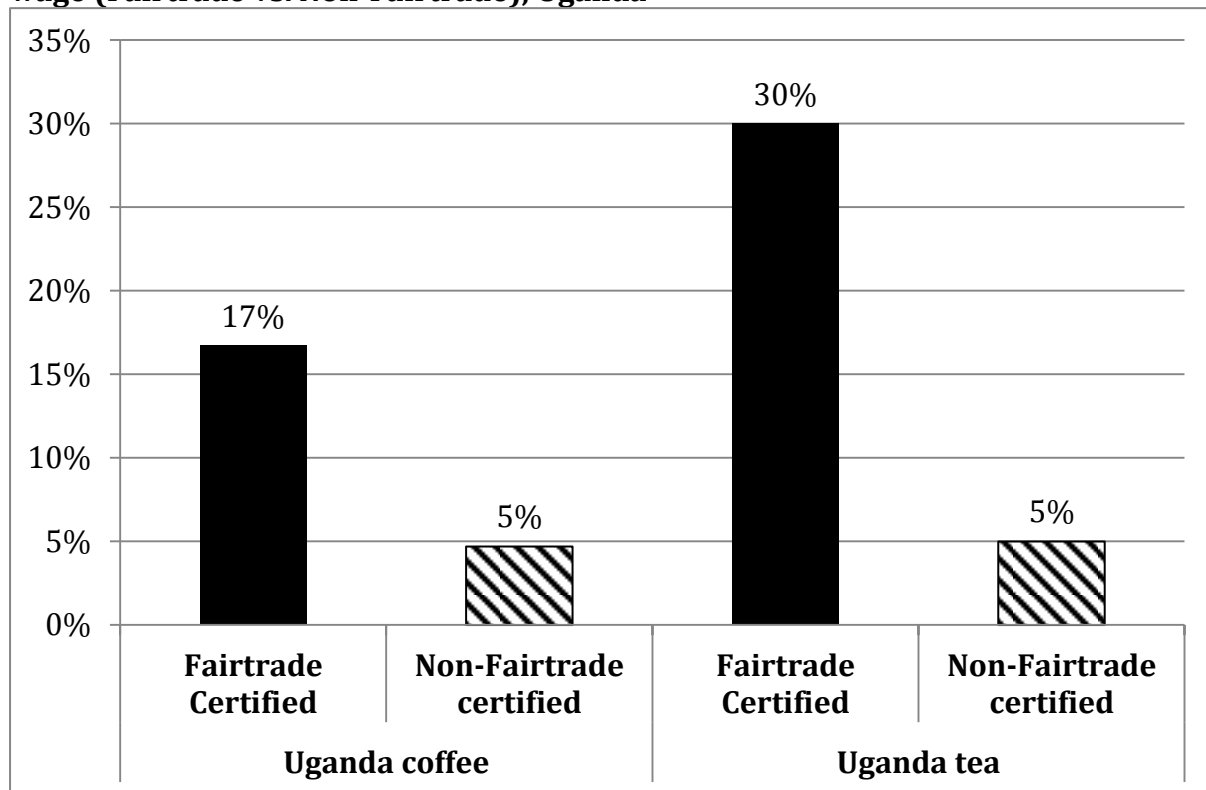
Daily wage rates vary. Analysing comparisons both for higher paid workers and for those paid significantly below the median wage rate reinforce the findings reported above. For example, Charts 3.8 and 3.9, below, compare the proportion of workers earning very low wages (less than 60 per cent of the median wage for manual agricultural wage workers) in research sites dominated by Fairtrade certified and non-Fairtrade certified production, in Ethiopia and Uganda respectively. In every case a much higher proportion of workers producing commodities in areas dominated by a Fairtrade certified producer organization earn extremely low wages. In the most extreme example, Ethiopian coffee, more than 30 per cent of workers in Fairtrade certified production earn below 60 per cent of the median wage, compared with less than 5 per cent of those working in non-Fairtrade certified production.

**Chart 3.8: Proportion of workers with wages below 60 per cent of the median wage (Fairtrade vs. Non-Fairtrade), Ethiopia<sup>a</sup>**



**Note a:** The median wage refers to the median wage received by manual agricultural wage workers in either coffee or flower production. Given the overall low level of daily wages, any value below 60% of the median reflects an extremely low daily wage rate. In Ethiopia median wages for manual coffee jobs were ETB 10 whereas the median wage in manual jobs in flowers was higher at ETB 12.5. The 60 per cent equivalent of these two wage levels was, therefore, ETB 6 and ETB 7.5 respectively ([Source](#): FTEPR).

**Chart 3.9: Proportion of workers with wages below 60 per cent of the median wage (Fairtrade vs. Non-Fairtrade), Uganda**

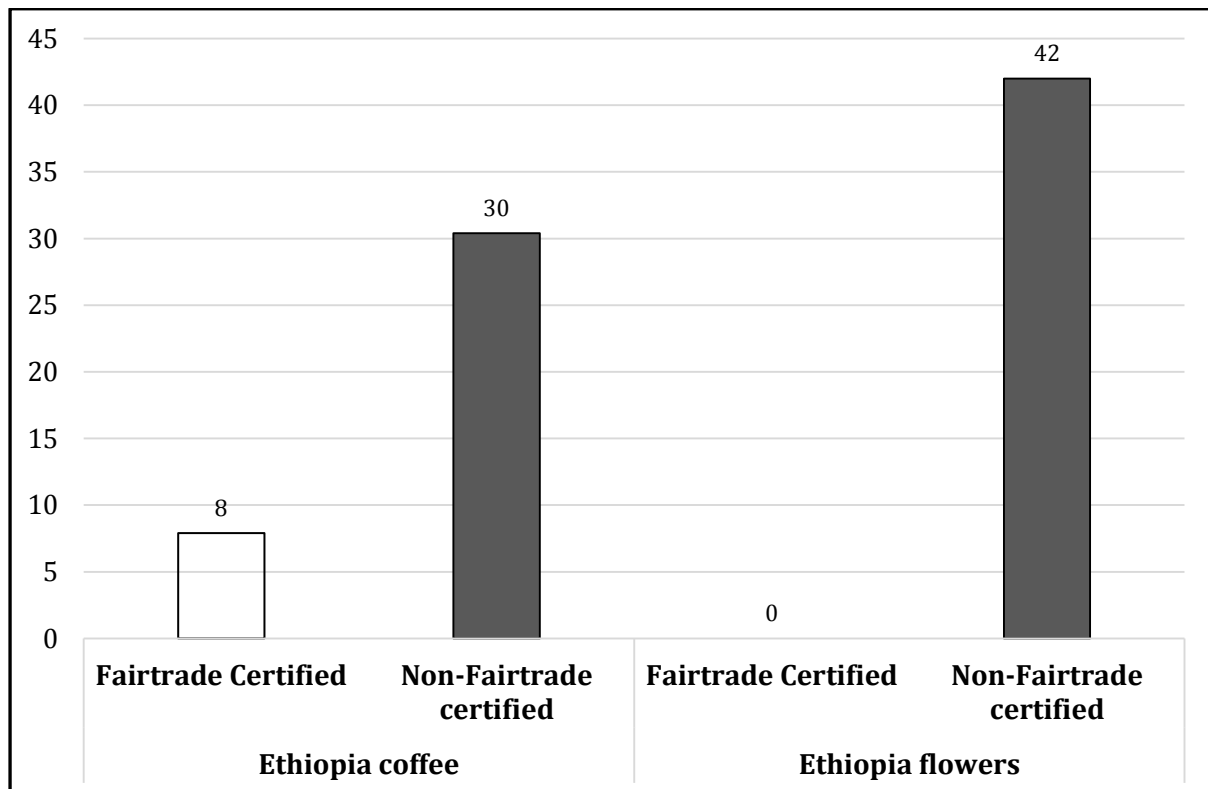


Note: In Uganda the median wage for coffee and tea ranged between UGX 2,250 and 2,500 at the time of the first surveys, so 60 per cent of the median is equivalent to UGX 1,500 or less per day, i.e. a remarkably low wage (Source: [FTEPR](#)).

Another group of manual agricultural wage workers is relatively well paid. The best paid manual workers – i.e. the top 20-30 per cent of the earnings distribution – are more likely to be engaged in producing non-Fairtrade certified commodities. This is generally clear in Charts 3.10 and 3.11. For example, in Ethiopian flower production, none of the relatively well-paid manual workers worked for a Fairtrade certified producer organization; whereas, on non-Fairtrade certified flower farms 42 per cent of manual workers are relatively well paid. The only exception appears to be Ugandan coffee production, where a 27 per cent of manual agricultural wage workers in areas with a Fairtrade certified producer organization earned more than UGX 3,000 per day (at time of survey) compared to 15 per cent in non-Fairtrade certified production. However, this small group is essentially dominated by a segment of better paid *male* workers (as also reflected in Table 3.9). Combined with the information on frequencies of workers earning less than 60 per cent of the median wage this exception implies a much bigger gap between the lowest paid workers and the highest paid workers in

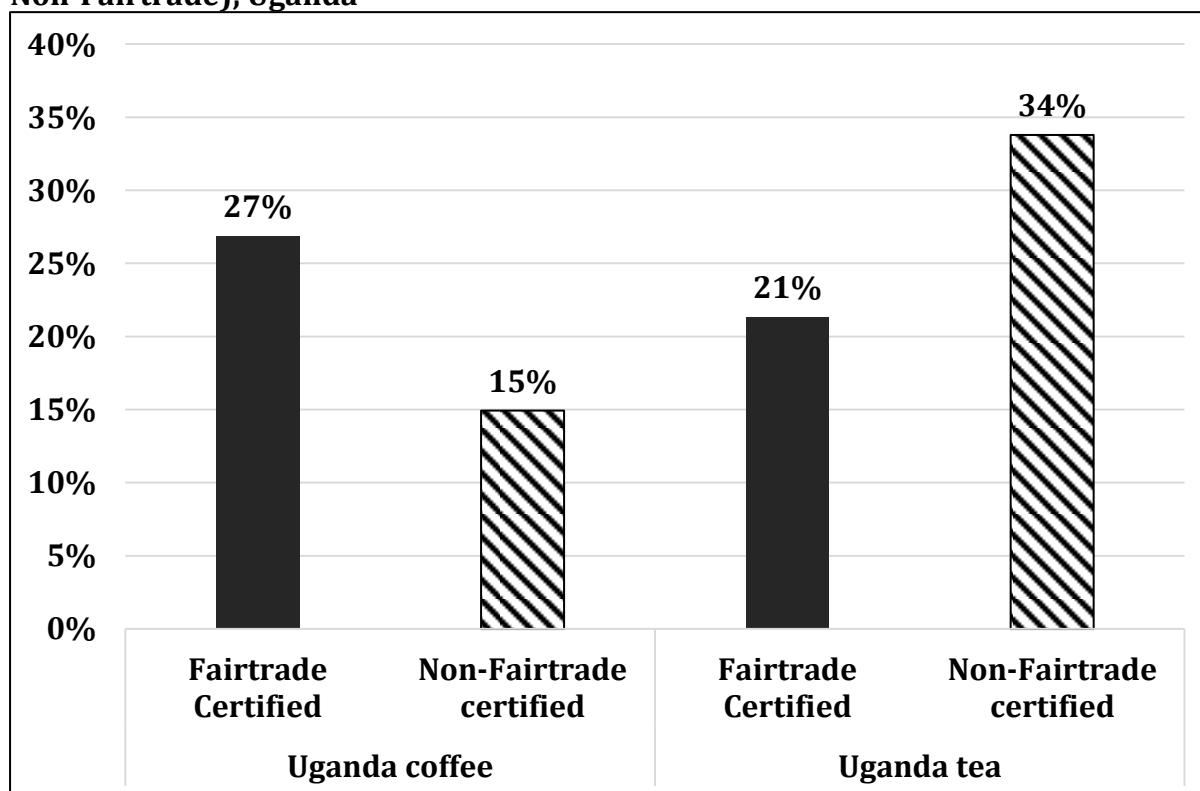
areas containing Fairtrade certified producers. Tea production areas replicate the pattern observed in Ethiopia as a larger proportion (34 per cent vs. 21 per cent) of non-Fairtrade workers, including many women, earned more than UGX 3,000 per day.

**Chart 3.10: Percentage of wage workers with 'high wages' (Fairtrade certified vs. Non-Fairtrade)<sup>a</sup>, Ethiopia**



Note <sup>a</sup>: 'High wages' reflect the wage levels of the best paid quintile in the sample in Ethiopia, established at a level of ETB 14 and those earning UGX3,000 or more in Uganda (about the top 30 per cent of the sample). Source: FTEPR

**Chart 3.11: Percentage of wage workers with 'high wages' (Fairtrade certified vs. Non-Fairtrade), Uganda**



Source: FTEPR

### 3.4.2 Regression analysis and Propensity Score Matching

The differences between daily wage rates in areas dominated by Fairtrade certified producer organizations and those without any Fairtrade production in Table 3.9 and Charts 3.8-3.11, above, are clear. But these differences might have been caused by intervening factors that are correlated with Fairtrade certification. Regression analysis makes it possible to control for some of these factors: the scale of production, the gender, education, the time in job, socioeconomic status of respondents, and other job characteristics (free meals, housing, payment delays, etc.). The factors most significantly correlated with wages are: large-scale (+), male (+), primary school completed (+), household size (+), and Fairtrade certification (-), though significance varies. In general, the regression results confirm that differences in wages between Fairtrade and non-Fairtrade are both highly significant and large (between 20 per cent and a 28 per cent difference in coffee in Ethiopia and Uganda; and around 40 per cent in Uganda tea). These results are presented in detail in Tables A3.1-A3.4. The negative magnitude of the Fairtrade certification coefficient, even once other factors have been controlled for is

striking. Taking these regression results literally would mean, for example, that in Ugandan coffee production areas, a day's work in a manual job by a worker (in terms of) on a small-scale farm in a *non-Fairtrade certified* production area is paid significantly *more* than a similar job in an area with a Fairtrade certified producer organization done by a worker similar in terms of gender, age, education and other attributes.<sup>51</sup>

While regression analysis allows researchers to control for a variety of factors underpinning wage levels, another technique called propensity score matching (PSM) can be applied to refine the analysis. PSM performed on jobs in coffee (Uganda and Ethiopia) and in tea confirms the findings of the regression analysis. PSM provides an additional check on the significance of the variable of interest (Fairtrade certification) by matching observations that are very similar (thus 'matched') on a variety of dimensions both from certified and non-certified jobs, thereby controlling for intervening factors. Hence, PSM is useful in trying to address the risk of selection bias in a hypothetical causal relationship by mimicking a 'control group' – asking to what extent Fairtrade certification “causes” a higher or lower wage rate.<sup>52</sup>

The PSM results confirm the sign and statistical significance of the Fairtrade factor, meaning that daily wage rates in areas containing a Fairtrade certified production unit are still *significantly lower* when comparing very similar groups of workers in terms of their individual characteristics (gender, age, education, time in job, socio-economic status, etc.) and the employers' characteristics (farm scale and other indicators of work conditions). In other words, a relatively poor 25-year old Ethiopian woman with no schooling, working for a small-scale farmer producing Fairtrade certified coffee who does not offer other non-wage benefits, will receive on average *lower* wages than another Ethiopian woman with very similar characteristics (poverty, age, education, non-wage benefits, employer farm's scale, etc.) working on a small farm producing non-Fairtrade certified coffee. There are no strong reasons to believe that geography or

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<sup>51</sup> See Methodological note on RA and PSM analysis in Appendix 2.

<sup>52</sup> However, individual workers or producers are not selected directly as Fairtrade certified/non-certified; rather, sites are selected where the probability that employers were members of a certified producer organisation was very high. Therefore, it remains difficult to claim that Fairtrade directly contributes to reduced daily wages; the direction of causality is still problematic when using PSM.

location, in and of themselves, cause such differences in daily wage rates between smallholder FTEPR research sites.

The two smallholder coffee research sites in Ethiopia were selected because they *both* had well-established reputations for producing coffee that received high prices to reward excellent quality. During scoping and research visits the research team had the impression that the Fero site was more prosperous - closer to urban administrative, medical and educational facilities, more fully stocked shops, etc., though it was also observed that there was a relatively high population density and a large number of people with very small plots of land. However, an analysis of the assets owned by all respondents in these two sites failed to provide conclusive evidence of higher standards of living in Fero. For example, a similar proportion of respondents in both sites could be considered poor because they did not own mobile phones or thermos flasks, and did not live in a house with corrugated iron roof, a bed or a sofa set.<sup>53</sup>

The PSM results consistently hold for comparisons of coffee workers in Ethiopia and Uganda (see Tables A4.1-A4.4 in Appendix 4). Although daily wage rates are an important aspect of working conditions for manual agricultural workers in coffee, tea and flower production areas, wage rates may be offset or reinforced by other factors. These will be explored in the following sections.

### **3.4.3 Comparing job duration**

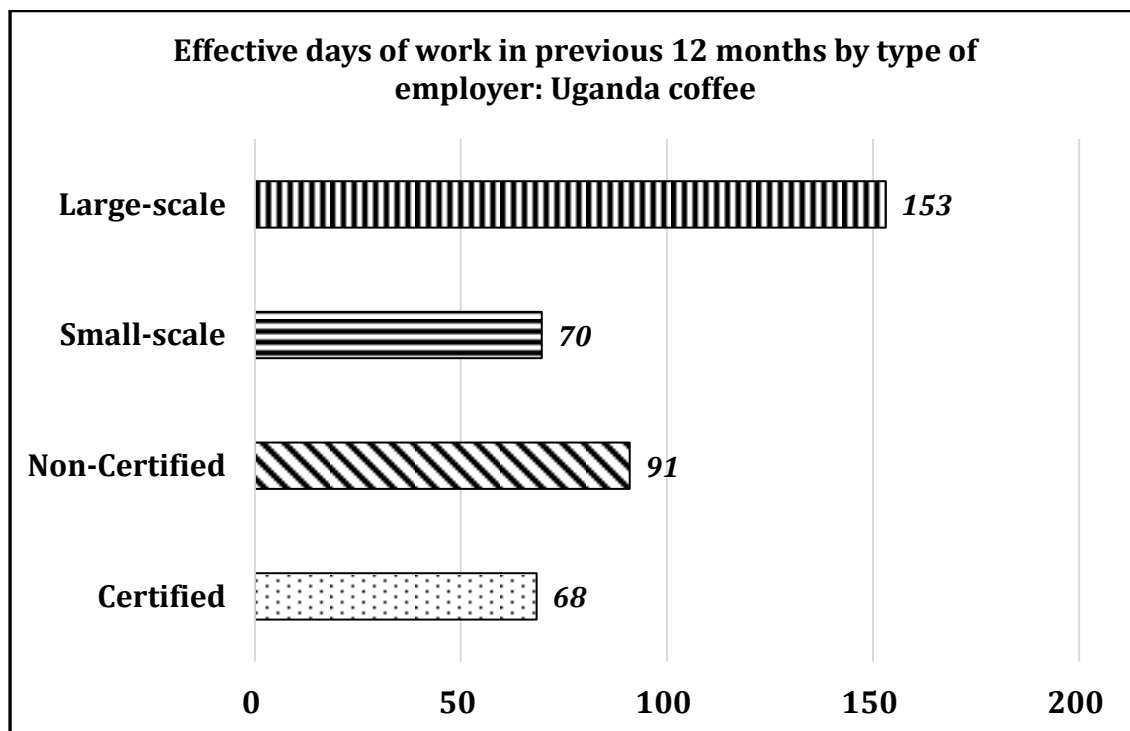
The annual incomes of poor rural wage workers are determined by both daily wage rates and, perhaps even more importantly, by the number of days of employment they are able to obtain. For example, most wage work in coffee and tea production is seasonal. The most fortunate manual workers in the FTEPR coffee sample were those who secured employment on a large-scale coffee production unit in Uganda. On average, these (daily or monthly paid) workers were paid for 153 days of work during the 12 months prior to the survey. In contrast, workers on small-scale coffee producing farms

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<sup>53</sup> See also section 3.4.8 for additional comparisons that attempt to control for location-specific factors.

in Uganda were on average only able to find 70 days of paid work.<sup>54</sup> The least fortunate were those employed in research sites selected because they contained a Fairtrade certified producer organization, who secured only 68 days of paid work on average (Chart 3.12).<sup>55</sup> Manual wage workers in Ethiopian coffee production had on average fewer days of paid employment, especially those working for small-scale and for Fairtrade certified producers (Chart 3.13).

**Chart 3.12: Job duration for coffee wage workers, Uganda**



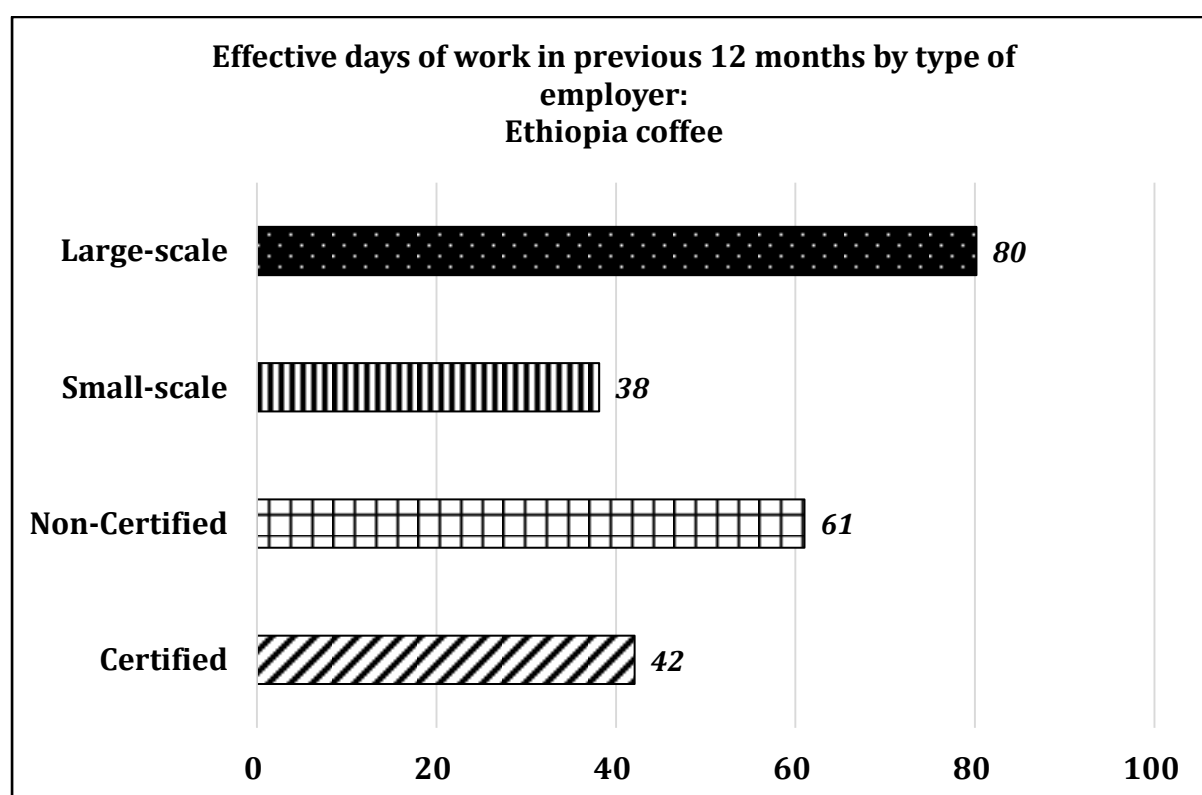
Notes: 1/ These figures are for comparable samples of manual coffee workers paid on a daily or monthly basis. 2/ The duration refers to individual jobs. 3/ 'certification' refers to Fairtrade certification. Source: FTEPR

<sup>54</sup> Small-scale employers are generally defined either as all employers in particular sites dominated by smallholder production (e.g. Ishaka in Uganda or Fero in Ethiopia) or as those employing less than 10 workers. As noted in section 2, the sites were associated with a particular scale in terms of general predominance, but in the process of data cleaning and analysis different quantitative and qualitative sources of data on scale for *individual* producers were used to classify each employer in terms of scale, independently from the site in which they were located. Therefore, Masaka site in Uganda, which is dominated by small-scale coffee farmers, also included sub-samples of workers in medium-large scale farms. In the case of Ishaka, Fero and Kochere, however, almost all workers were employed by small-scale farmers.

<sup>55</sup> Table A1.11 also includes an estimate of effective days of work for all kinds of casual wage workers in coffee by research site (i.e. not just the duration of a job for a given employer within a year), which corroborates these results as workers in Mubende, where the main non-certified large-scale coffee plantation is situated, manage on average to secure around 120 days of casual work (in any form of payment), which is 38% more days than the casual coffee workers obtain in Ishaka (main area for Fairtrade certified producers).

The average number of days of employment obtained by workers for small-scale Ugandan tea producers was relatively small – less than 100 days in the 12 months prior to the survey. In contrast, workers for the large-scale and non-Fairtrade certified tea producer in Uganda had worked for nearly 200 days over the same period. In Ethiopian flower production, the Fairtrade certified farm offered workers a much smaller number of days of employment – 199 days in the 12 months prior to the survey – than the average for the non-Fairtrade certified producers – 243 days.

**Chart 3.13: Job duration for coffee wage workers, Ethiopia**



Notes: 1/ These figures are for comparable samples of manual coffee workers paid on a daily or monthly basis. 2/ The duration refers to individual jobs. 3/ 'certification' refers to Fairtrade certification. Source: FTEPR.

#### 3.4.4 Comparing other working conditions across different sites

The evidence in this research suggests that Fairtrade certification has not succeeded in serving the interests of poor rural people who depend on access to wage employment: workers in research sites defined near or around well-regarded Fairtrade producer



organizations, many of whom are employed directly on the processing stations owned by Fairtrade certified cooperatives, for example, or by individual producer-members of certified cooperatives, are on average paid less per day than those working in areas without Fairtrade certification - and they have access to fewer days of paid work. FTEPR results on other working conditions reinforce these conclusions. A simple comparison between jobs simply on the basis of Fairtrade certification status shows that workers in Fairtrade coffee production in both Ethiopia and Uganda had virtually no access to paid medical care through their employment, while at least some of those working in non-Fairtrade coffee production had medical assistance. Another important dimension where Fairtrade certified production employees are at a disadvantage is in payment for working overtime, with a particularly striking difference in Uganda between Fairtrade certification and non-certification. Also some basic facilities especially important for wage workers spending long days working are generally absent on most Fairtrade certified farms (clean toilets, showers, housing, etc.).

As Table 3.10 shows, much of this difference is driven by far better non-wage working conditions in large-scale coffee farms, particularly in a foreign-owned plantation, but also on other large-medium size coffee farms in areas without Fairtrade certification. Scale indeed matters and a comparison between certified and uncertified small scale coffee farms shows that generally small-scale employers fail to provide these better conditions. Fairtrade production conditions may be marginally better compared to another site with non-Fairtrade small-scale producers but differences are marginal, not always in favour of Fairtrade small-scale employers (e.g. clean toilets), and, overall, the record shown in the first column of results in Table 3.10 is rather unimpressive.

One aspect in which small-scale farmers (both those who are members of Fairtrade certified organizations and those in areas where there are no such organizations) seem to do 'better' is in the provision of loans to their wage workers (Table 3.10). It is not clear whether loans necessarily represent a gain for workers, since qualitative research showed that some very vulnerable wage workers had been indebted to their small-scale employers over long periods reinforcing the unequal bargaining power that allows

these employers to pay lower wages. Loan/wage advances reflect a highly personalised and dependent employment relation.<sup>56</sup>

**Table 3.10: Indicators of working conditions in Ugandan coffee production by Fairtrade certification and scale**

	Fairtrade Certified (small-scale)	Non-Fairtrade Certified	Foreign-Owned Uncertified Large-scale farm	Non-Fairtrade Small-Scale
Free meals	28%	63%	93%	14%
Clean toilets	20%	82%	94%	36%
Showers	0%	21%	44%	0%
Overtime compensation	7%	94%	100%	0%
Payment delays	38%	40%	74%	50%
Paid medical care	0%	20%	43%	0%
Loans / wage advances	36%	19%	6%	21%

Note: Written in red are aspects in which Fairtrade employers perform relatively worse

Source: FTEPR

**Box 3.1: Qualitative evidence on working conditions in coffee, Ethiopia**

Many of those interviewed for the life's work histories felt that they had been cheated out of all the wages to which they were entitled. This could happen through having to pay a bribe to supervisors or foremen to secure jobs, deductions from pay for false allegations of absenteeism, or because employers claimed to have run out of cash. Others stressed the health costs from standing for many hours in the hot sun without access to shade while sorting or cleaning coffee for the processing factories.

*D is now 15 years old. She began work at a private processing factory in the Fero area in October 2011 when she was 14 and thinks she was one of the youngest workers there. Her cousin is a worker at the processing station and he made a special case to get her the job, despite her age. He also intervened, without success, to ensure that she received all her wages. In the end she only received 100 birr after working for 28 days, instead of the 300 birr she had expected. She did not know whether the underpayment was a result of deductions made because she was alleged to have missed some days of work, or because the plant had run out of funds because they needed to compensate some workers who had been injured.*

*Before getting this job, she worked briefly (for 7 days) for a coffee farmer cultivating about 400 trees on two plots and selling to both Fero 1 and Fero 2 Fairtrade processing factories. He paid her 35 birr for 7 days of coffee picking, but then ran out of cash so she went to the private washing station.*

<sup>56</sup> The data in Table 3.10 suggesting that small scale farmers are less likely to delay paying wages may explained by the fact that large-scale plantations offer many more days of employment and these employers can delay payments until a phase of work has been completed, thereby reducing the transaction costs associated with monitoring payments on a daily basis. In contrast, many jobs for small-scale employers are sporadic, lasting a few days; usually, workers can only be attracted if they are paid at the end of the day.

*O is a 17-year-old boy who has tried to obtain employment at a private processing plant on two occasions. His chances of obtaining employment at the washing station would have been greater, if he had been able to pay a bribe of 20-30 birr, equivalent to 10-20 per cent of his anticipated earnings. O would have been happy to pay a bribe of this amount to secure seasonal employment at a processing plant but access to cash for bribing was not the only problem. Sometimes a job is promised on condition that a bribe is paid - then the promise is broken. O also believes that it is most important to have a personal connection with someone reliable and in authority at the processing plant, and only then is it worth making the effort to acquire sufficient cash for the bribe.*

*B – whose mother said she was 15 years old – is currently working at a Fairtrade certified coffee processing plant. She got the job because a guard at the factory gate, a relative of B’s father, let her in without paying the normal bribe. B describes one of the supervisors at the plant as “harsh”, because he threatens that if she does not work harder her father will be required to pay a cash fine to compensate for the fact that she got her job without offering the normal bribe.*

O’s view that a bribe is necessary, if not sufficient, to obtain employment at local coffee processing plants (including both Fairtrade certified and non-Fairtrade plants) was repeated in many other life’s work histories.

Workers at coffee processing plants in Fero also complained that they did not know or understand payment methods and rates. This was true for people like B, mentioned above, and also for A, an older man currently working at a Fairtrade certified coffee processing station doing a physically demanding job. A said that when he was recruited he was not told what work he would be doing or how much he would be paid and that he still does not know how much he will be paid. These kinds of detail discussed in the life’s work histories confirm the challenge, already mentioned in this report, of obtaining precise comparable evidence on wage rates.

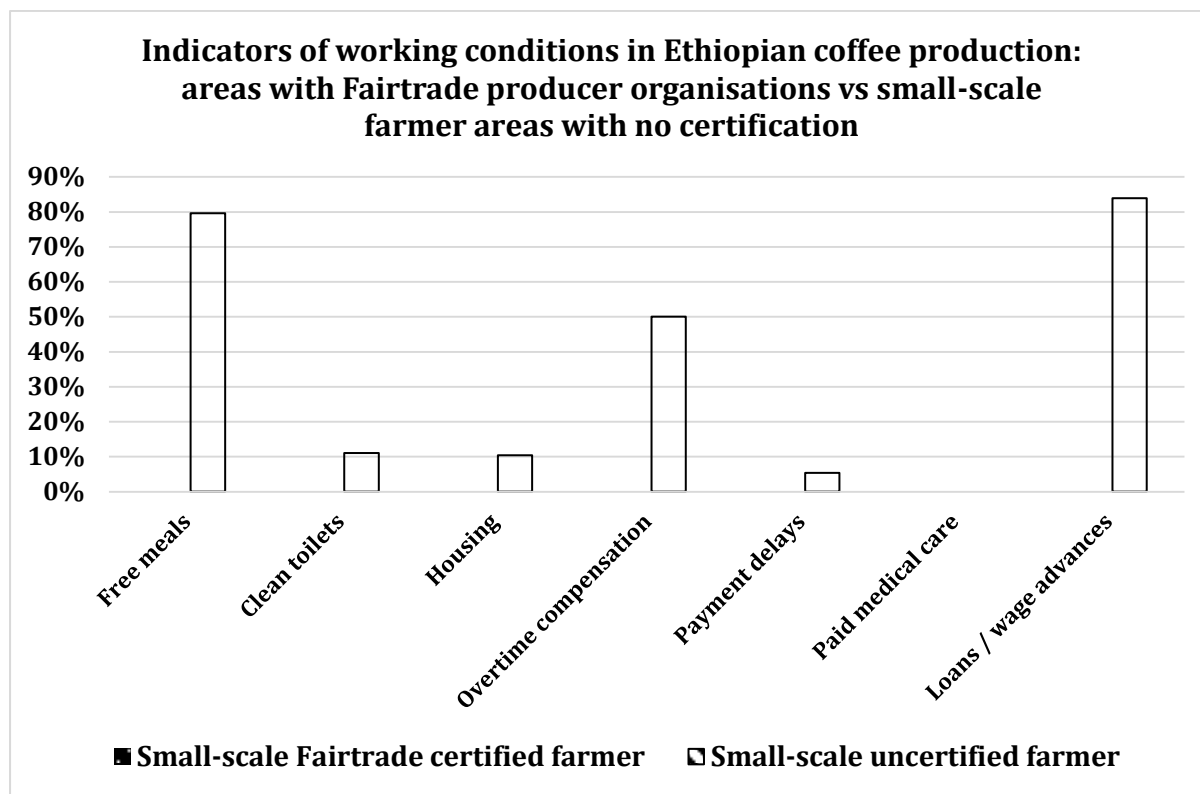
**Table 3.11: Indicators of working conditions in Ethiopian coffee production (including farming and processing)**

Conditions	Employers in areas with Fairtrade Certified organisations	Employers in areas without Fairtrade Certified organisations	Large-scale <u>uncertified</u> farmer (ALL)	Large-scale state farm
Free meals	44%	34%	13%	16%
Clean toilets	70%	43%	27%	32%
Housing	2%	48%	77%	89%
Overtime compensation	44%	51%	53%	67%
Payment delays	13%	27%	49%	41%
Paid medical care	1%	11%	19%	56%
Loans / wage advances	16%	18%	23%	17%

Note: Written in red are aspects in which Fairtrade employers perform worse

Source: FTEPR

**Chart 3.14: Working conditions among smallholder employers, Ethiopia (farmworkers only)**

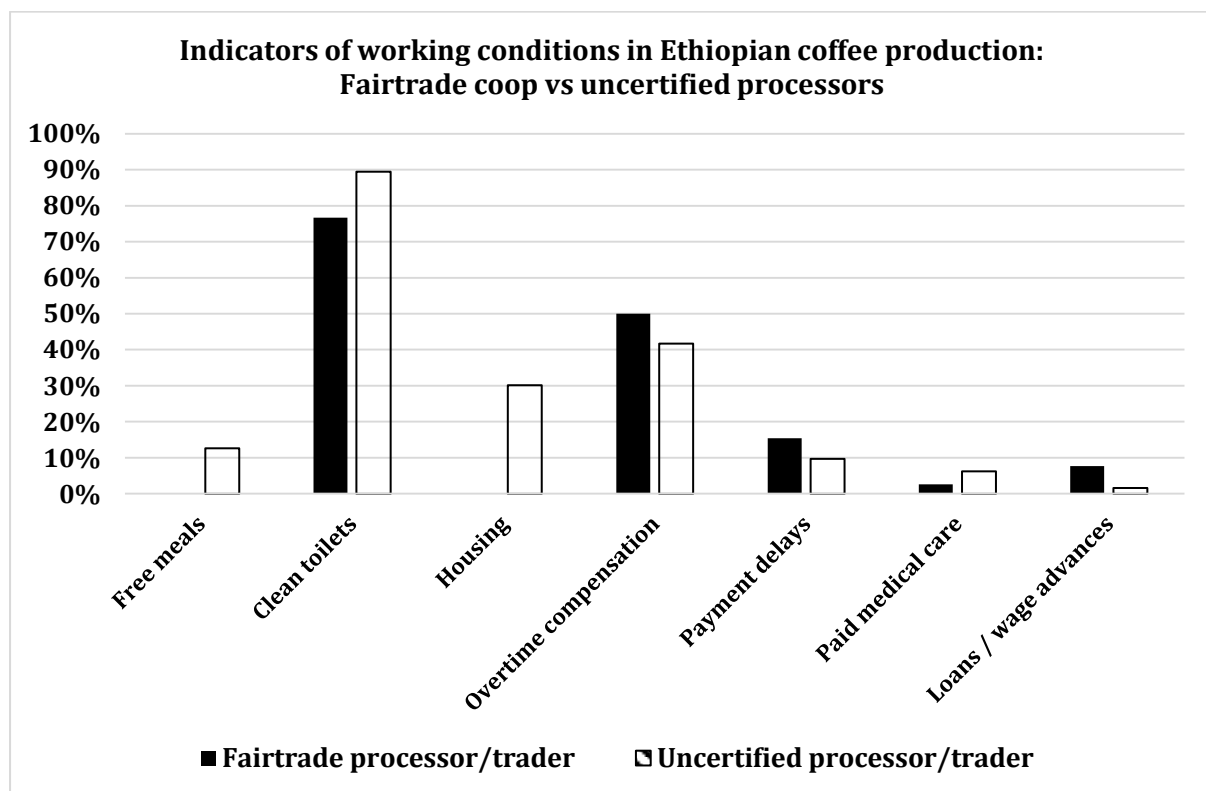


Source: FTEPR

In the case of Ethiopian coffee, the simple distinction between Fairtrade certified and uncertified employers (farmers and local processors) shows a mixed picture, with some conditions marginally better in Fairtrade employment (free/subsidized meals, clean toilets and fewer payment delays), while others are better if the employer is uncertified (housing, overtime compensation and paid medical care), as reflected in Table 3.11. The proportion of workers enjoying some of the positive benefits remains generally low. In Table 3.11 a disaggregation by employer characteristics suggests that while large-scale uncertified coffee farmers (especially state farms) perform better in terms of overtime compensation, housing provision and paid medical care, other employers, notably small-scale farmers, are more prepared to provide free meals and loans (see comments above on loans).

A more relevant comparison between members of certified organizations and smallholder employers in areas without certification - as well as between Fairtrade certified and uncertified local processors (cooperative vs. private) - is presented in Charts 3.14 and 3.15. These charts confirm that Fairtrade certification does not result in better non-wage conditions when the relevant comparisons are made. Fairtrade cooperative processing stations are less likely to provide housing, free meals and paid medical care, while the local private uncertified processors perform slightly better.

**Chart 3.15: Working conditions among coffee processors, Ethiopia**



Source: FTEPR

In the case of Ethiopian flowers, workers on the Fairtrade certified farm were much less likely to benefit from paid medical care and to be compensated for working overtime than employees on non-Fairtrade certified flower farms. For every indicator in Table 3.12, workers in Fairtrade certified flower production suffer harsher working conditions. They are more likely to be exposed to harmful pesticides, to suffer physical and/or sexual abuse, and to experience payment delays. They are much less likely to benefit from sick leave, paid holidays and regular health and safety training. These differences in working conditions may possibly be related to the very low reported

rates of union membership in Fairtrade certified flower production (10 per cent), compared with more than 50 per cent membership on some other flower farms (see Appendix Table A1.9). Further detail on working conditions in flower farms was obtained through qualitative research. Box 3.2 highlights aspects of this data.

**Table 3.12: Indicators of working conditions in Ethiopian flower production**

Conditions	Fairtrade Certified	Non-Fairtrade certified
<i>Free meals</i>	0%	11%
<i>Clean toilets</i>	87%	90%
<i>Showers</i>	57%	69%
<i>Sick leave</i>	7%	62%
<i>Paid medical care</i>	4%	53%
<i>Paid holidays</i>	17%	65%
<i>Pesticides applied in greenhouse with workers</i>	58%	40%
<i>Regular health &amp; safety training</i>	15%	28%
<i>Overtime compensation</i>	69%	90%
<i>Payment delays</i>	64%	44%
<i>Physical/sexual abuse or threat at workplace</i>	52%	29%

Note: Written in red are aspects in which Fairtrade employers perform relatively worse  
Source: FTEPR

**Box 3.2: Qualitative evidence on working conditions on flower farms**

Many women complain that even when there are showers and toilets there are too few for the number of workers and that on some farms they are not clean. Women also complain that there is insufficient provision of gloves, boots and other protective clothing. Packhouse workers improvise by arranging cardboard around their fingers to protect from thorns but this does not work very well.

There is inadequate protection for women who are pregnant at work. In one case a woman who was six months pregnant asked for time to rest but was refused. She continued to be allocated a heavy workload and gave birth prematurely in the greenhouse. “Everyone ignored her and the baby died.”

When you get tired and you want to sit down, you have to hide beneath a bush. If you are caught, you get punished by having a whole day’s wages docked. There are other things that will get your wages docked by a whole day’s pay: for example, if you take too long going to the toilet or when getting drinking water. If the supervisors are really annoyed with you, they will suspend you from work, telling you to come back only after 2 or 3 days.

Women on one farm said that if they become sick, even because of something that happens at work, they will get the full day's pay docked.

There is no compensation for injury. There is a clinic onsite, with a female worker. However, she is unpleasant and tells them to come back later or even to go away because she hasn't got any medicines. The clinic only has basic first aid, like rubbing alcohol and paracetamol and they don't like to go there.

One objection to the characterisation of wages and working conditions of Fairtrade flower production given above may be that during the period since the FTEPR survey in 2010, some other flower farms in Ethiopia have become Fairtrade certified while the farm whose workers were included in the FTEPR survey (in Tefki) is no longer Fairtrade certified. According to the owner of the Tefki enterprise, the farm was the first mover in Fairtrade flower production in Ethiopia, getting certification in 2008. The owner reported in an interview with researchers that by 2011 he had become frustrated by the inability of Fairtrade to resolve the problem of constituting the Joint Body to manage the Fairtrade premium funds (see below, section 3.6). Therefore, he had written to the Fairtrade certifying body to say that he did not want to continue to manage the fund and asked them to stop audits and premium payments. FTEPR researchers were informed by the East African Fairtrade International representative that this enterprise had been 'de-certified' in 2011, but this representative did not reply to requests for details of Fairtrade's relationship with the farm or of the decertification process. There is no doubt that this farm was Fairtrade certified *during the FTEPR survey* so the data recorded (wages and working conditions) refer to a time when certification was in place (indeed it was the only Fairtrade certified flower producer in Ethiopia at the beginning of this research).<sup>57</sup> Another flower employer of workers sampled in this research was subsequently certified Fairtrade; but the better wages and conditions at this farm were recorded by FTEPR researchers *before* it achieved certification. About two and a half years after the FTEPR research sites were identified and well after the research team had been told by the owner that this enterprise had no interest in acquiring Fairtrade certification, this farm did obtain Fairtrade certification (in July 2012).<sup>58</sup> At the time of the qualitative and quantitative research in Ziway it was not Fairtrade certified.

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<sup>57</sup> In a recent publication the World Bank identified this flower farm as an outstandingly successful enterprise on "the development frontier" (Dinh et al, 2013: Ch. 6).

<sup>58</sup> Information provided by Fairtrade Deutschland.

Differences in working conditions across different tea production sites in Uganda are generally smaller. But there is no evidence that Fairtrade certification consistently improves working conditions for manual agricultural labourers. There is, in fact, strong evidence that the best working conditions are offered by a large-scale estate owned by a multinational corporation (Table 3.13).

**Table 3.13: Indicators of Working Conditions in Uganda: Fairtrade Certified Tea and a Non-Fairtrade Certified, Large-scale Multinational Corporation**

Conditions	Fairtrade Certified	Large-scale MNC Non-Fairtrade Certified
<i>Free/subsidised meals</i>	<b>51%</b>	<b>80%</b>
<i>Housing</i>	<b>51%</b>	<b>75%</b>
<i>Showers</i>	<b>8%</b>	<b>31%</b>
<i>Clean toilets</i>	<b>55%</b>	<b>93%</b>
<i>Transport allowance</i>	<b>8%</b>	<b>32%</b>
<i>Health check</i>	<b>19%</b>	<b>26%</b>
<i>Paid medical care</i>	<b>36%</b>	<b>79%</b>
<i>Paid sick leave</i>	<b>29%</b>	<b>64%</b>
<i>Paid maternity leave</i>	<b>37%</b>	<b>69%</b>
<i>Childcare</i>	<b>8%</b>	<b>73%</b>
<i>Payment delays</i>	<b>63%</b>	<b>10%</b>
<i>Trade union presence</i>	<b>24%</b>	<b>32%</b>
<i>Heard of abuse/sexual harassment<sup>59</sup></i>	<b>18%</b>	<b>49%</b>

Note: Written in red are aspects in which Fairtrade employers perform relatively worse

Source: FTEPR

### 3.4.5 Sexual harassment in flower production

In order to follow up on the disturbing evidence on sexual abuse and harassment reported in Table 3.12 above, focus groups were organised to explore this issue further, one in a site close to the Fairtrade-certified farm and one in another site. The participants in these focus groups were identified from responses they had made to

<sup>59</sup> This question refers to whether a respondent had heard of sexual abuse/harrasment occuring in their particular workplace to co-workers.



questions in the long paper-based questionnaire. Even in the context of a carefully designed focus group, women's first response in both sites to a question about sexual harassment by co-workers was one of denial.

However, when the same question was asked differently – referring to touching without consent, the use of obscene language etc. – women replied that of course this happened and it seemed to be expected behaviour. Indeed, one conclusion from the focus groups is that responses to formal standardised questionnaires cannot be relied upon to assess the degree and nature of sexual harassment in the workplace. Some of the dialogue from these focus groups is summarised below in Box 3.3 and the focus group protocol that shows how questions were asked is shown in Appendix 7. These questions were drawn up in the light of general guidance on sexual harassment in the workplace (ILO 2010, ITUC 2008) and taking into account ETI findings on sexual harassment in flowers, which grew into the ETI guide on sexual harassment (<http://www.ethicaltrade.org/training/eti-supervisor-training-programme>).

**Box 3.3: Sexual harassment in the workplace**

A supervisor might ask a woman to sleep with his friend, and if she doesn't, she gets punished. Supervisors make direct threats, saying that if you don't sleep with them, you are fired. One lady said that she had been pressurised by supervisors to give sexual favours. She only worked for 3 months. If you don't sleep with them, they make some excuse and fire you. Someone knew that a lady at one flower farm near Tefki was asked by the supervisor to sleep with him. When she said no, he told her she was suspended for some days. After suspension, she came back to work and he asked her again. She still said no, so he told his supervisor that she had had too many days absence, and she was fired.

We were told of another practice at the same farm used by supervisors who wanted women to sleep with them. If the woman says no, the supervisor won't directly fire them, but the women are given a lot of work so that they eventually quit.

When asked if there was someone you could complain to, most women vehemently replied, 'Who can we complain to?!'. The top bosses were foreign and the workers didn't speak their language.

When asked if women had ever given in to the sexual harassment, we heard two stories. At first, we were told that women don't usually give in and that if the pressure gets too much they leave or are fired. But others soon joined in to say that there are women who have affairs with supervisors as they don't want problems and they do it to get promotion and better paid work. Other women cited examples of uneducated girls who get better positions than the other workers. And they guess that they have relationships with supervisors. And one woman said that her friend was asked for sexual favours and told that she would get a better job.

When we asked if co-workers harass women, we heard at first that this didn't happen usually, perhaps only if they think that a particular woman has a permissive attitude. However, when this was asked in a different way (touching without consent, obscene jokes and language), they said 'Yes of course!'. It seemed expected: 'some men are uncultured, rude, use obscene language and try to offend us'... Other women talked about co-workers often touching in an unwanted way, especially on the breasts.

Sexual harassment in flower production appeared to occur in both research sites, one defined around a Fairtrade certified producer organisation and the other around a non-Fairtrade certified producer organisation. The focus group in the flower site where there was Fairtrade certification clearly identified unwanted touching, obscene language and supervisors attempting to obtain sexual favours to retain their jobs or get better ones. In the site without Fairtrade certification, this was reported even more clearly, along with reports that female workers were pressured to give sexual favours to get a job in the first place. Interestingly in the "non-certified site" there was some evidence that the incidence of sexual harassment by supervisors may have lessened over time. As more flower farms opened and the vacancies for women workers increased, women reported being better able to resist pressures for sexual favours and it being far less common to be asked for sexual favours/bribes in order to get employment in the first place.

#### **3.4.6 Longitudinal evidence on wages**

Another way to probe comparisons of wages is to analyse changes in real wages over time. Section 2 set out the rationale for the re-survey in coffee areas. It was expected that, given the dramatic spike in international coffee prices that began in 2010, an appropriately timed re-survey would capture evidence on the transmission mechanism between rising international commodity prices and micro outcomes in the coffee production sites. In the event, the timing of the re-surveys was influenced by logistical, budgetary and seasonal constraints, so that interviews in Uganda and Ethiopia had to take place when coffee prices had already declined from their April 2011 peak. It is important to note and remind readers that the re-surveys were limited to coffee production sites and not extended to tea or flowers. In both countries, there was no change in certification status of the certified organisations present in the selected sites

(Ishaka in Uganda and Fero in Ethiopia). In both cases, these organisations had a very well-established record of sustained certification so the longitudinal analysis would not suffer from any systematic bias in relation to changes in certification status.

However, coffee prices are obviously not the only and perhaps not even the main determinant of the daily income of a manual agricultural worker, whether that is earned in a day of hard work for piece-rates, for completing a task or being paid a daily rate:

- First, the transmission from international coffee prices to African rural local market prices is far from perfect (Masumba and Gupta, 2013).
- Second, the trajectories of real wages and producer prices do not normally describe smooth or consistent patterns. For example, FTEPR qualitative research suggests that nominal wage rates (piece-rates and daily wages especially) stagnate for long periods and then make irregular, quite rapid jumps; nominal wages did not gradually move at the margin, or in tandem with the coffee prices received by producers. In fact, while coffee prices increased substantially in the period 2010-11, the piece rates recorded in FTEPR qualitative research did not seem to change at all. In Uganda, respondents reported that there had been an increase in piece-rates in 2011-12, but workers had suffered from a long time lag before this wage response to coffee price movements, (assuming that the coffee price spike was the most important explanation for the subsequent wage increases).
- Third, local-level labour market conditions, relative labour shortages, as well as overall increases in the cost of living, especially food prices, could also exert a significant impact on daily wages, whatever the trend in international or farm gate coffee prices.
- Fourth, in the piece-rate and task systems common in many coffee areas, workers earn very different amounts depending on: their individual productivity (e.g. how many basins of coffee berries they can pick in one day), which itself depends on the workers' characteristics (ability, strength, etc.); *and* on the condition of their employer's farm - for example, whether each tree is laden with ripe berries.

For all these reasons, it would be unreasonable to expect to discover a one-to-one

relationship between international coffee prices and nominal or real wage changes, or that there should be a consistent pattern when results from different research sites and employers are examined.

As discussed in the methodology section, there is hardly any longitudinal evidence that focuses on changes in African rural wages following a spike in coffee prices. This was an important justification for re-surveying the FTEPR coffee producing sites in 2012, although unfortunately the original surveys in Uganda (May –July 2011) were conducted when coffee prices had already fallen from the peak reached in April 2011.

Another rationale for the collection of longitudinal evidence is that the added time dimension may help researchers to corroborate or qualify findings from cross-sectional analysis, especially the wage differences between Fairtrade certified and non-certified jobs. A cross-sectional survey analysis essentially provides a snapshot, which can reveal possible patterns of correlation and interactions between factors affecting working conditions. However, as a snapshot at a particular point in time, it has limitations. A re-survey of a relevant and randomized sample of target respondents (coffee wage workers), taken from the original survey following clear stratification criteria, allows researchers to complement the snapshot view with a diachronic analysis of changes in key variables. The real wage received by manual coffee wage workers (a sub-set of our overall sample) was the key target variable.

As discussed in section 3.4, cross-sectional descriptive, regression and PSM analysis established that employment in areas with Fairtrade certified producer organizations was associated with significantly lower average nominal wages across different sites in both Ethiopia, where the gaps were clearer, and Uganda, where gaps were more significant when comparing ‘like-with-like’ samples of workers. It could hypothetically be argued, however, that the evidence was collected at a time when the positive effects of Fairtrade were increasing and could still improve, so that wage gaps could be eliminated. Therefore, observing what happened to wage gaps between Fairtrade certified and non-certified employers over the course of one to two years can shed some light on whether Fairtrade certification contributes or not to better working conditions, particularly better wages.

The descriptive analysis of the longitudinal data aimed to answer the two research questions:

- What were the overall changes in real wages for manual *coffee* wage workers in Uganda and Ethiopia? Do their wages appear to have been influenced by changes in international coffee prices?
- To what extent did the real wages paid on farms in research sites dominated by members of a local Fairtrade certified producer organization follow similar trends to the real wages paid in non-Fairtrade certified areas? Did gap between the daily wages paid on certified and non-certified farms increase or diminish?

The first step in the analysis was to calculate *nominal* daily wage rates in the surveys and re-surveys. Then, in order to obtain real wage estimates an appropriate deflator had to be selected. In the absence of location-specific price indices, FTEPR opted to use the national food price index, since all the respondents spent a large share of their income on food.<sup>60</sup> In qualitative interviews with poor wage workers a frequently reported indicator of wellbeing was the local price of a unit of the main staple, often an inferior food (like *posho* – maize meal- or sorghum in Uganda).

To achieve a consistent statistical analysis and in order to present more than one type of longitudinal contrast, two comparisons are made. First, a comparison between the average *real* daily wages paid in Phase 1 and in Phase 2 for the full samples, i.e. the full relevant sample of manual coffee workers in Phase 1 (excluding sites that were not re-surveyed in Phase 2) and the sub-sample re-surveyed in Phase 2. Second, a strict longitudinal comparison between the average *real* daily wages that the workers in the

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<sup>60</sup> Unfortunately, the date recorded when the survey interviews took place could not be use as a precise indicator of the date when wage payments had actually been received, since some respondents described jobs they had performed and payments they had received many months before the survey interview. Therefore, FTEPR used the reported dates of employment when wages were paid when choosing an appropriate value of the price index from the monthly series published by the Ugandan and Ethiopian Central Statistical Offices. Each nominal wage observation was then deflated using a specific employment date. Since food expenditures could be spread over several months, FTEPR used one-to-three month averages of monthly food price indices, in an attempt to account for the different timing of food purchase in a context of fluctuating prices.

longitudinal sample received in Phases 1 and 2 (i.e. the *same* sample of workers over 1-2 years). This second contrast therefore excludes any worker not included in the re-survey, making the overall number of observations smaller. In addition, since the dataset for Phase 1 included more than one job for some individuals, to avoid confusion in the comparisons only one job was selected from Phase 1, to be compared with jobs obtained in Phase 2.<sup>61</sup>

The main results are summarised in Tables 3.14-3.17. The data in these tables support the following arguments (note that these results refer to *coffee* production only):

- In Ethiopia, real wages *declined* across the board, but more rapidly in sites containing Fairtrade certified producer organisations than in non-certified production sites.
- In Uganda, real wages *increased* overall, though not so clearly in areas with Fairtrade certified producer organizations (where a decline in the real wage was recorded in some of samples); there was a much larger increase in real wages in non-certified production areas in Uganda.
- In *both* countries the gap between average real daily wages in areas with Fairtrade organizations vs. jobs in research sites without Fairtrade organizations *widened* significantly between the date of the original and the re-surveys.

In Uganda trends in real wages were highly differentiated and reflected the failure of employers where there were Fairtrade producer organisations to increase real wages while both small-scale and large-scale non-certified farmers in other sites (Masaka) were offering large increases in real daily wage rates, of around 28 per cent on the previous year. At a time when international coffee prices and, to a lesser extent, the local coffee farmgate prices were going down, and the cost of living generally going up

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<sup>61</sup> The selection of jobs was done on a case-by-case basis, using the following criteria: a) if more information available on wages; b) if the job was in coffee production; c) to ensure variation across types of employers; and d) to ensure a sufficient number of observations of jobs where workers were employed either by the certified 'hired labour' producer organisation or by farmers who were members of cooperative Fairtrade producer organisations (or indeed directly by the processing stations owned by the certified cooperative producer organisation).

(by 13 per cent year-on-year for the food price index), this increase in real wages is striking. In Fairtrade production sites, depending on the specific sample, real wages generally declined or were stagnant.

The decline in real wages in Ethiopia appears consistent across research sites and certification status, although there is some variation depending on the samples that are compared. Comparing the full samples (i.e. the whole relevant sample of manual coffee workers from 2011), the decline in real wages is common to both research sites with Fairtrade organizations and those without Fairtrade certified organizations. In the stricter, second comparison (using the wages of workers in the panel sample), the decline in real daily wages becomes more pronounced in the case of workers in sites with Fairtrade certified organizations (see Table 3.15 Samples 2 & 3). Therefore, for the panel sets in Ethiopia, the wage gap between jobs in sites without certification and sites with Fairtrade certified production widened substantially in two years (Table 3.17).

**Table 3.14: Percentage Change in Ugandan Coffee Workers Real Wages (2011-12), by Certification**

	Sample 1 <sup>62</sup>	Sample 2	Sample 3
<b>Fairtrade</b>	-4.6%	-1.5%	2.4%
<b>Non-Fairtrade</b>	28.0%	26.8%	29.8%
<b>Overall</b>	13.0%	13.2%	16.2%
<b>N</b>	169	109	100

Source: FTEPR

<sup>62</sup> Sample 1 contains the full original sample of jobs in 2011, which is compared with the sub-sample of 2012, so strictly speaking not a panel, but resulting in a larger number of observations. Sample 2 is a strict panel set, containing only the respondents who were revisited and the information about their jobs in both 2011 and in 2012. In Sample 2 the results were filtered by applying the category of manual coffee worker only from the first round in 2011. Sample 3 is constructed by refining the selection of workers and considering information on wages in 2011 from the sample of manual coffee workers (MCFs) as defined in 2011 and information on wages sample of manual coffee workers (MCFs) as defined in 2011 and information on wages in 2012 from the sample of MCFs as defined in 2012. The reason for this difference is that some respondents were no longer working as manual coffee workers in 2012 - they might have been 'upgraded' to a higher skill status or, more frequently they were working as labourers in other crops (not in coffee, therefore excluded from comparisons). The Sample 3 comparison is, in this sense, more robust as only very similar categories of workers are compared, but this sample entails a loss of observations and therefore of information.

**Table 3.15: Percentage Change in Ethiopian Coffee Workers Real Wages (2010-12), by Certification**

	Sample 1	Sample 2	Sample 3
<b>Fairtrade</b>	-19.9%	-20.1%	-23.5%
<b>Non-Fairtrade</b>	-19.4%	-12.3%	-12.0%
<b>Overall</b>	-24%	-16%	-17%
<b>N</b>	437	220	183

Source: FTEPR

Explaining this growing divergence between real daily wages across types of research sites is as challenging as explaining the snapshot differences observed in a cross-sectional analysis, since there are many factors and additional unobservables that may influence the real wages of workers and their evolution over time. It is possible that the differences could be linked to coffee price differentials, but it has already been argued that the link is not consistent and appears quite tenuous. Moreover, a period of only one to two years cannot be regarded as sufficient for significant shifts in production conditions, which might have biased comparisons. Nevertheless, it is possible that differences in rates of growth of productivity between employers (an aspect beyond the scope of the FTEPR project) as well as differences in the quality of output might have trickled down to improve the real wages of some of the workers.

To summarise, it is clear from this combination of cross-sectional and longitudinal evidence that production, market and labour conditions under Fairtrade certification are *not* conducive to higher real wages. While it is impossible to identify a particular factor as *root cause*, as the silver bullet that causes wage differences in different contexts of production and labour relations, we can confidently conclude that Fairtrade certification does not contribute to better wages for poor manual agricultural workers in all cases and that its effects on wages did not improve between the dates of the FTEPR surveys for coffee production (only crop included in re-surveys).



**Table 3.16: Real wage gaps between 'Fairtrade' (FT) and Non-Fairtrade (NFT), Uganda coffee**

	<i>Statistic</i>	<i>Ratios NFT/FT 2011</i>	<i>Ratio NFT/FT 2012</i>
<b>Sample 2</b>	<i>Nominal wage (mean)</i>	21%	45%
	<i>Nominal wage (median)</i>	20%	73%
	<i>Real wage (mean)</i>	14%	47%
	<i>Real wage (median)</i>	5%	62%
<b>Sample 3</b>	<i>Nominal wage (mean)</i>	24%	49%
	<i>Nominal wage (median)</i>	29%	78%
	<i>Real wage (mean)</i>	19%	51%
	<i>Real wage (median)</i>	10%	72%

Note: The correct interpretation should be that real wages in sites *without* producer organisations certified by Fairtrade (NFT) were 19 per cent higher than real wages for same jobs and workers in sites dominated by a Fairtrade certified producer organisation in 2011. This gap then widened to a 51 per cent difference in 2012 (sample type 3). Source: FTEPR

**Table 3.17: Real wage gaps between 'Fairtrade' (FT) and Non-Fairtrade (NFT), Ethiopia coffee, 2010-12**

	<i>Statistic</i>	<i>Ratios NFT/FT 2010</i>	<i>Ratio NFT/FT 2012</i>
<b>Sample 2</b>	<i>Nominal wage (mean)</i>	35%	51%
	<i>Nominal wage (median)</i>	11%	50%
	<i>Real wage (mean)</i>	35%	48%
	<i>Real wage (median)</i>	11%	34%
<b>Sample 3</b>	<i>Nominal wage (mean)</i>	30%	53%
	<i>Nominal wage (median)</i>	11%	50%
	<i>Real wage (mean)</i>	30%	50%
	<i>Real wage (median)</i>	11%	39%

Source: FTEPR

### 3.4.7 Accounting for wage differences

Evidence from FTEPR research shows that Fairtrade certification appears to have had no positive effect on either wages or working conditions of manual agricultural wage workers. Regression analysis and propensity score matching confirm the substance and significance of these research findings in relation to wages. Thus, FTEPR research has

produced two main and striking findings: first, wage labour is far more prevalent in areas producing agricultural export commodities than is typically realised, and those who depend on access to manual agricultural wage employment in the production of these commodities are extremely poor and deprived; and, second, Fairtrade certification does not make a positive difference to the welfare of poor manual agricultural wage workers.

Accounting for the differences described in this section, in payment and working conditions for those employed in Fairtrade production compared with those working for non-Fairtrade certified producers, is very challenging, given the variety of contexts and types of employers. Drawing on quantitative analysis and qualitative research, it is possible, nonetheless, to sketch the outline of an explanatory framework.

One factor that does clearly appear to determine differences in wage rates, number of days of work, and working conditions is *scale*. Larger firms (farms) on the whole appear to be able to offer better pay, more work, and better working conditions (see, e.g., Charts 3.12 and 3.13 above, Tables 3.10 and 3.11 and Charts A1.6-A1.8 as well as the regression results in Appendix 3).<sup>63</sup> Larger employers may be operating further from the margins of economic viability, they may be able to focus more on quality of output and the need, to secure a reliable supply of high quality output, to invest in a stable, trained, and sufficiently able (mentally and physically) labour force. It may also be the case that larger enterprises are more 'visible': they can more easily be seen by and regulated by the state, by trade unions, and by international standards agencies. For example, in FTEPR qualitative interviews conducted more than a year after the initial long paper-based questionnaire, many workers in the flower sector in Ethiopia remarked that the single biggest positive difference in their working lives was the introduction and enforcement by the state of paid maternity leave. It would not be feasible to impose, let alone regulate, paid maternity leave for seasonal workers on

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<sup>63</sup> FTEPR data on larger scale farms is consistent with the available data on manufacturing firms: 'data on firms in nine SSA countries show that large firms have substantially higher levels of productivity and pay much higher wages than small firms. And, we find from the Ethiopian data that wages remain low over time in small surviving firms... small enterprises in Africa have limited ability to offer good jobs. If a worker finds a place in a small firm he is more likely to lose his job, less likely to improve his skills and unlikely ever to catch up in terms of wages to workers in a larger firm' (Page and Söderbom, 2012 : 20).

minuscule production units dispersed across large swathes of rural Ethiopia in coffee production. Likewise, the move towards more permanent contracts in several large-scale private coffee farms in Ethiopia was generally reported by employers and workers as a result of introduction of new legislation with regards to agricultural workers and of greater enforcement efforts on the part of Ethiopian authorities in the area. To reiterate the research design and sampling: FTEPR sampled respondents in areas characterized, in coffee and tea, by 'like sized' producer organizations (i.e. smallholder production) as well as in different areas characterized by the presence of larger sized producer organizations. For flowers in Ethiopia, the Fairtrade certified producer organization at the heart of one research site was similar in size to some of those operating in the two other research sites, though there were both smaller and larger producer organizations in these other two sites.

Scale is important to the welfare of manual agricultural wage workers. However, it is not the only determinant and it is no guarantee of improved pay or conditions. Among flower producers whose workers were included in the FTEPR surveys, there appears to be variation in employment terms that is not a straightforward function of scale. There are relatively small and very high quality flower producers who have a reputation (to some extent confirmed in the data but not all of these producers were directly linked to the FTEPR samples) for especially good conditions of employment (paid sick leave, time allotted for breaks in the working day, etc.). Box 3.4, below, illustrates one of these examples. What also became clear through qualitative interviews with producers, with regulators, with government officials, and with others was that paying workers better and, especially, introducing better social conditions in the workplace does not compromise enterprise profitability. Some of those with the highest wages, for example, were working for firms with the 'highest' or most demanding form of flower production certification, MPS-SQ, which were in turn highly efficient and internationally competitive firms (see different wage rates in Table A1.2 in Appendix A1).

This suggests that, beyond scale, there is an important role for location and producer specific, highly idiosyncratic factors in determining levels of pay and conditions of employment. The specificity and heterogeneity of labour markets is predicted by theory (Fine, 1998) and has been confirmed by previous rural labour market research in Africa

(Cramer, Oya, and Sender, 2008). And this appears to be the case in areas covered by FTEPR research too. Wage rates varied, for example, both within and between two southern Ethiopian coffee producing areas both characterised by predominant smallholder production, one in Fero (near Yirga Alem) and one in Kochere (Gedeo zone). Although Kochere producers – and workers – were in an area that was further from main roads and large towns, and where poverty levels were very striking, wage rates for manual agricultural workers in coffee production were on average higher there than in Fero, where infrastructure was better, there was a wider range of economic activities, more social services, and where a successful cooperative had been Fairtrade certified since 2003 and there were also several major private buyers and coffee washing stations. One possible reason for this difference is the presence in Kochere of the largest coffee washing station in Africa (according to an interview with its owner). This washing station has for a long time been at the centre of an area of coffee production characterised by good cultivation and harvest practices, sustained higher than average prices paid to the washing station for final output, and a prolonged (but no longer sustained) close relationship with an international coffee roasting company. Within Fero itself, variations (albeit variations around a very low average wage rate) appeared to be a function of highly specific social relations of production.

#### **Box 3.4 – A special flower farm**

One of these producers managed a rose farm where a labour force of mostly women enjoyed some of the best conditions the FTEPR team observed in Ethiopia. Wages were relatively high, health and safety standards were excellent and, more generally, the working atmosphere was exemplary, with workers generally relaxed, happy listening to music in the packhouse and with all the necessary protective clothing and equipment to work safely. Two significant features characterised this particular farm. First, the priority focus of management was quality and premium variety of roses, which resulted in the farm being able to sell in niche markets where the average price of a stem was at least four times greater than the average obtained at auction by the vast majority of flower farms in Ethiopia. Second, the farm owner-manager had opted to reduce unnecessary expenditures such as very expensive and imported greenhouse infrastructure by using good quality wooden poles instead of aluminium frames or by not adopting expensive hydroponics technologies, which are not so beneficial in high-altitude growing systems. As a result he could grow top-quality roses after investing almost half the amount per square meter than the average flower farm in Ethiopia, where investment costs could easily climb to US\$ 60-65 per square meter. The farm manager/owner additionally noted that because of his focus on a quality niche, Fairtrade or other certification was of no interest at all to him or his buyers. He believed that “the costs of and time wasted with Fairtrade certification were clearly excessive compared to the expected benefits”.

It ought not to be surprising that Fairtrade certification of tea and coffee production through 'smallholder' cooperatives does not bring about improvements in the welfare of the poorest people involved in such production. For wage employment in such conditions has historically been invisible in Fairtrade standards and indeed in Fairtrade branding, which focus on the 'small' producer and which highlight the use of family labour. Recent operations may have converted this blindness to wage employment into impaired vision but as argued earlier in this report the fundamental problem persists. It is also consistent with a widespread academic and aid agency ignorance of wage labour in rural Africa. However, there is more than a failure to see. Section 3.6, below, examines another aspect of the reproduction of an institutional framework within which poor rural wage workers are typically excluded from the benefits of tax breaks, subsidies, and other policies designed to favour the rural smallholder, i.e. the structure of cooperatives.

In conclusion, it may be argued, for the areas and producer organisations where this research was conducted, that Fairtrade certification has failed to benefit poor wage workers because it has overlooked their existence, because it has proven institutionally incapable of monitoring effectively the wages and conditions of those working in production conditions (e.g. flowers) where there is acknowledged hired labour, despite the existence of auditing procedures against the Hired Labour Standard, and because it is relatively ineffective compared to other factors that are more likely to influence both productive efficiency and working conditions.<sup>64</sup> It is, therefore, relatively easy to account for why Fairtrade has not made a positive difference to the wages and working conditions of those employed in production of agricultural export commodities generally. It is perhaps less easy to fully account for why Fairtrade conditions are even *worse* when we compare relatively similar forms of production (like smallholder farms with similar production conditions), apart from suggesting that Fairtrade certification by itself fails to alter the effects that specific local labour market dynamics have on wage rates and working conditions.

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<sup>64</sup> This argument has much in common with, among others, Ryan's (2011) work on cocoa in Ghana and Cote d'Ivoire.

### 3.4.8 Differences in wages and labour market conditions between smallholder sites

One possibility is that Fairtrade producer organisations are always established in significantly poorer, more marginalized areas where an accumulation of disadvantages means that smallholder farmers are unable to pay even the paltry wages offered by smallholders in other areas without Fairtrade producer organisations. Elsewhere this report has set out how in the scoping visits, through triangulation interviews, and during the fieldwork qualitative evidence built up that shows that the research sites dominated by a Fairtrade producer organization were no poorer or more disadvantaged than the comparable smallholder research sites without Fairtrade production. Further analysis of FTEPR data confirms this.

The bulk of the evidence collected in the surveys located in areas dominated by smallholder employers concerned coffee wages. However, FTEPR's respondents also worked for wages on *non-coffee* farms in these research sites or were engaged to perform other manual agricultural jobs that were similar to the work for coffee production. In order to ascertain whether there are location-specific effects that confound the differences between certified and non-certified production, the non-coffee wages paid by smallholder producers in the two Ugandan sites were compared.

Unfortunately, the samples are small (overall 54 cases compared, 32 in non-certified production) so the results must be treated with caution. The *non-coffee* average daily wages are slightly higher in Masaka (an area without a Fairtrade certified producer organisation) but the differences in wages are small and not statistically significant. This quantitative evidence suggests that there are no strong reasons to believe that location-specific labour market dynamics result in a systematic difference in *all* manual agricultural wages between the two locations. There is also variation *within* the two sites and the average differences are not statistically significant.

In Ethiopia, this type of analysis could not be replicated by comparing Fero (a site where there is a Fairtrade certified smallholder producer organisation) and Kochere (where the smallholders are not members of a certified organisation) because the

FTEPR survey did not contain sufficient observations of *non-coffee* agricultural wages. However, some other comparisons can be made between the wages earned in jobs in different processing factories - certified and non-certified. Within the Fero area, it was possible to compare jobs in non-certified processing to jobs in Fairtrade certified cooperative processing stations, thereby controlling for the possible effect of location/site specific dynamics. The results of this comparison of wages suggest that differences are small (about 5 per cent) and not statistically significant, but workers with jobs in independent, non-certified coffee processing factories do earn higher wages. It is possible to conclude that jobs in the Fairtrade cooperative are not paid better than jobs in comparable non-certified processing stations in the same location. The differences are larger (over 30 per cent) and statistically much more significant when we compare the average daily wages received by workers in the main non-certified processor in Kochere with those of Fairtrade certified cooperative in Fero.

A possible source of the observed difference between the estimated daily wage rates in coffee production, (which would mainly apply to coffee pickers), is that some coffee workers could make more money per day than others because they can pick more in any given day, perhaps as a result of picking from more productive trees. Qualitative research in both sites in Uganda did not corroborate this hypothesis, i.e. the existence of a consistent difference in the amount that could be harvested in one day by pickers in the smallholder sites in both Uganda and Ethiopia. Moreover, in the case of Uganda, when piece-rates per kg harvested were reported a strong positive difference was still observed between remuneration on coffee farms in non-certified smallholder production (Masaka) compared to rates in Ishaka (Fairtrade certified production). In both Kochere and Fero, the majority of manual coffee workers were paid on the basis of daily rates. A direct comparison of these rates paid by smallholder farmers only (excluding local processors) confirms the large differences in favour of Kochere's jobs, where daily rates are, on average, 37 per cent higher, and statistically very significantly so. Coffee picking piece-rates are also higher in Kochere but there are too few observations to draw any conclusions.

### 3.5 The Youngest Wage Labourers

The previous section has focused on the differences in payment and working conditions for manual agricultural wage workers, who form a very poor group of people, between Fairtrade certified employers and non-Fairtrade certified employers in the FTEPR sample. However, wages for *all* manual agricultural wage workers, especially in coffee and tea, are extremely low. One explanation for this is the relative slackness of labour markets. In this context of labour “over-supply”, it is important to highlight the large numbers of very young people working for wages in the production of tea, coffee, and flowers in Ethiopia and Uganda. This section analyses the age composition of the FTEPR survey. Section 3.5 also introduces the issue of youngest workers and child labour (wage labour for non-family members), which was not a direct object of the FTEPR research design but the fact and significance of which were inescapable.

While the FTEPR methodology was not designed to investigate the labour of immature children (with its focus on collecting detailed information on the work experience of those aged over 14), there was clear evidence that very young people were working for wages. Child labour is the focus of much attention in regulation and standard setting. The ILO Convention (no 138) sets out the minimum age for work in a developing country as 14 years and this is echoed in the Fair Trade Standards which set a minimum age of 15 years. The FTEPR quantitative data allows us to look at data for 14 to 17 year olds, a slightly older group of workers, but one that is analytically important given the vulnerability of such young workers and adolescent girls in particular. Remembering that this FTEPR evidence does *not* cover work for family members, but only *paid* work for other people, it was clear that this paid work was widespread, occurring in a range of sectors and for both MANAGWA and non-MANAGWA respondents. Table 3.18 below provides data on the age breakdown of the FTEPR respondents. For example, in Ethiopian coffee sites, almost 25 per cent per cent of all respondents who worked for wages were aged 14-17. However, we should note that the percentage of young respondents for non-MANAGWA is also high, often higher than for MANAGWA.



**Table 3.18: Young Respondents (Age 14-17) in the Survey: Participation by MANAGWA and Export Commodity**

	<b>% of MANAGWA respondents who are 14-17 years</b>	<b>Total No of respondents defined as MANAGWA</b>	<b>% of Non-MANAGWA respondents who are 14-17 years</b>	<b>Total No of respondents defined as Non-MANAGWA</b>	
<b>Ethiopia coffee</b>	24.6%	366	11.0%	191	***
<b>Ethiopia flowers</b>	5.7%	210	13.0%	146	**
<b>Uganda coffee</b>	6.8%	251	11.7%	188	*
<b>Uganda tea</b>	4.6%	197	15.8%	146	***
	*significant at 10% level ** significant at 5% level ***significant at 1% level				

Source: FTEPR

There are methodological limits to the table above as the sample of respondents was only intended to include those aged over 14 years. A larger group of young people (also aged over 14 years) provided additional information on adolescent participation in wage labour markets. Respondents were asked about the work experience of all of those listed on the roster of economically linked individuals, specifically if they had ever done any kind of regular or irregular wage work. The results are shown below in table 3.19.

Two findings are clear here. First, the data on wage workers aged 14-17 strongly suggests that a rather high proportion of very young people in all of the households in the survey are likely to work for wages. Second, for all sites apart from Uganda tea where there are large numbers of adult migrant wage workers, the percentage of young people aged 14-17 in MANAGWA households who had worked was significantly higher than in non-MANAGWA households. This suggests that, unsurprisingly, very young wage labourers are more common in poorer households.

**Table 3.19: Young workers (Aged 14-17 Years) in the Survey Rosters: Percentage by MANAGWA and Export Commodity**

	<b>Total No of people aged 14-17 in MANAGWA residential units</b>	<b>% who have had regular or irregular wage employment</b>	<b>Total No of people aged 14-17 in non-MANAGWA residential units</b>	<b>% who have had regular or irregular wage employment</b>	
<b>Ethiopia coffee</b>	160	56.2%	149	32.2%	***
<b>Ethiopia flowers</b>	72	38.9%	71	14.1%	***
<b>Uganda coffee</b>	153	46.4%	145	26.2%	***
<b>Uganda tea</b>	126	17.5%	107	12.1%	
	*significant at 10% level ** significant at 5% level ***significant at 1% level				

Source: FTEPR

From the life's work histories, we obtained a different picture of both young workers and child labourers (i.e. those much younger than 14). When wage workers currently aged over 14 years were interviewed, a very large proportion of them said they had been working since the age of 10, or even earlier. It was clear that, while a very small percentage of this work was carried out in school holidays (for example, one flower site in Ethiopia often used school children in the holiday period), most of this work was carried out by children who did not attend school and who were often bringing in a crucial income for the rest of the family.

**Box 3.5: Selected experiences of working children in Ethiopia and Uganda**

In the Ngomba area, about an hour's drive from Ishaka town in Uganda, is the very poorly constructed house where Ag sleeps together with four other people – his mother who has been a widow for the past five years, his older brother, and two younger siblings. There is no furniture at all in this one room house.

It was possible to have a long talk with 15-year-old Ag in July 2012, because he had been sent home by the primary school and had to miss two days of schooling. This is third time this term that the school has sent him home for two days, because his mother has been unable to pay the term's fees of 30,000 Shillings. He has had to

repeat a year of school in the past because the school sent him home on the day of the final examination as a punishment for failing to pay all the fees, apparently a common practice in the Ishaka area. Another woman (K) living nearby, also on her own because her husband deserted her nine years ago, told the FTEPR researchers that when her 12 year old daughter was denied access to the same primary school on examination day, the family borrowed money to pay the outstanding fees. In return for the loan, K had been obliged to work as an unpaid manual agricultural labourer for the creditor. This is the same primary school that the Fairtrade premium fund has supported. The fund has allocated resources to improve the headmaster's house, but Ag. and the other poor children who will not complete primary school are unlikely to derive much benefit from these expenditures.

In April 2012, Ag worked for 7 days on a construction site carrying sand, earning 1,200 Shs. per day. Ironically, he used his earnings to purchase his school uniform. In June 2012, during another period of expulsion from school, he worked picking coffee for two days as part of a team including his mother and younger siblings. Such teams, consisting of a widowed, divorced/separated woman and children – the children usually less than 14 years old - are common in the Ishaka area. FTEPR researchers interviewed about a half a dozen members of such teams, including K mentioned above, as well as several of the employers who sold the coffee these children helped to produce to the Fairtrade certified cooperative. K reported that one of the employers for whom she regularly worked always refused, as a matter of principle, to allow her to bring her children with her to work as coffee pickers on his farm. He refused to employ children because he believed they stole his guavas and sugar cane to snack on when they were supposed to be weeding or picking coffee.

FTEPR researchers learned about other, even less child-friendly employers in the Ethiopian research site of Kochere. Although Z's mother was not divorced separated or widowed, her husband became mentally ill about three years ago (when Z was in the second year of primary school) and he could no longer support his wife or pay for Z's schooling. Also, Z's mother gave birth a few weeks before the FTEPR interview and, during her pregnancy, had not been able to do any work to support her five children – all younger than Z, who is 12 years old. So Z, as well as her 7 year-old sister, are continuing to provide the family's only income by searching for casual agricultural wage labour. While her mother was able to work, Z accompanied her in search of employment picking coffee and they usually earned 10 birr and 5 birr per day, respectively. In recent weeks, Z has been accompanied to work by her younger sister, who is given 5 birr per day for picking coffee. This coffee season Z is picking coffee every day, whereas last year she only missed school for three or so days at a time to work for wages picking coffee. Z's younger sister has never been to school and Z herself appears to have given up hope of returning to primary school and has no clothes she could wear to school.

Z described her experience as a worker for five different employers. The employer she likes the most never shouts at her and usually provides her with some lunch. Two of her other employers continually shout at her. They also accompany their verbal threats and abuse with painful pinches, but Z proudly told the FTEPR that she never cries.

What is clear from the FTEPR evidence is that very significant numbers of young, school age children are having to work for wages, in the production of agricultural export crops,

including Fairtrade certified commodities; and it is also clear that many are doing other forms of work, paid and unpaid, for example as domestic servants. For those few children fortunate enough to be enrolled in school, most absent themselves to do this work, and indeed, they are often pitched back into the labour market by the inability of their families to cover the costs of attending school.

While the young workers recorded in the quantitative FTEPR survey (aged over 14) are not legally classified as child labourers, they are vulnerable, and many are trapped in a cycle of impoverishment. FTEPR does not focus on moral, or rights-based, criticisms of these employers. Rather, in this report, we emphasize a crucially overlooked issue - the important short-run economic consequence of the premature entry of large numbers of young workers into the labour market. These vulnerable entrants effectively create unnecessary and additional slack in rural labour markets. A longer term consequence is that the prospects that school dropouts will be able to secure higher income employment are blighted. The participation of school dropouts in labour markets effectively 'deepens' poverty by ensuring the existence of a 'reserve army of child soldiers' of labour, adding to the slackness of labour markets and the ease of paying extraordinarily low wages.

### **3.6 Policy-relevant Analysis of Co-operatives Producing Coffee and Tea**

In Uganda and Ethiopia (and elsewhere in Africa) the producers of agricultural commodities are very far from an homogeneous group. Commodity producers have fundamentally different characteristics and it is not helpful to continue to use the simplified standard definitions and classification of these African farmers. The universally applied dualistic categorisation of "smallholder" as opposed to "estate" or "plantation" producer simply ignores the fact that some "smallholders" operate holdings that are at least 20 times larger than the holdings operated by the average or modal smallholder. As an extreme example, the Fairtrade certified "smallholder" tea producers who own the Mpanga Growers Tea Factory in Uganda include an individual living in Kampala, farming about 130 hectares of tea and employing dozens of wage

workers.<sup>65</sup> Other “smallholder” co-operative members of Mpanga have also had to construct permanent labour camps to house the large number of seasonal migrant wage workers they employ to produce their tea. Similarly, while many smallholder farmers who are members of the Fairtrade certified Fero Coffee Cooperative in Ethiopia cultivate about one third of a hectare, some cooperative members (at least ten of them) cultivate more than 20 times that area and each employ up to 60 wage workers. Not only do these larger smallholders cultivate a much bigger area of the export crop on their “small” farms but also, more importantly, their methods of farming and their accumulation strategies are also different in crucial respects. They are *capitalist* farmers. A realistic analysis of the social relations of production on large “smallholder” farms should be the starting point in any discussion of the impact of donor and NGO interventions to support rural cooperatives and export crop production.

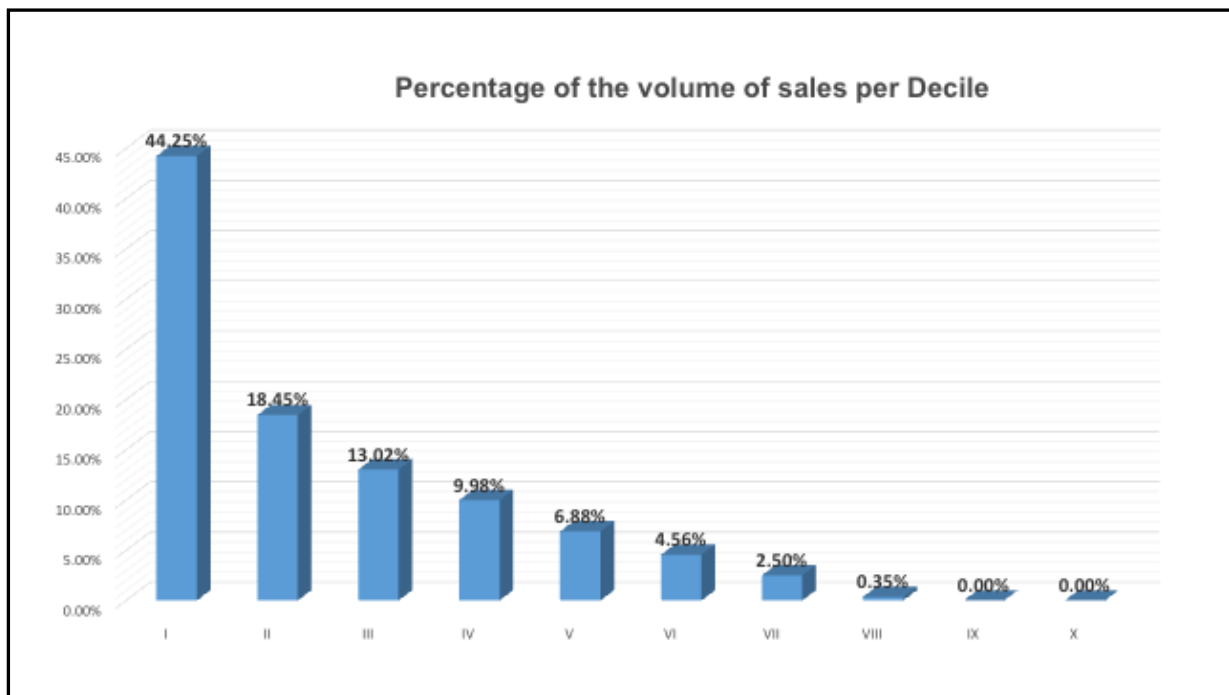
Of course, all the published statistics show that the larger-scale smallholders constitute a minority of the total number of coffee or tea producers in cooperatives. However, it is far more important and also far more difficult to unearth statistics that show the contribution of these unusual smallholders to output, e.g. the proportion of output that is marketed by the top ten per cent (in terms of volume marketed) of all smallholders selling coffee or tea. It is likely that in many of the fieldwork sites the proportion of output marketed by the hundreds of farmers cultivating average-size holdings, i.e. holdings that are smaller than about three acres, is tiny. FTEPR was able to collect some data from produce ledgers on the volume of coffee marketed in 2011 by all the members of Fairtrade certified primary coffee and tea cooperatives in Uganda and a Fairtrade certified primary coffee cooperative in Ethiopia. Data for the Ugandan coffee cooperative are summarised in Chart 3.16.<sup>66</sup>

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<sup>65</sup> The Chairman of the Fairtrade certified coffee cooperative studied in the FTEPR also spends a great deal of time in Kampala – so much time that thieves have taken advantage of his absence to steal his coffee cherries. A recently deceased member of one of the FTEPR surveyed Fairtrade certified primary cooperatives in Uganda has a farm of 60 acres planted with coffee. He sold to the local Fairtrade certified primary co-operative until he completed the construction of his own coffee processing factory. In 2012 he employed about 40 wage workers to pick his coffee.

<sup>66</sup> Bar charts produced from the data from the other cooperatives in the research show a remarkably similar degree of inequality in members’ contributions to sales.

**Chart 3.16: Distribution of the Volume of Coffee Sales to a Ugandan Fairtrade Certified Co-operative in 2011, by Decile**



Source: FTEPR

Out of the 540 recorded members of the Primary Co-operative, 143 sold no coffee at all to the Co-operative, while 54 members accounted for nearly half of all sales and the biggest selling 162 members accounted for more than three quarters of all sales of coffee to the co-operative.<sup>67</sup> Qualitative research in the area covered by this cooperative suggests that some of the co-operative members - those who farm the largest areas of coffee and market a much larger volume of coffee than other members - also sell a relatively large amount of coffee to private traders. Some of the coffee they sell to private traders is a reflection of the fact that they have larger farms and higher yields than most coffee farmers, but part of the reason for their high sales volume to the co-operative (and to private buyers) is that they act as traders/middlemen, selling coffee produced by others. So the degree of concentration of coffee sales shown in Chart 3.16 is only one aspect of the degree to which a small group of farmers dominate local

<sup>67</sup> It not uncommon for these co-operative members to maintain separate registrations at the co-operative in the names of a number of trusted individuals such as family members, so that when the co-operative distributed subsidised or free inputs they could make several claims under different names to these resources. This is a reason for regarding the data in Chart 3.13 as a conservative estimate of the actual degree of concentration of production and marketed output.

production and marketing; their domination of sales of coffee to private buyers, who purchase about 85 per cent of the coffee produced in the Ugandan FTEPR Fairtrade certified site, is not centrally recorded or published.

Interviews with key informants, as well as the secondary literature on cooperatives in Uganda, Ethiopia and other poor rural areas confirm that a small group of relatively large (normally male) producers, such as the top ten per cent of coffee sellers in Chart 3.16, usually control the leadership positions in co-operative organisations.<sup>68</sup> They control access to the distribution of subsidized resources – credit, fertilizer and planting material - and they have often, on the basis of this control, been able to invest in a wide range of farm and non-farm enterprises by embezzling cooperative or group revenues and assets (Mude, 2007). At Mpanga in Uganda “the co-op board ... consists of shareholders distinguished by their wealth and education”. The business of selling cooperative subsidised inputs to non-members or less influential members is extremely profitable (Mullan et al, 2010: 105). At Fero Cooperative in Ethiopia, a former member of the cooperative board told FTEPR researchers that new and previously poor board members were corruptly acquiring houses in Awasa and in Addis. Hardly any progress has been made over several years to reduce the marked gender imbalance in the membership of this cooperative. Survey data from 2005 and 2006 found that “the poorest of the poor tend to be excluded from membership in marketing cooperatives in Ethiopia...within a large number of cooperatives, decision-making tends to be concentrated in management committees that are less inclusive of the poorest members of the organization” (Bernard and Spielman, 2009: 67). Similar conclusions have been reached in an analysis of a sub-set of the same Ethiopian data: “cooperatives should not be seen as means to ensure the participation of the poorest among the poor...cooperatives are rather instruments to reinforce rural elites and the vested order, as they serve to...concentrate market power” (Francesconi and Heerink, 2010: 170-171). The role of these rural elites and their relationship to the ruling political party in Ethiopia have been discussed by Lefort, who argues that in recent years “the ruling

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<sup>68</sup> On male domination of Fairtrade certified co-operatives see Terstappen et al, 2012 and Valkila, 2014: 19, who also emphasises other extreme aspects of inequality in a Fairtrade certified cooperative, noting that members’ sales varied between 300 kgs per year and 2,000 kgs per year with most farmers owning less than one hectare of coffee, while at least one member cultivated about 50 hectares.

party extended its institutional authority over all the collective structures of the *kebele*” (2012: 692).<sup>69</sup>

The failure to establish an effective and democratic Joint Body on a certified flower farm in Ethiopia reflected a combination of problems. Some interviews suggested that these included an unenlightened farm management and a state insistent on imposing its own norms on and control over local representative institutions. The latter problem raises issues of rural political economy that are rarely discussed in the Fairtrade literature, which often presents Fairtrade certified production as taking place in a political vacuum.<sup>70</sup> However, it was difficult fully to establish the dynamics of this case partly because FTEPR’s requests for further information from Fairtrade representatives were met with silence.

Governments, NGOs and donors are all intervening to provide different types of subsidies to the “smallholder” sector, especially if the beneficiaries have formed “democratic, membership-based” organisations, usually on the assumption that rural poverty will be alleviated as a result of their interventions.<sup>71</sup> For example, Fairtrade attempts to support and subsidize cooperative groups of “smallholder” producers on the remarkably naïve assumption that the benefits of this support are distributed evenly amongst the group. This assumption about egalitarian distribution is unwarranted. Besides, it cannot be assumed that the poorest smallholder producers are or can become members of the group of “smallholders” supported by Fairtrade. Interviews conducted with cooperative leaders in Ethiopia and Uganda by the FTEPR research team have repeatedly confirmed that there are large numbers of smallholder producers who have been unable to jump the hurdles excluding them from cooperative

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<sup>69</sup> There is a close relationship between the ruling military elite in Uganda and those farmers dominating the leadership of dairy cooperatives in the South-Western region (Mwebaze and Kjaer, 2013).

<sup>70</sup> The Fairtrade Foundation’s new (produced in December 2013) ‘theory of change’ document provides a more open acknowledgement of the difficulties of separating Fairtrade interventions from a range of ‘external factors’ though it does little to specify what they might be and does not engage in political analysis.

<sup>71</sup> This approach to poverty reduction has been hegemonic for over a decade (Sender, 2003). More recently, mainstream economists have finally identified the conventional donor approach - “the current focus of much thinking on supporting African agriculture: an exclusive focus on smallholders as the key to growth and poverty reduction” (Collier and Dercon, 2009: 1).



membership. In fact, groups supported by Fairtrade often exclude poorer local smallholders and there are many other groups of much poorer producers that are unable to market through Fairtrade channels.

Some of these poorer, excluded coffee producers were interviewed when collecting the FTEPR life's work histories: many said that they depend on emergency consumption credit provided by their employers or the wealthiest of their neighbours. They are forced to repay this credit, at usurious implicit interest rates, by marketing the harvest of their few coffee trees through their creditor(s). They are unlikely to be able to afford membership fees of the cooperative, but even if they are registered members they cannot sell their coffee cherries at the price offered by the cooperative, because they are constrained by inter-linked credit, labour and output marketing arrangements.

If production inputs are subsidized, including the costs of land, fertilizer, credit, processing equipment and skill acquisition, or if the output price benefits from a subsidized premium, then it is obvious that the largest producers and sellers will be receiving the lion's share of these subsidies and will invest premium payments to benefit themselves or their own families.<sup>72</sup> However, the fact that only a few smallholders receive the lion's share of the resources provided by Fairtrade and other external agents, and the fact that the poorest smallholders are effectively denied membership of those cooperatives or farmers' associations that have been allocated subsidies, does *not* mean that these interventions are failing to reduce rural poverty. Rather, it means that the distributional consequences and poverty-reducing impact of Fairtrade interventions have to be re-assessed - on the basis of a different set of assumptions and within a different theoretical framework.

The FTEPR re-assessment shows that Fairtrade interventions may, in fact, improve the standards of living of some of the poorest rural people, but as an unintended positive consequence of misguided and inefficient interventions. A much greater impact on rural poverty could be achieved if policies and interventions were based on an

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<sup>72</sup> For example, if the Fairtrade social premium is spent on facilities at a school regularly attended by leaders' children, but not by the children of the poorest who drop out after a very few years of education, then poor children derive relatively limited benefit.

appreciation of the real as opposed to the imagined mechanisms of rural poverty alleviation, i.e. a less naïve or romantic analysis of rural political economy.

The evidence base for a more realistic analysis has already been discussed (see section 3.4 above). The poorest people in the fieldwork sites depend for their immediate survival on the wages they receive as casual workers, typically as coffee or tea pickers or unskilled female flower workers. The number of days of wage employment and prevailing wage rates strongly influence their standards of living. Some may attempt to combine revenues from trading or crop production on miniscule plots with their income earned from wage labour on neighbouring farms. However, they rarely acquire access to the full range of inputs (including subsidised credit, fertilizers and planting material) or to the niche and premium markets available to larger-scale and politically powerful export crop producers. There is little prospect that their paltry crop income or their income from petty trading could ever allow them, or their children, to survive without participating in the labour market.

Much of the literature on Fairtrade and on rural development in Africa ignores the reality of this widespread dependence of the poor on wage labour incomes, pretending that “smallholder” producers are homogeneous and that all or most of them can exit from poverty as a result of interventions designed to increase all participating farmers’ crop production income. Indeed, many organizational reports and academic papers, as well as many officials and seasoned observers in African countries, explicitly deny the extent and significance of rural wage labour as a feature of the survival of the poorest and as an escape route, for some, from extreme poverty. As a consequence, this literature fails to examine rigorously the impact that interventions in the “smallholder” sector are having, or could have in the long term, on poverty reduction through stabilizing or increasing wage incomes. While the majority of, or the average, smallholders may *never* prove capable of generating a significant increase in local wage earning opportunities, the capitalist members of farmer groups are already beginning to play an important role in poverty reduction, because their output is produced by both local and migrant wage workers from poor rural areas.

The most important subsidies to these rural capitalists have been provided through state intervention and state allocation of resources funded by major donors. Substantial state subsidies have been allocated to Ugandan Cooperatives since the early 1950s.<sup>73</sup> More recently, at Mpanga for example, the leading shareholders have benefitted from large allocations of privatised estate land at below market prices (a parallel to the fire sale prices at which land was leased to private, including foreign, investors in the Ethiopian flower sector). They paid to acquire shares in previously nationalised land using loans granted at subsidized rates of interest. The key assets acquired by the Mpanga shareholders include not only the under-priced estates, but also the processing factories, which were rehabilitated before and after privatization at considerable cost; these costs were met or subsidized by the EU and other donors. The leading Mpanga shareholders also control the distribution of scarce and subsidized fertilizers; they often sell fertilizer they have acquired on the basis of subsidized credit for cash profits on the local market. They not only dominate the board of shareholders, but there is also considerable overlap between the larger smallholder farmers and the salaried management of the factories and estates, providing many opportunities for individuals to appropriate publicly provide resources for private ends. Similarly in Ethiopia, the leaders of Fairtrade certified groups of producers have received major state subsidies, not only through the extremely favourable tax and marketing treatment of cooperatives, but also through their control of, or privileged access to, subsidized inputs provided by bilateral donors, NGOs, and the Corporate Social Responsibility expenditures of MNCs such as Starbucks. Many of these leaders themselves enjoyed high-level salaried positions in the state bureaucracy before becoming more directly involved in capitalist accumulation in the coffee sector.

At Mpanga in Uganda and at Fero in Ethiopia Fairtrade certification has not been the most important source of capitalist accumulation and the growth of wage labouring opportunities. Fairtrade certification *can* improve employers' revenues, but since such a small proportion of sales are directed to the Fairtrade market the major producers probably regard certification as a very small part of a wider marketing or publicity

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<sup>73</sup> Mamdani (1976): 198-9. The colonial government also introduced price stabilization schemes to promote the success of associations of African coffee growers, 50 years before Fair Trade imitated these efforts.

strategy. Encouraged by Fairtrade organisations, both capitalist certified producers and the supermarkets conceal the fact that 'smallholder' coffee and tea is produced by wage labourers who earn a pittance. In the case of coffee this is institutionally formalised in the Fairtrade International classification of a 'smallholder' commodity, with a distinct set of certification standards resting explicitly on the assumption of the insignificance of hired labour, (or, now, on an arbitrary refusal to examine wages unless a rather large number of workers are employed). Bureaucrats within African Ministries of Agriculture join this chorus to promulgate the myth of a uniformly poor 'smallholder' sector producing on the basis of family labour, in harmony with the hymn sung by most donor agencies and many development economists. The underlying common ideology is that there are very few wage workers, mostly in urban areas and mostly non-poor. Wage workers should, from this widely shared perspective, not be the focus of poverty-reduction efforts.

As argued above, this myth has provided some opportunities for rural accumulation and the expansion of wage labour in crop production. However, if poverty reduction is the goal, then more focussed interventions to promote a far more rapid rate of growth of wage labour in export crop production are required. Accelerated capitalist development requires discrimination and targeting, reinforced by an explicit, realistic and publicly debated rationale for the choice of target. For example, Fairtrade certification efforts could be shifted towards producers known to make a major contribution to wage employment and to pay relatively high wages; but Fairtrade and donor support to such capitalist enterprises or to groups of dynamic capitalist farmers should never be granted without a *quid pro quo* from the beneficiaries and a clearly identified mechanism to discipline them, should they fail to meet their side of the bargain.

In other words, Fairtrade, NGOs and other donors investing to reduce rural poverty need to make much greater efforts to monitor capitalist compliance with targets for decent wage employment. Not only should capitalist farmers be required to employ a target number of waged workers, supported by an independent trade union and receiving decent wages and working conditions, they should also be required to meet output and export targets within a short period.

There has been little effort to establish Fairtrade certification on several of the most productive coffee and tea estates in both Uganda and Ethiopia, despite their actual and potential contribution to poverty reduction. In smallholder certified organisations, no steps have been taken to rigorously monitor the wages and working conditions of casual and seasonal wage workers, even those seasonal wage workers directly employed by Cooperative Unions; abusive treatment of wageworkers seems from the evidence often to elude continued certification. For example, on the only Fairtrade certified estate in Ethiopia (producing cut flowers), workers' basic rights were routinely flouted and management was able to evade apparently half-hearted attempts of Fairtrade certifiers to promote the interests of employees. When this farm was no longer Fairtrade certified, it is not clear that the break caused a significant fall in their profits. Fairtrade auditors need to make a radical break with easily evaded box-ticking techniques and to spend time in the field interviewing workers who have not been selected by the management.<sup>74</sup>

State agencies supporting agricultural growth and the donors financing them need to withdraw the access to tax breaks, subsidized credit and other inputs (that were so successful in establishing floricultural exports in Ethiopia), if negotiated performance targets for employment and exports are not reached. The Korean development experience suggests that the success of policies to discipline agribusiness and to accelerate capitalist development “will also depend on the number of agents involved in the policy. Trying to coordinate investments among a few large firms may be easier than organizing a country-wide distribution of subsidized fertilizer that involve(s) millions of small farmers who are ... scattered all over the country” (Chang, 2013: 12).

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<sup>74</sup> The ease with which employers can evade the standards and the monitoring efforts of certifiers at least as professional as those used by Fairtrade has been shown by Chan, 2010, although other examples of ineffectual auditing - from Enron to the 2008/9 financial crisis - could readily be cited. Perhaps more surprising is the fact that in the recent impact research commissioned by German and Swiss Fairtrade organisations no effort was made to assess workers' capacity to defend their interests: “The organization of plantation workplaces (Trade Union/Workers Committee defending the rights of the workers) were not assessed as this was not the subject of this study” (CEVAL, 2012: 52). FTEPR interviews in Ishaka (ACPCU) suggested that the auditing process (by a Kampala-based consultant) took a few days mostly spent in Ishaka headquarters going through the paperwork prepared by the ACPCU secretariat. Only one or two days were devoted to tours of a few selected smallholder farmers, whose selection method was unclear.

## Section 4 Conclusions and Recommendations

### 4.1 Summary and conclusions

This report has summarised the objectives, research design, methodology and findings from the Fairtrade, Employment and Poverty Reduction in Ethiopia and Uganda (FTEPR) research project conducted by SOAS researchers and their partners between 2009 and 2013. At the heart of this project was the collection of detailed micro-level socio-economic data, through a combination of methods and technologies. The research design adopted a contrastive site selection approach and sample stratification that together allowed for the exploration of differences both between and within research sites. Venue based sample frames were constructed with the use of GPS technology. This then allowed for a quasi-census to be carried out in each sub-site, from which, first, a large but very short survey was conducted on hand held computers (PDAs) and, second, a long paper based survey was conducted, producing 1,700 respondent interviews. A smaller repeat survey of a subset of respondents was carried out in coffee producing sites in Ethiopia and Uganda later, in an effort to identify some of the dynamics (or lack of them) of changes in international prices, local food prices, institutional changes, wages, and dietary indicators. These quantitative survey instruments were combined with more than one hundred “life’s work” interviews: interviews of typically two to three hours with individuals identified from the original survey sample according to analytical criteria and focusing on the detailed history of their experiences in paid employment. FTEPR researchers also gathered evidence from focus groups specifically focusing on experiences of sexual harassment at the workplace and they carried out a large number of other interviews, from the early scoping phase of research to the latter phases of the research, with sector specialists, cooperative leaders, flower firm owners and managers, trade unionists, Fairtrade certification representatives, tea and coffee producers/employers, international coffee buyers and roasters, government officials, and others.

The empirical evidence produced by this research has generated findings discussed in Section 3 above. There were three especially clear findings. First, wage employment is very prevalent in rural areas producing agricultural export commodities. This may seem

relatively unsurprising in major flower growing areas in Ethiopia or in those areas close to a large multinational owned coffee plantation in Uganda or in the Jimma region of Ethiopia where there are large coffee enterprises, though even in these areas the scale of the labour market is striking and rarely reported. However, more significant is the high level of recent wage employment experience in areas regarded as “smallholder”, “family” farming areas producing tea or coffee. Thus, between a third and a half of adults in the short survey reported that they had worked for wages in coffee production in the 12 months prior to the interview. In the Ugandan smallholder coffee production research sites a comparable, even slightly higher, proportion of adults had worked for wages in coffee production, while in the main Ugandan tea smallholder research sites between 40 and 50 per cent of adults had recently worked for wages producing tea. This finding is hugely important given the widespread assertion that very little wage employment has been created by smallholders in Africa. Labour markets are, clearly, fundamental links in the chain of international trade in agricultural commodities. What happens in those labour markets matters for the governance of global trade. And developments in international markets, including price changes in EU markets for coffee and flowers, for example, affects the welfare and prospects of the huge numbers of poor rural people who depend for their survival on access to such employment.

Second, the wage workers in the FTEPR sample are about as far as it is possible to get from some notional “labour aristocracy”. Analysis of the sample – in Section 3.3 above – shows that these workers are extremely poor by any standard; and they are relatively deprived by comparison with other estimates of poverty in rural Ethiopia and Uganda, for example in DHS estimates. A high proportion of female agricultural wage worker respondents in the FTEPR sample, for example, have little or no primary education, they own or have access to barely any widely available assets, and they live on extremely narrow diets. They are also vulnerable because they are more likely than other rural women to be divorced, separated or widowed and without any support from a male partner. Those interested in understanding the characteristics of the poorest in rural societies, and those interested in crafting interventions to help reduce poverty, ought to be struck by the evidence of how commonplace it is for desperately poor men and women – in many cases boys and girls – to depend on wage employment. It is, then, important to understand much more about the mechanisms affecting the annual

number of days of employment available to people who depend on such work in order to survive. Equally important is an understanding of the mechanisms affecting the wage rates that in combination with days of work may or may not begin to create possibilities for an escape from extreme poverty. FTEPR research certainly does not provide a complete explanation of these mechanisms, but it has made an important contribution towards a clearer understanding of how they operate.

Third, FTEPR research focused in particular on the role of Fairtrade certification in influencing pay, amount of work, and working conditions. As a simple version of one of the research questions put it: is a poor rural person dependent on access to wage employment for their (and their family's) survival better served by employment opportunities on certified farms or on non-certified farms? The research findings show unambiguously that Fairtrade has made no positive difference – relative to other forms of employment in the production of the same crops – to wage workers. Systematically, wage workers in the FTEPR sample in research sites characterised by the presence of Fairtrade certified producer organizations earned less than equivalent workers in research sites without Fairtrade production. A relatively high proportion of wage workers employed in the production of commodities sold to and through Fairtrade certified channels earned less than 60 per cent of the median wage for equivalent work. And in most cases average wages were significantly lower for the workers interviewed who were in the Fairtrade samples were among the workers in the overall samples (for coffee, tea, and flowers) who could be said to earn relatively high wages.

FTEPR cannot make direct causal claims from its findings, such as that 'Fairtrade causes low wages', for example. Basu's (2013) scepticism about the scope for empirical studies to prove causation is directly relevant here.<sup>75</sup> However, the research does reject the hypothesis that there is a *positive* causal chain between Fairtrade certification and working conditions. Section 3.4 and Section 3.6, in particular, explore some of the reasons why this ought not to be surprising. On the one hand, there are reasons why Fairtrade has not made a better impact on poor rural wage workers. On the other hand, there are other factors that do directly affect wages, the amount of work available, and

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<sup>75</sup> Basu is particularly sharp in his rejection of the causal claims of randomized controlled trials (RCTs).



working conditions. The reasons for Fairtrade's failure to make a clear positive difference to wages and conditions, or to the amount of work offered, are fairly clear. They have to do – especially in the production of “smallholder” commodities – with what this research suggests has been in the past a wilful denial of the significance of wage labour and an obsessive concentration on producers/employers and their organisations. While both SPO and Hired Labour Standards may have been adapted recently, this research suggests that a large number of obstacles remain in implementing improved standards in a way that will benefit rural workers. First and foremost is the need not just for more monitoring and evaluation, but also for better methods. And they have to do – again, especially where Fairtrade certification is awarded to cooperatives – with the espousal of a romantic ideology of how cooperatives operate in poor rural areas. One implication of revealing the obfuscation and even inversion of reality sustained by this ideology is that Fairtrade may well help to make a contribution (though the evidence suggests it is not the most effective contribution) to poverty reduction; but that it does so as an unintended consequence of its promotion of a class of emerging rural capitalists.

Given the obstacles to a very different and much more effective form of Fairtrade certification, perhaps the most important recommendations made below are directed at how to pursue such an aim – the promotion of a more dynamic agricultural capitalism with the capacity to make genuine inroads on poverty reduction – through different, more effective interventions. The policy recommendations made below draw on Basu's (2013) recommended combination of empirical observation (FTEPR findings) and reasoned intuition (decades of research experience, wide reading of secondary literature, qualitative interviews with a wide range of specialists and key informants) as the only foundation for designing policy.

## **4.2 Recommendations**

### **4.2.1 Recommendations for Fairtrade**

In 2013, consumers of garments produced by small factory owners in Bangladesh would not have been reassured by a label informing them that the profits of the factory owners had been increasing. Before paying a premium price, ethical consumers would want to

know something about the working conditions and wages of the women employed in these small factories. Similarly, if Fairtrade organizations are unable to make any positive difference to the wages and working conditions of those providing the manual labour in the production of certified goods, their claims to 'ethical trading' and to make a major contribution to improving the lives of very poor rural people will remain hollow. Therefore, the first set of recommendations from FTEPR research, briefly and simply, provides suggestions for such organizations that may want to improve their credibility. These recommendations are intended to contribute to ongoing discussions within Fairtrade organizations and between them and other organizations (including trade union organizations and donor agencies).

- Fairtrade standards and audit procedures – even and perhaps especially for so-called smallholder commodities – must be redesigned to include compliance with specific standards for the remuneration of manual agricultural wage workers, not only on processing stations (for example, in coffee and tea), but also on the farms where such workers are employed.<sup>76</sup>
- These standards should focus on whether average wage rates among such workers are at least as good as, if not higher than, those of very similar workers employed in the production of the same crops in non-Fairtrade institutional conditions.
- Standards should also seek to secure at least as good, if not better, non-wage working conditions and facilities.
- Preference in awarding certification should be given to those producer groups who can demonstrate that they provide crèches for the care of very young, pre-school age children of working mothers.
- There is a strong case for revisiting the distinction between “smallholder producer organizations” and “hired labour organizations” in Fairtrade standards. At the very least, if there is to remain a distinction based on scale and organization of production it should no longer be defined in terms of a distinction between those that hire labour and those that do not, given that they all do.

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<sup>76</sup> Examples of organizations that have experience in auditing labour practices include Verité – see, e.g., <http://www.verite.org/vision/june2013/bottomofthesupplychain>

- Fairtrade labelling and general branding literature and imagery should be clarified to state whether or not the product being sold (and for which premium prices are paid by consumers anxious to “make a difference”) is produced in conditions that are likely to make a positive difference to poor wage workers. In other words, there should be much clearer information available on the limits to what Fairtrade really seeks to and can claim to do.
- Fairtrade standards should seek proactively to support and protect independent and effective trade unions serving the interests of wage workers in agriculture and in particular in the production of export crops.
- Fairtrade labelling and branding information should clarify whether and how seasonal and migrant manual agricultural wage workers and their families have access to any “community” projects and benefits supported through Fairtrade “social premiums”.
- Fairtrade organizations have only thus far been able to devote minuscule budgets to careful and thorough research. Either they need to increase budget allocations to research or they need to seek public funding for deeper, data intensive research, to overcome the severe constraints on the research literature they have been able to draw on.
- It is imperative that Fairtrade organizations invest far greater resources in effective, regular and properly independent monitoring to ensure that producers do meet the standards to which they have signed up (and for membership of which they have paid) in order to get access to sought after international markets. Qualitative research for FTEPR confirmed that monitoring has often been cursory and infrequent. This increases the risk of Fairtrade facing “horse meat” moments, when the media publicizes an unsavoury aspect of partners’ production processes.
- Where local political dynamics confound the scope for effective monitoring and independence, Fairtrade will have to choose between immediate de-certification, so as not to mislead consumers, and a very long-term strategy of providing support to independent workers organisations and to the very best employers with a view to eventual certification.
- Fairtrade literature also needs to be clearer and more detailed about the structure of cooperatives, where these are the production organization through

which commodities are traded. They should avoid branding that suggests these cooperatives or producer groups are egalitarian and democratic, unless there is very good and replicable evidence to confirm that this is the case.

These recommendations are unlikely to be welcomed by Fairtrade organisations, or by the supermarkets that profit from the important public relations and product differentiation opportunities that certified products provide. It may appear that these recommendations are demanding, unrealistic even. If that is the case, then at a minimum FTEPR research suggests that Fairtrade labelling and branding information needs to be changed substantially to reflect the limitations of the claims made and an inability to monitor the wages and working conditions of people employed on the farms of members of small producers organisations. However, it may well be that it proves too costly for Fairtrade organizations, and the producer and retail organizations who trumpet their Fairtrade certification, to implement these recommendations in such a way that a substantive positive difference can be made to the welfare of manual agricultural wage workers. That is one reason why FTEPR recommends a broader public attention to, even potentially a reallocation of resources from Fairtrade towards, other types of intervention, to be supported by governments and donor agencies.

#### **4.2.2 Recommendations for governments, donors and others**

The commodities that FTEPR research has focused on – coffee and tea in Uganda, coffee and flowers in Ethiopia – and others like them, judging by the findings of the secondary literature, can play a massive role in the process of economic development in a dual sense: they can help to address the foreign exchange constraint that is often (certainly in Ethiopia and Uganda) a tight restriction on the scope for rapid growth, national security, and policy space; and they can help to address poverty through the demand for wage labour that they involve. There are many policy issues involved in the promotion of more efficient agricultural export production that are beyond the scope of this research. However, from a largely labour market perspective, there are ways in which this research may contribute to policy debates.

Given the evidence provided by FTEPR that wage employment is prevalent in areas producing these types of agricultural export commodities, and that manual agricultural wage employment is fundamental to the survival of large numbers of people, the first imperative for policy is to encourage investment in and infrastructural support to those areas with the greatest potential for a rapid growth of production of agricultural exports and especially of those exports known to have a high demand for wage labour per unit of output.

In order to address the challenges of labour markets in the production of these commodities, there are various direct labour market interventions that should be considered. These include the following:

- Promotion of independent and well resourced trade unions.
- Support for the establishment of crèches where seasonal agricultural manual wage workers can safely leave their children during the hours that they are working.
- Investment in labour inspectorates. This involves providing inspectorates with sufficient staff, properly paid, and with vehicles and the wherewithal effectively to monitor labour practices. Even in some flower farms a short drive from Addis Ababa owners told FTEPR researchers that visits from labour inspectors were very rare and likely to happen mainly or only when the employer could provide them with a lift.
- Enforcement of paid maternity leave. This may apply only to more permanent workers rather than short-term seasonal labourers. The partial enforcement of a recently introduced law to ensure paid maternity leave has been quite effective in the Ethiopian floriculture sector, showing that such interventions can work.
- Reduction of gender wage discrimination. FTEPR evidence, in Fairtrade and in other production, showed the extent to which female agricultural wage workers are especially disadvantaged and, among them, the extent to which divorced, widowed and separated women are particularly vulnerable and exposed to the vagaries of unregulated, slack labour markets. There is a research literature showing how in East Asian industrialisation rapidly growing economies have often relied for international competitiveness on the institutional repression of women's wages (Seguino, 2000). The same appears to be true of agricultural

exports from low-income economies. If international trade in agricultural commodities is to provide an effective means of reducing the worst forms of poverty, it cannot be sustained on the basis of harshly exploitative rates of payment for too few days of work for women and girls in particular.

- The introduction in Uganda and, more to the point, the implementation in both Uganda and Ethiopia of meaningful minimum wage legislation. Because such legislation usually specifies nominal wage rates, while FTEPR research has shown that nominal rural wages are rather sticky in face of food price increases, policies will also be required to smooth out spikes in prices of the basic sources of calories for the poor.
- Provision of effective health and safety services and standards in workplaces. In flower production, this means the full provision of effective protective clothing and strictly enforced rules to ensure a safe time lapse between the spraying of flowers and workers' re-entry to the greenhouses, as well as proper time for breaks in the working shift. In coffee and tea it includes provision of time for breaks, protection against hours of exposure to the sun, and provision of medicines to deal with dangerous bites or cuts. Across all sectors this should also include measures to prevent and police sexual harassment as a form of entry barrier to labour market participation or at the workplace itself.
- Provision of resources to finance the schooling of the poorest rural children and to prosecute the employers of children working for wages in agriculture.

There are political and economic circumstances in which at least some of these measures might prove feasible and effective. It is rather easier, for example, to enforce maternity leave or health and safety provisions on large-scale production units that are relatively near large towns or cities. And it may be easier to enforce them particularly where there are foreign owners with Corporate Social Responsibility programmes and an eye on their international reputation as employers. However, it is a stretch to imagine that many low-income country governments have the capacity effectively to implement a raft of direct labour market interventions, even in sectors characterised to some extent by large and 'visible' firms. It is absurd to think most of these measures would be feasible in contexts characterised by the dispersed production of tea and coffee by very large numbers of relatively small-scale employers, almost all employing

fewer than 20 wage workers. There is, definitely, an argument for exploring the extent to which any of these measures may genuinely be implemented for certain sectors in particular countries (and given very specific ‘political settlements’). But the emphasis of FTEPR policy recommendations has to lie elsewhere, not so much in *direct* labour market interventions but in indirect policy measures that have a more realistic and stronger potential to achieve an improvement in rural wage workers’ standards of living.

These indirect policy measures are recommended because they offer a realistic prospect of tightening labour markets.

- Investments are required in order to ensure that children, especially girls, stay in school far longer and have access to decent education. Of course this is far from straightforward: there have been years of policy efforts to move towards universal primary education and, more recently, to improve secondary enrolment rates, and it has been recognised that despite wider provision, the quality of schooling often remains poor in low-income countries, while repetition rates remain unacceptably high. But FTEPR research can add impetus, from its labour market perspective, to the wider arguments for prioritising education. Despite efforts to invest in schooling in the two countries studied in FTEPR, and despite commitments to free schooling, it remains the case that poor rural families have to pay for their children to get into and to stay in school. The cost of school books and uniforms as a reason for children dropping out of primary or secondary school and working for wages was a frequent refrain in qualitative interviews in rural Ethiopia and Uganda, among both parents and children interviewed. As noted in Section 3.5, above, insisting on children staying in school – for example, by using cash transfers paid directly to children or their mothers conditional on their attendance – will probably have a direct effect on children’s own future labour market prospects and at the same time it can have an effect on other people’s wages and welfare by tightening labour markets.
- Further, there is a case for decisive discrimination in favour of girls, using measures such as cash transfers that are only paid to girls in order to ensure they stay in secondary school. This is one way to address the persistent and widespread unfavourable treatment of girls and women in labour markets.

- Another set of measures that could tighten rural labour markets involves an increase in targeted infrastructure investments, partly because the construction of rural infrastructure is itself a relatively labour-intensive activity. The aim should be to increase the demand for rural labour by constructing, for example, feeder roads, Mother and Child Health Clinics and school classrooms, as well as irrigation, processing/storage and electrification facilities. These investments should be targeted – to maximise the scope for agricultural trade to address foreign exchange constraints and at the same time address rural poverty – on precisely those areas producing crops intensive in demand for female wage labour, for example, high value horticultural crops.
- These are not the only policies that could be aimed at tightening labour markets by promoting investment in a rapid rate of growth of output. There needs to be a massive increase in the share of public expenditure (and concessional donor funding) allocated to agricultural production and especially to R&D on those export crops with the potential to increase employment opportunities for women.
- One directly relevant example in the context of FTEPR is an expansion of public expenditure to support the expansion of the number of high quality coffee washing stations as well as investment in agronomic research facilities geared to developing and distributing improved planting material for coffee and other relevant crops.

There are significant roles for the state in pursuing these recommended policies. While there may be a case for the development of effective crop-specific parastatal bodies this is not the only role for governments, which need to find a variety of ways to support rapidly expanding private sector investment in the agricultural sector. Certainly, the evidence suggests that Ethiopian parastatal organizations have been an important part of the astonishing success of the floriculture sector in recent years, and the Ethiopian Horticultural Export Promotion Agency (EHPEA) has been linked to one of the more effective state institutions, the National Export Council. The experience of these state agencies has been far from flawless but a strong commitment (politically) to the rapid growth of exports has meant that they have been vehicles for policy learning by doing.



In contrast, the Ugandan state does not appear to have learned that market deregulation cannot guarantee the expansion of floricultural or any other commodity exports.

However, the most important set of policies will involve those that combine incentives to capitalist farmers and agribusinesses with disciplinary measures in the form of performance criteria. Incentives such as bargain basement land concessions or subsidised access to credit, or cheap usage of state provided warehousing and logistical services (the state investment in the expansion of cold storage facilities and freight services by the state owned Ethiopian Airlines has been critical to the expansion of the floriculture sector) should only be granted if they are accompanied by strictly enforced targets for investors/producers. These targets should include output targets – rate of growth of high quality exports – and labour market targets such as the rate of growth of female employment, provision of decent working conditions and facilities, and improved pay. In short, states and donors should ‘bet on the strong’ if they are to improve the prospects of the poorest, but their bets must be hedged by what Amsden (2001: 8) in the context of industrial policies called ‘reciprocal control mechanisms’.

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