

Effects of Fairtrade on Farm Household Food Security and Living Standards: Insights from Côte d'Ivoire

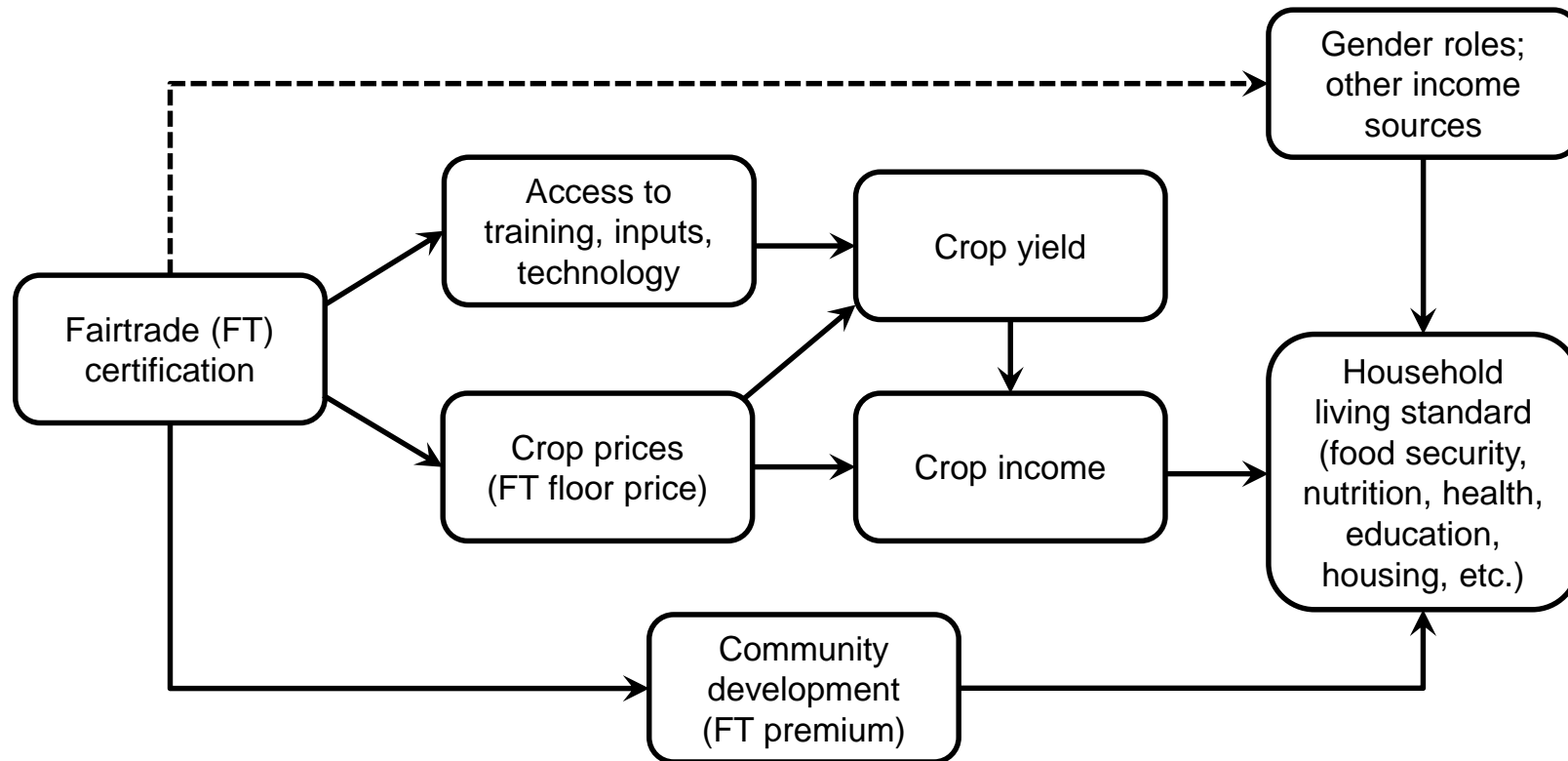
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Evidence from recent studies

- Higher output prices and incomes for smallholder farmers (Dragusanu et al., 2014; Karki et al., 2016; Meemken, 2020; Sellare et al., 2020b)
- Positive effects on aggregate household living standards (Becchetti et al., 2012; Chiputwa et al., 2015)
 - But higher prices in certified markets not always sufficient to raise household incomes and living standards (Beuchelt and Zeller, 2011; Akoyi and Maertens, 2018)
- Effects on food security and gender equity, but picture is mixed (Schleifer and Sun, 2020)

Mechanisms between Fairtrade and household living standards



Study design: Materials and Methods

- Cocoa sector in Côte d'Ivoire
- Data from survey of cocoa farmers in 50 different certified and non-certified cooperatives collected in 2018
- Regression models with instrumental variables used to identify effects of FT while controlling for possible confounding factors

Study design: Variables of Interest

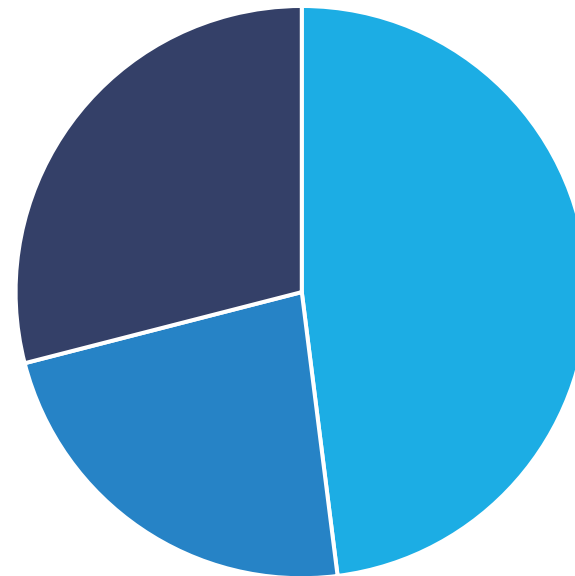
1. Analyzing the effects of Fairtrade certification on
 - Household living standards (measured in consumption expenditures)
 - Different dimensions of household living standard (expenditure categories)
 - Food security (undernourishment and dietary diversity)
2. Differentiating between effects of Fairtrade on farm households above and below the moderate poverty line of 3.20 PPP dollars per capita and day

Income and poverty

- Higher cocoa income for FT certified households
- No significant differences in poverty between certified and non-certified households

Total sample:

- above moderate poverty line
(3.20 PPP dollars)
- below moderate poverty line
(3.20 PPP dollars)
- below extreme poverty line
(1.90 PPP dollars)



Food Security and Undernourishment

- High household food insecurity and low dietary diversity among all households
- Close to 50% of all households classified as undernourished (consume less than 2400 kcal per adult equivalent)
- Mean Food Consumption Score of 26 considered borderline
- No significant differences in food security indicators between certified and non-certified households

Consumption expenditures as indicator for living standards

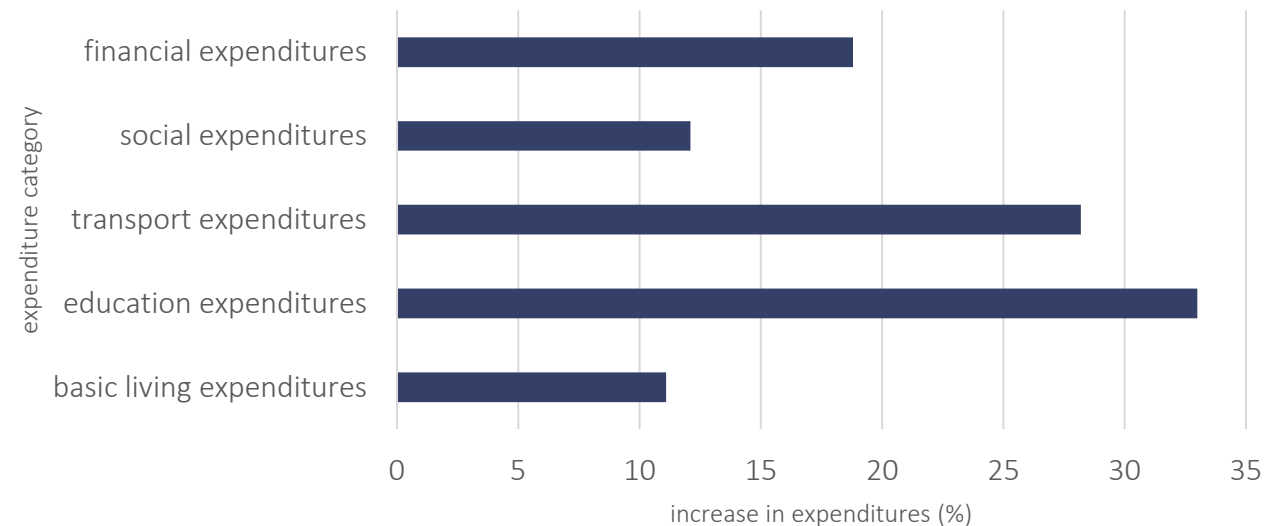
- Total aggregate expenditures not significantly higher for certified households
- No significant difference in food expenditures either
- Significant differences in non-food consumption expenditures:
 - Non-food expenditures 31% higher for certified households
 - Driven by basic living, education and social expenditures

Results: Average effects of Fairtrade on the whole sample

○ FT has a positive effect on total consumption expenditures that is entirely driven by increases in non-food expenditures

- No significant effect on food expenditures
- FT increases total non-food expenditures by 18.2%

○ Positive effects are observed for the following categories of non-food expenditures



Results: Effects of Fairtrade on poor vs. non-poor households

	Poor households	Non-poor households
Total consumption expenditures	0.136*** (0.05)	0.00421 (0.05)
Food expenditures	0.0392 (0.05)	-0.0754 (0.07)
Non-food expenditures	0.228*** (0.07)	0.118* (0.06)
Food security indicators		
Undernourished (1/0)	0.0670 (0.30)	0.167 (0.31)
HDDS	0.376 (0.28)	-0.0494 (0.33)
FCS	0.819 (1.81)	0.681 (2.20)
Categories of non-food expenditures		
Basic living expenditures	0.137* (0.07)	0.0285 (0.09)
Health expenditures	0.153 (0.10)	-0.0481 (0.10)
Education expenditures	0.253 (0.18)	0.509** (0.20)
Transport expenditures	0.173 (0.20)	0.388** (0.18)
Social expenditures	0.107 (0.10)	0.0928 (0.08)
Financial expenditures	0.146 (0.14)	0.152 (0.09)
Miscellaneous expenditures	-0.0207 (0.20)	-0.269 (0.22)
Observations	262	238

Conclusions

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2. No significant effects on food expenditures and food security
3. Positive effects larger for poor households
4. Effects on categories of non-food expenditures differ between poor and non-poor households

Recommendations

- Relationship between welfare dimensions and FT measures is more complex than prices → income → living standards
 - Gender dimensions need to be considered (decision making power, control over income)
 - Seasonal patterns matter
 - Poverty status/income level of households matter for consumption behavior
 - Higher incomes do not improve living standards equally for all, context matters!

Policy recommendations

- If poverty reduction/improved living standards is goal, looking at average income effects is not sufficient
- Looking beyond aggregate income or consumption can reveal important facets of social welfare
- Future measures (education and training) should consider long-term sustainability of improvements
 - Gender equity measures and nutrition training useful

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