



Fairtrade impact study in coffee communities in PNG: Final Report

Fairtrade ANZ

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sustineo

Acknowledgements

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The views expressed in this publication are the authors' alone and are not necessarily the views of Fairtrade ANZ.

Cover photo: Neknasi Coffee Growers Association's farmer (Source: Fairtrade ANZ, 2021).

Reference

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List of acronyms and abbreviations

Acronym / term	Description
Alang Daom	Alang Daom Cooperative Society
ANZ	Australia and New Zealand
DFAT	Australian Department of Foreign Affairs and Trade
EHP	Eastern Highlands Province
Fairtrade Standard	Fairtrade Standard for Small-scale Producer Organisations
FGD	Focus group discussion
FMP	Fairtrade Minimum Price
HOAC	Highlands Organic Agriculture Cooperative
KII	Key informant interview
Kg	Kilogram
PNG	Papua New Guinea
MFAT	New Zealand Ministry of Foreign Affairs and Trade
MSC	Most Significant Change
NASAA	National Association for Sustainable Agriculture Australia
Neknasi	Neknasi Coffee Growers Association
OECD-DAC	Organisation for Economic Co-operation and Development's Development Assistance Committee
Pro-WEAI	The project-level Women's Empowerment in Agriculture Index
Roots 1	Roots 1 Association
UFE	Utilisation focussed evaluation approach
Unen Choit	Unen Choit Cooperative Society

1. Executive Summary

This impact study is an independent assessment of the impact of Fairtrade Australia and New Zealand (Fairtrade ANZ) interventions with coffee farmers and their communities in Papua New Guinea (PNG). These interventions are based on over 10 years of work in PNG in partnership with the New Zealand Ministry of Foreign Affairs and Trade (MFAT).

The **purpose** of the impact study is to assess the benefits of being Fairtrade certified for producer organisations, farmers, and households, as well as the broader impacts at the community level.

The **methodology** for the impact study comprised a detailed desk assessment; key informant interviews (KIs) with Fairtrade ANZ staff, producer organisations, and coffee industry stakeholders; and focus group discussions (FGDs) and most significant change (MSC) interviews with Fairtrade farmers in four locations in PNG.

The approach to the desk study and qualitative data collection was guided by a **detailed assessment framework**, organised around three Key Impact Areas and 20 Key Assessment Questions agreed with Fairtrade ANZ. The development of the assessment framework was also informed by the Utilisation Focussed Evaluation Framework and the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) Evaluation Criteria.

The main body of the impact study reports findings against each of the 20 Key Assessment Questions, as well as key findings against each of the three Key Impact Areas. It also draws out higher-level findings against four cross-cutting thematic areas: economic impacts, social impacts, professionalisation, and sustainability.

1.1. Key findings aligned to thematic areas

1.1.1. *Economic impacts*

The economic benefits of Fairtrade certification are significant and have been identified across the supply chain. The primary economic impact has been the higher price that producer organisations and their member farmers receive from Fairtrade certification compared to the conventional market. Producer organisations can also receive a higher price under Fairtrade certification compared to Rainforest Alliance, as well as get added benefits of the organic differential and the Fairtrade Premium.

The price benefits are particularly pronounced when Fairtrade certification is combined with the Fairtrade Organic certification, which reflects a broader industry trend of producer organisations moving towards achieving multiple certifications.

In looking at the supply chain more broadly, it is evident that coffee exporters and other industry stakeholders view Fairtrade ANZ in a positive light. These other stakeholders benefit in terms of increased market access with Fairtrade certification.

These positive economic impacts are a significant achievement in the context of a smallholder coffee industry in PNG that has been in a state of stagnation and decline over the past four decades.

1.1.2. Social impacts (including gender and empowerment)

Fairtrade ANZ's interventions in PNG have had demonstrably positive gender impacts. The impact of Fairtrade ANZ gender training has been particularly influential at the farmer level. While the positive gender impacts at the level of the producer organisation are not quite as significant, the overall progress on women's empowerment is commendable in the context of gender relations in rural PNG, where women face significant discrimination and barriers to participation in the coffee industry.

Another key source of empowerment engendered by Fairtrade ANZ's program in PNG derives from group membership and the formation of networks. For farmers with limited resources and capacity levels, who live in remote settings across rural PNG, the benefits that come with being part of a producer organisation have been instrumental in improving their livelihoods and economic opportunities.

Importantly, these benefits extend beyond the farmer level, as producer organisations are able to connect farmers with exporters and buyers who also participate in Fairtrade coffee supply chains. In doing so, farmers get connected to markets and increase their reach in a manner that would not be possible without Fairtrade certification. Equally, buyers and exporters can connect to farmers who are trained and well-organised relative to other smallholders in PNG.

There is also evidence of the Fairtrade Premium creating positive social impacts in farming communities with some producer organisations starting to invest more in community development initiatives as they have matured at the organisational level. Most notably, the Fairtrade Premium has been invested to build schools and contribute to school fees, as well as for building permanent houses.

Anecdotally, farmers also perceived the Fairtrade Premium to be the key point of differentiation between Fairtrade and other certifications such as Rainforest Alliance. While farmers receive a similar price under Fairtrade and Rainforest Alliance, they receive the added benefit of the Fairtrade Premium under Fairtrade certification which provides significant social development and livelihood benefits.

1.1.3. Professionalisation and capacity development

Fairtrade ANZ's in-country support and the training activities it provides have been integral in improving the capacity and professionalisation of producer organisations. Of particular note has been improvements in governance and coffee quality.

All of the producer organisations examined in this study have in place governance arrangements that support democratic decision-making, in line with the Fairtrade Standard for Small-scale Producer Organisations (Fairtrade Standard). The establishment and use of management boards with elected representatives and AGMs is a significant achievement in the context of rural PNG.

Producer organisations have also been able to increase the quality of the coffee they produce as a consequence of the capacity building and training support provided by Fairtrade ANZ, as well as to processes implemented by producer organisations themselves.

Underpinning these capacity development benefits is the strong in-country presence that Fairtrade ANZ has consistently maintained since commencing work in PNG. Unlike other certifications such as Rainforest Alliance and NASAA Organic, Fairtrade ANZ is the only certification scheme to have an in-country presence in PNG with a strong focus on providing support to producer organisations, making this a unique and instrumental component of the Fairtrade ANZ model.

Improvements in professionalisation and capacity have varied across producer organisations, and the impacts of capacity development in the area of financial accountability remain mixed. Increases in incidents of non-compliance related to financial accountability suggest progress in this area has been more challenging for producer organisations. This may partly be due to the increasing complexity of certification requirements and the COVID-19 pandemic, which has seen audit and compliance activities move to online formats.

1.1.4. Sustainability

The feasibility of the Fairtrade ANZ program over the long-term depends on the independence of producer organisations and the level of support required from Fairtrade ANZ. There is some emerging evidence that as producer organisations mature, the level of support required from Fairtrade ANZ becomes less hands on and intensive. Additionally, more mature and high-functioning producer organisations have begun to implement their own initiatives designed to improve the quality of the coffee produced by their members. Taken together, these examples bode well for improvements in the sustainability of the Fairtrade ANZ program, particularly around the provision of support services by Fairtrade ANZ.

Another factor affecting the sustainability of the Fairtrade ANZ program in PNG is the vulnerability of farmers and producer organisations to environmental challenges, particularly the increasing impacts of climate change. Farmers and producer organisation representatives in the study articulated concerns about the impacts of climate change on their coffee production and there was limited evidence of producer organisations changing their practices to better adapt to the impacts of climate change. While farmers and producer organisations remain vulnerable to the effects of climate change, the majority of participants expressed a desire to improve their adaptive capacity, primarily through further training from Fairtrade ANZ.

1.2. Key findings aligned to impact areas

1.2.1. Impact at the producer organisation level

The overall impact of Fairtrade ANZ's support for producer organisations has been overwhelmingly positive. This applies across all 12 Key Assessment Questions examined, with the exception of A.10, which relates to financial accountability, for which the results are decidedly mixed. Importantly, no unanticipated negative impacts of the Fairtrade ANZ program have been identified and no specific concerns were raised regarding the future participation of producer organisations in the Fairtrade ANZ program.

There have been positive impacts in terms of prices received by producer organisations. Producer organisations and their member farmers connected to the Fairtrade market obtain better prices compared to conventional markets. The difference is especially pronounced when the Fairtrade certification is combined with Organic certification with producer organisations of dual certification receiving on average a price increase of 24.91% per kg of coffee compared to the conventional market price. Producer organisations with dual certification also received an average price increase of 26.47% per kg of coffee compared to Fairtrade certification alone. However, the benefit sharing arrangements of the organic differential can vary between exporters and producer organisations depending on who owns the Organic certification. Additionally, when comparing against Rainforest Alliance in the case of a producer organisation that had both Fairtrade and Rainforest Alliance certification, Fairtrade certification receives a significant price increase of 81.7%, with farmers also benefiting from the organic differential and the Fairtrade Premium.

The Fairtrade Minimum Price (FMP) ensures that farmers are protected during unfavourable market conditions. This is a unique Fairtrade pricing design feature that does not exist among other certifications such as Rainforest Alliance.

There have been positive impacts in the growth of the Fairtrade Premium and how the Premium is invested by producer organisations. Noting significant variation between producer organisations, the total Fairtrade Premium earned by producer organisations has increased more than three-fold over the period 2017 to 2021, from NZD407,975 to more than NZD1.5million. There was a clear trend whereby less established producer organisations invest more in business development, while the more established ones are able to prioritise investment in community development.

There is clear evidence that producer organisations have increased their access to finance as a result of Fairtrade ANZ support and that the Fairtrade Co-Investment Fund (CIF) has been a key mechanism through which Fairtrade producer organisations have leveraged additional investment in capacity development and community development activities.

There is some evidence to suggest that Fairtrade ANZ support has assisted producer organisations in price negotiations with exporter and traders, and stronger evidence demonstrating that producer organisations have been able to maintain mostly consistent supply chain linkages, including in the context of the COVID-19 pandemic, and that some new supply chain linkages have been developed.

A range of external shocks and stresses have impacted upon producer organisations during the impact study period and there is evidence that Fairtrade ANZ support has assisted producer organisations to cope with some of these conditions. This especially applies to the benefits of the FMP during periods of low market prices and the strength and value of Fairtrade ANZ's in-country presence in supporting producer organisations during the COVID-19 pandemic. The impacts of climate change are a key area that both producer organisations and farmers have identified as a persistent challenge that they are poorly equipped to address.

Fairtrade ANZ support has assisted producer organisations to improve the quality of the coffee they are producing, and, on the whole, has also seen an increase in the volume of

coffee sold by producer organisations. The volumes of coffee sold varied significantly between producer organisations between 2018 and 2021, with increases in sales volumes ranging up to +343% over the four year period.

Findings in relation to the financial accountability of producer organisations are mixed. While annual audits show increases in incidents of non-compliance, this needs to be interpreted in the context of the increasing complexity of certification requirements and reduced face-to-face engagement between Fairtrade ANZ and farmers due to COVID-19. Other evidence suggests that financial accountability has improved as a result of compliance with Fairtrade standards and support from the Fairtrade ANZ team, but that there is scope for further improvement.

Overall, there is strong evidence that producer organisations have implemented improved systems of internal governance to comply with the Fairtrade Standard, with effective on-the-ground support provided by Fairtrade ANZ. This has led to a raft of benefits including improved social cohesion and consensus based decision-making, and greater involvement of women in decision-making.

1.2.2. Impact at the farmer and household level

Farmers have received higher prices for coffee after their producer organisations became certified with Fairtrade. All farmers engaged as part of the impact study articulated this point, and also noted that they were typically getting a better price than the conventional market price.

Farmers who were members of producer organisations with dual Fairtrade and Organic certification received higher prices for coffee than Fairtrade certification alone.

Farmers receive a higher price under Fairtrade compared to Rainforest Alliance. Under Fairtrade certification, farmers also receive further community development and livelihood benefits via the Fairtrade Premium

There was strong evidence that the capacity development and on-the-ground support provided by Fairtrade ANZ have empowered members of producer organisations, including by assisting them to invest Fairtrade premiums, access finance, and establish networks with buyers and exporters.

There is evidence of small improvements in women's empowerment, primarily through participation in producer organisations and the breaking down of negative cultural barriers as a result of training and education.

Farmer level engagements highlighted the positive impact that Fairtrade ANZ gender equality training has had on improving the perception of women in coffee farming communities and empowering women to participate in and benefit from coffee production. Participation in groups and the formation of networks was identified as an additional benefit that has improved the economic empowerment of farmers, including women.

The key farm and household level challenges that could negatively impact the sustainability of Fairtrade typically related to farmers' engagement with producer organisations. These challenges included: delayed payments or no payment from the producer organisation to

farmers for their coffee; a loss of trust in the producer organisation; unclear expectations around the use of the Fairtrade Premium; and concerns about the compliance of other farmer clusters with the Fairtrade Standard. Producer organisations noted that concerns regarding price competition, particularly for producer organisations Organic certification, may have adverse flow on effects at the farmer and household level. Taken together, this suggests that some producer organisations still remain weak and require further capacity development to respond to the expectations of their members.

Tangible household benefits have been realised from farmers accessing Fairtrade markets and the resulting higher price received for their coffee. Direct livelihood benefits identified included: improved housing; increased ability to purchase basic household items and pay school fees; increased household savings; improved access to health care; and improved nutrition.

1.2.3. Impact at the community level

The Fairtrade Premium is mostly being invested into producer organisations to support business and organisational development, although interviews found some evidence that there are investments in communities, including through infrastructure development.

The primary area in which communities have received benefits from the Fairtrade Premium is education (for substituting school fees as well as constructing school buildings), although there were also broader livelihood benefits through the construction of permanent houses for member's households.

Forms of investment other than the Fairtrade Premium were used to create community benefits such as infrastructure projects including for power connectivity, church buildings, water supply, and construction of permanent houses, as well as support for savings and pre-finance.

The key community level factor which may negatively affect the sustainability of Fairtrade is that farmers may choose to sell to conventional markets if they do not perceive the Fairtrade price to be higher. Other important factors include production costs and how well farmers understand the Fairtrade Premium.

1.3. Recommendations

Based on these high-level findings, the following **key recommendations** are presented for consideration by Fairtrade ANZ:

1. Expand training and capacity development activities on climate change adaptation.
2. Continue to capitalise on the progress made with their gender equality training and seek to improve the representation of women in management and leadership positions in producer organisations.
3. Use partnership with NASAA (NASAA Certified Organic) to work to streamline administrative processes required to achieve dual certification of Fairtrade and Organic.
4. Balance the competing priorities of meeting farmer demands for more training and capacity development while also striving to establish a program that is sustainable and promotes independent producer organisations.
5. Promote further awareness raising activities across producer organisations on the purpose of the Fairtrade Premium, and how and when it is used.
6. Continue to grow the Co-Investment Fund (CIF) to increase producer organisations' access to finance.
7. Increase education and awareness among key stakeholders on what Fairtrade has control over in the coffee supply chain, particularly in light of the confusion and frustration raised by stakeholders on export quotas which are beyond the control of Fairtrade ANZ.
8. Further investigate the barriers farmers face in opening and using electronic bank accounts and receiving electronic payments.
9. Prioritise youth engagement with the Fairtrade standard to ensure the ongoing sustainability of the Fairtrade ANZ program.

2. Introduction

2.1. Objectives, scope and purpose of the impact study

This impact study provides an opportunity to independently assess the impact of Fairtrade ANZ on coffee farmers and communities in Papua New Guinea (PNG) based on over 10 years of work in the country. The purpose of the impact study is to assess the benefits of being Fairtrade certified across the producer, farmer, and household levels, as well as the broader impacts at the community level. This requires assessing realised benefits against expected benefits regarding income level, professionalism of producer organisations (including empowerment of producer organisations), resilience to climate change impacts, and improved gender equality. Part of this involves comparing the impact of Fairtrade certifications (including the Fairtrade Minimum Price and Fairtrade Premium) against conventional markets and other speciality markets such as other organic standards and Rainforest Alliance¹ to demonstrate the benefits of Fairtrade. The assessment will also consider the level of influence that different aspects of Fairtrade's model – such as price premium, employment standards, cooperative governance model, and market access – has in achieving livelihood impacts.

The outputs of the impact study will enable Fairtrade ANZ to demonstrate the benefits of Fairtrade certifications in a manner that is objective and rigorous. The findings from the study will be shared with the New Zealand Ministry of Foreign Affairs and Trade (MFAT) to help demonstrate the return on their investment. Outputs will be developed into communication materials to assist with Fairtrade ANZ's marketing and promotion. Importantly, the impact study will provide a series of recommendations and lessons learned to guide the implementation of current and future Fairtrade ANZ work in PNG and the Pacific.

2.2. Report structure

This report is structured into six sections.

- **Section 2 (Introduction)** – this section – introduces the objectives, scope and purpose of this study, as well as detailing the approach and methods used for stakeholder engagement, data collection, and analysis.
- **Section 3 (Background and context)** provides an overview of Fairtrade ANZ's program in PNG, the smallholder PNG coffee industry and gender relations, and the target producer organisations engaged in this study.
- **Section 4 (Impact study findings)** reports on the findings against each key assessment question across the three impact areas of interest: the producer organisation, the farmer and household level, and the broader community level. This section draws on data from interviews with producer organisation representatives, coffee industry stakeholders, Fairtrade farmers, Fairtrade ANZ staff members, and findings from the desk assessment.

¹ Since 2018, the UTZ certification program is part of the Rainforest Alliance. (www.rainforest-alliance.org/utz)

- **Section 5 (Synthesis of impact study findings)** provides a high-level synthesis of the key findings of the impact of the broader Fairtrade ANZ program on PNG coffee farming communities across economic, social and gender, professionalisation and capacity development, and sustainability impacts areas. As part of this, analysis is provided on the level of influence that different aspects of the Fairtrade model play in achieving this impact.
- **Section 6 (Recommendations)** provides recommendations to Fairtrade ANZ for consideration to improve the Fairtrade ANZ program in PNG in the future.

2.3. Approach and methodology

2.3.1. Stakeholder engagement

The approach for stakeholder engagement included several data collection methods, described in further detail in Section 2.3.2. below. Most of these stakeholder engagements were conducted face-to-face by our in-country researchers, Mawe Gonapa and Matilda Hamago. In light of the highly patriarchal context of both the PNG Highlands and the smallholder coffee sector, and given the importance of gender considerations in Fairtrade ANZ's work with coffee producers, both a man and woman were purposively included in the in-country research team. This enabled separate engagements to be conducted with women participants by our female researcher, Matilda, in accordance with local social norms governing interactions between men and women.² This approach has ensured that women's views and experiences have been adequately captured in the impact study. Some engagements, particularly those with the Fairtrade ANZ team and Port Moresby-based stakeholders, were conducted remotely by Sustineo's internal team.

Stakeholder identification was undertaken in collaboration with Fairtrade ANZ. This process was also informed by the desk assessment. The key stakeholder groups consisted:

- **Fairtrade ANZ team.** Scoping consultations with international and PNG-based members of the Fairtrade ANZ team were conducted by the Sustineo team.
- **Fairtrade producer organisations.** Five target producer organisations were selected with the Fairtrade ANZ team out of the nine coffee-oriented producer organisations (see Figure 1).³ These are Highlands Organic Agriculture Cooperative (HOAC)⁴, Unen Choit Cooperative Society (Unen Choit), Alang Daom Cooperative Society (Alang Daom), Roots 1 Association (Roots 1), and Neknasi Coffee Growers Association (Neknasi).⁵ These producer organisations were purposively selected to be broadly representative of the characteristics of the producer organisations that

² In practice, due to unforeseen circumstances, Mawe was not able to participate for part of the second field mission (covering the two POs in the Wasu-Kabum region). However, Matilda was able to conduct separate engagements with men and women in that region.

³ The Fairtrade ANZ team identified HOAC, Unen Choit, Roots 1 and Neknasi as the four priority producer organizations. Given that the farming communities represented by Unen Choit and Alang Daom are both in the Wasu-Kabum area, which is only accessible by an infrequent small plane service from Lae, it made sense to also include Alang Daom in the study.

⁴ Due to logistical factors, FGDs were not able to be done with farmers at HOAC as part of the second field mission. Consequently, HOAC was engaged as part of the first and third field mission.

⁵ A representative from Roots 1 was not available to be engaged as part of the first field mission.

Fairtrade ANZ works with in PNG in terms of: how long they have been operating for, the volume of coffee they produce, the types of certifications they hold, the locations of the farming communities they represent, and how successful they have been to date (see Annex D for further details on these producer organisations).

- **Exporters of Fairtrade certified coffee.** These include Monpi Coffee Exports (Monpi) (Goroka, Eastern Highlands Province), Niugini Coffee Tea & Spices (NCTS) (Lae, Morobe Province), and Coffee Connections (Goroka, Eastern Highlands Province).
- **Fairtrade farmers.** Focus groups with selected women and men farmers who participate in the producer organisations listed above.
- **Other coffee industry stakeholders.** These were identified during the desk assessment and inception meeting as relevant to engage. They are: the Australian Department of Foreign Affairs and Trade (DFAT) funded Market Development Facility (MDF) and Pacific Horticultural and Agricultural Market Access (PHAMA) Plus Program; and the National Association for Sustainable Agriculture Australia's (NASAA) subsidiary certification company, NASAA Certified Organic.

A list of all the stakeholders engaged in the study is provided at Annex D.

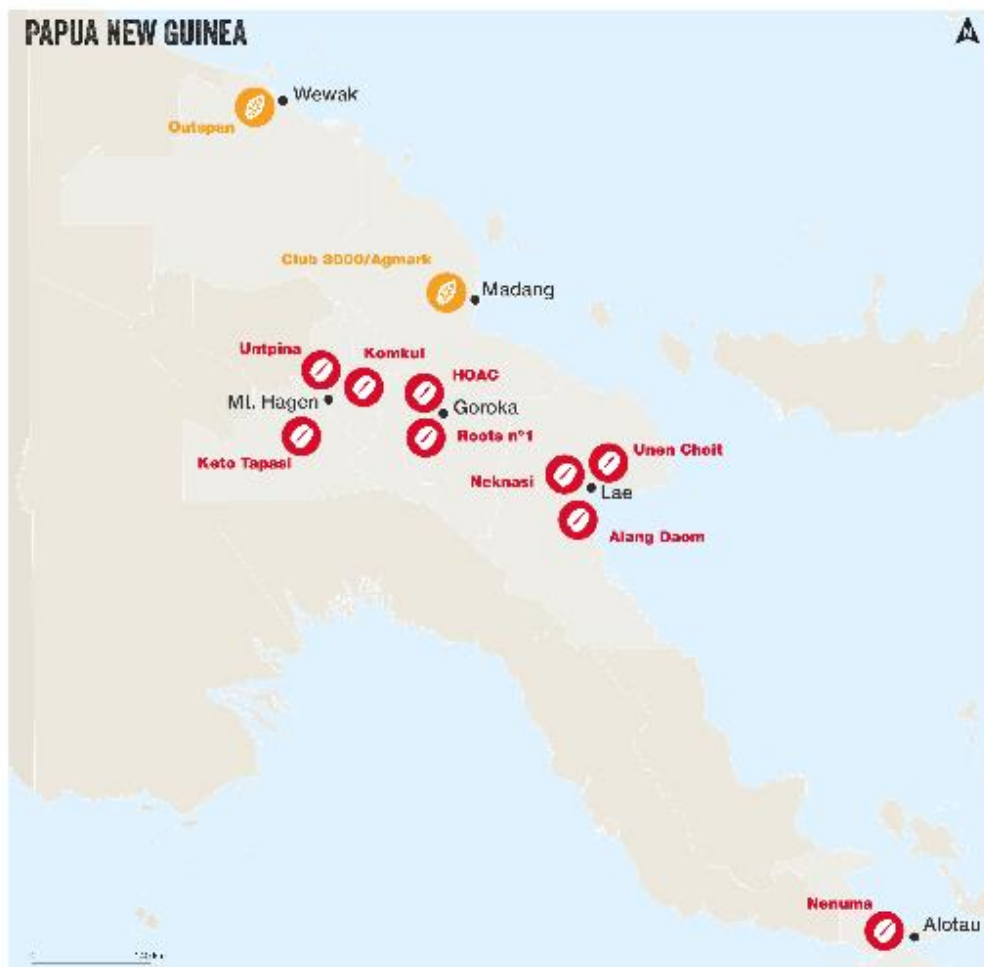


Figure 1: Accredited Fairtrade ANZ Producer Organisations in PNG (source: Fairtrade ANZ)

2.3.2. Methods

Desk assessment and assessment framework

The *initial desk assessment* informed the assessment framework that has been used to conduct the impact study (see Annex A for a detailed presentation of the assessment questions agreed with Fairtrade ANZ and the assessment framework). A key focus of the initial desk assessment was the preliminary review of documents provided by Fairtrade ANZ to gauge their alignment with, and relevance to, the agreed assessment questions (see Annex B for a presentation of the results of the initial desk assessment).

The assessment framework, interview guides, and focus group discussion (FGD) guides were developed from the findings of the initial desk assessment and scoping engagements with the Fairtrade ANZ team. Data gaps identified in the creation of the assessment framework have informed the development of the data collection instruments.

The *full desk assessment* confirmed the relevance of the documents and data sources reviewed during the initial desk assessment, and has undertaken more detailed analysis against the agreed assessment questions.

Key informant interviews

Semi-structured key informant interviews (KIs) were conducted with producer organisations, exporters, and other stakeholders (as identified Section 2.3.1 above) during the first field mission undertaken from 14 to 18 March 2022. The purpose of the KIs was to identify and assess the impacts associated with Fairtrade ANZ across these stakeholder groups. These impacts include, but are not limited to, income levels, professionalisation of producer organisations, empowerment, climate adaptation, and gender equality. The KIs included both quantitative and qualitative elements to capture the diversity of impacts associated with Fairtrade ANZ. Eleven semi-structured interviews were conducted with key informants during the first of two field missions (see Annex D).

Focus group discussions

Several FGDs were conducted with farmers participating in producer organisations certified by Fairtrade during the second field mission undertaken from 3 to 13 April 2022. FGDs provided an opportunity to validate findings from KIs and assess how impacts do or do not trickle down to the farmer level. A key component of the FGDs was exploring the impact of Fairtrade certification on gender equality, in particular women's participation, empowerment, and livelihoods.

In total, farmers from four of the five target producer organisations were engaged for FGDs as part of the second field mission: Alang Daom, Neknasi, Roots 1, and Unen Choit. A breakdown of the FGDs in each producer organisation is provided below:

- **Alang Daom:** One FGD with combined men and women was completed
- **Neknasi:** One male only FGD and one female only FGD
- **Roots 1:** One male only FGD and one female only FGD
- **Unen Choit:** Four male only FGDs, five female only FGDs and one combined male and female FGD.

To the extent possible, farmers participating in FGDs were selected from different clusters within each producer organisation so that a representative sample of the clusters in each producer organisation were engaged. The exception to this was in Unen Choit where instead FGDs were conducted with multiple groups of farmers from the different clusters, representing the six zones in the two districts of Kabwum and Tewai/Siassi. Matilda spent longer in Unen Choit and was able to engage with a more extensive range of clusters.

Most significant change interviews

In-depth follow-up interviews were conducted with participants of FGDs that had any particularly illustrative experiences of the impact of Fairtrade certification. We have analysed and reported on these individual experiences in the form of Most Significant Change (MSC) stories to further contextualise the livelihood impacts of Fairtrade certification for farmers.

MSC is a qualitative “strengths-based” method that gives power to the interviewee to decide what has been significantly impactful to them about a program and why.⁶ It is a widely used approach to capture and analyse rich information regarding the most impactful changes brought about by development programs, in a non-leading way. MSC is a useful method to view program impacts from different perspectives, especially in revealing unintended or underrated consequences. The other major strength of MSC is its inherent evaluative component; interviewees judge which stories to share and evaluation stakeholders are able to participate in deciding which accounts are the most significant, and why.

Four MSC interviews were conducted, comprised of three women from Unen Choit and one man from Roots 1. Note that MSG-type questions were included in the KII and FGD guides (see Annex C).

Follow up data collection on price comparisons

The opportunity for a third mission was made possible by an in-country visit by members of the Fairtrade ANZ team. This third mission on 19 May 2022 focused on collecting in-depth data on prices for Fairtrade certified coffee and comparisons between the Fairtrade price and the conventional market, Fairtrade and Organic combined, and other certifications and combinations thereof. It also provided the opportunity to engage with farmers at HOAC, which the in-country research team was not able to do during the second field mission (see section 2.3.5 below). Two FGDs were held with separate male and female farmer groups at HOAC, and one combined FGD was held with male and female farmers at Roots 1. An important difference with the previous field missions is that only one member of the in-country research team participated, Mawe Gonapa, and he was accompanied a member of the Fairtrade ANZ team to conduct the FGDs.

⁶ Davies, R., and Dart, J, 2005. “The ‘Most Significant Change’ (MSC) Technique: A guide to its use”. Available at: https://www.betterevaluation.org/resources/guides/most_significant_change

2.3.3. Ethics and informed consent

The impact assessment has been conducted in accordance with the highest standards of research ethics aligned with the Fairtrade Research Ethics Policy.⁷ This has included ensuring the informed consent of all research participants, and careful attention to issues of confidentiality and privacy. Unless permission was specifically granted by a participant, individual interview data has been de-identified, and all data associated with interviews and FGDs have been stored on password protected disks and servers.

An information sheet was developed (see Annex C) and was used during all interviews and FGDs. In line with the Fairtrade Research Ethics Policy, the information sheet sets out:

- a) the purpose of the research
- b) what data will be collected from participants
- c) the expected benefit and any potential harms that could come to them from participating in the research
- d) how their research data will be used and stored
- e) that they have an absolute right to refuse to participate in the research
- f) their right to be anonymous
- g) their right to request their data is deleted after participation
- h) whom to contact for additional questions or follow up regarding their research data
- i) their right to confidentiality.

Having read the information sheet, or after having had it read to them, participants were explicitly asked if they give their informed consent to be interviewed and/or participate in a FGD and this was recorded at the bottom of the information sheet form.

The field research component of the project has been conducted in accordance with local protocols. This includes obtaining prior permission from the communities that will be visited, and, upon the arrival of the research team in each community, consulting with community leaders and elders as appropriate.

All researchers involved in data collection activities were briefed on these ethics protocols prior to the commencement of the field-based activities. While all research participants were adults, the research team was also briefed on Fairtrade ANZ policies relating to the Protection and Safeguarding of Children and Vulnerable Adults and Protection from Sexual Exploitation and Abuse.

2.3.4. Analysis

In line with the assessment framework (Annex A), both the detailed desk review and the KII and FGD data have been analysed with the intention of aligning findings with the key assessment questions and themes. For the detailed desk study, this has entailed building upon the initial desk assessment to undertake a methodological and detailed review of the documents and quantitative data provided by Fairtrade ANZ, which has drawn out information relevant to the assessment questions. In the case of the KIIs and FGDs, these

⁷ Fairtrade International, 2020. "Fairtrade Research Ethics Policy". Available at: https://files.fairtrade.net/Fairtrade-Research-Ethics-Policy_2020.pdf

were transcribed by the in-country team and analysis and interpretation was undertaken by the Canberra-based team. Analysis of interview data was undertaken by coding data around key assessment questions from the assessment framework. Illustrative quotes were also identified to further explore key thematic areas. The MSC stories have been included as part of case studies to provide illustrative examples that support particular key findings from the desk review and the KII and FGD data.

2.3.5. Issues and limitations

Due to logistical and communication challenges, the in-country researchers were unable to visit the producer organisation HOAC as part of the second field mission. Miscommunication between the researchers and the farmers, along with a communication network power outage, meant that the researchers were unable to conduct FGDs with the farmers. This is regrettable as HOAC is the most established Fairtrade supported producer organisation and also the largest in terms of volumes of sales. That said, HOAC is still represented in the study via data derived from a KII with a HOAC representative as part of the first field mission, and two FGDs focused on price comparisons conducted in collaboration with Fairtrade ANZ as part of a third field mission, along with findings from the desk assessment.

Logistical changes around travel to producer organisations in the Wasu area of Morobe, coupled with other unanticipated circumstances, meant that Mawe Gonapa was not able to participate in the first part of the second field mission, which has militated against the advantages, in terms of the study's gender lens, of having both a woman and man in the field research team. That said, Matilda was nevertheless able to conduct separate engagements with men and women farmers in the Wasu area for the vast majority of the FGDs.

It is also important to acknowledge that Fairtrade ANZ's presence during the follow up data collection on price comparisons with HOAC and Roots 1 (the third field mission) meant that this was not conducted using the same independent approach employed for the other farmer FGDs. Although this may introduce some degree of bias, it is not perceived to be significant to the overall findings as all other stakeholder engagements were conducted independently of Fairtrade ANZ.

Finally, while in the Wasu area, there was a funeral for a member of the Alang Daom producer organisation. This meant that the majority of the farmers were occupied with community commitments due to the funeral. This was compounded by several days of heavy rain that disrupted mobile phone communication with participants and restricted movement in the area. As a result, only one FGD was able to be conducted with combined men and women due to the limited number of farmers available to be engaged.

3. Background and context

3.1. Overview of the MFAT funded Fairtrade ANZ program in PNG

Fairtrade is the most widely recognised sustainability label in the world (www.fairtrade.net). Based on internationally recognised standards for sustainable agricultural production and trade, Fairtrade provides a model of development that centres around ensuring the payment of a fair price for globally traded agricultural products. To meet the certification requirements, farmers participate in certified producer organisations that can demonstrate compliance with the economic, social, governance and environmental standards of Fairtrade. Upon meeting these standards, farmers receive the benefits of the Fairtrade Minimum Price - a minimum price guarantee paid to Fairtrade producer organisations - as well as the Fairtrade Premium - an extra sum of money paid on top of the selling price to the producer organisation to invest in business or community projects of their choice, among other benefits (www.fairtrade.net).

Since 2010, Fairtrade ANZ has been active in PNG. Over the course of three funding phases supported by the New Zealand government, Fairtrade ANZ has expanded their program with farmers in coffee and cocoa:

- *Supporting Fairtrade Business in PNG and the Pacific* (2010–2011), supported by the New Zealand Aid Programme
- *Supporting Fairtrade Business Development in Pacific Island Countries* (2012–2017), in partnership with MFAT
- *Increasing Market for Fairtrade supply in PNG* (2018–2021), in partnership with MFAT.

Fairtrade's uptake in PNG has been described as a journey.⁸ Throughout this journey, farmers have shifted from subsistence-oriented coffee production to market-oriented production, along with adopting democratic modes of community governance. Fairtrade ANZ's inaugural program laid the groundwork for expanding the network of Fairtrade producer organisations and coffee supply chain actors. A strong focus of this foundational work was on promoting the Fairtrade Standard and increasing awareness among PNG farmers and stakeholders on the benefits of Fairtrade certification. As part of the second phase, Fairtrade ANZ, in partnership with MFAT, expanded to a whole of supply chain approach (Fairtrade ANZ 2021c). Fairtrade ANZ's third and most recent phase has achieved growth of the program and has had a strong focus on building the capacity of producer organisations. This most recent phase has built on Fairtrade ANZ's approach to include targeted services to producer organisations around: quality improvement, business development, gender inclusion, child protection, organic certification, and environment.

The expansion of Fairtrade in PNG since 2010 is evident. There are now 11 certified producer organisations, nine of which are producing coffee (the other two producing cocoa) (Fairtrade ANZ 2022a). The reach of Fairtrade in PNG through these producer

⁸ Interview with Fairtrade ANZ staff member, May 2022.

organisations has been significant, covering almost 10,000 small-scale producer households, representing more than 67,600 beneficiaries (Fairtrade ANZ 2021c). In parallel to the growth of the Fairtrade ANZ program, producer organisations have also expanded their focus as they have matured. The more established producer organisations have demonstrated a trend of investing in social and community development once they have become proficient in the economic aspects of coffee production.

Fairtrade ANZ's in-country support to certified producer organisations has been an integral aspect of the Fairtrade development model in PNG. Fairtrade is the only certification that provides in-country representation through its producer support services (Fairtrade ANZ 2022b). This has been integral for building the capacity of smallholder coffee farmers to comply with the Fairtrade Standard, including during the COVID-19 pandemic, when Fairtrade ANZ has helped producer organisations adapt to a remote and largely online working environment (Fairtrade ANZ 2022b).

3.2. Overview of the PNG coffee industry

Coffee is one of PNG's most valuable crops. It is a vital part of the local economy, especially in several of PNG's highland provinces, with an estimated 400,000 smallholders growing coffee and nearly three million people reliant on income from it (Eves and Titus, 2020). Despite its importance, PNG's smallholder coffee sector has been in a general state of stagnation and decline in productivity and quality of produce for four decades with farmers receiving little to no real increase in prices for coffee and minimal government extension services (MacWilliam, 2020; Sengere et al., 2019).

Currently, coffee production in PNG is dominated by smallholder farmers who produce over 85% of the nation's coffee (PHAMA Plus 2019). Presently, the production and quality of smallholder coffee production in PNG is limited by a lack of support services including access to markets, high transport costs, and limited access to credit (Sengere, Curry and Koczberski 2019). Rural smallholder farmers in PNG often have restricted access to credit (Grossman 2014), and liquidity has been found to be the most important determinant of investment to smallholder coffee producers in PNG (Mauro 2010). For instance, research on smallholder coffee farming in Eastern Highlands Province found that only a quarter of households had a bank account, which greatly impacts the financial capacity of farmers (Eves and Titus, 2020).

In PNG, coffee is predominantly arabica and is produced primarily for export (Eves and Titus, 2020). This is often in the form of green beans, with "the bulk of PNG's smallholder coffee being sold into the cheaper end of the consumer market, where competition is especially intense" (MacWilliam, 2020, p.14). This means that PNG is subject to international price trends, which in nominal terms have remained stagnant for PNG since independence (MacWilliam, 2020). Despite coffee remaining as an important crop for smallholders, particularly in the Highlands, there has been a significant decline in government efforts to increase productivity for smallholder coffee farmers since independence (MacWilliam, 2020). Previous attempts to assist the smallholder coffee sector have suffered from weak institutional leadership and governance.

Women's empowerment through coffee is challenging and must be understood against the backdrop of the widespread discrimination that women face in PNG (UNDP 2018). Coffee has historically been considered a 'men's crop', as it is typically planted on land belonging to men and men control the income from the sale of coffee, despite women contributing substantially to the farming of coffee (Eves and Titus, 2020). While men and women both play a role in the production of coffee, women's work is typically the least skilled, most labour intensive and time consuming. Men on the other hand tend to focus on tasks that require knowledge of coffee technology, and "[a]bove all, men control the planning of the production process and the sale of coffee" (Eves and Titus, 2020, p.ix).

3.3. Case study profiles of the producer organisations included in this study

The five producer organisations below comprise the target producer organisations of this study. They were selected in collaboration with Fairtrade ANZ to represent the diversity of Fairtrade producer organisations in PNG. The different size, maturity, and other non-Fairtrade certifications of each producer organisation are detailed below (Table 1).

Table 1: Target Fairtrade producer organisations

Producer Organisation	Certified since	Number of members	Organic	Exporter	Location of farmer communities
Highlands Organic Agriculture Cooperative	2005	2601	NASAA	Coffee Connection	Okapa, Eastern Highlands Province
Unen Choit Cooperative Society	2016	1750	NASAA	Niugini Coffee Tea & Spice	Wasu-Kabum Morobe Province
Alang Daom Cooperative Society	2018	1420	N/A	Niugini Coffee Tea & Spice	Wasu-Kabum, Morobe Province
Roots 1 Association	2020	1590	NASAA	Monpi Coffee Exports	Okapa, Eastern Highlands Province
Neknasi Coffee Growers Association	2011	564	N/A	Niugini Coffee Tea & Spice	Nawaeb district, Morobe Province

Highlands Organic Agriculture Cooperative

HOAC is located in the remote Okapa region of Eastern Highlands Province in PNG. HOAC was founded with the help of their exporter, Coffee Connections, and the Coffee Industry Corporation. In 2000, HOAC gained Organic certification and since then has been working to sell coffee consistently to Coffee Connections. HOAC achieved Fairtrade certification in 2005, with the mission to help farmers produce and export coffee, and to encourage the growth of the national agricultural sector. Today, HOAC is the largest and oldest Fairtrade certified producer organisation in PNG.

Unen Choit Cooperative Society

Located in the Wasu-Kabum area, a remote coastal region of Morobe Province, Unen Choit is only accessible by plane or boat. This remoteness has motivated Unen Choit to establish a supply chain to bring their coffee to market. Unen Choit achieved Fairtrade certification in 2016, and Organic certification in 2012. In recent years, Unen Choit has demonstrated strong internal capacity development and a motivation to invest in their community and organisation (Fairtrade ANZ 2021d).

Alang Daom Cooperative Society

Alang Daom is located in the Wasu-Kabum area, on the border of Morobe and Madang provinces in eastern PNG. The group was established in 1992, officially registered as a cooperative in 2014, and having achieved Fairtrade certification in October 2018, their next goal is to become Organic certified.

Roots 1 Association

Roots 1 is located in the remote Okapa region of Eastern Highlands Province in PNG. The cooperative was formed in 2012 and achieved Fairtrade certification in late 2020. Roots 1 was formed as a way to share resources and organise community coffee growers in a more cost-effective manner (Mill City Roasters, n.d.). Despite being the newest Fairtrade certified producer organisation in PNG, Roots 1 has demonstrated strong organisational development.

Neknasi Coffee Growers Association

Neknasi is located in the Nawaeb district of Morobe Province in PNG. The cooperative was formed in 2008 and achieved Fairtrade certification in 2011. Neknasi represents cooperation between eight villages which had historically engaged in tribal disputes and competition over resources. Neknasi is the smallest target Fairtrade producer organisations in this study.

4. Impact study findings

This section presents the detailed findings of the impact study. The subsequent sections are structured against the three impact levels of interest – producer organisation, farmer and household, and community – as well as the key assessment questions aligned to those levels. As part of this, findings are presented related to each of the different relevant data sources.

4.1. Impact at the producer organisation level

Summary of key findings

The overall impact of Fairtrade ANZ's support for producer organisations has been overwhelmingly positive. This applies across all 12 Key Assessment Questions examined, with the exception of A.10, which relates to financial accountability, for which the results are decidedly mixed. Importantly, no unanticipated negative impacts of the Fairtrade ANZ program have been identified and no specific concerns were raised regarding the future participation of producer organisations in the Fairtrade ANZ program.

There have been positive impacts in terms of prices received by producer organisations. Producer organisations connected to the Fairtrade market obtain better prices compared to other conventional or certified markets, especially when the Fairtrade certification is combined with the Fairtrade Organic certification. Additionally, the FMP ensures that farmers are protected during unfavourable market conditions, and is a unique Fairtrade pricing design feature that does not exist among other certifications such as Rainforest Alliance.

There have been positive impacts in the growth of the Fairtrade Premium and how the Premium is invested by producer organisations. Noting significant variation between producer organisations, the total Fairtrade Premium earned by producer organisations has increased more than three-fold over the period 2017 to 2021, from NZD407,975 to NZD1,526,459. There was a clear trend whereby less established producer organisations invest more in business development, while the more established ones are able to prioritise investment in community development.

There is clear evidence that producer organisations have increased their access to finance as a result of Fairtrade ANZ support and that the Fairtrade Co-Investment Fund (CIF) has been a key mechanism through which Fairtrade producer organisations have leveraged additional investment for capacity building and community development activities.

There is some evidence to suggest that Fairtrade ANZ support has assisted producer organisations in price negotiations with exporter and traders, and stronger evidence demonstrating that producer organisations have been able to maintain mostly consistent supply chain linkages, including in the context of the COVID-19 pandemic, and that some new supply chain linkages have been developed.

A range of external shocks and stresses have impacted upon producer organisations during the impact study period and there is evidence that Fairtrade ANZ support has assisted producer organisations to cope with some of these conditions. This especially applies to the benefits of the FMP during periods of low market prices and the strength and value of Fairtrade ANZ's in-country presence in supporting producer organisations during the COVID-19 pandemic. The impacts of climate change are a key area that both producer organisations and farmers have identified as a persistent challenge that they are poorly equipped to address.

Fairtrade ANZ support has assisted producer organisations to improve the quality of the coffee they are producing, and, on the whole, has also seen an increase in the volume of coffee sold by producer organisations.

Findings in relation to the financial accountability of producer organisations is mixed. While annual audits show increases in incidents of non-compliance, this needs to be interpreted in the context of the increasing complexity of certification requirements and reduced face-to-face engagement between Fairtrade ANZ and farmers due to COVID-19. Other evidence suggests that financial accountability has improved as a result of compliance with Fairtrade standards and support from the Fairtrade ANZ team, but that there is scope for further improvement.

Overall, there is strong evidence that producer organisations have implemented improved systems of internal governance to comply with the Fairtrade standard, with effective on-the-ground support provided by Fairtrade ANZ. This has led to a raft of benefits including improved social cohesion and consensus based decision-making, and greater involvement of women in decision-making.

A.1 Do producer organisations connected to the Fairtrade market obtain better prices, compared to those of the conventional market or other certified markets?

Summary of key findings

Synthesis: The impact study findings indicate that producer organisations connected to the Fairtrade market obtain better prices compared to other conventional markets. Where Fairtrade certification was combined with Organic certification, the price increases that producer organisations received were even more significant than Fairtrade certification alone. Producer organisations also receive a higher price under Fairtrade certification compared to Rainforest Alliance, along with the added benefits of the organic differential and the Fairtrade Premium.

At a structural level, the FMP ensures that farmers are protected during unfavourable market conditions, while they still benefit from favourable market conditions due to the mandate that the market price must be paid above the FMP. This is a unique Fairtrade pricing design feature that does not exist among other certifications such as Rainforest Alliance.

At a broader level, it was clear that the PNG government's coffee price support scheme, which is effectively a price subsidy, presented a risk that undermines the benefits of accessing the Fairtrade market as it has created price incentives for farmers to sell their coffee on the open market rather than to producer organisations.

Desk assessment findings show that there is clear trend of producer organisations with dual Fairtrade and Organic certification receiving a markedly higher price than the conventional market price and the price received for just Fairtrade certification. The target producer organisations with dual certification received on average a price increase of 24.91% compared to the conventional market price. Producer organisations with dual certification also received on average a price increase of 26.47% per kg of coffee compared to only Fairtrade certification. Additionally, Fairtrade certification receives a significant price increase of 81.7% compared to Rainforest Alliance, along with the additional benefits of the organic differential and the Fairtrade Premium.

Interviews with coffee industry stakeholders reveal that generally producer organisations connected to the Fairtrade market obtain better prices, compared to those of conventional

market. Interviews with both industry stakeholders and producer organisations demonstrate that Fairtrade certification combined with Organic certification attracts prices above the conventional market price and the price of Fairtrade certification alone, though the manner in which the price benefits of dual certification tend to flow to farmers depends on who owns the Organic certification.

Interviews with both stakeholders and producer organisations, along with information provided by Fairtrade ANZ, reveal concerns with the PNG government's coffee price support scheme, which is effectively a price subsidy. This scheme has created price incentives for farmers to sell their coffee on the open market rather than to producer organisations, and has had an adverse impact on sales volumes for some producer organisations since 2021.

Desk assessment findings

The impact of Fairtrade certification on the price that producer organisations receive is significant. Data provided by Fairtrade ANZ on 2021 prices shows that producer organisations certified with Fairtrade receive a higher price than the conventional market in addition to the added benefit of the Fairtrade Premium. For instance, the increase in the price that farmers receive under Fairtrade Organic certification was on average 24.91% higher compared to the conventional market price (see Table 2). Data on conventional market prices was not available in the locations of producer organisations that only had Fairtrade certification, making comparisons between the price received between Fairtrade certification and the conventional market price difficult. However, qualitative interview data strongly support the finding that Fairtrade certification attracted a higher price at the farmer level than the conventional market price (detailed further in A.1 interview findings and B.1 farmer level interview findings).

Price data from 2021 also highlights the clear impact of dual Fairtrade and Organic certification. While there were some price fluctuations between producer organisations due to differences in quality, there was a clear trend of producer organisations with dual certification receiving a markedly higher price than those with just Fairtrade certification (see Table 2). The target producer organisations with dual Fairtrade and Organic certification on average received PGK13.38 per kg compared to producer organisations with just Fairtrade certification which received PGK10.58 per kg (an average price increase of 26.47% per kg). The price benefits of dual certification were also evident at the farmer level, with farmers at Unen Choit, HOAC and Roots 1, producer organisations with Fairtrade and Organic certifications, being paid on average PGK7.22 per kg compared to an average price of PGK5.25 per kg at producer organisations that did not have organic certification, Alang Daom and Neknasi (detailed further in B.1).

Price comparisons between Fairtrade and Rainforest Alliance certification remain challenging as most of the target producer organisation did not have Rainforest Alliance certification. However, price data obtained by Fairtrade ANZ on one producer organisation with both Fairtrade and Rainforest Alliance certification shows that the Fairtrade price was PGK10.9 per kg compared to PGK6.0 with Rainforest Alliance.⁹ This means that Fairtrade

⁹ The identity of this producer organisation has been kept anonymous in order to comply with Fairtrade ANZ's reporting requirements.

certification receives a significant price increase of 81.7% compared to Rainforest Alliance. Under Fairtrade certification, the producer organisation also receives an additional PGK2.32 organic differential and PGK1.55 Fairtrade Premium per kg of coffee which is not received under Rainforest Alliance. Furthermore, anecdotal evidence from Fairtrade ANZ interviews with farmers from this producer organisation suggests that the greatest difference experienced by farmers is the added benefit of the Fairtrade Premium.

It is important to note that the producer organisations receive a price per kg of coffee from the exporter that is considerably higher than the price received by the farmer when they sell to the producer organisation (see Table 2). This difference is used to cover the costs of the producer organisation for processing, logistics, transport and other expenses. The price that farmers receive is discussed in more detail in B.1.

Table 2: Prices received for 2021 for Fairtrade certified producer organisations compared to Fairtrade Organic certified producer organisations (prices are per 1 kg).¹⁰

Type of producer organisation	Average price per kg (paid to producer organisation)	Organic differential (paid on top of the Fairtrade price)	Fairtrade premium	Total price paid to producer organisation (includes the Fairtrade price, Organic price where relevant, and the Premium)	Price paid to the farmers (parchment)	Price paid in the local market (conventional)
Fairtrade certified	9.07	N/A	1.51	10.58	5.25	
Fairtrade Organic certified	9.9	1.97	1.51	13.38	7.22	5.78

Recent years have seen considerable growth in verified and certified coffee production in PNG, with producers enticed by the increased income they are able to receive from certified markets (MacWilliam, 2020). To paint a fuller picture of the better prices, and associated benefits, that producer organisations can receive under Fairtrade, it is important to understand how the Fairtrade pricing mechanisms work.

The FMP, a floor price in the event of low market prices, is one of the major benefits of Fairtrade certification. The FMP price mechanism protects producers from market volatility. The FMP is defined at the free on board level (the exporter level). The FMP for each commodity is calculated by Fairtrade in consultation with stakeholders to at least: 1.) cover the costs of producing a commodity sustainably and, 2.) provide for basic family needs (Fairtrade ANZ 2022a). The FMP is periodically updated and publicly available online. This is distinct from Rainforest Alliance and NASAA Certified Organic coffee, where although higher prices can potentially be obtained (particularly for organic when demand is high),

¹⁰ Data provided by Fairtrade ANZ based on data obtained from interviews with producer organisation representatives, farmers, and exporters.

there is not necessarily any guarantee¹¹. Prices of these certifications are instead left to private negotiation between buyers and individuals or groups of producers, “decided through supply and demand dynamics” (Rainforest Alliance, 2021a) with no intervention from the certifying bodies and thus are likely to be at the expense of producers. Therefore, producer organisations receiving the FMP for products sold under Fairtrade are more likely to receive better price protection during unfavourable market conditions (when it could be assumed that producers without Fairtrade certification are receiving comparatively lower prices). This is especially as the FMP is theoretically intended to be a minimum reference point for producer organisations to position negotiations for better prices.

In contrast, when market conditions are more favourable for producers, i.e. when the market price is higher than the minimum price, Fairtrade certification mandates that the market price must be paid. The new Standard Differential premium introduced by Rainforest Alliance in 2021, and mandated from July 2022, is also designed to be higher in these conditions, as it is an additional payment made on top of the market price¹², noting, however, that there is no minimum Standard Differential. Indeed, studies of Fairtrade coffee production in other country contexts have shown that the FMP offers some protection in times of market crises but that the advantage is nullified once the market price surpasses the FMP and producer organisations are left to depend on negotiations based on quality or other market leverage (Bacon et al., 2008; Valkila and Nygren, 2010; Bray and Neilson, 2017; Jena, Stellmacher and Grote, 2017).

Complementing the price that Fairtrade farmers are guaranteed through the FMP, is the Fairtrade Premium that is paid by the buyer to the producer organisation, and is then invested by producer organisations based on the needs of their members and within the framework of Fairtrade standards. The premium is paid at a rate of USD0.44 per kg of coffee sold under Fairtrade terms as of 2022 (Fairtrade ANZ 2022a). The scale and impact of the Fairtrade Premium is detailed further in A.2, B.4, C.1 and C.2.

There are suggestions that producer organisation investment and capacity building in business management and negotiation skills by Fairtrade ANZ may also empower producer organisations to claim better prices:

¹¹ Before the merger of UTZ and Rainforest Alliance in 2018, premiums were “always paid for UTZ certified coffee, and common practice [internationally] for 2017 Rainforest Alliance Certified coffee” (Rainforest Alliance, 2021b), the amount of premium at the discretion of negotiations. In 2021, Rainforest Alliance introduced a new overarching standard to consolidate the two schemes, the 2020 Rainforest Alliance Standard (see below for further detail).

¹² The new 2020 Rainforest Alliance Standard introduces a Sustainability Differential: “a mandatory additional monetary payment made to certified farm certificate holders on top of the market price of the commodity”; and Sustainability Investments: “mandatory monetary or in-kind investments from buyers of Rainforest Alliance certified products to farm certificate holders for the specific purpose of helping them comply with the 2020 Sustainable Agriculture Standard” (Rainforest Alliance, 2021a). Transition to the Rainforest Alliance 2020 Sustainable Agriculture Standard commenced from July 2021, with the Sustainability Differential became mandatory for volumes certified against the 2020 Rainforest Alliance Standard and from 1 July 2022, the standard will be enforced for coffee without exception (Rainforest Alliance, 2021c). As the Sustainability Differential is a mandatory premium in addition to market price, this should be higher than the FMP in favourable market conditions. However, the differences may also be negligible as there are no minimum Sustainability Differential or Sustainability Investment prices.

Fairtrade ANZ has also been working closely with one coffee producer organisation to gain transparency about their overheads which has opened the doorway to have important conversations with the exporter about increasing the price that they pay for the coffee (p8–9, Fairtrade, 2022. See A.4 for further details).

Fairtrade and Rainforest Alliance: two different pricing and development strategies



Fairtrade: guarantees a minimum price, as well as a Fairtrade Premium that is paid by the buyer to the producer organisation who decide how to invest the premium based on the needs of their members and within the framework of Fairtrade standards.



Rainforest Alliance: guarantees producers an above-market-price since the guarantee was introduced in 2021 and mandated in July 2022. However, unlike Fairtrade, premium investments are required to be invested to build capacity to meet production standards. Further, the premium can be in the form of either mandatory monetary or in-kind investments from buyers.

Additionally, on the trader side, the Fairtrade Trader Standards notionally “provide maximum benefits to producers” and include some provisions to encourage Trader integrity (e.g. written contracts). Producer organisations are supported and encouraged to understand these standards to be in a better position when negotiating Fairtrade transactions (Fairtrade Trader Standards). In contrast, Rainforest Alliance trader certification is targeted towards large producers and retailers, has less public transparency, and is more susceptible to being manipulated for trader benefit due to imbalanced power relations between consolidated firms and atomised producers (Raynolds, Murray and Heller, 2007; Raynolds, 2018). The new 2020 Rainforest Alliance Standards have attempted to respond to this through a “shared responsibility approach” that requires more reporting and planning and distributes such “costs” as well as “benefits” (i.e. the profit earned from certification) “more evenly...between farmers and buyers along the supply chain” (Rainforest Alliance, 2021b).

Beyond being guaranteed by the FMP through Fairtrade certification, producer organisations are said to be more likely to benefit from higher prices if they are able to access market opportunities by attaining the Fairtrade Organic certification. Supporting the findings presented in Table 2, the 2022 Fairtrade Activity Completion Report noted that, ‘Dual certification of Fairtrade and organic has become an essential market tool for producer organisations increasing access to buyers and providing higher returns for farmers through the combination of the FMP and the Organic Differential’.¹³ This strategy

¹³ From 2011, the FMP has sat at USD1.35 per pound (approximately NZD4.375 per kg at USD1 = NZD1.47) for natural coffee and USD1.4 (approximately NZD4.536 per kg at USD1 = NZD1.47) for washed coffee. The Organic Differential is to encourage a

has proven particularly effective in generating income for producers in other contexts where organic coffee farming is the ‘default’ and consequently conversion costs are relatively low (Bolwig, Gibbon and Jones, 2009; Ibanez and Blackman, 2016).

Interview findings

Stakeholders generally reported that producer organisations connected to the Fairtrade market could obtain better prices compared to those of the conventional market. There was also agreement across all stakeholders that Fairtrade certification combined with Organic certification is able to obtain a better price than the conventional market price, and the price of Fairtrade certification alone. For instance, coffee industry stakeholders like MDF noted that: “The feedback we have gotten from exporters is that if Fairtrade goes with organic it opens up more markets”.

Supporting the findings that the benefits of Fairtrade combined with Organic certification is significant, were the representatives of the two producer organisations interviewed who had obtained Fairtrade and Organic certification, HOAC and Unen Choit. Both these producer organisations were markedly more positive about the price that they receive compared to the producer organisation representatives that were not certified Organic. For instance, the representative from HOAC commented: “HOAC is getting good price from its Fairtrade compared to conventional market... we are happy with the price”; while Unen Choit similarly reported: “We received high price for our coffee under Fairtrade certification. We received high price and that means that the income we earned have also increased”.

Coffee industry stakeholders MDF, NASAA Certified Organic and PHAMA Plus highlighted that the trend in PNG is to get multiple certifications, as this opens up access to more markets, while also providing economies of scale around training and auditing costs. For instance, MDF was complimentary in their assessment that Fairtrade and Organic certification results in higher than market price:

The feedback we have gotten from exporters is that if Fairtrade goes with organic it opens up more markets. But at the farmer end, what we have seen is that the premium is more or less the same. In the case of Fairtrade Organic, it is usually higher. — MDF

In evaluating the price that producer organisations receive across different certifications, MDF notes that “there is no one arrangement” rather the price obtained depends on the exporter, the exporter’s market access, and the relationship between the producer organisations and the exporter.

NASAA Certified Organic highlighted that it is a requirement of the Fairtrade certification to be passed on to farmers, but this is not the case for Organic:

conversion to organic farming and paid as a premium for an organic product. Since 2011 also, the Organic Differential has been USD0.30 per pound (approximately NZD0.97 per kg at USD1 = NZD1.47) of coffee. The Premium is paid at USD0.20 per pound of coffee (approximately NZD0.65 per kg at USD1 = NZD1.47) (Fairtrade ANZ, 2021b). Note, that there are no FMPs defined for secondary products and their derivatives. The prices of these products, from any origin, are negotiated between producer organisations and next buyers. A default Fairtrade Premium of 15% of the negotiated price are paid in addition (Fairtrade 2021b).

Our team discovered that there is a premium price for organic and exporters want this. That is why exporters demand for Fairtrade people to be Fairtrade and Organic certified. But the organic premium price does not trickle down to the farmers. Whereas with Fairtrade you have two systems, the money should really go to the farmers or producer organisation compared to organic. It seems like from experience, for the supply chain the money comes from organic certification, but it is at the point of export.

Fairtrade ANZ staff provided further nuance to this observation. In the case of Organic, different benefit sharing arrangements can exist between the producer organisation and the exporter depending on who owns the Organic certification and funds the costs of compliance. In a hybrid case, as seen in the case of HOAC and Coffee Connections, the costs of Organic certification and the benefits of the higher price received are shared by



Case study: the impact of the government coffee price subsidy on the speciality coffee market

The Fairtrade ANZ team highlighted how a recent PNG Government funded coffee price support scheme, designed to increase the price of coffee, has achieved mixed results for smallholder farmers. The price support scheme began in late 2020, and there are plans for ongoing annual government payments (PNG Business News, 2021). According to Fairtrade ANZ, while they are in favour of governmental measures that guarantee a better price for all farmers, the scheme has been implemented discriminately with no support provided to Fairtrade producer organisations. The effect of this has been a short-term distorting of pricing arrangements between buyers, with new buyers being able to offer a relatively higher price for coffee compared to more established producer organisations.

Consequently, coffee industry stakeholder PHAMA Plus has observed that the price difference between speciality coffee and commodity coffee, which is sold on conventional markets, has shrunk.

The coffee business has got a bit difficult, more for the speciality coffee industry than the commodities. Because the commodities prices have gone up so much the difference between speciality coffee and the commodities is not there anymore. The government has been providing price support for coffee production in rural areas to get to the coffee market so that has been making it slightly difficult for the buyers and the prices they offer for our suppliers to engage... We have been finding that people we try to get to move into speciality coffee, find they can get the same price for selling it at the open market as a commodity coffee.

both the exporter and producer organisation.



Case study: the impact of the government coffee price subsidy on the speciality coffee market (cont.)

The challenges of this price subsidy were also raised by the representatives of Alang Daom and Neknasi, two producer organisations that were only certified with Fairtrade and not Organic. Reflecting on the impact of the Government price subsidy, the representative of Alang Daom noted:

Generally speaking, the coffee price was low in 2018-2019. When we were Fairtrade certified from 2018 and 2019, we started paying coffee at Fairtrade price. The farmers were very happy because the Fairtrade price was high. In 2019-2020 the farmers were happy with the price we offered them at the farm-gate. In 2021, the price increased dramatically. However, the Fairtrade price remained the same and this has greatly affected us. For example, the Fairtrade price was at PGK6* per kg of PSC. The freelance or road-side coffee buyers increased their price to PGK8 per kg or PGK9 per kg PSC. We were greatly affected because we did not have the money to compete with other buyers. And so the farmers sell their coffee to buyers who offered them high prices, and this has affected our volume as a group.

The Neknasi representative reported a similar story:

We have experienced positive changes. However, in 2021 and this year 2022, the price for non-certified coffee has increased dramatically thus beating the Fairtrade or certified price, due to price subsidy support from the National Government. Because of the increase in price for non-certified coffee offered on the streets, many members of Neknasi are selling their coffee to the street buyers who offered high price.

* PGK 1 = NZD0.4

A.2 How are producer organisations investing their Fairtrade Premium? What are the impacts of such investments?

Summary of key findings

Synthesis: The impact study findings demonstrate that total Fairtrade Premiums have increased since 2017 and how those premiums are invested depends on the producer organisation's level of capacity and development.

The total Fairtrade Premium earned by producer organisations has increased more than three-fold over the period 2017 to 2021, noting significant variation between producer organisations. In terms of investments, there was a clear trend whereby less established producer organisations invest more in business development, while the more established ones are able to prioritise investment in community development. This aligns with international trends and reflects the typical evolution of producer organisations whereby producer organisations initially need to focus on investing in their business operations first before investing more broadly in community development.

Desk assessment findings demonstrate that the total Fairtrade Premium earned by producer organisations has increased 274% over the period 2017 to 2021, from NZD407,975 to NZD1,526,459. However, this has varied significantly between producer organisations, as has the consistency in year-on-year premium growth.

Investments in organisational development were prioritised by three out of four of the producer organisations for which there were investment breakdowns available, constituting around a third of all premium expenditure. There is a clear trend whereby less established producer organisations invest more in business development, while the more established ones are able to prioritise investment in community development.

Interviews with producer organisations and coffee industry stakeholders provide anecdotal evidence that the Fairtrade Premium is being invested to improve both the production and operations of producer organisations as well as the livelihoods of producer organisation members and their communities.

Interviews at the farmer level provide evidence that the Fairtrade Premium is being invested in livelihood activities at the community level as well as for reinvesting in producer organisations to improve coffee production, though knowledge of what the premium is, how it is being invested, or the impacts that were attributable from these investments were not always clear.

Desk assessment findings



Snapshot of trends in Fairtrade Premiums received both overall and by producer organisations

The total Fairtrade Premium earned grew 274% from NZD407,975 in 2017 (at USD1 = NZD1.41) to NZD1,526,459 in 2021 (at USD1 = NZD1.41) (MERL Framework). The median Fairtrade Premium earned by producer organisations was NZD219,125 (at USD1 = NZD1.47), with the amount of Fairtrade Premium earned varying substantially between producer organisations (IQR = 440,798.51). The producer organisation HOAC was an outlier, earning the vast majority (close to three quarters) of all Fairtrade Premium earned during the project. In comparison, the producer organisation Neknasi earned less than 1 percent of the Fairtrade Premium earned during the project, the least of any producer organisation. Only some producer organisations showed year-on-year premium growth (Figure 2). Overall growth in the Premium slowed between 2019 and 2020 and increased in 2021 (MERL Framework).

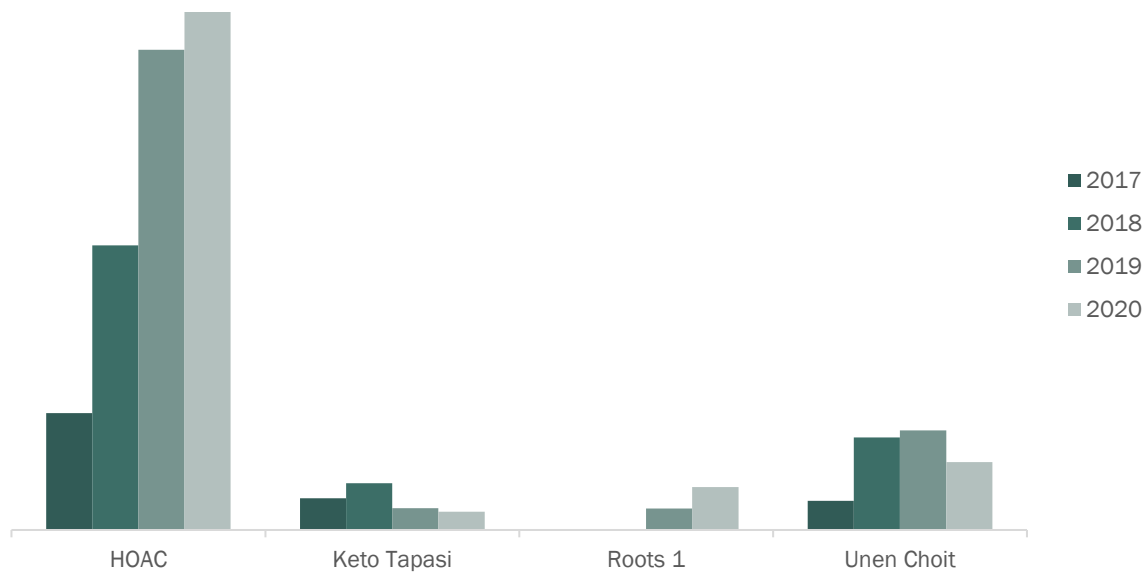


Figure 2: Visual comparison of premium earned by the top four performing producer organisations between 2017 and 2020 (Data source: SPO Data).

Below, Figure 3 shows the relative prioritisation of different investment areas for each of the producer organisations between 2017 and 2020 (where these breakdowns were available). Significant investments in organisational development were prioritised by three out of four of the producer organisations for which there were investment breakdowns, constituting around a third of all Premium expenditure. The prioritisation of organisational development investment as the primary use of the Premium is consistent with a study by Loconto et al. (2021) which describes Premium investment in organisational development as the “motor” of Fairtrade, a central component for supporting the operational effectiveness and sustainability of Fairtrade producer organisations.

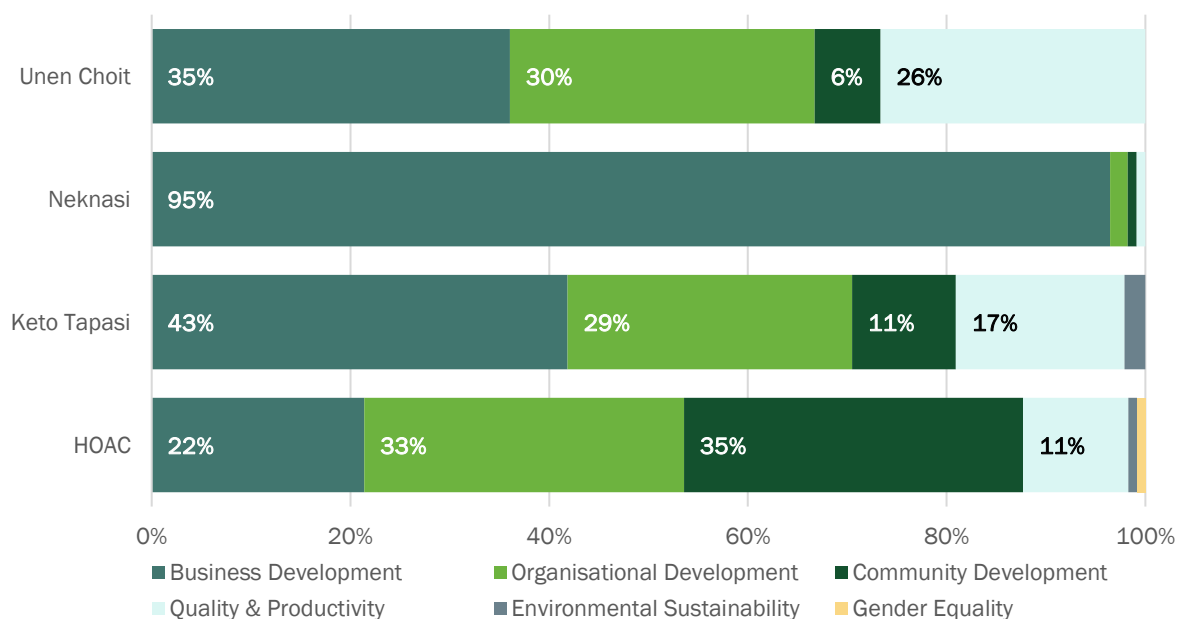


Figure 3: Producer organisations' prioritisation and proportional investment of Fairtrade Premium by category, 2017–2020 (Data source: SPO Data)

HOAC was an exception to this trend; investing most heavily in community development as their primary investment (constituting 35 percent of their total Premium investment). In comparison, the other producer organisations invested between less than 1 and 6 percent of their Premium expenditure in community development projects. Fairtrade ANZ reasons that whereas less established producer organisations are required to focus first on strengthening their organisations, the most established and profitable producer organisations have more capacity to expand their Premium investments to community development:

... young producer organisations prioritise investment in organisational costs, such as establishing local agents to do coffee buying and storage. More established producer organisations are funding organisational costs (roll-out of quality improvement trainings, increasing producer organisations' purchasing power) while also expanding to investments in community development, such as water projects, school buildings, roofing iron distribution, road maintenance and environmental projects (including an apiary project for pollination) (Fairtrade ANZ 2021a, p.21).

Less established producer organisations are also more likely to prioritise investments in business development. The largest Premium investments made by the three less established producer organisations were in business development: the producer organisation Keto Tapasi spent 38 percent of their premium on business development in 2019, Neknasi spent 51 percent and 44 percent of their premium on business development in 2017 and 2020 respectively, and Unen Choit spent 35 percent of their premium on business development in 2020.

Interview findings

Although interview data on this indicator was limited, it provides anecdotal evidence that the Fairtrade Premium is being invested to improve both the production and operations of producer organisations as well as the livelihoods of producer organisation members and the community. Producer organisation representatives reported investing in a range of production and operation systems such as: purchasing coffee pulpers, shade cloths and solar plastic. Alang Daom invested in two desktop computers in 2019 to help with electronic accounting, while Unen Choit used their premium to build five central processing units, spread across their cluster groups of farmers. Coffee industry stakeholders, along with the representative from Alang Daom, reported that the Fairtrade Premium was also used for broader livelihoods benefits such as supporting schools and paying for school fees for members' children.

Farmer level Interview findings

There was evidence of the Fairtrade Premium being invested in livelihood activities in the community as well as for reinvesting in producer organisations to improve coffee production. HOAC, Alang Daom, Neknasi, and Roots 1 reported investing the Fairtrade Premium in education, either to help with school fees for members children or to help construct a school in the community. HOAC, Roots 1, and Unen Choit reported investing

their Fairtrade Premium back into their producer organisations to improve production. For instance, a male farmer from Roots 1 said:

It has been investing in schools such as the elementary school, bought corrugated iron roofing for storage sheds for coffee and procurement of a vehicle for administration activities.

While a farmer in Unen Choit reported:

Unen Choit has built central coffee shed for us to store our coffee for easy transportation.

Similarly, in HOAC farmers also reported investing in their organisational development and in doing so improving their coffee production process:

So far HOAC has assisted our cluster with 20 pulpers [pulp machines]. The justification for this is that we have been using rock to pulp our coffee and this has been labour intensive and also affects the quality of coffee due to poor fermentation process.

Across the target producer organisations, the maturity of producer organisations reflected their ability to generate and invest the Fairtrade Premium. For instance, Alang Daom, which has only been certified with Fairtrade since 2018 had only received their first Fairtrade Premium in 2018.

At the farmer level, knowledge of what the premium is, how it is being invested, or the impacts that were attributable from these investments were not always clear. This was particularly evident in Unen Choit, as one male farmer explained:

We have heard so much about the Fairtrade premium but the cooperative has not done anything as yet in the whole community.

Other examples, where farmers have been able to describe the impacts from the Fairtrade Premium are detailed further at B.4 & C.2.

A.3 Have producer organisations increased their access to finance, thanks to Fairtrade, through connection to other financial partners? How?

Summary of key findings

Synthesis: Findings from the impact study suggest that producer organisations have increased their access to finance thanks to Fairtrade ANZ. The desk assessment identified that the Fairtrade Co-Investment Fund (CIF) has been a key mechanism through which Fairtrade producer organisations have leveraged additional investment in PNG, with almost NZD600,000 leveraged between 2018 and 2021.

The primary allocation from the Fairtrade CIF was identified as access to finance (43%) — which was noted as being critical to supporting smaller producer organisations overcome cash flow issues and source seed investment — with further allocations to capacity development (27%) and certification (23%). Interviews with producer organisations confirmed

that they had been able to access additional sources of finance as a result of Fairtrade ANZ support, notably through the use of pre-financing arrangements. Interviews at the farmer level also provide some limited evidence of farmers increasing their access to finance, noting that this was not always clearly attributable to Fairtrade ANZ as farmers sought finance from the producer organisation rather than directly from Fairtrade ANZ and other financial partners. However, this is to be expected, as the purpose of this project was to increase access to finance of the producer organisation.

Desk assessment identified that the Fairtrade Co-Investment Fund (CIF) has been the main mechanism through which Fairtrade producer organisations have leveraged additional investment in PNG. Between 2019 and 2021, NZD598,603 was leveraged via the Fairtrade CIF, with majority contributions from Fairtrade ANZ (51%), Traders (17%) and MDF (16%). The primary allocation from the Fairtrade CIF was access to finance (43%) – which was noted as being critical to supporting smaller producer organisations overcome cash flow issues and source seed investment – with further allocations to capacity development (27%) and certification (23%). In-kind contributions equivalent to an additional NZD54,603 were also leveraged under the CIF mechanism, predominantly made by PNG coffee industry and supply chain partners in the form of capacity building and business development activities.

Interviews with producer organisations show that they have been able to access additional sources of finance as a result of Fairtrade ANZ support, primarily through the use of pre-financing arrangements.

Interviews at the farmer level provide some limited evidence of farmers increasing their access to finance, although this was not always clearly attributable to Fairtrade ANZ as farmers sought finance from the producer organisation rather than directly from Fairtrade ANZ and other financial partners.

Desk assessment findings

The Fairtrade Co-Investment Fund (CIF) has been the main mechanism for producer organisations to leverage additional investment in PNG. Designed to support the development of projects in PNG, the fund matches the investments of non-governmental organisations, support organisations, exporters, buyers or licensees to cover up to 75% of the costs of a producer organisation's project. Fairtrade ANZ also supports the producer organisations to implement the investments by brokering relationships, offering logistical support, and providing development assistance (Fairtrade ANZ 2019b).

Between 2018 and 2021, the Fairtrade CIF totalled nearly NZD600,000 in cash funds (Fairtrade ANZ 2021a). From traders, 17% was leveraged and another 16% was leveraged from MDF. Producer organisations contributed 6% of the fund's cash and certifiers just 1%, with Fairtrade ANZ contributing the other 51% (see breakdown in Figure 4). Note that in addition to these cash funds, in-kind contributions equivalent to a further NZD54,603 (9%) were also leveraged under the CIF mechanism. These in-kind investments were predominantly made by PNG coffee industry and supply chain partners in the form of capacity building and business development activities (Fairtrade ANZ 2020; Fairtrade ANZ 2021a).



Figure 4: Cash contributions to the Co-Investment Fund (CIF) (Data source: MFAT CIF Data)

Cash co-investments have played an important role in improving the functionality of value chains, advancing the certification of producer organisations to access new markets, and building quality through infrastructure and capacity building (See Figure 5).



Figure 5: Investment allocation of Co-Investment Fund (CIF) by focus area (Data Source: MFAT CIF Data)

The largest allocation of CIF (43%) was to pre-financing. Pre-financing through establishing revolving finance mechanisms has been critical to support smaller producer organisations to attend to and overcome cash flow issues and source seed investment (see: MFAT Year 4 report, p. 12; MFAT CIF Data). The Fairtrade Activity Completion Report reiterates that establishing pre-finance for PNG producer organisations has been one of the most impactful interventions:

(Pre-financing) has eased bottlenecks in supply chains, enabled farmers to be paid in a timely manner and improved relations between producer organisations and exporters (2022b, p3).

Pre-financing has also provided exporters with more information around the operational costs of producer organisations, creating a basis upon which to negotiate higher prices and better contract terms, as well as increasing stakeholder trust and confidence in producer organisations' financial management. Subsequently, the successful investment and management of pooled pre-finance funds has created an environment where exporters have more confidence to invest in production. In the medium-term, Fairtrade ANZ intends to leverage the producer organisations' proven financial competency to establish relationships with financial institutions and increase their access to finance and potentially propose further access to finance schemes for farmers (Fairtrade ANZ, personal communication 2022).

CIF cash funds were also spent on the commercial and professional capacity development of producer organisations to be able to operate as more sustainable business entities (27%). Twenty three percent of the CIF fund was used to support producers' certification to increase market access; a large portion supporting the process of Organic certification through a partnership with MDF and NASAA Certified Organic. The remaining CIF was invested in production facilities (6%), co-supporting the construction of industrial warehouses (to Fairtrade safety standards) for Alang Daom and Unen Choit (see Figure 5).

Co-investment opportunities increased as the project matured: in 2020, three CIF projects were launched and with a further four launched in 2021 (Fairtrade ANZ 2019a, 2020, 2021a).¹⁴ Projects funded by the CIF have most commonly been focussed on business development (Fairtrade ANZ 2020, 2021a).

Interview findings

Findings from the interviews show that producer organisations are able to access additional sources of finance, as a result of Fairtrade ANZ support, primarily through the use of pre-financing arrangements. In some circumstances, producer organisation representatives accessed pre-financing from the CIF which gathered funds from Fairtrade ANZ with funding from exporters and the premium funding from the producer organisations. For example, a representative from Alang Daom reported the following pre-finance arrangement from 2020:

Fairtrade and the exporter have both pre-financed Alang Daom with PGK50, 000 each... The exporter pre-financed Alang Daom and later recouped it from their export sales. The pre-financed from the Fairtrade is said to be a one-off and Alang Daom does not have to repay Fairtrade.¹⁵

Fairtrade ANZ's pre-financing works on a revolving system where the contribution of PGK50,000 (approximately NZD20,000 at PGK1 = NZD0.4) is rotated for each cycle of coffee buying.

Farmer level interview findings

At the farmer level, there was some limited evidence of increasing their access to finance although this was not always clearly attributable to Fairtrade ANZ as farmers sought finance from the producer organisation rather than directly from Fairtrade ANZ and other financial partners. However, this is to be expected, as the purpose of the CIF projects was to increase access to finance at the level of the producer organisation. In some cases, farmers in Alang Daom reported getting help from the producer organisation to access coffee production resources, while some farmers in Unen Choit had received a loan from the producer organisation. For example, one female farmer reported:

In 2021, my husband and I went to Unen Choit and ask for financial assistance. Unen Choit assisted by pre-financing us with a loan. We used the loan money to pay for coffee cherries.

However, most farmers, either reported not being successful in accessing new finance:

I did go and ask Unen Choit for financial assistance but they don't respond to me. I didn't go again. — Female farmer, Unen Choit

¹⁴ The number of CIF projects has continued to grow since 2021.

¹⁵ The Fairtrade ANZ team have clarified that prefinancing funds work as part of a revolving fund and is not a one-off payment. The prefinancing fund can be used as long as the producer organisation and the exporter are Fairtrade certified.

Or had not even tried to access finance from the producer organisation:

We have not asked anybody to assist us with our coffee production. We entirely depend on our own pockets to meet any expense associated with our coffee production. — Male farmer, Roots 1

A.4 Are Fairtrade producer organisations empowered to negotiate and secure better prices with exporters? Why/Why not?

Summary of key findings

Synthesis: the impact study findings indicate that producer organisations negotiate prices with exporters and there is some evidence that Fairtrade ANZ support has assisted them to do so.

Desk assessment findings provide some limited evidence of Fairtrade ANZ support having assisted producer organisations in price negotiations with exporter and traders.

Interviews with producer organisations and coffee industry stakeholders indicate that producer organisations can and do enter into price negotiations, especially during periods of heightened market competition, but that the outcomes of these negotiations are mixed.

Desk assessment findings

The Fairtrade Activity Completion Report for MFAT (2022) provides one example of a coffee producer organisation that Fairtrade ANZ has supported:

...to gain transparency about their overheads which has opened the doorway to have important conversations with the exporter about increasing the price that they pay for the coffee (p8–9).

As discussed in A.3, pre-financing activities facilitated by Fairtrade ANZ have also played an important role in improving trader understanding of the cost outlays that are required to support and produce quality coffee in PNG. It is unclear to what extent producer organisations feel empowered to negotiate and there are few details regarding the actual improvements in prices or contract terms that were secured.

Interview findings

Interview data from representatives of producer organisations shows that producer organisations are generally willing to negotiate with buyers and exporters. However, whether they are happy with how these negotiations went, varies.

All four representatives of producer organisations reported that they had negotiated for better prices. HOAC and Unen Choit were happy with how their price negotiations went. Reflecting on past negotiations, a representative from Unen Choit demonstrates a degree of empowerment, noting:

We do negotiate for price with the exporter, and we are happy with the price offered to us by the exporter. For example, if we see that there is competition at

the bases where we had our set ups, that is when we would inform the exporter and the exporter would advise us to increase the price by 10 toea per 1kg (NZD0.04 at PGK1 = NZD0.4) or 20 toea.

Here, there is evidence of a willingness and capacity to undertake price negotiations during times of increased market competition, with successful outcomes. In contrast, a representative from Neknasi also reported undertaking negotiations but was not happy with how these negotiations unfolded. The Neknasi representative noted:

I don't negotiate with overseas buyers. But I do negotiate with the exporter (NCTS) but the exporter does not change its price. The exporter still stands on its decision by offering the same price which I considered it to be low price offered by the exporter.

Both Coffee Connections and Monpi reported having experienced price negotiations with Fairtrade producer groups.

A.5 Have producer organisations been able to maintain consistent supply chain linkages? Create new supply chains linkages?

Summary of key findings

Synthesis: the impact study findings show that producer organisations have been able to mostly maintain supply chain consistency and develop some new supply chain linkages. Fairtrade ANZ support has played an important role with both of these, including during the COVID-19 pandemic.

Desk assessment findings indicate that producer organisations have been able to maintain mostly consistent supply chain linkages, including in the context of the COVID-19 pandemic, and that some new supply chain linkages have been developed, albeit at a slower rate of progress than anticipated. Fairtrade ANZ support has played an important role in this supply chain consistency – especially during the COVID-19 pandemic – and in the development of new supply chain links.

Interviews with producer organisations and coffee industry stakeholders indicate that producer organisations have been able to maintain consistent supply chain linkages with exporters, including during the COVID-19 pandemic, but provide little evidence of producer organisations creating new supply chain linkages.

Desk assessment findings

The desk assessment indicates that producer organisations have been able to maintain mostly consistent supply chain linkages during the latest iteration of the Fairtrade ANZ program from 2018–2021, even in the context of the COVID-19 pandemic. Fairtrade ANZ reports attribute this consistency to the support provided by Fairtrade ANZ (see below). Some new supply chains linkages have been created but progress towards creating new supply chain linkages has been below what was expected during project design (MERL Framework). However, groundwork has been laid to increase the likelihood of new market opportunities in the future.

Progress reports to MFAT describe how Fairtrade ANZ has facilitated market linkages between traders and producer organisations. In 2019 the Offer to Business partnerships facilitated market linkages between commercial partners and Fairtrade producers (Fairtrade ANZ 2019a). For certain producer organisations, support defining the role of traders and other supply chain relationships has been important to sustain relationships (Fairtrade, 2022).

By 2021, the number of new Australia and New Zealand commercial partners purchasing product from Fairtrade coffee producers in PNG was fewer than had originally been anticipated would be possible. The smaller number of partners has been attributed to disruptions to coffee retail and supply chains due to COVID-19 (Fairtrade ANZ 2022b). Interestingly, the lack of new commercial partners did not impact the overall volume of coffee purchased: Fairtrade coffee from PNG has remained in demand from Fairtrade buyers from the United States market, and, particularly, the European market (Fairtrade ANZ 2022b).

Fairtrade has worked to sustain market supply chains and maintain trade relationships. As such, even during COVID-19, supply of Fairtrade products remained relatively stable with only a small number of partners and licensees reporting supply chain issues (Fairtrade, 2022). As new remote ways of working were demanded of producer organisations to sustain market linkages during COVID-19, a critical factor that supported producer organisations to adapt was the in-country support that Fairtrade was able to provide (Note: Fairtrade is the only certification scheme to maintain producer support services based in-country). In 2021, Fairtrade was able to facilitate changes to the Offer to Business partnerships that strengthened relationships with New Zealand businesses, John Burton Limited (JBL) and Kōkako Organic Coffee Roasters.

However, in spite of Fairtrade ANZ support, partnerships with Grinders Coffee (Coca Cola Amatil) in Australia and Batchwell in New Zealand were discontinued (Fairtrade ANZ 2021a). Grinders Coffee shifted to certification with Rainforest Alliance (Fairtrade ANZ 2022b), as part of an effort to reduce supply chain costs (Fairtrade ANZ 2021a). Fairtrade ANZ is taking an active stance and communicating the unique strengths of the Fairtrade system compared with other schemes in response (Fairtrade ANZ 2022a).

Fairtrade ANZ support towards gaining Organic certification has also built capacity to potentially access additional and/or more lucrative market opportunities. In 2021, Fairtrade ANZ launched the project “Increasing Access to Fairtrade and Organic Dual Certification in Papua New Guinea”. The partnership with NASAA Certified Organic, co-funded by MDF and MFAT has the objective to build the capacity of growers, producer organisations and exporters to manage the certification requirements of dual Fairtrade and Organic certification (Fairtrade ANZ 2021a). Dual certification with Fairtrade and Organic has shown to attract the most profitable prices for producers (see A.1) and global market demand for Fairtrade organic coffee from PNG is only increasing (Fairtrade ANZ 2022b). However, in terms of coffee certification, organic certifications are notoriously rigorous and bureaucratic, and many producer organisations and their members will require ongoing targeted support to qualify and maintain organic certification. As Fairtrade ANZ notes:

Several Fairtrade producer organisations are struggling to access markets and/or to increase volumes sold with only Fairtrade certification, whilst some which are dual certified are struggling to keep up with organic certification requirements (Fairtrade ANZ 2022b, p13).

Interview findings

Producer organisations have been able to maintain consistent supply chain linkages with exporters, even throughout the COVID-19 pandemic. Interviews with representatives of producer organisations have highlighted a tendency for producer organisations to stay with one exporter. This stable relationship may be partly influenced by rapport built on capacity development and training services provided by the exporter to the producer organisation. Despite these consistent linkages, representatives did indicate that they would consider changing exporters if they received poor prices. For instance, the representative for Neknasi, who is not happy with the price they receive, reported “I am thinking of looking out for other exporters and connect with them”. The representative for Unen Choit, who is currently happy with the price they receive, reflected on a previous instance where their coffee was downgraded, reporting:

[W]e almost left the exporter when the exporter down-graded our thirteen export containers. But we decided not to leave the exporter because we have started off with NCTS and so we remained with NCTS. We are mindful NCTS down-grading our coffee and will keep an open mind and we are considering looking for other exporters/buyers.

There is little evidence of producer organisations creating new supply chain linkages. MDF noted that Fairtrade certification, and the extension services that are associated with specialty coffee production, create greater market access. However, according to MDF this is largely for the benefit of exporters, as the increased price is the primary benefit that trickles down to producer organisations, not benefits associated with new markets and buyers.

NASAA Certified Organic also noted that stringent certification requirements for Organic certification and demand for multiple certifications can be a barrier to producer organisations entering Organic coffee markets:

In some cases Fairtrade producer organisations struggle a bit managing requirements under Fairtrade, then they get help from Fairtrade, and then they need help to approach exporters and then exporters say get organic certification.

PHAMA Plus plays a facilitation role, connecting producer organisations with international coffee importers such as Sustainable Harvest. PHAMA Plus sends importers coffee samples from PNG producer organisations and provides feedback back to the producer organisations. However, despite these efforts, they have not yet been able to link a buyer to a producer organisation yet.

A.6 Have Fairtrade producer organisations demonstrated resilience (e.g. learning, coping, adaptation, transformation) in the face of shocks and stresses like COVID-19, disease outbreaks, or disruptive weather/climate events? How?

Summary of key findings

Synthesis: impact study findings indicate that producer organisations have experienced a range of shocks and stresses over recent years, the impacts of which have been variable. Some producer organisations have demonstrated resilience by providing training and support to farmers affected by frost, and one producer organisation plans to build a mini-hydro power station that will improve water supply and lessen the impacts of drought. Fairtrade ANZ support to producer organisations has been important for mitigating the adverse impacts of the COVID-19 pandemic, and Fairtrade ANZ has also provided training and support in relation to Coffee Borer Beetle and climate variability. The impacts of climate change were commonly raised by both producer organisations and farmers, and identified as a challenge that they are currently ill-equipped to address.

Desk assessment findings show that the latest iteration of the Fairtrade ANZ program was implemented during a disruptive period, with producers impacted by various external shocks and stresses. In relation to the challenges of low market prices in 2019, the ability for producers able to sell their products through Fairtrade markets may have benefited from comparatively higher income thanks to the FMP. The emergence of COVID-19 also highlighted the strength of Fairtrade ANZ's in-country presence in supporting producer organisations. Support provided to Fairtrade producer organisations in shifting to better online engagement, including training and purchase of equipment (including a television screen to support online participation), was noted as helping to mitigate disruptions to supply chains and maintain business with traders during the pandemic.

Other stresses presented risks to producers, notably in terms of the emergence of the Coffee Borer Beetle and climate variability impacting upon coffee production. While Fairtrade ANZ provided training and other support in response to both, it is less clear from the desk assessment how producer organisations responded to these issues.

Interviews with producer organisations and coffee industry stakeholders indicate that producer organisations had been impacted by a broad range of stresses, but the impact was variable. While all producer organisations were affected by COVID-19 to some extent, for the most part it was observed that coffee production had continued during the pandemic. While some noted that travel restrictions had prevented the sale of coffee resulting in loss of incomes for farmers, for the most part the impact was not significant. Pests and diseases were not reported as a significant issue, noting no reports of the Coffee Berry Borer. Frost was identified as an issue by some producer organisations, who had in turn supported farmers through replanting and awareness activities. The issue of climate change was one that producer organisations commonly indicated they were not well positioned to handle, noting that none had reported changing their practices to better adapt to the impacts of climate change.

Interviews at the farmer level indicate that farmers had experienced shocks that had impacted upon them. Water shortages and drought were identified by farmers in most sites visited, but there was only evidence of adaptation to it noted in Roots 1 where there were plans to invest the Fairtrade Premium to build a mini-hydro power station to help provide water and electricity. Climate change was commonly identified but farmers across all producer groups noted they felt they were not equipped to handle its future impacts. Other stresses, such as frost, pests and diseases, and COVID-19, were not perceived to be significant by the farmers, there was little evidence of adaptation or reported support from Fairtrade ANZ.

Desk assessment findings

During the period of the latest iteration of the Fairtrade ANZ program (2018–2021) implementation the PNG coffee industry was subject to a wide range of shocks and stresses that may have potentially affected producers. These included:

- **Low Market Prices:** The decline of coffee commodity prices, in May 2019 Arabica coffee sank below the cost of production to a low of USD2.658 per kg (approximately NZD4.040 per kg, at USD1 = NZD1.52) before increasing steeply again in 2021 (MacWilliam, 2020);
- **Pest and Disease:** Infestations of the highly destructive coffee berry borer detected in 2017 for the first time in PNG (Johnson et al., 2017). The coffee berry borer presents a serious threat to the industry, as it is capable of destroying 80% of coffee crops once infected (Ambrosia Symbiosis, n.d.)
- **Climate Impacts:** La Niña events (associated with heavier than usual rain that potentially leads to flooding, landslides etc and consequent loss of crops or access roads) occurring during the wet seasons of 2017–2018 and 2020–2021, and an El Niño event (associated with lower rainfall, frosts, and late wet season onset) that developed in 2018–2019 (NOAA 2022);
- **Stresses and shocks associated with the COVID-19 pandemic** from March 2020, that included: interruptions to supply chains including increased costs and reduced international shipping, market perturbations and uncertainty, restrictions on movement and face-to-face meetings, and requirements to rapidly adapt to online work environments.

This section will discuss how Fairtrade producer organisations may have demonstrated resilience in the face of these shocks and stresses, based on understanding of the literature and project documentation.

Factors potentially supporting resilience to low market prices coffee commodity prices

During the period of 2018–2021 the FMP was set at the free on board level at USD1.35 per pound (approximately NZD4.375 per kg at USD1 = NZD1.47) for natural coffee and USD1.4 (approximately NZD4.536 per kg at USD1 = NZD1.47) for washed coffee, with an added USD0.30 per pound (approximately NZD0.97 per kg at USD1 = NZD1.47) for Fairtrade Organic. Producers able to sell their products through Fairtrade markets may have benefited from the stability and comparatively higher income of the FMP during periods when the coffee commodity price decreased.

Note, that producers who decide as a result of certification to increase their focus on coffee production at the cost of other livelihood activities, may have reduced capacity to adapt to changing market conditions (Inape and Humphrey, 2000; van Rijsbergen et al., 2016). Separately, see also discussion in A.1, where it is noted that it is important to also consider the amount of coffee sold and the actual production costs to truly understand whether the income received from Fairtrade is sustainable.

Factors potentially supporting resilience to pest and disease

Coffee Borer Beetle can lead to serious crop losses and is one of the most serious pests afflicting coffee production globally. It was detected for the first time PNG in 2017 and is



Snapshot of the potential impacts of climate change for coffee production in Papua New Guinea

Climate change impacts expected for PNG include higher overall temperatures, increased weather volatility, and more frequent El Niño events (Inape and Humphrey, 2000). Hazards such as flash flooding, landslides, coastal flooding, and crop losses due to frost are all likely to become more frequent and intensify (World Bank, 2021).

Although droughts affecting coffee yields have historically occurred (Biatos Bito and Petit, 2016), PNG coffee growing regions generally receive amounts of rainfall at the upper range of the optimal requirement for coffee production and the PNG highlands does not have a distinct dry season, so coffee ripens during most months (Michael, 2019). This means that even with reduced rainfall, the PNG coffee sector should not suffer from the same types of drought burden predicted to severely impact the stability and sourcing of coffee in regions elsewhere in the world (Grüter et al., 2022). Strong El Niño events can still delay the onset of the rainy season and have been shown to consequently delay peak coffee yields in PNG; in an extreme event this could be by about 8–9 months (Hombunaka and von Enden, 2000). El Niño events are also associated with frosts which can lead to crop losses and damage (OCCD, 2014).

Warmer, wetter conditions are likely to increase outbreaks of fungal diseases like coffee leaf rust (*Hemileia vastatrix*) and increase the spread of coffee berry borer (*Hypothenemus hampei*) infestations upslope to higher altitudes (CI, 2016). Wetter conditions can impact coffee processing and flooding and landslides could lead to losses, especially when access roads are washed out.

feared to have potentially devastating effects if not adequately controlled (Abate, 2021). Although there is limited information as to the damage that has been incurred by coffee berry borer in PNG, Fairtrade ANZ organised a workshop in 2019 which included a session on Integrated Pest Management with CIC's Coffee Berry Borer specialist which may have contributed to sensitising coffee producers to coffee berry borer management strategies.

Factors potentially supporting resilience to climate impacts

There is no information to suggest whether, or to what extent, Fairtrade producer organisations were affected by the La Niña events during the wet seasons of 2017–2018 and 2020–2021, and an El Niño event that occurred in 2018–2019. Although Fairtrade introduced a specific criterion on the Fairtrade Small Scale Producer Organisation standard reviewed in 2019 for climate change adaptation (Fairtrade 2019), and has commissioned a 'systematic review, hotspot analysis and survey' into Fairtrade and climate change (Fairtrade 2021a), information specific to the local adaptation action PNG's coffee producers require to face the disaster risks of climate change have not been identified. It is noted that a Baseline Environmental Management and Climate Change survey was conducted by Fairtrade and understanding how it has been applied may shed more information on this area.

Potential resilience stresses and shocks associated with the COVID-19 pandemic

The COVID-19 pandemic has highlighted the strength of Fairtrade ANZ's in-country presence. The Activity Completion Report notes:

In PNG, Fairtrade is the only certification that has in-country representation through its producer support services and this is integral for ensuring that producer organisations are able to independently maintain links to international markets. This support became particularly important during COVID as producer organisations have been forced to adapt to a remote and largely online working environment, a change which if not adequately supported could threaten the sustainability of current market linkages (p3, Fairtrade ANZ 2022b).

In a country context where communication networks are currently limited and undependable, internet and technology costs are high, and computer literacy low, the type of support provided through on-site visits is essential for capacity building: from supporting advances in on-farm quality to building the skills of producers in PNG to cope in an increasingly online world (Fairtrade ANZ 2022b).

In 2020, Fairtrade International created two new funding mechanisms: the Fairtrade Producer Relief Fund and Fairtrade Producer Resilience Fund, with initial investments of approximately NZD5million. Fairtrade ANZ have also contributed financially to the Fairtrade Producer Relief Fund, which was used provide a total of NZD55,145 to PNG producer organisations in 2021 (Fairtrade ANZ 2021a). Additional investment from Fairtrade ANZ has also been critical for purchasing a television screen and solar panel that increased producer organisation members' access to the internet and online training (Personal Communication, Fairtrade 2022). More broadly, the support of Fairtrade helped producers to mitigate disruptions to supply chains and maintain business with traders during the pandemic (see A.5). The strengths of this in-country support are further reiterated in A.10.

Interview findings

COVID-19

All the producer organisations were affected by COVID-19 related disruptions to some extent, though the degree to which they were affected varied. More broadly, all the representatives of the producer organisations who were interviewed reported that their organisations have been able to continue producing coffee during the pandemic, thus demonstrating some resilience. According to the representatives, the impacts for some producer organisations like Alang Daom were relatively minor, as it did not affect their coffee production but did result in postponing the 2019 AGM. While for other producer organisations like Unen Choit, the reported impact was greater:

We were affected by the travel restriction measures. Most members could not sell their coffee which means loss of income. Most of the coffee went bad. Only few farmers managed to sell their coffee after the travel restriction was uplifted.

Two of the producer organisation representatives reported receiving support from Fairtrade to manage the impacts of COVID-19. This support was general in nature and was largely around dissemination of health and safety information.

Environmental impacts

Water shortages

None of the producer organisation representatives reported being affected by water shortages. HOAC did report that through the use of their Premium Fairtrade ANZ supported them to establish a supply of water, which has “assisted greatly” and improved their resilience to water shortages.

Frost

Representatives from HOAC and Neknasi reported that their producer organisations had been affected by frost. HOAC responded with minimal external support and carried out awareness raising activities, while Neknasi replanted coffee seedlings to replace those affected by frost.

Pests and diseases

Pests and diseases were not a significant impact reported by representatives of producer organisations. Further, none of the producer organisation representatives reported being affected by the coffee berry borer. Despite the limited impacts of pests and diseases, there was still some evidence of resilience, as Unen Choit had experienced coffee leaf rust but this has been “been well managed and contained”. The representative of Unen Choit attributed this success to compliance with the Fairtrade standard: “The Fairtrade standards have helped the members in managing their coffee gardens well. This helped stop the spread of coffee pests and diseases”.

While the other producer organisation representatives did not report issues with pests and diseases, Neknasi still expressed a desire to further their knowledge on pests and diseases of coffee through training with Fairtrade ANZ, indicating a concern with increasing their resilience for the future.

Climate Change

Three out of the four producer organisation representatives interviewed expressed concern about their organisation’s capacity to manage the impacts of climate change in the future. The exception was Unen Choit, who reported that their past training would equip them to manage these impacts:

We have received many good trainings from Fairtrade. Therefore, I think we can continue to manage our operations and practices when we are faced with climate change challenges.

None of the producer organisation representatives had reported changing their practices to better adapt to the impacts of climate change. The majority of the producer organisation representatives requested that they receive climate change focused training from Fairtrade ANZ in the future. For example, the representative of HOAC reported: “Fairtrade has to

factor climate mitigation and adaptation into its capacity building programs to support us for the long term.”

Farmer level interview findings

COVID-19

Generally, farmers reported not being affected by COVID-19, largely due to their remote locations. Some farmers in Unen Choit and Neknasi did report being affected by travel restrictions which impacted their ability to take coffee to markets to sell.

As the overall impact of COVID-19 was not perceived to be significant by the farmers, there was little evidence of adaptation or reported support from Fairtrade ANZ.

Environmental impacts

Water shortages/Drought

The degree to which farmers were affected by water shortages or drought differed across producer organisations and in some cases differed between men and women. Alang Daom, Roots 1 and Unen Choit all reported being affected by water shortages related to lack of infrastructure for processing coffee more so than drought, while Neknasi did not report being affected at all. For instance, in Alang Daom a male farmer explained:

We do have water shortage problem because we don't have good water source in our coffee gardens. We usually carry the cherries over long distances from our coffee gardens to the village. In the village we have water supply so we pulp the cherries in the village.

Evidence from the FGDs also suggests that women were affected more so than men by water shortages, reflecting gendered farming roles. For example, in Roots 1 it was only women who reported being affected. Similarly, a woman in Unen Choit explained the challenge of accessing water for coffee production:

As women we do most of the hard work of carrying coffee to be pulp and washed. Therefore, we would like to see the tape stand connected to each house would be good.

Overall, evidence of adaptation was minimal. An exception to this was in Roots 1 where there were plans to invest the Fairtrade Premium to build a mini-hydro power station to help provide water and electricity, though this was only in a planning stage at the time of the interviews.

Frost

At the farmer level, none of the farmers reported being affected by frost.

Pests and diseases

The reported impact of pests and diseases was minimal by farmers. Pests and diseases were only reported as an impact by farmers in Neknasi and one cluster of farmers in Unen Choit. There was little demonstrated sign of adaptation. For example, in Neknasi a male farmer explained:

We have experience and evidence of coffee rust, coffee die back, and red ants.
We don't know what to do.

Climate change

Farmers across all the target producer organisations unanimously reported not feeling equipped to handle the impacts of climate change in the future. It is also worth noting that some farmer did not fully understand what “climate change” meant or how it could affect them. A male farmer in Alang Daom expressed his concern:

We can't withstand climate change challenges because if there is drought, we don't think we have the reliable equipment to equip us with to continue to coffee work. Therefore, if we need assistance...

Consequently, farmers across all producer organisations requested more training and awareness from Fairtrade on managing the impacts of climate change. A male farmer from Roots 1 explained:

Training would be definitely required to be prepared and handle those challenges. We realise that too much rain or too much sunlight does affect coffee production... If Fairtrade is focussed on climate change training, this would help a lot in the long term.

A.7 Have there been any unanticipated negative impacts of the Fairtrade program?

Summary of key findings

Synthesis: impact study findings indicate no unanticipated negative impacts at the farmer level. Some negative impacts were raised by producer organisations and coffee industry stakeholders, but are beyond the control of Fairtrade ANZ.

Desk assessment findings indicate no unanticipated negative impacts of the Fairtrade ANZ program.

Interviews with producer organisations and coffee industry stakeholders reveal very few unanticipated negative impacts of the Fairtrade ANZ program. Most of the negative impacts that were raised, such as the impact of limited Fairtrade export opportunities, are beyond the control or remit of Fairtrade. While the burdensome nature of certifications was raised by some stakeholders, there was general agreement that this is outweighed by the benefits of Fairtrade certification.

Interviews at the farmer level reveal farmers are very positive about the Fairtrade ANZ program. Farmers did not raise any negative impacts specifically about the program itself.

Desk assessment findings

No unanticipated negative impacts were uncovered in the desk assessment.

Interview findings

Overall, representatives of producer organisations raised very few unanticipated negative impacts regarding the Fairtrade ANZ program. Of the few negative impacts that were raised, one related to limitations around Fairtrade market opportunities. While the decision to place quotas on exports is beyond the remit of Fairtrade's operations, instead occurring at the exporter level, several stakeholders raised this issue as a problem with the Fairtrade ANZ program. As this is outside of Fairtrade ANZ's control, this finding does indicate that there is confusion among stakeholders in Fairtrade's supply chain about the role and responsibility of Fairtrade ANZ regarding coffee export quotas. Additionally, while participants raised this issue in response to the question about negative impacts, it is best interpreted as a factor that limits the impact of the Fairtrade program, rather than a negative impact of the program itself

The representative of Alang Daom raised an issue about the quotas perceived to be imposed on their coffee by Fairtrade, limiting their market share. The representative explained:

If Fairtrade decides to export 1 or 2 containers, that would be it. Fairtrade will not go beyond that volume... say if the Fairtrade market requires 2 containers, and if Neknasi produces the 2 containers, then that will be it. Alang Daom will not be marketing for that same market share because the 2 containers required have already been met by Neknasi.

NCTS and Monpi also reported that the Fairtrade market opportunities for Fairtrade only coffee (without organic certification) can be a limiting factor.

While not directed at Fairtrade ANZ, another negative impact stemmed from broader confusion and frustrations with grading processes and lack of transparency from the exporter, as detailed in the case study below.



Case study: downgrading, delays, and limited understanding of Fairtrade certification

The representative of Neknasi reported several negative impacts which were primarily to do with their exporter:

The only problem Neknasi as a producer organisation is facing is that when we bring in our coffee to the exporter and for the exporter to tell us that our coffee has been downgraded. Our question is, why is our coffee being downgraded after being Fairtrade certified?

Why is the exporter keeping our certified coffee in the queue awaiting to be processed for quite a while and then processed the coffee and downgraded it and pays us a low price?

That is not fair because our coffee is Fairtrade certified. The exporter needs to understand the Fairtrade standards and not to keep our coffee in the queue for that long but to process it as quick as it could. It is the exporter's fault in keeping our certified coffee in the queue and then decided to pay us a low price which is even below the Fairtrade price simply because the exporter decides to put a downgraded price tag on our coffee. How many times do we have to sell to the exporter and not get the premium price, because of the downgraded price?

I have argued with the exporter on numerous occasions, but to no effect. The question is, how am I supposed to know, when the exporter downgraded our coffee, but sells the coffee at a higher price in the overseas markets from its end. These are some of the things that are happening with the exporters/processors and so the Fairtrade standards must be made known well to the exporters because, we as POs are Fairtrade certified and we always follow the Fairtrade standards in producing certified coffee.

Exporter Monpi raised the same issue, blaming the delays that producer organisations experience on the Fairtrade quota [Fairtrade market opportunities]:

The sales of coffee bought from producer organisations are not sold on timely basis given the quota system imposed by Fairtrade, hence storage is for a long time. This could end up in a loss. This was not anticipated.

Coffee industry stakeholders and exporters were overall very positive about the Fairtrade ANZ program, raising very few unanticipated negative impacts. NASAA Certified Organic and Sucafina reported that there is a burden of certification. The requirements of certification, including documentation and compliance, are demanding. However, these are requirements of all speciality coffee and were seen as ultimately worthwhile due to the

benefits of “belonging to a group”. MDF supported the benefits of Fairtrade as outweighing the burden associated with certification, stating:

The conversations about ‘certifications just being fluff’, are not true. The impact is there. In current circumstances that is making a lot of difference because it is allowing you to get access to products and services that weren’t previously accessible. So if you ask me, yes, there is a significant impact because of these certifications and that is where the market is heading.

Additionally, as Fairtrade is the oldest sustainability standard, it has the benefits of brand reputation and reliability. However, NASAA Certified Organic noted that sometimes the Fairtrade standard can be “a bit outdated”. NASAA Certified Organic also reported that Fairtrade’s global reputation and brand recognition can have both advantages and disadvantages. Unanticipated consequences can happen when a scandal happens on the other side of the world with Fairtrade, this can have ramifications in PNG.

Farmer level interview findings

Overall, farmers were very positive about the Fairtrade ANZ program and did not raise any negative impacts specifically about the program itself. One farmer at Roots 1 raised the issue about the quotas perceived to be imposed on their coffee by Fairtrade (though this is not actually part of Fairtrade ANZ’s control or operations). One other farmer at Neknasi reported expecting “better support from being part of Fairtrade” in regards to support for a water supply project. Though this is an isolated issue that did not represent the views of the majority of participants.

Challenges of participating in the producer organisations are discussed under B.3.

A.8 Are there any specific concerns regarding the effective future participation of producer organisations in the Fairtrade program? Are there any ideas to improve the program implementation?

Summary of key findings

Synthesis: while the impact study findings indicate no specific concerns regarding the effective future participation of producer organisations in the Fairtrade ANZ program, both producer organisations and farmers offered recommendations for improvements.

Desk assessment findings reveal no specific concerns regarding the future participation of producer organisations in the Fairtrade ANZ program.

Interviews with producer organisations and coffee industry stakeholders indicate no specific concerns regarding the future participation of producer organisations in the Fairtrade ANZ program. Producer organisation representatives highlighted several areas for improvement, including that Fairtrade: partner with other certifications (which is already occurring), adjust its prices in line with the government price support scheme, expand its operations to other provinces (which was reiterated by a coffee exporter), and provide a broader range of training and capacity building services. One coffee industry stakeholder suggested that Fairtrade could adopt a more holistic approach to farmer engagement that goes beyond certification and compliance.

Interviews at the farmer level reveal no concerns with the Fairtrade ANZ program that may affect farmers' future participation. The vast majority of recommendations made by farmers relate to the desire for more training, particularly in the areas of climate change, coffee quality, governance, and financial literacy.

Desk assessment findings

No unanticipated negative impacts were uncovered in the desk assessment.

Interview findings

No stakeholders during interviews specified any concerns regarding the future participation of producer organisations in the Fairtrade ANZ program.

Representatives of producer organisations raised a number of recommendations, covering a range of issues, that they thought could improve the implementation of the Fairtrade ANZ program. Two producer organisation representatives recommended that Fairtrade partner with, and support, other certifications such as NASAA Organic. It is worth noting that Fairtrade ANZ already has an MOU in place with NASAA Certified Organic to promote dual certification of Fairtrade and Organic, with workshops and training planned for May 2022.

Similarly, NASAA Certified Organic recommended that the certification process could be improved as "it seems very chaotic". Though NASAA Certified Organic also noted that this is primarily because of FLOCERT, Fairtrade's independent certifier, and the lack of alignment between FLOCERT's requirements and the requirements of other certifiers. NASAA Certified Organic explained:

To give you an example, we tried to adjust our inspection to the FLOCERT inspection but the communication on timelines is so not structured from our perspective, so that is something they can improve. But the Standard is a good standard and compared to Organic it [Fairtrade Standard for Small-scale Producer Organisations] is more modern and adaptable.

A representative from Alang Daom recommended Fairtrade implement price adjustments in response to the PNG Government's national price subsidy (see A.1). The representative explained:

Fairtrade must adjust its price when there are changes in coffee price. For example, the price subsidy support from the national government in 2021 saw big increase in coffee prices. As such Fairtrade must be prepared to adjust its price in such situation.

A representative from Unen Choit recommended that Fairtrade expand their operations into other provinces:

It would be good to see Fairtrade expand its certification program to other provinces of PNG so remote farmers in those provinces can have the opportunity of benefiting from Fairtrade premium like us.

This sentiment of expanding into other provinces in PNG was also reiterated by Sucafina.

Coffee industry stakeholder, MDF, suggested that Fairtrade could adopt a more holistic form of farmer engagement that goes beyond certification and compliance:

The level of engagement, in some cases it is limited to compliance and certifications. There are better practices in terms of agronomic practices to grow coffee. Because that is the holistic thing in which everything sits. And sometimes the certifications just focus on their standards. But you have to see the holistic picture that your standard is just one part of that and there are other parts of it. And if you target those other parts, everything might improve, including the certifications.

Finally, representatives from the producer organisations suggested a range of training and capacity building services that they would benefit from. These included training on climate change (see A.6), computer literacy, and women's empowerment.

Farmer level interview findings

No farmers raised any concerns with the Fairtrade ANZ program that may affect their future participation. The challenges affecting farmers participation were generally at the producer organisation level and are detailed further at B.3.

The vast majority of recommendations made by farmers were around a desire for more training. Across the different producer organisations, farmers interest in different types of trainings included the following topics: climate change (detailed in A.6), coffee quality, governance, and financial literacy.

Farmers were also interested in support with obtaining resources and infrastructure such as water supply in Neknasi, Roots 1 and Unen Choit. Farmers in Unen Choit also requested support for solar dryers, pulping machines and fermenting dishes.

Beyond this, women in Roots 1 indicated an interest in diversifying their farm production into fresh produce:

We would like Fairtrade to assist us to diversify into fresh produce marketing in terms of improving the supply and value chain.

A.9 Have the producer organisations been able to increase the quality of their product?

Summary of key findings

Synthesis: impact study findings indicate that producer organisations have been able to increase the quality of the coffee they produce as a consequence of the capacity building and training support provided by Fairtrade ANZ, as well as through processes implemented by producer organisations themselves.

Desk assessment findings highlighted that Fairtrade ANZ has provided producer organisations a range of support to improve the consistency and quality of their coffee, including through their Quality and Improvement Program. Quality monitoring through coffee cupping scores shows that, prior to the emergence of COVID-19, batch sample testing were achieving scores surpassing 80, the threshold for specialty coffee status.

Interviews with producer organisations and coffee industry stakeholders reveal a unanimous view that the quality of coffee that producer organisations are producing is improving. This is attributed to the capacity building and training support provided by Fairtrade ANZ, as well as to processes implemented by producer organisations themselves.

Interviews at the farmer level reveal mixed views about farmers' ability to increase the quality of their coffee but clear support for the benefits of coffee quality training program, which most farmers reported having participated in.

Desk assessment findings

Fairtrade ANZ supports a range of training and extension services designed to improve the capacity of producer organisations to improve the consistency and quality of their coffee. Support has focused on core topics such as Fairtrade compliance and coffee quality, as well as new topics such as accounting and organic certification. Fairtrade ANZ have supported the capacity of producer organisations through their Quality and Improvement Program, which aims to improve the knowledge of coffee farmers and teach them best practices of coffee processing (Fairtrade ANZ 2021a).

As part of the Quality and Improvement Program, quality monitoring is conducted by batch sample testing of coffee producer organisations. A key indicator of coffee quality has been the coffee cupping scores achieved by producer organisations. Outcome 5, Target 2 of the latest iteration of the Fairtrade ANZ program was to achieve an average cupping score of 80+ out of 100; 80 being the threshold for specialty coffee status. Scores surpassing 80 have been consistently achieved in batch sample testing from the first year of the program (see Figure 6). Prior to the COVID-19 lockdown in mid 2021, Fairtrade ANZ held coffee tasting events in Auckland, Wellington, and Christchurch, New Zealand as well as in Melbourne, Australia to showcase coffee sourced from the PNG producer organisations. A tasting session was also arranged at Melbourne International Coffee Expo. These events provided a forum for key traders and roasters to provide valuable feedback to the producers on the quality and cupping profiles of their coffee.

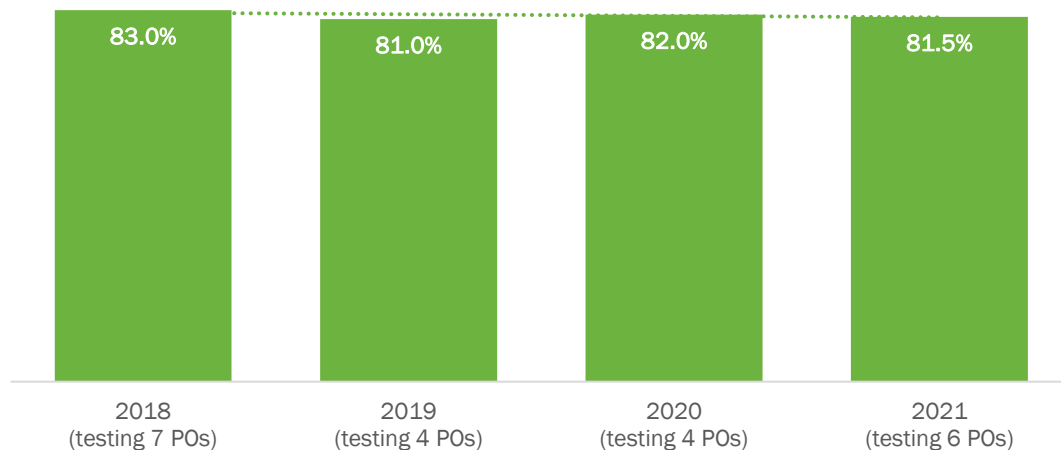


Figure 6: Average cupping score from batch sample testing of producer organisations (Data source: MERL Framework)

Over the period of 2018–2021, Fairtrade ANZ have strengthened their partnership with the Coffee Quality Institute (CQI), signing an MOU in 2021. As part of this partnership, Fairtrade ANZ and CQI developed a train-the-trainers program which includes tailored training packages consisting of ten best practice coffee processing themes across six training modules tailored to the PNG coffee farming context and the quality requirements of relevant international markets (Fairtrade ANZ 2021a).

The COVID-19 pandemic posed challenges for conducting training and extension, especially due to restrictions on movement and public gatherings. As a consequence, some activities were conducted remotely from July 2020 until May 2021. To adapt to the circumstances of the COVID-19 pandemic, the CQI training program was adapted to a virtual training plan (rolled out with five producer organisations, one exporter and CIC representatives with a total of 39 participants, 12 of which were women, MFAT Report Year 2021). Other activities (especially those involving Trader visits) were put on hold (Fairtrade ANZ 2021a): e.g. a potential collaboration with PHAMA Plus to develop high quality coffee micro lots for niche markets, including plans to build capacity in processing techniques for specialty coffees were stalled (Fairtrade ANZ 2022b).

Interview findings

Interview data from producer organisation representatives, exporters, and other coffee industry stakeholders demonstrates improvements in the quality of coffee that producer organisations are producing. A core benefit of Fairtrade certification raised by representatives of producer organisations has been the training and capacity development that producer organisations receive. These training activities have been diverse, covering a range of different aspects of ‘quality’ such as coffee husbandry practices, general quality improvement training, and training on governance. These trainings have been broadly perceived as important for increasing the quality of coffee produced, as a representative of Alang Daom explained: “Our involvement with Fairtrade have increased our quality because of all the good training that we have received from Fairtrade including governance training”.

While Fairtrade ANZ has been foundational for supporting this training and capacity development, there was also evidence among some producer groups of internal processes being implemented to improve their coffee. Representatives from Unen Choit and HOAC explained:

We have quality improvement field officers and every year we have quality improvement training. At the moment, we are trying our best to build the CPU for all our cluster groups for them to properly dry their coffee. We mobilised and pay coffee only from our certified members whom we have trained. Our coffee quality has changed and improved. — Representative from Unen Choit

We make it a priority to invest to build our capacity of farmers in husbandry practices, quality improvement and governance. — Representative from HOAC

For the most part, the improvements in quality were also recognised by other coffee industry stakeholders and exporters. For example, MDF has seen improvements in the grade of coffee produced by Fairtrade producer organisations due to training and capacity development delivered over the long-term:

Now they [extension officers] don't just teach them about compliance but also about best practices. And part of that is about how you pick and harvest your coffee. And what we have seen is that when that is given consistently over time — not just one season — that improves the quality of coffee. For example, before it was a commercial grade coffee and now it is a better grade coffee.

Exporters also confirmed that producer organisations had improved the quality of their coffee, due to capacity development and improved organisation among producer organisations. For example:

When our PO and farmers are organised, this translates into the improvement in the quality of our coffee. — Coffee Connections

The quality has picked up as a result of attitude change due to capacity building training associated with organic certification. — Monpi

While NASAA Certified Organic were complimentary of the efforts that multiple stakeholders in the Fairtrade supply chain were making to improve the quality of coffee, they did note that a lot of coffee's quality is derived from post-harvest processes, which are not regulated to the same degree as pre-harvest processes, and are not as developed in the context of PNG.

Farmer level interview findings

Across the target producer organisations, farmers reported mixed findings on their ability to increase the quality of their coffee. In Neknasi and Alang Daom, farmers were ambivalent on whether they thought their quality had increased, with some reporting an increase and others reporting that quality had decreased or remained the same.

It is through Fairtrade and by following the standard we were able to produce quality coffee. — Male, Alang Daom

Generally we don't see change in quality with FT's intervention. There could be a drop in quality, this has to be ascertained. — Neknasi

Roots 1 and Unen Choit were more optimistic about their ability to improve the quality of their coffee, and attributed this improvement to the training from Fairtrade ANZ. For example, a male farmer in Unen Choit noted:

Before joining the Fairtrade, the quality of our coffee was average. After joining the Fairtrade and following the Fairtrade standards have improved and increased our coffee quality.

Despite the mixed views on whether coffee quality had improved, the vast majority of farmers reported participating in some form of coffee quality training, which they generally reported as being helpful.

Farmers in Roots 1 and Alang Daom emphasised the link between improving the quality of their coffee and increasing the price they receive:

In our view we think that only factor affecting the price is the quality — Male farmer, Roots 1

It is through producing quality coffee that we will receive better price. — Male farmer, Alang Daom

A.10 Do producer organisations have greater financial accountability thanks to compliance with Fairtrade standards and Fairtrade ANZ support? How?

Summary of key findings

Synthesis: impact study findings in relation to the financial accountability of producer organisations are mixed. While annual audits show increases in incidents of non-compliance, this needs to be interpreted in the context of the increasing complexity of certification requirements and the impacts of COVID-19. Other evidence suggests that financial accountability has improved as a result of compliance with Fairtrade standards and support from the Fairtrade ANZ team, but that there is scope for further improvement.

Desk assessment findings are that annual audits show increases in incidents of non-compliance related to financial accountability, but this needs to be interpreted in the context of increasing complexity of certification requirements and COVID-19, which has seen audit and compliance activities move to on-line formats. In response, Fairtrade ANZ has put a stronger focus on mentoring and coaching for core producer organisation staff in Fairtrade compliance and accounting, as well as on enhancing the technical and data management capacities of producer organisations.

Interviews with producer organisations and coffee industry stakeholders demonstrate that some elements of financial accountability have improved as a result of compliance with Fairtrade standards and support from the Fairtrade ANZ team. However, other areas such as use of electronic payment systems to be more transparent and traceable remain limited due to the barriers farmers face to open and use bank accounts in PNG.

Interviews at the farmer level indicate mixed use of electronic bank accounts for receiving payments. Generally, farmers with bank accounts have their income deposited and those that do not have bank accounts receive cash.

Desk assessment findings

The development of financial accountability is integral to the sustainability of Fairtrade, indeed Output 1 of the Theory of Change for this project captures “Training delivered to POs [producer organisations] to improve knowledge and skills on good governance, Fairtrade standards, small business management, and financial literacy”. PNG has particularly low rates of business and financial literacy (associated with limited education opportunities and limited exposure to business and employment) (Chang et al., 2013) which makes this component even more critical.

Table 3 shows the participants that were involved in training activities between 2019 and 2021 focused on a. Organisational Development (good governance and the Fairtrade standards) and b. Business Development (financial literacy and business management)

Table 3: Number of participants in Fairtrade activities and producer organisation trainings to build greater financial accountability (2019–2021)

Output 1: Training delivered to producer organisations to improve knowledge and skills on good governance, Fairtrade standards, business management, and financial literacy	
Organisational development training (good governance and the Fairtrade standards)	
813 participants (668M, 145W/18%) trained in Fairtrade activities	2924 participants (2383M, 541W/19%) trained by the producer organisations
Business development training (financial literacy and business management)	
439 participants (344M, 95W/22%) trained in Fairtrade activities	2698 participants (2037M, 661W/24%) trained by the producer organisations

The financial accountability requirements of Fairtrade are outlined in the “Fairtrade Standard for Small-scale Producer Organizations” under section 2 ‘Trade’ and section 3 ‘Business Development’. The Trade standards cover financial accountability as it applies to managing value chain income and expenditure (e.g. recording inventory and sales), and the Business and Development standards outline requirements for planning and recording how the Fairtrade Premium is invested.

In spite of these activities, results from audits demonstrate increasing trends of non-compliance across categories (see Figure 7) and moreover, particular increases in incidents of non-compliance related to financial accountability. The Trade standards and

Business and Development standards were the two categories with the most non-compliance. Non-compliance also increased in comparison to baselines: Business Development non-compliance was over four times as prevalent in 2021 than at baseline and Trade non-compliance was three times more prevalent in 2021 than at baseline.

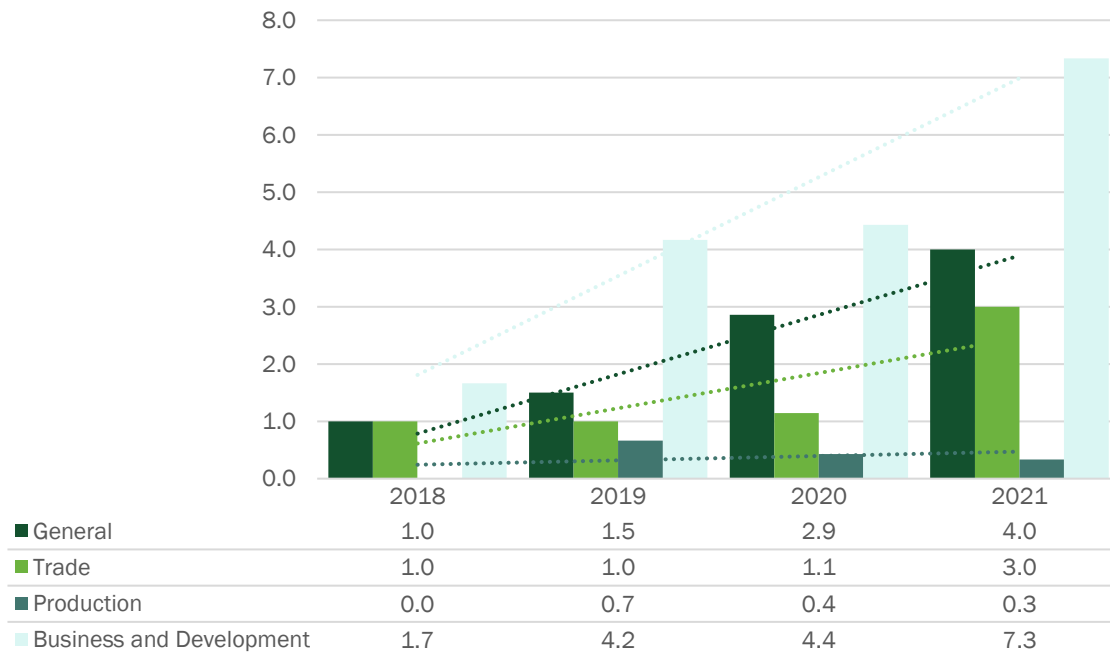


Figure 7: Average non-compliances each audit per compliance category (Data source: PNG Charts).

Note: for comparability, non-compliance for each audit has been given as an average as the number of audits at baseline was only three compared to six audits each in years 2019 & 2021 and seven audits in 2020 (e.g. there were an average of 7.3 incidences of non-compliance for each audit conducted in 2021, up from an average of only 1.7 incidences of non-compliance found by audits at baseline). Categories align with the sections in the Fairtrade Standard for Small Producer Organisations.

The audit results only paint part of the picture. The dramatic increase in non-compliance should not necessarily be interpreted as decreasing financial accountability. The most recent updates to the Fairtrade Standard (Fairtrade 2019) added more complexity to certification compliance (Fairtrade ANZ 2022b). There were substantial additions to the core requirements relevant to financial accountability. New requirements introduced in 2019 included: conducting a development needs assessment; listing all activities planned to be funded with Premium in the Development Plan before implementation; undergoing a financial audit on Fairtrade Premium use; proving responsible management of Fairtrade Premium (e.g. without favouritism or fraud); and stricter requirements regarding organisational structure, surveillance and transparency (Fairtrade 2019). Fairtrade ANZ has stated that producer organisations needed added support to comply with new requirements which strained Fairtrade ANZ's in-country human resources (Fairtrade ANZ 2022b).

At the same time additional support was required by producer organisations to comply with these criteria, the COVID-19 pandemic brought additional challenges. FLOCERT audits and

associated record keeping for compliance and business documentation became online processes, which may have been beyond the capacity of some producer organisations with low connectivity and computer literacy. Additionally, face-to-face interactions were also restricted. Shifting from physical meetings to remote working conditions posed further challenges as field visits, especially pre-audit, were integral to facilitating the participation of some producer organisations (Fairtrade ANZ 2022b).

Fairtrade ANZ has since put a stronger focus on mentoring and coaching for core producer organisation staff in Fairtrade compliance and accounting, as well as responding to the need to enhance technical and data management capacities of the producer organisations:

Access to internet and IT knowledge are becoming more important to sustain access to international markets and remain Fairtrade certified. This is a key challenge for certification in PNG but also an important way that Fairtrade ANZ can continue to support producer organisations to adapt. Fairtrade ANZ aims to work with local consultants to build capacity to support producer organisations with digital and compliance requirements (Fairtrade ANZ 2022b, p12).

Interview findings

Findings from interviews show some elements of financial accountability have improved as a result of compliance with Fairtrade standards and support from the Fairtrade ANZ team. However, other areas such as forms of payment could be improved by transitioning to an electronic payment system to be more transparent and traceable.

The Fairtrade standard requirement to conduct AGMs was seen as a key mechanism for financial accountability for most representatives of producer organisations. Representatives noted that at these AGMs members are informed about profit and expenditures and other financial reporting.

Based on the interview data with representatives of producer organisations, it seems that most payments to farmers are made via cash payments. Representatives from producer organisations had different plans in place regarding transitioning to a system of electronic payments to farmers' bank accounts. For instance, a representative from Alang Daom noted that while farmers are currently paid in cash, he plans to "to engage the Bank of South Pacific officers to come to the village and assist members in opening their bank accounts" due to "security reasons". While a representative of Neknasi reported that after previously making payments to farmers' bank accounts, they now pay cash:

When we first started as a cooperative group, we used to make payments to the members through their bank accounts. Due to the changes in price [introduction of government price subsidy] and members selling their coffee to the buyers who offered high prices and we have no control over members doing that. And so we changed the mode of payment to members by paying members in cash instead in 2021.

Based on these excerpts, the reasons for making electronic or cash payments vary, and a natural transition towards an electronic payment system cannot be assumed across the producer organisations.

Discussions with a Fairtrade ANZ in-country staff member highlighted that there are a range of barriers that farmers face when it comes to opening and using a bank account in PNG. Farmers can be charged high fees, as well as experiencing long wait times and ATM's that have ran out of cash when trying to withdraw money. These factors can reducer farmers' motivation to open and maintain a bank account.

There was also evidence of support from Fairtrade ANZ for improving accounting systems. Coffee industry stakeholder, MDF, noted that Fairtrade producer organisations had improved their practices around bookkeeping and management of expenses from their interactions with Fairtrade ANZ. Exporter, Coffee Connections, reported seeing “a dramatic change in the auditing”. A representative from Alang Daom reported that Fairtrade had provided them with a laptop, and had engaged an accountant who had trained them in record keeping.

Farmer level interview findings

In accordance with the findings from interviews with representatives of producer organisations, there was mixed use of electronic bank accounts for receiving payments. Generally, farmers with bank accounts have their income deposited, and those that do not have bank accounts receive cash.

In Neknasi, all the farmers participating in FGDs being paid into their bank accounts and believe the process works well. In contrast, in Alang Daom none of the participants reported having bank accounts. Since being certified with FT, men farmers at Roots 1 have noticed that their payments are through “a structured mode of payment” in the form of cash payments and payments to their bank accounts. This process was perceived by the men to work well, though they wanted to increase the use of electronic banking. Women only reported being paid cash, and like the men thought it would be better if they could be paid electronically into bank accounts.

May not be good when it is paid in cash. It would have been better if we have own accounts for the payments can be made through.

In Unen Choit, a number of farmers who initially set up bank accounts to receive payments when they joined the cooperative (at the request of Unen Choit) have returned to cash because they were being charged bank fees.

Beyond the issue of the financial mechanisms used to pay farmers, some male farmers in Unen Choit questioned the price that other clusters are receiving and whether this is a Fairtrade and Organic price or just the price obtained from meeting one standard. For example:

We saw other ground buyers are also offering competitive price between PGK7.0 and PGK7.5 per kg. Unen Choit is offering at PGK8 per kg. Therefore, we are not sure if Unen Choit is offering organic price or Fairtrade price. — Male farmer, Unen Choit

Some farmers also raised concerns about receiving delayed payments, detailed further in B.3.

A.11 Have producer organisations implemented improved systems of internal governance (including more equitable representation of women and young people in decision-making processes)? How? Why?

Summary of key findings

Synthesis: impact study findings show that producer organisations have implemented improved systems of internal governance to comply with the Fairtrade standard, with effective on-the-ground support provided by Fairtrade ANZ. This has led to a raft of benefits including improved social cohesion and consensus based decision-making, and greater involvement of women in decision-making.

Desk assessment findings indicate mixed but overall positive results in terms of improved systems of internal governance for producer organisations. There have been marked improvements in both the number of producers consulted by producer organisations when planning premium use (including women) and women's representation on the boards of producer organizations. Despite an initial increase in youth engagement in quality improvement training activities, progress for increased youth participation has slowed in recent years.

Interviews with producer organisations and coffee industry stakeholders provide strong evidence that producer organisations have implemented formalised and improved governance structures to comply with the Fairtrade standard, with on-the-ground support provided by Fairtrade ANZ. This has led to raft of benefits including improved social cohesion and consensus based decision-making, and greater involvement of women in decision-making.

Interviews at the farmer level indicate that for the most part farmers understand the governance arrangements of their producer organisations and are supportive of the decision-making processes. There were some notable gender differences, with women farmers voicing criticism of governance and decision-making in one instance, and displaying less understanding of decision-making processes in another. Several farmers highlighted the benefits of working together as part of a group.

Desk assessment findings

The systems of internal governance supported by the Fairtrade model are a critical component distinguishing Fairtrade from other certifications. Neither Rainforest Alliance nor the organic standards have comparable systems that support the same level of democracy and transparency. Fairtrade is also distinct from other certification standards in terms of the strength of the social justice objectives. In the period of this project, Fairtrade ANZ has implemented improved systems of governance by establishing and supporting producer organisations organised on principles of democracy, accountability, and non-discrimination to achieve “Stronger, well-managed, democratic organisations for small-scale producers” (Outcome 4, MERL Framework). It has achieved this through implementing three projects focused on environmental sustainability (Outcome 4, Target 1 MERL Framework); increasing the number of producers consulted by producer

organisations when planning Premium use by almost double compared to the baseline (from 300 to 584, see Figure 8); and supporting compliance with Fairtrade standards¹⁶.

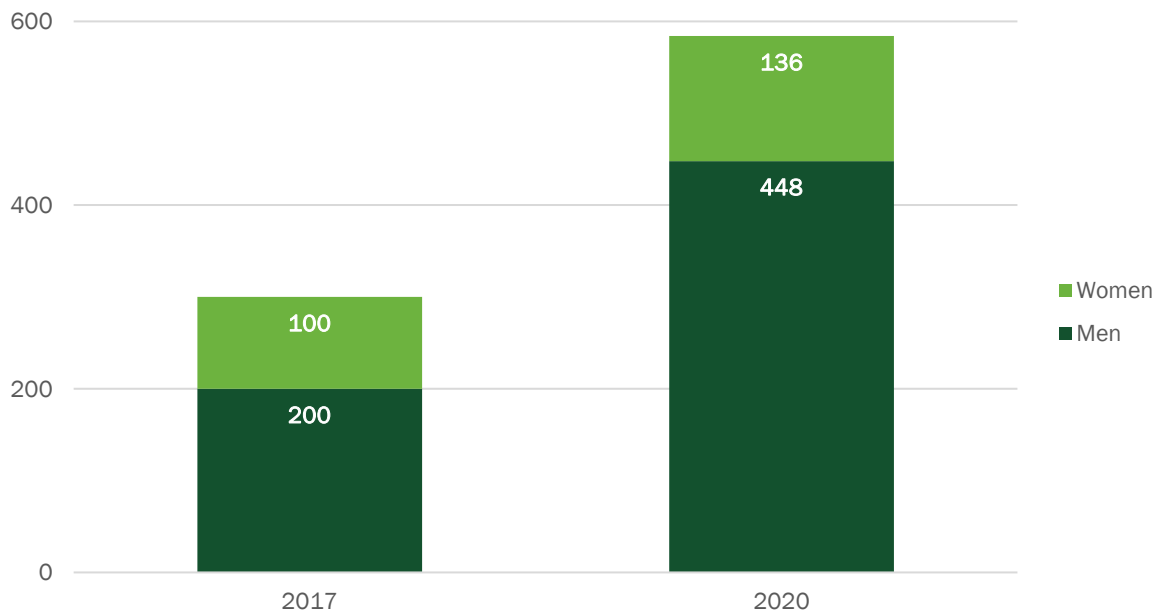


Figure 8: Number of producers consulted for Premium use (Data source: MERL Framework).

Note: The number of producers consulted for Premium use almost doubled, although the additional consultations in 2021 involved notably more men than women.

More equitable representation of women

Fairtrade ANZ specifically encourages more equitable representation of women through promoting women board members on producer organisations. From having no women board members at program baseline, the average representation of women as board members peaked in 2020 at 16% (or 4 women out of every 25 board members) and reduced in 2021 to an average of 13% due to one producer organisation (Keto Tapasi) losing all its women board members between 2018 and 2020 (see Figure 9). HOAC is the only producer organisation that does not have women represented on its board.

The improvements that have been made in greater representation of women are significant achievements as enhancing awareness of gender equality and increasing women's participation in producer organisation activities is a significant obstacle in PNG (Activity Completion Report 2022). Considering the challenges, Fairtrade ANZ has planned additional initiatives to strengthen their approach in PNG:

While some groups have had success with women-led enterprise and increased participation, without specific activities to empower women and strengthen their confidence across the board, it's unlikely that there will be an increase in female members and women's engagement such as involvement on Boards.

¹⁶ A.10 noted that non-compliance with standards increased dramatically in 2021 (Year 4 of the program). This has been attributed to restrictions on the support the project was able to provide producer organisations with audits and standards compliance during the COVID-19 pandemic, evincing the utility of Fairtrade's in-country support.

This is a lesson learnt from the Fairtrade system in other regions, such as Latin America, Africa and Asia. Fairtrade ANZ is planning to launch a Women of Leadership School [Gender Leadership School] in PNG in 2022 to empower women at the community level and build their capacity to both participate and lead within the cooperatives.” (Activity Completion Report for MFAT 2022, p13)

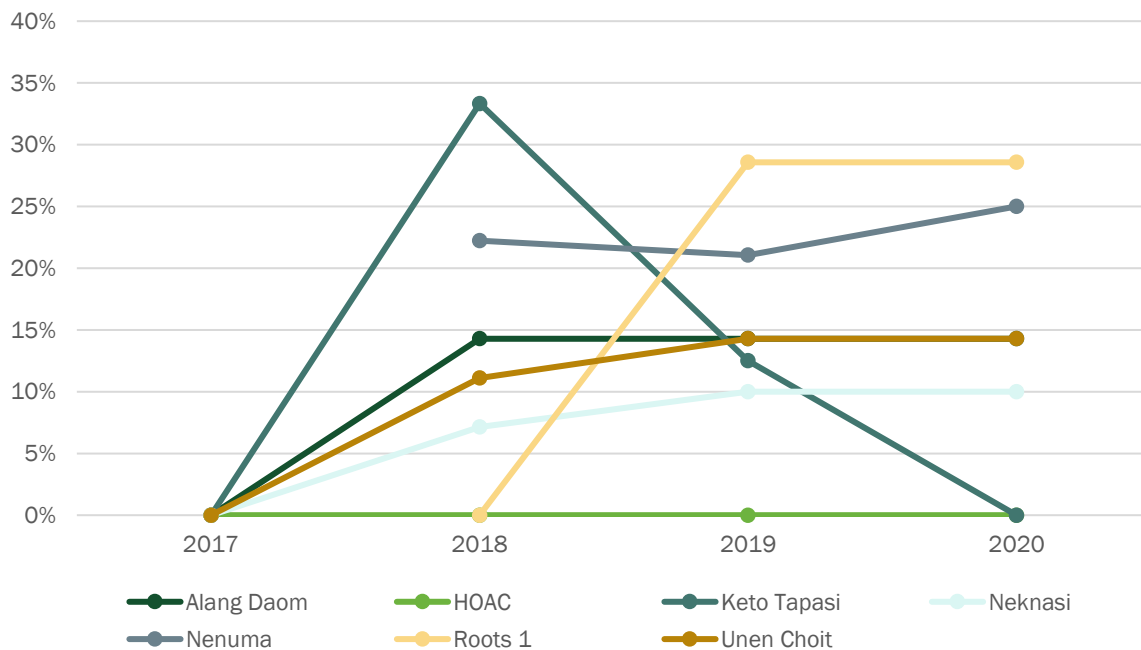


Figure 9: Proportion of women board members per producer organisation, 2017–2020
(Data source: SPO Data)

More equitable representation of young people

Since 2019, Fairtrade ANZ has made it a requirement that at least one participant in their quality improvement training must be under the age of 30 in an effort to increase youth engagement (Fairtrade ANZ 2019a). Despite an initial increase in youth engagement (Fairtrade ANZ 2019a), progress for increased youth participation slowed in 2020 and 2021 (Fairtrade ANZ 2020, 2021a).

Youth engagement at the organisational level is essential to address the generational change required to the secure future of coffee production in PNG. This need has been known all along and reflected in efforts to increase youth participation. However, it is now imperative that project partnerships with producer organisations take succession planning into account and actively build leaders among youth (Fairtrade ANZ 2022b, p13).

Interview findings

There is strong evidence presented by producer organisation representatives that producer organisations have implemented formalised governance structures to comply with the Fairtrade standard. All the producer organisations had some form of management board (either an executive board or board of directors) with a democratic system for electing

leaders. These governance structures were generally viewed as effective according to the producer organisation representatives.

Coffee industry stakeholders and exporters also highlighted the benefits of the governance structures implemented in Fairtrade producer organisations. PHAMA Plus observed that the formalised cooperative system required for a Fairtrade certified producer organisation had led improved cohesion within farming groups. Improved group cohesion had also led to reduced tribal fighting according to Monpi:

There used to be frequent infighting among members and executives with the KTPA organisation but this now history. Tribal fights have stopped and members are getting together.

MDF, also observed that the capacity development benefits that producer organisations receive regarding governance has also flowed on to benefit exporters:

We see that the feedback which is given by Fairtrade and given by Organic and other certifications is that it [Fairtrade capacity development] improves the operations or the workings of the exporters and at the same time the smallholder clusters and even cooperatives where Fairtrade's main focus is to empower those cooperatives to be a governing body. There we have seen with the passage of time they are developing some capacities like... how to develop a consensus and how to discuss those issues within the groups that are related to coffee production, sale and certifications.

For Sucafina, the difference in the governance structure of Fairtrade producer organisations is stark:

In a non-Fairtrade certified producer organisation, the farmers are not organised in a structured manner, and they tend to work on their own without supporting one another. It is completely opposite of a Fairtrade certified producer organisation.

Producer organisation representatives expressed that they had received strong support by Fairtrade ANZ to support their governance structures. There is evidence indicating that improved governance structures have been a result of both the support from the Fairtrade ANZ team on the ground, along with the need to comply with standards. Two representatives explained this when talking about improvements in their governance processes:

The Fairtrade team on the ground gave us 100% support. The Fairtrade team on the ground are very cooperative and supportive. We have a very good working relationship – representative of Neknasi

We saw the Fairtrade standards to be very good because through the Fairtrade standards, we have brought about many good benefits: how we think and act, change of positive mindset and attitudes, and how we as members must make

efforts to follow and practice these Fairtrade standards — representative of Unen Choit

Interview findings show some evidence of women involvement in decision making, though this remains limited and is far from equitable. Three of the four producer organisation representatives reported having one female representative on their management board, while Unen Choit had six females on their board. Inclusion of youth was not discussed by the producer organisation representatives.

Farmer level interview findings

Across the target producer organisations, farmers generally reported understanding how the governance process, and the management board, in their cooperatives worked. Most farmers had attended an AGM, though this did vary across producer organisations. Farmers from all four of the producer organisations reported having a at least one female representative on their management board, but women's representation on the management board remained far from equal to men. Farmers were generally satisfied with the decision-making process in their producer organisation. For example, a male farmer at Roots 1 reported how the Fairtrade Standard helped with governance:

It [Fairtrade standard] has helped a lot with the decision-making process.

There were some differences in perceptions on governance by gender. For example, in Neknasi, women farmers reported losing confidence in the capacity of the executive and management board to govern:

We have yet to see the good work of our cooperative has the Executives/Board has in house problems which has trickled down to us and as a result we don't have the confidence in them. We feel that there is no control by the Neknasi Management, hence this has affected us. — Female farmer, Neknasi

Women farmers attributed the poor governance as the reason why they had not been able to see the benefit of their premium in their community. This reduced their motivation to continue to produce their coffee to a high standard:

We rely on good (premium) price so when that happens [losing confidence in the cooperative management], we are not motivated to attend our coffee gardens... We thrive to operate on our own and this has affected our coffee

production and life. Our life is dependent on coffee so we need to get it right to prosper in life. — Female farmer, Neknasi

In Unen Choit there was generally a lower level of understanding among female farmers about how decisions are made in the cooperative. Women that do understand are happy with how decisions are made, and those that do not understand the decision-making process still report being happy to follow the decisions which are made at the board level.

Farmers often attributed the improved governance systems as part of complying with the Fairtrade standard. For example, a male farmer in Alang Daom reported:

We agree and follow the Fairtrade standards. We also are happy to follow whatever decision or instructions given to us by the management board.

Finally, farmers in Alang Daom and Roots 1 also highlighted the benefits that come from working as part of a group:

Prior to joining the cooperative, we were unorganised and operating on our own. We used to sell our coffee to other ground buyers. By doing that we see that (selling coffee individually) we see that it is not doing any good to us. The price we receive individually is not helping us. It is good that we work in a group. We can enjoy great benefits working together in a group. Male farmer, Alang Daom

Since Roots 1 has own green mill factory and is buying coffee, we think it is convenient for us to join and become part of the big group and benefit from it.
— Male farmer, Roots 1

A.12 Do producer organisations have increased business activity (volume of sales) thanks to Fairtrade?

Summary of key findings

Synthesis: impact study findings reveal that despite some variation between producer organisations and from year-to-year, overall there has been an increase in the volume of coffee sold by producer organisations.

Desk assessment findings indicate that four of the six producer organisations for which data is available have increased volumes of sales in 2021 in comparison to their recorded baselines. The vast majority of sales have been of Fairtrade Organic certified coffee.

Interviews with producer organisations indicate that the volume of sales varied across the producer organisations and did not uniformly increase year-upon-year. Despite this, there was evidence of Fairtrade ANZ supporting the volume of sales they currently produce, with some producer organisations indicating that pre-financing arrangements have been vital due to challenges of accessing finance.

Interviews with coffee exporters demonstrate that they are exporting more coffee since engaging with Fairtrade producer organisations, while one coffee industry stakeholder observed that the primary benefit of Fairtrade certification has been an improvement in the quality of coffee, not quantity.

Interviews at the farmer level generally indicate an increase in the volume of coffee farmers are producing, which is often attributed to the Fairtrade standard and being motivated by the Fairtrade price they receive.

Desk assessment findings

The producer organisations HOAC, Alang Daom, and Roots 1 all showed increased volume of sales in 2021 compared to the sales they reported in 2018. HOAC had the largest year-on-year increases in volumes sold of any producer organisation (in 2020, sales were 343 percent higher than their recorded sales in 2017, see Table 4). Alang Daom had a much

smaller sales volume, but exhibited steady growth over 2019–2021 (272 percent higher than first records in 2018). Roots 1 doubled its sales volume from its first recorded sales in 2019 (101 percent higher in 2020). Unen Choit did not exhibit linear growth but sold a larger volume in 2021 than the baseline of 2018 (132 percent higher in 2020).

In contrast, Neknasi showed a steep decline in sales from its first recorded sales in 2019 (with an 89 percent reduction in sales volume in 2020). Additionally, Keto Tapasi after increasing volumes in 2019 experienced significant declines in sales (below baseline volume) in 2020 and 2021 (in 2021, Keto Tepasi had a 42 percent reduction in sales compared to its 2018 baseline). The producer organisations Keto Tapasi, Neknasi, and Unen Choit all suffered declines in sales volume from 2019 to 2020, with these declines attributed to the COVID-19 pandemic and producer organisations lacking access to finance to purchase coffee from farmers.

Table 4: Change in sales volumes (Data source: SPO Data).

Producer Organisation	Year of First Recorded Sales Volume	% Change from First Recorded Sales Volume
Alang Daom	2019	+272%
HOAC	2018	+343%
Keto Tapasi	2018	-42%
Neknasi	2020	-89%
Roots 1	2020	+101%
Unen Choit	2018	+132%

What is the breakdown of coffee sales volumes between Fairtrade and Fairtrade Organic markets?

Overall, a higher volume of coffee is sold under Fairtrade Organic certification (See Figure 10). The volume of certified Fairtrade Organic coffee sold increased by 240% from the 2018 baseline. Producer organisations are incentivised to sell dual certified coffee by the more lucrative Organic differential (see A.1) and the additional market opportunities it offers. Unen Choit and Roots 1 focus solely on the Fairtrade and Organic market. HOAC uniquely sold Fairtrade Organic certified coffee until 2020 when it additionally sold a relatively small portion of its yearly coffee volume (2%) to the conventional market. Likewise, Keto Tapasi uniquely sold Fairtrade Organic certified coffee until switching to sell coffee entirely to the conventional Fairtrade market in 2020. Only Alang Daom and Neknasi do not sell certified organic Fairtrade coffee, selling only to the conventional Fairtrade market.

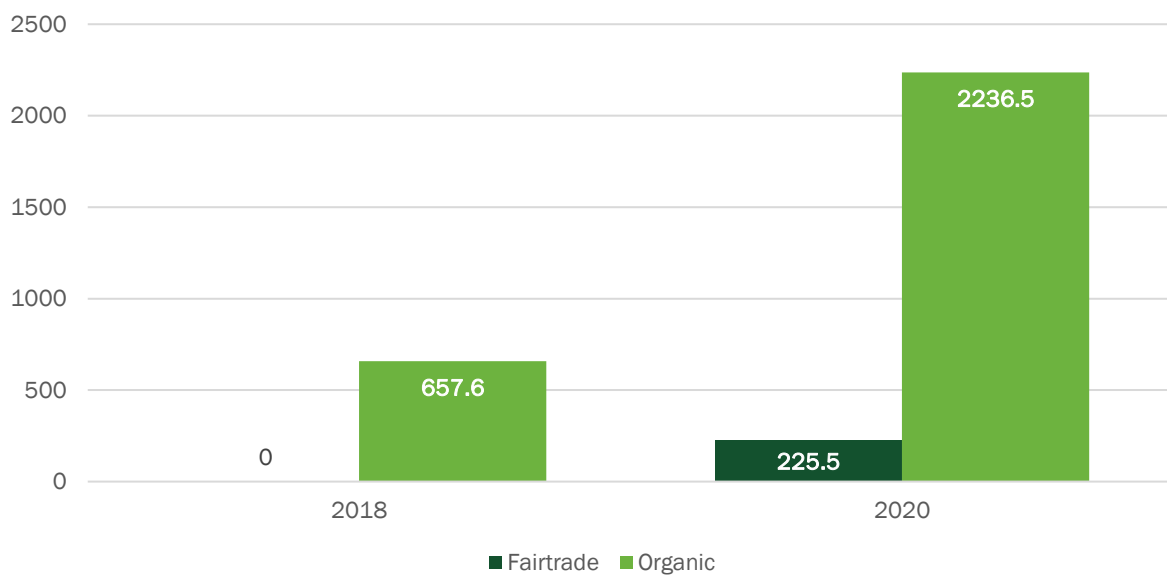


Figure 10: Comparison of the volumes of Fairtrade and Fairtrade Organic certified coffee sold at baseline and in 2020, in megatons (Data source: SPO Data)

Interview findings

The volume of sales varied across the producer organisations and did not uniformly increase year upon year. For instance, the representative from Alang Daom reported producing four containers in 2021, a decline from six containers in 2020. In contrast, the representative from Unen Choit reported a gradual increase in sales each year:

Since we joined Fairtrade in 2013 and up until now [2022], our export volumes have increased. Every year there is an increased in our export containers from 16–17 [containers] then from 18–19 containers.

Coffee industry stakeholder, MDF, observed that the primary benefit of Fairtrade certification has been an improvement in the quality of coffee, not quantity.

While the interview findings do not support a consistent increase in sales across all producer organisations there was still evidence of Fairtrade ANZ supporting the volume of sales they currently produce. For some producer organisations, such as Alang Daom, pre-financing arrangements have been vital:

We produced those 5 containers only because of the pre-finance we received from Fairtrade that enabled us in paying for the coffee at the farm-gate.

Representatives of Alang Daom and Neknasi raised the issue of price competition at the farm gate, leading to some farmers deciding to sell their coffee elsewhere, reducing their overall volume of sales (see A.1).

All of the exporters interviewed, reported exporting more coffee since engaging with Fairtrade producer organisations.

Farmer level interview findings

Farmers across the target producer organisations generally reported an increase in the volume of coffee they are producing, often attributing this increase to following the Fairtrade standard and being motivated by the Fairtrade price they receive. An important distinction here, is that farmers typically reflected on the volume that they themselves or their cluster produced rather than the producer organisation as a whole (unlike the findings from interviews with producer organisation representatives above).

There were outliers to the general trend of increasing the volume of coffee produced. In Alang Daom a male farmer reported that their sales volume fluctuates due to farmers not selling to the cooperative and farmers “holding back their coffee and waiting to hear from the executive of Alang Daom for further instructions”. Additionally, farmers from one cluster in Unen Choit reported farmers no longer selling to the producer organisation: “Generally speaking, because the farmers are slowly losing their interest for the cooperative, I would say the volume will be constant or stay the same.” However, this was not representative of the producer organisation as a whole.

Farmers across multiple producer organisations also reported a trend of increasing their volume of coffee in the long-term while also experiencing seasonal fluctuations. For example, some farmers in Unen Choit reported that they are expecting smaller yields this year because they are in the process of pruning (necessary to comply with the Standard) but expect stronger yields next year. This suggests a long-term vision for coffee yields.

Most farmers reported that the need to comply with the Fairtrade standard has been important for increasing the volume of coffee produced. For example:

When we joined Fairtrade and followed the standard. We saw an increase in our bean size, which means more weight of beans. Quality and volume also improved. — Male farmer, Unen Choit

Fairtrade certification has affected the production by increasing it and improving the quality. — Male farmer, Roots 1

Farmers also found the price to be a motivating factor behind wanting to increase coffee volumes:

The price Fairtrade is offering is triggering the volume of coffee to increase. — Female farmer, Roots 1

Amount of coffee has increased. Obviously, our volume has increased which is sensitive to price, in this case the premium price. — Male farmer, Neknasi

4.2. Impact at the farmer and household levels

Summary of key findings

Farmers have received higher prices for coffee after their producer organisations became certified with Fairtrade. All farmers engaged as part of the impact study articulated this point, and also noted that they were getting a better price than the conventional market price.

Farmers who were members of producer organisations with dual Fairtrade and Organic certification received higher prices for coffee than Fairtrade certification alone.

Farmers receive a higher price under Fairtrade certification compared to Rainforest Alliance, while also getting the added advantage of the Fairtrade Premium which provides significant social development and livelihood benefits.

There was strong evidence that the capacity development and on-the-ground support provided by Fairtrade ANZ have empowered members of producer organisations, including by assisting them to invest Fairtrade premiums, access finance, and establish networks with buyers and exporters.

There is evidence of small but significant improvements in women's empowerment, primarily through participation in producer organisations and the breaking down of negative cultural barriers as a result of training and education.

Farmer level engagements highlighted the positive impact that Fairtrade ANZ gender equality training has had on improving the perception of women in coffee farming communities and empowering women to participate in and benefit from coffee production. Participation in groups and the formation of networks was identified as an additional benefit that has improved the economic empowerment of farmers, including women.

The key farmer and household level challenges that could negatively impact the sustainability of Fairtrade typically related to farmers' engagement with producer organisations. These challenges included: delayed payments or unpaid wages from the producer organisation; a loss of trust in the producer organisation; unclear expectations around the use of the Fairtrade Premium; and concerns about the compliance of other farmer clusters with the Fairtrade Standard. Producer organisations noted that concerns regarding price competition, particularly for producer organisations not certified with Organic, may have adverse flow on effects at the farmer and household level.

Tangible household benefits have been realised from farmers accessing Fairtrade markets and the resulting higher price received for their coffee. Direct livelihood benefits identified included: improved housing; increased ability to purchase basic household items and pay school fees; increased household savings; improved access to health care; and improved nutrition.

B.1 Have member farmers received a better income since the producer organisation became Fairtrade certified? Does combining Fairtrade and Organic create a better price? Comparison between the different certification models (like Rainforest Alliance/UTZ or others)

Summary of key findings

Synthesis: impact study findings reveal that farmers have received higher prices for their coffee since their producer organisations have obtained Fairtrade certification. Qualitative data indicates that these prices are higher than conventional market prices. Farmers from producer organisations with dual Fairtrade and Organic certification are able to obtain a higher price than those with only Fairtrade certification. Farmers from a producer organisation with both Fairtrade and Rainforest Alliance certification receive a higher price under Fairtrade compared to Rainforest Alliance but with Fairtrade they also receive further community development and livelihood benefits via the Fairtrade Premium.

Desk assessment findings provide evidence indicating that when comparing Fairtrade and Rainforest Alliance at the farmer level, farmers receive a higher price under Fairtrade. Adding to this, anecdotal evidence suggests that the greatest difference between Fairtrade and Rainforest Alliance experienced by farmers is the added benefit of the Fairtrade Premium.

Interviews with producer organisations and coffee industry stakeholders reveal that typically Fairtrade certification attracts a higher price than the conventional market price. Further, when Fairtrade is combined with Organic certification this attracts prices above the conventional market price and the price of Fairtrade certification alone. However, the manner in which the price benefits of added Organic certification flows on to farmers depends on whether the producer organisation or the exporter owns the Organic certification (see A.1).

Interviews at the farmer level indicate that while there is variation across producer organisations in terms of different combinations of certifications, all farmers reported receiving higher prices since becoming certified with Fairtrade. Farmers reiterated that they were getting a better price than the conventional market price, and overall, most farmers reported being satisfied with the price they received. Furthermore, farmers from producer organisations with dual Fairtrade and Organic certification were able to obtain a higher price than those with only Fairtrade certification.

Desk assessment findings

2021 data obtained from Fairtrade ANZ shows that farmers who were members of producer organisations that had dual Fairtrade and Organic certification, Unen Choit, HOAC, and Roots 1, received higher prices than farmers from producer organisations with just Fairtrade certification, Alang Daom and Neknasi. On average, farmers who were members of producer organisations with dual certification received PGK7.22 per kg compared to farmers who were members of Fairtrade only producer organisations which received PGK5.25 per kg. This supports the trend identified in A.1, that dual certification of Fairtrade and Organic receives a higher price than just Fairtrade, and extends this trend to the farmer level.

Price data obtained by Fairtrade ANZ on a producer organisation with both Fairtrade and Rainforest Alliance certification shows that in terms of price alone, farmers receive a higher price under Fairtrade certification compared to Rainforest Alliance (detailed further in A.1).

Anecdotal evidence from Fairtrade ANZ interviews with farmers from this producer organisation suggests that the main difference between the two certifications identified by farmers was that under Fairtrade certification their producer organisation also received the Fairtrade premium to invest in organisational and community development (detailed further in A.2, B.4, C.1, and C.2).

Interview findings

Across coffee industry stakeholders and producer organisation representatives, there was a general view that producer organisations connected to the Fairtrade market typically obtain better prices, compared to those of the conventional market (see A.1 for details).

There was agreement across all stakeholders that Fairtrade certification combined with Organic certification is able to obtain a better price than the conventional market price, and the price of just Fairtrade certification alone. This was widely viewed as the way forward for the industry.

Farmer level interview findings

Across the target producer organisations, there is an array of different combinations of certifications ranging from just the Fairtrade Standard to a combination of the Fairtrade Standard, Organic, and Rainforest Alliance. Despite this variation, all farmers reported an increase in price since becoming certified with Fairtrade. Farmers reiterated that they were getting a better price than the conventional market price, and overall, most farmers reported being satisfied with the price they received.

While comparisons between the different certification models is challenging, anecdotal evidence from the FGDs suggests that farmers from the three producer organisations with Fairtrade and Organic certification, Unen Choit, HOAC and Roots 1, were able to obtain a higher price than those with only Fairtrade certification (Alang Daom and Neknasi). Farmers from the producer organisations with dual Fairtrade and Organic certification reported getting prices between PGK 8.0-10.0 per kg. These figures support the trends identified from Fairtrade ANZ's 2021 price comparison data (see A.1).

In contrast, the farmers from the target producer organisations with only Fairtrade certification in Alang Daom and Neknasi reported getting prices between PGK5–9 per kg. Importantly, farmers from Roots 1, HOAC, and Unen Choit, the three producer organisations with multiple certifications, were more likely to report strongly that they were satisfied with the price they received, while acknowledging that most farmers across all the producer organisations were generally satisfied with the price.

For instance, farmers from Roots 1, Unen Choit, and HOAC reflected:

Generally, we are happy with the price. We think our pockets are always full given the price. — Male farmer, Roots 1

This year 2022, we have seen that there is a big increase in coffee price offered by Unen Choit and we are very happy with this organisation that we are attached with. — Male farmer, Unen Choit

We are happy with the price paid by HOAC and wish that the level of price continues. — Farmer, HOAC

Farmers from the two producer organisations with only Fairtrade certification expressed a desire to also get additional certifications:

It is [currently] Fairtrade certification only. It would be better if we had other certification schemes. — Male farmer, Neknasi

From my own opinion I think if we go into Organic, maybe we will get higher price. — Male Farmer, Alang Daom

B.2 To what extent does Fairtrade lead to the equal economic empowerment of men and women? Have member farmers acquired key knowledge that empowers them (such as coffee quality, access to technology, etc)? And if yes, which member farmers (gender, ethnicity, age, social class, family status, disability)?

Summary of key findings

Synthesis: impact study findings demonstrate that the capacity development and on-the-ground support provided by Fairtrade ANZ have empowered members of producer organisations, including by assisting them to invest Fairtrade premiums, access finance, and establish networks with buyers and exporters. There have also been modest improvements in women's empowerment, primarily through participation in producer organisations and the breaking down of negative cultural barriers as a result of training and education. Fairtrade ANZ gender equality training has also improved the perception of women in coffee farming communities and empowered women to participate in and benefit from coffee production. Participation in groups and the formation of networks was identified as an additional benefit that has improved the economic empowerment of farmers, including women.

Desk assessment findings indicate that while there is much variation across producer organisations in terms of the proportion of women members, taken as a whole, there have been modest improvements over time. Fairtrade ANZ has made active efforts to provide women with membership training through a quota system implemented by producer organisations. This has seen impressive levels of women's participation in training provided by both Fairtrade ANZ and producer organisations.

Interviews with producer organisations provide strong evidence that the capacity development and on-the-ground support provided by the Fairtrade ANZ team have empowered members of producer organisations in a number of ways, including in relation to investing Fairtrade premiums, accessing finance, and establishing networks with buyers and exporters. There is also some evidence of limited improvements in women's empowerment, primarily through participation in producer organisations and the breaking down of cultural barriers as a result of training and education.

Interviews at the farmer level demonstrate the positive impact that Fairtrade ANZ gender equality training has been having on improving the perception of women in coffee farming communities. This training has been instrumental in changing the attitudes of men while also encouraging and empowering women to participate and benefit from coffee. Participation in groups and the formation of networks was also identified as a benefit of Fairtrade ANZ that

has improved the economic empowerment of farmers, including women. There was limited evidence relating to the empowerment of youth.

Desk assessment findings

The challenging context for women coffee producers in PNG

Women in PNG are disadvantaged not only in relation to PNG men but also in relation to women in other countries... the prospect of gender equality is still a distant dream. (Eves and Titus, 2020)

Beyond the severe cultural marginalisation of women in PNG, specific factors exacerbating women's exclusion from empowered participation in coffee value chains include that women are often not attributed the status and privileges of landholders (which can include control over income derived from activities carried out on the held land); that women have lower literacy levels having been much less likely to access education; and that women are often bypassed for capacity building and extension activities, as well as leadership and decision-making opportunities (Hamago, 2019). Fairtrade ANZ's impact on gender equality should be assessed in light of this context.

What proportion of producer organisation members are women?

Producer organisation membership is the entry point into the benefits of being associated with Fairtrade. Women's membership of producer organisations has remained modest as an overall proportion, with the criteria that members must have landholder status to join a producer organisation remaining a major barrier to women becoming members (Fairtrade ANZ Inception meeting). By 2020, the average proportion of women membership across all producer organisations was only 14%. However, it should be noted that women membership varied substantially between producer organisations (Figure 11): HOAC had very few women members by 2020 (1%), whereas the producer organisations Nenuma and Alang Daom had 32% and 30% respectively (Nenuma having previously reached 40% women membership in 2019).

To support women's participation, the Neknasi supported the development of an income diversification project, Cascara tea, as a women centred and run supply chain. This is a separate value chain processed through a female group within Neknasi, which has links with the trader Kōkako to be processed into kombucha.

Fairtrade ANZ is also planning to launch a Gender Leadership School in PNG in 2022 in Morobe province, with students sought from three nearby producer organisation (Unen Choit, Neknasi and Alang Daom). The Gender Leadership School's curriculum has been adapted to the PNG context, and its aim will be to empower women and youth at the community level and build capacity to both participate and lead within their cooperatives and communities (see also discussion of more equitable representation of women in producer organisation leadership positions through board membership A.11).

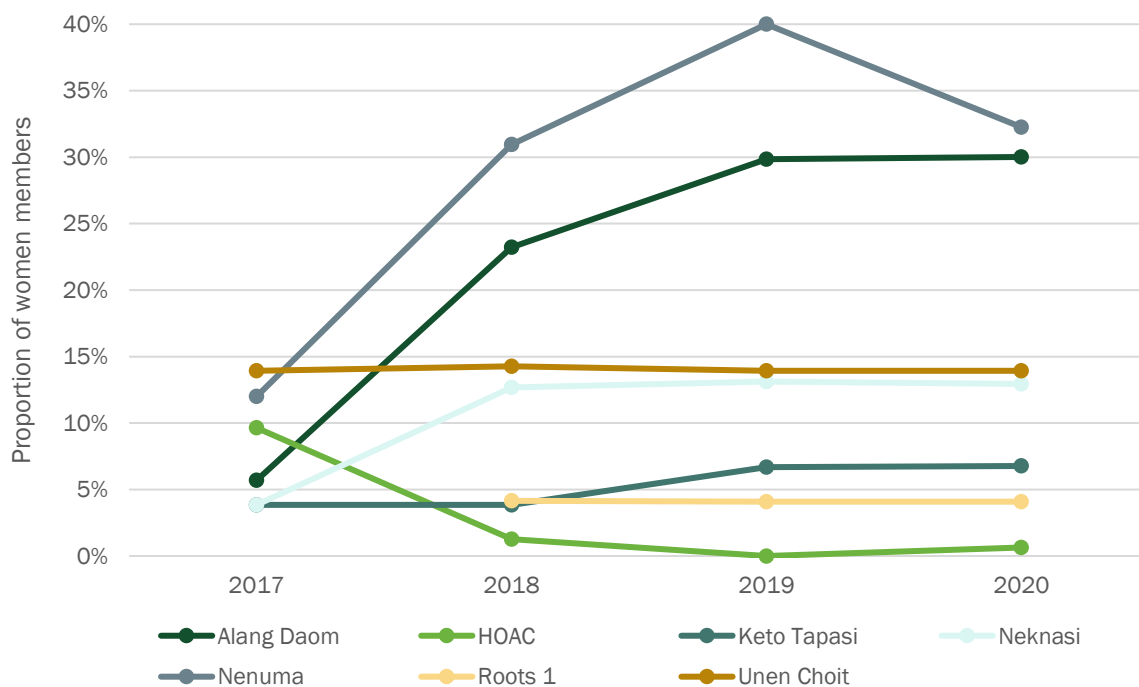


Figure 11: Women membership of producer organisations, 2017–2020 (Data source: SPO Data)

Encouragingly, there is also evidence that gender equality is becoming a topic of discussion within producer organisations. When an activity to create and sensitise the Fairtrade ANZ gender equality policy for PNG with producer organisations and their board members was delayed until 2022 due to the COVID-19 pandemic, Fairtrade ANZ reported in their annual progress reports to MFAT that producer organisations, “conduct(ed) their own gender equality trainings in Year 4 [2021], training 965 total farmers (814 male, 151 female)” reflecting that “gender equality is of increasing importance” for producer communities (Fairtrade ANZ 2021a, p.20).

What proportion of attendees at trainings in coffee quality improvement and other trainings are women?

Given barriers to membership, Fairtrade ANZ have made active efforts to provide women with membership training through a quota system implemented by producer organisations. 103 women (comprising 31% of participants) accessed Fairtrade ANZ coffee quality improvement trainings during the latest iteration of the Fairtrade ANZ program and 2940 women (28 percent of the training participants) accessed the quality improvement training run by producer organisations (see Figure 12). In 2019, an impressive 40 percent of those trained in coffee quality improvement by producer organisations were women, at a time when only 13 percent of all producer organisation members were women. Women participation reached a peak of 54 percent of coffee quality improvement training participants but dropped after COVID-19 restrictions reduced the number of trainings and participants (Fairtrade ANZ 2022b); the participation of women falling to only 18 percent of those trained by producer organisations in 2020 (see Figure 13).

Proportions of women participating in business development (financial literacy and business management), and especially, organisational development training (good

governance and Fairtrade standards) are lower, with only 24% and 19% of participants women respectively (see

Table 3, A.10).

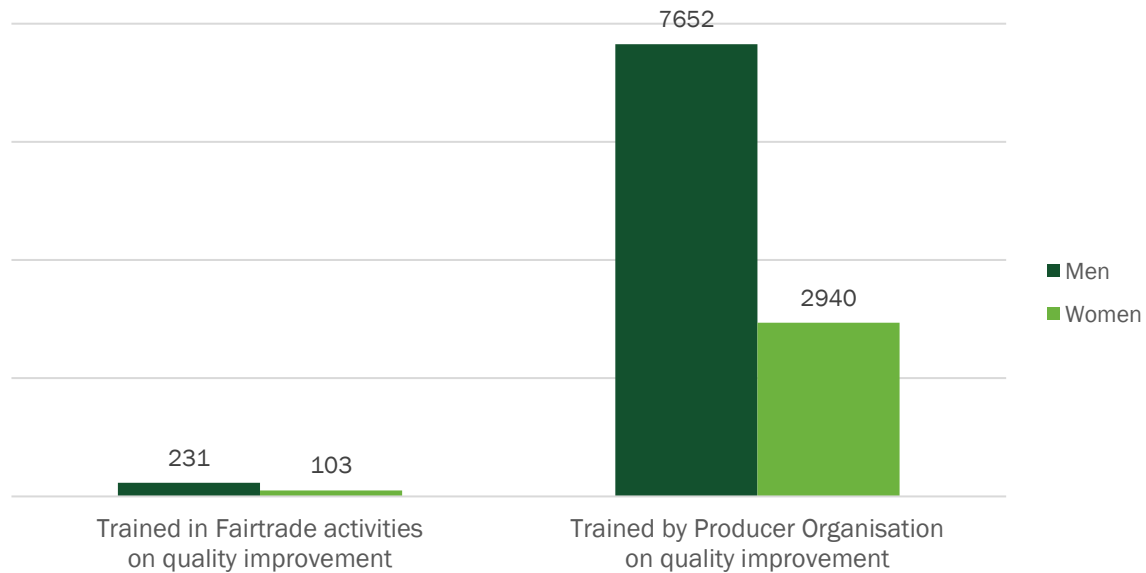


Figure 12: Participation in coffee quality improvement training
(Data source: MERL Framework)

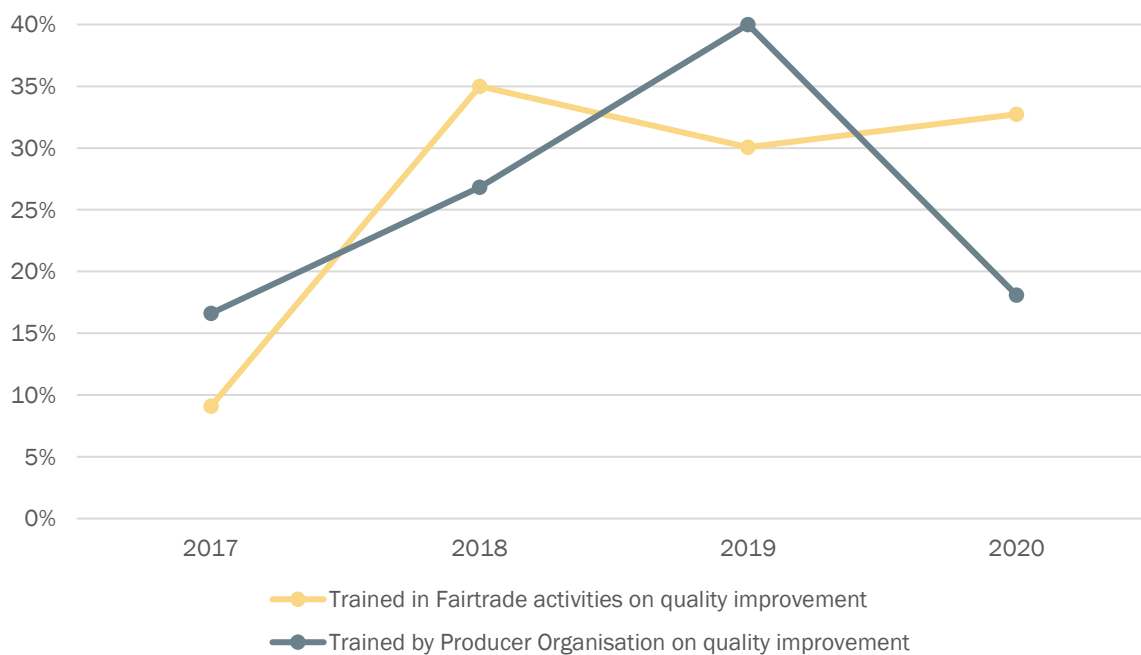


Figure 13: Proportion of women trained in coffee quality improvement
(Data source: MERL Framework)

Interview findings

Interviews with representatives of producer organisations have provided strong evidence that the capacity development and on-the-ground support provided by the Fairtrade ANZ team have empowered members of producer organisations. How empowerment is experienced by producer organisations varies. Regarding economic empowerment this has included:

- Producer organisations choosing how to invest Fairtrade premiums to better their business and community
- Greater access to finance, particularly through pre-financing arrangements
- Establishing networks with buyers and exporters. Although there is mixed success with producer organisation's ability to negotiate successfully with these stakeholders.

When considering the empowerment of producer organisations, much of this is gained from access to new knowledge and education. Training and capacity building activities have not only improved the quality of the coffee that farmers produce but has improved their capacity in a range of operational, governance, and livelihood aspects. The way this form of empowerment manifests can also be intangible, resulting in a source of pride and satisfaction as a representative from Neknasi shows: "The very important change to me is that, since we joined Fairtrade, the world has come to know us through our coffee."

There is some evidence of limited empowerment for women, primarily through participation in producer organisations and changing of some cultural barriers as a result of training and education. Interview findings from representatives of producer organisations suggest limited participation of women in leadership positions (see A.11), and broader participation of women in non-leadership positions, as member farmers. There is also some evidence of improving perceptions of women due to training and education provided by Fairtrade ANZ, as evidenced by the quotes below:

The women have benefited greatly. Fairtrade trainings have broken the cultural barriers of women taking the back stage in meeting and trainings. Now, men folks have changed their perceptions about women and saw and respected women as equal partners in social and economic developments in their communities. The Fairtrade gender training has brought about these positive impact impacts in the lives of men and women including youths in the communities. — *representative of Unen Choit*

Women have benefited from Fairtrade. For example, Men have great respect for women. Men have changed their mindset and attitudes on women — *representative of Alang Daom*

Exporters reported observing greater participation of women in trainings and in some cases decision-making:

Fairtrade certification helps by empowering and encouraging women to actively participate in decision making processes and technical aspects in terms of extension agents. — NCTS

While the impact on inclusion of youth was rarely discussed among interview stakeholders, Sucafina, did raise the importance of their participation for the sustainability of coffee production: “We encourage the youths to be involved as well because the youths will take over the sustainability of the farm when their fathers get older, sick or passes on.”

Farmer level interview findings

One of the main findings to come from farmer FGDs concerns the positive impact Fairtrade ANZ training on gender equality is having on improving the perception of women in coffee farming communities. There was strong evidence that this training has been instrumental in changing the attitudes of men while also encouraging and empowering women to participate and benefit from coffee (see case study below for an in-depth example). For example, male and female farmers from Unen Choit articulated the benefits of the gender equality training:

Gender training has encouraged us as women to participate equally with men. Now, we as women have the right to participate and speak in meetings and attend trainings. Before it used to be only men attending and speaking in meetings and trainings. — Female farmer, Unen Choit

Prior to joining Fairtrade, I experienced and saw that we men used to argue a lot with our wives about selling coffee and even after selling coffee. After we have joined and participated in the Fairtrade program, these have completely changed our mindset of how we think and act. The price has increased. Men and women discussed things together and are getting along with each other and that is very good. — Male farmer, Unen Choit

There was also strong evidence of the empowerment of women in regards to participation and decision-making for coffee production. Across all the target producer organisations, it was commonly reported by both women and men that husbands and wives shared decision-making on farm production and the use of money from coffee sales. For example, a female farmer in Alang Daom explained the decision-making process:

My husband and I discuss everything together with how to use our coffee money and also with coffee work in our coffee gardens.

There were slight differences in decision-making practices in Neknasi and Roots 1 where women and men had their own coffee gardens. Consequently, men and women typically reported that they made their own decisions regarding coffee farming but shared decisions on how to use income from the sales of coffee.

Women make [their] own decision about [their] own coffee garden and in a similar vein men make [their] own decision given that they own respective coffee garden. — Male farmer, Roots 1

Most times, we invite our husbands to help us decide on spending the money we both receive from our coffee gardens. — Female farmer, Neknasi

Participation in groups and the formation of networks was a benefit of Fairtrade that led to the economic empowerment of farmers (See the case study in B.4 of Mr. Kevi Pao for a detailed example of how membership in Fairtrade producer organisations leads to economic empowerment). Farmers reported having greater access to farming resources, as well as being able to access a better price when being part of the producer organisation (detailed further in A.11).

There is also a gendered aspect to this form of empowerment through participation in producer organisations and the formation of networks. For example, the quote below shows how women in Neknasi have achieved economic empowerment through joining their producer organisation:

Neknasi cooperative started in 2009. In realising that it was a male dominated organisation, we decided to join our husbands. Those of us who joined have not regretted at all compared to those who did not join. and at that time it was a male dominated organisation... We joined with the thinking that by being members of the cooperative we could market our coffee conveniently as market would have been secured. Since marketing our coffee in 2012, our mothers have benefit tremendously. — Female farmer, Neknasi

Across all the target producer organisations, there was limited evidence for the empowerment of youth. In some cases, adult children were engaged in household decision-making over the use of income from coffee sales, though this was primarily restricted to male youth.



Case study: women's empowerment through coffee



In rural PNG, women face many barriers to participating in, and benefiting from, the smallholder coffee industry. In a highly patriarchal society, women continue to be marginalised in the coffee sector, contributing significant time and labour but often without reaping the rewards that men experience.

In this context, Fairtrade ANZ have worked hard to conduct gender training with producer organisations to promote women's empowerment. For two farmers, this training has made a tangible difference to how they view women and themselves, and how they approach coffee farming.

For Ms Emma Naiyung, a single mother and Internal Inspector for Unen Choit Cooperative in Morobe, she has faced challenges in her work and community:

I am the Internal Inspector for Pendeng Cluster. I have held that position for 9 years. Being a young female holding that position, I faced a lot of challenges especially from the men. Some men don't want to take advice or instructions from me while some do. But that does not stop me from doing my work.

Through Fairtrade ANZ training on gender, she has begun to notice important changes:

I saw a that we have received a lot of training from Fairtrade... [one type of training is] Gender Equity, men and women must be equal and working together. This gender training has changed the mindset of our menfolk and men have changed their perception about women, shown respect to women and have treated women equally. I have seen that in my cluster group in Pendeng village and in the cooperative as well.



Case study: women's empowerment through coffee (cont.)

Mr. Kevi Pao, the Vice Chairman of Roots 1 in Eastern Highlands province has also benefited from training on gender.

This gender training is about men and women holding hands and supporting each other and working together. It is about equality. Men and women must respect each other, and our life will be all right.

The training has helped change how Kevi approaches farming with his wife:

I practice what I have learnt from the gender training and involve my wife in decision-making and budgeting of income. ... Husbands and wives must harvest and sell coffee together. ... My wife is always supporting me, and we work together. She helps in the food gardens and also with coffee work.

B.3 What are the factors at the farmer and household level that could negatively affect the sustainability of Fairtrade (compared to the positive changes achieved)? How might these factors be taken into account in future activities?

Summary of key findings

Synthesis: impact study findings indicate that the key farmer and household level challenges that could negatively impact the sustainability of Fairtrade typically related to farmers' engagement with producer organisations. Additionally, price competition, particularly for producer organisations not certified with Organic, may have adverse flow on effects at the farmer and household level.

Desk assessment findings indicate no relevant factors against this Key Assessment Question.

Interviews with producer organisations reveal that issues with price competition, particularly for producer organisations not certified with Organic (detailed in A.1), may flow on to adverse impacts at the farmer and household level.

Interviews at the farmer level indicate that while farmers are broadly satisfied with the Fairtrade ANZ program itself (see A.7 & A.8), they nevertheless face challenges that could affect the ongoing sustainability of Fairtrade. The challenges reported by farmers were typically at the level of the producer organisations and include: delayed payments or unpaid wages from the producer organisation, a loss of trust in the producer organisation, unclear expectations around the use of the Fairtrade Premium, and concerns about the compliance of other farmer clusters with the Fairtrade Standard.

Desk assessment findings

No unanticipated negative impacts were noted in the desk assessment

Interview findings

At the producer level, issues with price competition particularly for producer organisations not certified with Organic (detailed in A.1) may flow on to affect the farmer and household level. Interview findings from representatives of producer organisations, highlight that while farmers receive an array of benefits from being part of certified producer organisations, they are still primarily motivated by receiving the highest price possible. Therefore, if the Fairtrade price is not perceived to be higher than the conventional market price, or worth the additional requirements and administrative steps, farmers may choose to sell to conventional markets, outside of their producer organisations.

Farmer level interview findings

While farmers were broadly happy with the Fairtrade ANZ program itself (see A.7 & A.8), this does not mean that farmers did not face challenges which could affect the ongoing sustainability of Fairtrade. The reported challenges of farmers were typically at the level of the producer organisations.

One challenge that was raised by several farmers at Alang Daom and Neknasi, was receiving delayed payments from the producer organisation after selling coffee to the organisation. This is likely due to a lack of access to finance from the producer organisation and limited capacity to manage fund. For example, a female farmer at Neknasi explained:

Neknasi has not been making payments on time after we sell our coffee to them. The delay has been going on for a long time and we have lost confidence in them.

Similarly, at Unen Choit, some female farmers reported being told by the producer organisation that they would be paid a wage to pick coffee cherries when the cooperative needed to meet certain targets but did not actually receive any money.

In Neknasi, several farmers reported selling coffee to outside buyers external to the producer organisation. Discussions with Fairtrade ANZ staff highlight that when the price of coffee on the local conventional market is the same or higher than the Fairtrade price, farmers prefer to sell coffee locally. In selling to local conventional markets, farmers also receive the money directly and can avoid delayed payments. Some farmers also reported the decision to not sell to the producer organisation was because they lost trust in the organisation:

Most of our coffee is sold to Neknasi Cooperative which we did since 2009. However, given the disorganisation or 'collapse' of the coop, we lost trust and started selling to outside buyers starting in 2012. — Female farmer, Neknasi

Another issue raised by some farmers in Neknasi and Unen Choit was unclear expectations around the use of the Fairtrade Premium in their community. Some farmers were not sure whether the Premium had been used (see A.2 for details) and others reported being promised certain projects from the Premium but not receiving these. For example

The cooperative made a lot of promises for projects but have not delivered. That is why the farmers are slowly beginning to lose interest in the cooperative.

For example, in the year 2020 (announced in the AGM), the cooperative mention that that it was going to build our permanent central drying house but has not delivered and we are still waiting. — Male farmer, Unen Choit

Finally, in Unen Choit some farmers raised concerns regarding the compliance of other farmer clusters with the Fairtrade Standard. For members of clusters which do comply with the standard, they reported that it is unfair that other clusters receive the same price for coffee when they are not complying with the standard.

B.4 Has Fairtrade led to broader benefits in the lives of participating farmers and households (e.g. increased access to childhood education, improved food security, improved access to healthcare, spinoff enterprise, etc)?

Summary of key findings

Synthesis: impact study findings reveal a raft of direct household level benefits associated with farmers accessing Fairtrade markets and the resulting higher price received for their coffee. Direct benefits identified include: improved housing; increased ability to purchase basic household items and pay school fees; increased household savings; improved access to health care; and improved nutrition. Farmers also identified some broader livelihood benefits associated with the Fairtrade Premium, as well as less tangible benefits, in particular the empowerment of women.

Desk assessment findings reveal limited data on the broader benefits for farmers and households.

Interviews with coffee industry stakeholders highlight benefits associated with the improved price that Fairtrade farmers can receive, and investments made with the Fairtrade premium; while interviews with producer organisations indicate a range of livelihood benefits, including construction of permanent houses, more money for healthcare and school fees, and improved nutrition.

Interviews at the farmer level indicate a range of broader livelihood benefits derived from their participation with the Fairtrade Standard. The primary benefit reported by farmers is the higher price obtained under Fairtrade which has positive flow on effects for their livelihoods, including in relation to housing, the purchase of basic household items, paying school fees, increasing household savings, and accessing health care. Farmers also identified the Fairtrade Premium as important for creating broader livelihood benefits (detailed further in C1 & C.2), as well as less tangible benefits, particularly the empowerment of women (detailed further in B.2).

Desk assessment findings

Limited data on the broader benefits for farmers and households in the desk assessment.

Interview findings

Interview findings have highlighted a diverse range of broader livelihood benefits that participating farmers and households have received. Coffee industry stakeholder, MDF,

highlights how these benefits flow on from the improved price that Fairtrade farmers can receive, and investments made with the Fairtrade premium:

We have seen that when the farmers get better than market price and hence improves their resilience, they get cash and they can buy products and services which may not have been accessible otherwise... We are generally seeing that the premium improves the access to products and services. In Fairtrade's case its usually projects that the premium is invested in and that results in the improvement of the livelihoods.

Producer organisations representatives reported a range of livelihood benefits, including construction of permanent houses, more money for healthcare and school fees, and improved nutrition.

Producer organisation representatives reflected on some of these livelihood benefits, noting:

Since joining Fairtrade, I have seen our living standards changed big time. Most people changed and shifted from bush material house to building permanent and semi-permanent houses. — representative of Neknasi

Parents afforded to pay school fees for their children making it possible for their children to advance to high education levels. — representative of Unen Choit

Farmer level interview findings

Complimenting the findings from interviews with coffee industry stakeholders and producer organisation representatives, farmers raised a range of broader livelihood benefits that have arisen from their participation with the Fairtrade Standard (see case studies below for two in-depth examples). The primary benefit reported by farmers was the increased price obtained under Fairtrade which had flow on effects for their livelihoods.

For example, a female farmer in Unen Choit explained the livelihood impacts of the higher price for coffee:

After joining Fairtrade, we experienced receiving high coffee price and earning more money. We have more disposable income that we now can afford paying for school and meeting our other needs and wants.

Since joining Fairtrade, farmers commonly reported using their increased income for upgrading their houses to more permanent houses, purchasing basic household items (such as solar powered lights, cooking utensils, bedding and clothes), increasing household financial security through increased savings and paying for school fees.

The important change I experience is earning more money which enables me to pay for my children's school fees. — Male farmer, Unen Choit

All of these factors are foundational in improving the standard of living among Fairtrade farmers:

We have seen dramatic changes for participating in fair trade. This is particularly in improving our standard of life. — Male farmer, Roots 1

For a mother in Unen Choit, the additional income helps her to care for her child with disability:

I have money to take care of my disable child and take him to the health centre for medical treatments. — Female farmer, Unen Choit

The use of the Fairtrade Premium was also important for creating broader livelihood benefits for farmers and their households (detailed further in C1 & C.2). For example, being able to invest the Fairtrade Premium to establish an elementary school has made women in Roots 1 hopeful for the education prospects of the children in their community:

We would like to see our children better educated and end up in colleges or universities and get employment afterwards which means better lives for us.

There were also more intangible benefits that came from participating in the Fairtrade standard, particularly regarding the empowerment of women from gender equality training (detailed further in B.2).



Case study: coffee is a lifeline – Joina Iti



Figure 14: Fairtrade farmer, Joina Iti, from Unen Choit Cooperative Society, Lae (Source: Matilda Hamago, 2022).

For Joina Iti, coffee has been a lifeline for her and her children. After her husband died in 2006, Joina has used income from selling her coffee to pay for her children's education and support her family.

Joina inherited her parent's coffee garden and joined the Fairtrade certified cooperative, Unen Choit in 2009. Since joining Unen Choit, based in the remote mountainous region of Morobe province, Joina has extended her gardens and is now the Deputy Treasurer of her farming cluster.

Joina was attracted the simple concept of Unen Choit: "we will work together to help ourselves". For Joina, joining Unen Choit has meant getting a higher price for her coffee.

I am very happy with the high coffee price... I received more income from that high price.

She also enjoys the benefits that come with working as a group:

I also learned about working together as a group, thus helping one another. For example, we build our central dryer together and we get to dry our coffee in that dryer.

I am happy because as a widow, I get to dry my coffee in that common central dryer.



Case study: coffee is a lifeline – Joina Iti (cont.)

The benefits of income from coffee have been significant for Joina's household:

I see coffee as the major income earning cash crop for me and my family. I pay school fees for my children using coffee money. I pay for our personal needs and our household needs using coffee money.

Being part of the Fairtrade program has also enabled Joina to build her capacity as a coffee farmer.

I am very happy that I joined Unen Choit because I received training on Fairtrade standard. The Fairtrade standard has helped me in producing good quality coffee. For example, we were trained on harvesting and processing and drying and packaging. The Fairtrade standard has helped me in managing my coffee garden well. For example, we have been trained on pruning, weeding, and shade control.

The training and income that Joina receives has helped her to be independent and provide for her family.

"I make decisions on how to use my money at my own free will, but I always invite my children to be with me when I want to discuss or make a budget. I realised that I have some extra cash money in my purse for future use."

It has also helped her to plan for the future:

I have no husband to provide the kind of support I need. Therefore, I would like to remain for as long as I can with the cooperative so that I can get some help from the group for a widow like me. My dream is... to build a new permanent house.



Case study: coffee is not just an ‘ordinary job’ – Kevi Pao



Figure 15: Fairtrade farmer, Kevi Pao from Roots 1 Association, Okapa district, Eastern Highlands (Source: Matilda Hamago, 2022).

Before joining Roots 1, Mr Kevi Pao used to pay to catch a public motor vehicle (PMV) into Goroka from his village at Yavusi in the Okapa District of the Eastern Highlands. The journey can be a dangerous and expensive one for coffee farmers who must pay to transport their coffee on PMVs.

Kevi, who is now the Vice Chairman, saw the benefits that Roots 1 could bring to him and his wife.

My wife and I have joined and became registered members of Roots 1... We see that Roots 1 have helped us in buying our coffee. Roots 1 have offered a good price and better than prices in Goroka town.

I earn more income since joining the cooperative. This is because of the high price offered by Roots 1. Looking back now, I am very happy that my wife and I have made the right choice and join the cooperative.

Kevi has seen Roots 1 grow over time, including through the construction of a factory for local coffee farmers in the village:

Roots 1 didn't have a factory at that time when we were selling our coffee to Roots 1. I contributed and assisted in the building of Roots 1 coffee factory in the village in Yavusi village. The factory is centrally located and is accessible by farmers who can bring their coffee to sell at the factory instead of travelling long distances and pay more transport costs if travelling to the township of Goroka to sell their coffee.



Case study: coffee is not just an 'ordinary job' – Kevi Pao (cont.)

Joining Roots 1 has also meant that Kevi has got to learn about the Fairtrade Standard.

Roots 1 have brought Fairtrade and the Fairtrade standard to us... We are very happy because we follow the Fairtrade standard and we produce quality coffee and earn a high price. By joining the cooperative, we were able to afford our children's school fees unlike before joining the Roots 1.

The opportunity to work with Roots 1 and apply the Fairtrade Standard have given Kevi a new perspective on coffee farming:

I used to think that coffee work is just an ordinary job where people used to just work for example, they pick and sell coffee only. But no, it is more than that. As a simple villager, when I joined the cooperative, I learnt that there are some good benefits that come from coffee. And so coffee business is a lucrative job. I will continue to farm coffee until my old age.

Looking to the future, Kevi wants to remain with Roots 1 so that he can buy a car and help support his children to get a good education:

My dream is to remain a loyal member in the cooperative because my dream is to own a car. I also want to see that my children are well educated.

4.3. Impact at community level

Summary of key findings

The Fairtrade Premium is mostly being invested into producer organisations to support business and organisational development, although interviews found some evidence that there are investments in communities, including through infrastructure development in schools and housing.

The primary area in which communities have received benefits from the Fairtrade Premium is education, although there were also some broader livelihood benefits including from the construction of permanent houses.

Forms of investment other than the Fairtrade Premium were used to create community benefits such as infrastructure projects and support for savings and pre-finance.

The key community level factor which may negatively affect the sustainability of Fairtrade is that farmers may choose to sell to conventional markets if they do not perceive the Fairtrade price to be higher. Other important factors include production costs and how well farmers understand the Fairtrade Premium.

C.1 Have producer organisations carried out community projects utilising the Fairtrade Premium and/or in connection with other stakeholders?

Summary of key findings

Synthesis: impact study findings reveal that the Fairtrade Premium is mostly being invested into producer organisations to support business and organisational development, although there is also some evidence of investments in communities, including through infrastructure development in schools and housing.

Desk assessment findings reveal that the Fairtrade Premium is mostly being invested into the producer organisation to support business and organisational development rather than broader community development (see A.2 for details). The largest and oldest producer organisation, HOAC, has invested a significant proportion of its Premium in community development.

Interviews with producer organisations and coffee industry stakeholders provide anecdotal evidence that the Fairtrade Premium is being invested to improve the production and operations of producer organisations as well as the livelihoods of producer organisation members and the community (detailed further in A.2).

Interviews at the farmer level demonstrate that while farmers did not always have a clear understanding of how the Premium was being used in their community (see B.3 for details) there was still evidence of some community projects utilising the Fairtrade Premium. These include the construction of schools and an aid post, support for school fees, and building permanent houses for member's households.

Desk assessment findings

Analysis of Fairtrade ANZ provided data on how the Fairtrade Premium is being invested shows that the majority is being invested into the producer organisation to support business and organisational development rather than broader community development (see A.2 for details). While this internal focused investment has been the focus across the target producer organisations, some producer organisations have shown a tendency to invest more in community development in recent years.

The largest and oldest producer organisation, HOAC, has consistently invested a significant proportion of its Premium in community development. The producer organisation made a particularly significant investment in community development in 2020, spending almost three times the previous combined total community development investment of 2018 and 2019 and about three quarters (76%) of its annual Premium investment (see Figure 16). The producer organisations Unen Choit and Keto Tepasi also made moderate investments in community development: 30% of Unen Choit's Premium investment was made in community development during 2019, and Keto Tepasi invested 25% of its Premium investment in community development in 2017 with a smaller follow-up investment constituting 20% of its Premium investment in 2020. Neknasi made a nominal investment (<2% of annual Premium spend) in community development 2020.

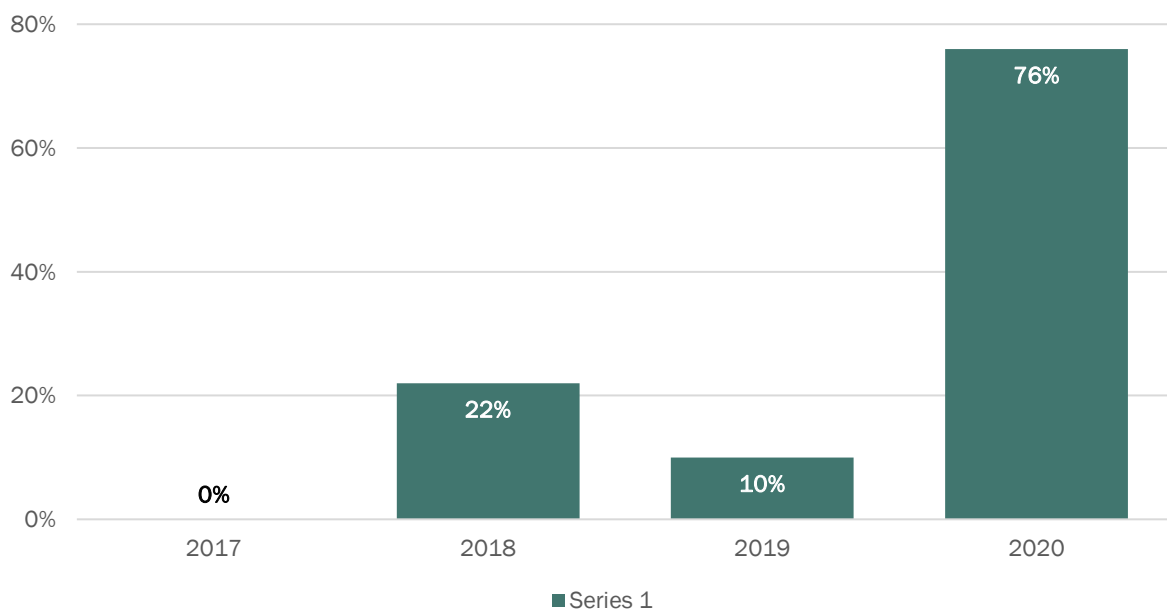


Figure 16: HOAC Premium investment in community development as a proportion of annual Premium spend

Interview findings

Interviews with coffee industry stakeholders and producer organisation representatives provided anecdotal evidence that the Fairtrade Premium is being invested to improve the production and operations of producer organisations as well as the livelihoods of producer organisation members and the community (detailed further in A.2).

Farmer level interview findings

Farmer accounts from FGDs help contextualise the quantitative findings on the use of the Fairtrade Premium in the desk assessment. While farmers did not always have a clear understanding of how the Premium was being used in their community (see B.3 for details) there was still evidence of some community projects utilising the Fairtrade Premium. For instance, in HOAC, Neknasi and Roots 1, farmers reported using the Premium to construct schools in the community. In Neknasi, the Premium was also used to construct an aid post. In Alang Daom farmers reported investing their first Fairtrade Premium towards school fees for the members' children. While this type of investment is somewhat restricted as it was only for the children of members, it is evident it benefits community members (i.e. the children) beyond just the producer organisation members.

In Unen Choit, farmers reported using the Premium to focus more on producer organisation initiatives rather than community ones (see A.1 for details).

In Roots 1, the producer organisation was also planning to invest in a mini-hydro power station project, using the Fairtrade Premium.

C.2 What benefits have communities received from producer organisations' investments, thanks to the Fairtrade Premium (in terms of infrastructure, empowerment, environment protection, etc)?

Summary of key findings

Synthesis: impact study findings show that the primary area in which communities have benefited from the Fairtrade Premium is education, although there were also some broader livelihood benefits identified including the construction of permanent houses.

Desk assessment findings reveal limited data on broader community benefits.

Interviews with coffee industry stakeholders indicate that the combination of the improved price that Fairtrade farmers can receive and investments made with the Fairtrade premium result in broader livelihood benefits for coffee farming communities.

Interviews at the farmer level indicate that the greatest benefits for the broader community from the Fairtrade Premium are around improved education and housing.

Desk assessment findings

Limited data on broader community benefits were found in the desk assessment.

Interview findings

Coffee industry stakeholders highlighted that the combination of the improved price that Fairtrade farmers can receive and investments made with the Fairtrade premium result in broader livelihood benefits for coffee farming communities.

Farmer level interview findings

The greatest benefits reported by farmers for the broader community from the Fairtrade Premium were around improved education. Farmers in HOAC, Neknasi and Roots 1 reported constructing local schools with the Premium, while farmers in Alang Daom put the Premium towards school fees for the children of producer organisation members (see B.4 & C.1 for details). The impact of this investment in education on the community was described by a male farmer in Roots 1:

We have seen our living standards improved. In terms of Education for our children, our kids speak better English through the learning of phonics at elementary school.



Figure 17: A school constructed with funding from the Fairtrade Premium at Roots 1 Association, Okapa district, Eastern Highlands (Source: Mawe Gonapa, 2022).

Similarly, a farmer from HOAC reported how the producer organisation helped a local school:

A school nearby is provided with a roofing iron for a classroom as a token of goodwill to our children attending the nearby primary school.

The Premium has also been used to improve the living standards, notably, through upgrading houses of farmers:

We have improvement in our living standards. We have started building permanent homes — Male farmer, Neknasi

Farmers in HOAC reported a widespread initiative to improve housing in the community:

Each individual is provided with 12 by 12-foot sheets [iron roofing material]. So far 140 sheets have been provided to our members, eventually every member will be receiving the required sheets to construct their permanent building. The idea is to phase out thatched roofs...

However, the livelihood benefits from the Premium tend to be restricted to the members of the producer organisation and their households rather than the broader community.

C.3 What benefits have the community received from producer organisations through other forms of investment (in terms of infrastructure, empowerment, protection, etc)?

Summary of key findings

Synthesis: impact study findings reveal community level benefits from other (non-Fairtrade Premium) forms of investment by producer organisations, including infrastructure projects and support for savings and access to finance.

Desk assessment findings reveal limited data on the community benefits from non-Premium investments.

Interviews at the farmer level reveal a range of community benefits that their producer organisations provided that were not attributed to the Fairtrade Premium, including support for community infrastructure projects and facilitating external support for savings and pre-finance.

Desk assessment

Limited data on the community benefits from non-Premium investments in the desk assessment.

Interview findings

The community benefits of other forms of investment beyond the Fairtrade Premium were not discussed as part of the first field mission interviews.

Farmer level interview findings

Farmers raised a range of community benefits that their producer organisations provided that were not attributed to the Fairtrade Premium. For example, farmers in Alang Daom reported that the producer organisation supported community infrastructure projects:

Alang Daom Cooperative assisted the communities in funding the construction of power lines connections through to Pendeng village.

Alang Daom Cooperative assisted in funding towards constructions of church buildings in Kabwum and Tewai/Siassi Districts.

In Neknasi, farmers reported that their producer organisation invested in a water supply project organised with a faith-based organisation (ADRA). Farmers also reported that Alang Daom facilitated a range of services for the community, including a Village Savings and Loan Society scheme delivered by Care International from 2018 – 2022, and pre-financing support to some cluster groups from NCTS.

In Unen Choit, farmers reported that the producer organisation was helping farmers and their households with the construction of more permanent houses through supplying timber. However, it was not clear whether the Fairtrade Premium was being used to finance part of this initiative or not. One cluster of female farmers also reported receiving solar lights from the cooperative which allowed their children to study after dark.

C.4 What are the factors at the community level that may negatively affect the sustainability of Fairtrade (compared to the positive changes achieved) and how can this be taken into account in future activities?

Summary of key findings

Synthesis: impact study findings indicate that the key community level factor that may negatively affect the sustainability of Fairtrade is that farmers may choose to sell to conventional markets if they do not perceive the Fairtrade price to be higher. Other important factors include production costs and how well farmers understand the Fairtrade Premium.

Desk assessment findings reveal limited data on the factors at the community level that may negatively affect the sustainability of Fairtrade.

Interviews with producer organisations indicate that farmers are motivated by receiving the highest price possible meaning that if the Fairtrade price is not perceived to be higher than the conventional market price farmers may choose to sell to conventional markets.

Interviews at the farmer level demonstrate that a key factor at the community level is how farmers perceive the price they receive for coffee under the Fairtrade Standard compared to other alternatives. Other important factors include production costs, especially transport costs, and how well the Fairtrade Premium is understood by farmers.

Desk assessment

Limited data on the factors at the community level that may negatively affect the sustainability of Fairtrade in the desk assessment.

Interview findings

Interview findings reiterated that farmers are motivated by receiving the highest price possible. Therefore, if the Fairtrade price is not perceived to be higher than the conventional market price, or worth the additional requirements and administrative steps, farmers may choose to sell to conventional markets, outside of their producer organisations (see B.3 for details).

Farmer level interview findings

The primary benefit of Fairtrade for the majority of farmers is the increased price that they receive. Consequently, price ends up being a critical motivating factor for farmers to participate in the Fairtrade ANZ program or pursue other alternatives. Therefore, a key factor at the community level is how farmers perceive the price they receive for coffee under the Fairtrade Standard compared to other alternatives. As discussed in B.3, there was some evidence of disgruntled farmers choosing to sell to roadside buyers instead of the producer organisation. However, it was not always clear what motivated farmers to do this.

A factor related to the price farmers receive for selling their coffee under the Fairtrade Standard is the cost of producing the coffee. In Unen Choit, a major issue for some farmers is transport costs and having to pay for private transportation of coffee to the Unen Choit depot in Wasu. These farmers want Unen Choit to have a vehicle to transport the coffee

from the clusters to the depot without additional charge. The fees which Unen Choit charge for transportation were considered too expensive, particularly in the off-season when they do not have as much coffee to transport. Poor road quality and delays in vehicles collecting coffee is also reported as a problem related to transport.

As discussed in B.3 some farmers were unclear on how the Fairtrade Premium was being used in their community, or whether it had been used at all. There is a risk that if farmers do not see the Premium as beneficial to them and their community, it could disincentivise farmers to participate in the Fairtrade Standard. Adding to this risk is the fact that the Premium is a unique aspect of the Fairtrade Standard which risks being underutilised and undervalued if its impacts are not clearly understood throughout the producer organisation. For example, a male farmer from Unen Choit noted his confusion:

We have heard about Fairtrade premium but we don't really understand what the Fairtrade Premium really is. Therefore, we would like the Fairtrade Officers to come and explain to us so we can understand and also clear any doubts that we may have about Fairtrade premium.

5. Synthesis of impact study findings

5.1. Summary of impacts under key themes

5.1.1. Economic impacts

Economic benefits from Fairtrade certification have been identified across the supply chain. The primary benefit, and focus of this study, has been the higher price that producer organisations and their member farmers receive from Fairtrade certification compared to the conventional market. Supporting this finding is the strong level of satisfaction among farmers and producer organisation representatives regarding the price they receive. The price benefits are particularly pronounced when Fairtrade certification is combined with Organic certification, which reflects an emerging industry trend of producer organisations moving towards achieving multiple certifications. When compared to Rainforest Alliance, producer organisations can also receive a higher price under Fairtrade certification, as well as get added benefits of the organic differential and the Fairtrade Premium. More broadly, these increases in price under Fairtrade certification and dual Fairtrade and Organic certification are especially significant when considered in light of the broader smallholder coffee industry in PNG which has been in a general state of stagnation and decline in productivity, quality, and price, over the last four decades.

When looking at the supply chain, it is evident that coffee exporters and other industry stakeholders viewed Fairtrade in a positive light. These other stakeholders benefit in terms of increased market access with Fairtrade certification. In addition, different benefit sharing arrangements exist for Organic certification, meaning that the exporter may benefit relatively more or less depending on whether they own the Organic certification and cover the costs, or the producer organisation does. As seen in the case of HOAC and Coffee Connections, the costs of Organic certification and the benefits of the higher price received can be shared by both the exporter and producer organisation.

5.1.2. Social impacts (including gender and empowerment)

Positive impacts have been observed regarding the empowerment of women at the farmer and producer organisation level. The findings from the study show that the impact of Fairtrade ANZ gender training has been particularly influential at the farmer level. The positive gender impacts at the level of the producer organisation are not quite as significant, with the number of women participating in producer organisations and represented on management boards remaining substantially lower than men. However, these numbers need to be considered against the backdrop of gender relations in rural PNG, where women face significant discrimination and barriers to participate in the coffee industry. In this light, the progress on women's empowerment observed in this study is commendable.

Another key source of empowerment identified in this study is the benefits that come from group membership and the formation of networks. For farmers with limited resources and capacity levels, who live in remote settings across rural PNG, the benefits that come with being part of producer organisation are instrumental in improving their livelihoods and economic opportunities. Producer organisations connect large numbers of smallholder

farmers, and in doing so, increase their access to resources and finance, and training and educational resources, as well as improving their organisational capacity and collective bargaining power. Importantly, the benefits extend beyond the farmer level, as producer organisations are able to connect farmers with exporters and buyers who also participate in Fairtrade coffee supply chains. In doing so, farmers get connected to markets and increase their reach in a manner that would not be possible without Fairtrade certification. Equally, buyers and exporters can connect to farmers who are trained and well-organised relative to other smallholders in PNG.

There is also evidence of the Fairtrade Premium creating social impact in farming communities as producer organisations have started to invest in community development initiatives. Anecdotally, farmers also perceived the Fairtrade Premium to be the primary benefit and differentiation between Fairtrade and other certifications such as Rainforest Alliance. While the majority of Fairtrade Premiums are invested back into the organisational development of producer organisations, which is significant in its own right, producer organisations have also begun to invest in community education and infrastructure projects. Most notably, the Fairtrade Premium has been invested to build schools and contribute to school fees, as well as for building permanent houses.

5.1.3. Professionalisation and capacity development

There is strong evidence of professionalisation and capacity development at the producer organisation and farmer level. Fairtrade ANZ's in-country presence and the training activities it provides have been integral in improving the capacity of farmers. Of particular note has been improvements in governance and coffee quality. All of the target producer organisations had governance arrangements that support democratic decision making, in-line with the Fairtrade Standard. The establishment and use of management boards with elected representatives and AGMs demonstrates significant progress in the context of rural PNG. Furthermore, improved coffee quality was reported by farmers, producer organisation representatives and coffee industry stakeholders, indicating progress in PNG's speciality coffee market.

It is also important to note that while professionalisation and capacity has improved, it varies across producer organisations, and the impacts of capacity development in the area of financial accountability remain mixed. Most notably, increases in incidents of non-compliance related to financial accountability suggest progress in this area has been more challenging for producer organisations. However, this needs to be interpreted in the context of the increasing complexity of certification requirements and COVID-19, which has seen audit and compliance activities move to online formats.

Finally, when considering the professionalisation and capacity of the broader supply chain, there is evidence that some industry stakeholders and producer organisations have knowledge gaps around the roles and responsibilities of Fairtrade ANZ. This was most evident in regard to restrictions around Fairtrade market opportunities. Coffee exporters raised challenges around the Fairtrade market opportunities on Fairtrade only certified coffee (without Organic certification). This was interpreted by some producer organisations as a Fairtrade enforced quota on the export of their coffee. In reality, these export restrictions are beyond the remit of Fairtrade ANZ's operations, instead occurring at the

exporter level. As this is outside of Fairtrade ANZ's control, this finding does indicate that there is confusion among stakeholders in Fairtrade's supply chain about the role and responsibility of Fairtrade ANZ regarding coffee export quotas.

5.1.4. Sustainability

At a program level, the feasibility of Fairtrade over the long-term depends significantly on the independence of producer organisations and the level of support required from Fairtrade ANZ. From this study, there is some emerging evidence that as producer organisations mature, the level of support required from Fairtrade ANZ becomes less hands-on and intensive. For example, Fairtrade's oldest producer organisation, HOAC, receives increasingly less hands-on support from Fairtrade ANZ, instead only requesting targeted assistance when required. Additionally, HOAC and Unen Choit have begun to implement their own initiatives designed to improve the quality of the coffee produced by their members. Taken together, these examples bode well for improvements in the sustainability of the Fairtrade ANZ program, particularly around the provision of support services by Fairtrade ANZ.

Another factor affecting the sustainability of the Fairtrade ANZ program in PNG is the vulnerability of producer organisations to environmental challenges, particularly the increasing impacts of climate change. Throughout this study, farmers and representatives from all of the target producer organisations demonstrated a concern about the threat of climate change to their coffee production. This occurred against the backdrop of limited evidence of producer organisations demonstrating changes to their practices to better adapt to the impacts of climate change. While farmers and producer organisations remain vulnerable to the effects of climate change, the majority of participants were willing and interested to improve their adaptive capacity, primarily through further training from Fairtrade ANZ.

5.2. Level of influence that different aspects of Fairtrade ANZ's model play

There are many aspects of Fairtrade ANZ's model that have been critical to the success of its programs in PNG, ranging from the unique pricing structure through to the strong emphasis on capacity development and on-the-ground support, and global brand recognition. While all these elements have had an important role to play, price has remained the primary factor motivating coffee farmers in PNG. Farmers frequently reported that the greatest positive impact of their involvement with Fairtrade is the higher prices they receive for their coffee. While the vast majority of farmers in this study generally reported being satisfied with the prices they received, in instances where farmers were not happy with the price, farmers would sell coffee outside their producer organisation to roadside buyers.

Due to changing global prices for coffee, the impact of price on farmers extends beyond the maximum price a farmer can receive to also include the minimum price they will receive during market price downturns. Consequently, Fairtrade's unique pricing model, which includes a guarantee of a floor price in the event of low market prices (the FMP), is significant. The FMP also distinguishes Fairtrade from Rainforest Alliance and NASAA

Certified Organic which do not offer the same level of price security. This minimum guarantee is particularly important in the context of PNG, where the coffee industry has been hampered by stagnating international price trends (MacWilliam, 2020).

Reviewing the different capacity levels of producer organisations highlights that producer organisations that can master the economic aspects of coffee production have greater capacity to undertake social, governance, and environmental initiatives. It is the producer organisations that can sell relatively larger amounts of coffee who are subsequently less financially constrained and in a better position to make progress in the livelihood components of the Fairtrade Standard. Complementing this, evidence from discussions with Fairtrade ANZ support staff highlights that the members of these producer organisations that are financially better off are also more receptive and engaged in livelihoods and governance training as they can already see the benefits that come from complying with the Fairtrade Standard.

One of the key factors in producer organisations being able to excel in the economic aspects of coffee production is the ability to obtain dual certifications, namely Fairtrade and Organic. Fairtrade and Organic certification not only provides farmers with a higher price, but also provides access to more markets, enabling farmers to sell more coffee. Additionally, since most of the price of coffee itself goes to the farmer when they sell to the producer organisation, producer organisations are reliant on the premium they receive from each certification. Therefore, if a container of coffee is both Fairtrade and Organic certified, producer organisations can obtain higher premiums.

Once this economic foundation has been established for the producer organisation, both in terms of sufficient volumes being produced and dual certification of Fairtrade and Organic, a range of benefits flow throughout the producer organisation. For instance, producer organisations become less reliant on volunteers and can employ skilled staff and accountants, as well as fund board meetings and AGMs, and set up crucial transport infrastructure. It is because of these benefits that a key focus of Fairtrade ANZ's extension work in 2022 in partnership with MDF has been on supporting producer organisations that are only Fairtrade certified to also achieve Organic certification.

The benefits of dual certification are clear, but it should also be noted that the process of receiving Organic certification can be arduous. Coffee industry stakeholders highlighted the burden of certification that can come with additional Organic certification. Increased administrative and reporting requirements can also risk further increasing non-compliance incidents. Despite these challenges, coffee industry stakeholders agreed that the advantages of dual certification outweigh the disadvantages.

While the price received under Fairtrade is the most significant factor, the capacity development benefits associated with the Fairtrade ANZ program have been highly influential in increasing the impact of Fairtrade in PNG. From the program's inception in PNG in 2010, Fairtrade ANZ has introduced, and grown, a model of development that is ambitious and comprehensive in nature, extending far beyond transactional investments in coffee production alone. Instead, the Fairtrade journey in PNG has seen the expansion of the program to include a strong emphasis on building the capacity of producer

organisations and their members in the realms of social development, good governance, and environmental sustainability.

Underpinning these capacity development benefits is the strong in-country presence that Fairtrade ANZ has consistently maintained since commencing work in PNG. Fairtrade ANZ is the only certification scheme to have an in-country presence in PNG with a strong focus on providing support to producer organisations, making this a unique and instrumental component of the Fairtrade ANZ model. Fairtrade ANZ's in-country support has been consistent in PNG since 2010, as part of a carefully phased approach (see Section 3 for details). This long-term approach to capacity development is essential in the context of rural PNG given the deep-seated social and cultural barriers and the foreignness of new forms of formalised market engagement and democratic governance arrangements. These structural changes have not happened overnight. Rather, they have been built on the back of deep relationships formed between the Fairtrade ANZ in-country officers and producer organisations over a number of years, and speak to the success of Fairtrade' ANZs carefully phased long-term approach to introducing its standard to PNG

6. Recommendations to Fairtrade

1. **Fairtrade ANZ should expand training and capacity development activities on climate change adaptation with the aim of increasing resilience to the specific challenges that are anticipated to be posed by climate change for coffee farmers in PNG.** Across producer organisations, there was limited evidence of producer organisations demonstrating resilience and the capacity to adapt to the impacts of climate change, meaning that farmers remain particularly vulnerable to the current and anticipated worsening impacts. However, the vast majority of farmers demonstrated an interest and desire to receive more training on how to manage and respond to climate change.
2. **Fairtrade ANZ should continue to capitalise on the progress made with their gender equality training and seek to improve the representation of women in management and leadership positions in producer organisations.** Empowering women in coffee farming communities remains a critical yet challenging area for development in the context of rural PNG. Findings from this impact study show that Fairtrade ANZ's gender equality training is having significant positive impact on women's empowerment and promoting positive behaviour change among men. There is evident progress on household decision-making around coffee farm production decisions and use of income between men and women. This progress should be extended to attempt to increase the number of women in formal leadership positions within producer organisations.
3. **Fairtrade ANZ should use their partnership with NASAA (NASAA Certified Organic) to work to streamline administrative processes required to achieve dual certification of Fairtrade and Organic.** This impact study shows that dual certification is likely to become increasingly important in the future of the speciality coffee market due to the potential for higher prices, increasing consumer demand, increased market access, and a degree of economies of scale regarding training and auditing costs. However, this study has also highlighted that producer organisations currently struggle with the burden of certification that comes with the added administrative requirements. Consequently, Fairtrade ANZ should work to facilitate greater alignment between FLOCERT and the requirements of other organic certifications such as NASAA Certified Organic.
4. **Fairtrade ANZ should balance the competing priorities of meeting farmer demands for more training and capacity development while also striving to establish a program that is sustainable and promotes independent producer organisations.** The in-country support provided by the Fairtrade ANZ team is one of Fairtrade ANZ's comparative advantages, as it is the only certification scheme operating in PNG that provides this. This impact study highlights that one of the most widely suggested recommendations from farmers was for further training across a range of topics (including on gender, coffee quality, and climate change). While this training leads to important impacts, responding to farmers' desires for increased training should not come at the cost of producer organisations progression to becoming self-sustaining and increasingly independent. Subsequently, where there is evidence that producer organisations have adopted their own processes for administering training and capacity development with their farmers (for example, as this study has found, in relation to quality improvement), this should be encouraged in order to support the sustainability of the program.

5. **Fairtrade ANZ should promote further awareness raising activities across producer organisations on the purpose of the Fairtrade Premium, and how and when it is used.** A common complaint among farmers was not knowing how or if the Fairtrade Premium would be spent. Failure to increase this awareness risks detracting from Fairtrade's benefits and its positive perception among farmers.
6. **Fairtrade ANZ should continue to grow the Co-Investment Fund (CIF) to increase producer organisations' access to finance.** This impact study has found the CIF to be an instrumental funding mechanism for producer organisations to leverage additional investment. Consequently, the CIF should be bolstered and if possible expanded.
7. **Fairtrade ANZ should increase education and awareness among key stakeholders on what Fairtrade has control over in the coffee supply chain, particularly in light of the confusion and frustration raised by stakeholders on export quotas which are beyond the control of Fairtrade ANZ.** This education and awareness raising can also inform and support producer organisations' negotiations with buyers and exporters.
8. **Fairtrade ANZ should further investigate the barriers farmers face in opening and using electronic bank accounts and receiving electronic payments.** This impact study has found that many farmers are paid via cash and have indicated a desire to open bank accounts to receive electronic bank deposits. However, the study also found that some farmers have opened accounts but no longer get paid electronically, instead getting paid in cash.
9. **Fairtrade ANZ should prioritise youth engagement with the Fairtrade standard to ensure the ongoing sustainability of the Fairtrade ANZ program.** This study has found very limited examples of youth engagement with Fairtrade producer organisations. This should be a priority area for Fairtrade ANZ's capacity development and engagement activities with producer organisations in order to increase the sustainability of Fairtrade producer organisations into the future.

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8. Annex A: Assessment Framework

This Annex presents the assessment framework. First, it briefly introduces the factors shaping the assessment framework. Second, it maps key assessment questions identified during the project inception phase with the OECD-DAC evaluation criteria. Third, it maps the outputs of the initial desk assessment against the assessment framework questions, identifying data gaps where primary data collection has been required.

8.1. Elements shaping the assessment framework

There are three elements that have shaped the draft assessment framework presented below. These are: adherence to the Utilisation Focused Evaluation (UFE) approach; consideration of the relevant OECD-DAC evaluation criteria; and the identification of key impact areas relevant to the assignment. These are briefly described below.

8.1.1. Utilisation Focussed Evaluation Framework

To optimise the utility of this assessment, the UFE approach has been employed as a guiding framework. The premise of UFE is that evaluations should be judged by their utility and actual use. It proposes that the evaluation should be designed with careful consideration of how all activities carried out during the evaluation will affect the end use of the evaluation. Taking this approach, the team has conducted the assessment conscious of the end users and uses from commencement and has consulted and sought feedback, focus, and prioritisation from the primary intended users as much as possible throughout the evaluation process.

8.1.2. OECD-DAC Evaluation Criteria

The analysis has been undertaken considering the evaluation criteria proposed by the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC). The OECD-DAC criteria have been developed to be used as a normative framework by which to determine the merit or worth of an intervention and to serve as the basis for evaluative judgements.¹⁷ These criteria are detailed in Figure 18.

¹⁷ OECD, 2020. "Better Criteria for Better Evaluation: Revised and updated evaluation criteria". Available at: <https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>



Figure 18: The six OECD-DAC Evaluation Criteria (OECD, 2021)

Of particular relevance to the current study are the following criteria:

- **Impact** – What difference does the intervention make? (i.e. To what extent has the program generated significant positive or negative, intended or unintended, high-level effects?)
- **Sustainability** – Will the benefits last? (i.e. To what extent and how likely is it that the net benefits of the Program will continue?)
- **Effectiveness** – Is the intervention achieving its objectives? (i.e. What evidence is there to indicate the Program advanced the achievement of its goal and objectives?)

Although the criteria ‘relevance’, ‘coherence’ and ‘efficiency’ may be touched upon during the assessment analysis, they are largely beyond the scope of this work. The criteria were selected to align with the Terms of Reference and subsequent scoping discussions. They are reflected in the Key Evaluation Questions and Assessment Framework that have been developed in consultation with Fairtrade ANZ.

8.1.3. Impact areas relevant to the assignment

The team has focused the assessment through Key Assessment Questions (see Section 3.2). These questions cover eight impact areas encapsulating key themes that have emerged from our interpretation of the Terms of Reference, key program documents (including the design document, theory of change, and the Fairtrade Living Income Strategy), and inception discussions with Fairtrade ANZ. The eight impact areas are: economic, social, empowerment, professionalisation, sustainability, governance, gender, and other.

The data collection instruments (presented in Annex C) were designed to draw out gendered impacts, including the impact of Fairtrade ANZ on women's livelihoods and empowerment. Questions related to gender were informed by the project-level Women's Empowerment in Agriculture Index (pro-WEAI).¹⁸ This is particularly around the inclusion of questions on women's empowerment in decision-making and control of economic resources.

¹⁸ The pro-WEAI is an aggregate index developed by the International Food Policy Research Institute (IFPRI) and is the international gold standard to assess women's empowerment in relationship to agricultural value chains. See: IFPRI, 2022. "PRO-WEAI". Available at: <https://weai.ifpri.info/versions/pro-weai/>

8.1.4. Key assessment questions

The key assessment questions for the impact study are outlined in Table 5. These built on the draft questions originally outlined in the Terms of Reference, refined based on engagement with Fairtrade ANZ and the initial desk assessment, and have been ranked in order of priority by the Fairtrade ANZ team. The ranking indicates which assessment questions have been prioritised in the study. The questions are organised around three different impact levels of interest: A. producer organisation, B. farmer and household, and C. community. Categories A and B are considered higher priority areas of focus for this study. The key assessment questions have been aligned with the most relevant OECD-DAC evaluation criteria.

Table 5: Key assessment questions across different impact levels aligned to the relevant OECD-DAC criteria

Impact level	Key assessment question	Relevant OECD-DAC evaluation criteria
A. Impact at the producer organisation level (Primary Priority)	1. Do producer organisations connected to the Fairtrade market obtain better prices, compared to those of conventional market or other certified markets (organic, UTZ/RA)? (Specifically focusing on the Fairtrade Minimum Price and where relevant, the organic differential)	Effectiveness
	2. How are producer organisations investing their Fairtrade Premium? What are the impacts of such investments?	Impact
	3. Have producer organisations increased their access to finance, thanks to Fairtrade, through connection to other financial partners? How?	Effectiveness
	4. Are Fairtrade producer organisations empowered to negotiate and secure better prices with exporters? Why/Why not?	Impact
	5. Have producer organisations been able to maintain consistent supply chain linkages? Create new supply chains linkages?	Effectiveness/Impact
	6. Have Fairtrade producer organisations demonstrated resilience (e.g. learning, coping, adaptation, transformation) in the face of shocks and stresses like COVID-19, disease outbreaks, or disruptive weather/climate events? How?	Sustainability
	7. Have there been any unanticipated negative impacts of the Fairtrade program?	Impact
	8. Are there any specific concerns regarding the effective future participation of producer organisations in the Fairtrade program? Are there any ideas to improve the program implementation?	Sustainability
	9. Have the producer organisations been able to increase the quality of their product?	Effectiveness

	10. Do producer organisations have greater financial accountability thanks to compliance with Fairtrade standards and Fairtrade ANZ support? How?	Impact
	11. Have producer organisations implemented improved systems of internal governance (including more equitable representation of women and young people in decision-making processes)? How? Why? (i.e. how are such improvements attributable to compliance with Fairtrade standards and Fairtrade ANZ support?)	Impact
	12. Do producer organisations have increased business activity (volume of sales) thanks to Fairtrade?	Effectiveness
B. Impact at the member farmer and household levels (Primary Priority)	1. Have member farmers received a better income since the producer organisation became Fairtrade certified? Does combining Fairtrade and organic create a better price? Comparison between the different certification models (like RA/UTZ or others)	Effectiveness
	2. To what extent does Fairtrade lead to the equal economic empowerment of men and women? Have member farmers acquired key knowledge that empowers them? (Such as coffee quality, access to technology, etc.) And if yes, which member farmers? (gender, ethnicity, age, social class, family status, disability)	Impact
	3. What are the factors at the farmer and household level that could negatively affect the sustainability of Fairtrade (compared to the positive changes achieved)? How might these factors be taken into account in future activities?	Sustainability
	4. Has Fairtrade led to broader benefits in the lives of participating farmers and households (e.g. increased access to childhood education, improved food security, improved access to healthcare, spinoff enterprise, etc.)?	Impact
C. Impact at community level (Secondary Priority)	1. Have producer organisations carried out community projects utilising the Fairtrade Premium and/or in connection with other stakeholders?	Impact
	2. What benefits have communities received from producer organisations' investments, thanks to the Fairtrade Premium? (in terms of infrastructure, empowerment, environment protection, etc.)	Impact
	3. What benefits have the community received from producer organisations through other forms of investment? (in terms of infrastructure, empowerment, protection, etc.)	Impact
	4. What are the factors at the community level that may negatively affect the sustainability of Fairtrade (compared to the positive changes achieved) and how can this be taken into account in future activities?	Sustainability

8.1.5. Key assessment questions matrix

Table 6 maps the key assessment questions with the data sources from which relevant insights have been gained. This was initially built on the initial review of data and documentation provided by Fairtrade ANZ and has been further refined over the course of the study. The initial process informed the identification of data gaps, helping to ensure that the qualitative data collection engagements focused on new data and insights rather than duplicating what Fairtrade ANZ has captured through previous work. That said, most of the key assessment questions have lent themselves to investigation based on multiple sources. This has enabled a process of triangulation that brings robustness to the assessment framework. The data collection instruments are provided in Annex D below. The matrix also aligns the key assessment questions with the impact areas discussed above and with indicative interview and FGD questions.

Table 6: Matrix of key assessment questions with potential data sources

Key assessment questions	Priority data source	Supporting data source	Relevant literature	Impact areas	Interview questions (indicative)
Impact Area A: Producer organisations (PRIORITY)					
A.1. Do producer organisations connected to the Fairtrade market obtain better prices, compared to those of conventional market or other certified markets (organic, UTZ/RA)? (Specifically focusing on the Fairtrade Minimum Price and where relevant, the organic differential)?	Kills with producer organisation representatives	FGDs with farmers	Fairtrade inception meeting presentation 2022; SPO data 2020; Achievement Against MERL Framework; International Guide to Fair Trade Labels 2020	Economic	<p>Does your producer organisation obtain different prices with Fairtrade (and if organic, the organic differential), compared to those of conventional market or other certified markets? How are they different?</p> <p>Is it attractive to connect to the Fairtrade market based on the price received?</p> <p>Do you receive a different price for organically grown coffee? Is it better?</p>

<p>A.2. How are producer organisations investing their Fairtrade Premium? What are the impacts of such investments?</p>	<p>KIIs with producer organisation representatives</p> <p>MSC interviews could be possible</p>	<p>FGDs with farmers</p>	<p>MFAT Progress Reports 1–4; MFAT Activity Completion Report 2022; SPO data 2020; Achievement Against MERL Framework</p>	<p>Economic / Social</p>	<p>Who do you sell your coffee to when you don't sell to the cooperative? What are the terms of trade?</p> <p>What have you been able to invest in thanks to the extra money from the Fairtrade Premium?</p> <p><u>Prompts:</u></p> <p>What impact has this had on your coffee production?</p> <p>What impact has this had in your community?</p>
<p>A.3. Have producer organisations increased their access to finance, thanks to Fairtrade through connection to other financial partners? How?</p>	<p>KIIs with producer organisation representatives</p>	<p>FGDs with farmers</p> <p>KIIs with exporters?</p>	<p>MFAT Progress Reports 1–4; Fairtrade Annual Report 2020; Fairtrade inception meeting presentation 2022; MFAT Activity Completion Report 2022; MFAT Year 4 Presentation; Achievement Against MERL Framework</p>	<p>Economic</p>	<p>When your producer organisation needs money, where do you typically get this from? Did you learn about this from Fairtrade?</p> <p><u>Prompts:</u></p> <p>Has your producer organisation accessed pre-financing from Fairtrade buyers?</p> <p>Has being certified with Fairtrade affected how your producer organisation gets money?</p>
<p>A.4. Are Fairtrade producer organisations empowered to negotiate and secure better prices with buyers and exporters? Why/Why not?</p>	<p>KIIs with producer organisation representatives</p>	<p>KIIs with exporters</p>	<p>Achievement Against MERL Framework</p>	<p>Economic / Empowerment</p>	<p>How do you feel about the price you receive from exporters/buyers?</p> <p>Have you tried to negotiate the price you receive from exporters/buyers? Why/Why not?</p>

	MSC interviews could be possible				<u>Prompts:</u> Were you happy with how the negotiations went? If no, would you like the price to change? Has Fairtrade helped you to negotiate the price that you get?
A.5. Have producer organisations been able to maintain consistent supply chain linkages? Create new supply chains linkages?	KIIs with producer organisation representatives MSC interviews could be possible	FGDs with farmers KIIs with exporters KIIs with Fairtrade ANZ staff	Fairtrade inception meeting presentation 2022; MFAT Activity Completion Report 2022; Achievement Against MERL Framework	Economic / Professionalisation	Did your producer organisation connect to new or different exporters and buyers after becoming certified with Fairtrade? <u>Prompts:</u> Were the exporters and buyers different? How?
A.6. Have Fairtrade producer organisations demonstrated resilience (e.g. learning, coping, adaptation, transformation) in the face of shocks and stresses like Covid-19, disease outbreaks, or disruptive weather/climate events? How?	KIIs with producer organisation representatives MSC interviews could be possible	FGDs with farmers	Fairtrade Annual Report 2020; Fairtrade Climate Standard 2015; Fairtrade inception meeting presentation 2022; MFAT Activity Completion Report 2022; Achievement Against MERL Framework	Economic / Sustainability	How did you cope with the disruptions caused by COVID-19? How did you cope? Do you think involvement with Fairtrade helped you to cope? How? How have you been affected by water shortages during the past 5 years? When? How did you cope? Has involvement with Fairtrade helped you to cope better? How? Do you think you would be able to handle challenges like climate change (prolonged drought,

					<p>unexpected weather events) in the future?</p> <p><u>Prompts:</u></p> <p>Is it easier to cope now then it was in the past? Have you changed the practices you use to cope over time?</p> <p>Do you think being certified with Fairtrade increased your ability to handle these challenges?</p>
A.7. Have there been any unanticipated negative impacts of the Fairtrade program?	KIIs with producer organisation representatives	FGDs with farmers KIIs with exporters	Achievement Against MERL Framework	Other	<p>Have there been any negative impacts from being certified with Fairtrade?</p> <p><u>Prompts:</u></p> <p>What were these?</p> <p>Did you expect these impacts could occur before becoming certified with Fairtrade?</p>
A.8. Are there any specific concerns regarding the effective future participation of producer organisations in the Fairtrade program? Are there any ideas to improve the program implementation?	KIIs with producer organisation representatives	FGDs with farmers KIIs with exporters	Achievement Against MERL Framework	Other	<p>Do you face any difficulties participating in the Fairtrade program?</p> <p>Do you have any suggestions that could make it easier to participate in the program?</p> <p>Would you like to receive any other support or training from Fairtrade that you are not already receiving?</p>

A.9. Have the producer organisations been able to increase the quality of their product?	<p>KiIs with producer organisation representatives</p> <p>KiIs with exporters</p>		<p>Fairtrade inception meeting presentation 2022; MFAT Activity Completion Report 2022; MFAT Year 4 Presentation; SPO data 2020; Achievement Against MERL Framework</p>	Economic	<p>Has the quality of your coffee changed since becoming certified with Fairtrade?</p> <p>Has the price you received changed since becoming certified with Fairtrade?</p> <p><u>Prompts:</u></p> <p>How has this changed? (i.e. increased or decreased?)</p>
A.10. Do the producer organisations have financial accountability thanks to the compliance with Fairtrade standards and Fairtrade ANZ support?	<p>KiIs with producer organisation representatives</p>	<p>FGDs with farmers</p> <p>KiIs with Fairtrade ANZ staff</p>	<p>MFAT Progress Reports 1–4; Fairtrade inception meeting presentation 2022; MFAT Activity Completion Report 2022; Achievement Against MERL Framework</p>	Economic	<p>What is the process to make financial transactions in your producer organisation?</p> <p><u>Prompts:</u></p> <p>How is profit and expenditure recorded by your producer organisation? How often?</p>
A.11. Have producer organisations implemented improved systems of internal governance (including more equitable representation of women and young people in decision-making processes)? How? Why? (i.e. how are such improvements	<p>KiIs with producer organisation representatives</p> <p>MSC interviews could be possible</p>	<p>FGDs with farmers</p> <p>KiIs with Fairtrade ANZ staff</p>	<p>MFAT Progress Reports 1–4; Fairtrade inception meeting presentation 2022; MFAT Activity Completion Report 2022; SPO data 2020; Achievement Against MERL Framework</p>	Governance	<p>How does your producer organisation make decisions?</p> <p>How effective is the process for making decisions in your producer organisation?</p> <p><u>Prompts:</u></p> <p>Has compliance with the Fairtrade standard affected how your producer organisation makes decisions?</p>

attributable to compliance with Fairtrade standards and Fairtrade ANZ support?)					Has support from the Fairtrade ANZ team affected how your producer organisation makes decisions?
A.12. Do producer organisations have increased business activity (volume of sales) thanks to Fairtrade?	KIIs with producer organisation representatives	KIIs with exporters	MFAT Progress Reports 1–4; Fairtrade inception meeting presentation 2022; MFAT Activity Completion Report 2022; MFAT Year 4 Presentation; SPO data 2020; Achievement Against MERL Framework	Economic	<p>Has the amount of sales you make changed since becoming certified with Fairtrade?</p> <p><u>Prompts:</u></p> <p>How so?</p> <p>How has Fairtrade certification affected this change in sales?</p>
Impact Area B: Famers and households (PRIORITY)					
B.1. Have member farmers received a better income since the producer organisation became Fairtrade certified? Does combining Fairtrade and organic create a better price? – comparison between the different certification models (like RA/UTZ or others)	<p>FGDs with farmers</p> <p>MSC interviews could be possible</p>	<p>KIIs with producer organisation representatives</p> <p>KIIs with exporters</p>	MFAT Progress Reports 1–4; MFAT Activity Completion Report 2022; SPO data 2020; Achievement Against MERL Framework	Economic	<p>Has your income changed since becoming Fairtrade certified?</p> <p><u>Prompts:</u></p> <p>By how much?</p> <p>Validation question: How much did you get before becoming certified with Fairtrade?</p> <p>How much do you get now that you are certified with Fairtrade?</p>
B.2. To what extent does Fairtrade lead to the equal economic empowerment of men and women? Have member farmers	FGDs with farmers	KIIs with Fairtrade ANZ staff	MFAT Progress Reports 1–4; Fairtrade inception meeting presentation 2022; MFAT Activity Completion Report 2022; MFAT Year 4 Presentation; SPO data 2020;	Gender / Empowerment	Do you personally decide how money you earn from Fairtrade certified coffee is spent? Do you share this decision with others from your household? Who usually makes the decision?

<p>acquired key knowledge that empowers them? (Such as coffee quality, access to technology, etc.) And if yes, which member farmers? (gender, ethnicity, age, social class, family status, disability)</p>			<p>Achievement Against MERL Framework</p>		<p>Do you share decisions more since becoming involved in Fairtrade?</p> <p>How much input into decisions about coffee farming do you have?</p> <p>How much input into decisions about the cooperative do you have?</p> <p>Prompts:</p> <p>Would you do anything differently in farming/managing the cooperative?</p> <p>Have you voiced this opinion?</p> <p>Why/Why not?</p>
<p>B.3. What are the factors at the farmer and household level that could negatively affect the sustainability of Fairtrade (compared to the positive changes achieved)? How might these factors be taken into account in future activities?</p>	<p>FGDs with farmers</p>	<p>KIIs with producer organisation representatives</p> <p>KIIs with Fairtrade ANZ staff</p> <p>KIIs with exporters</p>	<p>Achievement Against MERL Framework</p>	<p>Other</p>	<p>Have there been any negative impacts from being certified with Fairtrade?</p> <p><u>Prompts:</u></p> <p>What were these?</p> <p>Did you expect these impacts could occur before becoming certified with Fairtrade?</p>
<p>B.4. Has Fairtrade led to broader benefits in the lives of participating farmers and households (e.g. increased access to childhood education,</p>	<p>FGDs with farmers</p>	<p>KIIs with producer organisation representatives</p> <p>KIIs with Fairtrade ANZ staff</p>	<p>MFAT Progress Reports 1–4; Fairtrade inception meeting presentation 2022; MFAT Activity Completion Report 2022; MFAT Year 4 Presentation; SPO data 2020;</p>	<p>Gender / Empowerment / Professionalisation</p>	<p>What are the benefits of participating in Fairtrade for you or your household?</p> <p><u>Prompts:</u></p>

improved food security, improved access to healthcare, spinoff enterprise, etc.)?	MSC interviews could be possible	KIIs with exporters	Achievement Against MERL Framework		Has your life changed since you started participating in fair trade? How?
Impact Area C: Communities					
C.1. Have the producer organisation carried out community project utilising the Fairtrade Premium and/or in connection with other stakeholders?	KIIs with producer organisation representatives	FGDs with farmers	MFAT Progress Reports 1–4; MFAT Activity Completion Report 2022; SPO data 2020; Achievement Against MERL Framework	Social	Do you know of any projects in the community that have been funded by the producer organisation? <u>Prompts:</u> What are these? Did they use the Fairtrade premium to fund these projects?
C.2. What benefits have communities received from producer organisations' investments, thanks to the Fairtrade Premium? (in terms of infrastructure, empowerment, environment protection, etc.)	FGDs with farmers MSC interviews could be possible	KIIs with producer organisation representatives	MFAT Progress Reports 1–4; MFAT Activity Completion Report 2022; SPO data 2020; Achievement Against MERL Framework	Economic / Social / Environmental	Has the community been able to make any investments thanks to the funding provided by the Fairtrade premium? If so, what were these? <u>Prompts:</u> Have these investments provided any benefit? What kind of benefits?
C.3. What benefits have the community received from producer organisations through other forms of investment? (in terms of infrastructure,	FGDs with farmers	KIIs with producer organisation representatives	Achievement Against MERL Framework	Economic / Social / Environmental	Do you know of any projects/investments in the community that have been funded by the producer organisation? <u>Prompts:</u>

empowerment, protection, etc)					Has this provided any benefit? What kind of benefits?
C.4. What are the factors at the community level that may negatively affect the sustainability of Fairtrade (compared to the positive changes achieved) and how can this be taken into account in future activities?	FGDs with farmers	KILs with producer organisation representatives	Achievement Against MERL Framework	Other	Have there been any negative impacts for the community from the producer group? <u>Prompts:</u> What were these?

9. Annex B: Initial desk assessment

This annex presents the mapping exercise done as part of the initial desk assessment.

Doc number	Year	Author/publisher	Title	Title in folder	Topic/Theme	Assessment questions
1	2019	Fairtrade	Activity Progress Report: Increasing Access to Market for Fairtrade Supply Chains in Papua New Guinea	MFAT Year 2 Report	M&E	A.2, A.3, A.10, A.11, A.12 B.1, B.2, B.4 C.1, C.2
2	2020	Fairtrade	Activity Progress Report: Increasing access to market for Fairtrade supply chains in PNG	MFAT Year 3 Report	M&E	A.2, A.3, A.10, A.11, A.12 B.1, B.2, B.4 C.1, C.2
3	2021	Fairtrade	Activity Progress Report: Increasing access to market for Fairtrade supply chains in PNG	MFAT Year 4 Report	M&E	A.2, A.3, A.10, A.11, A.12 B.1, B.2, B.4 C.1, C.2
4	2020	Fairtrade	Impact Report 2019/2020	Fairtrade Annual Report 2020	Annual Report/ Impact Report	A.3, A.6
5	2020	Fairtrade	Focus on the Fairtrade regions: The wider-Pacific-MONITORING REPORT 2020	Fairtrade Monitoring Report 2020	M&E	
6	n.d.	Fairtrade	Fairtrade Standards	Fairtrade Standards	Standards	
7	n.d.	Fairtrade	Introduction to the Fairtrade Global Strategy 2021–2025	Fairtrade Global Strategy 2021–2025	Strategy	

8	2021	Fairtrade	Final indicators_KPI Owners	Fairtrade Key Performance Indicators	M&E	
9	2015	Fairtrade	Fairtrade Climate Standard	Fairtrade Climate Standard	Standards	A.6
10	2021	Fairtrade	Fairtrade Standard for Coffee	Fairtrade Standard for Coffee	Standards	
11	2019	Fairtrade	Fairtrade Standard for Smallscale Producer Organizations	Fairtrade Standard for Smallscale Producer Organizations	Standards	
12	2015	Fairtrade	Fairtrade Trader Standard	Fairtrade Trader Standard	Standards	
13	2021	Fairtrade	Fairtrade and Climate Change: Systematic review, hotspot analysis and survey	Fairtrade and Climate Change	Climate change	
14	2016	Nelson, V., J. Haggar, A. Martin, J. Donovan, E. Borasino, W. Hasyim, N. Mhando, M. Senga, J. Mgumia, E. Quintanar Guadarrama, Z. Kendar, J. Valdez, D. Morales / Natural Resources Institute, University of Greenwich	Fairtrade coffee: A study to assess the impact of Fairtrade for coffee smallholders and producer organisations in Indonesia, Mexico, Peru and Tanzania	Natural Resource Institute Fairtrade impact study	Impact assessment	

15	2017	Vincent Fobelets, Andrea Rusman, Adrian de Groot Ruiz / True Price	Assessing Coffee Farmer Household Income – Executive Summary	True Price Fairtrade impact study	Impact assessment	
16	2017	True Price	Assessing Coffee Farmer Household Income	True Price Fairtrade impact study – Executive Summary	Impact assessment	
17	2018	BASIC	The Great Coffee Rift: Study on the sustainability of the coffee sector in a context of climate change and price crisis on the world market	BASIC_Coffee market presentation	Industry analysis	
18	2018	BASIC	Coffee: The Hidden Crisis Behind the Success Story – Study on Sustainability Within the Coffee Industry (Synthesis)	BASIC Study_Coffee market – Synthesis (English)	Industry analysis	
19	2018	BASIC	Café : la success story qui cache la crise – Etude sur la durabilité de la filière du café	BASIC Study_Coffee market – Full Report (French)	Industry analysis	
20	2018	BASIC	Coffee, the success story hiding the crisis	BASIC Study_Coffee market – Fact sheet (English)	Industry analysis	
21	2022	Fairtrade	Fairtrade ANZ & MFAT partnership in PNG	Fairtrade inception meeting presentation	Fairtrade overview	A.1, A.3, A.5, A.6, A.9, A.10, A.11, A.12 B.2, B.4
22	2017	Fairtrade	Increasing access to market for Fairtrade supply chains in Papua New Guinea	Fairtrade concept note	Concept note	

23	2022	Fairtrade	Activity Completion Report – MFAT	Activity Completion Report – MFAT	M&E	A.2, A.3, A.5, A.6, A.9, A.10, A.11, A.12 B.1, B.2, B.4 C.1, C.2
24	2021/ 22?	Fairtrade	Presentation – MFAT Year 4 report	Year 4 Presentation – MFAT	M&E	A.3, A.9, A.12, B.2, B.4
25	2020	Fairtrade	SPO Data	SPO Data	M&E	A.1, A.2, A.9, A.11, A.12 B.1, B.2, B.4 C.1, C.2
26		Fairtrade	Appendix A: Achievement Against MERL Framework	Achievement Against MERL Framework	M&E	A.1, A.2, A.3, A.4, A.5, A.6, A.7, A.8, A.9, A.10, A.11, A.12 B.1, B.2, B.3, B.4 C.1, C.2, C.3, C.4
27	2020	Commerce Equitable France	International Guide to Fair Trade Labels	International Guide to Fair Trade Labels	Industry analysis	A.1

10. Annex C: Data collection instruments

This annex item presents the key informant interview guides, the focus group discussion guide, the most significant change interview guide and the participant information sheet used for data collection.

10.1. Key Informant Interview guide: Fairtrade producer organisation representative

10.1.1. *Background and experience*

1. Could you please tell us a little bit about your Fairtrade certified producer organisation?
2. What is the role that that you fill in this producer organisation?
3. When did this producer organisation become certified with Fairtrade?
4. Please tell us about the details of the certifications that this producer organisation has, including those with Fairtrade and other standards.
 - a) Does this producer organisation have organic certification?
 - b) Does this producer organisation have UTZ/Rain Forest Alliance certification?
 - c) Does this producer organisation have any other types of certification?
5. Who are the main buyers of your coffee?
6. How much coffee do you produce on average?
 - a) [if difficult to answer] how much did you sell during your last sale? Was this average, below average or above average?
 - b) What proportion of the coffee you sell is Fairtrade certified?
 - c) What proportion of the coffee you sell is organic?
 - d) What proportion of the coffee you sell is UTZ/Rain Forest Alliance?

10.1.2. *Economic impacts*

Income and price

1. Has the price that your producer organisation receives changed since becoming certified with Fairtrade?
 - a) How has this changed? (i.e. increased or decreased?)
2. Has the income that members of your producer organisation receive changed since becoming certified with Fairtrade?
 - a) How has this changed? (i.e. increased or decreased?)
3. Does your producer organisation get a better price with Fairtrade (and if organic, the organic differential), compared to those of the conventional market or other certified markets?
4. Are you happy with the price you receive from exporters/buyers?
5. Have you tried to negotiate the price you receive from exporters/buyers?
 - a) Why/Why not?
 - b) [If yes] Were you happy with how the negotiations went?
 - c) [If no] Would you like the price to change?

- d) Has Fairtrade helped you to negotiate the price that you get?

Business activity

1. Has your producer organisation connected to new or different exporters and buyers after becoming certified with Fairtrade?
 - a) Were the exporters and buyers different to who you would of sold to before being certified with Fairtrade? How so?
2. Has the amount of sales you make changed since becoming certified with Fairtrade?
 - a) How has Fairtrade certification affected this change in sales?

Finance

1. When your producer organisation needs money, where do you typically get this from?
 - a) Did you learn about this from Fairtrade?
 - b) Has your producer organisation accessed pre-financing from Fairtrade buyers?
 - c) Has being certified with Fairtrade affected how your producer organisation gets money?
2. What is the process for paying farmers in your producer organisation?
3. How is profit and expenditure recorded by your producer organisation? How often?

10.1.3. Governance

1. How does your producer organisation make decisions?
 - a) Does your producer organisation have a management board?
 - b) How are leaders elected onto the management board?
 - c) What proportion of the board are women?
2. How effective is the process for making decisions in your producer organisation?
 - a) Has compliance with the Fairtrade standard affected how your producer organisation makes decisions?
 - b) Has support from the Fairtrade ANZ team affected how your producer organisation makes decisions?

10.1.4. Capacity development and Professionalisation

Professionalisation

1. Has the quality of your coffee changed since becoming certified with Fairtrade?
 - a) How has this changed? (i.e. increased or decreased?)
2. Has your producer organisation been able to invest back into the organisation since becoming certified with Fairtrade?

- a) Has this affected the organisation's coffee production? (i.e. improved production)
- 3. Have members of your producer organisation received training?
 - a) What did this training involve?
 - b) Has Fairtrade provided/supported any of this training?

Resilience

- 1. Has your producer organisation been affected by disruptions caused by COVID-19?
 - a) [If yes] How did you cope with the disruptions caused by COVID-19?
 - b) Do you think involvement with Fairtrade helped you to cope? How so?
- 2. Has your producer organisation been affected by water shortages/drought in the past 5 years?
 - a) [If yes] How did you cope with the water shortages?
 - b) Do you think involvement with Fairtrade helped you to cope? How so?
- 3. Has your producer organisation been affected by frost in the past 5 years?
 - a) [If yes] How did you cope with the frost?
 - b) Do you think involvement with Fairtrade helped you to cope? How so?
- 4. Has your producer organisation been affected by pests and diseases in the past 5 years?
 - a) [If yes] How did you cope with the pests and diseases?
 - b) Do you think involvement with Fairtrade helped you to cope? How so?
- 5. Do you think your producer organisation would be able to handle challenges like climate change (prolonged drought, unexpected weather events) in the future?
 - a) Have you changed coping practices over time?
 - b) Is it easier to cope now than it was in the past?
 - c) Do you think being certified with Fairtrade increased your ability to handle these challenges?

10.1.5. Social impacts

- 1. What are the benefits of participating in Fairtrade for your members and their households?
 - a) Have the livelihoods of your members changed since the producer organisation started participating in Fairtrade?
 - b) How so?
- 2. What has been this most significant change for your members since becoming certified with Fairtrade?

Gender and empowerment

1. What proportion of the members of this producer organisation are women?
2. Do you think women in the producer organisation benefit from Fairtrade certification?
 - a) How so?
3. Do women in the producer organisation face any barriers?
 - a) What are the barriers for women [to participate/to benefit from]?

Broader community impacts

1. Has the producer organisation been able to invest in any projects that benefit the community?
 - a) [If yes] What projects are these?
 - b) [If yes] What impact has this had in your community?
 - c) Has the producer organisation used the Fairtrade premium for these investments?
2. Have there been any other benefits for the community from the producer organisation?
 - a) [If yes] Does the Fairtrade certification affect these benefits for the community?

10.1.6. *Recommendations for Fairtrade*

1. Have there been any negative impacts from being certified with Fairtrade?
 - a) [If yes] What are these?
 - b) Did you expect that these impacts could occur before becoming certified with Fairtrade?
2. Do you face any difficulties participating in the Fairtrade standard?
3. Do you have any suggestions that could make it easier to meet the Fairtrade standard?
 - a) Would you like to receive any other support or training from Fairtrade that you are not already receiving?

10.2. Key Informant Interview guide: Fairtrade exporters

10.2.1. Background and experience

1. Could you please tell us a little bit about your Fairtrade certified export organisation?
2. What is the role that that you fill in this export organisation?
3. When did this organisation begin exporting Fairtrade certified coffee?
4. Please tell us about the details of the certifications that your export organisation has, including those with Fairtrade and other standards.
 - a) Does this organisation export organic certified coffee?
 - b) Does this organisation export UTZ/Rain Forest Alliance certified coffee?
 - c) Does this organisation export any other types of certification?
5. Who are the main buyers of your coffee?
6. How much coffee do you export on average?
 - a) What proportion of the coffee you export is Fairtrade certified?
 - b) What proportion of the coffee you export is organic?
 - c) What proportion of the coffee you export is UTZ/Rain Forest Alliance?

10.2.2. Economic impacts

Income and price

1. Does the price that you pay to buy coffee from the producer organisation change for Fairtrade certified coffee compared to non-Fairtrade certified coffee?
 - a) How has this changed? (i.e. increased or decreased?)
 - b) What about for organic?
2. Does your export organisation get better price for selling Fairtrade (and if organic, the organic differential), compared to those of conventional market or other certified markets?
 - a) If you receive the organic differential, how is it paid? Is it paid to member farmers or to the producer organisation?
3. Have Fairtrade certified producer organisations negotiated the price they receive from your export organisations?
 - a) [If yes] Were you happy with how the negotiations went?
 - b) [If no] Would you like the price to change?

Business activity

1. Has your export organisation connected to new or different producer organisations after becoming certified with Fairtrade?
 - a) Were the producer organisations different to who you would of sold to before being certified with Fairtrade? How so?
2. Has the amount of coffee that your organisation exports changed since becoming certified with Fairtrade?

- a) How has Fairtrade certification affected this change in exports?

10.2.3. *Capacity development and Professionalisation*

1. Do you notice a difference when you engage with Fairtrade certified producer organisations compared to non-Fairtrade certified producer organisations?
 - b) in terms of professionalisation?
 - c) in terms of quality of the coffee?
 - d) any other differences?
2. Does your export organisation conduct any training or capacity development with Fairtrade certified producer organisations and/or their members?
 - a) [If yes] does this training/capacity development align with the training and capacity development that Fairtrade conducts? Why or why not?
 - b) If it does align with Fairtrade requirements, who is the training targeted at? Member farmers or producer organisation staff?

10.2.4. *Social impacts*

1. From your engagements with Fairtrade certified producer organisations, have you noticed any impacts for farmers' livelihoods?
 - a) do you think the Fairtrade certification helps these impacts?
2. From your engagements with Fairtrade certified producer organisations, have you noticed any impacts for women?
 - a) do you think the Fairtrade certification helps these impacts?

10.2.5. *Recommendations for Fairtrade*

1. Have there been any negative impacts from being certified with Fairtrade?
 - a) [If yes] What are these?
 - b) Did you expect that these impacts could occur before becoming certified with Fairtrade?
2. Do you face any difficulties participating in the Fairtrade standard?
3. Do you have any suggestions that could make it easier to meet the Fairtrade standard?

10.3. Key Informant Interview guide: Coffee industry stakeholders

10.3.1. Background and experience

7. Could you please tell us a little bit about your organisation?
8. What is the role that that you fill in your organisation?
9. In what capacity is your organisation involved with Fairtrade certified coffee?
 - a) How long has your organisation been involved with Fairtrade?

10.3.2. Economic impacts

Income and price

1. From your observations, do Fairtrade certified farmers receive a better price than non-Fairtrade farmers?
 - a) How does this differ with organic?
 - b) How does this differ with other certifications such as Rainforest Alliance/UTZ?

Business activity

2. From your observations, are Fairtrade certified producer organisations able to connect with new buyers and exporters after becoming certified?
3. From your observations, do you think Fairtrade certification changes the amount of coffee that producer organisations are able to produce?
 - a) How so?

10.3.3. Capacity development and Professionalisation

3. From your observations, do you notice a difference in Fairtrade certified producer organisations compared to non-Fairtrade certified producer organisations?
 - e) in terms of professionalisation?
 - f) in terms of quality of the coffee?
 - g) any other differences?
4. Does your organisation conduct any training or capacity development with farmers in Fairtrade certified producer organisations?
 - a) [If yes] does this training/capacity development align with the training and capacity development that Fairtrade conducts? Why or why not?
 - b) If it does align with Fairtrade requirements, who is the training targeted at? Member farmers or producer organisation staff?

10.3.4. Social impacts

3. From your observations, has Fairtrade certification had any impacts (positive or negative) on the livelihoods of farmers who are affiliated with Fairtrade certified producer organisations?

4. Have you seen any other types of social impacts of Fairtrade certification at the farmer or community level (for example, in terms of gender or community development)?

10.3.5. *Recommendations for Fairtrade*

4. From your observations, do you think there are any negative impacts from being certified with Fairtrade?
 - c) [If yes] What are these?
5. Do you have any recommendations to improve the Fairtrade standard?

10.4. Focus Group Discussion guide: Fairtrade Farmers

Note: This focus group discussion (FGD) is designed to be conducted with male only and female only groups. A male facilitator will facilitate the male only FGD and a female facilitator will facilitate the female only FGD.

This FGD is designed to be conducted with groups of 6–10 farmers who are members of Fairtrade certified producer organisations.

10.4.1. Background and experience

1. Could you please tell us a little bit about your Fairtrade certified cooperative?
2. Why did you decide to join this cooperative?
3. Please tell us about the details of the certifications that this cooperative has, including those with Fairtrade and other standards.
 - a) Does this cooperative have organic certification?
 - b) Does this cooperative have UTZ/Rain Forest Alliance certification?
 - c) Does this cooperative have any other types of certification?
4. Who are the main buyers of your coffee?
 - a) Where do you sell most of your coffee?
 - b) Who do you sell your coffee to when you don't sell to the cooperative?
 - c) What are the benefits of selling your coffee to the cooperative?
 - d) What are the challenges/limitations of selling your coffee to the cooperative?
 - e) Do you sell other certified coffee? Which certifications?

10.4.2. Economic impacts

Income and price

1. What price do you receive for your coffee?
 - a) What affects the price that you receive for your coffee?
 - b) Has this price changed since your cooperative became certified with Fairtrade?
 - c) By how much?
 - d) Do you receive a better price if it is organic? What about for organic and Fairtrade?
2. Are you happy or unhappy with the price that you receive?
3. Has your cooperative been able to invest the Fairtrade premium?
 - a) How was this invested?
 - b) What impact has this had on your coffee production?
 - c) What impact has this investment had on your life? What impact has this had in your community?

Business activity

1. Over the last 12 months, do you think the coffee that your cooperative sells has increased, stayed the same, or decreased?
2. Has the amount of coffee that you produce changed since the cooperative became certified with Fairtrade?

- a) How has Fairtrade certification affected this change in production volume?

Finance

1. When you need money to pay for your coffee production, where do you usually get this from?
 - a) Have you received money from your cooperative to invest in your coffee production?
 - b) Has being certified with Fairtrade affected how you or your cooperative gets money?
2. How does the cooperative pay farmers?
 - a) Do you think that the process for paying farmers works well? Why or why not?

10.4.3. Governance

1. How does your cooperative make decisions?
 - a) Does your cooperative have a management board?
 - b) How are leaders elected to the management board?
 - c) What proportion of the management board are women?
2. Have you attended an Annual General Meeting?
3. Do you know how decisions are made in your cooperative?
4. How effective is the process for making decisions in your cooperative?
 - a) Are you happy with the process for making decisions in your cooperative?
 - b) Has compliance with the Fairtrade standard affected how your cooperative makes decisions?

10.4.4. Capacity development and Professionalisation

Professionalisation

1. Has the quality of your coffee changed since becoming certified with Fairtrade?
 - a) How has this changed? (i.e. increased or decreased?)
2. Have you received training from your cooperative?
 - a) What did this training involve?
 - b) has it helped your coffee farming?
3. Have you received training from Fairtrade?
 - a) What did this training involve?
 - b) Has it helped your coffee farming?

Resilience

1. Have you been affected by disruptions caused by COVID-19?
 - a) [If yes] How did you cope with the disruptions caused by COVID-19?

- b) Do you think involvement with Fairtrade helped you to cope? How so?
2. Have you been affected by water shortages/drought in the past 5 years?
 - a) [If yes] How did you cope with the water shortages?
 - b) Do you think involvement with Fairtrade helped you to cope? How so?
3. Have you been affected by frost in the past 5 years?
 - a) [If yes] How did you cope with the frost?
 - b) Do you think involvement with Fairtrade helped you to cope? How so?
4. Have you been affected by pests and diseases in the past 5 years?
 - a) [If yes] How did you cope with the pests and diseases?
 - b) Do you think involvement with Fairtrade helped you to cope? How so?
5. Do you think you would be able to handle challenges like climate change (prolonged drought, unexpected weather events) in the future?
 - a) How will you handle these challenges?
 - b) Do you think being certified with Fairtrade increased your ability to handle these challenges?

10.4.5. Social impacts

Gender and empowerment

1. Who in your household decides how money you earn from Fairtrade certified coffee is spent?
 - a) How much input into decisions do you have about spending money from your coffee?
 - b) Is this decision shared? With who?
 - c) Are you satisfied about the amount of input you have?
2. Who in your household makes decisions about your coffee farm?
 - a) How much input into decisions about coffee farming do you have?
 - b) Are these decisions shared? With who?
 - c) Are you satisfied with the amount of input you have?
3. How much input into decisions about the cooperative do you have?
 - a) Are you satisfied with the amount of input you have?

Broader community impacts

1. What are the benefits of participating in Fairtrade for you or your household?
 - a) Has your life changed since you started participating in fair trade? How so?

- b) What has been the most significant change since becoming certified with Fairtrade?
- 2. Has the cooperative been able to invest in any projects that benefit the community?
 - a) [If yes] What projects are these?
 - b) [If yes] What impact has this had in your community?
 - c) Has the cooperative used the Fairtrade premium for these investments?
- 3. Have there been any other benefits for the community from the cooperative?
 - a) [If yes] Does the Fairtrade certification affect these benefits for the community?

10.4.6. *Recommendations for Fairtrade*

- 1. Have there been any negative impacts for you or your household from being certified with Fairtrade?
 - a) [If yes] What are these?
 - b) Did you expect that these impacts could occur before becoming certified with Fairtrade?
- 2. Have there been any negative impacts for the community from being certified with Fairtrade?
 - a) [If yes] What are these?
- 3. Do you face any difficulties participating in meeting the Fairtrade standard?
- 4. Do you have any suggestions that could make it easier to meet the Fairtrade standard?
 - a) Would you like to receive any other support or training from Fairtrade that you are not already receiving?

10.5. Participant information sheet

Dear Research Participant

You are invited to participate in an impact study commissioned by Fairtrade ANZ. The impact study provides an opportunity to independently assess the impact of Fairtrade on coffee farmers and communities in Papua New Guinea (PNG) based on over 10 years of work in the country. The purpose of the impact study is to assess the benefits of being Fairtrade certified at the producer, farmer, and household levels, as well as the broader impacts at the community level.

What does participation in the research entail?

The study involves one-on-one interviews and small group discussions with people in coffee farming areas in Morobe and Eastern Highlands provinces, as well as with representatives of Fairtrade producer organisations and government, private sector and civil society representatives. These interviews and group discussions will be conducted by a team of two experienced researchers – Mr Mawe Gonapa and Ms Matilda Hamago – under the guidance of an Australian-based research company, Sustineo (www.sustineo.com.au).

You are invited to participate in either an individual interview, which will take about two hours and will be facilitated by a member of the research team, or a small group discussion, which will take about two to two-and-a-half hours. The group discussions will involve small groups of women or men from the same community, where you can share your views and experiences about Fairtrade certification.

The group discussions will be facilitated by a member of the research team. You are encouraged to share your experience with others in the group. Please note that the discussion is not a test, and you do not need to worry about giving the wrong answer. We are seeking your honest opinions and please talk freely with others in the group.

The interviews and small group discussions will focus on questions relating to your experiences with and perspectives of Fairtrade certification including:

- Positive and negative aspects of your involvement with Fairtrade certification, including in relation to areas of economic impacts, governance, capacity development, and social impacts
- The most significant changes that have occurred as a result of your involvement with Fairtrade certification
- Key lessons or recommendations that Fairtrade should consider for their current and future work with coffee farmers and producer organisations in PNG.

Depending on your consent, the discussion/interview may be recorded.

Confidentiality

Your answers and opinions will be treated in a strictly confidential manner and please know that whatever information you provide will never be used against you in any way. If what you share with us is used as a 'quote' in the report, we will use a pseudonym (another name) so no one will know it was attributable to you. In the case that you are comfortable having your name shared with your information, you can give your consent at the bottom of this information sheet.

Use of information and Storage

The information collected from the interviews and small group discussions will be used to write an impact assessment report for Fairtrade ANZ and the New Zealand Ministry for Foreign Affairs and Trade. The report and information from the interviews and small group discussions may be

used for promotional material, such as on social media and the Fairtrade website, or for other published material. Any information that you provide to us will be de-identified, unless agreed otherwise. All information will be stored in a secure password-protected computer.

Voluntary Participation and Withdrawal

While we would greatly appreciate your participation in this study, it is entirely voluntary and you may withdraw or decline to take part at any time. If you are uncomfortable with a question, you do not have to answer. You do not need to provide an explanation for your withdrawal and this will not result in any negative consequences for you. If you decided to withdraw from the study all data associated with your participation will be destroyed.

Thank you very much in advance for your participation in this study. If you require further information or have any concerns or questions about the study, please contact us using the following details:

Dr Matthew Allen, Project Director (Sustineo)

Email: matt.allen@sustineo.com.au

I understand the information about the research being conducted for Fairtrade Impact Study in Coffee Communities in PNG, which was explained by the researcher. My questions and concerns about the project have been addressed to a satisfactory level and I understand that withdrawal from the study is possible at any time.

Researcher to tick relevant box:

Noting the above, I agree to participate in the project YES ☐ NO ☐

I consent for my name to be used in any reports and publication YES ☐ NO ☐

Consent for participation is given through:

Oral Consent ☐

Written Consent ☐

Participant Name and signature:

Date:

10.6. Most Significant Change interview guide

Most Significant Change (MSC) interviews will be used as a follow up to the FGDs to delve deeper into select farmer's stories that have been shared as part of the FGDs. The field officers will select farmers who have participated in FGDs and shared particularly insightful or illustrative anecdotes about the impact of Fairtrade to follow up with for an in-depth MSC based interview in a one-on-one format. Every effort will be made to select both women and men for these follow-up MSC interviews with a view to overall gender balance. Women will be interviewed by our female field officer and men by our male field officer (where possible).

The one-on-one follow up MSC interviews will provide in-depth stories of change based on the farmer's individual experiences. These interviews will be unstructured as they will be informed by previous discussions that have taken place in FGDs. The role of the field officers will be to facilitate the conversation to draw out the most important elements of the changes that farmers have experienced since being part of a Fairtrade certified producer organisation.

These MSC stories will provide rich case studies which can strengthen the assessment of impacts through articulation of tangible examples of the impacts that Fairtrade is having in coffee communities. There is also significant potential for these in-depth farmer stories to contribute to Fairtrade's promotional and marketing material.

Below is a series of guiding questions that are illustrative of the types of questions the field officers may ask to facilitate one-on-one interviews after the FGDs have taken place.

10.6.1. Participant background information

1. Record participant's name:
2. Observe and record participant's gender:
3. Record participants age:
4. Record name of producer organisation:
5. Record location (village and province):
6. How long have you been with this cooperative?
7. What are your roles and responsibilities in this cooperative?

10.6.2. Potential guiding questions

1. You mentioned in the focus group discussion earlier about [insert relevant impact]. Can you tell me a bit more about the change this has had on your life?
2. Looking back to when you first joined the cooperative, what has been the biggest change in your life?
3. Has this just affected you? Or does it impact your household and/or your community as well?
4. What has been the most important thing you have learned since joining this cooperative?
5. What do you hope to achieve in the future from your coffee farming?

10.6.3. *Consent*

Thank you for sharing your experiences with me. Fairtrade may be interested in using this information for online publications, including promotional material such as social media and the Fairtrade website.

Would you be ok with us sharing your name for online publications?

Would you be ok with us sharing your photo for online publications?

*If yes, take photo of the participant

11. Annex D: Stakeholder engagement list

This Annex outlines the producer organisations that have been engaged as part of the study (Table 7) as well as a collated list of coffee exporters and industry stakeholders (Table 8).

Table 7: List of stakeholder organisations included in the study

Producer Organisation	Location of representatives	Location of farmer communities
Highlands Organic Agriculture Cooperative	Goroka	Okapa area, EHP
Unen Choit Cooperative Society	Lae	Wasu-Kabum area, Morobe Province
Alang Daom Cooperative Society	Lae	Wasu-Kabum area, Morobe Province
Roots 1 Association	Goroka	Okapa area, EHP
Neknasi Coffee Growers Association	Lae	Morobe Province

Table 8: List of coffee exporters engaged in the study

Stakeholder	Role	Location
Monpi Coffee Exports	Exporter	Goroka, EHP
Coffee Connection	Exporter	Goroka, EHP
Niugini Coffee, Tea and Spice	Exporter	Lae, Morobe
Sucafina	Exporter	
Market Development Facility	DFAT-funded market development program	Port Moresby
PHAMA Plus	DFAT-funded market access program	Port Moresby
NASAA Certified Organic		Adelaide, Australia