

**Terms of Reference**  
**Evaluative study on the contribution of Fairtrade's tools towards**  
**assuring human rights at producer level on the one hand and along the certified supply chain**  
**at the other hand**

**Publication date: 17<sup>th</sup> February 2020– Deadline for applications 16<sup>th</sup> March 2020**

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**Fairtrade International is seeking expressions of interest from qualified consultants or research teams to undertake a study of existing and possible future the contributions of Fairtrade's tools towards assuring human rights**

### **Introduction**

Fairtrade is an alternative approach to conventional trade and is based on a partnership between producers and consumers. When farmers can sell on Fairtrade terms, it provides them with a better deal and improved terms of trade. To achieve its overall goals and bring about change Fairtrade has several types of interventions:

- Set of **standards and tools** which make up the 'rules' for fair trading practices and Fairtrade engagement, based on prescribed ILO conventions on decent work and Fairtrade's unique economic tools such as the **Fairtrade Minimum Price & Premium** based on the costs of sustainable production and **Trader Standard** requirements
- Set of **strategies and policies** which enable engagement with Fairtrade and set the priorities of the system (such as the Living Wage and Living Income strategies).
- Fairtrade engagement on the ground – e.g. **producer programs, capacity building and projects**, including amongst others producer level investments related to Fairtrade Sourcing Programs.
- **Advocacy & Campaigner Networks**
- **Membership & contributions in MSIs (Multi stakeholder initiatives) relating to human rights issues (e.g. GISCO, Textile Alliance, etc.)**

Human Rights Due Diligence (HRDD) is increasingly important for all supply chains and actors, as well as for Fairtrade. Amongst Fairtrade's core strengths are the Fairtrade Minimum Price concept and the Fairtrade Premiums as well as the Trader Standard. While Fairtrade's focus on sustainable buying practices is well established and it is widely accepted that a root cause of human right violations is poverty, a study has not yet been conducted on the extent to which Fairtrade's focus on sustainable buying practices (including the economic tools of Minimum Prices and Premiums and the Trader Standard) positively influences human rights and helps to reduce human right violations. This is related, yet going beyond the question to what extent the same economic tools support farmers to (quicker) move towards living incomes for farmers, and workers to progress quicker towards Living Wages. Fairtrade would also like to know what more is recommended to be done, if there are any existing gaps identified. The here described terms of reference aim to fill the above mentioned knowledge gap by answering the research questions listed in the next section.

Fairtrade International (FI) is seeking a consultant or research team for a study to assess the existing contributions of Fairtrade's tool, including the economic justice tools in different (smallholder) coffee and banana supply chains (hired labour organizations) to assuring respect for human rights. The assessment is also expected to recommend possible additional tools or measures which could be relevant for Fairtrade with regards to HRDD. The project is part of an EU-funded project called: "Unlocking the Power of Producers and Workers to Drive Inclusive Trade and Development through Fairtrade" and part as well of the EC Framework Partnership Agreement (EC FPA) signed between the EU and Fairtrade International.

### **1. Overall objective**

The assessment will provide answers to the following questions:

- **1. What are all HRDD-relevant projects and interventions (e.g. gender, child labor and all others) within the Fairtrade system?**

Sub-questions: Which projects exist? Which projects have the highest HRDD relevance and greatest impact on assuring human rights? Which guidelines for projects are recommended to contribute most effectively to reducing human right violations? Why do they work? How does context influence the success or magnitude of results?

- **2. To what extent can economic justice tools reduce human rights violation risks at (1) PO level and (2) along supply chains?**

Sub-questions: To what extent can violations of (for example) child rights, right to food or how can modern slavery, insufficient standards of living, indecent conditions of work, discrimination and inequality, prohibition and lack of freedom of association of workers (and other human rights) be linked to poverty versus other root causes? How big is the role of poverty in each of the before-mentioned areas? To what extent can living incomes (for farmers) and living wages (for workers) reduce human right violations along the value chain (either by comparing to cases with living income or hypothetically)? For which products is the Fairtrade Minimum Price more effective to respecting human rights? What circumstances influence how well the Fairtrade Minimum Price contributes to respecting human rights? Which Trader Standard criteria support positive Fairtrade Minimum Price impacts most?

- **3. What is the influence of the Fairtrade Standards and in particular the Trader Standard in assuring human rights along the supply chain?**

Which requirements have the greatest impact in reducing human rights violations (1) at PO level and (2) along the supply chain? To what extent are they reducing the human rights violations? Why? What other contextual factors influence the results? Which additional due diligence requirements at producer, trader and licensee/brand level would likely have an important impact in reducing human rights violations? What can we learn from the experience we have gained with the Gold Standard HRDD requirements?

- **4. How do Fairtrade's tools differentiate Fairtrade from other certification systems (at PO level and along the supply chain)?**

Sub-questions: Are there other voluntary certification systems (VSS) that apply economic justice tools – which ones? How do economic justice tools of other VSS (including the new RA Standard expected mid-2020) compare to Fairtrade's tools in terms of price/value? How do those economic justice tools differentiate from Fairtrade (in i) impacting producers (with a focus on their progress to living incomes and living wages) ii) impacting actors along the supply chain in their capability to reduce human rights violations (with a focus on ILO core criteria)? How does the management of economic justice tools from other VSS differ from the management of economic justice tools of Fairtrade? To what extent do other VSS have Trader or Supply chain standards (focusing on similar products, e.g. cocoa, coffee)?

## 2. Scope of Work

The study is at a minimum expected to cover the supply chains originating in a number (of 3-5) producer countries per product. Regarding product focus, it is foreseen that the focus be on coffee (small producer organizations) and banana supply chains (hired labour organizations), but for reasons of comparison, other supply chains are expected to be compared too, through a combination of tools, including secondary data analysis, semi-structured interviews with stakeholders and experts and possibly also surveys.

The work is expected to make use of mixed methods, with a focus on producer level impacts measured through a combination of robust quantitative and qualitative methods. This is expected to include household and interviews and discussions in communities as well as stakeholders along the supply chains. This data collection is expected to take place in Q3, 2020 - Q1, 2021. Supply chain impacts are expected to be investigated mainly through a combination of semi-structures interviews with experts and commercial partners (completed with secondary data analysis where available) at a minimum and possibly additional data collection along the supply chain by means of surveys. We look forward to proposals from interested research teams on adequate and feasible methodologies.

## 3. Timelines

It is proposed that this project starts in 2020 and is concluded in 2021:

- 1) The research project would involve a **preparation phase**, including the review of relevant documentation (literature review), which results in an inception report laying out the desk review

results, the detailed study approach and final, Fairtrade-agreed research questions to be covered, including the proposed research methodology and sampling frame. This **inception report** is expected to be delivered in July 2020.

- 2) **Internal data collection and preparation of external data collection:** Data collection tools and a detailed sampling plan and procedures and consent forms would be developed in the third quarter of 2020 (based on the agreed detailed research plan).
- 3) **Data collection (fieldwork) at PO level and along the supply chain** is expected to take place in Q4 2020.
- 4) **Data analysis:** Q1, 2021
- 5) **Data validation and producer level learning workshops** to confirm findings and develop action plans at producer level and supply chain level: Q2, 2021.
- 6) **Reporting and the development of other outputs** (e.g. presentations) development, submission of draft reports (at least 2 review rounds) with at least 4 weeks per review round for Fairtrade to provide feedback for both the first draft and the final draft report: mid 2021. The final report is expected to include a full, edited and designed version for web-publication as well as a short, well designed summary in flyer format with recommendations per stakeholder group.
- 7) **Presentations** of results at a MEL community of practice and HRDD working group meeting in Q3, 2021. In addition, a presentation at the Standards Committee in Bonn and at least 1 learning workshop in Bonn and one learning webinar in the second half of 2021 with key participants from the FI Standards and Pricing Team and other concerned stakeholders is expected in (second Q3/Q4 2021).
- 8) **The final report shall be finalized and accepted no later than November 2021.**

#### 4. Deliverables

-An edited and designed final report of a maximum of 50-75 pages including an executive summary of maximum 4 pages (including concise recommendations per stakeholder group), description of methodology, data analysis, results, recommendations (excluding appendices) will be submitted to FI by latest November 2021.

-A designed flyer-format version of the key results and recommendations (latest November 2021)

-A presentation of the methods, results and recommendations in Powerpoint, presented at FI in Bonn (MEL community of practice, Standards Committee, Senior Management Team) and HRDD working group in Europe (mid- 2021).

-Learning and validation workshops at producer level in each fieldwork location and at least 1 learning event for Fairtrade with the Standards & Pricing team (and possibly other concerned stakeholders as relevant) in Bonn where findings are shared and through a workshop approach those are translated into concrete actions with assigned responsible (Q1 (producer level) and Q2-Q3 2021 FI).

-Please note that this tender service is part of an EU-funded project. As such, all deliverables need to follow EU visibility rules (which are available on request from [m.loeffen@fairtrade.net](mailto:m.loeffen@fairtrade.net)).

**5. Review process and timelines:** An initial draft of the report will be presented by mid-2021 for a review by the project team (including MEL and GPPP senior advisors living income and living wage and the Head of Pricing) and certain members of the global MEL WG as well as selected members from the HRDD working group. Subsequently, a revised draft of the report will be prepared and submitted to Fairtrade by September 2021 for final Fairtrade comments. The final **edited** report and flyer are to be delivered by mid November 2021.

#### 6. Methodology

While mixed methods will be used, the research is expected to deliver some statistical evidence (at a minimum correlation, but ideally proof of causality) of the extent to which Fairtrade economic justice tools and Trader Standard requirements are linked to and support human rights compliance at PO level and along the supply chain. While we acknowledge that measuring compliance or violations of certain human rights is highly challenging, we expect the research team to identify suitable and measurable indicators (proxy's if needed) that are implementable and indicative of core human rights impacts. For other indicators (e.g. progress towards living wages) measurement might be feasible, as well as for working conditions (to some extent) and food security, as well as several other preconditions to ensure human rights. For other indicators, such as slavery or child and forced labour compliance information could be analyzed, but might not be conclusive (as only detection can be proven, which might also be a sign of effectiveness of detection systems, but absence cannot be fully assured). For such indicators the researchers are asked to suggest viable alternatives, which could be perception-based indicators (ideally at household level). The methodologies are expected to include surveys along the researched supply chains. This primary data is expected to be strengthened with a large number of qualitative



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interviews and the analysis of secondary data on for example prices and incomes. The research team shall in the concept note explain how it will deal with the counterfactual situation, such as non-certified organizations or organizations certified by other labels.

## 7. Requirements for the research team:

The project will be awarded to an institution which can propose a research team meeting the following criteria:

Essential:

- The consultant(s)/ researcher(s) should have demonstrable experience in research with producers and along supply chains
- A profound understanding of human rights and HRDD, gender equality, social inclusion, child protection, SDGs and global supply chains and trade policy
- Willingness to receive training on and abide by Fairtrade protection policy policies and ethical guidelines
- Research experience in certified supply chains, preferable in Fairtrade specific settings. Research experience on banana (HL) and coffee (SPOs) would be an advantage.
- Fluency in English, French and Spanish, both written and spoken. Additional languages are an advantage.
- Ability to present data concisely and clearly and to facilitate meetings and learning workshops
- Demonstrable policy on research ethics and the EU GDPR (General Data Protection Regulation)
- **Please read this section in detail:** The services provided under this tender are part of a EU-funded project. Accordingly, this tender process follows EU regulation on procurement by grant Beneficiaries in the context of European Union external actions. Participation in tender procedures managed by the Beneficiary is open on equal terms to all natural persons who are nationals of, and legal persons that are effectively established in, one of the following eligible countries/territories/beneficiaries:
  - (a) EU Member States
  - (b) Instrument for Pre-Accession Assistance (IPA) II beneficiaries (listed in the Annex I of IPA II Instrument)
  - (c) European Economic Area
  - (d) Developing countries and territories, (included in the OECD-DAC list of ODA recipients<sup>1</sup>), which are not members of the G20 group<sup>2</sup>:
    - (i) Least Developed Countries (LDCs)
    - (ii) Other Low Income Countries
    - (iii) Lower Middle Income Countries and Territories
    - (iv) Upper Middle Income Countries and Territories
  - (e) Overseas Countries and Territories (OCTs) covered by Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union
  - (f) Member States of the OECD are also eligible when contracts are implemented in a Least Developed Country<sup>3</sup> or in a Highly Indebted Poor Country (HIPC)<sup>4</sup>.
  - (g)
    - (i) Developing countries, as included in the list of ODA recipients, which are members of the G20 group;
    - (ii) any other countries and territories (i.e. all countries of the world).

The entities of these countries can only participate in procedures, where the country itself is a beneficiary of the action. This can happen in particular, in thematic programmes, programmes financed under the Partnership Instrument or where the success of a regional programme

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<sup>1</sup> Please check the DAC List of ODA Recipients.

<sup>2</sup> Non eligible G20 Members developing countries are: India, Indonesia, Argentina, Brazil, China, Mexico, South Africa. South Africa will be eligible when the action will be co-financed with the EDF. Turkey is also a developing country (upper middle income) G20 Member but is eligible as a beneficiary listed in the Annex I of the IPA II.

<sup>3</sup> Please contact [m.loeffen@fairtrade.net](mailto:m.loeffen@fairtrade.net) if you would like to receive the full list of LDCs.

<sup>4</sup> HIPCs are: Afghanistan, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of Congo, Ethiopia, Ghana, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Republic of Congo, Rwanda, São Tomé & Príncipe, Senegal, Sierra Leone, Tanzania, The Gambia, Togo, Uganda, Zambia.



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necessitates the participation of the said country. (In this particular case that is not expected to be applicable)

(h) any countries for which reciprocal access to external assistance is established by the Commission.

## 8. Budget

The available budget for this study is EUR 85,000, inclusive of 19% VAT. 19% VAT is applicable to all organizations<sup>5</sup>. Offers without 19% VAT will not be considered.

This implies that the net budget shall not exceed Euro 71428.57 maximum to cover all deliverables listed above in section 4 and answer all research questions and sub-questions in section 1.

## 9. Application process

Interested parties are encouraged to send their concept note for this study (not exceeding 10 pages) with a detailed budget and the below listed accompanying documents to [m.loeffen@fairtrade.net](mailto:m.loeffen@fairtrade.net) by March 16<sup>th</sup> 2020.

Required documents:

- Concept note not exceeding the length of maximum 10 pages
- Detailed budget in Euro, inclusive of 19% VAT (which is applicable)
- CVs of all members of the research teams and partners covering the countries in which interviews are expected to take place, including a description of foreseen roles and responsibilities for each involved partner
- Evidence of writing and analytical skills through the submission of at least 1 recent report from the lead researcher (as the main author) responsible for composing the final report.

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<sup>5</sup> A reduced VAT tariff might be applicable for certain German organizations.