

**UNIVERSITY OF NAIROBI
DEPARTMENT OF SOCIOLOGY AND SOCIAL WORK**

**THE IMPACT OF FAIRTRADE ON POVERTY REDUCTION THROUGH
RURAL DEVELOPMENT: A CASE STUDY OF SMALL-SCALE FAIRTRADE
VEGETABLE GROWERS IN MERUCENTRAL SUB-COUNTY**

BY

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DECLARATION

This research Project report is my Original work and has not been presented for a degree in any other university

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DEDICATION

This research project is dedicated to my beloved wife Caroline Kagwiria Kimathi, my children, Chanteel, Ian and Tiffany for their deep understanding and allowing me to be away from them at times during my study; and to my parents, Andrew Kimathi and Regina Kimathi for their prayers and support.

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DEFINITION OF KEY TERMS

FLO International

Fairtrade labelling organization international; the organisation was established in 1997 with the sole aim to promote the Fairtrade certification mark of quality in some of the countries that had subscribed then to the organisation. FLO International develops and reviews Fairtrade standards and assists producers in gaining and maintaining certification and in capitalizing on market opportunities on the Fairtrade market. To ensure the transparency of the system, the standards are developed and reviewed by the FLO Standards and Policy Committee, in which FLO members, producer organizations, traders and external experts participate.

FLO-CERT

This is an agency used by FLOCERT to certify fair-trade production process and products; FLO-CERT operates as an independent entity in order to guarantee credibility of the fair-trade certification. It follows the requirements of ISO65, the international quality norm for certification bodies.

SPO: Small Producer Organization

This refers to small-scale farmers who are organised into co-operatives or other associations that have a democratic structure and transparent administration. The structure and composition of small-scale farmers 'organisations varies from country to country and according to the organisations' stage of development.

European Union

This is an economic and political entity and confederation of 28 member states which are located primarily in Europe.

WFTO-The World Fairtrade Organization

FT-Fairtrade

This is an organized social movement that aims to help producers in developing countries to make better trading conditions and promote sustainability.

Supply Chain Management

This is management of a network of interconnected businesses involved in the provision of product and service packages required by the end customers in a supply chain.

SACCO: Savings Credit Cooperative Organization –It is owned, managed and run by members with a common goal.

GAP

(FAO COAG 2003 GAP paper) defines Good Agricultural Practices are "practices that address environmental, economic and social sustainability for on-farm processes, and result in safe and quality food and non-food agricultural products"

GMO-Genetically modified organisms

NGO-Non-Governmental Organization

EFTA-European Fairtrade Association

ABSTRACT

Fairtrade is a non-profit certifying and labelling initiative with the goal of developing a market situation that is sustainable for farmers and the environment. The scheme was rolled out in Kenya for various crops; coffee, tea and flowers with vegetables being the latest entry in the year 2011. The intent of the program is to improve terms of trade, produce goods in a sustainable way as well as improve the lives and working conditions of farm workers and farmers in general. In the recent past there have been various studies looking at the success of the scheme as well as challenges and how better to improve the whole scheme. Finlay's horticulture Kenya limited Outgrowers scheme in Meru-Central sub-county ventured into the Fairtrade program in the year 2011 and were the first group of the small-scale farmers to be certified under the Fairtrade banner in Kenya, the growers have since been selling their produce through the Fairtrade scheme with markets in UK, Germany and Netherlands. The study therefore was set to examine levels of change in farming practices, to investigate the impact in levels of production and to examine the social and economic impacts experienced because of the Fairtrade scheme. The researcher not only interviewed the farmers in the scheme but also farmers not involved in the scheme. There are two Small producer organisations in Meru central Sub county (Meru1 and 2 SPOs) were used in the study with a total number of farmers of 300. The researcher used both probability and non- probability sampling procedures to select the farmers and key informants respectively. The research findings show that the scheme has benefited the farmers in various ways; Farmers enjoy better returns for their produce, there is a guaranteed market for the produce as signed in the farming contracts issued, the farmer organisations are better run and due to this farmers are able to access credit facilities with ease, due to the strict Fairtrade standards requirement the farmer and worker health and safety concerns at farm level is better mitigated therefore lowering the exposure to safety hazards, farmers are trained on better agriculture practices and therefore produce quality at the farms improve and lastly farmer is trained on sustainable agriculture with an overall aim to conserve the environment. During the study it was noted that there also some challenges like limited and restricted amount of pesticides to use on Fairtrade crops, the scope for the crops traded for Fairtrade currently stand at three, the farmers felt that was limiting as they can grow many crops to trade under the Fairtrade logo. Due to the market dimensions' farmers do not grow the Fairtrade crops throughout the year as during the European summer they have a reduced planting program with affects the overall annual farm profits. The study recommends that more farmers participate in the Fairtrade program as the benefits far outweigh the negatives. Most of the respondents' felt that much had been reaped in terms of social, economic and environmental benefits to them and their community and really wanted the scheme to be expanded to ensure they were selling more crop varieties.

CHAPTER ONE: INTRODUCTION

1.0 Overview

As defined; Fairtrade is an organized social movement and market-based approach that aims to help producers in developing countries obtain better lives (www.wikipedia.com). It involves produce labeling, after which the fair-trade labeled product attracts a premium. The Fairtrade premium is an additional sum of money paid on top of the agreed price. The Premium goes into a communal fund for farmers and workers to improve on their social, economic and environmental conditions. Fairtrade seeks to transform the lives of poor producers in the developing world by enabling them to use their skills and resources to trade their way out of poverty.

This study examines the socio-economic impact of Fairtrade (FT) on emerging vegetable farmers at Meru 1 and Meru 2 small producer organizations in the Eastern region of Kenya. It does this through a field survey analysis of farmers involved in Fairtrade, to reveal the ability of farmers to access European markets with high income returns and the complexities associated with this. It examines the socio-economic benefits that accrue to the farmers. The discussion is guided by broad general questions that include: Have emerging farmers benefited through Fairtrade? What has been the social economic impact of Fairtrade on rural livelihoods at the regions where farmers operate?

Agriculture accounts for about 24% of Kenya's GDP with an estimated 75% of the population depending on the sector either directly or indirectly. The horticulture sub-sector has grown in the last decade to become a major foreign exchange earner. The horticultural sector in Kenya can be considered a successful case of export diversification. Minot and Ngigi (2003) identified the favorable geography and climate of Kenya, the limited government intervention in the horticultural markets, the promotion of favorable policies that allowed private and international investments, the presence of a domestic demand for horticultural products and the presence of strong international commercial links as the reasons for such a success. Furthermore, Kenya's horticultural export expansion has also been aided by smallholders to satisfy European buyers who are suspicious of smallholder quality control (Harris et al, 2001). The proliferation of mandatory and voluntary standards driven by consumer concerns regarding the ethical implications of global supply chains and the quality of food have also led to more integrated supply chain relationships (Dolan and Humphrey, 2000).

Almost two decades ago, Fairtrade started as an effort to enable smallholder producers from developing countries to successfully compete favorably in the international markets. Better access to market outlets and stable prices are considered key principles for sustainable poverty reduction and stakeholder participation based on 'trade, not aid'. While Fairtrade is primarily conceived as a trading partnership - based on dialogue, transparency and mutual respect - seeking greater equity in international trade, it relies on an organized social movement promoting standards for production practices and delivery procedures, working conditions and labour remuneration, environmental care and social policies in supply chains of certified products.

Over the past two decades, sales of Fairtrade products have considerably increased. After the first shipments of coffee, the range of products has gradually broadened to include fruits (particularly bananas, pineapple and citrus), tea, cocoa, textiles, cosmetics and a whole series of other products. Global Fairtrade sales have steadily grown to approximately EUR 1.6 billion worldwide, covering almost 600 producer organizations in more than 55 developing countries that represent close to a million families of farmers and workers. In recent years, efforts have been made towards mainstreaming of Fairtrade involving large international companies and retail chains.

1.1 Study Background

The European Union (EU) is the dominant market for Kenyan exports and after Morocco; it is the biggest fresh vegetable supplier to the EU. Other markets for Kenyan exports include Saudi Arabia and South Africa. This is attributed to a dynamic private sector that has benefited from structural and macro-economic reforms as well as an efficient transport hub. Exports of fresh produce from Kenya have been associated with a significant involvement of smallholders. In the 1990s, researchers estimated that 75 per cent of export production came from smallholders (Muendo and Tschirley, 2003).

The fresh produce industry has witnessed a surge in the globalization of food chains. Such a phenomenon has affected food supply chains, with increasing level of homogenization of consumption preferences. In developing countries, this convergence of demand has led companies to adopt standards of production for their trading partners. As a result of such adoption, these standards, when compared to those required by emerging countries' markets, have shaped rules and regulations which ultimately have also benefited domestic consumers (Vogel, 1995).

1.2 Fairtrade

Fairtrade certification for Finlays flower farms, its vegetable outgrowers scheme and pack houses ensures the workers have the right to core labour standards including the right to join a trade union, the right to collective bargaining, freedom from discrimination, decent employment conditions, a safe working environment, and no forced labour or child labour. The workers as well as the outgrowers also receive the Fairtrade premium, an additional sum for them to invest in projects of their choice to improve the quality of their lives and invest in their future. The fair-trade standard is divided into four sections which are Social development, Economic development, Environmental development and Labor conditions, but social development and labour conditions are normally joined leaving the standard to have three main sections.

Figure 1 below illustrates the three core pillars of the Fairtrade standards

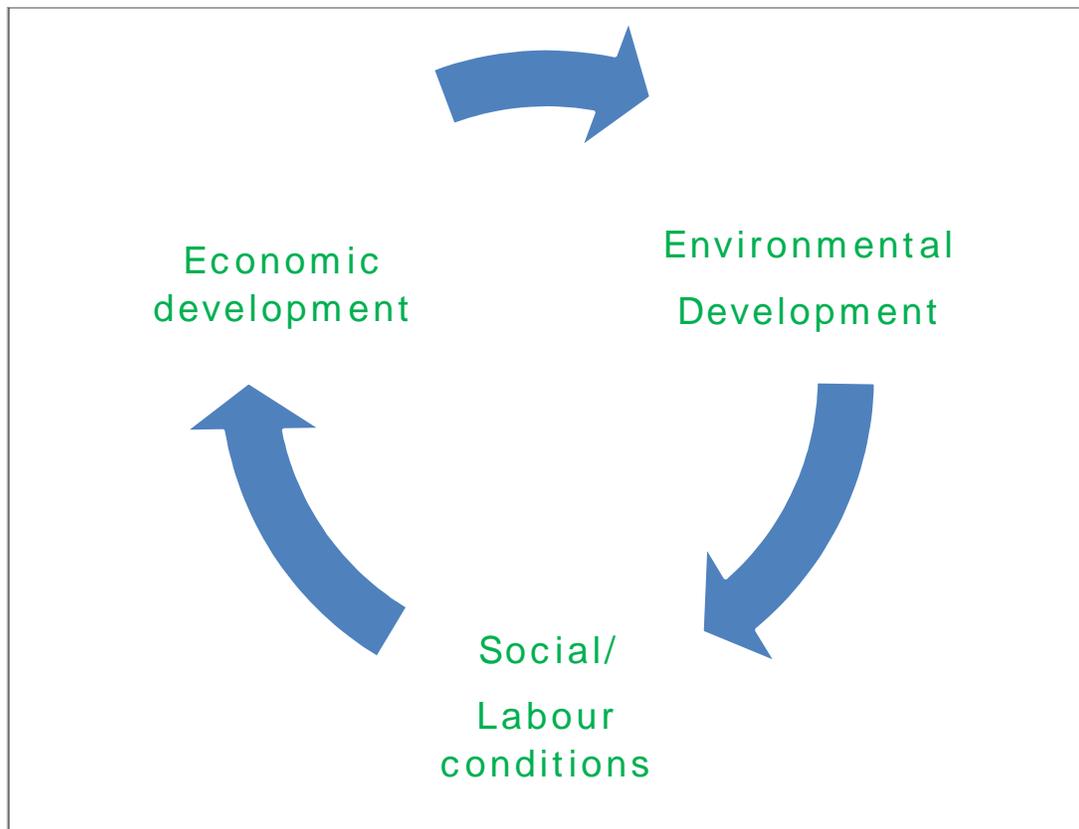


Figure1. Fair-trade standards pillars

There are various standards that different kinds of production adhere to be certified under the Fairtrade banner; however, for the study the researcher was concerned with the Small producer organization Fairtrade standards. The two tables below give an insight of generic fair-trade standard that must be followed by the growers for compliance with the small producer organization standards.

Table1.1 Generic Fairtrade standards that apply to small producer organizations

<ol style="list-style-type: none">1. The producer organization (SPO or plantation) is paid the Fairtrade Minimum Price, or the market price if higher2. The producer organization (SPO or plantation) receives an extra payment called the Fairtrade Premium, for farmers and workers to invest in their business or community3. The producer organization and buyer must work together to build long-term trading relationships that include sharing sourcing plans and contracts. If requested by the producer, the buyer must also provide pre-finance

Table 1.2 Small producer organizations (SPO) Standards

<ol style="list-style-type: none">1. Members must be small scale producers. The majority of the members of the organization must be small-scale farmers who don't depend on hired workers all the time, but run their farm mainly by using their own and their family's labour2. Organizations must be democratically and transparently run, with all members having a voice and vote in the decision-making process of the organization, including on the use of Fairtrade Premiums3. Organizations must comply with environmental management practices, including waste and water management, reduction in chemical usage, conserving biodiversity and avoidance of banned pesticides

1.2.1 The Aims of Fairtrade

Fairtrade encourages consumers in developed countries to pay a higher price for a primary commodity produced under socially responsible and sustainable conditions in developing countries. The higher price stands for an improvement in producers' livelihoods and should at least cover production costs in times of depressed agricultural produce prices. Besides the higher price, Fairtrade encompasses a series of principles that are key to its philosophy, such as ensuring decent working conditions for producers or hired labour, prevention of child labour, promoting participative democracy in producers' organizations and women rights while encouraging environmentally sustainable production methods. Over the years, Fairtrade principles have increasingly been codified as standards and translated into different national labeling initiatives, such as Max Havelaar, Transfair and Fairtrade.

1.2.2 Finlay's

Horticulture and Fair-trade

In 2009 there was introduction of fair-trade standards for fresh vegetables for hired labour, Homegrown now Finlays horticulture applied for certification and in April 2010 the company was certified to supply Fairtrade fresh vegetables (fine beans, extra fine beans, runner beans, garden peas and mange tout) grown on its own farms and sourced from out growers. In the hired labor standard, the word company refers to the Hired Labour operator certified to sell fresh vegetables as Fair-trade and sourcing from Small Producers' Organizations or Outgrowers. This standard is tailored in such a way that it would help small-scale farmers to access social and economic benefits through the Fairtrade minimum price and premiums for produce sold through the Fairtrade scheme.

1.2.3 Outgrowers

Finlay's horticulture buys in vegetables from small-scale farmers from 10 areas located in the higher rainfall areas of Kenya. Initially, 11 and 30 groups in Nyeri and Meru counties respectively had been identified to supply Fairtrade beans. Each group has a membership of between 8 and 15 farmers and represents a total of 450 farmers in both counties. Majority of the farmers under the Fairtrade scheme are small scale farmers farming on small pieces of land and in most cases using family and casual labour to carry out farm operations. Finlays provides these groups with the necessary technical support and

trainings to ensure their produce is grown to the high standards demanded by their customers.

1.3 Problem Statement

Fairtrade is not an economic principle, instead it is one based upon ideas of social justice. The Fairtrade initiative seeks to combat socioeconomic and environmental woes through promoting fair compensation for goods produced in accordance with the international standards.

The Fairtrade Business Model comprises of the payment of a Fair Price to producers that covers the cost of sustainable production as well as the value of the labour or work that allows them to develop themselves, their families and communities. In addition, producer groups get to benefit from the payment of an additional Fairtrade Premiums that allows them to develop their communities. As opposed to charity, Fairtrade is a sustainable business model that allows producers and their communities to develop themselves in a dignified way.

Farmers are supposed to form small producer organizations to ensure they get into the fair-trade supply chain. The advantages of supply chain management are numerous. For example, the reduction of product losses, increase in sales, reduction in transaction costs, better control of product quality, safety, the dissemination of technology, capital and knowledge among the chain partners. Supply chain management tools have been developed and implemented throughout the chain to guarantee optimal chain performance.

In July 2011 Fairtrade international reviewed guidelines for minimum produce prices and minimum acceptable premium per kilogram of exported produce, this was all aimed at ensuring that fair-trade farmers receive maximum benefits. Finlays Horticulture operates a Fairtrade certified Outgrowers scheme in Meru Central sub-county. The scheme has 300 farmers who are members of two small producer organizations and through Finlays Horticulture they have been able to export vegetables to Europe and sell under the Fairtrade banner from early 2011. As such farmers have been recipients of Fairtrade premiums. The aim of this study therefore is to critically examine and explore the impact of Fairtrade in reduction of poverty among the small scale farmers involved in the Finlays Horticulture Fairtrade scheme in Meru Central Sub-county of Meru County.

1.4 Research Questions

This research sought to explore the following research questions;

- i. To what extent have Fairtrade trainings impacted changes in the farming practices of the farmers involved in the scheme?
- ii. What is the impact of the Fairtrade scheme on the levels of production at the farm level?
- iii. What is the social and economic impact experienced by farmers as a result of participating in the Fairtrade scheme?

1.5 Research Objectives

1.5.1 Main objective

The main objective in this research is to examine the impact of Fair-trade on poverty reduction and its implications on the small scale vegetable growers in Mere Central sub-county, Kenya.

1.5.2. Specific objectives:

The specific objectives of this study are:

- i. To examine levels of change in farming practices as a result of farmer participation in Fairtrade scheme trainings.
- ii. To investigate the impact on levels of production at farm level as a result of farmer's participation in the Fairtrade scheme.
- iii. To examine the social and economic impact experienced by farmers as a result of Fairtrade farming.

1.6 Study Justification

The Kenyan horticultural export is a success story in the African agriculture. Horticulture sector has grown in the last decade to become the second largest foreign exchange earner, employer and contributor to food needs in the country. Currently the horticulture industry is the fastest growing agricultural sub sector in the country. Kenya's ideal tropical and temperate climatic condition makes it favourable for production of a wide range of fruits, vegetables and flowers. It is the second largest developing country supplier of vegetables to the European Union after Morocco and is the main exporter of fresh vegetables to the UK. The customs value of vegetable exports was approximately £33 million from a

volume of 70,000 tonnes for 2005. (Jaffee,2003) reported that 75 per cent of produce is destined for supermarkets and 20 per cent for wholesale. Vegetables and Fruit production is dominated by small holders who contribute 80% trade in fresh horticultural products. The trade is vertically integrated through contracts rather than control and ownership of the means of production (Bruinsma, 2008). This trend has been encouraged by a liberalising international and national regulatory framework associated with World Trade Organisation (WTO), International Monetary Fund (IMF) and the World Bank policies, and has been further facilitated by improvement in communication and packaging technologies. (Jaffee, 1994) estimates that trade in fresh fruits, vegetables and cut flower, is equivalent to 8 percent of global commodity trade-equivalent to that of crude petroleum. Horticultural exports from the developing countries in Africa have become a major growth sector in international trade (Barrett, Ilbery et al, 1999; Dolan and Humphrey, 2000). A process of cultural fragmentation and segmentation is occurring amongst the EU consumers. The consumers give more emphasis on aspects of quality and convenience than to price and quantity. There is demand for healthy food and foods from market 'niches' which often reflect ethnic variety and traditions. There is a new emphasis on taste and aesthetics, thus demand for healthy, ethically produced high quality food, presented as a convenient product, with customers willing to pay for the value added. Consumers now demand that farmers and retailers are accountable for food safety and are prepared to pay for this assurance (Marsden, Munton et al. 1996). The irony is that these new consumer demands are encouraging the spread of productivist agricultural systems in developing countries. (Brown, 2003) postulates that supermarkets in the UK and other EU markets, being increasingly concerned with ethical trading issues, are supportive of utilising smallholders provided that they can meet import standards. Customer concerns over the apparent exploitation of African producers are assisting smallholders to be incorporated fairly into international trade. By doing so the buyer in Europe hopes that the farmers in the developing countries in this case Kenya will benefit through the premiums sent back to a communal fund.

The study findings will therefore be useful in highlighting the socio-economic impact made by such premiums and give insight on the challenges faced by the farmers and the possible remedies in one of the regions that farmers are already certified and trading in fair-trade certified produce.

1.7 Scope and Limitation of the Study

This study will be conducted in the two Finlays Horticulture Limited SPOs located in Meru central sub-county. The researcher's familiarity and involvement with the two SPOs has spurred interest for the study. The same did cultivate interest in discovering ways to make the two SPOs grow and manage themselves in a more professional way and ultimately improve production. There are many farmers who are involved in horticulture production in Meru Central sub-county but are not all producing fair-trade certified produce, thus this study will seek to see the impact of Fairtrade as a result of farmer trainings in agricultural practices, changes in levels of production and overall impacts on social economic status for those participating in the Fairtrade scheme. The questionnaires will be written in English however it's important to note that not every farmer can fully understand all the questions as asked in English; order to capture as much information from the respondents, the researcher employed and train two local residents to assist in data collection.

CHAPTER TWO: LITERATUREREVIEW AND THEORICAL FRAMEWORK

2.0 Introduction

In this section, important literature on Fairtrade, effects of Fairtrade in horticulture and international trade have been reviewed. Also theories applicable to the study have been discussed analyzed and a conceptual framework developed based on intervening variables in relation to Fairtrade farming. The Fairtrade Foundation, Oxfam and Traidcraft argue that, Fairtrade is an alternative approach to conventional international trade. It is a trading partnership which aims at sustainable development for excluded and disadvantaged producers. It seeks to do this by providing better trading conditions, by awareness raising and by campaigning (Moore 2004).

Kenya has a long tradition of growing horticultural crops for both domestic and export markets. The weather conditions around most areas in the country favor growing of a wide range of horticultural produce, from green beans and exotic fruit to cut flowers. The horticultural sector is important in the economic development of the country. Over one million people are directly and indirectly engaged in horticulture production activities.

Presently, food markets are becoming globalized and food trade more and more concentrated and internationalized, but at the same time, quality assurance and traceability requirements against suppliers have also increased significantly (Spriggs,1999). Increased food safety requirements are now expected to exercise more strongly on fresh products (Unnevehr, 2000). Most horticultural products in developing Sub-Saharan countries are produced on small farms and often in labour - intensive ways. With appropriate policies and technologies, horticultural production can significantly contribute towards increasing the incomes of small-scale farmers, expanding employment opportunities, enhancing rural development and an important source of foreign exchange earnings.

2.1 Movement from free trade to Fairtrade

Free trade is a concept that defines a system of trade policy that allows traders to act and transact without interference from government (Smith 1776). According to the law of comparative advantage, free trade permits trading partners' mutual gains from trade of goods and services. The value of free trade was first observed and documented by Adam Smith in 1776 (Bhagwati and Jagdish 2002). The difference between Free trade differs

and other forms of trade is that the allocation of goods and services amongst trading countries are determined by artificial prices that may or may not reflect the true nature of supply and demand. These artificial prices are the result of protectionist trade policies, whereby governments intervene in the market through price adjustments and supply restrictions (Smith 1776). Such government interventions can increase as well as decrease the cost of goods and services to both consumers and producers. Economists that advocated free trade believed trade was the reason why certain civilizations prospered economically. Adam Smith (1776) for example, pointed to increased trading as being the reason for the flourishing of not just Mediterranean cultures such as Egypt, Greece, and Rome, but also of Bengal (East India) and China. Socialists frequently oppose free trade on the ground that it allows maximum exploitation of workers by capitalists (Marx 1848). For example, Karl Marx (1848) wrote that, "the bourgeoisie... has set up that single, unconscionable freedom -- free trade. In one word, for exploitation, veiled by religious and political illusions, it has substituted naked, shameless, direct, brutal exploitation." Nonetheless, Marx favoured free trade solely because he felt that it would hasten the social revolution. To those who oppose socialism, this becomes an argument against free trade. "Free trade" is opposed by many anti-globalization groups, based on their assertion that free trade agreements generally do not increase the economic freedom of the poor or the working class, and frequently makes them poorer (Marx 1848). Where the foreign supplier allows de facto exploitation of labour, domestic free-labour is unfairly forced to compete with the foreign exploited labour, and thus the domestic "working class would gradually be forced down to the level of helotry (Marx 1848). As a response to the perceived inequalities of free trade and the low wages for workers and low prices for small scale producers the concept of Fairtrade has developed some significance since the mid-1970s (Desai and Potter 2003). Hughes (2005:500) sees this as an alternative trading form, while noting that market coordination increasingly appears to underpin its organization through more mainstream distribution channels. Fairtrade is seen as an attempt to address purported market failures by providing producers a stable price for their crop, business support, access to premium northern markets, and better general trading conditions (Desai and Potter 2003). According to the World Bank (2006), Fairtrade seems to succeed in its aims: "in these respects at least, the role of Fairtrade is effective. This study examines the presumed effects under Fairtrade within the rural setup.

2.2 Origins and Development of Fairtrade: Where did it begin?

There are many stories about the history of Fairtrade. It all started in the United States, where Ten Thousand Villages (formerly Self Help Crafts) began buying needlework from Puerto Rico in 1946. The first formal “Fairtrade” shop which sold these and other items opened in 1958 in the USA. The earliest traces of Fairtrade in Europe date from the late 1950s when Oxfam UK started to sell crafts made by Chinese refugees in Oxfam shops. In 1964, it created the first Fairtrade Organization. Parallel initiatives were taking place in the Netherlands and in 1967 the importing organization, Fairtrade Original, was established. At the same time, Dutch organizations began to sell cane sugar with the message “by buying cane sugar you give people in poor countries a place in the sun of prosperity”. These groups went on to sell handicrafts from the South, and in 1969 the first “Third World Shop” opened. World Shops, or Fairtrade shops as they are called in other parts in the world, have played (and still play) a crucial role in the Fairtrade movement. They constitute not only points of sales but are also very active in campaigning and awareness-raising. During the 1960s and 1970s, Non-Governmental Organizations (NGOs) and socially motivated individuals in many countries in Asia, Africa and Latin America perceived the need for fair marketing organizations, which would provide advice, assistance and support to disadvantaged producers. Many such Southern Fairtrade Organizations were established, and links were made with the new organizations in the North. These relationships were based on partnership, dialogue, transparency and respect. The goal was greater equity in international trade. (<http://wfto.com/about-us/history-wfto/history-fair-trade>)

Generally, Fairtrade products are available at a premium price compared to conventional products and this will weigh heavily in the mind of price-conscious customers. The premium price of Fairtrade products may also be an issue for those retailers who see price as being an important element in their retail marketing mix and who seek to pass cost savings sought by customers back down the supply chain to producers and suppliers. In a nutshell over 3000 products from coffee to flowers are sold with the Fairtrade label, vegetables being the most recent entry to get into the Fairtrade labelled products.

2.3 Proliferation of Private Standards and Supermarket Power

In EU countries there is rapid multi-nationalization and consolidation of the supermarket sector, with own private standards over the EU legislated standards, with profound changes in procurement systems affecting the conditions facing small-scale farmers in Sub-Saharan countries. Every supermarket has its own standards over the EU legislation which directly determines the quality, quantity and specific health and safety requirement for the EU consumers. These supermarkets provide trade opportunities for horticultural exporters. However, the standards increase the overhead costs to the smallholders which may constrain their performance in the horticultural export industry and future expansion of export business.

2.3.1 Need for Traceability

The need for traceability has accelerated the trend to concentrate export horticulture in the hands of highly capitalized producers. It is essential for EU importers to receive supplies from known sources and to be able to check agricultural practices and handling standards on the farms. This favour large commercial farms than smallholders. Fairtrade encourages consumers in developed countries to pay a higher price for a primary commodity produced under socially responsible and sustainable conditions in developing countries. The higher price stands for an improvement in producers' livelihoods and should in times of depressed vegetable prices at least cover production costs. Besides the higher price, Fairtrade encompasses a series of principles that are key to its philosophy, such as ensuring decent working conditions for producers or hired labour, preventing exploitative child labour, promoting participative democracy in producers' organizations and women's rights while encouraging environmentally sustainable production methods (<http://www.fairtrade.net>)

2.3.2 The Fairtrade Price

FLO has also drafted different requirements for different products. According to the European Fairtrade Association (EFTA), the price covers the full costs of production, including social and environmental costs. For primary commodities such as coffee, where the price is determined on international commodity exchanges (stock market), Fairtrade thus pays the world market price plus a social premium. A minimum price is however guaranteed, offering protection against price fluctuations (European Fairtrade Association

yearbook, 2001)). FLO sets a variety of minimum prices in the vegetable market according to the region and the type of farming.

2.4 Fairtrade impacts

2.4.1 Socio –Cultural

There has been no systematic research on how participation in Fairtrade brings about socio-cultural changes. Fairtrade links consumers and producers together in ways that are fundamentally different from the conventional market, so a claim held by many activists and researchers (Raynolds, 2004). It ‘humanizes’ the trade process (so ETFA, the European Fairtrade Association, Raynolds, 2004) by shortening the consumer-producers chain and by introducing values like solidarity, cooperation and equality into the market.

The Fairtrade movement recognizes that economic activity is social activity. Fairtrade, just by functioning the way it does, “destabilizes neo-liberal knowledge claims” (Raynolds, 2004) Whereas the quality of conventional products just consists of the physical features and the image attached to it by the brand, thus excluding the conditions of production from the value or the quality, Fairtrade includes these into the quality of the product. Producer and consumer links that make the conditions and lives of producers visible to the consumers are created, maintained and performed through the discursive and narrative tactics of images and label texts about corporate policies, personalities and lives in the producer community (Goodman, 2004) This competition for the “hearts and minds” of the consumers through disclosing facts about the production process, which are absent from other, changes the geography of production: The power of who defines what is “quality” in a product is to some degree shared by producers and consumers as partners (Goodman, 2004). Fairtrade furthermore uncovers that conventional markets are dominated by the most powerful actors that create the market and shape its rules in their own interests, thus contributing to counter the neoliberal view of the economy as a level playing field (Taylor, 2005: 139). There is a big push by many Fairtrade frames to label conventional products as ‘un-fair’ and thus challenges consumers that do not buy Fairtrade products to think about the social and environmental costs that might not be included into the cheap price of the product. Many studies reveal the limited sense of understanding and identification producers have towards Fairtrade – foremost it is just another market that demands higher quality and pays higher prices.

The ability to participate in education is a commonly reported positive consequence of involvement with Fairtrade. This participation is facilitated in a number of ways. Lyon

(2002, cited in Nicholls and Opal, 2005) found that the higher income generated through involvement in Fairtrade allowed farmers to pay workers to work on farms, thus freeing children from labouring, and giving them the time to attend school. Other studies have indicated how the Fairtrade premium has allowed the funding of various projects to make education more accessible for the families of producers. Ronchi (2002) highlights three projects funded by the Coocafe' co-operative in Costa Rica: the Educational Extension Fund which provides materials, equipment and other resources for marginalized rural schools; secondary school scholarships which provide funding for pupils to buy books, uniforms and even shoes; and the University scholarship, the application process of which actively attempts to encourage female participation rates in higher education.

The ability to educate children is highly regarded among Fairtrade beneficiaries (Nicholls and Opal, 2005). This can be demonstrated by the example of women cotton farmers in the Dougouroukoroni co-operative in Mali, who spent their first social premium on the construction of a schoolhouse, which, after opening, was filled with children wanting an education (Lamb, 2008b). Given that there exists a positive correlation between education and development (Porritt, 2007), it can be argued that Fairtrade will have a direct impact on educational attainment and will be a positive developmental force for producers and their families. However, we cannot surmise from such cases that the benefits of education would be enjoyed equally by both sexes, and we need to bear in mind the possible exclusion of girls and women from educational opportunities in some communities.

2.4.2 Economic

Fairtrade is generally considered as a tool to aid development, with the Fairtrade movement being part of the new globalization, reshaping patterns of international trade and the processes of corporate expansion that have historically undermined global ecological and social conditions (Murray and Reynolds, 2007). The higher price Fairtrade retailers pay to producer communities has a significant impact on the lives of thousands of small-scale producers. A closer look at different Fairtrade farms and cooperatives shows however that the impact is very different depending on a variety of factors. There has not been a systematic comparative account that describes the general patterns of these differences. But all studies point out that the biggest problem for producer communities is that they cannot sell all their products on the Fairtrade market. The fact that most producer groups in different studies emphasize the need to increase the Fairtrade market

furthermore reveals the importance participation in and benefits of Fairtrade has for small-scale producers (Murray et al, 2003: 5). The economic effects can be looked at in two ways. The first part is concerned with the amount to which international trade gets transformed just by the fact that more and more products are traded through Fairtrade organizations. And since that is limited somewhat, the other part analyses the indirect impact Fairtrade has on competing companies in forcing them to change their trading policies by raising awareness about the social and environmental externalities of the production process. Fairtrade only amounts to a small portion of all international trade, currently far less than one percent; however there is great potential for the Fairtrade market to grow.

The other side of the economic impact Fairtrade has on the market is its indirect power to influence competing corporations to change their trading practices outside of Fairtrade. This power of Fairtrade is mainly its ability to indirectly influence and change the preferences of consumers by pointing attention on the producers and the conditions of production and by providing a viable alternative. Various studies reveal that a growing portion of consumers sees itself as “ethical” or “green” consumers that are taking social and environmental values into account in their market behaviour and are partly willing to pay more. Fairtrade plays an important role in this increase of the segment of conscious consumers, especially by showing that alternatives are possible.

2.4.3 Economic Advantages for Farmers due to Fairtrade

Fairtrade offers farmers stable pricing that covers at a minimum, their costs of sustainable production even in situations where world market prices fall (www.fairtrade.net). The pricing set is usually ahead of market minimums and also eliminates the need for corrupt middle-men who would ordinarily attempt to defraud the producers. Fairtrade pricing is either the market price or the Fairtrade floor price whichever is higher. Loosely it is the following calculation: Fairtrade floor price = cost of production + cost of living + cost of complying with Fairtrade standards (costs of certification or renewal costs) (www.fairtrade.org.uk). Fairtrade provides transparency to the process for the farmers in terms of pricing and greater information in terms of market performance. There are some opposing opinions to the value of this perceived benefit of having stable pricing if more producers participate in the program. Some research has shown that the fairtrade model may be too rigid if the fairtrade market continues to grow in that the fairtrade price floor

may create distortions in the world market price. In addition, during supply shocks, the fairtrade model may need to be more flexible and the price floor may need to be abandoned in those situations. Further, there may need to be an increase in the price floors based on quality and origin to give the buyers more options on fairtrade products while remaining competitive (www.fairtrade.org.uk)

Through use of the fairtrade premiums, farmers have in general invested in farm improvement tools e.g. machinery (including processing facilities) and technology with a specific aim of increased quality and yield. As a result of these improvements an increase in income would occur, along with greater community development. Fairtrade industry standards also ensure that the farmers maintain quality standards as outlined from participating in the program as producers. They must guarantee to grow the products in a certain way and deliver them in a specific way as they are subject to audits (www.fairtrade.org.uk) Fairtrade producers also have better access to credit or financing through their ability to request prior pre-payment for a shipment from a trader they are dealing with or through local banks. Through fairtrade, many farmers who would not ordinarily have access to micro-financing are able to borrow in the quantities they require and do not need to see 'village loan-sharks' for their financial requirements. In terms of seasonal products like coffee, the importer must provide up to 60 percent of the contract amount to the cooperative if asked. This ensures that the producers are able to survive during their 'off-season'. Unfortunately, studies have shown that not many producers take advantage of this option as they are afraid they will lose the business (www.fairtrade.org.uk). As a result of fairtrade requiring that farmers be organized in cooperatives (with a democratic organizational structure in which every farmer has a voice), other observing farmers are encouraged to grow and be part of the program. By seeing the success of other programs in the area, potential producers are 'born' and in this way there is increased knowledge transfer in terms of better farming techniques. This may result in farmers taking steps to improve their yields and production skills with a positive impact to their economic well-being (www.fairtrade.org.uk). One significant economic benefit is that some studies have shown that participation in Fairtrade programs has resulted in empowerment of women. In many villages in the developing world, women play a significant role in farming as they are usually the ones left at home while the husbands move to the city to raise an income. The women are therefore hired as daily laborers to pick the coffee for instance or in some cases, they farm their own land. It has

been found that women may participate in women-oriented projects implemented as a result of the program. However, as their work-load may increase – some researchers believe this benefit may be lessened (www.fairtrade.org.uk) Studies have shown that farmers who engage in fairtrade benefit from a better price for their produce as well as some guarantee of a stable price and channel for them to do business (Becchetti, et al, 2007; Becchetti and Constantino, 2008; Imhof and Lee, 2007).

2.5 Environmental impacts

Environment is one of the key considerations in various farms standards that have developed in the last few years, various studies reveal that a growing proportion of consumers sees itself as ethical or green consumers that are taking social and environmental values into account in their market behaviour and are partly willing to pay more. Different studies estimate the percentage of ethical consumers differently, but there is increasing evidence that 50 to 80 percent of all consumers fall under this category and that the market for ethical goods and services is growing at rates of 20 percent per year and already amounts to U.S.\$8 billion (Nicholls and Opal, 2005; Cooperative Group, 2004).

The term “green” supply chain is where a focal firm works with their suppliers to improve the environmental performance of products and manufacturing processes this requires a paradigm shift from the conventional association of success around financial parameters, and a holistic environment concern Supply chain relationships have traditionally been dominated by cost, quality and delivery, and the environment is rarely seen as critical when compared with these objectives (Simpson and Power, 2005). The reviewed literature acknowledged that supply chain relationships can be a key avenue for firms to influence their environmental performance, but as highlighted the current focus of supply chain management and sustainability research is on the more tangible elements of product, process and performance. Green supply chain management integrates environmental issues into supply chain management processes by identifying costs, benefits and risks, along with opportunities to manage and reduce waste with the ultimate aim of waste elimination and overall increase in farm income.

2.5.1 Environmental Developmental Impacts a result of participation in the Fairtrade scheme

Worldwide, farmers living in developing countries struggle to maintain a balance between good agricultural practices and environmental preservation. In many cases, producers engage in practices that compromise the ecosystem and land through deforestation, erosion, use of harmful pesticides and disposal of pollutants/toxins into the water supply. The Fairtrade Certification standards emphasize and ensure that producers/producer networks follow internationally monitored environmental standards. Within the program, the producers are encouraged to use the financial incentives available for reforestation, water conservation and environment education initiatives (www.fairtradeusa.org)

Fairtrade rewards and encourages the farmers involved in its program to support and promote farming and production practices that are environmentally sustainable (www.fairtrade.net). Farmers are supported in activities that protect the environment and do not use products that would pollute the environment. They are encouraged to make environmental protection part of their daily farm management practice. This means that the entire supply chain from start to finish is based on environmentally safe procedures and practices. In addition, they are also asked to minimize the use of energy, especially energy from non-renewable sources (www.fairclimatedeal.net) Under the Fairtrade program farmers are encouraged to abide by the following principles laid out by the FLO. Farmers are encouraged to protect the environment in which they live and work including any natural water resources, virgin forest bodies and deal with issues of erosion and waste management. Producers are encouraged to maintain soil fertility and water resources in addition to practicing proper and safe management of waste (www.fairtrade.org.uk). They are encouraged to develop, implement and monitor operations plans that provide a good balance between their desires for good business results as well as environment protection. Farmers are encouraged to use environmentally friendly chemicals and avoid intentional use of genetically modified organisms (GMO). They must minimize and use agro-chemicals safely (www.fairtrade.org.uk). Lastly, farmers are encouraged to work out what effect their operations are having on the environment and create a plan to reduce their carbon footprint (www.fairtrade.net) Most of the countries involved in the Fairtrade program are in countries that are suffering from the effects of climatic change due to global warming. Farmers therefore can use their Fairtrade premiums to invest in environmental protection programs ‘that will assist in battling the effects of climatic

change. For instance through use of solar or wind technology along with practicing 'green farming' in terms of using organic or environmentally-friendly herbicides, pesticides as a means of reducing pollution.' Through the fairtrade program, producers are educated on environment preservation measures to practice through workshops and the practices at the farm levels are included during the farm inspections carried out on the farm locations during the Fairtrade audits.

2.6 Theoretical Framework

FT started as an alternative way of commercialization but nowadays, when large retail chains are the main channels for these products, it can be characterized as an assimilation discourse. FT is not a lifestyle anymore, but a branding which competes against other leading brands.

2.6.1 Classical Free Trade Theory

In theory, free trade is a win-win situation in which everyone benefits, but social reality proves the opposite: international trade (among other things) has contributed immensely to the present situation of devastating poverty for the majority of humanity instead of increasing the wealth of both trading parties, the relations between producers and consumers in commodity markets like coffee or bananas can be described as a "perverse transfer of wealth, by some of the supermarkets, from farmers and farm workers of developing countries to the consumers of developed countries" (Tallontire and Vorley, 2005).

Small-scale producers of agricultural products in rural societies in many developing countries are confronted with the absence of several key conditions on which classical and neo-liberal trade theory is based (Nichols & Opal, 2005: 132-54): Many small scale producers face a lack of market access, in terms of transportation, language, education and market information, making it easy for middlemen or big corporations to exploit this uncompetitive situation of 'monopsony' (a market situation with only one buyer) and create a race to the bottom. Most producers are excluded from financial markets or insurances and especially the lack of access to credit and the inability to switch to other sources of income in response to price changes make it extremely hard for small-scale producers to survive under the global free trade regime. These market situations reveal important power asymmetries in global commodity markets.

2.6.2 Globalization Theory

Globalization describes a process by which regional economies, societies, and cultures have become integrated through a global network of communication, transportation, and trade. The integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology. However, globalization is usually recognized as being driven by a combination of economic, technological, socio cultural, political, and biological factors.

Globalization is the process by which people of the world are unified into a single society and functions together (Giddens, 1991). Globalization refers to the growing economic, political, technological, cultural linkages that connect individuals, communities, businesses and governments around the world. The term globalization is often used to refer to economic globalization.

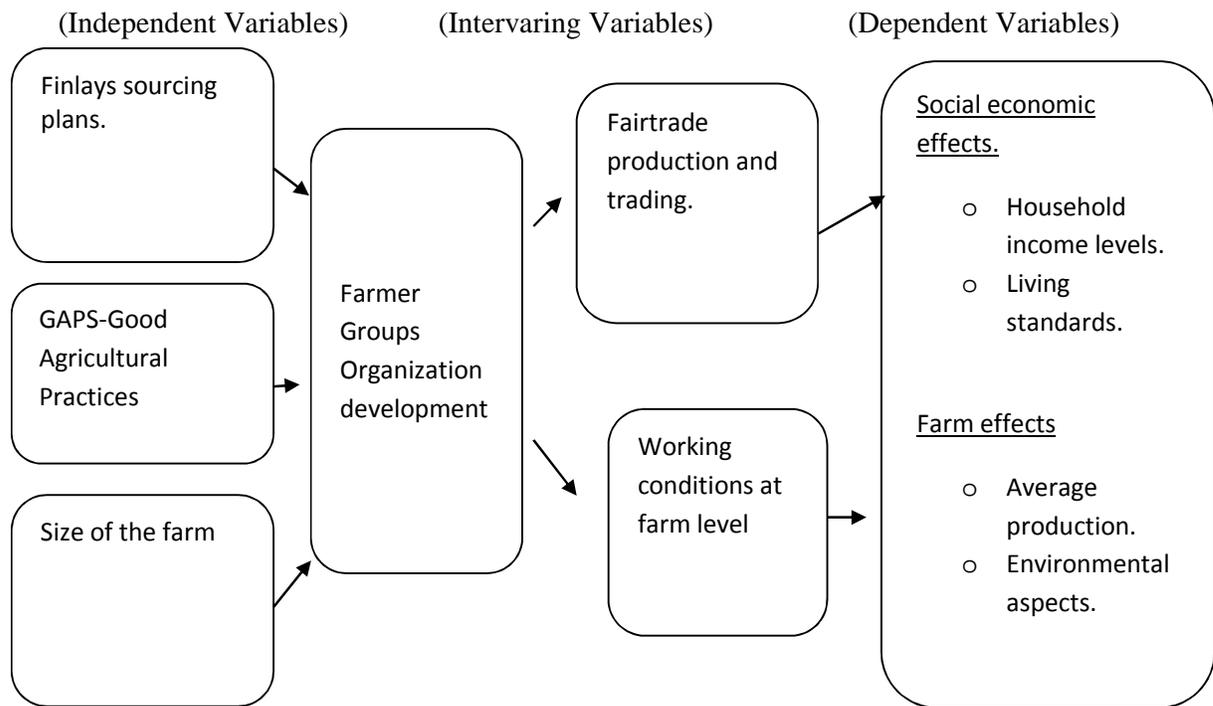
Globalization has involved greater openness in the international economy, an integration of markets on a worldwide basis, and a movement toward a borderless world, all of which have led to increases in global flows. There are several sources of globalization over the last several decades. (Giddens, 1991). One such source has been technological advances that have significantly lowered the costs of transportation and communication and dramatically lowered the costs of data processing and information storage and retrieval, a second source of globalization has been trade liberalization and other forms of economic liberalization that have led to reductions in trade protection and to a more liberal world trading system. A third source of globalization has been changes in institutions, where organizations have a wider reach, to technological changes and to the more wide-ranging horizons of their managers, who have been empowered by advances in communications. (Giddens, 1991). Thus, corporations that had been mainly focused on a local market have extended their range in terms of markets and production facilities to a national, multinational, international, or even global reach; this is how Fairtrade market comes about.

2.7 Conceptual Framework

There are two key outcomes of Fairtrade value creation in a supply chain; the customer's values and the customer's needs. Customer's needs(conditions) refer to the product origin, uniqueness, and benefit to smallholders in terms of economic, social and environmental factors while customer's values refer to product quantity, quality,

continuity, efficiency(cost), customer responsiveness (lead time), consistency and price (Murray-Prior and Batt 2006). The intention of Fairtrade chains is to improve smallholders' returns by gaining a premium in the Marketplace, which is then transmitted back to smallholders and their communities through a shorter chain with fewer intermediaries than conventional chains. This section presents the conceptual framework to be used to investigate how different variables relate in for the farmers Fairtrade horticulture production and what impacts are realized to those participating in the study.

Figure 2.1: A Conceptual Framework showing effects independent and intervening variables on the dependent variables



CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

This chapter describes the research design of the study, outlines the methods that were used and provides justification for their inclusion, study location, target population and sample selection, data collection instruments, data collection procedures, pre-testing and data analysis.

3.1 Study Site

This research focused on a case study of Finlay horticulture farmers participating in fair-trade based vegetable farming in Meru County. It borders Isiolo County to the North and North East, Tharaka County to the South West, Nyeri County to the South West and Laikipia County to the West. Meru is not only an agricultural county but also a business and educational centre for Eastern and North Eastern parts of Kenya. Meru County comprises of the following constituencies; Igembe, Ntonyiri, Tigania West, Tigania East, North Imenti, Central Imenti, South Imenti and Buuri.

The county's population is 1,365,301 and covering an area of 6,936.2 km². The county's economy relies mostly on agriculture. The region has a favourable climatic condition for agriculture productivity throughout the year and hence production of export horticulture produce is year round, this is a big advantage as the export market is throughout the year below the climatic condition for Meru. The study focused on Meru Central sub County because most farms are in this region.

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Average high °C (°F)	19.1 (66.4)	21.0 (69.8)	21.7 (71.1)	22.9 (73.2)	20.8 (69.4)	20.0 (68)	20.6 (69.1)	19.7 (67.5)	20.5 (68.9)	22.5 (72.5)	20.9 (69.6)	18.4 (65.1)	20.7 (69.3)
Average low °C (°F)	17.2 (63)	17.7 (63.9)	18.4 (65.1)	16.4 (61.5)	16.9 (62.4)	14.8 (58.6)	13.5 (56.3)	15.2 (59.4)	17.2 (63)	16.6 (61.9)	16.0 (60.8)	17.1 (62.8)	16.4 (61.5)
Rainfall mm (inches)	54.1 (2.13)	32.3 (1.27)	119.4 (4.70)	280.8 (11.05)	139.7 (5.5)	9.1 (0.35)	11.1 (0.43)	10.6 (0.41)	19.2 (0.75)	229.8 (9.04)	317.0 (12.4)	142.9 (5.62)	1,366 (53.77)

Source: Sistema de Clasificación Bioclimática Mundial^[5]

3.2 Research Design

The research design refers to the scheme, outline or plan that is to be used to generate answers to the research problems (Kombo and Tromp 2006). This study adopted a survey research design. A survey research is a self-report study which requires a collection of quantifiable information from the sample (Mugenda and Mugenda 2003). This study therefore obtained information on improvements in farming from the farmers about their perceptions in the socio-economic status aspects in general as a result of participating in the Fairtrade scheme. This would determine the impact of Fairtrade on the small scale farmers in Meru Sub County.

3.3 Unit of Analysis and Units of Observation

Unit of analysis focuses on what the study is about. In this case unit of analysis is the assessment of the impact of Fairtrade on poverty reduction among farmers through rural development in Kenya. Unit of observation is the entity from which we obtain the data required in the research study. This study used farmers in Meru 1 and 2 SPO involved in Fairtrade scheme as units of observation. Quantitative data was collected from these farmers through questionnaires. The study also used key informants such as the leaders of the SPOs from which qualitative data was collected through interviews.

3.4 Target Population

This study targeted all growers operating within Meru 1, and Meru 2 SPOs (Small producer Organisation) involved in fair-trade based export market for their horticulture produce through Finalys Kenya Limited. The total number of farmers in this category in Meru is about 300 farmers registered to trade under the Fairtrade scheme.

3.5 Sample Size and Sampling Procedure

3.5.1 Sample Size

There are 300 farmers in Meru 1 and 2 SPO involved in the Fairtrade export scheme, each of the two SPO have nine leaders who are elected on a democratic basis to lead the groups every three years, out of the 18 leaders the study sampled 6 leaders who were used as key informants. A sample is a small proportion of an entire population, a selection from the population. Saleemi (2003) argues that 10 % to 20% of accessible population is acceptable in a descriptive research. Hence, in this study I sampled 20% of the 300 small scale vegetable growers farming under the Fairtrade scheme; this means I sampled a total

of 60 farmers. The study also sampled 60 farmers who were not involved in the Fairtrade scheme; this group was used as a control during this assessment.

3.5.2 Sampling Procedure

This study used both probability and non-probability sampling to identify farmers and key informants respectively. The study used random sampling in selecting the sample size of the farmers. The 300 farmers were clustered in 30 groups of about 10 farmers depending on the locality they are in. Two farmers were randomly selected from each group. The researcher used number cards according to the number of farmers in the group and placed them in a container, farmers in each of the groups randomly picked these cards and the farmers who picked cards with the number one and two from the container were selected as part of the sample. This gave a total of 60 respondents which is 20% of the sample size.

The 60 selected farmers were used by the researcher to select a control group by simply taking the nearest neighbouring farmer who was not involved in the Fairtrade scheme. Thus, the study had a corresponding number of 60 respondents who are not involved in the Fairtrade scheme who acted as a control group in assessing the impact of Fairtrade.

According to Mugenda et al. (2003:50) “Purposive sampling is a sampling technique that allows a researcher to use cases that have required information with respect to the objectives of his or her study” the study uses purposive sampling. The two SPOs (Meru 1 and Meru 2) have a total of eighteen leaders. The SPO leaders were purposively sampled according number of years they have served. The three longest serving leaders in each SPO were selected for the key informant interview; in this category a total of six key informants were selected.

Other key informants were the branch manager of a local institution offering banking services to farmers, the local government agriculture extension worker, two local NGO management representatives and the Meru-sub County in charge of agriculture and the Meru county Horticulture development directorate area manager.

3.6 Data collection Methods

The researcher used both quantitative and qualitative data collection methods.

3.6.1 Collection of Quantitative data

The researcher used questionnaires for collection of quantitative data; these questionnaires were administered randomly to selected farmers with the help of the trained researched assistants. I chose to use questionnaires from the fact that questionnaires are best suited for collecting more information from many respondents (Mugenda and Mugenda, 2003)

3.6.2 Collection of Qualitative data

Key informant interviews were used as the research instruments of collection of qualitative data, the interviews were conducted by the researcher. The key informant interviews were in form of in-depth face to face semi-structured interviews.

3.7 Ethical consideration

Farmers are sometimes very busy with the farm chores, having considered this fact the research was undertaken on farm days, researcher show ever ensured that farmers were given adequate time prior to the interview day by sending all notification early enough. All respondents were assured of confidentiality and anonymity.

3.8 Data Analysis Techniques

This is breaking down of raw data from the field into simpler and manageable information for easy understanding. I started the analysis of data by editing and inspection of data pieces in order to identify spelling mistakes and any other wrongly answered or un-responded to items. This was to help the researcher to compute and analyse the data collected, interpret the findings and lastly generate concussions and recommendations.

3.8.1 Data Analysis

The study employed both qualitative and quantitative methods but with a bias on the former. Quantitative data was coded and summarized in tables and analysed in frequencies and percentages. Descriptive Statistics of The Statistical Package for Social Scientists (SPSS) was used to analyse some of the data. Findings were presented in tables, narratives and bar charts. Qualitative data was analysed by screening all the notes taken

and presented in narratives where necessary. In many areas the qualitative data was used to give meaning to the findings to the qualitative data.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the findings of the study and attempts to answer the research questions posed by the study at the outset.

4.2 General background of Respondents

This section presents the ages and sex distribution of members of the resident community. It also focuses on education levels, occupation, and size of land of the farm in Meru.

4.2.1 Gender of the Respondents

The study sought to establish the gender of the respondents in Meru. The findings are tabulated below in table 4.1.

Table 4.1: Gender of the Respondents

Gender	Fairtrade		Non- Fairtrade	
	Frequency	Percentage	Frequency	Percentage
Male	35	58.3	20	33.3
Female	25	41.7	40	66.7
Total	60	100.0	60	100.0

From the table above, 58% of the respondents were male while 42 % were female for the groups that participated in Fairtrade but for the non-Fairtrade farming sample; 33% of the respondents were male as compared to 67% female respondents. This indicates that more men than female were involved in Fairtrade farming but compared to the non-Fairtrade scheme more women than men are involved.

4.2.2: Age of the respondents

The age of the respondents is very paramount for the study to understand the numbers per age set per each kind of farming; Fairtrade and non-Fairtrade.

Table 4.2 Age of the respondents (Fairtrade and non-Fairtrade)

Age in Years	Fairtrade		Non- Fairtrade	
	Frequency	Percentage	Frequency	Percentage
46-50 years of age	5	8.3	14	23.3
41-45 years of age	3	5.0	17	28.3
36-40 years of age	22	36.7	10	16.7
26-30 years of age	19	31.7	11	18.3
Below 25 years	11	18.3	8	13.4
Total	60	100.0	60	100.0

From the table above, 86.7% of the respondents who practice Fairtrade were below 40 years of age, the other two categories of above 40 years of age share the remaining 13.3 %, while for the non-fair-trade farmers the top two age sets of farmers who are more than 40 years is rated at 51.6 % with the rest of the age sets taking the remaining 48.4% .The findings indicate that the majority of the respondents who practice Fairtrade are the young people who most probably are more educated and have a better knowhow about Fairtrade standards as compared to the non-Fairtrade respondents are more than 41 years of age. This implies that the Fairtrade scheme is a favorite for the younger farmers and the elder farmers favour the non-Fairtrade scheme.

4.2.3Level of Education

The study looked at the education background of the respondents and the following were the observations ascertained from the analysis in table 4.3 below.

Table 4.3: Level of Education of the Respondents

Education Levels	Fairtrade		Non- Fairtrade	
	Frequency	Percentage	Frequency	Percentage
Degree	14	23.3	6	10.0
Diploma	18	30.0	12	20.0
Certificate	15	25.0	4	6.7
KCSE	9	15.0	10	16.6
KCPE	4	6.70	25	41.7
Below KCPE			3	5.0
Total	60	100.0	60	100.0

From the table above, the Fairtrade farmers, 23.3% of the respondents had degrees, 30% had diploma, 25% had certificate while 15% had KCSE. This shows that 93.3% of the respondents in this category of farmers who participate in the Fairtrade scheme had attained at least a minimum of a form four certificate and above; while the same cannot be said of the non-Fairtrade farmers who had a total of 53.3% of the respondents at the same level of education. This implies that the fair-trade farmers had attained higher levels of education and therefore had a better understanding of the new farming standards like the Fairtrade scheme, good agriculture practices requirements and are perceived to better understand the new agricultural technologies more than non-Fairtrade farmers.

4.2.4 Number of Children of the Respondents

The study set to find out the number of children the respondents have. The findings are represented below in table 4.3. From the table below of the respondents of participate in the Fair-trade scheme, 58% have no children, 30% have 1-2 children, while 12% have 3-4 children. On the other hand of the non-fair-trade respondents 42% have 1-2 children, 25% have 5-6 children, 17% have 3-4 children, and 13% have 7-8 children while 3% have no children. This shows that the farmers in the non-fair-trade scheme who from the previous analysis are older have more children to take care of and therefore require more resources as compared to the farmers in the FT scheme who are younger and have a lesser number of kids to take care of.

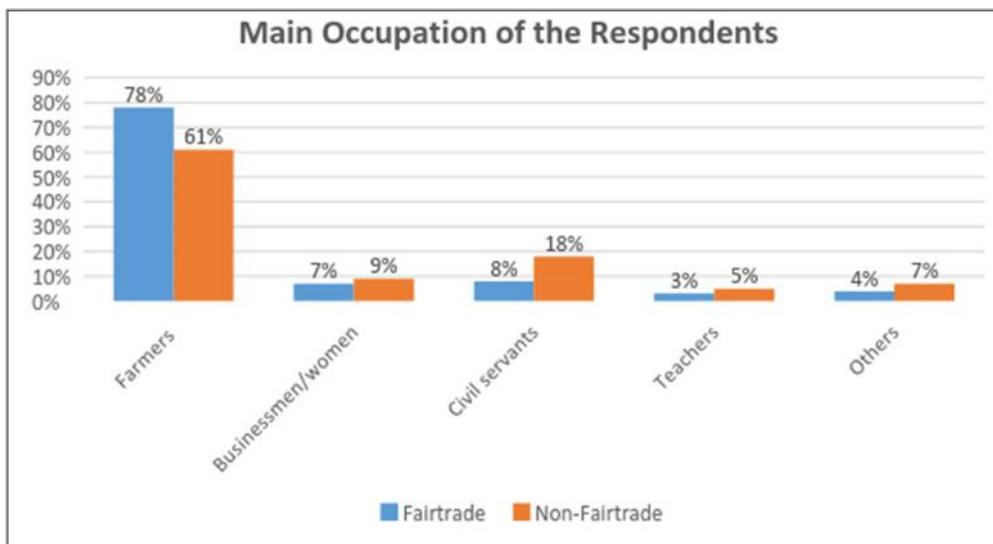
Table 4.4: Number of Children of the Respondents

Number of children	Fairtrade		Non- Fairtrade	
	Frequency	Percentage	Frequency	Percentage
No Children	35	58	2	3
1-2 Children	18	30	25	42
3-4 Children	7	12	10	17
5-6 Children			15	25
7-8 Children			8	13
Total	60	100.0	60	100.0

4.2.5 Main Occupation of the Respondents

The study sought to establish the main occupation of the respondents in the Meru. The findings are shown in the figure 4.1 below.

Figure 4.1: Main Occupation of the Respondents (N=60)



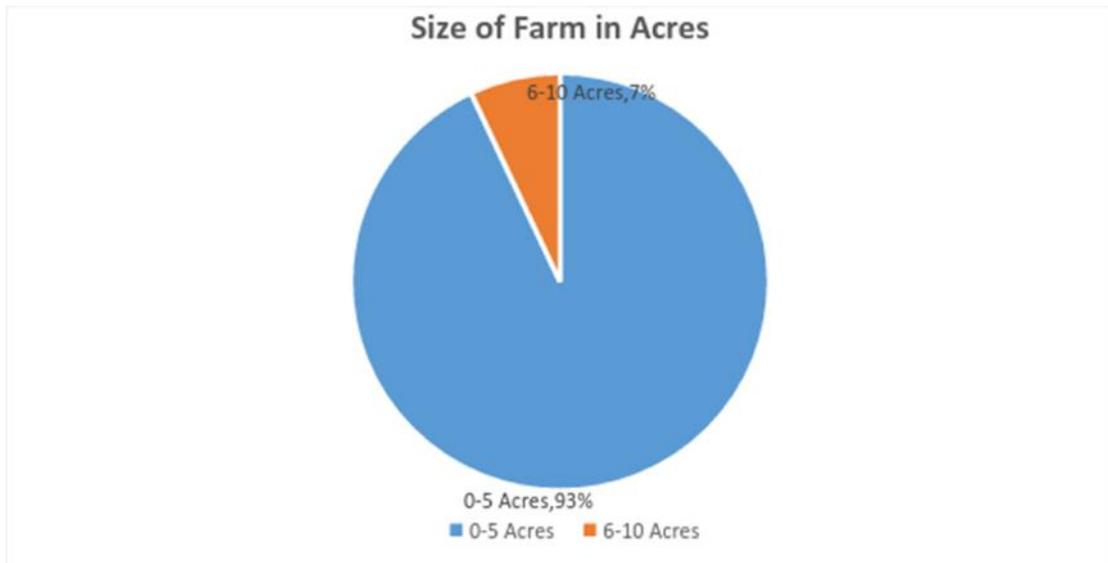
From the figure below, 78% and 61% of the Fairtrade and non-Fairtrade respondents' respectively main occupation is farming. However, during the research, it was noted that in other occupations analyzed the non-Fairtrade scheme had more respondents as compared to the Fairtrade one. This indicates that the main occupation in the Meru sub county is farming and fair-trade scheme has pulled more farmers who entirely rely on farming as a means of living, this is important especially as noted in the earlier analysis that majority of the fair-trade farmers are young people and most likely not employed

elsewhere. The non-fair-trade farmers are seen to take up other occupations like business, teaching and civil servants, this is likely since they are older and probably doing farming as a side hassle. This implies that farming is the main source of income for the fair-trade respondents while for the non-fair-trade respondents' employment is the main source of income.

4.2.6 Size of Farm in Acres

The size of the farm is an integral part of farming, the size and management of the farm is directly proportional to the returns on agriculture, the study wanted to find out the size of the farm of the respondents. The results are represented in figure 4.2 below.

Figure 4.2: Size of Farm in Acres (N=120)



From the figure 4.2 above, 93% of the respondents (non-fair-trade and Fairtrade) practice their farming on 0-5 acres of land while 7% own 6-10 acres of land. Most of the farmers practicing Fairtrade are in regions around Nkubu, Mitunguu, Githongo and Katheri areas and in these localities land is scarce with a high population, therefore due this fact majority of the farms are small and farmers therefore practice small scale farming.

4.2.7 Duration of Farming

The length of farmers in farming is very essential to the study for it will give us the more paramount information that is needed in the study. The study set out to find the length at which the respondents have been doing farming. The results are shown below in table 4.5.

Table 4.5: Duration of Farming for Fairtrade and non-fair-trade farmers

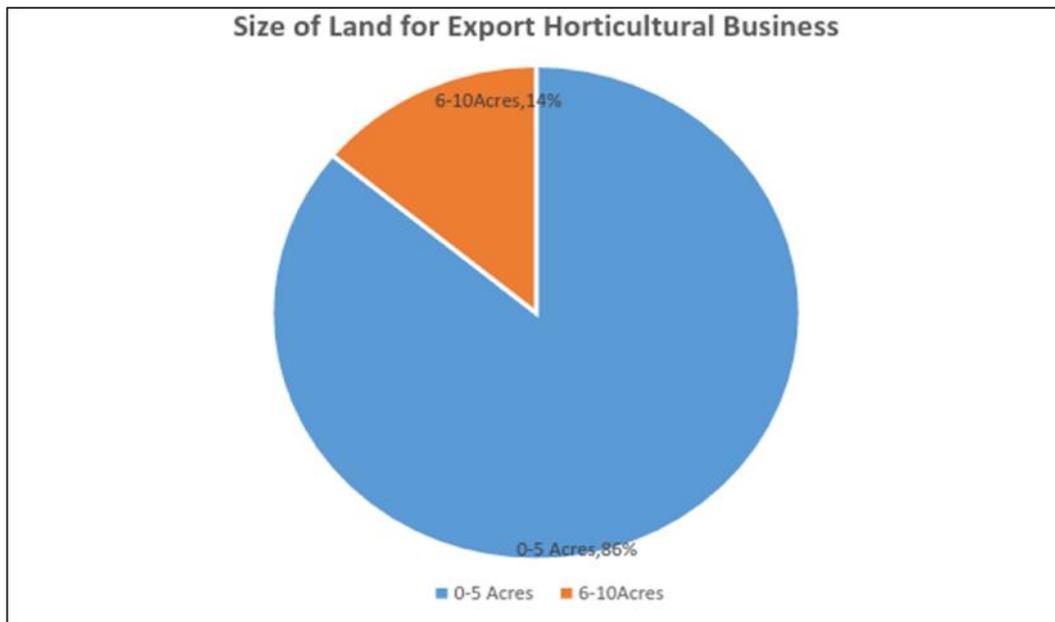
Duration of farming	Fairtrade		Non- Fairtrade	
	Frequency	%	Frequency	%
1-5 Years	7	65.4	10	16
6-10 Years	14	23.1	15	25
More than 10 Years	39	11.5	35	59
Total	60	100.0	60	100.0

From the table 4.5 above, 65.4% of the respondents participating in the Fairtrade scheme have been farming for a period of less than five years and this is probably due to the fact that most of the Fairtrade scheme farmers are young as compared to the farmers doing non Fairtrade crops who seem to have done farming for a longer period and this is probably due to the fact that they are older in age. Fairtrade scheme on export vegetables was introduced in Meru County by Finlays Horticulture Kenya limited in the year 2011 therefore from the table able it's clear that more young people have got into farming since the inception of the scheme in the region of study.

4.2.8 Size of Land for Export Horticultural Business

Meru sub-county is a region where land is scarce and as noted in figure 4.2 above that most of the farms are small-scale, the objective of this research question was to try find out how much of the small available land was used for export crops, this question was not applicable for the non-fair-trade farmers as are were not involved in the Fairtrade export market. The results are represented below in figure 4.3

Figure 4.3: Size of Land for Export Horticultural Business (N=60)

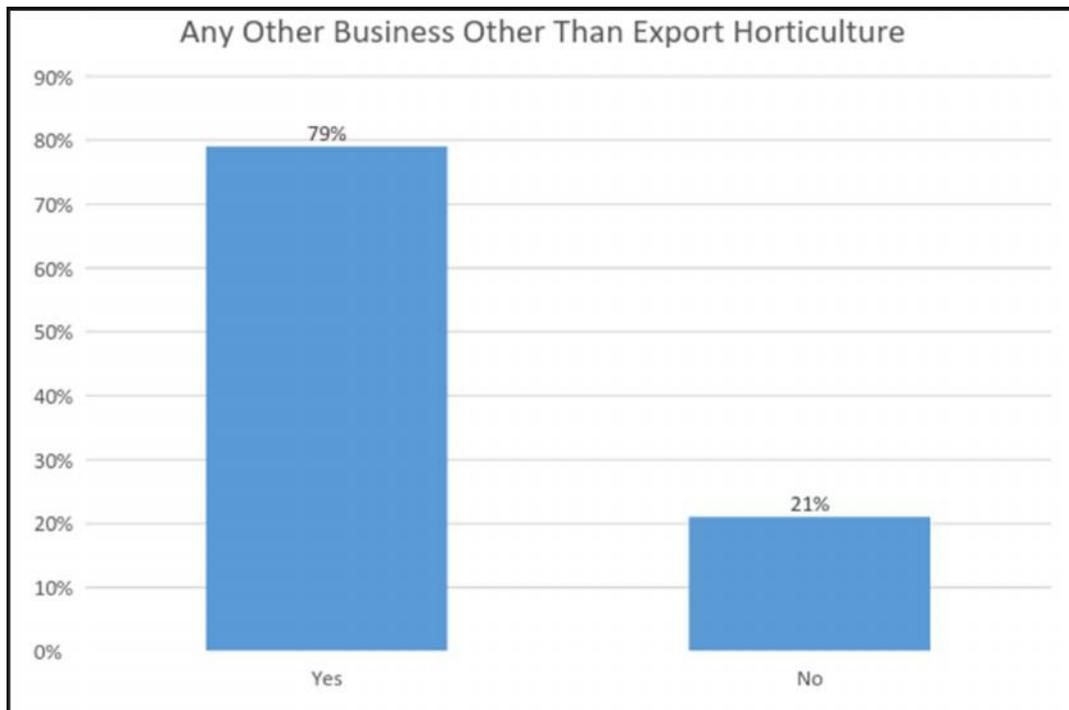


From the figure 4.3 above, 86% of the respondents were doing their export horticulture business on 0-5 acres of land while 14% are doing it on 6-10 acres of land. As earlier noted in figure 4.2, majority of the farms are small scale and therefore this implies that most of the farmers in the Fairtrade scheme utilize almost all available land available land in the year for export crops. 14% of the other farmers use more than 5 acres for export crops but most of the land is land hired to ensure better and bigger production.

4.2.9 Any other Business other than Export Horticulture

The study also set to establish if the respondents are doing any other business apart from export horticulture business for the farmers who are involved in Fairtrade scheme, for the non-Fairtrade farmers this research question was not applicable. The results are shown in figure 4.3.

Figure 4.3 Any other Business other than Export Horticulture (N=60)



The results from the figure 4.4 above indicates that 79% of the respondents agreed that they are doing other business besides exporting horticulture while 21% depend entirely on the export of horticulture. This shows not all farmers are okay with 100% export business, but besides they also practice other methods of farming like dairy, poultry and they also planted crops for the local market therefore we can say that a good number of farmers in the area of study do practice mixed farming.

4.3 Changes brought about by participation in the Fairtrade farming scheme

4.3.1 Introduction

In this section the researcher reviewed the changes brought about by participation in the fair-trade scheme, the results analyzed here are for both the farmers in the fair-trade scheme and those that are not as per detailed in the sampling methodology section.

The general Fairtrade strategy is to promote sustainable development and to reduce poverty through fairer trade, however the farmers are supposed to adhere to laid down standards and in so doing it is expected that there are some results that will be seen.

Meru Central Sub County farmers contracted by Finlays have been trading under the Fairtrade scheme since year 2011. The results in the changes brought about by participating in the Fairtrade scheme are as described in the table below.

Table 4.6: Changes brought about by participation in the Fairtrade farming scheme

Statement	Fairtrade farmers							Non fair-trade farmers						
	SD	D	A	SA	N/a	%	N	SD	D	A	SA	N/a	%	N
Stability of farm produce market	12.3	8.4	48	31	0	100.0	60	28.5	46.2	17.8	7.5	0	100.0	60
Better prices for FT produce than free market produce	2.4	8.2	56.7	27.7	5.0	100.0	59	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Farmers have an idea of how much money they expect to receive annually from the farm produce sales	21.3	29.1	38.0	11.6	0.0	100.0	60	40.6	50.1	5.3	4.0	0.0	100.0	52
Farmers can easily get access to credit from the local organizations	3.2	10.7	69.2	16.9	0.0	100.0	58	42.3	38.9	10.5	6.2	2.1	100.0	58
Participating in the Fairtrade has reduced middle-men (brokers) in the horticulture in my region	5.1	18.2	50.6	26.1	0.0	100.0	60	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fairtrade has resulted in an increase of environmental protection activities in the region e.g. planting of trees.	10.3	19	46.2	24.5	0.0	100.0	60	16.9	20.1	39.2	23.8	0.0	100.0	60
Through Fairtrade farmers now use sustainable farming methods	8.1	17.3	52.1	22.5	0.0	100.0	60	n/a	n/a	n/a	n/a	n/a	n/a	n/a
As a result of Fairtrade farmers now practice proper and safe waste management	1.2	4.9	84.2	9.7	0.0	100.0	56	12.1	15.6	61.0	10.3	1.0	100.0	53

Farmers now use environmentally-friendly pesticides in their farms and involved in safe use of pesticides	0.9	2.8	79.3	17.0	0.0	100.0	60	33.1	22.6	20.5	23.8	0.0	100.0	59
Participating in fair-trade program has resulted in better working conditions for workers self, improved health and safety requirements	10.1	26.5	58.1	5.3	0.0	100.0	60	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Women have been empowered through practicing in the farming schemes I am involved	8.4	20.2	38.1	33.3	0.0	100.0	57	36.7	38.2	12.9	12.2	0.0	100.0	59

KEY:

SD-Strongly Disagree

D-Disagree

A-Agree

SA-Strongly Agree

N/A-Not applicable

N-Total number of Respondents

The changes brought about as a result of farmer participation in the Fairtrade scheme are discussed broadly below.

a) Farming contract.

Farmers participating in the Fairtrade scheme indicated that they do have a stable market for their produce at a combined agreement score of 79.3 % for the farmers in the scheme as compared to those who were not in the scheme who scored 25.3 for the same score. Farmers also under the Fairtrade scheme agreed at 89.4% that they do enjoy better prices for the produce as compared to the ones sold under the conventional or local market. The respondents agreed that the stable market had been made possible due to the requirements of the Fairtrade standards as detailed in the clause 2.3.4 of Small Producer Fairtrade Standards

Fairtrade Standard for Small Producer Organizations, (May 2011) postulates that one is required to sign binding purchase contracts provided by their buyers, and should be in line with Fairtrade requirements. The organization further stipulated that contracts must at minimum clearly indicate the agreed volumes, quality, price (Fairtrade Minimum Price or market price; whichever is higher), payment terms, and delivery conditions. All contracts between producers and Fairtrade payers or conveyors should also stipulate a mechanism to resolve conflicts separate from jurisdiction, agreed by both parties'

As per the Fairtrade standard requirement farmers in the Fairtrade scheme have a contract with the exporter that details minimum farm produce price, agreed supply volumes, payment terms as well as produce delivery conditions, this has brought about a more stable production regime where farmers can be able to predict the amount of volumes to be bought by the exporter and due this the farmer can easily borrow credit from the local organizations offering farmers credit when needed, this is depicted by the analysis for the question on easy access to credit facilities where Fairtrade farmers score a combined score of 86.1% to the affirmative as compared to a score of 18.8% for the same question by the non-fair-trade farmers.

Another fact pointed out by local agriculture extension staff; a key stakeholder is that the SPOs have a strong credibility in their regions, and the community looks at them as very good organizations which put the small producers in the centre of attraction for the lending institutions due to the perceived better organized structures.

The farmers on the fair-trade scheme are also less involved with middlemen (brokers) having scored a combined affirmative score 76.7% on the question of reduced middlemen in the region this has been brought about by the contracted farming regimes practiced by the Fairtrade farmers who farm under contracts and therefore middlemen find it hard to come purchase from this region.

b) Farming practices.

As per the fair-trade standards for the small holders the farmers are expected to practice safe and stainable farming methods and this study did seek to check how their farming activities affect the environment. Examples of the activities assessed at the farms include planting of trees, water and soil conservation, proper use and handling of pesticides, fertilizer use and use of genetically modified organisms (GMOs). As per the table 4.6above both groups of farmers agreed that due to Fairtrade there has been increase of

environmental protection activities in the region, the farmers participating in the scheme scoring an overall affirmative score of 70.7% and those not in the scheme also on a combined affirmative score of 63%. Farmers in the Fairtrade scheme further agreed that due to the scheme they have been able to use sustainable farming methods at the farm level with an affirmative score of 74.6%. This question was not applicable for the non-fair-trade farmers.

Most respondents indicated that Finlay's horticulture field technical staffs as well as the government agencies have been involved in farmer trainings on waste management and safe pesticide application at the farm levels and this has seen an increased score for these two parameters when tested on both fair-trade and non-fair-trade farmers

Producers and stakeholder admit that general environmental conditions could be re-established and a healthier environment could be created in the last years when the Fairtrade scheme has been practiced. However, producers and stakeholders mentioned that in many cases the Fairtrade certification process has been the incentive to a real change of their environmental practices, as the farming groups have created an internal control system to maintain compliance with the standard. Stakeholders involved in agriculture confirm that the members of Fairtrade groups show great awareness of environmental management practices and often give a positive example to their neighbors, however it's important to note that the non-Fairtrade farmers score on use of environmental friendly pesticides has a combined affirmative score of 44.3% as compared a score of 98.3% on the same question to the fair-trade farmers and this is well attributed to the Fairtrade standards requirement where farmers use a an approved pesticide list on the crops.

c) Working Conditions

Most of the farmers in the research area are small scale farmers and therefore do not employ many workers, for the contracted fair-trade farmers they do have a maximum of two semi-permanent workers; the person involved in grading produce at the farmers shed level and the other employee is a spray man who is contracted when farms need to be sprayed, most of the other farm work apart from picking is done using family labour. This study shows that due to the farmer participation in the fair-trade scheme working conditions as well as health and safety atmosphere has improved. This can be attributed to the schemes standards that require one to ensure workplaces are safe.

d) Women empowerment

The area of research is in a traditional Meru villages set up and the region's cultural beliefs sometimes do favor men especially in areas where monitor returns are involved but as per Fairtrade standard requirements that require Fairtrade Standard for Small Producer Organizations, (May 2011) stipulates;" You and the members of your organization must not discriminate on the basis of race, colour, gender, sexual orientation, disability, marital status, age, HIV/AIDS status, religion, political opinion, membership of unions or other workers' representative bodies, national extraction or social origin in recruitment, promotion, access to training, remuneration, allocation of work, termination of employment, retirement or other activities"

The study set to know how women in the region had been empowered because of farmer participation in the Fairtrade scheme and from the results it's clear that despite the area of study strong cultural beliefs that do not favour women, fair-trade farmers feel that the women has been empowered and this was also evident that in the SPO's constitutions they farmers apply one third rule and women are also represented in the management board running both small producer organizations

4.3.2 Good Agriculture Practices (GAP) Knowledge prior to the scheme

The region under study had been supplying Finlays horticulture fresh produce prior to joining the Fairtrade scheme as such the farmers were subjected to trainings as per different the then export market requirements, they received they was some farmer trainings on Good agriculture trainings all tailored to cater for the export market requirement, the researcher sought from the two groups how many of the respondents had received such trainings before they joined the fair-trade scheme. Figure 4.4 below shows the observations.

Figure 4.4: Good Agriculture Practices (GAP) Training (N= FT 60 Non- FT60)



From the figure above, 70% of the fair-trade respondents indicated that they had been trained on good agricultural practices training before they started trading under fair-trade scheme while 30% indicated on the negative meaning they did not have good agricultural practices training before they started trading in Fairtrade scheme. On the other hand, 83% of the non-fair-trade respondents indicated that at the time the scheme was introduced in the region they had no clue on what Good agriculture practices was and that only 17% of this group was aware. Training to the farmers who had been trading with Finlays prior to the fair-trade scheme roll out was done by the company's field technical assistants but this was purely for the sake of the conventional export market this explains why more farmers had the trainings before the scheme was introduced in the region. Non- fair-trade farmers were meant to have been trained on the same by the local agriculture office but only 17% had this training.

4.4 Impact on production as a result of farmers' participation in the Fairtrade scheme

4.4.1 Introduction

The integral part for any farmer to involve him/herself in any scheme is to learn better methods of farming as well as increase production at farm level with the overall aim of increasing income. In this section the researcher analyzed the impact on production as a result of farmer participation in the fair-trade scheme.

4.4.2 Production improvement because of the trainings received

Farmers underwent Fairtrade specific trainings all aimed at compliance to the Fairtrade standard requirements but overall, they were benefits expected to be derived on the same; during the study the researcher sought to see how these trainings had impacted on the farmer's farm practices. The results of the study are analyzed by table 4.7 below.

Table 4.7: Production improvement from trainings received

Statement	Fairtrade farmers							Non- fair-trade farmers						
	SD	D	A	SA	N/A	%	N	SD	D	A	SA	N/A	%	N
I have received and used at farm level training on Good Agricultural Practices from technical staff or government extension workers	8.3	14.4	16.5	60.8	0	100.0	60	34.1	40.8	14.2	10.1	0	100.0	60
Production and produce quality at my farm has increased as a result of the informative Good Agricultural Practices trainings received	10.1	11.8	49.7	28.4	0	100.0	56	38.1	32.6	18	10	1.3	100.0	58

KEY:

SD-Strongly Disagree

D-Disagree

A-Agree

SA-Strongly Agree

N/A-Not applicable

N-Total number of Respondents

Seventy-seven-point three percent of the Fairtrade respondents agreed that they had received good agriculture practices training from Finlays field technical teams as well as the government officers and admitted that this had positively impacted their ability as producers and increased their knowledge and production technologies, 22.7% of the respondents however has the impression that there was no real progress in their knowledge about production. The other category of non-fair-trade farmers at slightly below a quarter of the respondents at 24.3% indicated that they had received and used the trainings on good agriculture practices at the farm level to increase production at the farms.

78.1% of the Fairtrade farmers acknowledged that due to the training on good agriculture practices received production at farm level as well as quality of the produced had improved while 21.9 and not seen any effect at the same time 28% of the non-fair-trade farmers also witnessed improvement in production and quality of produce but 72% replied in the negative. This can be attributed to the fact that as per the Fairtrade standard's requirements farmers are trained on specific issues all aimed at increasing and improving production and quality respectively

Some of the Fairtrade specific-trainings that have enabled the farmer to achieve higher and quality production are:

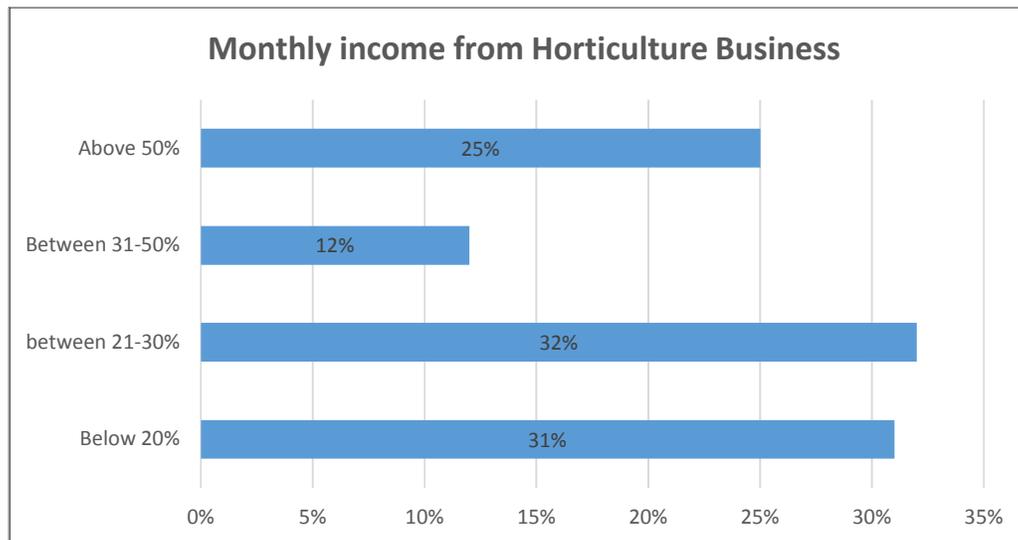
- Integrated pest management IPM- this training basically includes monitoring of pests and diseases at farm level as well as using preventative measures with the overall aim to ensure pesticides are used when necessary therefore keeping the cost of production low as well as ensuring minimum damage to the environment and people. Pesticide application decisions are based on monitoring and following the approved fair-trade pesticide list.
- Soil management Practices-Members are trained soil improvement practices as well as reduction of soil erosion. Soil health management practices like soil sampling and crop rotation planning are also included in here.
- Suitable water use- Farmers are trained on how to estimate the amount of water crops require at different growing periods as well as need for maintenance of water distribution systems.

These trainings noted above have enable farmers in the Fairtrade scheme to enjoy an increase in production as well as produce quality at farm levels and subsequently better returns from the farm produce.

4.4.3 Monthly Income from Horticulture Business

The study wanted to find out the amount of income that horticulture business contributes every month through export. This research question was applicable to the to all farmers as it was established during the research that there are other companies exporting horticulture produce from the same locality though not in the fair-trade scheme but sold for the conventional export market. The results are represented below in figure 4.5.

Figure 4.5: Monthly income from Horticulture Business (N=FT-60 Non FT-57)

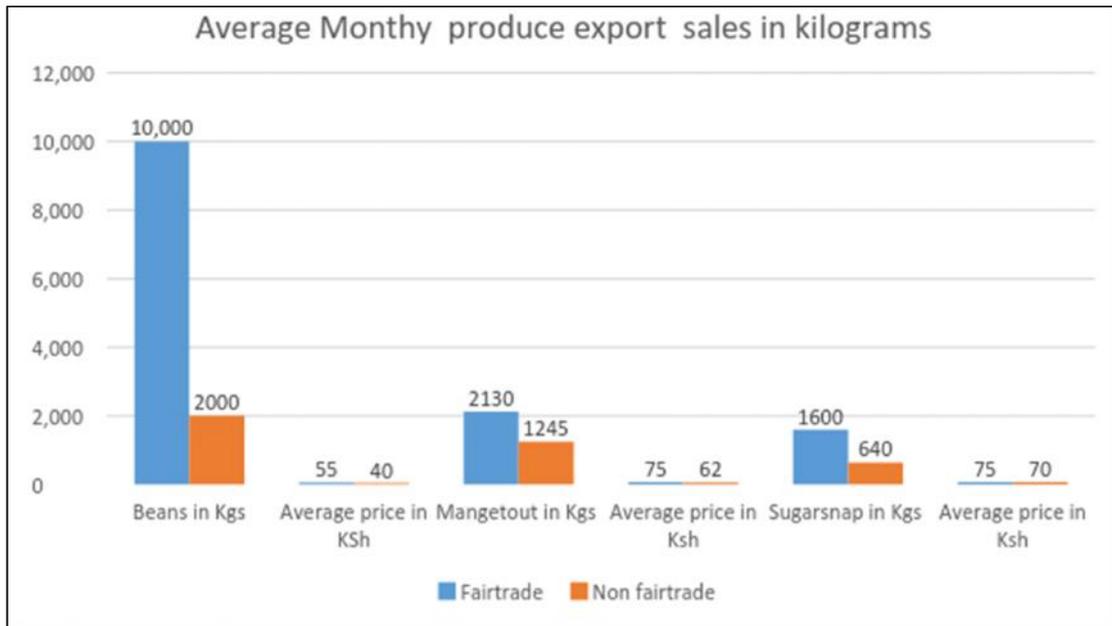


From the figure above, 31% of the respondents indicated that they get below 20% total monthly income from horticulture business while 32% of the respondents earn between 21-30% monthly income through the same, 12 % of the respondents get between 31-50% and finally 25% of the sampled respondents earn more than 50% of their income through sales from the horticulture business. This implies that as noted in previous graphs farmers do not depend solely on horticulture though it plays a significant role in their monthly earnings.

4.4.4 Average Monthly produce export sales

The study wanted to find out the average amount of produce on a monthly basis the farmers harvest and sell for export by the farmers both those in the fair-trade and those in the non-fair-trade schemes.

Figure 4.6: Average Monthly produce export sales (N=FT-60 Non FT-58)



The researcher analyzed the three main export crops grown in the region of study that is beans, mangle tout and sugar snaps and traded under the fair-trade logo; all leguminous crops grown and packed for exporters who trade in the region. From the findings the study observed farmers in the fair-trade scheme produce and sell on average sell about 10,000 Kilograms of export beans mainly the fine bean and extra fine bean, slightly over 2000Kgs of mange-tout variety and about 1600 Kilograms of sugar snaps while the volumes grown and sold for export by the non-fair-trade farmers was on average 2000 kilograms of beans, 1245 Kilograms of mange-tout and 640 kilograms of sugar snaps. The researcher also looked at the monthly average prices for the three crops as traded by the two groups of farmer and results indicated that the Fairtrade farmers enjoyed a better monthly price average for the three crops with beans fetching an average of Ksh 55 while mange tout and sugar snaps varieties averaging Kshs 75 each, the non-fair-trade farmers monthly farm prices was lower on the three crops at an average return for the raw material at the farms of Ksh 40, Ksh 62 and Ksh 70 for beans, mange tout and sugar snaps varieties respectively. From the figures analyzed it was clear that the farmers in the fair-trade scheme on a monthly average produced more volumes for export and also enjoyed a better return in sales for the three varieties analyzed. This implies that the fair-trade export market is good for their produce.

4.4.5 Monthly Produce for Local Market and Home Consumption

The study further wanted to establish the amount of produce that the farmers produce for the local market and home consumption, the study centered on the not only the three crops grown under the fair-trade scheme but all that are produced within the area of research. The results are represented on the Table 4.8below.

Table 4.8: Farmers average monthly production of crops for local market and home consumption (Fairtrade and non-Fairtrade farmers)

Fairtrade farmers							
Type of crop	Average Monthly production in Kilograms					Total	
	0-500 Kg	501-1000	1001-1500	1501-2000	Above 2000	Average production in Kgs	N
Beans	44	13	1	0	0	200	58
Mangetout	60	0	0	0	0	50	60
Sugar snaps	56	4	0	0	0	230	60
Cabbage	21	26	9	3	1	1064	59
Potatoes	12	6	17	5	20	2300	60
Onions	56	3	0	0	0	151	59
Carrots	51	5	0	3	1	458	60
Kales	14	42	2	1	0	640	59
Tomatoes	34	21	3	2	0	540	60
Non-Fairtrade farmers							
Type of crop	Average Monthly production in Kilograms					Total	
	0-500 Kg	501-1000	1001-1500	1501-2000	Above 2000	Average production in Kgs	N
Beans	23	46	1	0	0	612	60
Mangetout	39	21	0	0	0	480	60
Sugar snaps	6	51	1	0	0	721	58
Cabbage	7	9	21	18	5	1750	60
Potatoes	10	3	19	5	22	2260	59
Onions	0	20	36	4	0	1070	60
Carrots	10	11	0	34	0	1853	55
Kales	8	4	45	1	0	1052	58
Tomatoes	1	3	36	15	2	1128	57

From the observations the study found out that in all varieties apart from potatoes the non-Fairtrade farmers produced more volumes for all the crops for local market and home consumption, this shows that the fair-trade farmers were more concerned in producing for

the export market than for the local market due to the higher prices the fair-trade market offered, the local crops are grown especially in this case can be assumed are grown for home consumption and for crop rotational purposes.

4.4.6 The Favorite Market between the Local and Export

The study set to find out between the export market and the local market which one is the favorite. More than 70% of the respondents argued that the export market is readily available, it has good prices and it's highly profitable than the local one. Also, the market is already set you don't going looking for it. In line with Fairtrade market the respondents argued that the fact that there is a minimum price the farmer is always aware on at least how much is expected per crop grown by the farmer and hence better planning for one's finances. Respondents also agreed that the Fairtrade premium that they receive on regular basis has helped in community development and sometimes buying the farmers items like tanks and other irrigation facilities

The few argued that local market is the best since it has many buyers, you can bargain with the buyer for better prices and it has instant cash. Also, the customer can easily come to the farm without you going to the market to sell. It has no grading like the export market does.

Most of the external stakeholders agreed that the Fairtrade system of minimum price as well as the requirement for purchase of minimum volumes by the exporter as an important rule and plays a big part in enabling the farmers to better plan for the farm's net income

4.4.7 Export Fairtrade Production Duration

The study sought to find out the length of time in years that the respondents have been producing under the Fairtrade scheme for export, this research question was put across only for the farmers in the fair-trade scheme. The findings are shown in table 4.9 below.

Table 4.9: Length of time (in years) Fairtrade farmers have been producing for Export (N=60)

Duration in years	Frequency	Percent
0-5 Years	24	40
6-10 Years	36	60
Total	60	100

From the findings, 60% of the respondents have been producing under the Fairtrade scheme for export for 6-10 years while 40% have been producing for 0-5 years. This implies that, the majority of the respondents have done it long enough and they are conversant with the market.

4.4.8 Number of Hours in Fairtrade Farming per Day

The study further wanted to find out the number of hours in a day that the respondents spend towards Fairtrade crops; this research question was put across only for the farmers in the fair-trade scheme; the results are represented in table 4.10 below.

Table 4.10: Number of Hours in Fairtrade Farming per Day (N=60)

Number of Hours	Frequency	Percent
1-4 Hours	16	26.7
5-8 Hours	36	60.0
9-12 Hours	8.0	13.3
Total	60	100.0

From the table above, 26.7% of the respondents spend 1-4 hours in a day, 60% spend 5-8 hours a day while 13.3% spend 9-12 hours in a day. This implies that most of the respondents spend more than 4 hours in a day to attend to Fairtrade crops. Export produce are labour intensive and while most of the fair-trade farmers own small pieces of land it is critical to note that someone within the farm spend more than four hours a day tending to fair-trade crops, as earlier noted that returns for the Fairtrade crops is better than the local crops, farmers in the scheme tend to take more care of the crops as compared to the non-Fairtrade farmers who take less time at the fields, the other fact is that most of the fair-

trade farmers are young and unemployed in other sectors and therefore spend more time in the fields than the older village mates who have other occupations.

4.5 The Social and Economic impact resulting from Fairtrade farming.

4.5.1 Introduction

Fairtrade scheme wider strategy is aimed at promoting sustainable development as well as to reduce poverty through fairer trade. In this section we try to identify major changes as a result of fair-trade among the horticulture export producers in relation to basic needs such as housing, health services and education. In addition, the researcher also sought to find out whether the fair-trade farmers had managed to improve their standards of life and also if producers managed to save money and make additional investments.

4.5.2 Monthly Expenditure from Export Crops Income

The study set to determine the monthly expenditure of the respondents' form money received through the sale of farm produce for both fair-trade farmers and the control group of non-fair-trade farmers, the results are tabulated below.

Table 4.11: Monthly Expenditure from Export Crops Income according to household's activities (N=FT 60 Non- FT 56)

	Fairtrade	Non-Fairtrade
Activity	Monthly average Amount in Ksh	Monthly average Amount in Ksh
Family food	7205	8257
Family Health	6050	2149
Family Education per term	60,000	25000
Savings	2560	882
Material Assets scheme	60,000	1500
Others	8000	2000

From the observations, the farmers participating in the Fairtrade scheme average monthly spend form farm produce income as KShs.7205 on family food per month, KShs.6050 on family health, KShs 60,000 on family education per term which gives a monthly spend of KSh 20,000, Kshs. 5200 as savings per month. Most of the respondents interviewed

indicated that they are in a SACCO scheme that enables them save on monthly basis for assets like land, homes, farm machinery, buildings among other assets and the study found out that farmers were able to contribute towards the scheme a monthly average of KSh 8100 while up to KShs. 75,000 of things like motorbikes, bicycles, and other household items on an annual basis.

On the other hand, Non Fairtrade respondents use an average of KShs.8257 on family food per month, KShs.2149 on family health, Kshs 25000 per term on family education, KShs 3582 as savings per month, most the respondents interviewed were not in the asset saving scheme, only 8 of the sample group of 60 farmers were involved in any form of asset scheme therefore the average for the non-fair-trade farmer was a low of KSh169 per month however they spend up to KShs. 50,000 of things like motorbikes, bicycles and household items.

From the table above its clear that the farmers involved in Fairtrade farming system do have more money to spend at home on food, health and education as well as more money to invest and also purchase material assets.

The SPOs members are paid through a SACCO which deducts 5% of the total amount of weekly basis from the weekly payments, this deduction goes straight to the asset scheme, therefore the more produce you sell through Fairtrade the bigger your share on the asset scheme. According to the SACCO manager this relationship with the SPOs makes it easier for the farmers to get credit and he noted that through this scheme farmer have been able to purchase assets and other household items, the same cannot be said for the non-fair-trade farmers who he said that they assess and qualify per individual before advancing any form of credit.

It's also evident that the farmers in the Fairtrade scheme spend more money on their children education despite the Fairtrade farmers being young and with less number of children as indicated earlier in Table 4.2 There is free primary education and low cost day secondary schools in Kenya but other studies have indicated that the quality of education offered is not great as compared to the Private sector which comes with a cost, from the study we can see that the fair-trade farmers spend more on fewer numbers of children therefore safe to say the children receive better quality of education as compared to the children of the non-fair-trade farmers. The same can be said of the quality of health the fair-trade farmers receive, in Kenya the more you pay the better quality you get therefore

clearly the fair-trade respondents with less number of family members spend more on health as compared the non-fair-trade respondents. Due to the consistent Fairtrade sales and premium received farmers have been able to utilize premiums of other development in the recent years allowed some of them to start to save money. Currently the monthly savings are not as great but a better average than that of the non-fair-trade farmers.

4.6 Social Effects of Fairtrade with the Small-Scale Vegetable Growers

The study looked at the Social Effects of Fairtrade with the small-scale vegetable growers. The following were the outcomes from the study.

Table 4.12: Social Effects of Fairtrade with the Small-Scale Vegetable Growers

Statement	Fairtrade			Total		Non- Fairtrade			Total	
	A %	D %	N/a %	%	N	A %	D %	N/a %	%	N
Fairtrade has improved living standards of people in my society	82	18	0	100.0	60	40.2	59.8	0	100.0	60
My family and I have sufficient access to education	87.3	12.7	0	100.0	60	50.3	49.7	0	100.0	60
My family and I have sufficient health care	73.5	26.5	0	100.0	60	32	58	0	100.0	60
I am comfortable with my household living conditions	63.6	36.4	0	100.0	60	33	47	20	100.0	60
Participating in the Fairtrade program caused greater democracy in the small producer organization decision making	91.2	8.8	0	100.0	60	5.1	94.9	0	100.0	60
I have the right to form and join groups /societies	84.9	15.1	0	100	60	33	67	0	100	60

KEY:A-Agree: D-Disagree: N/a- Not applicable

The study observed that most of the respondents participating in the scheme strongly agreed that Fairtrade had improved the living standards of people in their society at a score of 82%, the non-fair-trade respondents at a score of 40.2% also fairly agreed that due to the Fairtrade scheme the standards of living in the society had improved, both groups as well agreed that their families and them have sufficient access to education, though the farmers participating in the scheme scored highly here at 87.3% compared to 50.7% for the non-fair-trade farmers; majority of the people living in the rural areas take their children to government schools which are free but with those who have extra money to spend opting to take the children to private schools which sometimes can be very expensive, therefore clearly we can see that the farmer doing fair-trade feels he has access to education be it the government one or the private which the farmer can afford to pay. The same can be said of the health care, the fair-trade farmer feel they do have sufficient access to health care, they are comfortable with their household living conditions.

One of the requirements in Fairtrade standard for small producer Organizations is; '4.2 Democracy, Participation and Transparency Intent and scope: This section intends to ensure that organizations facilitate the social and economic development of their members and guarantee that the benefits of Fairtrade reach these members. An organization should have democratic structures in place and a transparent administration that allows members and the board to have effective control over the management of the organization. Members should be able to hold the board accountable for its activities' (Fairtrade Standard for Small Producer Organizations, May 2011).

Farmers participating in the Fairtrade scheme overwhelmingly feel that that they have greater democracy at 91.2% and their rights to join groups or societies has also been enhanced also scoring high at 84.9%, the same cannot be said of the non-fair-trade farmers who have scored at a low of 8.8% on the affirmative for the question on democracy and 33 % on right to join groups and societies.

4.7 Benefits of Participating in Farming Schemes like Fairtrade

The concept of the farming scheme is built with the aim of enabling farmer's trade fairly and also has the producer groups better organized and effectively run to ensure maximum return on the farmer's investment. In the region of study there are various schemes of farmers all involved mainly in agriculture production.

The study sought to find out how farmers had benefited from the production schemes they participate in. The following were the outcomes from the study.

Table 4.13: Benefits of Participating in Farming Schemes like Fairtrade

Statement	Fairtrade			Total		Non- Fairtrade			Total	
	A %	D %	n/a %	%	N	A %	D %	n/a %	%	N
The farming scheme I participate in has helped in job creation in the local community	79.3	21.7	0	100.0	58	72.5	24.5	0	100.0	57
Fairtrade and other and other farming schemes have benefited the local community in terms of income generation	92.3	7.7	0	100.0	58	50.3	49.7	0	100.0	57
Security in the region has improved since the rolling out of the Fairtrade project	72.5	27.5	0	100.0	58	63	34	0	100.0	57

As stated earlier, farmers in the area of the research participate in export agriculture and not only in the fair-trade scheme but also in other conventional schemes farming for other exporters, as analyzed in Table 4.13 above the researcher sought to know the benefits that both farmers in the fair-trade scheme and non-fair-trade schemes perceive to have occurred due to their participation in these schemes, the results are described below. Though both groups rated the job creation high, the next question on income generation for the whole community was scored differently, the fair-trade farmers strongly agreed that the scheme had benefited the local community by a source of income at 92.3% the non-fair-trade farmer almost shared the numbers for those in agreement and those not at 50.3% and 49.7% respectively. This shows that the farmers in the fair-trade scheme benefited in terms of job creation and also income and this can be explained by the fact that from the earlier analysis we see a better production per unit and also fair-trade

farmers receive more monies from their production and hence able to pay the workers more regularly. Most of the respondents felt that due to their participation in the farming schemes both fair-trade and non-fair-trade security in the region has improved since the rolling out of the Fairtrade project. The statements are support with average scores 72.5 % and 63% respectively. This can be linked to the fact that there is more people employed at the farms to work and young members of the society are now turning to Fairtrade.

4.8 Other Social Benefits of Participating in the Fairtrade Program or other Farming Program

Through the participation of farming programs most of the respondents indicated that the programs comprise of a good number of trading members and they have helped the members comfortably provide and feed their families. Farming programs are resilient and transparent in the food system and provides a logical step for consumers towards reclaiming sovereignty over the way their food is grown, processed and traded.

The findings show a remarkable power of community farms to positively influence a wide array of important social aspects. Many members report feeling significantly happier, with over 70% saying their quality of life has improved with the name proportion saying their cooking and eating habits have changed through using more local, season and healthy food.

Community Supported Agriculture programs are even helping people to develop and share skills, with over three-quarters offering training programs. Local employment is also boosted, with the schemes showing high levels of employment relative to the land available. In fact, two thirds of members are supplied with all, or nearly all, of their vegetable needs through the community farms. In addition, the findings show that farming programs deliver many other benefits. Findings indicate that farmers themselves are reaping the benefits, providing a life line to many and an opportunity to diversify. Farmers argued that scheme is the best thing they have ever done as it has connected the farm with the local community hence poverty reduction.

Producers, exporters and each partner in the Fairtrade supply chain is required to follow a strict code of operation. For this reason, the producers and stakeholders affirmed that the Fairtrade market is for them a safer and much better market to be part of, as they work with trustful partners who are committed to relate and buy from them on long term and

under transparent commercial conditions, applying the market price or cost-covering minimum prices if the market price is below the minimum price so long as the standard's requirements are being adhered to.

4.9 Major Challenges that Fairtrade Scheme Pose

Fairtrade has gained attention as an innovative market-based mechanism for addressing social and environmental problems exacerbated by conventional global markets. The study wanted to find out the challenges that Fairtrade scheme pose to the farmers. The following are the respondents' views;

The major challenge is that the Fairtrade only deals with a limited variety of produce whereby it limits their production; they proposed that many companies exporting different varieties of crops should be allowed to trade with them for them to enjoy better returns. Over all respondents felt that diversification of production and market approach has only been evidenced in one cooperative and dependency on one market stream is still high.

Reduce planting program in the perceived low season from May to August erodes the amount of profits earned by the farmers. This is due to the nature of the business fresh vegetable market in the European nations is very low during their summer hence forcing farmers to adopt a low season planting regime which affects overall farm profits.

The study observed that most of the respondents wanted that Fairtrade to relax the restrictions on pesticide use urging that the pesticide listing is not adequate for tropical Africa countries that face lots of challenges pests especially during the hot seasons. The respondents felt that the Fairtrade pesticide list is not friendly in country of use.

Though most of the respondents indicated that they were happy with the contracted farming that includes minimum price, some of the respondents indicated that it would have been better if they would be involved in minimum price setting as they argued that the cost of production was not increasing but the minimum price remained the same.

The small-scale grower's employee a minimal number of employees impact on permanent farm workers and temporary workers' basis therefore the intended benefits to the workers might not be realized soon.

Training received due to Fairtrade are tailored to cater for the Fairtrade standard's requirements and that only the technical staff who have had a training on the standard can be able to take the farmers through, the farmers and stakeholders felt the government and NGO officials need be taken through the training. While Fairtrade helped producers (and workers) to get training, the understanding of specific Fairtrade related issues such as price policy and price composition as well as trading relations is still very restricted.

Although Fairtrade offers an alternative and protects small farmers from the pressures of a concentrated market, the influence on changing the global trade relations is not significant due the small volumes currently traded.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter covers the summary of findings that helps in developing a conclusion and recommendations from the study outcomes. It will also include the suggestion for further research to cater for the areas that were not covered in this research but needs to be explored. The chapter is divided into sections such as the summary of findings, conclusions and recommendations of the study.

5.2 Summary of Findings

Below we present a summary of identified Fairtrade benefits in the study

Fairtrade certification benefitted small scale producers by:

- Promoting economic growth and higher income for most of the producers
- Fairtrade market is less volatile and offers a market guaranteed minimum price and sales to small producers involved in the scheme.
- Fairtrade provides a stable market, due to this market and coupled with perceived better organization for the SPOs there is easy access to training and credit facilities
- Promoting trust of producers in their organizations by increasing governance quality and transparency as well as empowering women in the society
- Increases job availability in the rural areas and subsequently also increasing security.
- Promotes farmer health and safety practices and therefore reduced worker and farmer exposure to hazardous practices.
- Due to better farming practices farmers are able to get better returns in terms of produce quality and volumes and therefore farmers have more purchasing power to buy material and household assets.
- Promotes sustainable farming practices and therefore conserves the environment.

Findings indicates that Fairtrade has a positive impact to the small scale vegetable growers since it has changed their lives in that improved living standards of people in their society with the mean their families and them have sufficient access to education, they have sufficient access to health care, they are comfortable with their household living conditions, they their participation in the Fairtrade program caused greater democracy in the small producer organization decision making and they have the right to

form and join groups/societies hence poverty reduction. The findings indicate that women have been empowered through participating in the farming schemes they participate in, the farming scheme they participate in has helped in job creation for the local community and that in participating in Fairtrade program has resulted in better working conditions for their workers and themselves as a farmer and hence it's a clear sign of poverty reduction in Meru.

The findings show a remarkable power of community farms to positively influence a wide array of important social aspects. Many members report feeling significantly happier, with over 70% saying their quality of life has improved with the same proportion saying their cooking and eating habits have changed through using more local, season and healthy food.

Findings indicate that farmers themselves are reaping the benefits, providing a life line to many and an opportunity to diversify. The study observed that Fairtrade should continue since it has helped many other varieties of produce to be included in the Fairtrade and maximum price to be increased, people need to be informed about the Fairtrade since not everybody who knows about it. They should be not allowed to plant when the company know that it's going to take time to buy hence most of the produce gets spoiled. There should be a constant market for the produce to encourage farmers to produce more. They also observed that they need to be involved in making major decisions in farming and the Fairtrade should not quit since it has helped many to improve their living standards. Findings denote that through sharing of ideas many people have managed to grow and their living conditions have improved.

5.3 Conclusion

Fairtrade can bring important positive changes to rural areas. As described in this project, Fairtrade can improve the lives of farmers and workers. Major achievements of Fairtrade are for example improved ease of doing farming, better and affordable education for the children of the farmers, improved and affordable health care for the families and also improved security in the community. The Fairtrade also has benefitted farmers by equipping them with better farming skills which has improved their farming. From the premiums, the majority have managed to venture into other business and also increase their farming with other types of farming. Through these all achievements, it has brought about positive changes for all community members and promoted rural development

hence reduction of poverty within the community. Another very important achievement of Fairtrade is the reliable farming contracts given to farmers by the exporter, with these contracts and a firm planting program the farmer can plan for the export market and hence for a better part of his income. Improved working environment for the workers also promotes rural development. These examples show that Fairtrade not always has direct impacts, but it has a considerable indirect impact on rural development because it lays the essential foundation for successful and sustainable rural development which in turn will drastically reduce poverty.

5.4 Recommendations

The study recommends that; Fairtrade schemes should fully understand the social cultures in the area they are bound to invest in so as to strategize on how to impact themselves effectively to benefit the locals towards poverty reduction for better living standards of the people of that community. The schemes should also strategize on ways to integrate the cultural bearing of that society to its operations to use it as an advantage rather than let it affect the community negatively.

Participatory preparation of appropriate community development strategies and land use plans that provide for and support livelihoods of the residents by enabling the community activities to flourish in an organized manner.

Facilitating partnerships among investors and service providers, engaging private sector-civil society finance and instituting measures to support Small Scale Enterprises through farming and also ensuring wide provision of basic infrastructure and asset management to the Meru Central sub county residents which will in turn ease the movement of their produce to avoid spoilage and other unnecessarily losses.

Empowering vulnerable households and disadvantaged groups for example Poor women, orphaned children, widows, the sick, physically or mentally challenged, the elderly, the stigmatized and single parent poor households in Meru. They face such challenges as: lack of social security and are not recognized within the community, sickness and unemployment. They should be fully engaged in farming so that they work towards poverty reduction and better their lives.

5.5 Suggestions for Further Research

Further research should be considered in assessing the impact of Fairtrade on poverty reduction through rural development in the larger country (Kenya). Also a research should have done to address the challenges that farmers encounter in the Fairtrade and what improvements are need to the scheme to ensure farmers benefit fully.

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APPENDICES

Appendix 1: Questionnaire

FAIRTRADE FARMERS

THE IMPACT OF FAIRTRADE ON POVERTY REDUCTION THROUGH RURAL DEVELOPMENT: A CASE STUDY OF SMALL-SCALE FAIRTRADE VEGETABLE GROWERS IN MERUCENTRAL SUB-COUNTY

Introduction

My name is Dickson Kimathi. I am a student at the University of Nairobi sociology department undertaking a Masters in Entrepreneurship; I have come to your village to ask you about the impact of Fairtrade on poverty reduction through rural development. The information I will collect could be used by Finlays Horticulture and other stakeholders in agriculture to improve your wellbeing. I would like to use the next 30 to 45 minutes in this exercise. The information you will give will be treated in strict confidence.

Name.....

SECTION A: DEMOGRAPHICS

1. Gender

- i. Male { } ii Female { }

2. Age

- i)-Below 25 { } ii) 25-30 { } iii)31-35 { } iv) 36- 40 { } v) 41-45{ } vi)46-50 { }
vii) Over 50 years { }

3. Level of education

- i) Degree { } ii)Diploma{ } iii)Certificate{ } iv) KSCE { } v) KCPE { }

Other (please specify).....

4. How many children do you have?

5. Please indicate your main occupation:

- i) Farmer { } ii) Government official { } iii)Teacher { }

Other (please specify).....

6. How big is your farm? In acres.....

SECTION B: GENERAL CHARACTERISTICS OF FARMER'S STUDIED

7. How long have you been farming?

i)less than 1 year. { }

ii)1-5 Years { }

iii)5-10 Years { }

Iv)More than ten years { }

8. How much land have you set aside for export horticulture business? In acres.....

9. Apart from export horticulture business do you have another source of income?

Yes { }

No { }

10. If yes on Q 9 how much of the income on monthly basis is contributed by the export business?

i) Below 20 %

ii)Between 21-30 %

iii) Between 31- 50 %

iv)Above 50%

11. How much farm produce on a monthly basis do you harvest and sell for export.

Crop	Sold for the export market (Kg)	Average price per KG

.....
 20. How many dependents rely on your income?

21. Outline your monthly expenditure from export crops income

Activity	Amount in Ksh
Family food	
ii)Family health	
iii)Family education	
iii)Savings	
iv)Material assets scheme	
Other (state what other items are)-Annual	

SECTION C-1:

22. Social effects of Fairtrade with the small scale vegetable growers

Please indicate the extent to which you agree/disagree with the following statements, tick where best describes your opinion of the statement.

Statement	Strongly Disagree	Disagree	Agree	Strongly agree	Not Applicable
Fairtrade has improved living standards of people in my society					
My family and I have sufficient access to education					
My family and I have sufficient access to health care					

I am comfortable with my households living conditions					
Participating in the Fairtrade program caused greater democracy in the Small Producer Organisation (SPO) decision making					
I have the right to form and join groups/societies					

23. What benefits have you derived from participating in farming schemes like Fairtrade?

Statement	Strongly Disagree	Disagree	Agree	Strongly agree	Not Applicable
The farming scheme I participate in has helped in job creation for the local community.					
Fairtrade project and other farming schemes have benefited the local community in terms of income generation					
Security in the region has improved since the rolling out of the Fairtrade project?					
Standards of living have improved due to the Fairtrade scheme					
Participating in Fairtrade program has resulted in better working conditions for my workers and myself as a farmer					
Women have been empowered through participating in the farming schemes I participate in.					

24. What other Social benefits not mentioned above have come about as a result of participating in the Fairtrade program or other farming programs?

.....

.....

.....

25. Which are the major Challenges that the fair-trade scheme pose or face so far?

.....

.....

 26. Any other observation?

.....

Section C-2:

27. Changes brought about by Fairtrade farming

Please indicate the extent to which you agree/disagree with the following statements, tick where best describes your opinion of the statement.

Statement	Strongly Disagree	Disagree	Agree	Strongly agree	Not Applicable
I have a stable market for my farm produce					
I have received adequate and informative training on Good Agricultural Practices from technical staff or government extension workers.					
Production and produce quality at my farm has increased as a result of the informative Good Agricultural Practices trainings received.					
Farmers who participate in Fairtrade enjoy a better prices for their farm produce than those dependent on the free market					
I have an idea of how much money I expect to receive annually from the farm produce I sell to various markets.					
I can easily get access to credit from the local organizations.					
Participating in Fairtrade has reduced middle-men (brokers) in the horticulture business in my region					

Section C-3;

28. Environmental Developmental benefits to the Communities involved?

Please indicate the extent to which you agree/disagree with the following statements, tick where best describes your opinion of the statement.

Statement	Strongly Disagree	Disagree	Agree	Strongly agree	Not Applicable
Fairtrade has resulted in an increase of environmental protection activities in the region e.g. planting of trees/reforestation/water conservation					
Through Fairtrade farmers now use sustainable farming methods					
As a result of Fairtrade farmers now practice proper and safe waste management					
Farmers now use environmentally-friendly pesticides in their farms					

THANK YOU FOR YOUR COOPERATION

Appendix 11: Questionnaire
NON-FAIRTRADE FARMERS

THE IMPACT OF FAIRTRADE ON POVERTY REDUCTION THROUGH RURAL DEVELOPMENT: A CASE STUDY OF SMALL-SCALE FAIRTRADE VEGETABLE GROWERS IN MERUCENTRAL SUB-COUNTY

Introduction

My name is Dickson Kimathi. I am a student at the University of Nairobi sociology department undertaking a Masters in Entrepreneurship, I have come to your village to ask you about the impact of Fairtrade on poverty reduction through rural development. The information I will collect could be used by Finlays Horticulture and other stakeholders in agriculture to improve your wellbeing. I would like to use the next 30 to 45 minutes in this exercise. The information you will give will be treated in strict confidence.

Name.....

SECTION A: DEMOGRAPHICS

1 Gender

- ii. Male { } ii Female { }

2. Age

- i)-Below 25 { } ii) 25-30 { } iii) 31-35 { } iv) 36- 40 { } v) 41-45 { } vi) 46-50 { }

- vii) Over 50 years { }

3.Level of education

- ii) Degree { } ii)Diploma{ } iii)Certificate{ } iv) KSCE { } v) KCPE { }
Other (please specify).....

2 How many children do you have?

3 Please indicate your main occupation:

- ii) Farmer { } ii) Government official { } iii)Teacher { }

Other (please specify).....

4 How big is your farm in acres?

SECTION B: GENERAL CHARACTERISTICS OF FARMER'S STUDIED

5 How long have you been farming?

i) less than 1 year. { }

ii)1-5 Years { }

iii)5-10 Years { }

Iv)More than ten years { }

6 How much land have you set aside for export horticulture business?.....

7 Apart from export horticulture business do you have another source of income?

Yes { }

No { }

8 If yes on Q 9 how much of the income on monthly basis is contributed by the export business?

i) Below 20 %

ii) Between 21-30 %

iii) Between 31- 50 %

iv) Above 50%

9 How much farm produce on a monthly basis do you harvest and sell for export.

Crop	Sold for the export market (Kg)	Average price per KG

21. Outline your monthly expenditure from export crops income

Activity	Amount in Ksh
Family food	
ii)Family health	
iii)Family education	
iii)Savings	
iv)Material assets Scheme	
Other (state what other items are)	

SECTION C-1:

22. Social effects of Fairtrade with the small scale vegetable growers

Please indicate the extent to which you agree/disagree with the following statements, tick where best describes your opinion of the statement.

Statement	Strongly Disagree	Disagree	Agree	Strongly agree	Not Applicable
Fairtrade has improved living standards of people in my society					
My family and I have sufficient access to education					
My family and I have sufficient access to health care					
I am comfortable with my households living conditions					
Participating in the Fairtrade program caused greater democracy in the Small Producer Organisation (SPO) decision making					
I have the right to form and join groups/societies					

23. What benefits have you derived from participating in farming schemes like Fairtrade?

Statement	Strongly Disagree	Disagree	Agree	Strongly agree	Not Applicable
The farming scheme I participate in has helped in job creation for the local community.					
Fairtrade project and other farming schemes have benefited the local community in terms of income generation					
Security in the region has improved since the rolling out of the Fairtrade project?					
Standards of living have improved due to the Fairtrade scheme					
Participating in Fairtrade program has resulted in better working conditions for my workers and myself as a farmer					
Women have been empowered through participating in the farming schemes I participate in.					

24. What other Social benefits not mentioned above have come about as a result of participating in the Fairtrade program or other farming programs?

.....

25. Which are the major Challenges that the fair-trade scheme pose or face so far?

.....

26. Any other observation?

.....

Section C-2:

27. Economic Advantages for Farmers due to Fairtrade

Please indicate the extent to which you agree/disagree with the following statements, tick where best describes your opinion of the statement.

Statement	Strongly Disagree	Disagree	Agree	Strongly agree	Not Applicable
I have a stable market for my farm produce					
I have received adequate and informative training on Good Agricultural Practices from technical staff or government extension workers.					
Production and produce quality at my farm has increased as a result of the informative Good Agricultural Practices trainings received.					
Farmers who participate in Fairtrade enjoy a better prices for their farm produce than those dependent on the free market					
I have an idea of how much money I expect to receive annually from the farm produce I sell to various markets.					
I can easily get access to credit from the local organizations.					
Participating in Fairtrade has reduced middle-men (brokers) in the horticulture business in my region					

Section C-3;

28. Environmental Developmental benefits to the Communities involved?

Please indicate the extent to which you agree/disagree with the following statements, tick where best describes your opinion of the statement.

Statement	Strongly Disagree	Disagree	Agree	Strongly agree	Not Applicable
Fairtrade has resulted in an increase of environmental protection activities in the region e.g. planting of trees/reforestation/water conservation					
Through Fairtrade farmers now use sustainable farming methods					
As a result of Fairtrade farmers now practice proper and safe waste management					
Farmers now use environmentally-friendly pesticides in their farms					

THANK YOU FOR YOUR COOPERATION

Appendix III: Key Informant Interview Guide

OBJECTIVE: To find out the socio-economic impacts fair-trade farming scheme on poverty reduction in the rural areas; a case study on Finlays horticulture farmers in Meru county

Introduction

My name is Dickson Kimathi. I am a student at the University of Nairobi sociology department undertaking a Masters in Entrepreneurship; I have come to your village to ask you about the impact of Fairtrade on poverty reduction through rural development. The information I will collect could be used by Finlays Horticulture and other stakeholders in agriculture to improve your wellbeing. This is not a test so I would encourage you to talk freely and make this an informal discussion. If you have any questions for me please feel free to ask them at any time.

I would like to use the next 30 to 45 minutes in this exercise. The information you will give will be treated in strict confidence.

Background Information

- 1) Sex: Male Female
- 2) Level of education: Primary Secondary Vocational training/college
University Others (Specify)
- 3) Position held in the in the agriculture sector in the region.....
- 4) Are you directly involved in horticulture farming?
- 5) What would you say are the general challenges of working with farmers?
.....
.....
- 6) Comment on the social and economic impact of horticulture export within the rural areas and Meru district as a whole.
.....
.....
.....

7) What would you say are the main challenges facing the farmers in the horticulture export market in Meru District?

.....
.....

8) How do you think these challenges can be overcome? Please comment briefly.

.....

9) Are you involved in finding solutions to the challenges stated above and if yes please state how?

.....

10) Have you heard about fair-trade farming scheme and small producer organisations?

Yes

If yes how are you involved?.....

11) To what extent does the Fairtrade scheme benefit the farmers in terms of marketing their produce?

.....
.....

12) Do you feel that the Fairtrade scheme premiums have benefited the farmers and the local community in improving their wellbeing?

Yes No

13) Comment on socio economic improvement noted as a result of farmers being engaged in export horticulture.....

14) Do you think farmers in your region would be doing better or worse if they were not engaged in export horticulture / please comment.....?

.....
.....

15) Do you think the Fairtrade scheme is a success? If yes please comment why so.....

.....

16) Which are the major challenges facing export horticulture in Meru District?

.....

17) Are there certain things that the fair-trade scheme does which affect households negatively? Why?

.....
.....

18) Would households be better off without farming under the fair-trade scheme? If yes, why? If no, why?

.....
.....

19) Any other observation?.....

THANK YOU FOR YOUR COOPERATION