

## ARTICLE

# Fair Trade USA coffee plantation certification: Ramifications for workers in Nicaragua

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## Abstract

**Motivation:** Certification programmes shape global coffee production conditions. Fairtrade International oversees the major ethical coffee certification for small farmers. Since Fair Trade USA left the global system to certify coffee plantations in 2011 and now has its own standards, programme-specific research is needed to understand the implications of certification for workers.

**Purpose:** We provide the first academic analysis of Fair Trade USA's coffee plantation certification to identify its key programmatic features and ramifications for workers, particularly how certification has affected workplace and employment conditions, workers' wellbeing and labour rights.

**Approach and methods:** We analyse programme documents to explain Fair Trade USA's standards and how they diverge from those of Fairtrade International. To demonstrate the impacts of Fair Trade USA certification, we draw on qualitative research on one of the first certified coffee plantations in Nicaragua, including interviews with managers and interviews and focus group discussions with workers.

**Findings:** Fair Trade USA has maintained key elements of Fairtrade International certification, but its labour rights standards are significantly weaker. In the Nicaraguan case, Fair Trade USA certification has fostered major improvements in workplace and employment conditions and some improvements in workers' wellbeing through the Premium programme. Certification has not significantly advanced labour rights.

**Policy implications:** National conditions shape certification's implications for workers, creating a central paradox. Fair Trade USA certification is likely to bring the greatest gains for workers where conditions are worst, where bringing plantations into legal compliance is a victory. The programme cannot pull workers out of poverty or guarantee decent work.

## KEYWORDS

certification, coffee, Fairtrade, fair trade, labour, Nicaragua plantation

## 1 | INTRODUCTION

Voluntary certification programmes which promise to improve global social and environmental production practices abound. Given their prominence, it is important to study the attributes of major certifications, their effectiveness and the local conditions shaping improvements on the ground. Voluntary guidelines are adhered to for 40% of coffee production (Potts et al., 2014). Solidarity groups introduced ethical coffee standards in the 1980s to support small-scale Latin American farmers, developing the well-known Fairtrade International certification. Fair Trade USA was founded as the US National Labelling Initiative affiliate of this European-based system, with an aligned mission of promoting development, empowerment and more equitable trade via certified product sales (FT USA, 2016). In 2011, however, Fair Trade USA resigned from Fairtrade International to “extend the benefits of Fair Trade” by certifying plantations in coffee (FT USA, 2012a). This contentious move challenged Fairtrade International’s policy of reserving certification for peasant producers to shield them from plantation competition, in commodities like coffee, where they could satisfy demand (Raynolds, 2017). Fair Trade USA initiated a pilot programme certifying coffee plantations in Nicaragua and several other Latin American countries.

Coffee produced in Latin America remains the core of the global Fairtrade International system and the backbone of the US ethical food market.<sup>1</sup> North America currently imports 140 million pounds (around 65.5 million kg) of Fair Trade USA-certified coffee per year, including 7 million pounds (around 3.2 million kg) from Nicaragua (FT USA, 2016, p. 33). An extensive literature analyses the development implications of certification following Fairtrade International standards for Latin American coffee farmers (e.g. Jaffee, 2007; Raynolds, 2009; Renard, 2015), including farmers in Nicaragua (Bacon, 2005, 2015; Donovan & Poole, 2014, 2017; Valkila & Nygren, 2010). When Fair Trade USA was a Fairtrade International affiliate, conclusions regarding the certification’s ramifications were applicable to both programmes. But now that Fair Trade USA has modified its standards and participation requirements, programme-specific research is needed to understand the implications for development policy. Addressing this research gap, we provide the first academic analysis of Fair Trade USA’s coffee plantation certification, identifying its key programmatic features and ramifications for Nicaraguan workers. Nicaragua provides an important case study in view of the central importance of coffee in national exports and the plantation sector’s history of poor workplace standards and labour rights.

The next section situates our research within the literature on global markets and ethical coffee certification. Section 3 explains Fair Trade USA’s plantation certification and standards, identifying key areas where its labour standards are weaker than those of Fairtrade International. We outline the Nicaraguan research case in Section 4 and our research methods in Section 5. Section 6 analyses how Fair Trade USA’s programme has affected employment conditions, identifying major improvements made to gain certification, but also key limitations in addressing workers’ precarious economic situation and dependence on the plantation for both jobs and housing. Section 7 focuses on the implications of certification for workers’ wellbeing and labour rights, highlighting how required buyer Premiums fund improvements in workers’ livelihoods, but also persistent limitations in labour rights. To clarify the development policy ramifications of our findings, Section 8 assesses Fair Trade USA certification’s overall economic, Premium programme, capacity-building and participation benefits for workers and the key challenges they continue to face. Section 9 concludes.

Our research contributes to the literature on voluntary labour standards, substantiating Barrientos and Smith’s (2007) assertion that programmes often prioritize “outcome standards” related to

<sup>1</sup>Jaffee and Howard (2016) describe multiple programmes in the US ethical coffee market.

bureaucratically verifiable workers' entitlements and workplace attributes, over "process rights" related to workers' empowerment. As we conclude, Fair Trade USA certification has fuelled important immediate improvements in workers' wellbeing and employment conditions in the Nicaraguan case. We contend that national labour regimes fundamentally condition certification's implications for workers, creating a central development policy paradox. The reason that Nicaraguan workers report meaningful gains from Fair Trade USA's programme is due to the historically poor conditions on the study plantation, not to the programme's ability to pull their families out of poverty or guarantee decent work. We argue that whether these short-term gains lead to longer-term improvements depends on whether workers can significantly increase their individual capacity, through participation in workplace activities and Premium programmes, and their collective capacity, through workers' representation, to advance labour rights. These long-term empowerment gains are possible, but not guaranteed by Fair Trade USA certification.

## 2 | GLOBAL PRODUCTION NETWORKS, FAIR TRADE AND COFFEE

A global commodity/value-chain framework (Gereffi, 1994) illuminates the "buyer-driven" nature of world coffee markets, where increasingly powerful brand-name corporations dictate global production conditions (Talbot, 2004). Associated research emphasizes how non-corporate actors and non-economic pressures govern international markets (Coe & Yeung, 2015). Over recent years, a growing number of voluntary certifications have emerged that claim to improve social and environmental practices (Auld, Renckens, & Cashore, 2015; Fransen, 2012; Potts et al., 2014). Research demonstrates the central importance of poverty, gender and ecological concerns in global production and how these local factors mediate certification impacts (Bolwig, Ponte, Du Toit, Riisgaard, & Halberg, 2010; Neilson & Prichard, 2009). Comparative studies distinguish between low-bar certifications which shore up existing expectations and high-bar initiatives that significantly improve production conditions in coffee and other sectors (Raynolds, Murray, & Heller, 2007; Riisgaard, 2011). Research finds that ethical labour programmes typically prioritize outcome standards related to entitlements and workplace conditions and often downplay empowerment and process rights related to freedom of association and collective bargaining (Anner, 2012; Barrientos & Smith, 2007; Locke, 2013; Riisgaard, 2009). A gendered lens deepens our understanding of certification, with research highlighting how programmes often fail to address female workers' gender-specific needs and pathways to empowerment (Barrientos, Dolan, & Tallontire, 2003; Said-Allsopp & Tallontire, 2015; Tallontire, 2007). There are numerous coffee certifications (Potts et al., 2014), with Fairtrade International representing the best-known empowerment-oriented programme (Auld et al., 2015).

Given the absence of academic research on Fair Trade USA's new programme, we draw on studies of its parent Fairtrade International to help frame this analysis. The Fairtrade model was developed by European non-governmental organizations (NGOs) to challenge unfair trade practices and foster the wellbeing and empowerment of Latin American coffee farmers, using certification to support fairer production practices and labelling in order to engage ethical consumers (Renard, 1999, 2003). In 1997, Fairtrade International (originally called Fairtrade Labelling Organizations International) formalized its certification: harmonizing standards for products sourced from both small farmers and plantations and co-ordinating the activities of National Labelling Initiatives, including the newly established Fair Trade USA (originally called TransFair USA). This certification system has grown over time to comprise 22 National Labelling Initiatives, the autonomous global certification body FLOCERT and three regional Fairtrade Producer Networks (FTI, 2017). Fairtrade International



specifies *buyer standards*, stipulating that buyers provide access to credit and stable markets, pay guaranteed prices and deliver a Fairtrade Premium calculated in accordance with purchased quantities, and *supplier standards*, stipulating that farmers and workers be democratically organized, farmer/worker groups invest the Fairtrade Premium in development, and production uphold social and environmental guidelines (FTI, 2017).<sup>2</sup> Coffee remains Fairtrade's signature product, generating a quarter of certified revenues in global markets (FTI, 2017) and an even larger share in US markets (Jaffee & Howard, 2016).

While Fairtrade International has seen impressive growth, research highlights the challenges associated with working "in and against the market" (Raynolds, 2000). Market mainstreaming has refashioned Fairtrade certification in the coffee sector. The programme's success has "put pressure on what was once an alternative commodity network to become part of the mainstream market, incorporating conventional business norms, practices, and institutions" (Raynolds, 2009, p. 1083). Scholars document the shift in buyers' priorities from partnership to traceability (Raynolds, 2009), increasing role of transnational corporations (Jaffee, 2012), top-down technical oversight of producers (Renard & Loconto, 2013), and dilution of Fairtrade standards (Doherty, Davie, & Tranchell, 2013).

Numerous studies analyse Fairtrade certification's implications for coffee producers, focusing predominantly on Latin America, the major origin of certified coffee (FTI, 2017). Fairtrade International includes plantations in product areas where peasant farmers cannot fulfil market demand. But to counter market domination by large plantations, in the case of coffee only small farmers who rely primarily on household labour and are organized into co-operatives are eligible to participate.<sup>3</sup> Research across Latin America (Jaffee, 2007; Raynolds, 2009; Renard, 2003, 2005, 2015), including studies focusing specifically on Nicaragua (Bacon, 2005, 2015; Donovan & Poole, 2014, 2017; Valkila & Nygren, 2010), document the nature and potential variability in Fairtrade's central benefit streams for coffee farmers. This research reveals how: (1) economic rewards, particularly guaranteed prices, have allowed coffee farmers to survive drops in the world price but benefit large producers more than small ones; (2) Fairtrade Premiums have paid for coffee improvements and social services, yet vary depending on export volumes; (3) some buyers, but not all, have fostered capacity building; and (4) participation in coffee co-operatives has increased, though not equally across gender, ethnicity and class lines.

Scholarship on the ramifications of Fairtrade International certification for plantation workers is less extensive than for farmers. Since coffee plantations cannot be certified under Fairtrade rules, there are no directly comparable studies. Yet our analysis is informed by research on Fairtrade certification in key plantation products, including tea cultivated primarily in Asia (Besky, 2013; Makita, 2012), fresh produce derived largely from Africa (Krumbiegel, Maertens, & Wollni, 2018; Nelson & Martin, 2015), and bananas (Brown, 2013; Frundt, 2009), and flowers grown in Latin America (Lyll, 2014; Raynolds, 2012) and Africa (Riisgaard, 2009, 2011). Fairtrade certification creates the same

<sup>2</sup>Fairtrade details its supplier regulations in (1) Standards for Hired Labour, which apply to plantations; and (2) Standards for Small-Scale Producer Organizations, which apply to small farmers. Riisgaard (2009) outlines the key dimensions of Fairtrade's hired labour standards and compares these regulations to other agricultural programmes, focusing on labour organizing. Raynolds (2018) explains Fairtrade's plantation certification programme and major revisions in its 2014 labour standards, contrasting it with four other agricultural certifications.

<sup>3</sup>Plantation certification has been a central area of contestation in Fairtrade. Renard (2015) describes how and why farmers and their allies have barred plantations from coffee certification. Raynolds (2017) explains major contestations over certifying large enterprises, including why Fairtrade has incorporated plantations in all commodities except coffee, cocoa, sugar, honey, rice and cotton.

four benefit streams in plantation and smallholder production, but existing research suggests that for hired workers, benefits are even more uneven and vulnerable to erosion.

1. Economic rewards for workers derive largely from improved compensation and employment standards (since price premiums are captured by plantation owners) and while most African workers benefit from certification via better wages, benefits and work conditions (Krumbiegel et al., 2018; Riisgaard, 2009), women and seasonal workers often see fewer gains (Nelson & Martin, 2015).
2. Fairtrade Premiums, which average USD 125 per worker annually, fund major social services (Loconto, Silva-Castañeda, Arnold, & Jimenez, 2019), but limited sales curtail benefits in Asian plantations (Besky, 2013; Makita, 2012).<sup>4</sup>
3. While Fairtrade certification can increase workers' empowerment and capacity, transnational corporate control limits capacity building for Latin American banana workers (Brown, 2013; Frundt, 2009) and traditional patronage systems weaken empowerment for Asian tea workers (Besky, 2013; Makita, 2012).
4. Although Fairtrade seeks to increase workers' participation in labour organizations, the ramifications for collective empowerment are uncertain. Some argue that Fairtrade undermines labour solidarity in unionized plantations (Besky, 2013; Brown, 2013), while other authors conclude that certification can support unions (Frundt, 2009; Riisgaard, 2009). In non-unionized settings, some authors find that Fairtrade promotes workers' representation (Raynolds, 2012); others question this conclusion (Lyall, 2014).

### 3 | FAIR TRADE USA: COFFEE PLANTATION CERTIFICATION PROGRAMME AND STANDARDS

Founded in 1998, Fair Trade USA was originally responsible for co-ordinating and promoting Fairtrade International certification in US markets. Like other National Labelling Initiatives, Fair Trade USA adopted Fairtrade's standards aimed at fostering more equitable trade, sustainable development, and the wellbeing and empowerment of producers in the Global South. From the outset Fair Trade USA pursued a mainstreaming strategy, first signing on gourmet corporate coffee roasters like Starbucks and Keurig Green Mountain<sup>5</sup> and later mass-market buyers like Procter & Gamble (Jaffee, 2012; Raynolds, 2009). These large corporations jump-started US-certified coffee markets even though only a small portion of their sales were certified. Between 1998 and 2011, US imports of coffee certified in accordance with Fairtrade standards rose from 76,000 to 145,406,000 pounds (from approximately 34,000 kg to 65,955,000 kg) (FT USA, 2016, p. 24).

Fair Trade USA resigned from Fairtrade International in 2011 to certify coffee plantations, framing this move as fostering "fair trade for all." The organization had for years tried to revise Fairtrade policies to incorporate coffee plantations, to no avail (Raynolds, 2017). With strong backing from major corporate buyers, Keurig and Starbucks, Fair Trade USA left the international system to increase coffee sales sourced from plantations (Renard, 2015). While this exodus was applauded by large coffee corporations (Jaffee & Howard, 2015), it was criticized by Fairtrade Producer Networks, social

<sup>4</sup>See FTI (2015) for Fairtrade Premium data. Loconto, Silva-Castañeda, Arnold, and Jimenez (2019) analyse Fairtrade Premium use and benefits for farmers, workers and communities drawing on internal data and case studies of a Kenyan flower plantation and a Peruvian coffee co-operative.

<sup>5</sup>Originally called Green Mountain Coffee Roasters, it recently became Keurig Dr Pepper.

movement allies and mission-driven companies.<sup>6</sup> Fair Trade USA argued that operating independently it could “extend the benefits of Fair Trade to millions more farmers and workers” and offer buyers “more supply options” by certifying plantations in all commodities, unassociated farmers and producers in the global North (FT USA, 2012a).

Fair Trade USA launched its new programme with a pilot initiative certifying coffee plantations in Nicaragua and other Latin American countries (Linton & Rosty, 2015). But this coffee did not find ready markets. Plantations supplied only 0.2% of Fair Trade USA coffee in 2012 (FT USA, 2013). Keurig, Fair Trade USA’s long-time ally and largest licensee, was the only company initially willing to purchase plantation coffee. Yet even Keurig’s support has been tepid: it publicly commends Fair Trade USA and buys plantation coffee, but it does not display the certification on coffee from plantations.<sup>7</sup> While Fair Trade USA’s goal was to double certified sales by 2015 (FT USA, 2012a), its US-certified coffee imports fell to 141,744,000 pounds (approximately 64,293,000 kg) in 2016 (FT USA, 2016, p. 24).

Fair Trade USA established its coffee plantation standards in 2012, identifying its objective as being “to increase empowerment, including leadership and organization of farm workers employed on the farm, economic development, and to ensure fair working conditions and environmentally responsible production methods” (FT USA, 2012b, p. 1). As outlined in Table 1, its Farm Workers Standard required that plantations uphold national laws and International Labour Organization (ILO) conventions related to freedom of association, employment conditions and wages (FT USA, 2012b). Fair Trade USA maintained Fairtrade’s price guarantees and Premium, stipulating that coffee buyers pay USD 0.20 per pound purchased into a Premium Fund managed by a Premium Committee and invested in development.<sup>8</sup> The US programme claimed to be duplicating Fairtrade’s procedures, “taking rigorous FLO [Fairtrade International] standards that already exist for farm workers in tea, bananas and flowers, and ... applying them to farm workers in coffee” (FT USA, 2012b, p. 1). But Fair Trade USA lowered the bar, particularly in not requiring that all workers be democratically organized to defend their rights.

#### 4 | NICARAGUAN RURAL ECONOMY AND CERTIFIED COFFEE

Nicaragua is the poorest country in Latin America. There are 25% of Nicaraguans living below the poverty line and in rural areas it is closer to half (World Bank, n.d.). While a third of the population is engaged in agriculture, land is highly concentrated and peasant holdings are often too small to sustain a family (BCN, 2019). Rural social relations reflect the traditional *caudillo* system of authoritarian leadership and remain highly paternalistic (Walker & Wade, 2017). Although Nicaragua experienced a major revolution in 1979 which challenged the power of the rural elite, subsequent administrations have unravelled agrarian reform efforts and directed government support to plantation agriculture (Martí i Puig & Baumeister, 2017).

<sup>6</sup>Many mission-driven companies have severed ties with Fair Trade USA. Fairtrade America was established in 2012 as Fairtrade International’s new National Labelling Initiative, upholding the more rigorous global standards excluding coffee plantations. Companies like Thanksgiving Coffee and Ben & Jerry’s are now certified by Fairtrade America.

<sup>7</sup>Keurig (2017) explains the decision to not label this coffee by noting that there “is still much to learn from the pilots.”

<sup>8</sup>Given the parallels in certification expectations, Fair Trade USA accepts FLOCERT certification where it is available as well as auditing by Scientific Certification Systems.



**TABLE 1** Fair Trade USA farm worker standard social criteria compared with Fairtrade International hired labour standard<sup>a</sup>

Standard Area	Fair Trade USA Farm Worker Standard (2012)	Fairtrade Standard for Hired Labour (2011)—Major Divergence
Freedom of Association	Workers have right to unionize and are informed of their rights. There is no interference with existing workers' body, which meets regularly with management.	Additional requirements that if no union, workers represented by democratic workers' committee that negotiates with management.
Conditions of Employment	Workers employed directly with written contracts. Benefits meet national laws. Worksites and company housing safe and healthy. Workers have access to health care.	Additional requirements that workers receive regular medical exams.
Fair Employment Practices	No forced or child labour, harsh treatment, discrimination, sexual harassment, or retaliation. Grievance procedures exist.	Similar
Wages	Employers comply with national and local laws, sector and industry averages. Payment timely, specified in contracts and recorded on pay slips.	Similar
Prices & Premiums	Buyers pay guaranteed prices and set Premium based on amounts purchased. Premium is managed by Premium Committee, and invested in development.	Similar
Participation	Workers elect a Premium Committee, reflecting workforce composition, which manages Premium transparently and communicates with management.	Premium Committee not identified as a forum for communicating with management.
Collective Assets	Premium Committee works closely with workers to decide how to spend Premium Fund to best meet local needs.	Similar
Training	There is substantial training in capacity building and workers' rights awareness.	Similar

Note: <sup>a</sup>These standards were in operation at the time of our research. Both organizations have since updated their standards.

Sources: Compiled by the authors from FT USA (2012b, 2014) and FTI (2011).

Coffee remains central to the Nicaraguan economy and generates 19% of export revenue (BCN, 2019). This sector employs half of all agricultural workers, providing both full-time and seasonal jobs (Bolaños, 2017). Coffee is produced in peasant farms and plantations located primarily in the northwest provinces. Nicaraguan coffee plantations have historically been characterized by low wages, irregular employment, unsafe working conditions and limited worker representation (Olivar & Bustamante, 2016). Most Nicaraguan coffee is shade-grown Arabica. Although coffee productivity and quality have suffered over recent years, coffee exports are rising. In 2018 Nicaragua exported 663 million pounds (300,731,741 kg) of coffee valued at USD 418 million, over half of which was shipped to the United States (BCN, 2019).

Nicaraguan coffee co-operatives have strong and longstanding ties with Fairtrade International and ethical buyers. Equal Exchange, the US ethical coffee pioneer, started out importing Nicaraguan coffee during the Sandinista revolution. Nicaragua is currently the fourth largest producer of Fairtrade International coffee (FTI, 2015) and about 15% of small coffee farmers belong to Fairtrade-certified co-operatives (Bacon, 2015). Given Nicaragua's long history and major role in ethical coffee production, it is not surprising that it was included in Fair Trade USA's Coffee Innovation Pilot Programme.

## 5 | CASE-STUDY PLANTATION AND RESEARCH METHODS

This study focuses on a family-owned coffee plantation, Masaya,<sup>9</sup> one of the first plantations certified by Fair Trade USA.<sup>10</sup> Masaya acquired Fair Trade USA certification in 2013, its only certification. Between 2013 and 2014 the plantation sold two containers of Fair Trade USA-certified coffee to Keurig, which was at that time the only buyer of Fair Trade USA plantation coffee. Encompassing 188 ha in the highlands of Matagalpa, Masaya is among Nicaragua's largest 40% of farms (Martí i Puig & Baumeister, 2017, p. 387). It cultivates 155 hectares of shade-grown Arabica and produces on average about 210 tons (190,905 kg) of coffee annually. Located at the top of a ridge, at an altitude of 2,000–5,000 feet (609–1,524 metres), Masaya is approximately five km from the nearest road. The plantation employs 80 permanent and 550 seasonal (largely harvest) workers; 63% of the overall workforce is male (Mosquera & Del Río, 2015). The company provides housing for about 80 permanent and temporary workers and their families, including a small subsistence parcel.<sup>11</sup>

The study analyses the immediate ramifications of Fair Trade USA certification, drawing on qualitative research undertaken by one author at Masaya from September to October 2014.<sup>12</sup> To understand management's perspective, the married couple owners and two male managers were interviewed for approximately an hour regarding the certification process and impacts. To understand workers' views, we interviewed elected representatives and then pursued a purposive snowball sampling strategy to draw a diverse sample of permanent rank-and-file workers, including 15 men and 12 women.<sup>13</sup> Semi-structured interviews with workers lasted from 30 minutes to an hour and were largely conducted in the fields during working hours away from other workers and managers (a few took place in workers' homes).<sup>14</sup>

<sup>9</sup>We use a pseudonym to maintain respondents' anonymity.

<sup>10</sup>Access to the plantation would not have been possible without the support of the International Center for Tropical Agriculture (CIAT), which was undertaking a multi-country impact evaluation of Fair Trade USA certification funded by the Ford Foundation and Keurig. The research reported here benefited also from discussions with CIAT staff and contextual data provided by CIAT's quantitative survey, including permanent and temporary Masaya workers (Mosquera & Del Río, 2015). In exchange for CIAT's support, the author responsible for the field research reported here (who was engaged in a broader independent dissertation project) shared some of her qualitative findings with CIAT for inclusion in their donor reports.

<sup>11</sup>Masaya does not have clear criteria for allocating housing to workers. Many workers with company housing say that they "inherited" it from relatives, with management approval. Most households living on the plantation include at least one family member who is a permanent worker, with others hired as temporary workers.

<sup>12</sup>The author responsible for the field data reported here is a white, middle-class Brazilian heterosexual woman in her 30s. Despite having been raised in Latin America and fluent in Spanish, her experiences, identity and culture differ significantly from that of research participants. To help bridge this gap and understand power relations in the plantation, this research was grounded in feminist epistemology. Research assumptions and findings were continuously scrutinized and data-collection activities remained flexible to incorporate variations in experiences and gender and class dynamics. The researcher provided detailed explanations regarding respondents' confidentiality and the project's independence from management. At the start of the research the plantation's unequal power relations and workers' fear of reprisals clearly inhibited disclosure. Participants' willingness to share their views and experiences gradually increased, as trust and rapport were developed.

<sup>13</sup>Our study included only permanent workers. Since temporary workers had such limited exposure to the plantation since certification, we thought it unrealistic to find measurable impacts. Over time, it is hoped that certification will also benefit temporary workers, since in Nicaragua, as in most countries, they are typically the most vulnerable.

<sup>14</sup>Readers should be reminded that it is very hard to get unbiased employment information from workers given the considerable power inequalities found on plantations. Interviewing workers on company grounds accentuates the possibility of biased responses from workers who may rightly fear reprisals. To build trust with workers and facilitate in-depth understanding, we used a responsive interviewing approach, emphasizing exploring (not just recording) respondents' comments (Rubin & Rubin, 2012). In this field research, workers provided critical insights.



Interview findings were elaborated through four focus group discussions (FGDs) lasting about two hours involving 20 men and 18 women: one with Premium Committee worker representatives during working hours with managers present; the other three with plantation workers held after the working day on company grounds with no managers present. This article analyses workers' views regarding their experiences with certification, workplace challenges and opportunities, and workers' organizations.<sup>15</sup> Interviews with representatives of civil society groups and a document review contextualize and corroborate our findings. All interviews were conducted in Spanish. Permission was granted to record most interviews, which were transcribed both to enhance accuracy and facilitate digital analysis.

## 6 | THE IMPLICATIONS OF CERTIFICATION FOR EMPLOYMENT CONDITIONS

Masaya has historically experienced many of the problems endemic to Nicaragua's coffee sector. As is common in rural areas, the family-owned plantation has a tradition of authoritarian management and paternalistic practices. Like most Nicaraguan plantations, it has historically had poor workplace conditions, low wages and little job security. Masaya, like many coffee companies, hires landless workers and peasants who own too little land to sustain their families.<sup>16</sup> Workers are drawn from the surrounding region and have an average of seven years of schooling (Mosquera & Del Río, 2015). Permanent workers reflect in their words, practices and demeanour traces of the patron–client relations which have long characterized the Nicaraguan coffee sector.<sup>17</sup>

Given its poor employment conditions, Masaya had to make significant improvements to meet the 78 entry requirements specified in Fair Trade USA's Farm Workers Standard and the 12 additional requirements that must be met in the first year (FT USA, 2014). Acquiring certification took several years and three audits: the first audit found Masaya non-compliant with Fair Trade USA standards in 36 areas; the second found five remaining problem areas; only after its third audit in December 2013 was Masaya certified. Audits identified non-compliance in areas such as workers' housing infrastructure, agro-chemical handling practices, water contamination, overcharging for products in the on-site store, and exclusion of temporary workers from Premium programmes. According to managers, Masaya spent USD 150,000 on addressing these issues. Following Fair Trade USA guidelines, managers have informed workers about the certification through general meetings, informal conversations and audio tapes. Most workers are aware of the certification and many can identify improvements which they attribute to Fair Trade USA, often pointing to additional safety equipment and occupational health and safety training. Workers and managers concur that the plantation made major upgrades in employment conditions to secure certification.

According to workers, a key improvement that Masaya made to gain Fair Trade USA certification was in the on-site housing provided for about 80 labourers and their families. Given their isolated location and limited local housing and transport, Masaya, like many Nicaraguan coffee plantations, offers housing for some permanent workers. Prior to certification, on-site housing had limited electricity and lacked indoor water. While these amenities were added to meet programme requirements, infrastructure remains rudimentary and some residences still have dirt floors and no sewage systems. Despite the poor infrastructure, workers are grateful that Masaya provides housing. Their comments regarding the housing reflect their subordination within traditional patron–client relations as well as

<sup>15</sup> Additional data collected on local gender relations and gendered patterns of empowerment are analysed in a companion article.

<sup>16</sup> Mosquera and Del Río (2015) find that 29% of Masaya workers own land.

<sup>17</sup> Some workers have asked Masaya owners to be their children's godparents.

their economic insecurity. As one male worker states: “*These houses are from the owners, we are occupying temporarily, but if we have a problem...if today I am here and tomorrow, they fire me, I have to leave*” (personal communication, October 6, 2014). A female farmworker elaborates:

*If my house was mine I would at least buy, with my salary, a pig and chickens then make it big and sell them, and have more money ... to go further, and when we die, our children will keep the house and not stay here like us, here in this community ... [the house] is not ours, it is theirs ... the goal is to have something that is ours* (personal communication, October 1, 2014).

Workers clearly recognize that their lack of home and land ownership limits their economic wellbeing, livelihood options and their children’s future.

Fair Trade USA stipulates that employers should not discriminate, but Masaya exhibits major gender inequalities in employment. Female and male workers may be single or married;<sup>18</sup> they receive equal daily wages and benefits; and are assigned to most of the same tasks, although there are no female managers.<sup>19</sup> Yet there is a sharp difference in hiring: permanent female workers are hired only part-time, “on rotation,” for 15 days per month, while men are full-time. Managers justify such inequalities by noting that work is scarce and, drawing on gender stereotypes, they must “reserve” full-time work for men since they are the “major family breadwinners.” Most (though not all) male workers support this gendered logic and inequality; female farmworkers criticize this discrimination for curtailing their earnings.

While many workers say that treatment of workers has improved since Masaya was certified, our findings suggest that harsh management practices, sexual harassment and fear of retaliation persist. Many workers, particularly women, report poor treatment by supervisors and co-workers. As one FGD participant explains: “*We [women] are humiliated ... there are people that humiliate me, but ... it does not matter that I am humiliated, offended or that people call me names...there is no one to tell that someone discriminated against me or said that I am not worthy*” (personal communication, October 9, 2014). As suggested here, female workers are largely resigned to their poor treatment. Although Fair Trade USA standards require the existence of grievance procedures, workers say that very few workers, women or men, would dare report mistreatment due to fear of reprisals.<sup>20</sup> Articulating how this fear silences complaints, one female worker living in company housing explains:

*We keep quiet ... there are many people who say that if we talk they [management] will let us go ... we do not know for sure because they never said that they would let us go... but we are still afraid ... since we do not have where to live, a decent roof, we cannot say anything ... since we do not have where to go, we keep quiet* (personal communication, October 7, 2014).

As noted here, workers have very few employment options and fear they might be fired if they complain, a fear that is accentuated for those for whom the loss of employment would also mean eviction from their homes.

<sup>18</sup>In accordance with certification rules, spouses are not necessarily Masaya employees.

<sup>19</sup>Women are rarely found in planting, pruning and pesticide application, however.

<sup>20</sup>Having grievance procedures does not mean that workers feel safe in reporting problems. To address this challenge, some certifications require that workers be on grievance committees, encourage complaints be directed to the certifying agency, and establish anonymous hotlines.

Workers and managers concur that Masaya's overtime and hiring policies generally meet Nicaraguan legal requirements. This should not be taken for granted, since workers report that prior to certification, their hours exceeded legal ceilings. Currently, farmworkers have a 48-hour working week—as is legal and common in rural Nicaragua—from Monday to Saturday from 5.30 a.m. to 1.30 p.m. Although Fair Trade USA expects formal job contracts, informal hiring practices persist. Only 18% of Masaya's workers have a written contract, making them no more likely to be formally employed than other Nicaraguan coffee plantation workers (Mosquera & Del Río, 2015).

Permanent full-time Masaya farmworkers earned from USD 106 to USD 128 per month in 2014, essentially matching Nicaragua's USD 110 legal minimum wage for agricultural workers. Yet almost all workers say that their earnings are insufficient to cover basic needs. Substantiating workers' assessment of this wage deficit, researchers calculate that a *living wage* for coffee workers in northwest Nicaragua is 52% higher than that stipulated by law (Andersen & Hernani-Limarino, 2017).<sup>21</sup> Masaya workers report that, given their low wages, most of their earnings are spent on purchasing food, with the remainder going largely to their children's education and health expenses. Workers describe how they have had to periodically withdraw their children from school because they could not pay for class materials and transport. Some report instances when they could not afford to feed their families. Fully 89% of Masaya's temporary and permanent workers are food-insecure (Mosquera & Del Río, 2015).

Managers and workers both recount changes in the plantation labour process associated with Masaya's entry into Fair Trade USA's programme. From the perspective of managers, changes in production, including increasing training for workers and upgrading of handling procedures, are rooted in the need to improve coffee quality to satisfy their Fair Trade USA-affiliated buyer, Keurig. As a gourmet coffee company, Keurig has exacting quality standards, as do most companies in the US-certified coffee market,<sup>22</sup> and from 2013 to 2014, only two of Masaya's 12 coffee containers were able to meet Keurig's quality requirements. While managers frame shifts in the labour process as efforts to improve quality, workers describe these changes as increasing performance expectations and the pace of work. A male fieldworker explains how certification intensifies labour demands:

*During input and fertilization application, we used to cover three quintales, but now it is five quintales, they [managers] increased [the workload]...because they said that with the certification we have to yield more....they are accelerating more the workload, because their policy is for us to work more, to obtain more, but economically they are benefiting most...they are going to sell the coffee at a higher price...and save on labour (personal communication, October 8, 2014).*

Several workers echo the idea that they are expected to increase productivity to offset certification costs, which, as articulated above, bolsters company profits. Reflecting this reasoning, 55% of Masaya workers identify the main beneficiary of Fair Trade USA's programme as being the plantation owners and only 34% the workers (Mosquera & Del Río, 2015).

<sup>21</sup>The living wage is defined as a salary sufficient for a decent standard of living for a working family (in Nicaragua assuming four people with the equivalent of 1.62 full-time earners), including basic food, water, housing, education, health care, transport, clothing and unplanned expenses.

<sup>22</sup>Raynolds (2009) explains the gourmet quality demands of major US-certified coffee buyers, including Keurig, Starbucks and most other companies.



## 7 | THE IMPLICATIONS OF CERTIFICATION FOR WORKERS' WELLBEING AND LABOUR RIGHTS

Like most coffee workers in Nicaragua, the Masaya workforce is not represented by a union or other body designed to advance workers' rights. The Nicaraguan constitution protects freedom of association and collective bargaining, but unionization is limited. Only 5.3% of Nicaraguan workers, and a smaller share of rural workers, are unionized; 7.6% of the workforce is covered under a collective bargaining agreement (ILO, 2018b). The Association of Rural Workers (ATC), the most important rural trade union, represents 50,000 Nicaraguan peasants and workers, and has recently advanced the interests of coffee workers (Wilson, 2015).

Masaya management invited ATC representatives to the plantation to meet with farmworkers as part of the certification process. This meeting satisfied Fair Trade USA requirements, even though there was no follow-up action. As previously noted, programme standards stipulate that workers be informed of their rights, but do not require that they be organized to defend those rights. Managers state frequently that Masaya does not need a union. Situating labour rights within traditional patron–client relations, they argue that since they “take good care of their workers,” unionization is unnecessary. Managers go on to describe how Fair Trade USA certification has promoted the “mutual rights and responsibilities” of workers and managers, contending that any collective workers' needs are satisfied through this programme.

Masaya workers report that managers strongly discourage unionization. Some farmworkers echo managers' rhetoric, speaking of labour rights as comprising mutual obligations and discounting their need for representation. They describe “the obligations and duties” of workers as being to support their families, but also to ensure the plantation's success. Framed within the patronage system, both male and female workers suggest that in return for doing a good job, they gain employment and a steady salary. Yet many go on to note that there is no guarantee that the company will uphold its obligations. Some Masaya workers, particularly more experienced elected representatives, recognize that labour rights are legal entitlements and argue that a union would help protect these rights.

Although most Masaya workers report having had training in labour rights, few can identify these. Workers' lack of understanding of labour rights appears to be due largely to the distance between these ideas and workers' lived experience. A male FGD participant reports:

*The worker never had the opportunity to claim his/her rights that were violated or to work freely without oppression, so these are the things that we never experienced before, but now with this certification these are the things that are intended to recover...to obtain the freedom to work, freedom of thoughts, the right to be heard and work in harmony both with workers and the farm owners (personal communication, October 13, 2014).*

Many workers explain plantation relations within the context of Nicaragua's strong tradition of peasant subordination and patron control. As one male coffee worker explains: “We, the peasant people, have grown up with the culture of our parents, if we talk bad about the owner, there is a tendency to be fired” (personal communication, October 8, 2014). Although some Masaya workers say that formal labour representation would enhance their position, the fear of retaliation for organizing appears well founded. Another male farmworker explains, “The purpose of unions is to enforce labour compliance and rights ... full salaries and everything ... here there is fear ... because last time some people complained and there is much to complain [about] ... little by little they were fired” (personal communication, October 11, 2014). Female workers often share men's views regarding unions and the risks of retribution, but they are less likely to bring up labour concerns or question management practices. Most plantation workers say that

they know of rights violations that were not reported to managers or government labour inspectors due to workers' fear of reprisals. In a few cases, workers have used the patronage system to address complaints, tapping into this system's gendered nature by taking their concerns to the company owner's wife to seek remediation.

When asked about workers' representation, Masaya managers and many workers respond by discussing the Fair Trade USA Premium Committee, even though this organization is not comprised only of workers or designed to advance workers' rights. The Committee is responsible for managing the Premium Fund accrued from the USD 0.20 per pound fee that buyers pay for certified coffee. The Premium Committee meets quarterly during working hours and includes four Masaya managers, nine male, and four female elected workers.<sup>23</sup> It manages the Premium Fund account and projects benefiting workers and their communities, including soliciting project ideas, analysing their viability and overseeing ongoing projects. The Premium Committee convenes a General Assembly of all workers to vote, by show of hands, on funding priorities.<sup>24</sup> Workers serving on the Committee report that the additional training they receive and experience of "sitting at the table with management" to discuss Premium investments has significantly increased their confidence and individual agency.

Almost all workers and managers say that the Fair Trade USA Premium Committee has improved relations between Masaya workers and managers. According to both male and female workers, before entering the programme, Masaya was very hierarchical, with authoritarian management and limited engagement between workers and managers. Having workers and managers serve together on the Premium Committee has fostered regular communication.<sup>25</sup> For workers, their representation on this committee reflects a new level of respect for their contributions and place within the enterprise. Farmworkers say that, in addition to overseeing projects, the Premium Committee serves as a forum to communicate minor concerns to management. A male worker representative explains: "*Before there was no participation of workers ... now when the people have a small problem, they see that we are in the Committee ... they tell us and we bring the issues to the Committee to search for a possible solution for a problem...we are like a bridge*" (personal communication, September 29, 2014). As noted here, the Premium Committee has helped bridge what has in the past been a chasm between Masaya workers and managers, advancing workers' communication (though not negotiation) with management.

Managers argue that workers are organized and represented through the Premium Committee, making a union or other workers' body redundant. A male representative reports, "*they [managers] say that we as a [Premium] committee are working well ... we represent the workers, so it is sufficient because any worker claim will come to us to address it with management, thus there is no need for a union*" (personal communication, October 2, 2014). This characterization of the Premium Committee as an organization which serves, like a union, to represent workers' interests, is repeated often by managers. Many workers, male and female, acquiesce to this view, since this forum is better than nothing. Workers note that regular General Assemblies and Premium-related activities have given them a voice that they never had before. Yet none, including worker representatives, knew of attempts to address major labour concerns, like wages, through this Committee. Refuting management's argument that a

<sup>23</sup>Men are thus overrepresented: while they comprise only 60% of the workforce, they account for 75% of committee representatives.

<sup>24</sup>Only workers vote on project priorities, but General Assemblies are facilitated by manager and worker Premium Committee members. They are thus not immune from management influence.

<sup>25</sup>The expectation that the Premium Committee will serve as a forum for communication between the workers and management is explicitly laid out in Fair Trade USA's certification standards. As noted in Table 1, this is an important area of divergence from Fairtrade International's expectations that there should be a union or independent workers' committee to communicate with managers and defend workers' interests.

union would be redundant, many workers say that they want their own organization to defend their rights and negotiate with management.

Most Masaya workers report that they or family members have benefited from projects funded by the Premium and are grateful for this support. Prior to Masaya's certification, Fair Trade USA made a one-off donation of USD 8,000 to establish the Premium Fund. This money paid for workers' eye tests and glasses, and latrines for workers residing off-farm. Masaya's first year of Fair Trade USA coffee sales generated USD 16,000 in Premium Funds, based on buyer fees from two containers of certified coffee.<sup>26</sup> The 2014 premium paid for three new projects: low-interest loans to 57 workers for seed purchases or home repairs, regular school transport and lunch for 34 workers' children, and food baskets for 17 elderly community members unable to work. Even though Premium Funds derive from buyer fees and workers vote on their allocation, managers and workers often depict Premium projects within the context of patron–client relations and company benevolence. While managers describe these projects as continuing Masaya's tradition of “caring for their workers,” workers describe them as “gifts” from the company, for which they are deeply grateful.<sup>27</sup>

Most farmworkers report that Premium projects have noticeably improved their household's wellbeing. Yet because Masaya has only been able to sell 2% of its coffee in certified markets, the size of the Premium Fund has been modest (in 2014 amounting to only USD 25 per worker, including permanent and temporary workers). Premium projects have helped promote workers' welfare, but have been unable to offset farmworkers' poverty and economic vulnerability. Reflecting this vulnerability, some workers who took out seed loans lost their crops and are now indebted, making them worse off. Premium projects have helped shore up household wellbeing, but are insufficient to make up for farmworkers' limited resources and lack of rural social services. Several male and female workers note that what would really reduce their economic insecurity is a decent wage. Managers argue that Masaya cannot afford to raise wages and that the best way to improve workers' wellbeing is by increasing certified sales and associated Premiums. Some workers support this reasoning, but others argue that workers deserve a wage increase since their current earnings cannot cover basic needs and they are responsible for enhancing the quality and value of Masaya's coffee. Although permanent workers believe that certification has improved their wellbeing, only 44% of Masaya's overall workforce thinks that their workplace conditions are better than those on other regional coffee plantations (Mosquera & Del Río, 2015).

## 8 | FAIR TRADE USA BENEFIT STREAMS, WORKERS' BENEFITS AND PERSISTENT CHALLENGES

Table 2 summarizes Masaya's experience with certification's four major potential benefit streams and the unresolved challenges in improving workers' wellbeing. Our research shows how traditional Nicaraguan social divides, national labour conditions and specific plantation features shape the impacts of certification on Masaya workers. Yet by situating our findings within the context of the literature on Fairtrade and other certifications, we seek to move beyond the local context to highlight the broader implications of our research for development policy.

In economic terms, Masaya workers have benefited from important improvements made by the plantation to qualify for and maintain Fair Trade USA certification, particularly in better housing,

<sup>26</sup>The Premium for 2014 of USD 16,000, represents only USD 25 per worker if we include all permanent and seasonal workers.

<sup>27</sup>Masaya has longstanding programmes for plantation workers' children, including an on-site pre-school and gifts of shoes and toys, which workers gratefully attribute to the owner's wife.



**TABLE 2** Potential benefit streams, worker benefits and persistent challenges

Potential Benefit Streams	Masaya Worker Benefits Attributable to Fair Trade USA Certification	Persistent Challenges
Economic rewards	<ul style="list-style-type: none"> <li>- Improved housing</li> <li>- Better workplace health &amp; safety</li> <li>- Legal work hours</li> </ul>	<ul style="list-style-type: none"> <li>- Housing dependence</li> <li>- Wages well below living wages</li> <li>- Women limited to part-time jobs</li> </ul>
Fair Trade Premium	<ul style="list-style-type: none"> <li>- Premium funding for needed educational and health services, food baskets for the elderly, and low-interest loans</li> </ul>	<ul style="list-style-type: none"> <li>- Premium limited by low sales, leaving significant unmet needs</li> <li>- Projects seen as company gifts</li> <li>- Premium subsidizes low wages</li> </ul>
Capacity building	<ul style="list-style-type: none"> <li>- Individual capacity building especially for worker representatives</li> </ul>	<ul style="list-style-type: none"> <li>- Quality demands and patronage curtailing individual capacity building</li> <li>- Little collective capacity building</li> </ul>
Worker participation	<ul style="list-style-type: none"> <li>- Increasing participation and voice in Premium Committee and General Assembly</li> </ul>	<ul style="list-style-type: none"> <li>- Manager resistance to unions</li> <li>- No collective representation via body devoted to advancing labour rights</li> </ul>

workplace health and safety, and compliance with legal working-hour limits. Yet workers remain highly dependent on the plantation for housing as well as jobs. Masaya wages meet only the legal national minimum, which is far below a living wage for the region, so workers' families cannot maintain a decent standard of living. Female workers face ongoing discrimination, and are limited to part-time work, further reducing their earnings. Our study echoes research suggesting that Fairtrade certification has improved employment conditions, but that the benefits to workers may be limited and unequally distributed (Krumbiegel et al., 2018; Nelson & Martin, 2015). While Fairtrade has strengthened its labour standards to enhance equity and reach living-wage benchmarks, Fair Trade USA's standards remain significantly weaker, making them less likely to be able to challenge entrenched plantation inequalities or ensure decent work.<sup>28</sup> Fair Trade USA's plantation certification appears to have more in common with low-bar programmes that help promote legal compliance, than to initiatives that significantly raise expectations for agricultural labour (Raynolds et al., 2007; Riisgaard, 2011).

Premiums derived from Masaya's Fair Trade USA coffee sales have funded much-needed education and health services, support for the elderly and low-interest loans. But Premiums are limited by low purchases by Fair Trade USA's only buyer, Keurig, and are nowhere near enough to address local needs. While the Premium is paid by buyers and is supposed to belong to workers, this benefit is presented by managers, and often seen by workers, as a form of company benevolence. At Masaya, Premiums subsidize low wages, as has been argued to take place on some Fairtrade plantations (Besky, 2013; Brown, 2013). Although we demonstrate the importance of Premium-funded services, the Masaya case shows how limited commitment from buyers curtails Premiums, as is often found in Nicaraguan Fairtrade coffee co-operatives (Bacon, 2005; Donovan & Poole, 2014; Valkila & Nygren, 2010) and Fairtrade tea plantations (Besky, 2013; Makita, 2012). Since the Premium programme is central to Fairtrade's model for raising the bar for peasants and workers, low Premiums erode certification's ability to significantly improve production conditions.

<sup>28</sup>Fairtrade International 2014 Labour Standards require annual salary increments until reaching the stipulated living-wage benchmarks (FTI, 2014). Fair Trade USA's Agricultural Production Standard (FT USA, 2017) stipulates that employers must 'have a plan' to move towards paying living wages.

Certification has supported some individual capacity building for Masaya plantation workers who are beginning to question the cultural norms and practices subordinating rural workers. While workers' aspirations have risen, Nicaragua's traditional patronage system and Keurig's quality demands maintain tight labour control, limiting concrete advances. Workers on the Premium Committee have experienced more significant empowerment due to their additional training and regular engagement with managers, increasing not just ambitions, but also their capacities. Despite individual gains, Masaya workers have experienced little collective capacity building and workers report continuing to be silenced and dissuaded from pursuing grievances. These findings mirror the results of research on Asian Fairtrade tea plantations, where traditional patronage systems limit capacity building for workers (Besky, 2013; Makita, 2012), and African flower plantations certified by low-bar programmes (Riisgaard, 2011).

Fair Trade USA certification has increased the participation of plantation workers, through voting in the General Assembly, and the participation of workers' representatives in Premium Committee activities. Yet despite this increased voice, Masaya workers continue to have no collective representation in an organization that can promote labour rights. Masaya managers continue to resist unionization, misrepresenting the Premium Committee as a representative body, negating the need for formal labour agreements, and fuelling workers' fears that organizing will lead to dismissal. Union representatives have visited Masaya and workers have received training in labour rights, but we see few signs that workers are moving towards collective representation. Our findings reinforce arguments regarding the importance of programme support for labour organizing (Riisgaard, 2009) and concerns that Fairtrade certification has not done enough to bolster labour representation in non-unionized sectors (Lyll, 2014). While Fairtrade International has taken up these concerns and strengthened its support for unionization, Fair Trade USA continues, like most low-bar programmes (Raynolds, 2018; Riisgaard, 2011), to provide limited support for unions.

## 9 | CONCLUSIONS

This article explores Fair Trade USA's efforts to 'extend the benefits of Fair Trade' by withdrawing from Fairtrade International and incorporating coffee plantations. Fair Trade USA has certified coffee plantations following criteria which duplicated some, but importantly not all, of those embodied in Fairtrade's hired labour standards. In the Nicaraguan case, certification was entwined with efforts to improve coffee quality to meet Keurig's gourmet demands, but the corporation only bought 2% of Masaya's coffee. This experience reflects the power of coffee brand corporations in global markets, the intersection of buyer and certification pressures in configuring production, and how gourmet corporate roasters with limited ethical commitment use certification to enhance access to high-quality coffee (Raynolds, 2009). While Fair Trade USA's goal was to double sales in its first four independent years, labelled coffee imports fell during this period due to the lack of buyer support.

We extend the literature on voluntary certification programmes by analysing the implications of Fair Trade USA's new coffee certification for Nicaraguan workers and conclude that, like many other labour-standard programmes (Anner, 2012; Barrientos & Smith, 2007; Locke, 2013; Riisgaard, 2009, 2011), this initiative has been more effective in improving employment and workplace conditions (outcome standards), than in fostering worker empowerment (process rights). Like other Nicaraguan coffee plantations, Masaya has historically been characterized by poor labour conditions, making it a case that offers many insights for studying the immediate impacts of certification. We find that the plantation made important improvements in employment and workplace conditions to gain Fair Trade USA certification. Our findings bolster the conclusion that compliance-based bureaucratic

certification is most effective in addressing auditable outcome standards (Raynolds, 2018; Riisgaard, 2011). Fair Trade USA oversight, like that of many other programmes (Fransen, 2012), has compelled Masaya to improve its working hours, health and safety standards, and other bureaucratically verifiable employment practices to meet legal requirements. While reinforcing national law appears like a minor advance, it is a critical first step in addressing common violations of labour law in Latin American coffee plantations (ILO, 2018a; Olivar & Bustamante, 2016). We find that Fair Trade USA's certification may, like other low-bar programmes, bring the biggest immediate gains to workers where conditions are worst: where bringing labour conditions into legal compliance is a victory. However, as is clear in the Nicaraguan case, this does not mean that the programme is able to pull workers out of poverty or guarantee decent work.

We argue that whether these short-term gains in employment and workplace conditions lead to longer-term improvements in enabling rights depends on whether Fair Trade USA can help create an environment where workers can significantly increase their individual capacity, through participation in workplace activities and Premium programmes, and their collective capacity, through effective representation. Gains in longer-term deeply embedded process rights are possible, but not guaranteed by Fair Trade USA certification. The Premium Fund programme, which was developed by Fairtrade International, can help provide critical resources for impoverished communities lacking basic social services. But as we see in the Nicaraguan case these resources are insufficient and workers' livelihoods remain precarious due to poor wages and reliance on the plantation for jobs and housing. Since Premiums accrue at the level of the plantation and are based on certified volumes, this system can, as seen in this case, be subverted by management to reinforce its power, intensify labour control and underwrite low wages. Premium Funds may bolster workers' wellbeing, but they do not necessarily enhance workers' capacity to claim entitlements from either employers or the state.

Whether workers see long-term improvements from Fair Trade USA certification depends in large part on whether they can strengthen their collective capacity, through representation in an organization empowered to claim labour rights and negotiate with management. In the Masaya case, this appears unlikely due to the limited power of Nicaragua's rural unions and management's active resistance to unionization. Our study supports the conclusion that voluntary programmes often fail to challenge the deeply entrenched inequalities that underpin poor labour standards and that collective representation is critical in empowering workers (Anner, 2012; Barrientos & Smith, 2007; Riisgaard, 2011). As our research reveals, Fair Trade USA lowered the bar on labour rights when it broke away from Fairtrade International, requiring at the time only that workers be informed of their rights. This meant that Masaya was able to qualify for certification, even while managers worked to undermine labour rights. Fair Trade USA has recently bolstered its standards to require that a 'Social Engagement Team' be created to enhance communication between the plantation workers and the management (FT USA, 2017), yet this stipulation remains far weaker than Fairtrade International's current requirement that companies 'proactively' support unionization (FTI, 2014). And increasing workers' collective voice does not necessarily increase workers' collective capacity to advance labour rights. Worse still, there is a danger that rather than strengthening national labour regimes, low-bar private certifications could impede collective organizing and improvements in state labour regulation.

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