

Extended Abstract

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Paper/Poster Title	Feasibility of Fairtrade adoption by Cashew Farmers and its Potential Contribution to the Sustainability in Guinea-Bissau.
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Abstract prepared for presentation at the 98th Annual Conference of The Agricultural Economics Society will be held at The University of Edinburgh, UK, 18th - 20th March 2024.

Abstract	200 words max
<p>Guinea-Bissau, former Portuguese colony has heavily affected by constant political instabilities since its independence in 1973. The country produce high quality cashew nuts, but dysfunctionality of home institutions have produced inefficiency supply chain which pushed smallholder farmers into poverty and severe food insecurity. Fairtrade which encourages micro-level organization based on cooperatives presents a solution to thousands of farmers. This empirical study provided primary insights on determining the feasibility of Fairtrade adoption for the cashew cooperatives and analysed whether the promises of Fairtrade can potentially contribute to the sustainability in Guinea Bissau. The study considered four cooperatives covering four different regions. The findings showed that cashew cooperatives meet some of the Fairtrade standards such as being consisted of smallholder farmers and being primary decision makers of their cashew orchards management, but there are practices and behaviour which don't align with Fairtrade principles such as use of the hired child labour. Adoption of Fairtrade would contribute to the sustainability of supply chain through increasing of farmgate prices, reliable market, etc which would increase farmers' income, improve food security, and enhance communities' development. The future research should include other players of supply chain such as traders and exporters.</p>	
Keywords	Cashew nuts, Fairtrade, Sustainability, Supply chain
JEL Code	F1 see: www.aeaweb.org/jel/guide/jel.php?class=Q)
Introduction	100 – 250 words
<p>Cashew farmers in Guinea-Bissau struggle to make a decent living, many face difficult working conditions and are poorly paid. Despite the growth of the cashew global market over the past decades which is estimated to reach over USD 10.35 billion by 2031, cashew producers dominated by the smallholder farmers from developing countries don't benefit fairly from their hard labour. Farmers' response towards inefficiency supply chain has been an expansion of plantations with the hope to increase production quantity, and while doing so, farmers cut down trees, employ child labour, and heightened gender inequality rendering the country's cashew value chain unsustainable. Some scholars argue that a fair market intervention is needed to compensate farmers fairly for their produce which could incentivise sustainable practices. Fairtrade has been extensively studied and is among the popular voluntary certification schemes</p>	

to date, particularly for the western consumers. Most of the existing literature focuses on its impact on farmers from developing countries and on coffee. In countries where fairtrade was introduced, farmers operate in a stable market and receive better prices for their products which help them to withstand the global market shocks in times of crisis. The primary objectives of the study was to analyse if cashew cooperatives operating conditions meet the set of standards established by Fair trade international and if socio-economic and environmental benefits promised by the Fairtrade International are better compared to those obtained by cashew farmers within the existing supply chain.

Methodology	100 – 250 words
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. The study considered four cooperatives covering four different regions of the country and used a mixed approach with a quantitative and qualitative structured questionnaire to cashew farmers. The rationale was to have at least one cooperative from each region of the country as the ecological conditions, infrastructure, and public services tend to differ from one location to another, and all those factors influence farmers’ experiences. Data was collected in person in May 2023 from ANAG- Buba, Bodjar, Gollem Badora, and Federaçao KAFO cooperatives. In each cooperative, 20 to 26 cashew farmers were interviewed, with a final sample of 96 farmers (81% males and 19% females). The questionnaire was designed based on the literature review and Fairtrade handbook for nuts producers. Main research questions were to understand whether cashew cooperatives operating conditions meet the set of standards established by Fair trade international, and if social, economic, and environmental benefits promised by Fairtrade are better compared to those obtained by cashew farmers. For data analysis, R-software was used to perform a mixed approach of data manipulation and analysis. A mix of chi-square test, ANOVA, linear regression, and probit regression analysis were used.

Results	100 – 250 words
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43% of the participants have between two to five hectares of cashew orchard, 30% have less than two hectares, and 27% have more than five hectares. The participants were aged between 19 to 80 years old, and majority were in the range between 49 and 64 years old. 94% of the respondents reported that they are primary decision makers on management of their orchards and on cooperatives’ leadership, 94% of the farmers think their leaders are trustworthy. On average cashew farmer uses 25 people annually consisted of 48% family labour, 40% hired labour, and 12% hired child labour. Linear regression showed that variables with a significant effect on the mean of hired child labour included respondents’ freedom to give their opinion, being primary decision maker on their orchard management, number of days to payment, and hired labour because their p-values were less than 0.05. 73% are always worried about the market and 52% always practice barter trade (exchange their cashew nut produce with local merchants to get rice). The average farmgate price is \$0.541 per kg and respondents from Federaçao KAFO receive slightly higher farmgate prices. 76% of the respondents reported that they have never received any financial credits and 74% of the respondents reported that they would be interested in receiving some money before they harvest and pay later. Interestingly, 32% of the respondents reported that they would leave their cooperatives which is correlated with family labour, average farmgate price, and sometimes exchanging cashew nut produce to get rice.

Discussion and Conclusion**100 – 250 words**

Democratically, farmers have the freedom to give opinion in their respective cooperatives, their opinions are valued, and they trust their leaders. Farmers' satisfaction within cooperatives varies from one cooperative to another due to tangible benefits farmers receive from being part of the cooperative. For example, farmers in KAFO can rent tractors on reduced price, and have access to potential buyers who take their produce at slightly better prices. The increase in the number of days for farmers to receive money from the buyers after giving their produce tends to increase the use of hired child labour because is cheap. However, it is an important issue that would need to be addressed for Fairtrade to be implemented. Farmers don't have any strong relationship with buyers, and that's why most of them are always worried about the market. Lack of access to financial credits leads to the practice of barter trade where farmers lose value of their produce. Cashew cooperatives operating conditions met Fairtrade standards at different levels, with similar aspects such as being consisted of smallholder farmers and making primary decisions on management of their orchards. Introduction of Fairtrade would contribute to a move towards sustainability in Guinea Bissau by providing Fairtrade promised benefits such as better prices, a reliable market, sustainable agricultural practices, and training that promote social inclusivity and foster gender equity towards building communities that are thriving with better standards of living, and improved food security.