



INSIGHT 6

Impact:

There is little evidence that MSIs are meaningfully protecting rights holders or closing governance gaps





The Institute for Multi-Stakeholder Initiative Integrity (MSI Integrity) aims to reduce the harms and human rights abuses caused or exacerbated by the private sector. For the past decade, MSI Integrity has investigated whether, when and how multi-stakeholder initiatives protect and promote human rights. The culmination of this research is now available in our report, *Not Fit-for-Purpose: The Grand Experiment of Multi-Stakeholder Initiatives in Corporate Accountability, Human Rights and Global Governance*.

The full report contains six insights from experience with, and research into, international standard-setting multi-stakeholder initiatives. It also contains key conclusions from these insights, and perspectives on a way forward for improving the protection of human rights against corporate-related abuses.

This is an excerpt of the full report, focusing on Insight 6. The six insights are:

Insight 1: Influence — MSIs have been influential as human rights tools, but that influence, along with their credibility, is waning.

Insight 2: Stakeholder Participation — MSIs entrench corporate power by failing to include rights holders and by preventing civil society from acting as an agent of change.

Insight 3: Standards & Scope — Many MSIs adopt narrow or weak standards that overlook the root causes of abuses or risk creating a misperception that they are being effectively addressed.

Insight 4: Monitoring & Compliance — MSIs employ inadequate methods to detect human rights abuses and uphold standards.

Insight 5: Remedy — MSIs are not designed to provide rights holders with access to effective remedy.

Insight 6: Impact — There is little evidence that MSIs are meaningfully protecting rights holders or closing governance gaps.

Read the full report to find out more about the other insights, our key conclusions, and the background and knowledge base that informs this Insight and our wider analysis. The full report is available at www.msi-integrity.org/not-fit-for-purpose/.

MSI Integrity is now embarking on a new direction: applying lessons learned from the grand experiment in multi-stakeholderism to promote business models that center workers and communities in their governance and ownership. See our new work: [Beyond Corporations](#).

Find out about our new direction at www.msi-integrity.org/beyond-corporations/

Look out for our upcoming blog series, “Rethinking MSIs.”

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Impact:

There is little evidence that MSIs are meaningfully protecting rights holders or closing governance gaps



In this chapter: This chapter examines the public information that MSIs share about their impact on rights holders, including whether they have recently conducted or commissioned studies on those impacts and shared the results. It also reviews recent external, systematic reviews of the existing research on the social and economic impacts of MSI standards or certifications.

Summary of our insights: If MSIs are going to be relied upon by policymakers, businesses, donors, and civil society organizations (CSOs) as tools for closing governance gaps or achieving rights protection, then there ought to be evidence that they are fit for that purpose. Nearly three decades since the first MSIs emerged, such evidence remains scant. While MSIs often promote themselves as successful, without an understanding of their actual impacts on rights holders, they risk creating the perception that the issues and abuses associated with an industry, country, or company have been addressed—when in fact they may still be occurring.

Key Findings and observations:

- **Unsubstantiated claims or no evidence:** The majority of the 20 oldest MSIs in our MSI Database either claim to have broad positive impacts without sharing any evidence to back their assertions or do not have public information about their impacts on rights holders.
- **Little focus on rights holders:** Only 5 of the 20 oldest MSIs have conducted any direct measurement of their impacts on rights holders in the last five years.
- **Conflating scale with impact:** MSIs often promote their growth or the scale of their operations—such as the number of factories that have been audited or countries that they cover—as evidence of their success or “impact,” rather than reflect on whether they are achieving their desired impact on people or the planet.
- **Weak methodologies:** Even among the MSIs that do measure impact, their studies are of variable quality and do not allow general conclusions to be drawn about their impact on rights holders. These MSIs often fail to approach impact measurement in a systematic or overarching manner, to examine if they are having any unintended consequences, or to recognize rights holders as partners in impact measurement.
- **Limited evidence of impact:** Overall, the systematic reviews of the evidence of MSIs' impacts by academics and other researchers point to sparse, limited, and often context-specific benefits for rights holders.
 - A growing body of research questions the effectiveness of voluntary standards and auditing in improving labor conditions.
 - Evidence of the impact of government transparency MSIs is particularly sparse.
 - The majority of external research into MSIs is focused on agricultural or forestry MSIs and these studies point to mixed and inconclusive results.

MSIs referenced: We reviewed the 20 oldest MSIs in our MSI Database. These are: Rainforest Alliance, Forest Stewardship Council, GoodWeave International, Sustainable Forestry Initiative, Fairtrade International, Global Reporting Initiative, Marine Stewardship Council, Social Accountability International, Ethical Trading Initiative, Fair Labor Association, Fair Wear Foundation, Programme for the Endorsement of Forest Certification, UN Global Compact, Voluntary Principles on Security and Human Rights, Worldwide Responsible Accredited Production, Extractive Industries Transparency Initiative, Florverde Sustainable Flowers, UTZ, Alliance for Responsible Mining, ICTI Ethical Toy Program.

Background: Context and Approach

Since the early 1990s, MSIs have proliferated—from an experimental form of global governance to a widely accepted one—across different industries and issues (see **Insight 1: Influence**). This growth occurred quickly and without much assessment of MSIs’ impacts on the communities and rights holders that they sought to benefit, nor with an understanding of whether, or under what conditions, MSIs were effective interventions.¹ Although the initial MSI model was implemented before it could be tested, nearly three decades later, sufficient time has passed that there now exists rich data to assess whether these initiatives are effective at achieving their underlying goals. Of particular importance is analyzing MSIs’ impacts on the lives of rights holders.²

While there is no one-size-fits-all approach or definition for impact evaluations, they are generally understood as the search for the actual effects that come as a result of an activity, which “provide evidence on ‘what works and what doesn’t’ . . . and how large the impact is.”³ In the context of MSIs, impact evaluations thus ideally seek to assess the long-term, intended, or unintended change that results directly from the certification scheme or standards’ intervention.⁴ As a result, the focus is not solely about member compliance with standards, which may be a short-term outcome, but rather whether compliance has led to any real-world progress on underlying issues—such as forced labor or poverty— that the MSI seeks to address.⁵

For this insight, we reviewed the 20 oldest MSIs in our MSI Database to consider how they publicly discuss their impact.⁶ We focused on the oldest MSIs, as it may take time for a standard-setting MSI to produce and measure impacts. The oldest MSIs, such as the Rainforest Alliance and the Forest Stewardship Council (FSC), are more than 25 years old, while the more recent MSIs were launched 15 years ago. We reviewed websites, annual and impact reports, and studies, as they existed in July 2019, in order to identify whether they had prepared any report or study concerning their impacts on rights holders in the past five years. In compiling this list, we were as inclusive as possible and thus made no value judgment regarding whether a study or report constituted a formal impact assessment. Instead, we included any MSI with: (1) a report that the MSI itself identified or described as an impact study and which included a focus on its impacts on rights holders or affected communities; or (2) any other research report released by the MSI which discussed impacts on rights holders, even if it did not describe itself as an impact report. Several MSIs had multiple studies, in which case we selected the most recent one that referred to or measured impacts on rights holders. In addition, if an MSI released an impact report or study within the last five years, we then briefly surveyed their earlier studies to get an impressionistic understanding of how these eight studies fit into their wider approach to measuring impact. While we would have preferred to closely analyze all the earlier studies from these MSIs, our resource constraints made this impossible. Our primary research is therefore principally focused on how MSIs are describing and measuring their impacts on rights holders. It offers only a limited overview, rather than a deep assessment, of the results of any impact assessments commissioned or conducted by MSIs.

To understand the broad state of evidence about the impacts of MSIs, we examined the available systematic reviews—that is, studies that synthesize and analyze multiple studies—conducted by external researchers, academics, or research organizations. Given the diversity and different categorizations of private governance initiatives, these systematic reviews are not confined to these 20 MSIs that we examined in our own analyses; indeed, some studies also include industry codes of conduct and other non-MSI private governance instruments alongside MSIs. The goal in this wider review of the existing research into impact was not to reach conclusions about the impacts of individual MSIs, but rather to assess the general state of the evidence about MSIs’ impacts.

1 While MSIs often broadly state or suggest that they benefit rights holders, few MSIs provide evidence of such impacts

Increasingly, MSIs are publicly discussing what they describe as their “impacts.” However, these claims are often lacking substantiation or are confined to statistics about the growth or size of the MSI’s operation. Fewer initiatives have actually conducted research into the effects and impacts of their operations on rights holders.

Many MSIs broadly suggest or imply that they benefit rights holders. The Rainforest Alliance website, for example, states that “choosing products with the little green frog seal is an easy way to help protect forests, conserve wildlife, and support communities around the world.”⁷ Fairtrade International claims, “[w]hen you buy products with any of the FAIRTRADE Marks, you support farmers and workers as they improve their lives and their communities.” FSC claims that it provides “a guarantee to consumers that the products they buy come from responsible sources . . . that support forest conservation [and] offer social benefits.” The Global Reporting Initiative claims that it “enables real action to create social, environmental and economic benefits for everyone.”⁸ Worldwide Responsible Accredited Production claims, “we promote lawful, humane manufacturing.”⁹

“ . . . only 5 of the 20 MSIs conducted any direct measurement of their impacts on rights holders.”

However, the number of MSIs actually studying their impacts on rights holders is much lower. As outlined in Table 6.1, only 8 of the 20 oldest MSIs in our dataset had publicly shared any impact report or assessment that they had written or commissioned in the past five years that discusses their impact on rights holders in any way. However, three of these studies did not include any direct measurement of their effects on rights holders in their reports or methodologies, such as surveys or interviews. Rather, they referred to other studies or made inferences about the potential impacts on rights holders might be. Thus, only 5 of the 20 MSIs conducted any direct measurement of their impacts on rights holders. These reports are analyzed further in this chapter.

Although few MSIs are engaging in meaningful study into their impact on rights holders, over the last decade we have generally observed a growing trend towards MSIs discussing, or rather, promoting their “impacts.” Of the 20 oldest MSIs, 13 initiatives now have webpages or portals—often highly visible on their homepage or navigation menus—dedicated to their “impact.” By comparison, 7 of the 20 oldest MSIs do not discuss their impacts at all; they do not have an impact section on their websites, nor do they have an impact assessment, report, or impact data in their annual reports.¹⁰ There are likely many reasons for this increase, from MSIs coming of age and wanting to examine their effects and contributions, to member demands or the need to demonstrate the value of their model to donors. To that end, it is worth noting that in 2010, the International Social and Environmental Accreditation and Labelling Alliance (ISEAL Alliance), a membership body for sustainability standards that includes many of the MSIs in our MSI Database, developed a *Code of Good Practice for Assessing the Impacts of Social and Environmental Standards*. The *Code of Practice* requires that its members periodically undertake impact evaluations consistent with the standards contained therein.¹¹ Indeed, of the eight MSIs with impact studies conducted in the last five years, six were ISEAL members, as marked in Table 6.1 in this chapter. Consistent with the periodic reporting requirement in the *Code of Practice*, these MSIs also have a larger number of impact reports or studies than other MSIs: the two non-ISEAL members each only had a single report in the last five years, whereas the ISEAL members often had multiple.

The claims and discussions around “impact” by MSIs often read more as efforts at self-promotion than serious interrogation into whether an initiative is in fact serving its intended beneficiaries. At various points, many of the MSIs we reviewed made claims suggesting that they have made or contributed to broad positive impacts on rights holders, but without sufficient public information to back it up. For example:

- The Florverde Sustainable Flowers impact webpage states that “31,140 flower workers benefited annually” but has no publicly available impact assessment, or other public information, to support that assertion (see Figure 6.1);¹²
- The Fair Labor Association (FLA) homepage states that it has “helped improve the lives of millions of workers around the world” and its impact webpage states, “[t]hrough its independent monitoring and third party complaint process, FLA has helped bring about real and lasting change for workers everywhere.”¹³ However, its publicly available impact assessments are limited to only a few sectors in a few locations and do not support the contention that “millions of workers” have had their lives improved;¹⁴
- The Alliance for Responsible Mining impact webpage states that “[i]n 2018, around 15,000 people—miners and their families—benefited from the Alliance for Responsible Mining’s Interventions,” but its only publicly available impact report is from 2014-2016 and does not include any measurement of impact;¹⁵ and
- The Extractive Industries Transparency Initiative (EITI) suggests that it has positive “big picture” impacts, but relies on questionable metrics to support this (see Spotlight 6.1).

We see these specific unsubstantiated claims as part of a wider trend of MSIs conflating the growth or scale of their operation—such as the number of companies or countries monitored, certified, or participating—as evidence of their success or positive “impact.” Thus, the fact that an MSI has monitored a certain number of farms or factories is interpreted as it having benefited the workers employed by those farms or factories. However, without examining whether that monitoring, certification, or participation has been effective at detecting or tackling the core problems relevant to their industry or mission—or the effects of these interventions on rights holders’ lives—these numbers are not indicators of impact. Rather, they are indicators of the size or growth of the MSI’s operations. By way of example, the Programme for the Endorsement of Forest Certification (PEFC) has a report entitled *Delivering Impacts*. This report states, “Through delivering forest certification over the last 15 years, PEFC has positively impacted significant areas of forest through requiring improved forestry practices and bringing attention to sustainable management.”¹⁶ Yet, the report only contains a discussion of what PEFC does, the development of new certifications, and the number of smallholders it has certified. It does not actually assess or measure the effects of that certification.

Similarly, of the 10 oldest MSIs in our MSI Database, 8 have webpages dedicated to describing their “impacts.” Half of these webpages heavily promote their size or growth outputs/indicators, like that in Figure 6.1.¹⁷ For example, the Rainforest Alliance’s “Impact Dashboard” webpage opens with statistics such as the number of hectares certified, the number of farmers using their methods, and countries where they operate.¹⁸ Similarly, the Marine Stewardship Council’s (MSC) “Our Collective Impact” webpage opens with the proportion of the world’s marine catch that is certified, the number of changes to fisheries operations made, which it calls “improvements,” and the number of products and sites selling MSC-certified fish.¹⁹ To be clear, many of the MSIs that first present these growth and scale statistics also have a number of individual impact studies available for download on the same page. If read, these present a more complex and often less positive picture of the MSI’s impacts (see further in this chapter). However, accessing this information relies on individuals downloading and reading long and sometimes technical reports.

In this way, this trend towards MSIs heralding their growth and scale risks overshadowing the opportunity and need for MSIs to honestly reflect on whether they are achieving their desired impact on people or the planet. This is not to say that information about scale and growth are not important, but that the way that some MSIs are presenting such information can risk oversimplifying and distracting from more critical inquiries. This is particularly true for MSIs with a certification label or consumer-facing component (which includes most of the MSIs who adopt this approach).

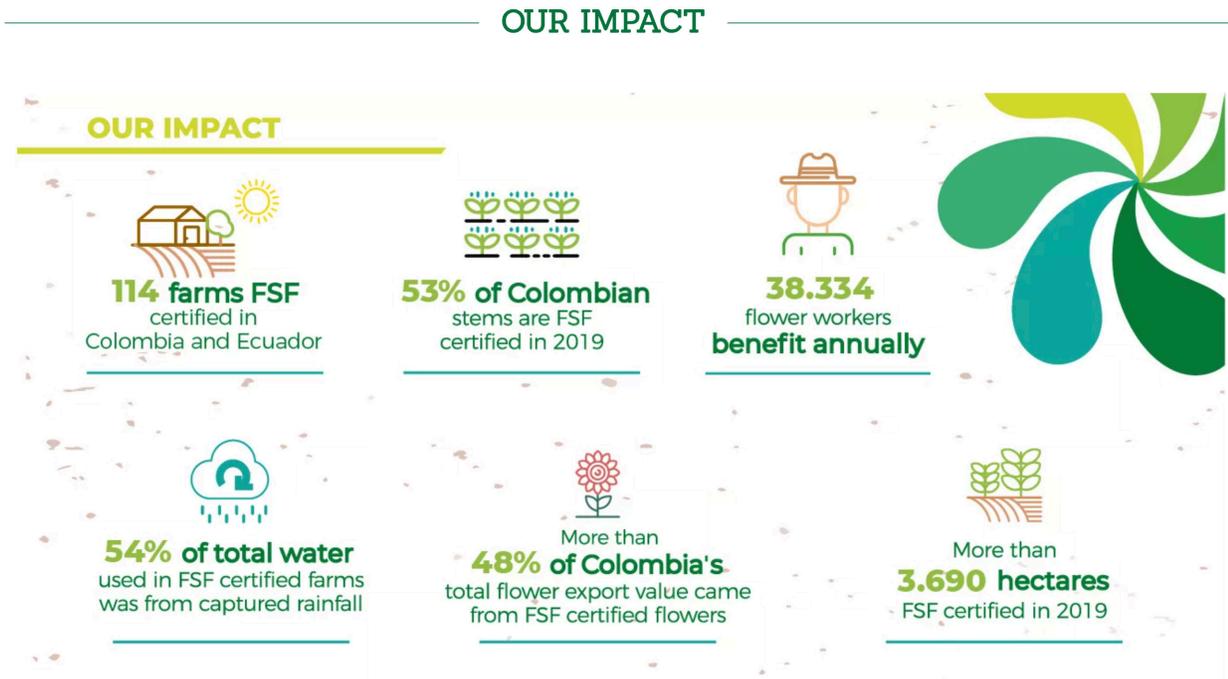


FIGURE 6.1. Example of an MSI promoting its growth and scale as impacts

This is from Florverde Sustainable Flowers's homepage. Florverde has no other information about its impact available on its website.

Source: Homepage, Florverde Sustainable Flowers, accessed February 18, 2020, <https://florverde.org/>.

By comparison, the approach adopted by the Ethical Trading Initiative (ETI) and captured in Figure 6.2, demonstrates an MSI with a willingness to grapple with the complexity and success of their efforts. Its impact page includes a discussion that highlights the initiative's growth and scale, but it also acknowledges key challenges, the fact that "many issues remain," and that there has been "little progress" in some areas.²⁰ The webpage goes on to note that a "radical response" is required, before highlighting the need to focus on brand behavior (an issue explored in **Insight 3: Standards & Scope**).²¹ While some MSIs are careful to separate their growth and size from a discussion of impact,²² such a straightforward acknowledgment of the challenges and limitations facing an MSI is, in our observation, rare.



Our impact on workers



The scale of ETI members' ethical trade activities grows every year – at the last count touching the lives of more than 10 million workers annually. But although ethical trade has brought marked improvements for workers around the world, conditions for many remain poor.

Many issues remain

We know that fundamental principles, such as workers' rights to join a trade union and negotiate collectively, are not being sufficiently addressed. There has been little progress in other areas - for example, discrimination and harassment. Casual and informal sector workers are still receiving scant benefit from codes of labour practice. And global food and fuel inflation means that real wages are declining at an alarming rate in many countries.

FIGURE 6.2. Example of an MSI acknowledging its growth and scale, while also recognizing the limitations of its impact

This is the top of the landing page of the Ethical Trading Initiative's "Our impact on workers" webpage.

Source: "Our impact on workers," Ethical Trading Initiative, accessed February 9, 2020, <https://www.ethicaltrade.org/about-eti/our-impact-workers>.

SPOTLIGHT 6.1. The Extractive Industries Transparency Initiative: Lack of evidence of impact on long-term goals

EITI requires that its member countries publish financial information on natural resource management in the extractive sector (mainly oil and gas). EITI's objectives are to strengthen transparency of natural resource revenues, recognizing that this "can reduce corruption, and the revenue from extractive industries can transform economies, reduce poverty, and raise the living standards of entire populations in resource-rich countries."²³ In the nearly two decades since EITI launched, over 50 countries have joined and are currently implementing EITI's standards,²⁴ and the World Bank has mobilized more than US\$72 million to support EITI implementation.²⁵

EITI seeks information on impact in part through review of member countries' work plans and annual progress reports.²⁶ EITI's validation process, which assesses member countries' implementation of the EITI Standard, includes an "outcomes and impact" component, which relies on the countries' narrative reports of efforts to strengthen the impacts of EITI implementation.²⁷ A recent synthesis of the validation process for 14 countries found that "impact studies would be very helpful in assessing the EITI, although it does not appear that countries have incorporated these as a matter of course."²⁸ It concluded that, for some countries, "there is great progress in certain aspects of implementation but far less focus on the analysis and consultative processes necessary for . . . impact assessment."²⁹

Apart from review of members' reports on country-level impacts, EITI points to "big picture indicators" on poverty reduction, growth, governance and investment climate in member countries as evidence of its impact at the global level.³⁰ These indicators are existing country metrics—such as the Human Development Index score, Net Foreign Direct Investment, and Transparency International's Corruption Perception Index score, among others—that EITI relies on "to show how EITI countries fare in comparison to the rest of the world."³¹ Thus, EITI assumes that, taken together, improvements of the average score of its member countries on these indicators can be attributed to their membership in EITI.³²

However, a 2011 external evaluation found that EITI's "big picture" indicators do not constitute a good basis for tracking EITI performance over time.³³ It noted that there was no way to attribute causation to any correlation between the indicators—which are influenced by a variety of factors distinct from EITI—and EITI membership, and thus, that approach was "not likely to provide further insights."³⁴ It concluded, "the EITI's claims that it may be contributing to better governance, economic growth, poverty reduction, no matter how vaguely stated or nuanced, have so far no basis in concept or evidence."³⁵ A more recent evaluation, this time by an EITI donor government, concluded that the initiative lacks an "overall strategic approach" to evaluating its impact and "has not used its resources meaningfully to conduct research into its own impact."³⁶

Independent evaluations have not shed further light on EITI's impact on its long-term goals of reducing corruption, increasing natural resource revenue accrual to governments, and promoting social and economic development. A recent review of 50 studies that attempted to assess EITI's effectiveness found successes in "diffusing the norm of transparency, establishing the EITI standard, and institutionalizing transparency practices" but also pointed to an "evidence gap" regarding whether EITI adoption leads to its desired long-term goals.³⁷

2 The reports or assessments on rights holder impacts that MSIs have conducted are of variable quality and limited value

Carefully designed and implemented impact evaluations are resource-intensive and complex. Measuring the impact of an MSI poses several challenges: standards extend across geographic boundaries, may apply to multiple commodities or industries, and interact with market forces and external systems in ways that an MSI does not control.³⁸ As it may be impossible or very difficult to get a completely accurate overall picture of impact from a single study, “[i]mpact evaluation involves finding the appropriate balance between the desire to understand and measure the full range of effects in the most rigorous manner possible and the practical need to delimit and prioritize on the basis of interests of stakeholders as well as resource constraints.”³⁹ Thus, the method or scope of an impact evaluation for an MSI will depend on the MSI’s goals, funding, the questions it seeks to answer, and its theory of change.⁴⁰

Even bearing these considerations in mind, however, our review of those MSIs who did measure their impact on rights holders indicates that their scope and methodology mean that they are of limited use when trying to understand an MSI’s effectiveness or impacts on rights holders.⁴¹ Given the small scope of our review, we acknowledge that this is necessarily only a glimpse into the approach to impact measurement taken by MSIs. However, as the picture painted is quite alarming, we offer the following observations in order to spur other researchers and MSIs themselves to consider these four issues further:

“... our review of those MSIs who did measure their impact on rights holders indicates that their scope and methodology mean that they are of limited use when trying to understand an MSI’s effectiveness or impacts on rights holders.”

1. MSIs are not measuring their impact in a systematic or overarching manner. Most MSIs’ impact reports or assessments are narrow and context-specific—focusing, for example, on a particular set of countries or commodities, such as bananas in Colombia or hazelnuts in Turkey, or a single pilot program.⁴² While a limited focus may be understandable given that impact assessment is resource-intensive and complex, these studies are generally not framed as forming part of a wider plan or approach to impact measurement by the MSI. To the contrary, with the exception of pilot program studies, they generally appear to be ad hoc and chosen without public explanation.⁴³ For those MSIs that provide some explanation about their general approach to measuring impact, the reasons are oblique. For example, “[o]ne or two impact evaluations are undertaken every year, following a

multiyear evaluation agenda to ensure consistency, learning and comparisons.”⁴⁴ This approach raises questions of selection bias, that MSIs might—unconsciously or not—be highlighting those topics or locations where they are likely to have more positive or less complex results. While many of ISEAL’s members have multiple studies, the lack of coordination both between and among ISEAL members makes it hard to draw any overarching conclusions. Indeed, the general lack of systematic or coordinated efforts means it is difficult to ever make any conclusions beyond the context of a particular study—the place, issue, or rights holder in focus. This, in turn, obscures whether MSIs are positive and effective interventions for rights holders, addressing the underlying issues they were developed to resolve, or not.

2. The methodologies used for measuring impact by some MSIs need improvement. The methodologies used for impact measurement understandably vary from MSI to MSI depending on the context, and a detailed assessment of the adequacy of the approaches for each context was beyond the scope of this report. However, we note that, with respect to some issues that are of universal importance to all impact studies, there was a high variation in quality. For example,

transparency about the methodology used—such as research site selection criteria or the sample size—are considered fundamental.⁴⁵ Yet, while some studies were very transparent and had details about their methodology, others did not disclose their methodology at all.⁴⁶

Some studies also contained major flaws that undermine their reliability. For example, a study by UTZ, which focused on examining the “agricultural practices and working conditions” of UTZ-certified hazelnut farms in Turkey,⁴⁷ included a survey of over 200 farmers, but no workers. Instead, the evaluators primarily relied on the opinions and documents provided by farmers, despite the fact that—while farmers may hold important information around agricultural and management practices—as employers, they are not a suitable source for determining the true conditions and experiences of their workers.⁴⁸ Thus, the study relied on disclosures by farmers (i.e. employers) to assess issues such as the extent of child labor on the farms, whether workers are paid the minimum wage, and if migrant workers are permitted to speak their native language, without verifying any of these findings by speaking directly to workers.⁴⁹ This significantly undermines the study’s finding that the UTZ program leads to improvements in working conditions.

3. The methodologies that MSIs adopt to study impact are often not focused on uncovering unintended consequences, the impacts on external communities and rights holders, or whether their interventions are more effective than alternatives or no intervention at all. Instead, MSIs tend to focus on understanding changes at the level of member compliance or whether specific targets have been met, without considering what this might translate to in terms of wider impacts on the ground.⁵⁰ While it is possible that these changes in practice or compliance might lead to the positive benefits and impacts that MSIs intend, this is not certain. It is also possible that they might have negative unintended consequences, as occurs with some regulatory and legal interventions. Put another way, these studies are not generally seeking an “understanding of what worked and what didn’t work, where, when and for whom,”⁵¹ but are rather asking whether the MSI is working for those within it against the indicators of success that it has defined. Yet, the possibility that MSIs are having negative unintended consequences has been raised by some researchers. For example, studies over the last decade have raised the concern that agricultural MSIs may not be accessible to vulnerable groups—poor farmers who are not able to afford audits or meet documentation requirements of MSIs, for example—and thus may be having the perverse effect of benefiting only more economically powerful actors and further marginalizing the poorest and least organized groups (see Insight 3: Standards & Scope). The case study on Fairtrade International in Spotlight 6.2 explores some of these potential dynamics further.

4. MSIs conduct top-down studies that do not treat rights holders as partners in their assessments. The reports we surveyed are broadly lacking in efforts at co-design or co-implementation of impact assessments that recognize the knowledge, expertise, and interests of rights holders.⁵² Partnering with rights holders might mean selecting the issues or focus of the studies based on the needs or request of rights holders, co-designing methodologies that consider how to best obtain rights holder insights, and collaborating with them to execute the studies. By failing to engage rights holders through a bottom-up approach to impact measurement, MSIs ignore a rich source of information. Rights holders live at the heart of where standards interact with real-world conditions, and thus their views on where and how to examine impact are valuable. Promoting community voices in bottom-up human rights impact assessments has been recognized by a number of human rights groups and researchers, including the Columbia Center on Sustainable Investment, the Danish Institute for Human Rights, the International Federation of Human Rights, and Oxfam,⁵³ and ought to be adopted in the MSI context.

When these four factors are combined with an examination of the actual results of the studies, they indicate that MSIs only produce limited evidence that they are having positive impacts on rights holders.

As outlined in Table 6.1, of the eight reports that address impacts on rights holders, only five included direct measurement of the effects on them, and all five pointed to mixed results or very limited positive results.⁵⁴ This was broadly consistent with our survey of the outcomes of MSIs' earlier studies. However, the limited scope and narrow contexts in which MSIs conduct this research, combined with the fact that these studies are often not part of a wider systematic plan or approach, make it difficult to draw any broad conclusions about the impact MSIs are having on the lives of rights holders. The studies are simply too few and too context-specific. While we emphasize that our findings here are fairly limited given the small number of studies we analyzed, they are broadly consistent with the findings of external studies into MSI impact discussed later in this chapter.

In part, there is a need for more rigorous studies into impact in order to gather enough context-specific information to draw conclusions about the conditions under which interventions are most effective. To that end, we note that in 2019, the ISEAL Alliance, along with an MSI, Rainforest Alliance, and the CSO, WWF, launched an online portal of impact studies and research into sustainability standards, called Evidensia, to allow users to “access and interpret credible research on the sustainability impacts and effectiveness of supply chain initiatives.”⁵⁵ However, quantity alone is not sufficient. What is crucially important is the need for the quality and overarching coordination (and internal comparability) of these studies to be improved, otherwise the studies will never help tell a bigger story about whether an MSI is effective. As a 2016 ISEAL Alliance guidance note observed, current impact reports are “often sector specific, uncoordinated, regularly restricted in geographic and thematic scope, and fall short methodologically.”⁵⁶ To that end, we note that ISEAL's Code of Good Practice, while setting out many requirements around the number and type of studies, does not include any specific methodological requirements or mandatory standards for evaluator quality and independence.⁵⁷ Thus, while the quality of impact studies may increase over time as MSIs learn and experiment with more measurement studies, the need for MSIs to seriously invest in and demonstrate their impact looms large.

Even among MSIs that conduct multiple studies, they may remain unable to understand their impacts due to the complexities and scale of their certification schemes and the number of variables involved. The Fairtrade International case study in Spotlight 6.2 illustrates the difficulties that even well-resourced MSIs committed to impact measurement have in understanding how or to what extent their model produces positive impacts for the people they seek to benefit. Yet few MSIs are as committed as Fairtrade International to assessing and responding to research on their impacts, and thus we know even less about for whom they work, under what conditions, and whether they work at all.

SPOTLIGHT 6.2. Fairtrade International: Impacts widely studied, but many questions remain

Fairtrade International sets production and trade standards for a variety of agricultural commodities.⁵⁸ It is one of the oldest, most well-known and perhaps most widely studied MSIs.⁵⁹ In exchange for meeting Fairtrade production standards, producers receive a guaranteed minimum price and a premium, which they collectively decide how to spend.⁶⁰

Despite the fact that it is a highly studied MSI, the impacts of the Fairtrade model are still an open question. Studies over the last decade have raised the concern that agricultural MSIs may not be accessible to vulnerable groups—poor farmers who are not able to afford audits or meet documentation requirements of MSIs, for example—and thus may have the perverse effect of benefiting more economically powerful actors and further marginalizing the poorest and least organized groups.⁶¹ This concern is among several criticisms of Fairtrade International, which include that it fails to economically benefit producers because a lack of demand means that they cannot sell all of their product under Fairtrade standards.⁶²

To its credit, Fairtrade International has not shied away from these critiques and has instead commissioned assessments and invited external research.⁶³ For example, in 2009 and again in 2017, Fairtrade commissioned a review of the existing independent research on its impacts. But much of the available research has been narrowly focused, despite the fact that the Fairtrade standard covers many commodities and in many different parts of the world. The 2009 review included only 33 studies, most of which focused on coffee production in Latin America or the Caribbean.⁶⁴ The 2017 review, which covered research published from 2009 to 2015, identified 45 Fairtrade impact studies, which reflected a continued emphasis on coffee, but included a greater number of other commodities and more geographic diversity.⁶⁵ In addition, a 2018 study commissioned in part by Fairtrade Germany and Fairtrade Austria examined Fairtrade's contribution to poverty reduction through rural development across a range of products (banana, cocoa, coffee, cotton, flower, and tea), producer types, and countries (Peru, Ghana, Kenya, and India).⁶⁶

The studies point to mixed results. The 2017 review, for example, attributed this to factors such as the supply and demand of certified goods and local variables, including land distribution patterns, government price controls, and state enforcement of labor standards. Ultimately, it pointed to the “difficulty of drawing definitive conclusions on the main potential areas of Fairtrade impact.” The 2018 study found that Fairtrade certification could lead to economic and social impacts for producers, but “the extent to which positive changes can be realized yet depend to a large extent on the regional and cultural settings” as well as the strength and organization of the producing entity.⁶⁷ Fairtrade has acknowledged the gaps in the existing research, and noted its willingness to support efforts to address those gaps and adapt its activities to ensure positive impact.⁶⁸

TABLE 6.1. The most recent impact reports prepared or commissioned by the 20 oldest MSIs within the past five years that discuss their impact on rights holders (as of July 1, 2019)

MSIs with reports that discuss their impacts on rights holders

MSI and Report / Brief summary of scope and methodology	Brief summary of impacts described / assessment findings on rights holders*	Does the methodology include a direct assessment of rights holders' views? (E.g., surveys or interviews)
<p>Alliance for Responsible Mining <i>Our Impact: ARM's Impact on Artisanal and Small-Scale Mining from 2014 to 2016 (2016)</i>⁶⁹</p> <p>Indicates total number of certified mining operations, total premiums paid for certified gold, and narrative descriptions of how three mining operations invested the premium.⁷⁰</p>	<p>No findings: presented how 3 (out of 10) certified mining operations invested the premium they received for certified gold. Projects included creation of a sports field, worker safety training, installing school electricity, processing plants to eliminate mercury use, and others</p>	No.
<p>Ethical Trading Initiative <i>Ethical Trading Initiative External Evaluation Report (2015)</i>⁷¹</p> <p>Interviews with and a survey of ETI members and staff, and review of member monitoring data to assess the impact of ETI on the lives of workers and the effectiveness of its multi-stakeholder process and accountability systems.⁷²</p>	<p>Results were "largely limited to the more 'visible' (and readily accessible) aspects of the Base Code such as child labour and health/safety," rather than freedom of association.⁷³</p>	No. ⁷⁴
<p>Fair Labor Association <i>Are Companies' Programs Impacting Change in the Lives of Hazelnut Workers? (2019)</i>⁷⁵</p> <p>Pilot study of the remediation efforts of two companies in Turkey that supply hazelnuts to Nestle, employed interviews of workers and other informants on the impact of summer schools creation, worker and farmer trainings, and renovations of worker housing.⁷⁶</p>	<ul style="list-style-type: none"> • Creation of summer schools resulted in less children working in hazelnut gardens than in other sites without schools. • Occupational health and safety training resulted in workers using personal protective equipment. • Trainings covering other labor issues, such as wages, working hours, and employment contracts had not yet achieved their desired result.⁷⁷ 	Yes.
<p>Fairtrade International* <i>Participatory Analysis of the Use and Impact of the Fairtrade Premium (2019)</i>⁷⁸</p> <p>Quantitative analysis of Fairtrade's monitoring and premium use data, a qualitative case study of decision-making in five Fairtrade-certified operations, including focus groups and interviews with producers and workers, and workshops with Fairtrade Premium Committees.⁷⁹</p>	<ul style="list-style-type: none"> • Creation of summer schools resulted in less children working in hazelnut gardens than in other sites without schools. • Occupational health and safety training resulted in workers using personal protective equipment. • Trainings covering other labor issues, such as wages, working hours, and employment contracts had not yet achieved their desired result. • Participation of individual workers and producers made a difference in ensuring that premium investments were responsive to their needs, but workers on small farms were rarely involved in the decision-making process. • No causation could be established to show that the premium contributed to increasing farmer and worker income and wellbeing.⁸⁰ 	Yes.

MSI and Report / Brief summary of scope and methodology	Brief summary of impacts described / assessment findings on rights holders*	Does the methodology include a direct assessment of rights holders' views? (E.g., surveys or interviews)
<p>GoodWeave International* <i>External Evaluation of Ending Child Labour and Forced Labour in Apparel Supply Chains in India (2018)</i>⁸¹</p> <p>Interviews with stakeholders including homeworkers, parents, youth, school personnel, contractors, suppliers, and brands in order to assess a two-year pilot to build capacity to reduce child labor and forced labor in informal apparel supply chains in India.</p>	<ul style="list-style-type: none"> The model increased access to education for children, but whether that reduced child labor depended on the extent to which children enrolled in school also continued to work long hours. Training provided to homeworkers was only partially relevant to improving working conditions because it was not required as part of the certification scheme. 	<p>Yes.</p>
<p>Marine Stewardship Council* <i>Global Impacts Report (2016)</i>⁸²</p> <p>Describes findings of several previously conducted studies on socioeconomic impacts.</p>	<ul style="list-style-type: none"> Summarized two reports finding that certification led to a price premium in the UK. Described a study that showed the MSC certification of a South African hake fishery enabled it to access new markets and maintain its market position. Indicated that a few studies suggest that fishers themselves may receive economic benefits as a result of certification, pointing to a fishery in Greenland that a buyer rewarded for achieving certification with a double bonus on the trading price.⁸³ 	<p>No.</p>
<p>Rainforest Alliance* <i>Towards a Sustainable Banana Supply Chain in Colombia (2019)</i>⁸⁴</p> <p>Interviews with workers at 13 newly certified plantations and 16 non-certified plantations in the same region in Colombia, and quantitative analysis of interview data conducted to determine the relationship of certification to worker outcomes.</p>	<ul style="list-style-type: none"> Wages at certified plantations were slightly higher than wages at non-certified plantations, but the difference was not attributable to certification alone. It is also related to whether workers had permanent or temporary contracts. Certification is related to a safer grievance claim system. Certification is related to more worker safety precautions.⁸⁵ 	<p>Yes.</p>
<p>UTZ Certified* <i>UTZ Hazelnut Program in Turkey Evaluation Study (2018)</i>⁸⁶</p> <p>Survey of certified farmers in 2014 and 2018, and interviews with group managers, experts, and other stakeholders</p>	<ul style="list-style-type: none"> Improvements in prevention of child labor and ensuring that all workers receive at least the minimum wage. The percentage of farmers who pay the labor contractor's commission directly decreased from 73% in 2014 to 50% in 2018, creating a risk that workers make additional payments to labor contractors. 	<p>The study interviews farmers but not workers.</p>

MSIs without reports that discuss their impacts on rights holders: Sustainable Forestry Initiative**, FSC**, Global Reporting Initiative, Social Accountability International, Fair Wear Foundation, PEFC, UN Global Compact, Voluntary Principles on Security and Human Rights, Worldwide Responsible Accredited Production, EITI**, Florverde Sustainable Flowers, ICTI Ethical Toy Program (listed from oldest to most recent MSI).

*These MSIs are members of ISEAL Alliance.⁸⁷

**These MSIs had a recent impact report or assessment in the last five years; however, it did not address impacts on rights holders.⁸⁸

3 External research on MSIs' impacts is of modest quality and points to limited, often context-specific benefits for rights holders

The available systematic reviews of the evidence of MSIs' impacts by the research community more broadly (e.g., academia and research organizations) show they have mixed results, which are often specific to a particular context, such as geography, issue, or product. As these systematic reviews do not cover all of the 20 MSIs that we examined for this chapter, and many include other standard-setting initiatives not covered in this report, our goal here is not to reach conclusions about the impacts of individual MSIs, but rather to assess the general state of the evidence. In that context, the systematic reviews mirror our observations that there is an absence of coordination in the field, a lack of methodological rigor in attempts to analyze impact, and limited evidence of positive impacts.⁸⁹

While our approach below focuses on MSIs based on issues and industries, we note that other recent synthesis studies on the evidence of MSIs' social and economic impacts have found that many studies continue to lack methodological rigor.⁹⁰

A. Labor conditions and social audits: Marginal and uneven impact on working conditions

Consistent with the state of research on the impacts of voluntary standards generally, evaluation of the effectiveness of voluntary labor codes of conduct and monitoring “has not been systematic and study results vary.”⁹¹ Research on the impact of monitoring has largely been limited “to qualitative studies of a small number of firms,”⁹² with some studies conducting quantitative analyses of audit reports over time.⁹³

“Despite the gaps in the research, a growing body of evidence questions the effectiveness of voluntary standards and auditing in improving labor conditions.”

Despite the gaps in the research, a growing body of evidence questions the effectiveness of voluntary standards and auditing in improving labor conditions.⁹⁴ Quantitative research has pointed to marginal and uneven results.⁹⁵ One such analysis indicates that even the most credible and stringent audits performed by an MSI with a strong labor rights agenda produced marginal and uneven impacts.⁹⁶ It found marginal overall improvements in worker rights (forced labor, child labor, wages, working times, health and safety, and employment relationships) and no improvement in process rights, such as discrimination and freedom of association.⁹⁷ Another study, which reviewed Nike's internal rating of over 800 factories in 51 countries over seven years, concluded that “monitoring alone is not producing the large and sustained improvements in workplace conditions that many had hoped it would.”⁹⁸

More recently, a review of research on the effect of sustainability standards on practice adoption indicated that certification was linked to improvements in worker health and safety, with other evidence suggesting that standards do not result in improvements for hard-to-detect practices (such as freedom of association or discriminatory hiring).⁹⁹ Another 2018 study, based on a quantitative analysis of factory audits between 2003 and 2010, “found no statistically significant association between auditing and improvement in factory conditions.”¹⁰⁰ **Insight 4: Monitoring & Compliance** discusses this issue in greater detail.

B. Transparency initiatives: Lack of evidence of government accountability and broader social impact

Systemic reviews of the evidence of government transparency MSIs' impacts are particularly sparse. These initiatives, which include EITI, focus on government information disclosure and ultimately seek to bolster public governance. A 2015 study commissioned by the Transparency and Accountability Initiative (T/AI)—a donor group that seeks to expand the impact, scale, and coordination of funding and activity in the transparency and accountability field—found that “evidence for the broader social, economic, and or environmental impact” of transparency MSIs was “weak or non-existent,” and pointed to the need for “balanced research that explores cases of failure as well as success.”¹⁰¹ A 2018 follow-up study by T/AI sought to assess whether the transparency MSIs had any impact on actions taken by citizens, civil society, and government actors to hold the governments accountable, but found no studies addressing that question directly.¹⁰² Instead, it found a lack of methodological rigor in the published research, which made it impossible to draw conclusions about impacts. The existing research identified several obstacles impeding the effectiveness of transparency initiatives, including:

- A “broad context of limited political accountability”;
- Lack of enforcement mechanisms in the initiatives;
- Difficulties for accountability actors in processing information generated by the initiatives;
- Government exclusion of civil society actors; and
- The fact that these initiatives are sometimes imposed from the outside rather than grow domestically.¹⁰³

The review concluded: “More work is needed” to assess whether transparency MSIs “actually function as intended on the ground.”¹⁰⁴

C. Agricultural and forestry initiatives: Mixed evidence regarding social impacts

The bulk of research on MSIs' impacts has focused on agricultural or forestry MSIs.¹⁰⁵ Several recent studies have examined the state of the evidence regarding the social and economic impacts of agricultural MSIs and point to mixed and inconclusive results.¹⁰⁶

From 2010–2011, a steering committee composed of representatives from business, civil society, and academia oversaw an independent assessment of the available evidence on whether certifications in four sectors (fisheries, agriculture, forestry, and aquaculture) achieved their claimed social, environmental, and economic benefits.¹⁰⁷ The assessment authors found it difficult to draw conclusions due to the variability in research methodologies across the studies under review.¹⁰⁸ For social impacts, in particular, the few studies of fair trade and ethical trade systems that had sound research designs revealed mixed evidence regarding impact. The assessment noted, “Claims that standards and certification empower, expand benefits or secure rights are widespread, but evidence is limited and of modest quality”¹⁰⁹ and that most certification schemes had gathered “very little systematic evidence about their own outcomes and impacts.”¹¹⁰ It recommended that certification initiatives, “should make a more concerted effort to collect information and data on their results.”¹¹¹

“Several recent studies have examined the state of the evidence regarding the social and economic impacts of agricultural MSIs and point to mixed and inconclusive results.”

A 2017 independent review that synthesized the available evidence from the existing research on agricultural certification schemes' impact on socioeconomic outcomes for producers and workers also found that it was difficult to draw any positive conclusions.¹¹² Specifically, the available quantitative evidence indicated that certification allowed producers to command a higher price and earn more income from the sale of certified goods, and resulted in a modest improvement (6% more) in schooling for their children.¹¹³ It also found that workers engaged in certified production had wages that were 13% *lower* than workers for non-certified employers, and that certification had no statistically significant effect on producers' health, total household income, or wealth.¹¹⁴ Additionally, evidence from the available qualitative studies showed that multiple contextual factors contribute to the impact (or lack of impact) of certification schemes, including inconsistency in monitoring and auditing practices, the effects of inequality within producing organizations, and difficulties in addressing gender-based inequality.¹¹⁵ The report explained, "For the ultimate beneficiaries, farmers and workers, the results are not particularly encouraging and show that there is no guarantee that living standards improve through certification."¹¹⁶

Two additional systematic reviews generally support this conclusion. A 2017 systematic review that examined whether voluntary certification of bananas, cocoa, coffee, palm oil, and tea led to improved environmental, social, and economic outcomes found similarly modest impacts.¹¹⁷ In particular, while 56% of the studies showed improved revenue from crop sales, only 24% showed improved household income.¹¹⁸ The authors explained that certification may be successful in providing premiums, but show "less success with improving smallholders' overall economic situation."¹¹⁹ They concluded, "Consumers should be aware that these programs are not a panacea especially for the considerable social hardships facing smallholder producers."¹²⁰ A 2019 systematic review similarly found that farm certification leads to increases in prices and crop income, "but that improvements in these intermediate outcomes do not necessarily translate to higher net household income."¹²¹ Out of 12 studies that addressed household income, the majority (67%) showed no significant difference between certified and non-certified farms; 25% showed that certified farms had higher household income; and 8% percent showed that household income was significantly lower on certified farms.¹²² It concluded that "[f]uture research efforts should focus on disentangling the complex relationships between yields, price premiums, and income . . . and should center on net household income as an important measure of overall economic wellbeing."¹²³

Our Insights

If MSIs are going to be relied upon by policymakers, businesses, donors, and CSOs as tools for closing governance gaps or achieving rights protection, then there ought to be evidence that they are fit for that purpose. Nearly three decades since the first MSIs emerged, such evidence remains scant. While MSIs often promote themselves as successful, without an understanding of their actual impacts on rights holders, they risk creating the perception that the issues and abuses associated with an industry, country, or company have been addressed—when in fact they may still be occurring.

The stakes are high. By MSIs' own claims, their standards now apply to millions of rights holders, on farms and in forests, in manufacturing plants and mining operations, worldwide from Cameroon to Cambodia, Pakistan to Peru. These are not pilot programs; they are experiments in private governance on a global scale.

Yet there are more questions than answers regarding whether, and under what conditions, MSIs' standards or certification produce positive human rights impacts. While a norm of impact measurement appears to be emerging under the leadership of ISEAL Alliance and its members, at present there is a lack of robust standards and expectations around the methodology, consistency, and frequency of assessments.

The limited evidence that is available is not particularly promising, and stands in stark contrast to MSIs' suggestions that they benefit rights holders. Governments are reporting public expenditures on infrastructure and receipts from resource extraction, but there is no understanding of whether this has strengthened civil society or otherwise led to improved government accountability. Factory workers have protective gear, but discrimination and violations of freedom of association go undetected. Improvements in crop yields and prices exist, but this has not always led to higher net household income—the metric that matters for lifting people out of poverty.

Yet, MSIs appear to be feeling more pressure to prove their worth. Unfortunately, producing graphics that demonstrate the scope and scale of an MSI's reach is more common than deep and honest reflections into whether an initiative is protecting rights or achieving its mission. This self-promotional tendency suggests that MSIs have themselves become institutions with their own agendas, self-preservation instincts, and desires to sustain or grow. This is further emphasized by the fact that MSIs' impact studies are generally focused on whether the desired effects within the companies or sites monitored have been achieved—has child labor been reduced or are safety practices followed—rather than questioning if there have been any unintended consequences or examining the wider effects of the MSIs' intervention in a community. This narrow focus enables corporate members of MSIs to point to their participation in MSIs as achieving change, without the more critical question of whether an MSI's intervention is generally positively protecting rights holders and communities, or if it is causing any other complications or negative side-effects. This, in turn, points to the Achilles heel of MSIs: that, as institutions, they need to prove to their business members they can “deliver results” in order to sustain membership and survive as organizations.

By comparison, if rights holders were meaningfully centered in evaluations of whether or not MSIs achieve their goals, then impact measurement would be a much more vital and institutionalized part of MSI operations. The method and focus of these studies would likely be different; they might focus on MSIs' unintended consequences or their wider impacts in communities, and rights holders might have

a bigger role in the studies themselves.

Without an improvement in the understanding of impacts, MSIs and their members risk wasting resources on schemes that are not appreciably improving human rights outcomes. Or worse, they risk perpetuating harm due to unintended negative impacts. Without appropriate impact evaluations and better coordination in the field, MSIs simply do not know if they are effective, and if they are, under what conditions. In light of MSIs' claims, and the potential for those claims to forestall regulation or other types of interventions, the current paucity of information on impact is untenable.

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Endnotes

- 1 Steering Committee of the State-of-Knowledge Assessment of Standards and Certification, [Toward Sustainability: The Roles and Limitations of Certification](#) (Washington, DC: RESOLVE, June 2012), 59. See also, **Insight 1: Influence**.
- 2 Patrick Mallet et al., *Credible Assurance at a Landscape: A Discussion Paper on Landscape and Jurisdictional Assurance and Claims*, Discussion Paper 2019, (WWF and ISEAL, 2019), setting forth the requirements and challenges to making credible and supportable claims regarding sustainability improvements or responsible sourcing.
- 3 F. L. Leeuw and J. Vaessen, [Impact Evaluations and Development: NONIE Guidance on Impact Evaluation](#) (Washington, DC: World Bank, 2009), xx.
- 4 ISEAL Alliance, *Assessing the Impacts of Social and Environmental Standards Systems: ISEAL Code of Good Practice*, vers. 2.0, (London: ISEAL, 2014), 6. Specific definitions of impact vary depending on the context and purpose of a study. See, e.g., S. Hearn and A. L. Buffardi, *What Is Impact?* (London: Overseas Development Institute, Methods Lab, 2016), 12. In the context of MSIs, the definition of impact will be different at an institutional or systemic level, which may examine changes attributable to MSI dialogue, advocacy, and partnerships with governments or among companies in a sector, versus the certification level, which looks to the on-the-ground impact on producers or other directly affected rights holders. Partnerships 2030, [Impact and Impact Assessment of and in Multi-Stakeholder Partnerships](#) (Bonn: Partnerships 2030, 2018); see also Krisin Komives and Vidya Rangan, [The Evidence State of Play: Evidence about the Impacts and Contribution of Sustainability Standards](#), PowerPoint Presentation, (London: ISEAL, 2019). This chapter focuses solely on on-the-ground impacts on producers or other rights holders.
- 5 Steering Committee of the State-of-Knowledge Assessment, *Toward Sustainability*, 59.
- 6 The source data for this information is available from the spreadsheet, "MSI Trends Dataset," which is available on our website at www.msi-integrity.org/datasets. The list of MSIs in order of date launched is contained in Appendix 2.
- 7 ["About the Rainforest Alliance,"](#) Rainforest Alliance, accessed January 22, 2020.
- 8 ["About GRI,"](#) Global Reporting Initiative, accessed January 22, 2020.
- 9 ["WRAP for the Public,"](#) Worldwide Responsible Accredited Production, accessed January 22, 2020.
- 10 The source data for this information is available from the spreadsheet, "MSI Trends Dataset," which is available on our website at www.msi-integrity.org/datasets.
- 11 ISEAL Alliance, [Assessing the Impacts of Social and Environmental Standards: ISEAL Code of Good Practice](#), vers. 2.0, (London, ISEAL, 2014), 4, 17.
- 12 "Our Impact," Florverde Sustainable Flowers, accessed January 22, 2020, <https://florverde.org/our-impact/>. The source data showing the lack of a publicly available assessment is available from the spreadsheet "MSI Trends Dataset," which is available on our website at www.msi-integrity.org/datasets.
- 13 [Homepage,](#) Fair Labor Association, accessed February 12, 2020; ["Impact,"](#) Fair Labor Association, accessed January 22, 2020.
- 14 See "Impact," Fair Labor Association, and "MSI Trends Dataset," which is available on our website at www.msi-integrity.org/datasets.
- 15 ["Fairmined Success Stories: Our Impact,"](#) Fairmined, accessed January 22, 2020; Alliance for Responsible Mining, [Our Impact: ARM's Impact on Artisanal and Small-Scale Mining from 2014 to 2016,](#) (Evigado: ARM, 2016).
- 16 Program for the Endorsement of Forest Certification, [Delivering Impacts in the Forest and Beyond](#) (Geneva: PEFC, 2016), 3, discussing development of new certifications and the number of certified smallholders, and claiming to prevent deforestation and prohibit forest conversion with no reference to any studies regarding these impacts.
- 17 In addition to the two examples listed in text, Fairtrade International's "Fairtrade Impact" webpage opens with the statistics such as "over 1.7 million farmers and workers are involved in Fairtrade worldwide" and "more than 30,000 products available to shoppers." ["Fairtrade Impact,"](#) Fairtrade International, accessed February 12, 2020, <https://www.fairtrade.net/impact>. In addition, GoodWeave's "Our Impact" webpage includes statistics on the numbers of workers and children reached. ["Our Impact,"](#) GoodWeave, accessed February 12, 2020.
- 18 ["Impact Dashboard,"](#) Rainforest Alliance, accessed February 12, 2020.
- 19 The Marine Stewardship Council's "Our Collective Impact" webpage opens with the proportion of the world's marine catch that is certified, the number of changes to fisheries operations made, which it calls "improvements," and the number of products and sites selling MSC-certified fish. ["Our Collective Impact,"](#) Marine Stewardship Council, accessed February 12, 2020.
- 20 ["Our Impact on Workers,"](#) Ethical Trading Initiative, accessed February 12, 2020.
- 21 Ethical Trading Initiative, "Our Impact."
- 22 Of the 10 oldest MSIs, 2 others also delineated their growth from their impacts. The Forest Stewardship Council has a separate "Facts and Figures" webpage, distinct from its "Impact" webpage. ["Impact,"](#) Forest Stewardship Council, accessed February 12, 2020. ["Facts & Figures,"](#) Forest Stewardship Council, accessed February 12, 2020. The Fair Labor Association (FLA) opens its "Impact" webpage with the following: "In 2011 alone, an estimated 5.5 million workers were impacted by the combined efforts of the civil society organizations, universities and companies that are working together as part of FLA. The true measure of success, however, is the nature of the impact—the degree to which workers are more respected by their employers, have more of a voice in their own futures, and feel safer at work." Fair Labor Association, "Impact."
- 23 Extractive Industries Transparency Initiative, [EITI Articles of Association: Article 2: Background and Objective](#) (Oslo, EITI International Secretariat, 2019).
- 24 ["Countries,"](#) Extractive Industries Transparency Initiative, accessed January 22, 2020.
- 25 Scanteam, *Joint Review, EITI and EITI Multi-Donor Trust Fund Resourcing of EITI: Technical and Financial Support to an Evolving Global Governance Mechanism* (Oslo: Scanteam, 2015), 3.
- 26 ["Outcomes and Impact of the EITI: Measuring or Monitoring the Impact of the EITI,"](#) Extractive Industries Transparency Initiative, accessed January 22, 2020.
- 27 ["Overview of Validation,"](#) Extractive Industries Transparency Initiative, accessed January 22, 2020; see ["EITI Countries Progress on Path to Transparent and Accountable Extractive Sectors,"](#) Extractive Industries Transparency Initiative, February 27, 2019, 11–12; [Extractive Industries Transparency Initiative, Board Decision on the Validation of Ethiopia,](#) Decision reference: 2019-21/BM-42, (Oslo: EITI International Secretariat, 2019), providing a sample validation scorecard; [Extractive Industries Transparency Initiative, International Secretariat 2019 Work Plan](#) (Oslo: EITI International Secretariat, 2018), 35.
- 28 Sustainable Development Strategies Group, [Synthesis Report: Consulting Services for Independent Evaluation](#) (Gunnison: SDSG, 2017), 18.
- 29 Sustainable Development Strategies Group, *Synthesis Report*, 24.

- 30 Extractive Industries Transparency Initiative, [Key Performance Indicators: Measuring the Impact of the EITI](#) (Oslo: EITI International Secretariat, 2018), 3.
- 31 EITI, [Key Performance Indicators](#), 3.
- 32 EITI, [International Secretariat 2019 Work Plan](#), 35, 40–41.
- 33 Scanteam, [Achievements and Strategic Options: Evaluation of the Extractive Industries Transparency Initiative, Final Report](#) (Oslo: Scanteam, 2011), 35.
- 34 Scanteam, [Achievements](#), 35.
- 35 Scanteam, [Achievements](#), 35.
- 36 GIZ, [Assessing the Effectiveness and Impact of the Extractive Industries Transparency Initiative](#) (EITI) (Bonn: GIZ, 2016), 8, 10, 89.
- 37 Päivi Lujala, Siri Aas Rustadand, and Philippe Le Billon, [Has the EITI Been Successful? Reviewing Evaluations of the Extractive Industries Transparency Initiative](#) (Bergen: U4, 2017).
- 38 ISEAL Alliance, [Evaluating the Impact of Sustainability Standards: Lessons Learnt on Research Design and Methods from Three Impact Evaluations](#) (London: ISEAL, 2017), 6. For many MSIs, different ends of their supply chains, from producers to corporate buyers, adopt standards but in different ways, and for reasons that are often up to market forces and beyond the control of the MSI. In addition, a single producer may hold multiple certifications, making it hard to determine the separate effects of one standard over another.
- 39 Leeuw and Vaessen, [Impact Evaluations](#), xxi.
- 40 See Leeuw and Vaessen, [Impact Evaluations](#), xiii–xiv.
- 41 Note that although the reports by the Marine Stewardship Council and the Ethical Trading Initiative (ETI) included discussions of their impacts on rights holders, these discussions were not the result of new studies by the MSIs that intended to provide new insights into their impacts on rights holders (see Table 6.1). As a result, we exclude them from this analysis on impact methodology.
- 42 See Table 6.1.
- 43 Except for follow-up studies to earlier pilots, such as those by FLA and UTZ, none of the methodologies of the studies in Table 6.1 provided a justification for why that particular issue, topic, or location had been decided above any others, or how the study was part of a wider effort to measure.
- 44 UTZ, [Monitoring and Evaluation System: Public M&E System Report](#), vers. 4.1, (Amsterdam: UTZ, 2018), 2, 3, stating that topics are “decided upon by the UTZ executive management after internal consultations, considering needs, priorities and available resources.” See also Roundtable on Sustainable Palm Oil, [Monitoring and Evaluation System: RSPO M&E Public System Report](#)—March 2018 (Bogor: RSPO, 2018), 12, stating its research agenda was “developed through consultation with key experts within the RSPO Secretariat.”
- 45 ISEAL Alliance, [Evaluating the Impact](#), 41.
- 46 For example, the FLA report contained a detailed methodology description, whereas the Alliance for Responsible Mining did not include any description of their methodology. Alliance for Responsible Mining, [Our Impact: Fair Labor Association, Are Companies’ Programs Impacting Change in the Lives of Hazelnut Workers? Fair Labor Association’s Social Impact Assessment of Nestlé’s, Olam’s and Balsa’s Programs in Turkey](#) (Evigado: ARM, 2019), 5.
- 47 Development Workshop, [UTZ Hazelnut Program in Turkey: Evaluation Study](#) (Ankara: Development Workshop, 2018), 12.
- 48 UTZ, [UTZ Hazelnut Program](#), 16–17.
- 49 UTZ, [UTZ Hazelnut Program](#), 16–17, 60–61. For another example, see the Alliance for Responsible Mining, which presented its report, [Our Impact: ARM’s Impact on Artisanal and Small-Scale Mining from 2014 to 2016](#), as a broad reflection of impact. However, it does not appear to have included any interviews or direct inputs from rights holders, but because the report lacks a methodology and the MSI did not respond to our request for feedback, it is difficult to confirm this. Alliance for Responsible Mining, [Our Impact](#).
- 50 See, e.g., UTZ, [UTZ Hazelnut Program](#), 16–17; Fair Labor Association, [Are Companies’ Programs](#).
- 51 Simon Hearn, [“Communicating Evaluation to Non-Evaluators,”](#) Better Evaluation, June 18, 2015.
- 52 See, e.g., the methodologies of the reports listed in Table 6.1, which do not indicate that rights holders provide input into the design of studies or are otherwise recognized as equal partners in impact measurement.
- 53 See Kaitlin Y. Cordes et al., [A Collaborative Approach to Human Rights Impact Assessments](#) (2017); “[Community-Based Human Rights Impact Assessment Initiative](#),” Oxfam America, accessed February 12, 2020; “[Community-Based Human Rights Assessments](#),” International Federation for Human Rights, July 14, 2011.
- 54 The types of limited positive results include improved awareness about occupational health and safety issues (Fair Labor Association, [Are Companies’ Programs](#), 18); some decline in, but not elimination of, child labor (see the examples of the FLA, UTZ, and ETI studies in Table 6.1); and indications that certification could “indirectly” lead to “slightly higher wages” (G. Beekman, M. Dekkers, and T. Koster, [Towards a Sustainable Banana Supply Chain in Colombia: Rainforest Alliance Certification and Economic, Social and Environment Conditions on Small-Scale Banana Plantations in Magdalena, Colombia](#) (The Hague: Wageningen Economic Research, 2019), 10).
- 55 “[About Evidensia](#).” Evidensia, accessed January 22, 2020.
- 56 ISEAL Alliance, [Researching Standards and Certification: A Guidance Note](#) (London: ISEAL, 2016), 10.
- 57 ISEAL Alliance, [Assessing the Impacts of Social and Environmental Standards: ISEAL Code of Good Practice](#), vers. 2.0, (London: ISEAL, 2014), 17–19.
- 58 “[How Fairtrade Works](#),” Fairtrade International, accessed January 22, 2020.
- 59 See, e.g., Laura T. Reynolds and Elizabeth A. Bennett, [The Handbook of Research on Fair Trade](#) (Cheltenham: Edward Elgar Publishing, 2015), 6, 10, 13–14, 17–18, 20.
- 60 “[Frequently Asked Questions \(FAQs\)](#),” Fairtrade International, accessed January 27, 2020.
- 61 “Fairtrade certified cooperatives are significantly older than non-certified cooperatives, have better educated leaders, own more physical assets, and have more providers of services to members.” J. Sellare et al., “[Do Sustainability Standards Benefit Smallholder Farmers Also When Accounting for Cooperative Effects? Evidence from Cote d’Ivoire](#),” [American Journal of Agricultural Economics](#) 102, no. 2, (2020): 15.

- 62 [“The Fairtrade Debate.”](#) Wikipedia, accessed January 22, 2020; see also Samantha Subramanian, [“Is Fairtrade Finished?”](#) *The Guardian*, July 23, 2019: “The debate over whether Fairtrade’s systems truly transform the lives of farmers has raged for nearly all of Fairtrade’s lifetime.” See also, P. R. Jena, T. Stellmacher, and U. Grote, “Can Coffee Certification Schemes Increase Incomes of Smallholder Farmers? Evidence from Jinotega, Nicaragua,” *Environment, Development and Sustainability* 19, no. 1 (2015): 45–66: “The results . . . show no evidence of statistically significant impacts of either Fairtrade or organic certification standards on smallholder farmers’ total household income. . . . More alternative and accompanying non-agricultural programs and measures on the one hand, and direct investments into agriculture and diversification, making farmers less dependent on single export cash crops, on the other hand, might be superior measures.”
- 63 [“How We Conduct and Use Research.”](#) Fairtrade International, accessed January 22, 2020.
- 64 Valerie Nelson and Barry Pound, *The Last Ten Years: A Comprehensive Review of the Literature on the Impact of Fairtrade* (London: NRI, 2009), 5; see also P. Griffiths, [“Ethical Objections to Fairtrade.”](#) *Journal of Business Ethics* 105, no. 3 (2012): 367, criticizing the 2009 study on the basis that “it would be improper to generalise from a tiny number of case studies of selected successful cooperatives to 3,000 Fairtrade suppliers.”
- 65 Emily Darko, Alaina Lynch, and William Smith, *The Impact of Fairtrade: A Review of Research Evidence 2009–2015* (London: Overseas Development Institute, 2017), 14.
- 66 Tatjana Mauthofer et al., *Assessing the Impact of Fairtrade on Poverty Reduction through Rural Development* (Follow Up Study) (Saarbruecken: CEval GmbH, 2018), 7.
- 67 Mauthofer et al., *Impact of Fairtrade*, 124.
- 68 Fairtrade International, *Fairtrade Response to “The Impact of Fairtrade: A Review of Research Evidence 2009–15.”* (2017); see also Fairtrade International, “How We Conduct and Use Research”: “There are many aspects of Fairtrade that are under-researched, and we encourage external researchers to try to fill some of those knowledge gaps.”
- 69 Alliance for Responsible Mining, “Our Impact.”
- 70 Alliance for Responsible Mining, “Our Impact.”
- 71 International Organization Development, [Ethical Trading Initiative External Evaluation Report](#) (Sheffield: IOD PARC, 2015), 13.
- 72 International Organization Development, *Ethical Trading Initiative*, 5.
- 73 International Organization Development, *Ethical Trading Initiative*, 15–22, discussing assessment findings.
- 74 Note that while ETI conducted an earlier impact study that included direct measurement of work impact, this was from 2006, and therefore, not within the last five years: Stephanie Barrientos and Sally Smith, [The ETI Code of Practice: Do workers really benefit?](#) (Sussex: Institute of Development Studies, 2006).
- 75 Fair Labor Association, *Are Companies’ Programs*, 1–2.
- 76 Fair Labor Association, *Are Companies’ Programs*, 1–2.
- 77 Fair Labor Association, *Are Companies’ Programs*, 17–18.
- 78 A. Loconto et al., [Participatory Analysis of the Use and Impact of the Fairtrade Premium](#) (Paris: LISIS, 2019).
- 79 Loconto et al., *Participatory Analysis*, 3, 37.
- 80 Loconto et al., *Participatory Analysis*, 3–4, 78.
- 81 Traidcraft Services India, [External Evaluation of “Ending Child Labour and Forced Labour in Apparel Supply Chains in India.” Implemented by GoodWeave and Funded by C&A Foundation](#) (Hyderabad: Traidcraft, 2018), 1.
- 82 Traidcraft Services India, *External Evaluation*, 1.
- 83 Traidcraft Services India, *External Evaluation*, 1.
- 84 Beekman et al., *Banana Supply Chain*.
- 85 Beekman et al., *Banana Supply Chain*, 10.
- 86 UTZ, *UTZ Hazelnut Program in Turkey*.
- 87 The five ISEAL members are Fairtrade International, GoodWeave International, Rainforest Alliance, Roundtable on Sustainable Palm Oil, and UTZ. [“Members and Subscribers.”](#) ISEAL Alliance, accessed January 23, 2020.
- 88 Forest Stewardship Council, [FSC Monitoring & Evaluation Program Report: Context, Figures, Effects, and Impacts](#) (Bonn: FSC, 2016). Sustainable Forestry Initiative, [Conservation Impact Project Summaries](#) (Washington, DC: SFI, 2019); The Extractive Industries Transparency Initiative’s (EITI) treatment of impact is discussed in Spotlight 6.1.
- 89 Gillian Petrokofsky and Steve Jennings, [The Effectiveness of Standards in Driving Adoption of Sustainability Practices: A State of Knowledge Review](#) (Oxford: 3Keel, March 2018), 57. “The majority of studies of the impacts and outcomes of certification simply do not have a control population, nor measurement of before and after certification. Without a counterfactual, it is impossible to evaluate whether standards systems have had an effect on practice.” C. Oya et al., [Effects of Certification Schemes for Agricultural Production on Socio-Economic Outcomes in Low- and Middle-Income Countries: A Systematic Review](#), *3ie Systematic Review 34* (London: 3ie, February 2017), i, 36, recommending that MSIs should develop adequate impact evaluations based on acceptable standards and that claims about impact should match what is possibly achievable and verifiable.
- 90 Petrokofsky and Jennings, *Effectiveness of Standards*, 57. “The majority of studies of the impacts and outcomes of certification simply do not have a control population, nor measurement of before and after certification. Without a counterfactual, it is impossible to evaluate whether standards systems have had an effect on practice.”
- 91 Jill Esbenshade, [“A Review of Private Regulation: Codes and Auditing in the Apparel Industry”](#) *Sociology Compass* 6/7, (2012): 545.
- 92 Niklas Egels-Zandén and Henrik Lindholm, “Do Codes of Conduct Improve Worker Rights in Supply Chains? A Study of Fair Wear Foundation,” *Journal of Cleaner Production* 107, (2015): 31.

- 93 Scott R. Sanders, Michael R. Cope, and Elizabeth R. Pulsipher, "[Do Factory Audits Improve International Labor Standards? An Examination of Voluntary Corporate Labor Regulations in Global Production Networks](#)," *MDPI Social Sciences* 7, no. 6 (2018); Niklas and Lindholm, "Do Codes of Conduct," 31; Richard Locke, Fei Qin, and Alberto Brause, "[Does Monitoring Improve Labor Standards? Lessons from Nike](#)," *ILR Review* 61, no. 1 (2007): 21.
- 94 Sanders et al., "Do Factory Audits."
- 95 Stephanie Barrientos and Sally Smith, "[Do Workers Benefit from Ethical Trade? Assessing Codes of Labour Practice in Global Production Systems](#)," *Third World Quarterly* 28, no. 4 (2007): 723.
- 96 Egels-Zandén and Lindholm, "Do Codes of Conduct," 38.
- 97 Egels-Zandén and Lindholm, "Do Codes of Conduct," 37.
- 98 Locke et al., "Does Monitoring Improve," 21.
- 99 Petrokofsky and Jennings, "Effectiveness of Standards," 3. The same review found that certification is linked to companies adopting better community relations practices, such as providing roads, schools, or training, or disbursing a premium for certified goods, but did not examine the impact of those practices. Petrokofsky and Jennings, "Effectiveness of Standards," 38–40.
- 100 Sanders et al., "Do Factory Audits," 10.
- 101 B. Brockmyer and J. Fox, [Assessing the Evidence: The Effectiveness and Impact of Public Governance-Oriented Multi-Stakeholder Initiatives](#) (London: Open Society, 2015), 49. The MSIs covered in the study are EITI, the Open Government Partnership, the Open Budget Survey, the Global Initiative for Fiscal Transparency, the Infrastructure Transparency Initiative, the Medicines Transparency Alliance, and the Open Contracting Partnership. Brockmyer and Fox, *Assessing the Evidence*, 1. Among these, only EITI met our criteria for inclusion in this chapter. The study is nonetheless useful in assessing the state of the evidence regarding the impact of transparency initiatives overall.
- 102 Lily L. Tsai et al., [What Is the Evidence That Efforts to Promote International Norms and Standards for Transparency and Accountability Have an Impact on Behaviors of Accountability Actors?](#) (Washington, DC: T/Al, 2018), 3.
- 103 Tsai et al., *What Is the Evidence*, 3.
- 104 Tsai et al., *What Is the Evidence*, 4.
- 105 Petrokofsky and Jennings, "Effectiveness of Standards," 57, also finding a concentration of research on four certifications schemes: those of the Rainforest Alliance, Fairtrade International, Forest Stewardship Council, and organically grown certification.
- 106 In addition to the studies discussed below, a recent review examined the conservation impacts of voluntary sustainability standards. K. Komives et al., [Conservation Impacts of Voluntary Sustainability Standards: How Has Our Understanding of the Conservation Impacts of Voluntary Sustainability Standards Changed since the 2012 Publication of "Toward Sustainability: The Roles and Limitations of Certification"?](#) (Washington, DC: Meridian Institute, 2018). It is not included in the discussion because our emphasis is on social impacts, but we found similar issues with the state of the evidence around conservation impacts: "While evidence has increased substantially since 2011, it is clear that research about [voluntary sustainability standards] impacts faces significant challenges, such as finding quality comparison groups (matches), establishing a picture of the pre-certification situation, and including adequate sample sizes." Komives et al., *Conservation Impacts*, 5.
- 107 Steering Committee, *Toward Sustainability*, 2–3.
- 108 Steering Committee, *Toward Sustainability*, 16.
- 109 Steering Committee, *Toward Sustainability*, 70.
- 110 Steering Committee, *Toward Sustainability*, 72.
- 111 Steering Committee, *Toward Sustainability*, 102.
- 112 Oya et al., *Effects of Certification Schemes*, i, 36. The certification schemes covered in the studies reviewed included the following MSIs in the MSI Integrity Database: Better Cotton Initiative, Ethical Trade Initiative, Fairtrade International, Rainforest Alliance, Roundtable on Sustainable Palm Oil, and UTZ.
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