

1. Main Messages

To increase the **willingness of farmers to invest in sustainability**, they **must be more informed** about the importance of such investment.

Providing targeted sustainability information increases farmers' willingness to invest in sustainability, particularly when coupled with peer discussions.

Lower cost and positive framing of the need of sustainable investments increase traders' willingness to invest in sustainability of the farms they purchase produce from.

Farmers respond differently to sustainability messages depending on the source, with non-governmental organisations (NGOs) and private buyers appearing to have greater influence than government entities.

Policy measures should focus on strengthening sustainability education, facilitating peer discussions, and ensuring that trade policies incorporate behavioural insights from local supply chain actors.

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FARMERS, TRADERS AND SUSTAINABILITY: BEHAVIOURAL INSIGHTS FROM EXPERIMENTAL EVIDENCE



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 101000551

2. Research Scope & Methodology

This study analyses the role of behavioural factors in shaping sustainability choices among farmers and traders, using:

- **Lab-in-the-field experiments** with 310 Vietnamese coffee farmers, 348 Ghanaian cocoa farmers, 64 Vietnamese coffee traders, and 24 Ghanaian cocoa traders.
- **Threshold Public Goods Game (TPG)** to measure farmers' willingness to contribute to sustainability investments.
- **Trader decision-making game** to analyse how market incentives and environmental risks influence sustainability investments.
- **Randomised treatment groups** receiving sustainability information from different sources (government, NGOs, private traders) to assess their relative effectiveness.

Cross-country comparisons between Ghana and Vietnam to highlight the contextual variations in sustainability preferences.

3. Key Findings: Evidence Supporting Policy Discussions

3.1. The Role of Information in Farmers' Sustainability Choices

- **Farmers who received sustainability information were significantly more likely to invest in sustainable practices** compared to control groups.
- **Peer discussions doubled the effectiveness of sustainability messages**, highlighting the importance of community engagement in decision-making.
- Farmers were more receptive to **sustainability information provided by NGOs or private traders** than by government sources.

Implication: Policymakers should prioritise participatory sustainability education approaches that leverage trusted information sources.

3.2. Traders' Decision-Making regarding Sustainability

- Traders responded to environmental degradation **by increasing their sustainable investments when the perceived risks were higher**.
- **Those with a stronger financial link to farmers** (e.g., those who previously provided inputs) were more willing to invest in sustainable supply chains.
- **The framing of sustainability investments matters:** traders were more likely to invest when the benefits were framed positively rather than as a response to environmental damage.

Implication: Sustainability policies should incorporate risk communication strategies that highlight both the threats of inaction and the long-term benefits of sustainable investments.

3.3. Sustainability, Gender, and Child Labour

- Traders believe that **sustainability standards** would increase the overall quality and supply of the coffee/cocoa they buy.
- Most coffee farmers argue that **growing coffee in a sustainable way is time-consuming** and they have feel fatigued from the added work to produce sustainably.
- **Underlying gender equality issue:** most male farmers believe that there is gender equality however, a quarter of the female cocoa farmers believe that they do not have the same decision-making power.
- Farmers both in Ghana and Vietnam are predominantly against **the use of children working on the farm at the expense of the education**.

Implication: Policy efforts to stimulate sustainability production **should be targeted most of all at producers as they feel more pressurised by sustainability standards than traders**.



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4. Implications for EU Policy & Trade Governance

4.1. Strengthening Sustainability Education and Information Campaigns

- **Use trusted intermediaries** (NGOs, private traders) to disseminate sustainability information effectively.
- **Promote peer-learning initiatives** that facilitate discussions among farmers about sustainability benefits.
- **Encourage long-term sustainability commitments** by integrating behavioural insights into capacity-building programs.
- **Embed sustainability incentives in EU trade** agreements to encourage adoption of sustainable practices.
- **Support local supply chain actors** by providing targeted financial and technical assistance.
- **Develop monitoring frameworks** to ensure that sustainability provisions in trade agreements translate into real behavioural change.
- **Strengthen linkages** between CAP, sustainability standards, and trade policies.
- **Ensure better coordination** between EU institutions and local governance structures to improve policy implementation.
- **Leverage experimental evidence** to inform trade negotiations and sustainability impact assessments.



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5. Conclusion

This study highlights the importance of integrating behavioural insights into sustainability policy and trade governance.

Key takeaways:

- **Farmers and traders are more likely to adopt sustainability practices when they receive information from trusted sources** and have opportunities for peer discussions.
- Environmental risks play a crucial role in shaping traders' sustainability choices, **suggesting that policies should emphasise risk communication.**
- **Transparent communication is necessary** about the benefits of investment in sustainability and the cost of non-action.

This Project Brief is based on **Deliverable 4.4.** of the TRADE4SD project.



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Trade4SD is a 4-year project devoted to research on a topic which is high on the domestic as well as multilateral, EU and bilateral trade policy agenda. The ambition of the project is to explore and foster the positive linkages between trade and sustainable development is to provide policy recommendations for the creation of new opportunities for agents involved in the global, regional and national agri-food value chains, and to define conditions for sustainable livelihoods of farm producers in the EU and developing partner countries. Trade is a central factor in shaping global, regional and local development. Increased trade, empowered by the growth of Global Value Chains (GVCs), has boosted productivity and incomes in many countries.

