



MONITORING THE SCOPE AND BENEFITS OF FAIRTRADE

SEVENTH EDITION 2015



FAIRTRADE



About Fairtrade International

Fairtrade International develops the internationally-agreed Fairtrade Standards, coordinates support for producers, and supports the international Fairtrade system. The Fairtrade system comprises Fairtrade International, FLOCERT the independent certification body of the global Fairtrade system, three producer networks representing the interest of producers, and 28 Fairtrade organizations, which promote Fairtrade to business and consumers in the countries of sale. For more information, visit www.fairtrade.net



About FLOCERT

FLOCERT is a global certification body offering verification and supply chain services to ensure social and environmental standards. Founded in 2003 as the single certifier for Fairtrade, the company has four international offices, 80 employees and more than 100 auditors worldwide. For more information, visit www.flocert.net

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Cover: Esther Bor, member of Sireet OEP, plucking tea on the farm of fellow Sireet member, Luke Metto. Sireet Outgrowers Empowerment Project Company Ltd (Sireet OEP) is an organization of small-scale tea growers in Nandi Hills, Kenya.

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Photographer: Simon Rawles

CONTENTS

	FOREWORD	5
1.	INTRODUCTION	6
2.	SUMMARY AND KEY DATA AT A GLANCE	7
3.	FAIRTRADE PRODUCERS	
3.1	How many farmers and workers participated in Fairtrade in 2014?	17
3.2	How have the numbers of farmers and workers changed since 2013?	17
3.3	Where are the farmers and workers who participate in Fairtrade?	18
3.4	How many farmers and workers produce the different Fairtrade products?	23
3.5	Workers in Fairtrade	24
3.6	Women in Fairtrade	28
3.7	Fairtrade and young people	33
4.	FAIRTRADE PRODUCER ORGANIZATIONS	
4.1	How many Fairtrade producer organizations were there in 2014?	37
4.2	Where are the Fairtrade producer organizations?	39
4.3	Fairtrade working in low-income countries	41
4.4	Types of Fairtrade producer organizations	42
4.5	Size of Fairtrade producer organizations	44
4.6	Producer organization longevity within Fairtrade	45
4.7	Supporting strong producer organizations	45
5.	FAIRTRADE CROP PRODUCTION AND SALES	
5.1	Fairtrade production capacity	49
5.2	Fairtrade sales volumes and values reported by producer organizations	50
5.3	What proportion of total production volumes are sold as Fairtrade?	54
5.4	How much land is under Fairtrade production?	56
5.5	Smallholder farmers in Fairtrade: average area of cultivation by product and region	56
5.6	Organic and other certifications	59
6.	FAIRTRADE PREMIUM	
6.1	How much Fairtrade Premium did Fairtrade producer organizations receive in 2013–14?	63
6.2	How was the Fairtrade Premium used in 2013–14?	69

7.	FOCUS ON FAIRTRADE PRODUCTS	
7.1	Focus on Fairtrade products: coffee	72
7.2	Focus on Fairtrade products: bananas	80
7.3	Focus on Fairtrade products: cocoa	89
7.4	Focus on Fairtrade products: tea	102
7.5	Focus on Fairtrade products: sugar	112
7.6	Focus on Fairtrade products: cotton	120
7.7	Focus on Fairtrade products: flowers	129
8.	FOCUS ON FAIRTRADE REGIONS	
8.1	Africa and the Middle East	137
8.2	Asia and Pacific	145
8.3	Latin America and the Caribbean	153
9.	ABOUT THE DATA IN THIS REPORT	
9.1	Where do the data in this report come from?	162
9.2	Data coverage and completeness	163
9.3	Data confidentiality	165
9.4	Data accuracy and limitations	165
9.5	Notes on the data	165
9.6	Disclaimer	166
9.7	Acknowledgements	166
ANNEX 1	Categories for analysing Fairtrade Premium use	168
ANNEX 2	Bibliography	172

FOREWORD

The countdown to 2030 has begun, and 2016 is the first full year of implementing the **Sustainable Development Goals**—the SDGs—aimed at transforming the lives of billions of the poorest, most vulnerable and marginalized people. From eradicating poverty and hunger to combatting climate change, the 17 SDGs are the most ambitious and wide-ranging plan yet to shift the world towards a more sustainable and resilient future.

Fairtrade can and will have a significant role to play in making sure the SDGs are successful. We know there are no quick fix solutions tackling inequality, creating opportunity and ending exploitation, but we can point to, and learn from, the tangible impact our work is already having. This report—the seventh edition of *Monitoring the Scope and Benefits of Fairtrade*—gives us a detailed global picture of where Fairtrade is today, but also shows clearly that in order to make a significant impact in the future, our work—and that of the many other actors fighting for trade justice—must be massively scaled up. Yes, the statistics are moving slowly in the right direction: a nine percent increase in the number of farmers and workers participating in Fairtrade; market growth across most major products; a slight increase in the total number of Fairtrade organizations worldwide. But progress is still slow.

It is right that we are our own fiercest critics. But on the other hand, we need to be realistic about the global context in which we work and the challenges we face—as are the farmers and workers we work with on different continents. Many of the problems experienced by farmers and workers are deeply ingrained after generations of marginalization and exploitation. The SDGs present us with a paradox: the need to act quickly and at scale in order to ensure sustainable development for all, whilst at the same time recognizing that it takes time to build the local ownership and leadership which is key to increasing Fairtrade's impact.

That so many farmers and workers are disempowered by a global trade system which enriches the few at the expense of the many doesn't mean trade itself is a bad thing. Trade can—and should—be used as a vital tool and catalyst to help close the gaps that exist across society. Fairer trade can create sustainable change by narrowing the gap between rich and poor, by creating opportunities for social and economic change, and by fostering respect for human rights and the world's precious natural resources.

Measuring our impact is essential if we are to scale up what is working and change what isn't. Each year our monitoring, evaluation and learning gets more sophisticated and our research is wider and more detailed. In turn that means we can apply the lessons learnt more effectively. But the more we dig down into the data, and the more we learn about the human stories behind the statistics, the more we are challenged. To borrow Al Gore's phrase, the inconvenient truth is that despite our many successes, the impact of fair trade in the global commodities markets and in complex multi-national supply chains is still a long way short of what's needed.

I'm proud to be Chair of an organization which is internationally recognized for being open about these challenges and which takes concrete actions to face them. Just recently, Fairtrade International was praised for being one of only a handful of organizations which systematically publish their evaluations—both good and bad. We aspire to go even further—how else can we learn and improve? But we also know that such transparency shines a spotlight on our impact, and that we cannot be complacent, despite modest growth.

It's often said that 'knowledge is power'. If Fairtrade is to play its part in helping to deliver the SDGs successfully, it's essential to have a thorough knowledge about our impact. This report continues that important aspect of our work.



Marike de Peña, Chair of the Board,
Fairtrade International
© Kyle Freund / Fairtrade International

CHAPTER 1

INTRODUCTION

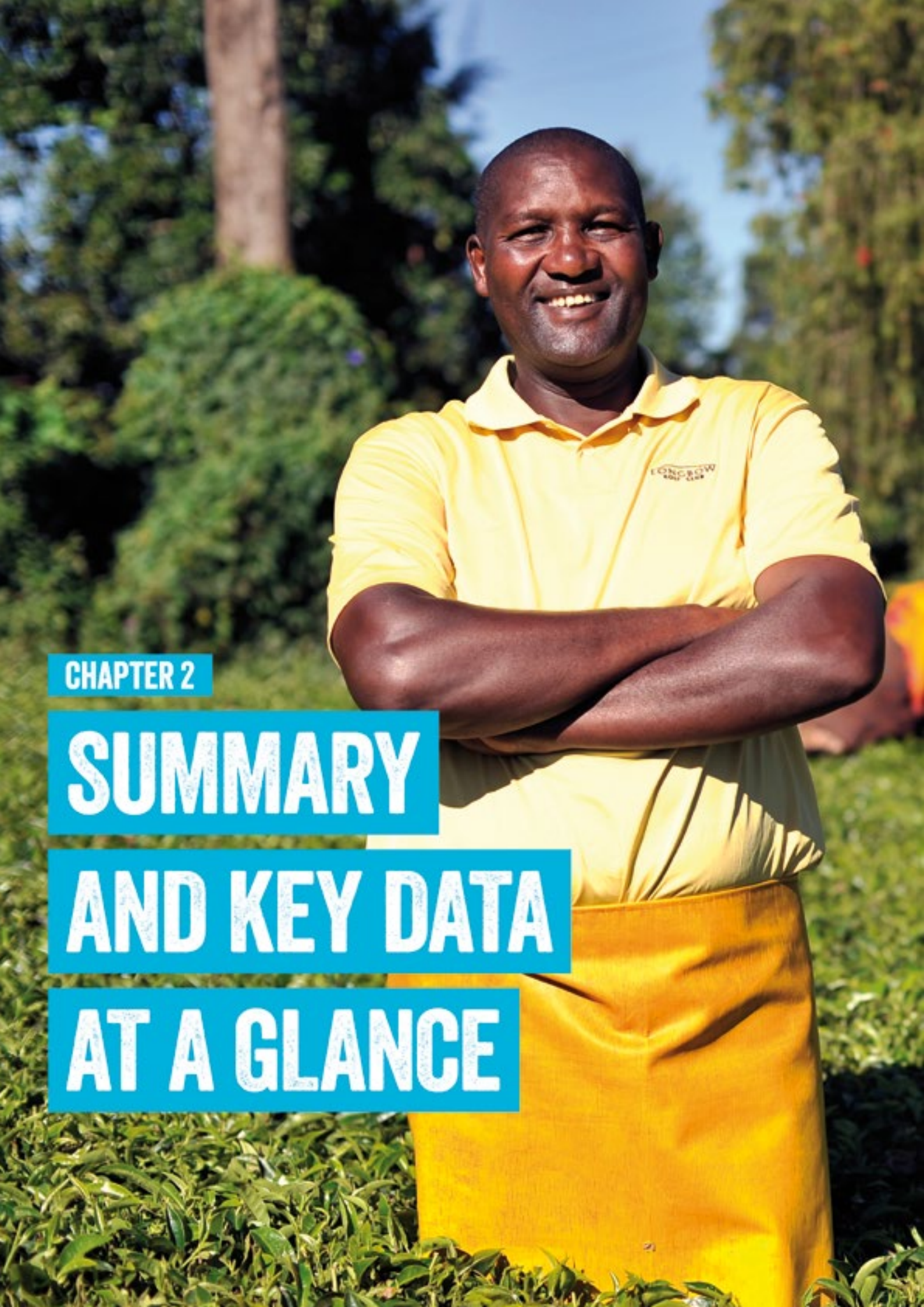
This report gives the results of the 2014 monitoring data collection from Fairtrade certified producer organizations. It presents the scope and scale of Fairtrade in 2014, and gives data on key Fairtrade performance indicators—from a producer perspective. The report also captures the results of more detailed research about the impacts of Fairtrade.

The information generated through our monitoring and evaluation processes is used to inform and guide the Fairtrade system. It gives us an important indication of how we are performing in relation to our ambitions to unlock the power of Fairtrade, and to drive impact with farmers and their organizations and with workers on certified plantations. This shows us where we are performing well, and where we have challenges to overcome. Fairtrade is a constant work in progress: understanding the challenges allows us to reshape our approach and activities to address them.

Fairtrade International and FLOCERT make this information public as part of our commitment to transparency, openness and information-sharing with our stakeholders and supporters. We strive to improve the report year on year. In this edition we have added new analysis relating to standards compliance (Chapter 3); decertifications (Chapter 4); and the distribution of Fairtrade benefits to producers in low- and lower-middle-income countries (Chapter 6).

In Chapter 9 we give a full explanation of how we collect and analyse the Fairtrade monitoring data, as well as explaining the coverage and the limitations of this year's dataset. We recognise where there are shortcomings in the reliability and coverage of the data, and we are open about this.

We hope that you find the report interesting and useful. We welcome your feedback and comments. Your input helps us improve future editions. Just contact us at impact@fairtrade.net

A smiling man with dark skin and short hair stands in a garden. He is wearing a bright yellow polo shirt with a small logo on the left chest that reads "LONGCROW GOLF CLUB" and a matching yellow apron. His arms are crossed. The background is filled with lush green bushes and trees under a clear blue sky.

CHAPTER 2

SUMMARY

AND KEY DATA

AT A GLANCE

The data in this report show that Fairtrade has continued to grow during 2014, both in terms of the participation of farmers, workers, and their producer organizations, and in terms of the product volumes sold by producer organizations on Fairtrade terms.

FARMERS, WORKERS AND PRODUCER ORGANIZATIONS

The number of farmers and workers participating in Fairtrade grew to more than 1.65 million by the end of 2014—a growth of nine percent. Approximately 64 percent of all the farmers and workers in the Fairtrade system are located in Africa and the Middle East (see Chapter 3 of this report).

There was overall growth in the numbers of Fairtrade farmers in all three regions, and across most major products, although the number of workers in Fairtrade plantations fell slightly. Overall, however, the number of Fairtrade producer organizations grew at a considerably slower rate than in previous years, increasing to 1,226 by the end of 2014—up just one percent on 2013 levels. Although the number of certified farmers in Africa and the Middle East continued to grow rapidly, the number of Fairtrade producer organizations fell.

In 2014, more than 28 percent of all Fairtrade farmers and workers were located in low-income countries (LICs). There were Fairtrade certified producer organizations in 20 of the 31 countries classified as LICs by the World Bank (see Chapter 4). Producer organizations in LICs earned around €8 million in Fairtrade Premium in 2013–14, representing about seven percent of Fairtrade Premium payments globally. Overall, more than 80 percent of all the farmers and workers in Fairtrade certified producer organizations were located in low-income or lower-middle-income countries (as defined by the World Bank) in 2014.

Fairtrade continues to work overwhelmingly with smallholder farmers—indeed, 80 percent of the producer organizations holding Fairtrade certification are small farmer organizations. The average plot size of a Fairtrade farmer is just 1.4 hectares (see

Previous page: Dennis Korir grows tea on his five-acre farm near the Finlays estate in Ainamoi, Kenya. Dennis is a member of the Fairtrade certified Fintea Growers Co-operative Union (FGCU) which sells its green leaf to nearby Finlays tea factories.

© Riccardo Gangale / Fairtrade Africa

TABLE 2.1

OVERALL GROWTH IN NUMBERS OF FAIRTRADE FARMERS, WORKERS AND PRODUCER ORGANIZATIONS 2014

	2013	2014	Percentage change
Total Fairtrade producer organizations worldwide	1,210	1,226	1%
	2013	2014	Percentage change
Total farmers	1,305,500	1,447,900	11%
Total workers on Fairtrade plantations	210,900	204,000	-3%
Total farmers and workers	1,516,400	1,651,900	9%
	2013	2014	
Total countries with Fairtrade certified producer organizations	74	74	

Chapter 5), and the average size of a Fairtrade tea farmer's plot in East Africa is just 0.3 hectares. To get a sense of scale: the average size of a small family farm in the USA is 98 hectares.¹

FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM

The total reported Fairtrade Premium earnings grew significantly, for both small producer organizations and plantations. In comparison with 2012–13, the data for 2013–14 reported by producers show a 12 percent increase in Fairtrade Premium returns to producer organizations. As in 2012–13, 85 percent of all Fairtrade Premium income reported was received by small producer or contract production organizations, while 15 percent of all Fairtrade Premium income went to plantations.

The revenues that producer organizations received from their Fairtrade sales also grew, although modestly at just one percent overall. The slight decrease in overall revenues from Fairtrade sales for small producer organizations reflects the continued instability of global coffee prices in 2014. The price recovered slightly from the low levels of 2013, but then started to drop again later in 2014. This means that although producers sold more coffee on Fairtrade terms, they received lower prices for their coffee than they had in the previous year. It is also important to note that the translation of Fairtrade revenues into euros for reporting purposes is affected by exchange rate fluctuations. In contrast, because the Fairtrade Premium is a fixed price relating to sold volumes, it increased despite the fluctuations in coffee prices. As such the Fairtrade Premium and the Fairtrade Minimum Prices continue to be an important support for farmers and workers when commodity prices are volatile.

As in 2012–13, hired labour organizations showed strong sales growth for 2013–14. Their Fairtrade Premium returns grew by 12 percent, while their revenues from Fairtrade sales grew by 18 percent. This growth was concentrated within bananas and flowers. Market opportunities for other plantation products such as tea remained limited.

1. Robert Hoppe (2014) Structure and Finances of U.S. Farms: Family Farm Report, 2014 Edition, EIB-132 Economic Research Service/USDA, <http://ers.usda.gov/media/1728096/eib-132.pdf>

TABLE 2.2

OVERALL GROWTH IN FAIRTRADE SALES VALUES AND FAIRTRADE PREMIUM VALUES 2013–14

Fairtrade Premium (€ millions)	2012–13	2013–14	Percentage change
Total reported by Small Farmer Organizations	81.3	90.5	11%
Total reported by Hired Labour Organizations	14.0	15.7	12%
Total reported Fairtrade Premium receipts	95.2	106.2	12%
Fairtrade sales revenues (€ millions)	2012–13	2013–14	Percentage change
Total reported by Small Farmer Organizations	840	826	-2%
Total reported by Hired Labour Organizations	106	125	18%
Total reported Fairtrade sales revenues	946	951	1%

There was strong growth in producer-reported sales volumes of bananas (15 percent) and cocoa (17 percent) in 2013–14 (see Chapter 5). After several years of declining or stagnant sales, Fairtrade cotton sales increased by 21 percent. Other major products including coffee, sugar and flowers registered more moderate growth in volumes sold on Fairtrade terms, at six, four and five percent respectively.

For producers to benefit most effectively from Fairtrade, they need to sell a substantial proportion of their certified crop on Fairtrade terms. While there are some benefits resulting from compliance with Fairtrade Standards alone, sales on Fairtrade terms generate direct economic benefits and are the basis for investment using the Fairtrade Premium. For most producer organizations, the economic benefits from Fairtrade are the main impetus for continued investment in certification. Where the return on investment for certification is perceived to be too low, producer organizations may decide to end their certification. It is therefore important to monitor the extent to which producer organizations are able to sell their product on Fairtrade terms (see Chapter 5).

Forty percent of all producer organizations sold more than half of their production volume on Fairtrade terms in 2013–14. Small farmer organizations as a group sold 39 percent of their total production as Fairtrade in 2013–14, while hired labour organizations sold 22 percent of their total production as Fairtrade. In every Fairtrade product, there are significantly large volumes available that are not being sold on Fairtrade terms. Partly to address this issue, Fairtrade has established Fairtrade Sourcing Programs (FSP) to open up new sales opportunities for producers of sugar, cocoa and cotton. For more information about the Fairtrade Sourcing Programs, and how they are helping farmers, visit <http://www.fairtrade.net/about-fairtrade/fairtrade-sourcing-programs.html>.

Tea producers continued to struggle to sell their tea on Fairtrade terms, with both small producer and hired labour organizations selling less than ten percent of their total production as Fairtrade in 2013–14. There was an increase in the numbers of certified tea farmers and workers in 2014, which means that they now represent 22 percent of all people within Fairtrade certified producer organizations. We are working to support better impacts for Fairtrade tea producers by implementing new requirements in the Fairtrade Standards for plantations, and through sector-wide collaboration to support improved wages for tea workers.

Taking the overall Fairtrade Premium receipts and averaging them across the organizations that were Fairtrade certified during 2013–14 gives a crude indication of whether Fairtrade Premium payments are increasing for existing producers. The average Fairtrade Premium per producer organization for 2013–14 was just over €100,000 per organization, similar to the figure in 2012–13 (Figure 2.1). Compared with the 2012–13 figures, the average Fairtrade Premium grew quite significantly for plantations and fell slightly for small producer organizations. These averages hide significant variation between products and regions. The average Fairtrade Premium received by small farmer organizations producing Fairtrade bananas was €193,600. At the other end of the scale were organizations growing Fairtrade vegetables—a relatively new Fairtrade product—with an average of just €10,900 in Fairtrade Premium per organization. However, the gap between the products generating the most Fairtrade Premium per organization and those generating the least narrowed somewhat in 2013–14.

In 2013–14, small farmer organizations continued to invest their Fairtrade Premium primarily in developing and strengthening their businesses, and delivering direct benefits to their members. Small farmer organizations elected to invest roughly 22 percent of their Fairtrade Premium in facilities and infrastructure for business activities such as processing, packing, storage, or crop collection. These investments are integral to increasing capacity, ensuring better quality, and adding value to their crop—all of which in turn can support better returns for the members. Around 42 percent of the Fairtrade Premium was spent on direct services to farmer members, including the provision of training, tools, inputs, and credit and finance, as well as direct payments to members over and above Fairtrade prices. This strengthens member commitment by providing direct financial returns from Fairtrade sales, and ensures that individual farmers benefit through increased income.

If we combine relevant infrastructure and farmer services, we estimate that around 31 percent of the Fairtrade Premium was spent on investments that can support improvement in productivity or quality.

Overall, small producer organizations use about nine percent of their Fairtrade Premium to invest in community development projects. While many producer organizations aspire to make significant investments in their community, they recognize the importance of investing in the sustainability of their businesses. The Fairtrade Premium is an important and flexible tool that enables producer organizations to invest according to their priorities.

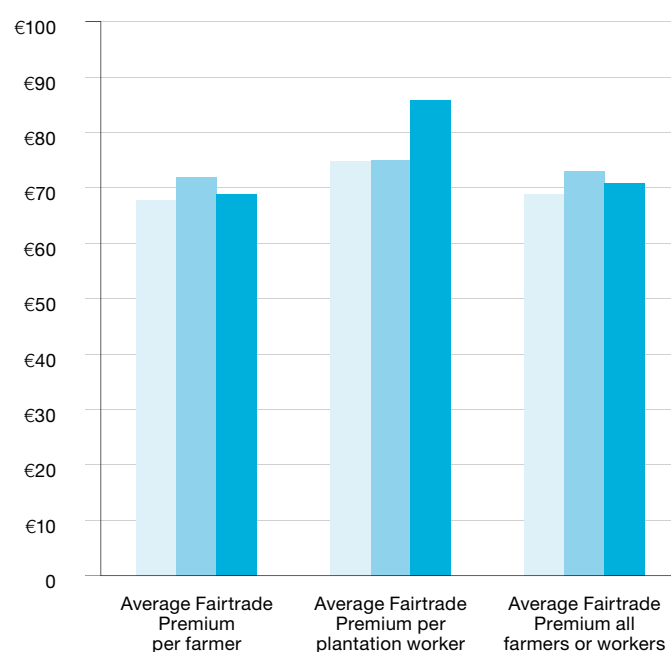
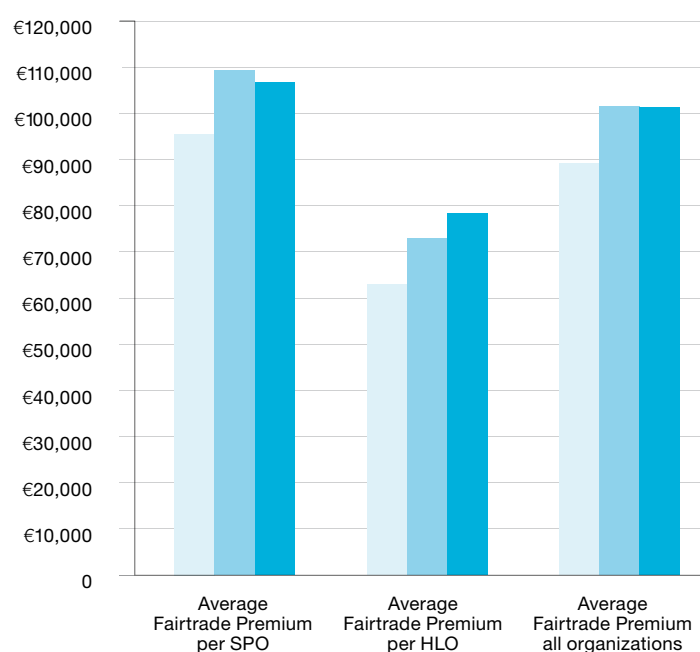
Workers on plantations continued to invest significantly in a wide range of projects aimed at meeting workers' needs. They elected to invest around 64 percent of their Fairtrade Premium in education, housing, healthcare, and other services for workers. Since many workers are struggling to cope with rising costs of living, benefits from the Fairtrade Premium provide essential additional support. Many organizations also used the Fairtrade Premium to support the development and strengthening of their own worker organizations. Around 20 percent of the Fairtrade Premium on plantations was used for wider community projects, such as supporting local schools or health services. Overall, 27 percent of the Fairtrade Premium on plantations was used for educational purposes, either to support the education of workers and their families, or to support education and schools in the wider community. See Chapter 6 for more information on Fairtrade Premium expenditure.

FIGURE 2.1

FAIRTRADE PREMIUM RECEIVED GLOBAL AVERAGES 2011–14 (€)



Note: This analysis is based on reports from 85% of all the producer organizations that held Fairtrade certification at the end of 2014. It includes only those producer organizations that were Fairtrade certified and eligible to receive Fairtrade Premium during the whole reporting period. It excludes producer organizations that were applicants at the time of the audit, but which became certified during 2014. It also excludes producer organizations that did not report their Fairtrade Premium receipts.



INSIGHTS FROM FAIRTRADE RESEARCH

Throughout the report we integrate findings from recent independent research and commissioned evaluations, which complement the monitoring data by offering deeper insights into the impacts and challenges of Fairtrade. Some of the main findings include:

- New research by LEI Wageningen looks at the economic, social and empowerment impacts of Fairtrade certification for banana plantation workers in the Dominican Republic, Colombia and Ghana, comparing certified plantations with non-certified. The researchers found that while Fairtrade certification was not associated with direct effects on wages, Fairtrade supports a wide range of in-kind benefits for workers, primarily through the use of the Fairtrade Premium, many of which have economic value. When the value of these in-kind benefits—which variously include subsidized food, housing, transport, healthcare, and education—is calculated, it is clear that Fairtrade does support economic benefits for workers in all three of the research contexts. Fairtrade workers rely heavily on their wages and also on these in-kind economic benefits that result from Fairtrade certification.

Fairtrade certification was found to contribute to an increased standard of living amongst banana plantation workers in the Dominican Republic. Workers on Fairtrade certified plantations were found to be more satisfied with their standard of living, have a higher level of savings, and were more food secure. The study found no significant differences, however, in the number of household assets between workers on Fairtrade certified and non-certified plantations in Ghana or Colombia. This suggests that although workers in all three countries were benefiting in economic terms from Fairtrade certification, in Ghana and Colombia the benefits were not yet sufficient for workers to be able to save or increase their assets.

The researchers also looked at a range of indicators relating to working conditions, workers' rights, and empowerment. Fairtrade plantations tended to perform better than non-certified plantations in relation to working conditions, collective bargaining and dialogue between workers and management. However, there was still room for improvement in relation to gender equality, workers' knowledge of their rights, and empowerment of migrant workers.

See Chapter 3 for more details.

- In 2015, as part of our efforts to understand more about the experiences of women farmers, Fairtrade commissioned researchers from KIT, a Netherlands-based institute, to develop participatory video research with a group of 25 women cocoa farmers in western Côte d'Ivoire. The women were all linked to Fairtrade cooperatives, either as members or as wives of members. During a ten-day period, the women came together to learn how to use the cameras and microphones, and developed ideas for their films. They then made two films on location in their villages. The films were edited together, also by the women themselves, and finally were screened to members of the cooperative boards and management.

The films explore some of the challenges faced by women cocoa farmers. Major themes that emerge include women's aspirations to do different kinds of work, to have greater control over household income, and to develop leadership roles within their communities and cooperatives. They need better access to resources such as inputs, training, and transport to support their cocoa production. They would like to be more involved in their cooperatives, but do not feel included in the cooperative meetings and decision-making. The films show them interviewing and negotiating with cooperative leaders and managers in relation to women's concerns. At the end of the project, the women felt encouraged and empowered to push more strongly for women's interests within the cocoa cooperatives—processes that Fairtrade will seek to support.

The final films are available online, and are being used to stimulate discussions on gender in workshops with other producers in Africa.

See Chapter 3 for more details.

- Recently published research by a team from the Georg-August-University of Göttingen and the International Food Policy Research Institute (IFPRI) analyses and compares the impacts of three sustainability-oriented standards—Fairtrade, Organic, and UTZ—on the livelihoods of smallholder coffee farmers in Uganda. The researchers selected three cooperatives with similar agro-ecological and market access conditions, located in the Central Region of Uganda. The cooperatives held differing combinations of UTZ, Fairtrade, and Organic certifications. The research found that Fairtrade certification in this context increased household living standards by 30 percent and reduced the prevalence and depth of poverty amongst certified farmers. No significant effects were found in this case for the other certifications.

The researchers considered that this was the result of several specific aspects of the Fairtrade approach, including:

- The Fairtrade Minimum Price, which contributed to higher prices for Fairtrade farmers during the research period when coffee prices were low;
- Investments in productive infrastructure made with the Fairtrade Premium; and,
- The Fairtrade emphasis on certification of producer organizations and the development of direct selling and marketing relationships between Fairtrade producers and buyers.

See Chapter 5 for more details.

- In 2014, Fairtrade International, Fairtrade Africa, the World Agroforestry Centre (ICRAF) and Bioversity International initiated collaboration to undertake baseline research on small-scale cocoa farmers and their cooperatives in West Africa. The rapid growth in the number of cocoa-producing organizations joining the Fairtrade system in Ghana and Côte d'Ivoire provides a unique opportunity to build a baseline for future monitoring and impact assessment. The baseline findings are outlined in section 7.3 of this report.

The baseline data suggest that the cooperative unions have taken the first steps to building a viable business. They have forged commercial relationships with buyers and entered into cooperation with service providers; elaborated procedures for basic business operations and for ensuring compliance with Fairtrade standards; and gained valuable experience in the basic operation of a cooperative enterprise. The report raises some challenges for the next stage of development of these young cooperatives, which do not have a role in the buying and selling of cocoa and are therefore limited in their ability to finance consolidation or growth of their operations. The researchers recommend that Fairtrade and its partners should work together with the cooperatives to support the next phase of their development.

At the household level the baseline suggests that growers have benefited from Fairtrade certification through dividends paid from the Fairtrade Premium and through access to essential services (e.g. technical assistance). Considerable potential exists to increase the dividends paid to members by the cooperatives from the Fairtrade Premium if buyers were able to increase their purchase of certified cocoa.

- In 2014, Fairtrade commissioned AidEnvironment to undertake baseline research with Fairtrade cotton farmers in West Africa. Researchers collected data from 177 Fairtrade certified and 87 non-certified farmers from nearly 40 producer organizations in Senegal, Mali and Burkina Faso. The baseline is intended to provide a strong basis for future evaluation of the impacts of Fairtrade cotton certification in West Africa.

The research team assessed the Fairtrade cooperatives and compared them with non-certified groups in relation to three thematic clusters of indicators: improved farming performance; improved market access; and strong and inclusive small producer organizations. The findings are set out in section 7.6 of this report. The certified groups performed better for many of the indicators under study.

The researchers found clear potential for Fairtrade to contribute significantly more to the development of cotton farmers in West Africa, if more markets could be found for their certified cotton. The researchers also recommended intensification

of support for Fairtrade cotton farmers. While Fairtrade farmers have greater access to services than their non-Fairtrade counterparts the report nevertheless identified that training and capacity building needs to be further strengthened and expanded.

Finally, the research also noted that the structure of the cotton sector in West Africa tends to constrain the ability of Fairtrade farmers to enter into direct negotiation with buyers, and that Fairtrade could do more to promote Fairtrade to key actors in the region.

A woman with short dark hair, smiling, stands in a greenhouse. She is wearing a green jacket with "WARIDI" printed on the left chest and a white apron. The greenhouse is filled with numerous roses in various colors like pink, red, and white. The background shows the metal frame and glass panes of the greenhouse.

CHAPTER 3

FAIRTRADE PRODUCERS

MORE THAN
1.65 MILLION
FARMERS AND WORKERS
IN FAIRTRADE CERTIFIED
PRODUCER ORGANIZATIONS



64% OF ALL
FAIRTRADE FARMERS AND WORKERS
ARE IN AFRICA AND THE
MIDDLE EAST



56% OF ALL
FAIRTRADE FARMERS
PRODUCE COFFEE



26% OF ALL
FARMERS AND WORKERS
IN FAIRTRADE ARE WOMEN



48% ON PLANTATIONS



23% IN SMALL FARMER ORGANIZATIONS



3.1 HOW MANY FARMERS AND WORKERS PARTICIPATED IN FAIRTRADE IN 2014?

The monitoring data indicate that at the end of 2014, there were more than 1.65 million farmers and workers in the Fairtrade system as a whole. Almost 1.45 million farmers were members of Fairtrade small producer or contract production organizations, while 204,000 people worked in Fairtrade certified hired labour organizations. The majority of these workers are on plantations, but there were also almost 5,400 workers in six factories with certification to make Fairtrade soccer balls in Pakistan.

Previous page: Patricia Awino is one of 450 workers at the Fairtrade certified Waridi Limited flower farm. The flower farm is situated near Athi River close to Nairobi, Kenya.

© Nathalie Bertrams

3.2 HOW HAVE THE NUMBERS OF FARMERS AND WORKERS CHANGED SINCE 2013?

There was a nine percent increase in the number of farmers and workers in the Fairtrade system by the end of 2014, an increase of 139,000 since 2013. However, while the number of people in Fairtrade certified producer organizations increased significantly, the number of Fairtrade certified producer organizations grew more slowly, at just one percent.

Figure 3.1 shows the overall growth trends from 2010–2014. While the overall rate of growth was similar to the growth rate in 2013, growth in 2014 was concentrated in increasing numbers of farmers in Fairtrade small producer organizations, which grew by 11 percent overall. Meanwhile, the number of workers in Fairtrade hired labour organizations appeared to drop by around three percent. However, a proportion of this apparent fall was the result of an overestimation of the numbers of banana plantation workers in the 2013 data.

In 2014, overall growth in both percentage and absolute terms was strongest in Africa and the Middle East, where the number of farmers and workers grew by almost 123,000, representing an overall growth rate of 13 percent. This growth was concentrated in Kenya, where four large farmer organizations producing coffee and tea became certified. Between them, these four organizations accounted for around 100,000 new farmers joining the Fairtrade system.

FIGURE 3.1
FAIRTRADE FARMERS AND WORKERS 2010–2014

■ Farmers in Fairtrade small producer organizations
■ Workers in Fairtrade plantations
■ Annual growth rate (%)

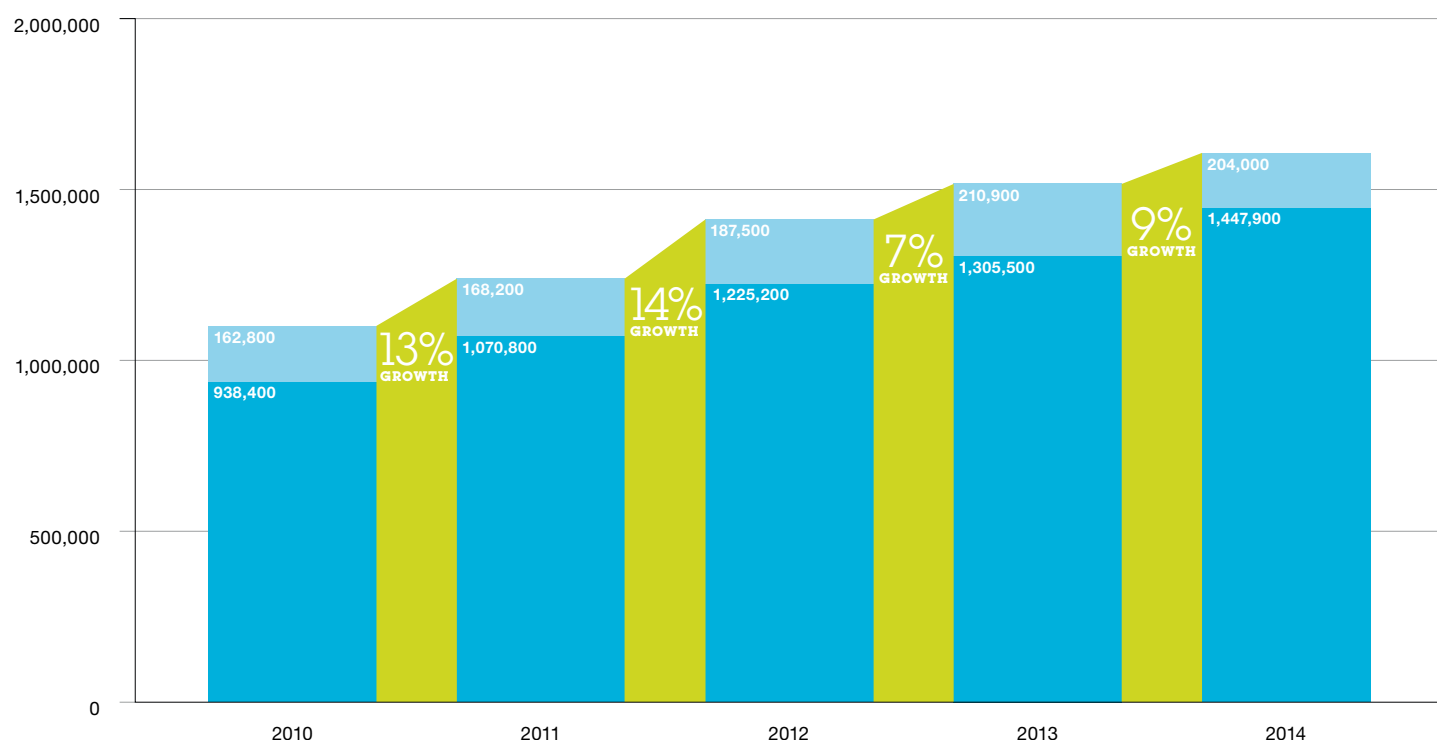
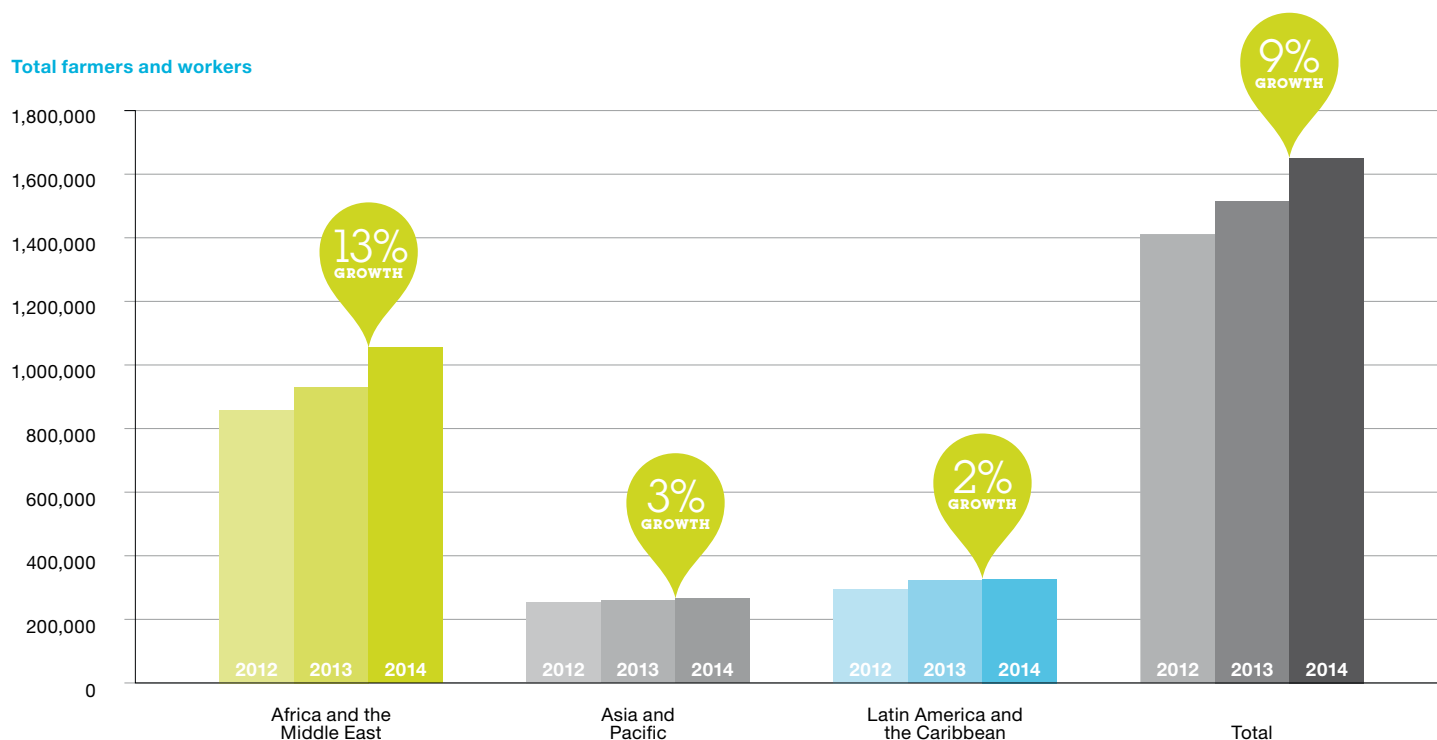


FIGURE 3.2

GROWTH IN THE NUMBERS OF FAIRTRADE FARMERS AND WORKERS 2012–2014

Percentage change 2013–2014



Growth was slower in Asia and Pacific and in Latin America and the Caribbean, at three and two percent respectively. In both regions, membership of small farmer organizations was growing at a faster rate than the number of workers on certified plantations.

3.3 WHERE ARE THE FARMERS AND WORKERS WHO PARTICIPATE IN FAIRTRADE?

In 2014, as shown in Figure 3.3, 64 percent of all the farmers and workers within Fairtrade certified organizations lived in Africa and the Middle East, an increase of two percent since 2013. Latin America and the Caribbean accounted for 20 percent, and Asia and Pacific for 16 percent.

More than half of all the workers on Fairtrade certified plantations are now in Southern Asia, where tea is the major product. The number of workers in certified plantations grew slightly in Southern Asia in 2014, but fell in the other regions. The proportion of Fairtrade plantation workers in Africa and the Middle East dropped slightly to 43 percent. Just six percent of all Fairtrade plantation workers are in Latin America and the Caribbean.

Figure 3.7 shows how the Fairtrade farmers and workers are distributed between different sub-regions. In 2014, 49 percent of all Fairtrade farmers and workers were located in a single region, Eastern Africa. The number of farmers and workers in certified organizations in Kenya grew by 41 percent in 2014. This meant that by the end of 2014, 25 percent of all the farmers and workers in the Fairtrade system were located in Kenya, a very significant increase from 19 percent at the end of 2013. Tanzania and Ethiopia both stand at nine percent.

Eleven percent of all the Fairtrade farmers and workers are in Western Africa—primarily in Ghana and Côte d'Ivoire, while 11 percent are in Southern Asia—mainly in India, which accounts for nine percent of the global total. In South America there was strong growth in Colombia in 2014.

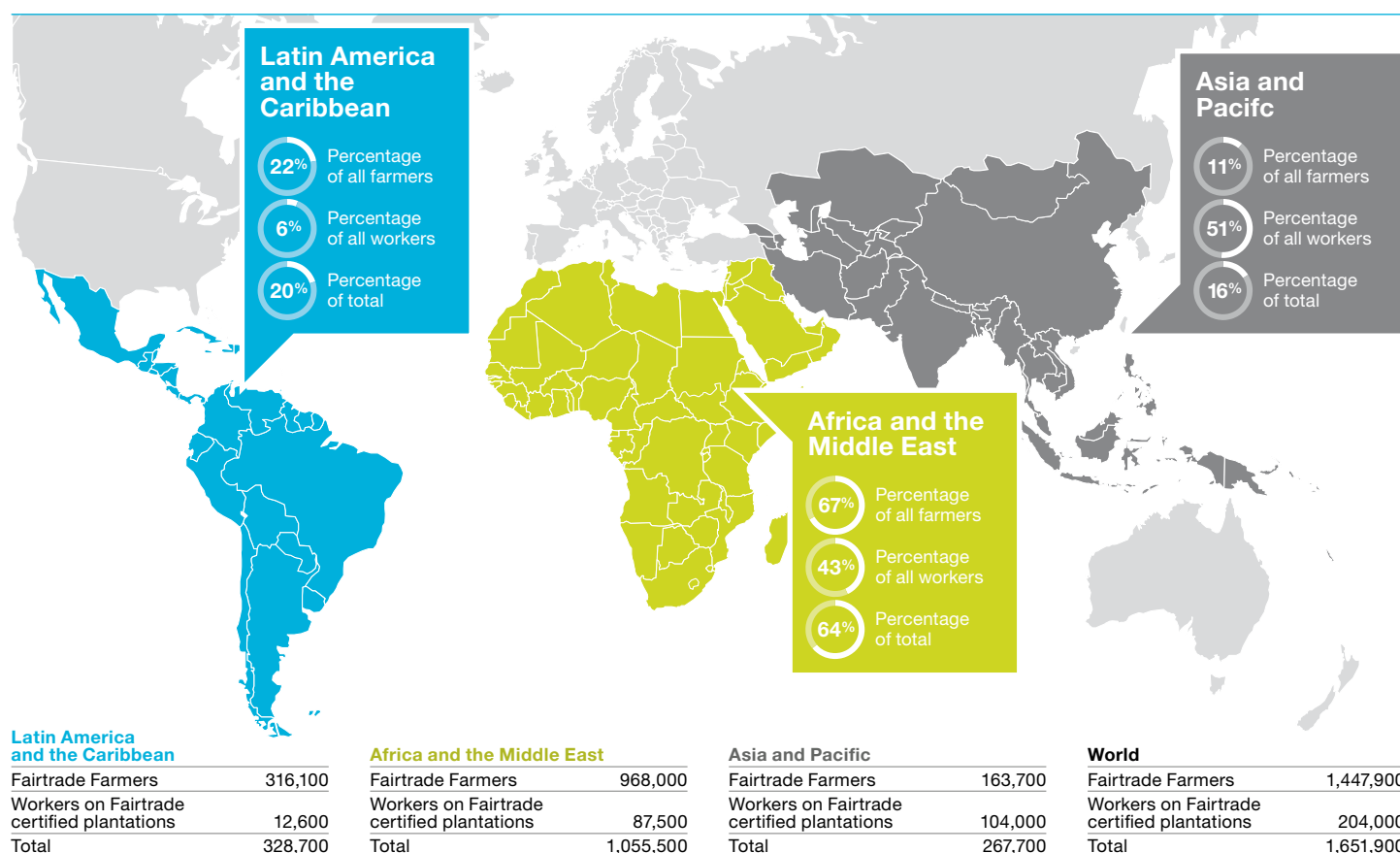
The numbers of farmers and workers in Fairtrade certified producer organizations decreased in certain countries. In Mali, the number of certified farmers fell by 66 percent

compared with 2013, reflecting the decision of one of the larger second grade cotton producers to decrease the number of farmers within the scope of its Fairtrade certification. In Haiti, two large organizations decertified during 2013, which resulted in a reduction of 42 percent in the number of farmers in Fairtrade organizations in Haiti. There were also significant reductions in South Africa, and among banana producers in the Windward Islands who have not yet been able to recover their production following a major hurricane in 2010.

Fairtrade works with its producer support teams around the world to reflect the dynamic nature of growth and change within the Fairtrade producer community, and to support producers to benefit from their Fairtrade certification. The rapid growth in some countries, coupled with declines in others, creates a constant challenge for Fairtrade to target its support resources appropriately.

FIGURE 3.3

DISTRIBUTION OF FAIRTRADE FARMERS AND WORKERS 2014



Note: Numbers may not sum due to rounding.

FIGURE 3.4
GLOBAL DISTRIBUTION OF FAIRTRADE FARMERS AND WORKERS 2014

Africa and the Middle East		Asia and Pacific		Latin America and the Caribbean		World	
Farmers	968,000	Farmers	163,700	Farmers	316,100	Farmers	1,447,900
Workers	87,500	Workers	104,000	Workers	12,600	Workers	204,000
Farmers and workers	1,055,500	Farmers and workers	267,700	Farmers and workers	328,700	Farmers and workers	1,651,900

Note: Numbers may not sum due to rounding.

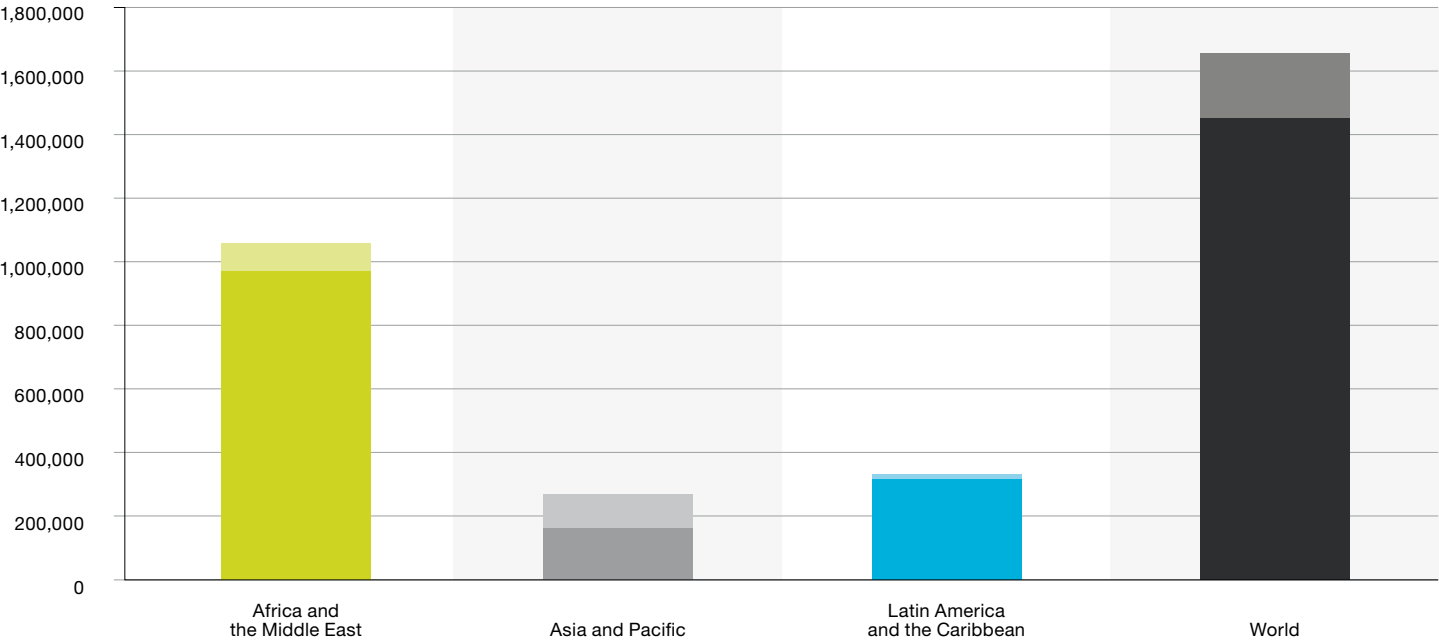
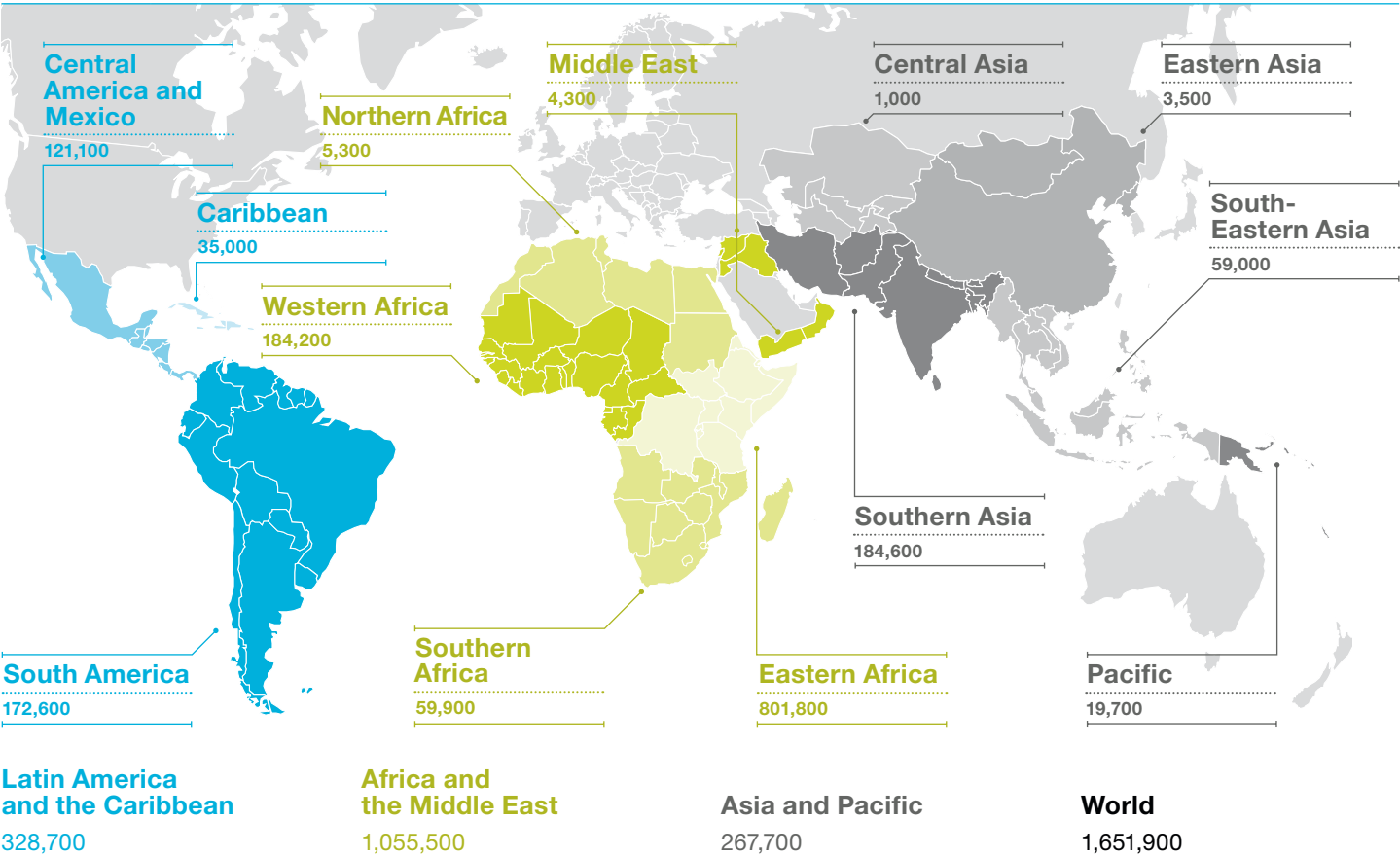


FIGURE 3.5
REGIONAL DISTRIBUTION OF ALL FAIRTRADE FARMERS AND WORKERS 2014



Note: Numbers may not sum due to rounding.

FIGURE 3.6

TOP TEN COUNTRIES: FARMERS AND WORKERS 2014

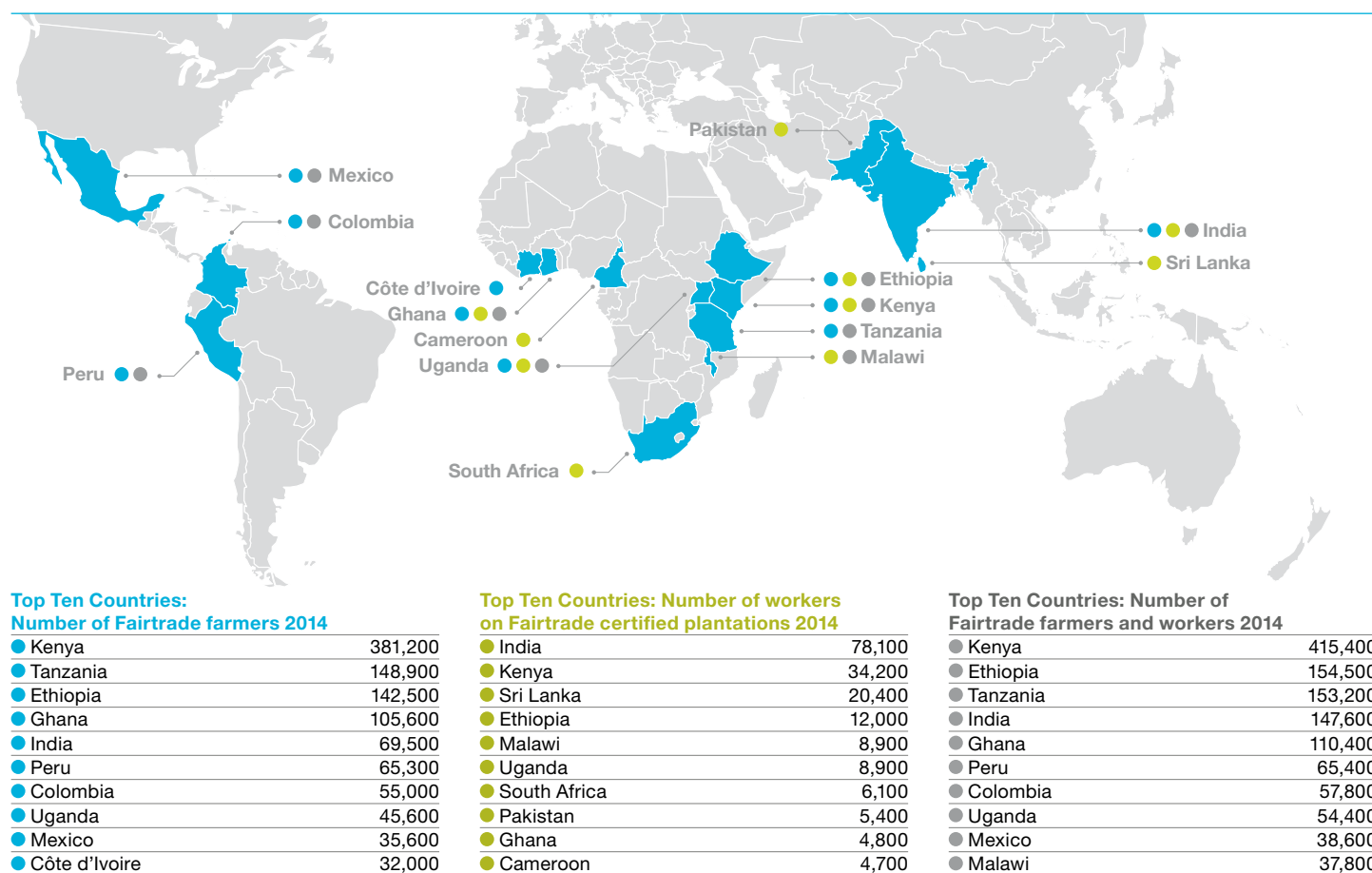
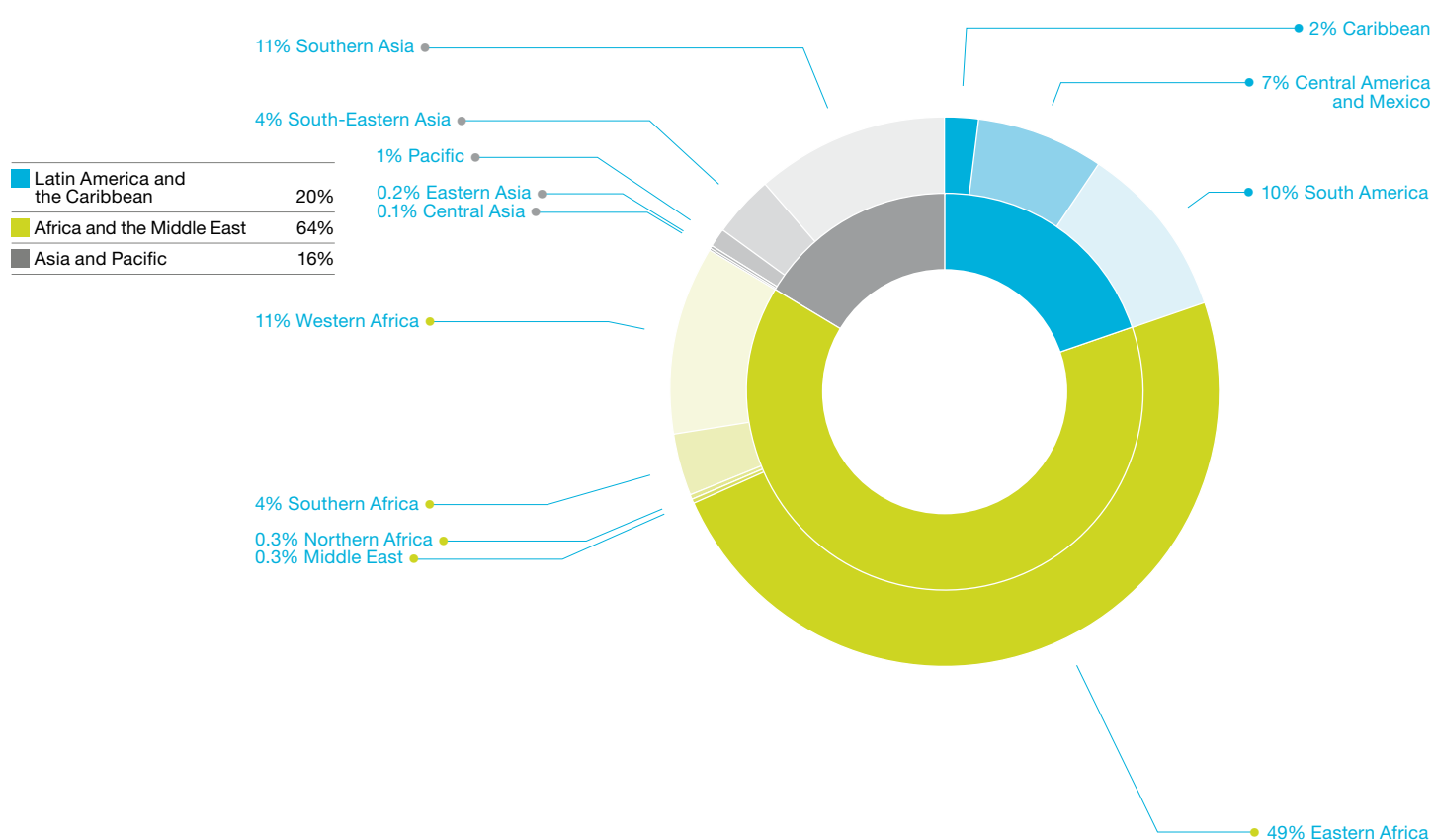


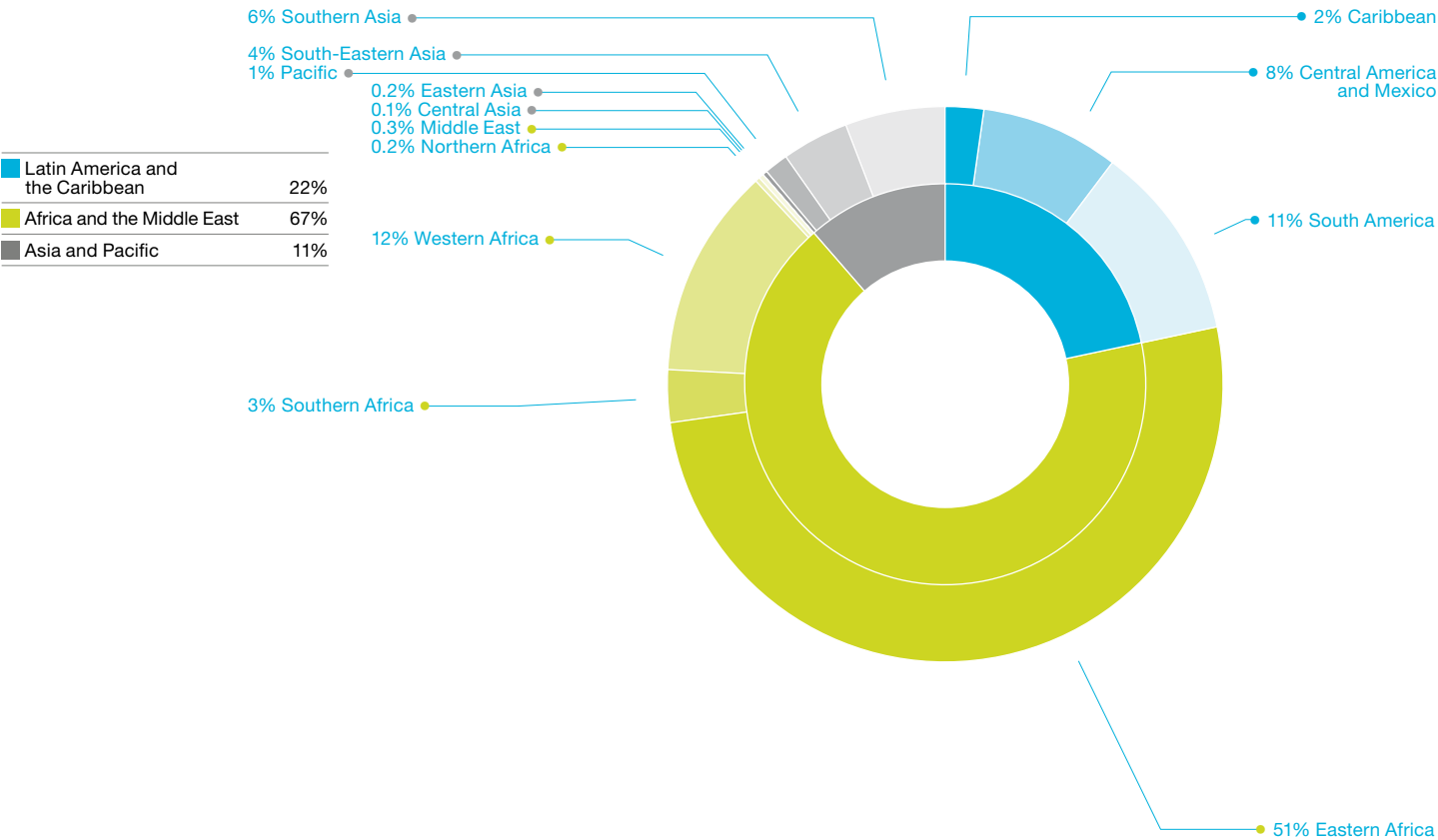
FIGURE 3.7

REGIONAL DISTRIBUTION OF ALL FAIRTRADE FARMERS AND WORKERS 2014



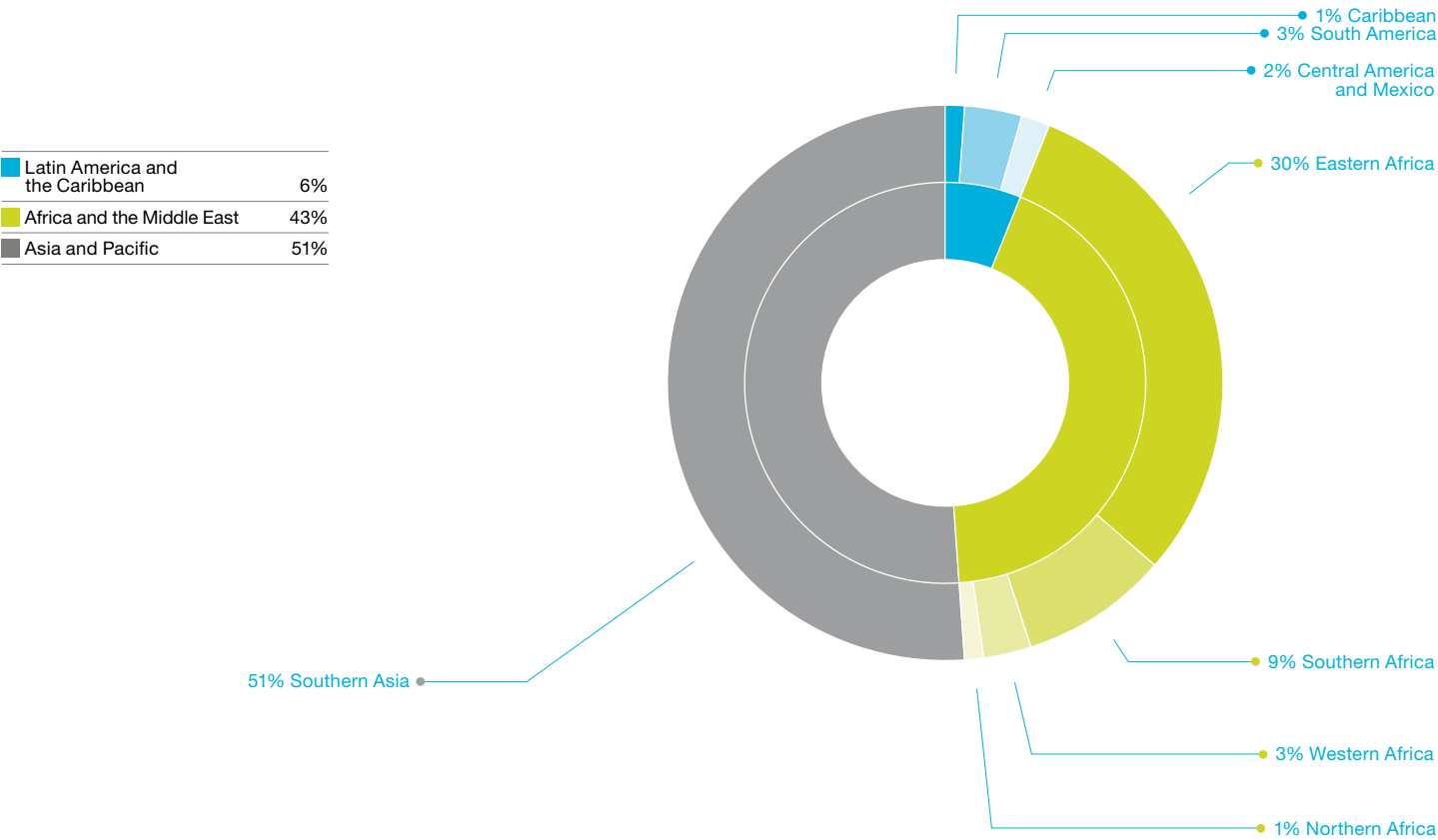
Note: Percentages may not sum due to rounding.

FIGURE 3.8
REGIONAL DISTRIBUTION OF FAIRTRADE FARMERS 2014



Note: Percentages may not sum due to rounding.

FIGURE 3.9
REGIONAL DISTRIBUTION OF WORKERS WITHIN FAIRTRADE CERTIFIED HIRED LABOUR ORGANIZATIONS 2014



Note: Percentages may not sum due to rounding.

3.4 HOW MANY FARMERS AND WORKERS PRODUCE THE DIFFERENT FAIRTRADE PRODUCTS?

Coffee, tea, and cocoa remained the most significant products in terms of numbers of farmer and workers. Together, they account for more than 80 percent of all of the farmers and workers in the Fairtrade system. In fact, the seven major Fairtrade products (bananas, sugar, cocoa, coffee, flowers, seed cotton and tea) account for 93 percent of all the farmers and workers in the system. Figure 3.10 tells the story by product for 2014.

Compared with 2013 (Table 3.1), there was very rapid growth in the numbers of coffee and tea farmers in Fairtrade. Coffee grew by ten percent and tea by 21 percent. This was mainly the result of the certification of some very large coffee- and tea-producing organizations in Kenya. The numbers of farmers and workers producing bananas fell slightly, while the numbers of cocoa and sugar farmers remained stable. The 2013 decrease in the number of seed cotton farmers continued, albeit more slowly. The Fairtrade movement and others continue to work to build opportunities and support for Fairtrade cotton farmers.

FIGURE 3.10

NUMBER OF FARMERS AND WORKERS BY PRODUCT 2014

Note: Data are given for the first product certified for each producer organization. For producer organizations producing more than one Fairtrade product we do not have consistent data on the numbers of members involved in each product. Numbers and percentages may not sum due to rounding.

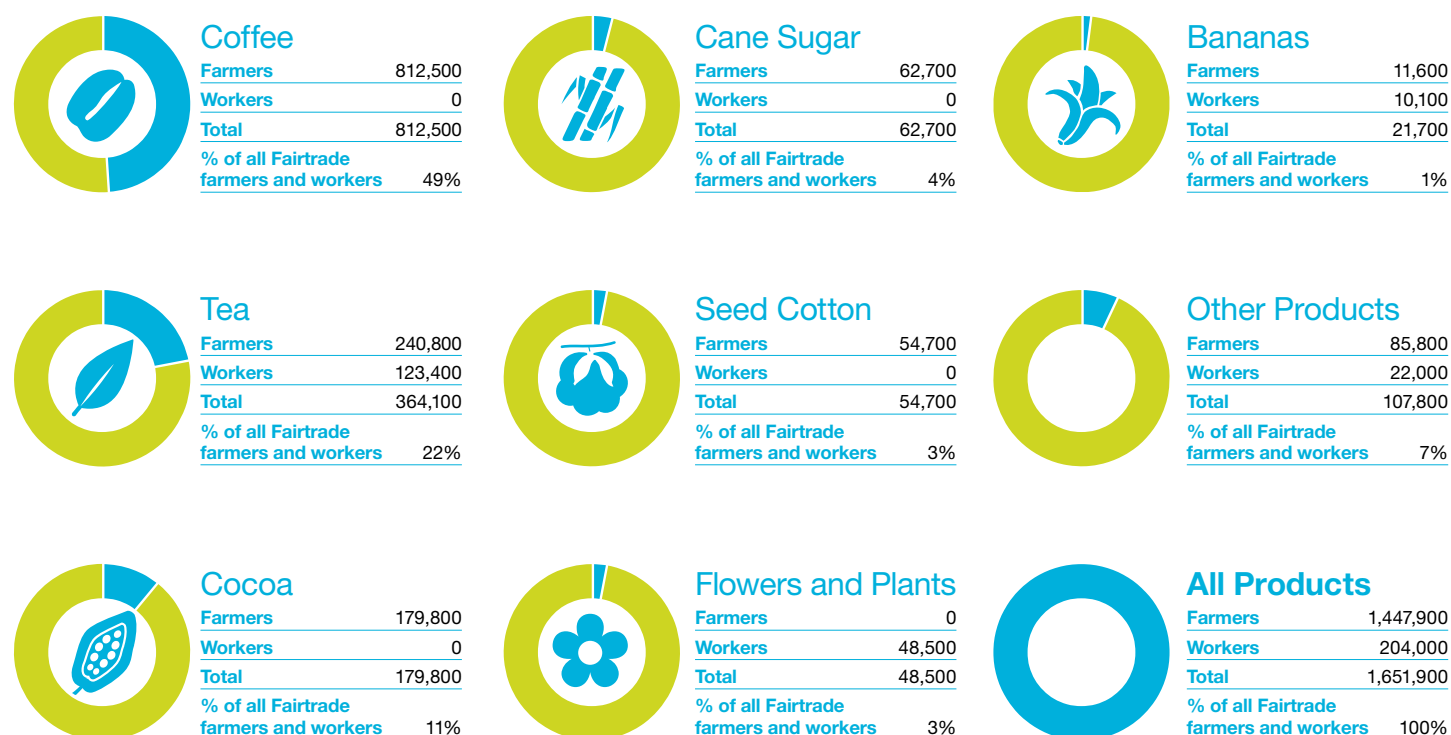


TABLE 3.1

CHANGE IN NUMBER OF FARMERS AND WORKERS FOR MAJOR PRODUCTS 2013–2014

	2013	2014	Percentage change
 Bananas	22,600	21,700	-4%
 Cane Sugar	62,200	62,700	1%
 Cocoa	176,600	179,800	2%
 Coffee	737,100	812,500	10%
 Flowers and Plants	49,100	48,500	-1%
 Seed Cotton	59,700	54,700	-8%
 Tea	299,900	364,100	21%

Note: Data are given for the first product certified for each producer organization. For producer organizations producing more than one Fairtrade product we do not have consistent data on the numbers of members involved in each product.

3.5 WORKERS IN FAIRTRADE

In 2014, there was a slight decline in the number of workers in Fairtrade. However, the overall number of plantations with Fairtrade certification continued to increase, growing by four percent during 2014.

Fairtrade's revised Hired Labour Standard came into effect in November 2013, and was rolled out to certified producers in 2014. The Standard includes 13 new and 170 revised requirements, informed by consultation with stakeholders including 400 workers as well as workers' rights experts. The Standard will benefit the more than 200,000 waged workers working in Fairtrade certified plantations, 48 percent of whom are women.

The new Hired Labour Standard includes stronger requirements for employers to support workers to join a union, through a freedom of association protocol and a right to unionize guarantee. It requires employers to make progress towards paying a living wage, to enact mandatory grievance procedures, and to enable migrant workers to benefit more from the Fairtrade Premium. Fairtrade has developed an accompanying training manual for employers and workers on grievance procedures. This manual was informed by feedback from workers themselves. As part of their feedback, workers advised Fairtrade that the manual should include more specific guidance on sexual harassment, which was then included.

Fairtrade continued to work on its living wage benchmark methodology during 2014. This methodology estimates farm workers' expenses based on three types of household costs: nutritious food, decent housing, and other essential needs. Fairtrade has developed a manual to enable benchmarks to be set in more regions. Fairtrade continues to work in collaboration with several other standards systems and ISEAL¹ to test the living wage methodology within their systems.

As a conduit to higher wages, Fairtrade supports collective bargaining at sectoral level. During 2014, Fairtrade provided capacity support to the Plantation and Agricultural Workers Union of Malawi. In Malawi, 15 percent of the workforce in a company need to be

1. The ISEAL Alliance is the global membership association for sustainability standards. Its mission is to strengthen sustainability standards systems for the benefit of people and the environment. See <http://www.isealliance.org/> for more information.

union members before the employer is legally required to engage in collective bargaining. Recognizing that only eight percent of the tea workers on certified plantations in Malawi were union members, Fairtrade producer support staff worked with the plantation workers to increase union membership. By the end of 2014, the union reported meeting the 15 percent threshold.

Workers on a Kenyan flower farm reported that prior to certification it had been impossible to establish a collective bargaining agreement within their company. To fulfil Fairtrade requirements, however, the company signed a collective bargaining agreement with the union. This led to the workers' salaries being increased substantially, from €70 to €81 per month.²

Overall, our data suggest that 61 percent of Fairtrade hired labour organizations have signed a collective bargaining agreement with workers' representatives. This shows that there is still considerable work to do to ensure that workers' organizations are in a position to negotiate effectively for workers' interests within plantations. In several countries where Fairtrade certifies plantations, there are important blocks to collective bargaining. For example, in the Dominican Republic and Ecuador, trade union activity in the sectors where Fairtrade works has been limited and does not yet reach all plantations. In Egypt, the IUF³ does not yet recognize any agricultural trade union as free and independent.

ANALYSING COMPLIANCE DATA TO UNDERSTAND FAIRTRADE PRODUCER ORGANIZATION PERFORMANCE ON KEY INDICATORS RELATING TO WORKERS

In 2012, Fairtrade implemented a new system for scoring producers' compliance with the Fairtrade Standards. Over time, analysis of data from the SCORE system should allow us to track whether producer organizations are performing better in relation to key compliance areas.

The SCORE system for monitoring compliance has been introduced in phases to producer organizations. In addition, some of the compliance criteria only become applicable after a certain period of certification. As such it is not yet possible to present consecutive years of compliance data. However, we can begin to analyse snapshot data for compliance criteria, drawing on the results of all the audits within a given time period.

Fairtrade is working to find effective ways to reach and influence outcomes for workers in small producer organizations. Farmers are the direct members of the producer organizations, but many farmers are reliant on regular or seasonal hired workers to produce their Fairtrade crop. It can be difficult for Fairtrade to reach these workers, for many reasons. One potential opportunity to reach workers is through the activities of the Fairtrade Development Plan. This is a plan that producer organizations are required to implement over time, in order to ensure ongoing improvements within the organization, and to outline how any Fairtrade Premium will be used to fund these improvements.

One relevant Fairtrade compliance criterion, which became valid for small producer organizations from July 2014, states that 'workers benefit from at least one activity in the producer organization's Fairtrade Development Plan.'

The SCORE system allocates one of five potential scores to the producer organization, according to its level of compliance with each criterion. Producers achieving a score of three or more are considered to be compliant with the criterion, with scores of four or five indicating that the producer has gone beyond the minimum required for compliance.

In the case of workers in small producer organization contexts, the data below show that to date, some 27 percent of producer organizations have not yet included worker-related activities in their Fairtrade Development Plans, while a further seven percent have included some activity but where the intended benefit to workers is unclear. Thirty-seven percent met the compliance criterion to include a relevant activity. Twenty-nine percent of all the Fairtrade producer organizations exceeded the criterion and achieved a score of four or five. Overall, 67 percent of the Fairtrade producer organizations assessed were compliant for this criterion, while 33 percent were not. This highlights an area where the Fairtrade system can intensify its compliance support work with producer organizations.

2. See van der Wal and Scheele 2015, *Goodness Guaranteed*, Amsterdam: SOMO, p.22. http://www.fairtrade.org.za/uploads/files/Research/Research_papers/2015-05-Goodness_Guaranteed-SOMO.pdf

3. The IUF is the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations. www.iuf.org

Small Producer Organization compliance criterion:**Workers benefit from at least one activity in the Fairtrade Development Plan**

SCORES	1	2	3	4	5	Total
%	27%	7%	37%	18%	11%	100%

Data from 212 audits where this criterion was scored, 2014 and 2015

Key to scores

1. Activity has not been included.
2. The plan includes one activity but the benefit for workers is not direct/evident.
3. The plan includes at least one activity where there is an evident and direct benefit for workers.
4. Rank 3 AND the activity is defined in consultation with workers or workers' representatives.
5. Rank 4 AND the activity takes into consideration and caters for different needs of workers.

Over time the SCORE data can be used to analyse the progress of individual organizations as well as cohorts.

RESEARCH INSIGHT: EVALUATING IMPACTS FOR FAIRTRADE BANANA WORKERS

In 2014, Fairtrade commissioned research into the impacts of certification for workers in Fairtrade banana plantations. The research was undertaken by LEI, a research institute in Wageningen, the Netherlands. A total of 1,137 wagedworkers (653 from Fairtrade plantations and 485 from non-Fairtrade plantations) were surveyed in three countries: Colombia, the Dominican Republic and Ghana. The research adopted a 'mixed methods' approach, combining worker surveys, in-depth interviews with management and workers, gaming sessions and direct observation of a range of economic and social indicators. The results are summarized below:

- **Workers' income:** Fairtrade certification clearly contributes towards workers' income through a number of in-kind benefits received by wagedworkers in all three countries of study, primarily as a result of the Fairtrade Premium. A clear link can be made between the investment of the Premium and economic benefits—especially in terms of the impact that in-kind benefits such as food, housing and education has on household expenditure. So far, the impact on primary wages has been limited in all three study countries, however.
- **Income diversification:** Wagedworkers rely heavily on their income from the plantation; no difference was found in reliance on wages between workers on Fairtrade and non-Fairtrade plantations.
- **Job security:** Fairtrade certification seems to have a positive impact on workers' sense of job security in all three countries of study.
- **Standard of living:** Fairtrade certification was found to contribute significantly to an increased standard of living for workers in the Dominican Republic. Workers on Fairtrade plantations were found to be more satisfied with their standard of living, have a higher level of savings and felt more food secure. The study found no significant differences, however, in land ownership or the number of household assets between workers on Fairtrade and non-Fairtrade plantations in Ghana or Colombia.
- **Working conditions:** Workers on Fairtrade plantations were more familiar with sexual harassment and grievance policies and said there had been improvements in health and safety. Results also show, however, that many wagedworkers in all three countries of study, including those on Fairtrade plantations, were not fully aware of workers' rights.
- **Collective bargaining:** In Colombia and the Dominican Republic, the research found that levels of trust between workers' organizations and management were stronger on Fairtrade plantations than on non-Fairtrade plantations. Respondents from the Dominican Republic said they appreciated the role of worker organizations in the plantations, which enabled them to engage effectively with management and ensured their voices were heard. Workers' organizations in Colombia have also played a crucial role in channelling wagedworkers' demands to their employers.

- **Dialogue:** In the Dominican Republic, Fairtrade certification contributes strongly to positive changes in social dialogue on the plantation. Surveyed workers indicated they could communicate better with plantation management due to the existence of various workers' organizations. In Ghana, however, the influence of Fairtrade on the quality of social dialogue between workers and those in management is still uncertain.
- **Fairtrade Premium:** A large majority of Fairtrade workers knew about the Fairtrade Premium. However, some respondents raised doubts about whether the structure and process that governs the use of the Fairtrade Premium are transparent enough—especially in Colombia.
- **Empowerment:** Workers on Fairtrade plantations said they felt more empowered and generally had a stronger sense of 'ownership' of the plantation they worked for than those working on non-Fairtrade plantations. Workers on Fairtrade plantations also generally had a higher level of job satisfaction and were more positive about their prospects in relation to income, health and schooling.
- **Gender:** In Ghana, women on Fairtrade plantations felt their supervisors listened to them more, while in Colombia and the Dominican Republic, women on Fairtrade plantations were more aware of grievance policies. No major differences were found, however, concerning gender equality in other areas including empowerment and equality, between women working on Fairtrade and non-Fairtrade plantations.

PRODUCER REPORT

CHANGE FOR THE BETTER IN THE DOMINICAN BANANA INDUSTRY



Sandra Vargas selects and cuts banana bunches in the packing plant at GUIDOM, a Fairtrade banana plantation in the Dominican Republic.
© James Rodriguez

September 2015 marked an historic moment in the Dominican Republic. Migrant workers from neighbouring Haiti were receiving the paperwork that would begin to secure their rights, after decades of working without legal protection. Estimates suggest that almost 70 percent of banana workers in the Dominican Republic are Haitian. Fairtrade producers and representatives have been working hard to ensure that Haitian banana workers can gain this legal recognition.

Although the porous border which divides the small Caribbean island of Hispaniola makes accurate accounting impossible, it is thought that around 300,000 people have applied for the regularization of their visa status since the process began in June 2014. Nine out of every ten applications were being accepted, and about 97 percent of Haitian workers in the plantation sector are already registered.

Once their visa status is regularized, Haitian workers receive a *carnet*, or identity card, that legally recognises their presence in the Dominican Republic. For many workers, receiving the *carnet* marks the first time in their lives that they possess any official identification document. Holding official identification is a key step towards being able to exercise legal rights as citizens and workers. It will also make it easier and cheaper for Haitian workers to travel between the Dominican Republic and Haiti, in order to visit their families.

'It has been extremely important for the producers and workers in the Dominican Republic to show the good progress being made on regularizing migrants' work status,' says Marike de Peña, the Director of Banelino, a 400-member banana cooperative based in the north-west of the country. Once the migrant workers' rights are enshrined in law, Fairtrade believes it will be important for workers, trade unions, plantations, and organizations like Banelino to work together to help to uphold them.

Read the full story here:

<http://www.fairtrade.ie/blog/change-better-dominican-banana-industry/>

- **Migrant workers:** Migrant and non-migrant workers shared similar positions for most economic, social and empowerment related indicators assessed in the study. In Colombia, migrant workers on Fairtrade plantations were less confident about expressing their ideas to supervisors, and they trusted the workers' union and others in their community less than non-migrant workers. Findings show that workers did not suffer discrimination due to their status as a migrant worker. Migrant workers on Fairtrade plantations were also found to be less at risk of falling below the poverty line than those working on non-Fairtrade plantations.

The research findings are encouraging as they show that Fairtrade is having some positive impacts for banana workers in the areas of economic benefits, workers' rights and empowerment. But they also challenge us to do better in several areas, and reinforce our determination to focus more on living wages and worker organization. Fairtrade will publish the full research report as well as a response to the findings in early 2016. It will be available at: <http://www.fairtrade.net/resources/impact-and-research.html>

3.6 WOMEN IN FAIRTRADE

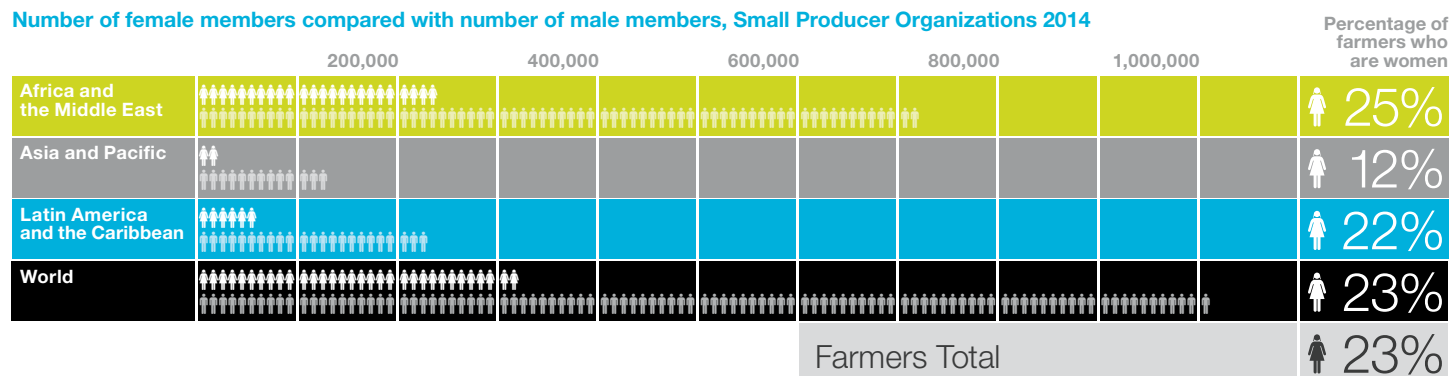
Just over a quarter—26 percent—of all farmers and workers in Fairtrade certified producer organizations were women in 2014, according to the data submitted in audit reports. This is a slight increase compared with 2013, when women comprised 25 percent of all farmers and workers in Fairtrade organizations.

Women continue to form a large part of the workforce in hired labour organizations in Fairtrade, where 48 percent of all workers are women. In India, Sri Lanka and Pakistan, women workers form 55 percent of the workforce on Fairtrade certified plantations overall. In Africa and the Middle East, women represent 44 percent of the workforce on Fairtrade certified plantations, with the proportion as high as 70 percent in Ethiopia and 51 percent

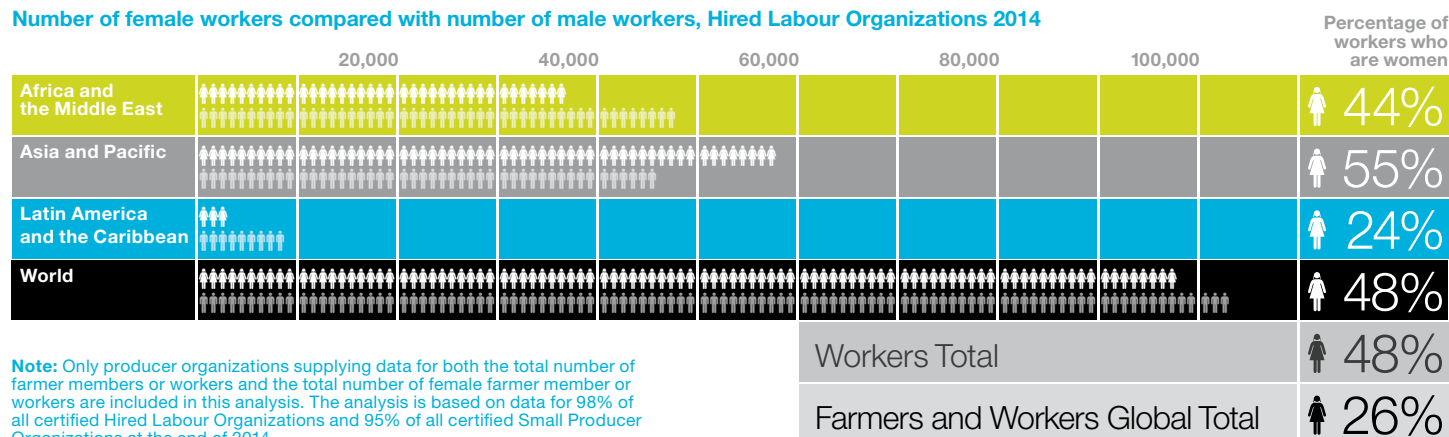
FIGURE 3.11

WOMEN'S PARTICIPATION IN FAIRTRADE 2014

Number of female members compared with number of male members, Small Producer Organizations 2014



Number of female workers compared with number of male workers, Hired Labour Organizations 2014



Note: Only producer organizations supplying data for both the total number of farmer members or workers and the total number of female farmer member or workers are included in this analysis. The analysis is based on data for 98% of all certified Hired Labour Organizations and 95% of all certified Small Producer Organizations at the end of 2014.

in South Africa. The data show that there is a real opportunity for Fairtrade to concentrate its support for gender equality by working with women workers in plantations.

Farmer organizations in Asia and Pacific register significantly fewer women in their membership than organizations in Latin America and in Africa, reflecting high levels of gender inequality and lower female participation in public institutions. The proportion of farmer members of Fairtrade producer organizations who were women remained at 12 percent in Asia and Pacific. The proportion for Latin America and the Caribbean also remained static at 20 percent.

Women's participation is most significant in those Fairtrade product categories that are open to plantations—flowers and plants, and tea in particular. More than 137,000 women work on Fairtrade tea plantations or are registered as farmer members of small producer organizations producing tea. For products that are only open to small producer organizations, the dried fruits and oilseeds and oleaginous fruit categories have a high level of participation by women. This is particularly because there are several women's cooperatives producing products such as shea butter and dried mangos in Burkina Faso and Mali.

Overall, there were more than 415,000 women farmers or workers in certified organizations in 2014, an increase of 19 percent on the number of women farmers and workers in Fairtrade in 2013.

However, research shows that Fairtrade only contributes to increased gender equality when there are targeted initiatives in place aimed at doing so, and where leaders of these Fairtrade organizations support and promote gender equality. It is clear that Fairtrade needs to do more to support women's development and empowerment. This requires targeted programming and work with leaders in producer organizations. In 2015, Fairtrade employed its first full-time gender expert who is developing our work to support increased gender equality. Fairtrade International published its five-year gender strategy in January 2016. Three gender-specialist staff will also join the Fairtrade producer networks.

Fairtrade has undertaken a number of specific initiatives focusing on gender equality. The Latin American and Caribbean producer network (CLAC) has developed a gender

TABLE 3.2

WOMEN AS A PERCENTAGE OF ALL FAIRTRADE FARMERS AND WORKERS BY PRODUCT 2014

Farmer members of Small Producer Organizations Product	Percentage of farmers who are women	Workers in Fairtrade certified Hired Labour Organizations Product	Percentage of workers who are women
Dried Fruit	 53%	Flowers and Plants	 55%
Oilseeds and Oleaginous Fruit	 39%	Tea	 50%
Tea	 32%	Sports Balls	 45%
Quinoa	 30%	Fresh Fruit	 43%
Herbs, Herbal Teas and Spices	 30%	Vegetables	 33%
Nuts	 27%	Wine Grapes	 33%
Cocoa	 25%	Herbs, Herbal Teas and Spices	 26%
Cane Sugar	 24%	Bananas	 14%
Vegetables	 22%	All products	 48%
Wine Grapes	 21%		
Rice	 21%		
Coffee	 20%		
Bananas	 17%		
Seed Cotton	 15%		
Fresh Fruit	 11%		
Honey	 9%		
Fruit Juices	 8%		
Gold	 4%		
All products	 23%		

Note: Only producer organizations supplying data on both the total number of farmer members or workers and the total number of female farmer members or workers are included in this analysis. The analysis is based on data for 98% of all certified Hired Labour Organizations and 95% of all certified Small Producer Organizations at the end of 2014.

equality training toolkit to be rolled out throughout the region. NAPP (the Fairtrade network of Asia and Pacific producers) and CLAC provided leadership training for women who are members of Fairtrade Premium Committees, especially younger women members who do not tend to have a strong voice on these committees but are asked instead to carry out peripheral secondary roles.

A coffee cooperative in Kenya has secured the transfer of ownership of coffee bushes to 150 women and now has 21 percent female cooperative membership (the average female membership of producer organizations in the area is just 11 percent). Research on the sexual harassment policies of flower farms in East Africa resulted in a jointly agreed action plan being rolled out in the region in 2015. The Fairtrade Standard for Gold and Associated Precious Metals for Artisanal and Small-Scale Mining has been revised to ensure greater gender awareness in the mining sector after a consultation identified marginalization of women miners as a problem.

Fairtrade also continued to invest in research aimed at understanding the role of women in different certified crops, and understanding the obstacles and incentives for women to participate more actively in Fairtrade producer organizations. In 2015 Fairtrade worked with female cocoa farmers in Côte d'Ivoire to produce a short film highlighting their experiences.

RESEARCH INSIGHT: GROWING OUR COCOA, RAISING OUR VOICES

In 2015, Fairtrade and researchers from KIT in the Netherlands worked with 25 women cocoa farmers to create a short film about their experiences. The women were members (or wives of members) of two cooperatives, Ecojad and Capedig. Both cooperatives are member organizations of ECOOKIM, a large cocoa producer organization based around Daloa in western Côte d'Ivoire.

The women themselves led the week-long film-making project, learning how to use cameras and microphones, and interviewing and filming techniques. In two groups, they worked on storyboards to develop the film content. One group chose a documentary approach to capture the different activities in their day, from dawn till dark. The other decided to tell a story using drama to bring their experiences and needs as cocoa farmers to life.

The filming took place over two days, in the women's own villages, using their homes, fields and cooperatives as locations. After the filming, the two groups of participants came together to weave the footage together into a single film. Finally, the finished film was screened to an audience of the women themselves, managers and board members of the cooperatives, and representatives of Fairtrade and the cocoa industry.

Five main themes emerged from the process of creating the films:

- Women's work and roles
- Women's access (or lack of access) to the resources needed for cocoa farming, such as land, tools, transport, and inputs such as pesticides and fertilizers
- Women's lack of control over the income from cocoa production
- Women's engagement in the cooperative
- Women's aspirations and ideas about how their situation could be improved.

1. Women's work and roles

There is ample evidence to show that women contribute significantly to cocoa production, but their contributions are not recognized and valued in the same way as those made by men. In general, women's main work in cocoa production is restricted to early plant care and post-harvest activities. Men are responsible for the more hazardous and physically demanding tasks, such as pesticide spraying, pruning and harvesting of the cocoa. Although men and women lead different tasks in cocoa production, the time invested is more or less the same. Next to cocoa production, women are involved in many other activities, both on-farm (growing food crops) and off-farm (domestic activities).

During the participatory film-making, women filled out a seasonal calendar to show the tasks they are involved in throughout the year. They listed the following activities as their main tasks:

- Fetching water
- Fetching wood for cooking
- Taking care of children
- Household tasks like cooking, cleaning, washing dishes, laundry and so on
- Planting and growing cocoa seedlings
- Maintenance of cocoa and other crop fields
- Growing, maintaining and harvesting other crops like bananas and cassava
- Fermentation and drying of cocoa beans.

The testimonies in the film show the women feel that their workload is very high:

‘We don’t do anything else apart from being at home and working hard, or going to the fields, and working hard.’

‘When you have children, you still have to work hard. When you are eight months pregnant, you still have to work hard.’

Women did not generally perceive their work as rewarding.

2. Women’s access to the resources needed for cocoa farming

In order to get the most benefit from cocoa production, farmers need access to resources and services. The women faced challenges to access the essential resources for cocoa production in their own right. Specifically, they talked about their need for better access to land, transport, and crop inputs such as pesticides.

While some of the women in the group owned their own land, many were working on land belonging to their husband or another male relative. Women who were not landowners were unlikely to be members of the cocoa cooperative, and even those who did own land often owned very small areas, producing small quantities of cocoa.

Transport to and from the cocoa fields was a major concern, especially for transporting crops. Many of the fields that the women cultivate lie several kilometers away from their villages. Since the recent conflict in western Côte d’Ivoire, it has become dangerous to sleep in the cocoa fields during periods of intense work, which means that both women and men have to travel longer distances to and from the fields every day. Women had less access to transport such as motorbike taxis which would be particularly helpful at times when crops or inputs need to be transported to and from the fields.

The women also repeatedly raised the challenge of access to inputs such as the correct pesticides. They showed rotten cocoa beans and talked about the diseases that attack the cocoa trees if they are not sprayed at the right times, reducing productivity and income. Generally, women lacked money to buy pesticides themselves, and relied on men to provide the pesticides and the spraying labour.

3. Control over the income from cocoa production

‘The cocoa has been sold, but I didn’t sell it. I didn’t receive anything. We do all the work, but the men sell the cocoa. We women work, but we don’t benefit... If the woman doesn’t earn anything, how can she look after the home?’

Marketing and selling the cocoa is typically the role of men rather than women, which means that men receive the money from the sale of the cocoa in the first instance. Some women were frustrated with their lack of direct financial benefit from the cocoa sales, and expressed a lack of transparency and trust between women and men about income and expenditure in the household.

4. Women’s engagement with the cooperative

The women were very interested in the role of the cooperative, and its potential to support women in tackling some of their issues of concern. However, both as members and as



Cocoa farmers Awa Ouedraogo and Aïssata Rado review the footage from the scene they have been filming.
© Kate Kilpatrick

spouses of members, they lacked confidence about participating in the cooperative. They could attend meetings by invitation or permission of their husbands, but then would either sit at the back and not say anything, or be busy with tasks like food preparation. Despite this, women did express a willingness to participate and get involved in the cooperative:

‘If you join the cooperative, they can help to solve your problems. That’s why I ask women to come to the cooperative, and also to attend the meetings. Whenever men go, women should go too... Men and women do practically the same work, and I would like us to be treated in the same way. Everything men do, we should do together with them. That’s why I would really like women to come to the meetings and participate... Instead of waiting for others to explain things to us, it’s better to go and listen and see for ourselves. If we need something we should express our needs. We shouldn’t just wait for someone to give it to us.’

Clearly, however, for women who own small areas of land, or who farm only their husband’s land, the financial incentive to become a full cooperative member and pay the membership fee may be small. The research highlighted that different models need to be developed to enable women to participate fully in farmer organizations.

5. Women’s aspirations and ideas about how their situation could be improved

The women all agreed that greater involvement with their cooperative could help them access more of the benefits of cocoa production. For example, they thought that by expressing their needs as a group more effectively they might be able to channel some of the Fairtrade Premium towards women’s priorities and supporting their cocoa production. They also recognized the role that more education and training aimed at women could play in supporting them to achieve their potential. Some expressed a desire to learn new skills, such as hairdressing or sewing, in order to be able to find new forms of paid employment.

Reflections on the participatory filming experience

In their evaluation, the women said they appreciated the opportunity to learn new skills that the project had brought. Even more than this, they enjoyed the experience of working together in a group with other women they did not previously know, and of taking time out of their usual work to do something different and interesting.

As part of the film-making, several cooperative managers and board members agreed to be interviewed on-camera by the women. Moreover, one of the project team members was a female director from one of the cooperatives. As such, making the film was itself an opportunity for the women to raise their concerns and aspirations directly with the most senior people in the cooperatives. While this is not a guarantee that the situation of women in the cooperatives and communities will change overnight, this engagement was clearly important and meaningful for the women. They emerged from the project feeling more empowered and positive about the potential to work as a group to try to bring about positive change.

The resulting film has been published with French and English subtitles. It is being used within Fairtrade Africa to stimulate discussion and debate on gender issues with representatives of producer organizations. The films can be viewed here:

<https://vimeo.com/album/3766625>

PRODUCER REPORT

LEARNING TO LEAD IN GUATEMALA



Some of the finest coffees in Guatemala are grown along the slopes of the remote Cuchumatanes mountains.

© Sean Hawkey

Miriam Chales de Martinez is the Assistant Manager of the Todo Santerita coffee cooperative in Huehuetenango—a far-flung, mountainous region in the northwest corner of Guatemala near its border with Mexico.

Miriam began working with the cooperative in 2003, rising to the role of Assistant Manager by 2005, a post she still holds. 'I chose this career because it's something I like. I like the way cooperatives work and I like to support my community,' she says.

To help women such as Miriam develop their talent in the sector, University Rafael Landivar in Huehuetenango has partnered with Fairtrade and Irish Aid to offer a scholarship in the management of cooperatives and associations, with support from the Coordinadora Guatemalteca de Organizaciones de Comercio Justo (CGCJ). The initiative has enabled Miriam to further her education while still working at the head of her organization.

'The cooperative continues to grow and improve our quality and now we don't just produce conventional coffee, but Fairtrade certified coffee,' Miriam says.

Miriam will graduate from the programme in 2016 alongside 23 other students from 11 Fairtrade certified small farmer organizations.

Read the full story here: <http://bit.ly/b3zLkUz>

3.7 FAIRTRADE AND YOUNG PEOPLE

Fairtrade continues to lead among certification schemes in our work to tackle and eliminate child labour and increase the well-being of children and young people. Fairtrade's approach puts farmers, communities, and children and young people themselves at the centre, enabling them to take responsibility for increasing the well-being of girls and boys and youth in and around their organizations. To that end, Fairtrade works closely with young people and families, organizations, communities, and governments to address child labour. We are also increasing our focus on addressing forced labour issues.

In 2014 Fairtrade worked to build the capacity of the producer networks in Latin America and the Caribbean and in Africa. We trained 127 producer organizations (mostly small farmer organizations) and eight artisanal and small-scale mining organizations in child protection and child rights. The training reached 1,120 participants, 42 percent of whom were women.

Ten producer organizations were supported to initiate Youth Inclusive Community Based Monitoring and Remediation (YICBMR) pilots. The pilots involve the establishment of self-governing systems to tackle child labour and protection. The producer organizations have appointed 21 youth monitors, all young people aged between 18-24 years, 12 of whom are women, to implement these pilots.

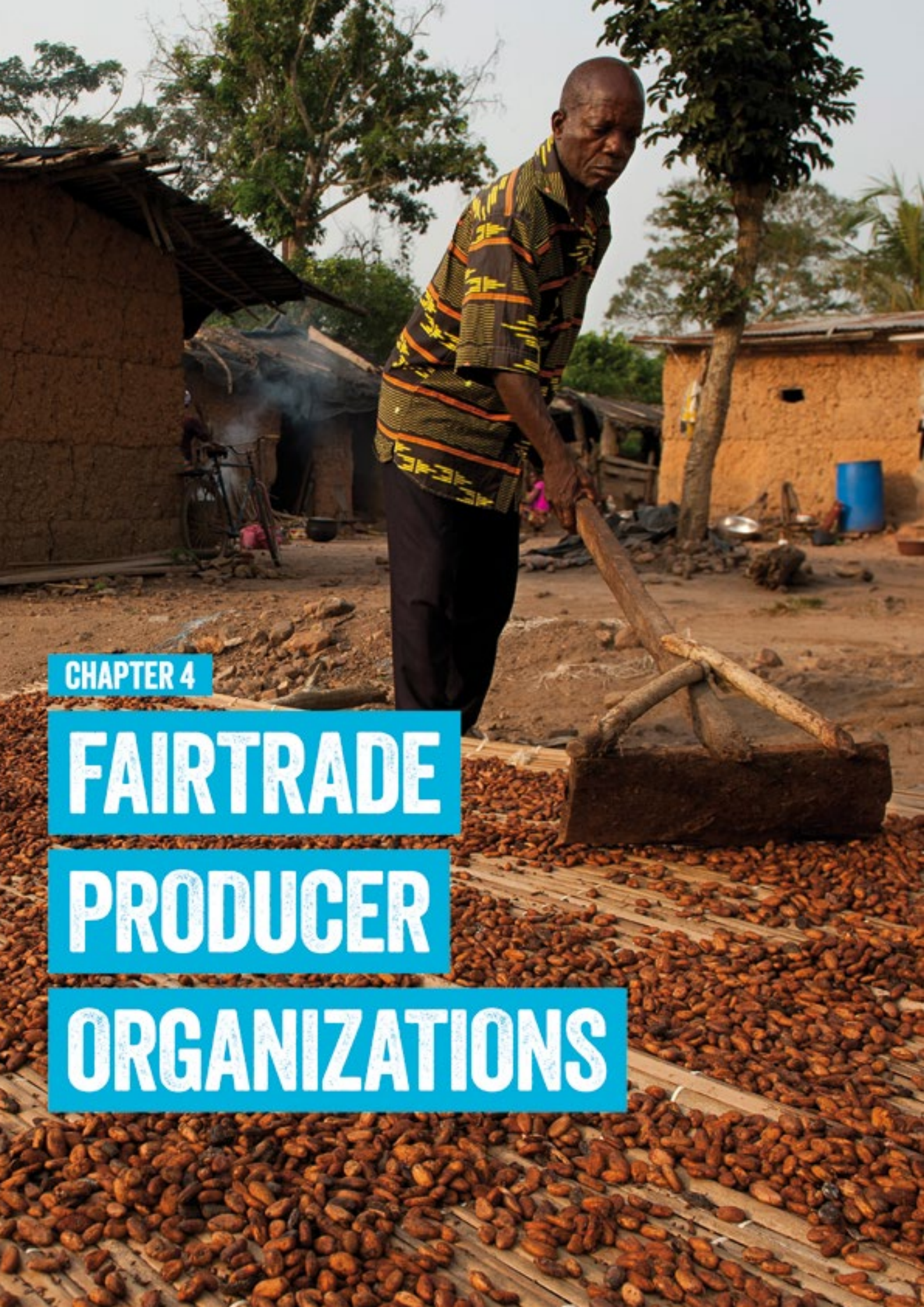
Fairtrade interviewed children in many different producer communities during 2014. Seventy-five percent of children interviewed (half of whom were girls) listed sexual violence, men's alcohol consumption and road accidents as the top three risks in their communities. This feedback informed producer organizations' plans and activities. For example, one organization implemented workshops focusing on the problem of gender-based violence. Another built separate male and female toilets in schools while a third organization put

up road signs on bridges to promote child safety. All producer organizations involved reported that they valued the participatory methodology that Fairtrade is implementing as a way to engage with children and young people in their communities. One participant commented, 'One can feel the generation gap already with older producers. The youth of Côte d'Ivoire are very well aware of children's rights and can really bridge the gap to make sure children's views are taken into account.'

While some challenges have emerged, most producer organizations involved are keen to engage further in YICMBR.

Fairtrade has also been working to influence wider policy on child rights and child protection. We have engaged with the UK Home Office regarding the development of the Modern Anti-Slavery Bill by sharing our approach and learnings on the prevention of child labour. Through partnership with Montclair State University School of Business, we delivered a Human Rights and Supply Chain course for its School of Business.

In relation to the prevention of child labour, producer organizations have given the feedback that Fairtrade needs to offer more support, particularly in relation to implementing child protection measures and identifying child rights partners. In response to this feedback, Fairtrade is developing and rolling out a detailed manual based on our experience to date. Using this, we will be able to offer greater support to producer organizations on understanding and embedding child protection.



CHAPTER 4

FAIRTRADE

PRODUCER

ORGANIZATIONS

1,226

**FAIRTRADE CERTIFIED
PRODUCER ORGANIZATIONS**



IN 74 COUNTRIES

64% OF ALL

PRODUCER ORGANIZATIONS HAVE BEEN

FAIRTRADE CERTIFIED



FOR 3 YEARS OR MORE

28% OF ALL

FAIRTRADE FARMERS AND

WORKERS



**LIVE IN LOW-INCOME
COUNTRIES**

**FAIRTRADE PRODUCER
SUPPORT STAFF
DELIVERED MORE THAN**

2,000



**TRAINING WORKSHOPS
AND PRODUCER VISITS IN 2014**

4.1 HOW MANY FAIRTRADE PRODUCER ORGANIZATIONS WERE THERE IN 2014?

At the end of 2014 there were 1,226 Fairtrade certified producer organizations in 74 countries. The net increase of 16 organizations has resulted in a one percent increase overall since 2013. This growth is considerably lower than the growth trajectory of previous years (Figure 4.1).

Figure 4.2 shows that the net numbers of new certifications increased in Latin America and the Caribbean and in Asia and Pacific, but the number of certified organizations in Africa and the Middle East fell. New certifications were highest in Latin America and the Caribbean, where large numbers of coffee cooperatives in Peru chose to join Fairtrade. Net growth in most other countries was quite low, with the exception of Kenya where several large producer organizations joined the Fairtrade system.

Underlying these net numbers was a continued flux of organizations entering and leaving the Fairtrade system. In all, 58 organizations ended their Fairtrade certification or were decertified in 2014, while 74 organizations gained certification, resulting in the net increase of 16. Overall, both the number of decertifications and new certifications was considerably lower in 2014 than it has been in previous years (Figure 4.3). For comparison, in 2013 some 185 organizations gained certification while 114 decertified.

Decertifications in 2014 were concentrated among cocoa producer organizations, particularly in West Africa, which left the Fairtrade system after experiencing low volumes of sales on Fairtrade terms. This followed a period of very rapid uptake of certification among West African cocoa producers. Fresh fruit is another product category where a relatively high rate of producers giving up their Fairtrade certification indicates that there is not yet enough market demand for Fairtrade fruit to make certification worthwhile for all interested producers.

Previous page: Fairtrade cocoa farmer, N'Goran Kouakan, is a member of Coopérative Agricole N'Zrama de N'Douci (CANN) in Côte d'Ivoire. N'Goran is also treasurer of his section, the community of Tiémokrokro.
© Éric St-Pierre / Fairtrade International

FIGURE 4.1

FIVE YEARS OF GROWTH IN THE NUMBER OF FAIRTRADE CERTIFIED PRODUCER ORGANIZATIONS 2010–2014

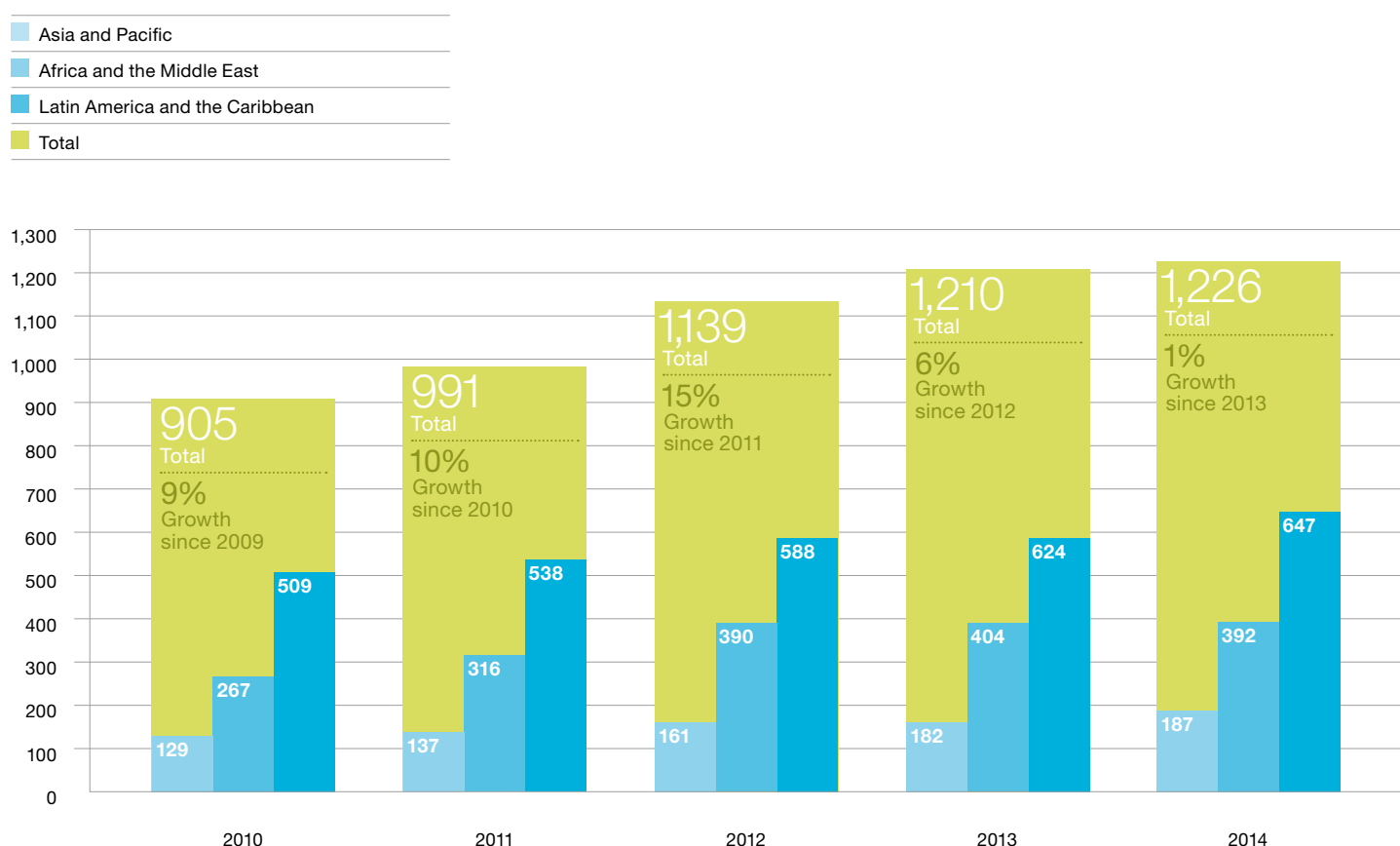


FIGURE 4.2

GROWTH IN FAIRTRADE CERTIFIED PRODUCER ORGANIZATIONS 2014

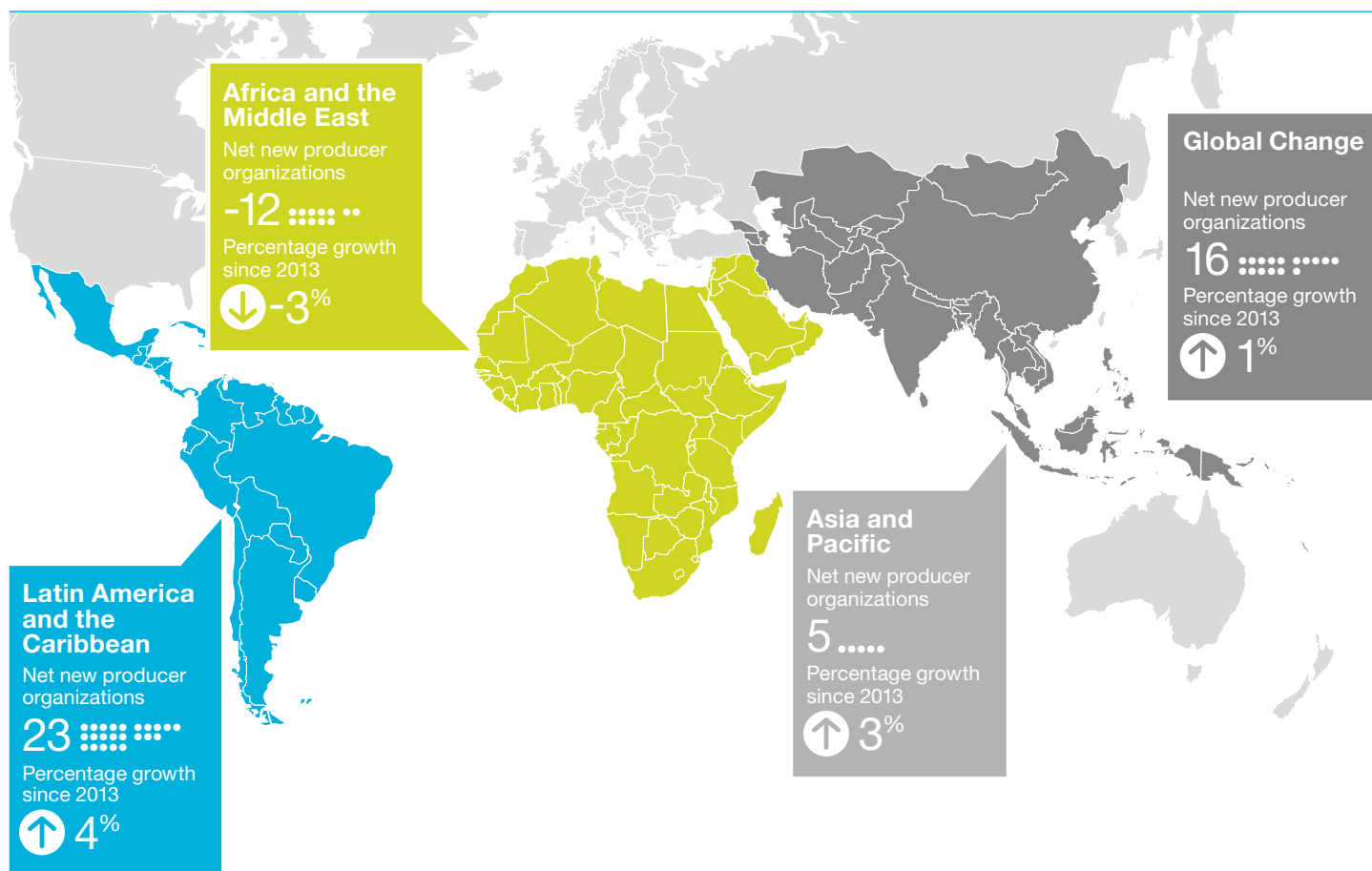
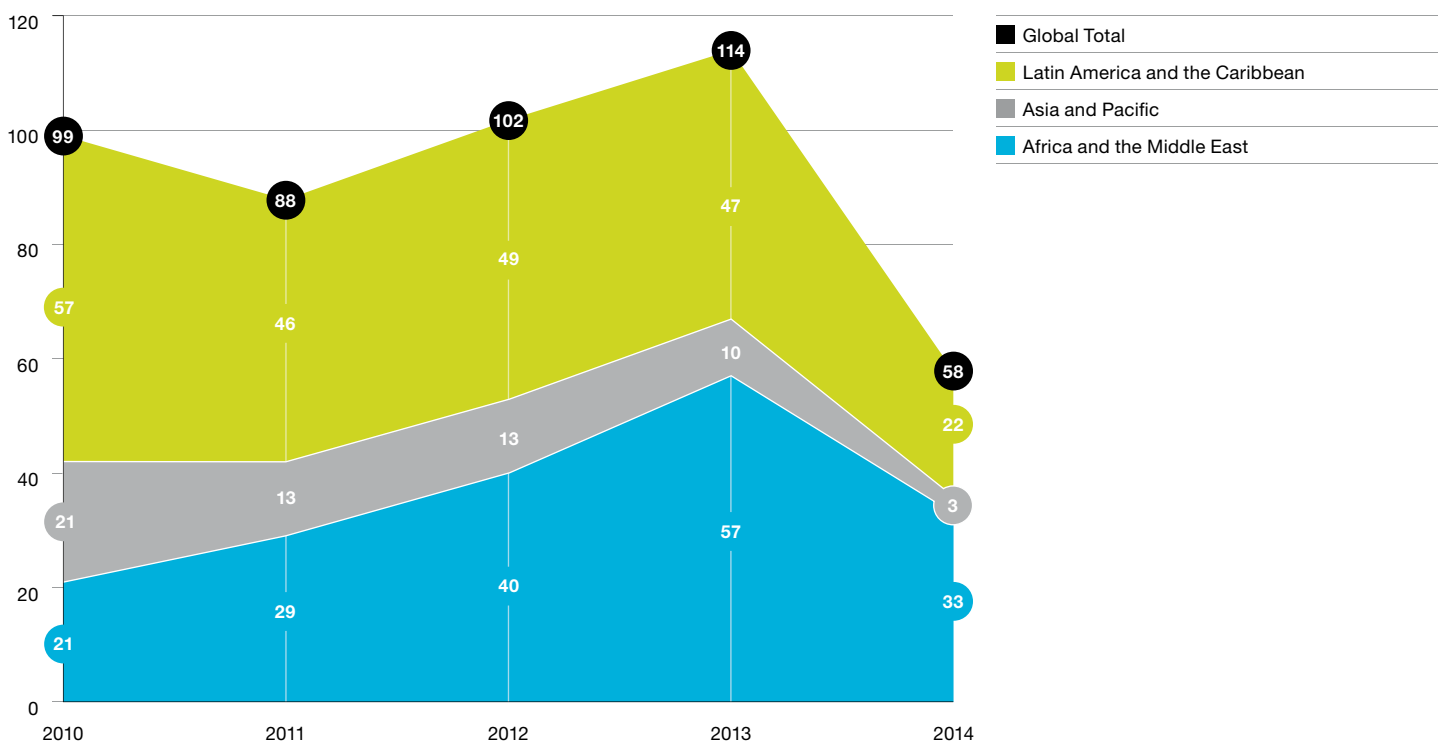


FIGURE 4.3

DECERTIFICATIONS OF FAIRTRADE PRODUCER ORGANIZATIONS BY REGION 2010–14



4.2 WHERE ARE THE FAIRTRADE PRODUCER ORGANIZATIONS?

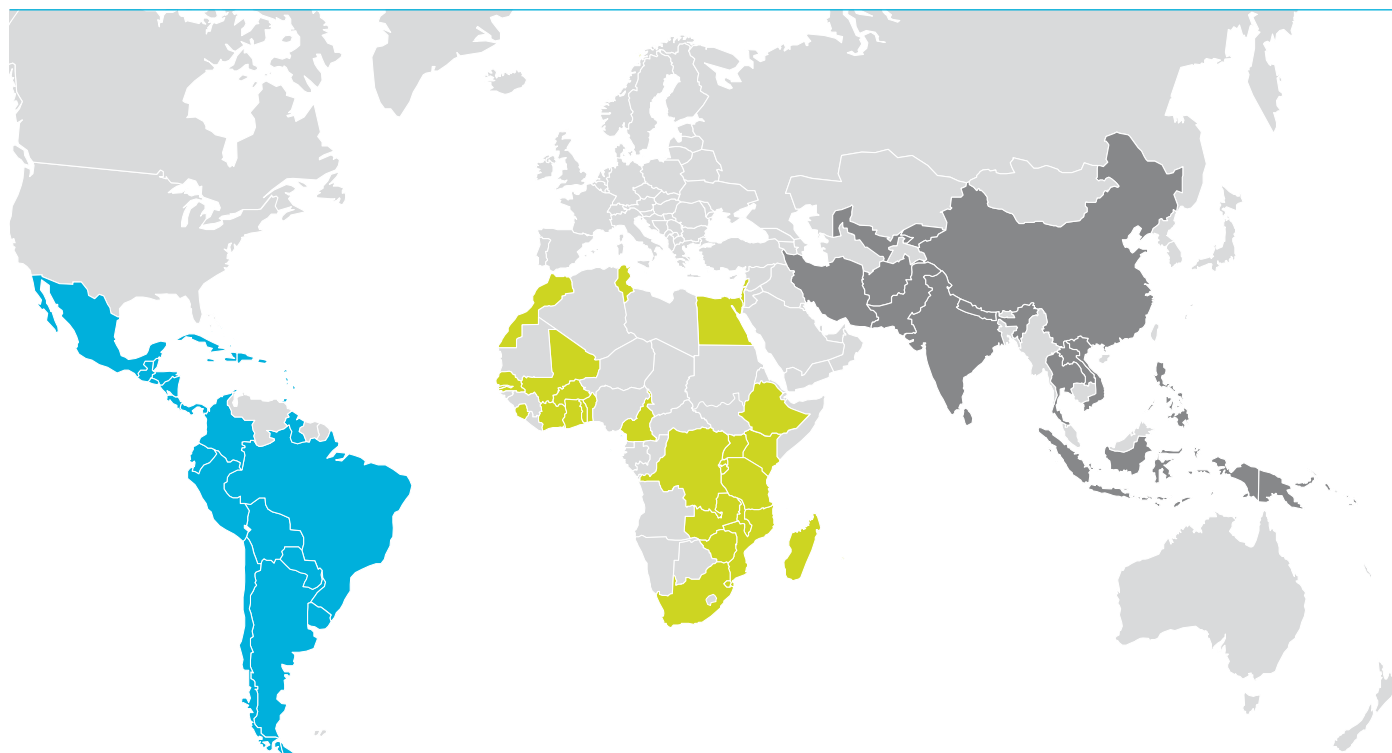
At the end of 2014, there were Fairtrade certified producer organizations in 32 countries in Africa and the Middle East; 18 countries in Asia and Pacific; and 24 countries in Latin America and the Caribbean (Figure 4.4).

In contrast with the total number of farmers and workers, the majority of Fairtrade producer organizations are in Latin America and the Caribbean. They account for 53 percent of all Fairtrade producer organizations worldwide (see Figure 4.5). On average, producer organizations in Africa have larger memberships compared with producer organizations in Latin America and the Caribbean—this explains why there are fewer certified organizations in Africa and the Middle East, but much higher numbers of Fairtrade farmers and workers in these regions.

Peru has the largest number of Fairtrade producer organizations at 150, followed by Colombia with 112 and Kenya with 93. In most countries, the number of certified producer organizations did not increase significantly in 2014, with the exception of Peru and Kenya.

FIGURE 4.4

FAIRTRADE PRODUCER COUNTRIES WORLDWIDE 2014



Latin America and the Caribbean

647 producer organizations
in 24 countries

Africa and the Middle East

392 producer organizations
in 32 countries

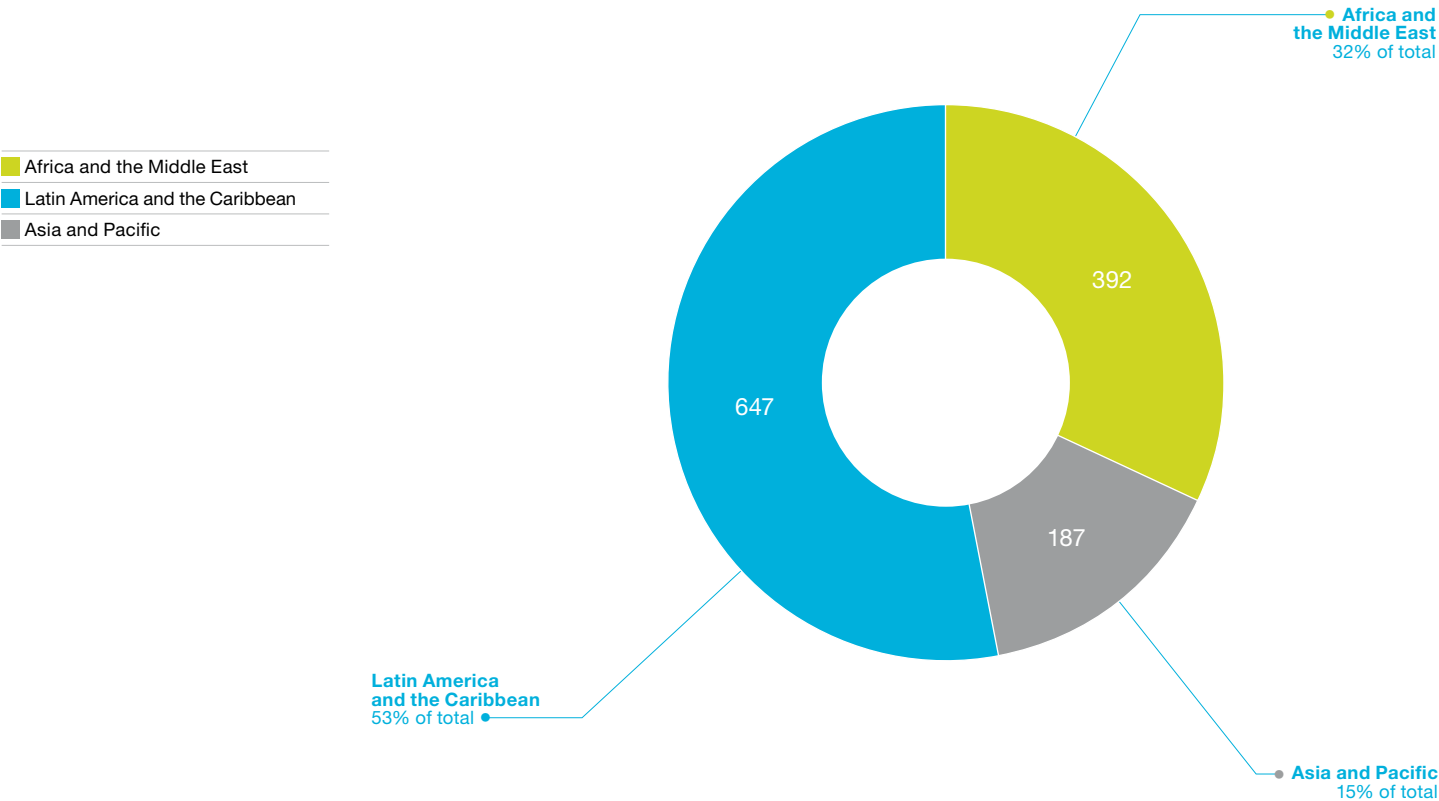
Asia and Pacific

187 producer organizations
in 18 countries

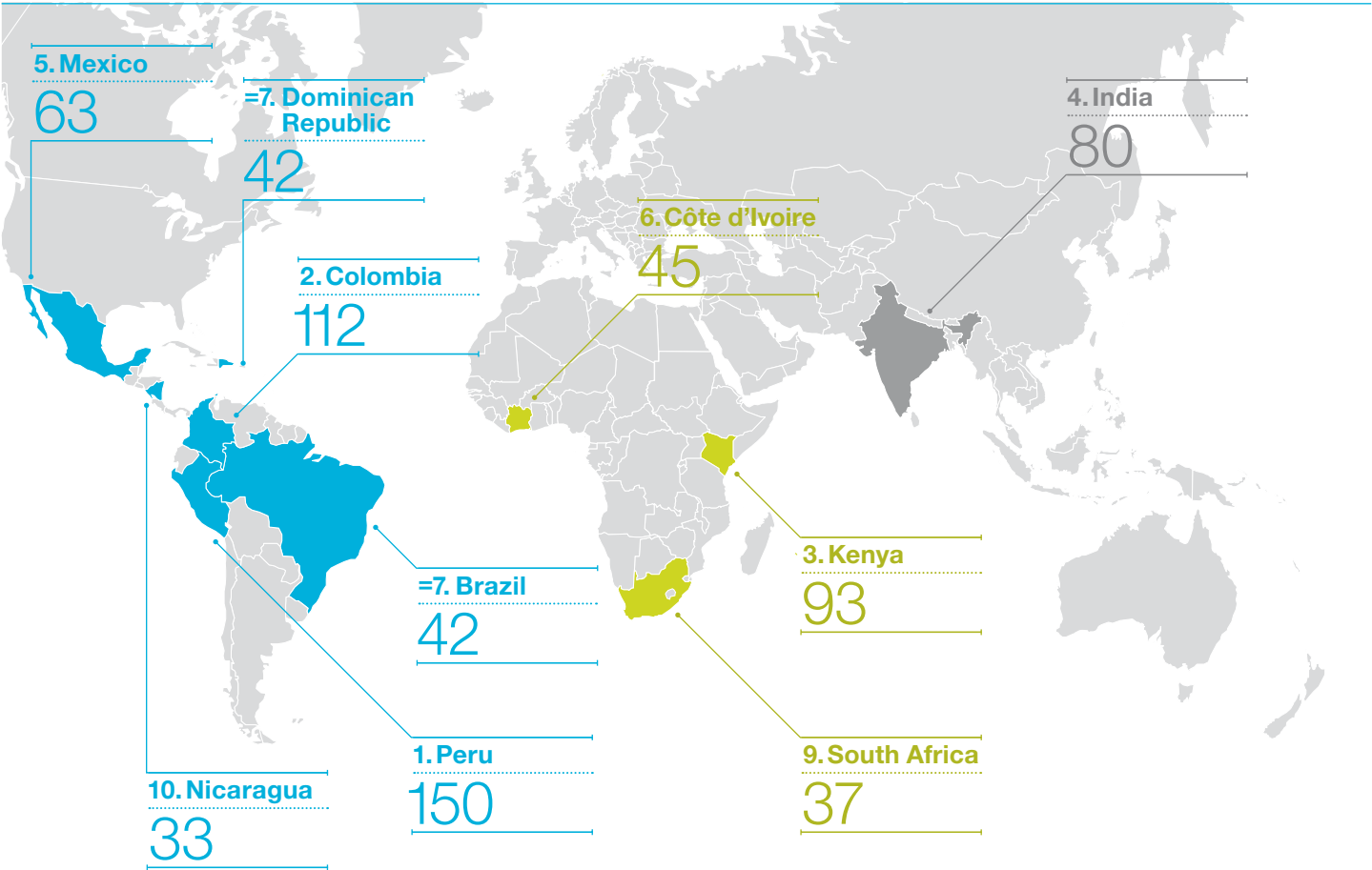
World

1,226 Fairtrade certified
producer organizations in
74 countries

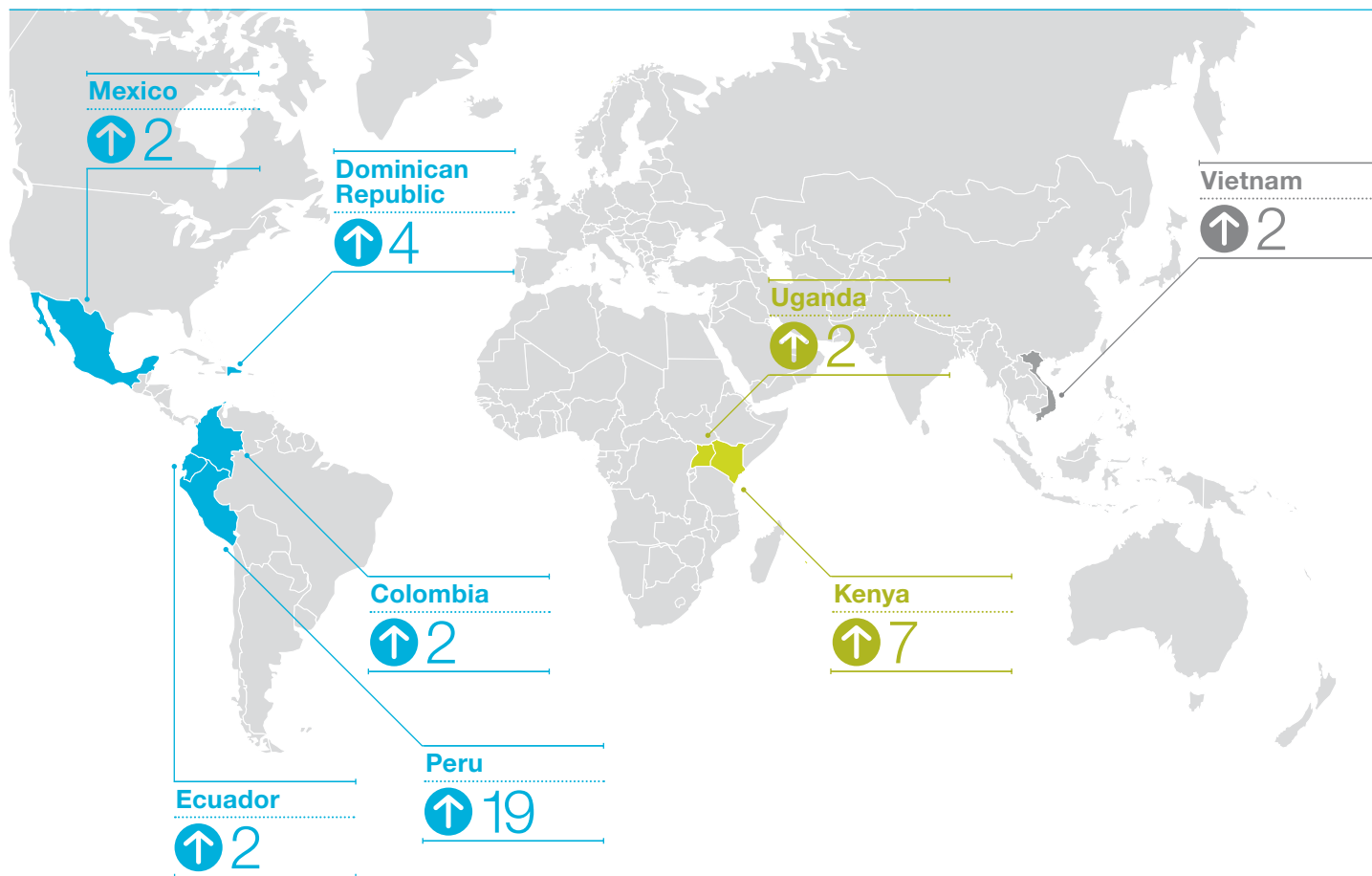
FIGURE 4.5
FAIRTRADE PRODUCER ORGANIZATIONS BY REGION 2014



TOP TEN COUNTRIES: NUMBER OF FAIRTRADE CERTIFIED PRODUCER ORGANIZATIONS 2014



TOP COUNTRIES: INCREASE IN NUMBER OF FAIRTRADE CERTIFIED PRODUCER ORGANIZATIONS 2014



4.3 FAIRTRADE WORKING IN LOW-INCOME COUNTRIES

The World Bank currently classifies 31 countries around the world as low-income—i.e. countries with a *per capita* gross national income (GNI) of US\$1,045 or less. At the end of 2014 there were 115 Fairtrade certified producer organizations present in 20 of the 31 low-income countries, representing nine percent of all the Fairtrade producer organizations. Moreover, these countries are among those with the largest numbers of Fairtrade farmers and workers, including Tanzania, Ethiopia, and Uganda. Twenty-eight percent of the global total—468,700 Fairtrade farmers and workers—live in low-income countries. Fairtrade's presence in low-income countries decreased in 2014 compared with 2013, because Kenya was reclassified by the World Bank as a lower-middle-income country in 2014. Fairtrade producers are now highly concentrated in low-income and lower-middle-income countries. More than 80 percent of all the farmers and workers in Fairtrade certified producer organizations were located in low-income or lower-middle-income countries in 2014.

Fairtrade is working in some of the world's poorest and most conflict-affected countries, including Afghanistan, Democratic Republic of Congo, Burundi and Rwanda. Extending Fairtrade certification to farmers in the poorest and most fragile countries requires long-term capacity building and business support. This type of achievement is often the result of long-term investment and support from Fairtrade's partner organizations and businesses. With such support, these producer groups can overcome enormous economic, organizational, and logistical challenges to be able to benefit from certification.

4.4 TYPES OF FAIRTRADE PRODUCER ORGANIZATIONS

There are three major types of Fairtrade producer organizations: small producer organizations (SPOs), contract production organizations (CP), and hired labour organizations (HLOs). For the purposes of this report, artisanal and small-scale mining organizations are included in the small producer organization category.

Table 4.1 shows that during 2014 the total number of hired labour and small producer organizations with Fairtrade certification increased. However, the proportion of small producer organizations—80 percent—to hired labour organizations—19 percent—has stayed stable for more than three years (Figure 4.6). The number of contract production organizations—a special category for rice and cotton groups in India, cotton and dried fruit in Pakistan, and cocoa in the Pacific—fell very slightly.

TABLE 4.1

GROWTH OF FAIRTRADE BY CERTIFICATION TYPE 2010–2014

	2010	2011	2012	2013	2014	Percentage change since 2013
Small Producer Organizations (SPO)						
Small Producer Organizations total	657	754	903	969	977	1%
Small Producer Organizations as a proportion of all producer organizations	73%	76%	79%	80%	80%	
Contract Production (CP)						
Contract Production	21	24	25	21	20	-5%
Contract Production organizations as a proportion of all producer organizations	2%	2%	2%	2%	2%	
Hired Labour Organizations (HLO)						
Hired Labour Organizations total	227	213	211	220	229	4%
Hired Labour Organizations as a proportion of all producer organizations	25%	22%	19%	18%	19%	
Global Total	2010	2011	2012	2013	2014	Percentage change since 2013
	905	991	1,139	1,210	1,226	1%

Note: Numbers and percentages may not sum due to rounding.

FIGURE 4.6

GROWTH OF FAIRTRADE BY CERTIFICATION TYPE 2010–2014

Proportions of producer organization types

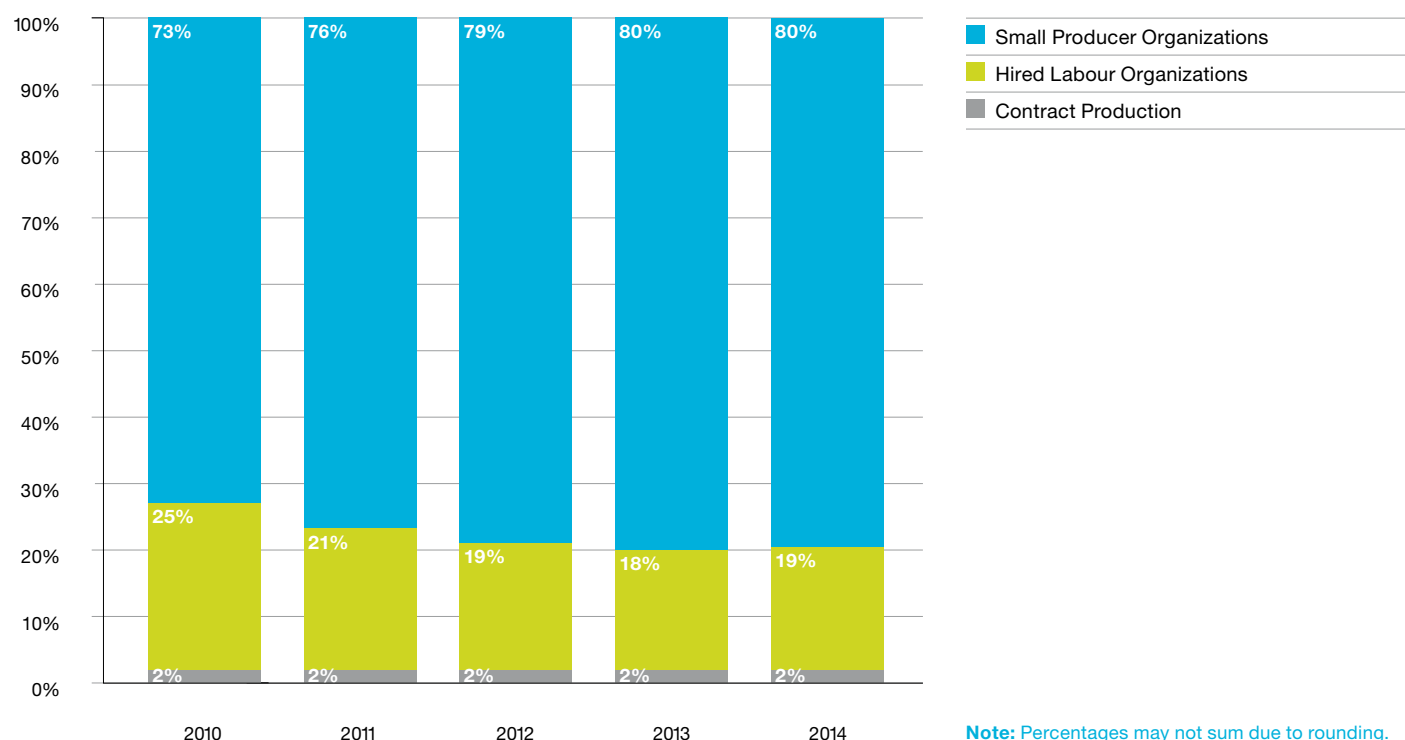
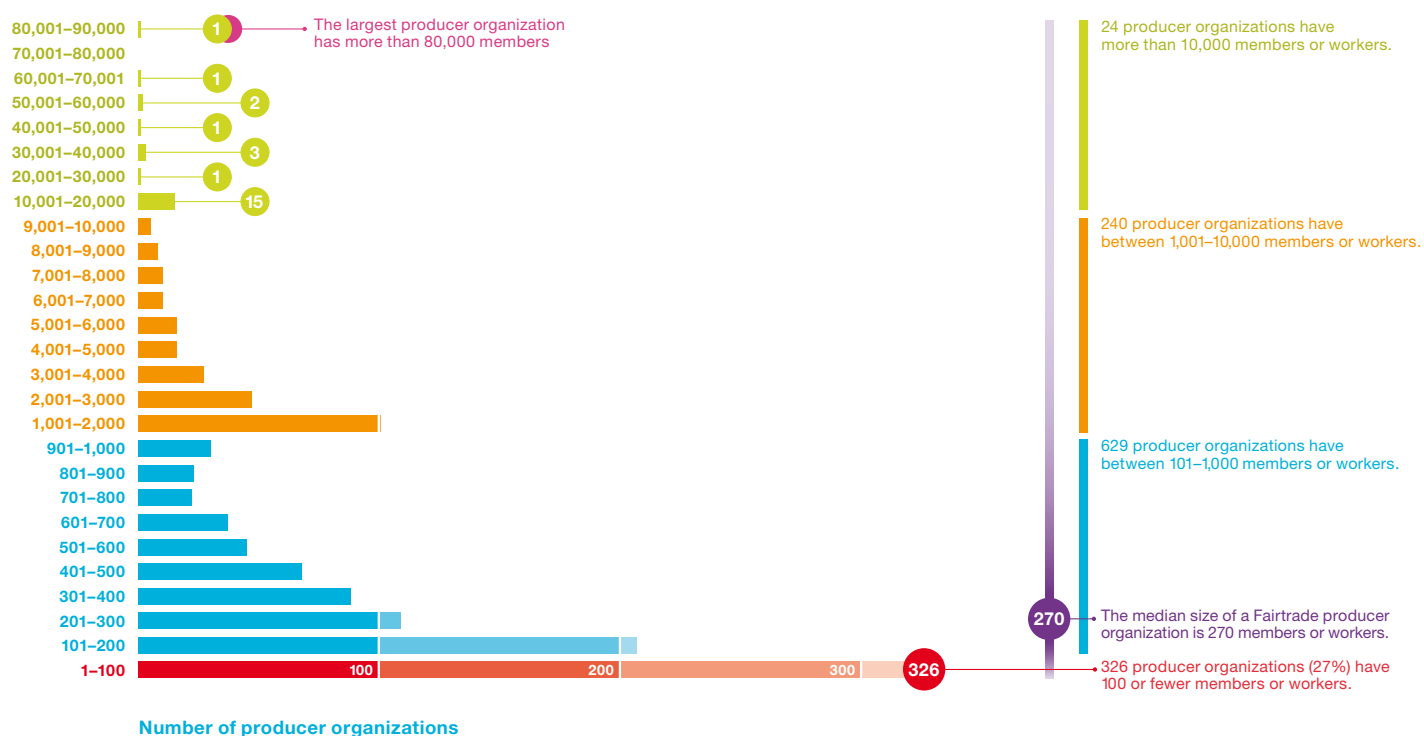


FIGURE 4.7

SIZE OF FAIRTRADE PRODUCER ORGANIZATIONS 2014

Number of members or workers



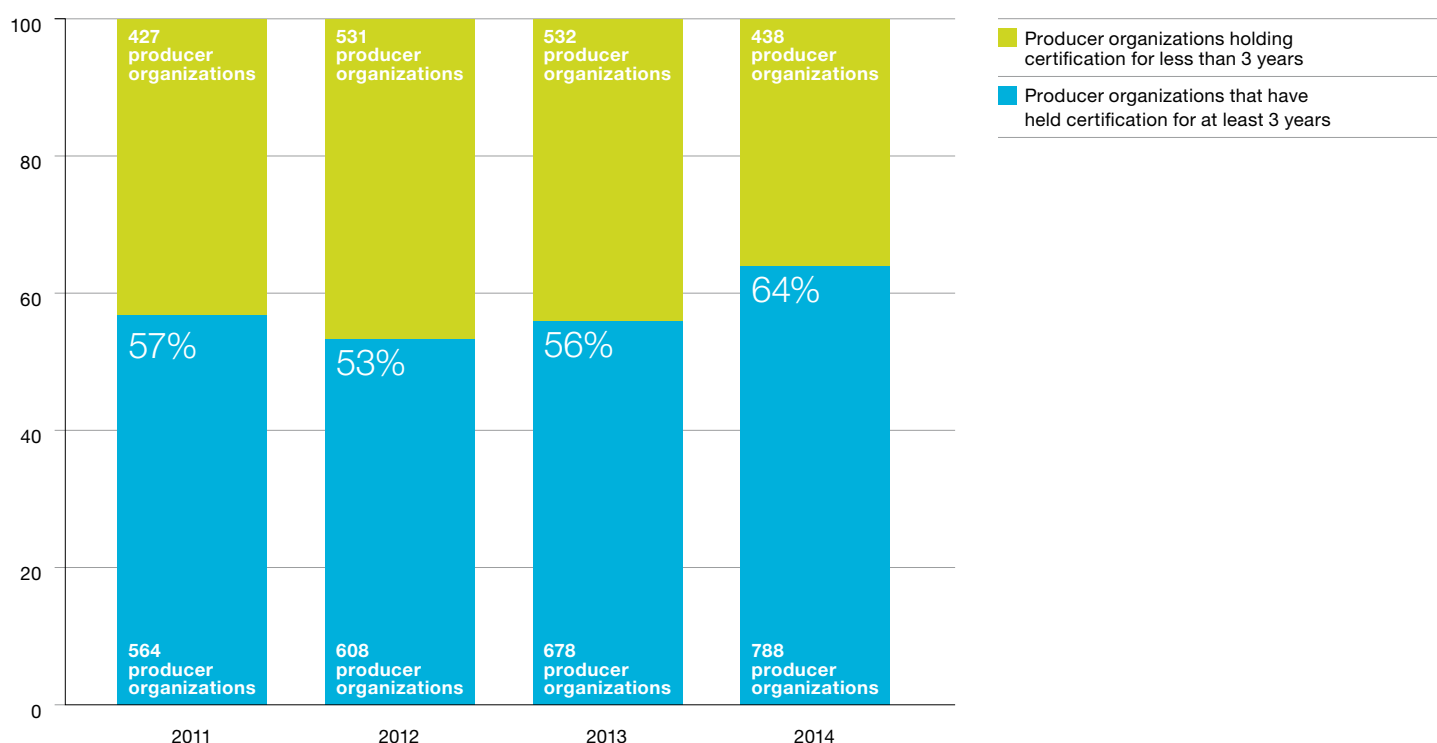
4.5 SIZE OF FAIRTRADE PRODUCER ORGANIZATIONS

The size of Fairtrade producer organizations varies enormously (Figure 4.7). The smallest Fairtrade producer organization has just three farmer members, while the largest has more than 80,000. One hundred and sixty Fairtrade producer organizations each reported having fewer than 50 farmer members or workers—compared with 130 in 2013. In 2014, the median size of organizations was 270, a slight increase on the median of 256 in 2013. More than half of all the Fairtrade producer organizations each have fewer than 300 members or workers, while only 22 percent of the producer organizations have more than 1,000 members.

While there are far more Fairtrade producer organizations in Latin America and the Caribbean, Fairtrade producer organizations in Africa and the Middle East have many more farmer members or workers on average. Of the 20 largest Fairtrade producer organizations, 17 are located in Africa. Of these, nine are in Kenya, four in Tanzania and three in Ethiopia, where there are several very large Fairtrade certified organizations of coffee and tea producers. Of the 20 largest Fairtrade producer organizations, 19 are small producer organizations and one is a plantation.

Producer organization size is an important consideration for the delivery of support to producer organizations. Very large organizations can face particular problems in implementing the Fairtrade Standards effectively. In particular, it can be difficult to ensure effective communication between the leadership and the members of a large organization. It can also be challenging for such organizations to ensure that members are genuinely able to participate in decision-making about the running of the organization.

FIGURE 4.8
PROPORTION OF PRODUCER ORGANIZATIONS THAT HAVE HELD FAIRTRADE CERTIFICATION FOR AT LEAST THREE YEARS 2011–2014



4.6 PRODUCER ORGANIZATION LONGEVITY WITHIN FAIRTRADE

A key measure of satisfaction with Fairtrade is whether a producer organization chooses to retain its certification over many years. Remaining certified over a number of years is also a prerequisite for fostering intermediate and longer-term Fairtrade impacts. As part of our monitoring we look at what proportion of producer organizations have held Fairtrade certification for three years or more, and how this figure is changing over time (Figure 4.8).

In 2014, 64 percent of producer organizations had held their Fairtrade certification for at least three years. This was an increase on the levels in 2013 and 2012. The proportion of organizations with longer-term certification had remained reasonably consistent, at between 50 and 60 percent since 2011. The apparent increase in stability in 2014 is partly linked to the slow-down in new certifications. As the rate of new certifications slows, the balance of organizations shifts from newer to older. But despite this, the data show that 36 percent of the producer organizations with Fairtrade certification at any given time over the past three years were new arrivals.

For these new organizations, access to markets and organizational support during their first years of certification is often critical in determining whether they will decide to retain their Fairtrade certification over the longer term. Having a high proportion of relatively new groups is a positive sign of recent growth, but it also highlights important challenges in ensuring that sufficient resources are directed at supporting new producer organizations and ensuring that there is market demand and accessible supply chains for their products.

4.7 SUPPORTING STRONG PRODUCER ORGANIZATIONS

A core assumption in Fairtrade's Theory of Change is that strong and effective farmer and worker organizations are critical if farmers and workers are to benefit from Fairtrade. This is reflected in our standards and in the work that we and our partners do to support producer organizations. Well-run farmer organizations can deliver more services to their members, negotiate better prices, have more profitable businesses, and attract more capital support.

Fairtrade is a progressive certification, which means that certified producers need to improve and develop over time. To enable this, Fairtrade offers training and support to certified producer organizations wherever they are located. This support is tailored to each producer organization's needs and designed to help them strengthen their organizations and businesses to deliver more benefits to their members.

In 2014, the Fairtrade producer support teams delivered more than 2,000 workshops and producer visits for the 1,226 Fairtrade certified producers around the world. Fairtrade staff made 359 producer visits, and offered 641 workshops, meetings or training sessions to producers in Latin America and the Caribbean. They made 653 producer visits, and offered 170 workshops, meetings or training sessions to producers in Africa and the Middle East. Fairtrade delivered 184 producer visits, and offered 51 workshops, meetings or training sessions to producers in Asia and Pacific. These training workshops and visits covered a wide range of topics from the Fairtrade Standards, including child protection and child labour training; training in financial and business management; training on how to manage the Fairtrade Premium; and training in productivity or quality improvements, and better resource management practices.

PRODUCER REPORT

RAISING INCOMES AND IMPROVING LIVES IN INDIA



Chetna Organic Agriculture Producer Company Ltd (COAPCL) supports more than 15,000 cotton farmers in around 400 villages across the Indian states of Maharashtra, Odisha and Andhra Pradesh. Almost all of them (94 percent) are smallholder farmers with a dependency on rain-fed agriculture which makes them highly vulnerable to the unpredictability of nature and the climate.

Such economic distress and uncertainty means the farmers are often unable to wait to sell their cotton when prices are higher. In response, Chetna Organic has diverted part of the Fairtrade Premium into revolving funds at the cooperative level, to make immediate part payments to the farmers to procure their cotton and prevent it from being sold when it is less profitable. The Fairtrade Premium has also been invested in a series of infrastructure projects intended to create viable income generating opportunities such as dhal mills, a bio-fertilizer unit and a nursery.

'For me Fairtrade is an attempt to offer better trading conditions thereby securing the rights of marginalized producers and workers,' says Mrunal Lahankar, the Chetna Organic certification manager.

Read the full story here: <http://bit.ly/234G8Mw>

A woman carries a sack full of cotton at Chetna Organic in India.

© Didier Gentilhomme / Fairtrade International

A woman wearing a teal hijab and a yellow vest over a dark long-sleeved shirt is smiling while sorting through a large pile of coffee beans on a conveyor belt. In the background, other workers in similar yellow vests are visible, and industrial lights hang from the ceiling.

CHAPTER 5

FAIRTRADE

CROP PRODUCTION

AND SALES

1.4 HECTARES:
AVERAGE SIZE
OF THE PLOT
CULTIVATED BY
A FAIRTRADE FARMER

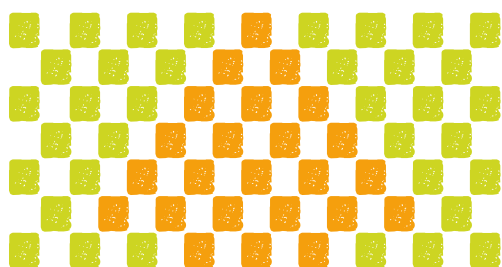


FAIRTRADE SALES
GENERATED MORE THAN
€951 MILLION
IN PRODUCER REVENUES



IN 2013–14

40% OF
ALL FAIRTRADE
PRODUCER ORGANIZATIONS SOLD
MORE THAN HALF
OF THEIR CERTIFIED CROP
AS FAIRTRADE IN 2013–14



52% OF ALL
FAIRTRADE PRODUCER ORGANIZATIONS ARE
ALSO ORGANIC
CERTIFIED



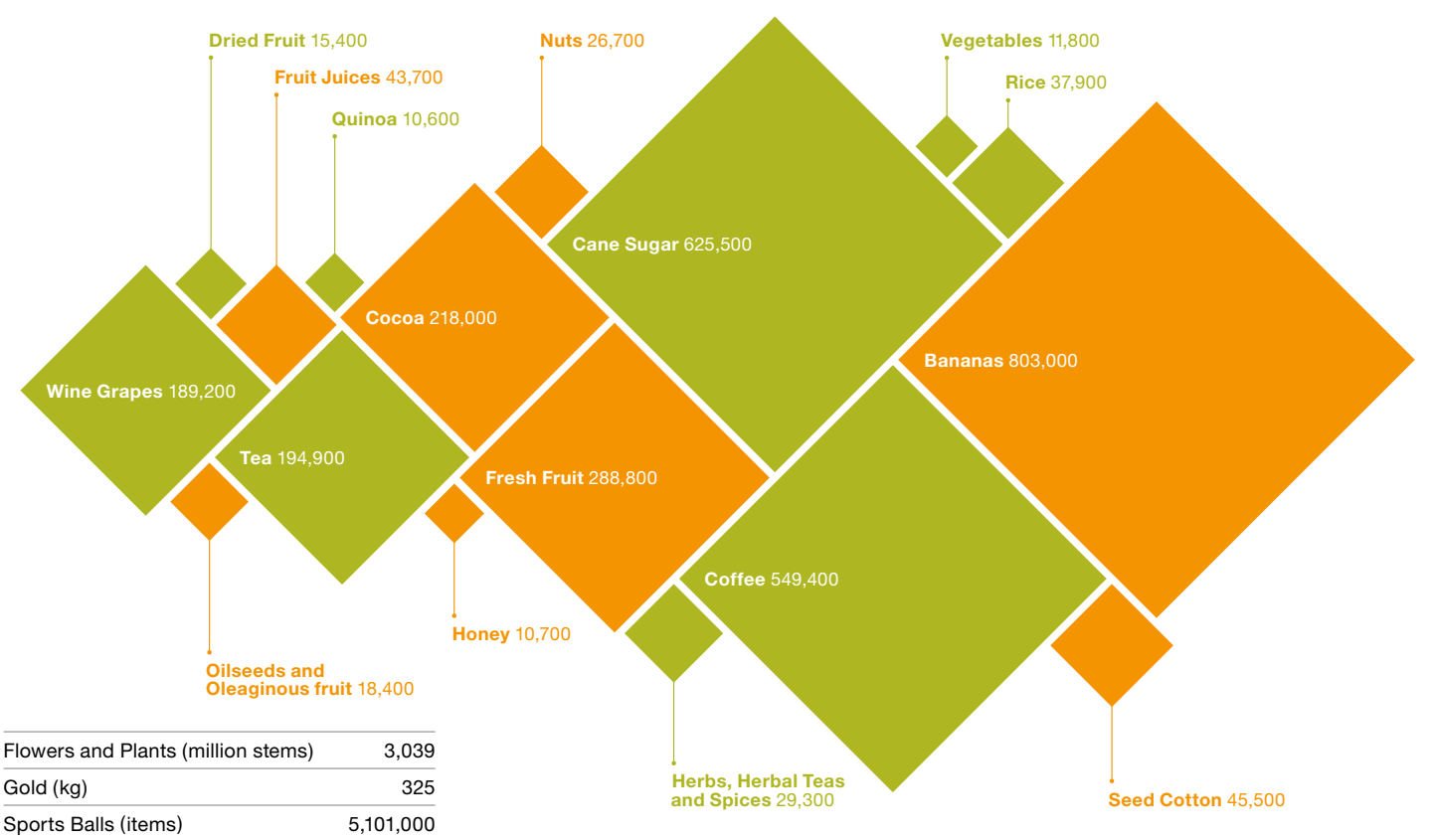
5.1 FAIRTRADE PRODUCTION CAPACITY

Figure 5.1 shows the production capacity of different Fairtrade products during 2013–14. Among the core Fairtrade products, significant increases were reported for coffee production—16 percent—since 2012–13. This was due to a combination of new certifications and increased production within already-certified producer organizations, in Colombia in particular. The production of cocoa also increased significantly—by 24 percent. This was primarily the result of increased certification of members within one large cocoa producer in Côte d’Ivoire.

There was also significant growth in production capacity for some of the smaller Fairtrade products—in particular for herbs, herbal teas and spices, and for wine grapes. In the case of herbs, herbal teas and spices, the 70 percent increase compared with 2012–13 was due to growth in Fairtrade certified agave producers in Mexico. Agave—a cactus-like plant the nectar of which is used to make syrup—is a relatively new product within Fairtrade. Market interest in agave is increasing as companies look for sustainable ways to source alternatives to cane and beet sugar.

Previous page: Coffee is manually sorted for quality control at the Fairtrade cooperative, Koperasi Baithul Qiradh Baburrayyan (KBQB) in Indonesia.
© Nathalie Bertrams

FIGURE 5.1
REPORTED TOTAL PRODUCTION CAPACITY OF FAIRTRADE-CERTIFIABLE PRODUCTS 2013–14 (MT)



PRODUCER REPORT

COFFEE AND BUSINESS GROWING ORGANICALLY IN HONDURAS



Inside the coffee processing unit at Café Orgánico Marcala (COMSA), an association of organic coffee producers in Honduras.

© Santiago Engelhardt / Fairtrade Germany

Café Orgánico Marcala (COMSA) is an association of small-scale organic coffee producers located in the La Paz region of western Honduras. It grew out of the global coffee crisis of 2000, when rock-bottom prices made it unprofitable for farmers to harvest their crop. While most smallholders in the area were forced to abandon their farms in search of work in cities or even the United States, COMSA farmers realised they could join together to access the higher prices of the organic market. They soon learned, however, that organic culture means more than just organic fertilizer: it is about incorporating principles and values into farming practices, and balancing the needs of business, society and the environment.

COMSA was accepted into Fairtrade in 2005 after members discovered that Fairtrade certification included a stable minimum price almost three times higher than the market price at the time. The training that COMSA received to meet Fairtrade Standards helped strengthen its business practices and build capacity. Other benefits followed, including access to specialist markets, financial and business support, and technical advice. Since then the cooperative has developed relationships with Fairtrade buyers and roasters, who now visit the farms, see the reality of debt and poverty in the communities, and understand the sacrifices coffee farmers have to make.

'The objective of our company is to improve the lives of every single one of us and our families,' says COMSA Board Member Enrique Mario Perez. 'We have found a strategic ally in Fairtrade. With that small producer label we receive a premium and invest a part of it in capacity building of our producers to improve production and productivity.'

Read the full story here: <http://bit.ly/AboutCOMSA>

5.2 FAIRTRADE SALES VOLUMES AND VALUES REPORTED BY PRODUCER ORGANIZATIONS

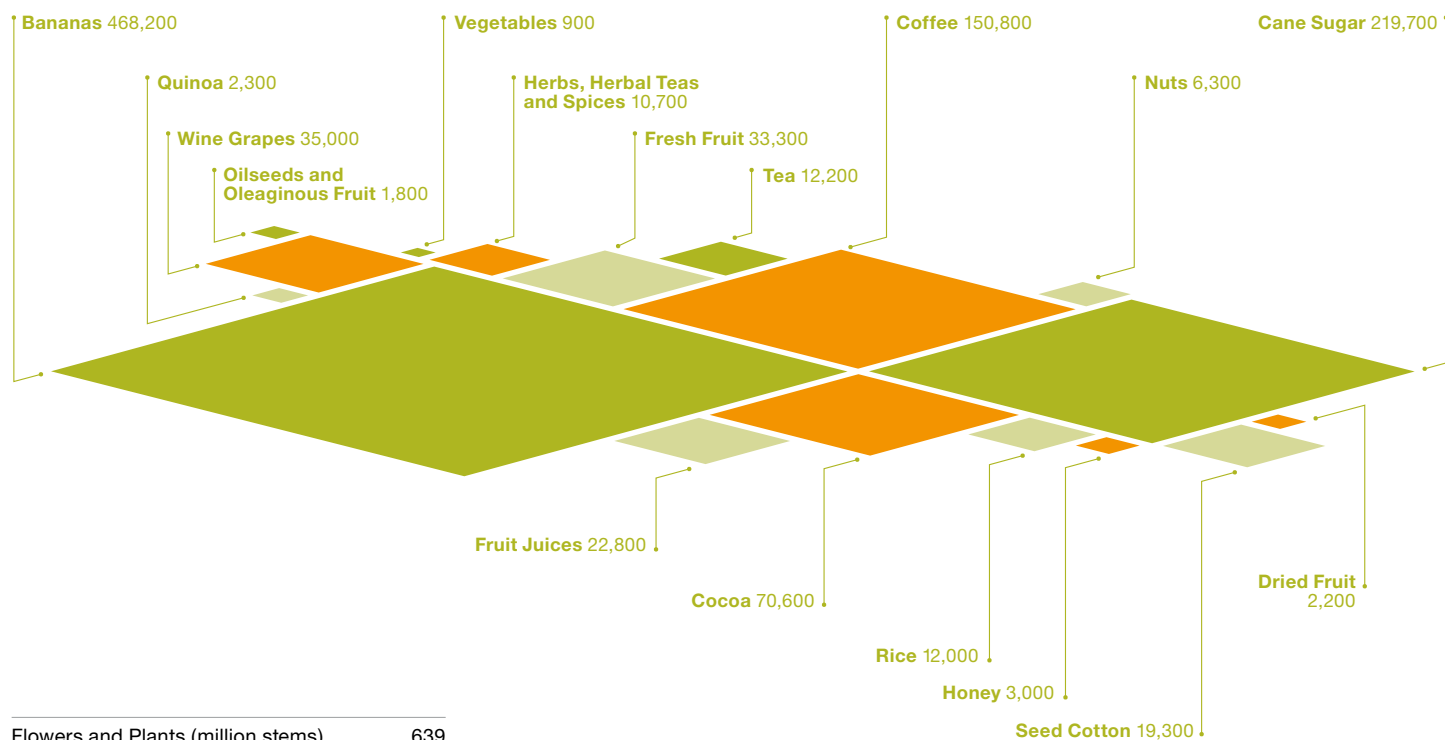
Producers' reports of their sales (Figure 5.2, Table 5.1) indicate strong growth in 2013–14 of the volumes of bananas, cocoa, and seed cotton sold as Fairtrade—at 15, 17 and 21 percent respectively. Other major products, including coffee, sugar and flowers, registered more moderate growth in volumes sold on Fairtrade terms, at six, four and five percent respectively.

Among the smaller Fairtrade products, we continue to see quite high fluctuation of sales volumes from year to year. This reflects the fact that dried products such as dried fruits and herbs can be stored, so demand levels are not constant. The diversity of product categories like nuts, fruits, and herbs, herbal teas and spices also makes it difficult to compare volumes year on year. For example, sales volumes in the herbs, herbal teas and spices category grew by 386 percent in comparison with 2012–13 levels. This was primarily due to sales of agave. Compared with other dried herbs and spices, agave is produced and sold in relatively large volumes.

While data coverage in 2014 was generally good, figures for smaller volume products are dramatically affected when one or two major operators do not provide full or accurate data, or when a significant proportion of producer organizations did not receive their audit in the year in question. As such, figures for smaller products in particular should be taken as indicative only. Products for which we had the least current data in 2014 included dried fruit, sugar, honey, rice, and herbs, herbal teas and spices—all product categories for which fewer than half of the certified organizations were audited in 2014.

FIGURE 5.2

FAIRTRADE SALES VOLUMES REPORTED BY PRODUCER ORGANIZATIONS 2013–14 (MT)



Flowers and Plants (million stems)	639
Gold (kg)	60
Sports Balls (items)	271,100

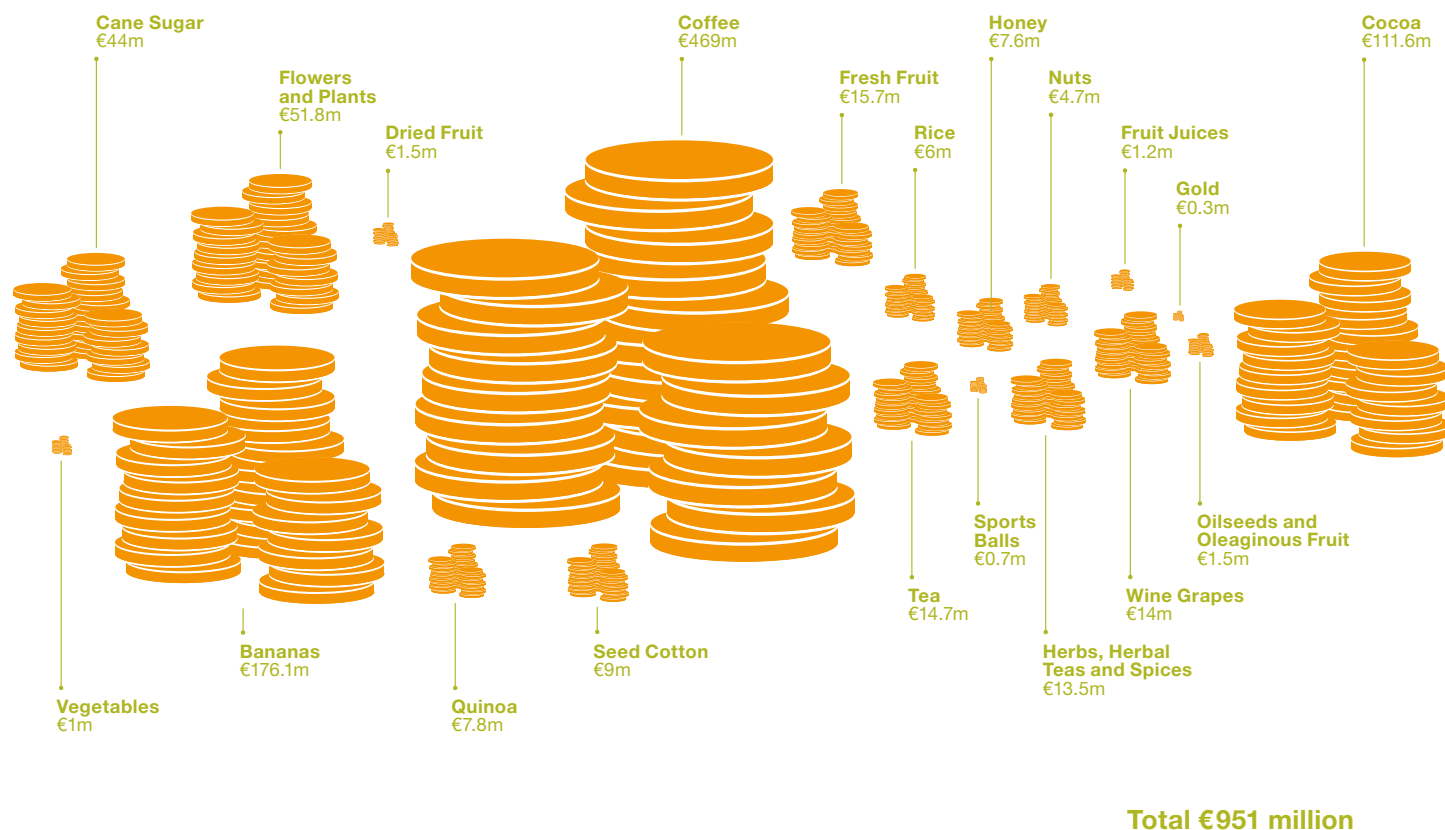
TABLE 5.1

FAIRTRADE SALES VOLUMES REPORTED BY PRODUCT 2011–14 (MT)

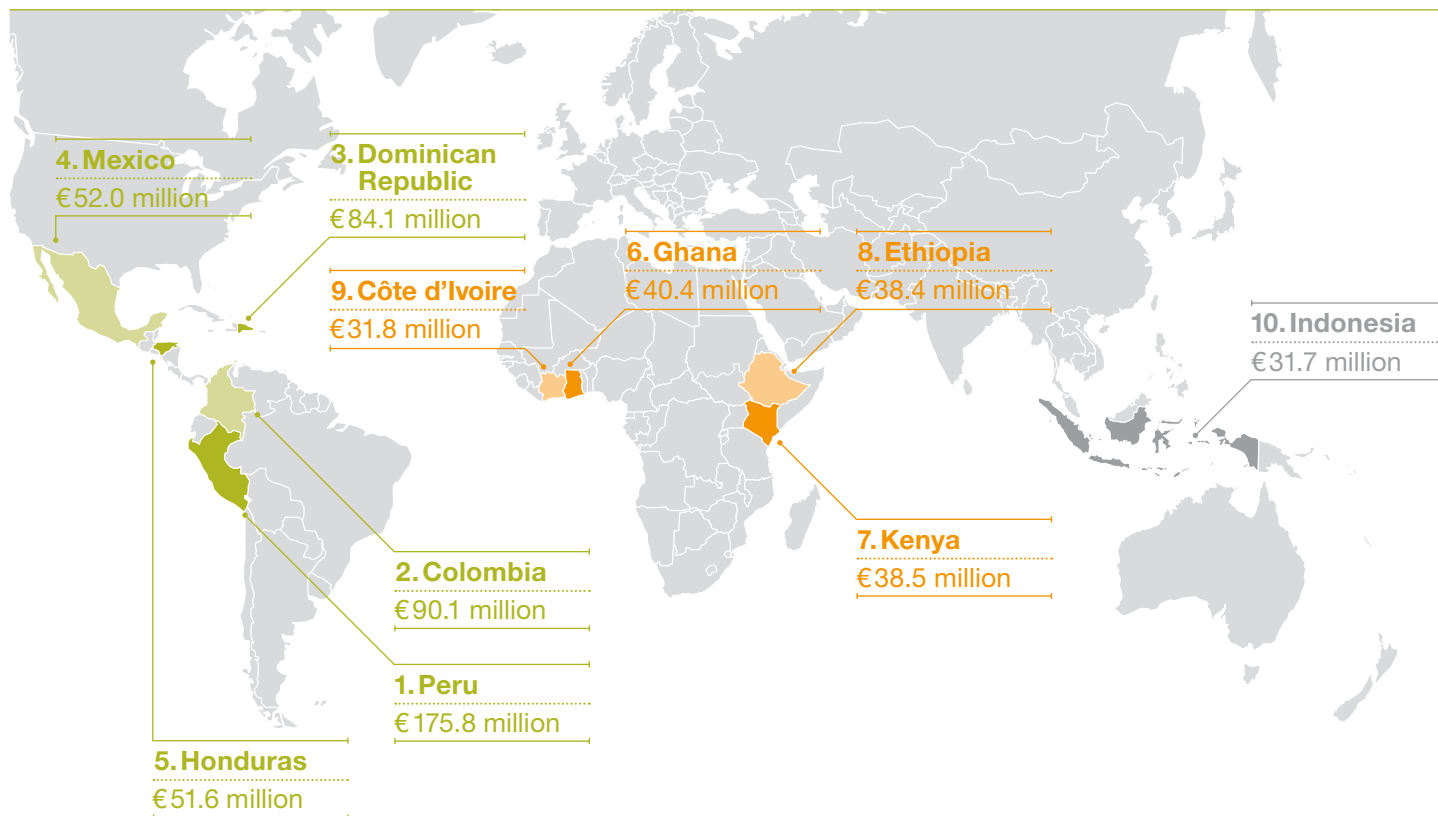
Product	2011–12	2012–13	2013–14	Percentage change since 2012–13
Bananas	342,300	406,000	468,200	15%
Cane Sugar	170,000	211,600	219,700	4%
Cocoa	68,300	60,400	70,600	17%
Coffee	134,100	142,400	150,800	6%
Seed Cotton	19,200	16,000	19,300	21%
Tea	13,800	12,200	12,200	0%
Dried Fruit	1,200	1,300	2,200	69%
Fresh Fruit	64,500	32,900	33,300	1%
Fruit Juices	8,000	21,800	22,800	5%
Herbs, Herbal Teas and Spices	900	2,200	10,700	386%
Honey	2,400	2,600	3,000	15%
Nuts	3,800	3,900	6,300	62%
Oilseeds and Oleaginous Fruit	180	1,100	1,800	64%
Quinoa	1,800	2,400	2,300	-4%
Rice	18,400	12,900	12,000	-7%
Vegetables	2,200	600	900	50%
Wine Grapes	16,000	24,800	35,000	41%

FIGURE 5.3

PRODUCER SALES INCOME REPORTED FROM FAIRTRADE SALES 2013–14 (€ MILLIONS)



TOP TEN COUNTRIES: PRODUCER SALES INCOME REPORTED FROM FAIRTRADE SALES 2013–14 (€)



Total €634.4 million

Top ten countries receive 67% of global Fairtrade sales income

Note: Numbers may not sum due to rounding.

Please note that Fairtrade also reports figures for sales of products sold to consumers with the FAIRTRADE Mark or licensed by Fairtrade organizations in consumer countries. These figures often vary from the figures reported in this chapter. To understand more about why producer sales reports differ from market sales reports for Fairtrade products, see Chapter 9 of this report.

The total Fairtrade sales income¹ reported by Fairtrade producer organizations was €951 million for the 12-month period preceding their 2014 audit (Figure 5.3). This was an increase of around one percent since 2013. The three largest products by sales value—coffee, bananas and cocoa—generated 80 percent of the reported Fairtrade sales income for producers. Fairtrade coffee alone was responsible for nearly 50 percent of the total. This was a decrease since 2013, when coffee accounted for nearly 55 percent of all producers' Fairtrade sales income. This was the result of decreases in international coffee prices during 2014.

Fairtrade sales by small producer and contract production organizations represented 87 percent of the total reported value of all sales.

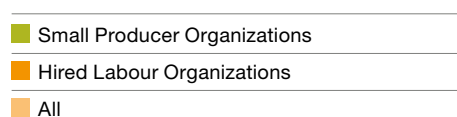
Reported Fairtrade sales values from hired labour organizations grew by 13 percent to €125 million, or 13 percent of total reported Fairtrade sales values. This was due to increases in sales of flowers and bananas on Fairtrade terms.

Sales continue to be unevenly spread between the Fairtrade producer organizations in various countries. In 2014, 67 percent of Fairtrade sales income was received by producer organizations in only ten countries. Fifty-seven percent of all Fairtrade producer organizations are located in these ten countries. This year, Côte d'Ivoire joined the top ten recipients of Fairtrade sales revenues, which means that four of the top ten countries were in Africa. These four countries accounted for 16 percent of global revenues from producers' Fairtrade sales in 2013–14. Indonesia is the only country from Asia and Pacific in the top ten recipients of sales revenues.

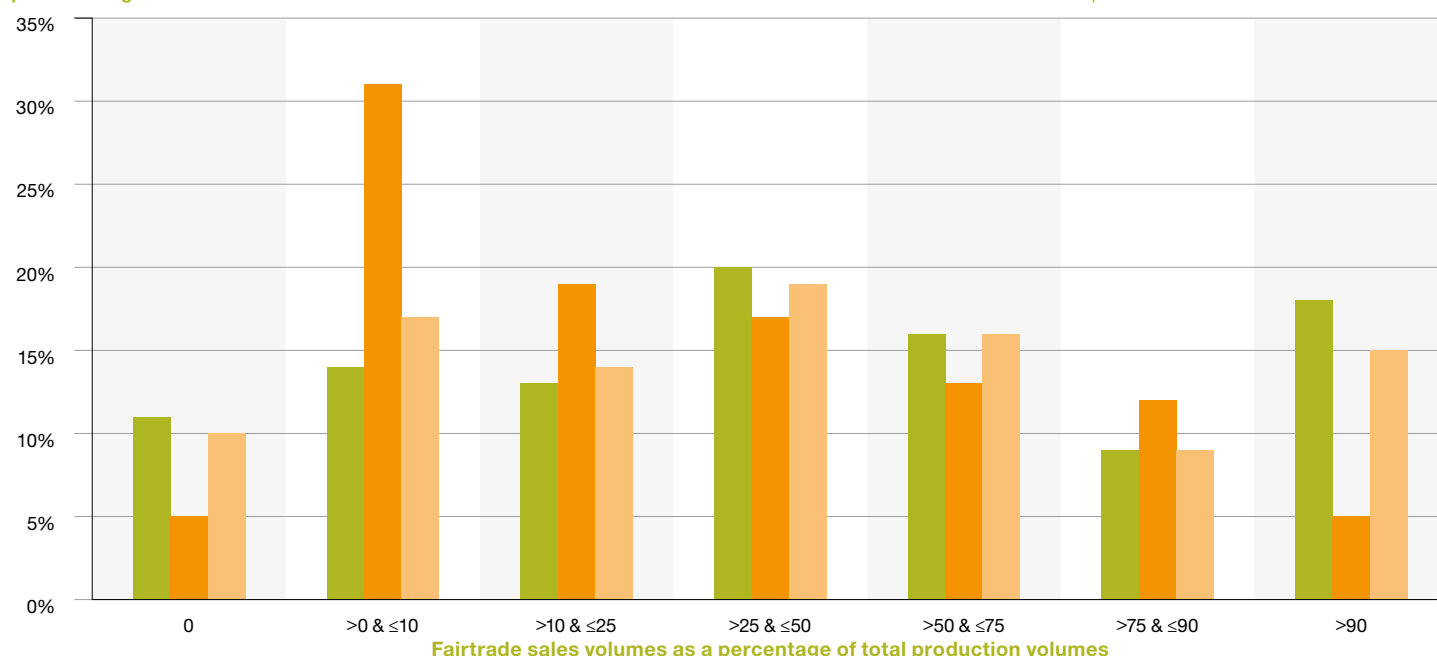
1. Fairtrade sales income refers to the price paid for the Fairtrade crop by the immediate purchaser. The Fairtrade Premium is an additional payment over and above this sales price, and is not included in these figures.

FIGURE 5.4

FAIRTRADE SALES VOLUMES AS A PROPORTION OF TOTAL PRODUCTION VOLUMES 2013–14



Percentage of producer organizations



Note: This figure is based on data from 1,045 Fairtrade certified producer organizations. It excludes organizations that gained their Fairtrade certification during 2014 and had not held Fairtrade certification during the sales period under review. It also excludes any certified organizations that did not report their production data or Fairtrade sales data for the period under review.

FIGURE 5.5
FAIRTRADE SALES VOLUMES AS A PERCENTAGE OF TOTAL PRODUCTION VOLUMES FOR MAJOR PRODUCTS 2013–14

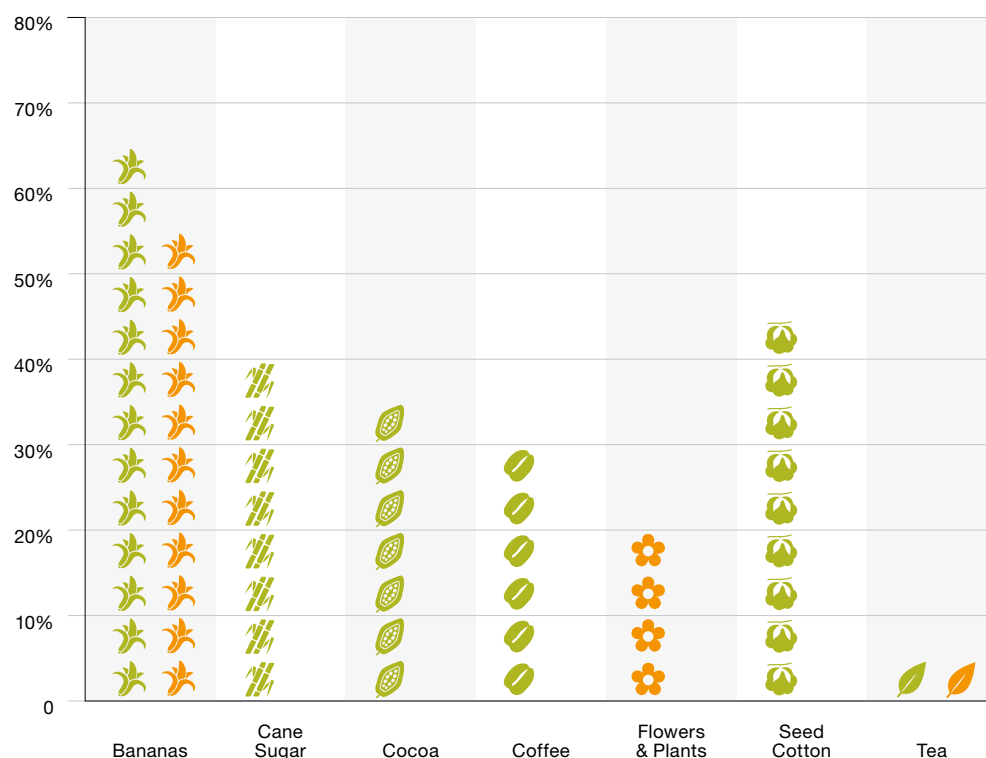
Fairtrade sales volumes as a percentage of total production volumes, Small Producer Organizations

	Bananas	64%
	Cane Sugar	38%
	Cocoa	33%
	Coffee	28%
	Seed Cotton	43%
	Tea	7%

Fairtrade sales volumes as a percentage of total production volumes, Hired Labour Organizations

	Bananas	56%
	Flowers and Plants	22%
	Tea	7%

Note: This figure is based on data from 70% of certified producer organizations. It excludes newly certified organizations which gained their Fairtrade certification during 2014 and which had not held Fairtrade certification during the sales period under review. It also excludes organizations which did not report either their total production volumes or their Fairtrade sales volumes for the period under review.



5.3 WHAT PROPORTION OF TOTAL PRODUCTION VOLUMES ARE SOLD AS FAIRTRADE?

For producers to benefit most effectively from Fairtrade, they need to sell a substantial proportion of their certified products on Fairtrade terms. While there are some benefits resulting from compliance with Fairtrade Standards alone, sales on Fairtrade terms generate direct economic benefits and determine the amount of Fairtrade Premium generated for investment. For most producer organizations, the economic benefits from Fairtrade are the main impetus for continued investment in certification. Where the return on investment for certification is perceived to be too low, producer organizations may decide to end their certification. It is therefore important to monitor the extent to which producer organizations are able to sell their product on Fairtrade terms (Figures 5.4 and 5.5).

Of the small producer organizations eligible to sell throughout the reporting period, and for which we had full data, 43 percent reported selling more than half of their product on Fairtrade terms in 2013–14. Furthermore, 18 percent of all small producer organizations reported that more than 90 percent of their product was sold on Fairtrade terms. At the other end of the scale, 11 percent of all small producer organizations reported making no Fairtrade sales at all in this period, and a further 14 percent reported that Fairtrade sales accounted for ten percent or less of their total production volumes. Small producer organizations altogether sold 39 percent of their production as Fairtrade.

On average, hired labour organizations continued to sell a smaller proportion of their product on Fairtrade terms than small producer organizations. Of all hired labour organizations eligible to sell throughout the reporting period, and for which we had full data, 29 percent reported selling more than half of their production volumes as Fairtrade. This was a slight improvement on the figures for 2012–13. Five percent reported no Fairtrade sales at all in 2013–14, while a further 31 percent sold ten percent or less of their Fairtrade-certifiable production volume as Fairtrade in this period. Hired labour organizations altogether sold 22 percent of their production as Fairtrade.

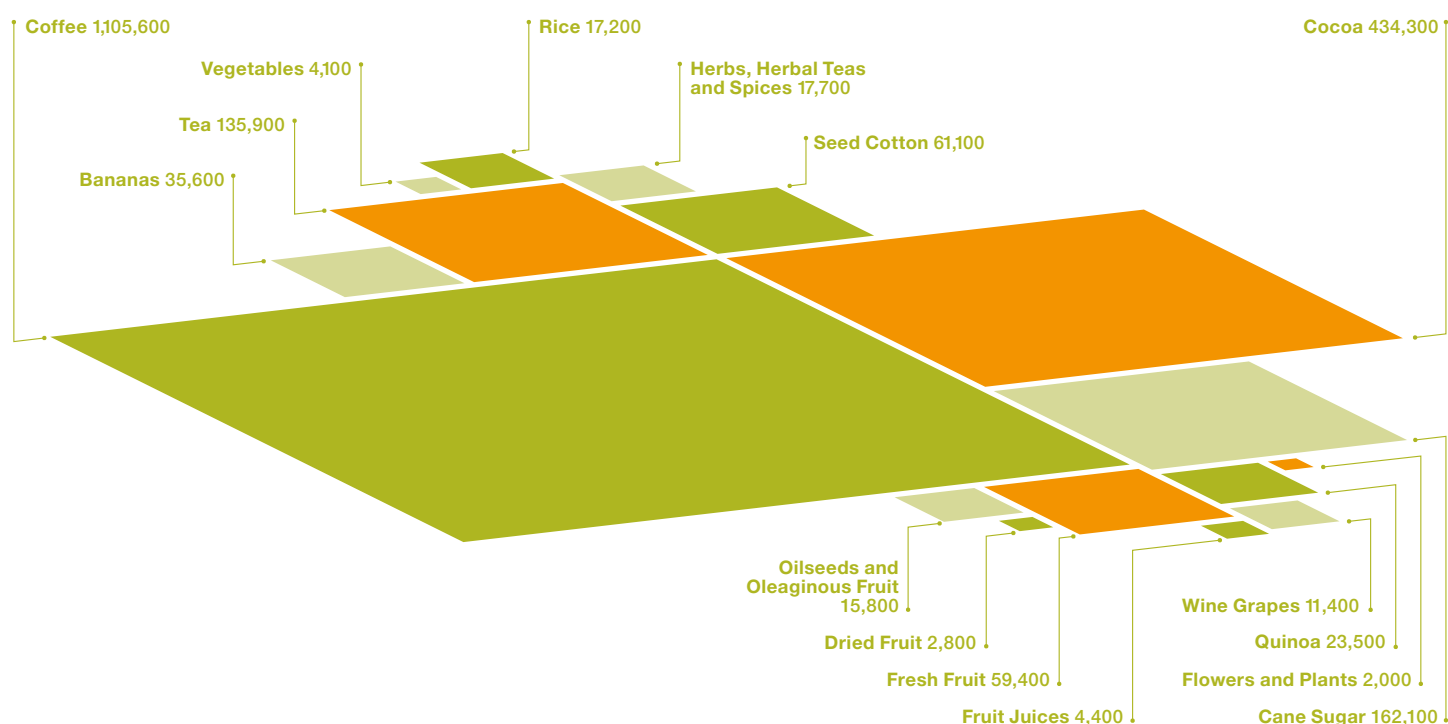
The data for all Fairtrade certified producer organizations indicate that 27 percent of all certified producer organizations sold ten percent or less of their total production as Fairtrade, while 40 percent sold more than half under Fairtrade conditions. These figures are similar to those reported in 2012–13. They indicate that a significant number of certified organizations were still not able to find market opportunities for their certified products in 2013–14. At current market levels there is significant oversupply of certifiable product for almost all product categories. However the degree of oversupply varies by product and is complicated by the diversity of specific sub-products and qualities within any given category.

Figure 5.5 shows Fairtrade sales volumes as a percentage of total reported production volumes for the core Fairtrade products. As in previous years, banana producers report relatively high Fairtrade sales, at 64 and 56 percent for small producer and hired labour organizations respectively. There was a fall in the percentage of certifiable volumes sold for hired labour organizations—previously 67 percent. The increased production volumes of Fairtrade bananas from plantations have not yet been matched by increased sales. The average for Fairtrade sugar and cocoa declined slightly from 2012–13 to 38 and 33 percent respectively. Although cocoa sales on Fairtrade terms increased significantly in the year under review, sales increases did not keep pace with the increase in production volumes. For the same reason, coffee also declined—to 28 percent—in comparison with the previous year's figure. However, sales of Fairtrade cotton as a proportion of total production volumes increased from 33 to 43 percent.

As in previous years, plantation products performed less well than small farmer products in general—although this is partly a reflection of their relatively large production volumes. Fairtrade tea producers as a whole continued to sell less than ten percent of their output on Fairtrade terms, while the proportion of flowers sold on Fairtrade terms was also relatively low at 22 percent.

FIGURE 5.6

TOTAL AREA OF CULTIVATION OF FAIRTRADE PRODUCTS 2014 (HECTARES)



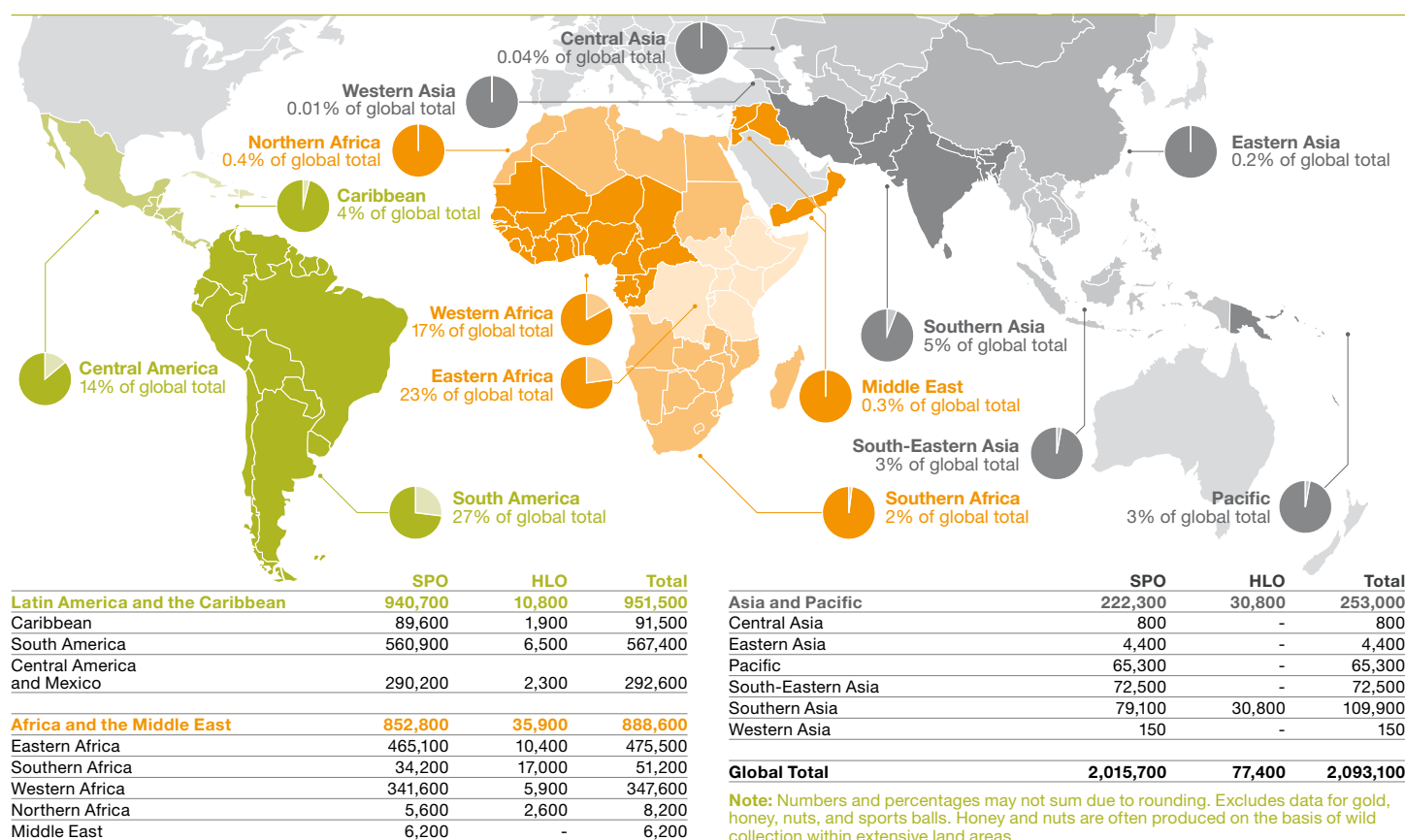
Note: Numbers may not sum due to rounding. Excludes data for gold, honey, nuts and sports balls. Honey and nuts are often produced on the basis of wild collection within extensive land areas.

Total: 2,093,100 hectares **Increase since 2013:** 8%

FIGURE 5.7

TOTAL AREA OF CULTIVATION OF FAIRTRADE PRODUCTS BY REGION 2014 (HECTARES)

Latin America and the Caribbean 45% Africa and the Middle East 42% Asia and Pacific 12%

**5.4 HOW MUCH LAND IS UNDER FAIRTRADE PRODUCTION?**

Figures 5.6 and 5.7 indicate that the Fairtrade production area has grown by eight percent over 2013 levels.

Including all producers for which we have data, more than two million hectares are under Fairtrade production globally. Ninety-six percent of this area is farmed by members of small farmer organizations or contract production groups. Just four percent of the total production area is managed by plantations, which tend to operate more intensive production models over a smaller geographical area.

The land under Fairtrade production grew strongly for tea, reflecting the new certification of several large tea producer organizations in Kenya. The land under production of Fairtrade coffee, cane sugar and cocoa also increased, growing by nine, eight and two percent respectively. Fairtrade coffee production now covers more than 1.1 million hectares.

Figure 5.7 shows the distribution of land under Fairtrade certified cultivation among continents and regions. This has remained fairly constant since 2013, with slight increases and decreases between different regions. The cultivation area in South America rose from 24 percent to 27 percent of the global total in that time, due primarily to growth in coffee certification in Brazil, Colombia and Peru.

5.5 SMALLHOLDER FARMERS IN FAIRTRADE: AVERAGE AREA OF CULTIVATION BY PRODUCT AND REGION

Fairtrade seeks to work with small-scale farmers because they are often marginalized in global trade chains, even though their production is crucial for the sustainability of many crops. Farmers cultivating smaller plots are also more likely to be poor than farmers with large landholdings. By monitoring the size of the average area under cultivation for Fairtrade crops, we have an indication of the extent to which Fairtrade is successful in reaching and including small-scale farmers.

FIGURE 5.8

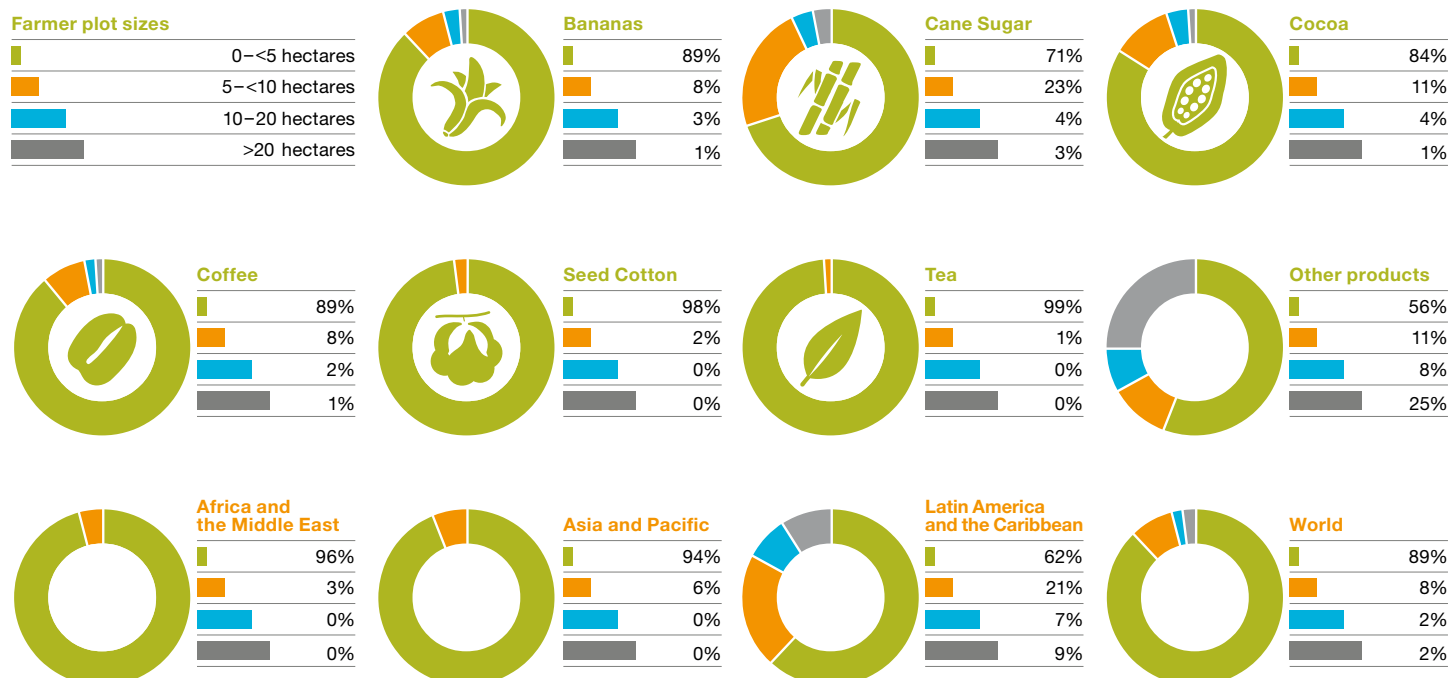
AVERAGE AREAS OF CULTIVATION OF FAIRTRADE PRODUCTS PER FARMER BY REGION 2014 (HECTARES)



Data only for small producer and contract production organizations.

FIGURE 5.9

DISTRIBUTION OF FAIRTRADE FARMER PLOT SIZES 2014



Note: Percentages may not sum due to rounding.
Data only for small producer and contract production organizations.

TABLE 5.2

FAIRTRADE CERTIFIED PRODUCERS HOLDING OTHER CERTIFICATIONS 2014

Certification	Percentage of producer organizations reporting certification		
	Small Producer Organizations/ Contract Production	Hired Labour Organizations	All
Organic	56%	31%	52%
Rainforest Alliance	11%	16%	12%
Globalgap	9%	44%	15%
UTZ	10%	3%	9%
Other	61%	76%	64%
Producers reporting only Fairtrade certification	27%	8%	23%
Producers reporting at least one other certification in addition to Fairtrade	73%	92%	77%

Figure 5.8 shows the average areas of cultivation for the different products for the farmers in Fairtrade small producer organizations, broken down by region.

Globally, the average area cultivated per farmer across all products and regions is just 1.4 hectares. Farmers in Latin America and the Caribbean are cultivating plot sizes that are on average more than three times larger than those in Africa, and twice as large as those in Asia and Pacific. Small-scale tea farmers cultivate the smallest plots, while average plot sizes for products such as quinoa, wine grapes and fruit juice range up to almost eight hectares. Overall, the data clearly demonstrate the importance of Fairtrade's work with very small-scale farmers, particularly in Africa and the Middle East, where plots average just 0.9 hectares.

Fairtrade has also analysed data that show the range of plot sizes within certified small producer organizations, for different products and regions (Figure 5.9). The data show that 88 percent of all Fairtrade farmers have plot sizes smaller than five hectares. For Africa and the Middle East and Asia and Pacific, the proportion of farmers with less than five hectares is more than 90 percent. For products such as tea and cotton, close to 100 percent of farmers have plots of less than five hectares.

The biggest concentration of larger plots—plots of more than 20 hectares—is found amongst farmers in Latin America who produce quinoa and fresh fruits. Sugar farmers also tend to have larger plots.

Working with smaller farmers presents some challenges for producer organizations, particularly for producer organizations in Africa and Asia which tend to be working with very small-scale farmers. Even where a small-scale farmer is able to maximise the production potential of their plot, a producer organization working with small-scale farmers often needs to have a very large membership to ensure that there are sufficient product volumes to be commercially viable. This in turn brings challenges in ensuring good internal controls, good communication between the administration and the members, and building knowledge and skills amongst the members. This can be particularly challenging for the larger small producer organizations if they are not sufficiently well-resourced to ensure strong extension or member outreach services. For this reason, many small producer organizations use a proportion of their Fairtrade Premium to invest in the management, facilities and services that their organizations can offer to the membership.

5.6 ORGANIC AND OTHER CERTIFICATIONS

Of all Fairtrade certified producer organizations in the 2014 data sample, 77 percent reported holding at least one other certification in addition to Fairtrade (Table 5.2)—an increase from 73 percent in 2013. Hired labour organizations are significantly more likely to hold additional certifications than small producer organizations, with 92 percent of all plantations holding other certifications. For many producer organizations, multiple certifications are a mechanism to ensure a wider market for their products, to meet export standards, and to reduce risk.

Organic continues to be by far the most frequently reported additional certification, with 52 percent of all Fairtrade certified producers in the data sample reporting an organic certification. The percentages of Fairtrade producer organizations reporting holding UTZ or Rainforest Alliance certification alongside Fairtrade increased slightly in comparison with 2013 figures. Producers holding these certifications are concentrated in Peru, Colombia, Kenya, and Côte d'Ivoire.

RESEARCH INSIGHT: ASSESSING THE POVERTY EFFECTS OF CERTIFICATION IN UGANDA

Recently published research by a team from the Georg-August University of Göttingen, Germany and the International Food Policy Research Institute (IFPRI), analyses and compares the impacts of three sustainability-oriented standards—Fairtrade, Organic, and UTZ—on the livelihoods of smallholder coffee farmers in Uganda. The researchers selected three cooperatives with similar agro-ecological and market access conditions, located in the Central Region of Uganda. The cooperatives held different combinations of UTZ, Fairtrade, and Organic certifications. Using survey data and propensity score matching with multiple treatments, the research found that Fairtrade certification in this context increased household living standards by 30 percent and reduced the prevalence and depth of poverty amongst certified farmers. For the other two certification schemes, no significant impacts were found.

The research team considered a number of different potential impact pathways as possible explanations for these observed differences. They concluded there were important differences between the prices that farmers received within the different certification schemes. The analysis found that on average, Fairtrade farmers received about double the price compared with farmers selling their coffee through UTZ, Organic, or non-certified channels. This, the researchers concluded, was the result of two primary factors.

Firstly, the Fairtrade Minimum Price for coffee becomes applicable whenever the free market price falls below a certain threshold (which happened repeatedly during the two seasons under review in this research). The researchers concluded that the Fairtrade Minimum Price guarantee raised the average price for Fairtrade farmers by 30 percent.

Secondly, the Fairtrade cooperative was processing most of the coffee delivered by certified farmers and selling it in the form of green beans, whereas the UTZ and Organic cooperatives sold coffee primarily at the 'kiboko' (sun-dried coffee cherries) stage. Non-certified farmers also sold their coffee as red cherries or as 'kiboko'. However, the researchers considered that there was a link between this value-addition through processing, and the Fairtrade certification. The Fairtrade farmers were able to add value because they could mill the coffee properly and had access to buyers of green beans—conditions which were not met for UTZ, Organic, and non-certified farmers. The research also noted that the Fairtrade Premium provided additional financial benefit, which was invested in improved processing facilities and other infrastructure.

The researchers found important differences between the cooperatives in terms of access to buyers. The Fairtrade cooperative was entirely managed by its member farmers, held its own Fairtrade certification, and sold coffee directly to exporters in Kampala. There were several Fairtrade exporters in Kampala buying coffee in the green bean stage, generating competition and some scope to negotiate prices. In contrast, the UTZ and Organic cooperatives did not hold certification documents themselves. In this context the UTZ and Organic certification efforts were part of NGO programmes linking farmers to specific export companies in order to ensure access to certified international markets.

These companies cover part of the certification and monitoring costs. In exchange, it is they, not the cooperatives, who own the certification documents. A contract specifies that the UTZ and Organic cooperatives can sell their certified coffee only to these exporters, who determine prices and processing stages. Most of the UTZ and Organic coffee was being sold to these exporters in the 'kiboko' stage.

The research also points to another possible impact pathway that may lead to benefits for Fairtrade farmers through higher capital investments. The Fairtrade Minimum Price, which ensures that coffee prices never sink below a certain minimum level, can potentially encourage risk-averse farmers to invest more in better equipment and improved production technology, which could in turn lead to higher returns in the future. The research found that the value of productive assets was significantly higher for Fairtrade farmers compared to all other sample farmers combined. Fairtrade farmers also bought slightly more assets than other farmers during the last five years. This is not proof of any causal relationship, but it does indicate that capital investments may play a role.

The researchers stress that their data come from a single context and the findings cannot be generalized to other settings without further analysis. The study does not attempt to assess all possible impacts of certification, but focuses only on the socio-economic implications for smallholder producers in terms of living standards and poverty. For example, the full range of potential environmental or social benefits of the different certification systems were not analysed. The researchers also make the point that while they concluded that the Fairtrade Minimum Price and Fairtrade Premium were helping to reduce poverty among coffee farmers in Uganda, these pricing elements are not intrinsically tied to sustainable production methods.

The research is published in the journal *World Development* and available at <http://dx.doi.org/10.1016/j.worlddev.2014.09.006>

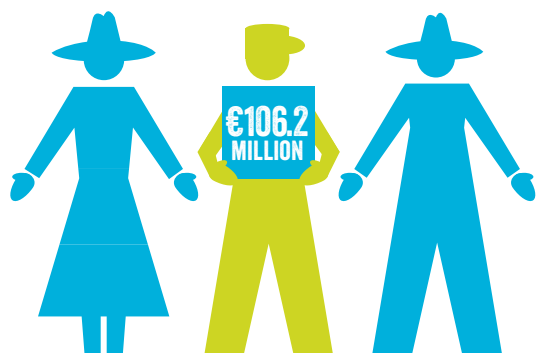
A man with a joyful expression is shown from the chest up, standing in a lush green coffee field. He is wearing a dark blue baseball cap with the word 'Alpina' in white script, a light blue short-sleeved button-down shirt with orange trim on the sleeves, and a white striped scarf tied around his neck. He holds a handful of ripe, red and yellow coffee cherries in both hands, presenting them towards the camera. The background is filled with dense coffee plants and a misty, mountainous landscape under a soft sky.

CHAPTER 6

FAIRTRADE

PREMIUM

€106.2 MILLION
IN FAIRTRADE PREMIUM
PAID TO PRODUCERS IN
2013–14



ON PLANTATIONS,
WORKERS SPENT
26% OF
THEIR FAIRTRADE PREMIUM
ON EDUCATION



26% EDUCATION

ON AVERAGE,
FAIRTRADE PRODUCER ORGANIZATIONS
RECEIVED MORE THAN
€100,000



IN FAIRTRADE PREMIUM

SMALL PRODUCER
ORGANIZATIONS SPENT
31% OF
THEIR FAIRTRADE PREMIUM ON
INVESTMENTS SUPPORTING
PRODUCTIVITY
OR QUALITY IMPROVEMENTS



6.1 HOW MUCH FAIRTRADE PREMIUM DID FAIRTRADE PRODUCER ORGANIZATIONS RECEIVE IN 2013–14?

In 2013–14, producer organizations reported receiving €106.2 million in Fairtrade Premium income (Figure 6.1). This was an increase of 12 percent over the 2012–13 figure, the result of increased Fairtrade sales volumes for several products. As in 2012–13, 85 percent of all Fairtrade Premium income was received by small producer or contract production organizations, while 15 percent of all Fairtrade Premium income went to plantations.

The amount of Fairtrade Premium earned continued to increase strongly for several of the major products, including bananas, coffee, cocoa, flowers, and cotton. The Fairtrade Premium earned from coffee sales grew by 12 percent, and because coffee is by far the biggest product for Fairtrade, this growth also accounts for much of the continued strong growth in the Fairtrade Premium overall. The Fairtrade Premium earned for banana sales—the second largest Fairtrade product—also grew by 12 percent. Smaller products such as nuts, herbs, herbal teas and spices, honey, gold, and wine grapes also reported strong Fairtrade Premium increases with increases in sales volumes.

When we look at the Fairtrade Premium distribution by product (Figure 6.2), we see that the seven core Fairtrade products account for 95 percent of all Fairtrade Premium. As in the two previous years, the balance of Fairtrade Premium share has continued to move back towards coffee—increasing slightly from 46 to 47 percent of the total. The share for cocoa, sugar, flowers, and seed cotton remained the same as last year, while tea decreased by one percentage point. The share of the Fairtrade Premium going to other products remained constant at five percent.

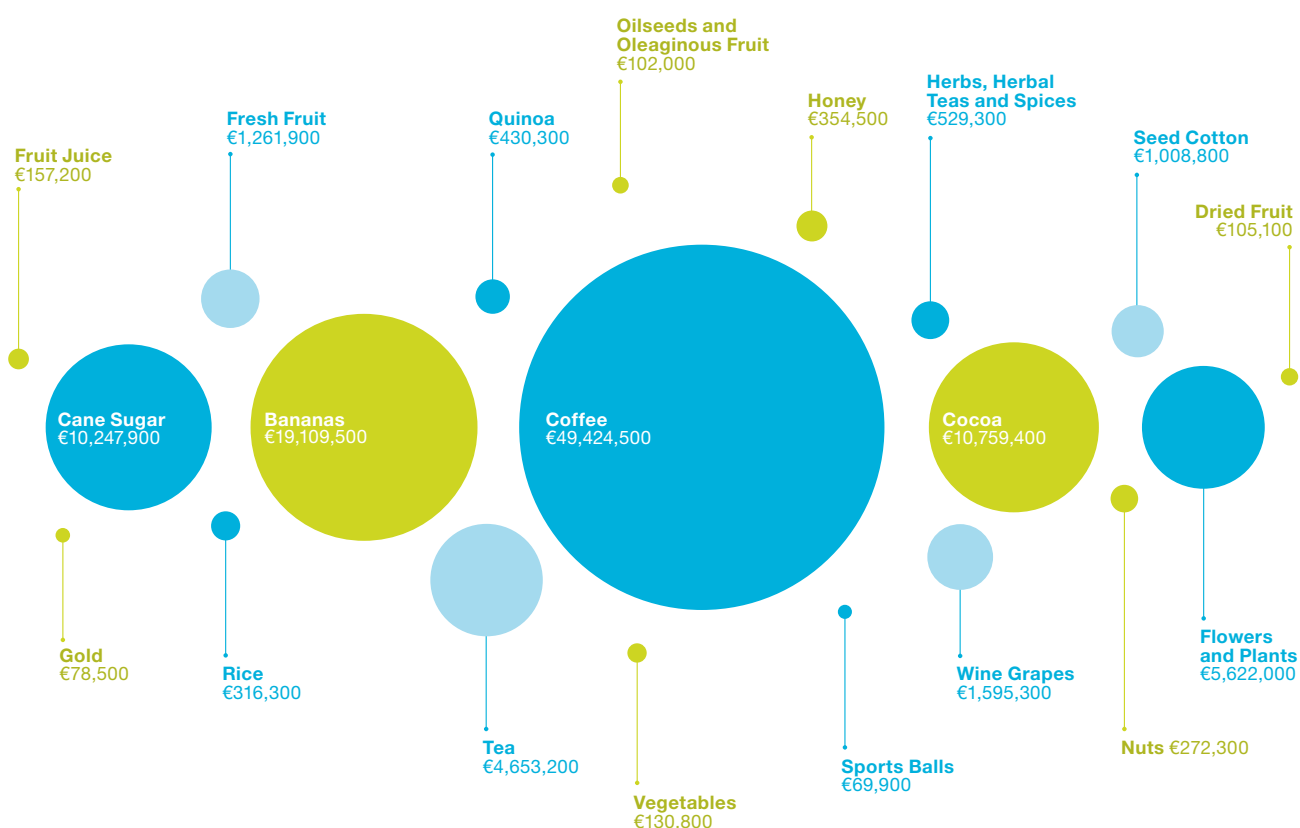
When we consider the average distribution of the Fairtrade Premium to producer organizations by product (Figure 6.3), we see that small producer organizations for bananas, cane sugar, cocoa, and coffee have the highest average Fairtrade Premium receipts. Coffee has maintained its position near the top of the scale. In 2010–11, the average Fairtrade Premium received by a Fairtrade coffee organization was just under €70,000.

Previous page: Freddy holds a handful of freshly-picked coffee cherries. Cooperativa de Caficultores de Manizales is a Fairtrade certified coffee producer in Colombia.

© Sean Hawkey

FIGURE 6.1

FAIRTRADE PREMIUM REPORTED RECEIVED BY PRODUCER ORGANIZATIONS BY PRODUCT 2013–14 (€)

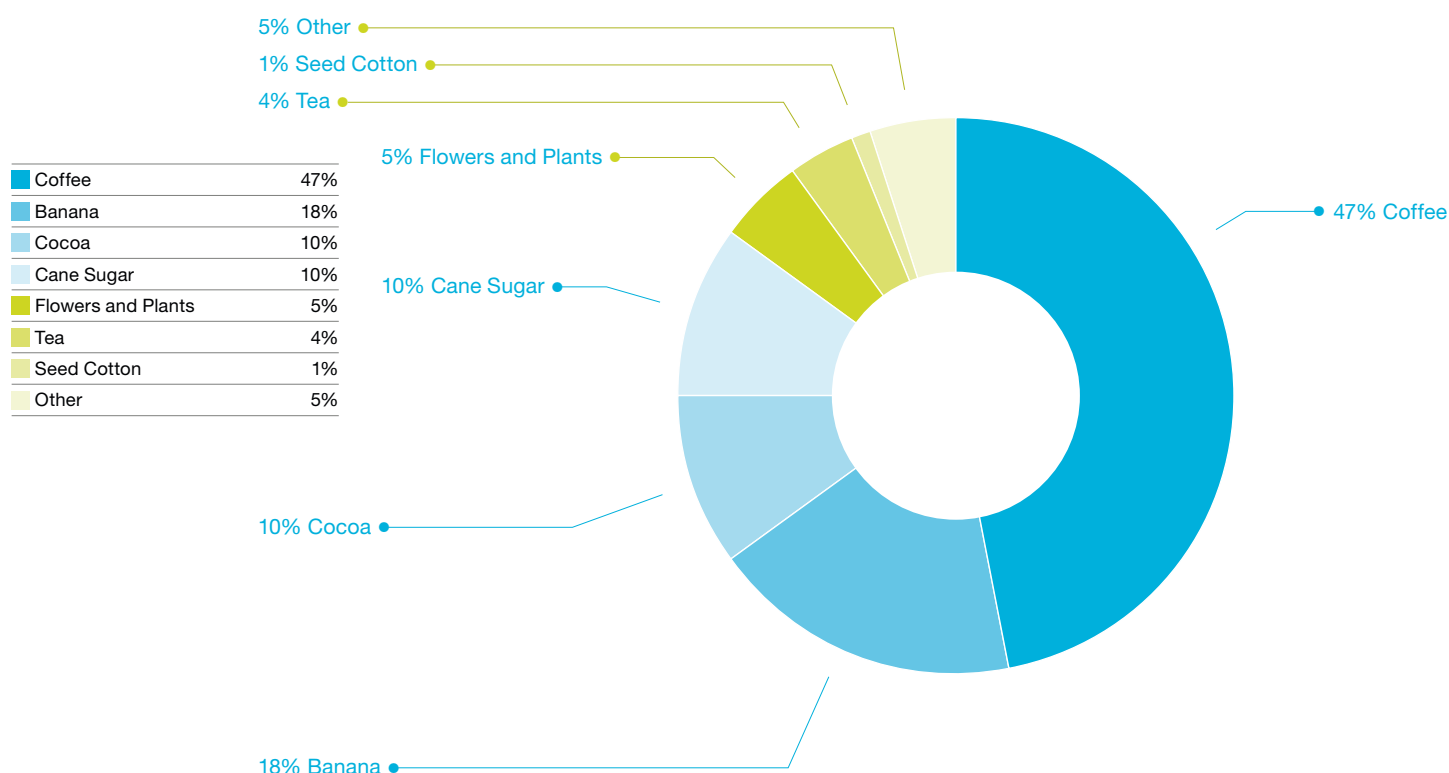


Note: Numbers may not sum due to rounding.

Global Total €106,228,800

FIGURE 6.2

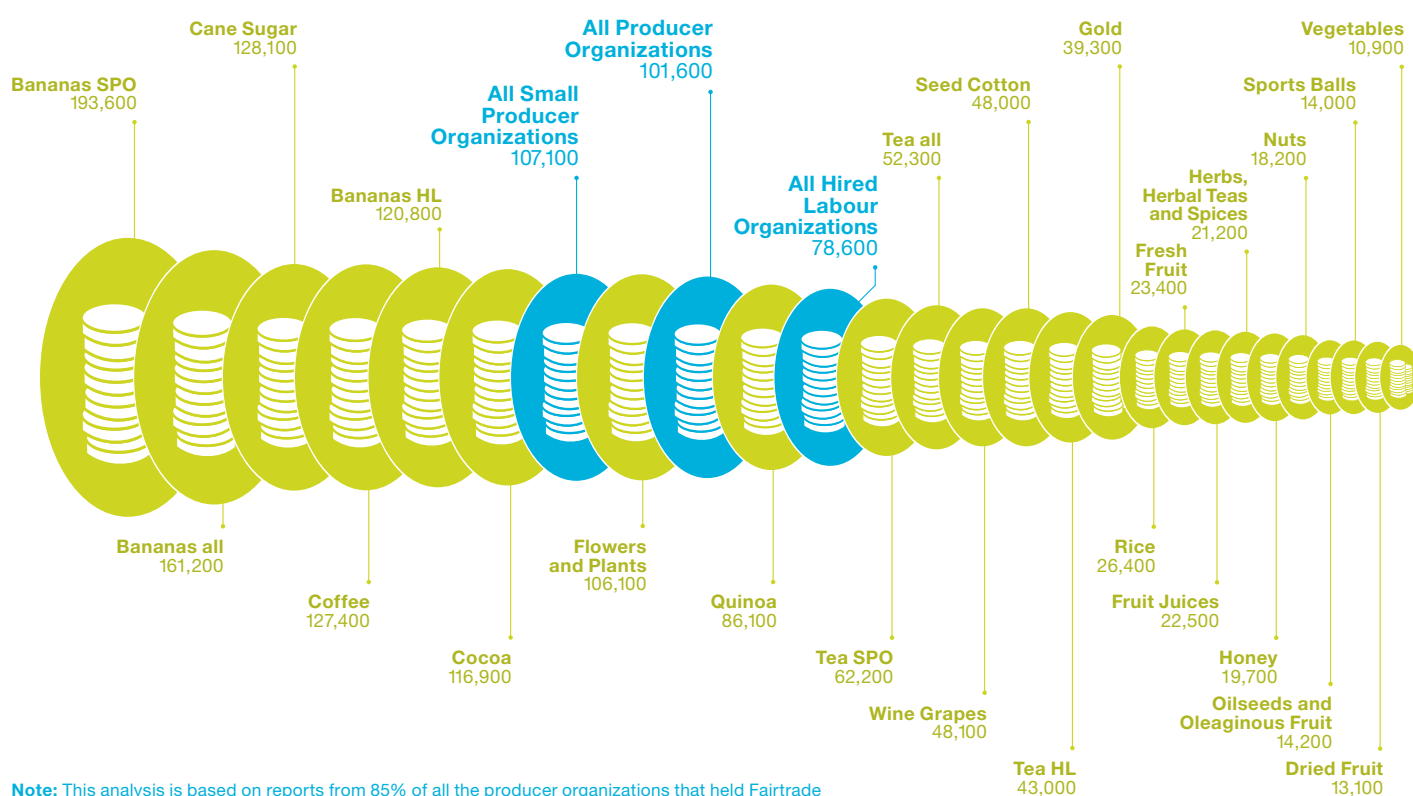
FAIRTRADE PREMIUM DISTRIBUTION BY PRODUCT 2013–14



Note: Percentages may not sum due to rounding.

FIGURE 6.3

AVERAGE FAIRTRADE PREMIUM RECEIVED BY PRODUCER ORGANIZATION BY PRODUCT 2013–14 (€)



Note: This analysis is based on reports from 85% of all the producer organizations that held Fairtrade certification at the end of 2014. It includes only those producer organizations that were Fairtrade certified and eligible to receive Fairtrade Premium during the whole reporting period. It excludes producer organizations that were applicants at the time of the audit, but which became certified during 2014. It also excludes producer organizations that did not report their Fairtrade Premium receipts.

By 2013–14, this value had increased to €127,400, partly as a result of the Fairtrade Premium value for coffee being increased from US\$0.10 to US\$0.20 per pound in 2011.

At the other end of the scale, the average annual Fairtrade Premium receipts reported by organizations producing vegetables, oilseeds and oleaginous fruits, nuts, honey, dried fruit and sports balls was less than €20,000. These figures include groups that made no Fairtrade sales at all—and therefore reported zero Fairtrade Premium receipts. Those that did report Fairtrade sales and Fairtrade Premium typically therefore receive a higher amount than the averages suggest. Nevertheless, the data show that producers of many of the smaller Fairtrade products need to have greater access to Fairtrade markets to start generating levels of Fairtrade Premium that can make a more significant difference.

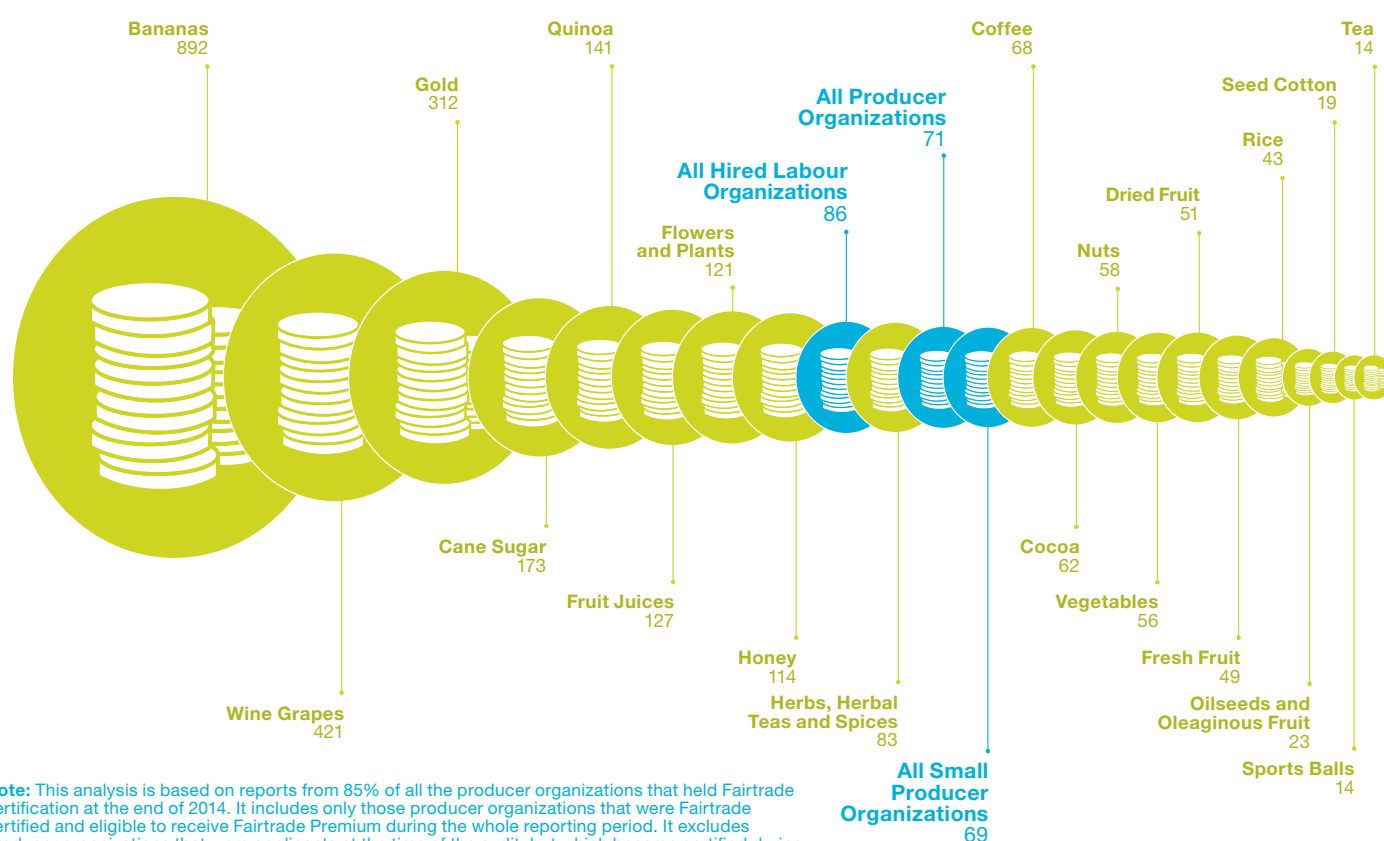
Overall, however, the gap between the products that performed best and those that performed worst on this metric has narrowed in 2013–14, with banana producer organizations receiving slightly less on average than in 2012–13, and products such as vegetables, oilseeds, nuts, and honey receiving slightly more.

In 2013–14, a Fairtrade small producer organization received on average €28,500 more in Fairtrade Premium than a Fairtrade plantation. While flower farms received quite high levels of Fairtrade Premium per organization, this was much lower for tea plantations, and very low for sports ball factories. This was the result of the low levels of sales on Fairtrade terms in tea and sports balls.

Fairtrade Premium income is intended for collective use by farmers and workers, and as such the organizational-level income may be the most relevant to understanding the potential impact of the Fairtrade Premium in any given context. However, looking at Fairtrade Premium values per member or worker gives an indication of the differential benefits within the Fairtrade system, depending on product and geography. It also highlights the challenges for the Fairtrade Premium to make a difference in producer organizations with a large membership or workforce, for example through collective projects that benefit a large group of people.

FIGURE 6.4

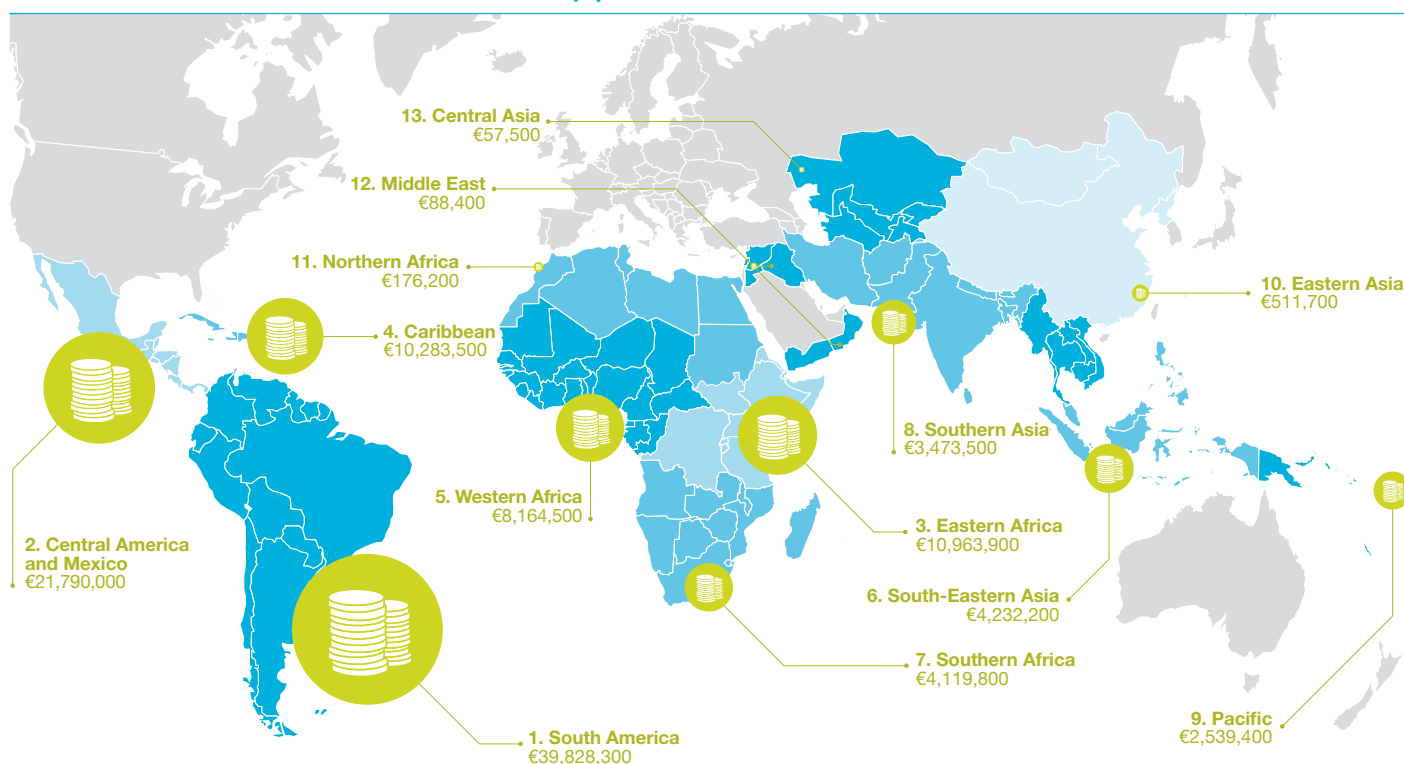
AVERAGE FAIRTRADE PREMIUM RECEIVED PER FARMER OR WORKER BY PRODUCT 2013–14 (€)



Note: This analysis is based on reports from 85% of all the producer organizations that held Fairtrade certification at the end of 2014. It includes only those producer organizations that were Fairtrade certified and eligible to receive Fairtrade Premium during the whole reporting period. It excludes producer organizations that were applicants at the time of the audit, but which became certified during 2014. It also excludes producer organizations that did not report their Fairtrade Premium receipts.

FIGURE 6.5

FAIRTRADE PREMIUM RECEIVED BY REGION 2013–14 (€)



Note: Numbers may not sum due to rounding.

In 2013–14, banana producers again had the highest Fairtrade Premium income per individual member or worker, with a considerable gap between bananas and all other products (Figure 6.4). However, the overall gap between banana producers and others decreased somewhat in 2013–14 in comparison with previous years. On average, banana producer organizations received Fairtrade Premium equivalent to €892 per farmer or worker, a drop of €86 in comparison with 2012–13 levels. This is a stark contrast with coffee where the average was just €68.

Some products that do not achieve a high average level of Fairtrade Premium per organization do show quite high *per capita* levels. For example, honey, gold, fruit juices, quinoa and wine grapes producers show better results in Figure 6.4 than they do in Figure 6.3, because they are typically quite small organizations.

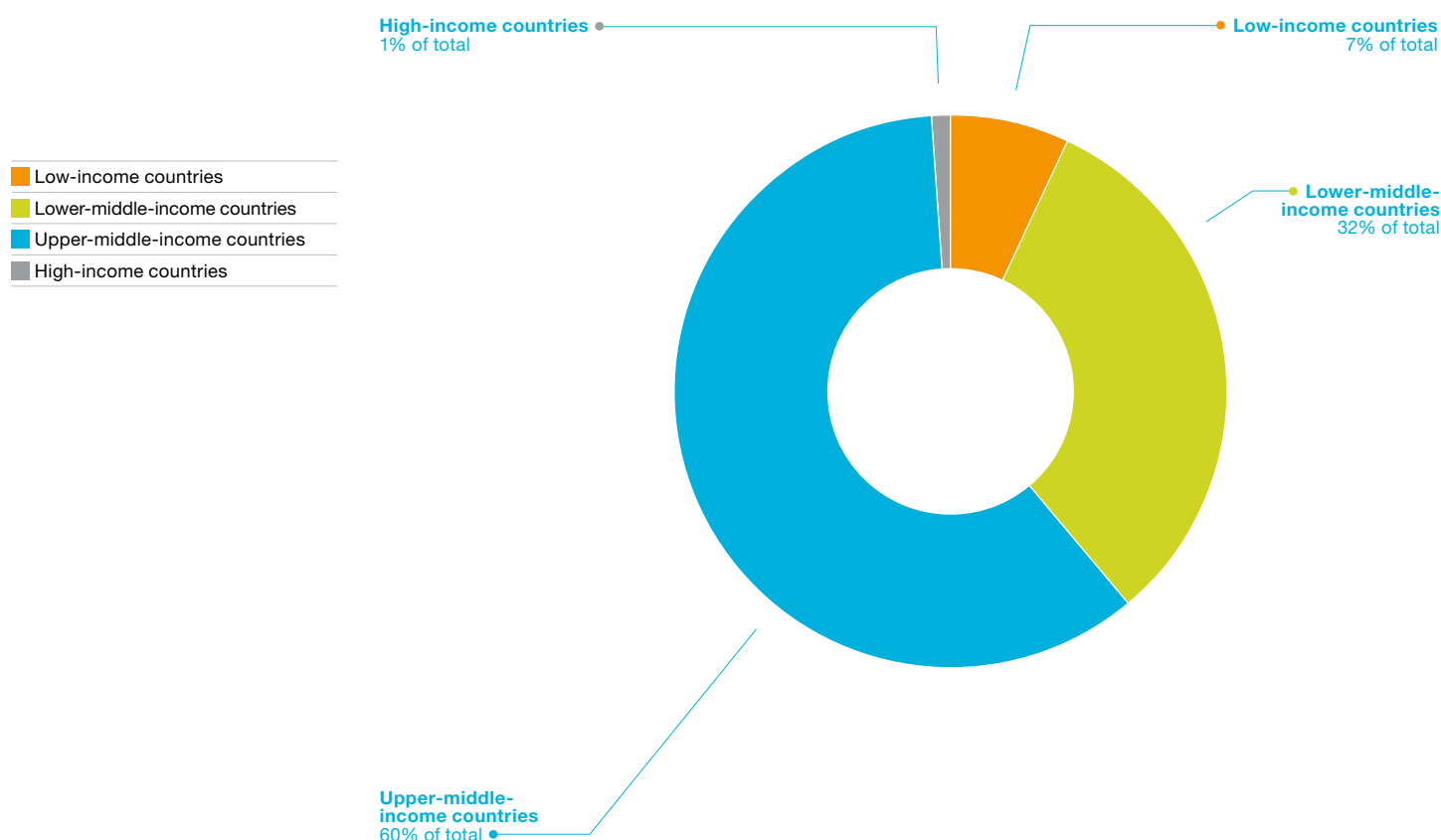
In contrast, although coffee and cocoa show quite high Fairtrade Premium receipts at the producer organization level, the *per capita* levels are much lower. This is the dilution effect that very large member organizations can have, particularly the large coffee unions and a few large cocoa organizations in Africa. A similar pattern is seen for tea in both hired labour and small producer organizations. However, again as a result of the 2011 increase in the Fairtrade Premium for coffee, the *per capita* value for coffee increased over the last two years—from €35 in 2010–11 to €68 in 2013–14, moving coffee gradually to the left in Figure 6.4.

When we look at the geographical distribution of the Fairtrade Premium by region or country (Figure 6.5), the sub-regions that receive the greatest amount of Fairtrade Premium are those where large quantities of the major Fairtrade products are produced, while sub-regions where there are still very few Fairtrade producers, such as the Middle East or Central Asia, receive the least Fairtrade Premium.

Fairtrade Premium receipts grew in all three producer regions. In Latin America and the Caribbean, there was a 13 percent increase on 2012–13 levels. In Africa and the Middle East the growth was 11 percent, while growth in Asia and Pacific was more gradual with a three percent increase.

FIGURE 6.6

FAIRTRADE PREMIUM DISTRIBUTION AND COUNTRY ECONOMIC STATUS 2014



Producers in low-income countries received around seven percent—almost €8 million—of all Fairtrade Premium in 2013–14. Since Kenya was reclassified from a low-income country to a lower-middle-income country in 2013, the percentage of Fairtrade Premium flowing to producers in low-income countries appeared to reduce. However, when we adjust for the change to Kenya’s status we find that if Kenya had been excluded from the 2012–13 analysis, the share of Fairtrade Premium would have remained steady at seven percent for both years.

Producers in lower-middle-income countries received 32 percent of the Fairtrade Premium in 2013–14. Sixty percent of the Fairtrade Premium was paid to producers in upper-middle-income countries (Figure 6.6).

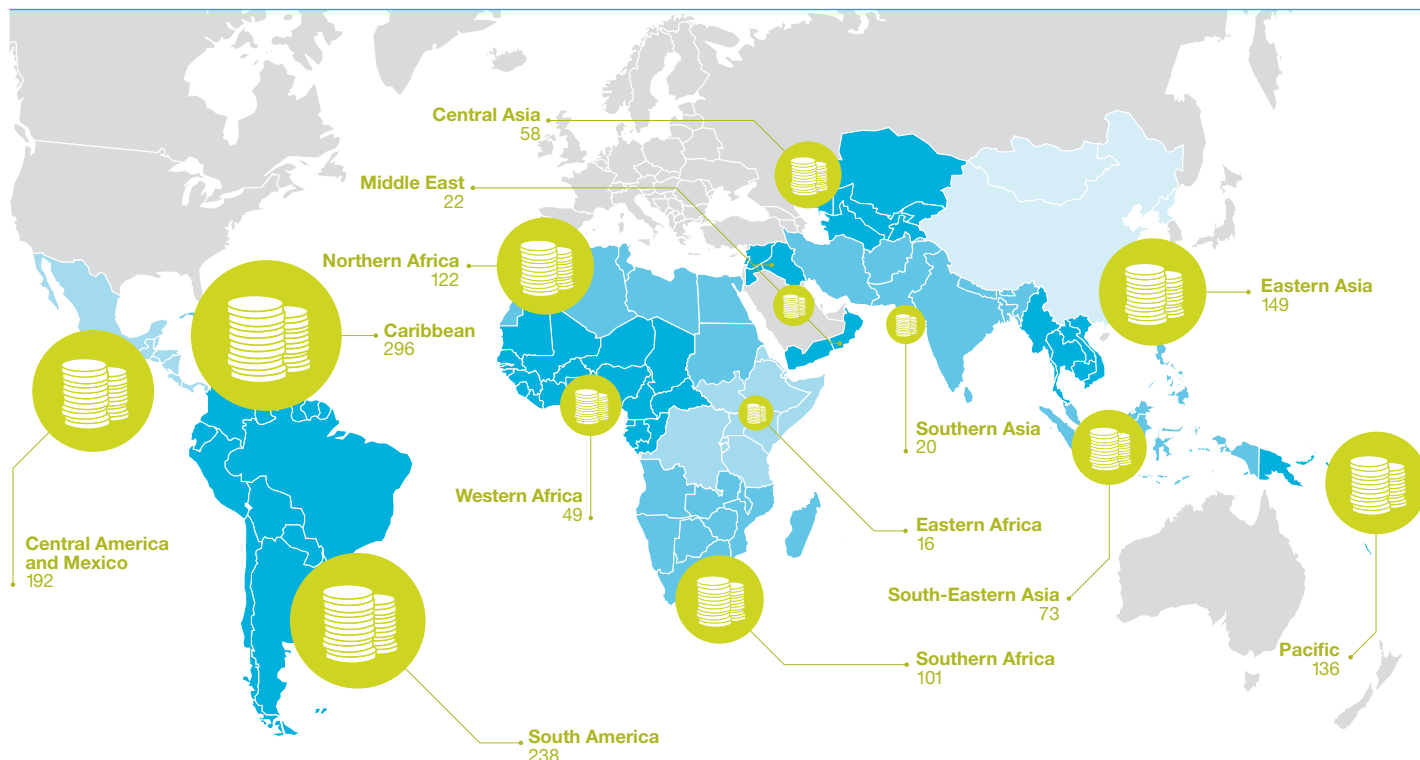
Key Fairtrade banana, sugar, cocoa and coffee-producing countries feature strongly in the top ten Fairtrade Premium-receiving countries, accounting for more than €67 million in Fairtrade Premium receipts. In 2013–14 the top ten countries accounted for 63 percent of all Fairtrade Premium receipts from producer organizations, compared with 65 percent in 2012–13.

When we look at the *per capita* distribution of Fairtrade Premium between regions (Figure 6.7), we see again the dilution effect of large numbers of farmers and workers in Eastern and Western Africa and in Southern Asia. For example, although the total Fairtrade Premium going to Eastern Africa in 2013–14 was slightly higher than that going to the Caribbean (€11 million and €10.2 million respectively), the *per capita* Fairtrade Premium for the Caribbean was almost 20 times greater than that in Eastern Africa—€296 compared with €16. This reflects the much smaller producer organization sizes in the Caribbean, and larger land sizes allowing greater *per capita* crop production and sales.

The *per capita* Fairtrade Premium in Eastern Africa fell in comparison with 2012–13, because of the certification of several new large producer organizations which had not yet started to gain Fairtrade Premium. The low *per capita* Fairtrade Premium levels in Eastern Africa and Southern Asia represent the challenge of ensuring that the very large

FIGURE 6.7

AVERAGE FAIRTRADE PREMIUM RECEIVED PER FARMER OR WORKER BY REGION 2013–14 (€)



Note: This analysis is based on reports from 85% of all the producer organizations that held Fairtrade certification at the end of 2014. It includes only those producer organizations that were Fairtrade certified and eligible to receive Fairtrade Premium during the whole reporting period. It excludes producer organizations that were applicants at the time of the audit, but which became certified during 2014. It also excludes producer organizations that did not report their Fairtrade Premium receipts.

Global Average

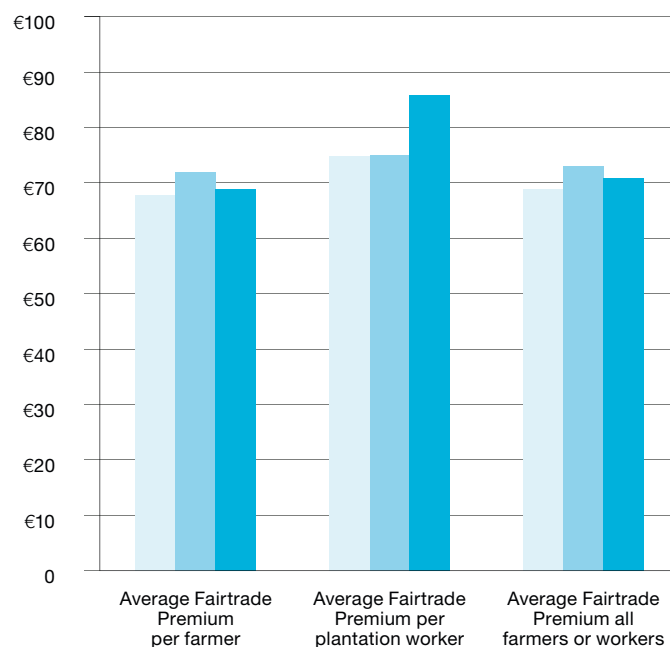
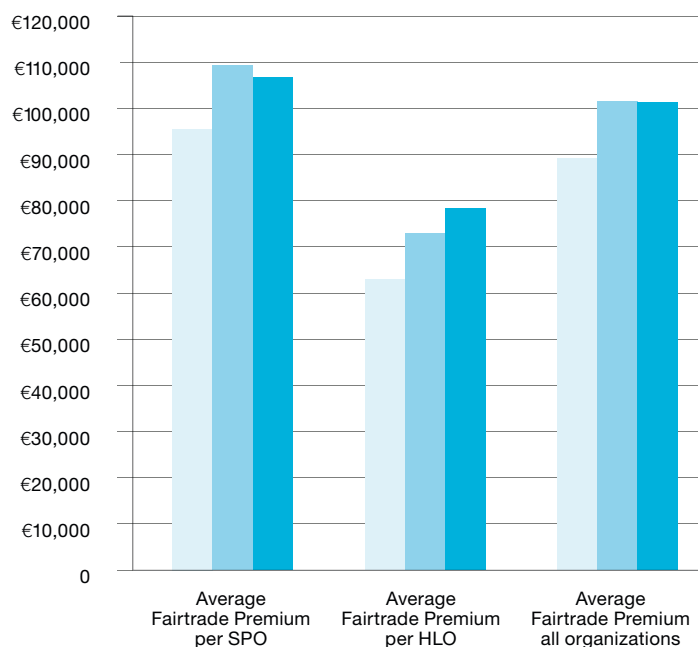
€71

FIGURE 6.8

FAIRTRADE PREMIUM RECEIVED GLOBAL AVERAGES 2011–14 (€)



Note: This analysis is based on reports from 85% of all the producer organizations that held Fairtrade certification at the end of 2014. It includes only those producer organizations that were Fairtrade certified and eligible to receive Fairtrade Premium during the whole reporting period. It excludes producer organizations that were applicants at the time of the audit, but which became certified during 2014. It also excludes producer organizations that did not report their Fairtrade Premium receipts.



producer unions in Africa in particular receive meaningful benefits from Fairtrade. It also highlights the challenge of increasing the market for Fairtrade tea in general.

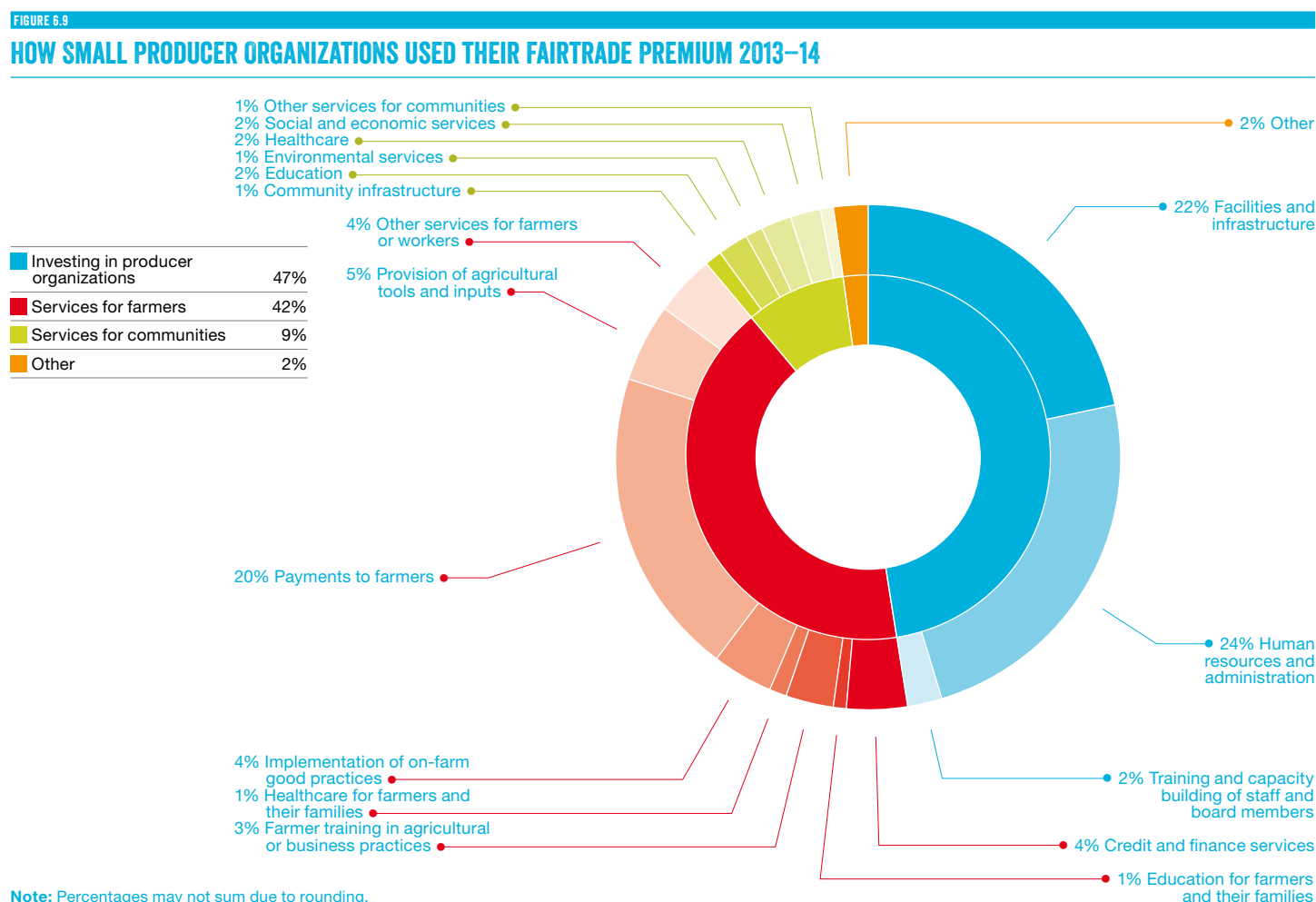
Overall, the average Fairtrade Premium received per Fairtrade producer organization stood at more than €100,000 in 2013–14. Per organization and *per capita* values increased for plantations and fell very slightly for small producer organizations (Figure 6.8).

6.2 HOW WAS THE FAIRTRADE PREMIUM USED IN 2013–14?

The Fairtrade Premium is a fixed amount which is paid above the purchase price for the Fairtrade product. It allows farmers and workers to address the specific needs of their organizations, their members and their communities. Accordingly, Fairtrade farmers and workers elect to use the Fairtrade Premium in hundreds of different ways. It is impossible to capture the full diversity and detail of Fairtrade Premium expenditure in this report. Accordingly, we categorize Fairtrade Premium use into broad spending categories to give an indication of how farmers and workers are choosing to use it. The Fairtrade Premium expenditure categories are defined in detail in Annex 1 of this report. They differ between plantations and small farmer organizations.

In 2013–14, members of small producer organizations overwhelmingly elected to invest in direct services for farmers (42 percent), or in measures intended to strengthen or maintain the cooperative (47 percent). In particular, 22 percent of the Fairtrade Premium across all products was used to develop producer organization facilities and infrastructure, such as improvements to facilities for crop processing and storage, quality testing, crop collection and transport, all of which can have a positive impact on a producer organization's ability to provide a good quality crop to buyers (Figure 6.9).

Direct services to farmers included a large number of dividends to cooperative members, a practice which has become widespread for coffee in particular since a spike in coffee prices in 2011, but which is also important for the other smallholder products.



Direct payments accounted for 20 percent of all Fairtrade Premium expenditure, a slight increase since 2012–13.

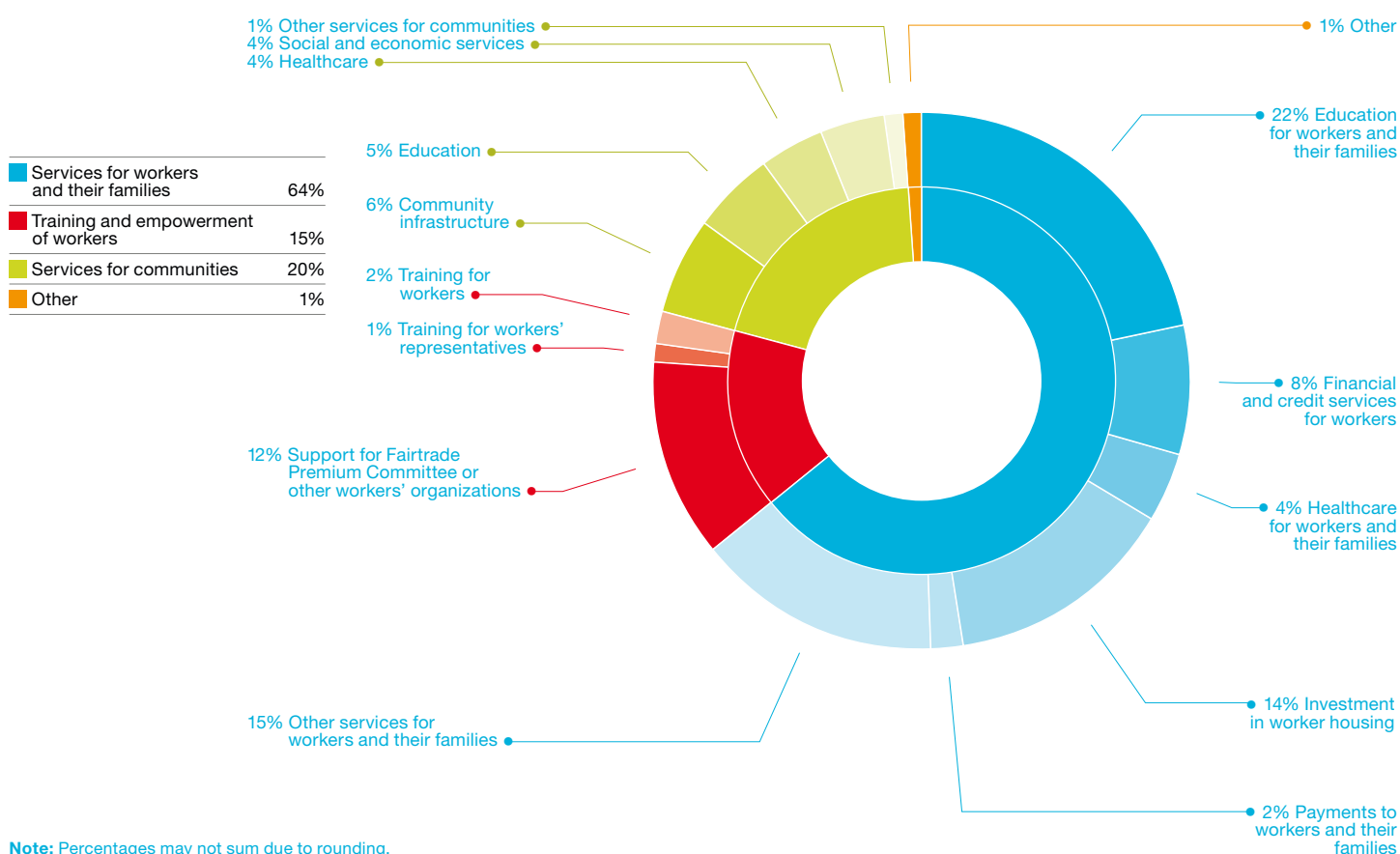
Producer organizations used five percent of the Fairtrade Premium to supply or subsidize inputs such as fertilizers, seeds, plants, tools, or other equipment to their farmer members, all of which can enhance productivity and crop quality. A further seven percent was used either for training farmers or to help them to implement good practices at farm level, and four percent was used to supply credit and financing to farmers.

Since 2011, in coffee specifically, a quarter of the Fairtrade Premium has been earmarked for productivity and quality improvements, and this is now resulting in increased investment in infrastructure to support better quality management. Investment in quality and productivity is also recommended in the Fairtrade Standards for cocoa farmer organizations. For 2013–14, taking into account investments in shared infrastructure, farmer training, farmer inputs, and producer organization staff training, we estimate that around 31 percent of Fairtrade Premium was used for investments with the potential to support improvements in productivity and quality.

Spending on projects intended to benefit the wider community remained at nine percent of all Fairtrade Premium use. In addition, six percent was used to provide education, healthcare and other services to cooperative members and their families. On plantations, community investments grew slightly to 20 percent. These investments were spread fairly evenly between education, infrastructure, health, and other social and economic services (Figure 6.10).

FIGURE 6.10

HOW HIRED LABOUR ORGANIZATIONS USED THEIR FAIRTRADE PREMIUM 2013–14



Direct support for workers and their families decreased very slightly to account for 64 percent of all Fairtrade Premium use on plantations. Four percent was spent on healthcare for workers and their families, while 14 percent was dedicated to improvements in workers' housing. Eight percent was used for financial services such as loans and credit. Fifteen percent was used for 'other' services for workers, comprising a wide range of purposes such as transport, subsidized shops, and child nursery facilities. For many workers, the Fairtrade Premium has become a resource to help them meet their daily needs as living costs in many countries continue to increase. It can also be used to support workers to meet the costs of life's exceptional challenges—such as a sudden illness or the cost of a funeral—without falling into debt.

Overall, 27 percent of the Fairtrade Premium on plantations was used for educational purposes, either to support the education of workers and their families directly, or to support education and schools in the wider community. This was an increase of five percent on last year's levels. This support includes the provision of bursaries, books, uniforms, school buildings, transport, teacher training, and school equipment and facilities.

Around 12 percent of the Fairtrade Premium is used to support the running costs of workers' organizations including the Fairtrade Premium Committee. Combined with the three percent of Fairtrade Premium dedicated to training workers and their representatives, this can support organizational strengthening and worker empowerment, and is also important to ensure good management of the Fairtrade Premium. When used to support the work of trade unions in plantations, it can contribute to strengthened collective bargaining, freedom of association, and knowledge of labour rights.

Across both plantations and small farmer organizations, more than six percent of the Fairtrade Premium was spent on services aimed at supporting women or children and young people specifically, including education services.

PRODUCER REPORT

COCOA SMALLHOLDERS BUILDING BIG COMMUNITIES IN GHANA



Small-scale producers can become Fairtrade certified if they are organized into associations with democratic structures and transparent administration. Kuapa Kokoo is one such cooperative leading the way in the west of Ghana. Founded in 1993 and certified by Fairtrade two years later, Kuapa Kokoo—which means 'good cocoa farmer' in the local Twi language—predominantly includes smallholders living in remote and deprived parts of the country. They have little or no access to education, healthcare, clean drinking water or electricity, but they grow high quality cocoa on family-run farms each averaging less than seven hectares.

In 2012–13, Fairtrade sales accounted for more than 24,000 MT of Kuapa Kokoo cocoa—around half of their annual production. With the additional Fairtrade Premium this generated, the cooperative has been able to improve the livelihoods of its members. Health projects such as pump wells and mobile health clinics, and the construction or refurbishment of eight schools, have helped the farmers build confidence and independence and ensure a sense of community participation and ownership.

Read the full story here: <http://bit.ly/AboutKuapa>



CHAPTER 7.1

FOCUS ON FAIRTRADE

PRODUCTS

COFFEE

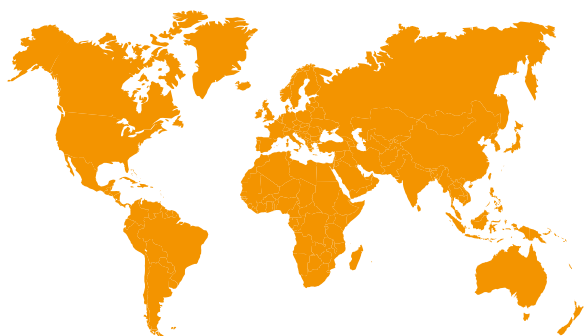
445 COFFEE
PRODUCER ORGANIZATIONS
REPRESENTING
812,500
COFFEE FARMERS IN 30 COUNTRIES



80% OF ALL
FAIRTRADE COFFEE
COMES FROM
LATIN AMERICA
AND THE CARIBBEAN



1.1 MILLION
HECTARES OF
COFFEE
CULTIVATED WORLDWIDE



COFFEE
FARMER ORGANIZATIONS RECEIVED
€49 MILLION
IN FAIRTRADE PREMIUM



IN 2013–14

7.1 FAIRTRADE FACT FILE: COFFEE

- At the end of 2014, 445 small producer organizations in 30 countries held a Fairtrade certificate for coffee. More than 812,000 small-scale farmers were members of these Fairtrade certified coffee producer organizations—an increase of ten percent since 2013.
- Volatile international prices continued to challenge coffee producers. Prices in 2013 had been very low, below cost of production in many cases. While prices for conventional coffee recovered in the first quarter of 2014, a new downward trend started in the final quarter of 2014. As part of our approach to addressing this challenge, Fairtrade began a global project to update our data about the cost of sustainable production for coffee.
- More than 75 percent of Fairtrade coffee sold comes from Latin America and the Caribbean, with Colombia producing the most Fairtrade coffee. Countries like Brazil and Peru remain in the list of top ten producer countries by volume, while origins in Africa and Asia such as Kenya, Ethiopia and Indonesia continue to grow the diversity of Fairtrade coffees.
- Fairtrade coffee farmers cultivate more than 1.1 million hectares worldwide, producing more than 549,000 MT of certified coffee in 2013–14. Thirty-four percent of this was also certified as organic.
- Fairtrade coffee sales showed a six percent increase in volume in 2013–14, with total reported Fairtrade sales volumes of 150,800 MT.
- Globally, 28 percent of the Fairtrade certified coffee produced was sold on Fairtrade terms by producer organizations. However, there are many Fairtrade coffee cooperatives that sell more than half of their production on Fairtrade terms. Fairtrade supports producers' commercial activities with an active presence at key industry events such as the Specialty Coffee Association of America's (SCAA) annual expo and the Coffee Tea Cocoa Global Industry Expo (COTECA). Alongside presentations on Fairtrade's impact, these events are an opportunity for commercial conversations between producers and partners to be nurtured via tasting sessions showcasing a diverse range of Fairtrade coffee grades and origins.
- Farmer organizations continue to benefit from the 2011 change in the Fairtrade Premium for coffee, which increased the Fairtrade Premium from US\$0.10 to US\$0.20 per pound of coffee. In 2013–14, coffee farmers received a total Fairtrade Premium equivalent to more than €49 million.
- In 2013–14, Fairtrade coffee producer organizations continued to invest a substantial portion (44 percent) of their Fairtrade Premium in improving the infrastructure, facilities and processes within their organizations. Another 46 percent was spent on direct services to farmers. This includes direct payment of Fairtrade Premium to individual farmers, which accounted for 24 percent of the total Fairtrade Premium for coffee.
- In 2014, the average Fairtrade coffee farmer in Africa was cultivating a plot of 0.8 hectares. Farmers in Asia and Pacific worked slightly larger plots of one hectare, while farmers in Latin America and the Caribbean cultivated coffee on plots of 3.1 hectares on average.
- Worldwide, the average Fairtrade coffee plot is 1.4 hectares, roughly the area of 1.3 football fields. This is a clear indication of Fairtrade's continued commitment to supporting small-scale farmers.
- The effects of climate change and the coffee rust outbreak continued to pose major challenges for coffee farmers. In 2014, Fairtrade International and the Producer Network for Latin America and the Caribbean (CLAC), launched a pilot project to recover bushes affected by coffee rust in El Salvador. The project fosters collaboration and learning between producer organizations from different countries in Central America. Project activities include using Fairtrade climate change programme tools to identify local risks, opportunities and interventions; interacting with national coffee sectors to explore available technologies and potential partnerships to address

Previous page: Hidayah picking coffee cherries at the Fairtrade certified cooperative, Koperasi Baithul Qiradh Baburrayyan (KBQB) in Indonesia.
© Nathalie Bertrams

climate change effects; and the recovery of a pilot coffee farm demonstration plot of eight hectares from the effects of coffee rust.

- Fairtrade is implementing a programme funded by the government of Finland to support the capacity building of coffee farmers in Nicaragua, Honduras and Guatemala.
- Fairtrade continued to nurture leadership among small-scale coffee farmers to support collaboration with the key stakeholders in the global coffee industry. Together with producers, commercial partners, the wider coffee industry, governments and other relevant stakeholders, Fairtrade is supporting the voices of small farmers to ensure that they are being heard at global and regional levels. This includes active engagement in global initiatives like the Vision 2020 platform, the Global Coffee Forum co-organized by the International Coffee Organization, and EXPO Milan 2015.

FIGURE 7.1

FAIRTRADE COFFEE: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE COFFEE CERTIFICATION 2008–2014

Number of producer organizations
with certification for Fairtrade coffee

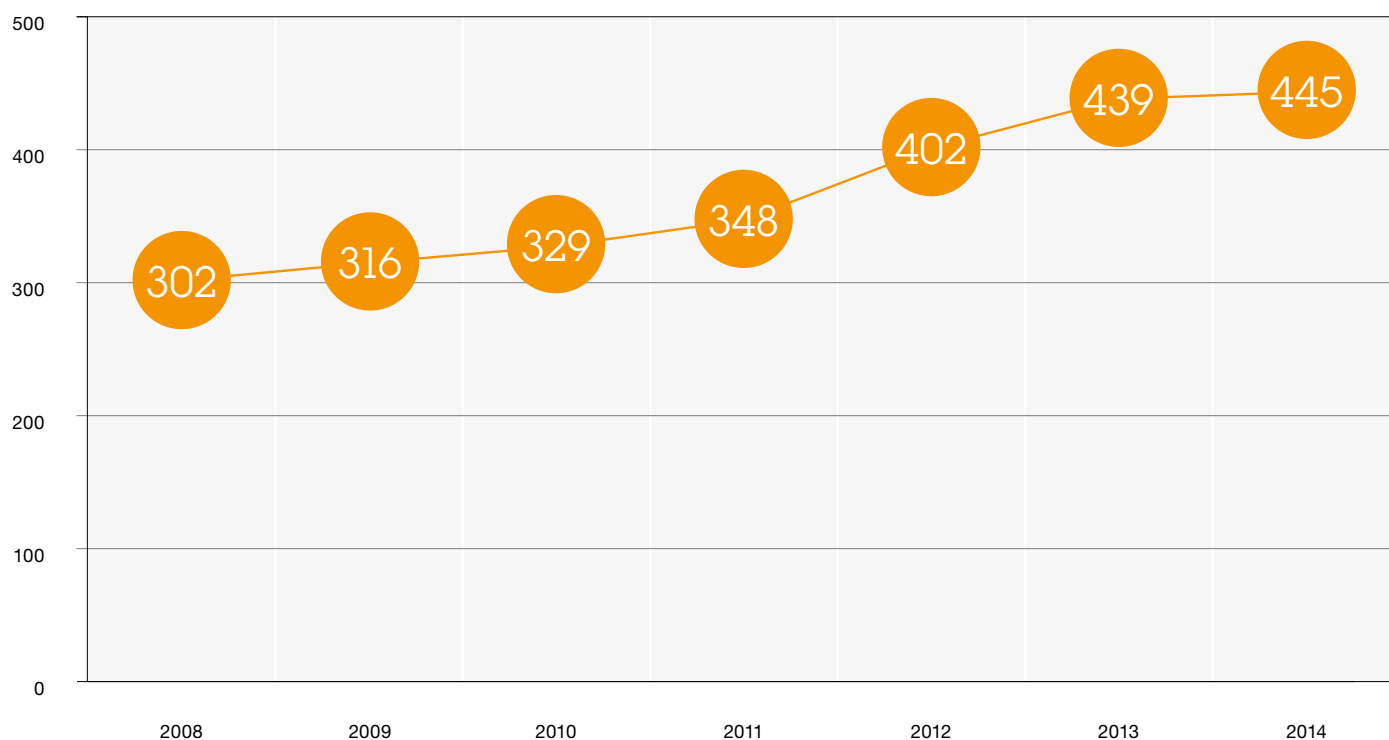
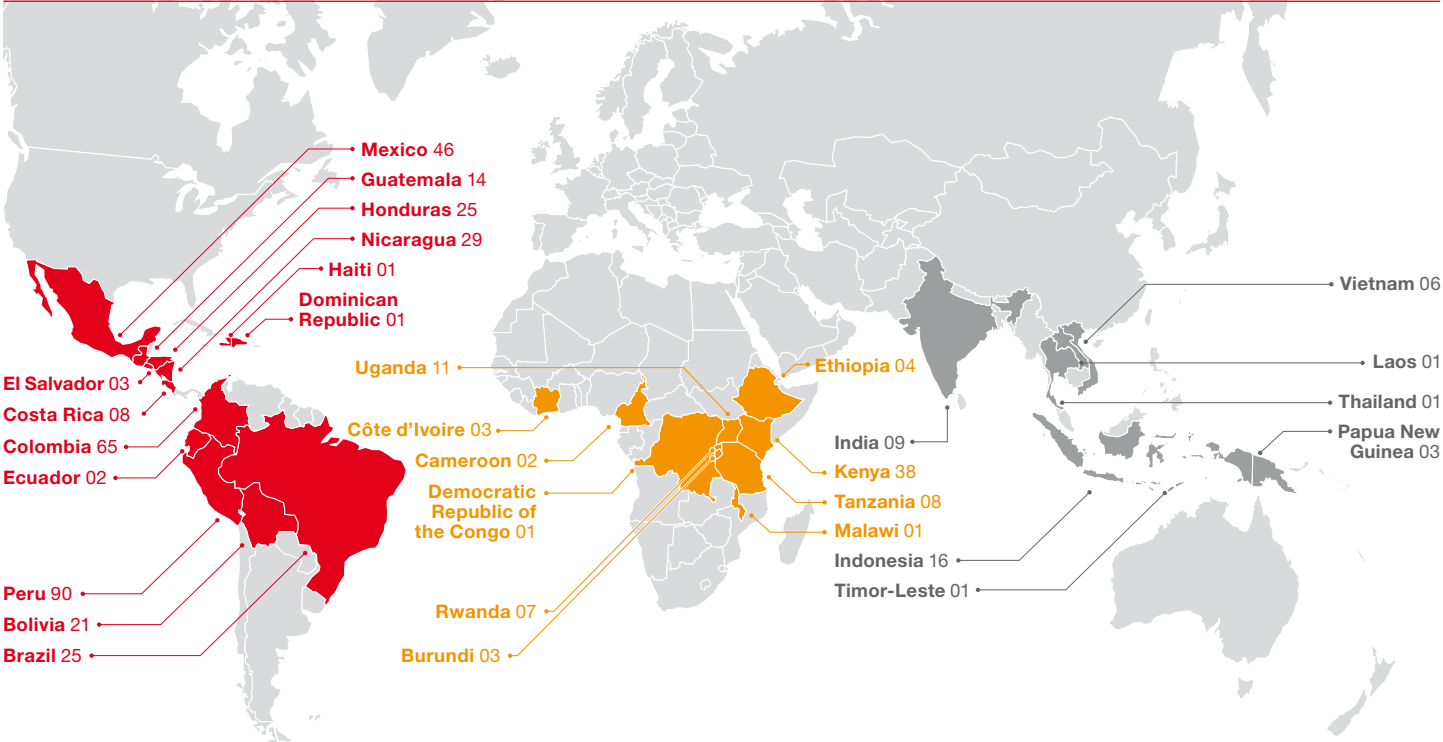


FIGURE 7.2

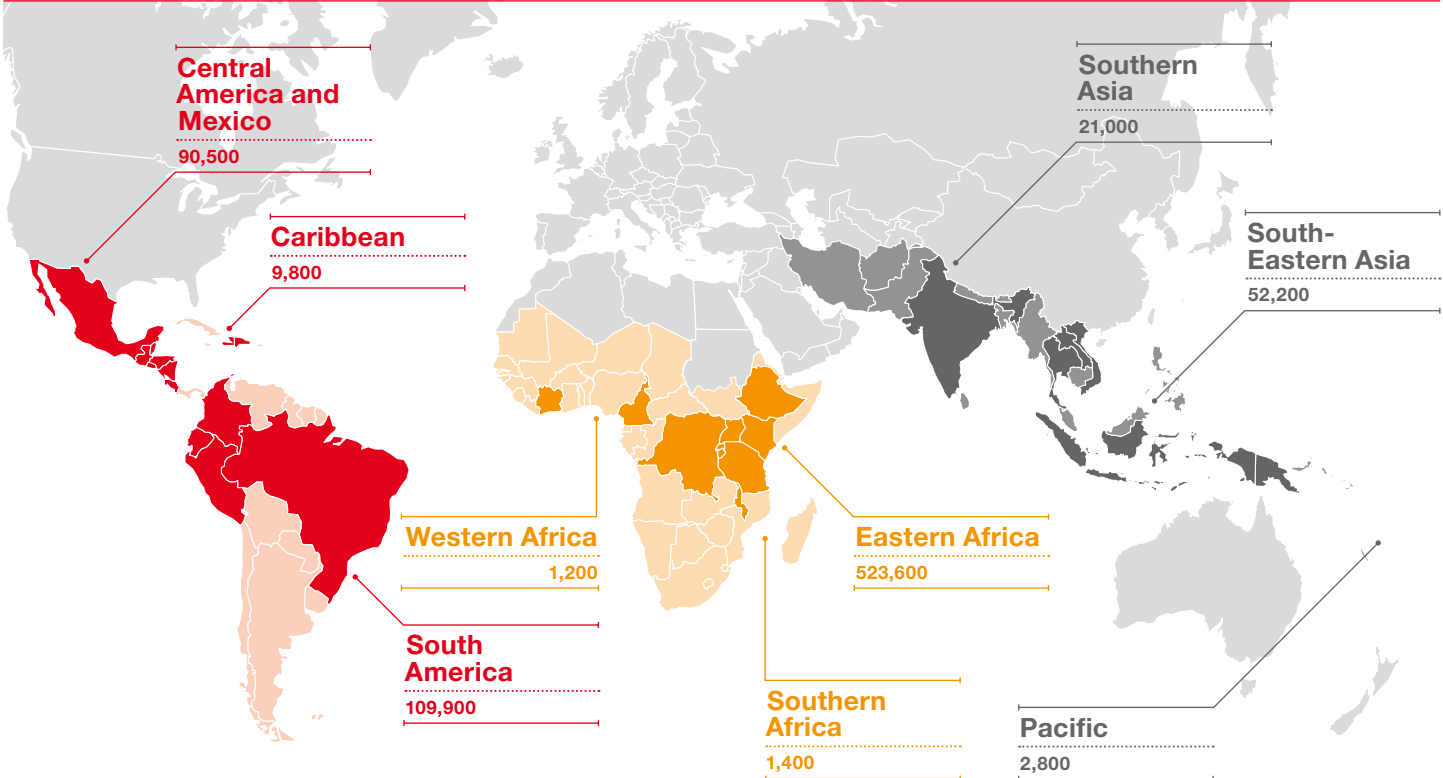
FAIRTRADE COFFEE: PRODUCER ORGANIZATIONS WITH FAIRTRADE COFFEE CERTIFICATION 2014



Latin America and the Caribbean	Africa and the Middle East	Asia and Pacific	Global Total
330	78	37	445

FIGURE 7.3

FAIRTRADE COFFEE: NUMBER OF FARMERS BY REGION 2014



Latin America and the Caribbean	Africa and the Middle East	Asia and Pacific	Global Total
210,200	526,200	76,100	812,500

Note: Numbers may not sum due to rounding.

FAIRTRADE COFFEE: KEY DATA 2014

There were
812,500
Fairtrade coffee
farmers in 2014

↑ **10%**
since 2013

1,105,600
hectares were under
Fairtrade coffee
cultivation

↑ **9%**
since 2013

Fairtrade coffee
farmers produced
549,400^{MT}
of certifiable coffee in
2013–14

↑ **16%**
since 2012–13

185,300^{MT}
or **34%**
was organic certified

↑ **5%**
since 2012–13

Fairtrade coffee
farmers sold
150,800^{MT}
as Fairtrade in 2013–14

↑ **6%**
since 2012–13

Overall, certified
organizations sold
28% of their
coffee as Fairtrade*

Coffee farmers received
€49,424,500
in Fairtrade Premium

↑ **12%**
since 2012–13

Note: * The analysis of Fairtrade sales volumes as a proportion of production volumes excludes newly certified organizations that were not eligible to sell their coffee on Fairtrade terms during the period under review. It also excludes any organization that did not report data for either their total production volumes or their sales as Fairtrade or both.

FIGURE 7.4

FAIRTRADE COFFEE: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2011–2014

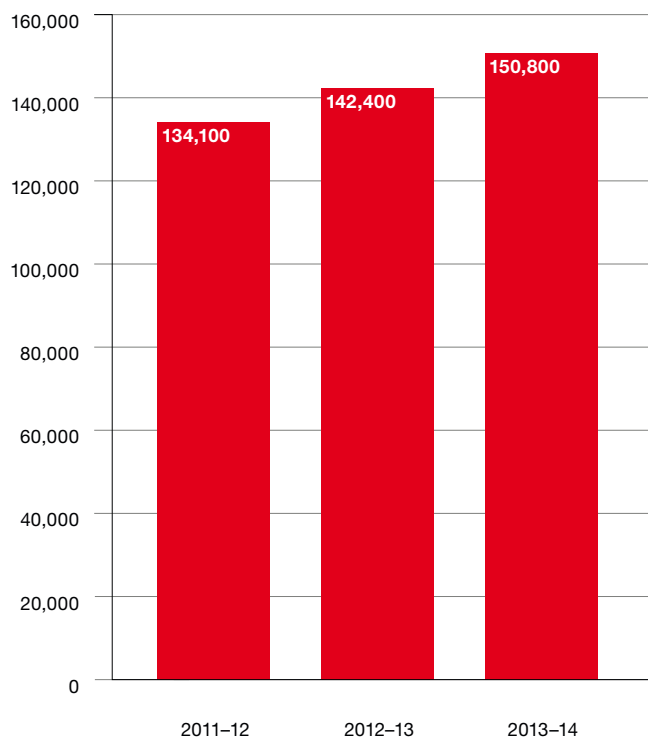
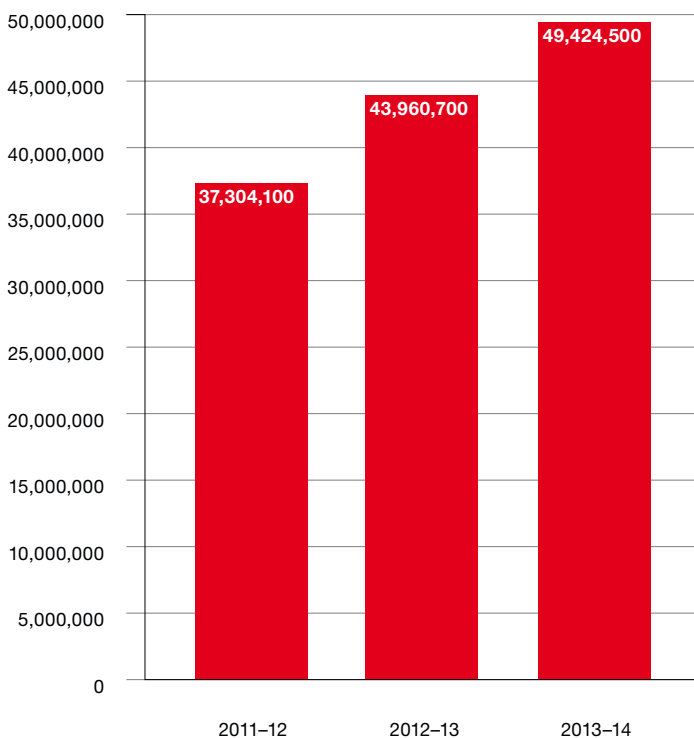
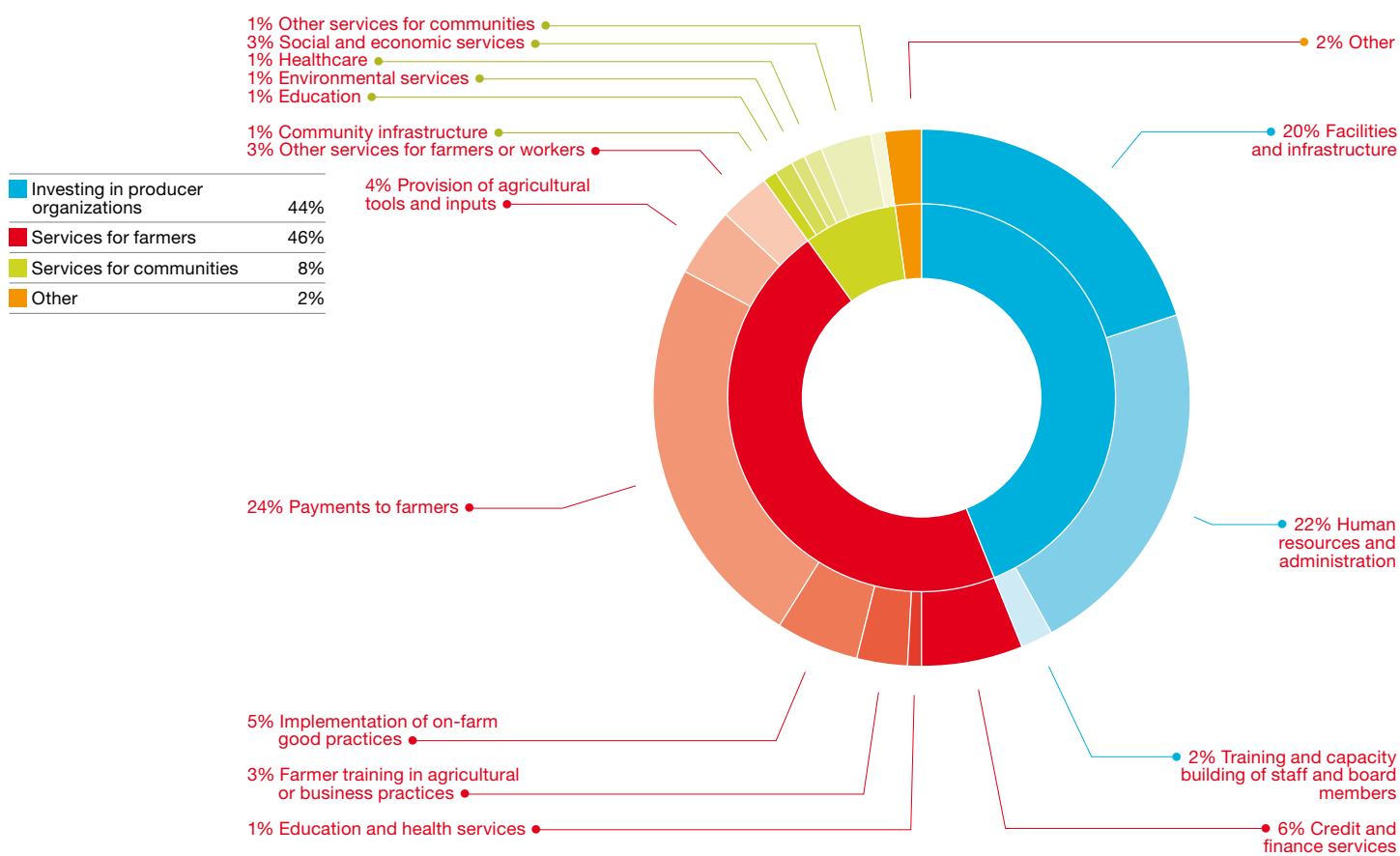
Fairtrade coffee
volumes sold (MT)Fairtrade Premium
received (€)

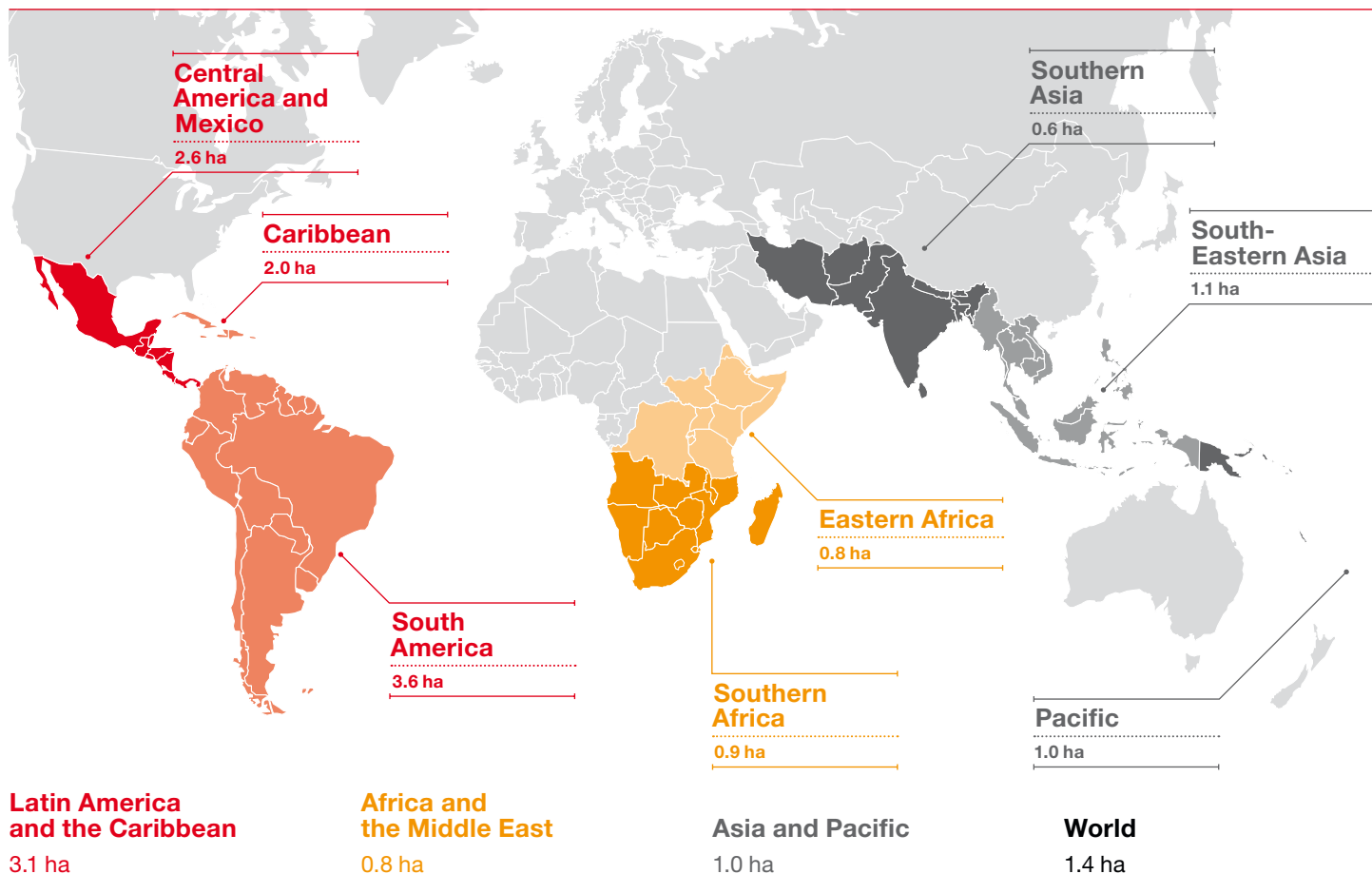
FIGURE 7.5

FAIRTRADE COFFEE: FAIRTRADE PREMIUM USE 2013–14

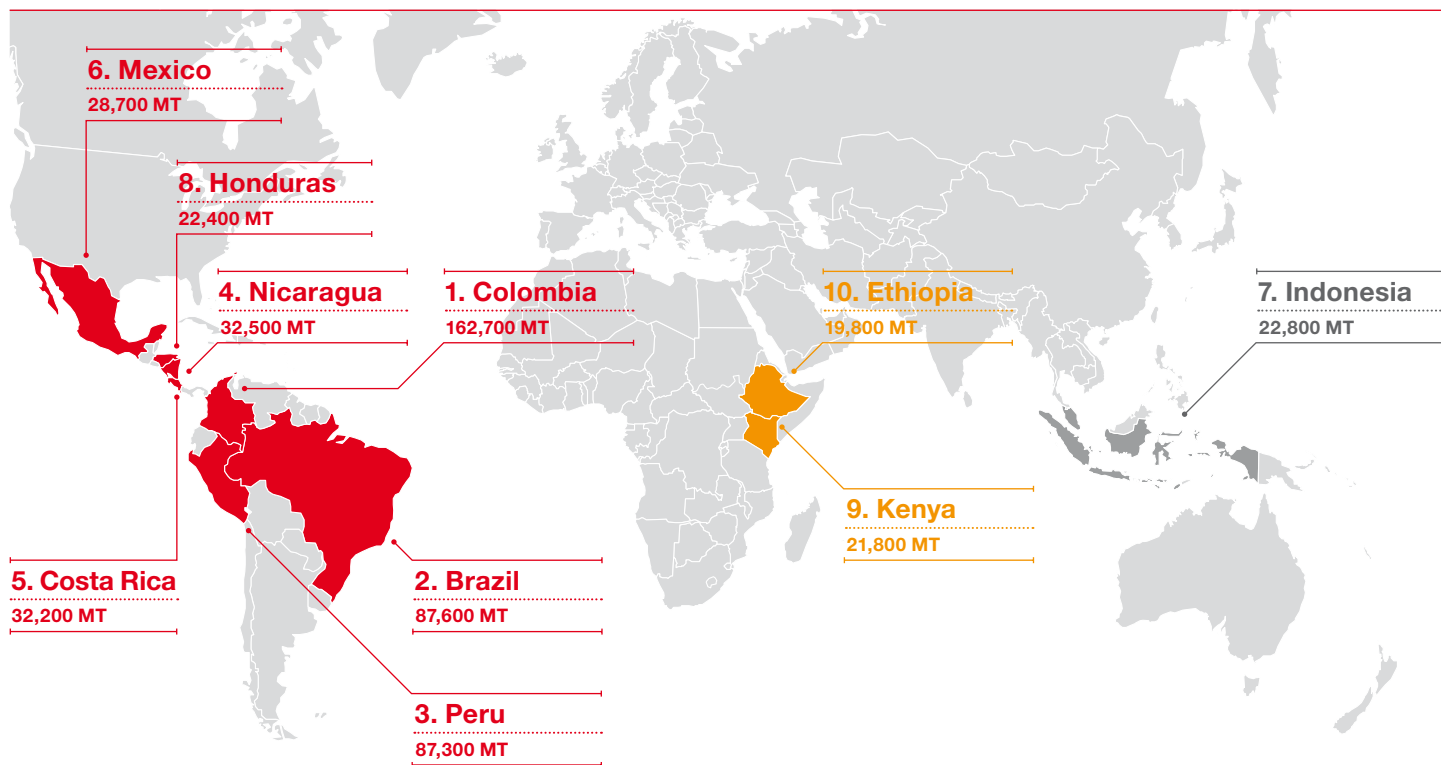


Note: Percentages may not sum due to rounding.

AVERAGE AREA OF FAIRTRADE COFFEE CULTIVATED PER FARMER 2014 (HECTARES)



FAIRTRADE COFFEE PRODUCTION CAPACITY: TOP TEN COUNTRIES 2013–14 (MT)

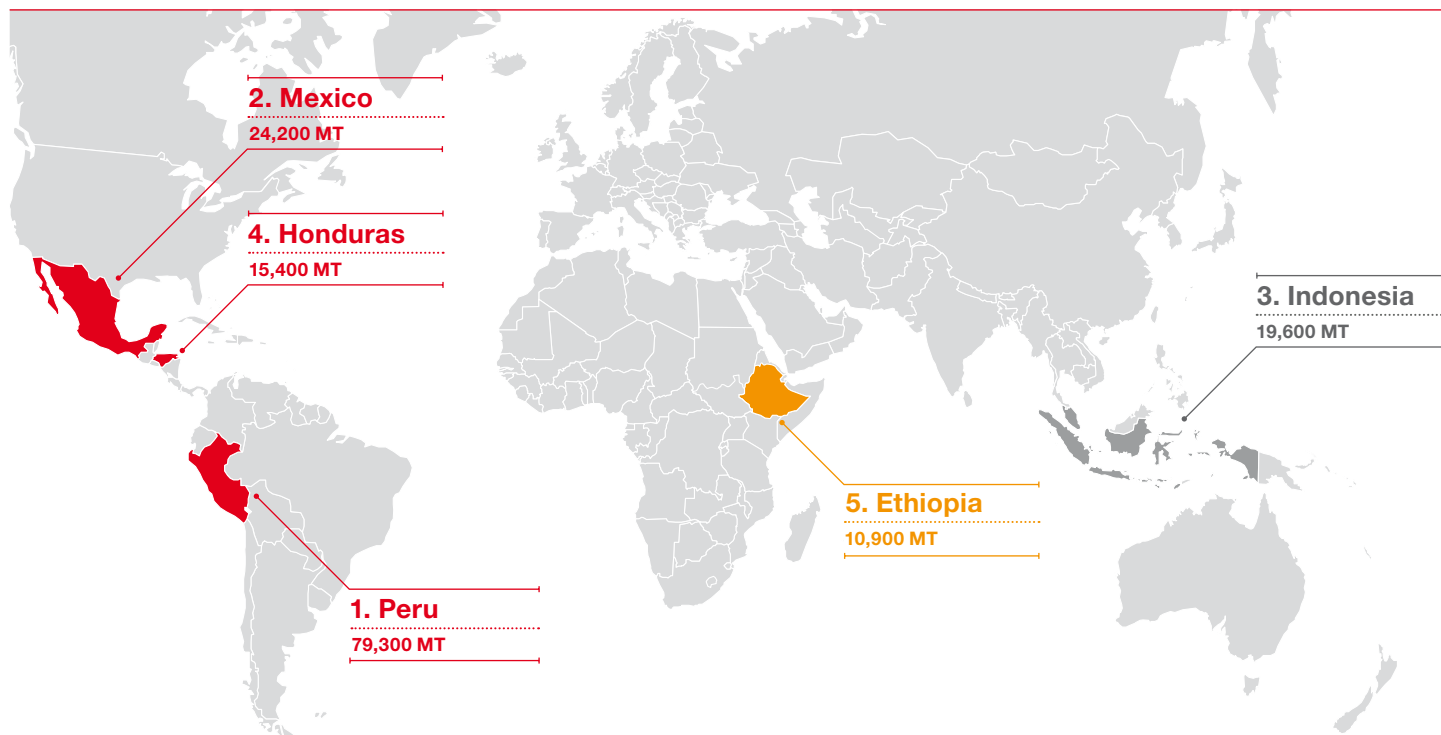


Total top ten countries 517,800 MT

Top ten countries account for 94% of Fairtrade coffee production

Note: Numbers may not sum due to rounding.

FAIRTRADE ORGANIC COFFEE PRODUCTION CAPACITY: TOP FIVE COUNTRIES 2013–14 (MT)



Total top five countries 149,500 MT

Top five countries account for 81% of Fairtrade organic coffee production

Note: Numbers may not sum due to rounding.

A smiling man with a goatee, wearing a white t-shirt, a yellow apron, and a tan baseball cap, is washing green bananas in a large, shallow metal tub filled with water. He is wearing green rubber gloves. The background is a blurred outdoor market setting with other people and structures.

CHAPTER 7.2

FOCUS ON FAIRTRADE

PRODUCTS

BANANAS

123 BANANA
PRODUCER ORGANIZATIONS



REPRESENTING
21,700 PEOPLE IN 11
COUNTRIES

SALES VOLUMES
OF FAIRTRADE
BANANAS
GREW BY 15%



FAIRTRADE
PRODUCER ORGANIZATIONS
SOLD MORE THAN
60%
OF THEIR BANANAS ON
FAIRTRADE TERMS



WORKERS
ON FAIRTRADE CERTIFIED BANANA
PLANTATIONS
INVESTED 34%
OF THEIR FAIRTRADE PREMIUM IN
HOUSING IMPROVEMENTS



7.2 FAIRTRADE FACT FILE: BANANAS

Previous page: Recimar Shawilson selects and classifies harvested bananas at ASOARAC packing plant in Monte Cristi, Dominican Republic.
© James Rodriguez

- At the end of 2014, 123 producer organizations in 11 countries were producing and selling Fairtrade bananas, including 69 small producer organizations and 54 plantations. The majority of these organizations are in Colombia, the Dominican Republic, and Peru.
- Almost 22,000 people were involved in Fairtrade bananas as smallholder farmers in farmer organizations or as workers on banana plantations.
- The volume of Fairtrade banana sales reported by producers grew by 15 percent since 2012–13. Much of this was due to growth in sales of Fairtrade organic bananas which increased as a result of promotion by major supermarket chains in France, Germany and Sweden.
- Fairtrade grew in importance within the banana industry in the Dominican Republic. Here, half of the bananas exported are now Fairtrade certified. The Dominican Republic has become a key origin for European markets and the UK in particular.
- Bananas from origins in Western Africa were increasingly attractive for European buyers because the euro was relatively weak against the dollar in 2014. These exchange rate conditions have enabled Fairtrade banana producers in Ghana and Cameroon to compete with Latin American and Caribbean origins. This may result in some buyers shifting their sourcing from Latin American and Caribbean origins to Western Africa over the longer term.
- In 2014, Fairtrade banana producers received more than €19 million in Fairtrade Premium—a growth of around 12 percent on the figures for 2012–13. Around €17 million—or 89 percent—of this was earned by producer groups in the Dominican Republic, Colombia, Peru and Ecuador.
- On average, banana producers that were Fairtrade certified and eligible to make Fairtrade sales during the full reporting period sold 64 percent (small producer organizations) or 56 percent (plantations) of their product on Fairtrade terms. This represented an increase for small producer organizations of three percent on 2012–13 levels, and a decrease of nine percent for plantations. The decrease for plantations was due to the recent entry of some large producers, which were not yet selling a high proportion of their bananas on Fairtrade terms.
- Worldwide, the average Fairtrade small-scale farmer devotes 2.3 hectares to banana cultivation. This varies from an average area of less than one hectare in Peru and the Windward Islands to more than five hectares in the Dominican Republic, and more than seven in Ecuador.
- Banana farmers chose to invest around 54 percent of their Fairtrade Premium in their organizations, a slight decrease on the figures for 2012–13. They spent 36 percent of the Fairtrade Premium on a range of direct services to farmers, such as tools and equipment. Eight percent was spent on community projects and services.
- Workers on banana plantations invested 34 percent of their Fairtrade Premium in improving worker housing, which has been a particular priority for workers in Colombia. Other priorities included education for workers and their children through the payment of school fees, scholarships and books. Overall, Fairtrade banana workers chose to spend 21 percent of their Fairtrade Premium on education-related investments.
- Fairtrade banana producers continued to face challenges as a result of climate change and extreme weather events. El Niño poses risks to production volumes in Peru and Ecuador, while the Dominican Republic was affected by a drought in 2014. In the case of the Windward Islands, the banana producers who were affected by a major hurricane in 2010 have to date not been able to recover their banana production fully. As a result, the producer organizations have downsized significantly. The Fairtrade movement continues to support the producers in Windward Islands to rebuild their banana production.
- Fairtrade is working on innovative ways to increase the productivity of smallholder banana farmers. These approaches require limited additional investment and use methodologies that are tailored to the needs of small-scale farmers.

- Fairtrade’s work in plantations focuses on supporting living wages by setting living wage benchmarks in different origins. We also contribute to the development of a dialogue on wages with industry and supply chain players. In the Dominican Republic, Fairtrade continues to focus on the legalization of migrant labour. Much has been achieved within Fairtrade plantations, where 97 percent of migrant workers have now been officially registered via regularization processes supported by Fairtrade. Nevertheless, there are still challenges to make progress on conditions for migrant workers within small producer organizations, as well as for workers who do not have the correct documentation from their country of origin. Fairtrade continues to work with the government and other actors to find solutions for these workers.

FIGURE 7.6
FAIRTRADE BANANAS: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE BANANA CERTIFICATION 2008–2014

Number of producer organizations with Fairtrade banana certification

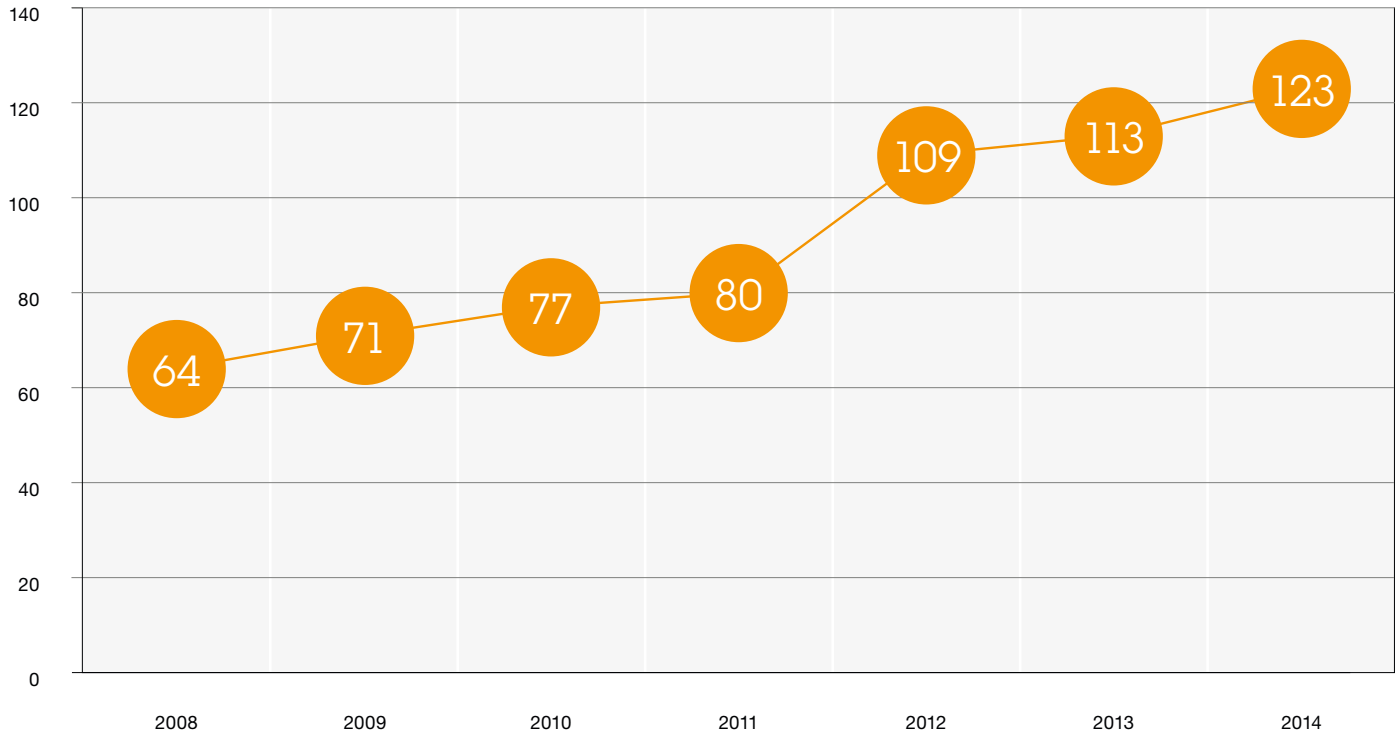
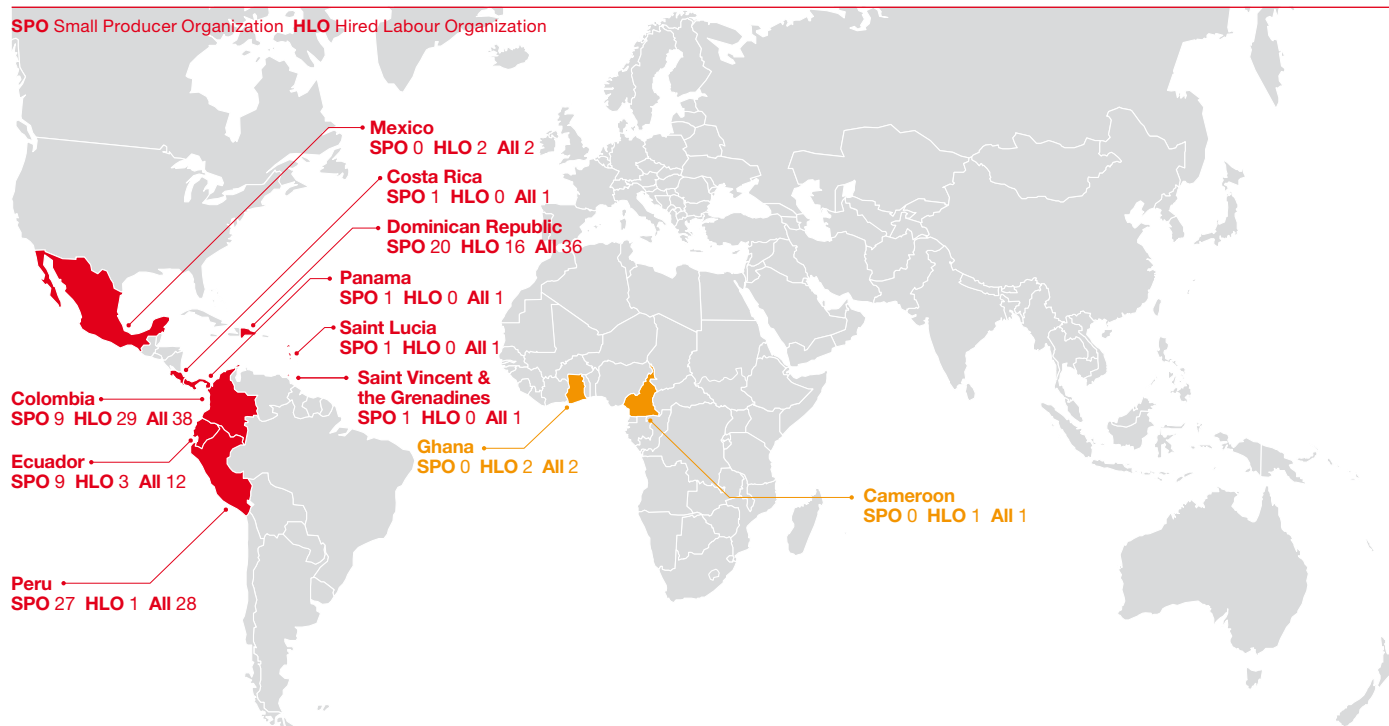


FIGURE 7.7

FAIRTRADE BANANAS: PRODUCER ORGANIZATIONS WITH FAIRTRADE BANANA CERTIFICATION 2014

SPO Small Producer Organization HLO Hired Labour Organization



**Latin America
and the Caribbean**
SPO 69 HLO 51 AI 120

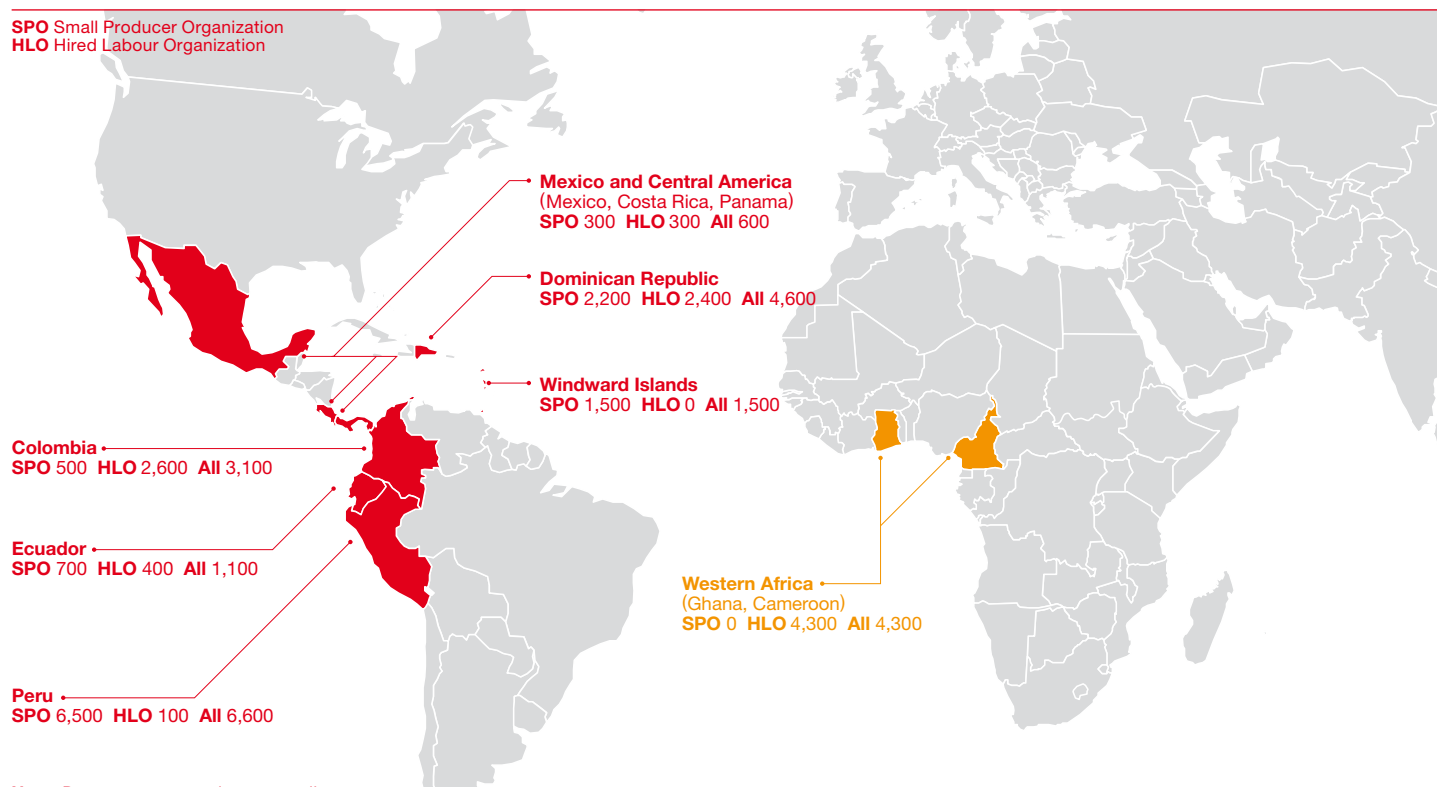
**Africa and
the Middle East**
SPO 0 HLO 3 AI 3

Global Total
SPO 69 HLO 54 AI 123

FIGURE 7.8

FAIRTRADE BANANAS: NUMBER OF FARMERS AND WORKERS BY COUNTRY OR REGION 2014

SPO Small Producer Organization
HLO Hired Labour Organization



Note: Data may not sum due to rounding.

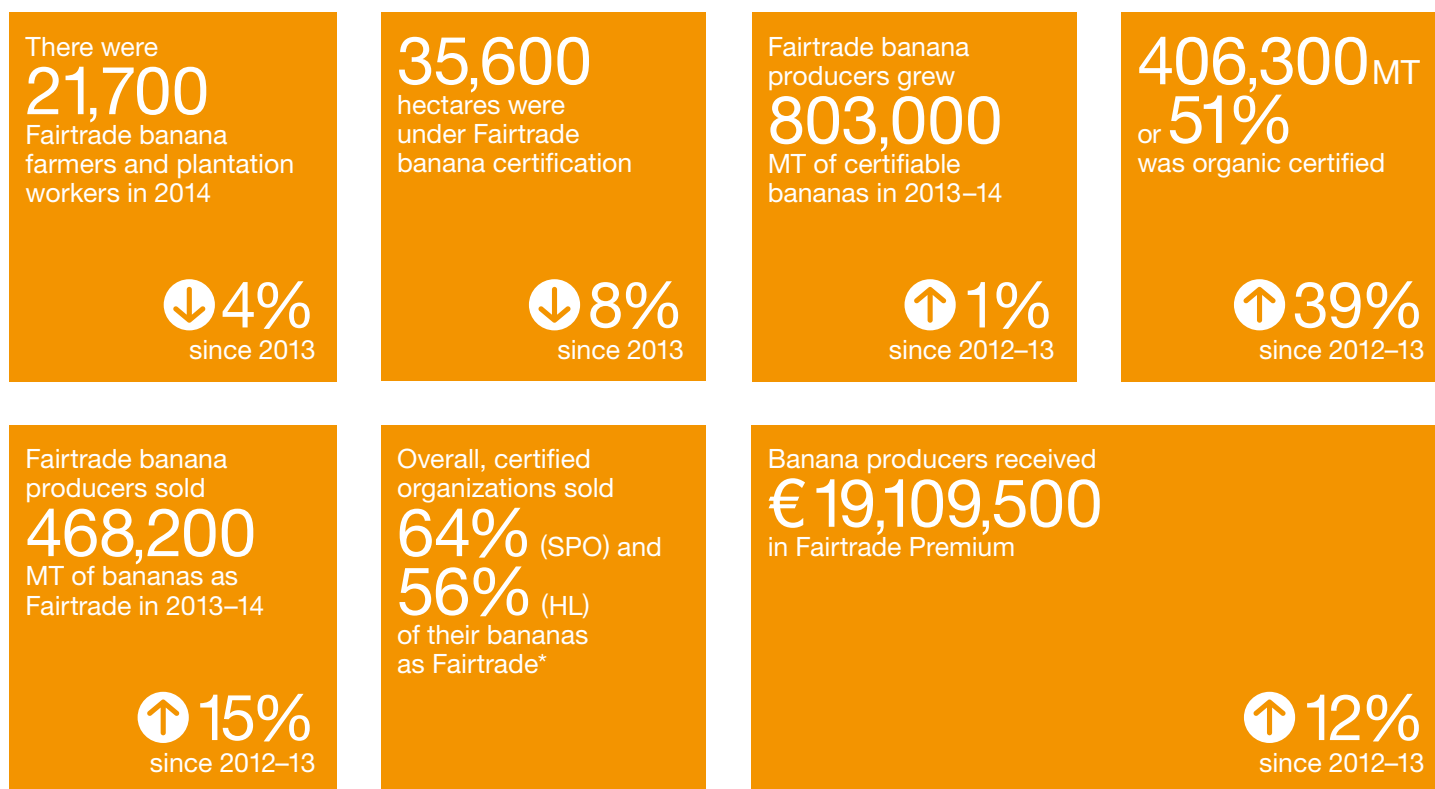
Data only for producer organizations registering bananas as their first certified product.

Where there is only one Fairtrade certified producer organization in any given country, the data are aggregated into regions in order to protect the data confidentiality of the producer organizations.

We use Windward Islands to refer to Saint Lucia and Saint Vincent and the Grenadines.

Global Total
SPO 11,600 HLO 10,100 AI 21,700

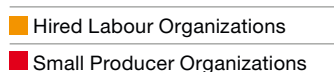
FAIRTRADE BANANAS: KEY DATA 2014



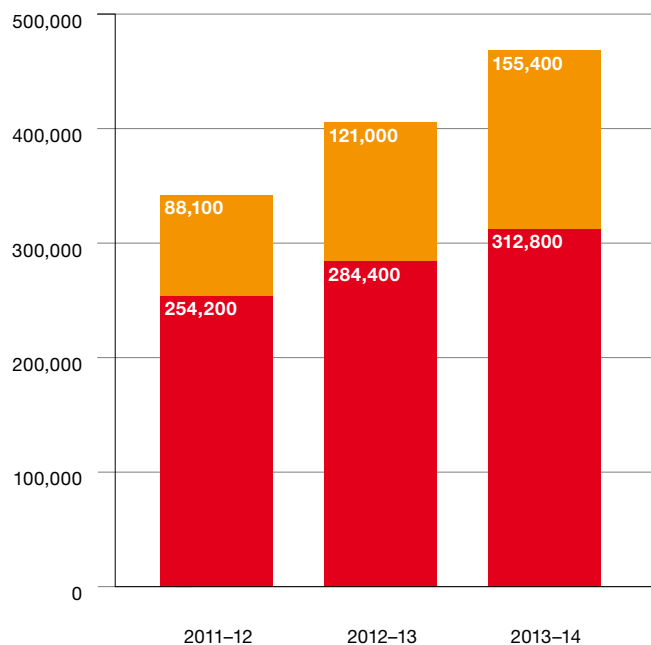
Note: * The analysis of Fairtrade sales volumes as a proportion of production volumes excludes newly certified organizations that were not eligible to sell their bananas on Fairtrade terms during the period under review. It also excludes any organization that did not report data for either their total production volumes or their sales as Fairtrade or both.

FIGURE 7.9

FAIRTRADE BANANAS: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2011–14



Fairtrade bananas volumes sold (MT)



Fairtrade Premium received (€)

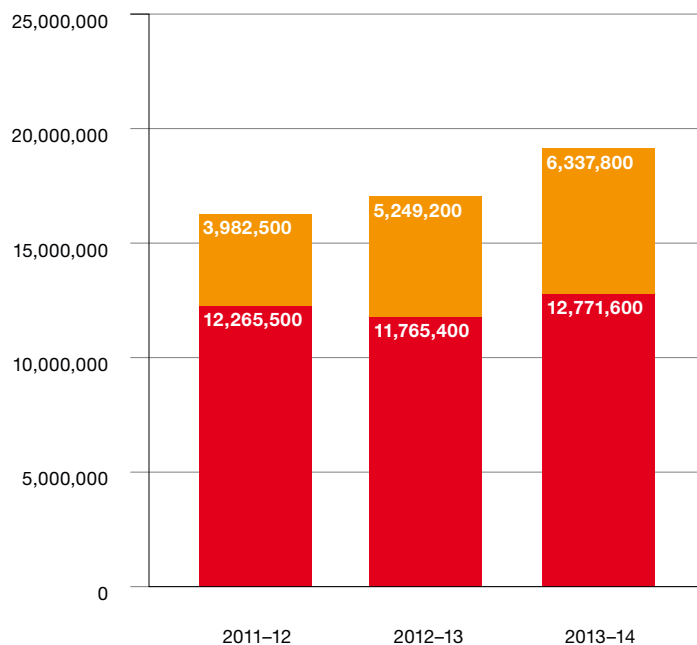
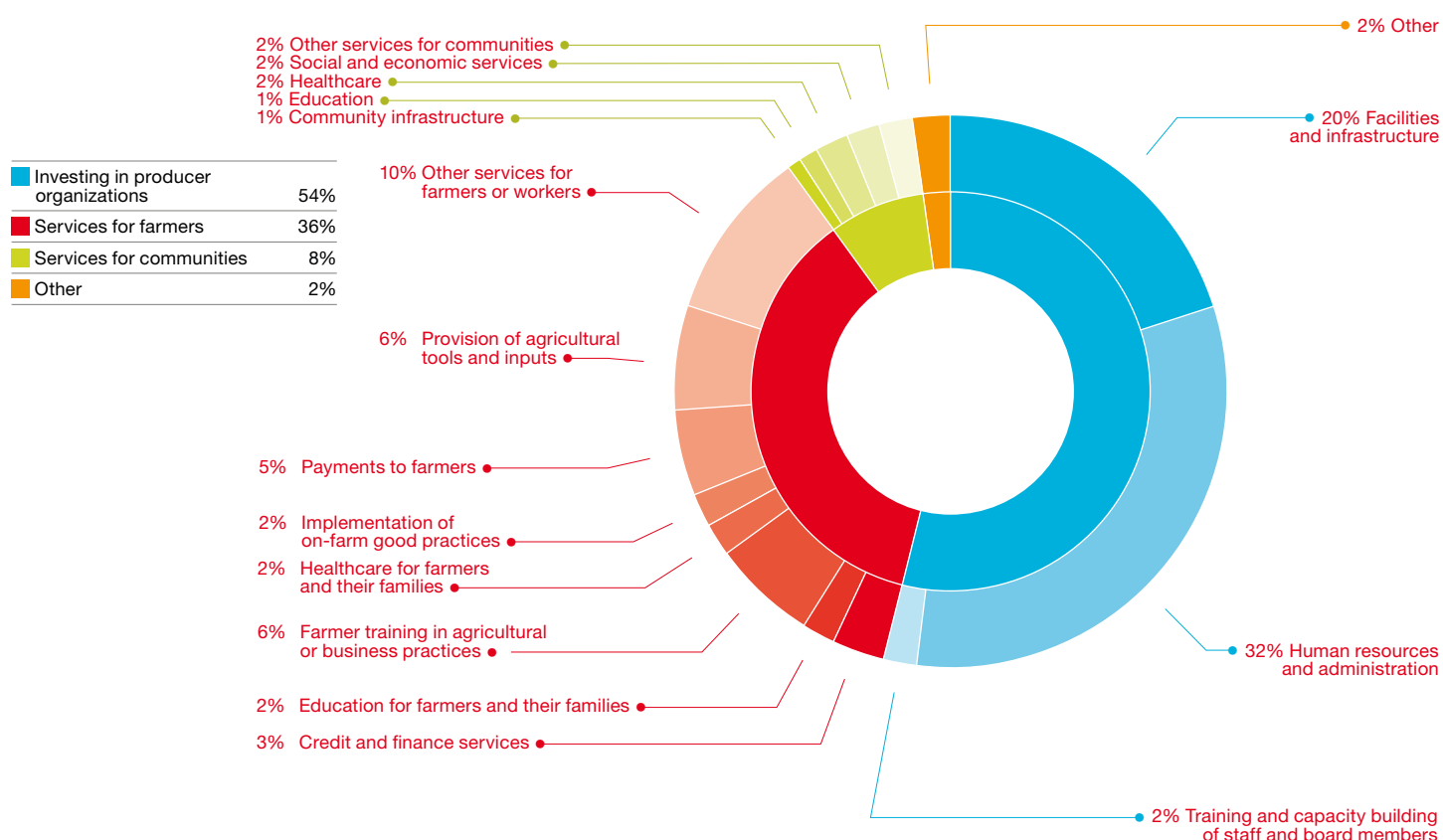


FIGURE 7.10A

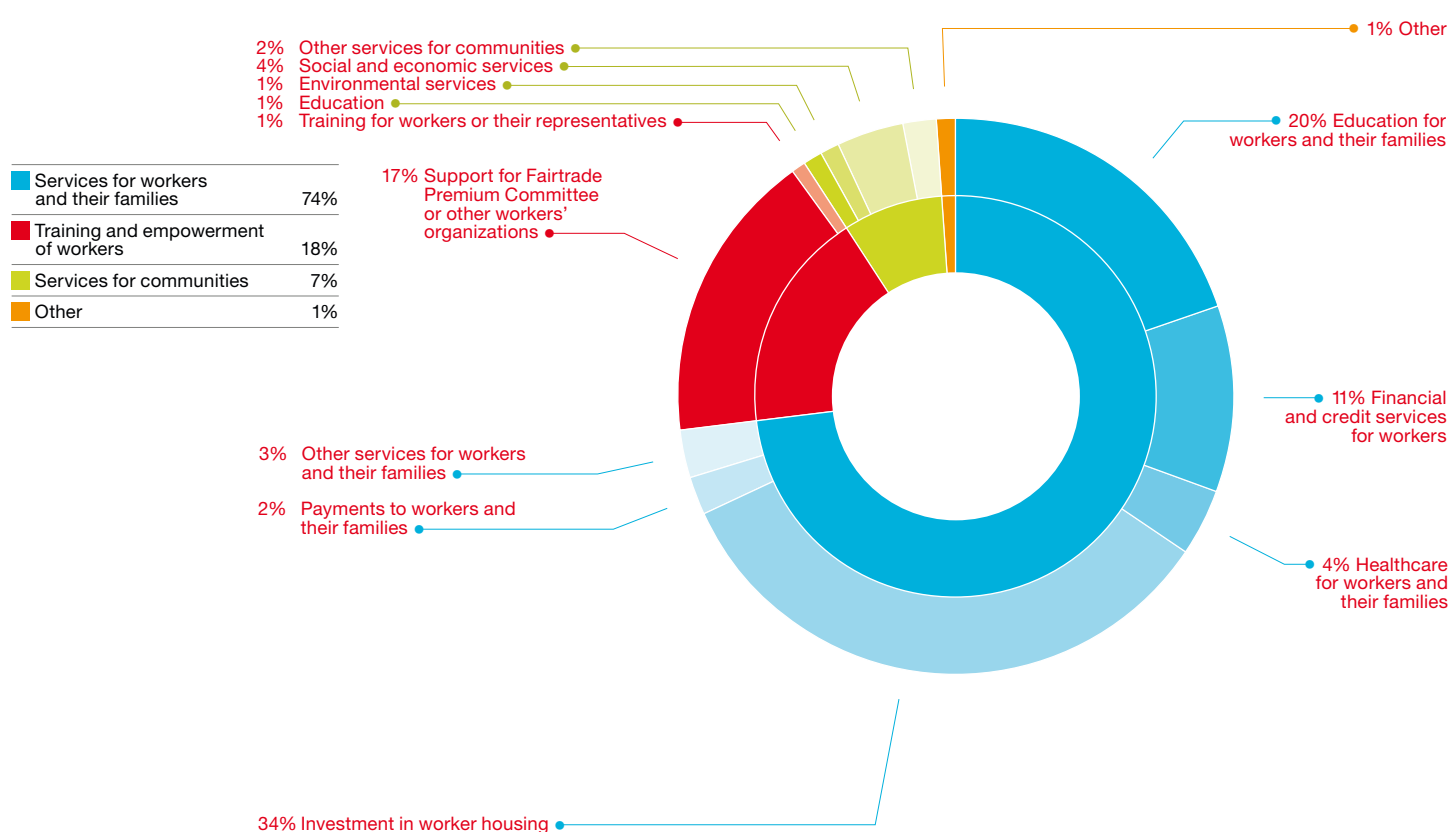
FAIRTRADE BANANAS: FAIRTRADE PREMIUM USE IN SMALL PRODUCER ORGANIZATIONS 2013–14



Note: Percentages may not sum due to rounding.

FIGURE 7.10B

FAIRTRADE BANANAS: FAIRTRADE PREMIUM USE IN HIRED LABOUR ORGANIZATIONS 2013–14

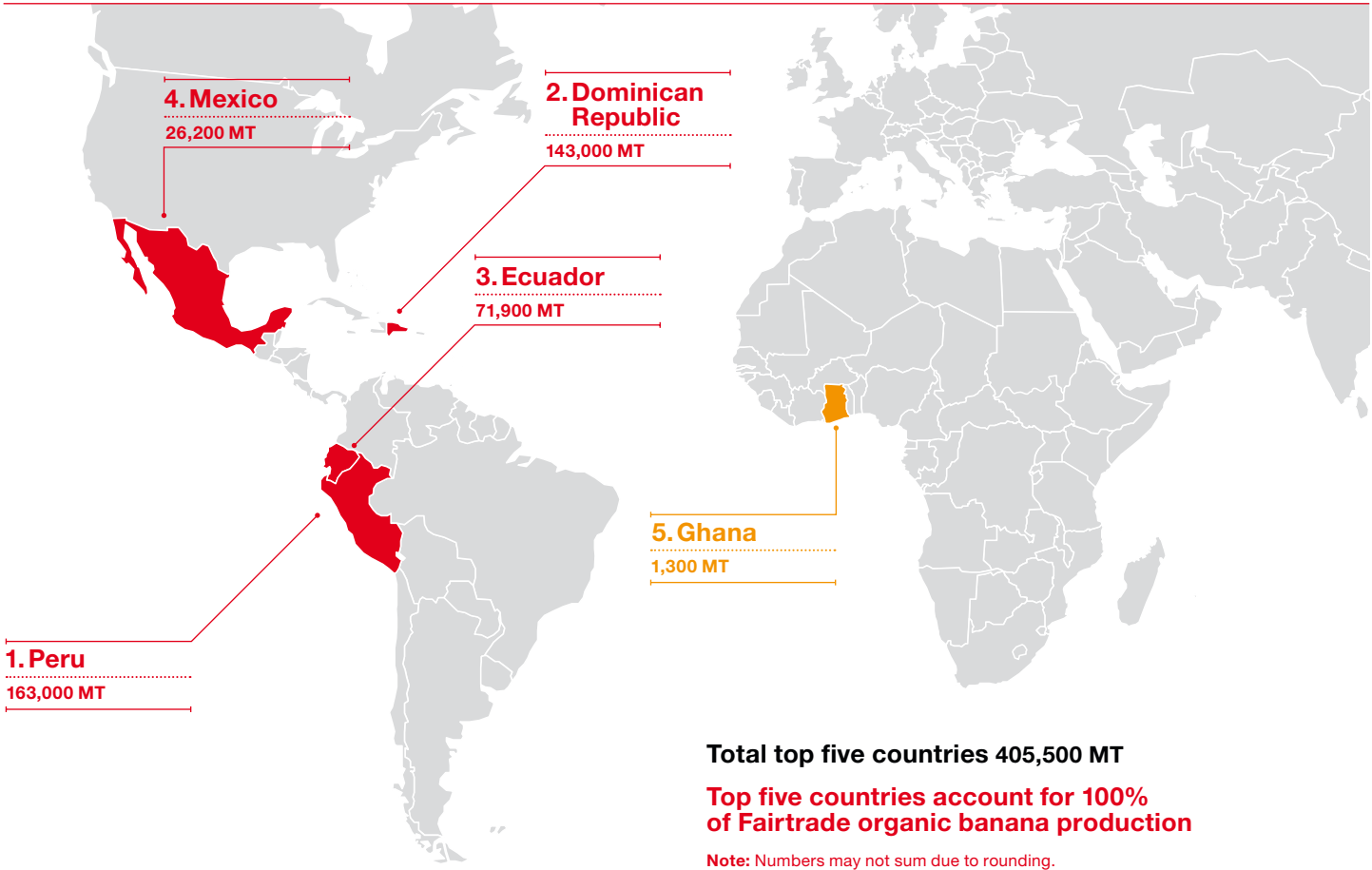


Note: Percentages may not sum due to rounding.

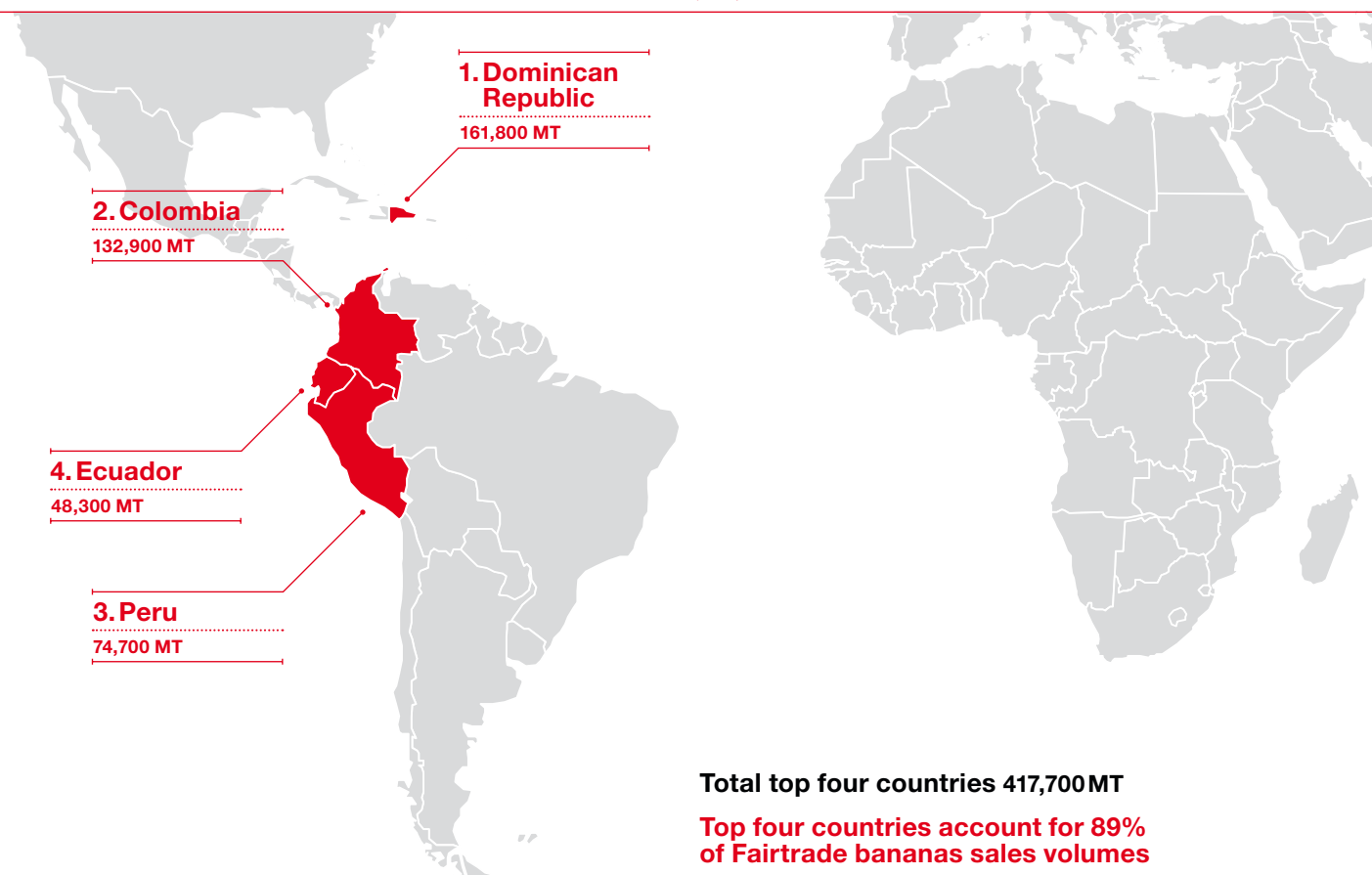
AVERAGE AREA OF FAIRTRADE BANANAS CULTIVATED PER FARMER 2014 (HECTARES)



FAIRTRADE ORGANIC BANANA PRODUCTION CAPACITY: TOP FIVE COUNTRIES 2013–14 (MT)

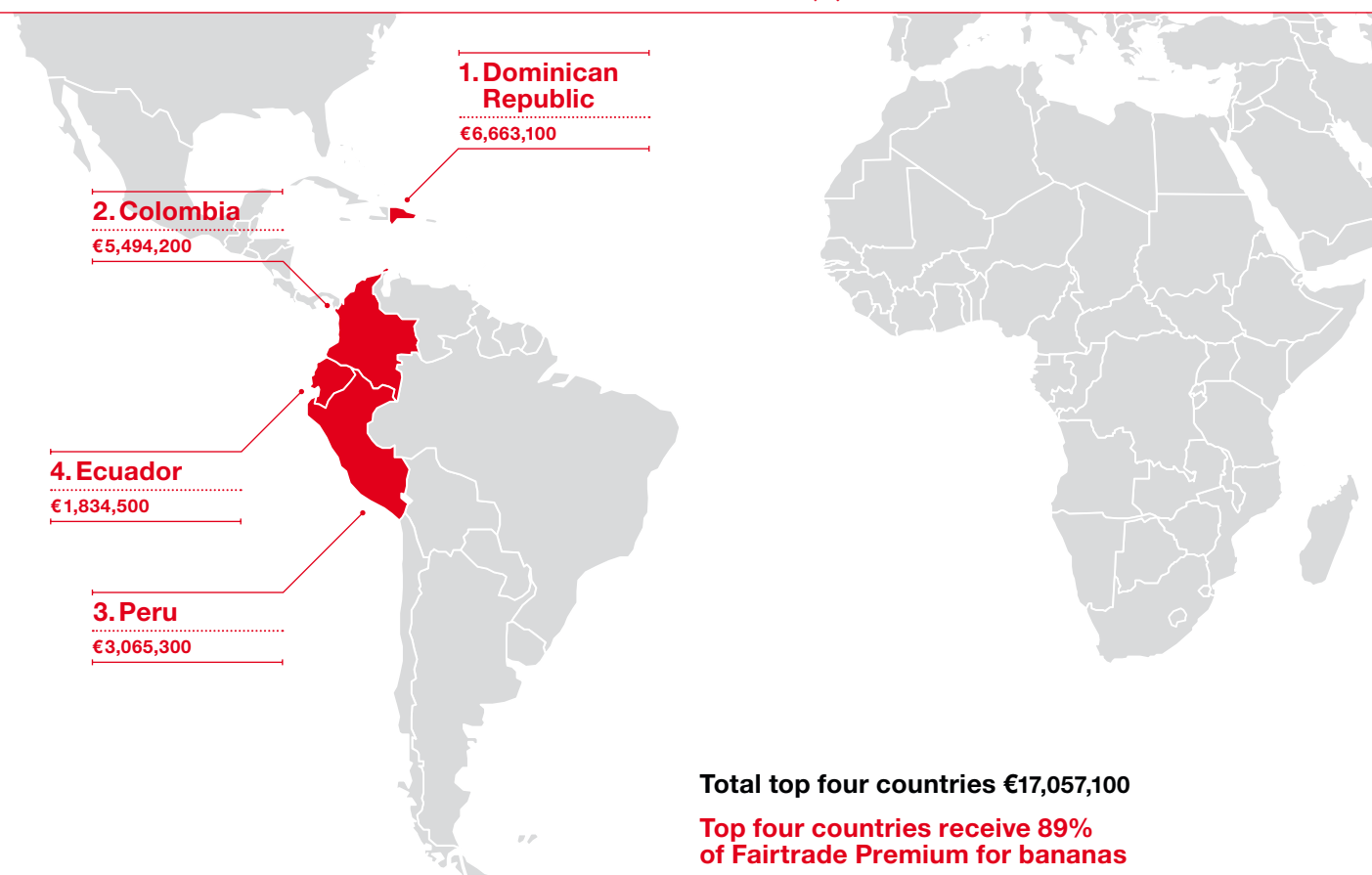


FAIRTRADE BANANAS: TOP SELLING COUNTRIES BY VOLUME 2013–14 (MT)



Note: Numbers may not sum due to rounding.

FAIRTRADE BANANAS: TOP COUNTRIES FAIRTRADE PREMIUM RECEIVED 2013–14 (€)



Note: Numbers may not sum due to rounding.

A smiling man with short dark hair, wearing a short-sleeved button-down shirt with a red, blue, and white plaid pattern. He is holding two yellow coconuts in his left hand. The background is a lush green forest with sunlight filtering through the trees.

CHAPTER 7.3

FOCUS ON FAIRTRADE

PRODUCTS

COCOA

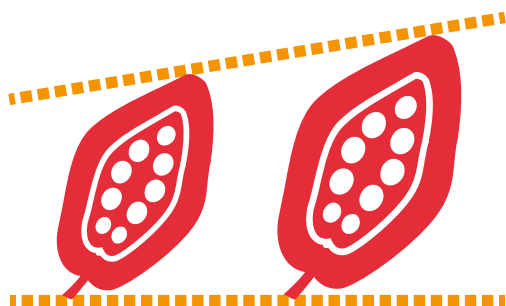
129 COCOA
PRODUCER ORGANIZATIONS
REPRESENTING
179,800
FARMERS IN 20 COUNTRIES



140,000
FAIRTRADE COCOA FARMERS IN
WESTERN AFRICA



SALES VOLUMES GREW
BY 17%
FOR FAIRTRADE
COCOA



€10.8 MILLION IN
FAIRTRADE
PREMIUM
PAID TO COCOA PRODUCERS
IN 2013–14



**COCOA PRODUCERS
INVEST 37%
OF THEIR FAIRTRADE PREMIUM
IN IMPROVING
PRODUCTIVITY AND QUALITY**



**2.6 HECTARES
IS THE AVERAGE
PLOT SIZE OF
FAIRTRADE
COCOA FARMERS**



7.3 FAIRTRADE FACT FILE: COCOA

- At the end of 2014, 129 small producer organizations in 20 countries held Fairtrade certification for cocoa, representing 179,800 small-scale farmers.
- The overall production of Fairtrade certified cocoa grew to 218,000 MT, an increase of 24 percent on the levels for 2012–13, largely due to more accurate reporting of production by producers. More than 43,000 MT of the cocoa produced by Fairtrade producers was also certified as organic.
- The volume of Fairtrade cocoa sold in the reporting period was 70,600 MT. This is a strong increase of 17 percent on 2012–13.
- Much of this increase in sales was the result of uptake of the Fairtrade Sourcing Program (FSP) for cocoa. In March 2014, Ferrero announced a commitment to purchase 20,000 MT of Fairtrade certified cocoa from Côte d'Ivoire over three years. While this is the largest FSP commitment to date, a total of 18 companies have begun to source Fairtrade cocoa through the FSP.
- The additional income generated through FSP commitments is being used to increase investment in producer support programmes in West Africa. The producer support capacity in the region has doubled as a result.
- On average, Fairtrade certified cocoa producers who were eligible to make Fairtrade sales during the full reporting period, sold 33 percent of their production on Fairtrade terms. This is a decrease on the levels in previous years, reflecting an overall increase in production volumes, which has not been matched by an increase in sales.
- Côte d'Ivoire's Fairtrade cocoa production capacity was around double that of Ghana, which makes Côte d'Ivoire by far the largest origin for Fairtrade certified cocoa. Producers in Côte d'Ivoire were beginning to sell more of their cocoa under Fairtrade terms in 2014 as a result of the Fairtrade Sourcing Program for cocoa.

Previous page: Gamor Mensa Frederick is a member of Fairtrade certified cooperative, Kuapa Kokoo Union, in Ghana.

© Linus Hallgren / Fairtrade Sweden

- Worldwide, the average area of land that a Fairtrade small-scale farmer devotes to cocoa cultivation is 2.6 hectares. Farm cultivation areas in Western Africa are slightly smaller than those in South America.
- In 2012–13, Fairtrade cocoa producer organizations received almost €10.8 million in Fairtrade Premium.
- In cocoa, as in other products, the Fairtrade Premium was overwhelmingly used to support producer organizations and farmers to strengthen their businesses and livelihoods. In 2013–14, this accounted for 45 percent of the Fairtrade Premium. This included 27 percent that was dedicated to shared facilities and infrastructure, particularly building warehouse facilities for the cocoa crop and storage depots for inputs; purchasing shared vehicles for crop collection and transport; developing improved facilities for drying the cocoa; and establishing tree nurseries for new cocoa trees. Investments like these support the proper management, storage, and processing of cocoa, which are vital to ensuring quality and reducing wastage and which ultimately increase sales and income. These shared facilities and services are essential and much-appreciated by farmers who could not make these investments individually.
- Forty-three percent of the Fairtrade Premium was used to deliver direct services to farmer members. These services include providing agricultural tools and inputs, training, credit, and direct payments to farmers. The tools and inputs provided to farmers most commonly included: machetes for harvesting cocoa, approved pesticides, sprayers, wellington boots, and pruners to support better tree management. Farmers received training and support in topics including the implementation of better agricultural practices, productivity and quality improvement, sustainable tree management, pest management, child protection and environmental protection.
- Direct payment of the Fairtrade Premium to farmers accounted for 31 percent of Fairtrade cocoa Premium use overall, an increase on the levels in previous years. In some cases the farmer organizations use this extra payment to reflect the relative quality of the cocoa that individual farmers produce. In some cases it is also used to incentivize higher productivity and greater member loyalty by awarding higher Fairtrade Premium bonuses to farmers who produce and sell more cocoa through the organization. The large proportion of Premium used for direct payment to farmers also reflects the high levels of poverty among West African cocoa farmers.
- Since October 2012, cocoa producing organizations have been encouraged to use at least 25 percent of their Fairtrade Premium in activities that will increase the productivity of members' farms and the quality of their cocoa. In 2013–14 we estimate that these organizations invested 37 percent of their Fairtrade Premium on projects related to improving cocoa productivity and quality. These investments included ten percent spent on individual farm improvements such as farmer training, tools and inputs, and 27 percent on shared facilities and infrastructure.

PRODUCER REPORT

SPECULATING TO
ACCUMULATE IN CÔTE D'IVOIRE

A producer working at ECOOKIM. ECOOKIM is a union of seven primary co-operatives located in rural communities across four regions of Côte d'Ivoire.
© Nabil Zorkot / Fairtrade Germany

Investing in business projects is proving popular with cocoa farmers in Côte d'Ivoire. The ECOOKIM cooperative made its first Fairtrade sales in 2011 and has recently invested its Fairtrade Premium in building warehouses for storing cocoa, establishing training schemes for new farming techniques, and improving fermentation practices. The organization is also investing in inputs, fertilizers, new plants and plant nurseries, while an agricultural technician has been hired to advise the farmers and train leaders in their community.

These changes have led to quality improvement and increased production from 250kg per hectare to up to 650kg. This in turn has led to greater sales, increased income and more hope for the future.

'It's so positive when someone approaches me and says, "I've boosted my yield and volume",' says Aminata Bamba, the cooperative's Head of Sustainability. 'Little by little we see a difference in the quality of life here. A woman said to me recently, "Now I have a bed." Before this she slept on a woven mat.'

Read the full story here: <http://bit.ly/SweetDemocracy>

RESEARCH INSIGHT: BASELINE RESEARCH WITH FAIRTRADE
COCOA PRODUCERS IN WEST AFRICA

In 2014, Fairtrade International, Fairtrade Africa, the World Agroforestry Centre (ICRAF) and Bioversity International began a collaboration to undertake multi-dimensional baseline research with small-scale cocoa farmers and their cooperatives in West Africa. The rapid growth in the number of cocoa-producing organizations joining the Fairtrade system in Ghana and Côte d'Ivoire provided a unique opportunity to build a baseline for future monitoring and impact assessment.

CONCEPTUAL FRAMEWORK AND METHODS

The research employs a multi-dimensional framework designed to provide comprehensive data on the livelihoods of cocoa producing households, as well as the viability of the cooperatives that link these households with the market. The study looks at five productive 'capitals': natural, human, social, financial and physical, working on the belief that the greater their assets, the more potential people have to adapt and develop. Study data were collected at two levels: cooperatives and farmer households. Four Fairtrade cooperatives were selected for research, within which a total of 322 households were randomly selected to be surveyed. In addition, 77 non-Fairtrade cocoa producing households from four of the selected communities in the same area were also included in the baseline.

RESULTS OF THE COOPERATIVE ASSESSMENT

The multi-dimensional set of indicators was applied to the four cooperative unions located in the Ghanaian cocoa belt. These young cooperatives were initiated by external organizations, and officially registered as cooperatives between 2011–12.

Social capital:

- **Membership growth:** overall, the cooperatives are experiencing rapid growth in membership. For two cooperatives, memberships levels more than doubled in the short time since their founding.
- **Strong female participation:** women comprise a relatively large percentage of the cooperative membership base, between 30–40 percent. At the very least this suggests considerable interest in cooperative-provided services, such as access to Fairtrade markets, training and technical assistance.
- **Cocoa sales:** in Ghana, the sale and marketing of cocoa is controlled by the Ghanaian cocoa board, COCOBOD. Cocoa purchasing is managed through a network of licensed buying companies (LBCs) at prices fixed by the state. The Fairtrade cooperatives reported few, if any, grievances with their LBCs. However, it is clear that the volume of cocoa sold to the LBCs on Fairtrade terms, and for which they receive the Fairtrade Premium, comprises only a small percentage of total members' production of cocoa.
- **Limited access to services:** the cooperatives remain highly dependent on external organizations for project-based support. The limitations of this support mean many of their needs are not met. This leaves them vulnerable once the project terminates.

Human capital:

- **Governance structures:** the cooperatives have basic governance structures in place, providing an organizational framework for member participation. Women are well represented as members, but their participation in governance is much more limited. Across the cooperatives, women made up only 17 percent of the General Assemblies and 20 percent of the board of directors.
- **Information sharing:** information is mainly shared through informal meetings organized by the cooperatives. Members expressed some dissatisfaction with current efforts at sharing information within their organizations.
- **Limited financial management capacity:** the cooperatives do not maintain information on income or expenses. The future growth and development of the unions will depend on building better financial management and member oversight of the administration.

Physical capital:

- **Insufficient physical capital:** while the overall need for equipment is low, since cooperatives are not engaged in bulking or processing of cocoa, the research nevertheless suggests that the current level of assets is below what it should be.

Financial capital:

- **Survival of the cooperatives depends on the Fairtrade Premium:** currently, the Fairtrade Premium provides the only source of funding for the cooperatives. The only way for a cooperative to finance services to members through commercial activities would be to become an LBC. While other Fairtrade cocoa producers in Ghana have achieved this, it is not necessarily a viable route for all organizations.

RESULTS OF THE HOUSEHOLD-LEVEL ASSESSMENT

Natural capital:

- **Majority of productive land dedicated to cocoa:** the average farm size was 4.3 hectares, of which 30 percent of the area was dedicated to cocoa only, while 48 percent was planted with both cocoa and food crops.

- **Soil quality and yield:** the majority of farming households (77 percent) thought their soil fertility was good or very good and claimed to have carried out pruning in the previous production year (94 percent). The average yield for cocoa was 475 kg/hectare—which is roughly 26 percent higher than the national average (estimated at 375 kg/hectare).
- **Households are replanting cocoa, sometimes with hybrids:** roughly 67 percent of the sample reported to have replanted cocoa in the recent past.

Human capital:

- **Limited access to capacity building services:** a minority of households reported having received training on basic cocoa production before they joined the cooperative. However very few households had received any training on effective leadership, cooperative management, group dynamics or gender equality in business or at home.

Physical capital:

- **Only basic equipment for cocoa production:** the farming households have access to basic equipment for cocoa production (e.g. manual saws, axes and machetes). A relatively small percentage of farming households have access to motorized equipment that would save both time and money, such as motorized sprayers (17 percent) and motorized cutting equipment (two percent).
- **Limited use of agri-chemical inputs:** the vast majority of farming households used pesticides (97 percent), with 75 percent of these households using them regularly. The average annual cost of pesticides to each household was around US\$47 in the 2012–13 growing season.
- **Few physical assets important for health, safety, and wellbeing:** 74 percent of households did not own a latrine; 50 percent owned a house made of earthen walls and floors; and 69 percent had no access to electricity.

Social capital:

- **Few links to service providers:** outreach and training was limited to services provided by the cooperative, while credit (in the few cases it was available) was limited to the LBC. Non-Fairtrade households reported that one of the reasons for not joining the cooperatives was the limited capacity of cooperatives to meet promises and members' expectations.
- **Lack of knowledge about Fairtrade:** only about six percent of Fairtrade cooperative members had a reasonably good knowledge of Fairtrade. About 33 percent of the members said they had no idea while 20 percent claimed to have a fair knowledge.

Financial capital:

- **Cocoa is a critical income source, but income from cocoa is not enough to enable households to exit poverty:** cocoa provides the majority of income for the households surveyed. Average gross household income from cocoa was roughly US\$1,459 in the 2012–13 growing season, which makes it unlikely that cocoa production alone could lift a rural household out of poverty.
- **Options available for income diversification:** for roughly 45 percent of the households, other agricultural crops comprised an important additional source of income (averaging 33 percent of total income), while for about 18 percent of the households, small business activities comprised about 30 percent of total income.
- **The Fairtrade Premium contributed a small amount of additional income:** across the four Fairtrade cooperatives, the average annual Fairtrade Premium received per member was US\$36. If the cooperatives had been able to sell all of their cocoa under Fairtrade terms during that year, the average annual Fairtrade Premium per member for 2013–14 would have reached US\$74.

- **Limited access to credit:** only ten percent of sampled households had access to credit of any kind. The majority of those received credit in kind from LBCs (in the form of fertilizers and other inputs). Only 39 percent of the households that reported access to credit, received it in cash (also from LBCs), with a low average amount of US\$201.

CONCLUSIONS

The study provides reasons for both optimism and caution regarding the future expansion of Fairtrade cocoa in Ghana. The baseline data suggest that the cooperatives have taken the first steps to building a viable business. They have forged commercial relationships with buyers and service providers, established procedures for basic business operations and for ensuring compliance with government and Fairtrade standards (e.g. environmental policy and child labour policy) and gained valuable experience in the basic operation of a cooperative enterprise. The research also reveals several areas for future research and intervention:

- The cooperatives depend on a single service provider. It is critical to understand what the cooperatives need in the way of services (technical, business development, and financial), and the availability of local service providers.
- The baseline does not capture information about how and why members engage in cooperative governance, and how management attitudes influence their motivation. More research is needed to understand the participatory nature of governance (e.g. who holds power, how power is shared and how decisions are communicated).
- The baseline does not capture information on how and why women actually engage in cooperative governance, their motivation, capacity and opportunity to engage, and the space afforded to women to develop within the cooperatives.
- Weak communication with members was highlighted in the baseline. It would be relatively simple (e.g. through focus groups) to find out more about the information needs of members and the benefits and costs of different ways of communicating with them.

The unique context for business development in the Ghanaian cocoa sector suggests a need for Fairtrade to work with the producer organizations to develop an alternative cooperative model. One option could be to become an LBC capable of providing multiple services to its members. A different model would support the cooperatives as simple structures to facilitate relations with buyers, service providers, and Fairtrade, thus keeping costs low for members and external supporters.

At the household level the baseline suggests that growers have benefited from Fairtrade certification through the Fairtrade Premium and through access to essential services (e.g. technical assistance). Considerable potential exists to increase the Fairtrade Premium if the purchase of certified cocoa could be increased. The households, in general, face an uphill struggle to intensify their cocoa production: most live in poverty, few have access to credit, and when credit is available, it is too small to allow for strategic investments in cocoa production. In addition, overall access to services is limited and capacity to purchase basic inputs for cocoa production (e.g. fertilizers) remains low.

The baseline research concludes that Fairtrade alone will not be sufficient to transform conditions for cocoa farming households and cooperatives in Ghana, but it can make an important contribution. It has a stable presence in the region that few other projects or NGOs have. Its interest in the welfare of farmers, as well as expertise in the cocoa business, provides Fairtrade with a unique standing among buyers, government agencies, and NGOs. Active engagement by Fairtrade with those providing technical, business and financial services to cooperatives and farmers can make the difference.

Fairtrade will publish the full research report as well as a response to the findings in early 2016. It will be available at: <http://www.fairtrade.net/resources/impact-and-research.html>

FIGURE 7.11
FAIRTRADE COCOA: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE COCOA CERTIFICATION 2008–2014

Number of producer organizations with Fairtrade cocoa certification

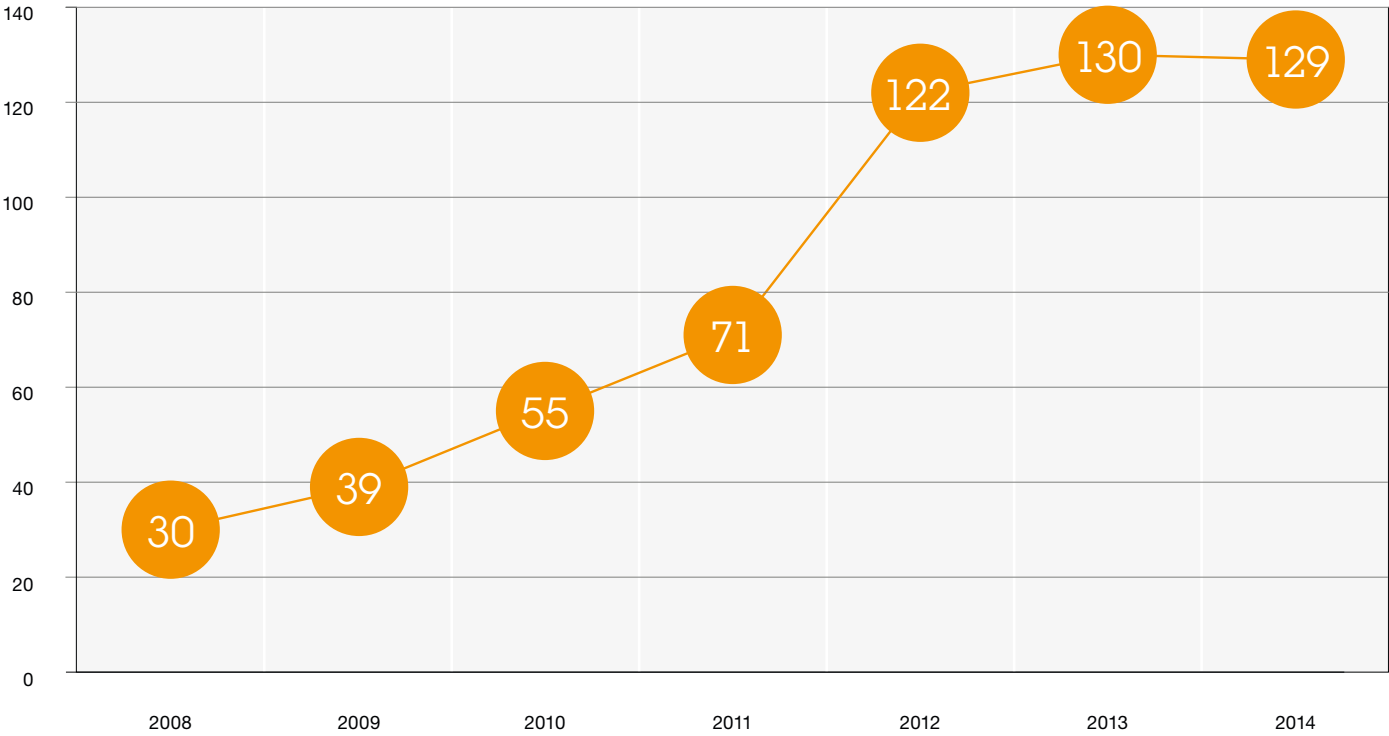


FIGURE 7.12
FAIRTRADE COCOA: PRODUCER ORGANIZATIONS WITH FAIRTRADE COCOA CERTIFICATION 2014

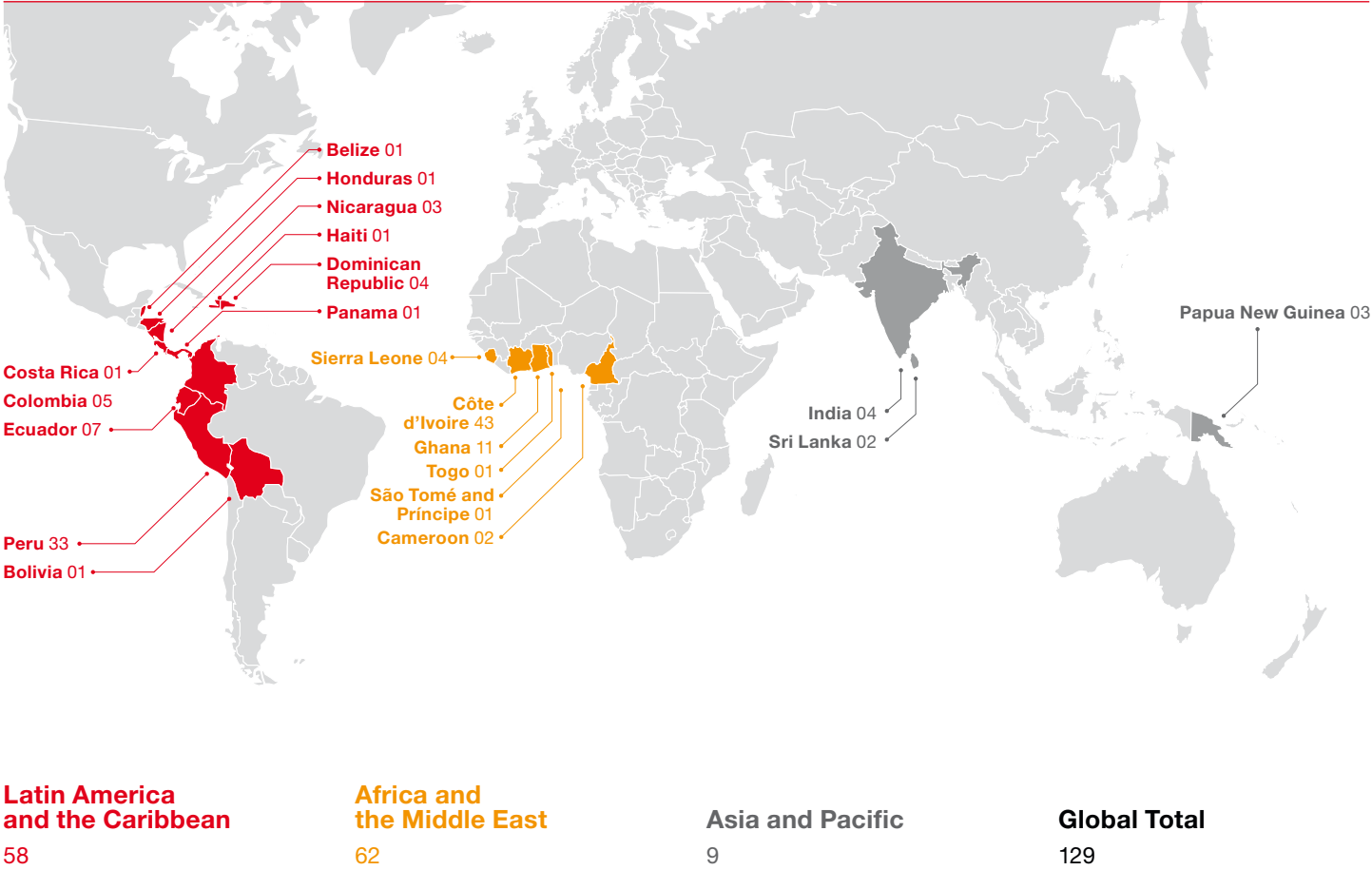
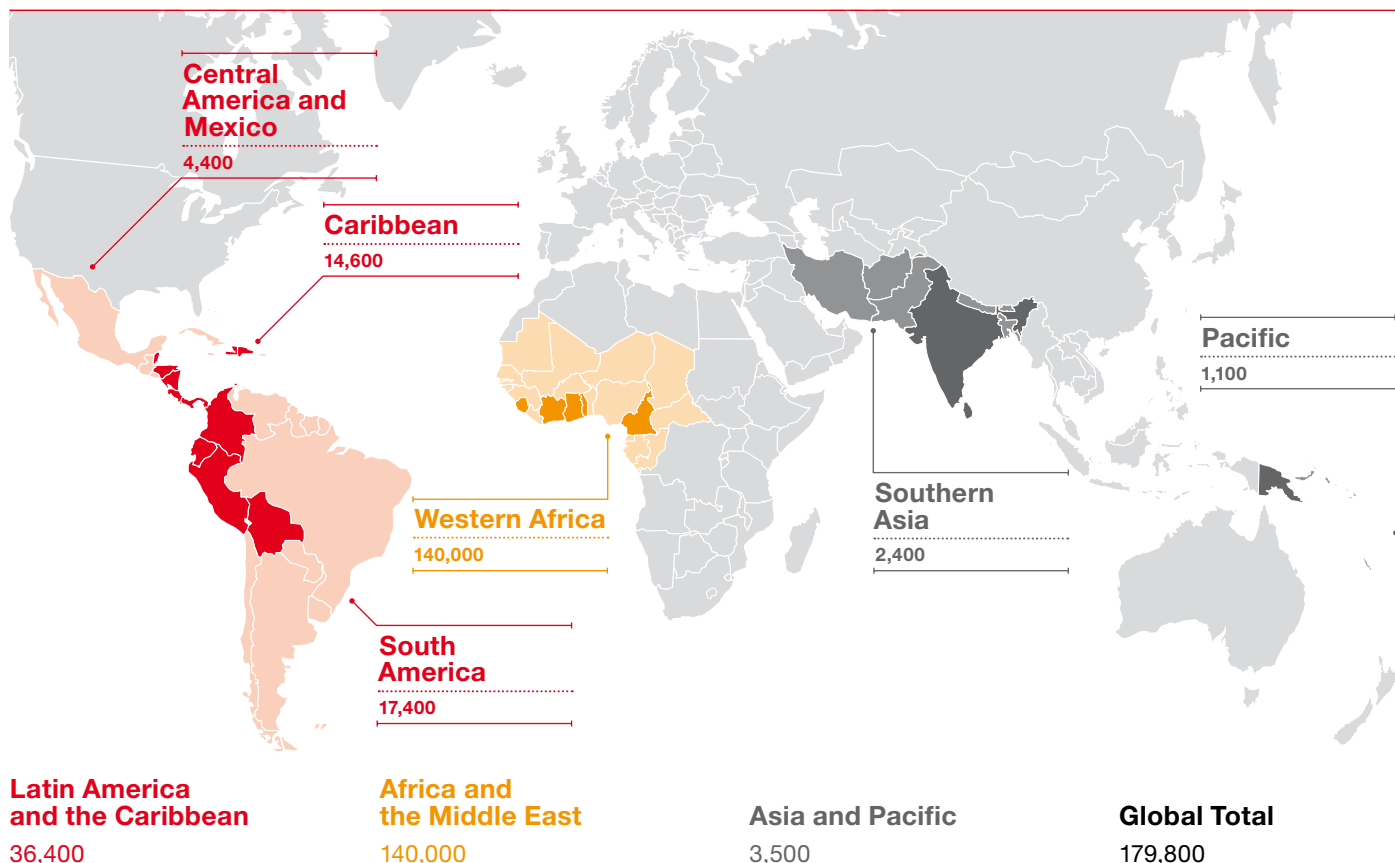


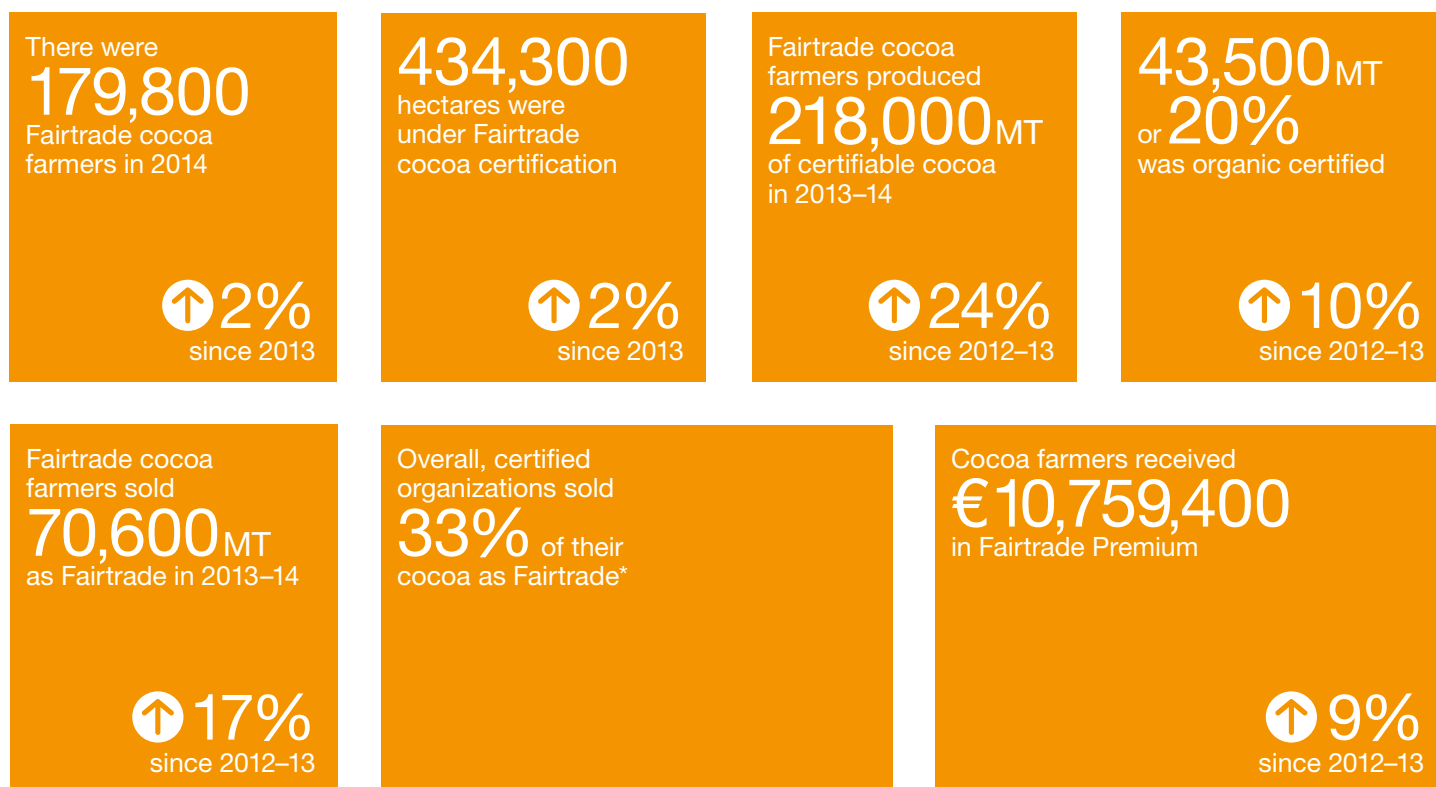
FIGURE 7.13

FAIRTRADE COCOA: NUMBER OF FARMERS BY REGION 2014



Note: Data may not sum due to rounding.
Data only for producer organizations registering cocoa as their first certified product.

FAIRTRADE COCOA: KEY DATA 2014



Note: * The analysis of Fairtrade sales volumes as a proportion of production volumes excludes newly certified organizations that were not eligible to sell their cocoa on Fairtrade terms during the period under review. It also excludes any organization that did not report data for either their total production volumes or their sales as Fairtrade or both.

FIGURE 7.14

FAIRTRADE COCOA: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2011–14

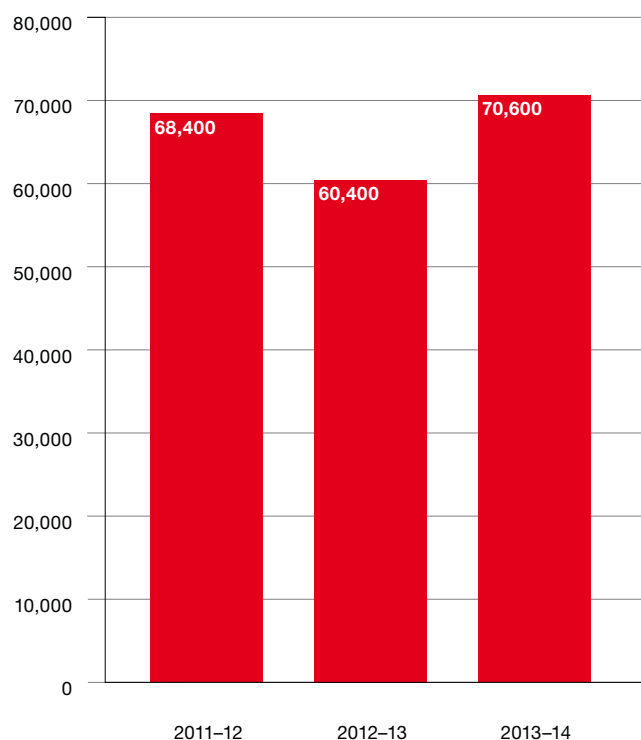
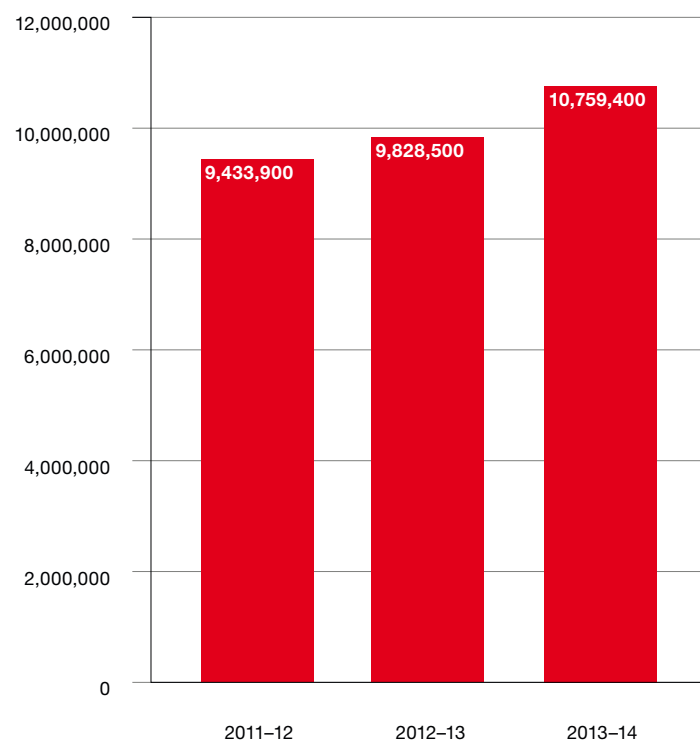
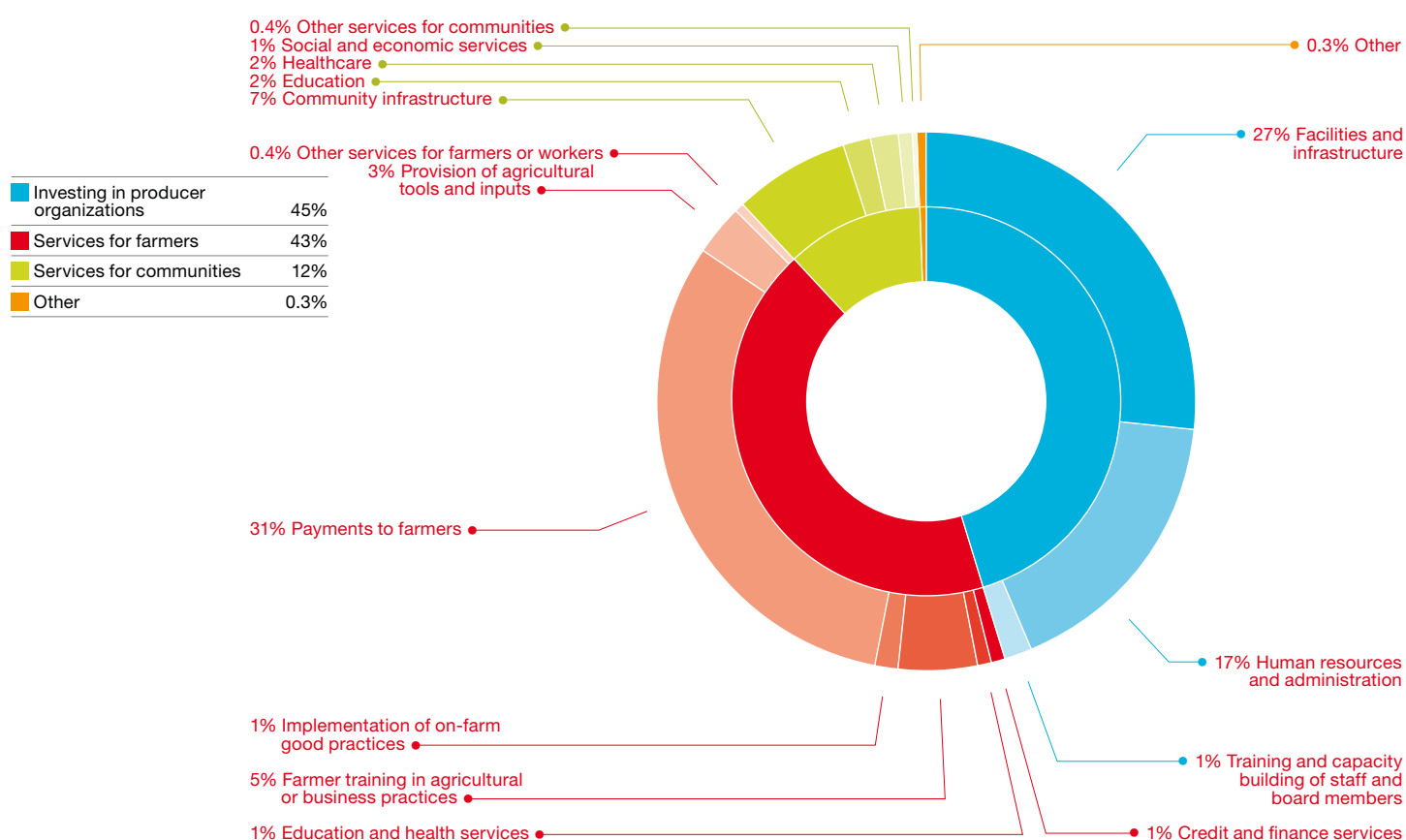
Fairtrade cocoa
volumes sold (MT)Fairtrade Premium
received (€)

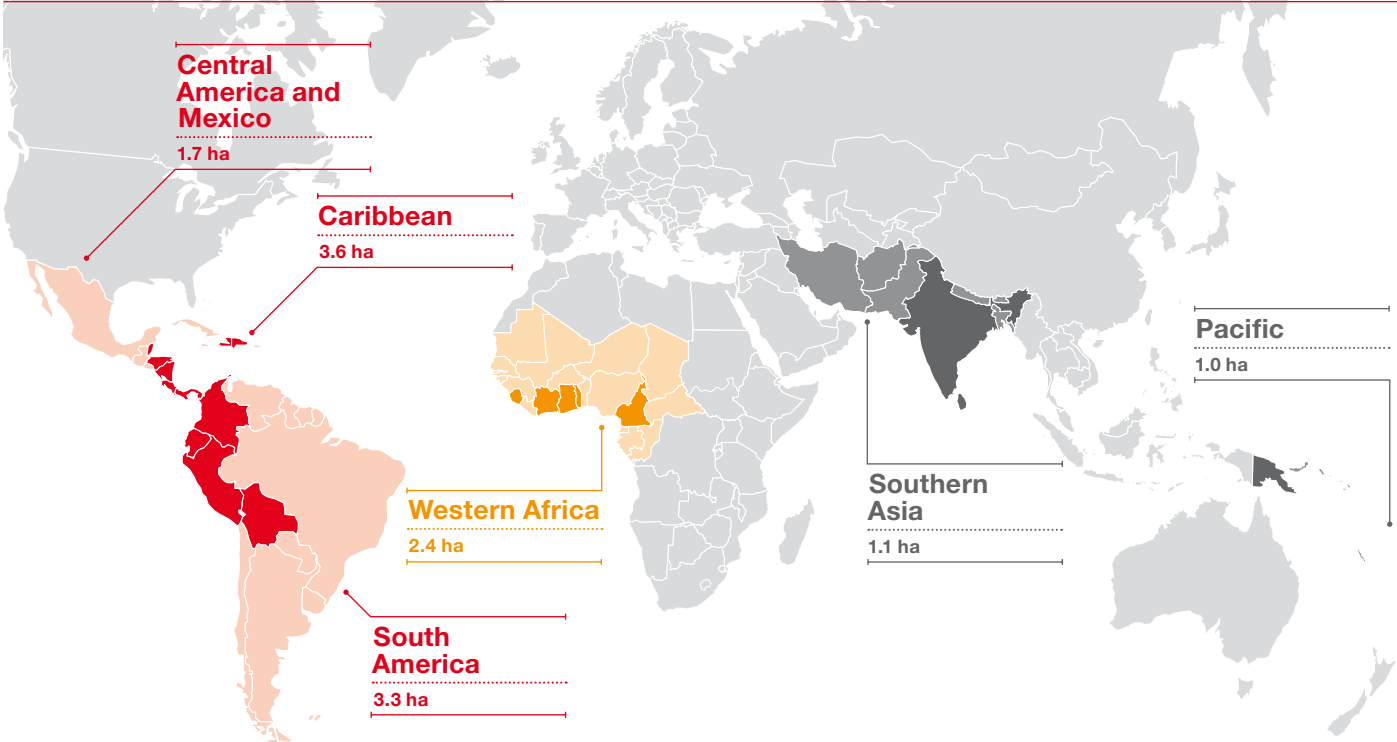
FIGURE 7.15

FAIRTRADE COCOA: FAIRTRADE PREMIUM USE 2013–14



Note: Percentages may not sum due to rounding.

AVERAGE AREA OF FAIRTRADE COCOA CULTIVATED PER FARMER 2014 (HECTARES)



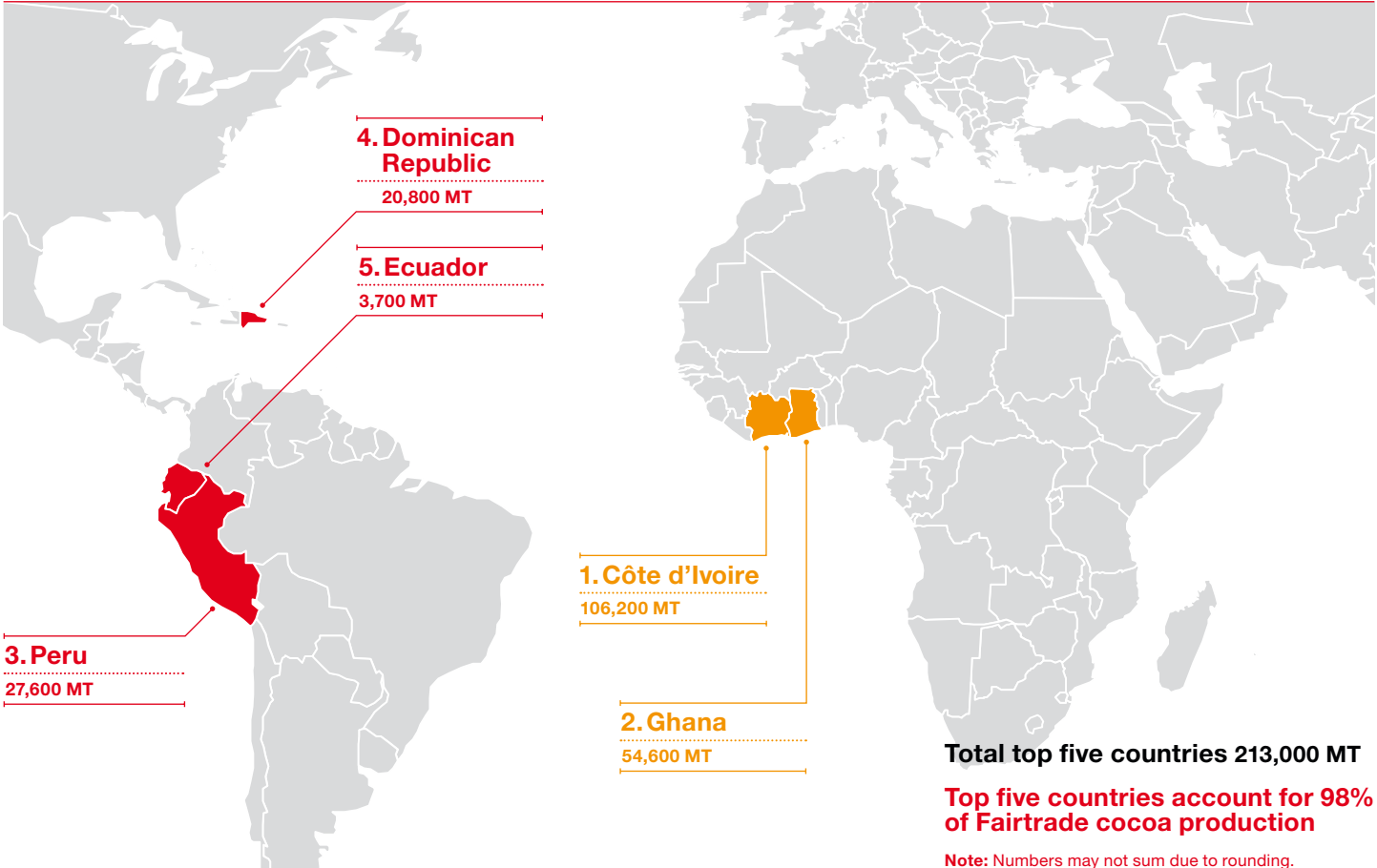
Latin America and the Caribbean
3.2 ha

Africa and the Middle East
2.4 ha

Asia and Pacific
1.0 ha

World
2.6 ha

FAIRTRADE COCOA PRODUCTION CAPACITY: TOP FIVE COUNTRIES 2014 (MT)



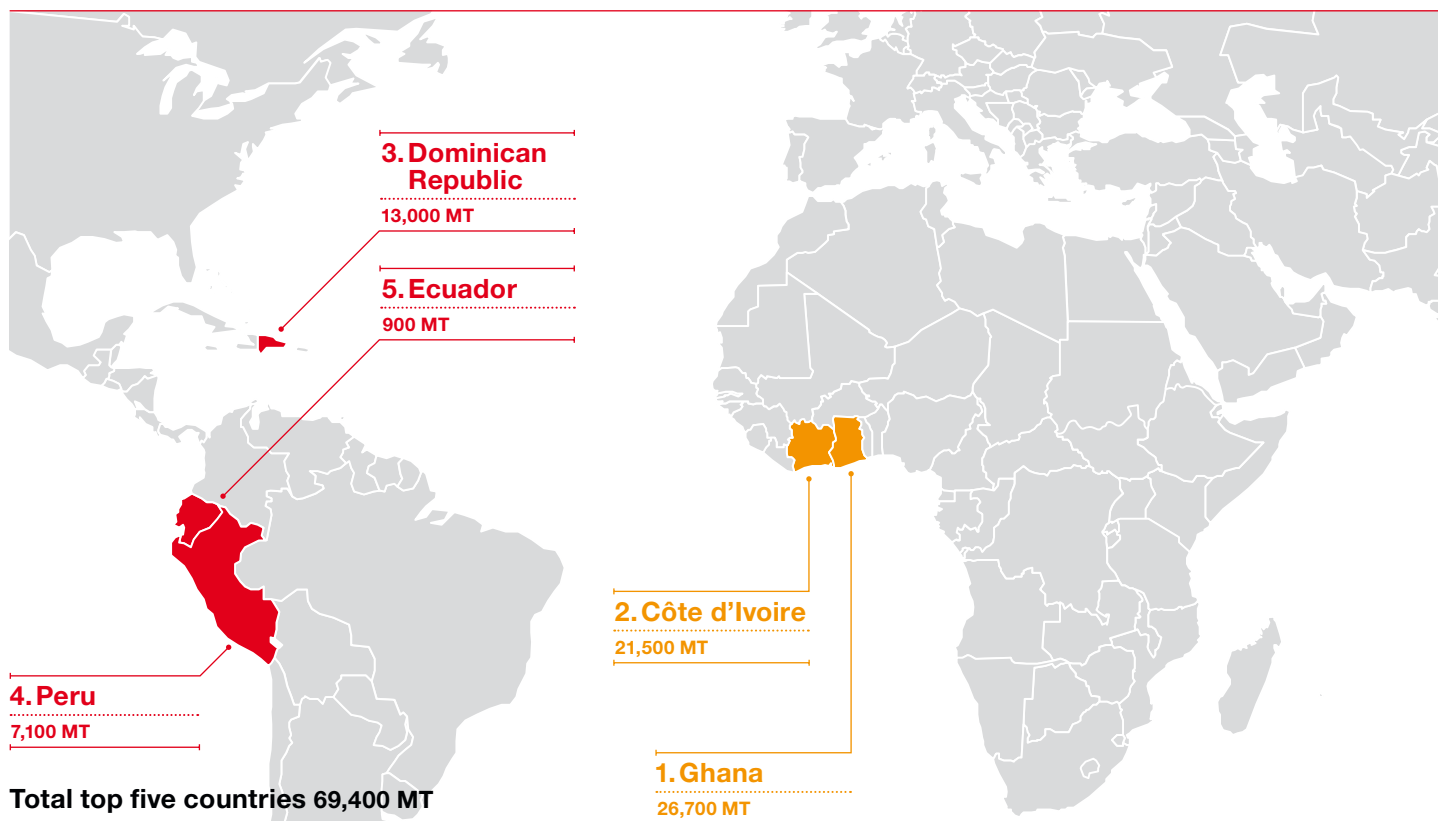
FAIRTRADE ORGANIC COCOA PRODUCTION CAPACITY: TOP THREE COUNTRIES 2013–14 (MT)



Top three countries account for 93% of Fairtrade organic cocoa production

Note: Numbers may not sum due to rounding.

FAIRTRADE COCOA: TOP FIVE SELLING COUNTRIES BY VOLUME 2013–14 (MT)



Top five countries account for 98% of Fairtrade cocoa sales

Note: Numbers may not sum due to rounding.

A young man with dark skin and short hair, wearing a yellow long-sleeved shirt, holds two large handfuls of fresh green tea leaves in front of him. He is looking directly at the camera with a neutral expression. The background is a blurred landscape of tea fields under a cloudy sky.

CHAPTER 7.4

FOCUS ON FAIRTRADE

PRODUCTS

TEA

100 TEA

PRODUCER ORGANIZATIONS
REPRESENTING MORE THAN

360,000

PEOPLE IN 12 COUNTRIES



MORE THAN HALF OF THE FARMERS AND WORKERS IN FAIRTRADE TEA LIVE IN KENYA

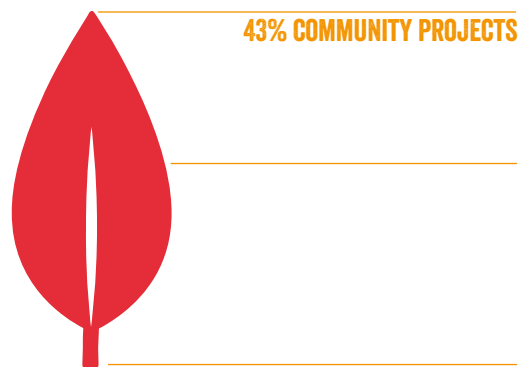


FAIRTRADE TEA FARMERS IN AFRICA

FARM TINY PLOTS OF
0.3 HECTARES
ON AVERAGE



FAIRTRADE TEA PRODUCERS INVESTED 43% OF THEIR FAIRTRADE PREMIUM IN COMMUNITY PROJECTS



7.4 FAIRTRADE FACT FILE: TEA

- At the end of 2014, 100 producer organizations in 12 countries held a product certification for Fairtrade tea. India, Kenya and Malawi continued to be the top-selling origins. More than 364,000 people were involved in Fairtrade tea as smallholder farmers or as workers on plantations. More than half of them (184,700) were in Kenya, and 79,000 were in India.
- Fairtrade tea farmers cultivate their tea on very small areas. Smallholder farmers in Africa grow tea on an average plot size of just 0.3 hectares.
- Global Fairtrade tea sales volumes in 2013–14 held steady at 12,200 MT. Sales by smallholders accounted for 55 percent of the total Fairtrade tea volume sales, and 45 percent came from tea estates (plantations). These were similar to the volumes sold in 2012–13. Certifiable volumes of Fairtrade tea grew by four percent to 195,000 MT, with a slight decline of seven percent in organic production, the likely result of adverse weather or monsoon conditions.
- The UK continues to account for the majority (75 percent) of sales of Fairtrade tea. While the UK's mainstream black tea market has declined over the past two years, we continue to see strong growth among brands and own-label teas where the quality of the tea blend has been maintained. This mirrors the wider market, where the only mainstream brands showing growth are those with a strong reputation for quality.
- Tea prices were low in 2014—around US\$1 less per kg than in 2013 for African teas. This price drop was driven by a bumper smallholder crop leading to production increases of more than 30 percent in Kenya. This had a disastrous effect on prices in Malawi, which fell well below the cost of production to around US\$1.15 per kg. Fairtrade producers were protected to some extent by the fact that the Malawi Fairtrade Minimum Price is set at US\$1.40 per kg.
- On average, Fairtrade tea producers sell less than ten percent of their production on Fairtrade terms. This, combined with the high number of certified groups with large numbers of farmers and workers, means it continues to be a challenge for Fairtrade to make a real impact for all farmers and workers within Fairtrade certified tea producer organizations. However a small number of certified organizations have sold quite significant volumes, which has led to considerable benefit from Fairtrade in recent years. For example, recent research with Fairtrade tea producers in Malawi has shown positive impacts: http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2013-04-Malawi-Fairtrade-Impact-FinalLR.pdf
- Fairtrade continues to work on several fronts to achieve better impacts for Fairtrade tea producers. The revised Fairtrade Hired Labour Standard has introduced a quality requirement for on-site housing for workers, and strengthened workers' rights with greater support for collective bargaining and freedom of association, as well as strengthening the requirements for tea plantations to move towards paying workers a living wage.
- Fairtrade is working with a wide range of partners to support improved wages for workers on tea estates including participation in industry-wide initiatives such as the Oxfam Tea Wage Report and Tea 2030. In June 2015, Fairtrade signed an agreement with Oxfam, the Ethical Tea Partnership and other industry actors to achieve a living wage for Malawi tea workers by 2020. To date Fairtrade has contributed by commissioning and jointly funding a study to define a living wage for Malawi tea workers, using an industry-agreed methodology, developed by Richard and Martha Anker.
- Fairtrade and the Tea Association of Malawi co-funded a feasibility study, conducted by Ernst & Young, to examine the cost of production, market prices and industry profitability of tea in Malawi. The study calculated the additional cost of paying a living wage for Malawi tea workers, at around US\$0.30 per kg of tea sold. Fairtrade also hosted workshops with Fairtrade tea producers in Sri Lanka, South India and North India to discuss living wages and how to address current challenges to making the tea industry more sustainable.

Previous page: Godfry at work in Joyce Kambaterane's tea garden which is a part of Mabale Growers Tea Factory Ltd in Uganda.
© Nathalie Bertrams

- Tea wages are generally set at national level via collective bargaining agreements (CBAs), but our work on living wages has highlighted a number of origins where CBA wages are below international poverty benchmarks—for example in Malawi and Assam, India. Since Fairtrade began working alongside other stakeholders to try to support the movement towards living wages in Malawi tea, tea worker wages in Malawi have improved from 450MK to 850MK. Although currency devaluation means this is still only US\$1.50 per day, it is nevertheless a significant improvement.
- More than €4.6 million in Fairtrade Premium was paid directly to small farmer organizations or workers' organizations on Fairtrade tea estates. Small farmer organizations invested 37 percent of their Fairtrade Premium in community investments such as health, education, and infrastructure. They spent a further 38 percent of their Fairtrade Premium on strengthening their producer organizations by investing in facilities, infrastructure and human resources. Twenty-one percent of the Fairtrade Premium was invested in services to farmers including providing fertilizer and tools, direct payments to members, training, and credit and financing.
- On tea estates, workers chose to spend 46 percent of the Fairtrade Premium they earned on a wide range of services for workers and their families—such as the provision of housing, educational support, medical care, and subsidized goods and loans. They invested 48 percent of the Fairtrade Premium in community projects including improving local infrastructure such as roads or bridges, health and education.

PRODUCER REPORT

CLIMATE ADAPTATION PUTS TEA IN THE SHADE



Victor Biwot, Operations Manager at Sireet Outgrowers Empowerment Project Company, an association of tea growers in Kenya.

© Zoe Stephenson / Fairtrade International

Rural and farming communities are among the most deeply affected by climate change, although they have done the least to contribute to it. Sireet Outgrowers Empowerment Project Company Ltd is an association of small-scale tea growers located in six production zones spread across the vast Nandi Hills region of Rift Valley Province. Based in remote areas of Kenya, the favourable climate has historically allowed Sireet OEP to harvest tea year-round. But for how much longer? Sireet OEP Operations Manager Victor Biwot says climate change is affecting productivity. 'Farmers can no longer predict the best time to prepare their farms or start planting. In previous years it used to work like clockwork, but now you just can't tell.'

Fairtrade certified since 2006, Sireet OEP has recently started reforestation projects to try to combat the onset of climate change. 'We are raising trees in our nurseries for farmers to inter-plant with their tea crops,' says Victor. 'The trees provide shade to the tea, and protect it from hail and frost, helping to reduce the effects of climate change.'

Read the full Sireet story here: <http://bit.ly/AboutSireet>

Read more about Fairtrade's approach to climate change here: www.fairtrade.net/climate-change

FIGURE 7.16

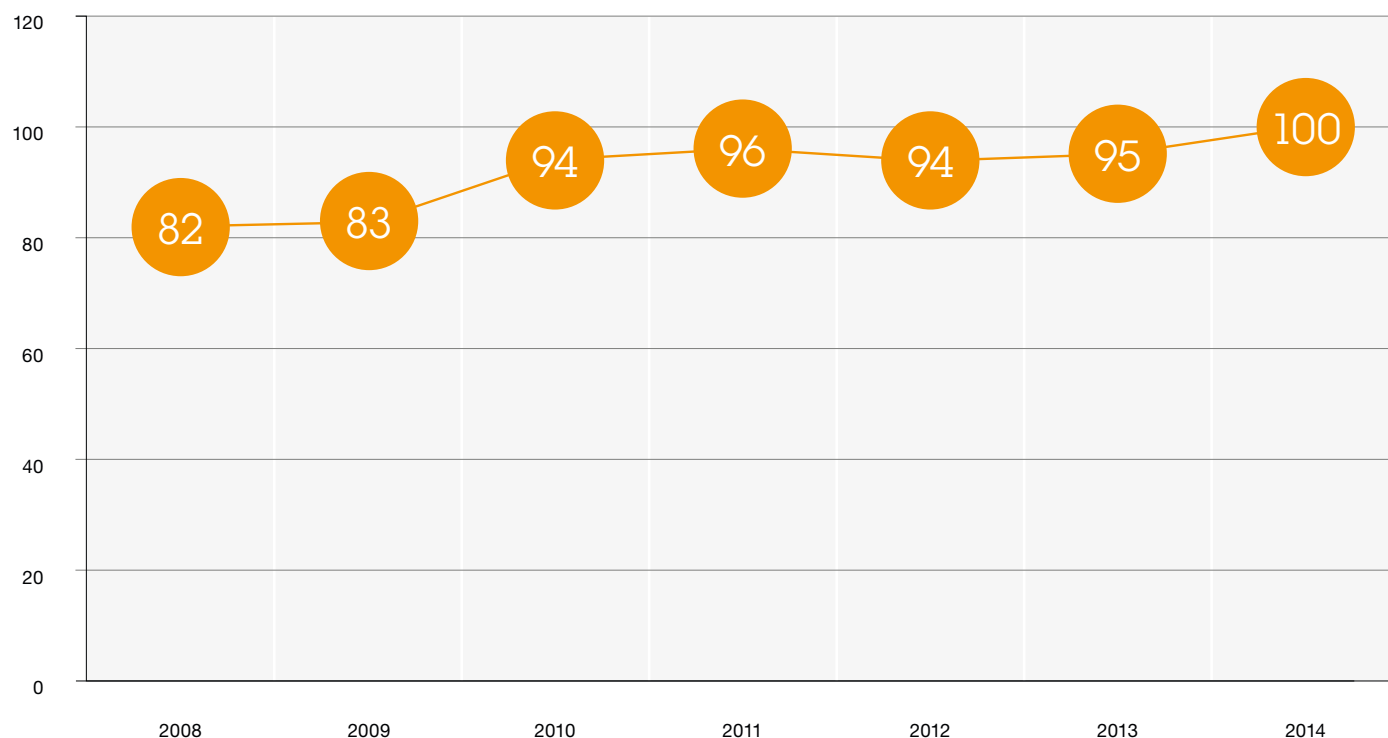
FAIRTRADE TEA: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE TEA CERTIFICATION 2008–2014**Note:** Data are for producers of *Camellia sinensis* tea.**Number of producer organizations
with Fairtrade tea certification**

FIGURE 7.17

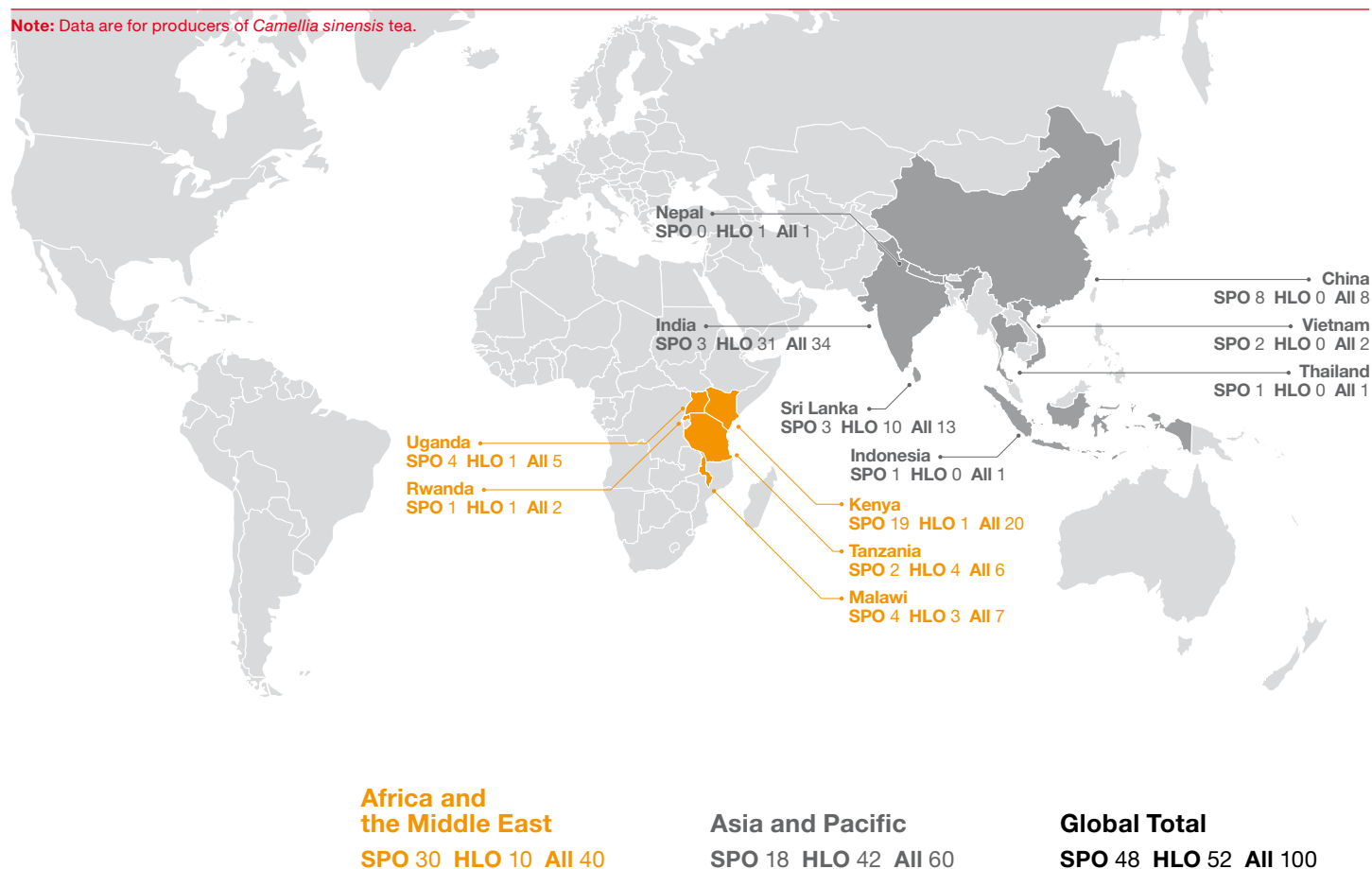
FAIRTRADE TEA: PRODUCER ORGANIZATIONS WITH FAIRTRADE TEA CERTIFICATION 2014**Note:** Data are for producers of *Camellia sinensis* tea.

FIGURE 7.10

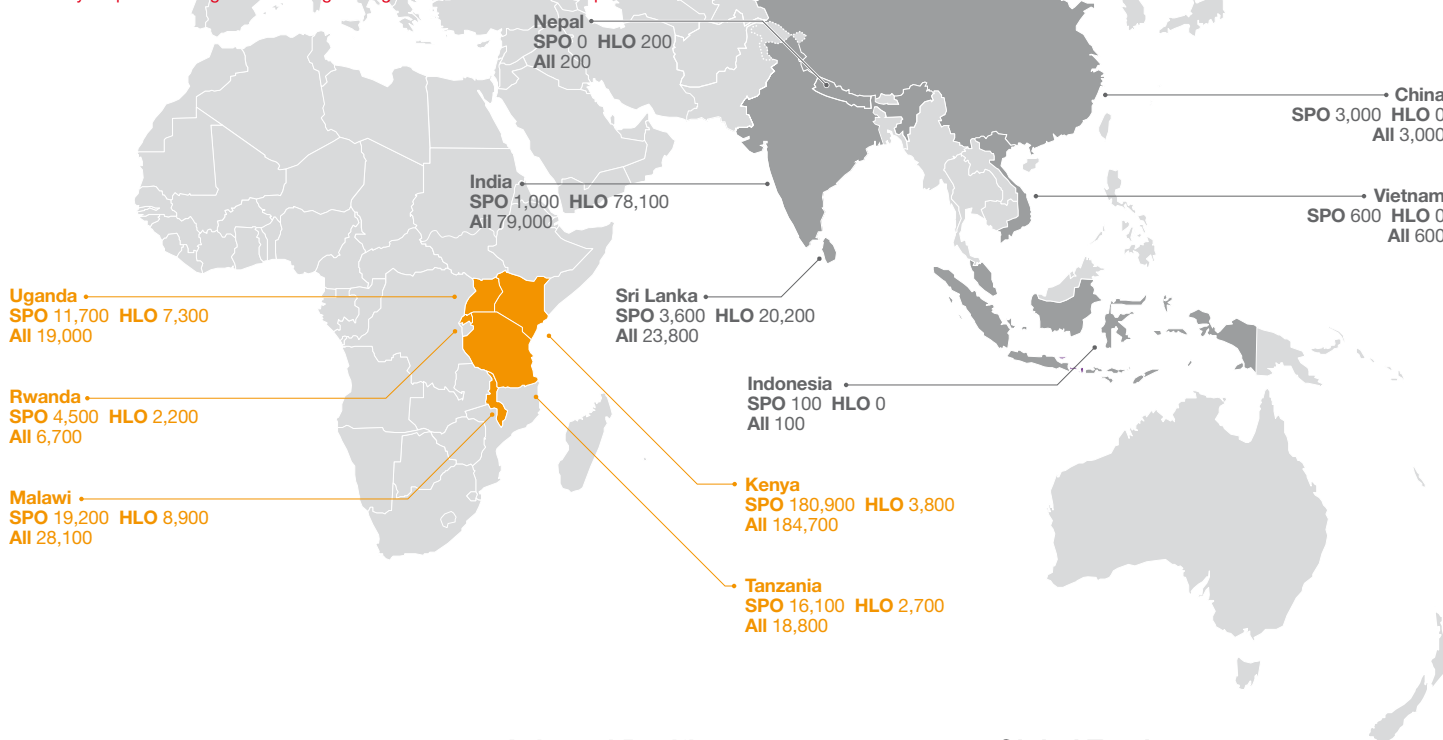
FAIRTRADE TEA: NUMBER OF FARMERS AND WORKERS BY COUNTRY 2014

Note: Data may not sum due to rounding.

HLO Hired Labour Organization SPO Small Producer Organization.

Note: Data are for producers of *Camellia sinensis* tea.

Data only for producer organizations registering tea as their first certified product.



Africa and the Middle East

SPO 232,400 HLO 24,900

All 257,300

Asia and Pacific

SPO 8,300 HLO 98,500

All 106,800

Global Total

SPO 240,800 HLO 123,400

All 364,100

FAIRTRADE TEA: KEY DATA 2014

There were
364,100
Fairtrade tea farmers
and plantation workers
in 2014

↑ **21%**
since 2013

135,900
hectares were
under Fairtrade tea
certification

↑ **27%**
since 2013

Fairtrade tea
producers grew
194,900 MT
of certifiable teas
in 2013–14

↑ **4%**
since 2012–13

13,300 MT
or **7%** was
organic certified

↓ **7%**
since 2012–13

Fairtrade tea
producers sold
12,200 MT
of teas as Fairtrade in
2013–14

→ **0%**
since 2012–13.

Overall, certified
organizations sold
7%
of their teas
as Fairtrade*

Tea producers received
€4,653,200
in Fairtrade Premium

↑ **2%**
since 2012–13

Note: Data are for producers of *Camellia sinensis* tea.

* The analysis of Fairtrade sales volumes as a proportion of production volumes excludes newly certified organizations that were not eligible to sell their tea on Fairtrade terms during the period under review. It also excludes any organization that did not report data for either their total production volumes or their sales as Fairtrade or both.

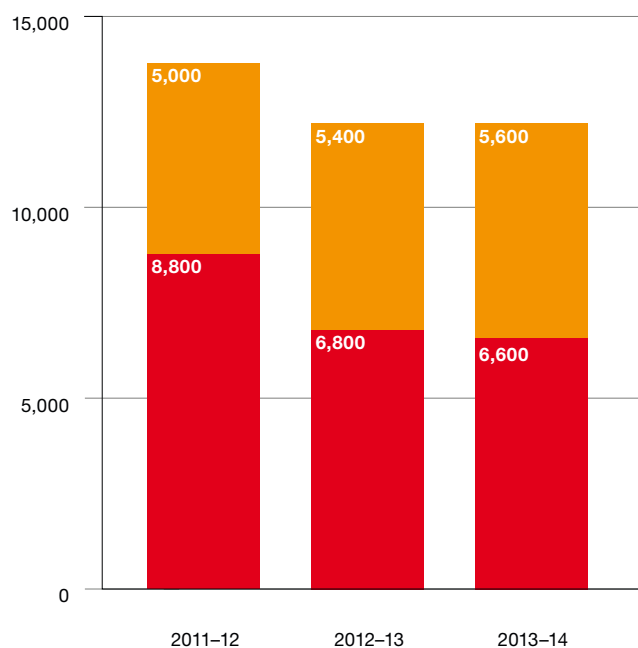
FIGURE 7.19

FAIRTRADE TEA: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2011–2014

Note: Data are for producers of *Camellia sinensis* tea.

■ Hired Labour Organizations
■ Small Producer Organizations

Fairtrade tea volumes sold (MT)



Fairtrade Premium received (€)

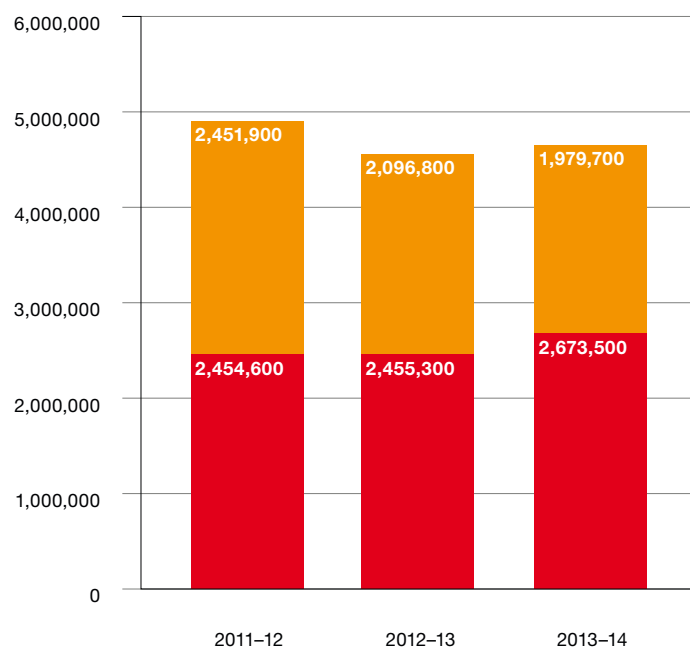
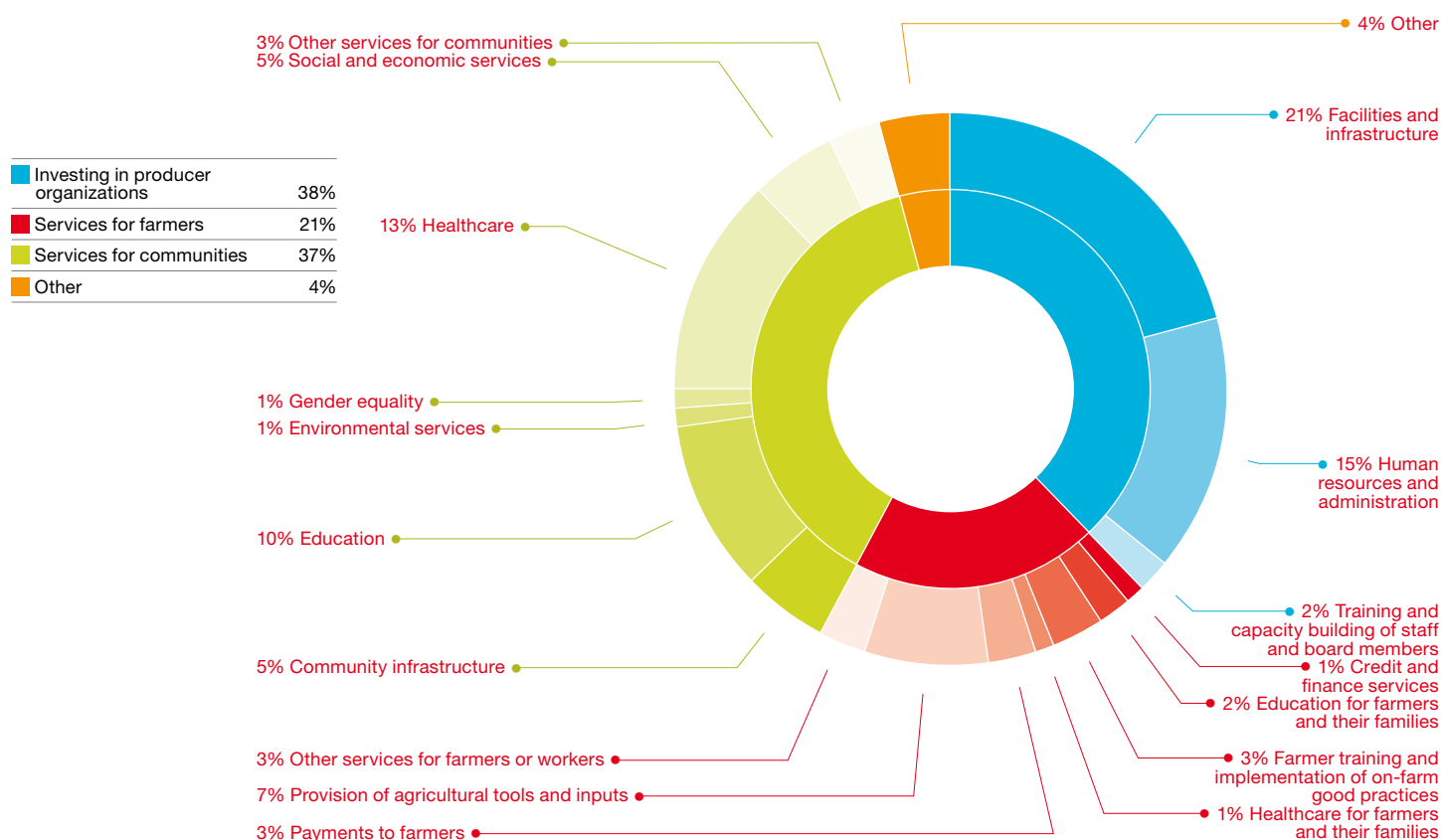


FIGURE 7.20A

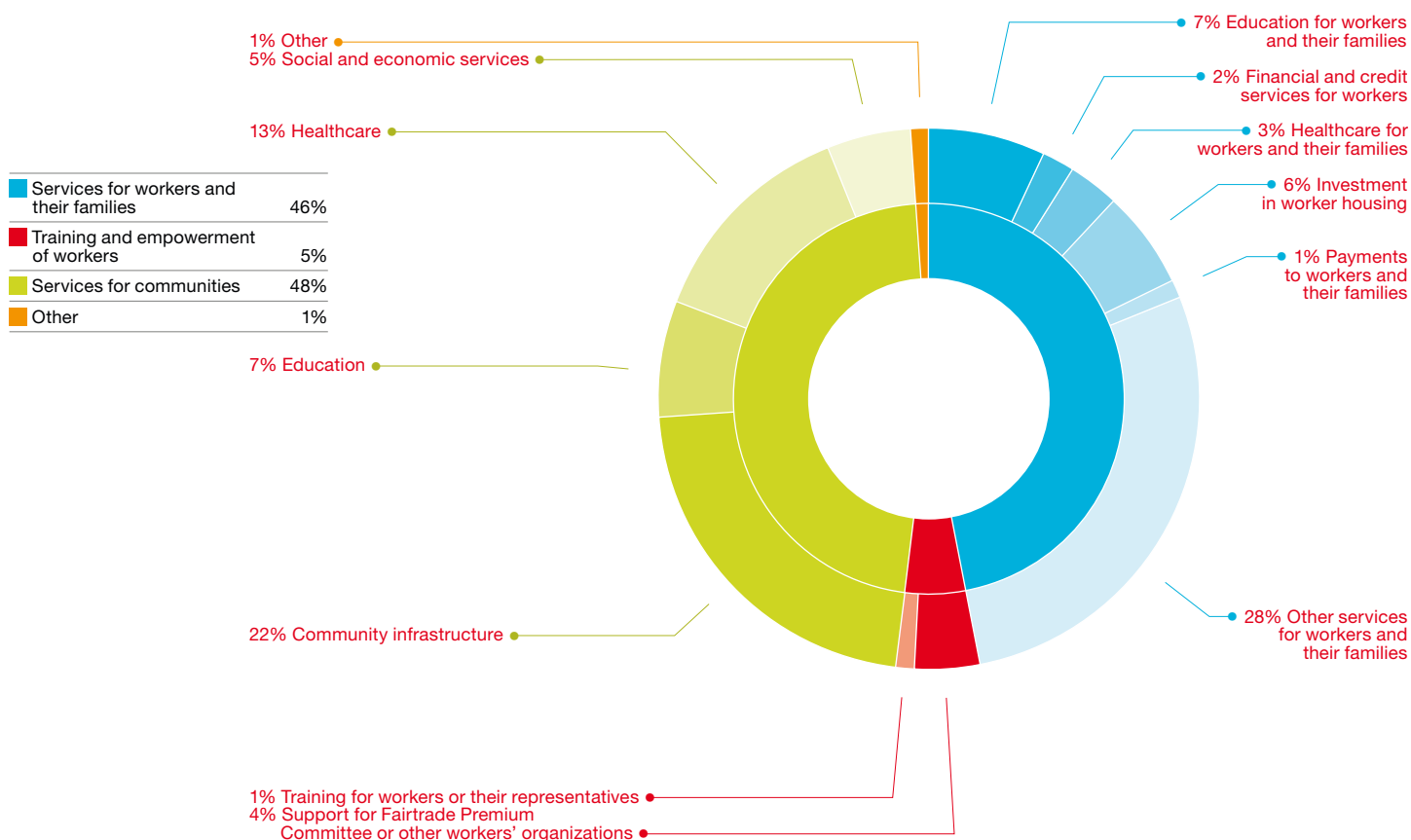
FAIRTRADE TEA: FAIRTRADE PREMIUM USE IN SMALL PRODUCER ORGANIZATIONS 2013–14



Note: Percentages may not sum due to rounding.

FIGURE 7.20B

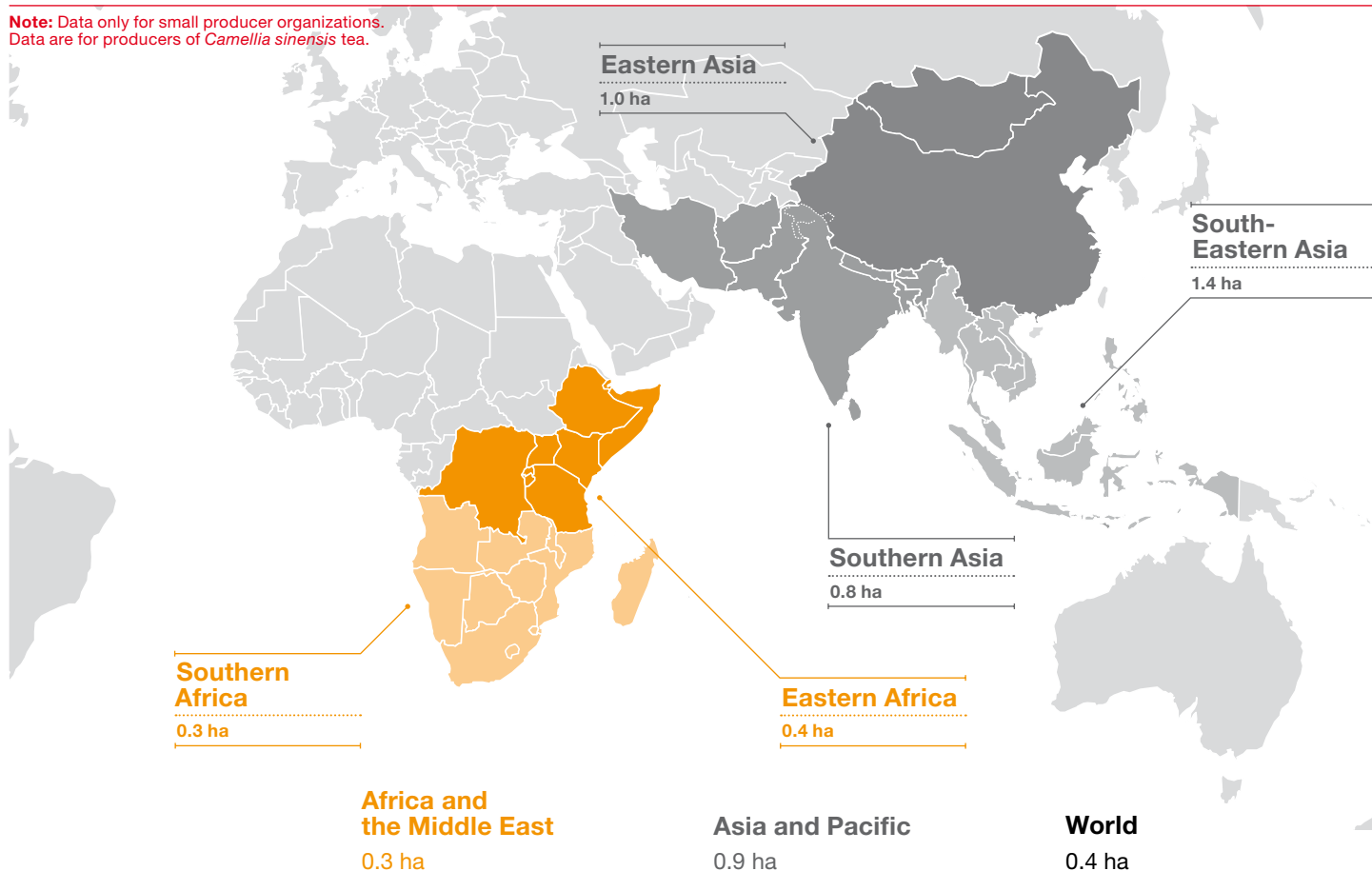
FAIRTRADE TEA: FAIRTRADE PREMIUM USE IN HIRED LABOUR ORGANIZATIONS 2013–14



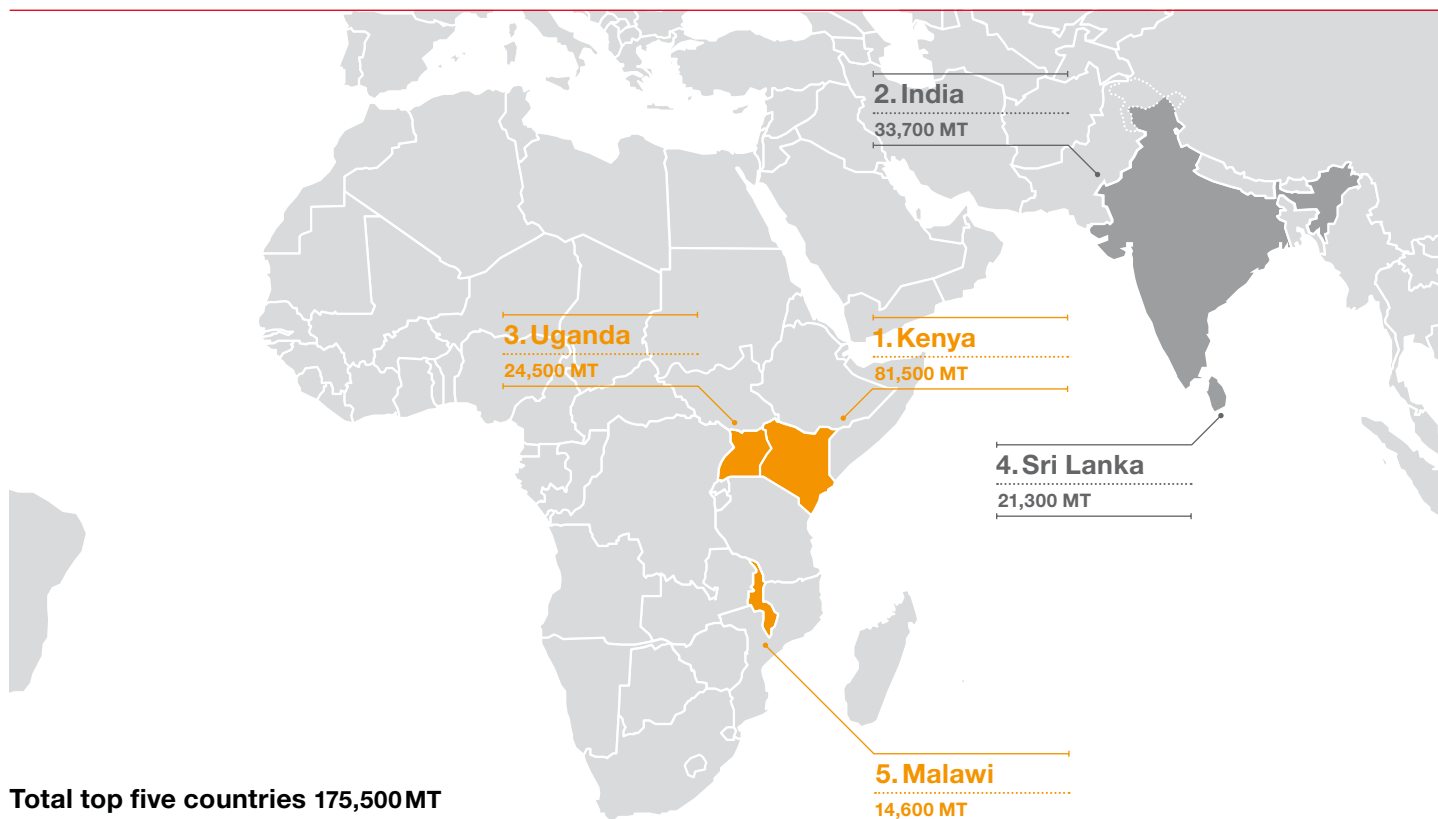
Note: Percentages may not sum due to rounding.

AVERAGE AREA OF FAIRTRADE TEA CULTIVATED PER FARMER 2014 (HECTARES)

Note: Data only for small producer organizations. Data are for producers of *Camellia sinensis* tea.



FAIRTRADE TEA PRODUCTION CAPACITY: TOP FIVE COUNTRIES 2013–14 (MT)

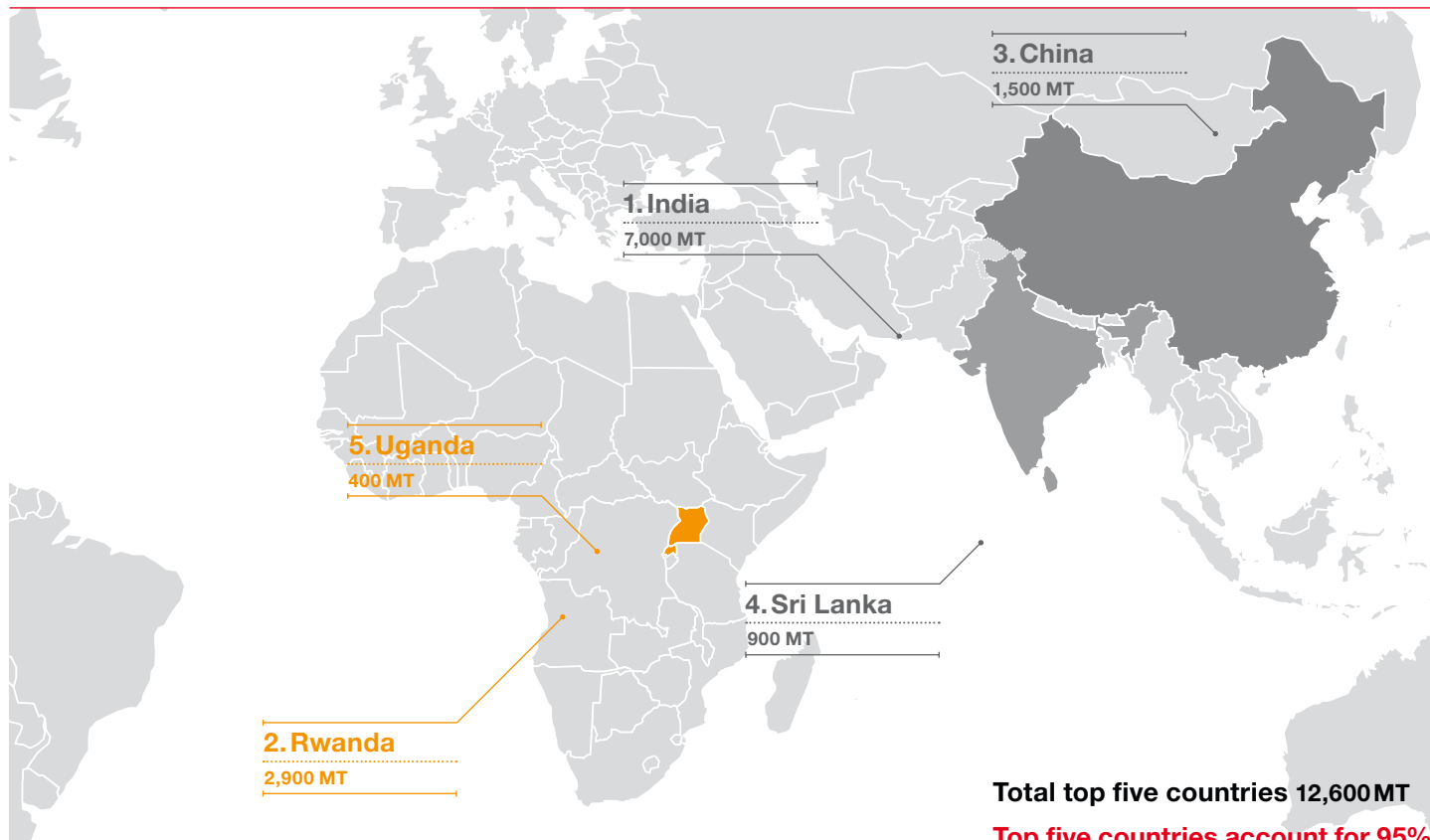


Total top five countries 175,500 MT

Top five countries account for 90% of Fairtrade tea production

Note: Numbers may not sum due to rounding.

FAIRTRADE ORGANIC TEA PRODUCTION CAPACITY: TOP FIVE COUNTRIES 2013–14 (MT)

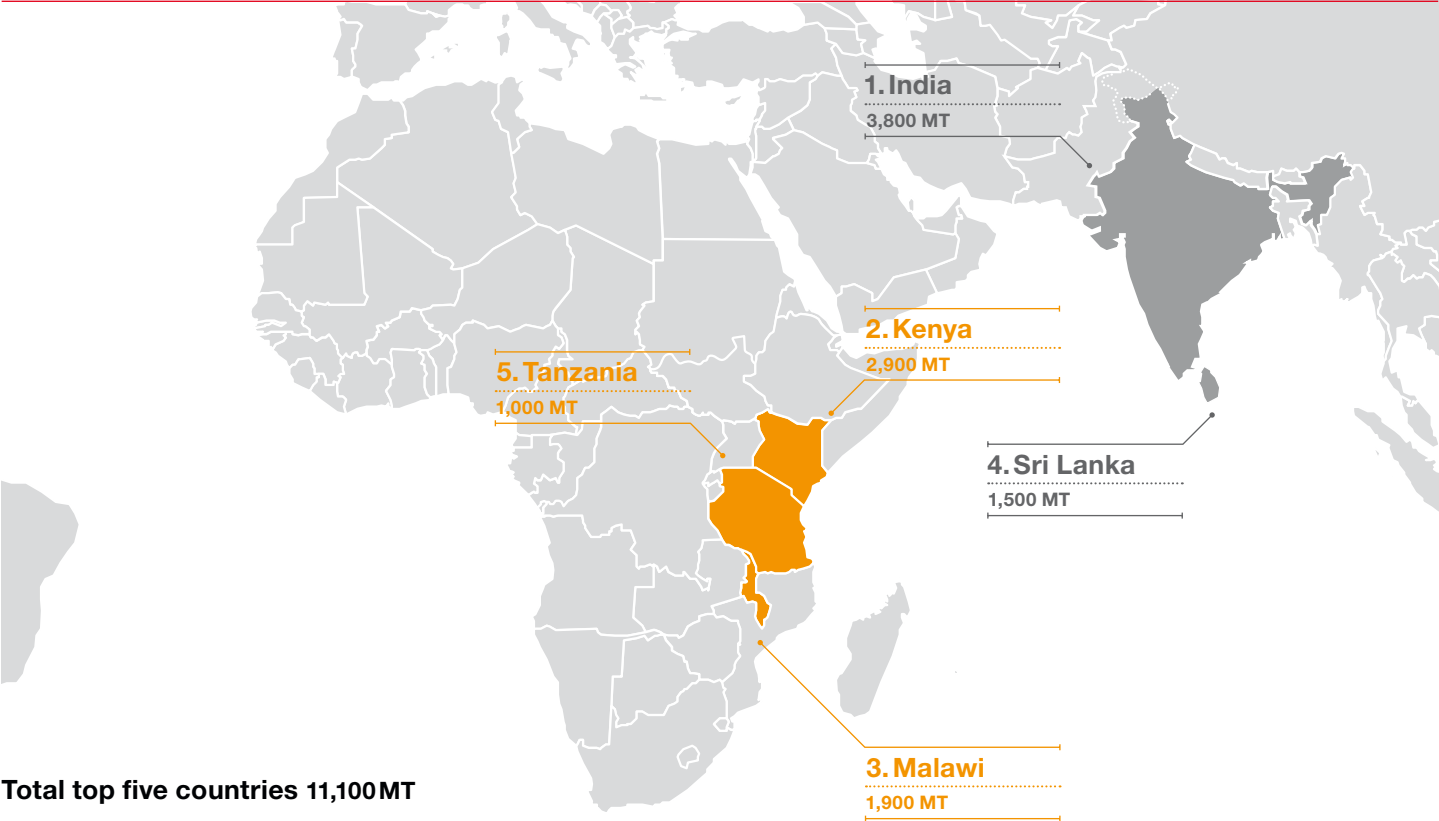


Total top five countries 12,600 MT

Top five countries account for 95% of Fairtrade organic tea production

Note: Numbers may not sum due to rounding.

FAIRTRADE TEA: TOP FIVE SELLING COUNTRIES BY VOLUME 2013–14 (MT)



Total top five countries 11,100MT

Top five countries account for 91% of Fairtrade tea sales volumes

Note: Numbers may not sum due to rounding.

A young man with dark hair and a mustache is shown from the chest up, wearing a wide-brimmed straw hat with a red band, a blue long-sleeved shirt over a blue t-shirt, and dark work gloves. He is holding a large machete and is in the process of cutting a sugarcane stalk. The background is a lush green sugarcane field with tall stalks and leaves.

CHAPTER 7.5

FOCUS ON FAIRTRADE

PRODUCTS

SUGAR

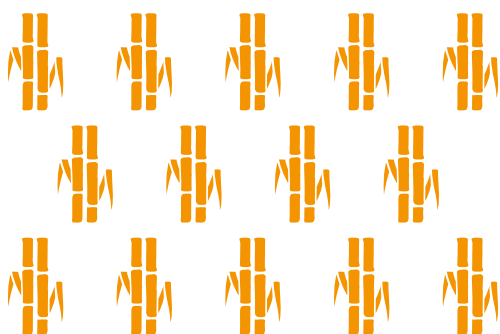
99 SUGAR
PRODUCER ORGANIZATIONS
REPRESENTING
62,700
FARMERS IN 19 COUNTRIES



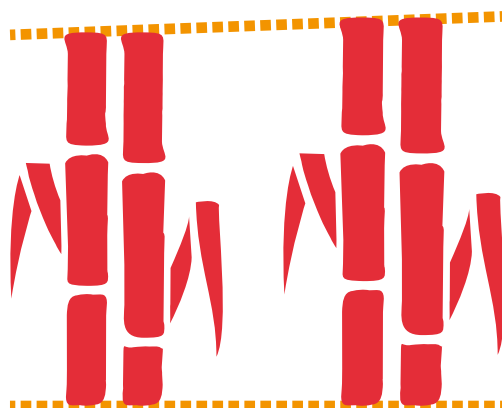
€10.2 MILLION IN
FAIRTRADE
PREMIUM
PAID TO SUGAR PRODUCERS



ORGANIC
FAIRTRADE SUGAR
PRODUCTION
GREW BY 14%



SALES VOLUMES
GREW BY 4%
FOR FAIRTRADE
SUGAR



7.5 FAIRTRADE FACT FILE: SUGAR

- At the end of 2014, 99 producer organizations across 19 countries held a certification for Fairtrade sugar. Together, these organizations represent almost 63,000 farmers.
- The land area under cultivation and the volume of certified crop grew slightly since 2012–13, indicating that the rapid growth in Fairtrade sugar certification that we have seen in previous years has slowed.
- Globally, the size of an average Fairtrade sugar plot is 2.8 hectares.
- Producers reported a modest increase of four percent in the volumes of sugar sold on Fairtrade terms.
- The Fairtrade Premium received by sugar producers rose by five percent to more than €10.2 million.
- Sugar farmers invested more than half of their Fairtrade Premium in the running and improvement of their producer organizations. A quarter of the Fairtrade Premium was used to make direct payments to farmers, with 16 percent used for other farmer services including provision of tools and inputs, farmer training, and implementation of good agricultural practices.
- Fairtrade has developed new programmes to train farmer organizations and their members on child protection in Paraguay and Belize.
- In 2014, global sugar prices collapsed as a result of the European Union (EU) releasing a large quantity of 'out of quota' beet sugar in to the European market for human consumption. This has created serious challenges to retaining and building the market for Fairtrade sugar. When compared with the current low price for beet sugar, the cost of buying Fairtrade cane sugar from many origins is much higher once shipping is taken into account. The low and volatile sugar prices have had a negative impact on producers and the industry, leaving the sugar industry in a serious state of flux.
- As there is no Fairtrade Minimum Price for sugar, the Fairtrade Premium is the main economic benefit that the farmer organizations receive. In some cases the Fairtrade Premium acts as a buffer against the unsustainably low prices that smallholder farmers receive for their sugar cane. Farmers are able to reinvest the Premium in their businesses to increase their competitiveness, or to enable them to purchase inputs jointly with other members to reduce costs. However, where the costs of inputs are also increasing, this benefit is also being eroded.
- Fairtrade is working with sugar farmers around the world to try to prepare them for major changes in EU sugar policy. The current quota system limiting the quantity of sugar beet that can be produced within the EU will be abolished in 2017. Fairtrade anticipates that this EU-CAP reform will post a serious risk to cane sugar producers in Africa, the Caribbean and the Pacific (ACP), and those in the least developed countries (LDCs), who have benefited from preferential access to EU markets under the current policy. As 80 percent of Fairtrade sugar is produced in ACP and LDC countries, the situation is very challenging for these producers. Farmers in most of the ACP/LDC countries have a very high dependency on sugar production (with almost no alternatives) compounded by a dependency on exporting their product to the EU. Decreases in exports directly affect the livelihoods of sugar cane farmers, their dependents and the whole industry. In many ACP countries workers are already being laid off. We are continuing to work with cane sugar producers in the countries likely to be most affected by the change to mitigate the potential negative impacts—for example by considering growing local markets for sugar.
- Fairtrade undertook market research into the potential of new markets, such as in India and in Southern Africa, to provide sales for Fairtrade sugar producers. India is the world's largest sugar consumer and the second largest producer of sugar.
- In addition to the effects of unsustainable sugar prices, farmers faced the challenges of climate change. Farmers report that rainfall has increased in some countries, contributing to a high water table. This has made it difficult to access the fields for harvesting and transporting the cane, which in turn drives up the cost of production.

Previous page: A worker chops a sugarcane stick with a machete. ASOCACE is an association of sugar farmers in Paraguay.
© Didier Gentilhomme

An ageing farmer population and high input costs are among the other problems facing the sugar sector.

- Many Fairtrade certified producers, especially in small-scale sugar production, as well as other players in the industry, have considered Fairtrade certification as their only hope for the future. In some countries, almost all small-scale sugar farmers are certified. This means that they, their dependents and their communities—a whole sector in a country—are relying on the sustainable production of cane and sale of the Fairtrade sugar in order to survive in a volatile market.
- Fairtrade supports networking and collaboration between producers within and across continents, recognizing that producers from different countries often face the same challenges. Fairtrade held meetings in Belize and Fiji in 2014 for producers to discuss the EU policy change and how Fairtrade could help them face this challenge. With support from Illovo, a Malawi-based sugar company, Fairtrade organized a Product Advisory Council (PAC) meeting in Malawi in 2014 to bring together key industry players. The PAC analysed the future of Fairtrade sugar, enabling sales in producer countries, moving towards sustainability in sugar production, and how to build on the agreements made in the sugar network meetings.
- Despite the challenges for Fairtrade sugar producers, there are many products whose main ingredient is sugar and which can only be made with cane sugar. Experts predict that sugar consumption will exceed production. Sugar is also being increasingly consumed in developing countries as a result of higher incomes. While there are some opportunities for Fairtrade sugar producers in the medium-term, our expectation is that the shorter term will continue to be challenging.

PRODUCER REPORT

FAIRTRADE SUGAR SUPPORTING LIVELIHOODS IN JAMAICA



Alexia Ludford, farmer and Fair Trade Project Manager Worthy Park CFA.
© O'Brien Brown

Sometimes a simple approach to business works best.

'It does not matter where the people are; have the people's interest at heart and everything else will fall in line,' says Paulette Richards, a sugar cane farmer and secretary of the Trelawney and St James Cane Growers Association in Jamaica. Paulette says sugar is the backbone of the economy in a country where eight percent of the population earn their living directly or indirectly from the crop. 'If we didn't have the sugar industry... children would not be able to go to school effectively, shops would close, the bakery would close; it would affect every individual.' The reform of the European Union sugar market is putting livelihoods in developing countries at risk. Fairtrade is calling for a new approach that puts farmers such as Paulette first.

Read the full story here: <http://bit.ly/1OTuMfc>

FIGURE 7.21
FAIRTRADE SUGAR: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE SUGAR CERTIFICATION 2008–2014

Number of producer organizations with Fairtrade sugar certification

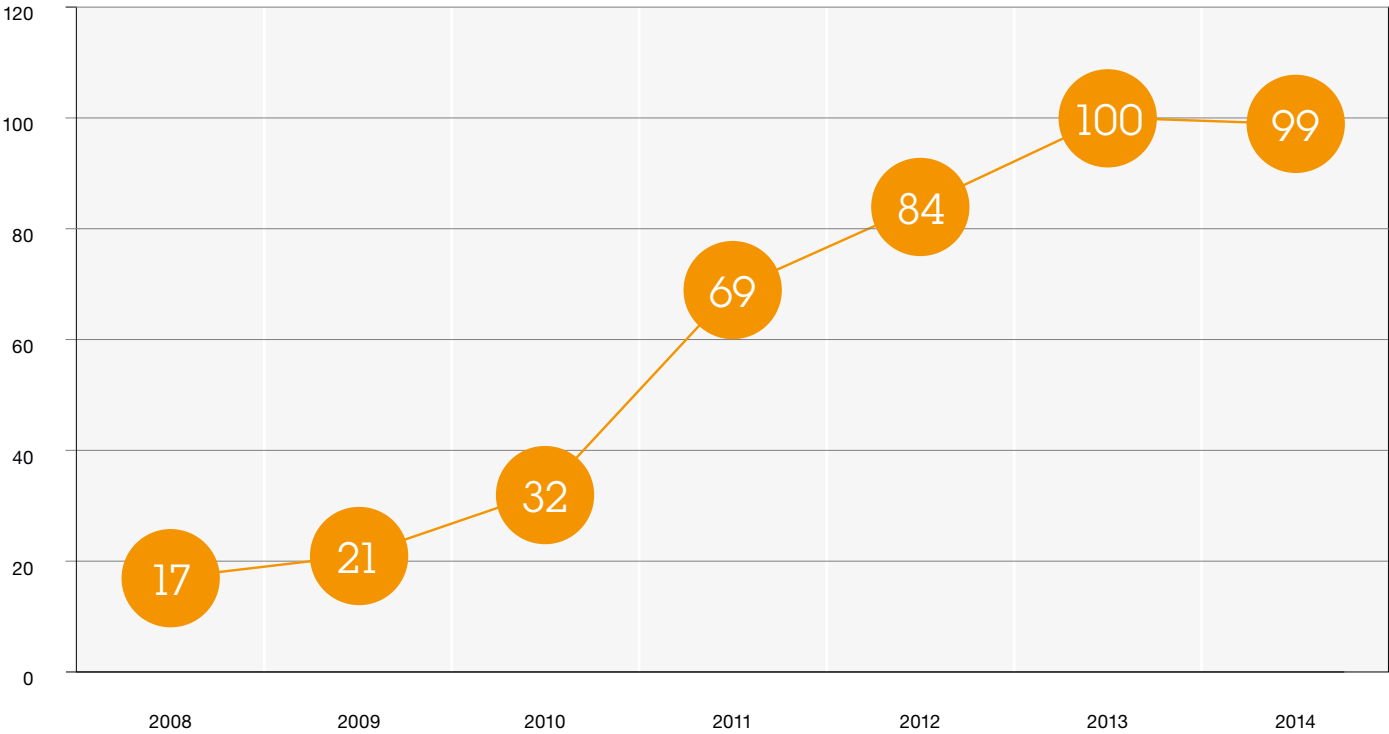


FIGURE 7.22
FAIRTRADE SUGAR: PRODUCER ORGANIZATIONS WITH FAIRTRADE SUGAR CERTIFICATION 2014

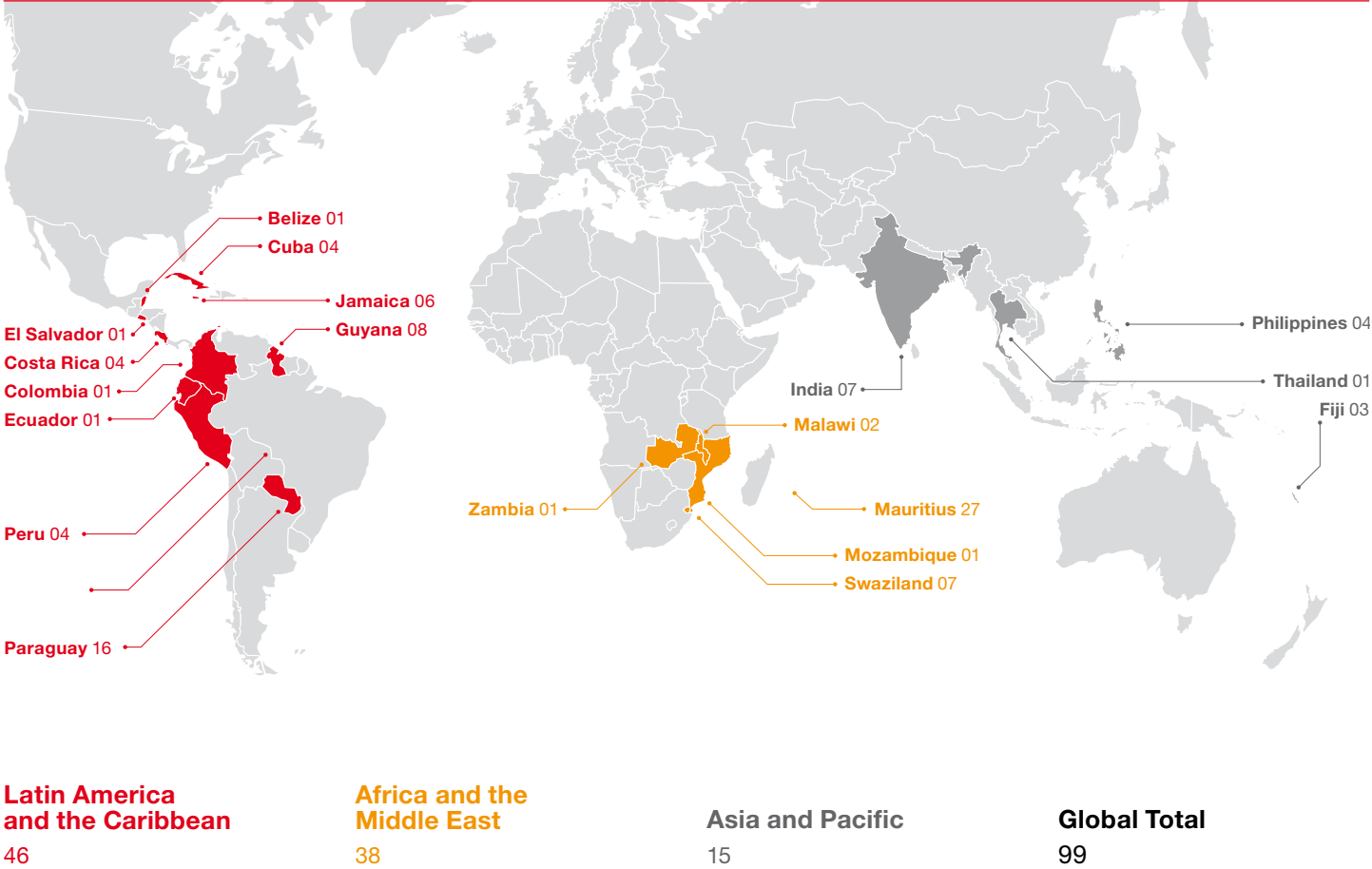
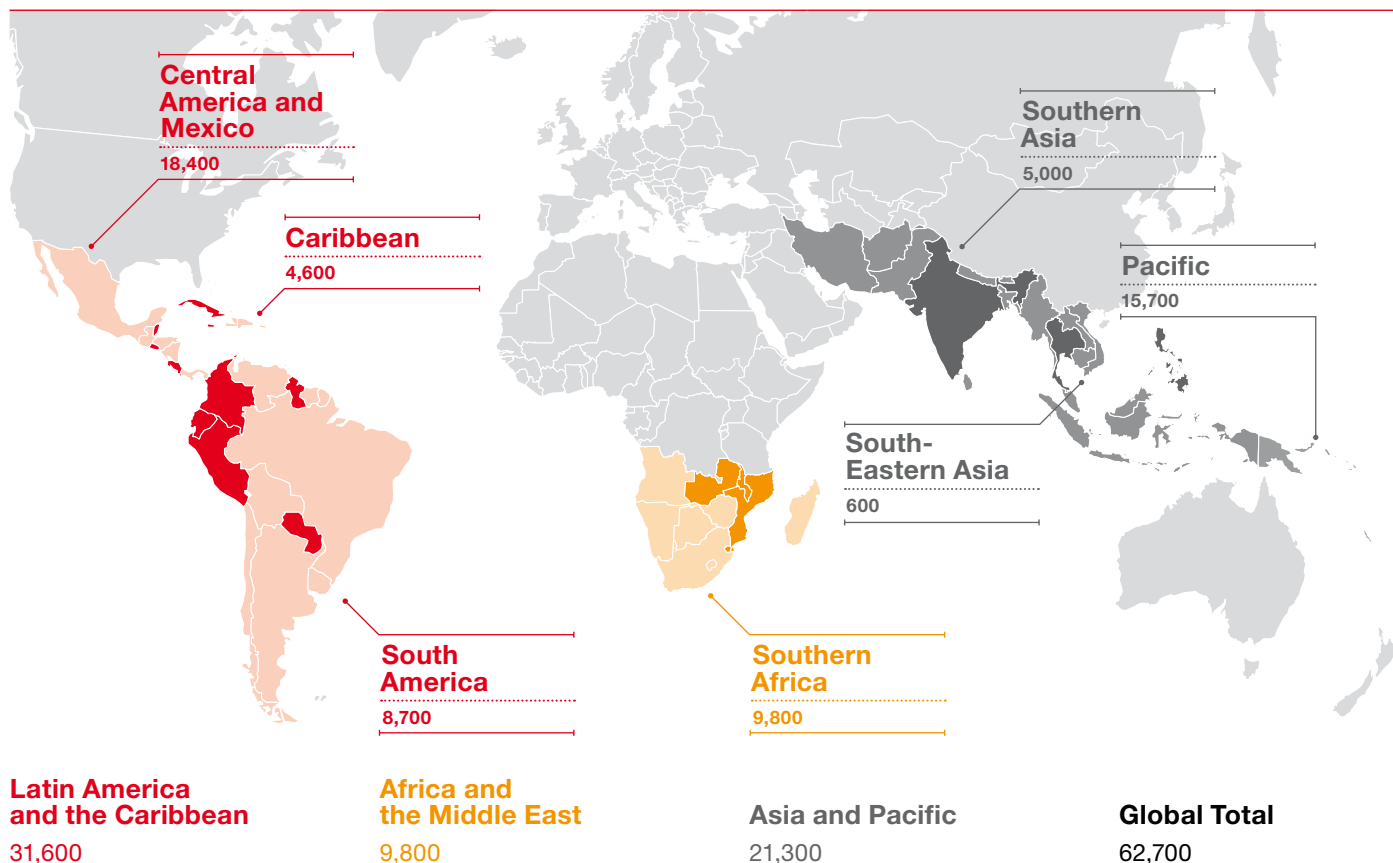


FIGURE 7.23

FAIRTRADE SUGAR: NUMBER OF FARMERS BY REGION 2014



Note: Data may not sum due to rounding.
Data only for producer organizations registering cane sugar as their first certified product.

FAIRTRADE SUGAR: KEY DATA 2014



Note: * The analysis of Fairtrade sales volumes as a proportion of production volumes excludes newly certified organizations that were not eligible to sell their sugar on Fairtrade terms during the period under review. It also excludes any organization that did not report data for either their total production volumes or their sales as Fairtrade or both.

FIGURE 7.24
FAIRTRADE SUGAR: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2011–2014

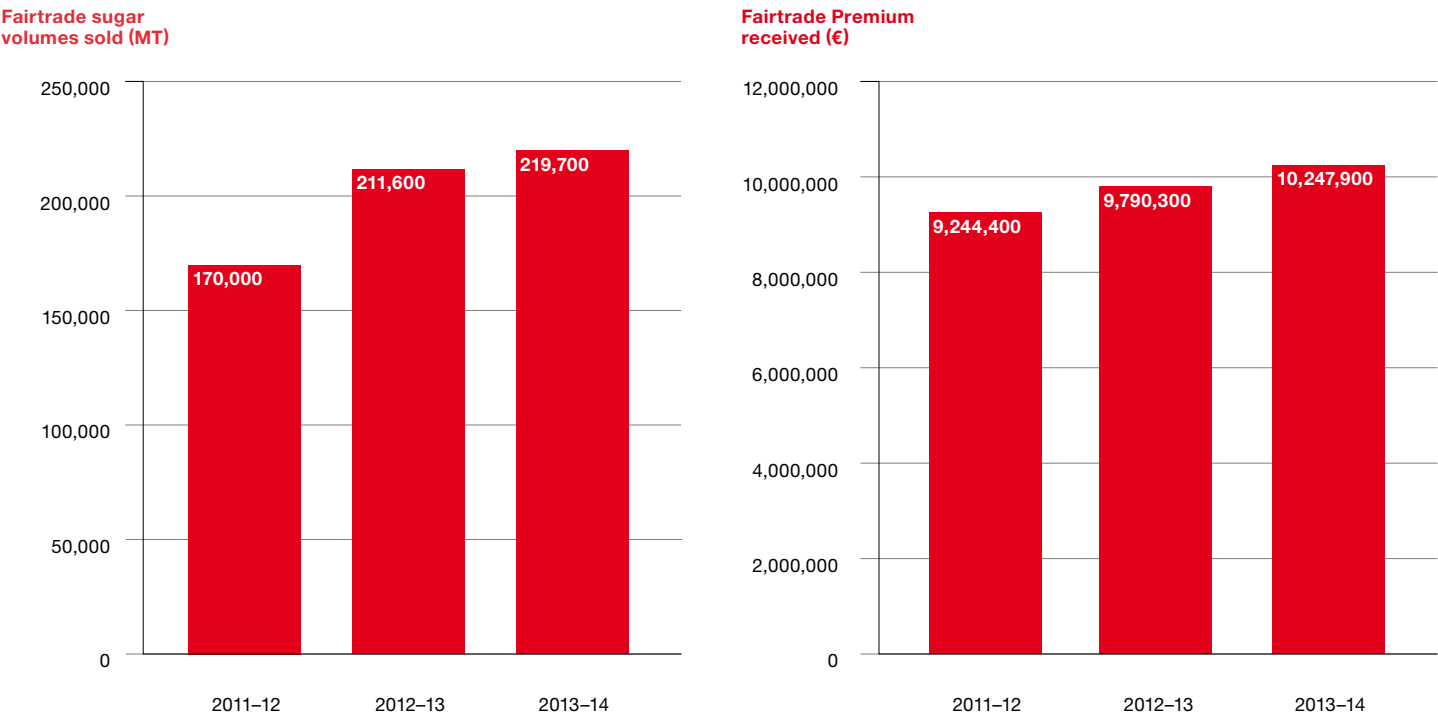
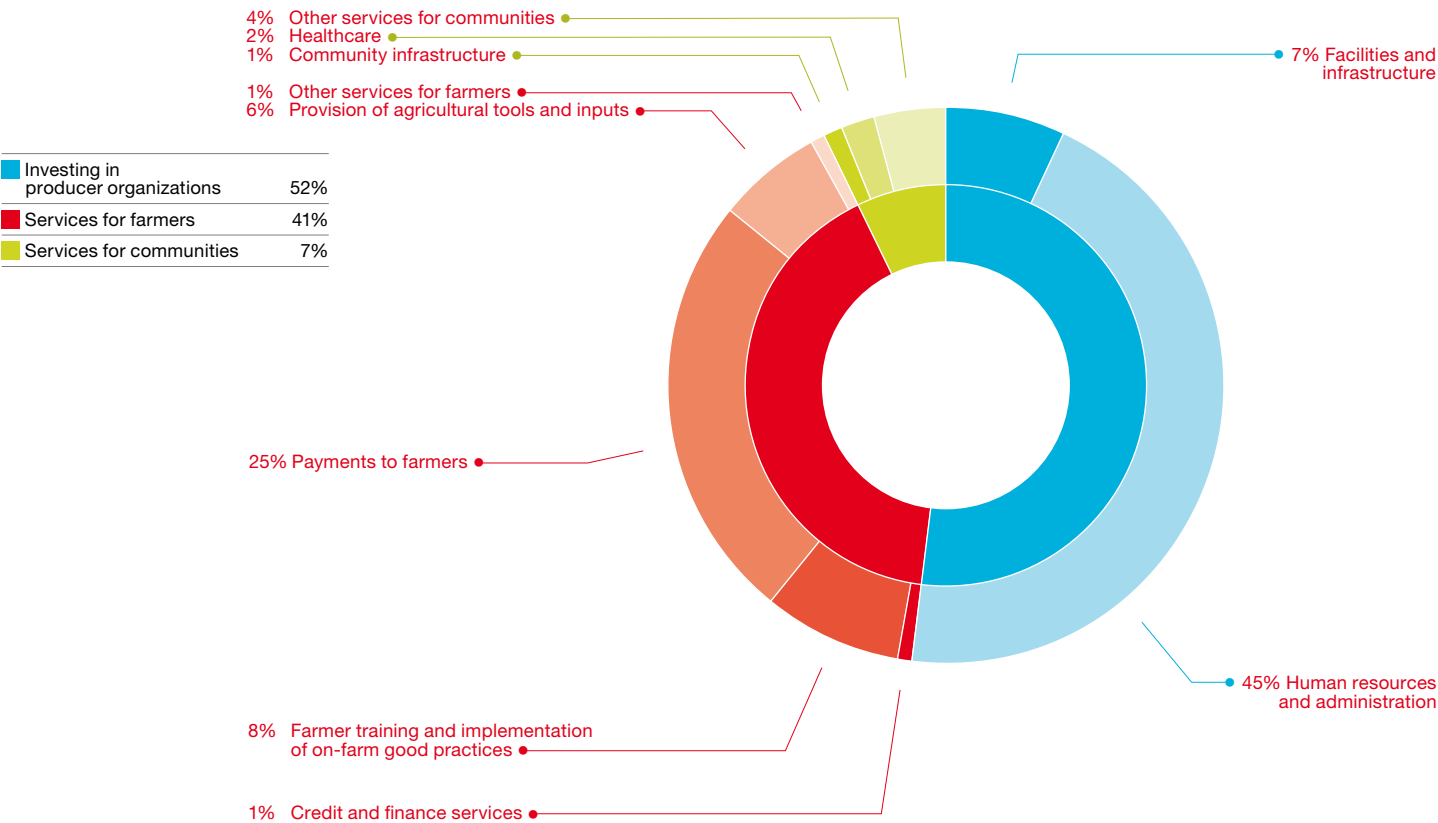
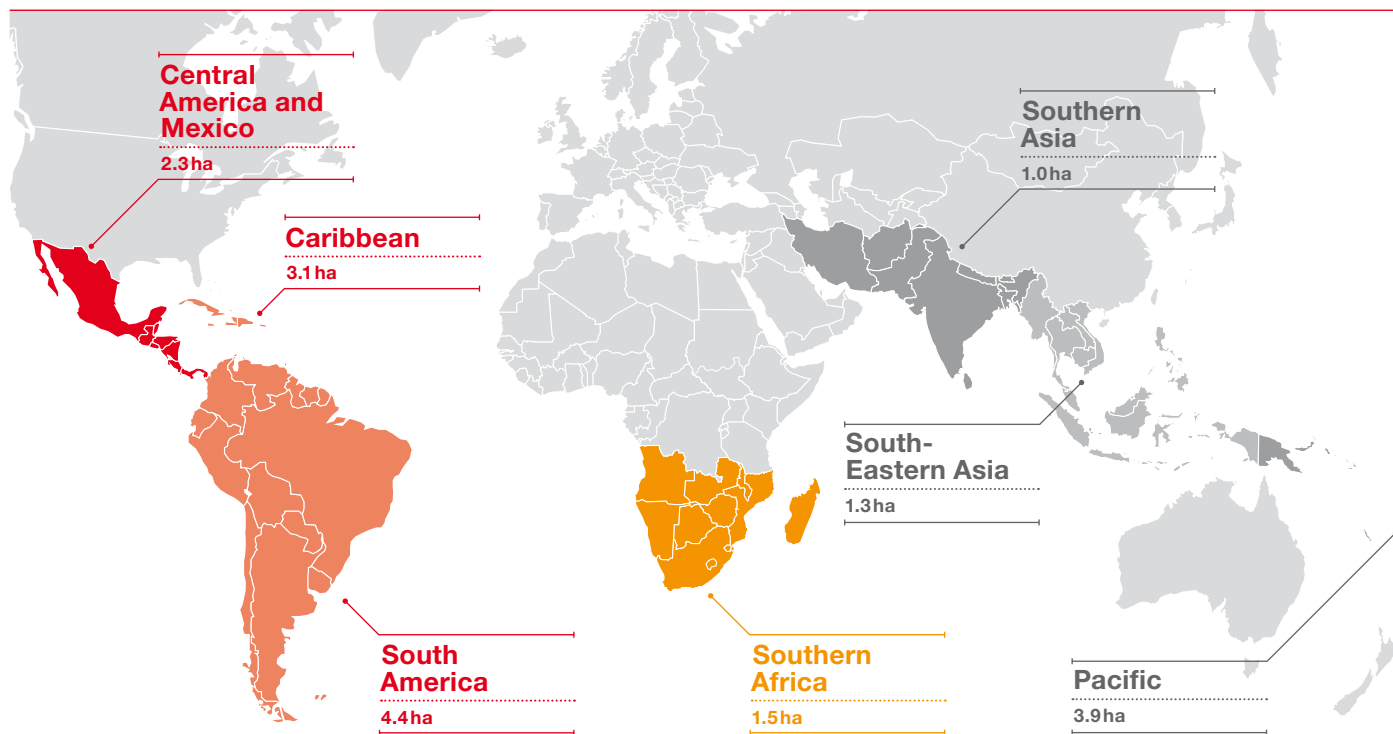


FIGURE 7.25
FAIRTRADE SUGAR: FAIRTRADE PREMIUM USE 2013–14



Note: Percentages may not sum due to rounding.

AVERAGE AREA OF FAIRTRADE SUGAR CULTIVATED PER FARMER 2014 (HECTARES)



**Latin America
and the Caribbean**

3.0 ha

**Africa and
the Middle East**

1.5 ha

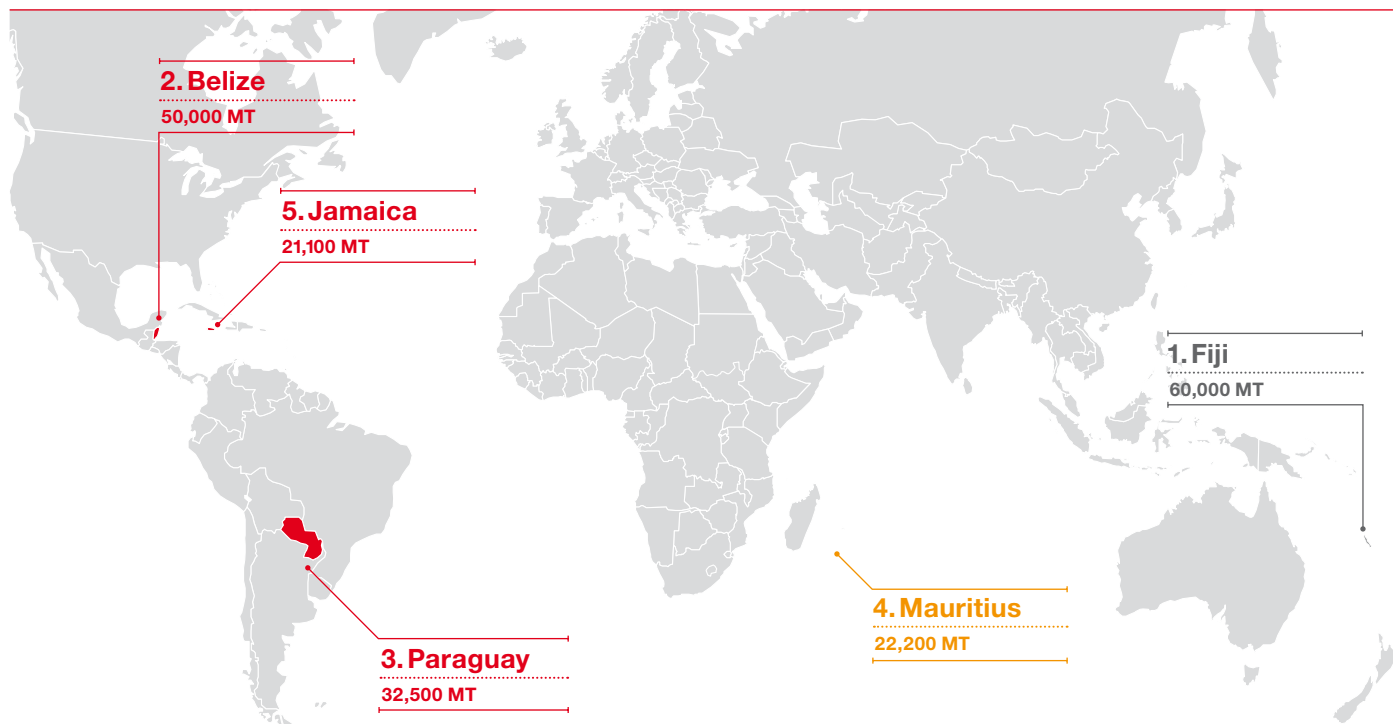
Asia and Pacific

3.1 ha

World

2.8 ha

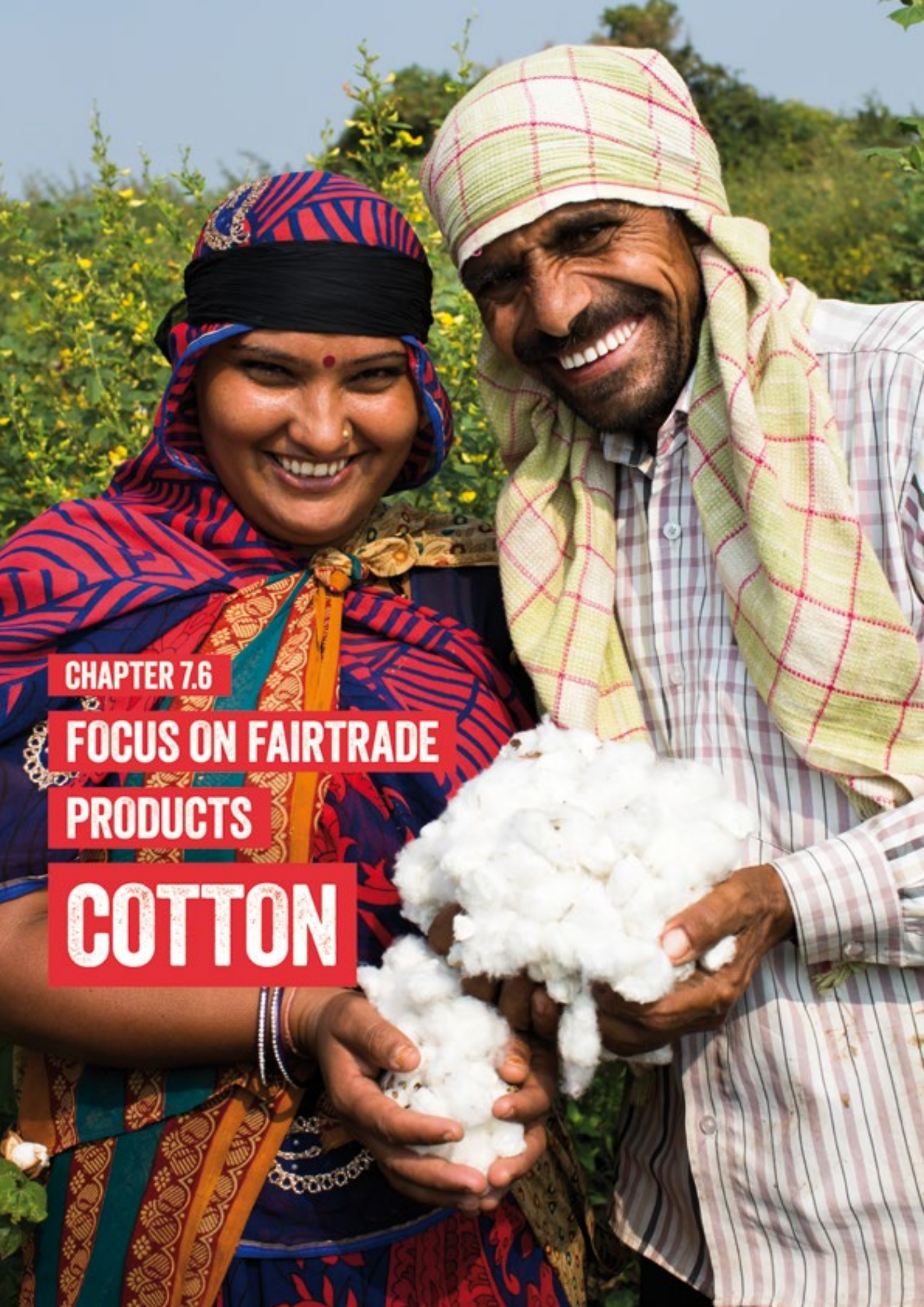
FAIRTRADE SUGAR: TOP FIVE SELLING COUNTRIES BY VOLUME 2013–14 (MT)



Total top five countries 185,800 MT

**Top five countries account for 85%
of Fairtrade sugar sales**

Note: Numbers may not sum due to rounding.

A man and a woman are smiling and holding a large pile of white cotton bolls. The woman is wearing a colorful red and blue patterned headscarf and a matching sari. The man is wearing a light green and white checkered headscarf and a striped shirt. They are standing in front of a field of green cotton plants with yellow flowers.

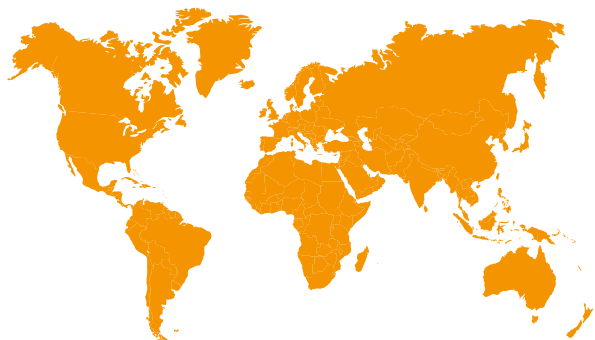
CHAPTER 7.6

FOCUS ON FAIRTRADE

PRODUCTS

COTTON

22 COTTON
PRODUCER ORGANIZATIONS
REPRESENTING
54,700 FARMERS



IN 7 COUNTRIES

THE AVERAGE
FAIRTRADE COTTON
FARMER CULTIVATES
1.1 HECTARES



SALES VOLUMES
GREW BY
21%



FOR FAIRTRADE COTTON

FAIRTRADE
COTTON FARMERS
INVESTED 36%



OF THEIR FAIRTRADE
PREMIUM TO SUPPORT
EDUCATION
IN THEIR COMMUNITIES

7.6 FAIRTRADE FACT FILE: COTTON

- At the end of 2014, there were a total of 22 Fairtrade certified producer organizations for seed cotton across seven countries, representing 54,700 small farmers. This was a reduction in the number of producer groups compared with 2013, when there were 26 producer groups.
- Of the 22 cotton producer organizations, 13 are small producer organizations with a concentration in Western Africa, and nine are contract production organizations in India.
- Three-fifths of the Fairtrade cotton farmers are in India. They farm three-quarters of the total area where Fairtrade cotton is grown, and produce 85 percent of all Fairtrade cotton.
- Organic certification continued to be a preferred option for Fairtrade cotton producers. In 2014, 65 percent of all Fairtrade cotton producer organizations also held organic certification.
- The total number of Fairtrade cotton farmers reduced by eight percent in 2014. The total cotton producing area decreased by 30 percent to 61,000 hectares. The volume of Fairtrade cotton production was 45,500 MT, a reduction of nine percent on the previous year's levels.
- Fairtrade producers sold 21 percent more cotton in 2014 compared with the volume sold in 2013.
- Fairtrade certified cotton producers who were eligible to make Fairtrade sales during the full reporting period sold an average of 43 percent of their production volume on Fairtrade terms. This was much higher than in previous years. In 2014, African producers sold half of their production on Fairtrade terms, while Asian producers sold 41 percent. More than a quarter of the certified groups sold more than 75 percent of their cotton on Fairtrade terms.
- Overall, an average Fairtrade cotton farmer cultivated 1.1 hectares of land and produced 0.8 MT of seed cotton in 2014. An average Fairtrade cotton producer in Africa had 0.7 hectares of land producing 0.3 MT of seed cotton. In Asia the average Fairtrade cotton producer produced 1.2 MT seed cotton from an average landholding of 1.4 hectares.
- The ongoing reduction in the number of Fairtrade cotton farmers reflects the impact of very low market prices for cotton during 2014, when conventional market prices for cotton fell below the cost of production for many cotton farmers. The Cotlook A Index¹ declined from an average of US\$0.91 per pound (lb) during the 2013 season to US\$0.71 per pound (lb) in the 2014 season. In some countries (such as India), minimum support price programmes were triggered by governments to support cotton growers because market prices had fallen below the government intervention prices. Fairtrade proved to be an important option for producers during this time of declining cotton prices, providing them with important support in terms of guaranteed minimum prices, price differentials for organic production, and the additional Fairtrade Premium.
- Fairtrade cotton producers reported earning more than €1 million in Fairtrade Premium in 2013–14. This increase of 57 percent from 2012–13 is a reflection of the increase in sales in 2013–2014.
- About 41 percent of the Fairtrade Premium was invested in community projects for education, healthcare and developing infrastructure. Investment in education facilities and scholarships within their communities continued to be a major priority for cotton producers. A further 34 percent of Fairtrade Premium was used to supply direct services to the cotton farmers. Of this, the majority was used to provide tools and inputs.
- Fairtrade cotton producers across several countries reported weather patterns becoming increasingly unstable as a result of climate change, which had adverse effects on cotton production.
- In 2014 Fairtrade organizations led discussions with a wide range of buyers to encourage them to commit to long-term support for Fairtrade cotton farmers through the Fairtrade Sourcing Program (FSP) for cotton. Two buyers from Switzerland committed to support Fairtrade cotton producers through the FSP with an initial commitment to purchase 69 MT of Fairtrade cotton lint.

Previous page: Fairtrade cotton farmer, Sugna Jat, picks cotton together with her husband, Nandaram Jat, at their farm in Madhya Pradesh, India.

© Suzanne Lee / Max Havelaar Switzerland

1. The Cotlook A Index is a global index of prices for raw cotton, compiled on a daily basis since 1966. See www.cotlook.com for more information.

RESEARCH INSIGHT: BASELINE RESEARCH WITH FAIRTRADE COTTON PRODUCERS IN WEST AFRICA

In 2014, Fairtrade commissioned AidEnvironment to undertake baseline research with Fairtrade cotton farmers in West Africa. Researchers collected data from 177 Fairtrade-certified and 87 non-Fairtrade-certified farmers from nearly 40 producer organizations in Senegal, Mali and Burkina Faso. The baseline is intended to provide a strong basis for future evaluation of the impacts of Fairtrade cotton certification in West Africa.

The research team collected data for three main thematic areas:

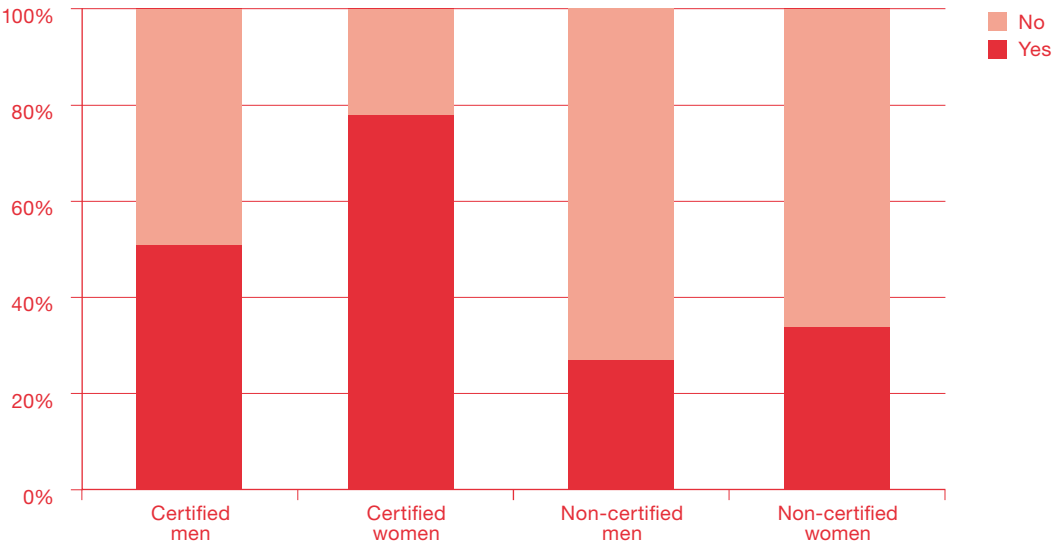
- Improved farming performance
- Improved market access
- Strong and inclusive small producer organizations (SPOs).

Results for each area are summarized below.

IMPROVED FARMING PERFORMANCE

Fairtrade cotton farmers had better access to services than non-Fairtrade farmers, and Fairtrade SPOs provided more support services than non-Fairtrade SPOs. Fairtrade SPOs provided notably more training on more topics, and they also more frequently had child rights policies in place and internal control systems (ICS) for pesticide use. When it came to providing farm inputs and finance, Fairtrade and non-Fairtrade SPOs performed almost equally. Non-Fairtrade SPOs did more to promote the use of personal protective equipment (PPE), including awareness raising, training and refresher training (see figures).

Farmers receiving training from their organization in 2014



Farmer access to training on specific topics

Training topic	Fairtrade farmers	Non-Fairtrade farmers
Land preparation	30%	7%
Planting	26%	3%
Weed management	26%	6%
Pest and disease management	28%	7%
Soil management (fertility, erosion)	35%	6%
Water management	24%	5%
Harvesting	35%	5%
Post-harvest handling/transportation	30%	5%
Organic farming practices	35%	5%

Fairtrade-certified farmers performed slightly better on environmental practices, although the study found that even among this group, there was significant room for improvement in relation to agronomic and environmental performance. Fairtrade conventional farmers had similar yields to non-Fairtrade conventional farmers (around one MT per hectare), while the yields of Fairtrade organic farmers were around half that. Quality standards were high for both Fairtrade and non-Fairtrade farmers.

If the costs of non-paid labour are not taken into account, the study found that Fairtrade farming was more cost-efficient than non-Fairtrade (and Fairtrade organic farming even more so). The study found no significant differences in relation to food security between certified and non-certified groups: both Fairtrade and non-Fairtrade farmers were equally likely to have had to take out a loan or sell assets to cope with shocks. Most farmers in both groups reported that total household income had recently increased.

IMPROVED MARKET ACCESS

Fairtrade organic cotton producers generally did best in terms of sustained market uptake, while the majority of the Fairtrade (only) producers experienced problems in selling all their Fairtrade seed cotton as certified. This is particularly the case in Mali and to some extent in Senegal.

There were limited direct trade relationships and communication between producers and buyers, mainly due to the structure of the cotton sector in West Africa, where cotton processing and marketing is generally controlled by parastatal cotton companies.

Prices for conventional cotton were below the Fairtrade minimum price. Farmers selling Fairtrade cotton received 8–18 percent more than conventional cotton price, while Fairtrade organic farmers received 27–60 percent above the conventional price. The Fairtrade Premium paid to SPOs was an additional 13–14 percent per kg. However, these benefits depend on the ability of the producer organizations to find Fairtrade markets for their cotton.

In general, because of the way in which the West African cotton sector is organized, farmers and their organizations had limited influence on price negotiation. Those few SPOs with direct contact with international buyers felt they were able to influence price negotiations.

STRONG AND INCLUSIVE SMALL PRODUCER ORGANIZATIONS

Approximately 80 percent of the Fairtrade and non-Fairtrade farmers said they could convey their ideas and concerns to the management of their producer organizations, and thought their SPOs were working in their best interests. Fairtrade SPOs performed slightly better in the timing and quality of their General Assemblies than non-Fairtrade SPOs, and Fairtrade SPOs had more women members and more women in governance positions. Fairtrade SPOs were more likely to have a gender policy or strategy in place, although non-Fairtrade SPOs had more young people in their governance model.

Almost all Fairtrade SPOs said they involved their members in decisions about Fairtrade Premium use, but less than half the farmers felt they had either good knowledge of Fairtrade Premium use or the ability to influence it.

Fairtrade SPOs received donor funding more often than non-Fairtrade, but financial credit less often. Between one-quarter and one-third of the Fairtrade SPOs had projects targeting children, youth and women. Fairtrade SPOs were more active on the issue of climate change than non-Fairtrade SPOs and more frequently showed recent positive financial results.

In line with Fairtrade's Theory of Change, the study also looked at dignity and voice as indicators of empowerment. Three-quarters of Fairtrade farmers said their self-confidence had improved since joining Fairtrade. Three-quarters of Fairtrade farmers were satisfied with Fairtrade, citing the Fairtrade Premium and improved group cohesion as the main benefits. Forty-one percent of non-Fairtrade farmers knew about Fairtrade and the majority said they were interested to join.

The Progress out of Poverty Index (PPI) shows that Fairtrade and non-Fairtrade farmers in Senegal had comparable poverty levels, while in Burkina Faso and Mali,

Fairtrade farmers were poorer than non-Fairtrade farmers, suggesting that Fairtrade is mainly reaching poorer farmers in those regions.

CONCLUSIONS AND RECOMMENDATIONS

The report recommends that Fairtrade should intensify its efforts to get sustained access to Fairtrade markets for West African cotton producers. It shows many producers do not have sustained access—resulting in negative effects on their motivation and on the potential impact of Fairtrade. The report also finds that the way the cotton sector in West Africa is organized is a significant obstacle to Fairtrade's ability to generate positive impacts for farmers and their organizations—because of the difficulty of creating more direct and transparent supply chain relationships.

More work is required to establish the extent of this influence and to promote Fairtrade in the cotton industry in the region. Specifically, the report recommends that Fairtrade should further investigate the business case for Fairtrade certification at farm, SPO and sector level. More insight into the business case for Fairtrade cotton could help create farmer and SPO buy-in, and could also help generate support for Fairtrade within cotton companies and respective governments.

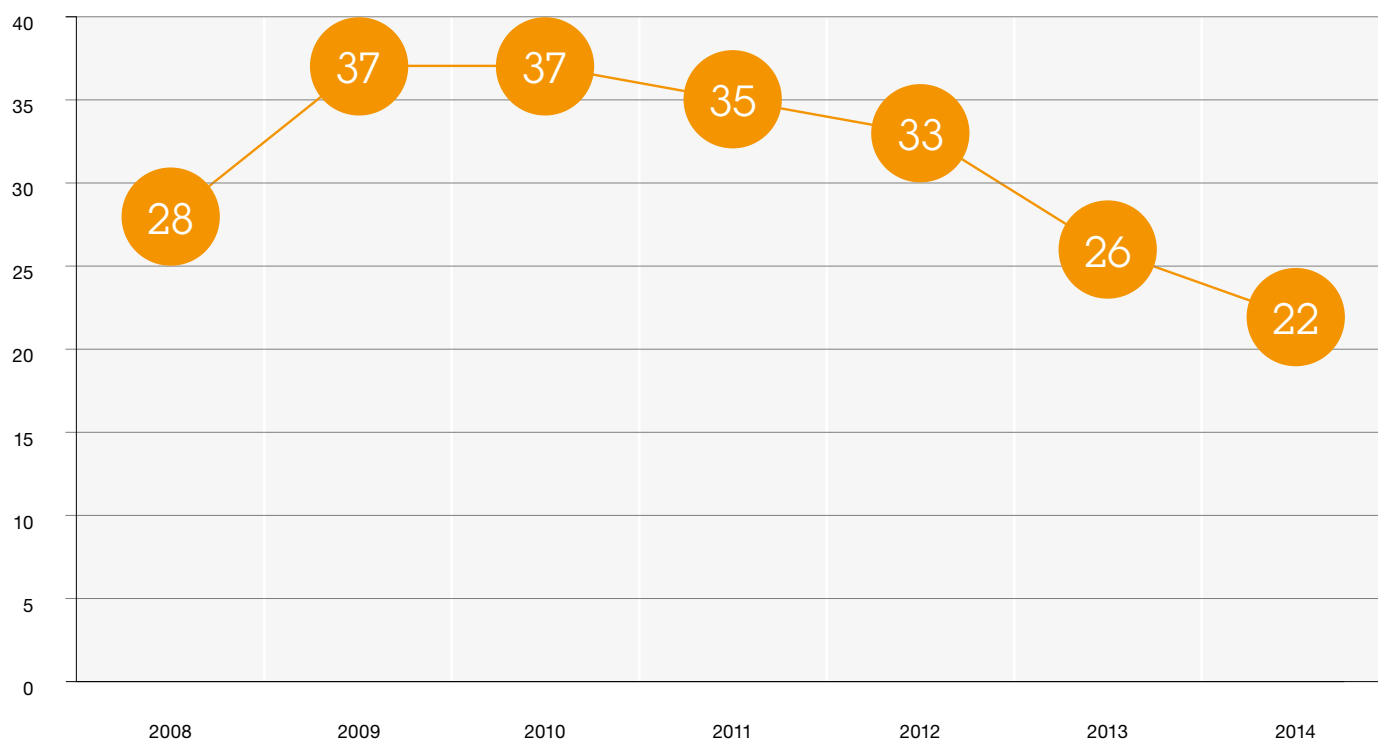
The third recommendation is to invest more in farmer support and service delivery by SPOs to their members, based on the finding that the number of farmers with adequate access to training on a variety of important topics was relatively low in all three countries.

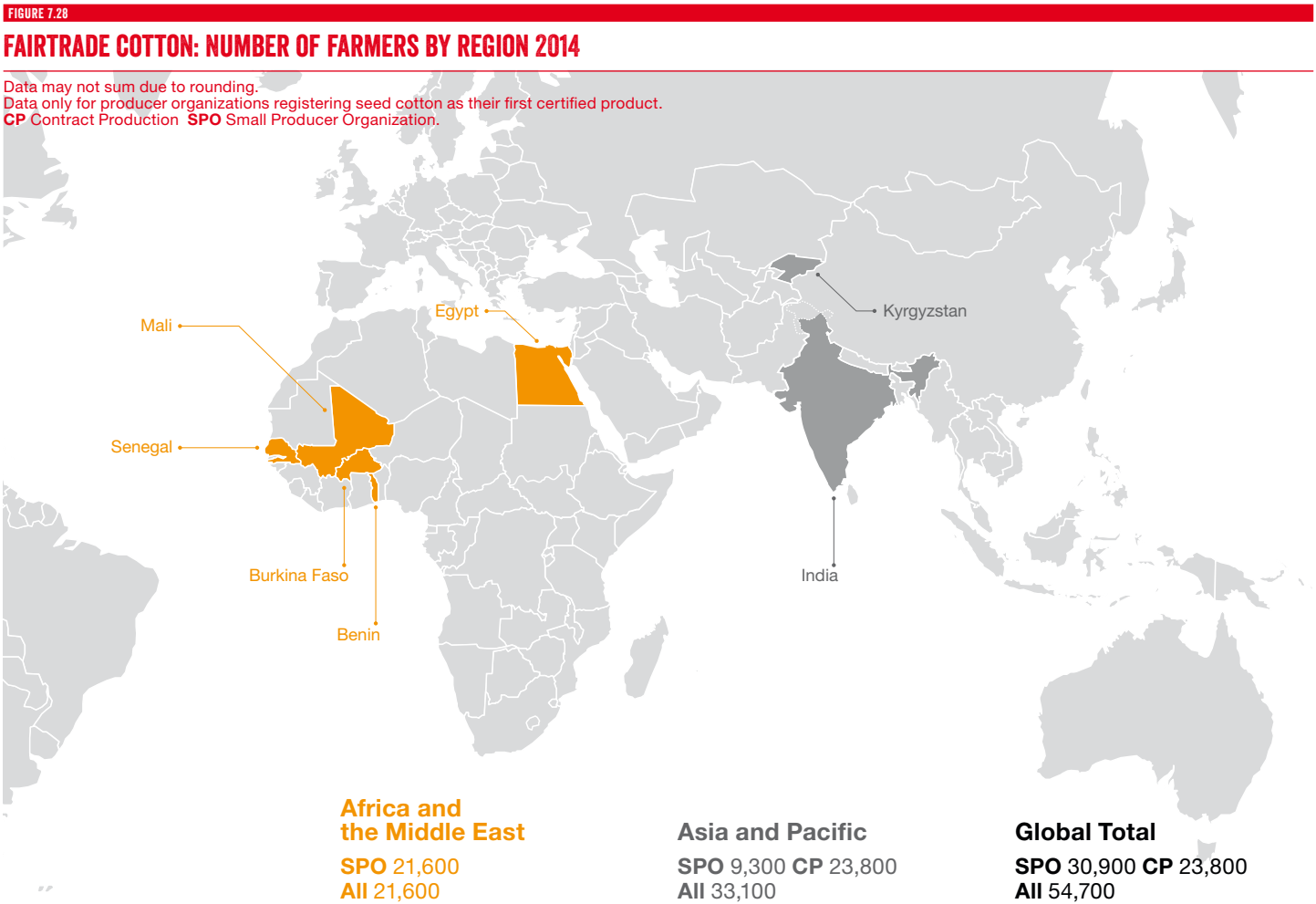
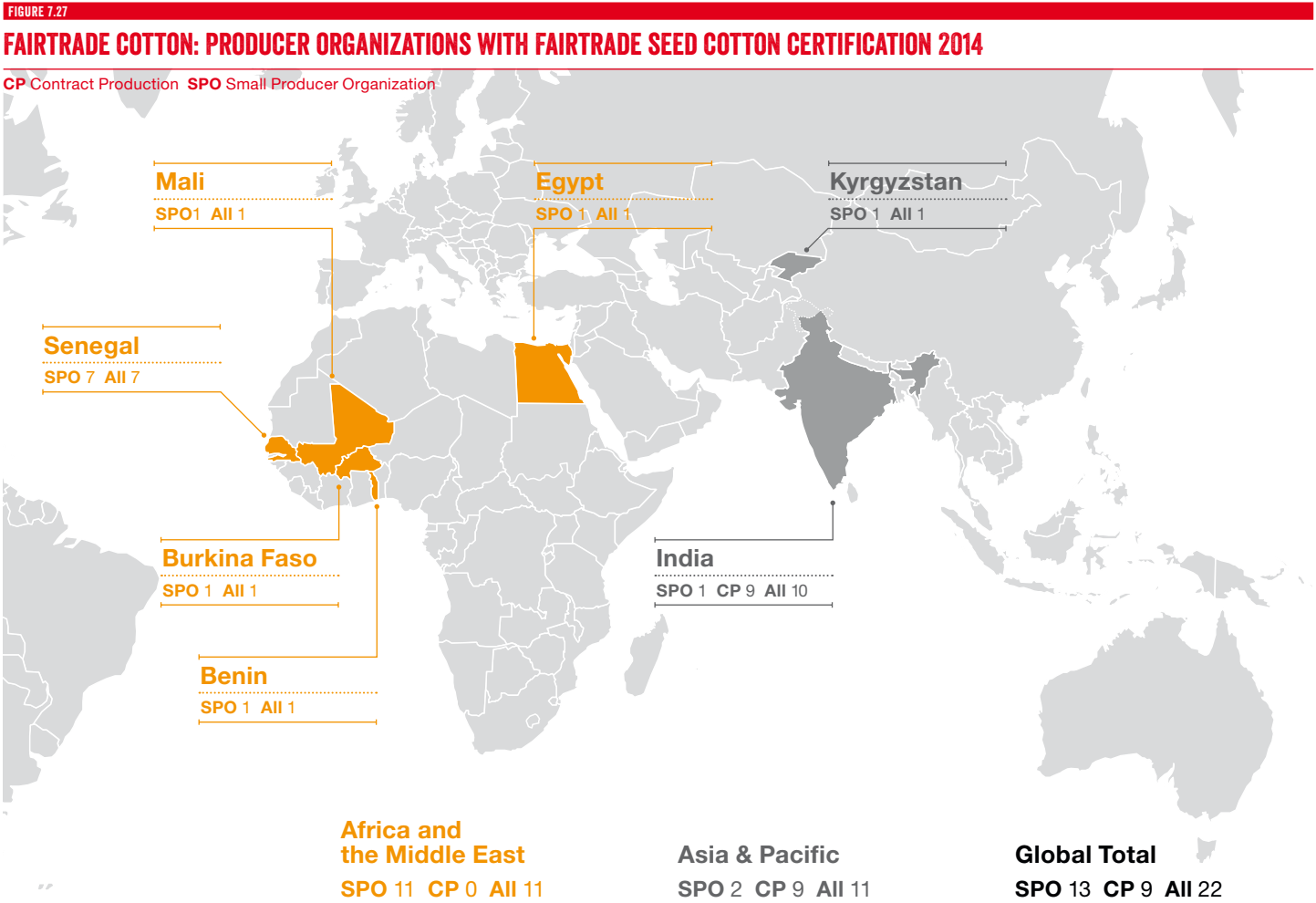
Fairtrade will publish the full research report as well as a response to the findings in early 2016. It will be available at: <http://www.fairtrade.net/resources/impact-and-research.html>

FIGURE 7.26

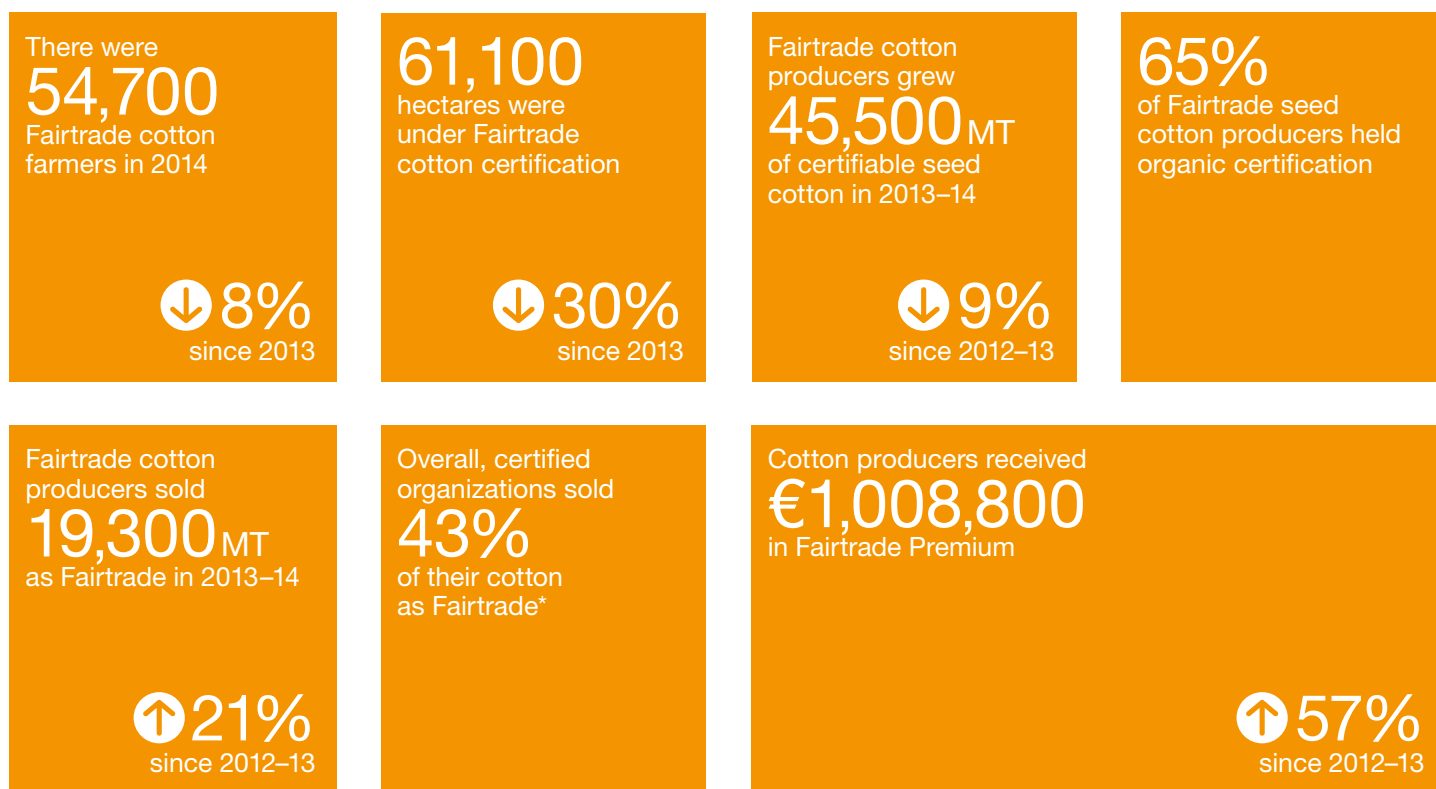
FAIRTRADE COTTON: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE SEED COTTON CERTIFICATION 2008–2014

Number of producer organizations
with Fairtrade seed cotton certification





FAIRTRADE COTTON: KEY DATA 2014

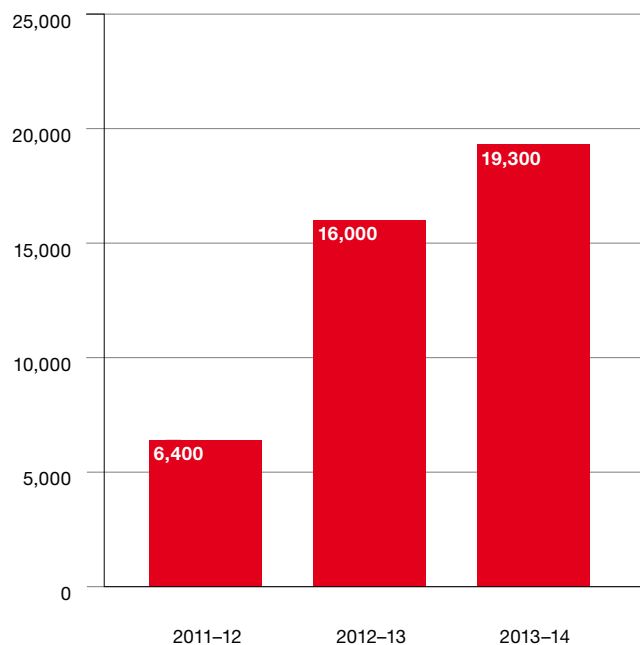


Note: * The analysis of Fairtrade sales volumes as a proportion of production volumes excludes newly certified organizations that were not eligible to sell their seed cotton on Fairtrade terms during the period under review. It also excludes any organization that did not report data for either their total production volumes or their sales as Fairtrade or both.

FIGURE 7.29

FAIRTRADE COTTON: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2011–2014

Fairtrade cotton volumes sold (MT)



Fairtrade Premium received (€)

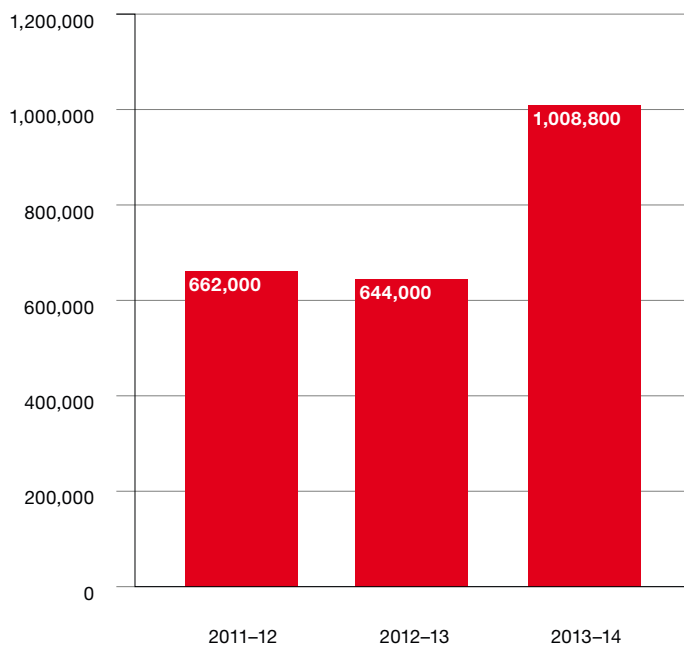
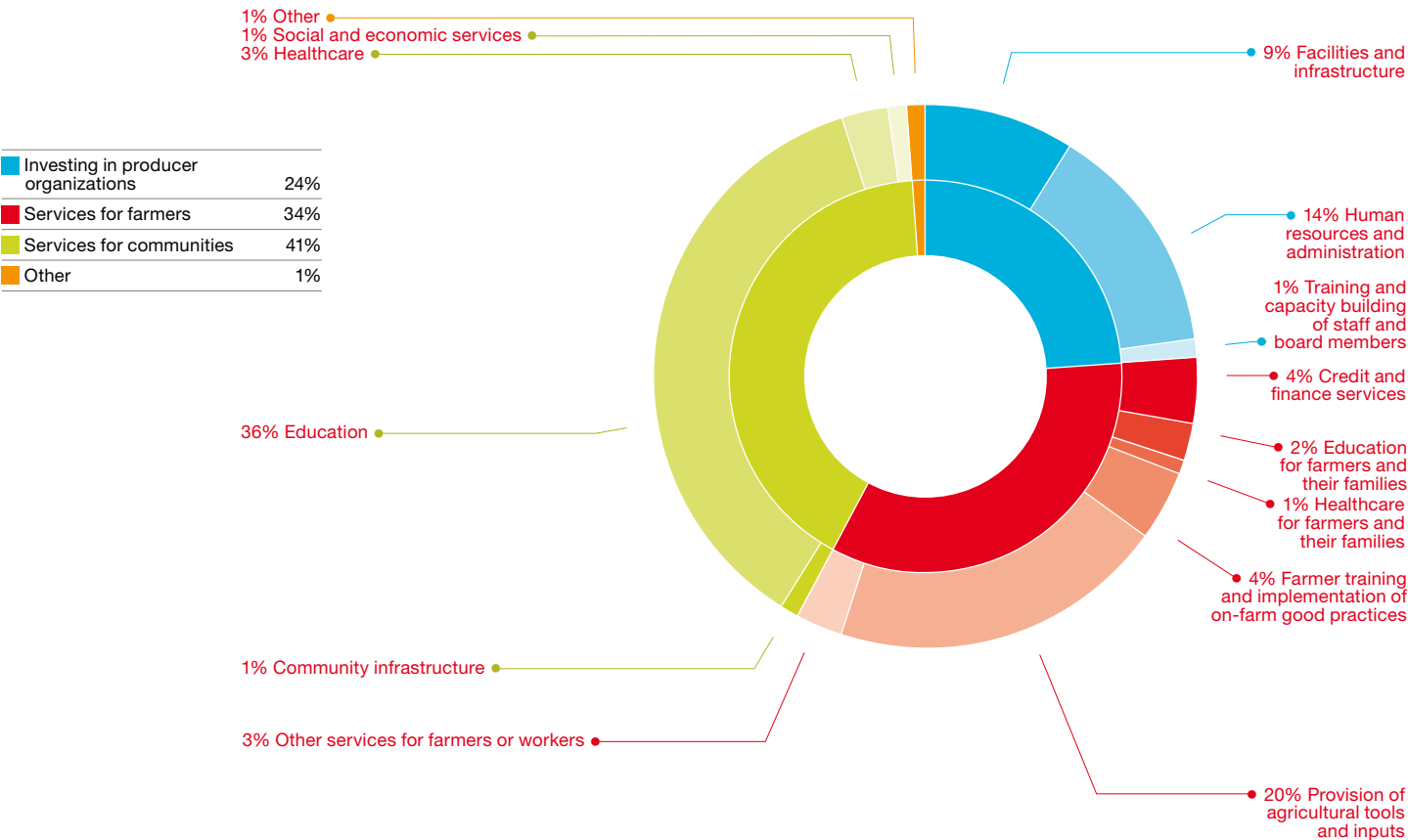


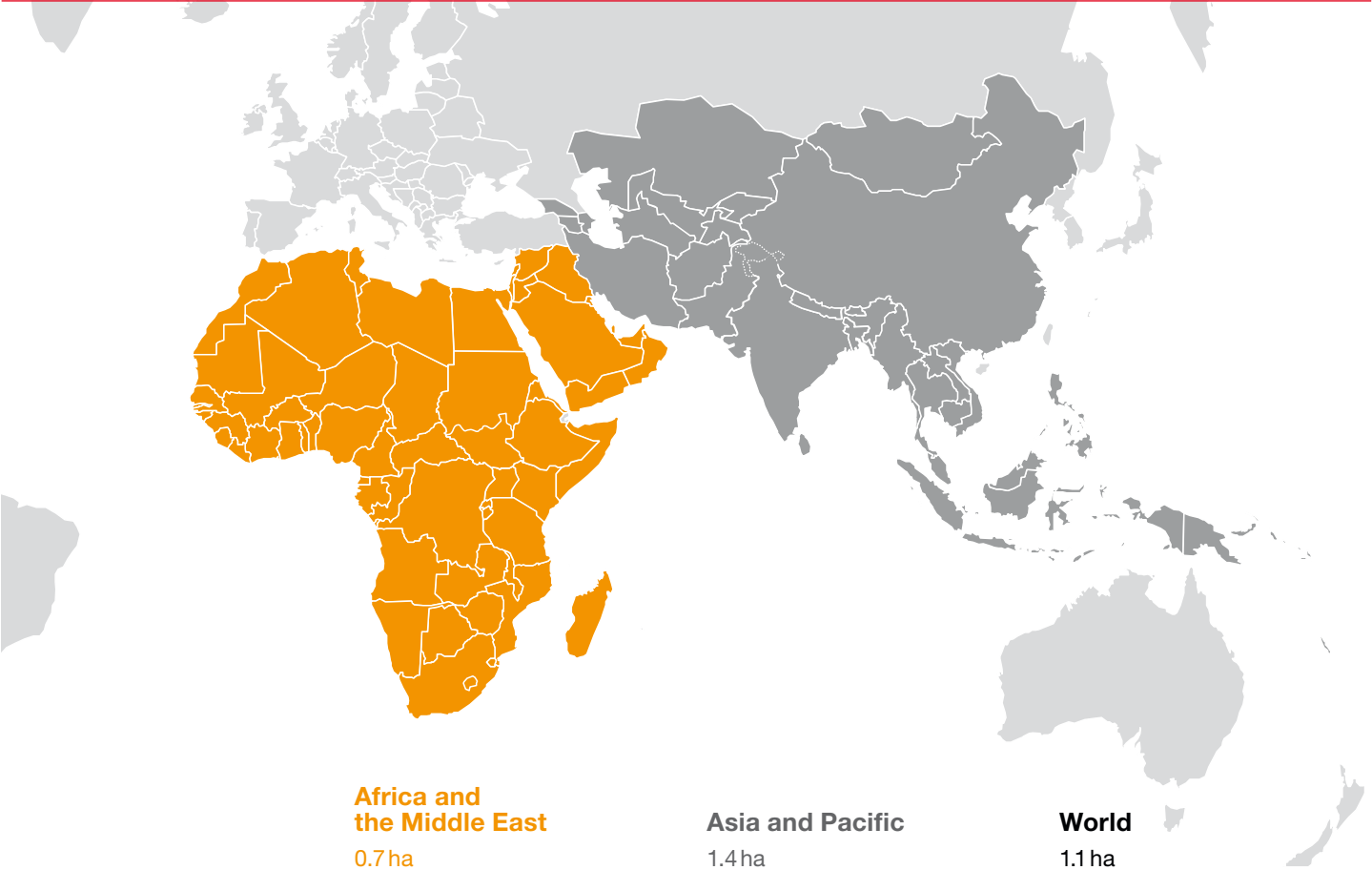
FIGURE 7.30

FAIRTRADE COTTON: FAIRTRADE PREMIUM USE 2013–14



Note: Percentages may not sum due to rounding.

AVERAGE AREA OF FAIRTRADE SEED COTTON CULTIVATED PER FARMER 2014 (HECTARES)



A close-up portrait of a young Black woman with a joyful expression, wearing a vibrant red headwrap adorned with a large flower. She is dressed in a light-colored t-shirt and a red apron. Her right hand, clad in a blue nitrile glove, holds a small green seedling with two leaves. The background is softly blurred, showing other people in similar red attire working in a field.

CHAPTER 7.7

FOCUS ON FAIRTRADE

PRODUCTS

FLOWERS

55 FLOWER
PRODUCER ORGANIZATIONS
REPRESENTING
48,500
FARMERS IN 8 COUNTRIES

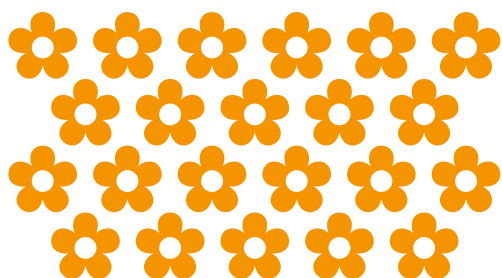


€5.6 MILLION IN
FAIRTRADE PREMIUM
PAID TO
FLOWER WORKERS

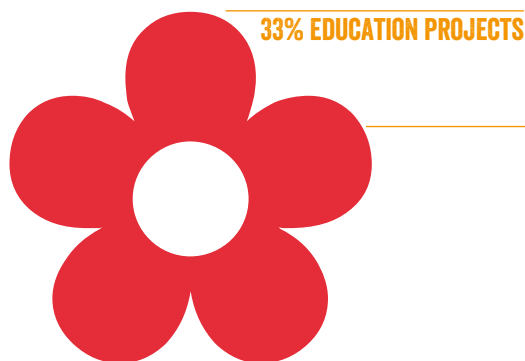


AN INCREASE OF 10%

640
MILLION STEMS SOLD AS
FAIRTRADE



WORKERS ON
FAIRTRADE CERTIFIED
FLOWER PLANTATIONS
INVESTED 33%
OF THEIR FAIRTRADE PREMIUM IN
EDUCATION PROJECTS



7.7 FAIRTRADE FACT FILE: FLOWERS AND PLANTS

- At the end of 2014, 55 producer organizations in eight countries held Fairtrade certification for flowers and plants. Thirty of these organizations are in Kenya and 42 in Africa as a whole. Certification for Fairtrade flowers and plants continued to grow, reflecting the market interest in Fairtrade certified horticultural products.
- More than 48,000 workers were employed on Fairtrade flower farms in 2013, of which more than 46,000 were in Africa, mainly in Kenya and Ethiopia.
- The total production capacity of Fairtrade flowers blossomed to more than three billion stems at the end of 2014.
- The volume of sales grew by five percent to almost 640 million stems in 2013–14. This was primarily the result of continued European market interest in flowers from East Africa.
- Flower producers that were certified and eligible to make Fairtrade sales during the full reporting period sold 22 percent of their production volumes on Fairtrade terms overall.
- In 2013–14 Fairtrade flower plantations reported receiving more than €5.6 million in Fairtrade Premium.
- Sixty-eight percent of all Fairtrade Premium spent by flower farm workers was invested in support services for workers and their families. This included 28 percent which was used to support education for workers and their families, five percent for improvements to worker housing, and 13 percent for financial and credit services for workers.
- Sixteen percent of the Fairtrade Premium was used to fund community services such as education and healthcare.
- The remaining 14 percent of the Fairtrade Premium was invested in training and empowerment of workers and support for workers' organizations.
- In 2014, Kenyan flower producers were faced with the imposition of new tariffs on the imports of flowers into Europe. The tariffs immediately affected the cost of Kenyan flowers, increasing their price and threatening farms' ability to compete with cheaper alternatives. Fairtrade joined with Kenyan export associations and civil society organizations to lobby the EU Parliament and the German Ministry for Development and Economic Cooperation against the tariffs. The 8.5 percent tariff was imposed because, despite long-running negotiations on an Economic Partnership Agreement (EPA), the EU and East African Community (EAC) had failed to find a way to secure a continuation of the zero tariffs for cut flowers from Kenya. The tariffs were imposed for three months, during which time some certified farms found their European buyers switched to sourcing Fairtrade flowers from cheaper countries. The EU moved to end the tariffs at the beginning of 2015, once Kenya had signed the new EPA.
- In 2014, Fairtrade hired a Global Product Manager for flowers, to be based at Fairtrade Africa in Nairobi. Working locally, he is able to help ensure that the voices of workers on Fairtrade certified flower farms can be heard within the Fairtrade system. He is also responsible for establishing strategic partnerships with business partners and assessing and managing risks to improve information flow along global supply chains. In addition, he will develop new business options for Fairtrade certified flower farms and facilitate common marketing and communication strategies. Working with the market-facing Global Product Manager for flowers (who is based in Germany), the aim is that supply and demand will now be matched more effectively, with the ultimate goal to increase the benefit for the workers at the certified farms.
- In November 2014, Fairtrade International revised the Fairtrade Standard for Flowers and Plants to include young plant material such as cuttings for pot plants or bedding plants. The aim is to extend the benefits of Fairtrade to thousands of workers on farms in East Africa and Latin America that produce these plants. Read more about the revised standard here http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2014-11-01_Young_plant_material_fact_sheet.pdf.

Previous page: Adanech Horgaso holding a Fairtrade certified young plant. Adanech works at the greenhouses of Red Fox young plant farm in Ethiopia.

© Harald Mohr / Fairtrade Germany

- Fairtrade, Hivos and the FFP (Fair Flowers and Plants) certifier began planning a wage project for East African flowers, supported by the Dutch Institute for Sustainable Trade. The project is designed to facilitate dialogue about wages along the value chain for East African flowers. The project has commissioned research to provide relevant data and recommendations with respect to appropriate wage-related interventions in Kenya and Ethiopia.
- A new pesticide management tool is being trialled with three flower farms in East Africa. The tool is a software programme that provides the producer with quick access to accurate pesticide information, capturing the application history and stimulating improved spray practices with limited resources by benchmarking their pesticide usage against that of other producers. The software allows producers to plan their pesticide applications safely and efficiently using a spray plan to mix the chemicals in-store and to instruct the spray team more effectively and efficiently.
- In line with Fairtrade's global strategy and focus on workers' rights and improving living wages, Fairtrade International commissioned living wage benchmark studies for flowers grown in Kenya and Ethiopia.

FIGURE 7.31

FAIRTRADE FLOWERS: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE FLOWERS CERTIFICATION 2008–2014

Number of producer organizations with
Fairtrade flowers certification

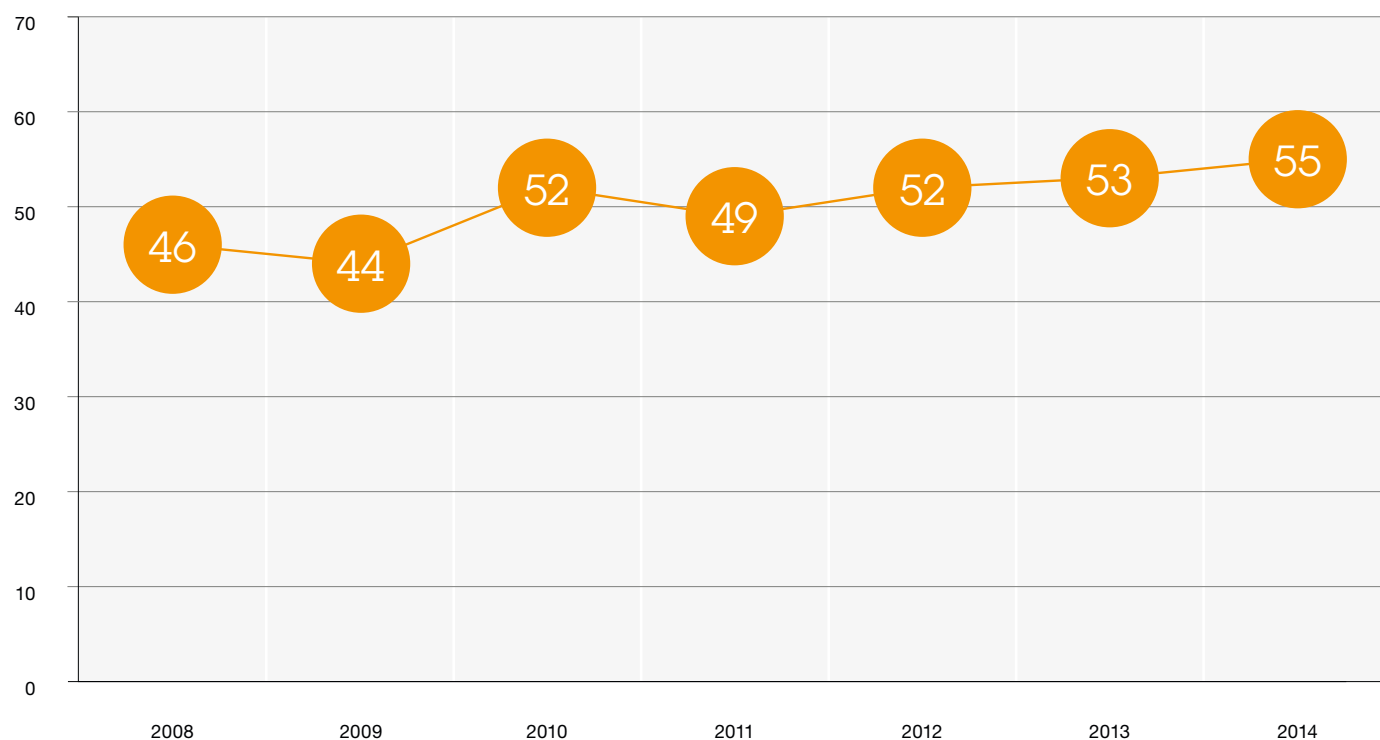


FIGURE 7.32

FAIRTRADE FLOWERS: PRODUCER ORGANIZATIONS WITH FAIRTRADE FLOWERS CERTIFICATION 2014

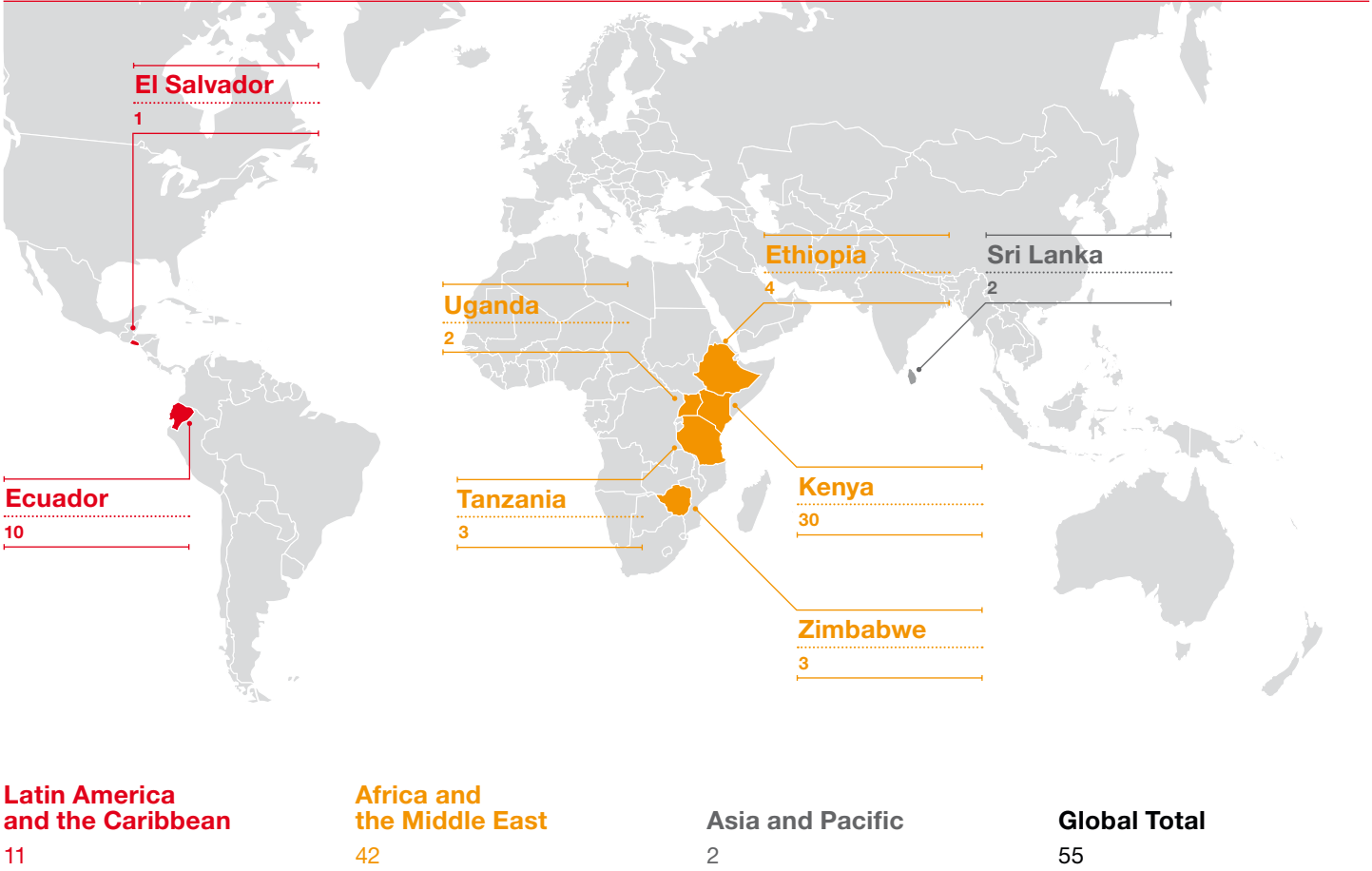
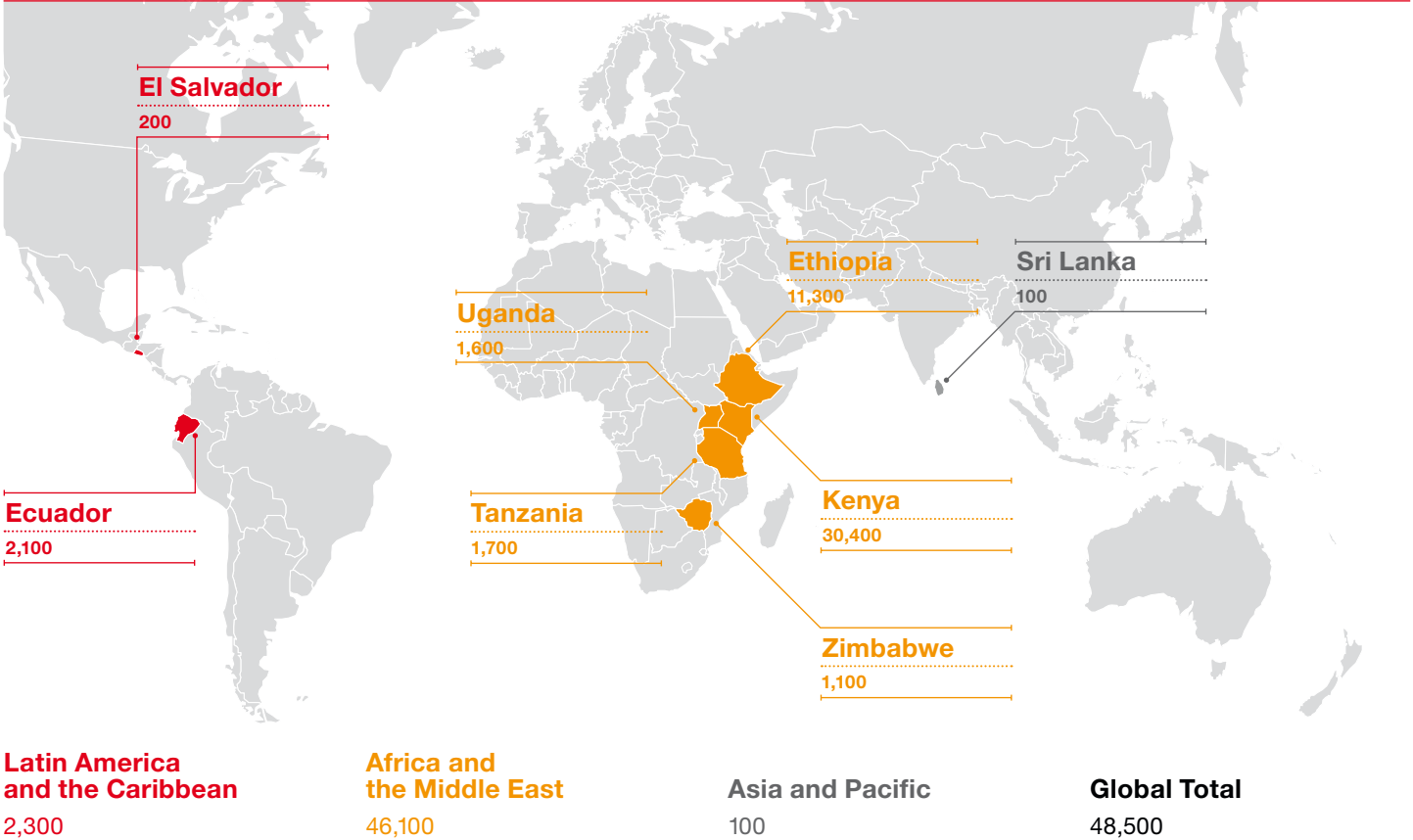


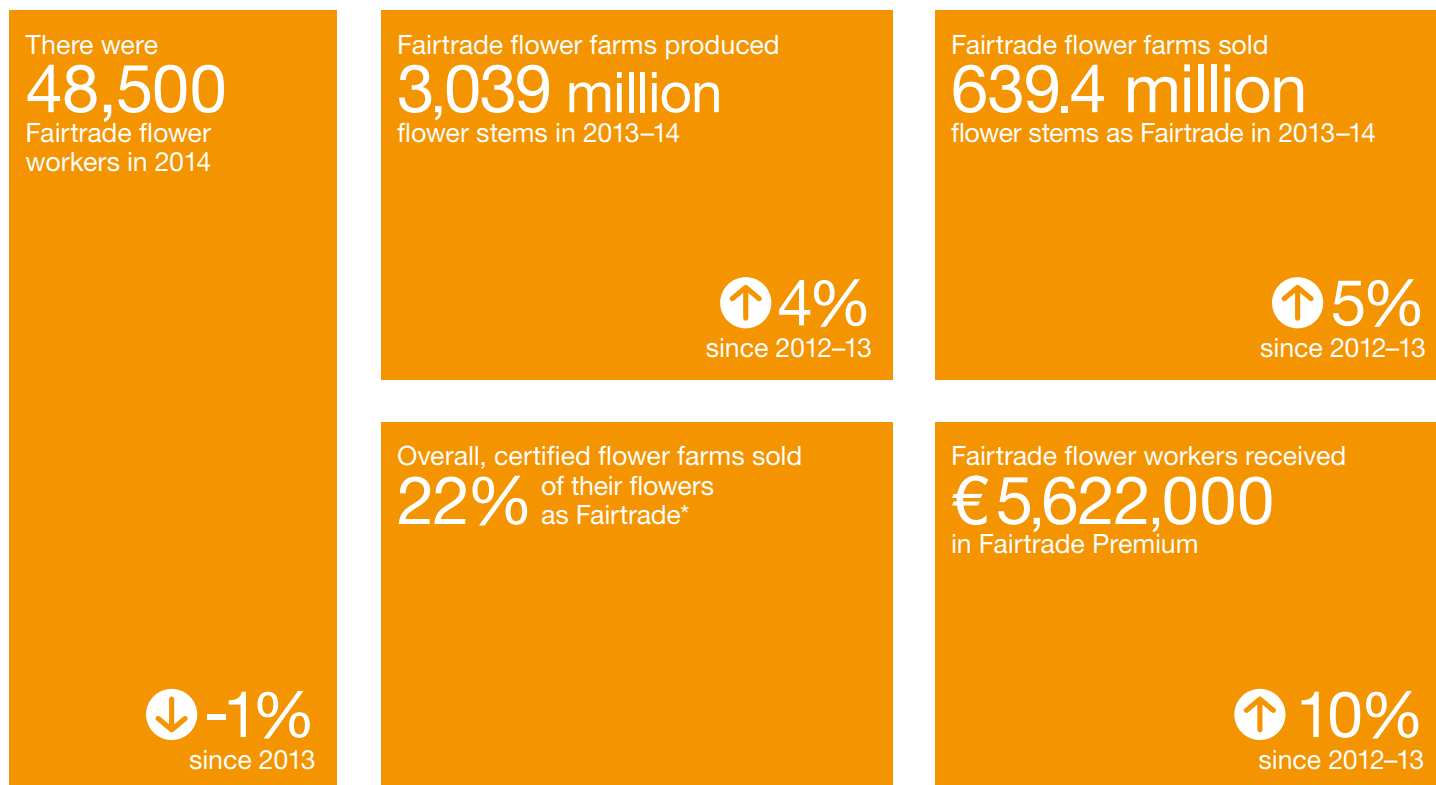
FIGURE 7.33

FAIRTRADE FLOWERS: NUMBER OF WORKERS BY COUNTRY 2014



Note: Numbers may not sum due to rounding. Data only for producer organizations registering flowers as their first certified product.

FAIRTRADE FLOWERS: KEY DATA 2014



Note: * The analysis of Fairtrade sales volumes as a proportion of production volumes excludes newly certified organizations that were not eligible to sell their flowers on Fairtrade terms during the period under review. It also excludes any organization that did not report data for either their total production volumes or their sales as Fairtrade or both.

FIGURE 7.34

FAIRTRADE FLOWERS: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2011–14

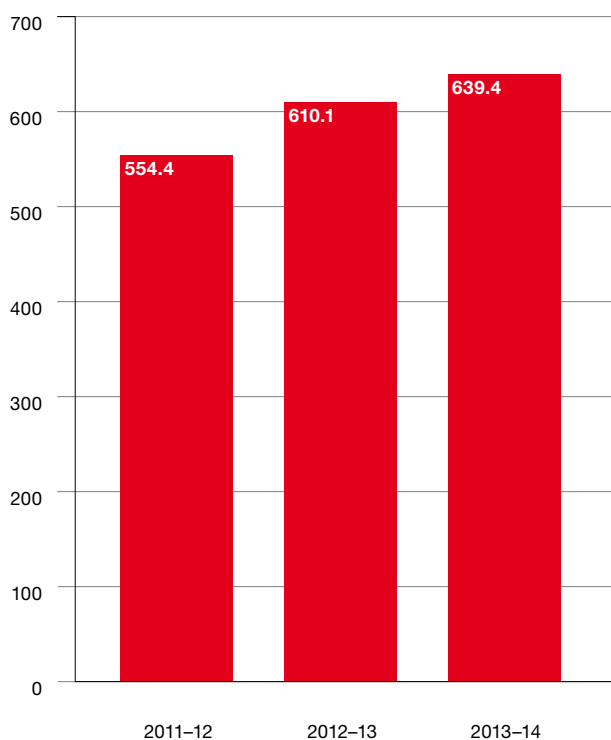
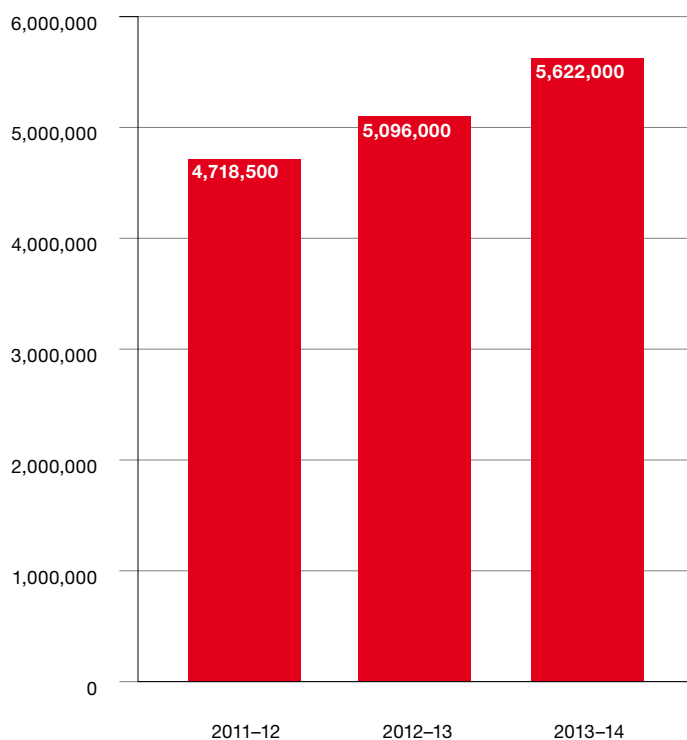
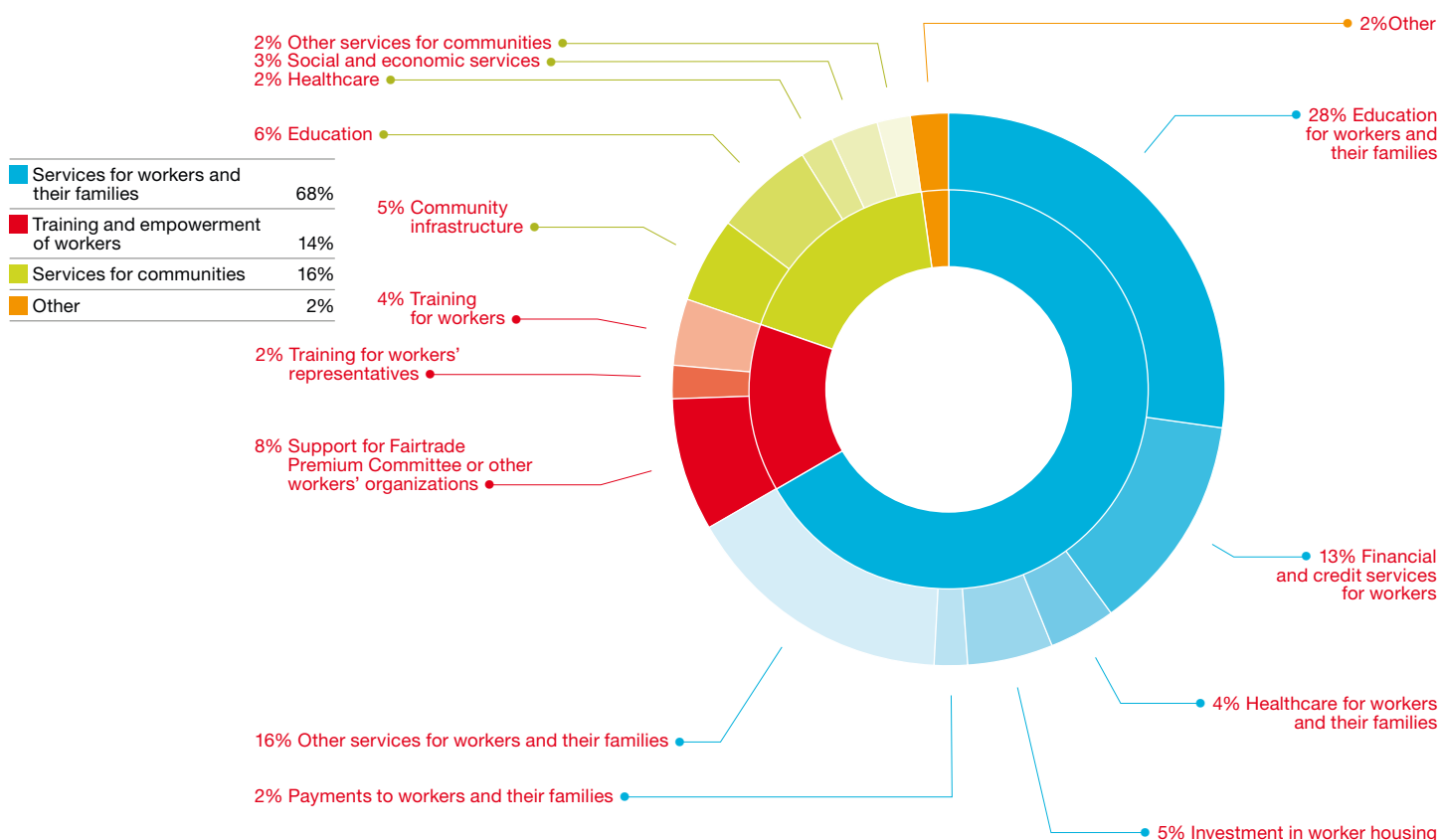
Fairtrade flowers
volume sold
(million stems)Fairtrade Premium
received (€)

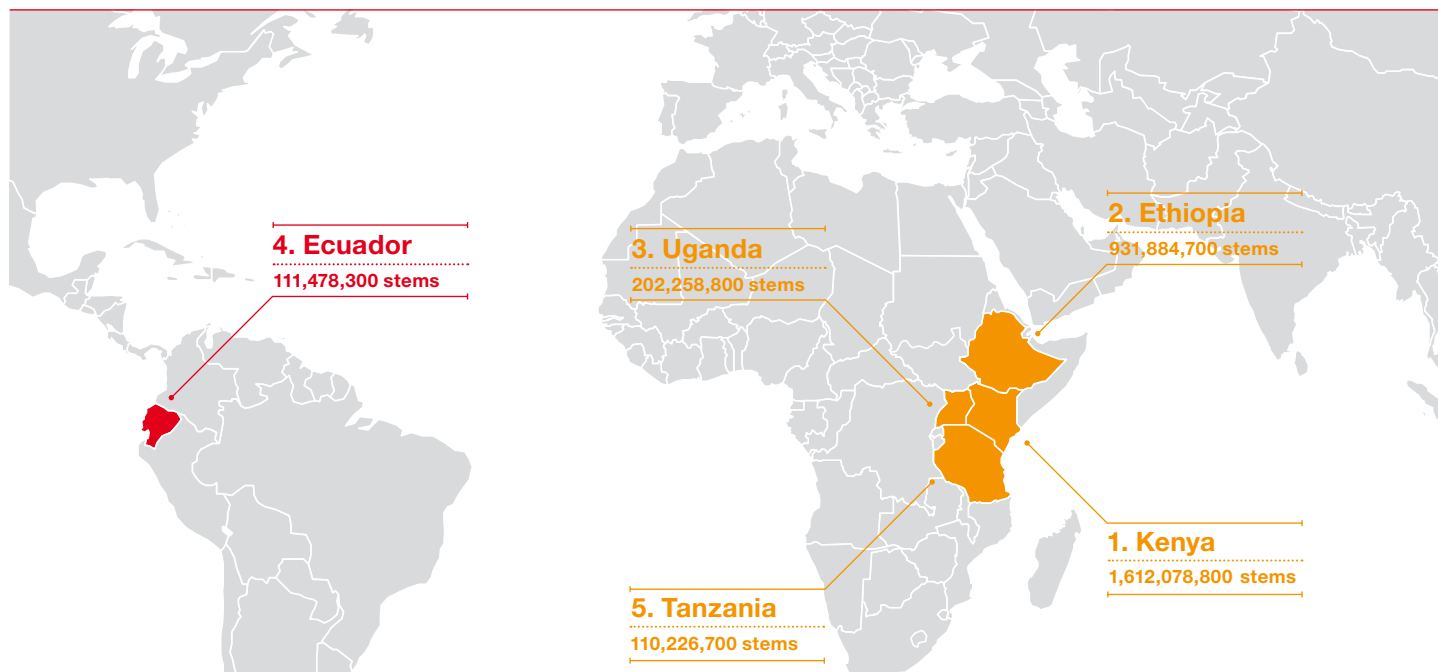
FIGURE 7.35

FAIRTRADE FLOWERS: FAIRTRADE PREMIUM USE 2013–14



Note: Percentages may not sum due to rounding.

FAIRTRADE FLOWERS PRODUCTION CAPACITY: TOP FIVE COUNTRIES 2013–14 (STEMS)

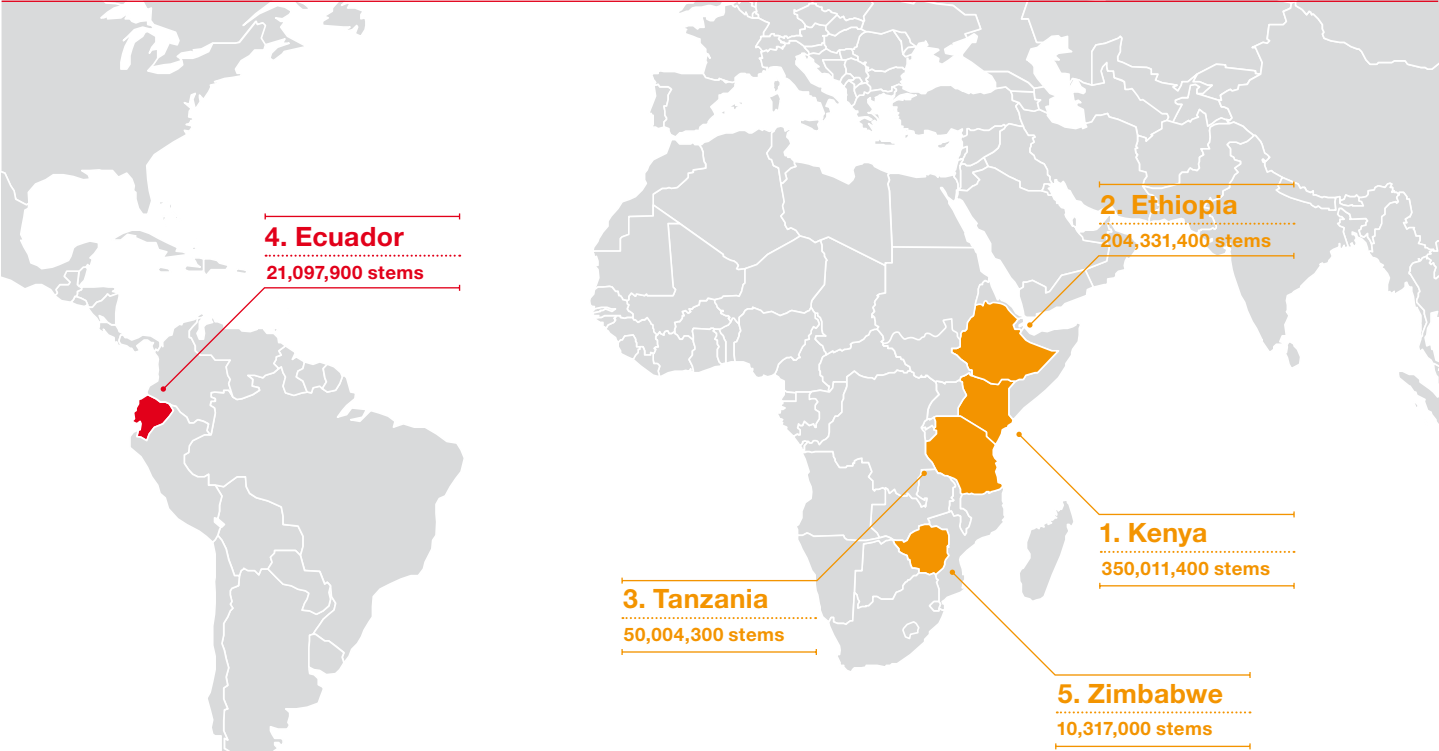


Total top five countries 2,967,927,200 stems

Top five countries account for 98% of Fairtrade flowers production

Note: Numbers may not sum due to rounding.

FAIRTRADE FLOWERS: TOP FIVE SELLING COUNTRIES BY VOLUME 2013-14 (STEMS)



Total top five countries 635,761,900stems

Top five countries account for 99% of Fairtrade flowers sales

Note: Numbers may not sum due to rounding.



CHAPTER 8.1

FOCUS ON FAIRTRADE REGIONS

AFRICA AND THE

MIDDLE EAST

**FAIRTRADE PREMIUM PAID
TO PRODUCERS IN
AFRICA AND THE
MIDDLE EAST
INCREASED BY 11%**



**43% OF ALL WORKERS
ON FAIRTRADE PLANTATIONS ARE IN
AFRICA,
PRODUCING WINE GRAPES,
FLOWERS, TEA, BANANAS
AND FRUITS**



**MORE THAN
800,000
FAIRTRADE FARMERS AND WORKERS
ARE LOCATED IN
EASTERN AFRICA**



**25% OF ALL
FAIRTRADE FARMERS AND
WORKERS ARE IN
KENYA**



25%

8.1 FAIRTRADE IN AFRICA AND THE MIDDLE EAST 2014

- By the end of 2014 there were 392 Fairtrade certified producer organizations in 32 countries throughout the region. Of these, 288 were small producer organizations and 104 were hired labour organizations. There was a decrease in the number of certified small producer organizations since 2013, mainly due to some cocoa producers in West Africa choosing not to continue their Fairtrade certification.
- In contrast, the number of individual farmers within Fairtrade certified producer organizations in Africa and the Middle East grew by more than 15 percent in 2014, due to the certifications of large coffee and tea producer organizations in Kenya in particular. By the end of 2014 there were more than one million Fairtrade farmers and workers in Africa and the Middle East.
- Fairtrade Premium earned by producers in Africa and the Middle East totalled an estimated €23.5 million in 2013–14, and accounted for 22 percent of global Fairtrade Premium. The region now represents 64 percent of all farmers and workers in Fairtrade. However, many of these farmers and workers are members of large producer organizations which are not yet selling a high proportion of their certified crop as Fairtrade. So there is still more to do to build markets to ensure that the benefits from Fairtrade flowing to farmers and workers in the region continue to increase.
- Thirty-two percent of reported Fairtrade Premium revenue in Africa and the Middle East was earned by producers in Ghana and Côte d'Ivoire, reflecting the continued importance of West African cocoa in Fairtrade.
- Cocoa sales accounted for 30 percent of all Fairtrade Premium revenues in Africa and the Middle East in 2013–14. This was a slight decrease in the proportion of overall Fairtrade Premium revenues going to cocoa producers—although the absolute amounts increased significantly as cocoa sales grew. This reflected a slight shift in the balance of Fairtrade sales towards coffee producers and other smaller products in 2013–14.
- Twenty-one percent of all the Fairtrade Premium revenues in the region went to Kenya, a slight increase compared with the previous year. The percentages flowing to Mauritius, Uganda, and Côte d'Ivoire also increased.
- Forty-three percent of all Fairtrade plantation workers are based in Africa and the Middle East. African plantations receive 45 percent of all Fairtrade Premium revenues earned by plantations globally. This reflects the importance and success of African plantations in marketing Fairtrade flowers, wine grapes, and tea, as well as the emergence of Fairtrade bananas from Africa.
- Research shows that women benefit more directly from Fairtrade when producer organizations themselves are motivated, and able, to champion the promotion of gender equity. With this in mind, Fairtrade Africa was awarded £300,000 by the UK's Big Lottery Fund towards a project supporting women coffee farmers in Kenya. This three-year programme works with women from the Kab'gnetuny Coffee Cooperative and the Kipkelion Coffee Union in Kericho County to support sustainable improvements in women farmers' livelihoods. The project focuses on better farming methods to improve coffee quality and yield. It is supporting reduced deforestation by encouraging the adoption of green energy production for households. Fairtrade is supporting women's participation and representation in local coffee production networks through the establishment of a women's coffee association and a learning platform, and the coffee grown by these women will be branded and sold in domestic markets. The project will also support women's rights to owning coffee assets.
- In 2014, Comic Relief and Fairtrade Africa began the implementation of a three-year programme with small-scale gold miners, entitled 'Extending Fairtrade Gold to Africa'. The programme trained and supported 1,100 small-scale and artisanal miners from nine small-scale and artisanal mining associations in Kenya, Uganda and Tanzania. The training and support covered all aspects of the miners' business, including health and safety and environmental protection, child protection and prevention of child labour, business management and international

Previous page: Larissa Kouame Amenan, carrying water for her family. Her cooperative, Kapatchiva has 567 members in five communities and is a member of ECOOKIM—a union of seven primary co-operatives located in rural communities across four regions of Côte d'Ivoire.
© Éric St-Pierre / Fairtrade International

supply chains, and organization and networking. The evaluations of the project's first year were positive. As one miner reported: 'Moving from old to new ways of doing mining has been transformational. Previously each and every miner worked on [their] own. Today we are privileged to do it collectively, where we mine as a group, we process our ore together as a group and we sell ...as a group.' See: <http://www.fairtradeafrica.net/wp-content/uploads/2010/04/The-Journey-Towards-Fairtrade-Certification-Formalization-of-Artisanal-a....pdf> for more information.

RESEARCH INSIGHT: THE FAIRTRADE AFRICA ACCESS TO FINANCE PROGRAMME

Producer organizations often struggle to access finance and credit. Yet access to credit can be essential for their business, especially given the seasonal nature of agriculture. Credit and loans can shore up their cashflow, allowing producers to buy their crops at the right time, or make timely investments in infrastructure or inputs.

Since 2013 Fairtrade Africa has been implementing a programme aimed at improving producers' access to finance in five countries. Producer organizations are being trained in financial management and mentored in finance by experts hired through the project. Fairtrade conducted a mid-term internal evaluation of the programme in 2014, surveying 30 percent of the programme participants across the five countries.

PRODUCER REPORT

LIGHTENING THE LOAD FOR ORANGE RIVER RAISIN FARMERS



Pieter Van Wyk is a raisin producer and a member of the Eksteenskuil Agricultural Cooperative in Keimoes Northern Cape, South Africa.

© Eksteenskuil Agricultural Cooperative

Two decades ago, raisin farmers based in communities along the lower Orange River in South Africa's Northern Cape grouped together and formed the Eksteenskuil Agriculture Cooperative (EAC). Their aim was three-fold: to help small-scale farmers acquire access to training, to encourage other farmers to start vineyards, and to support social development in their communities.

The cooperative grows three varieties of raisin grapes which are then dried to be used as ingredients in over 50 products—from muesli and cereal bars to biscuits, cakes and Christmas puddings. As demand grew, however, the cooperative members found that their productivity became restricted by a lack of access to reliable tractors and other basic agricultural equipment.

Following their Fairtrade certification in 2003, EAC members decided to reinvest their Fairtrade Premium in tools and equipment which members can hire by the day for nominal fees. This includes ploughs, grass cutters, pumps and building tools including cement mixers used in the construction of drying courts. Members have been trained in keeping production records. The Fairtrade Premium income has also been used to build two community water pumps that filter and supply water directly from the canals to the communities, so farmers no longer have to walk long distances to fetch unfiltered water with buckets.

Read the full story here: <http://bit.ly/Eksteenskuil>

The evaluation showed that Fairtrade had trained 90 producer organizations across Kenya, Tanzania, Ghana, Uganda and Côte d'Ivoire, in financial management and sources of finance. The organizations included producers of crops such as cocoa, citrus fruits, coffee, tea and vanilla. Eighty-nine percent of the participants agreed that training had filled a gap in their knowledge; 82 percent said they had implemented something new in their cooperative as a result of the training; and 62 percent have since applied for loan finance. By April 2014, £947,000 had been disbursed through seven loans across Africa.

The finance officer from a producer organization in Uganda explained the impact of the programme on their work: 'Before the training I didn't use any financial ratio analysis in my reporting as I didn't know how to. After the training I was able to provide financial ratios with the reports to the management. I have introduced some of the formats in the financial management, including a cash flow, balance sheet and income statement.' The evaluation also gathered insights about the most common barriers to producers accessing finance. These include:

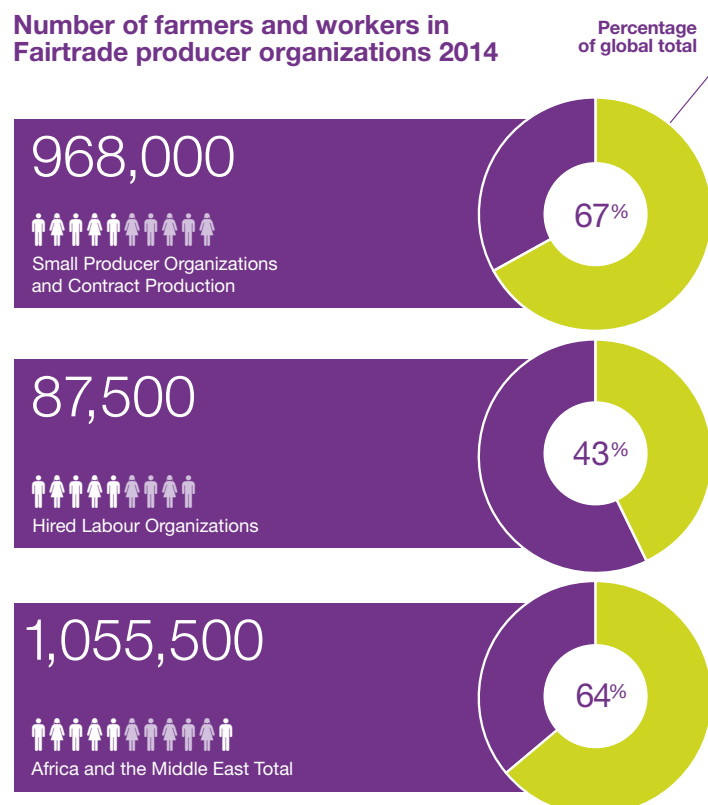
- The difficulty for producer organizations to know which lenders to trust, or to access good information about lenders;
- High interest rates charged by lenders;
- The large amount of documentation and financial records that lenders require from producer organizations.

The time taken to get approval of loans can exceed the window in which the loan is useful, and the repayment periods are often too short. In other words, the financing options are often not well-adapted to producers' needs.

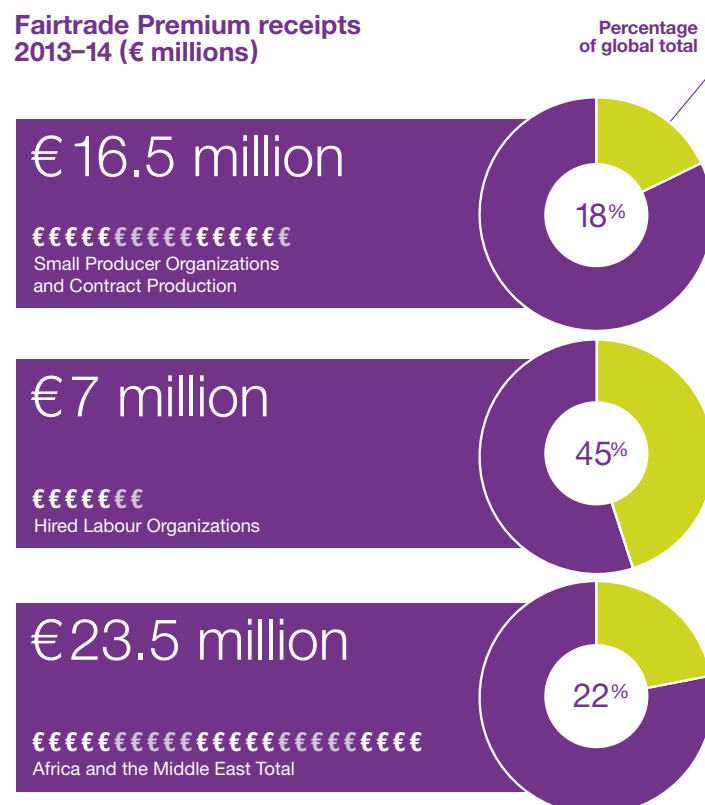
TABLE 8.1

FAIRTRADE IN AFRICA AND THE MIDDLE EAST 2014

Number of farmers and workers in Fairtrade producer organizations 2014

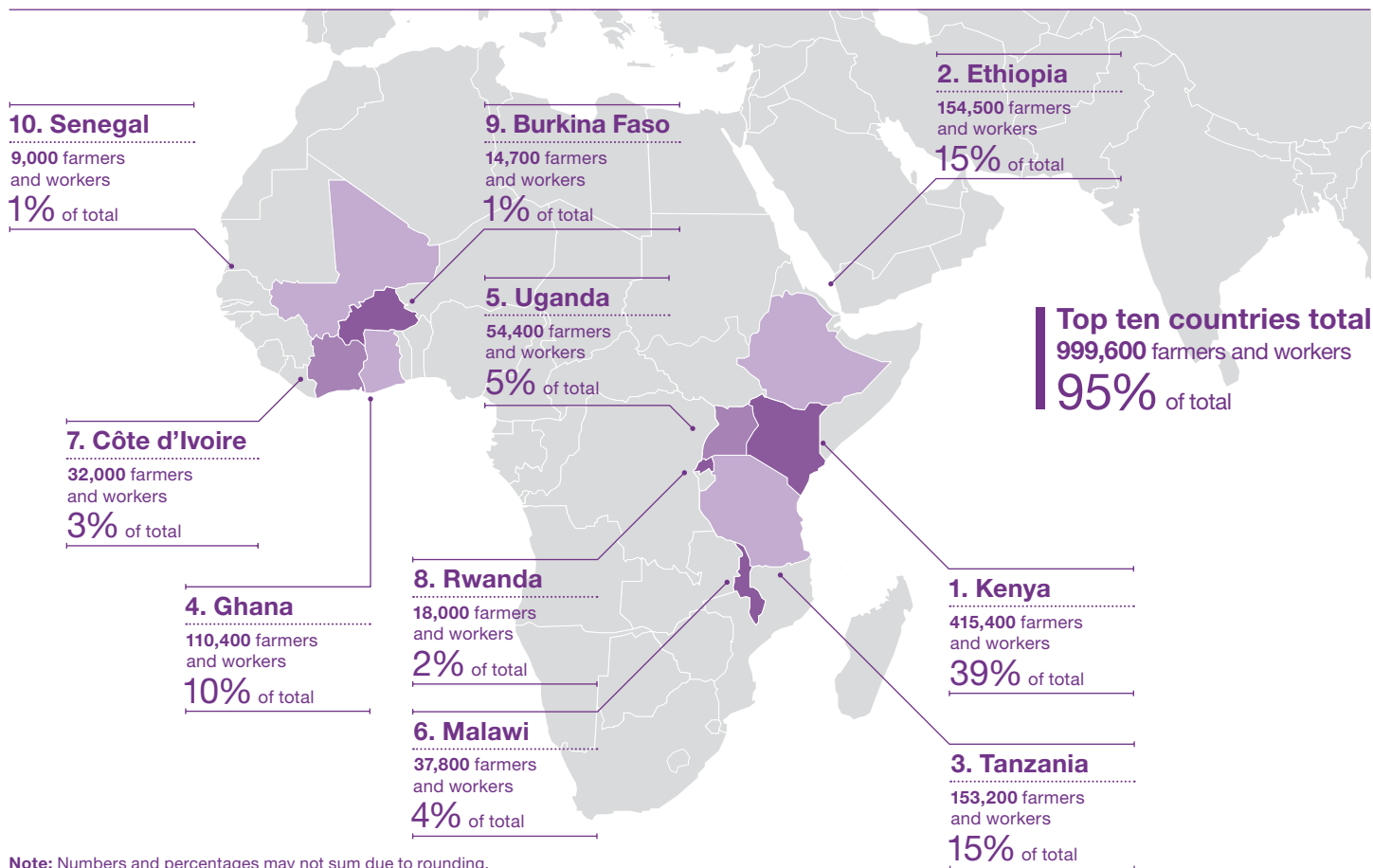


Fairtrade Premium receipts 2013–14 (€ millions)



Note: Numbers and percentages may not sum due to rounding.

FAIRTRADE IN AFRICA AND THE MIDDLE EAST: TOP TEN COUNTRIES FAIRTRADE FARMERS AND WORKERS 2014



FAIRTRADE IN AFRICA AND THE MIDDLE EAST: TOP TEN FAIRTRADE PREMIUM RECEIVING COUNTRIES 2013–14

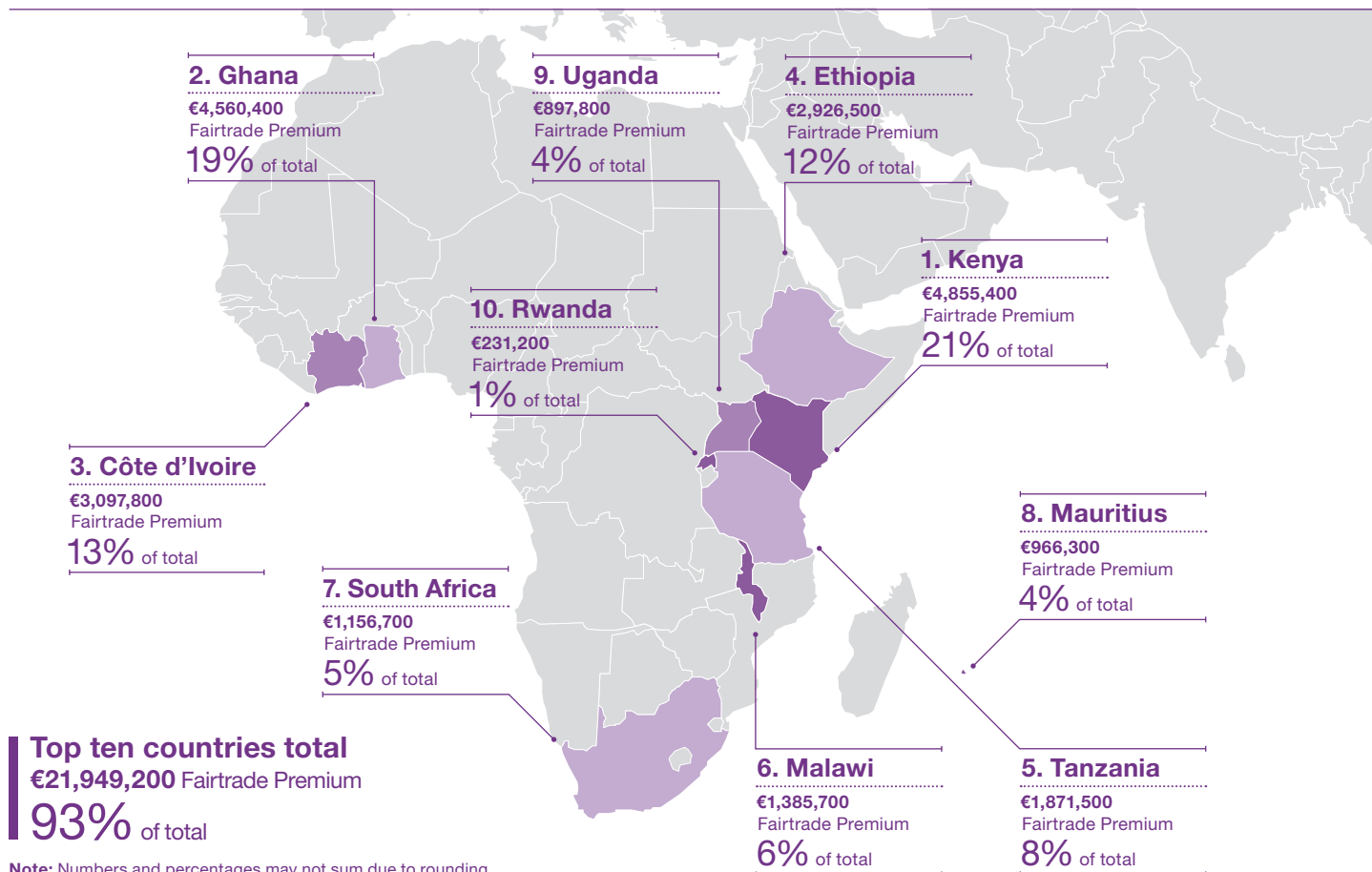
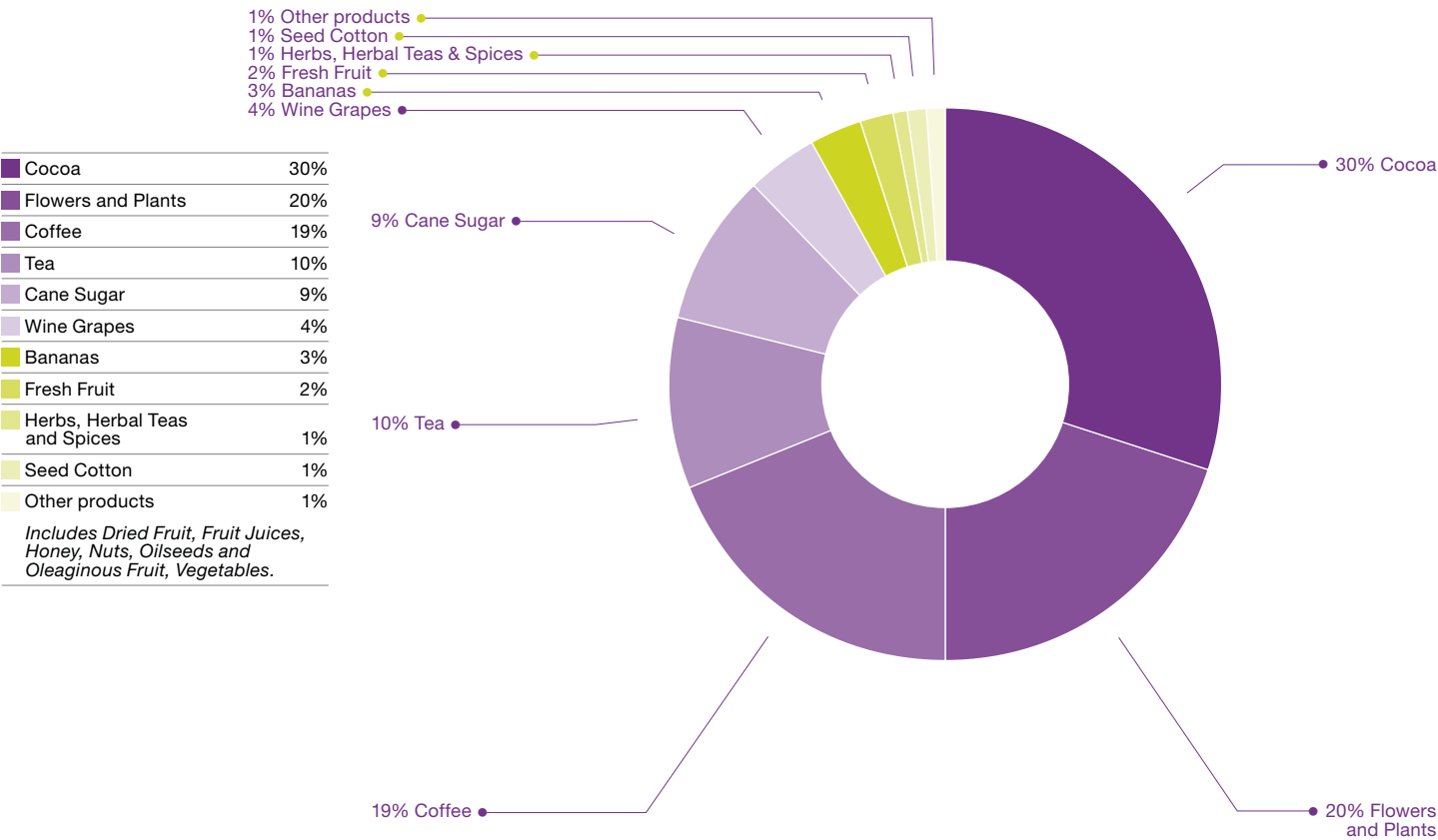


FIGURE 8.1
FAIRTRADE IN AFRICA AND THE MIDDLE EAST: FAIRTRADE PREMIUM DISTRIBUTION BY PRODUCT 2013–14



Note: Percentages may not sum due to rounding.

FIGURE 8.2
FAIRTRADE IN AFRICA AND THE MIDDLE EAST: PRODUCER ORGANIZATIONS 2011–2014

Hired Labour Organizations
Small Producer Organizations
All

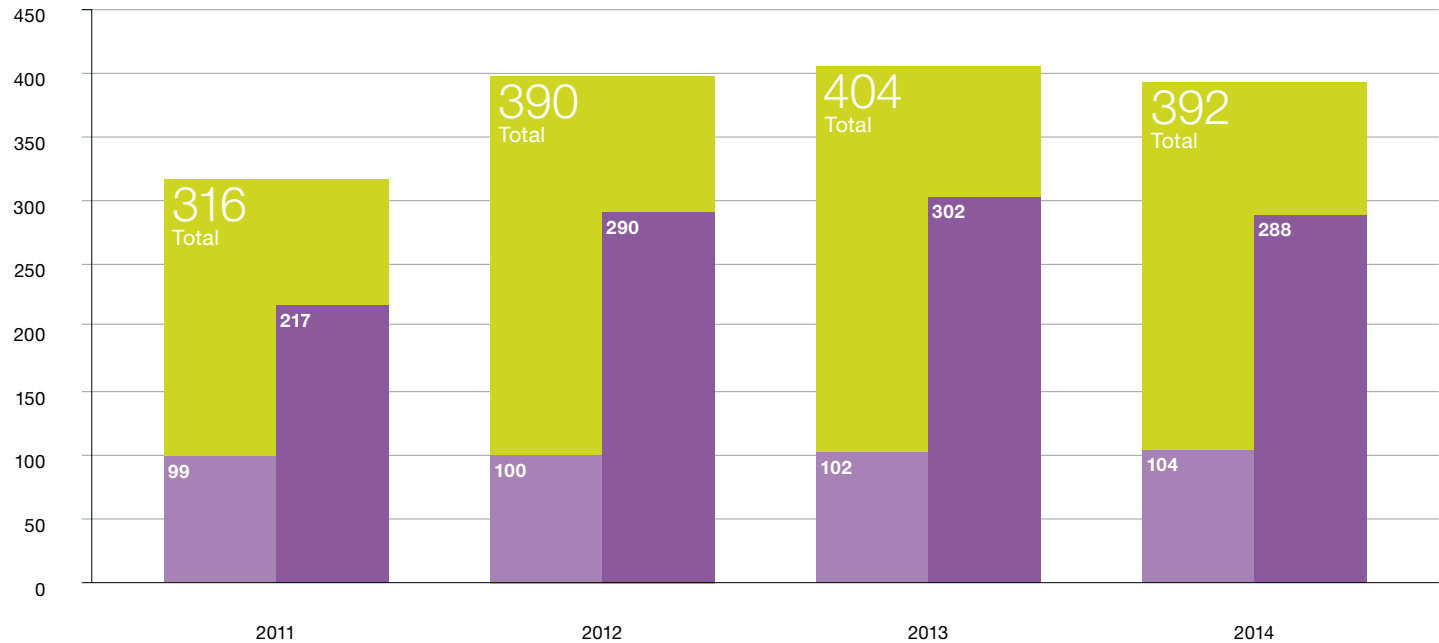
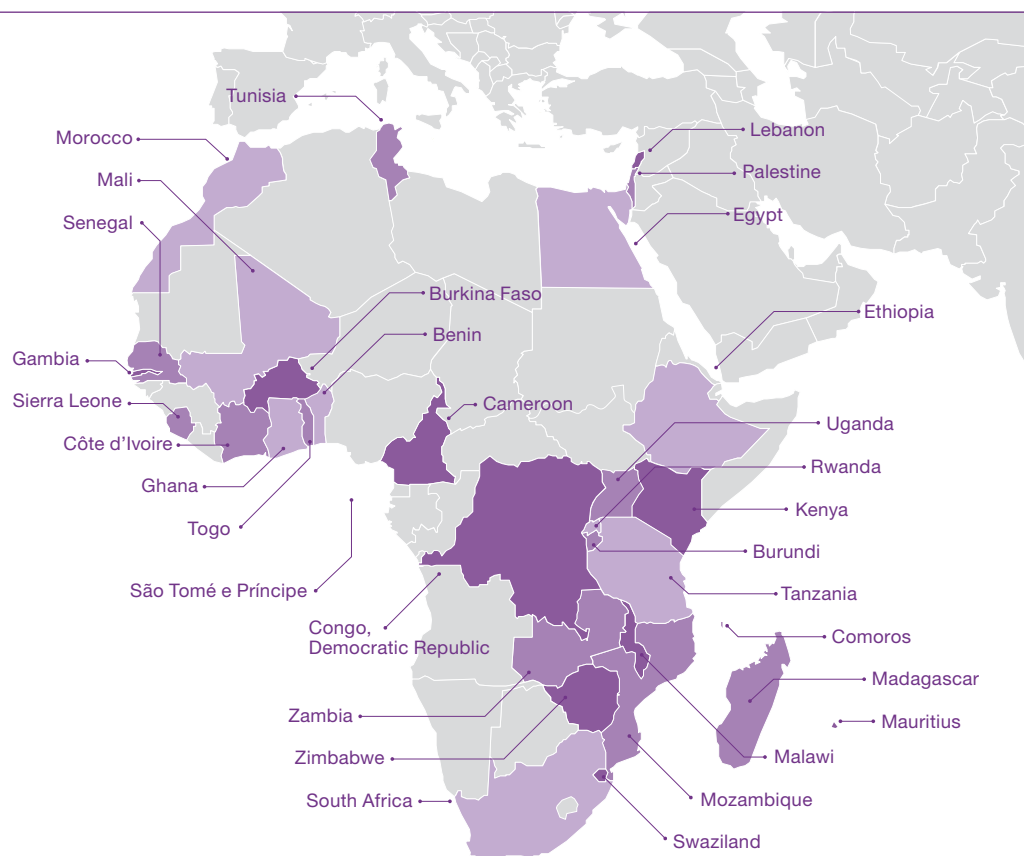


FIGURE 8.3

FAIRTRADE IN AFRICA AND THE MIDDLE EAST: PRODUCER ORGANIZATIONS BY COUNTRY 2014

Country	SPO	HLO	All
Benin	2	--	2
Burkina Faso	9	--	9
Burundi	3	--	3
Cameroon	3	1	4
Comoros	1	--	1
Côte d'Ivoire	44	1	45
Democratic Republic of the Congo	1	--	1
Egypt	10	5	15
Ethiopia	4	5	9
Gambia	1	--	1
Ghana	23	8	31
Kenya	62	31	93
Lebanon	2	--	2
Madagascar	9	--	9
Malawi	9	3	12
Mali	4	--	4
Mauritius	27	--	27
Morocco	1	1	2
Mozambique	2	1	3
Palestine	3	--	3
Rwanda	8	1	9
São Tomé and Príncipe	1	--	1
Senegal	8	--	8
Sierra Leone	5	--	5
South Africa	4	33	37
Swaziland	7	--	7
Tanzania	11	7	18
Togo	1	--	1
Tunisia	4	1	5
Uganda	17	3	20
Zambia	1	--	1
Zimbabwe	1	3	4
Total	288	104	392

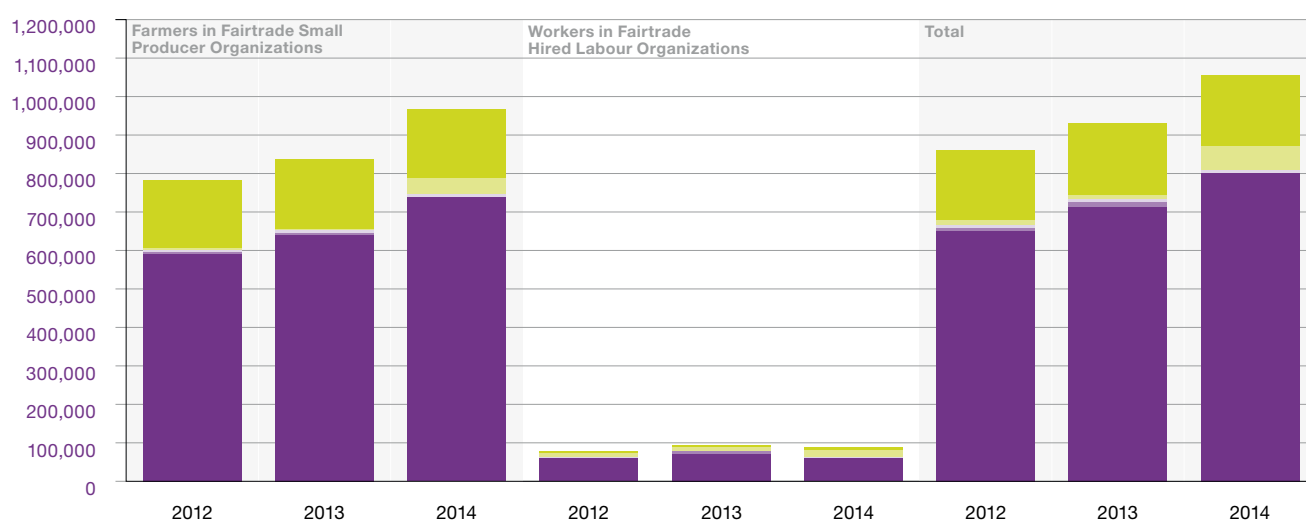


SPO Small Producer Organization
HLO Hired Labour Organization

FIGURE 8.4

FAIRTRADE IN AFRICA AND THE MIDDLE EAST: FARMER AND WORKER NUMBERS 2012–2014

	SPO farmers 2012	SPO farmers 2013	SPO farmers 2014	HLO workers 2012	HLO workers 2013	HLO workers 2014	Total 2012	Total 2013	Total 2014
Eastern Africa	591,300	641,700	740,100	61,600	73,300	61,700	652,900	715,000	801,800
Middle Africa*	5,700	5,800	--	--	5,600	--	5,700	11,400	--
Northern Africa and the Middle East	5,800	6,800	7,400	2,800	2,200	2,200	8,600	9,000	9,600
Southern Africa	2,600	2,600	42,300	9,800	7,800	17,600	12,400	10,400	59,900
Western Africa	176,200	181,600	178,300	4,400	4,700	5,900	180,600	186,300	184,200
Africa and the Middle East Total	781,600	838,500	968,000	78,600	93,600	87,500	860,200	932,100	1,055,500



Note: * As of 2015, Fairtrade has altered its geographical scope. The new geographical scope no longer includes Middle Africa as a region. You can download the Fairtrade geographical scope policy document here: http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/Geographical_Scope_Policy_EN.pdf. Numbers may not sum due to rounding.

A person wearing a wide-brimmed straw hat with a blue band and a camouflage shirt is seen from the side, operating a tractor in a field. The tractor has a large blue wheel and is pulling a wooden frame. The field is filled with dry, golden-brown grass. In the background, there is a dense line of tall, green trees under a blue sky with scattered white clouds.

CHAPTER 8.2

FOCUS ON FAIRTRADE REGIONS

ASIA AND

PACIFIC



**51% OF ALL
WORKERS ON
FAIRTRADE CERTIFIED
PLANTATIONS ARE IN
ASIA AND
PACIFIC**

**FAIRTRADE PREMIUM
PAID TO PRODUCERS IN
ASIA AND
PACIFIC
INCREASED BY 3%**



**COFFEE
ACCOUNTS FOR 41%
OF THE FAIRTRADE PREMIUM PAID
TO PRODUCERS IN
ASIA AND PACIFIC**



8.2 FAIRTRADE IN ASIA AND PACIFIC 2014

- Fairtrade grew moderately in Asia and Pacific in 2014. By the end of the year there were 187 Fairtrade certified producer organizations in 18 countries in the region. Of these, 118 were small producer organizations, 19 were contract production organizations, and 50 were plantations or sports ball factories.
- Farmers and workers in Asia and Pacific represent 16 percent of all Fairtrade farmers and workers worldwide, while ten percent of global Fairtrade Premium revenues were earned by producer organizations in Asia and Pacific in 2013–14.
- While workers in plantations and sports ball factories in the region account for 51 percent of all workers in the Fairtrade system, only 11 percent of the global Fairtrade Premium flows to these organizations. This reflects the ongoing challenges for South Asian tea estates and sports ball producers to sell more of their product on Fairtrade terms. However, many retain their Fairtrade certification because they feel it brings other benefits beyond sales and Fairtrade Premium.
- The reported Fairtrade Premium earned by producers in Asia and Pacific totalled €10.8 million in 2013–14, growing by three percent from 2012–13 levels. This growth was concentrated within small farmer organizations, while plantations and sports ball factories reported only a slight increase in Fairtrade Premium revenues.
- Coffee still receives the highest share of the Fairtrade Premium revenues in Asia and Pacific, but its share reduced from 45 percent in 2012–13 to 41 percent in 2013–14. The share of cane sugar and tea remained stable at 23 and 21 percent respectively, while Fairtrade cotton saw an increase in Fairtrade Premium revenues from five percent to eight percent.
- Almost 85 percent of all the certified producer organizations in Asia and Pacific received support and training from Fairtrade in 2014. Training topics included internal control systems, managing the Fairtrade Premium, prevention of child labour, disaster prevention, standards compliance and adaptation to climate change. One hundred and five producer organizations received training in market access, productivity or product quality.
- The roll-out of the revised Fairtrade Hired Labour Standard was an important change for Fairtrade plantations in 2014. Tea plantations in Southern Asia were guided through the change with workshops and training on how to implement the new Standard.
- In India, Fairtrade also held a workshop to support small producer organizations to understand the Fairtrade Standards, to discuss support and market needs, to share market information, and to enable them to share the challenges and needs they face as small producer organizations. Almost every small producer organization in India attended. Participants appreciated the workshop and requested more ongoing, dedicated support for small producer organizations.
- The Fairtrade regional Network of Asian and Pacific Producers (NAPP) strengthened its country and sub-regional networks across Asia and Pacific in 2014. Country networks were formalized and further developed in Thailand, China and Vietnam. Producers from Fiji, Tonga and Samoa formed a new Pacific network. The development of strong country and sub-regional networks allows producers to increase their influence on national policy, deliver support and training activities that are aligned with national needs, and build their profile and that of Fairtrade within their countries. They ensure that producers' interests can be heard more effectively within the larger regional Fairtrade networks.
- NAPP also further developed the regional product networks for tea, coffee, and sugar in 2014. Rice producers formed their own product network.
- In tea, a learning and exchange visit enabled tea workers from South India to meet the workers and management of tea gardens in Darjeeling. Sharing of knowledge and exchange between workers from different estates can support the development of stronger workers' representation within Fairtrade plantations. NAPP also held the first tea workshop for producers in China, Vietnam and Indonesia, focusing on organizational governance, market access and production techniques.

Previous page: A farmer on his way to the rice fields in Thailand. Organic Jasmine Rice Producer Group (OJRPG) is a union of small producers in the province of Ubon Ratchathani in north-eastern Thailand.

© Santiago Engelhardt / Fairtrade Germany

- Coffee producers benefited from coffee network meetings, exchanges, market development activities, and targeted training across the region. Vietnamese producers received training in wet processing and Indonesian coffee farmers were supported to train and demonstrate better coffee farming methods to other producers. Fairtrade also supported the development of coffee nurseries in Indonesia.
- Sugar producers from India, Philippines and Fiji formed a sugar product network to share knowledge and experience. In Karnataka, Indian sugar farmers learnt from the practices of an award-winning organic sugar farmer.
- Ten passion fruit producers from Vietnamese cooperatives participated in a workshop focusing on the best farm practices and use of technologies to increase yield. The trainer stressed the importance of growing safe fruit for consumption. Much of the cultivable land in Vietnam is contaminated with heavy metals such as arsenic. The workshop educated producers on the effective treatment of fruit to mitigate the risk of contamination of their crop, and trained them in modern processing methods. These ten producers plan to train all members of their cooperatives on the processing methods they learned in the workshop.
- Suminter Small Farmers Organic Consortium, a spice-producing organization in Kerala, India, has developed several interesting Fairtrade Premium projects with its 250 members. These include putting in place structures for water-harvesting, solar panels, drying nets for spices, drying and grading equipment for cardamom, and the distribution of organic farming inputs to members. Forty-five members have installed solar panels for their homes while 15 members have installed bigger panels to run their irrigation pumps. One member installed a rainwater-harvesting tank with a capacity of 36,000 litres for irrigation.

PRODUCER REPORT

SILK ROAD POMEGRANATE GROWERS TURN TO FAIRTRADE



Pomegranate farmer Pardaali Holov is the Fairtrade coordinator at Dustkul Bogi. This Fairtrade certified producer organization grows pomegranates and other fruits and nuts in Uzbekistan.

© Lucy Russell / Fairtrade Finland

Pardaali Holov is a pomegranate farmer. So were his parents and his grandparents, and so are most of the people he knows. The mountainous area around his home village of Varganza in Uzbekistan is famous for this juicy red fruit, which represents life and fertility in Uzbek culture. But despite the rich symbolism of growing pomegranates along the ancient trading routes of the Silk Road, the farmers here face a huge challenge: they need consistent access to water for irrigation. Although they have a well in their community, water is scarce because they need electricity to pump enough of it up from a depth of 70 to 100 metres below ground level.

Improving the electricity supply and installing such a pump was expensive and could not be covered by their first Fairtrade Premium earnings. So Pardaali and the members of his Dustkul Bogi cooperative came up with an idea. They decided to construct a teahouse—the cultural and social centre of any typical Uzbek village.

‘This is all part of our big plan. Once other farmers see our finished teahouse, they will all want to join Fairtrade and then with a larger group we will work together to receive a higher Fairtrade Premium, and then we will install the water pump,’ says Pardaali.

Read the full story here: <http://bit.ly/1P4wYvi>

PRODUCER REPORT

VANILLA FARMERS BRING FIRST FAIRTRADE CERTIFICATION TO TONGA



Vanilla Growers Association member, Pasepa Lolohea, holding a bunch of cured vanilla beans.
© Fairtrade Australia & New Zealand

A small dot in the South Pacific witnessed a big Fairtrade celebration in 2015, when the Vanilla Growers Association of Vava'u (VGA) became the first farmer association in the archipelago state of Tonga to achieve certification.

Fairtrade Australia & New Zealand (Fairtrade ANZ) began working with VGA soon after the association was formed in 2013. Through its Producer Development Fund, Fairtrade ANZ invested in equipment to improve the efficiency and productivity of VGA's farmers. A library of tools now offers farmers the use of wheelbarrows, brush cutters, ladders and other equipment necessary to maintain their vanilla gardens. They have also set up a model curing facility to add value to and improve the quality of VGA's vanilla.

With the support of its partner Queen Fine Foods, VGA was aiming to sell between three and five metric tonnes of Fairtrade and organic certified vanilla in 2015. This would bring up to US\$350,000 in income to 168 vanilla growing members and up to US\$33,000 in Fairtrade Premium to the association, to be used for business and community development activities.

'With the support of Queen Fine Foods and Fairtrade, growers are returning to their vanilla plantations and gradually restoring them to full production,' says VGA's President Sione Lolohea.

Read the full story here: <http://bit.ly/1P4wYvi>

TABLE 8.2

FAIRTRADE IN ASIA AND PACIFIC 2014

Number of farmers and workers in Fairtrade producer organizations 2014

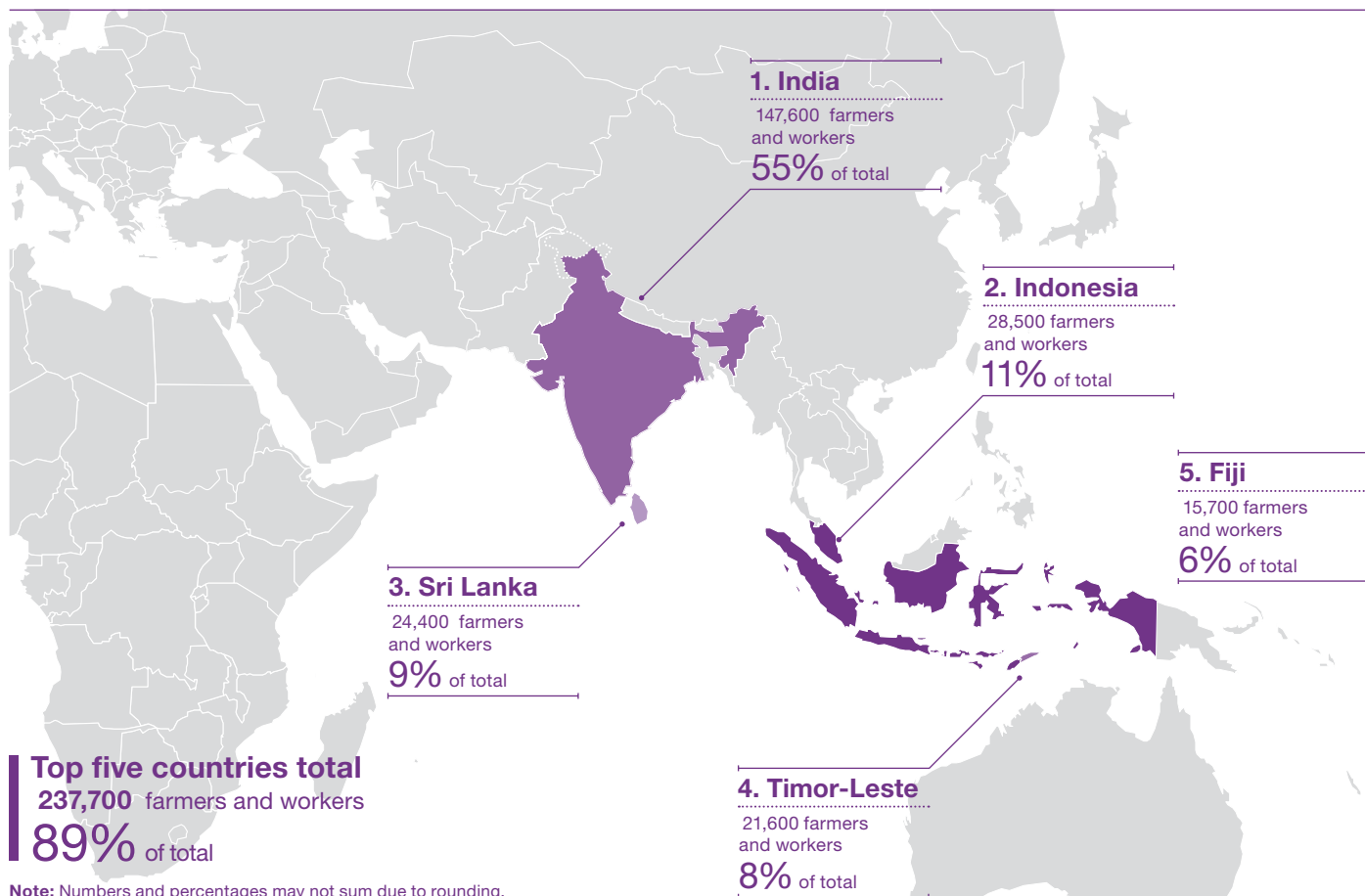


Fairtrade Premium receipts 2013-14 (€ millions)



Note: Numbers may not sum due to rounding.

FAIRTRADE IN ASIA AND PACIFIC: TOP FIVE COUNTRIES FAIRTRADE FARMERS AND WORKERS 2014



FAIRTRADE IN ASIA AND PACIFIC: TOP FIVE FAIRTRADE PREMIUM RECEIVING COUNTRIES 2013–14

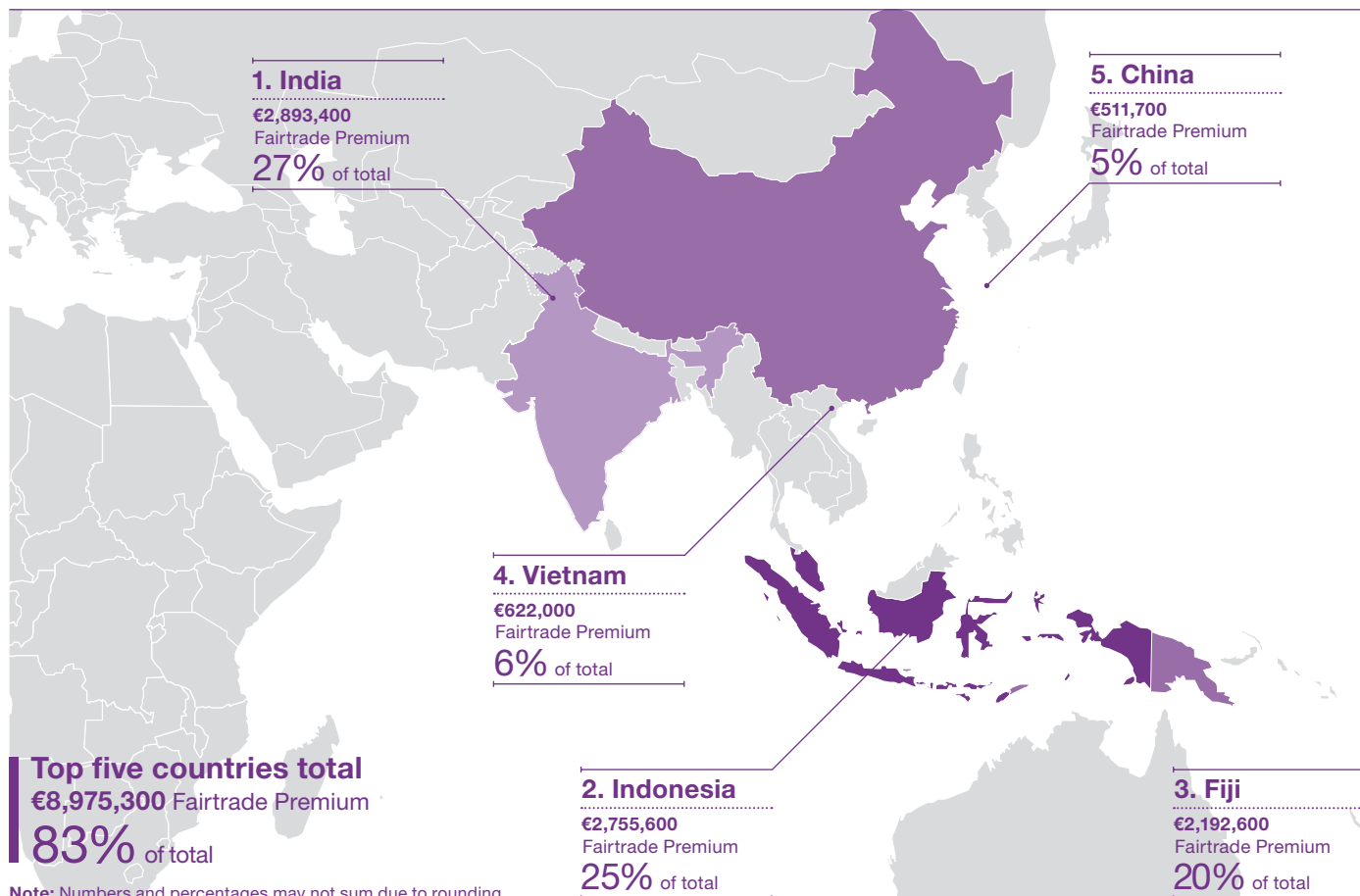
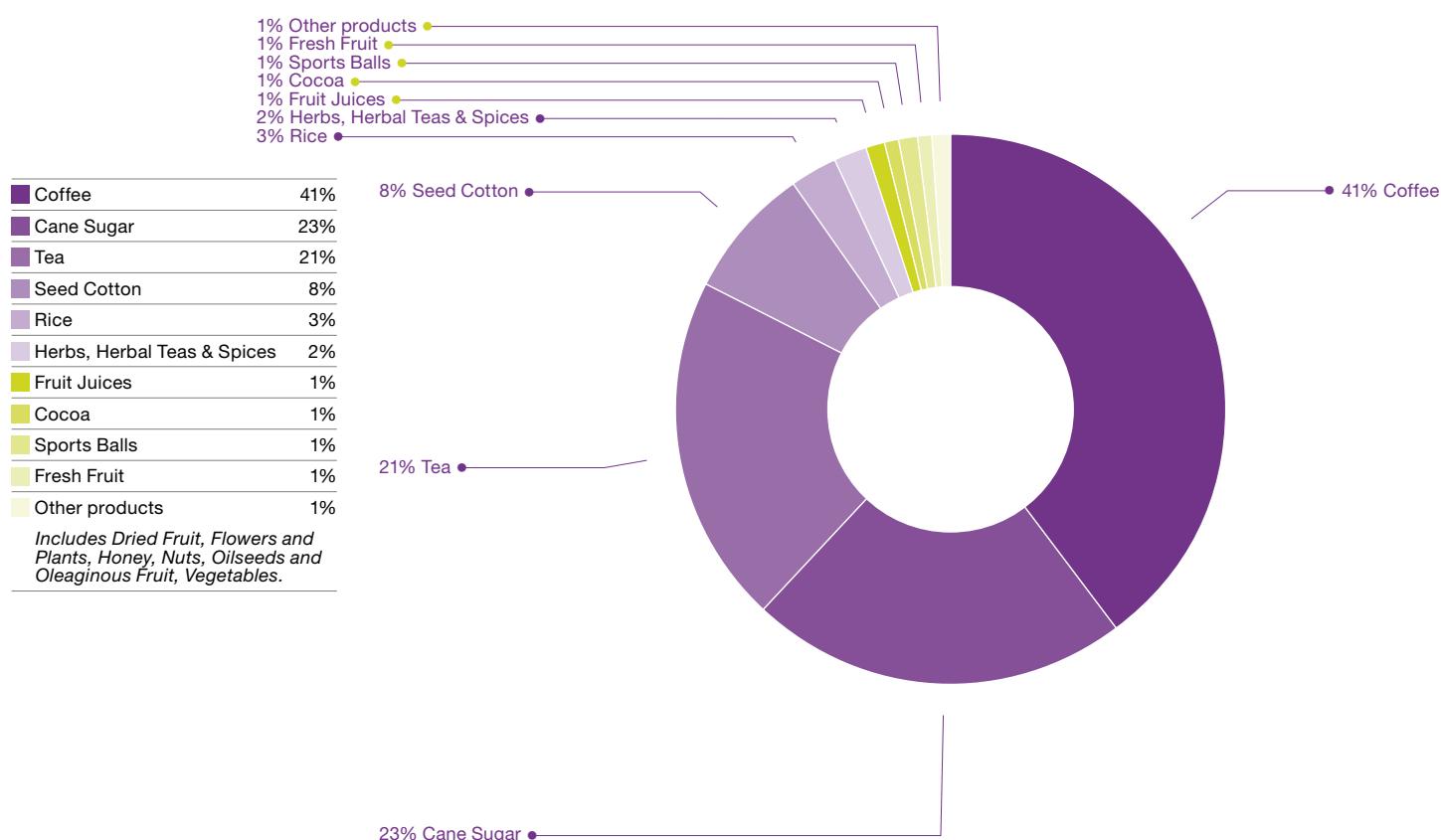


FIGURE 8.5

FAIRTRADE IN ASIA AND PACIFIC: FAIRTRADE PREMIUM DISTRIBUTION BY PRODUCT 2013–14



Note: Percentages may not sum due to rounding.

FIGURE 8.6

FAIRTRADE IN ASIA AND PACIFIC: PRODUCER ORGANIZATIONS 2011–2014

Contract Production
Hired Labour Organizations
Small Producer Organizations
All

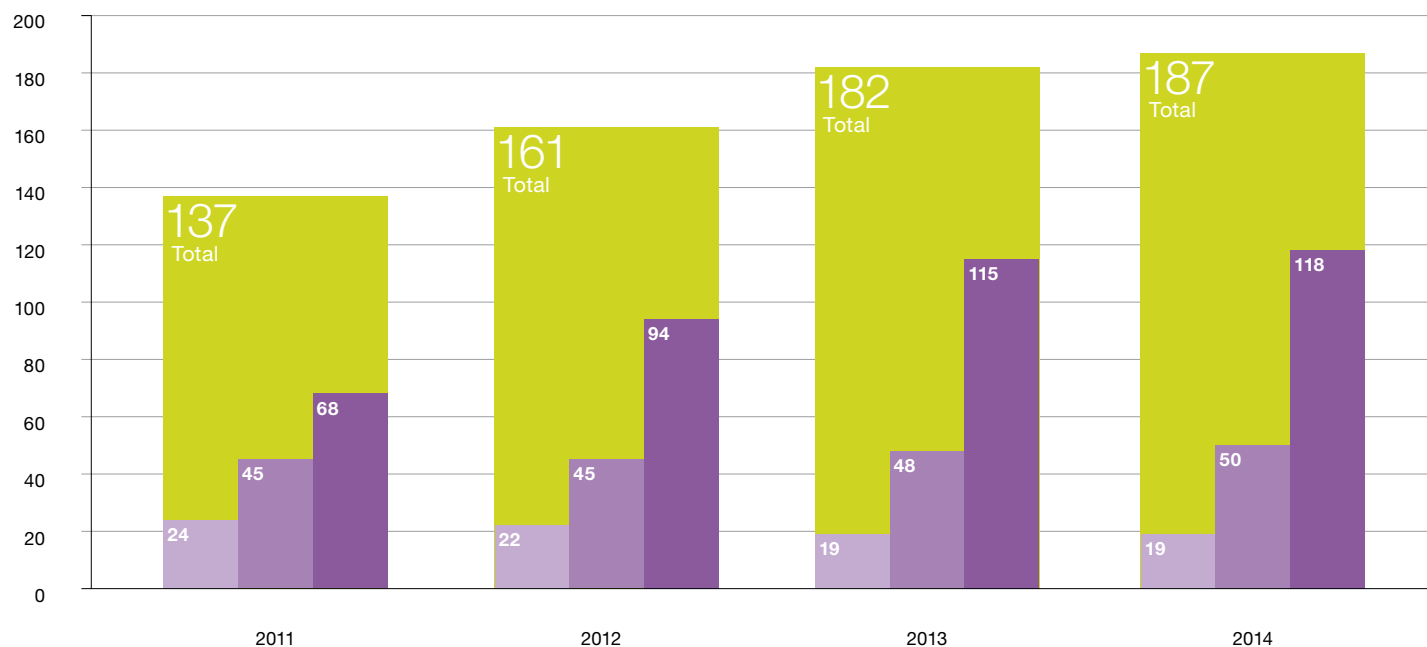


FIGURE 8.7

FAIRTRADE IN ASIA AND PACIFIC: PRODUCER ORGANIZATIONS BY COUNTRY 2014

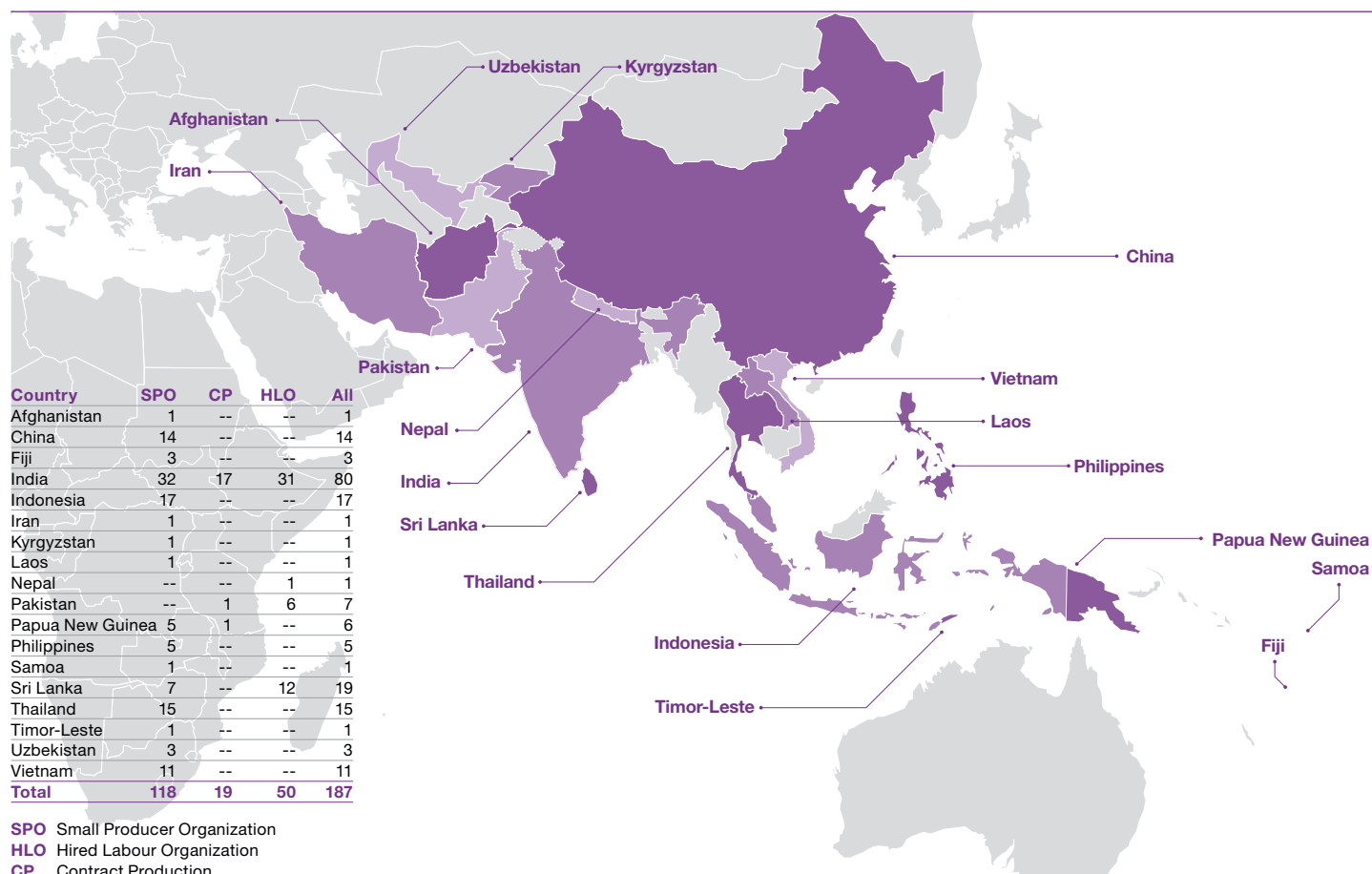
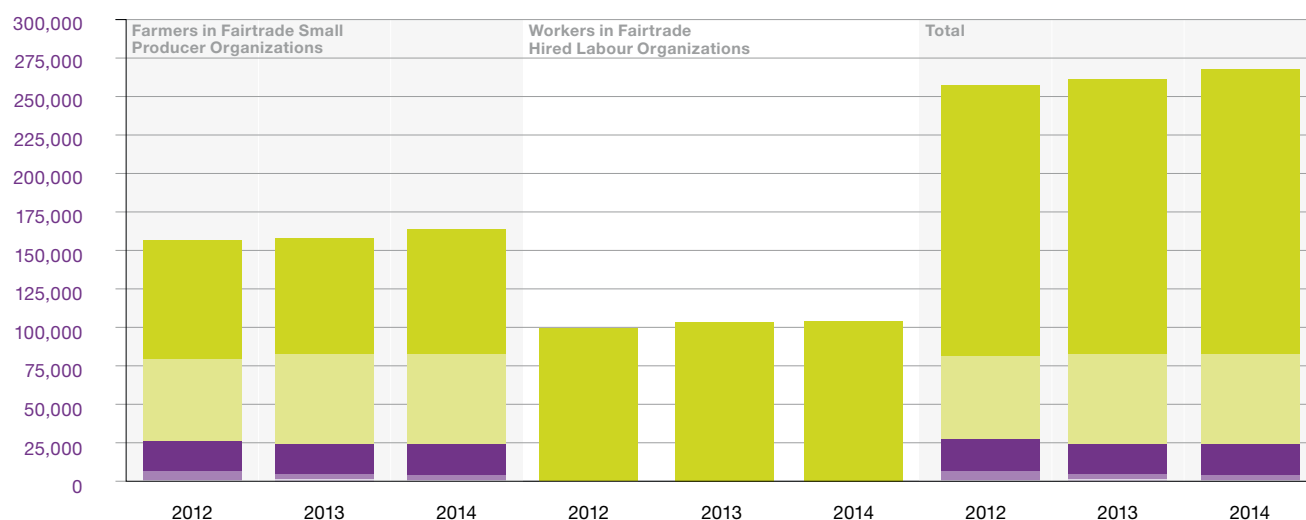


FIGURE 8.8

FAIRTRADE IN ASIA AND PACIFIC: FARMER AND WORKER NUMBERS 2012–2014

	SPO farmers 2012	SPO farmers 2013	SPO farmers 2014	HLO workers 2012	HLO workers 2013	HLO workers 2014	Total 2012	Total 2013	Total 2014
Central Asia	1,100	1,500	1,000	--	--	--	1,100	1,500	1,000
Eastern Asia	6,000	3,500	3,500	--	--	--	6,000	3,500	3,500
Pacific	19,200	19,100	19,700	--	--	--	19,200	19,100	19,700
South-Eastern Asia	53,500	58,900	59,000	100	--	--	53,500	58,900	59,000
Southern Asia	76,700	74,400	80,600	99,400	103,400	104,000	176,100	177,800	184,600
Western Asia	--	100	--	--	--	--	--	100	--
Asia and Pacific Total	156,500	157,500	163,700	99,400	103,400	104,000	255,900	260,900	267,700



Note: Numbers may not sum due to rounding.

A woman wearing a bright blue patterned dress, a white hat with a dark band, and dark shoes is walking on a dirt path. She is looking down at something in her hands. The background shows a steep, hilly landscape with green vegetation and some bare branches in the foreground. The text is overlaid on the left side of the image.

CHAPTER 8.3

FOCUS ON FAIRTRADE REGIONS

LATIN AMERICA

AND THE

CARIBBEAN

**FAIRTRADE
PREMIUM
PAID TO PRODUCERS
IN LATIN AMERICA
AND THE CARIBBEAN
INCREASED BY
13%**



**COFFEE AND
BANANAS TOGETHER
ACCOUNT FOR 82%
OF FAIRTRADE PREMIUM
PAID TO PRODUCERS IN
LATIN AMERICA
AND THE CARIBBEAN**



**40% OF THE FAIRTRADE
PREMIUM GOING TO
LATIN AMERICA AND
THE CARIBBEAN
IS PAID TO PRODUCERS IN
PERU AND COLOMBIA**



8.3 FAIRTRADE IN LATIN AMERICA AND THE CARIBBEAN 2014

- At the end of 2014 there were 647 Fairtrade certified producer organizations in 24 countries in Latin America and the Caribbean. Of these, 572 were small producer organizations and 75 were plantations. The major growth in new producer organizations was in Peru, where new coffee producing organizations in particular joined Fairtrade.
- Fairtrade farmers and workers in Latin America and the Caribbean account for 68 percent of global Fairtrade Premium due to the popularity of Fairtrade coffee, bananas, sugar and fine-flavoured cocoa from the region. However, producers in Latin America faced significant challenges as sugar prices remained low in 2014, while coffee prices were volatile.
- Fairtrade Premium revenues totalled almost €72 million in 2013–14, an increase of more than 13 percent on 2012–13 levels.
- Sales of coffee continued to account for the majority of the Fairtrade Premium earned in Latin America and the Caribbean in 2013–14 (56 percent), while coffee and bananas together accounted for 82 percent of Fairtrade Premium receipts. Cane sugar and cocoa were the next largest products in terms of Fairtrade Premium revenues in the region, with cane sugar reducing by one percent as a proportion of the total, and cocoa growing by one percent.
- Latin American and Caribbean small-scale farmers and workers represent 20 percent of the Fairtrade farmers and workers worldwide, proportionately slightly less than in 2013, because of the relatively faster growth in Africa and the Middle East.
- Coffee producers across the region continued to face the double challenge of coffee rust and volatile prices in 2014. World prices for coffee rose very rapidly, hitting highs of US\$2 per pound (lb) in the first half of 2014, only to fall again rapidly through the second half of 2014. High price volatility creates particular challenges for producer organizations when they are trying to fix contracts for their coffee, without knowledge of whether the price is likely to move up or down rapidly. This can lead to producers being locked into unfavourable contracts, or buyers not wanting to commit to contracts in the face of market volatility. Fairtrade producer organizations have to maintain their ability to buy their members' coffee at competitive prices. Otherwise they can face the problem of members selling outside the cooperatives to get better prices.
- To address this, Fairtrade held a workshop on risk management in the coffee sector in Chiapas, Mexico. Thirty producer organizations participated. The workshop focused on the current status of the coffee market and market price volatility, and on recommendations to producers for how to avoid speculation and measure and manage risks.
- Meanwhile the coffee rust disease (*la roya*) continued to have a significant negative impact on coffee production in 2014, particularly in Central America, with farmers losing large percentages of their crop to the disease. In Nicaragua, Honduras, and Guatemala—where it is estimated that nearly a third of the population depend on coffee directly or indirectly for their livelihoods—*la roya* is contributing to poverty and malnutrition amongst coffee communities.¹ Many commentators consider *la roya* to be a result of climate change, because it thrives in warmer conditions than have historically been present in Central American coffee-producing areas.
- The Fairtrade Minimum Price and Fairtrade Premium are providing essential support for small-scale coffee farmers impacted by coffee rust. Faced with the continued spread of coffee rust and the knowledge that it will take years for affected coffee trees to return to full productivity, a number of organizations in Honduras, Nicaragua and Guatemala have begun to upgrade their skills and knowledge in the cultivation of crops other than coffee. They hope that diversification will lead to improved income and food security for their members. For example, producers in Nicaragua are looking at cocoa as a suitable alternative for coffee in lower altitude areas. In Honduras, a coffee producing organization has invested in organic vegetable

Previous page: Producers from the Fairtrade certified Norandino Coffee Cooperative walking while spinning wool along the mountainside of Cajas in northern Peru.

© Danielle Villasana / Fairtrade International

1. Alex Renton (2014) 'Latin America: How climate change will wipe out coffee crops', *The Guardian*, 30 March.

production and now runs a weekly market where members can sell their vegetables. Guatemalan producers are researching the market potential for spices such as vanilla. The Fairtrade Premium from coffee sales can support these investments in diversification, as well as supporting core coffee production and efforts to recover from the *la roya* outbreak.

- In Guatemala, 14 income-generation projects promoting the role of women were initiated as part of the 'Cultivating Gender Equity through Fairtrade' project, funded by Irish Aid and Hivos. These projects are aimed at developing core competences among women members of the participating organizations in areas such as sales, crop management and good agricultural practices. The project is also helping to increase the visibility of the work women do in small farmer organizations.
- Sugar producers also faced challenging times, as sugar prices dropped following the European Union's decision to relax its quotas on beet sugar. Fairtrade sugar producers in Jamaica, Guyana, Paraguay and other countries faced major difficulties with selling their sugar on Fairtrade terms in the face of the low market prices. In Paraguay, Fairtrade began supporting producers to look at the potential for alternative export crops, such as chia seeds, sesame, peanuts, and beans, as a means for diversification.
- In Chile, Fairtrade trained producers on carbon footprints and climate change in 2014. Trainers showed producers how to measure their greenhouse gas emissions and which organizations to contact for support. The participants found the training useful, saying that it was very relevant to their business, with buyers increasingly requesting information about carbon footprints for products.

PRODUCER REPORT

A COMMITMENT TO WORKERS AND COMMUNITY IN COLOMBIA



The Palacios family, Mirllyn Sanchez Perez, Samuel, John Alexander Palacios, and Sebastian in their house in Urabá, Colombia. Their house was part of a housing project run by the workers' organization, Rosalba Zapata Cardona corporation, at the Bananeras de Urabá banana plantation.

© Rogier Fokke / Fairtrade International

You can have a lot of fun with US\$8 million. But ensuring it transforms the lives of hundreds of people is a much more serious task that requires dedication, commitment and effort. This is why the workers at the Urabá Banana plantation in Colombia created the Rosalba Zapata Cardona Corporation (CRZC) in 2008, in order to manage the Fairtrade Premium earned from the sale of their produce independently.

One of the biggest challenges identified by the CRZC was a lack of adequate housing, and so at the first assembly of worker members a unanimous decision was taken to dedicate 70 percent of the Fairtrade Premium to a housing project.

Since then, the Cardona Housing Project has created dignified living spaces for 397 workers and their families, and helped 186 families to become homeowners. For workers who have their own piece of land but lack the funds necessary to build housing, the corporation offers financial support and loans for home improvements and construction. In total, the project has amounted to 408 housing solutions, reaching 83 percent of the population.

Read the full story here: <http://bit.ly/1OvmMGP>

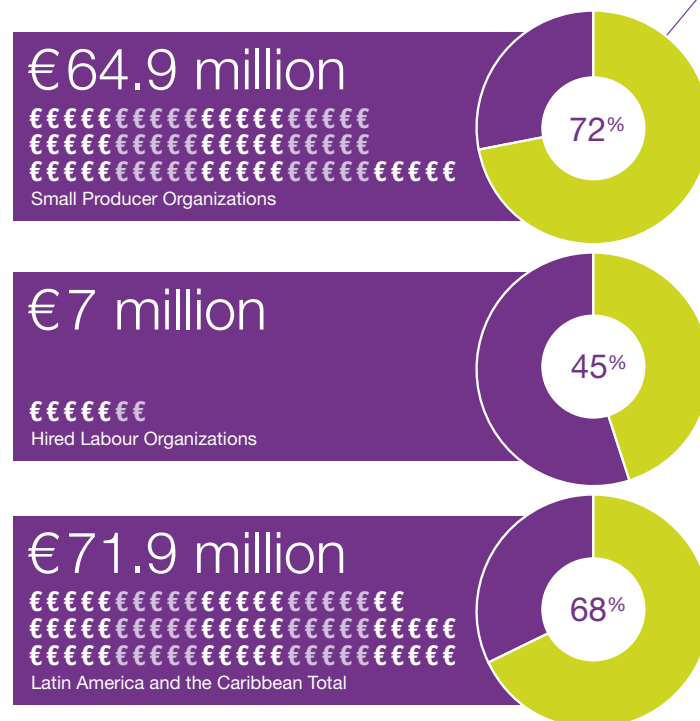
TABLE 8.3

FAIRTRADE IN LATIN AMERICA AND THE CARIBBEAN 2014

Number of farmers and workers in Fairtrade producer organizations 2014

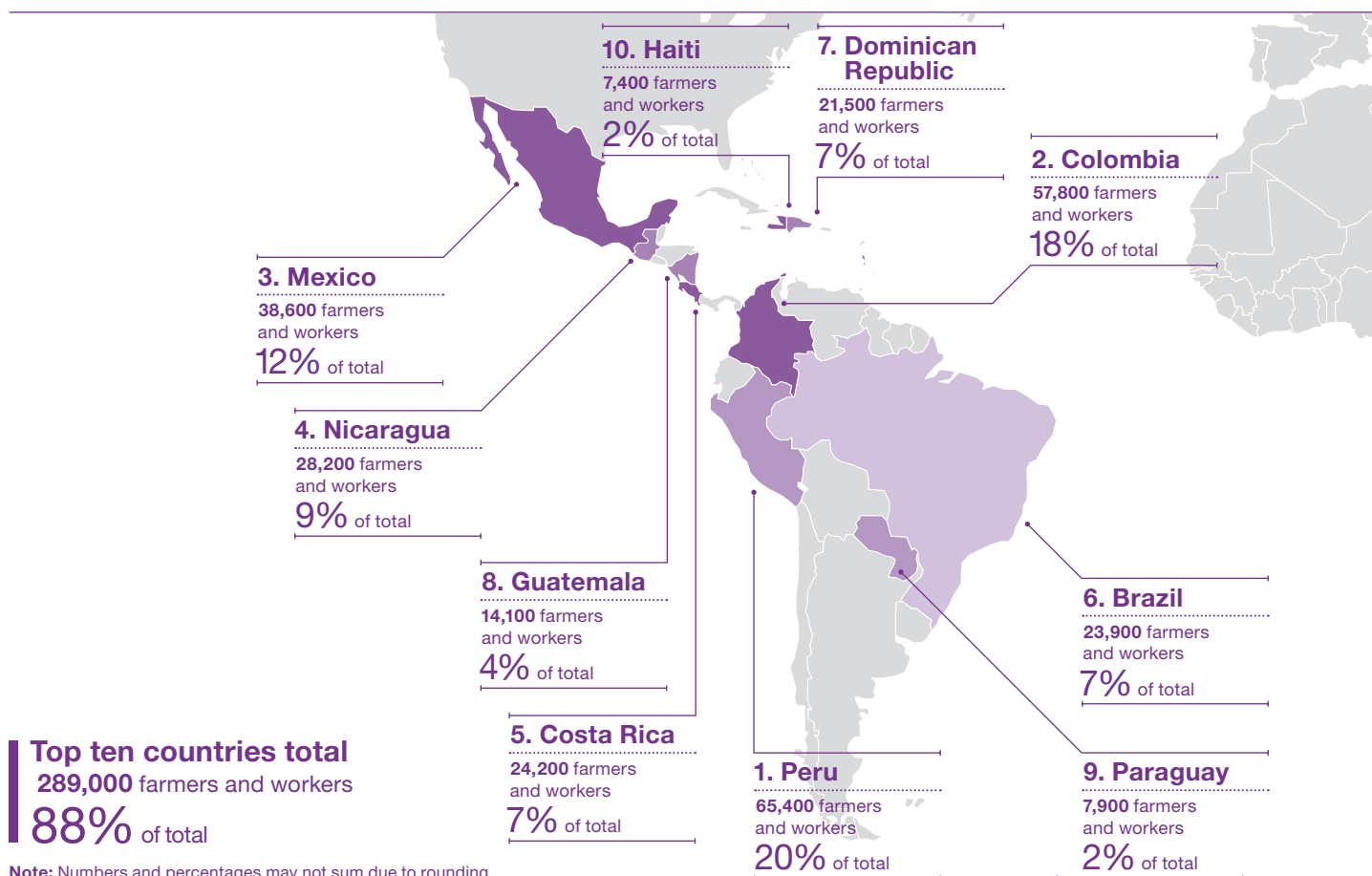


Fairtrade Premium receipts 2013–14 (€ millions)



Note: Numbers and percentages may not sum due to rounding.

FAIRTRADE IN LATIN AMERICA AND THE CARIBBEAN: TOP TEN COUNTRIES FAIRTRADE FARMERS AND WORKERS 2014



FAIRTRADE IN LATIN AMERICA AND THE CARIBBEAN: TOP TEN FAIRTRADE PREMIUM RECEIVING COUNTRIES 2013–14

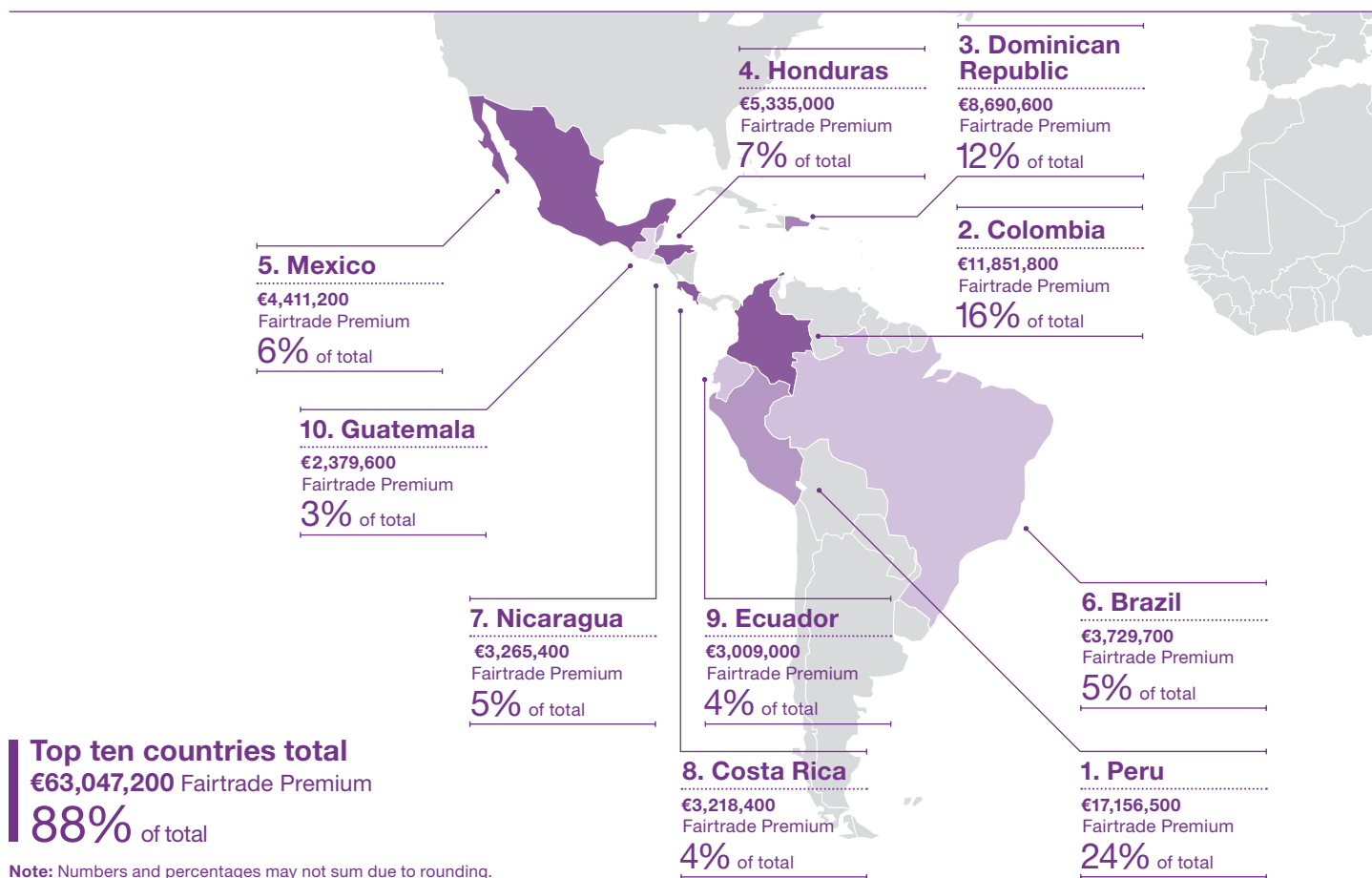


FIGURE 8.9

FAIRTRADE IN LATIN AMERICA AND THE CARIBBEAN: FAIRTRADE PREMIUM DISTRIBUTION BY PRODUCT 2013–14

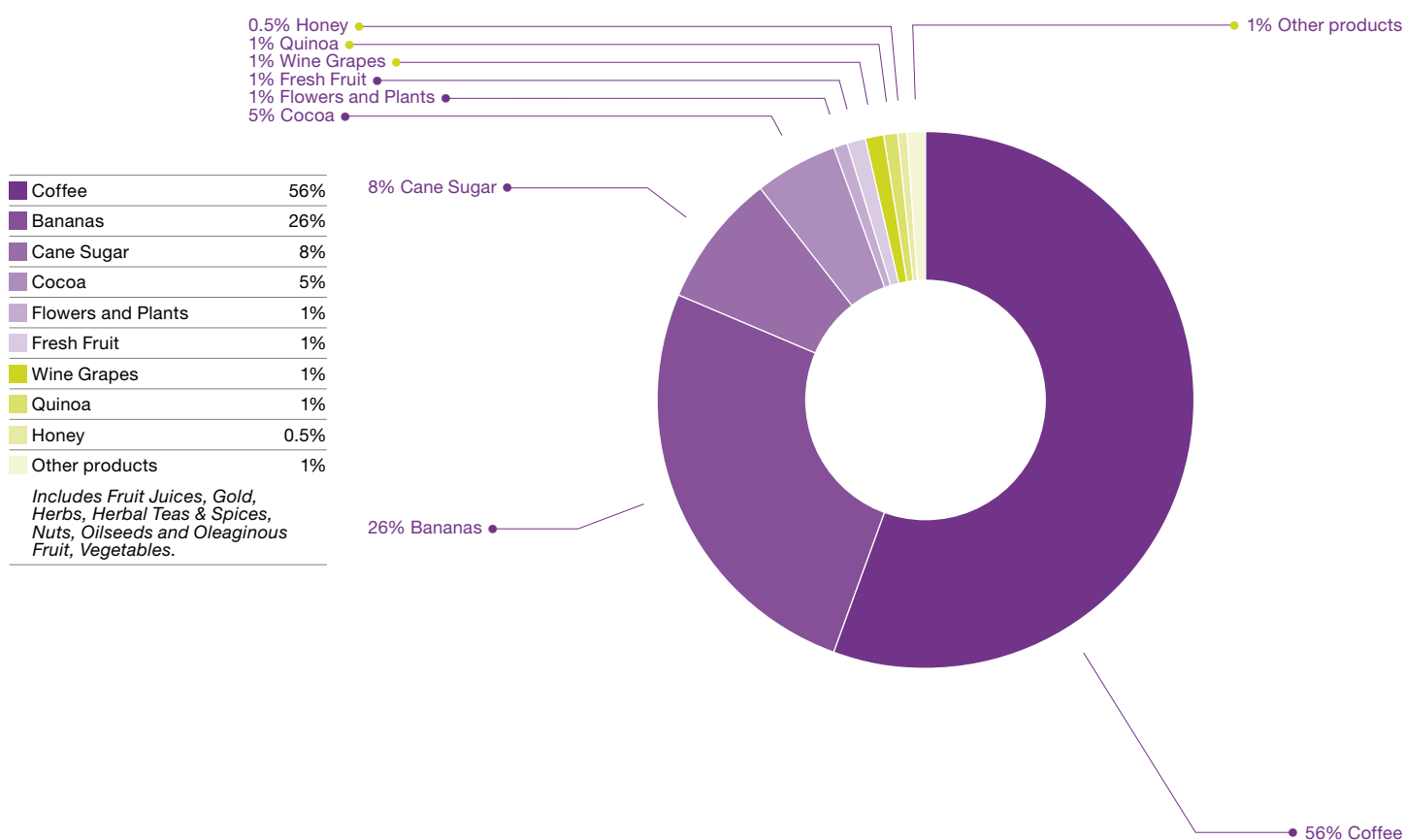


FIGURE 8.10

FAIRTRADE IN LATIN AMERICA AND THE CARIBBEAN: PRODUCER ORGANIZATIONS 2011–2014

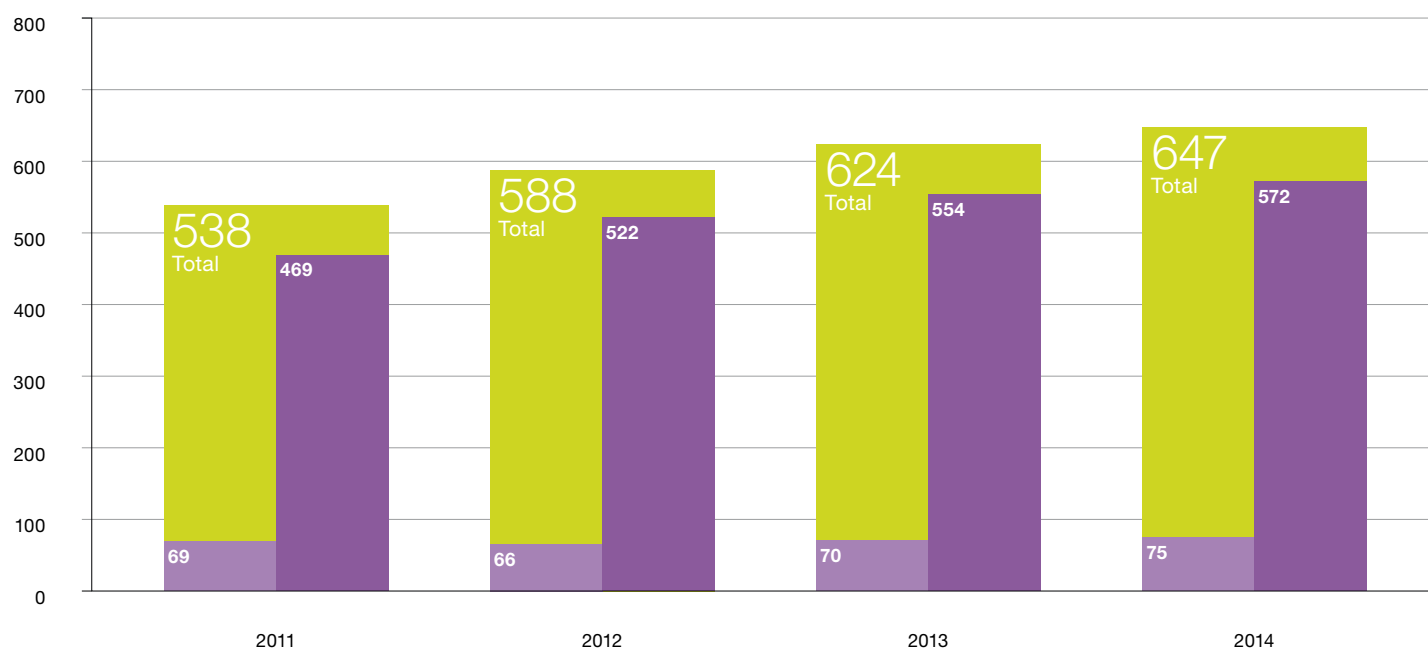
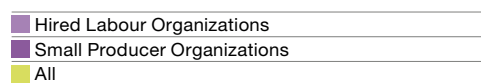


FIGURE 8.11

FAIRTRADE IN LATIN AMERICA AND THE CARIBBEAN: PRODUCER ORGANIZATIONS BY COUNTRY 2014

Country	SPO	HLO	All
Argentina	8	6	14
Belize	2	--	2
Bolivia	31	--	31
Brazil	41	1	42
Chile	13	2	15
Colombia	83	29	112
Costa Rica	13	1	14
Cuba	4	--	4
Dominican Republic	25	17	42
Ecuador	19	13	32
El Salvador	5	1	6
Guatemala	24	--	24
Guyana	8	--	8
Haiti	2	--	2
Honduras	25	--	25
Jamaica	6	--	6
Mexico	59	4	63
Nicaragua	33	--	33
Panama	2	--	2
Paraguay	17	--	17
Peru	149	1	150
Uruguay	1	--	1
St. Lucia	1	--	1
St. Vincent and the Grenadines	1	--	1
Uruguay	1	--	1
Total	572	75	647

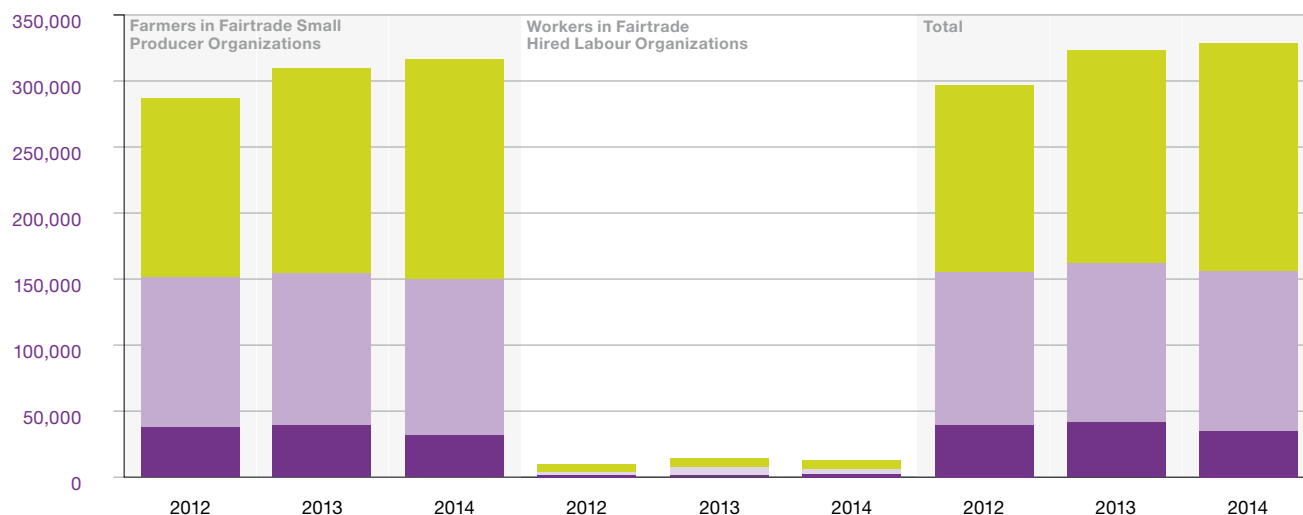
SPO Small Producer Organization
HLO Hired Labour Organization



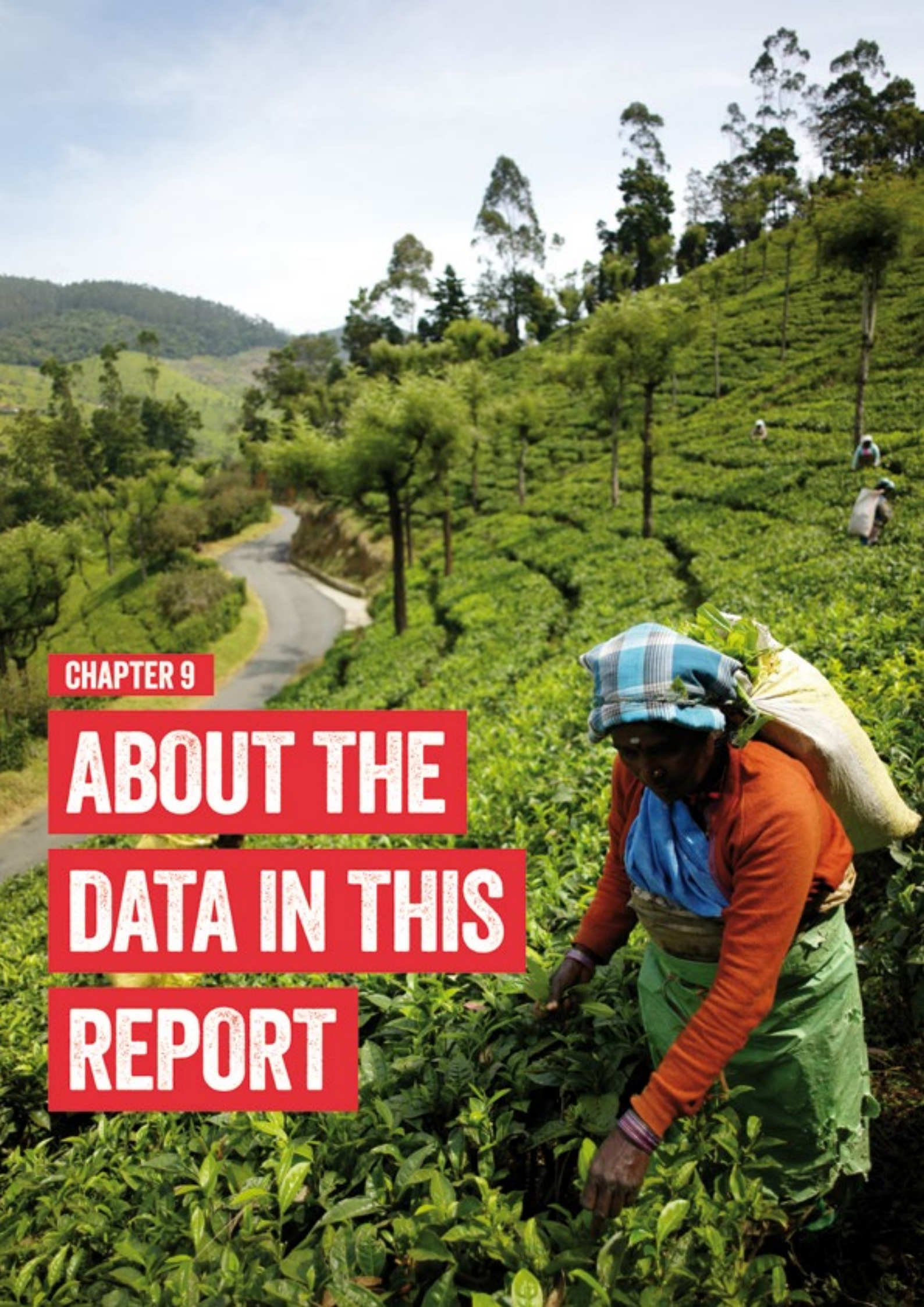
FIGURE 8.12

FAIRTRADE IN LATIN AMERICA AND THE CARIBBEAN: FARMER AND WORKER NUMBERS 2012–2014

	SPO farmers 2012	SPO farmers 2013	SPO farmers 2014	HLO workers 2012	HLO workers 2013	HLO workers 2014	Total 2012	Total 2013	Total 2014
Caribbean	37,800	39,900	32,500	1,700	2,000	2,400	39,500	41,900	35,000
Central America and Mexico	114,200	114,800	117,600	2,000	5,600	3,500	116,200	120,400	121,100
South America	135,400	154,800	165,900	5,800	6,300	6,700	141,200	161,100	172,600
Latin America and the Caribbean Total	287,400	309,500	316,100	9,500	13,900	12,600	296,900	323,400	328,700



Note: Numbers may not sum due to rounding.

A photograph of a tea plantation on a hillside. In the foreground, a woman wearing a blue and white checkered headscarf, an orange long-sleeved shirt, and a green apron is picking tea leaves. She has a large white sack filled with tea leaves on her back. The background shows a winding road and more tea bushes on the hillside under a clear sky.

CHAPTER 9

**ABOUT THE
DATA IN THIS
REPORT**

9.1 WHERE DO THE DATA IN THIS REPORT COME FROM?

There are three main sources of data used to generate this report.

Data on the number, type, and geographical spread of Fairtrade certified producer organizations and product certifications are drawn from the main certification database held by FLOCERT, the certification body for Fairtrade. These data capture the number, type and location of producer organizations holding Fairtrade certification at the end of 2014. Since some Fairtrade producer organizations are certified for more than one product, we differentiate between producer organizations and product certifications. This data source also gives us information on the numbers of product certifications held by Fairtrade producer organizations.

In order to have a more detailed picture of Fairtrade producer organizations and of Fairtrade performance from the producer perspective, Fairtrade International requests FLOCERT to collect data for a range of monitoring indicators during Fairtrade audits. The list of indicators that we collect is given in Box 9.1 below.

Previous page: Workers at the Fairtrade certified tea estate, Thiashola Plantations Private Limited in Tamil Nadu, India.
© Santiago Engelhardt / Fairtrade Germany

BOX 9.1 KEY INDICATORS USED IN THIS REPORT

Data for the following indicators are currently collected and analysed through the Fairtrade monitoring process:

- Number and type of Fairtrade certified producer organizations, certifications, and decertifications
- Number of members and number of workers in Fairtrade certified producer organizations
- Number and type of other certifications held by the producer organization
- Gender breakdown of membership or workforce
- Land area used for cultivation of the Fairtrade certified crop or crops
- Total Fairtrade certifiable crop volume produced
- Organic/conventional breakdown of Fairtrade certifiable crop production
- Total crop volumes sold by the producer organization
- Total sales revenues of the producer organization
- Total volumes sold as Fairtrade by the producer organization
- Total Fairtrade sales revenues of the producer organization
- Total Fairtrade Premium received by the producer organization
- Details of the how the Fairtrade Premium has been used by the producer organization

Data for each indicator can be aggregated and analysed by country, by region, by product, or by producer type.

The data in this report are drawn from the reports of all audits undertaken between February 2014 and January 2015. For producer organizations where no audit was undertaken within this time period, data from the most recent previous audit report have been used as the most recent data available. Fifty-nine percent of the audit reports used to generate this monitoring data set were compiled in 2014 or 2015 (see Table 9.1).

TABLE 9.1 AUDIT YEARS FOR REPORTS INCLUDED IN 2014 MONITORING DATASET

Audit Year	Number of reports included	Percentage
2015	1	0%
2014	717	58%
2013	428	35%
2012	75	6%
2011	5	0%
Total	1,226	

Note: Percentages may not sum due to rounding.

In addition to the annual monitoring process, Fairtrade International and other Fairtrade organizations commission research, including regular, independent in-depth evaluations of Fairtrade's performance from the perspective of the farmers and workers

who participate in Fairtrade. These evaluations and the results of other research projects allow us to go beyond the limited set of indicators that we collect through our monitoring systems to give us a better understanding of how Fairtrade is making a difference for farmer and worker livelihoods and empowerment.

In this report, we include summary results from a number of research projects that were undertaken during 2013 and 2014. In some cases these are research projects commissioned by Fairtrade and undertaken by independent research institutions. In other cases these are research projects that have been commissioned or developed externally. We indicate this distinction in the text. The Fairtrade system is committed to making the full results of our commissioned research and evaluations public, wherever possible. Full results of the research projects referenced in this report are available on the Fairtrade International website, or will be available soon. We provide full details about the research studies used to develop this report in Annex 2.

9.2 DATA COVERAGE AND COMPLETENESS

PRODUCT AND PRODUCER COVERAGE

Information on the numbers, types, and geography of Fairtrade producer organizations represents the status of the Fairtrade producer organizations at the end of 2014 and is complete to the best of our knowledge.

Information on numbers of product certifications is largely complete. There may be some instances where a producer organization holds a second or third product certification that are missing from these data, but we are confident that the majority of active multiple certifications are included.

The monitoring data drawn from the audit reports cover all of the 1,226 producer organizations that held Fairtrade certification at the end of 2014. For most products, data for more than 60 percent of the organizations were drawn from a 2014 or 2015 audit report.

The major exceptions are:

- Cane sugar, for which 2014 or 2015 audit reports were available for only 37 percent of the certified producer organizations.
- Dried fruit, for which 2014 or 2015 audit reports were available for only 33 percent of the certified producer organizations.
- Herbs, herbal teas and spices, for which 2014 or 2015 audit reports were available for only 47 percent of the certified producer organizations.
- Honey, for which 2014 or 2015 audit reports were available for only 40 percent of the certified producer organizations.
- Rice, for which 2014 or 2015 audit reports were available for only 47 percent of the certified producer organizations.

As such, the data for these product categories are less current than for the other products. In addition, not all producer organizations report against all indicators; for example, several organizations do not report the monetary value of their total sales or of their Fairtrade sales, although they do report the volumes sold. We continue to work with producer organizations to encourage full reporting of all of the monitoring indicators.

TIME PERIOD COVERED BY THE DATA

In the audit reports, producer organizations are asked to report their production volumes, sales volumes, and sales and Fairtrade Premium incomes retrospectively. Many organizations report this for the 12-month period preceding the audit. This means that the reporting of retrospective data does not always correspond to a precise calendar year. In this report, the majority of these data span calendar years 2013–14. In all cases, the data represent the most recent audit-based information available for the producer organization in question.

Data, such as the numbers of farmers and workers participating in Fairtrade producer organizations or areas under cultivation, are ‘snapshot’ data, accurate at the time of audit.

Since we are primarily drawing on audits that took place during 2014, we consider these data to reflect the status of these indicators for 2014.

PRODUCER DATA AND MARKET DATA

This report draws on data reported by producers. Fairtrade also publishes market figures separately, indicating Fairtrade's performance in the markets for which we are responsible. These market figures are published in Fairtrade International's Annual Report and are available on our website.

The Fairtrade sales volumes that are reported by producer organizations do not correspond directly with the volumes sold in the markets. There are several reasons for this, including:

- Not all product volumes bought on Fairtrade terms are sold with the FAIRTRADE Marks on the final package or through the Fairtrade Sourcing Programs. When producers sell their products to traders on Fairtrade terms, they often do not know the ultimate market destination of their product. In particular, they are not able to distinguish how much of their product will eventually be sold by other fair or ethical trade schemes, such as the Fair Trade USA label, as opposed to the international FAIRTRADE Marks and Fairtrade Sourcing Programs. Fairtrade International's market sales figures do not include sales of products licensed by other fair or ethical trade schemes. When producers report their Fairtrade sales and Fairtrade Premium receipts, however, they include all sales made on Fairtrade terms and according to the international Fairtrade Standards, regardless of ultimate market destination. For this reason, we expect to see that producer-reported sales for some products will be higher than reported market sales for products bearing the FAIRTRADE Mark. This affects coffee in particular.
- Market figures are based on conversions of finished product volumes—such as the vanilla or cocoa or sugar in a chocolate bar—into production volumes, which are often in an unprocessed form. This process can be unreliable, and can lead to apparent discrepancies between market and producer figures.
- Product wastage and storage, which means that goods sold as Fairtrade either do not reach markets, or enter market a long time after the sale is made.
- Differing reporting periods.

NEW PRODUCER ORGANIZATIONS

The dataset includes data for 76 producer organizations that had only received an initial Fairtrade audit, and had not yet completed their first audit cycle. These groups were applicants for Fairtrade certification at the point of data collection, and became Fairtrade certified before the end of 2014. In the dataset we have included data about the number of farmers and workers, and the certifiable product volume and cultivation areas for these groups, to show as accurately as possible the current picture of the scale and scope of Fairtrade's activities.

Since these groups had not held Fairtrade certification previously, they were not eligible to have made Fairtrade sales in the period prior to the initial data collection. Accordingly, these groups cannot report any retrospective data in relation to Fairtrade sales volumes, Fairtrade sales values, or Fairtrade Premium. Where we are trying to understand producer organizations' performance in relation to retrospective metrics such as their Fairtrade sales volumes or Fairtrade Premium incomes, we exclude these groups, because the question of their Fairtrade performance is not relevant for the period before they were Fairtrade certified. Where we have restricted the dataset in this way for analysis, we indicate this in the notes to the relevant figures and tables.

In summary:

- Data on the numbers and locations of certified producer organizations and product certifications are accurate to the end of 2014. We use '2014' to describe these data in the report.

- Data on the numbers of farmers and workers within producer organizations and the areas under production for Fairtrade crops reflect the status of Fairtrade in 2014. We use '2014' to describe these data in the report.
- Data on volumes produced, volumes sold, sales incomes, and Fairtrade Premium income and expenditure are usually retrospective for the 12-month period preceding the audit. Since the majority of the audits for this data set took place during 2014, the majority of producer organizations have reported on time periods spanning 2013–14. We use '2013–14' to describe these data in the report.

9.3 DATA CONFIDENTIALITY

Under the terms of confidentiality agreements with Fairtrade producer organizations, data may be publicly reported in aggregate, but not used in ways that expose data belonging to a single producer organization. This limits our ability to report information at country level, where for any given product there may be only one or two Fairtrade certified producer organizations. For this reason, data in this report are typically presented at regional or sub-regional level. Every effort has been made to protect the data confidentiality of individual producer organizations.

9.4 DATA ACCURACY AND LIMITATIONS

The data have been extensively checked and cleaned. However, in a monitoring project of this size and nature there are undoubtedly some errors and weaknesses. Weaknesses are likely to be more exposed in the smaller products (because the data sample is smaller), which is why the analysis here focuses on the major Fairtrade products. Data for smaller products should be taken as indicative only. Similarly, data at regional and country level are weaker than global-level data.

As in previous years, the data for producer organizations selling more than one product into the Fairtrade system are incomplete, creating some challenges for the presentation and calculation of data relating to these producer organizations. For example, for producer organizations selling more than one product as Fairtrade we do not always have a breakdown of the relative numbers of farmers or workers producing the different products, or the relative contribution of different products to the overall Fairtrade Premium income received by the producer organization.

The Fairtrade sales volumes and values are reported by producer organizations retrospectively at the time of audit. While some audit reports give a report on the preceding calendar year's sales, others report for the 12 months directly preceding the audit. For this reason, the reported Fairtrade volumes do not relate to a precise calendar year, and typically span two years, in this case 2013–14.

9.5 NOTES ON THE DATA

The boundaries, names and designations used on the maps in this report follow the Fairtrade Geographical Scope, which is based on current UN practice. This does not imply official endorsement or acceptance by Fairtrade International. The status of Jammu and Kashmir is still in dispute and hence for certain maps in this report we have depicted this region using dotted lines and neutral shading to indicate borders in the disputed territories. The Fairtrade geographical scope can be found at:

http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/Geographical_Scope_Policy_EN.pdf

The product classification used for this report follows the classification adopted for the Fairtrade Standards. More information about the Fairtrade product classification can be found at:

http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2013-12-10_Product_Classification_.pdf

Where the report uses average values, these are weighted according to the numbers of farmers or workers contributing to the value.

Data for sales values, production and sales volumes, and cultivation areas are rounded to the nearest 100 in most cases. The rounding means that there are some tables where data do not sum completely accurately, and that there are slight differences in summed data between tables.

Audit reports state financial values in many varying local and international currencies. All financial data from the audit reports have been converted into Euro (€) values, based on the average exchange rate for the year in which the transaction took place.

All product volume data have been converted into metric tonnes (MT), with the exception of flowers, which are given as numbers of stems; sports balls, which are given as units; and gold, which is given in kilogrammes (kg).

For many products, different product forms exist. Audit reports often collect data based on different product forms for the same product, and sometimes the product form is not clear in the report itself, or changes according to the indicator. For example, wine production volumes are often expressed in terms of wine grape volumes produced, while sales volumes are expressed as litres of wine sold. All efforts have been made to ensure that data are used in a consistent product form for each product; nevertheless it is likely that there are inaccuracies arising in the data due to product form and conversion issues, especially in cases where the form is not clearly indicated in the audit reports. The following products are often reported in different forms in the audit reports. We indicate here which form we have adopted for the monitoring data:

- **Cocoa:** cocoa beans
- **Coffee:** green bean equivalent (GBE)
- **Dried fruit:** dried fruit (not fresh)
- **Rice:** paddy rice
- **Seed cotton:** seed cotton (not lint)
- **Sugar:** cane sugar (not sugar cane)
- **Tea:** made tea (tea which has gone through the first processing stages of fermentation and drying, not greenleaf)
- **Wine grapes:** grapes (not wine volumes)

For the product categories of nuts, oilseeds and oleaginous fruit, fruit juice, and herbs, herbal teas and spices, the in-category diversity of products, combined with lack of consistency in reporting, means it is difficult to ensure that product forms are expressed consistently.

9.6 DISCLAIMER

The monitoring data in this report are based on data collected by FLOCERT, and reported by producer organizations through the audit process. Fairtrade International is not responsible for the accuracy of the data. The report has been compiled to the best of our knowledge and is provided for informational purposes only. Fairtrade International reserves the right to update the monitoring data as new information becomes available. The data are provided 'as is' and no warranty of any kind is given for the accuracy and reliability of the data. Fairtrade International will not be liable for any claims or damages related to the quality and completeness of the data, as far as it is permitted under law.

9.7 ACKNOWLEDGEMENTS

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ANNEX 1 CATEGORIES FOR ANALYSING FAIRTRADE PREMIUM USE

This section shows the categorization that Fairtrade uses to analyse Fairtrade Premium expenditure. Fairtrade categorizes Fairtrade Premium use differently within small farmer organizations and plantations, since the rules and priorities for Fairtrade Premium use differ between these different types of producer organization.

CATEGORIES FOR ANALYSING FAIRTRADE PREMIUM USE IN SMALL PRODUCER ORGANIZATIONS

INVESTING IN PRODUCER ORGANIZATIONS

Fairtrade Premium expenditure in this category is used for strengthening and developing the small producer organization.

- **Facilities and infrastructure**

Investments in facilities and infrastructure that will enable the producer organization to do business more efficiently, gain more value from its sales, or offer better services to its members. For example, investments in collective infrastructure and equipment for crop collection and delivery, plant nurseries, mechanization, crop storage, crop processing, quality checking, and export and packing facilities.

- **Human resources and administration**

Producer organization running costs, including staff and administration costs, costs of banking, loans and finance, certification costs and office costs. Includes the cost of hiring extension and training staff whose role is to support better implementation of good agricultural practices or standards.

- **Training and capacity building of staff and board members**

Training for producer organization staff and representatives, for example, in quality and productivity improvement, marketing, financial management and health and safety. Exchanges between staff of different producer organizations.

SERVICES FOR FARMERS

Fairtrade Premium expenditure in this category is used for services provided directly to farmers by the producer organization.

- **Credit and finance services**

Loans to farmers for diverse purposes, including farm improvements, inputs, and business development.

- **Education for farmers and their families**

Scholarships, bursaries, school fees, and school equipment for members and their families.

- **Farmer training in agricultural or business practices**

Farmer training in agricultural or business practices, including training in quality improvement and productivity improvement, pest management, health and safety, and the management of soil and water resources.

- **Healthcare for farmers and their families**

Health insurance, medical treatment, disease prevention and immunization programmes for members and their families.

- **Implementation of on-farm good practices**

Support to farmers for implementing good practices on their farms, including renewal and replanting of crop plants and trees, land rehabilitation, irrigation, crop diversification, soil and water analysis, composting and waste management.

- **Payments to farmers**

Direct payments of Fairtrade Premium to producer organization members. Includes disaster and emergency and other welfare payments.

- **Provision of agricultural tools and inputs**

Provision of fertilizers, seeds, tools, pesticides, or other health and safety equipment to farmers.

- **Other services for farmers**

Other services to farmers that do not fit into the above categories.

SERVICES FOR COMMUNITIES

Fairtrade Premium expenditure in this category is used for services and infrastructure that will benefit the wider community based around the small producer organization.

- **Community infrastructure**

Investments in community buildings, roads, bridges, energy, and lighting.

- **Education**

Investments in community schools, school buildings and infrastructure, school facilities and equipment, community scholarships and bursaries, school travel, teacher training and salaries.

- **Environmental services**

Investments in tree planting, waste management or other community environmental services.

- **Healthcare**

Investments in clean water and sanitation facilities for communities, community medical infrastructure and facilities, community disease prevention and immunization.

- **Social and economic services**

Disaster relief for community members, support for community charities, community leisure facilities, credit services to community members and support for vulnerable people.

- **Other services for communities**

Other community services where the precise use is not specified or does not fit into the above categories.

OTHER

‘Other’ is used to categorize Fairtrade Premium uses that do not fit into any of the above categories, or where insufficient information has been given in the audit report to ensure accurate categorization. It can also reflect situations where Fairtrade Premium has been spent but its precise use has not been detailed in the audit report.

CATEGORIES FOR ANALYSING FAIRTRADE PREMIUM USE IN HIRED LABOUR ORGANIZATIONS

Within plantations, the use of the Fairtrade Premium is agreed by an elected group of worker representatives (known as the Fairtrade Premium Committee, formerly called the Joint Body), and is not intended to be used for activities that are the responsibility of the plantation management, such as business investment, investment in production or processing, or the meeting of legal obligations to workers. It can, however, be used to support the development of workers’ organizations on plantations. Therefore the categories for Fairtrade Premium use differ from those for small producer organizations, as follows:

SERVICES FOR WORKERS AND THEIR FAMILIES

Fairtrade Premium in this category is used for direct services aimed at supporting workers or their families.

- **Education for workers and their families**

School fees, bursaries, equipment, school travel and adult education for workers and their families.

- **Financial and credit services for workers**

Loans to workers or their families to support a wide range of purposes, including small business development, training and education and home improvements.

- **Healthcare for workers and their families**

Provision of medical facilities, medical treatment, prevention and immunization programmes, or other health services aimed at workers and their families.

- **Investment in worker housing**

Improvements in worker housing, purchase of land for worker housing and construction of worker housing.

- **Payments to workers and their families**

Direct payments of Fairtrade Premium to workers or their families, for example in the form of bonuses, welfare payments, funeral payments, etc.

- **Other services for workers and their families**

This category includes, for example, the provision of on-site crèches for workers' children, the provision of shops providing workers with goods at subsidized prices, and the provision of social, cultural or sporting events.

TRAINING AND EMPOWERMENT OF WORKERS

Fairtrade Premium expenditure in this category is used for training of workers, and to provide support for the effective running and strengthening of workers' organizations.

- **Support for Fairtrade Premium Committee or other workers' organizations**

Support for the running costs of the Fairtrade Premium Committee and for other workers' organizations or committees.

- **Training for workers' representatives**

Training for workers who are elected to serve on the Fairtrade Premium Committee or in other workers' organizations.

- **Training for workers**

Training for workers, for example in labour rights or in basic skills.

SERVICES FOR COMMUNITIES

Fairtrade Premium expenditure in this category is used for services and infrastructure that will benefit the wider community based around the plantation.

- **Community infrastructure**

Investments in community buildings, roads, bridges, energy and lighting.

- **Education**

Investments in community schools such as school buildings and infrastructure, school facilities and equipment, community scholarships and bursaries, school travel, teacher training and salaries.

- **Environmental services**

Investments in tree planting, waste management, or other community environmental services.

- **Healthcare**

Investments in clean water and sanitation facilities for communities, community medical infrastructure and facilities and community disease prevention and immunization.

- **Social and economic services**

Disaster relief for community members, support for community charities, community leisure facilities, credit services to community members, support for vulnerable people.

- **Other services for communities**

Other community services where the precise use is not specified or does not fit into the above categories.

- **Other**

'Other' is used to categorize Fairtrade Premium uses that do not fit into any of the above categories, or where insufficient information has been given in the audit report

to ensure accurate categorization. It can also reflect situations where Fairtrade Premium has been spent but its precise use has not been detailed in the audit report.

ANNEX 2 BIBLIOGRAPHY

This report includes data from several recent and forthcoming research studies and evaluations of Fairtrade. Fairtrade commissions a small number of evaluations and other research studies every year, and these are undertaken by independent research institutions. Wherever possible we undertake to publish the results of commissioned research on the Fairtrade International website.

There is of course a wide and growing body of academic research into Fairtrade that has been developed or commissioned by other institutions. We seek to engage with and learn from the wider body of research, as well as to develop opportunities for exchange and dialogue with research institutions focusing on Fairtrade and certification issues.

The details for the research projects that are included in the report are listed below:

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