



MONITORING THE SCOPE AND BENEFITS OF FAIRTRADE

Monitoring Report **9th Edition**



FAIRTRADE
INTERNATIONAL

Copyright: Fairtrade International 2018

All rights reserved. None of the materials provided in this publication may be used, reproduced, or transmitted, in whole or in part, in any form or by any means, electronic or mechanical, including photocopying, recording or the use of any information storage and retrieval system, without permission in writing from Fairtrade International.

Information presented here is for informative purposes only. Fairtrade International grants permission to use information for personal, non-commercial use, without any right to resell or redistribute information or to compile or create derivative works therefrom.

Cover: Alberta Guarchaj picking coffee cherries at the Fairtrade certified Nahuala coffee cooperative, Guatemala.

© Photography: Sean Hawkey

Report text: Harveen Kour, Emily deRiel, Verónica Pérez and Miyako Takahashi

With the collaboration and support of Anita Sheth, Arisbe Mendoza, Emma Mullins, Eric Fichtl, Giovanna Schmidt, Jesse Hastings, Jon Walker, Melanie Dürr, Monika Berresheim-Kleinke, Nadine Bartsch, René Capote, Silvia Campos, Subindu Garkhel and Wilbert Flinterman as well as the three producer networks in Africa and the Middle East, Asia and Pacific, and Latin America and the Caribbean.

Data analysis: Daniel Castro and Gerrit Walter

Data visualization and design management: Lucía Vásquez

Design/Layout: Germax media, Aachen

Proofreading: Laura O'Mahony

Data preparation and cleaning: Gerrit Walter, Elena Gómez and Luis Pastor

Photography: Alexia Perrotti, CLAC, Compagnie Fruitière, Danielle Villasana, David Macharia, Didier Gentilhomme, Éric St-Pierre, Erika Santelices, Fairtrade Foundation, Francesco John Mpambe, James Robinson, James Rodríguez, Kyonne Leyser, Linus Hallgren, Marco Garofalo, Martin Höcker, Nathalie Bertrams, Ola Höiden, Philipp Benedikt, Remo Naegeli, Santiago Engelhardt, Sean Hawkey, Suzanne Lee.

Disclaimer

The monitoring data in this report are based on data collected by FLOCERT, and reported in some cases by producer organizations through the audit process and in other cases by other supply chain actors. 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.



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 interests 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 leading global certification body. Besides providing sole certification to Fairtrade, FLOCERT also offers an array of services to support companies in sourcing on Fairtrade principles, where no Fairtrade Standard applies. Founded in 2003, FLOCERT today has six international offices conducting business in over 120 countries.

For more information, visit: www.flocert.net

CONTENTS

Foreword	6
1. Introduction	8
2. Summary and key data at a glance	12
3. Fairtrade producer organizations and producers	16
3.1 Types of Fairtrade producer organizations	17
3.2 How many and where were Fairtrade producer organizations in 2016?	17
3.3 Fairtrade working in low-income and lower-middle-income countries	21
3.4 How many and where were Fairtrade farmers and workers in 2016?.....	22
3.5 How many farmers and workers produce the different Fairtrade products?	24
3.6 Size of Fairtrade producer organizations.....	25
3.7 Workers in Fairtrade	26
3.8 Women in Fairtrade	27
3.9 Fairtrade and young people	29
3.10 Strengthening producer organizations	30
4. Fairtrade crop production and sales	34
4.1 Fairtrade production	35
4.2 How much land is under Fairtrade production?	36
4.3 Fairtrade sales volumes	37
5. Fairtrade Premium	38
5.1 How was the Fairtrade Premium used in 2015-16?	41
5.2 Fairtrade Premium and sustainable development	43

6. Focus on Fairtrade products	50
6.1 Focus on Fairtrade products: coffee	50
6.2 Focus on Fairtrade products: bananas	62
6.3 Focus on Fairtrade products: cocoa	72
6.4 Focus on Fairtrade products: tea	84
6.5 Focus on Fairtrade products: sugar	96
6.6 Focus on Fairtrade products: cotton	106
6.7 Focus on Fairtrade products: flowers	114
7. Focus on Fairtrade regions	124
7.1 Africa and the Middle East	124
7.2 Asia and Pacific	132
7.3 Latin America and the Caribbean	142
8. About the data in this report.....	150
8.1 Where do the data in this report come from?.....	151
8.2 Data coverage and completeness	152
8.3 Data confidentiality	154
8.4 Data accuracy and limitations.....	154
8.5 Resources and definitions	154
Annex 1 Categories for analyzing Fairtrade Premium use	156
Annex 2 Bibliography	158

FOREWORD



Ratree Chotiphan at the rice harvest, Thailand.
© Photography: Santiago Engelhardt

FOREWORD FROM THE CEO

Each year we publish detailed data on the Fairtrade system – who and where Fairtrade certified farmers and workers are; market information on the top seven products that represent more than 90 percent of Fairtrade producers and land under Fairtrade production; how farmers and workers use the Fairtrade Premium they earn, and a snapshot of each of our three producer regions.

We also include insights from independent research studies that help us look beyond the numbers to better understand the impact Fairtrade has on producers and their communities.

In this ninth edition of the report, we highlight where Fairtrade's work intersects with the Sustainable Development Goals, which were adopted in 2015 and are part of the United Nations' 2030 development agenda. The SDGs provide a useful framework within which everyone – governments, NGOs, activists, businesses, and the citizens of every country in the world – can play their part.

For Fairtrade, this means looking closely at and acting on the data shared in this report. Where are Fairtrade farmers and workers successfully competing in the marketplace and where are there still imbalances? These insights feed into a wider global dialogue with consumers, our commercial partners and the farmers and workers with whom we work. They pose the questions – where and how can we deepen our impact? Where are our interventions working? And where are new ideas needed?

Interestingly, the number of producer organizations continues to rise as do overall sales of Fairtrade products. This means more farmers, more companies and more consumers believe in the powerful transformation that Fairtrade can lead. But at the same time, particularly with products such as cocoa and tea, we still see farmers and workers struggling to achieve a living income or living wages because of complex factors in the local economies as well as in the global market. This reinforces the need for Fairtrade to continue looking for innovative approaches to expanding the market for Fairtrade products; supporting crop diversification and productivity improvements; developing targeted interventions that go beyond certification, and pushing for fairer prices for producers.

As the SDGs recognize, eliminating deeply entrenched poverty and marginalization takes the commitment of everyone moving together



Darío Soto Abril. © Photography: Alexia Perrotti

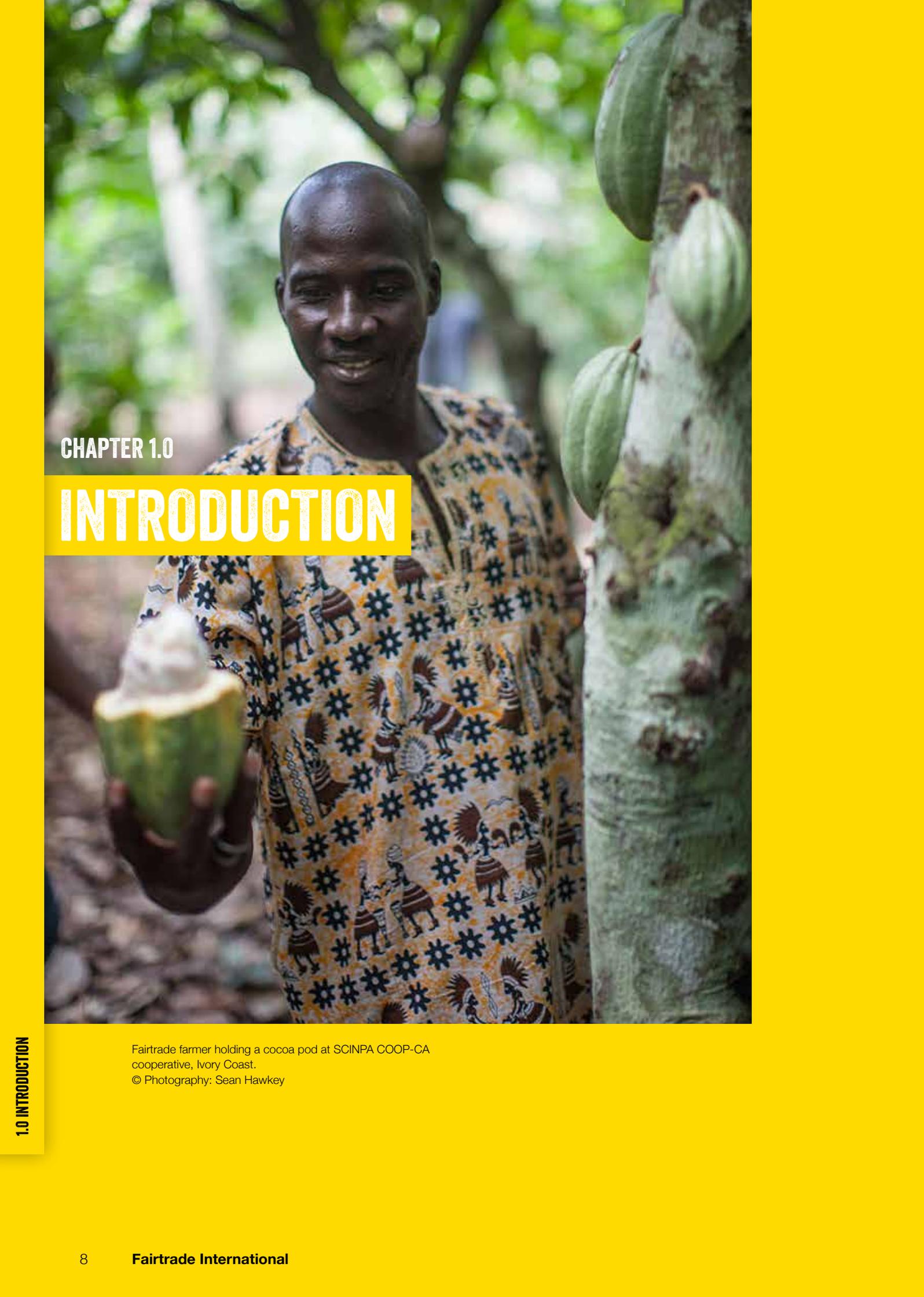
towards common goals. At Fairtrade, we work closely with our partners to continuously adapt and find new solutions to the evolving needs of farmers and workers, and those of businesses that find themselves under increasing pressure to deliver on sustainability commitments. Our innovative sourcing models are a way for producers to expand their sales and for companies to include more Fairtrade certified ingredients in their products. We have also made it a priority to achieve living incomes for farmers and living wages for workers and we will not relent until we have succeeded. We do this in collaboration with producers, commercial partners and advocates.

The human lives represented by the data in this report are our motivation to continue working towards greater impact, greater fairness, and greater hope for a sustainable world.

Darío Soto Abril

Global CEO, Fairtrade International

A handwritten signature in dark ink, appearing to read 'D. Soto', written in a cursive style.

A photograph of a man in a patterned shirt holding a cocoa pod in a cacao grove. The man is smiling and looking towards the camera. He is holding a large, green cocoa pod in his right hand. The background shows a lush green cacao grove with several pods hanging from a tree trunk on the right side. The text 'CHAPTER 1.0' is overlaid on the left side of the image.

CHAPTER 1.0

INTRODUCTION

Fairtrade farmer holding a cocoa pod at SCINPA COOP-CA cooperative, Ivory Coast.
© Photography: Sean Hawkey

Fairtrade's vision is a world in which all small producers and workers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future. Sustainable trade is fundamental to this approach.

Fairtrade's 'Theory of Change' describes the change that we want to see in global trade and our contribution to making that change happen. It provides the basis for the monitoring and evaluation programme we use to measure the results of our work and our progress toward our goals.

This report presents the 2016 monitoring data on Fairtrade certified producer organizations, covering all products and countries, with a special focus on the seven major products that represent a livelihood for more than 90 percent of all Fairtrade farmers and workers. It presents the scope and scale of Fairtrade in 2016, provides analysis of trends and information on activities that directly impact.

As a learning organization, Fairtrade uses this wide range of data as an important indicator of our impact on farmers and their organizations and on workers on certified plantations. Understanding the full picture – the areas of strong performance as well as the challenges still to overcome – allows us to reshape our approach and continually improve. Fairtrade International makes this information public as part of our commitment to transparency, openness and information-sharing with our stakeholders and supporters.

Chapter 2 gives the summary overall data at a glance, Chapter 3 gives an overview of the Fairtrade system in terms of producer organizations and farmers and workers, while Chapter 4 focuses on overall changes in production and sales volumes. Chapter 5 gives an overview of the Fairtrade Premium received by the producers and how it is being used. Chapter 6 gives deeper insights into each of the top seven Fairtrade products. Chapter 7 describes producer support and other programmes undertaken in our three producer network¹ regions (Africa and the Middle East; Latin America and the Caribbean, and Asia and Pacific). In Chapter 8 we give a full explanation of how we collect and analyze the Fairtrade monitoring data, including the coverage and limitations of this year's data set.

In this edition of the Monitoring Report, we have added new analysis relating to how Fairtrade's work contributes to the achievement of the UN Sustainable Development Goals (SDGs). As part of the global development agenda, these common goals are important reference points for governments, businesses, organizations and citizens who want to make a collective difference.

Aspects of Fairtrade's approach that contribute towards the achievement of the SDGs are highlighted in Chapter 3 (activities and programmes) and in Chapter 5 (Premium-funded projects). While much of our work touches on more than one SDG, for simplicity's sake we have mapped Fairtrade's activities relative to the SDGs along the following lines:

SDG 1 (ending poverty in all its forms everywhere) is at the foundation of Fairtrade's approach, including our focus on living income and living wages as outlined in our 2016-2020 strategy.

SDG 2 (zero hunger and sustainable agriculture) relates to Fairtrade's core work as embedded in the Fairtrade Standards.

SDG 3 (good health); **SDG 4** (quality education); **SDG 11** (sustainable cities and communities), and **SDG 15** (life on land) are impacted through projects that Fairtrade producers invest in using their Fairtrade Premium funds.

SDG 5 (gender equality and empowering women and girls) relates to Fairtrade programmes such as the Women's School of Leadership in the cocoa sector in West Africa, and also producer-selected projects funded through the Fairtrade Premium.

SDG 8 (decent work and economic growth) is central to Fairtrade's Hired Labour Standard and programmes related to workers.

SDG 10 (reduced inequalities) links into Fairtrade's efforts, including our Standards, to improve terms of trade for small-scale producers and reduce inequality within and among countries.

SDG 12 (responsible consumption and production) and **SDG 17** (partnerships for the SDGs) are impacted by the support Fairtrade producer networks provide to producer organizations in collaboration with partners.

¹ Producer networks are regional associations that Fairtrade certified producer organizations may join if they wish. They represent small-scale producers, workers and other producer stakeholders. There are producer networks in three regions: Africa and the Middle East; Asia and Pacific, and Latin America and the Caribbean.

Finally, the report also describes more detailed research insights into the impact of Fairtrade on small producer organizations, hired labour organizations, supply chains, and more. While the methods used to collect data vary across the studies, this version of the Monitoring Report includes those studies for which data collection took place in 2016 or earlier. Unless otherwise cited, full results of the research studies referenced in this report are available on the Fairtrade International website at <https://www.fairtrade.net/impact-research/evaluation-research.html>

We hope that you find the report interesting and useful. You can share feedback and comments at impact@fairtrade.net

RESEARCH INSIGHT

DOES FAIR TRADE CHANGE SOCIETY?

A trend and impact study, commissioned by Fairtrade and other organizations in the Fair Trade movement, looked at the changes within the Fair Trade movement and four Fair Trade target audiences (civil society, politics and the public sector, retailers and manufacturers, and consumers) since 2000. Focused on Germany, it found that awareness of Fair Trade had increased notably. Sales of Fair Trade products had increased since the mid-2000s as a result of this along with greater availability of fair products. 'Fair Public Procurement' - or public entities making Fair Trade purchases or mandating them through public contracts - had gained relevance, as had the need for fairer production and better labour conditions in supply chains. The study found that these changes were due to the Fair Trade movement's direct efforts, including educational, promotional, and awareness campaigns. The study notes that there are areas the Fair Trade movement still needs to focus on, including fostering greater equality in international trade as well as encouraging further incorporation of Fair Trade principles into German retailer's business models.

CEval (2017)



Wilson Pedroso Lima removing leaves from harvested coffee at Fairtrade certified COOPASV cooperative, Brazil.
© Photography: Didier Gentilhomme



CHAPTER 2.0

SUMMARY

AND KEY DATA

AT A GLANCE

Patience Adzimah at Fairtrade certified Golden Exotic banana plantation, Ghana.

© Photography: Linus Hallgren

TABLE 2.1

OVERALL GROWTH IN NUMBERS OF FAIRTRADE FARMERS, WORKERS AND PRODUCER ORGANIZATIONS 2016

	2015	2016	Percentage change
Total Fairtrade producer organizations worldwide	1,240	1,411	14%
	2015	2016	Percentage change
Total farmers	1,466,154	1,479,068	1%
Total workers on Fairtrade plantations	195,701	185,986	-5%
Total farmers and workers	1,661,855	1,665,054	0.2%
	2015	2016	
Total countries with Fairtrade certified producer organizations	75	73	

The data in this report show that Fairtrade continued to grow during 2016 in a number of key performance indicators: the participation of farmers, workers, and their producer organizations; product volumes sold by producer organizations on Fairtrade terms, and Fairtrade Premium earned.

FARMERS, WORKERS AND PRODUCER ORGANIZATIONS

At the end of 2016 there were 1,411 Fairtrade certified producer organizations in 73 countries. The number of farmers and workers participating in Fairtrade grew to over 1.66 million – a marginal growth of 0.2 percent. Approximately 66 percent of all the farmers and workers in the Fairtrade system are located in Africa and the Middle East.

The net increase in organizations from 2015 to 2016 was 171 or 13.8 percent. This was considerably higher than in previous years. The number of certified Fairtrade producer organizations in Africa and the Middle East, and in the Asia and Pacific region, grew by 18 percent. In Latin America it grew by just nine percent. However, growth in the number of organizations did not affect the number of farmers and workers in the same way. While overall, the number of farmers increased by one percent, the number of workers in Fairtrade plantations actually fell by five percent. The overall change in the numbers of Fairtrade farmers and workers in all three regions also varied across most major products. (See *Chapter 7 for more information on each of the regions.*)

In 2016, 23 percent of all Fairtrade farmers and workers were located in low-income countries as defined by the World Bank. A total of 80 percent were located in low-income and lower-middle income countries combined. Fairtrade continues to work primarily with smallholder farmers. Indeed, 82 percent of the producer organizations holding Fairtrade certification are small farmer organizations. (See *Chapter 3 for more details.*)

FAIRTRADE PRODUCTION AND SALES VOLUMES

More than 2.3 million hectares were under Fairtrade production in 2016. Of the main Fairtrade products, certified cocoa production saw the largest increase (16 percent); bananas rose by three percent, while coffee fell by 3.5 percent. These changes were due to a combination of factors, including changes in the certifications of producer organizations as well as changes in the number of farmers in the system.

Flower production increased by 21 percent; tea by 24 percent, and seed cotton by ten percent, while cane sugar saw a decrease of nine percent. There was also significant growth in Fairtrade certified production of some smaller volume products, in particular vegetables, rice, oilseeds and oleaginous fruits, dried fruit, nuts, fresh fruits and fruit juices.

Not all of the volumes produced by Fairtrade certified organizations is sold on Fairtrade terms. Growth from 2015 to 2016 was moderate in most products: cane sugar grew by 7.2 percent

(mainly in Belize, Jamaica and Swaziland); bananas (mainly Peru, Mexico and St. Lucia), flowers (mainly Ethiopia) and tea (India) each grew by approximately five percent. Coffee grew by 3.4 percent. The exception to this moderate growth was cocoa where sales volumes grew by 34 percent. Most of this is attributable to a 65 percent increase in Fairtrade certified cocoa sales from Côte d'Ivoire.

Organic sales volumes constituted 59 percent of Fairtrade banana sales, 57 percent of coffee, 24 percent of cane sugar, 23 percent of tea and 17 percent of cocoa. (More details on Fairtrade production and sales volumes can be found in Chapter 4.)

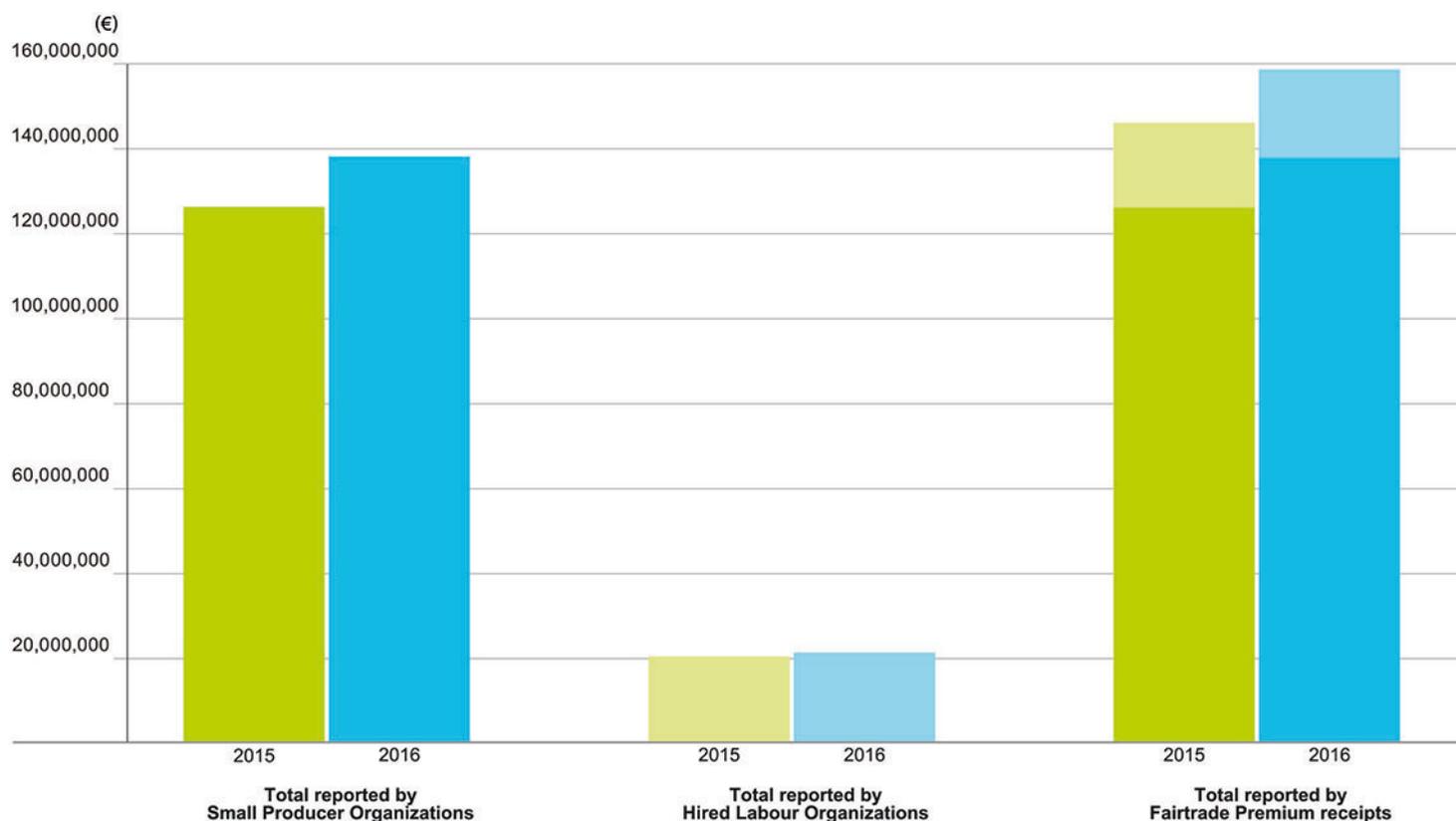
FAIRTRADE PREMIUM

Total reported Fairtrade Premium earnings grew by nine percent. In comparison with 2015, producer organization reports for 2016 show that the Fairtrade Premium received by small producer organizations and by hired labour organizations increased by nine percent and four percent respectively. As in previous years, the share of Fairtrade Premium earned by small producer organizations is relatively much higher than that of plantations: 85 percent of all Fairtrade Premium income reported was earned by small producer or contract production organizations; only 15 percent was earned by plantations. The Fairtrade Premium and Fairtrade Minimum Prices continue to be important supports for farmers and workers

TABLE 2.2

OVERALL GROWTH IN FAIRTRADE PREMIUM VALUES 2016

Fairtrade Premium (€ millions)	2015	2016	Percentage change
Total reported by Small Producer Organizations	125.6	137.4	9.4%
Total reported by Hired Labour Organizations	19.9	20.8	4.4%
Total reported Fairtrade Premium receipts	145.6	158.3	9%



when commodity prices are volatile. (See *Chapter 6 for more details on specific products.*)

In 2015–16, small farmer organizations continued to invest their Fairtrade Premium primarily in delivering direct benefits to their members as well as in developing and strengthening their businesses. Around 48 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. These direct payments provide additional direct financial returns to farmers from Fairtrade sales.

Small farmer organizations decided to invest about 18 percent of their Fairtrade Premium earnings 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.

Overall, small producer organizations use about six percent of their Fairtrade Premium to invest in community development projects. While many producer organizations aspire to make significant investments in their community, they also recognize the importance of investing in the sustainability of their businesses. The Fairtrade Premium is an important tool that enables producer organizations to invest according to their priorities through a democratic decision-making process.

Workers on plantations continued to invest significantly in a wide range of projects aimed at meeting workers' needs. They elected to invest around 63 percent of their Fairtrade Premium in education, housing, healthcare, credit provision, direct payments and other services for workers. Around 20 percent of the Fairtrade Premium on plantations was used for wider community projects, such as supporting local schools or health services. (See *Chapter 5 for more information on Fairtrade Premium expenditure.*)



CHAPTER 3.0

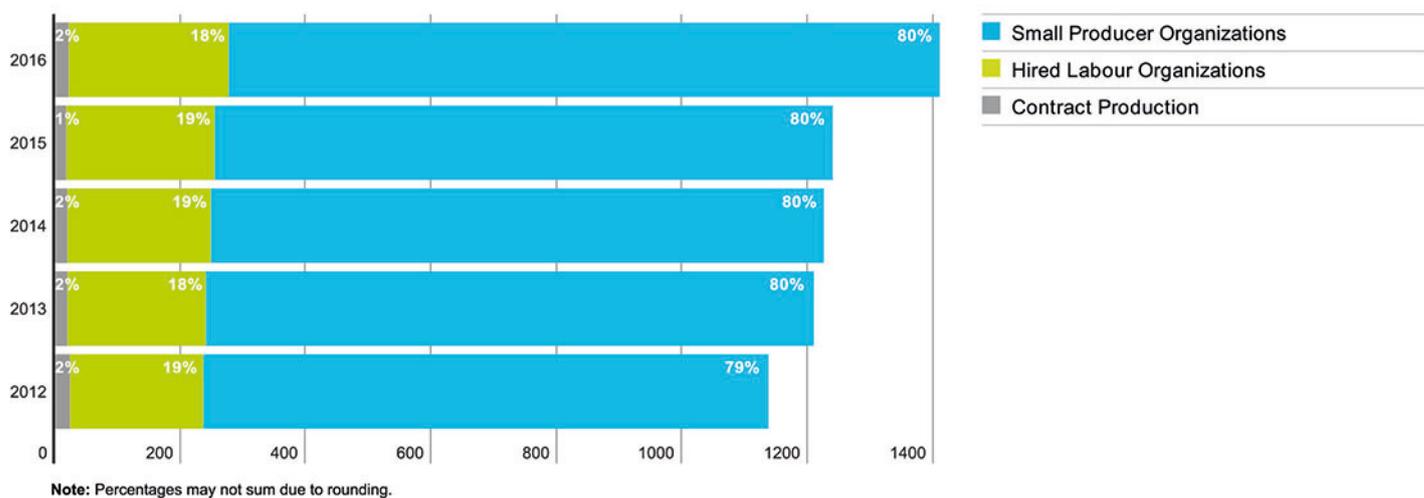
**FAIRTRADE
PRODUCER
ORGANIZATIONS
AND PRODUCERS**

Ani picking cherries at Fairtrade certified Kopepi Ketiara cooperative, Indonesia.
© Photography: Nathalie Bertrams

FIGURE 3.1

GROWTH OF FAIRTRADE BY CERTIFICATION TYPE 2012–2016

Proportions of producer organization types



3.1 TYPES OF FAIRTRADE PRODUCER ORGANIZATIONS

There are two major types of Fairtrade producer organization: small producer organizations (SPOs) and hired labour organizations (HLOs) or plantations. There is a different Fairtrade Standard for each type. Farmers are members of small producer organizations, while workers are employees of hired labour organizations. In this report, artisanal mines and small-scale mining organizations are included in the small producer organization category. A third type of producer set-up is referred to as contract production. This consists of farmers who are not yet democratically organized but who can – as a temporary measure – join Fairtrade if they have the support of buyers or exporters or an NGO that can help them form an independent organization. Contract production represents less than one percent of all small producer organizations.

As highlighted in the introduction, various aspects of Fairtrade’s approach that relate to achieving the UN Sustainable Development Goals (SDGs) have been mapped in this report and are indicated in this section with the respective icons for the SDGs.

3.2 HOW MANY AND WHERE WERE FAIRTRADE PRODUCER ORGANIZATIONS IN 2016?

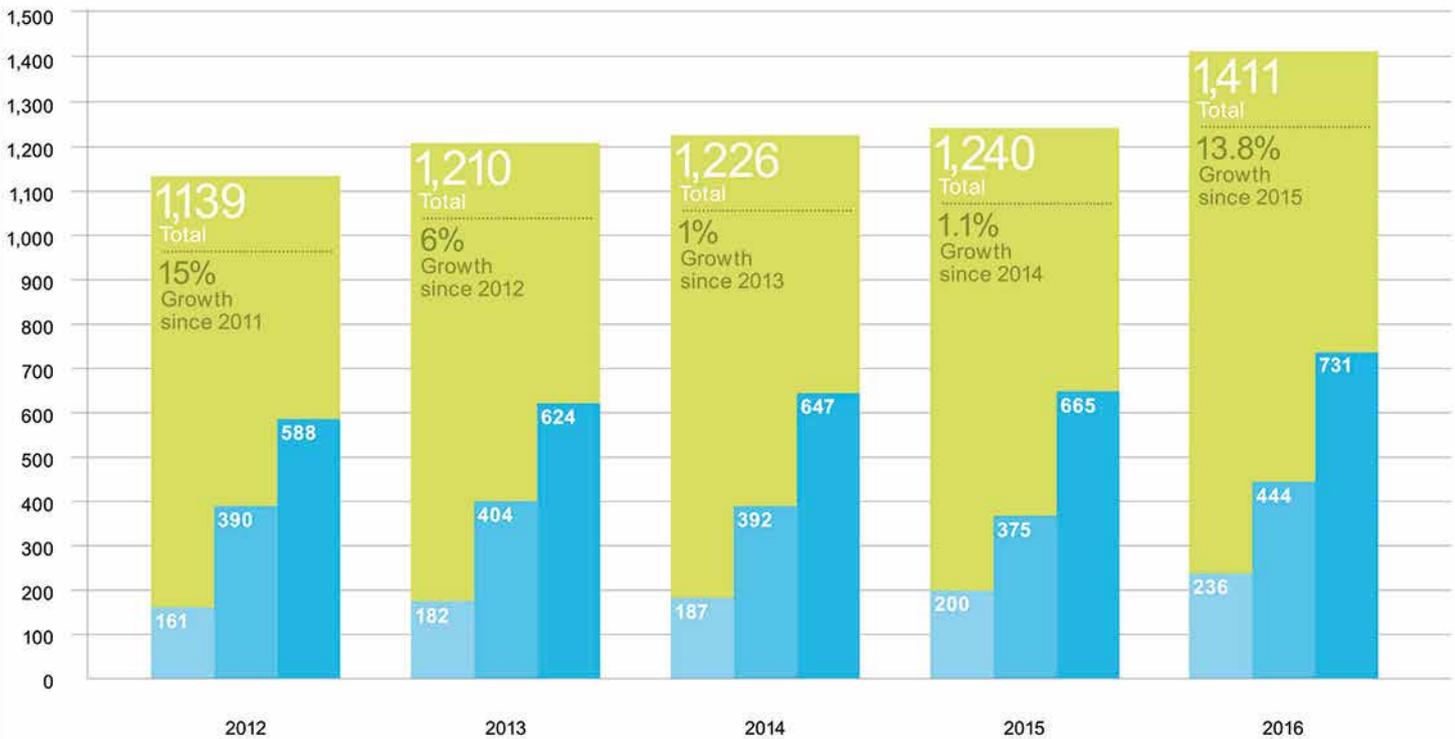
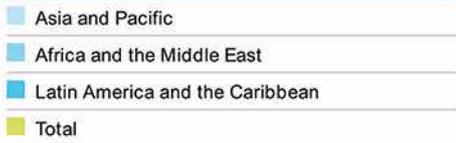
At the end of 2016 there were 1,411 Fairtrade certified producer organizations in 73 countries. Of the largest Fairtrade products, the highest numbers of producer organizations in 2016 were in coffee (537 or 38 percent of all producer organizations in the Fairtrade system), followed by cocoa (189 or 13 percent), bananas (147 or ten percent), tea (110 or eight percent), and sugar (101 or seven percent).

The net increase of organizations from 2015 to 2016 at 13.8 percent or 171 organizations was considerably higher than that of previous years. Comparing 2016 to 2012 levels, the number of producer organizations under Fairtrade certification increased by 24 percent. That broke down into a 15 percent increase in Fairtrade small producer organizations and an eight percent increase in hired labour organizations.

Africa and the Middle East had producer organizations in 29 countries; Asia and Pacific in 20 countries and Latin America and the Caribbean in 24 countries. The majority of Fairtrade producer organizations are in Latin America and the Caribbean, accounting for 52 percent of all Fairtrade producer organizations worldwide, followed by Africa and the Middle East

FIGURE 3.2

FIVE YEARS OF GROWTH IN THE NUMBER OF FAIRTRADE CERTIFIED PRODUCER ORGANIZATIONS 2012–2016

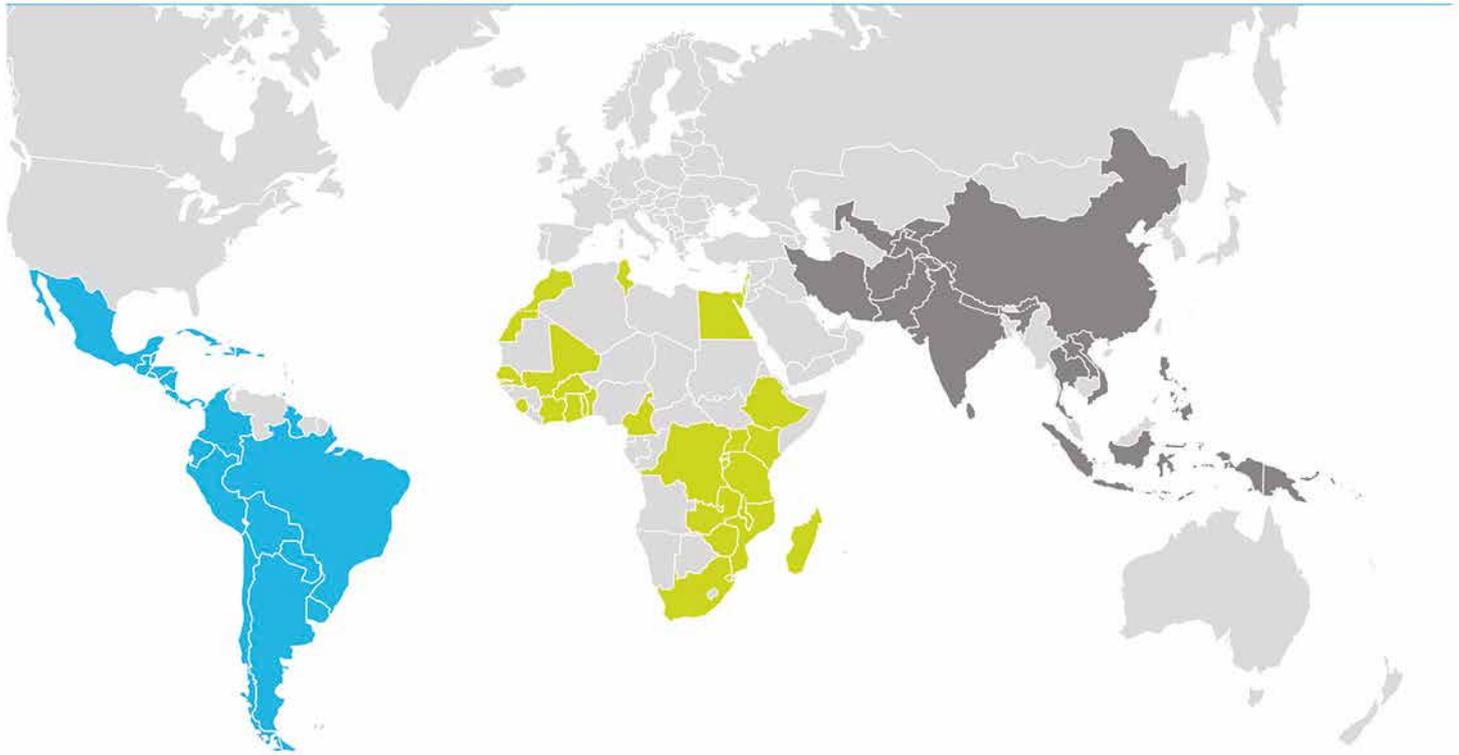


(31 percent), and Asia and Pacific (17 percent). By the end of 2016, Peru had the largest number of Fairtrade producer organizations at 191, followed by Colombia with 134, Kenya with 95, India with 92 and Côte d'Ivoire with 88.

New certifications were highest in Africa and the Middle East where a large number of Ivorian cocoa cooperatives that were in the certification process the year before received certification. There were also increases in new coffee producers in both Uganda and Rwanda, and in producers of flowers and vegetables in Kenya. In Latin America and the Caribbean, large numbers of coffee cooperatives in Peru joined Fairtrade. With the exception of countries which saw significant increases in the numbers of producer organizations joining the Fairtrade system, i.e. Côte d'Ivoire (increase of 100 percent from 44 to 88) and Peru (increase of 19 percent from 161 to 191), net growth in most countries was quite low. The number of certified organizations in Asia and Pacific saw very little increase.

FIGURE 3.3

FAIRTRADE PRODUCER COUNTRIES WORLDWIDE 2016



Latin America and the Caribbean

731 producer organizations in 24 countries

Africa and the Middle East

444 producer organizations in 29 countries

Asia and Pacific

236 producer organizations in 20 countries

World

1,411 Fairtrade certified producer organizations in 73 countries

FIGURE 3.4

FAIRTRADE PRODUCER ORGANIZATIONS BY REGION 2016

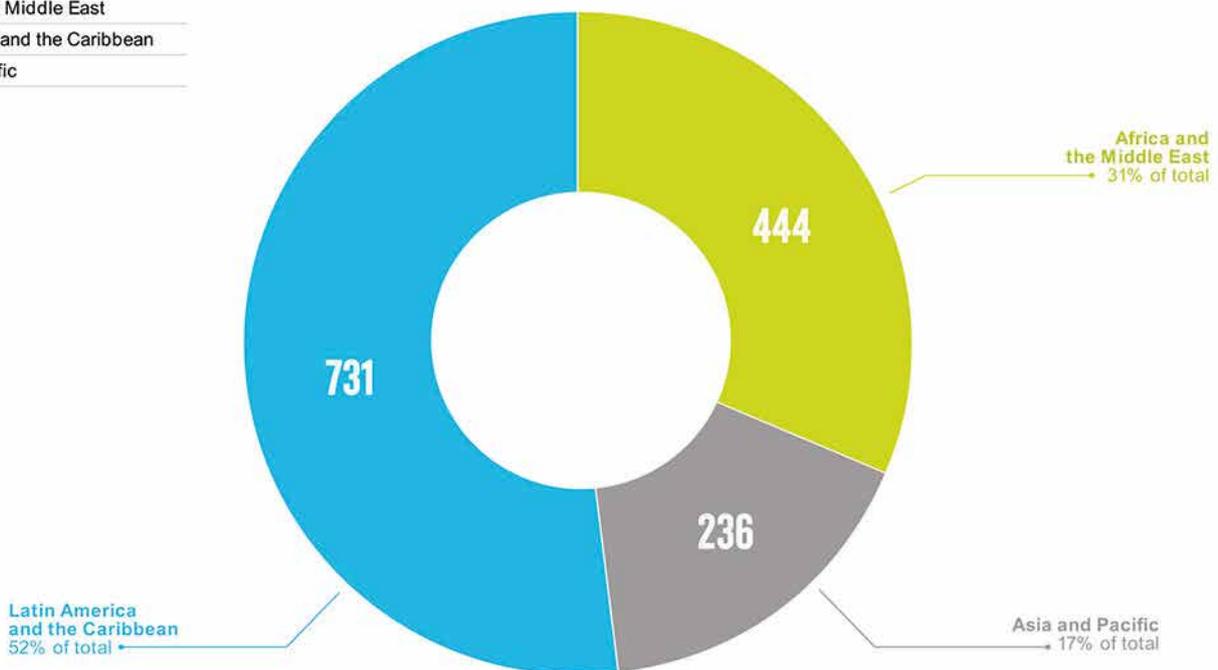
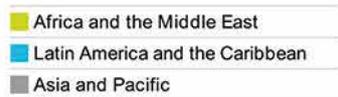


FIGURE 3.5

TOP TEN COUNTRIES: NUMBER OF FAIRTRADE CERTIFIED PRODUCER ORGANIZATIONS 2016

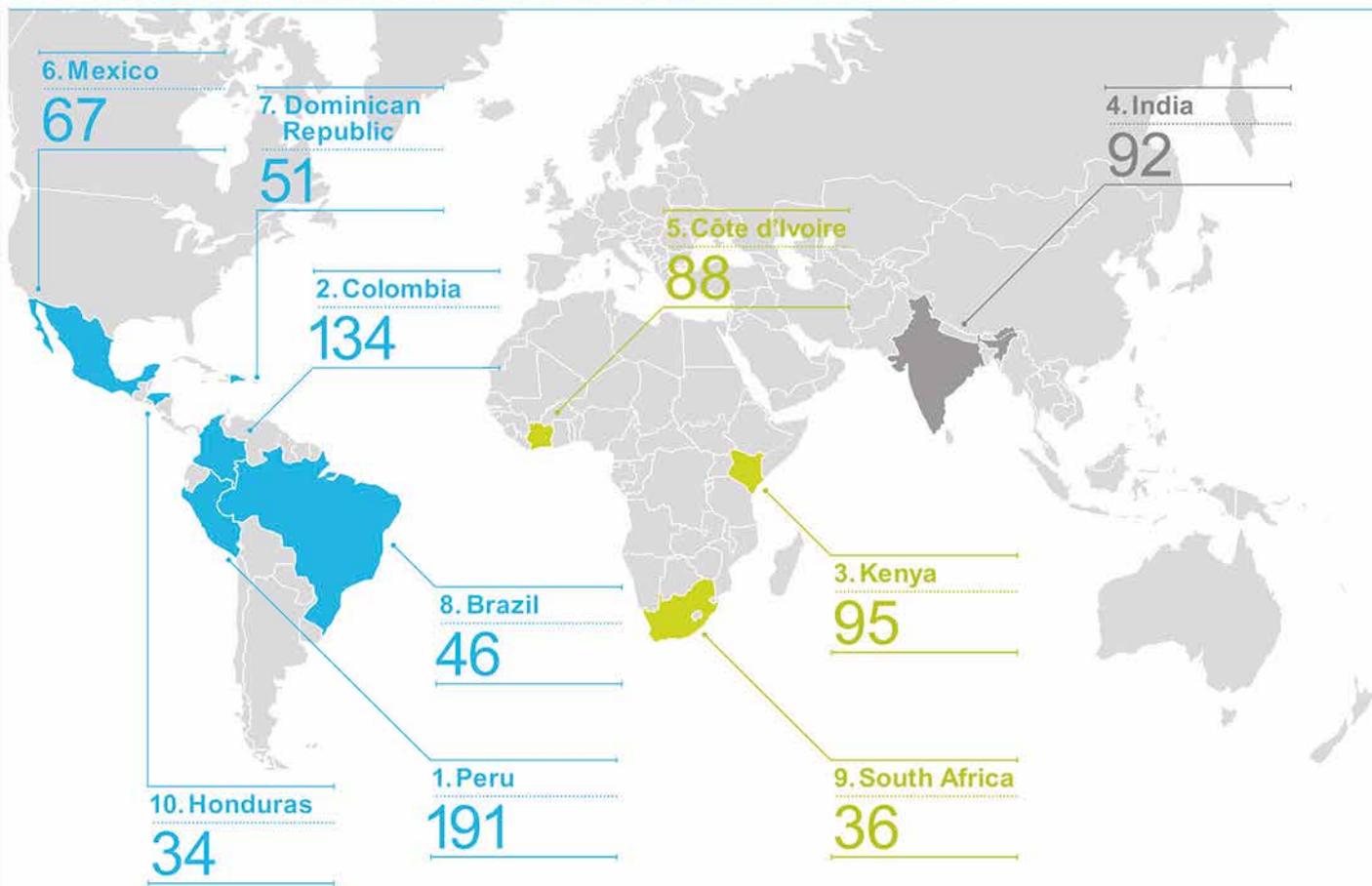
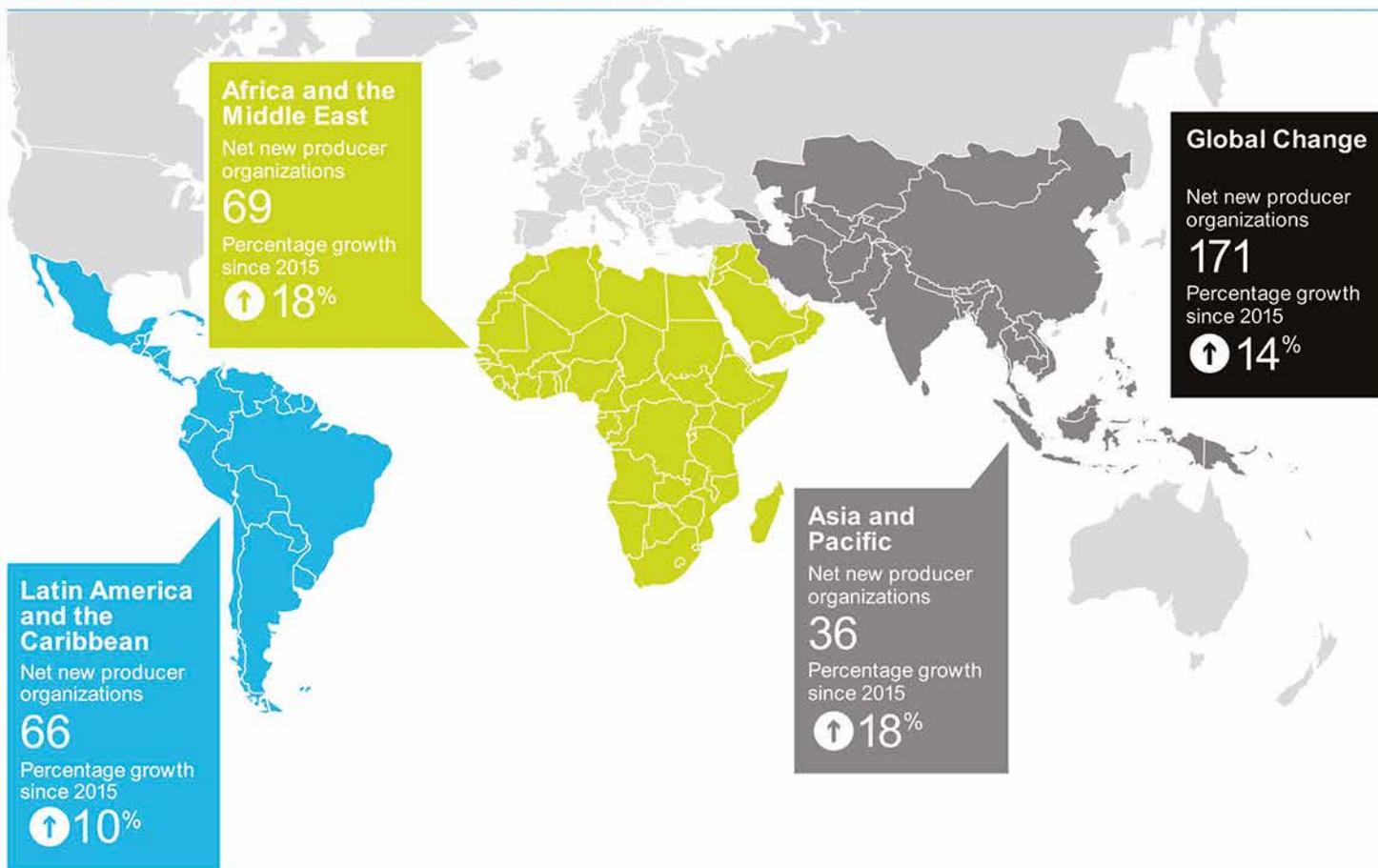


FIGURE 3.6

GROWTH IN FAIRTRADE CERTIFIED PRODUCER ORGANIZATIONS 2016



3.3 FAIRTRADE WORKING IN LOW-INCOME AND LOWER-MIDDLE-INCOME COUNTRIES

The World Bank currently classifies 31 countries around the world as low-income.¹ At the end of 2016 there were 135 Fairtrade certified producer organizations present in 18 of the 31 low-income countries, representing 9.5 percent of all Fairtrade producer organizations and 23 percent of all farmers and workers in the system (378,738). An additional 57 percent of Fairtrade farmers and workers live in lower-middle-income countries. These countries are among those with the largest numbers of Fairtrade farmers and workers and include Tanzania, Ethiopia and Uganda.

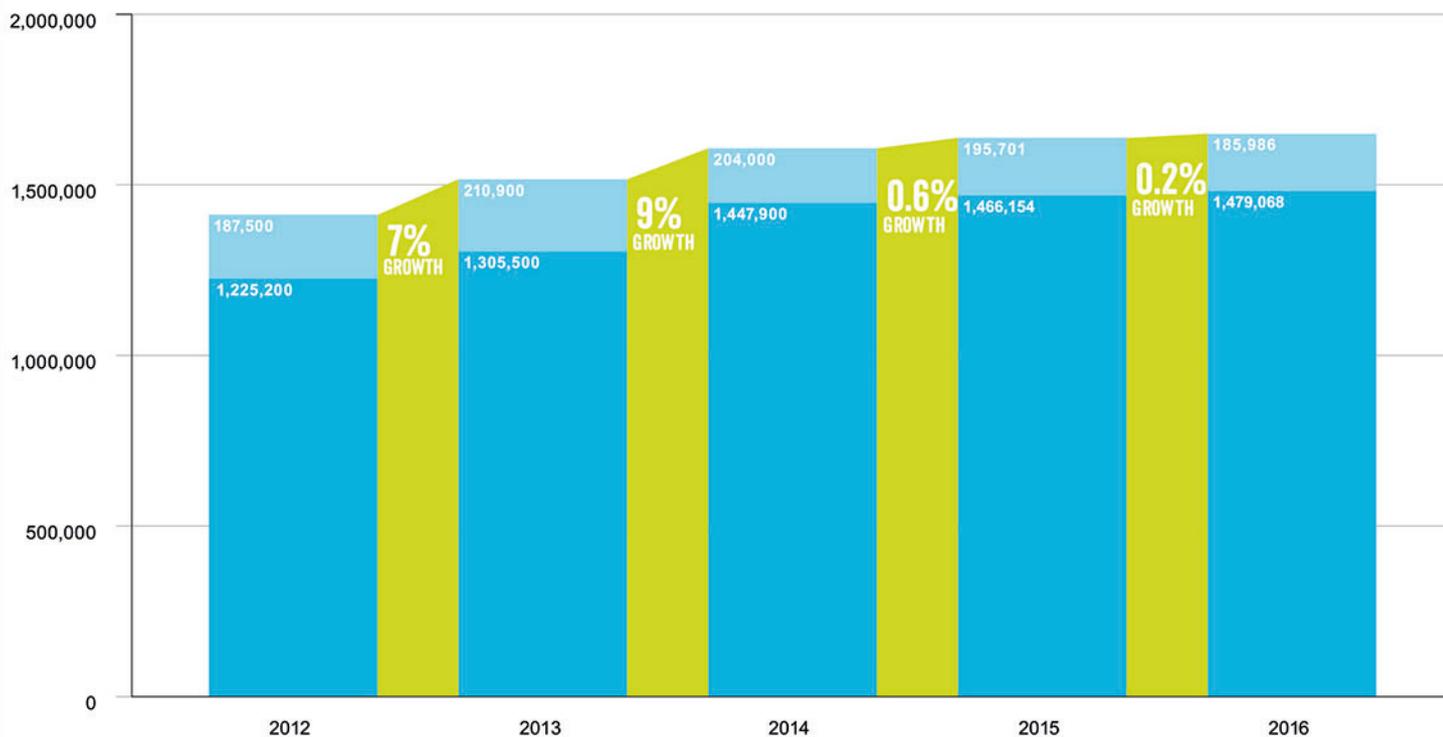
Given the extent of Fairtrade's work in low-income and lower-middle-income countries, the larger endeavour of SDG1 on working towards ending poverty in all its forms everywhere is rooted in the overall approach of Fairtrade's work. This includes the focus on living income and living wages as outlined in our 2016-2020 Strategy. In addition, the focus on promoting sustainable agriculture embedded in the Fairtrade Standards contributes to SDG2, which focuses on ending hunger, achieving food security and improved nutrition, and promoting sustainable agriculture. SDG10 – working towards reducing inequality within and among countries – also relates to Fairtrade's efforts, including those aimed at improving terms of trade for small-scale producers.



¹ Low-income: Countries with a per capita gross national income (GNI) of US\$1,005 or less. Lower-middle-income: Countries with a per capita gross national income (GNI) of US\$1,006 to \$3,955. The World Bank, 'World Bank Country and Lending Groups-Country Classification' available at: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

FAIRTRADE FARMERS AND WORKERS 2012–2016

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



3.4 HOW MANY AND WHERE WERE FAIRTRADE FARMERS AND WORKERS IN 2016?

The monitoring data indicates that, at the end of 2016, there were more than 1.66 million farmers and workers in the Fairtrade system as a whole. The figure below shows the overall growth trends from 2012 to 2016. Since 2012, the number of farmers and workers in the Fairtrade system has increased by 18 percent.

Almost 1.48 million farmers were members of Fairtrade small producer or contract production organizations, while 185,000 people worked in Fairtrade certified plantations (referred to as hired labour organizations in the Fairtrade Standards). There was only a marginal 0.2 percent increase in farmer and worker numbers in the Fairtrade system from 2015 to 2016 (a net increase of 3,199 individuals). The number of farmers grew by one percent, while the number of workers decreased by five percent. The majority of the farmers in Fairtrade in 2016 worked in coffee (54 percent), followed by tea (17 percent) and cocoa (15 percent).

Although the overall number of plantations with Fairtrade certification continued to increase – growing by eight percent from 2015 to 2016 – there was a slight decline in the number of workers employed on Fairtrade certified plantations. In 2016, the majority of Fairtrade workers were employed on tea plantations – they made up 50 percent of the total number of workers in Fairtrade – followed by the fresh flowers sector with 29 percent and fresh fruits with eight percent.

In 2016, 66 percent of all farmers and workers within Fairtrade certified organizations lived in Africa and the Middle East, an increase of three percent since 2015. Latin America and the Caribbean accounted for 20 percent, and Asia and Pacific for 15 percent. On average, producer organizations in Africa have larger memberships compared to producer organizations in Latin America and the Caribbean. This may explain why there are fewer certified organizations in Africa and the Middle East, but higher numbers of Fairtrade farmers and workers. (See Section 3.6 for more information on producer organization size.)

The overall growth in Fairtrade farmer and worker numbers, both by percentage and in absolute terms, was moderate in Africa and the

FIGURE 3.8

GROWTH IN THE NUMBERS OF FAIRTRADE FARMERS AND WORKERS 2014–2016

Percentage change 2015–2016

Total farmers and workers

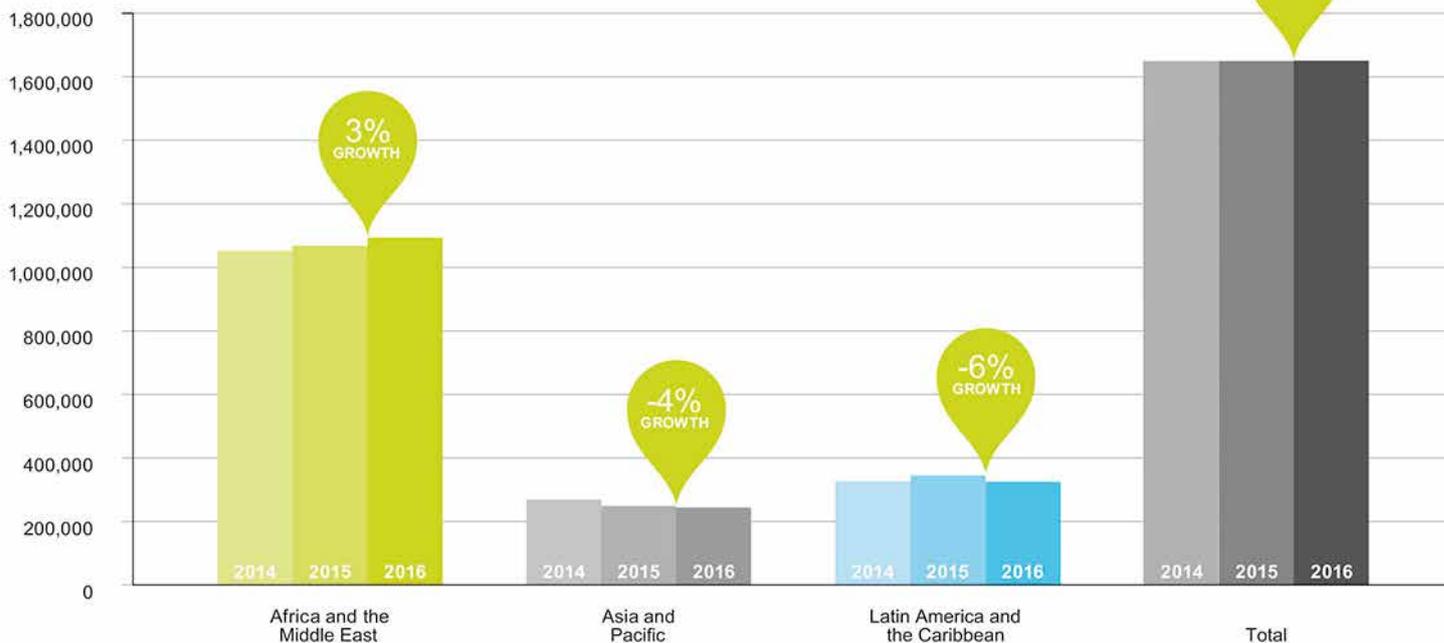
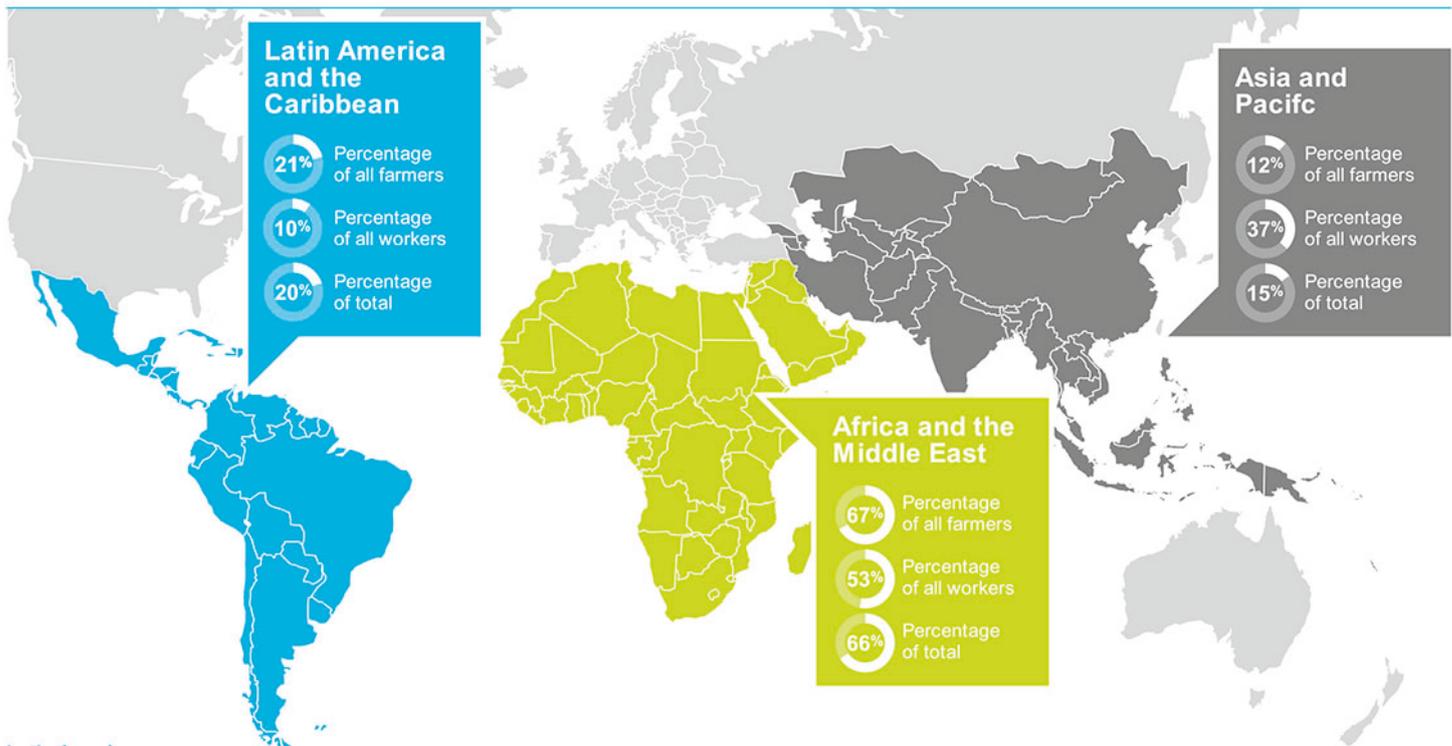


FIGURE 3.9

DISTRIBUTION OF FAIRTRADE FARMERS AND WORKERS 2016



Latin America and the Caribbean

Fairtrade Farmers	308,950
Workers on Fairtrade certified plantations	18,625
Total	327,575

Africa and the Middle East

Fairtrade Farmers	996,231
Workers on Fairtrade certified plantations	98,012
Total	1,094,243

Asia and Pacific

Fairtrade Farmers	173,887
Workers on Fairtrade certified plantations	69,349
Total	243,236

World

Fairtrade Farmers	1,479,068
Workers on Fairtrade certified plantations	185,986
Total	1,665,054

Note: Percentages may not sum due to rounding.

GLOBAL DISTRIBUTION OF FAIRTRADE FARMERS AND WORKERS 2016

Africa and the Middle East

Farmers	996,230
Workers	98,010
Farmers and workers	1,094,240

Asia and Pacific

Farmers	173,880
Workers	69,350
Farmers and workers	243,230

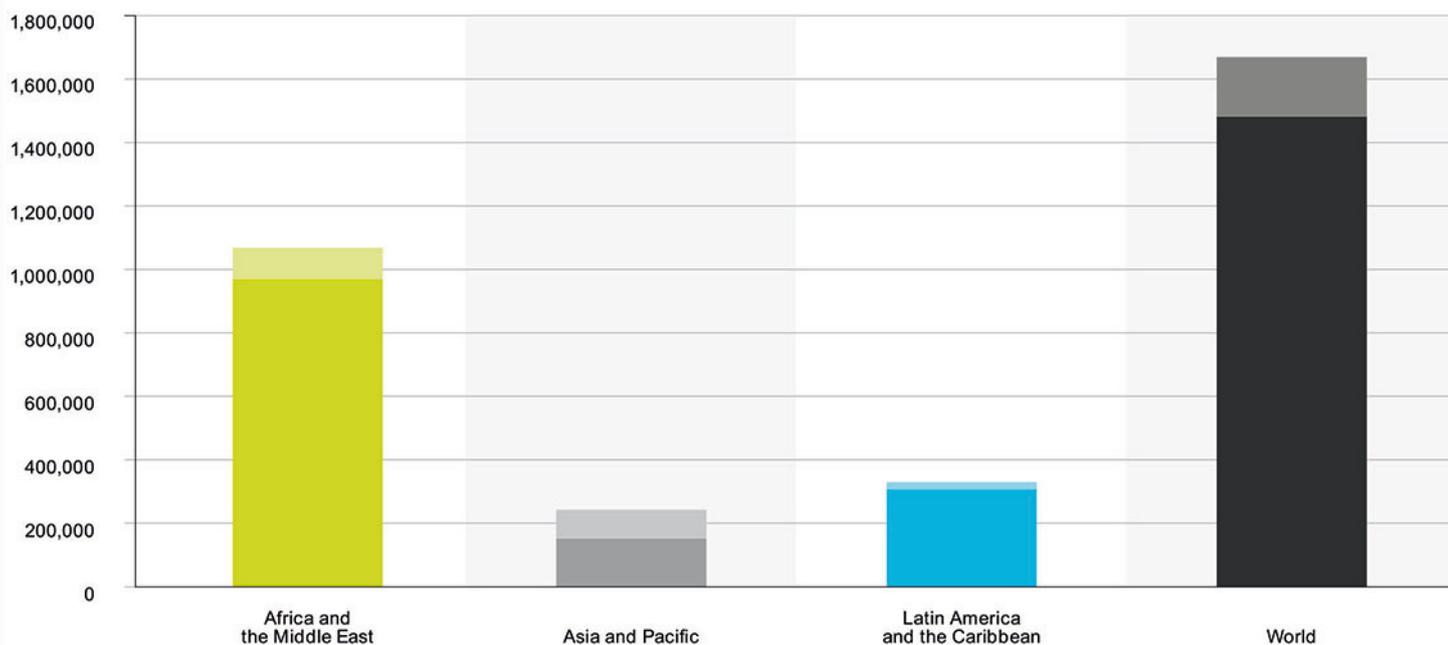
Latin America and the Caribbean

Farmers	308,950
Workers	18,625
Farmers and workers	327,575

World

Farmers	1,479,068
Workers	185,986
Farmers and workers	1,665,054

Note: Numbers may not sum due to rounding.



Middle East (three percent from 2015 to 2016 or an increase of 32,029). This growth was concentrated in Kenya, Ethiopia, Tanzania and Ghana. The number of farmers grew by only two percent whereas the number of workers grew by 18 percent. Farmers in Africa and the Middle East represent 67.4 percent of Fairtrade farmers globally and 53 percent of Fairtrade workers.

The number of Fairtrade farmers and workers decreased in Asia and Pacific by four percent overall. The number of farmers in the region increased by 12 percent, mainly due to growth in Samoa, Vietnam, Sri Lanka and Indonesia. By contrast, the number of workers in the region declined by 29 percent. Asia and Pacific represent 12 percent of Fairtrade farmers and 37 percent of Fairtrade workers worldwide.

In Latin America and the Caribbean, there was a decrease of seven percent in the overall number of farmers and workers. This was due to a seven percent decrease in the number of farmers whose numbers dropped most significantly in the Dominican Republic, Mexico, Jamaica and Bolivia. However, worker numbers in the region increased by 27 percent, mostly concentrated

in Chile, Mexico, Ecuador and Colombia. Latin American and the Caribbean represent 21 percent of Fairtrade farmers and ten percent of Fairtrade workers around the world.

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

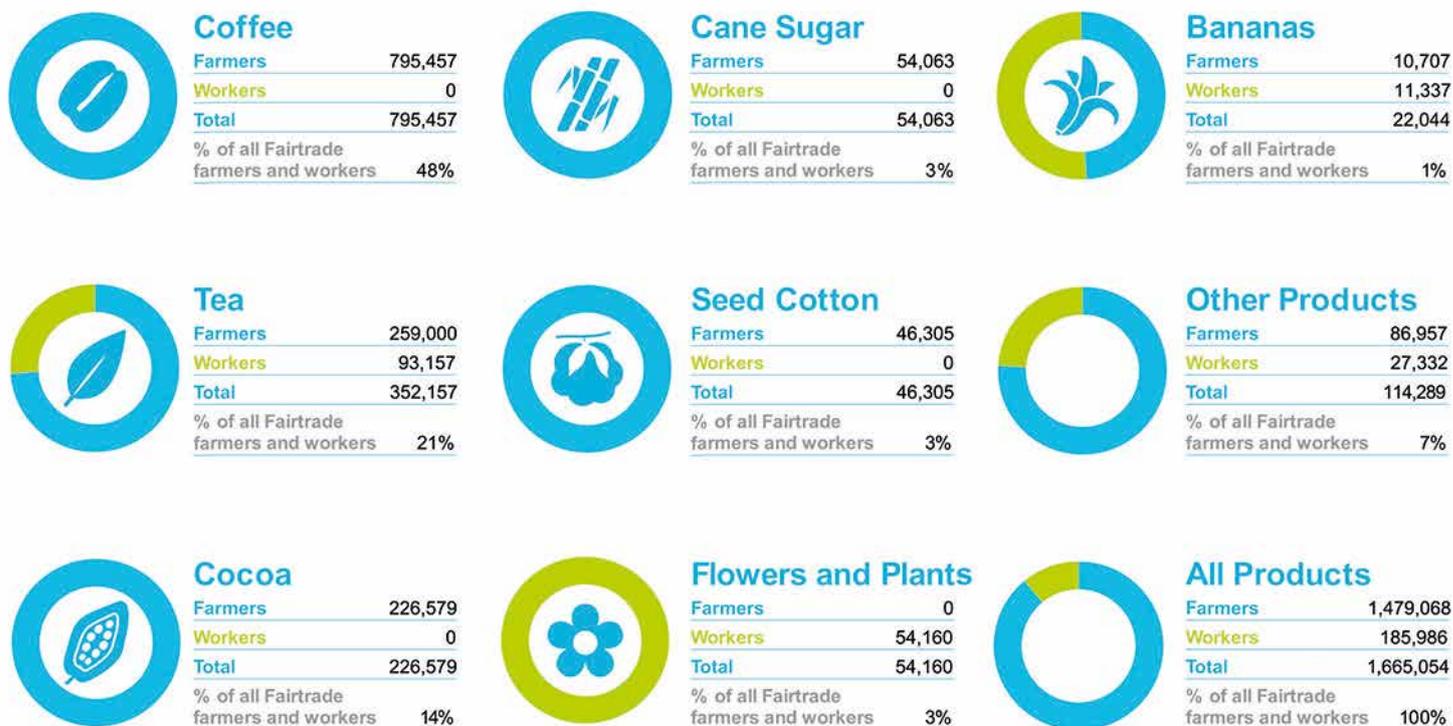
Coffee, tea, and cocoa remained the most significant products in terms of numbers of farmers and workers involved. Together, they accounted for around 83 percent of all farmers and workers in the Fairtrade system. In fact, the seven major Fairtrade products (bananas, sugar, cocoa, coffee, flowers, seed cotton and tea) accounted for 93 percent of all the farmers and workers in the system.

From 2015 to 2016, there was only a moderate increase in the number of Fairtrade farmers and workers involved in several products. These included cocoa (15 percent); flowers (12 percent); seed cotton (five percent), and tea (two percent). Cane sugar saw a reduction in farmer and worker

FIGURE 3.11

NUMBER OF FARMERS AND WORKERS BY PRODUCT 2016

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.



numbers of 13 percent. There were also declines in coffee (six percent) and bananas (two percent). The rapid growth in some countries, coupled with declines in others, creates a challenge for Fairtrade to target its support resources appropriately.

For Africa and the Middle East, most of the overall growth in farmer numbers was concentrated in cocoa and oilseeds and oleaginous fruits. With respect to worker numbers, the increase was concentrated in flowers, wine, tea and fresh fruits.

For Asia and Pacific, in terms of products, farmer number increases were largely concentrated in oilseeds and oleaginous fruits, nuts, vegetables (including pulses and potatoes), and fresh fruits. The tea sector saw the largest decrease in worker numbers – a fall of 30 percent. However, an error was uncovered in the data for workers in tea for the previous year so the actual fall for the reporting period was closer to 14 percent.

For Latin America and the Caribbean, much of the decrease in farmer numbers was due to the fall in the numbers working in coffee. The majority of

the increase in workers was concentrated in fresh fruits.

3.6 SIZE OF FAIRTRADE PRODUCER ORGANIZATIONS

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 membership. 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.

The size of Fairtrade producer organizations varies enormously. The smallest Fairtrade producer organization has just two smallholder farmer members, while the largest has more than 90,000 farmers. Forty-nine Fairtrade small producer organizations each reported having fewer than 20 farmer members. In 2016, the average membership of small producer organizations was

263 farmers. More than half of all the Fairtrade smallholder producer organizations had fewer than 300 farmers; 21 percent had more than 1,000 members, and nine percent had more than 3,000 members.

The smallest hired labour organization has just six workers, while the largest has more than 11,000 workers. Ten Fairtrade hired labour organizations each reported having fewer than 20 workers. In 2016, the average number of workers in hired labour organizations was 343. Twenty-three percent of hired labour organizations had more than 1,000 members and six percent had more than 3,000 members.

3.7 WORKERS IN FAIRTRADE

Fairtrade's ambition is that workers on plantations have the power to improve their own livelihoods and negotiate their wages and terms of work. Fairtrade supports workers to exercise their rights of freedom of association and collective bargaining as part of progress towards mature systems of industrial relations in which workers and management hold regular dialogue about workplace issues.

Overall, 68 percent of Fairtrade certified plantations have signed collective bargaining agreements with workers' representatives. This shows that there is still considerable work to do to ensure that unions and other workers' organizations are in a position to negotiate effectively for workers' interests within plantations.

Workers in the textile industry: The Fairtrade Textile Standard (introduced in 2016) is one component of the wider Fairtrade Textile Programme to facilitate change in textile supply chains and related business practices. This comprehensive approach, which engages manufacturers and workers in the supply chain, is aimed at improving wages and working conditions. It also engages brands to commit to fair terms of trade. The Standard applies to operators employing hired workers in the textile supply chain and processing Fairtrade certified cotton and/or other responsibly-produced fibres. This includes, but is not restricted to, the ginning,



spinning, weaving, knitting, and 'Cut, Make, Trim' (CMT) stages of textile production. The Textile Standard contains rigorous and innovative requirements regarding employment conditions (including a maximum timeline of six years to pay a living wage); worker empowerment; health and safety and the environmental protection.

Advocacy for fair trade and a living wage²:

For the first time in its history, Fairtrade took part in the annual International Labour Conference of International Labour Organizations in Geneva in 2016. Fairtrade's Senior Advisor on Workers' Rights and Trade Union Relations represented Fairtrade International to advocate for fair trade as a precondition for decent working conditions and a living wage at both the plenary sitting and at the special committee on Decent Work in Global Supply Chains.

Sectoral collective bargaining agreement for Malawi:

Fairtrade supported Malawi trade union PAWUM to reach its first ever sectoral collective bargaining agreement with the Tea Association of Malawi. This led to collective bargaining being included as one of the workstreams of the Malawi 2020 Tea Revitalisation Programme³. The agreement also led to a pay increase of about 20 percent for more than 40,000 workers. Providing technical support and funding for several training activities, Fairtrade worked in close partnership with the International Union of Food Workers, Oxfam and international wage experts Martha and Richard Anker.

Framework agreement between Peruvian trade union and banana producers:

In close collaboration with the network of Fairtrade producers in Peru, and the Latin American trade union federation for agricultural workers

² In collaboration with the Global Living Wage Coalition, Fairtrade defines a living wage as remuneration received for a standard work week by a worker that is sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.

³ It has been developed in response to concerns about low wages and poor living conditions in the Malawi tea sector and Fairtrade is partnering with various other stakeholders. More information can be found here: <http://www.ethicalteapartnership.org/project/malawi-2020-tea-revitalisation-programme/>

(COLSIBA), Fairtrade supported a dialogue process to promote mature industrial relations and end a long-running labour dispute between Peruvian banana producers and the SITAG trade union. This was the outcome of several years of mediation, capacity-building activities and crucial support from the Fairtrade producer network in Peru, COLSIBA, and labour rights organization BananaLink, and led to a framework agreement for social dialogue and dispute resolution.

Living wage benchmark studies: Fairtrade initiated and funded three living wage research projects: with the sports ball industry in Sialkot, Pakistan; tea production in Sri Lanka, and with India's biggest manufacturing cluster for garments in Tirrupur. The studies were undertaken under the umbrella of the Global Living Wage Coalition, a partnership with several other voluntary standard systems, the ISEAL Alliance and international wage experts Martha and Richard Anker.⁴ All of Fairtrade's Hired Labour Standards and programmes related to workers have huge potential to contribute to the achievement of SDG8, which focuses on promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

3.8 WOMEN IN FAIRTRADE

The proportion of women farmers and workers held steady at about one quarter during 2016. Of Fairtrade's 1.6 million farmers and workers, women account for a total of 388,730.

Looking at farmers specifically, small producer organizations in the Asia and Pacific region and the Latin America and Caribbean region register significantly fewer women in their memberships than organizations in Africa and the Middle East. Africa and the Middle East are home to 72 percent of women farmers in Fairtrade. Latin America and the Caribbean represent 21 percent while Asia and Pacific represent only seven percent of women farmers in Fairtrade. The top three countries with the highest share of women farmers in the Fairtrade system are Kenya (28 percent of all farmers), Ghana (13 percent) and Uganda (seven percent).

In Fairtrade certified hired labour organizations, 42 percent of all workers are women (78,868). Africa and the Middle East have the highest



Fairtrade's 2016-2020 Strategic Framework on Gender Equality:

Increasing women's participation in decision-making is proven to increase practical impact in family lives and rural communities. We will systematically mainstream gender throughout Fairtrade operations, from the Fairtrade Standards to business partnerships, awareness raising and advocacy. By 2020, we will increase women's participation in Fairtrade certified small-scale farmers' and hired labour organizations; empower more women and girls with more equal access to the benefits of Fairtrade, and address the systemic issues hampering the realization of greater gender equality in Fairtrade value chains.

Sourced from: Changing Trade, Changing Lives 2016-2020. Fairtrade Global Strategy, January 2016

https://www.fairtrade.net/fileadmin/user_upload/content/2009/about_fairtrade/documents/2016-Fairtrade-Global-Strategy-web.pdf

share of women workers at 47 percent, closely followed by Asia and Pacific with 46 percent of women workers. Latin America and the Caribbean represent only seven percent of women workers in the Fairtrade system. The top three countries with the highest share of women workers in the Fairtrade system are India (37 percent of all workers), Kenya (18 percent) and Ethiopia (14 percent). These data show that there is a real opportunity for Fairtrade to concentrate its support for gender equality by working with plantations.

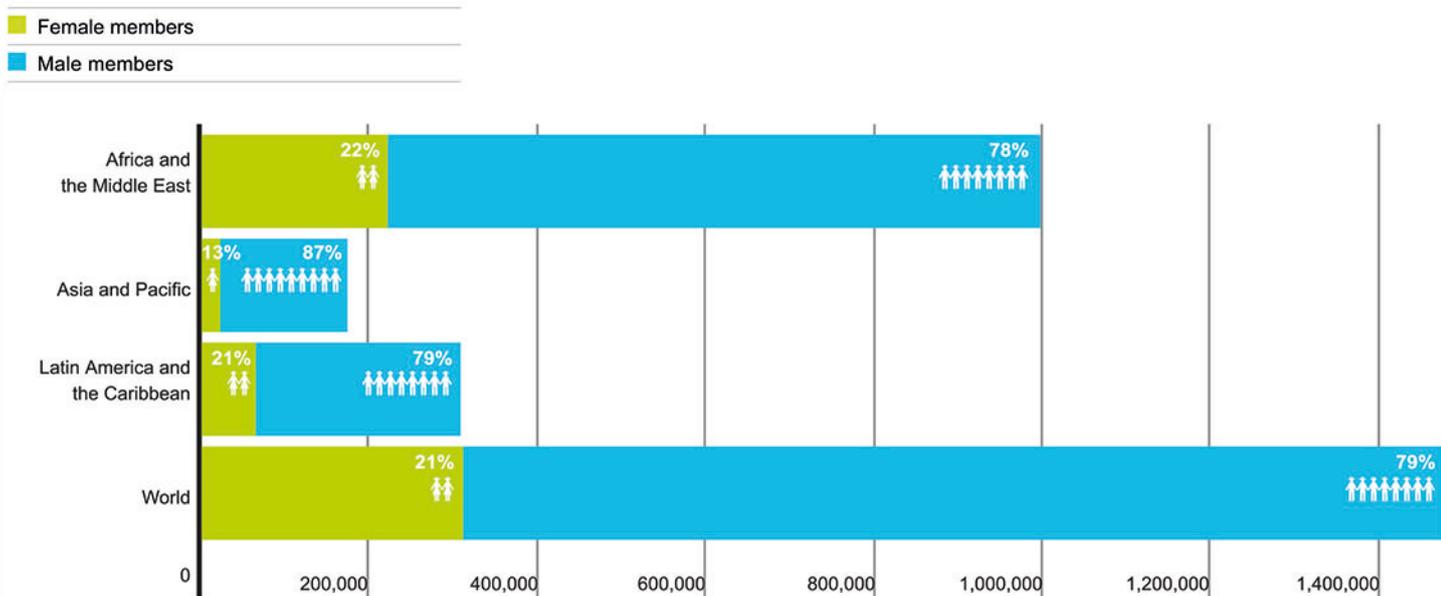
As women make up such a large portion of the workforce in hired labour settings, women's participation is most significant in those Fairtrade product categories closely linked with plantations: sports balls; flowers and plants; oilseeds and

⁴ Read more about the Global Living Coalition and the studies here: <https://www.isealalliance.org/about-iseal/our-work/global-living-wage-coalition>

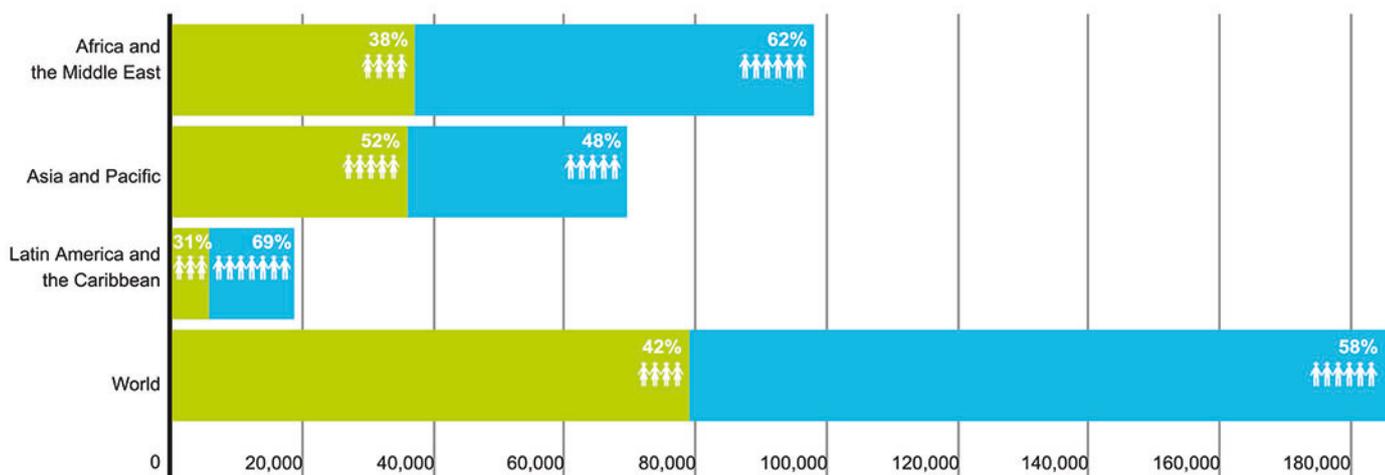
FIGURE 3.12

WOMEN'S PARTICIPATION IN FAIRTRADE 2016

Number of female members compared with number of male members, Small Producer Organizations 2016



Number of female workers compared with number of male workers, Hired Labour Organizations 2016



Female Farmers and Workers Global Total **23%**

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.

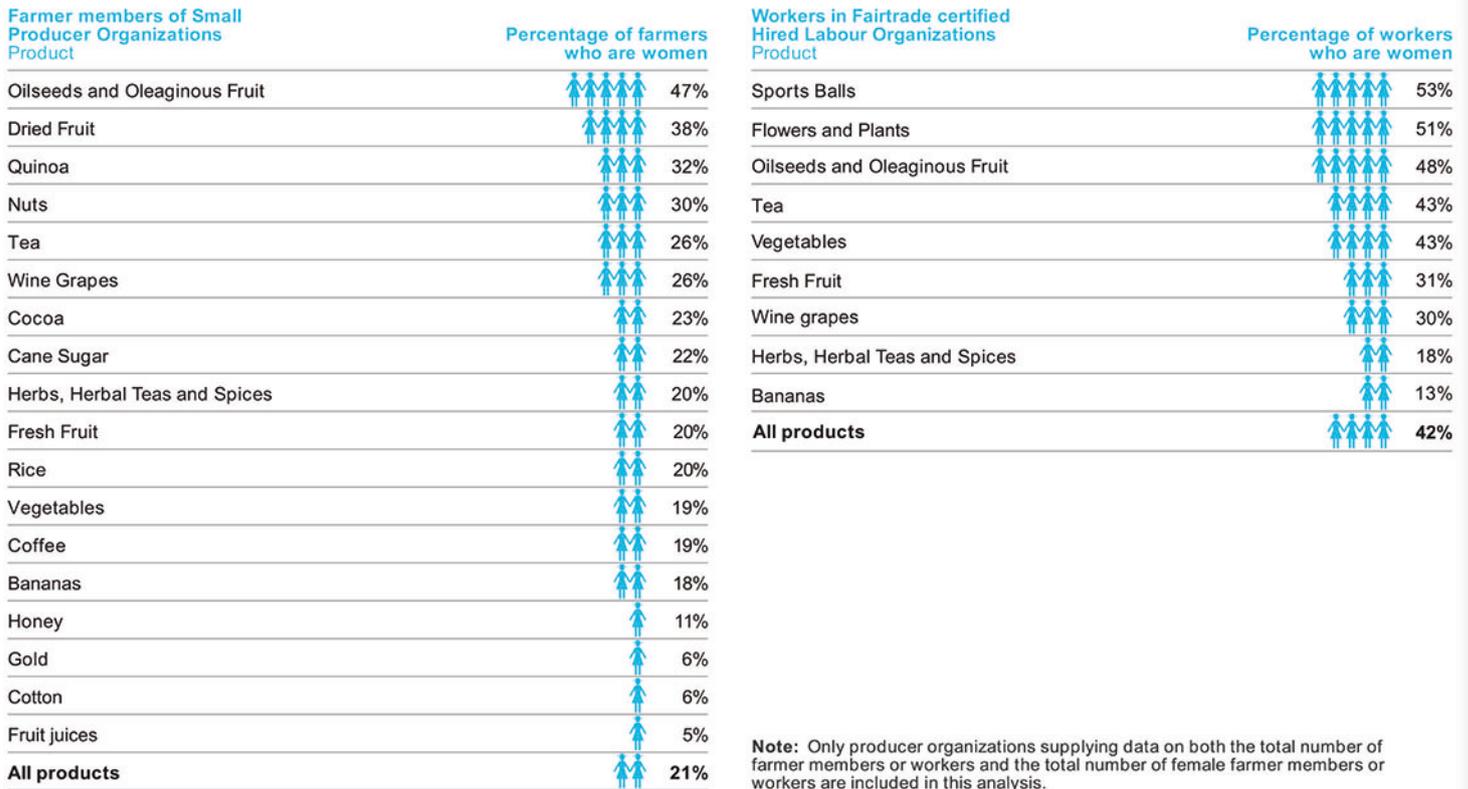
oleaginous fruit; tea, and vegetables. The highest proportion of women in Fairtrade work in the tea sector with more than 108,000 women on Fairtrade tea plantations or registered as farmer members of small tea producer organizations.

Fairtrade's 'Theory of Change' includes 'enhanced gender equity and inter-generational sustainability in rural communities' as one of its six targeted impact objectives. Fairtrade's monitoring and

evaluation efforts have explored some aspects of impact (in particular, income or improved livelihoods of producers), including some aspects related to gender. However, more could be done to understand the gender-related impact of Fairtrade and inform programmes to support women in agriculture. For instance, one study identified barriers to women's participation in small producer organizations and proposed several actions to strengthen women's voices, targeting

FIGURE 3.13

WOMEN AS A PERCENTAGE OF ALL FAIRTRADE FARMERS AND WORKERS BY PRODUCT 2016



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.

areas such as certification requirements but also partnerships that would change legal and cultural frameworks over time. The Fairtrade producer networks also address gender-related issues with producers in their respective regions, often as a cross-cutting issue integrated into other training or capacity-building activities.

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 the 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.

With the numbers of women farmers and workers in Fairtrade and the many endeavours undertaken in the regions, there is a huge potential to contribute to SDG5 of achieving gender equality and empowering all women and girls. *(More information about specific projects and progress in this area can be found in the regional sections in Chapter 7.)*

3.9 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 and communities at the centre, enabling them to take responsibility for increasing the well-being of children and the 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.

Fairtrade certified producer organizations and traders are committed to preventing and effectively eliminating all forms of forced labour, child labour and human trafficking in accordance with the International Labour Organisation (ILO) conventions and the United Nations Global Compact. This commitment is enshrined in the Fairtrade Standards for Small Producer Organizations, Hired Labour, Contract Production, and the Trader Standards.

Fairtrade recognizes that child labour and forced labour remain problems in many parts of the world where we operate. We are committed to playing a positive role in enabling producers and workers to adopt a rights-based approach to eliminating exploitative labour practices. By working cooperatively with the Fairtrade producer networks and the farmers and workers in their regions, along with suppliers, businesses, NGOs, trade unions and governmental bodies, we can address abuses that may exist in Fairtrade global supply chains. *(More information about specific projects and progress in this area can be found in the regional sections in Chapter 7.)*

development, providing access to justice for all and building effective, accountable and inclusive institutions at all levels. *(More information about specific support provided in the regions can be found in the regional sections in Chapter 7.)*

3.10 STRENGTHENING PRODUCER ORGANIZATIONS

Fairtrade works in the various regions through its producer networks, which are regional associations that Fairtrade certified producer organizations may join. Fairtrade has producer networks in three regions: Africa and the Middle East; Asia and Pacific, and Latin America and the Caribbean.

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. Well-run organizations can deliver more services to their members; negotiate better prices; earn more profit, and attract more capital support. Workers should also be able to organize to negotiate better working conditions and terms with employers. The Fairtrade Standards require producer organizations to follow practices that support democratic participation and decision-making to empower farmers and workers in their businesses and communities.

Fairtrade is a progressive certification system. This means that certified producers need to improve and develop over time. To enable this, Fairtrade offers training and support to certified producer organizations provided by or coordinated through the Fairtrade producer networks. The support is tailored to each producer organization's needs. It is designed to help them strengthen their organizations and businesses to deliver more benefits to their members as well as to adopt more sustainable approaches to agriculture.

The various activities undertaken in the regions to strengthen producers contributes to the achievement of SDG12 of ensuring sustainable consumption and production patterns. They also support SDG17, which focuses on promoting peaceful and inclusive societies for sustainable

RESEARCH INSIGHT

THE IMPACT OF FAIRTRADE: A REVIEW OF RESEARCH EVIDENCE 2009–2015

A comprehensive review of the 2009–2015 literature on Fairtrade, conducted by the Overseas Development Institute, revealed many interesting findings about the impact Fairtrade has. Positive findings included: (1) Fairtrade certified producers benefit from higher prices than non-Fairtrade certified producers during periods of low conventional market prices thanks to the Fairtrade Minimum Price; (2) the Fairtrade Premium supports the development of producer organizations and enables wider community-level benefits, such as health and education services; (3) Fairtrade certification contributes to the strengthening of producer and worker organization and democracy, and (4) Fairtrade's impact on household income and well-being is generally positive, although this depends on many factors.

The study also indicated areas where the evidence base is limited and further research is recommended, such as on Fairtrade's impact on gender equality and environmental protection. Studies around these topics and more are planned in the future.

ODI Meta Review (2017)

SMALL PRODUCER ORGANIZATION (SPO) DEVELOPMENT, STRENGTHENING, AND RESILIENCE

This six-country study looked at the strengths and weaknesses of Fairtrade SPOs and examined how Fairtrade can best assist them in their future development. It found that while Fairtrade SPOs have a high capacity to deliver on development objectives and have had a positive experience with Fairtrade Standards and certification processes, they were weak when it came to negotiating and building Fairtrade sales; lobbying, and developing lasting relationships with other SPOs, NGOs, or the government in question. The study recommended that Fairtrade strengthen its activities to link SPOs to potential buyers and build SPO networks.

Forthcoming- Tyszler, M. et al (2017)

EFFECTS OF CERTIFICATION SCHEMES FOR AGRICULTURAL PRODUCTION ON SOCIO-ECONOMIC OUTCOMES IN LOW- AND MIDDLE-INCOME COUNTRIES: A SYSTEMATIC REVIEW

The evidence from the systematic literature review (a total of 43 rigorous impact evaluations and 113 qualitative) examining the impact of certification schemes (including Fairtrade) on socio-economic outcomes and the well-being of producers 'suggests that although certification schemes improve prices and income from agriculture, they do not automatically lead to an increase in household income and wages, nor do they always improve education and health outcomes.'

The study found that certification had a positive impact on prices (14 percent higher for certified producers versus uncertified), sales income (11 percent higher for certified versus uncertified), and schooling (six percent more schooling for children in households of certified versus uncertified producers). However, this may 'not automatically lead to an increase in household income and wages and may not always improve education and health outcomes. The study further recommended that certification schemes should strengthen their evidence and adapt interventions to specific contexts. This may reflect the fact that certification schemes are more likely to be effective in improving some immediate outcomes, while more indirect outcomes and longer term impacts are affected by a wide array of contextual factors that may make certification less effective than expected. It helps the Fairtrade movement and the sector focus greater attention on challenging the market dynamics that still limit farmers' and workers' access to decent livelihoods in global value chains.'

3ie Meta Review (2017) and Reflections on the impact of agricultural certification on well-being (2017)

PRODUCER

STORY



Cocoa fruit on a Fairtrade certified cooperative, Ghana.
© Photography: Fairtrade Foundation

SUPPORTING THE FARMERS OF TOMORROW: HOW FAIRTRADE COCOA COOPERATIVE ABOCFA PARTNERS WITH A SUSTAINABLE BRAND TO TRAIN AND INSPIRE YOUNG FARMERS

Making trade sustainable takes more than following a set of standards today – it also means looking ahead to the future. Fairtrade works to empower small-scale producers and workers to improve terms of trade so they can secure their own livelihoods as well as offer a viable future to the next generation.

In West Africa, Fairtrade has been working together with cocoa producers, governments, advocacy organizations and industry to work towards a living income for farmers. For one Fairtrade certified cocoa cooperative in Ghana, their focus on engaging young people and improving opportunities in cocoa saw them being recognized – and incentivized – by major sustainable chocolate brand, Tony's Chocolonely.

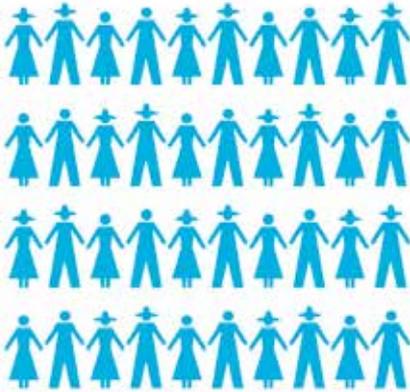
ABOCFA, in Ghana's Eastern Region, is the only organic and Fairtrade certified cocoa cooperative in the country. About two-thirds of ABOCFA's 662 member farmers are over 45 years of age. Only 13 percent are younger than 35. Young people do not see farming as a viable income-generating venture. It is considered by many as the occupation of old people. Many young people in the local communities travel to urban areas to look for other opportunities.

To provide some motivation, the executives of ABOCFA worked with their Fairtrade buyer, Tony's Chocolonely, to institute an award scheme for young farmers in 2016 (aged 18-35 years), using part of ABOCFA's Fairtrade Premium. Adult farmers were also included in the contest in their own category, aimed at increasing their productivity and improving their businesses.

A committee of five independent members was set up to manage the nomination process for the Best Young Farmer Award. The process included a month-long training and then a rigorous assessment procedure, including farm visits, interviews on Fairtrade and organic standards, and peer scoring. The committee then evaluated the results and decided on ten finalists for each of the youth and adult categories.

The top ten young farmers received items ranging from farm inputs, mobile phones, boxes of chocolates, tablets, or a television. Most significantly, the first place winners – Collins Addo (young farmer category) and Charles Asiedu (adult farmer category) – were also awarded a trip to Amsterdam to visit the chocolate processing plants of Tony's Chocolonely. The trip provided them with an opportunity to see the broader context of their business, including how their product travels through the supply chain, and gave them a new perspective on the potential of sustainable agriculture and Fairtrade.

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



48% OF ALL
FAIRTRADE FARMERS
PRODUCE COFFEE



23% OF ALL
FARMERS AND WORKERS
IN FAIRTRADE ARE WOMEN



42% ON PLANTATIONS



21% IN SMALL FARMER ORGANIZATIONS



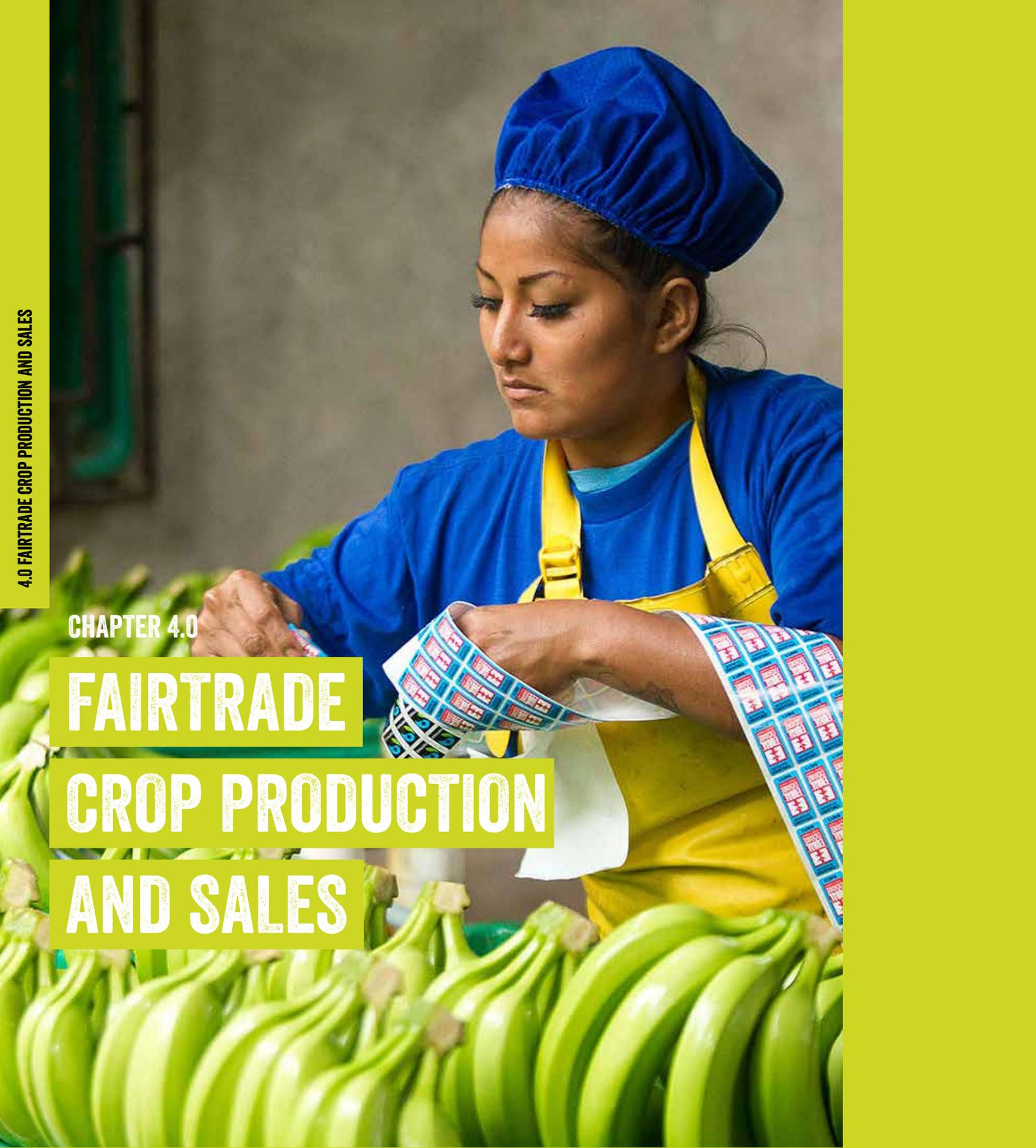
1,411
FAIRTRADE CERTIFIED
PRODUCER ORGANIZATIONS



IN 73 COUNTRIES

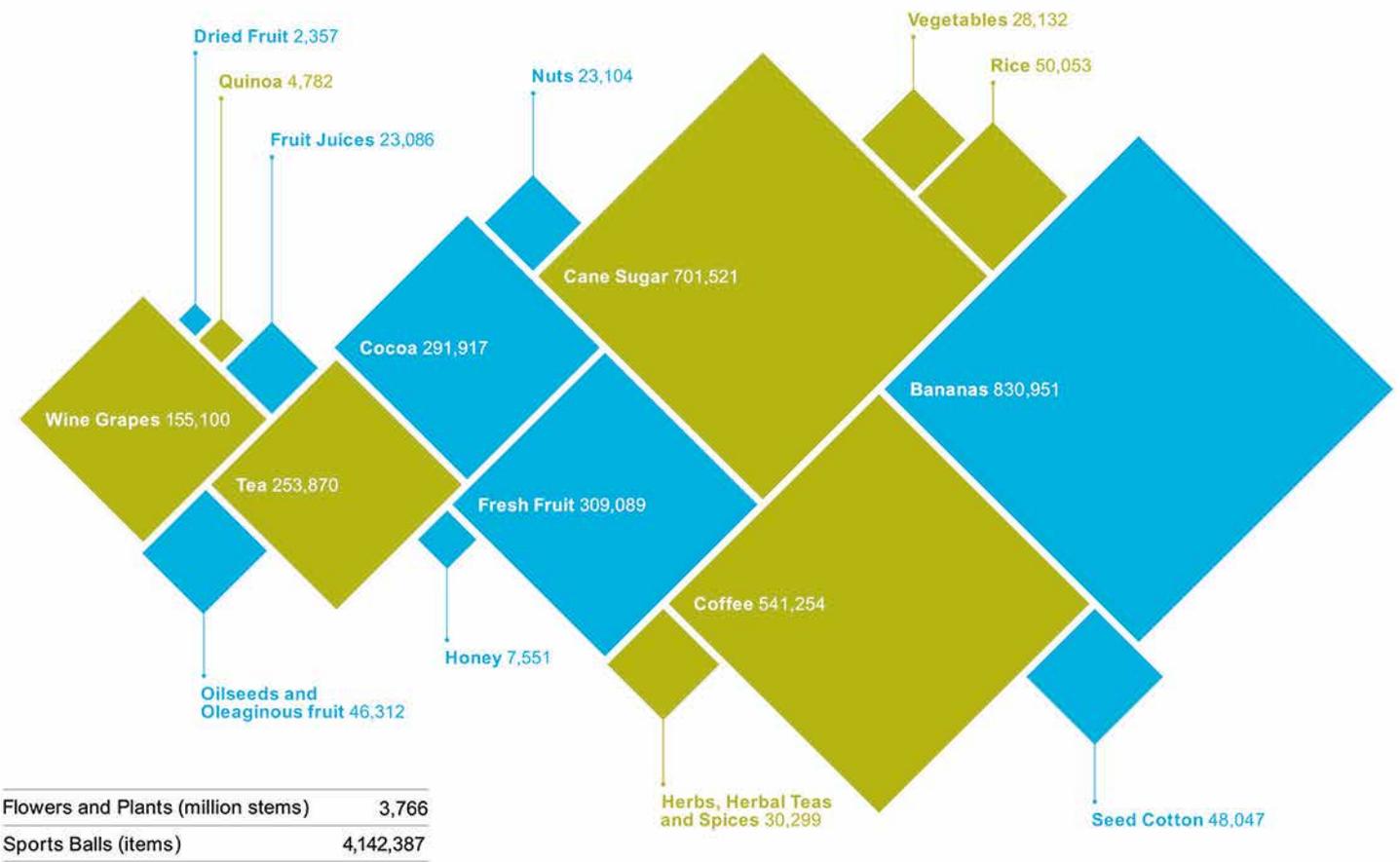
CHAPTER 4.0

**FAIRTRADE
CROP PRODUCTION
AND SALES**



Banana farm worker Daysi Canar at the washing station at Mercedes Vanessa farm in El Guabo.
© Photography: Guillermo Granja

FIGURE 4.1
REPORTED TOTAL PRODUCTION CAPACITY OF FAIRTRADE-CERTIFIABLE PRODUCTS 2015–16 (MT)



4.1 FAIRTRADE PRODUCTION

Figure 4.1 shows the certified production volumes of different Fairtrade products during 2015–16. Of the main Fairtrade products, cocoa saw the largest increase (16 percent); bananas rose by three percent, but coffee fell by 3.5 percent. These changes are due to a combination of factors, including changes in the certifications of producer organizations as well as changes in the number of farmers in the system (see *previous chapter where this is discussed in more detail*). Flower production increased by 21 percent; tea by 24 percent, and seed cotton by 10 percent, while cane sugar saw a decrease of nine percent.

There was significant growth in Fairtrade certified production of some smaller volume products, in particular vegetables, rice, oilseeds and oleaginous fruits, dried fruit, nuts, fresh fruits and

fruit juices.¹ In the case of vegetables, the increase of 437 percent compared to the previous year was mainly due to the growth in pepper producers in Mexico. For rice, the increase of 130 percent was mainly due to growth in Thailand as well as India. Oilseeds and oleaginous fruits saw an increase of 123 percent, mainly due to the growth in coconut producers in Sri Lanka. The 45 percent increase in fresh fruit production is also notable as production volumes were already quite high. That was largely due to the growth in Fairtrade certified orange producers in Egypt.

¹ While data coverage in 2016 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 up-to-date data in 2016 included dried fruit, sugar, honey, rice, and herbs, herbal teas and spices. These were all product categories for which fewer than half of the certified organizations were audited in 2016.

TABLE 4.1

FAIRTRADE SALES VOLUMES REPORTED BY PRODUCT 2014–16 (MT)

Product	2014	2015	2016	Percentage change since 2015
Bananas* 	495,115	552,835	579,081	5%
Cane sugar* 	227,561	155,334	166,560	7%
Cocoa* 	81,190	102,176	136,543	34%
Coffee* 	153,310	179,723	185,777	3%
Flowers and Plants (stems)* 	720,657,578	786,704,904	829,101,640	5%
Tea* 	11,050	11,534	12,123	5%
Dried fruit	2,209	1,881	831	-56%
Fresh fruit	32,064	33,952	53,532	58%
Fruit juices	6,831	7,005	21,307	204%
Herbs, herbal teas & spices	10,700	9,839	10,930	11%
Honey	3,027	3,254	3,260	0.2%
Nuts	6,282	3,171	3,844	21%
Oilseeds and Oleaginous fruit	1,807	2,638	1,546	-41%
Quinoa	2,262	1,315	1,234	-6%
Rice	12,019	9,935	10,379	4%
Seed cotton** 	19,351	18,410	10,380	-
Sportsballs (items)	271,120	153,473	119,549	-22%
Vegetables, incl. Pulses and Potatoes	883	3,345	4,148	24%
Wine grapes	35,037	29,412	37,161	26%

*FLOTIS data from FLOCERT reported by traders.

**For 2014 and 2015 the figures are in seed cotton, while for 2016 in cotton lint.

4.2 HOW MUCH LAND IS UNDER FAIRTRADE PRODUCTION?

More than 2.3 million hectares were under Fairtrade production globally in 2016. Figure 4.2 indicates that the Fairtrade production area has decreased by eight percent compared to 2015 levels.

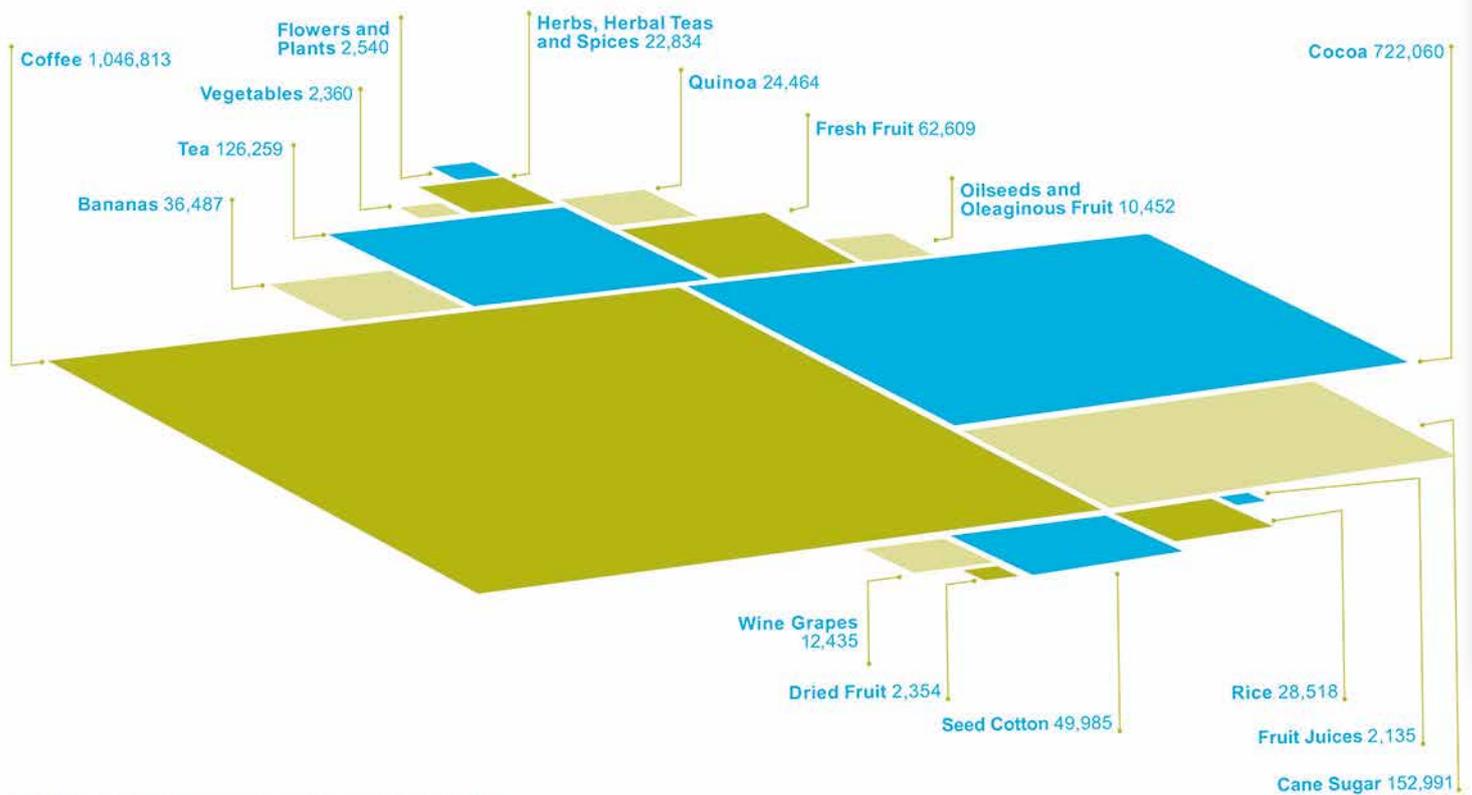
Among the major products, land being used to produce Fairtrade cocoa and flowers saw an increase of 11 percent; seed cotton 10 percent and tea three percent. However, bananas, sugar and coffee saw a decrease. It is important to note that often producers grow more than one Fairtrade certified product, which can be intercropped (planted together on the same land). This makes estimating land dedicated to particular products more of a challenge. (Please see

Chapter 8 for more detail on how Fairtrade makes categorizations in such cases.)

Africa and the Middle East and Latin America and the Caribbean each represent 44 percent of the land under Fairtrade cultivation worldwide, with Asia and Pacific region producers representing 12 percent. The top six countries by cultivation area are Côte d'Ivoire (13 percent), Ghana (11 percent), Colombia (11 percent), Peru (nine percent), Mexico (five percent) and Brazil (five percent).

FIGURE 4.2

TOTAL AREA OF CULTIVATION OF FAIRTRADE PRODUCTS 2016 (HECTARES)



Note: Excludes data for gold, honey, nuts, pulp and sports balls. Honey and nuts are often produced on the basis of wild collection within extensive land areas.

Total: 2,305,342 hectares

4.3 FAIRTRADE SALES VOLUMES

For producers to benefit most effectively from Fairtrade, they need to sell a substantial proportion of their certified products on Fairtrade terms, including receiving the Fairtrade Minimum Price (where applicable) and the Fairtrade Premium. (See Chapter 5 for more details on the Fairtrade Premium.)

Producers' sales volumes on Fairtrade terms are indicated in Table 4.1 with the year-on-year changes. The table indicates moderate growth in 2015-16 in most products: cane sugar grew 7.2 percent (mainly in Belize, Jamaica and Swaziland); bananas (mainly Peru, Mexico and St. Lucia), flowers (mainly Ethiopia) and tea (India) each grew approximately five percent; and coffee 3.4 percent. The exception to this moderate growth was cocoa where sales volumes grew by 34 percent. Most of this is attributable to a 65 percent increase in Fairtrade certified cocoa sales from Côte d'Ivoire. (See product chapters for more details.) Many producers also have organic certification, which is a useful mechanism to ensure a wider market for their products, meet

export standards and reduce risk. Organic sales volumes constituted 59 percent of Fairtrade banana sales, 57 percent of coffee, 24 percent of cane sugar, 23 percent of tea and 17 percent of cocoa.

Among the smaller Fairtrade products, sales volumes fluctuate from year to year. Fresh fruits and fruit juices saw an increase of 57.7 percent and 204.2 percent respectively, largely because of a rise in sales of Fairtrade oranges in Brazil. Wine grapes saw an increase of 26.3 percent largely due to a growth in sales from South Africa. Vegetables, including pulses and potatoes, rose by 24 percent largely because of an increase in sales of Fairtrade baby corn in India and artichoke in Peru.

Dried fruits saw a decrease of about 56 percent mainly due to a fall in sales of dried pineapple in Ghana. This may also be because dry products such as dried fruits and herbs can be stored, so demand levels are not constant from year to year. Oilseeds and oleaginous fruits saw a significant reduction, specifically in coconut sales in Ghana and Côte d'Ivoire.

CHAPTER 5.0

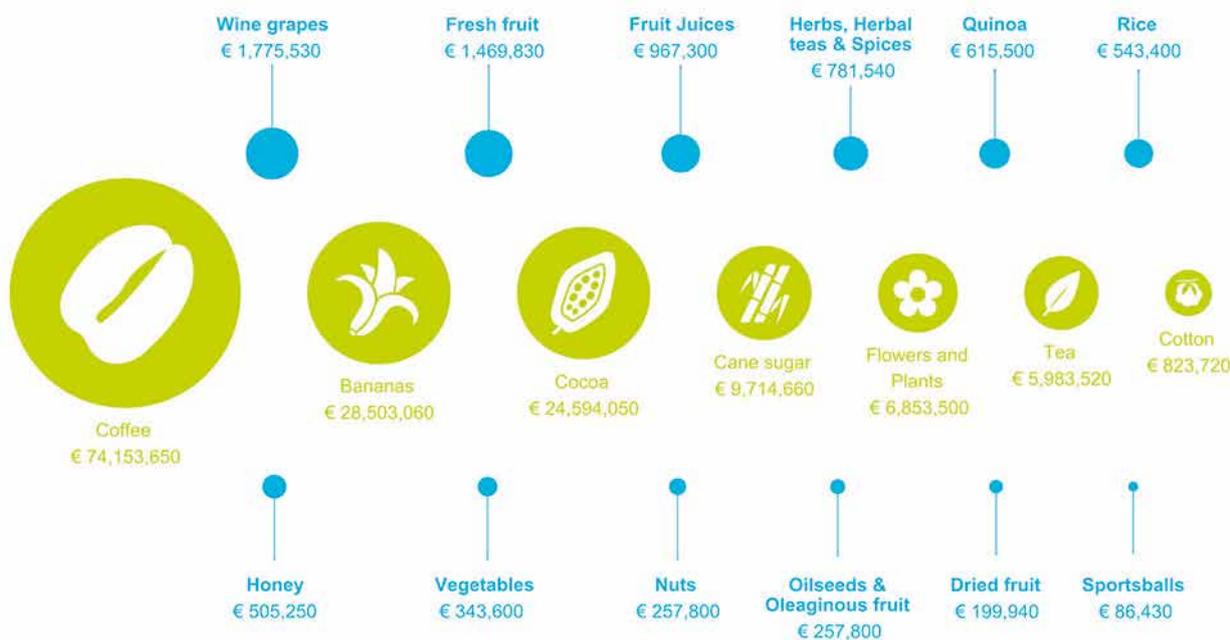
FAIRTRADE

PREMIUM

Melesia García Román, Fairtrade farmer from Norandino cooperative, Peru.
© Photography: Danielle Villasana

FIGURE 5.1
FAIRTRADE PREMIUM REPORTED RECEIVED BY PRODUCER ORGANIZATIONS BY PRODUCT 2016 (€)

■ FLOTIS data from FLOCERT reported by traders
 ■ CODImpact data from global MEL system reported by producers during audits



Note: Numbers may not sum due to rounding.

Global Total € 158,337,800

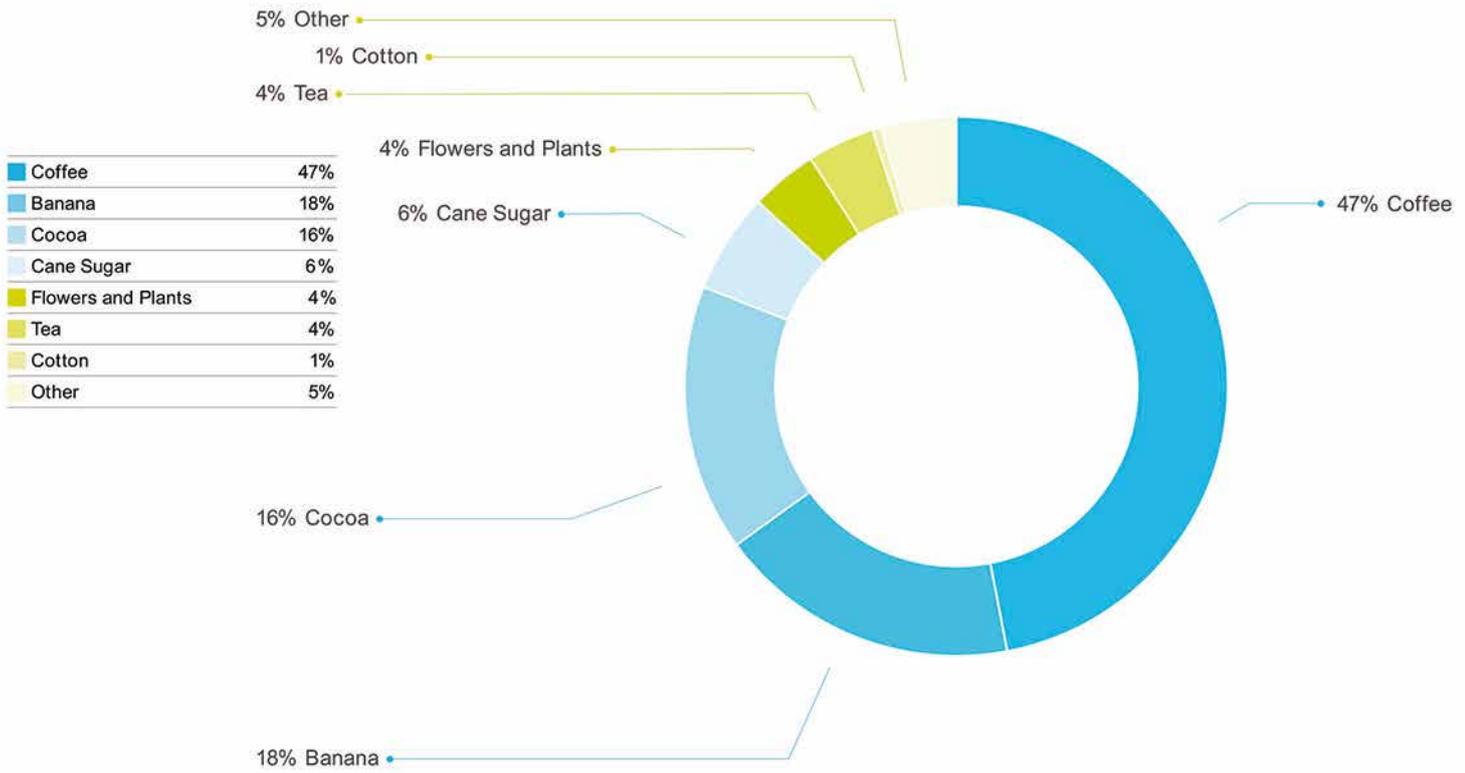
The Fairtrade Premium is an extra sum of money, on top of the selling price, that producer organizations receive with every sale made on Fairtrade terms. Farmers and workers democratically decide how to invest these funds in projects of their choice. For most producer organizations, the economic benefits from Fairtrade are the main impetus for continued investment in certification and relate to their ability to improve their communities and have more control over their future. Projects can include improving their farming practices, investing in their cooperative or in infrastructure that benefits all members, or improving health and education in their community.

Seventy percent of Fairtrade Premium was received by producer organizations in only ten countries. Fifty-four percent of all Fairtrade producer organizations are located in these ten countries. Three of the top ten countries are in Africa and rest are in Latin America and the Caribbean.

In 2016, more than €150 million of Fairtrade Premium was generated through Fairtrade sales – an eight percent increase on the previous year. Cocoa, in particular, saw a remarkable jump of 33 percent, equivalent to more than €6 million. The global growth was also driven by the other two high-selling Fairtrade products: coffee with a €2.8 million increase (four percent), and bananas with a €1.3 million increase (five percent).

FIGURE 5.2

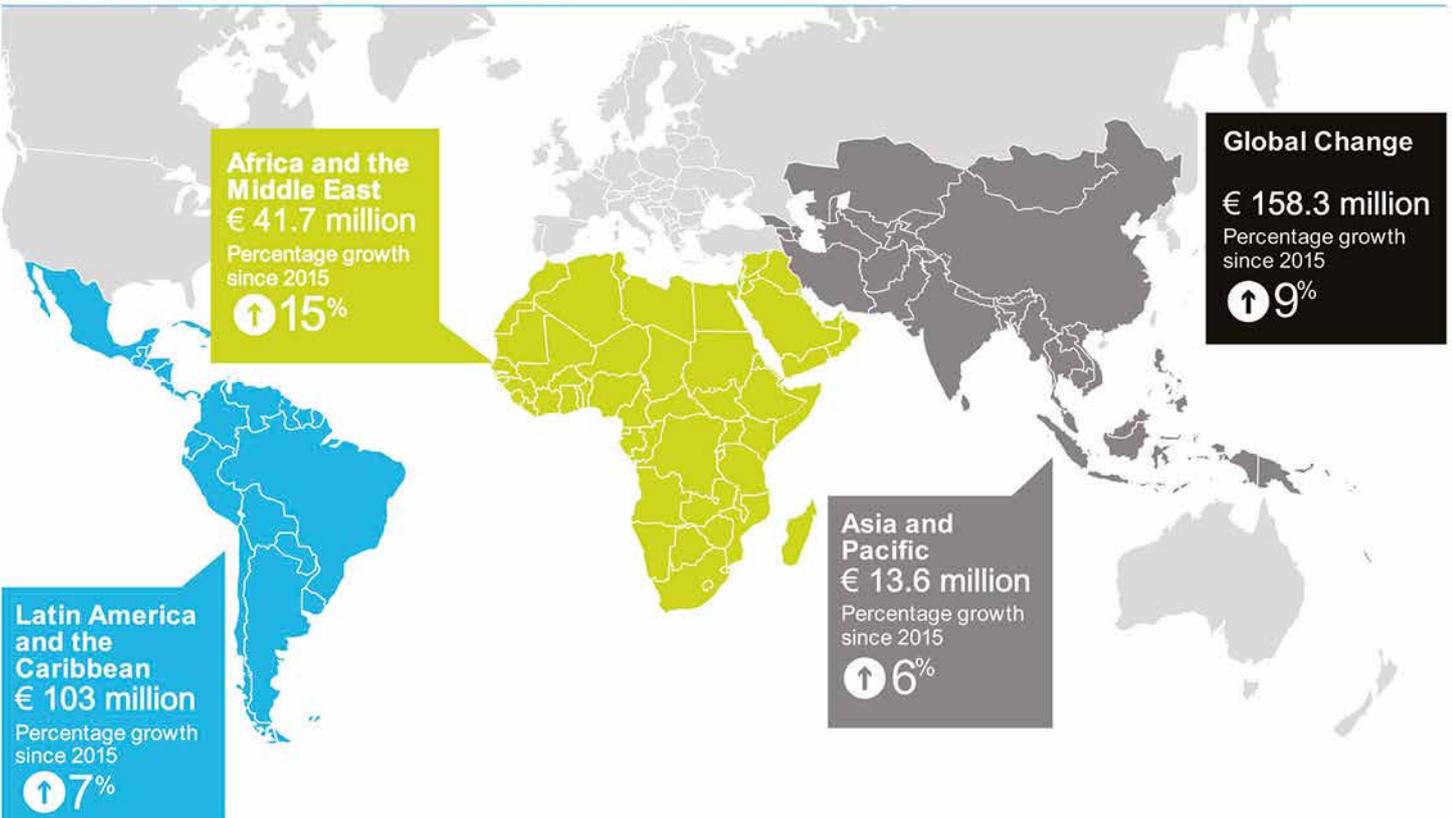
FAIRTRADE PREMIUM DISTRIBUTION BY PRODUCT 2016



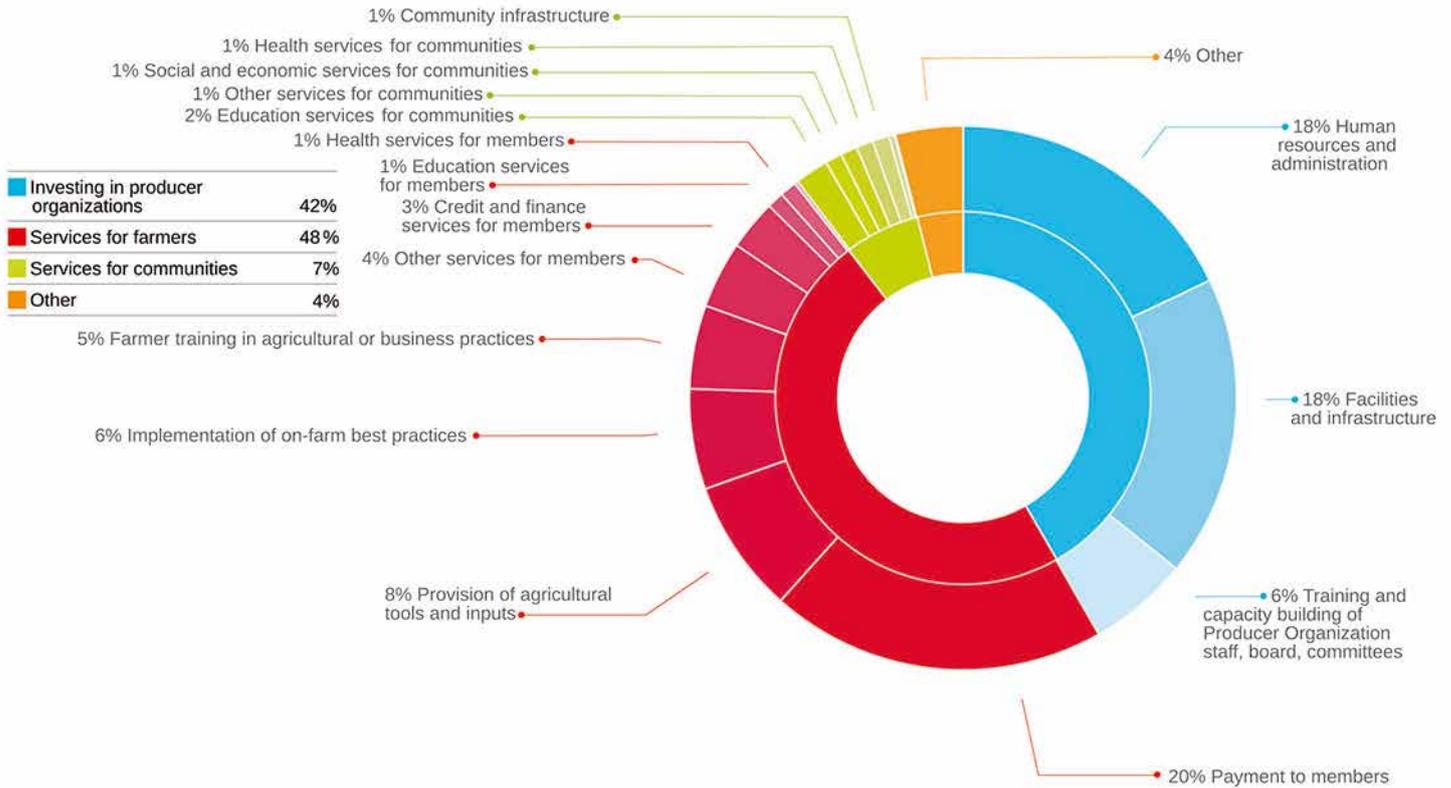
Note: Percentages may not sum due to rounding.

FIGURE 5.3

FAIRTRADE PREMIUM RECEIVED BY REGION 2016 (€)



USAGE OF FAIRTRADE PREMIUM BY SMALL PRODUCER ORGANIZATIONS 2015–16



5.1 HOW WAS THE FAIRTRADE PREMIUM USED IN 2015–2016?

Small-scale producer organizations have almost complete flexibility in deciding how to invest the Fairtrade Premium, provided the decision is made democratically and documented in the producer organization's Fairtrade Development Plan.¹ The farmer members have the right to choose any activities that are important to their particular situation, aspirations and priorities. In the case of plantations, the elected Fairtrade Premium Committees decide on projects which benefit workers, their families and their communities, and also document them in their annual Fairtrade Development Plan.² Tracking trends related to Premium use can shed light on the needs and interests of Fairtrade smallholders and plantation workers. We categorize Fairtrade Premium spending into broad categories to give an indication of how farmers and workers use it. The expenditure categories, which are defined in detail in Annex 1 of this report, vary between plantations and small-scale producer organizations.

There was little change in Premium spending trends observed in 2014–15 and 2015–16. So, we've compared this year's spending trends with those of 2013–14 when smallholder cooperatives made more investments in direct services for farmer members (from 42 percent in 2013–14 to 48 percent in 2015–16). Looking more closely, there was a notable increase in investment for the provision of agricultural tools and inputs; implementation of on-farm best practices, and farmer training in agricultural or business practices. Since 2011, at least five cents per pound (lb) of the Fairtrade Premium must be dedicated to improving productivity and/or quality for coffee farmers.³ A similar recommendation was also introduced in the Fairtrade Cocoa Standard. Trends in cocoa indicate strong growth in investments for the provision of agricultural tools and inputs (from three percent in 2013–14 to 12 percent in 2015–16). The proportion of Premium that was spent on direct cash payments to farmers (20 percent) remained the highest.

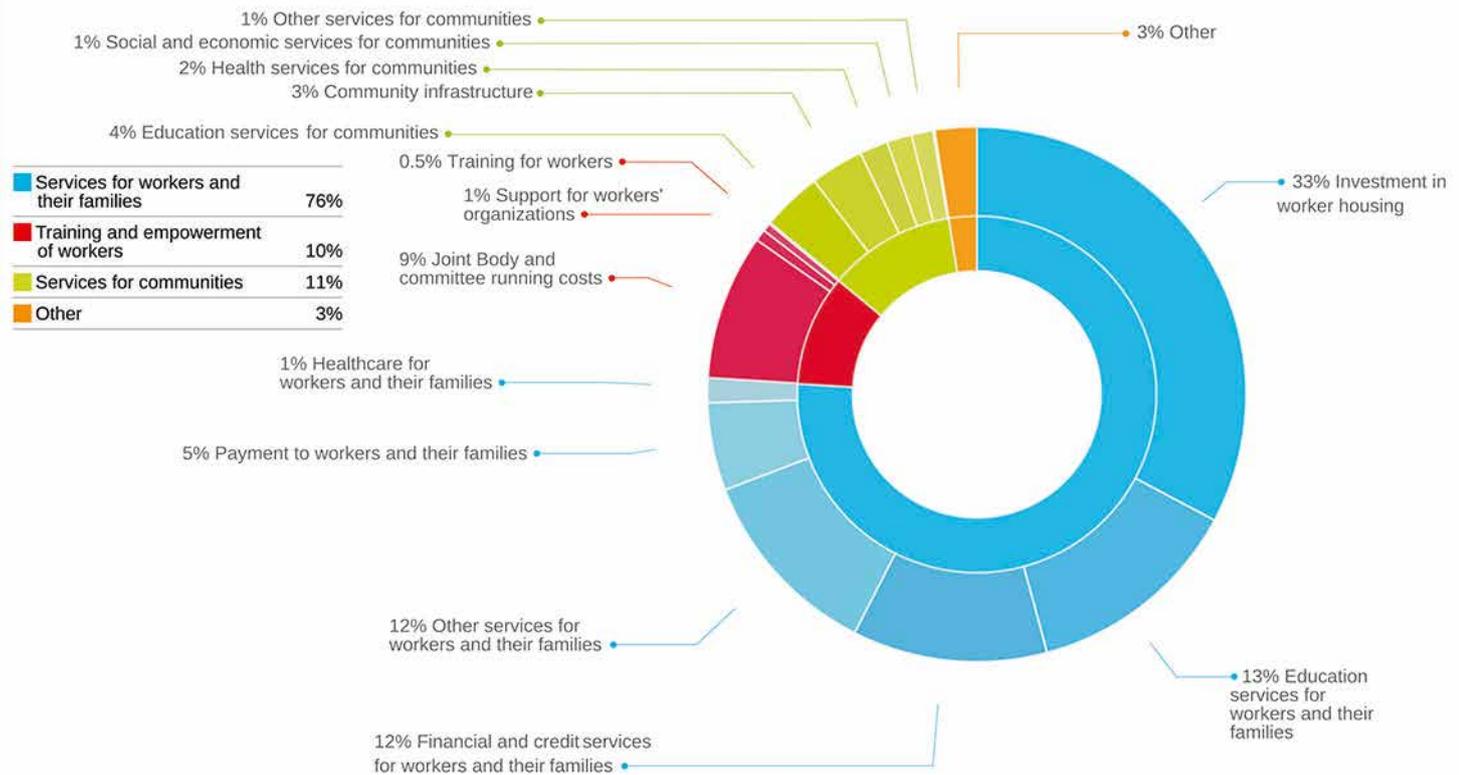
1 Fairtrade International (01 May 2011). Fairtrade Standard for Small Producer Organizations, p. 33. Available at: https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/SPO_EN.pdf

2 Fairtrade International (15 Jan 2014), Fairtrade Standard for Hired Labour Organizations. Available at: https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/HL_EN.pdf

3 Fairtrade International (January, 2012), 'Guidance Document for Fairtrade Coffee Standard-Productivity and Quality Improvement'. Available at: https://www.fairtrade.net/fileadmin/user_upload/content/2009/products/EN-Guidance-document_Productivity_Quality-Improvement_2012-01-11_Final.pdf

FIGURE 5.5

USAGE OF FAIRTRADE PREMIUM BY HIRED LABOUR ORGANIZATIONS 2015–16



Note: Percentages may not sum due to rounding.

At the same time, investment in smallholder cooperatives decreased from 47 percent in 2013–14 to 42 percent in 2015–16. Although investment in training and capacity building rose, less Premium was used for running costs, facilities and infrastructure. Only about six percent of the spending on projects was directed towards community development.

How plantation workers use their Fairtrade Premium has remained fairly constant over the last few years. Sixty-three percent of the Premium was invested in services for workers and their families in 2015–16. Within this category, spending was fairly evenly distributed across three sub-categories: investment in education services (17 percent); investment in worker housing (15 percent), and other services for workers and their families such as subsidies for shops or consumer goods, or social events organized for workers and families (15 percent).

In 2015–16, plantation workers chose to invest 20 percent of their Premium in community projects. These included education services (six percent), community infrastructure (six percent), and social and economic services for communities, such as recreational activities or support for old or disabled

people (four percent). Overall, plantation workers spent a quarter of their Premium on investments in education, either through community projects or through direct support for workers and their families.

Plantation workers spent 12 percent of their total Premium on training and empowerment of workers in 2015–16. This covered the administrative costs of the Fairtrade Premium Committee and other related workers' committees, and training for workers and their representatives aimed at strengthening worker organizations such as unions.

5.2 FAIRTRADE PREMIUM AND SUSTAINABLE DEVELOPMENT

The Fairtrade Premium enables investments in income-boosting and production-enhancing activities. Premium-funded services for farmers in cooperatives can also reduce production costs for individual farmers. One recent study found that Fairtrade certified farmers perceived the Fairtrade Premium and group cohesion as some of the main benefits of Fairtrade certification.⁴ The findings indicate that Fairtrade Premium investments in health, education, and essential local services⁵, as well as in projects benefiting women and girls, are having a positive impact⁶.

As a learning organization, Fairtrade looks to our own data as well as available studies to analyse ways in which Fairtrade sales and Premium funds can better address some of the deep-rooted issues that farmers confront, and inform strategic approaches to tackling them.

Scaling up

Many studies flag the need to scale up the volumes of Fairtrade sales in order for farmers and workers to realize greater impact. When smallholder cooperatives have limited sales on Fairtrade terms, the associated Fairtrade Premium earned may be considered insignificant for individual farmers⁷.

Through the Fairtrade Strategy for 2016 – 2020, Fairtrade aspires to increase the proportion of production sold on Fairtrade terms among our three largest commodities – coffee, cocoa and bananas – to address this challenge. This is a critical area where consumers and companies can directly contribute to changes in the quality of life of Fairtrade farmers and workers.

Organizational development and Fairtrade Premium

While Fairtrade producers have the flexibility to use the Premium for their businesses and communities according to their priorities, the evidence also suggests that strategic investments in producer organizations can yield significant benefits. For example, members who were interviewed as part of a study of banana smallholder cooperatives in Colombia considered the Fairtrade Premium as critical to developing their business capacity and providing services to their members⁸. The same study also noted the risk of cooperatives becoming dependent on using Fairtrade Premium funds to support standard business operations, thereby reducing the incentive to improve operational efficiency. Another study has recommended that cooperatives analyse their structural needs and invest in expanding their organizational capacity and business viability first, so that future Fairtrade Premium growth can be focused on community development⁹. This is in line with Fairtrade's approach on strengthening producer organizations.

Some studies have found limited capacity amongst Fairtrade producer organizations to administer the Fairtrade Premium, and a need to engage partners to help develop their capacity in this area. The Fairtrade Standards require farmer and worker representatives on Fairtrade Premium Committees to communicate transparently and implement democratic decision-making processes on Premium usage (linked, ideally, to their Fairtrade Development Plan, which will have identified their capacity building priorities). Producer organizations also need a wide range of expertise, including leadership, financial and accounting skills, communication and stakeholder management, in order to successfully implement Premium-funded projects as well as run the business. For many farmers and workers, these are often new skills on top of their respective work expertise.

4 Aidenvironment (2015), 'Baseline study of Fairtrade Cotton in West Africa', Amsterdam: Aidenvironment.

5 Boscher, C. et al (2016), 'The dark side of chocolate: An analysis of the conventional, sustainable and Fair Trade cocoa chains', Basic (Bureau for the Appraisal of Societal Impacts and Costs). Available at: http://www.commerceequitable.org/images/pdf/agriculture_paysanne/synthese%20pour%20diffusion%20etude%20agriculture%20contractuelle%20ce%20-%20version%20en%20anglais.pdf

6 Fairtrade Foundation (2015), 'Equal harvest: Removing the barriers to women's participation in smallholder agriculture'. Available at: https://www.fairtrade.org.uk/~media/fairtradeuk/what%20is%20fairtrade/documents/policy%20and%20research%20documents/policy%20reports/equal%20harvest_exec%20summary.ashx

7 Nelson, V., et al. (2016), 'Fairtrade Coffee: A study to assess the impact of Fairtrade for coffee smallholders and producer organizations in Indonesia, Mexico, Peru, and Tanzania'. NRI: Chatham.

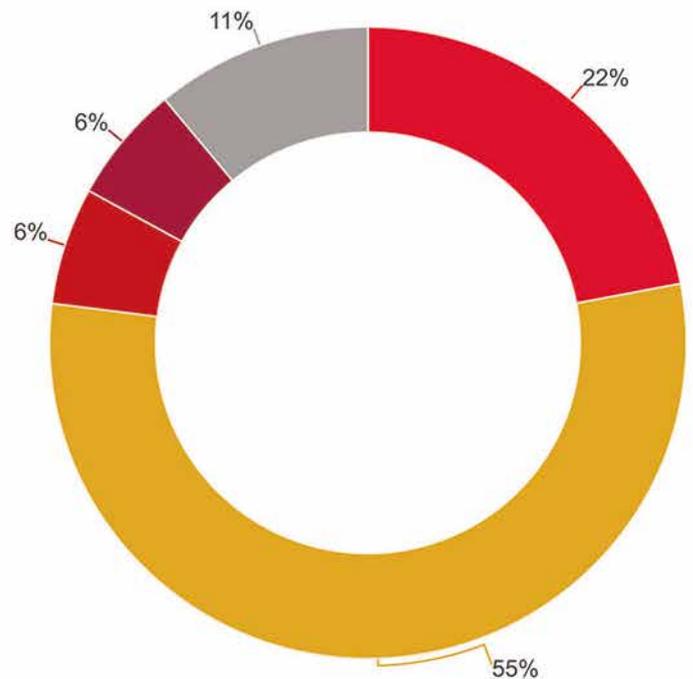
8 CODER (2014), 'An Evaluation of Fairtrade Impact on Smallholders and Workers in the Banana Sector in Northern Colombia'. Coder: Palmira.

9 BSD Consulting (2014), 'Assessing the Benefits of Fairtrade Orange Juice for Brazilian Small Farmers', commissioned by Max Havelaar Switzerland and Max Havelaar Netherlands.

FIGURE 5.6

SHARE OF FAIRTRADE PREMIUM EXPENDITURE CONTRIBUTING TO UN SDGS

SDG 1 - No Poverty	22%
SDG 2 - Zero Hunger	55%
SDG 4 - Quality Education	6%
SDG 8 - Decent Work and Economic Growth	6%
Other SDGs	11%



A study of banana plantations in Colombia illustrates how adopting new roles to administer Fairtrade Premium funds transformed plantation worker representatives into fund managers and philanthropists.¹⁰ They have collaborated with plantation management in supporting vulnerable populations in the community, including those who are unemployed and those who have been displaced due to armed conflict.

Partnership

The Fairtrade Standards emphasize – and mandate – the ongoing organizational and professional development of farmers and workers. Fairtrade's three regional producer networks organize training for farmers and workers on topics relevant to them, such as good agricultural practices or labour rights. The findings from FLOCERT's certification audits, which highlight areas for development so gaps can be addressed, are shared with producer organizations. Our evidence stresses the need for partnership and alliance with other institutions to enhance the support to farmers and workers. This avoids duplication of efforts, ensures local relevance and encourages the appropriate experts to use the local networks for a more concerted approach. Fairtrade's strategy for 2016 – 2020 reflects this. It calls for deepening impact by working with international and local partners including

companies, government extension services, NGOs, trade unions, and financial service providers.

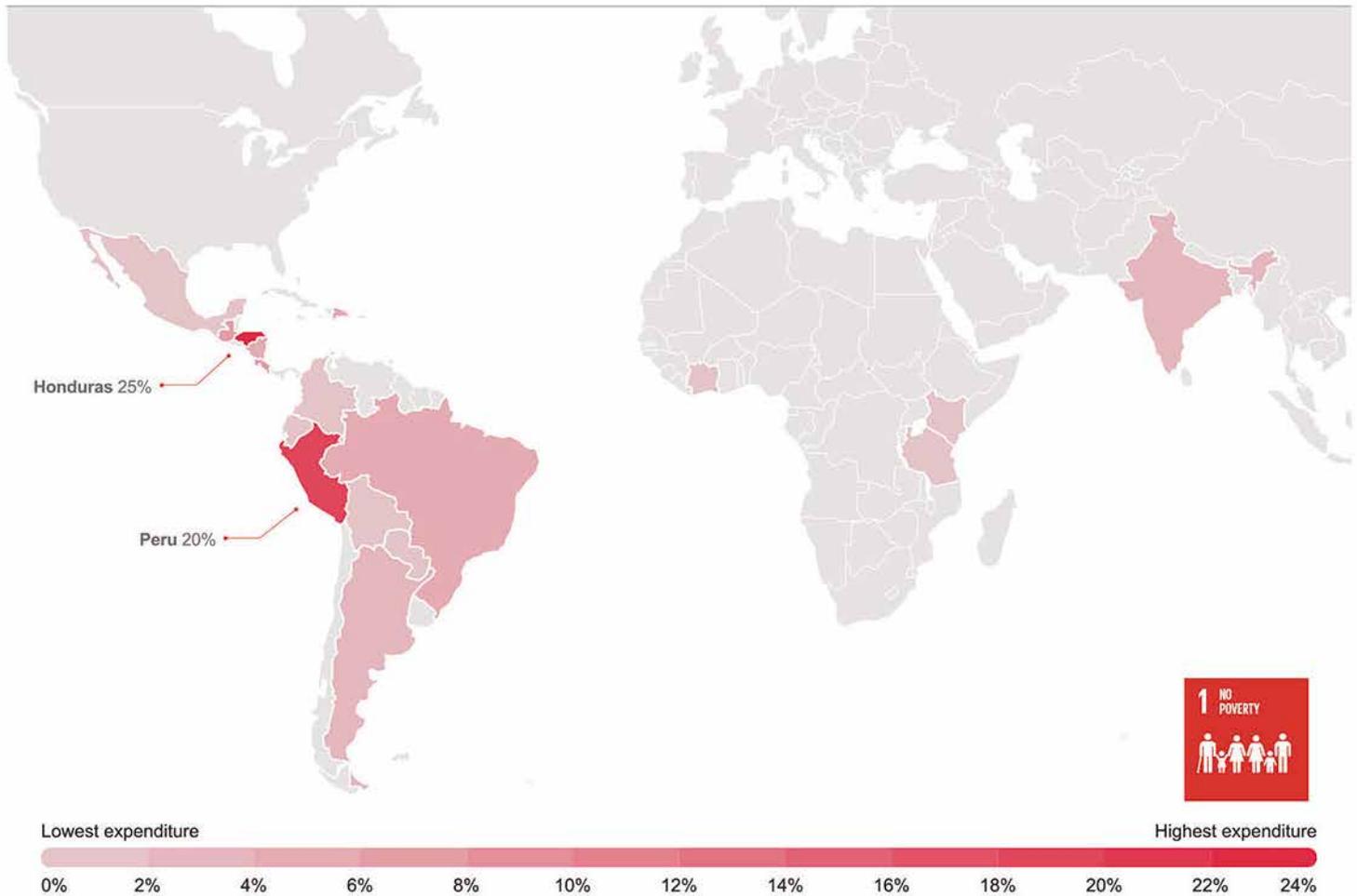
Fairtrade farmers and workers are often contributing to the UN Sustainable Development Goals (SDGs) through their Fairtrade Premium investments. Below are some examples. All analyses are based on data collected in 2016 from about 640 cooperatives and plantations across the globe.

Goal 1: No poverty

SDG1 – to end poverty in all its forms everywhere – is central to Fairtrade's mission. Much of our work relates to this goal as we seek to change trade to fuel sustainable livelihoods for smallholder farmers and workers. Distribution of a portion of the Fairtrade Premium as direct cash payments to cooperative members or workers, as allowed by Fairtrade Standards, contributes to the achievement of this goal, as the funds support the economic well-being of farmers and workers. Other projects that enable the creation of financial safety nets for farmers and workers, such as loans or disaster or emergency funds, also relate to this goal.

10 Brown, S. (2013), 'One hundred years of labor control: violence, militancy, and the Fairtrade banana commodity chain in Colombia', *Environment and Planning A*, 2013, Volume 45, pp. 2572-2591.

SHARE OF FAIRTRADE PREMIUM EXPENDITURE (%) ORIENTED TOWARDS UN SDG 1



The data on these projects indicate that farmers and workers chose to distribute 22 percent of their total Premium funds as direct cash payments in 2016. Within this expenditure category, the majority was distributed as a direct payment or as disaster, emergency or other welfare payments to cooperative members (86 percent). The rest of the funds were invested as loans or rotating funds for members, or workers, or their community (nine percent). The countries with highest amounts contributing to SDG1 were Honduras (25 percent of the Premium fund allocation associated with SDG1) followed by Peru (20 percent).

Goal 2: Zero hunger

Small farmers are at the heart of our global agricultural system – 90 percent of farms worldwide are small¹¹. Increasingly, these farms are facing challenging conditions – climate change, land or water access, or extreme price volatility. It is vital that farmers can rely on a stable income to invest in their farms and businesses

and ensure long-term food security for their families and communities.

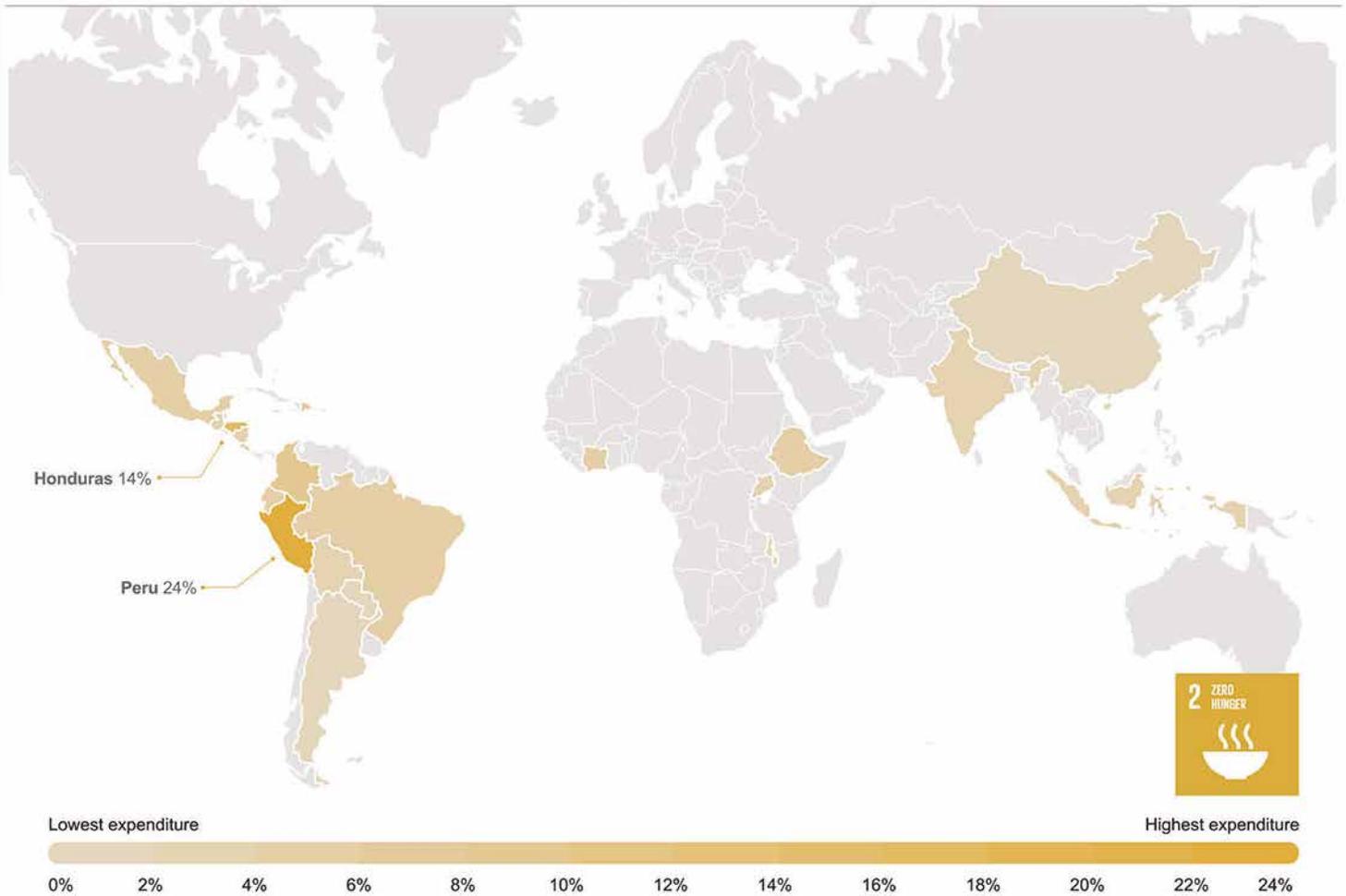
SDG2 aims to end hunger, achieve food security and improved nutrition, and promote sustainable agriculture. Fairtrade smallholder cooperatives have invested a large portion of the Fairtrade Premium in strengthening their organizations as well as in providing support and services to their members and, by extension, their communities. Investments in community development projects, such as the provision of social or economic services, also contribute to SDG2.

More than half of all Fairtrade Premium funds in 2016 (55 percent) were invested into projects that contribute to SDG2. All the investments in this category are reported by smallholder producers due to the close association of this SDG with small-scale farming and how we categorized Premium spending.

¹¹ Food and Agriculture Organizations of the United Nations, 'Smallholder Family Farms'. Available at: <http://www.fao.org/economic/esa/esa-activities/smallholders/en/>

FIGURE 5.8

FAIRTRADE SHARE OF FAIRTRADE PREMIUM EXPENDITURE (%) ORIENTED TOWARDS UN SDG 2



Within the spending that we categorized as contributing to SDG2, investments into cooperatives and services to farmer members made up 63 percent and 37 percent respectively. Among the investments into cooperatives, more than half the funds were spent on improving facilities and infrastructure (28 percent), with slightly less spent on human resources and administrative costs (25 percent).

Of the funds spent on improving services to cooperative members, 21 percent was used for the provision of agricultural tools and inputs to members and implementation of on-farm best practices. Seventeen percent of the funds were invested in training of cooperative staff or farmer members. Peru had the highest rate of investment in this category (24 percent of its producers' total Premium funds), followed by Honduras (14 percent).

Goal 4: Quality education

SDG4 aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. World Bank data indicates that low-income countries have significantly higher rates of children out-of-school as compared to countries in higher income categories. UNESCO advocates for reducing out-of-school rates from secondary school in order to decrease the global poverty rate¹².

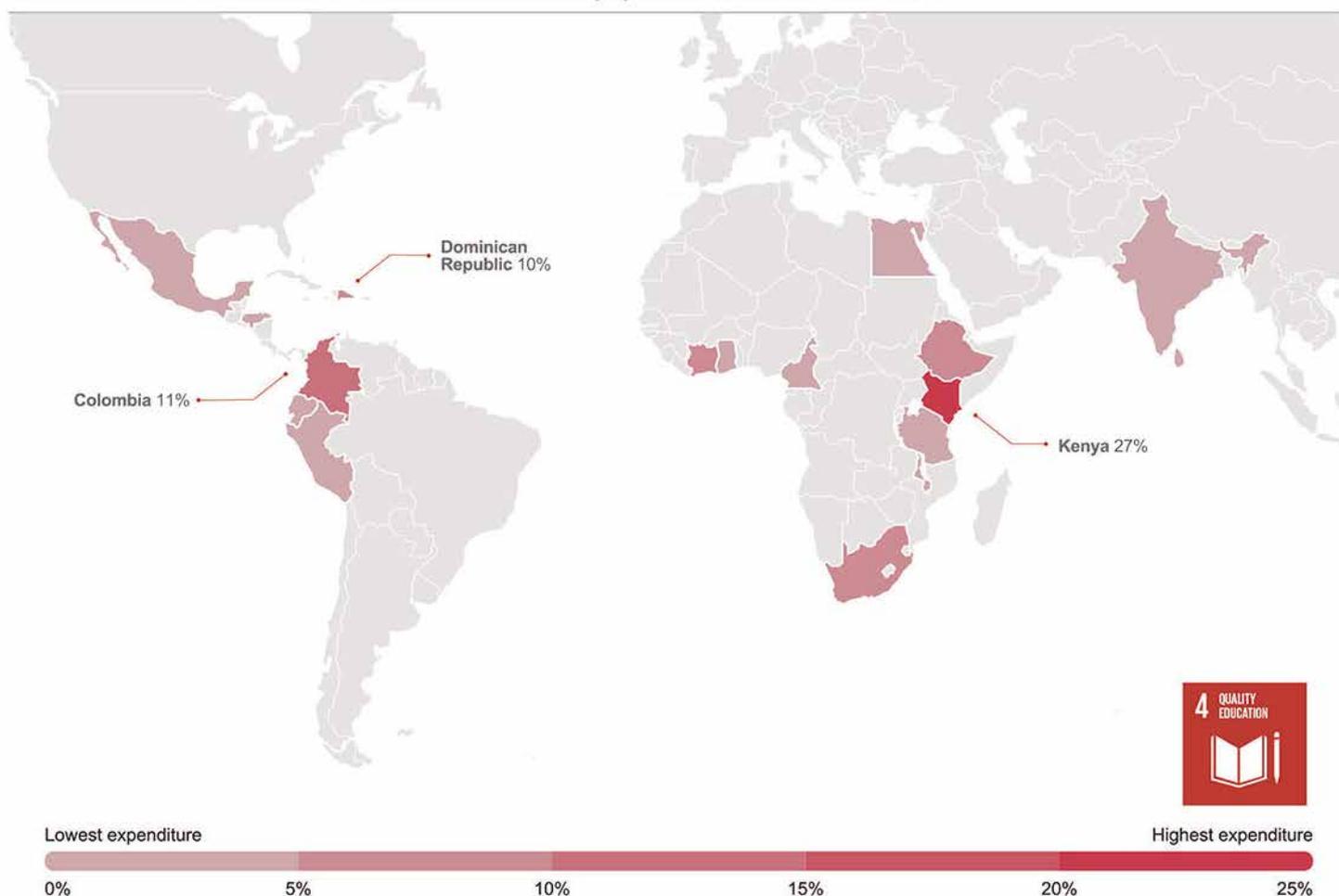
Preliminary findings of Fairtrade's longitudinal monitoring, begun in 2016, also show a positive correlation between the education level of farmers and their awareness of child rights¹³. However, they found weaker correlation between the level of farmer education and gender rights awareness. When asked their opinion on how best to invest the Fairtrade Premium overall, farmers and workers, themselves, favour investments into scholarships and bursaries¹⁴.

¹² UNESCO (2017), 'World poverty could be cut in half if all adults completed secondary education'. Available at: <https://en.unesco.org/news/world-poverty-could-be-cut-half-if-all-adults-completed-secondary-education>

¹³ Preliminary results from forthcoming internal impact monitoring exercise (2016).

¹⁴ Preliminary results from forthcoming Premium study (Loconto et al 2017).

FAIRTRADE SHARE OF FAIRTRADE PREMIUM EXPENDITURE (%) ORIENTED TOWARDS UN SDG 4



The apparent discrepancy between their expressed preference and the actual spending pattern – in 2016 only two percent of Premium investment by small-scale producer organizations was on education – should be further analyzed. It may indicate a gap between the longer-term or aspirational priorities of farmers and workers and their more immediate investment needs.

Premium spending on education appears to benefit community members more directly as nearly half of the expenditure linked to SDG4 was spent on services to communities (47 percent), including school buildings and infrastructure, and school services covering provision of meals, books, computers or uniforms. Just over half (51 percent) of the expenditure was used for projects focusing on providing education services for workers and their families or farmer members, mostly spent as scholarships and bursaries.

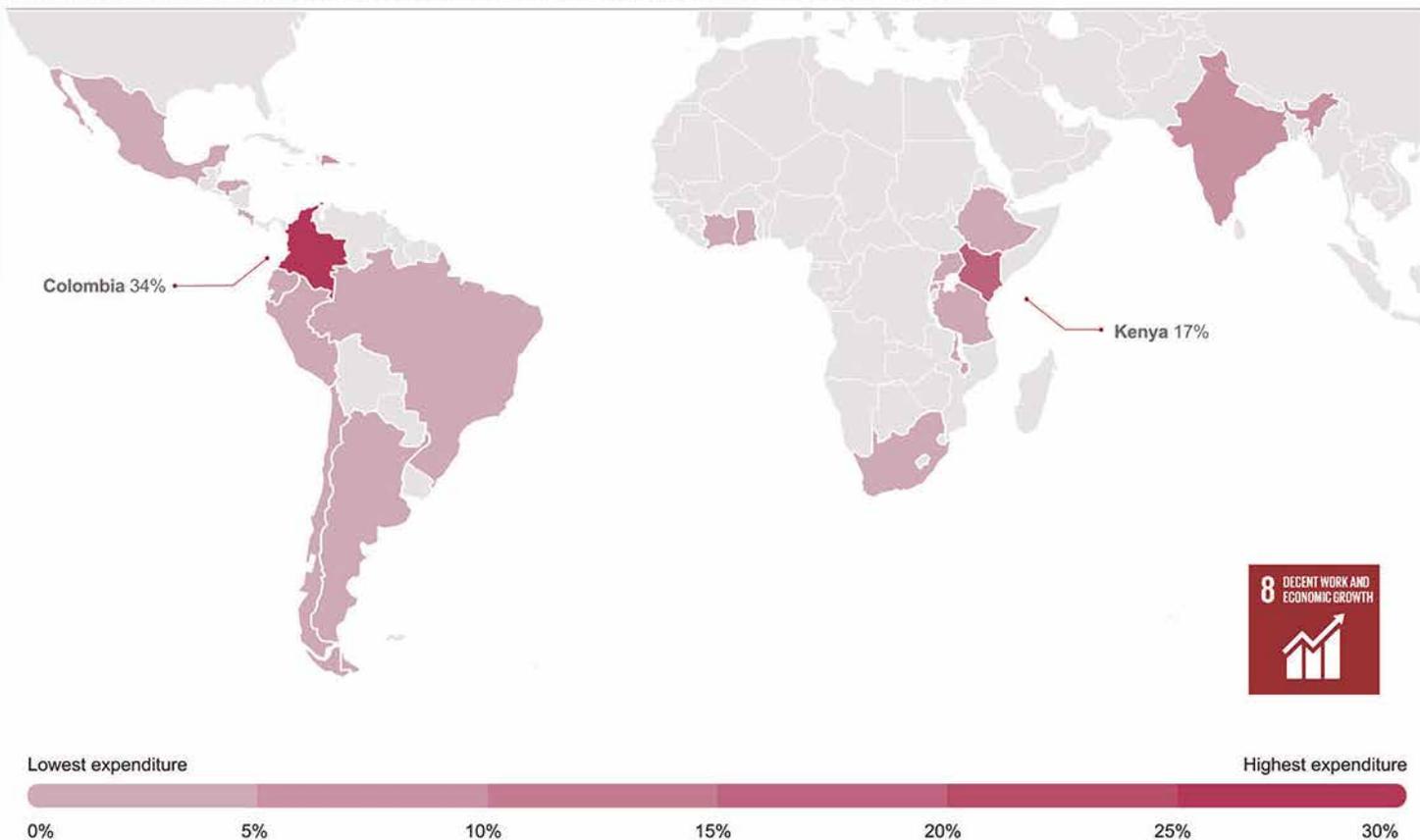
Goal 8: Decent work and economic growth

SDG8 aims to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. In the context of Fairtrade Premium use, we

link this goal closely to the working and living conditions of hired workers on Fairtrade certified plantations. More than one third (36 percent) of all Fairtrade Premium spending decided on by plantation workers contributes to this goal through a variety of services and benefits (overall we call this category 'services to workers and families'). These include providing lunch on the job; creating subsidized shops or goods onsite, or social, cultural and sports events for workers and their families. More than a quarter (28 percent) of the Fairtrade Premium in relation to this goal is being spent on improving the housing conditions of workers and their families, while 16 percent is being spent on covering the running costs of workers' committees and building the capacity of workers and workers' representatives. Five percent of the total Premium spending related to SDG8 was invested in training on child labour or social compliance, and less than two percent was invested in supporting hired workers on cooperative farms. These are the areas where, perhaps, Fairtrade needs to focus more attention on.

FIGURE 5.10

FAIRTRADE SHARE OF FAIRTRADE PREMIUM EXPENDITURE (%) ORIENTED TOWARDS UN SDG 8



Other SDGs

Fairtrade Premium projects contribute to other SDGs as well. There are also some key elements of the SDGs that Fairtrade considers particularly relevant to our work, especially gender equality, child protection, and climate action. We have observed, however, that the amount of the Fairtrade Premium funds invested into these areas is very limited and totalled less than one percent of total Premium spending in 2016. While the Fairtrade system invests in these areas at many levels, the fact that farmers and workers do not indicates that we need to better understand what prevents them from doing so, and whether the current level of Fairtrade interventions in these domains is addressing the issues.

Data notes:

As SDGs interlink with each other, calculating how the Fairtrade Premium is allocated among them is quite complex. We decided to associate only one SDG to each Premium project category to avoid double counting.

In addition, we merged some categories of Premium spending associated with farmers in small producer organizations and workers in

hired labour organizations in order to understand the overall contributions of Fairtrade Premium spending to the SDGs.

This can, at times, look like we have underestimated the contribution to some SDGs. For example, according to our categories and allocations, there is no spending by plantation workers associated with SDG2, although obviously achieving food security and promoting sustainable agriculture are highly relevant topics to plantation workers, their families and communities. This was largely because we chose to associate the Premium projects that focus on workers (SDG8), education (SDG4), housing (SDG11), health (SDG3), or gender (SDG5) with each of the respective SDGs, rather than the overarching SDG2. As another example, one project on loans to workers and their families for business development (currently associated with SDG8) could also be considered to contribute to SDG2 or other SDGs.

€158.3 MILLION
IN FAIRTRADE PREMIUM
PAID TO PRODUCERS IN
2016



WORKERS
ON FAIRTRADE CERTIFIED
PLANTATIONS
INVESTED **33%**
OF THEIR FAIRTRADE PREMIUM IN
HOUSING IMPROVEMENTS



ON AVERAGE,
FAIRTRADE PRODUCER ORGANIZATIONS
RECEIVED MORE THAN
€112,000



IN FAIRTRADE PREMIUM

SMALL PRODUCER
ORGANIZATIONS SPENT
48% OF
THEIR FAIRTRADE PREMIUM IN
SERVICES FOR FARMERS
LIKE PROVISION OF AGRICULTURAL TOOLS OR
FARMER TRAINING



A woman with dark hair, wearing a dark brown jacket, is smiling warmly at the camera. She is holding a large quantity of dark, roasted coffee beans in a red mesh sack. The background is softly blurred, showing more of the red sacks and a warm, indoor lighting.

CHAPTER 6.1

FOCUS ON
FAIRTRADE
PRODUCTS:
COFFEE

Elma Morales checks roasted coffee at Fairtrade certified Federación Comercializadora de Café Especial de Guatemala (FECCEG) cooperative.
© Photography: Sean Hawkey

FAIRTRADE COFFEE: KEY DATA 2016



Coffee was the first product to hit the shelves when the Fairtrade certification model was launched back in the late 1980s. Today, coffee is still the most recognized product in the Fairtrade range and consumption of it has been increasing steadily. In 2016, sales reached over 185,777 MT, an increase of 3 percent on the previous year.

The number of Fairtrade certified coffee producer organizations has also been growing in recent years. By the end of 2016, there were 537 Fairtrade certified coffee organizations globally, an increase of 13 percent compared to 2015. This indicates that coffee producers around the world see an opportunity in Fairtrade to strive for trade fairness with their business partners, receive better prices and support the long-term viability of their organizations.

In this context, continuing to expand market demand for Fairtrade coffee is essential in order to keep pace with the growing number of Fairtrade certified coffee producer organizations and to

ensure that farmers continue to enjoy the benefits associated with Fairtrade sales.

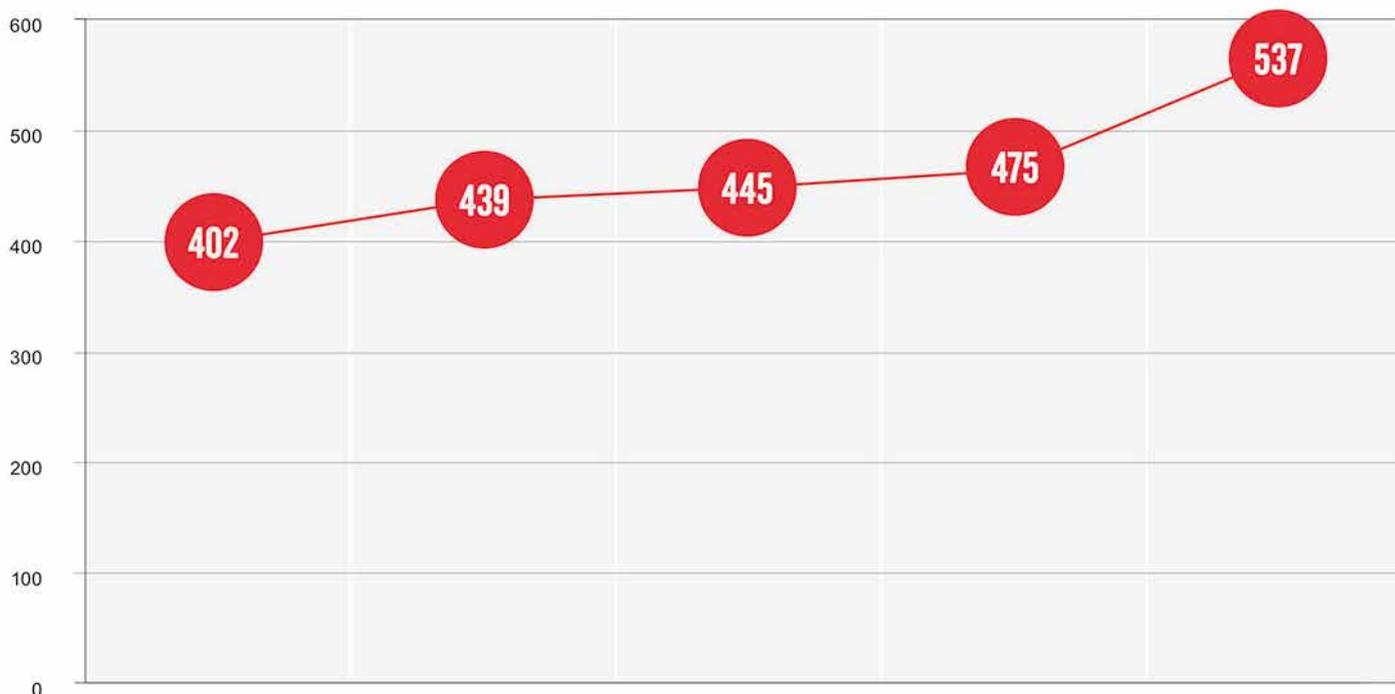
However, there are several challenges in the coffee sector. One of them is climate change, which threatens the viability of many coffee farms around the world due to changes in temperature, rainfall, or conditions that foster the spread of coffee leaf rust disease.¹ Another is that not all coffee farmers earn a living income from coffee, according to a study that Fairtrade published in 2017.² Contributing factors include a highly competitive coffee market; speculation on futures markets, and low Fairtrade sales for farmers. In turn, low income can lead to a lack of investment at farm level and even lower yields, perpetuating a cycle of poverty. Solutions need to be holistic, including crop diversification to reduce the risk to farmers, improving yields, creating new market opportunities, and engaging new buyers. Looking ahead, improving incomes and opportunities will help the younger generations see a viable future in coffee production.

¹ Leaf rust disease is one of the diseases that affect coffee. Read more here: Fairtrade International (2017 June 17) Coffee to Go. Available at: <https://www.fairtrade.net/new/news-archive/single/article/coffee-to-go.html>

² True Price (June 2017) Assessing Coffee Farmer Household Income. Available at: <https://www.fairtrade.net/new/latest-news/single-view/article/future-of-coffee-depends-on-adequate-income-for-farmers-new-research-finds.html>

FAIRTRADE COFFEE: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE COFFEE CERTIFICATION 2012-2016

Number of producer organizations with certification for Fairtrade coffee



FIGHTING THE HAVOC CAUSED BY CLIMATE CHANGE

Climate change causes disturbances to weather patterns and temperatures that disrupt coffee production and threaten the livelihoods of farmers who are dependent on coffee sales. According to a study published by the Climate Institute in 2016, and commissioned by Fairtrade Australia and New Zealand³, without strong action to reduce emissions, climate change is projected to cut the global area suitable for coffee production by as much as 50 per cent by 2050. Moreover, many countries where coffee exports form a main plank of the economy are also among the most vulnerable to climate risk. Honduras, Nicaragua, Vietnam and Guatemala, for instance, rank in the top ten for climate-related damages since the 1990s.

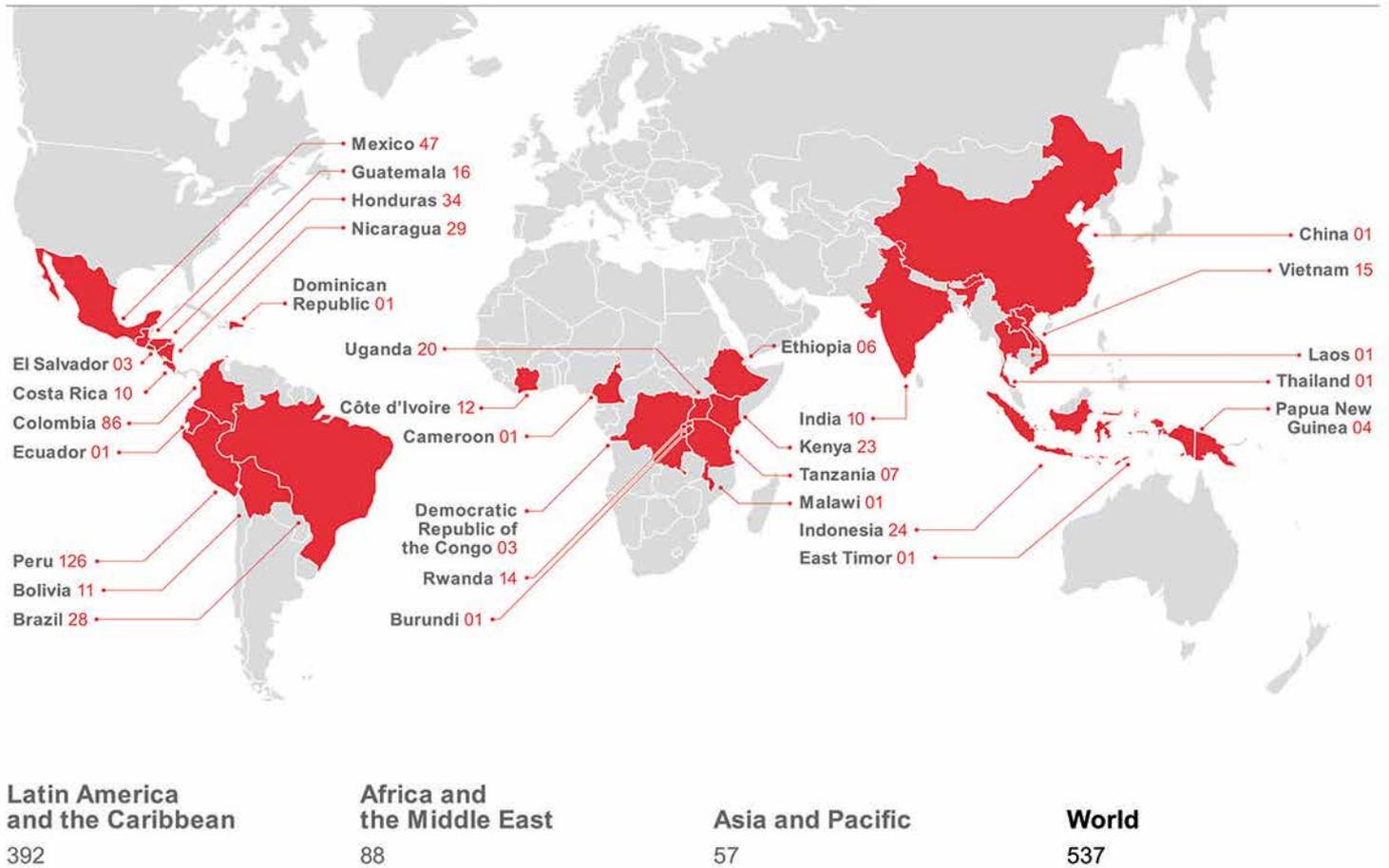
Several climate modelling studies predict that by 2050 the productivity of coffee will be severely affected and production in some areas might even disappear⁴. Many farmers will need to adapt their practices to new climatic conditions and erratic weather patterns or risk losing their livelihoods.

The Fairtrade Standards promote sustainable development through the promotion of good agricultural practices, which not only encourage producers to adapt to climate change, but also guide them on how they can mitigate its impact. Our Standards also relate to other environmental aspects and promote practices like integrated pest management, prevention of soil erosion, improvement of soil fertility, sustainable use of water resources, sustainable waste management, and reduction of greenhouse gas emissions.

Apart from aspects addressed through the Standards, Fairtrade is also scaling up its direct support to producer organizations to help them adapt and mitigate risks associated with climate change.

One of our latest training programmes is the Fairtrade Climate Academy⁵, financed by the Dutch National Postcode Lottery, and implemented with producers in Machakos, Kenya. Climate change experts use a farmer field school method where they provide training sessions to groups of local farmers who then go out into

FAIRTRADE COFFEE: PRODUCER ORGANIZATIONS WITH FAIRTRADE COFFEE CERTIFICATION 2016



the field and train other farmers, exponentially spreading the knowledge. The aim is to replicate this approach in other countries.

In Nicaragua, Fairtrade has also partnered with Climate Edge⁶ to pilot a project providing coffee farmers with affordable equipment/technology to document temperature and rainfall patterns at farm level. Farmers at two Fairtrade certified coffee producer organizations in Nicaragua participated in the pilot. The insights collected enabled them to implement information-driven interventions and manage shading in a way that kept their coffee trees under a given temperature threshold thus protecting their production capacity. The equipment, which is

low cost, continues to be used by the producer organizations involved in the pilot. The learnings from the project were shared with other Fairtrade certified organizations at regional level through the Nicaraguan Fairtrade Coffee Network.

3 Watts, C. (September 2016), 'A Brewing Storm: The climate change risks to coffee', The Climate Institute. Available at: http://fairtrade.com.au/~/-/media/fairtrade%20australasia/files/resources%20for%20pages%20-%20reports%20standards%20and%20policies/tci_a_brewing_storm_final_24082016_web.pdf

4 Bunn, C., Läderach, P., Ovalle Rivera, O. et al. Climatic Change (2015). Available at: <https://doi.org/10.1007/s10584-014-1306-x>.

5 Fairtrade International (13 November 2017). Coffee Farmers Go Back to School. Available at: <https://www.fairtrade.net/new/latest-news/single-view/article/coffee-farmers-go-back-to-school.html>

6 www.climate-edge.co.uk

FIGURE 6.1.4

FAIRTRADE COFFEE: NUMBER OF FARMERS BY COUNTRY 2016

Note: Data may not sum due to rounding.

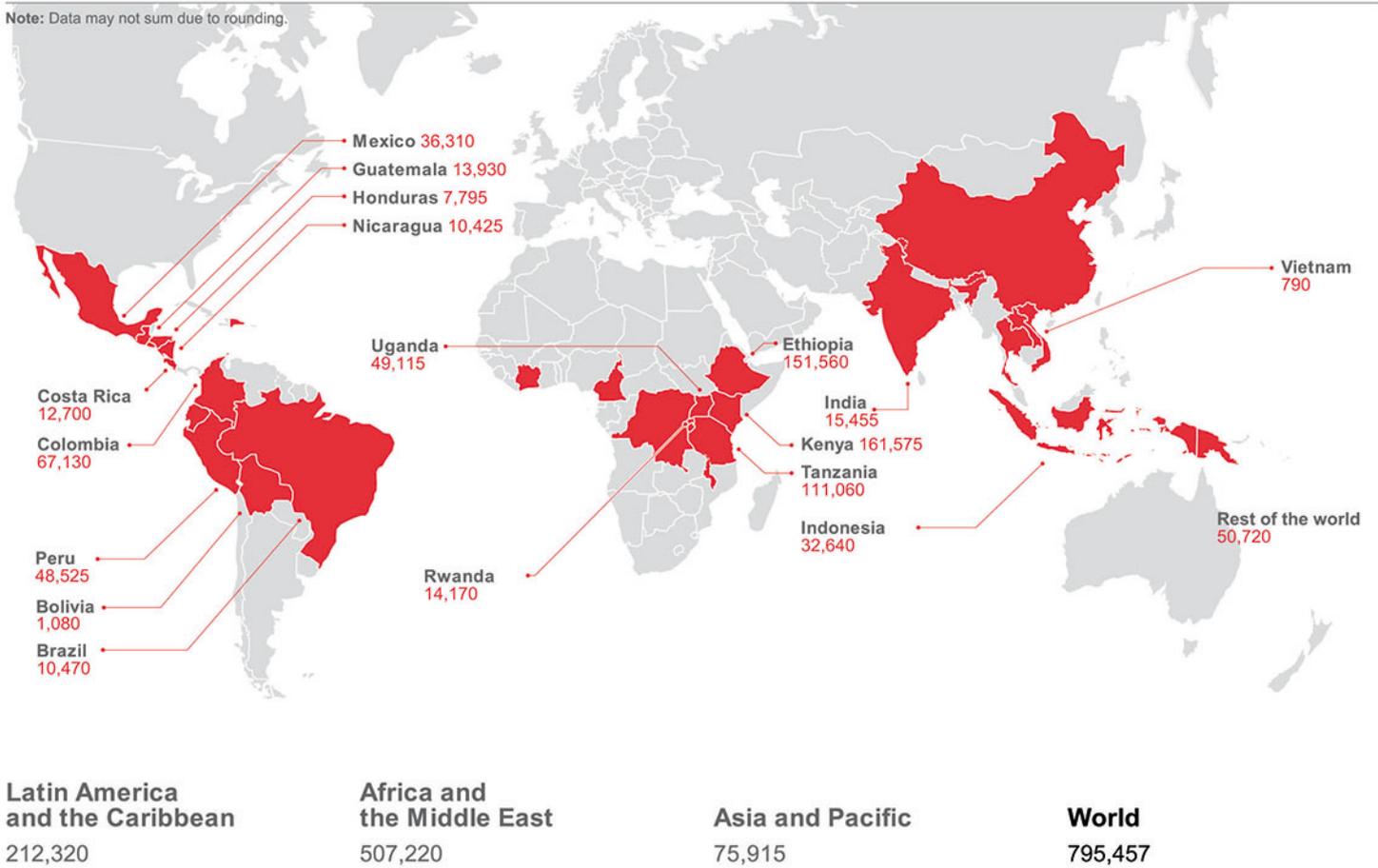
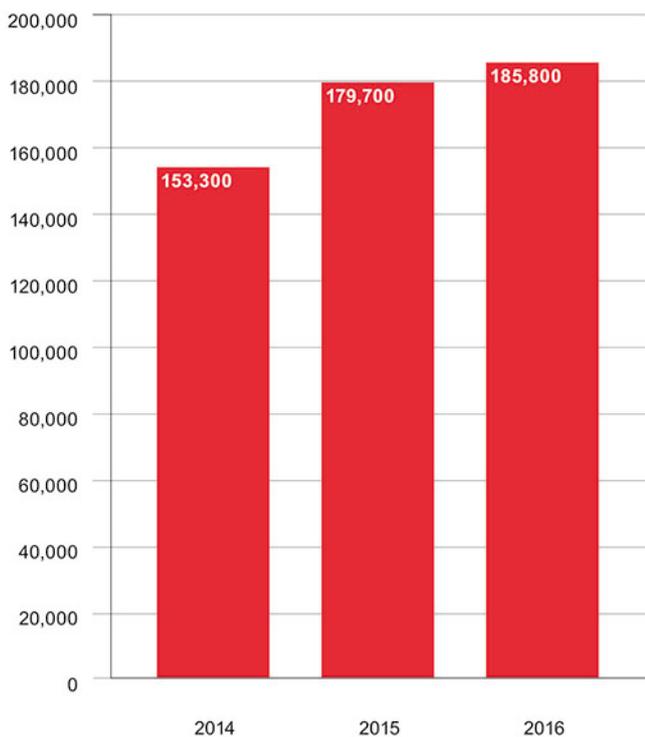


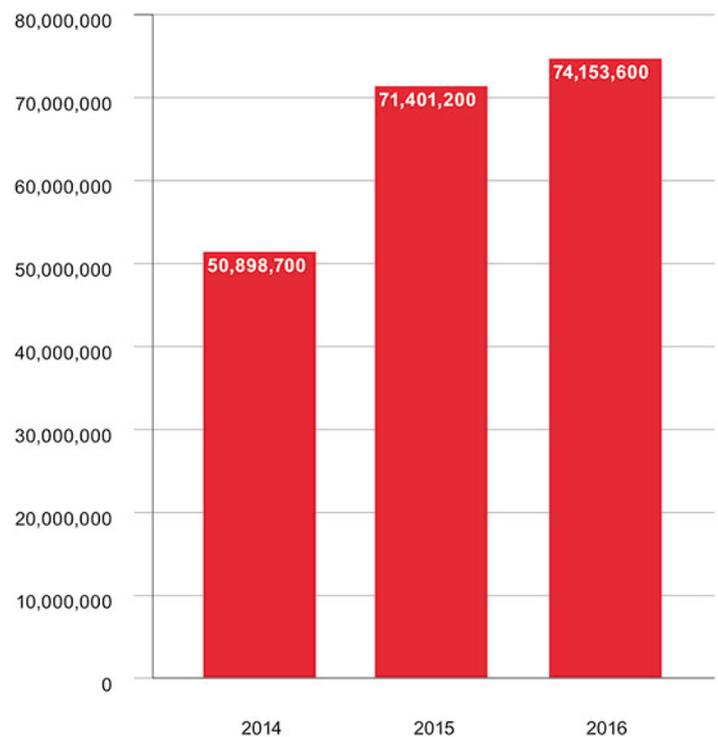
FIGURE 6.1.5

FAIRTRADE COFFEE: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2014-2016

Fairtrade coffee volumes sold (MT)



Fairtrade Premium received (€)



WORKING WITH FARMERS TO SUPPLY PREMIUM COFFEE BEANS AND ENGAGE THE YOUTH

Improving quality and productivity are another crucial part of Fairtrade's approach to coffee and imperative for coffee producer organizations to access new market opportunities. This includes the specialty coffee market, and staying competitive in an increasingly dynamic and demanding global market where buyers expect very high quality coffee. The Fairtrade Standards require a Fairtrade Premium payment of 20 cents per pound (lb) for conventional coffee and an additional 30 cents per pound (lb) for organically produced coffee. At least five cents per pound (lb) of the Fairtrade Premium must be dedicated to improving productivity and/or quality.⁷

Apart from the economic benefits, the Fairtrade producer networks – who represent farmers and workers in Latin America and the Caribbean, Africa, and Asia and Pacific – have been raising awareness among the Fairtrade certified coffee producer organizations in their regions about quality and encouraging them to focus their training and investment efforts towards quality improvements. Interventions in this area typically focus on three key aspects: training farmers to improve their production and processing

methods; training coffee cuppers to assess the quality aspects of the coffee, and investments in upgrading facilities and infrastructure to process coffee. Improvement in quality offers an opportunity to reap more value from coffee production, making it a more attractive proposition for young people who are often engaged in the cupping trainings.

One successful case is that of RWASHOSCCO, a Fairtrade certified farmer-owned coffee business made up of six cooperatives in Rwanda. Farmers at RWASHOSCCO have been able to go beyond coffee production and move towards exporting and roasting their own coffees. The coffee is sourced from specialty coffee farmers (the so-called 80+ points cupping score)⁸. To ensure quality production of fully washed coffee, the cooperative farmers follow guidelines provided by the government of Rwanda. Farmers receive regular training from government agronomists, as well as resident cooperative agronomists, on how to take care of their coffee trees and cherries.

At the roastery owned by the farmer cooperative, each lot of coffee is roasted separately which is considered a good practice in specialty coffee production. The coffee is then cupped at the in-house cupping laboratory to ensure quality compliance. RWASHOSCCO has partnered with the German social business start-up Kaffee-

RESEARCH INSIGHT

ASSESSMENT OF FAIRTRADE COFFEE FARMERS' INCOME

A study commissioned by Fairtrade looking at Fairtrade coffee farmers' income found that, on average, farmers in India, Indonesia and Vietnam earned a living income with Indonesian farmers earning this living income from coffee production alone. Kenyan Fairtrade coffee farmers did not earn a living income. In fact, Kenyan coffee farmers were, on average, producing coffee at a loss. Likewise and connected to this, Indonesian

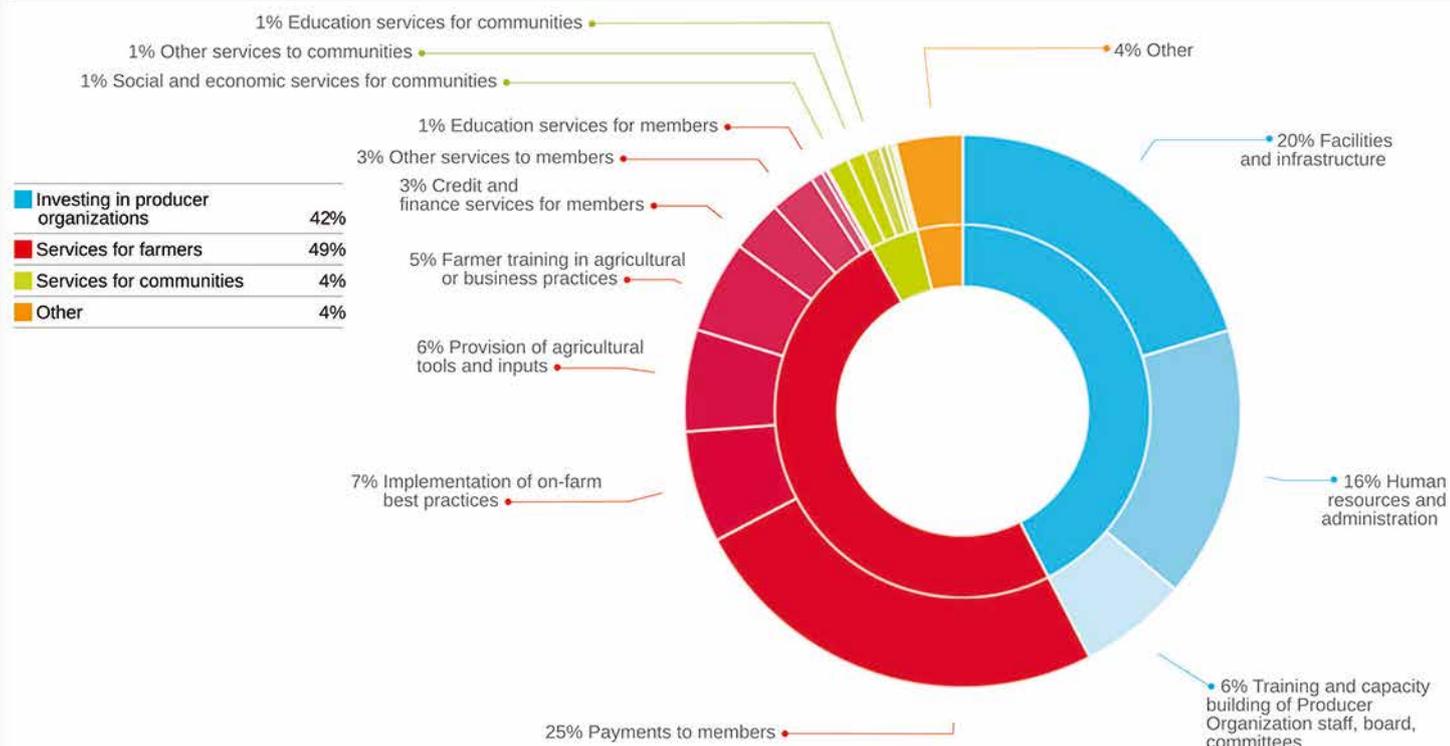
and Indian Fairtrade coffee farmers could provide their hired labour with living wages while those in Vietnam and Kenya could not. The study informs Fairtrade's Living Income strategy, aimed at creating an environment where all Fairtrade farmers can receive a living income and (when hiring labour) can pay living wages.

True Price (2017)

⁷ Fairtrade International (January 2012). Guidance Document for Fairtrade Coffee Standard-Productivity and Quality Improvement. Available at: https://www.fairtrade.net/fileadmin/user_upload/content/2009/products/EN-Guidance-document_Productivity_Quality-Improvement_2012-01-11_Final.pdf

⁸ This is a grading system used by the specialty coffee sector to grade coffee. Specialty coffee is defined as any coffee that scores above 80 points on a 100 point scale. Specialty Coffee Association, Protocols and Best Practice is available at: <https://sca.coffee/research/protocols-best-practices?page=resources&d=cupping-protocols>

FAIRTRADE COFFEE: FAIRTRADE PREMIUM USE 2015–16



Note: Percentages may not sum due to rounding.

Kooperative.de which imports the roasted and packed high quality Fairtrade certified coffee and sells it directly to consumers and businesses. The coffee brand Café de Maraba is the only Fairtrade certified coffee roasted at source that is available on the German market.

A growing number of Fairtrade coffee producer organizations are following this path and gaining greater recognition for their premium coffees. In order to support the efforts of the farmers, Fairtrade is increasingly focusing on promoting and positioning Fairtrade coffee as premium coffee, both in well-established Fairtrade markets and in new markets such as the Middle East and South East Asia.

FIGURE 6.1.7

AREA OF FAIRTRADE COFFEE CULTIVATED 2016 (HECTARES)

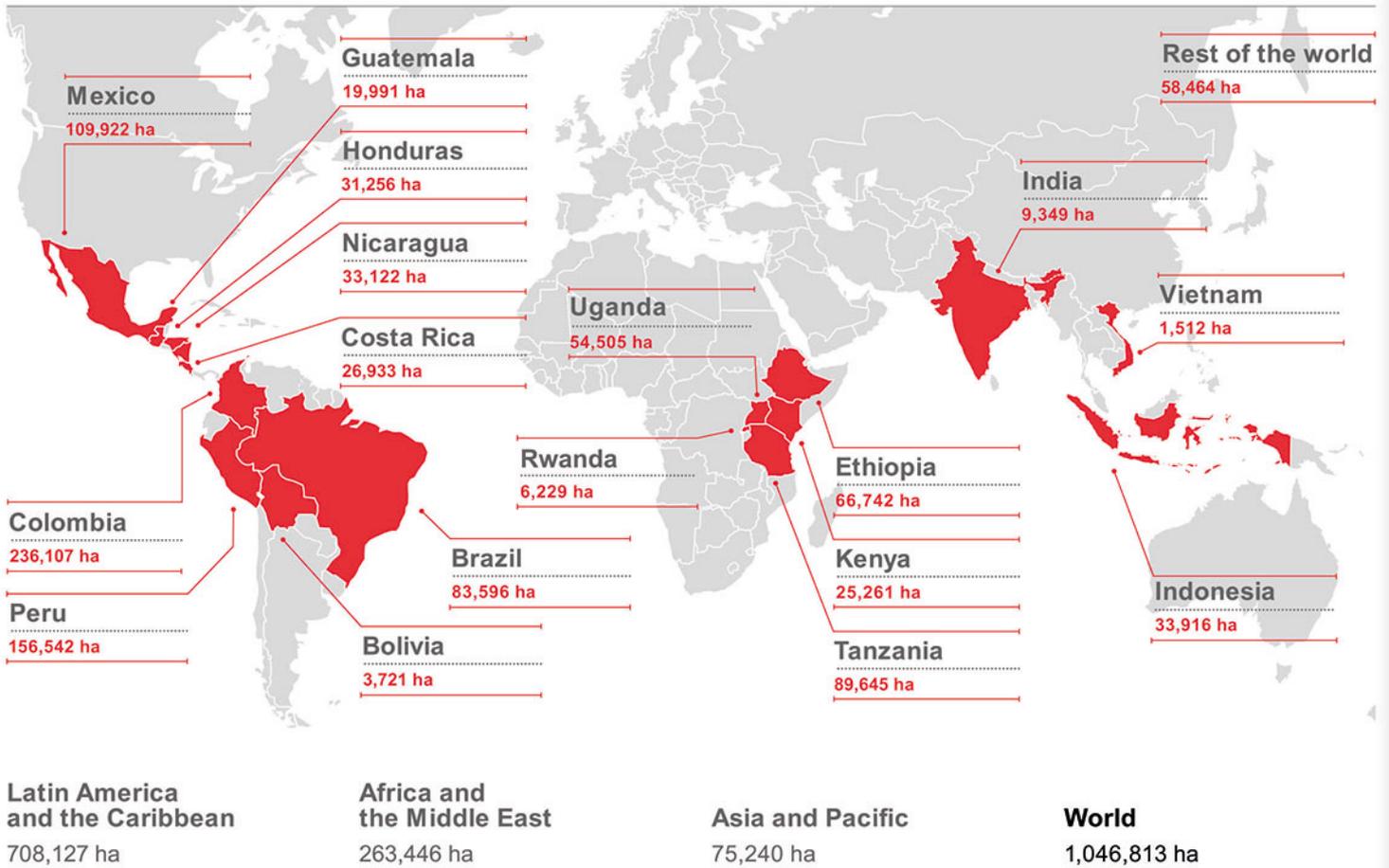


FIGURE 6.1.8

FAIRTRADE COFFEE PRODUCTION CAPACITY: TOP FIVE COUNTRIES 2015-2016 (MT)



FIGURE 6.1.9

FAIRTRADE COFFEE: TOP FIVE SELLING COUNTRIES BY VOLUME 2016 (MT)



Total top five countries 127,100 MT

Top five countries account for 68.4% of Fairtrade coffee sales

FIGURE 6.1.10

FAIRTRADE COFFEE: TOP COUNTRIES FAIRTRADE PREMIUM RECEIVED 2016 (€)



Total top five countries €50,770,896

Top five countries received 68% of Fairtrade Premium for coffee

PRODUCER STORY



A worker plunges his hands into freshly picked coffee cherries at Fairtrade certified Cooperativa de Caficultores de Manizales, Colombia.

© Photography: Sean Hawkey

FIGHTING CLIMATE CHANGE IN BOLIVIA

In 2014, small-scale organic coffee farmers in Bolivia were severely affected by coffee leaf rust, or 'la roya' (*Hemileia vastatrix*). The impact of the fungus on coffee plants resulted in a substantial 50-90 percent drop in production between 2015 and 2016. The majority of the affected plants did not survive the outbreak and producers were forced to renovate their entire plots.

The rust epidemic in Bolivia can be linked to unprecedented excessive rainfall and increased temperatures, both of which can be attributed to climate change. Additional factors that may have caused it include the age of the coffee trees, degraded soil, lack of adequate crop management and fertilization. All of these factors weaken coffee plants, making them more vulnerable to pests and disease, such as coffee rust.

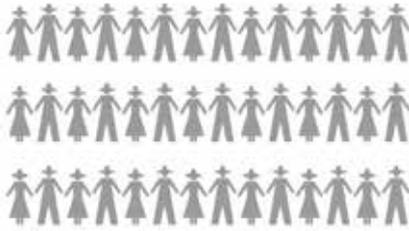
With support from Fairtrade Germany and financing from commercial partner LIDL Germany, the Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC), in

collaboration with the Fair Trade National Platform in Bolivia (CNCJ-Bolivia), began implementing a two-year project to strengthen eight small producer organizations in the country. The project aims to build up their resilience to climate change by improving their organic production systems and training young leaders.

Currently, 330 producers are participating in the project, building family nurseries (or greenhouses) with the objective of replacing more than 300,000 old coffee trees. Additionally, producers are participating in field schools, where they are learning best agricultural practices relevant to their region. These include seed selection, plant nurseries, plotting the land and crop management.

537 COFFEE
PRODUCER ORGANIZATIONS
REPRESENTING
795,457

COFFEE FARMERS IN 30 COUNTRIES



83% OF ALL
FAIRTRADE COFFEE
COMES FROM
LATIN AMERICA
AND THE CARIBBEAN



1 MILLION
HECTARES OF
COFFEE
CULTIVATED WORLDWIDE



COFFEE
FARMER ORGANIZATIONS RECEIVED
€74 MILLION
IN FAIRTRADE PREMIUM



IN 2016



Tanya Gonzalez working on quality control and tasting at Fairtrade certified Norandino cooperative, Peru.
© Photography: Sean Hawkey

A man wearing a blue hairnet, a green t-shirt, a yellow apron, and blue gloves is smiling and standing in a banana processing facility. He is leaning on a white counter. The background shows industrial structures and banana plants.

CHAPTER 6.2

FOCUS ON FAIRTRADE PRODUCTS: BANANAS

Yupaisa Sambleur at Fairtrade certified Asociacion de Trabajadores Banafem plantation, Dominican Republic.
© Photography: Erika Santelices

FAIRTRADE BANANAS: KEY DATA 2016



Fairtrade bananas entered the European market in 1996. Today bananas are one of Fairtrade's most successful products. In 2016, sales totalled 579,081 MT – up five percent on 2015. This generated tangible benefits for 147 Fairtrade certified banana producer organizations in 16 countries, which collectively received over €28.5 million in Fairtrade Premium funds.

The Fairtrade Minimum Price has offered economic stability to Fairtrade banana producer organizations and the Fairtrade Premium (US\$1.00/box) has helped finance a variety of support services – increased productivity, health, education, housing and more.

Some important challenges remain – notably the low productivity level of many small producers, heightened by climate change. Fairtrade's priority is threefold: help strengthen organizations' governance; improve productivity and efficiency, and advise on the strategic investment of Fairtrade Premium funds.

In 2016, Premium funds were used to develop and improve systems to help banana farmers

become more resilient to climate change. We also focused on strengthening the position of hired workers on banana plantations. Fifteen percent of the farmers and workers in the banana sector are women.

WORKING TO INCREASE PRODUCTIVITY AND SOIL FERTILITY

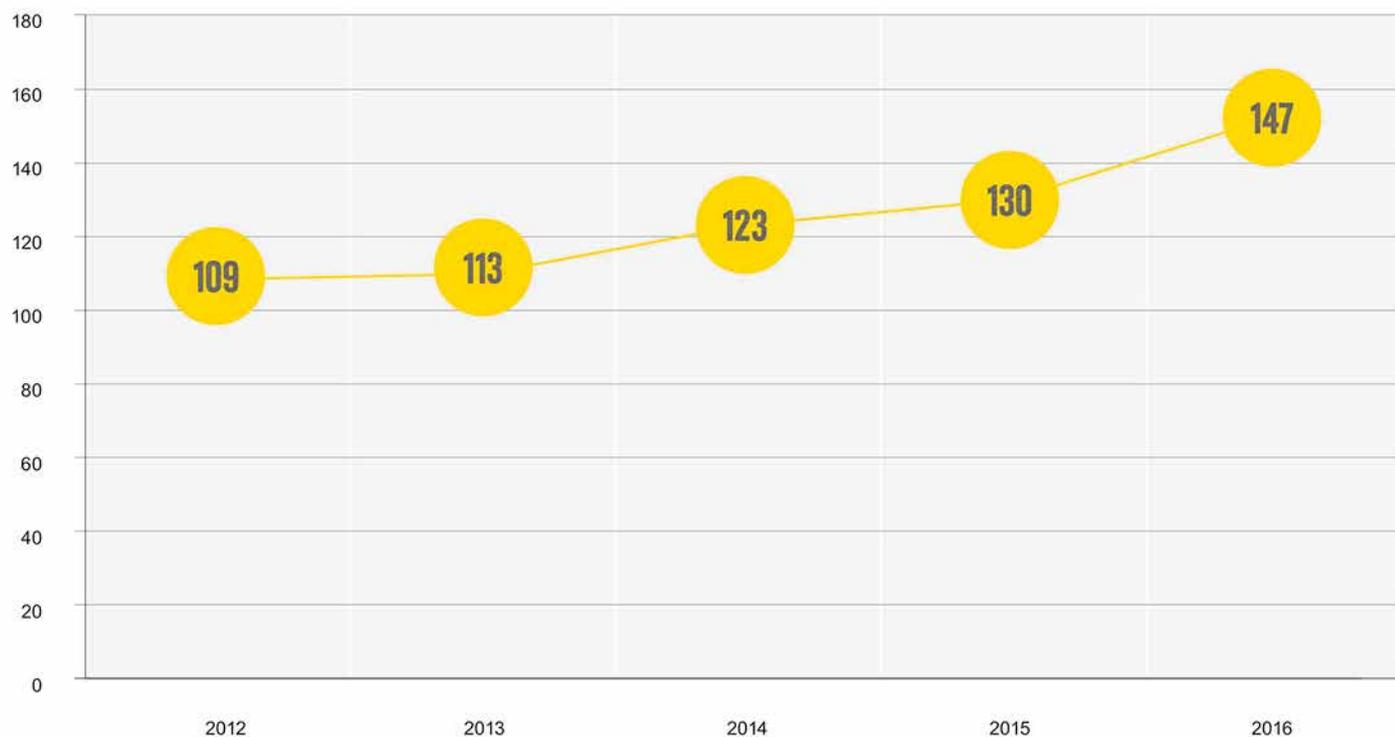
Producers in Latin America and the Caribbean produce 94 percent of Fairtrade bananas consumed worldwide – a specialization that calls for intensive production.

But most banana production still depends on chemicals, which affect the microbiological balance of the soil and the wider environment. Ultimately, this leads to lower yields, increased costs and reduced effectiveness of traditional, non-chemical crop management.

To break this cycle, CLAC (the Latin American and Caribbean producer network) designed and implemented a productivity improvement programme in 2015.

FAIRTRADE BANANAS: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE BANANA CERTIFICATION 2012-2016

Number of producer organizations with Fairtrade banana certification



It focused on improving agricultural practices at farm and organizational level and involved 20 small-scale banana producer organizations from Costa Rica, Panama, Colombia, Ecuador, Peru, the Dominican Republic and the Windward Islands.

The outcomes were very positive: soil health and fertility improved; productivity rose almost a third by 2017, and the leaf emission rate¹ increase cut the cost of weed control and irrigation in half. In addition, control cycles for the leaf spot disease, black sigatoka, were reduced by 50 percent². Chemical application is no longer needed.

We hope this project can now be replicated in other regions with other products.

STRENGTHENING THE POSITION OF HIRED WORKERS

The majority of Fairtrade bananas are produced by small-scale farmers but the number of larger Fairtrade certified banana plantations has been increasing steadily – up to 56 in 2016.

Employers must comply with the Fairtrade Standard for Hired Labour, which demands decent labour conditions. Fairtrade requires certified plantations to pay workers at least the regional average or national minimum wage and then increase real wages annually.

To further improve the position of hired workers in plantations and enable them to negotiate better wages, Fairtrade is partnering with labour rights movements across different regions.

1 Leaf Emission Rate (LER) is a method of measuring the rate of evolution of banana leaves. When the temperature is lower in shade, LER is slower. This leads both to delays in yield and more than likely lower yields. Dold, C. (2007). *Musa in Shaded Perennial Crops: Response to Light Interception*. Available at: <https://www.catie.ac.cr/attachments/article/551/Tesis-Grado-C-Dold-2007.pdf>

2 CLAC (2017, September), *Banana Newsletter*, p.7. Available at: <http://clac-comerciojusto.org/wp-content/uploads/2015/04/Newsletter-Banana-September-2017-ok.pdf>

FIGURE 6.2.3

FAIRTRADE BANANAS: PRODUCER ORGANIZATIONS WITH FAIRTRADE BANANA CERTIFICATION 2016

SPO Small Producer Organization HLO Hired Labour Organization



Latin America and the Caribbean
SPO 83 HLO 52 AII 135

Africa and the Middle East
SPO 02 HLO 04 AII 06

Asia and Pacific
SPO 06 HLO 0 AII 06

Global Total
SPO 91 HLO 56 AII 147

RESEARCH INSIGHT

AN EVALUATION OF FAIRTRADE'S IMPACT ON SMALLHOLDERS AND WORKERS IN THE BANANA SECTOR IN NORTHERN COLOMBIA

In 2013, Fairtrade commissioned a study to look at the impact of Fairtrade on banana smallholders and workers in Colombia. The study found that Fairtrade has had positive effects, mainly through Premium investments in areas such as farm productivity, cooperative administration,

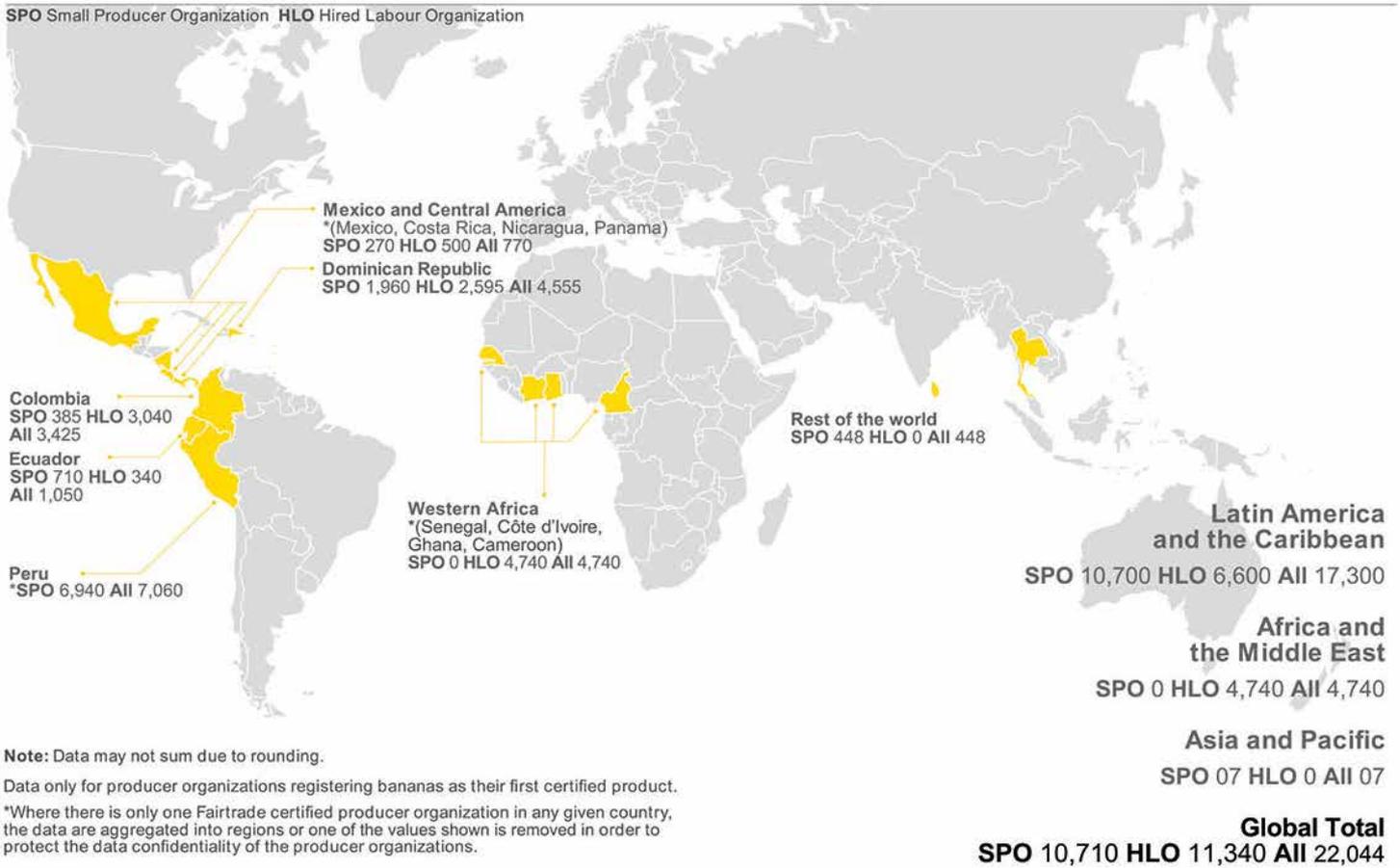
household services, local community support, and SPO strengthening. Smallholders wanted to increase their Fairtrade sales and noted that the Fairtrade Minimum Price was equal to or less than their cost of production. The study recommends that Fairtrade meets with cooperatives and exporters to work out strategies to improve prices and plan for the future collaboratively.

Ostertag, C.F. et al (2014)

FIGURE 6.2.4

FAIRTRADE BANANAS: NUMBER OF FARMERS AND WORKERS BY COUNTRY OR REGION 2016

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.

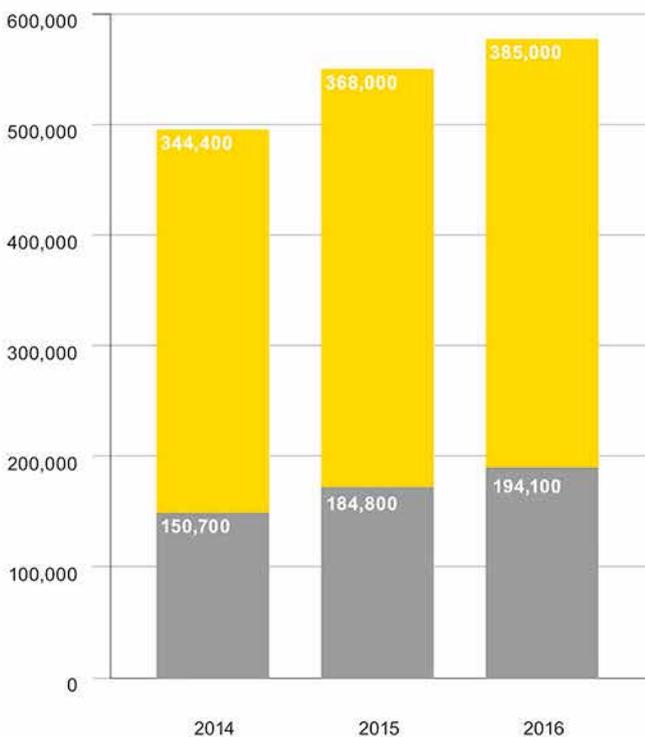
*Where there is only one Fairtrade certified producer organization in any given country, the data are aggregated into regions or one of the values shown is removed in order to protect the data confidentiality of the producer organizations.

FIGURE 6.2.5

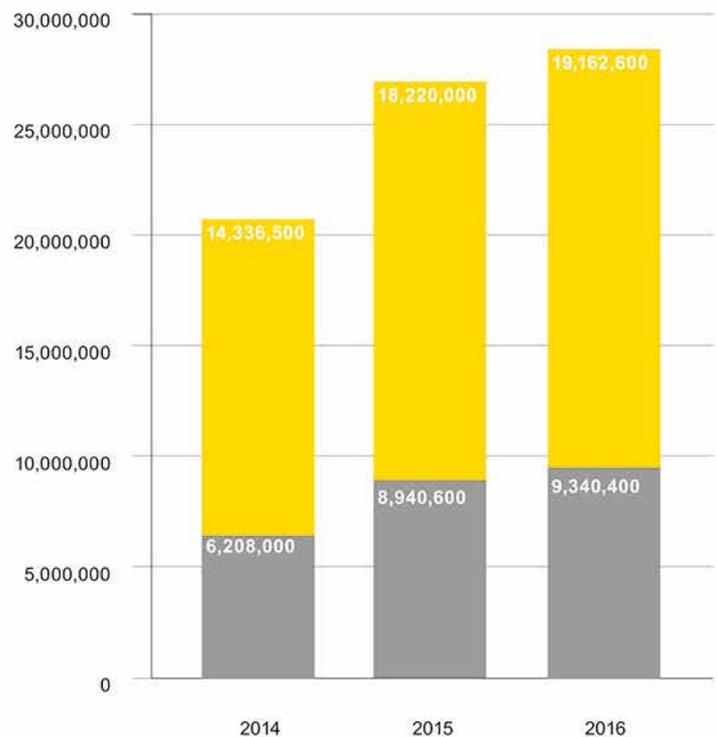
FAIRTRADE BANANAS: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2014-2016

■ Hired Labour Organizations
■ Small Producer Organizations

Fairtrade bananas volumes sold (MT)



Fairtrade Premium received (€)



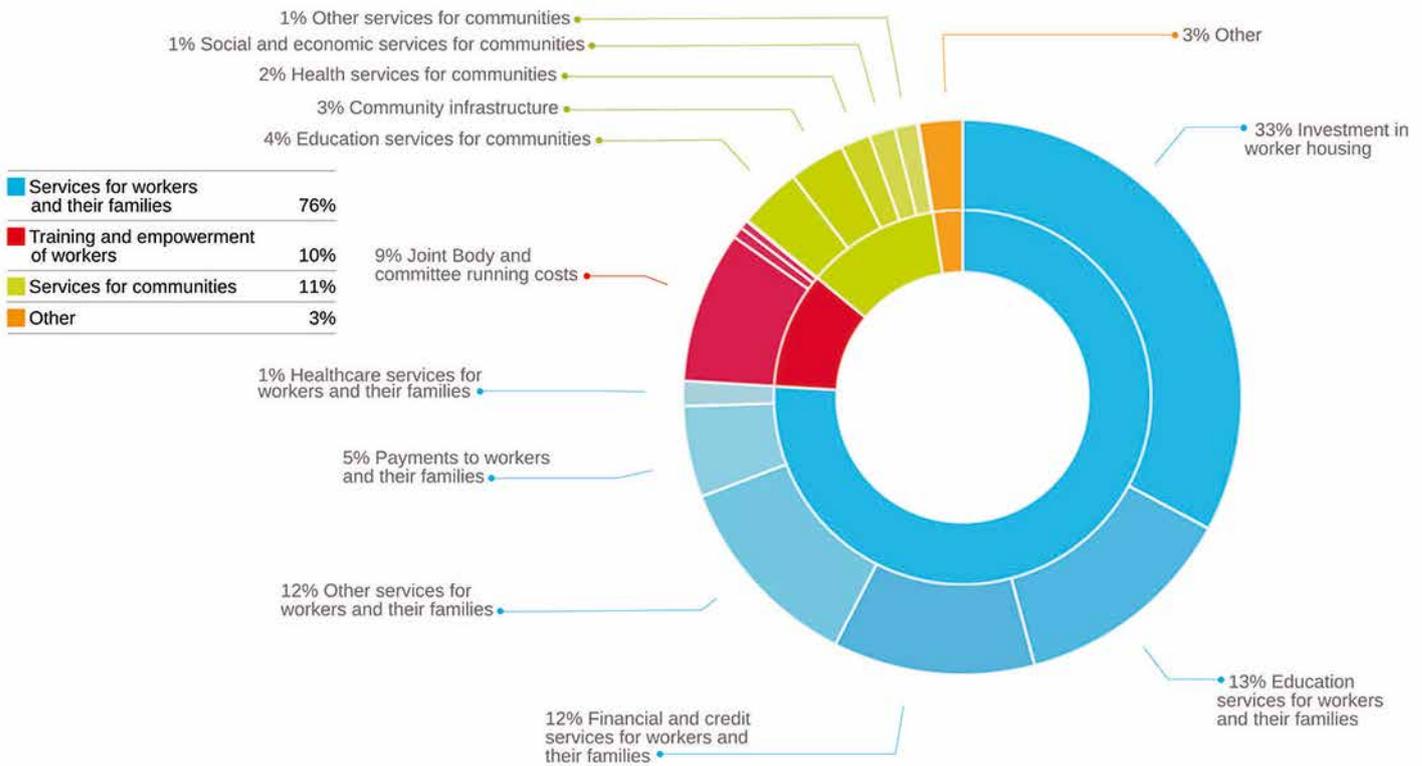
In Ghana and Cameroon, Fairtrade works with the largest international agricultural union (IUF), BananaLink, and local unions on workers' rights, collective bargaining agreements, and collaboration between unions.

But we want to go further. Fairtrade is determined to increase the wages of banana plantation workers as part of our efforts to support workers' rights. Living wage benchmarks for banana workers have already been calculated for the Dominican Republic, Ghana and Ecuador.

And we are working hard to close the gap between current wage levels and living wage benchmarks. This can help create a direct link between improved wages and Fairtrade sales for plantation workers. It's an ambitious strategic goal and we are conscious that we need to work with the various stakeholders in the banana industry, and the World Banana Forum, to make real progress.

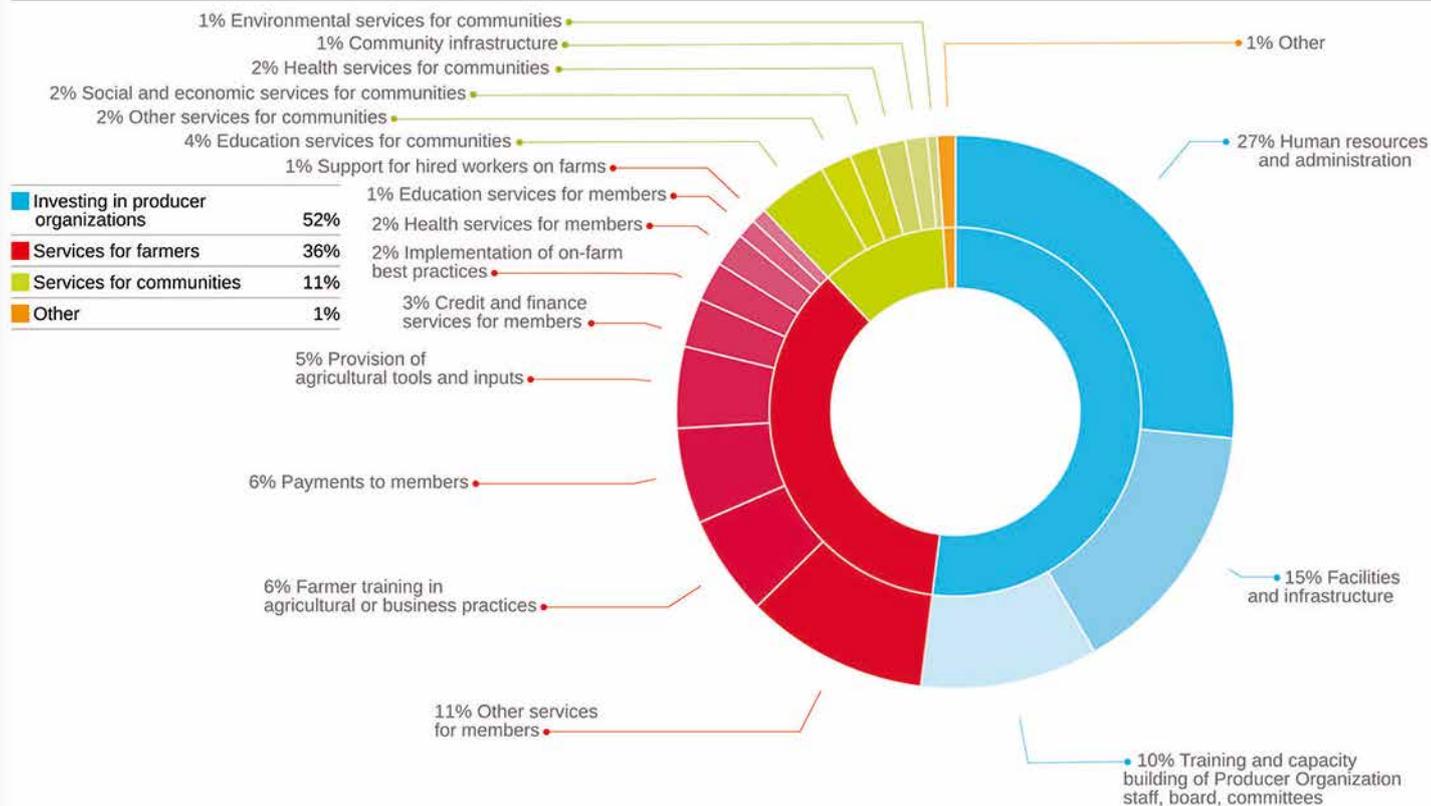
FIGURE 6.2.6

FAIRTRADE BANANAS: FAIRTRADE PREMIUM USE IN HIRED LABOUR ORGANIZATIONS 2015–16



Note: Percentages may not sum due to rounding.

FAIRTRADE BANANAS: FAIRTRADE PREMIUM USE IN SMALL PRODUCER ORGANIZATIONS 2015–16



Note: Percentages may not sum due to rounding.

AREA OF FAIRTRADE BANANAS CULTIVATED 2016 (HECTARES)

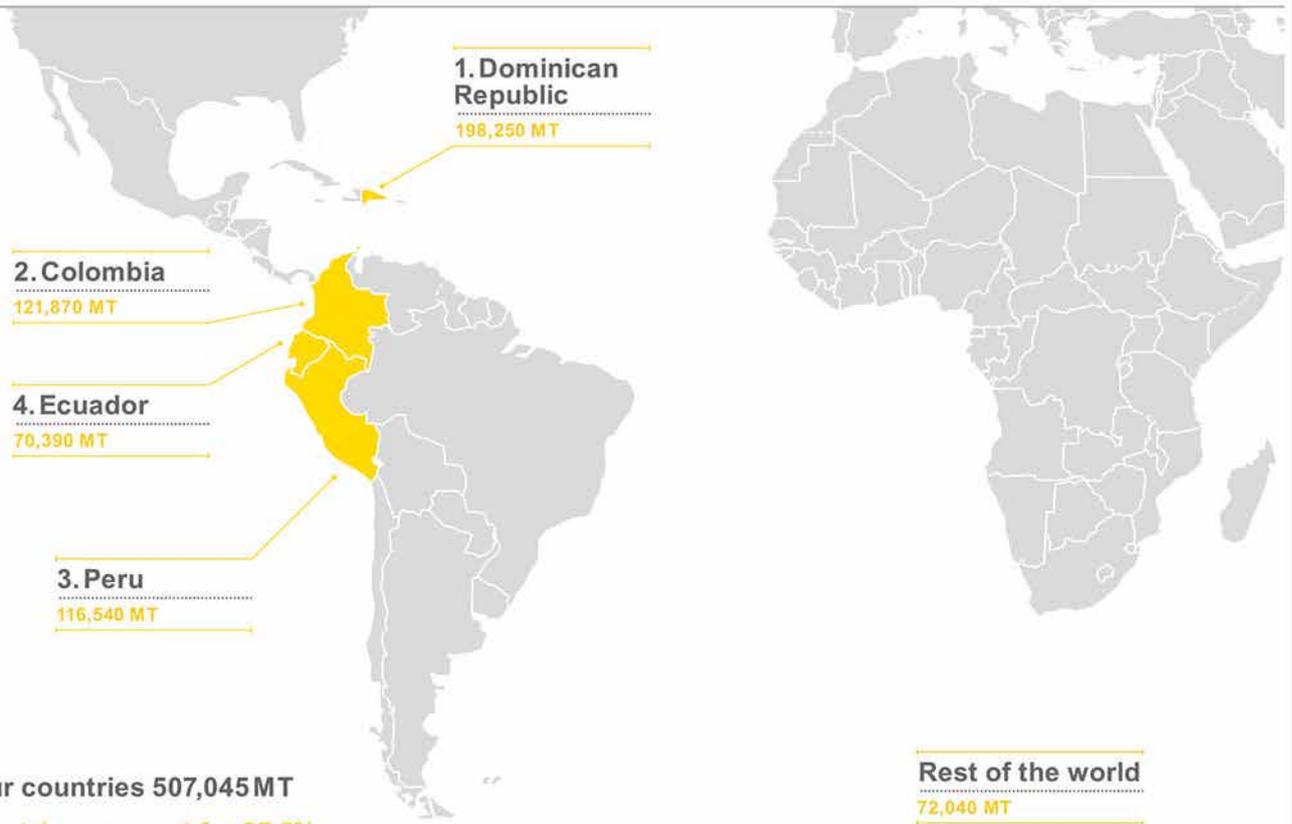


Note: Data only for small producer organizations.

World 36,487 ha

FIGURE 6.2.9

FAIRTRADE BANANAS: TOP SELLING COUNTRIES BY VOLUME 2016 (MT)



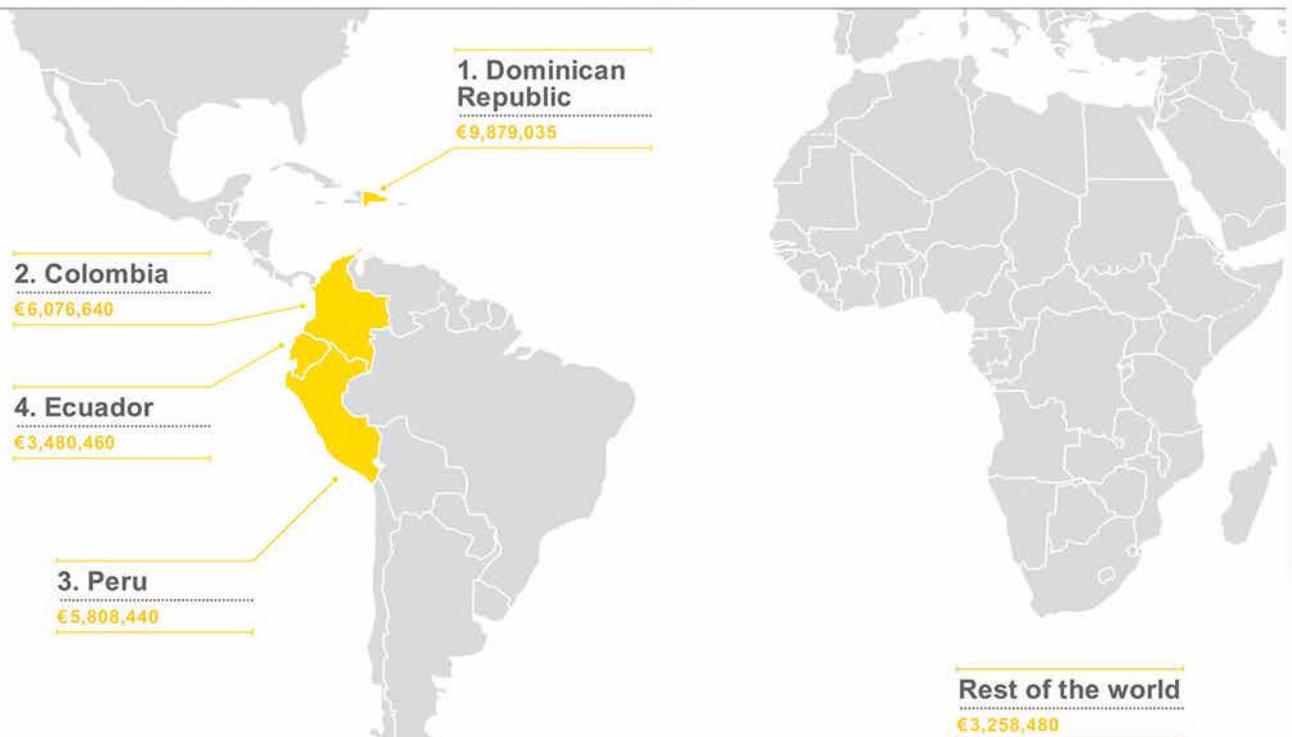
Total top four countries 507,045 MT

Top four countries account for 87.5% of Fairtrade bananas sales volumes

Note: Numbers may not sum due to rounding.

FIGURE 6.2.10

FAIRTRADE BANANAS: TOP COUNTRIES FAIRTRADE PREMIUM RECEIVED 2016 (€)



Total top four countries €28,503,055

Top four countries receive 88.5% of Fairtrade Premium for bananas

Note: Numbers may not sum due to rounding.

PRODUCER

STORY



Feliciano Quintero holds a Fairtrade banana ready for export at Fairtrade certified COOBANA plantation, Panama.
© Photography: James Rodriguez, mimundo.org

FROM NEAR BANKRUPTCY TO SUCCESSFUL BUSINESS MODEL WITH FAIRTRADE

COOBANA is a real Fairtrade success story. From a group of people with a vision who were hit by economic crisis and a lack of business acumen, they have emerged bigger and stronger, with a bright future thanks to Fairtrade and the concept of partnership.

Bocas del Toro province is a traditional banana-growing enclave in Panama. But, during a downturn in the 1990s combined with related labour conflicts, many banana companies went to the wall. In 1991, a group of workers came together to try and keep jobs in their region, Changuinola. They had a proposal for government: to purchase and restore what was formerly the Atlantic Banana Corporation run by the Ministry of Agricultural Development. It was accepted and they did.

But, almost three decades on, they were at breaking point. Following a number of bad purchasing contracts combined with lack of knowledge of the global fruit market, COOBANA

hit a low point in 2009. Producing only 1,400 boxes per hectare, it was making losses hand over fist. But, when they most needed help, a banana co-op just across the border in neighbouring Costa Rica suggested they contact Fairtrade for advice.

After studying the potential benefits of certification, including better prices for their bananas, the Fairtrade Premium, growth opportunities for small banana producers and a more transparent supply chain, COOBANA began the certification process in 2010. They collaborated with Dutch importer Agrofair, which became a partner and supported their development within Fairtrade.

Today, COOBANA employs more than 550 people, almost half of whom are members. They own three farms and are the largest independent producer in the region. From a lowly 1,400 boxes per hectare, they now produce 2,100 – meaning better wages and more Premium funds to invest in their farms, their communities and their children's education and, ultimately, a better future for the whole community.

147 BANANA
PRODUCER ORGANIZATIONS



REPRESENTING
22,044 FARMERS
AND WORKERS IN 16
COUNTRIES

SALES VOLUMES
OF FAIRTRADE
BANANAS
GREW BY 5%

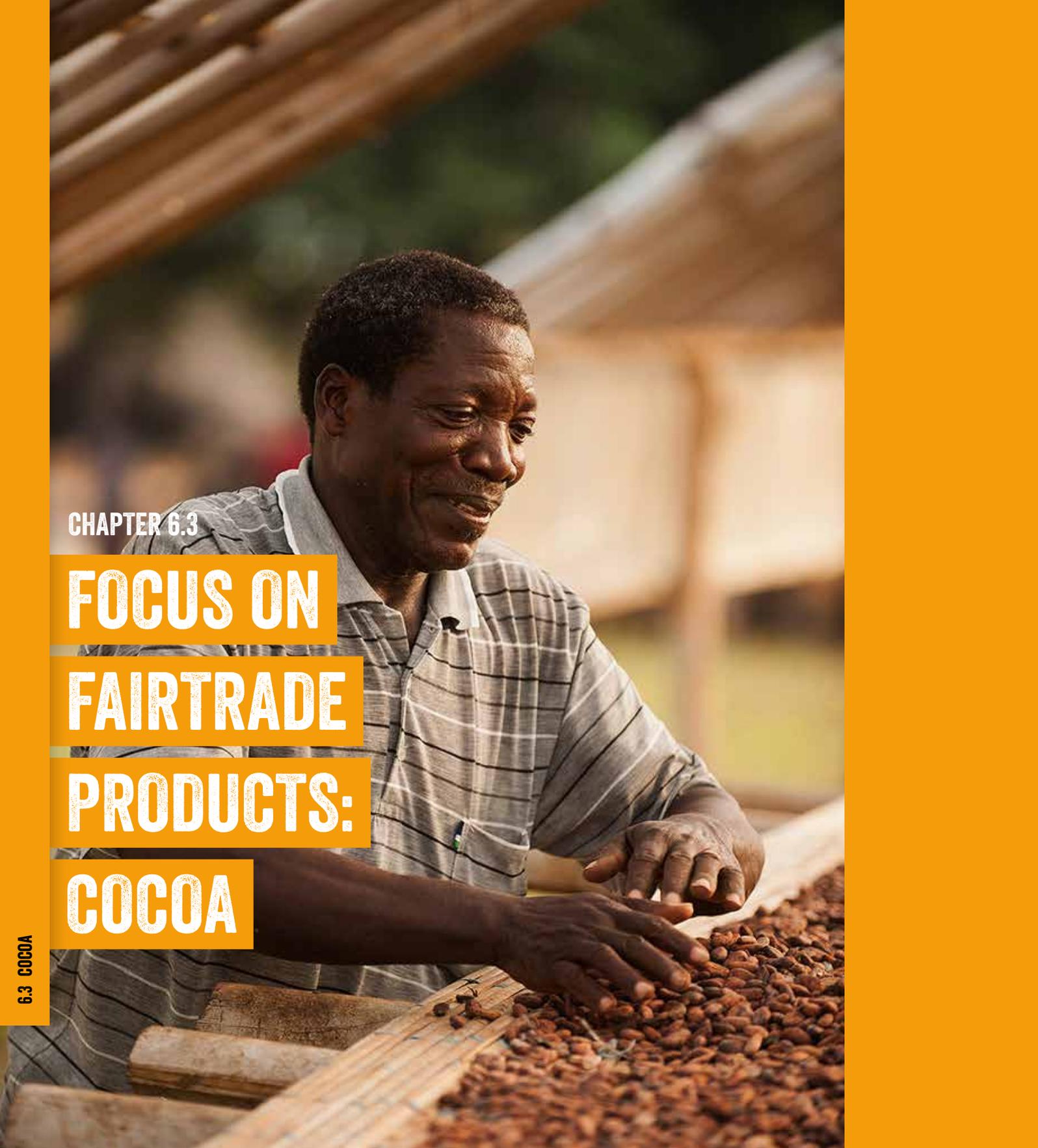


€28.5 MILLION IN
FAIRTRADE
PREMIUM
RECEIVED BY BANANA PRODUCERS
IN 2016



94% OF ALL
FAIRTRADE BANANAS
COME FROM
LATIN AMERICA AND
THE CARIBBEAN





CHAPTER 6.3

**FOCUS ON
FAIRTRADE
PRODUCTS:
COCOA**

6.3 COCOA

Fakoh Kouassi drying cocoa beans at Fairtrade certified ECOOKIM cooperative, Ivory Coast.
© Photography: Éric St-Pierre

FAIRTRADE COCOA: KEY DATA 2016



Fairtrade cocoa sales volumes have been growing steadily over the last four years at an average annual rate of 27 percent. In the 2015-16 period, sales growth reached a record 34 percent compared to the year before, with a total of 136,543 MT of cocoa sold under Fairtrade conditions. From these sales, producer organizations received €24.6 million in Fairtrade Premium funds.

The bulk of this growth was concentrated in Côte d'Ivoire and Peru. It reflects a concerted effort on the part of Fairtrade to expand the market for Fairtrade cocoa, and a growing commitment to sustainability in the sector. Over the last decade, companies in the confectionery sector and retailers have stepped up their commitment to tackling some of the most pressing issues undermining the long-term viability of cocoa production. Low productivity, widespread poverty, deforestation, gender inequality, child labour and forced labour are some of the key challenges that

threaten the future of cocoa production, especially in West Africa. While the continuing growth of Fairtrade cocoa sales and the overall increased investment in sustainability programmes are both welcome, the reality is that obstacles still persist. Of the 189 Fairtrade certified cocoa producer organizations, it is important to note that this figure includes two unions (2nd grade producer organizations) representing 77 cooperatives (1st grade producer organizations).¹

¹ A 1st -grade (producer) organization describes a small producer organization whose legal members are individual small farmers. A 2nd -grade (producer) organization describes a small producer organization whose legal members are exclusively 1st -grade organization affiliates. Read more on: https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/SPO_EN.pdf

FAIRTRADE COCOA: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE COCOA CERTIFICATION 2012-2016

Number of producer organizations with Fairtrade cocoa certification



INTENSIVE TRAINING AND SUPPORT THROUGH THE FAIRTRADE WEST AFRICA COCOA PROGRAM

Most Fairtrade certified cocoa comes from West Africa. To help strengthen the capacities of cooperatives here, Fairtrade launched the Fairtrade West Africa Cocoa Program (WACP) in 2016. This programme consists of a set of training courses and support activities. Its objective is to ensure that cooperatives are strong, viable and inclusive, leading to clear benefits for their members and a long-term impact of increased income at household level.

Initially, all participating cooperatives receive training on Fairtrade certification and Standards. This is followed by strategic support and thematic training courses conducted for a number of cooperatives. Topics are selected in consultation with the cooperatives, taking their needs, strengths and weaknesses into consideration. Modules can include gender, internal management systems, governance, financial management and good agricultural practices. It's hoped that cocoa

cooperatives and the farmers they represent will be able to reach their full entrepreneurial potential with the help of this intensive and tailor-made support. WACP is linked to a monitoring and evaluation framework, designed specifically to monitor changes that occur among the participating cooperatives and their members over the coming years.

Fairtrade is also enhancing its support efforts in Latin America and the Caribbean, which currently has 73 Fairtrade certified cocoa organizations. In 2017, a new Cocoa Manager was hired to support cooperatives here to obtain market access and improve both their productivity and the quality of their produce.

FIGURE 6.3.3

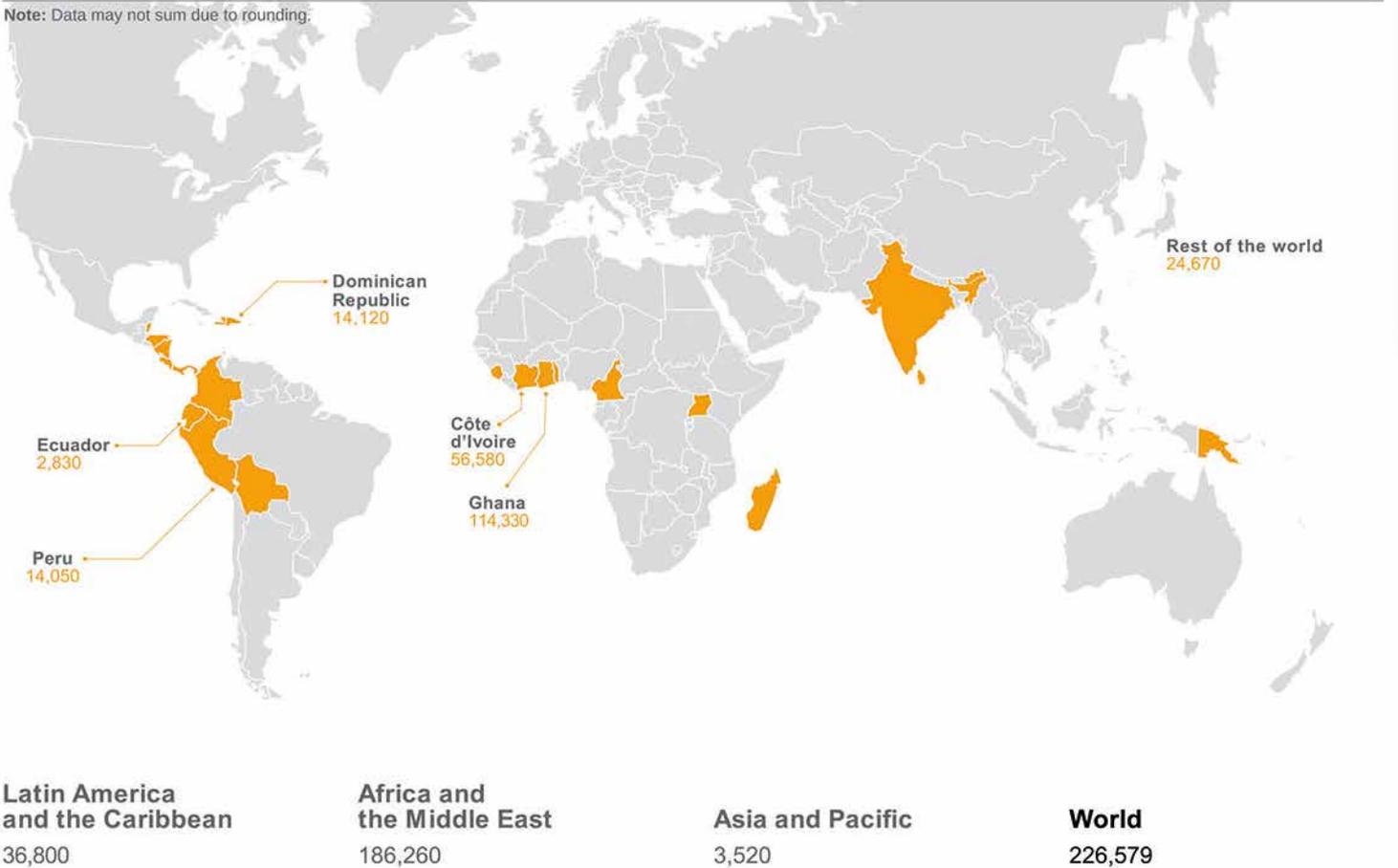
FAIRTRADE COCOA: PRODUCER ORGANIZATIONS WITH FAIRTRADE COCOA CERTIFICATION 2016



FIGURE 6.3.4

FAIRTRADE COCOA: NUMBER OF FARMERS BY COUNTRY 2016

Note: Data may not sum due to rounding.



A SUSTAINABLE PRICING MODEL: AT THE HEART OF FAIRTRADE'S EFFORTS

While other schemes and sustainability programmes focus on improving farm efficiency, Fairtrade believes that a holistic approach to addressing poverty must include a price for cocoa that enables a sustainable livelihood for cocoa farmers. Fairtrade is the only certification scheme of its kind which offers cooperatives a Minimum Price and a guaranteed Premium payment for cocoa. Currently cooperatives receive a fixed Fairtrade Premium of US\$200 per metric tonne of cocoa sold on Fairtrade terms. Unique to Fairtrade, the cooperatives have full decision-

making authority on how Premium funds are invested. 2018 will be a critical year for Fairtrade cocoa as a review of the Fairtrade Minimum Price and Premium is currently underway. The review is integrated with Fairtrade's Living Income Strategy.² Already, research has been carried out with more than 3,000 cocoa farmer households in Côte d'Ivoire.³ Throughout the review consultation process, Fairtrade is closely engaging with Fairtrade cooperatives, commercial actors, governments and civil society across the supply chain to discuss a pricing model that increases benefits for farmers.

RESEARCH INSIGHT

BASELINE FOR ASSESSING THE IMPACT OF FAIRTRADE CERTIFICATION ON COCOA FARMERS AND COOPERATIVES IN GHANA (PUBLISHED) AND CÔTE D'IVOIRE (FORTHCOMING)

In general, membership in cocoa-producing cooperatives is growing. In Côte d'Ivoire, membership has increased at least 30 percent since initial registration. In Ghana, two of the cooperatives more than doubled their membership. The Fairtrade Premium has become critically important to cooperatives in both countries – covering costs, attracting new members, and providing the seed capital for investment in physical assets. Women's participation in cooperatives could be improved, especially in Ghana, with women making up only 20–30 percent or less there and 30–40 percent in Côte d'Ivoire. They constitute an even lower percentage in the cooperatives' governance structures. In Ghana, women make up just 17 percent of the General Assembly and 20 percent of the cooperatives' Boards of Directors. Access to training and services varied, with cooperatives in both countries receiving relevant training on good agricultural practices (GAP). However, cooperatives in Côte d'Ivoire generally have

access to a greater diversity of training providers than those in Ghana.

Household-level findings included (but were not limited to) the fact that households in both Côte d'Ivoire and Ghana had access to basic equipment for cocoa production, but modern equipment (such as motorized sprayers) was rare (17 percent having access in Ghana, 11 percent in Côte d'Ivoire). Cocoa farms were small, averaging 3.54ha in Côte d'Ivoire and 4.3ha in Ghana. Cocoa yields indicate room for improvement, averaging 446kg/ha for cooperative members in Côte d'Ivoire and 540kg/ha for members in Ghana. Households in both countries report an increase in access to training after joining their respective cooperatives. Knowledge and understanding about Fairtrade is limited at the household level, with only 9.5 percent of members in Côte d'Ivoire and six percent of members in Ghana having good knowledge.

The authors of the baseline studies have several recommendations like building an alliance for strengthening the cooperatives and supporting the farmers, as well as developing MEL systems for tracking progress.

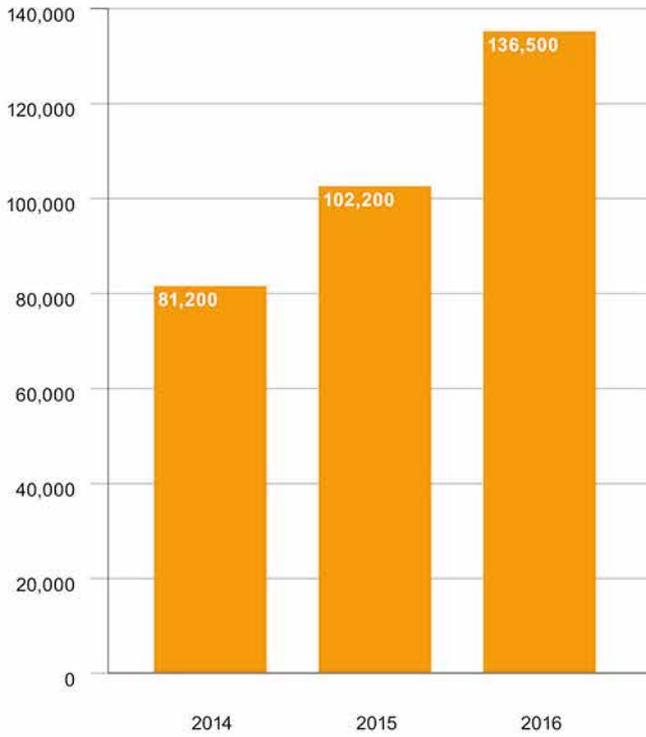
ICRAF (2016), forthcoming – ICRAF (2017)

2 Fairtrade International (2017), 'Fairtrade Living Income Strategy'. Available at: https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2017-10-23_Fairtrade_Living_Income_strategy_EN.pdf

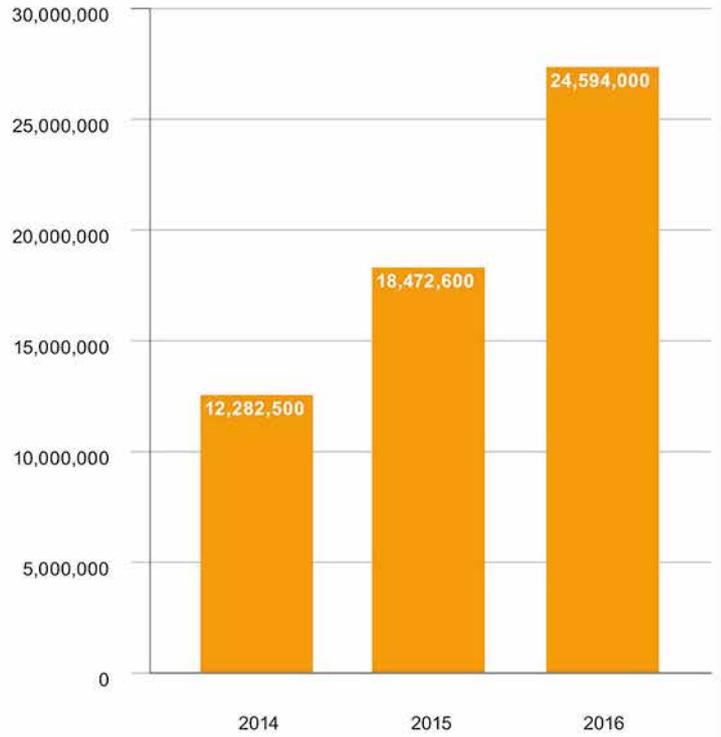
3 Veldhuyzen, C. (2018, April 09), 'Will we pay the price it takes to achieve sustainable cocoa livelihoods?' Available at: <https://www.fairtrade.net/new/latest-news/single-view/article/will-we-pay-the-price-it-takes-to-achieve-sustainable-cocoa-livelihoods.html>

FAIRTRADE COCOA: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2014-2016

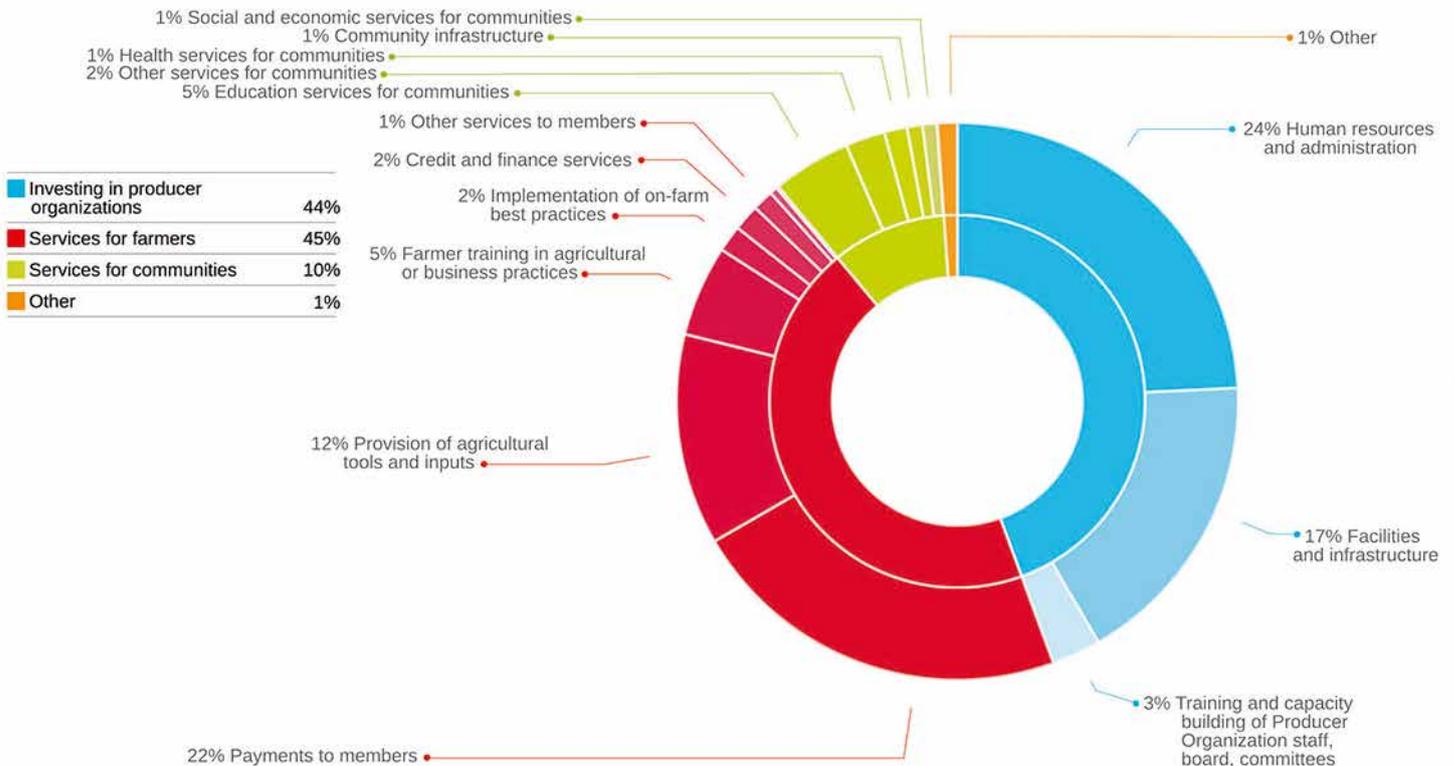
Fairtrade cocoa volumes sold (MT)



Fairtrade Premium received (€)



FAIRTRADE COCOA: FAIRTRADE PREMIUM USE 2015-16



Note: Percentages may not sum due to rounding.

FIGURE 6.3.7

AREA OF FAIRTRADE COCOA CULTIVATED 2016 (HECTARES)

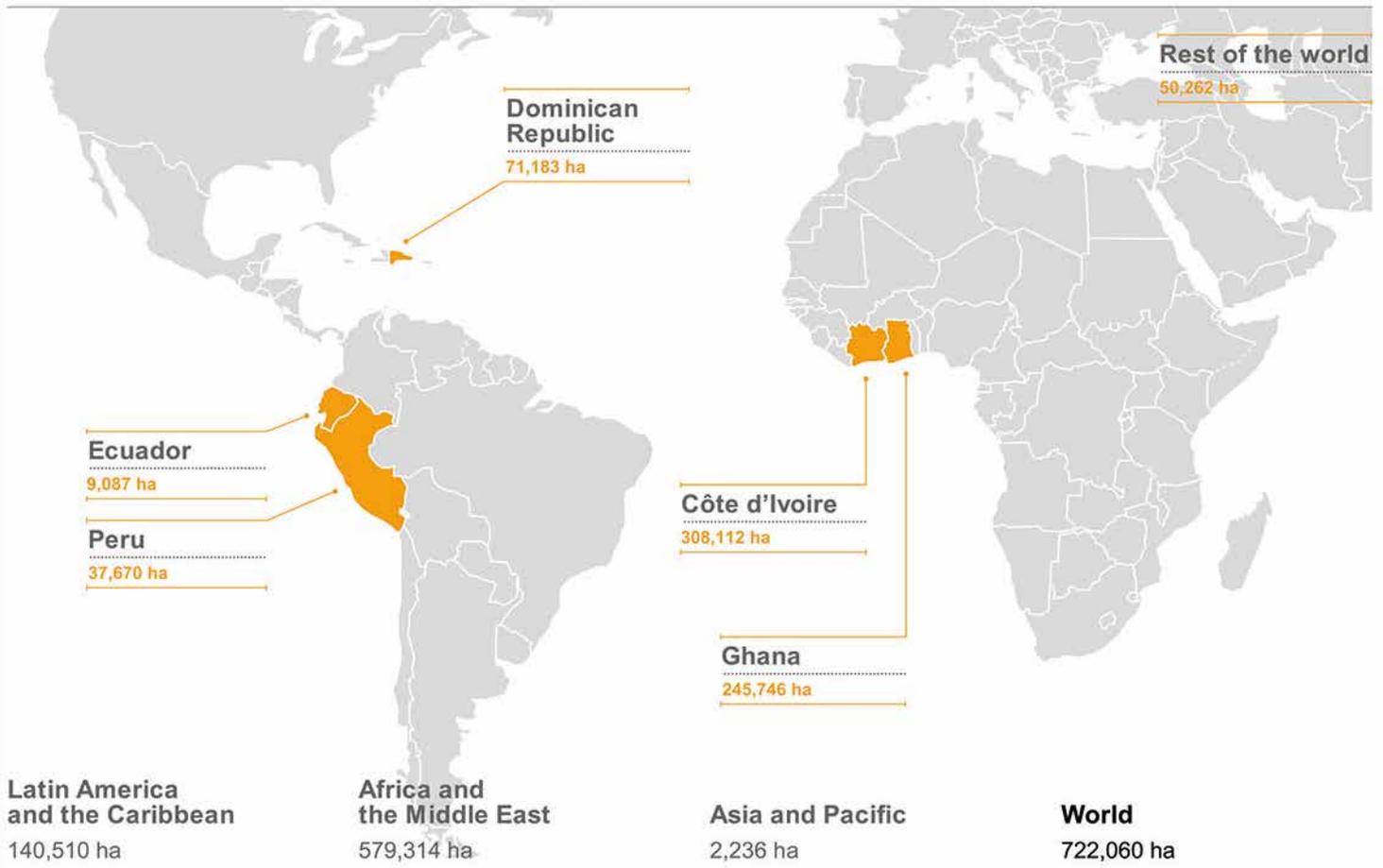


FIGURE 6.3.8

FAIRTRADE COCOA PRODUCTION CAPACITY: TOP FIVE COUNTRIES 2015-2016 (MT)

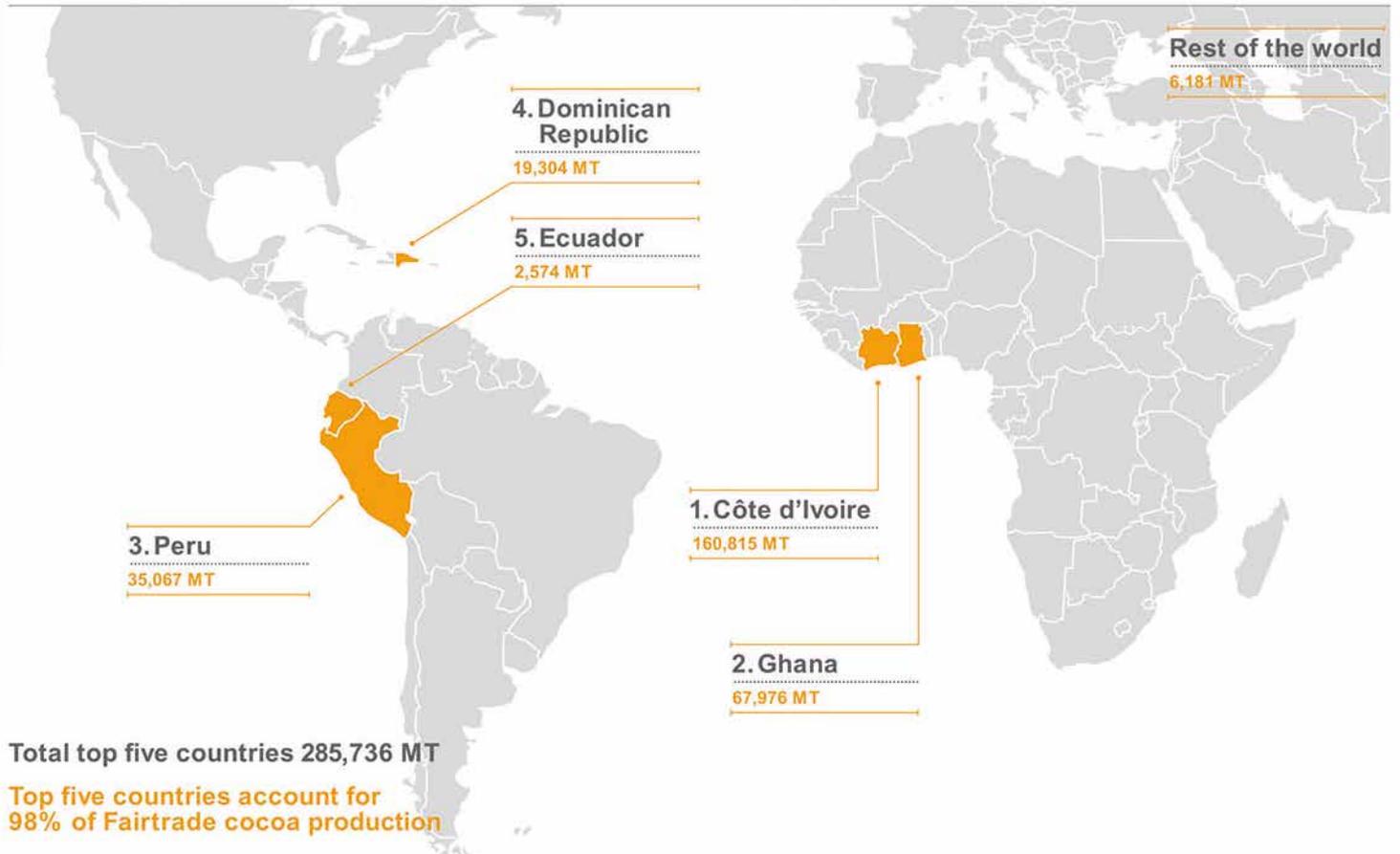


FIGURE 6.3.9

FAIRTRADE COCOA: TOP FIVE SELLING COUNTRIES BY VOLUME 2016 (MT)

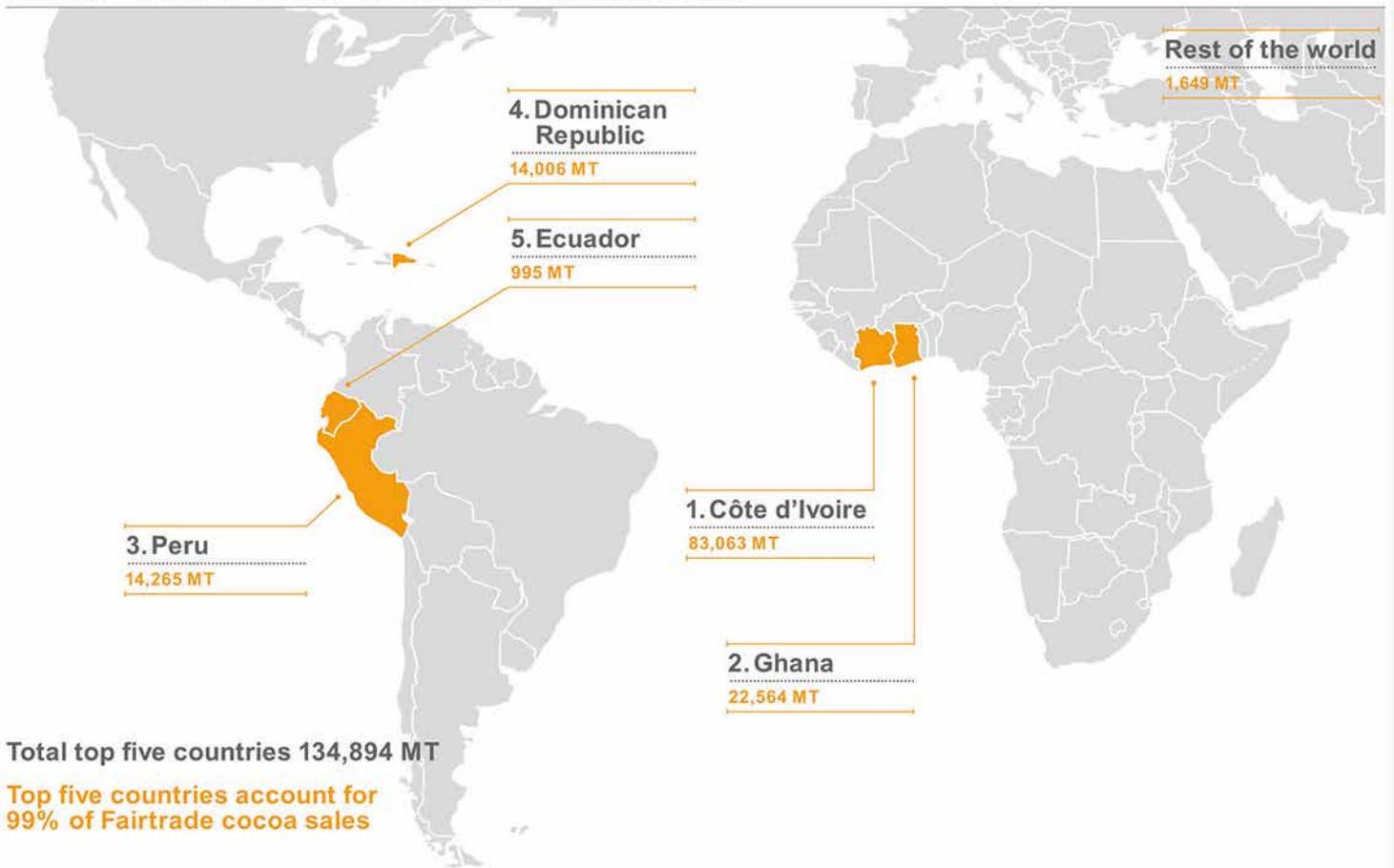
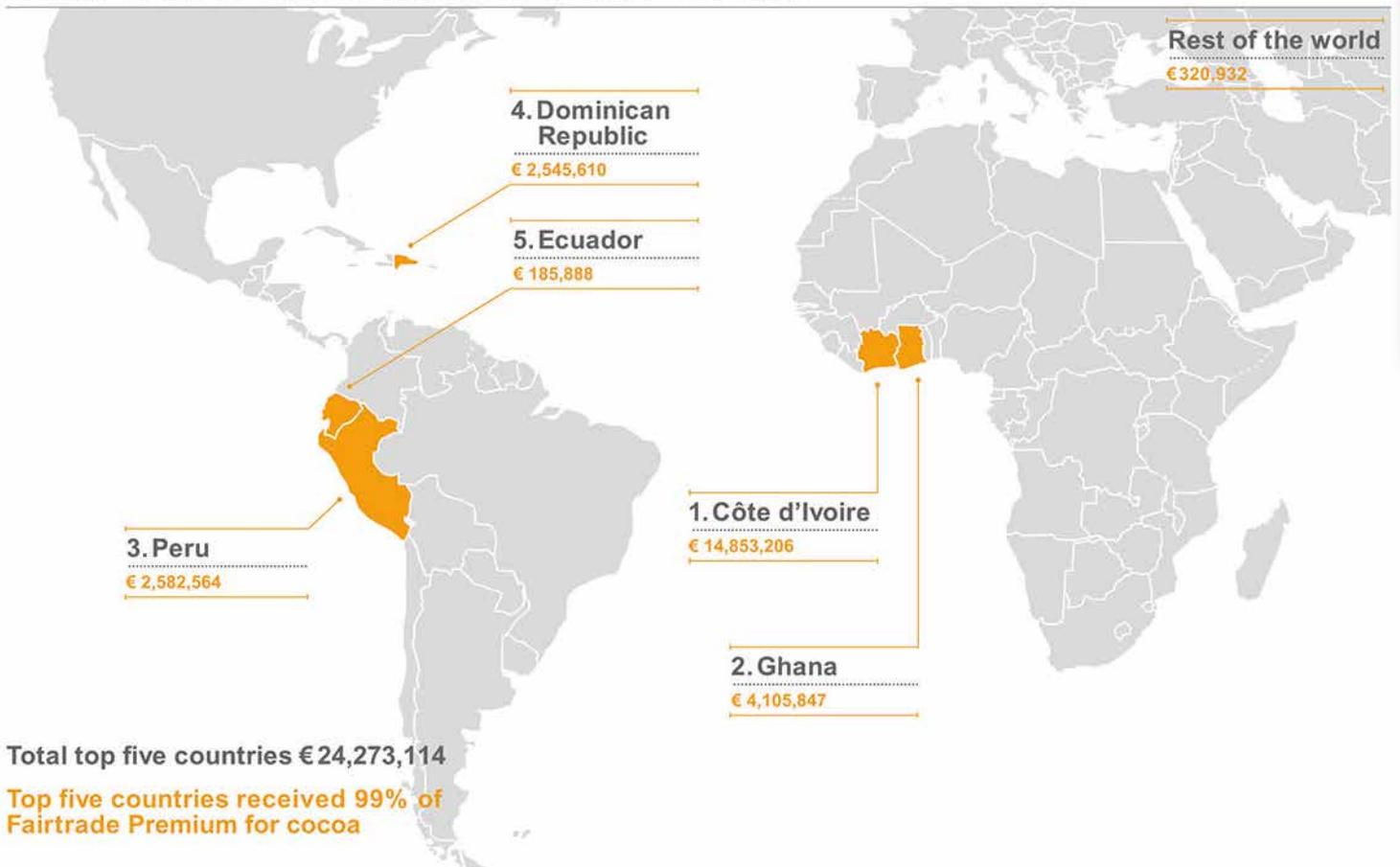


FIGURE 6.3.10

FAIRTRADE COCOA: TOP COUNTRIES FAIRTRADE PREMIUM RECEIVED 2016 (€)



RESEARCH INSIGHT

COCOA FARMER INCOME: THE HOUSEHOLD INCOME OF COCOA FARMERS IN COTE D'IVOIRE AND STRATEGIES FOR IMPROVEMENT

Fairtrade International commissioned a study to examine household incomes of cocoa farmers in Côte d'Ivoire in order to inform both the 2017-2018 cocoa pricing review and the development of the Living Income Strategy for cocoa. Many cocoa farmers are not earning enough to support their household needs. The study calculates that the living income for the median household in rural Côte d'Ivoire (consisting of eight household members) would be US\$7,318 per annum. The current average household income is US\$2,707 per annum, and only seven percent of households currently earn or exceed a living income. The study also identifies sources of income for cocoa households: cocoa makes up 74 percent of the average household income with the rest coming from other cash crops (six percent),

in-kind income, such as food crops grown for a household's own consumption (ten percent), and off-farm income (ten percent). The average household expenditure on agricultural inputs for cocoa production is US\$35 per hectare. The average yield in the study sample is 437kg/ha, characterized by tree densities of around 1,300 trees per hectare. The study found that the Fairtrade Premium benefits farmers through cash or in-kind benefits, or supporting training that correlates with higher yields. Fairtrade is committed to working towards a living income for cocoa farmers using a holistic approach that includes looking at price. This study highlights the urgency of the need, and the opportunity for everyone committed to a living income for cocoa farmers to play a role: from the farmers themselves, to businesses, governments, civil society, and consumers.

True Price (2018)

PRODUCER

STORY



Producer holding three cocoa pods at a Fairtrade certified cooperative, Côte d'Ivoire.
© Photography: Marco Garofalo

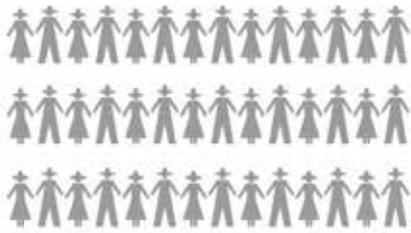
CAYAT CO-OP, COTE D'IVOIRE

Société Coopérative Agricole de Yakassé-Attobrou (CAYAT) is an excellent example of what can be achieved when communities use the Fairtrade Premium to tackle problems that are most pressing for them. CAYAT is a 1st-grade Fairtrade certified producer organization and became Fairtrade certified in 2012. The cooperative has 1,391 members, including 115 women (eight percent of all members).

Confronted with the fact that most of its members did not have access to a bank account or microfinances, CAYAT decided to invest part of its Fairtrade Premium in a project called CAYAT – MOBILE-MONEY. Through it, the cooperative pays each farmer their share of Premium funds directly to their mobile phone accounts, which most of them have. The objective is to enable CAYAT members to better manage their incomes and improve the traceability of Premium payments.

The project has already enabled more than 90 percent of members to register and obtain mobile money accounts. An additional benefit is that producers can use their mobile money accounts to send money to relatives or their children. With cash withdrawal points becoming more common – even in remote villages – producers no longer need to travel long distances to the nearest larger town to withdraw money. CAYAT-MOBILE-MONEY has also brought additional benefits to the community. It has taught producers about saving money; facilitated access to producer credit, and made money transfers easier.

189 COCOA
PRODUCER ORGANIZATIONS
REPRESENTING
226,579
FARMERS IN 22 COUNTRIES



SALES VOLUMES GREW
BY 34%
FOR FAIRTRADE
COCOA



€24.6 MILLION IN
FAIRTRADE
PREMIUM
RECEIVED BY COCOA PRODUCERS
IN 2016



182,920
FAIRTRADE COCOA FARMERS IN
WESTERN AFRICA





Farmer at Fairtrade certified Kuapa Kokoo cooperative, Ghana.
© Photography: James Robinson

CHAPTER 6.4

**FOCUS ON
FAIRTRADE
PRODUCTS:
TEA**

6.4 TEA

Monicah Muthoni Maina at Fairtrade certified Gacharage Tea Factory, Kenya.
© Photography: Ola Höiden

FAIRTRADE TEA: KEY DATA 2016



In 2015-16 Fairtrade certified tea sales volumes increased by five percent on the previous year. And this translated into a five percent growth in Fairtrade Premium funds, which amounted to nearly €6 million. While these funds are used to directly benefit tea producers and tea estate workers across the world, many challenges still persist. Further sales and interventions are needed to continue the drive for meaningful change for tea farmers and, in particular, workers on tea estates.

For tea farmers, the main challenges are low yields and a lack of processing facilities. As they produce small amounts of tea on relatively small plots of land, farmers often rely on larger tea estates to purchase and process their tea. This greatly limits their capacity to get more value from their produce and reinvest in their own farm infrastructure, leaving them dependent on the processor with few possibilities to prosper.

Tea plantation workers face other struggles. One of the biggest is the generally low wage they receive. Even when national minimum wages are met on a tea estate, there is still a considerable gap between them and living wages and workers

often rely on in-kind benefits, such as meals and housing, to make ends meet.

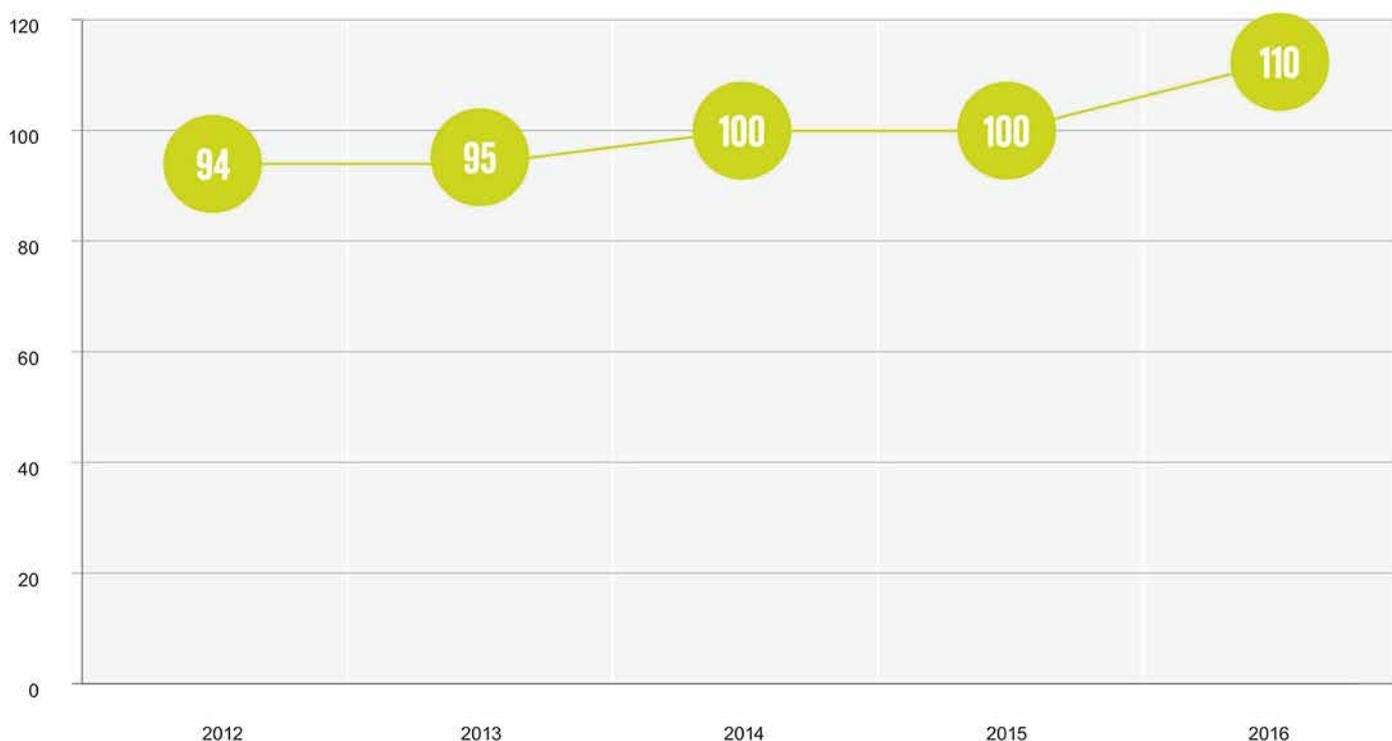
To help tea farmers and workers improve their lives, it is essential that sales of tea under Fairtrade conditions continue to grow. Fairtrade must continue to challenge the status quo and engage with trade unions and governments, as well as the private sector, to progressively improve conditions and wages for workers on the tea estates.

IMPROVING WORKING CONDITIONS IN TEA ESTATES: A COLLABORATIVE EFFORT

While Fairtrade Standards, including the Hired Labour Standard, require employers to pay the legal minimum wage in each sector, these do not equal living wages in tea growing regions. Barriers to raising wages include the complexity of wage-setting processes, inefficient collective bargaining, and complicated structures in both the industry and government. Progress will require commitments across the sector – from certifiers, governments, civil society, traders, brands, retailers and consumers – to ensure that enough value goes back through the chain. The

FAIRTRADE TEA: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE TEA CERTIFICATION 2012-2016

Number of producer organizations with Fairtrade tea certification



Fairtrade Hired Labour Standard aims to increase wages and benefits for workers. It allows up to 20 percent of Premium funds to be used as cash payments; strengthens trade unions and supports freedom of association, and requires progress to be made towards living wages according to benchmarks.

Fairtrade is also working closely with other stakeholders, including the Global Living Wage Coalition, to address the issue of low wages in the tea industry. We collaborate with a number of other organizations, supporting tea estate workers to lead dignified lives, and establishing living wage benchmarks. Our work with trade union organizations has produced positive developments at policy level and locally on the ground. In Malawi, for example, Fairtrade helped prepare the national tea workers' union for collective bargaining. In 2016, they secured a more than 20 percent wage increase. (See *'Workers in Fairtrade'* in Chapter 3 for more details.)

Significant challenges remain in north-east India where there are complex underlying factors endemic to the tea sector. These include the legal duties of plantations under the Plantation Labour

Act, which have a strong influence on conditions on the ground. Fairtrade has developed a multi-year programme, working directly with plantation workers and management, to improve plantation productivity as well as the livelihoods of workers. Companies purchasing tea from this region have an important role to play, but others, notably the state and national governments, have responsibility for setting and enforcing the legal framework required for a permanent and more holistic solution.

FIGURE 6.4.3

FAIRTRADE TEA: PRODUCER ORGANIZATIONS WITH FAIRTRADE TEA CERTIFICATION 2016

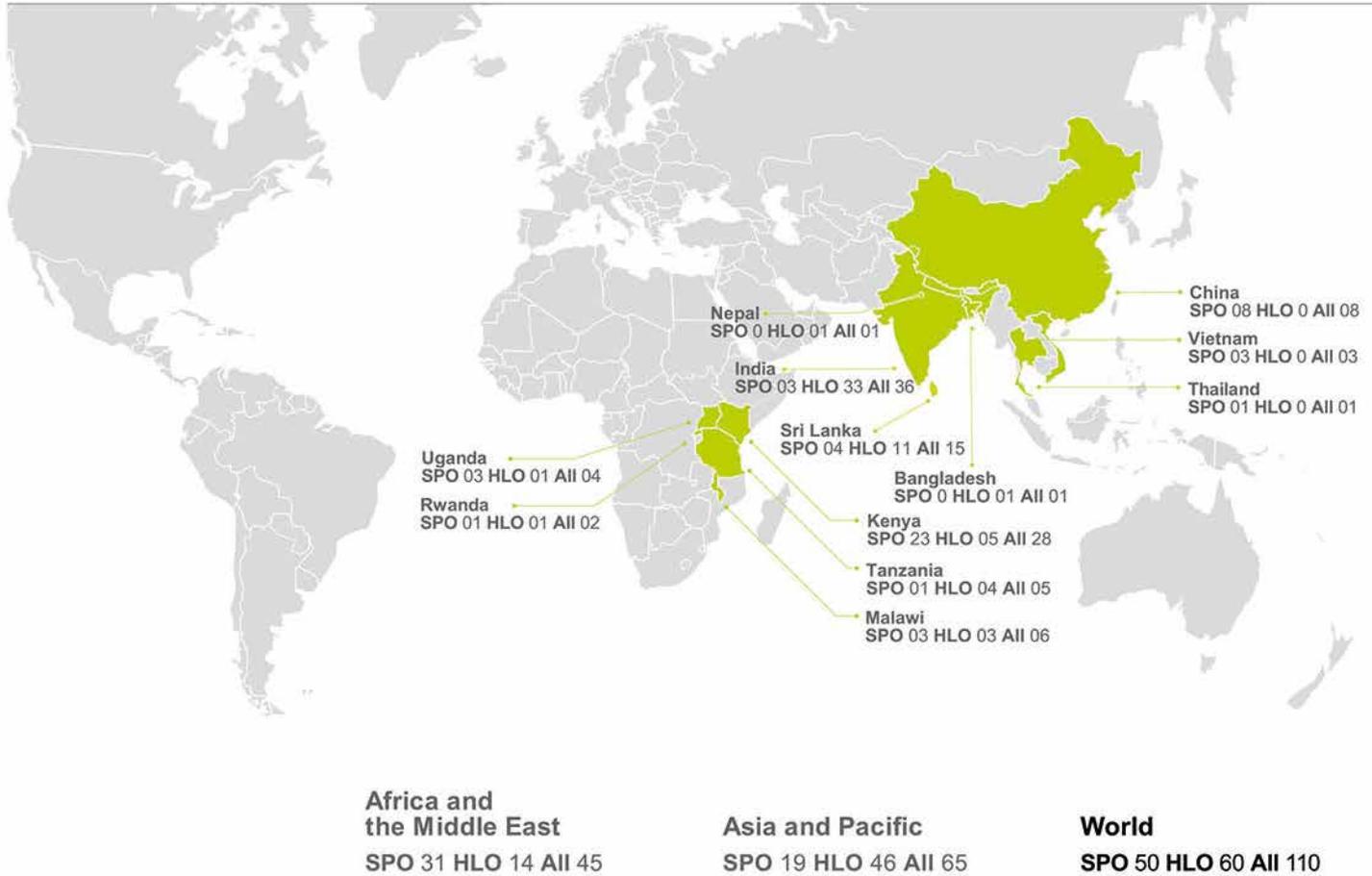


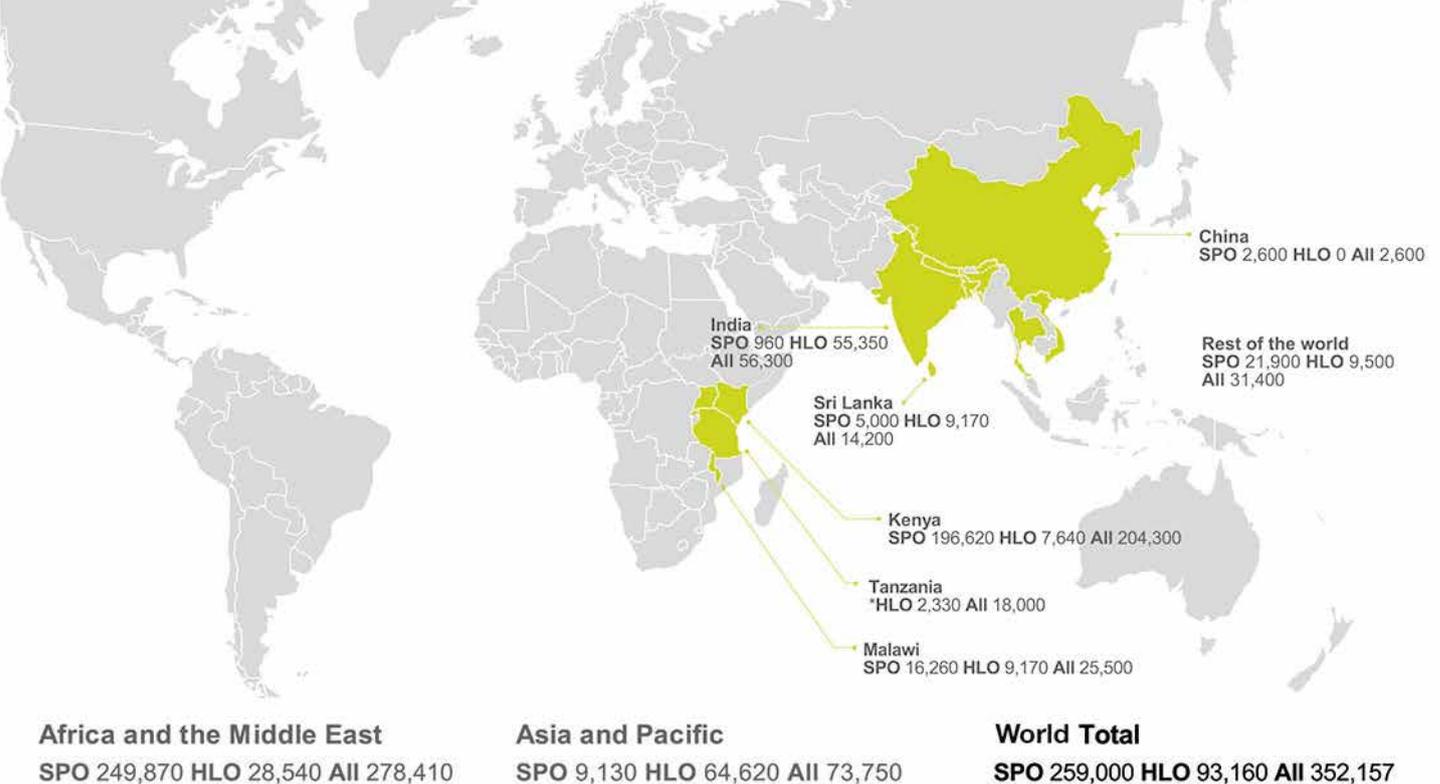
FIGURE 6.4.4

FAIRTRADE TEA: NUMBER OF FARMERS AND WORKERS BY COUNTRY 2016

Note: Data may not sum due to rounding.

HLO: Hired Labour Organization / SPO: Small Producer Organization

*Where there are fewer than three Fairtrade certified producer organization in any given country, only the SPO or HLO value is displayed in order to protect the data confidentiality of the producer organizations.



WORKING TO KEEP THE FAIRTRADE MARKET FOR TEA GROWING

While there are opportunities to keep increasing Fairtrade tea sales, the overall market situation poses medium-term challenges. Over the last decade demand for conventional tea has declined in traditional markets such as the UK (by nearly 19 percent since 2002)¹, which remains the number one market for Fairtrade tea. This poses a real threat to the long-term growth of Fairtrade sales. To reduce the risk, Fairtrade has extended the Fairtrade Sourced Ingredients model to tea. The programme aims to create new opportunities for businesses to source Fairtrade tea in bulk quantities. The strategy has worked well with other commodities such as cocoa.

Increasing sales will benefit tea farmers especially. The ability to sell more of their crop on Fairtrade terms will enable them to invest in their own processing facilities. At Sireet tea cooperative in Kenya, for example, farmers bought their own processing factory with the help of Premium funds. As a result, they have moved up the value chain and created a sustainable investment model. The dividends from the 12.8 percent share of the factory purchased through the Premium are reallocated into the Premium fund each year to be continually invested in social and environmental projects.

RESEARCH INSIGHT

HARVESTING CONSENT IN FAIRTRADE CERTIFIED TEA PLANTATIONS IN SOUTH ASIA

A study looking at the perception of Fairtrade on tea plantations in India and Sri Lanka found that workers interpreted Fairtrade certification and the Premium as a reward for high plantation tea quality and productivity, as opposed to a broader system contributing to better working conditions and fairer trade. This interpretation contributed to "relations of dependency" where workers are incentivized to work harder and cooperate in systems of unequal power relations and marginalization.

K.A. Siegmund et al (Forthcoming)

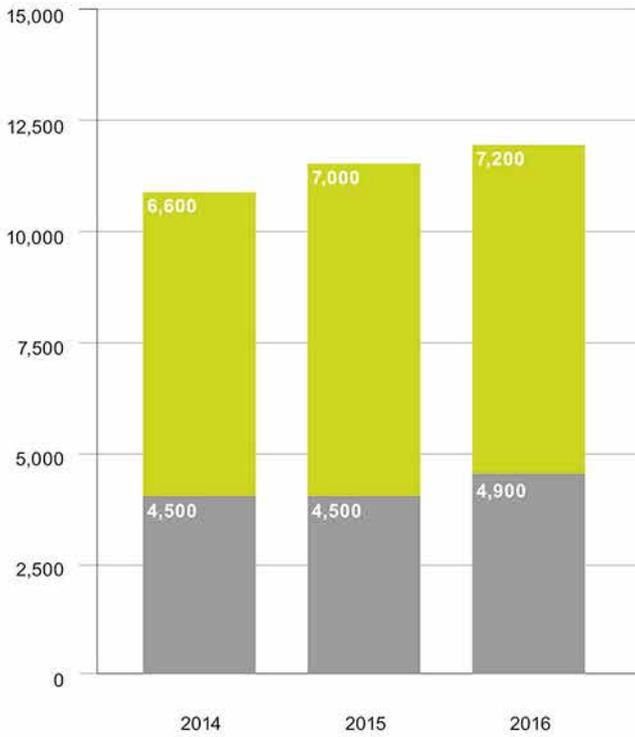
¹ Beverage Daily.com (2017 Aug 24), Euromonitor: Coffee to eclipse tea in consumption in the UK by 2021. Available at: <https://www.beveragedaily.com/Article/2017/08/25/Euromonitor-Coffee-to-eclipse-tea-in-consumption-in-the-UK-by-2021>

FIGURE 6.4.5

FAIRTRADE TEA: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2014-2016

- Hired Labour Organizations
- Small Producer Organizations

Fairtrade tea volumes sold (MT)



Fairtrade Premium received (€)

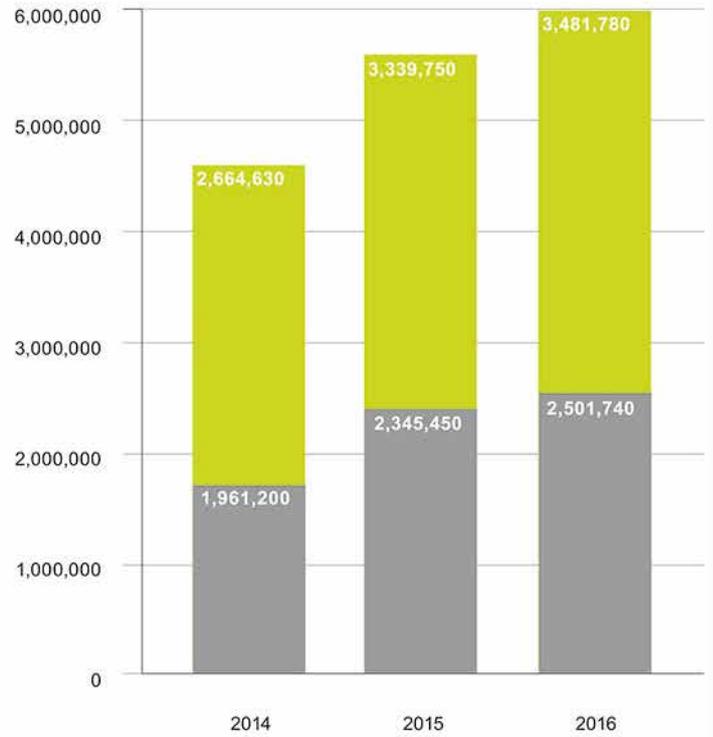
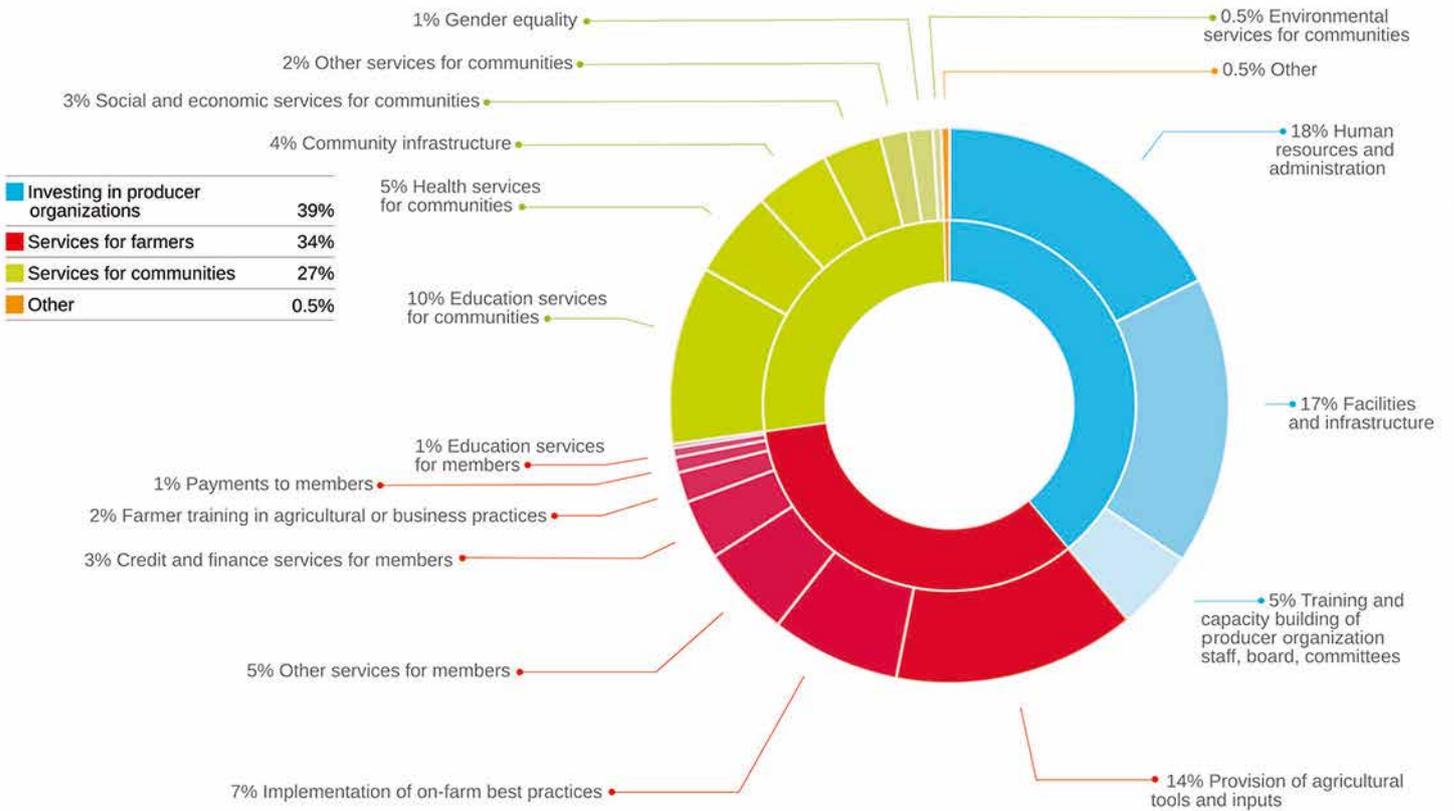


FIGURE 6.4.6

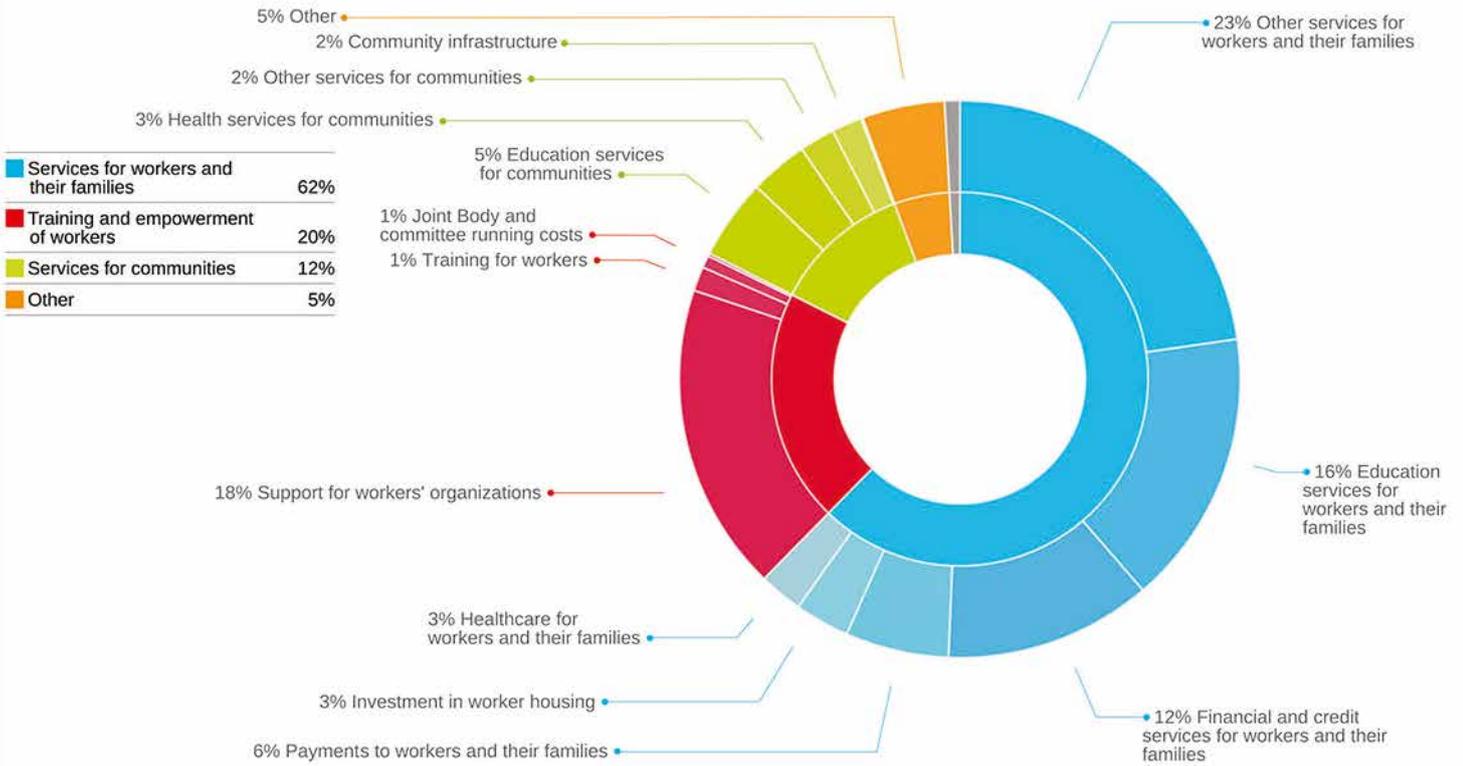
FAIRTRADE TEA: FAIRTRADE PREMIUM USE IN SMALL PRODUCER ORGANIZATIONS 2015-2016



Note: Percentages may not sum due to rounding.

FIGURE 6.4.7

FAIRTRADE TEA: FAIRTRADE PREMIUM USE IN HIRED LABOUR ORGANIZATIONS 2015–2016



Note: Percentages may not sum due to rounding.

FIGURE 6.4.8

AREA OF FAIRTRADE TEA CULTIVATED 2016 (HECTARES)

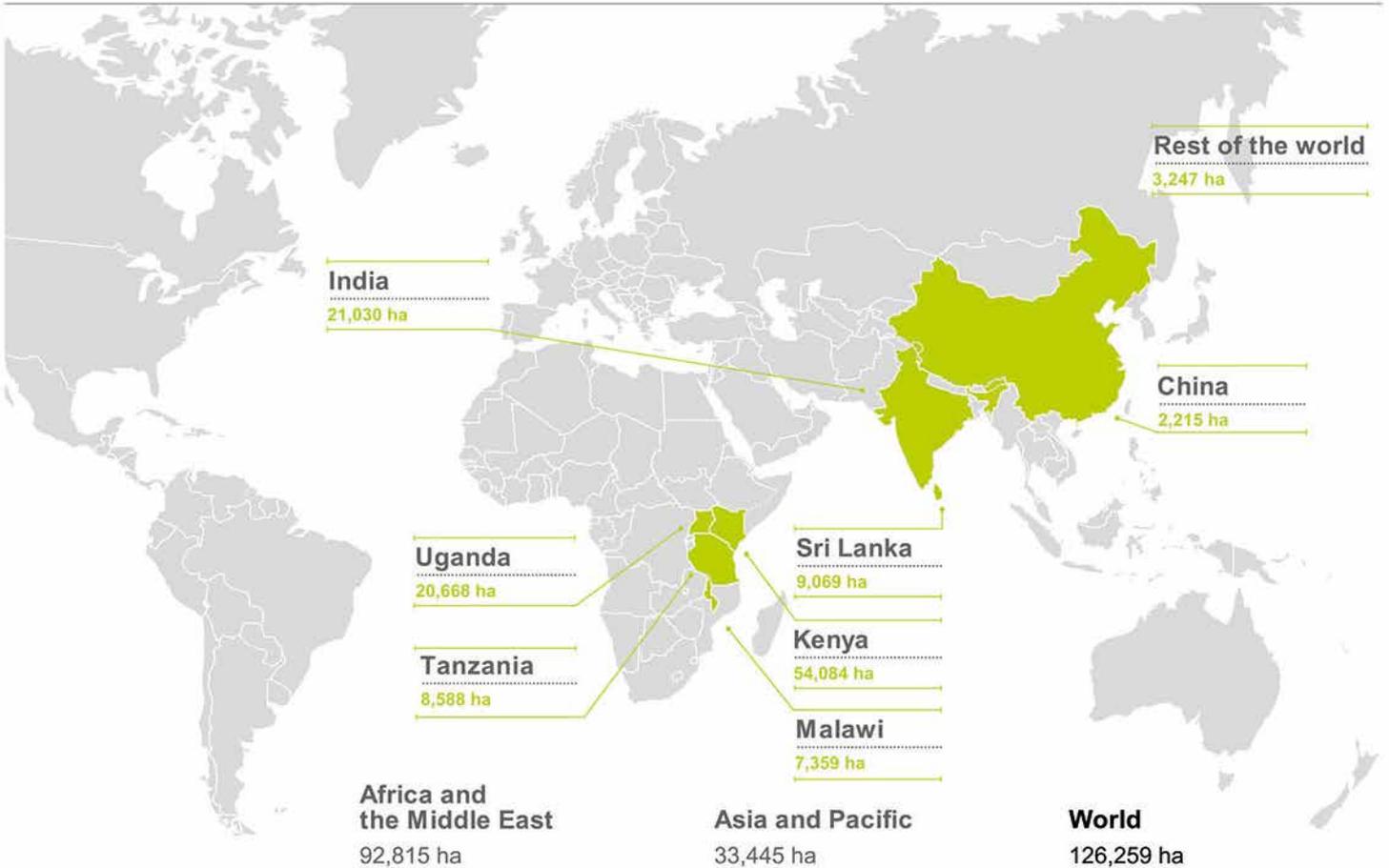


FIGURE 6.4.9

FAIRTRADE TEA PRODUCTION CAPACITY: TOP FIVE COUNTRIES 2015-2016 (MT)

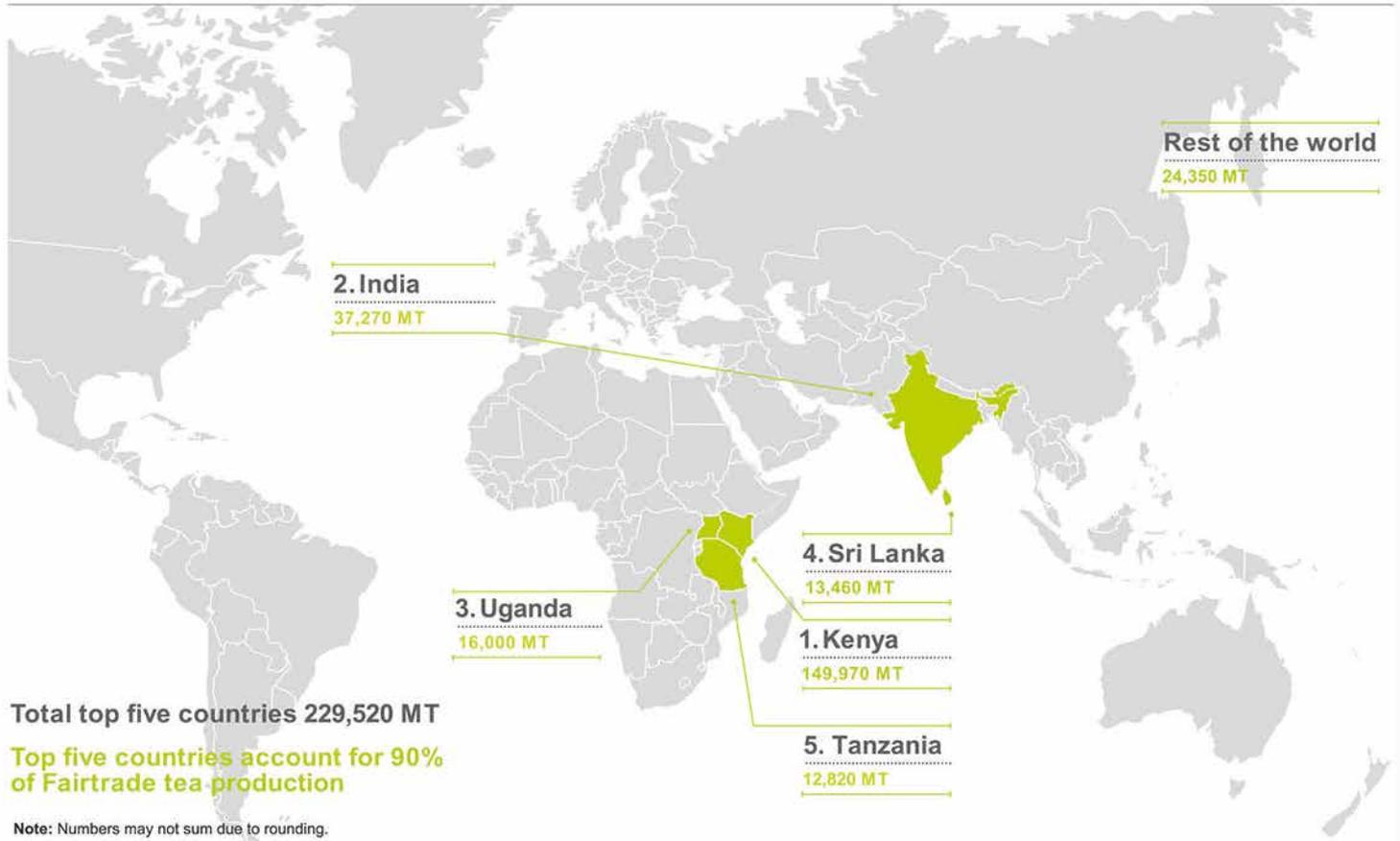
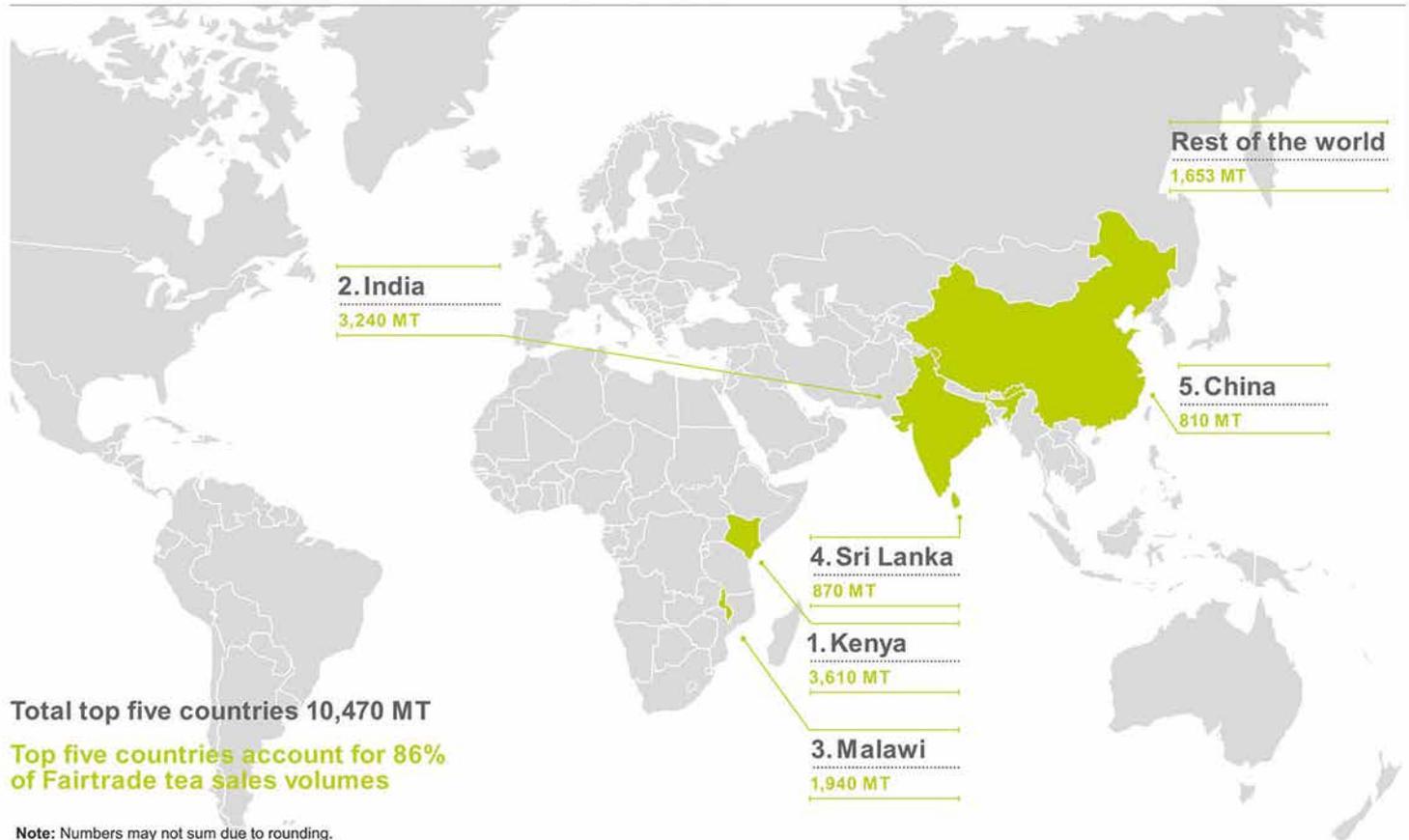
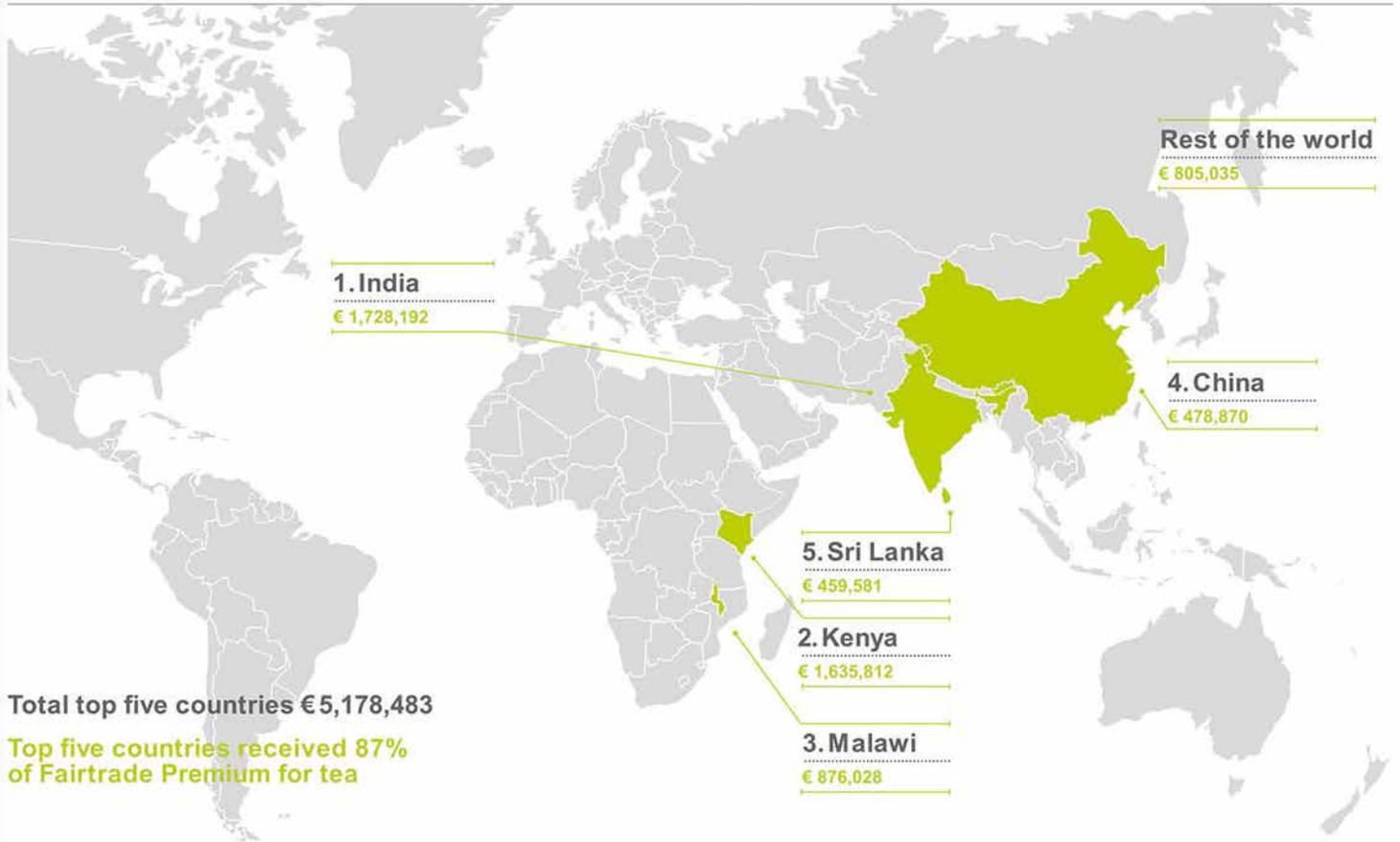


FIGURE 6.4.10

FAIRTRADE TEA: TOP FIVE SELLING COUNTRIES BY VOLUME 2016 (MT)



FAIRTRADE TEA: TOP COUNTRIES FAIRTRADE PREMIUM RECEIVED 2016 (€)



PRODUCER STORY



Tea worker at Fairtrade certified Sukambizi Association Trust, Malawi.
© Photography: Francesco John Mpambe

SUKAMBIZI, MALAWI: GETTING ACCESS TO MARKETS

Sukambizi is an organization of small-scale tea producers in the Mount Mulanje area of southern Malawi. Since acquiring Fairtrade certification in 2008, its membership has grown from 4,000 to over 8,600 as local farmers have seen how Fairtrade Premium projects have helped boost living standards.

Fairtrade Premium funds were heavily invested in infrastructure to improve market access for the farmers. Sukambizi constructed bridges to connect inaccessible villages with other villages and markets and bought vehicles to transport produce. This greatly improved their ability to get green leaf tea to Lujeri, the regional trading centre, quickly and efficiently. Almost 5,000 residents in 45 hard-to-reach villages benefitted as a result.

A majority of Sukambizi members – 70 percent of whom are women – have also invested funds in other social projects, including a new school, a maternity wing extension, and a 28-kilometre

pipeline to supply twelve villages with drinkable water.

"The first thing we did was to invest in the school," says Esmé Kamwende, one of the women smallholder farmer members of Sukambizi. "We believe in a future here but this is only possible if the next generation gets your support."

In recognition of their outstanding work in driving change in their community, the farmers at Sukambizi were honoured with the Fairtrade Award 2016.

110 TEA
PRODUCER ORGANIZATIONS
REPRESENTING MORE THAN
350,000
FARMERS AND WORKERS IN
12 COUNTRIES



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



€5.9 MILLION IN
FAIRTRADE
PREMIUM
RECEIVED BY TEA PRODUCERS
IN 2016



31% OF ALL
FAIRTRADE TEA FARMERS
AND WORKERS ARE WOMEN



43% ON PLANTATIONS



26% IN SMALL FARMER ORGANIZATIONS





Nie Qiu Yun at Fairtrade certified Xuan En Yisheng Tea Cooperative, China.
© Photography: Philipp Benedikt

CHAPTER 6.5

**FOCUS ON
FAIRTRADE
PRODUCTS:
SUGAR**

6.5 SUGAR



Agner David Mora Jiménez weeding the sugar cane field at Fairtrade certified CoopeAgri cooperative, Costa Rica.
© Photography: James Rodriguez, mimundo.org

FAIRTRADE SUGAR: KEY DATA 2016



The market environment for Fairtrade sugar has been difficult following the abolition of EU sugar quotas and increased competition from beet sugar produced in the European Union. Despite this, sales of Fairtrade certified sugar continued to grow during 2015–16 reaching a total of 166,560 MT.

Thanks to this sustained growth, Fairtrade sugar farmers reaped over €9.7 million (or US\$10.7 million) in Fairtrade Premium funds in 2016.

But the challenges for Fairtrade sugar persist and new strategies are needed so that sugarcane farmers can continue to benefit from their participation in Fairtrade.

COPING WITH THE HIGH DEPENDENCY ON SUGARCANE

At the end of 2016, there were 101 Fairtrade certified sugar producer organizations in 19 countries across three continents. In many – particularly island states like Fiji, Mauritius and Jamaica, as well as Belize in Central America – sugar is the backbone of the economy and provides large-scale employment. Fairtrade helps bring stability to the sugarcane sector by supporting the relationship between farmers and millers, and through sales made under Fairtrade conditions.

Fairtrade Standards and Premium investments enable producer organizations to produce sugarcane more sustainably through projects aimed at increasing productivity and efficiency.

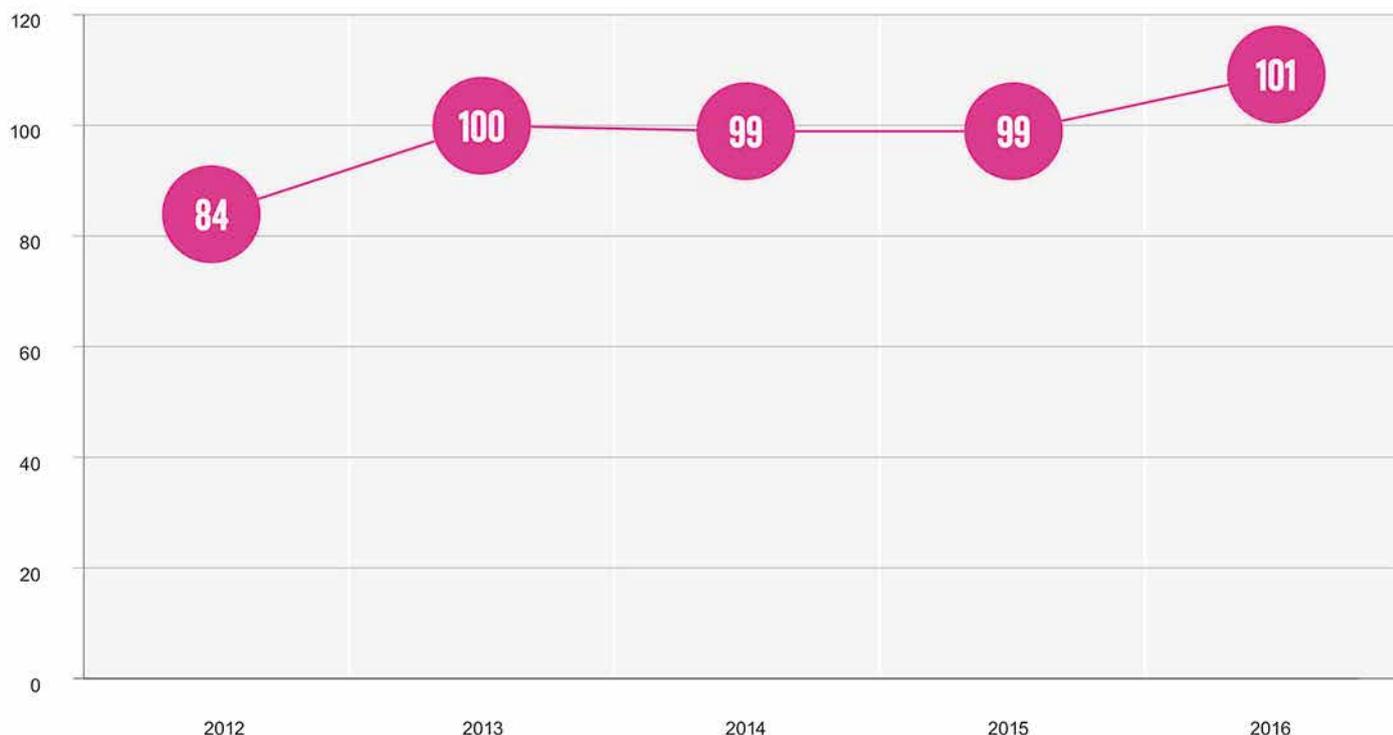
Through its Standards and strategic Premium projects, Fairtrade is recognized as an agent for change by producers and the sugar industry itself.

¹ European Commission, 'The end of EU sugar production quotas'.

Available at: https://ec.europa.eu/agriculture/sugar/doc/factsheet-end-sugar-quota_en.pdf

FAIRTRADE SUGAR: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE SUGAR CERTIFICATION 2012-2016

Number of producer organizations with Fairtrade sugar certification



Both elements enable farmer organizations to produce more sugarcane more efficiently and – crucially – more sustainably.

Fiji is a good example of how sugar farmers are investing their Premium to improve competitiveness. Since Fairtrade certification in 2011, covering all sugarcane growers in the country, sugarcane yields (MT/ha) have risen by 27.5 percent, while the land under sugarcane cultivation has fallen by almost ten percent². Producers have replanted sugarcane fields, bought mechanical harvesters, improved roads and set up a fertilizer subsidy programme among other initiatives.

Fairtrade has also made changes to the Cane Sugar Standard³. Now producers must report on indicators like yield, use of inputs, and water management. (A manual explains how those figures can support their efforts to be more competitive). Already, producers from Paraguay have been able to show how they've used

such data to make more strategic decisions on sustainable sugarcane production in their country.

Fairtrade Premium funds are also used for social purposes in the wider community. In Malawi, cooperatives have invested in drinking water boreholes, a clinic and a maize mill, and brought electricity to a number of villages.

Environmental protection projects are another area of focus. In Costa Rica, the CoopeAgri sugar and coffee producer organization has been managing the Peñas Blancas River basin protection programme with Fairtrade Premium funds since 2006. Other initiatives include the reforestation of 342 hectares; the planting of 200,000 trees along the river, and the production of 93,000 quintals of organic fertilizer from the by-products of sugarcane and coffee.

2 2iis consulting (November 2017), 'Exploring the impact of Fairtrade on the Fijian Sugar Industry, 2011–2016.'

Available at: <https://www.2iis.com.au/fairtradesugarinfiji>

3 Fairtrade International (2015, October 1), Fairtrade Standard on Cane Sugar.

Available at: https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/Cane_Sugar_SPO_EN.pdf

FIGURE 6.5.3

FAIRTRADE SUGAR: PRODUCER ORGANIZATIONS WITH FAIRTRADE SUGAR CERTIFICATION 2016

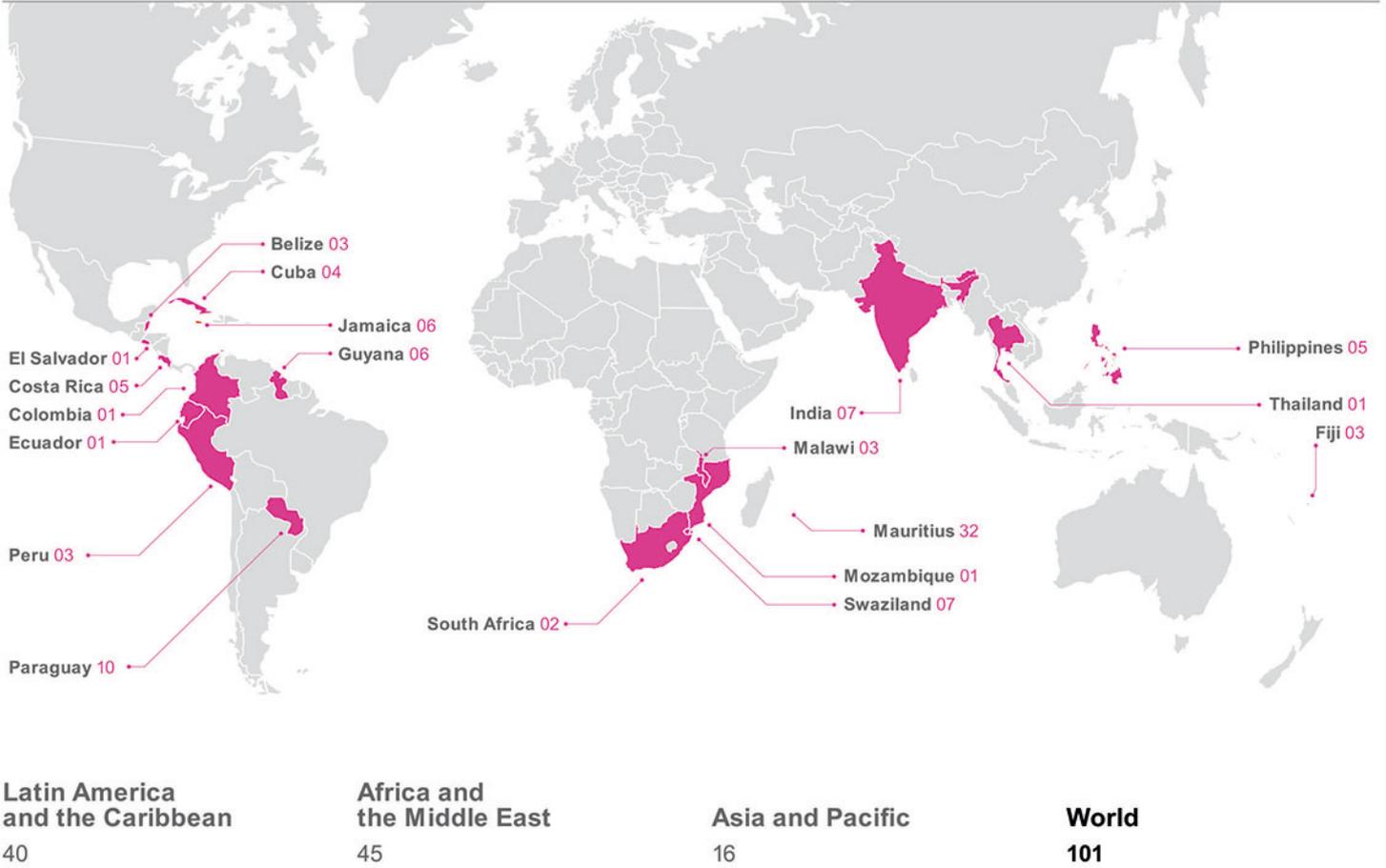
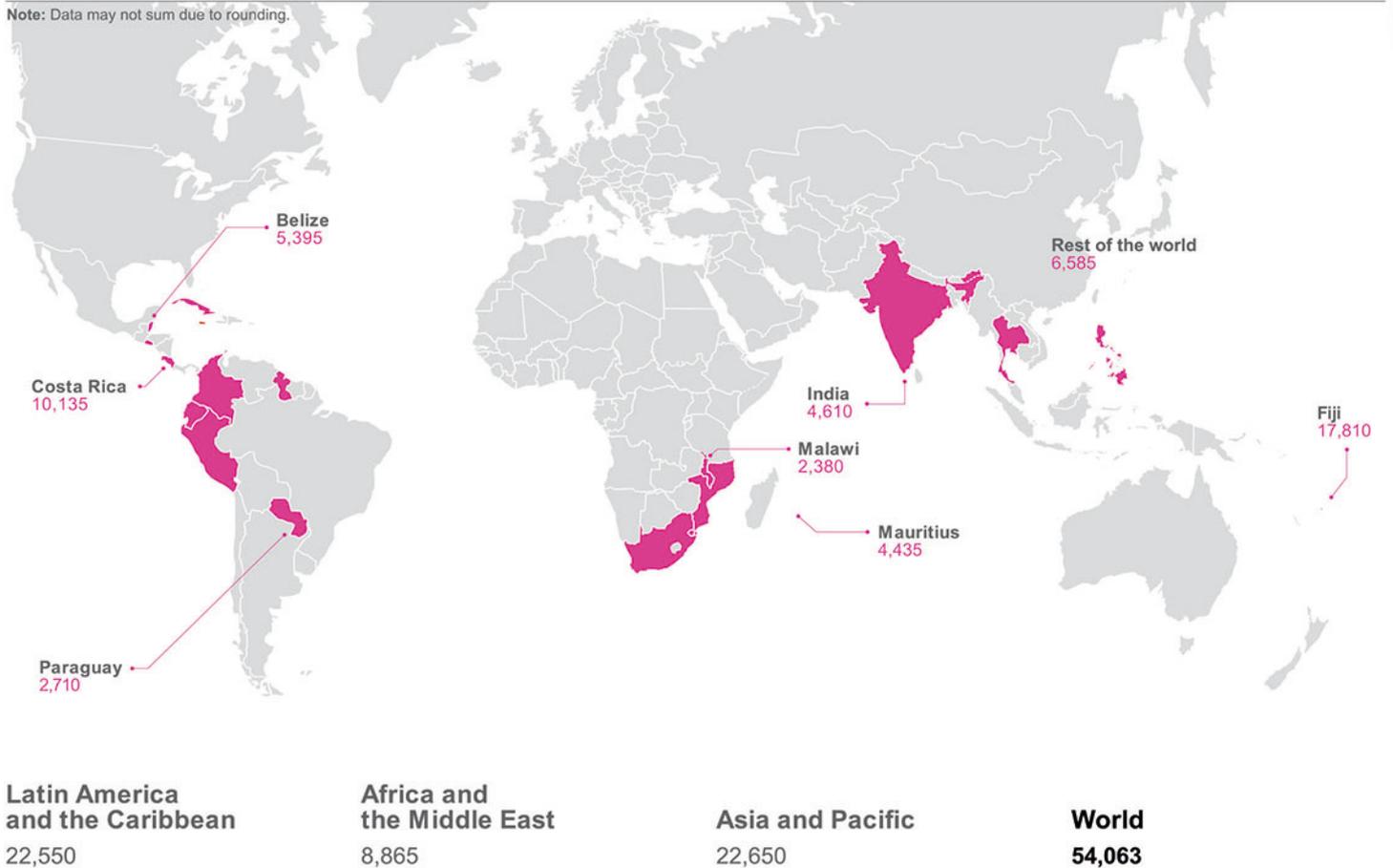


FIGURE 6.5.4

FAIRTRADE SUGAR: NUMBER OF FARMERS BY COUNTRY 2016

Note: Data may not sum due to rounding.



ENSURE CANE SUGAR FARMERS KEEP SELLING UNDER FAIRTRADE TERMS

The EU decision to abolish quotas on beet sugar production from October 2017 is leading to rising competition between cane sugar producers in developing countries and beet sugar producers in the EU. The market for Fairtrade sugar must keep growing so that sugar farmers can continue to invest in their future.

We're looking at tapping into emerging markets such as India and South Africa and into local and regional markets in the South. In addition, the Fairtrade Sourcing Ingredients (FSI) framework for sugar is expected to encourage more commercial partners to source Fairtrade sugar on a long-term basis.

Ferrero is one of the first companies to source sugar under FSI conditions. This framework enables Fairtrade, in collaboration with companies, to develop tailor-made field programmes, which take into account the challenges and needs of producers and the sector.

We're also studying diversification options for Fairtrade sugarcane farmers. These include a new partnership with the Roundtable for Sustainable Biomaterials. It's assessing the potential for sugarcane farmers to access by-product supply chains such as sustainable bio-fuels, bio-plastics and bio-chemicals.

RESEARCH INSIGHT

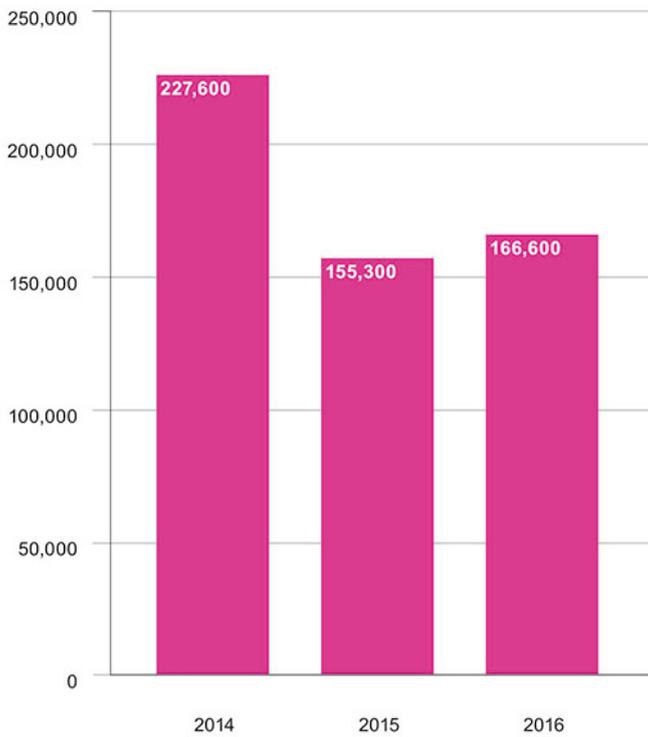
FAIRTRADE SUGAR IN FIJI: EXPLORING THE IMPACT OF FAIRTRADE ON FIJIAN COMMUNITIES

A study looking at the impact of Fairtrade on Fijian sugar farmers between 2011 and 2016 found that Fairtrade sales led to €12 million in Premium funds earned during this time period. Through these funds, Fairtrade contributed to a 27.5 percent increase in sugarcane yields and supported 750 community projects, reducing the use of child labour and eliminating the application of dangerous pesticides. The study estimates that 76,775 people have benefited from Fairtrade sugar in Fiji during this time period. Despite these successes, there are challenges ahead for Fijian sugar farmers, with sales of sugar on Fairtrade terms dropping from 37.5 percent in 2013 to 10.1 percent in 2016. The researchers provide several potential 'pathways to 2030', which include an accounting of the challenges and recommendations for both Fairtrade and Fijian sugar farmers.

2iis Consulting (2017)

FAIRTRADE SUGAR: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2014-2016

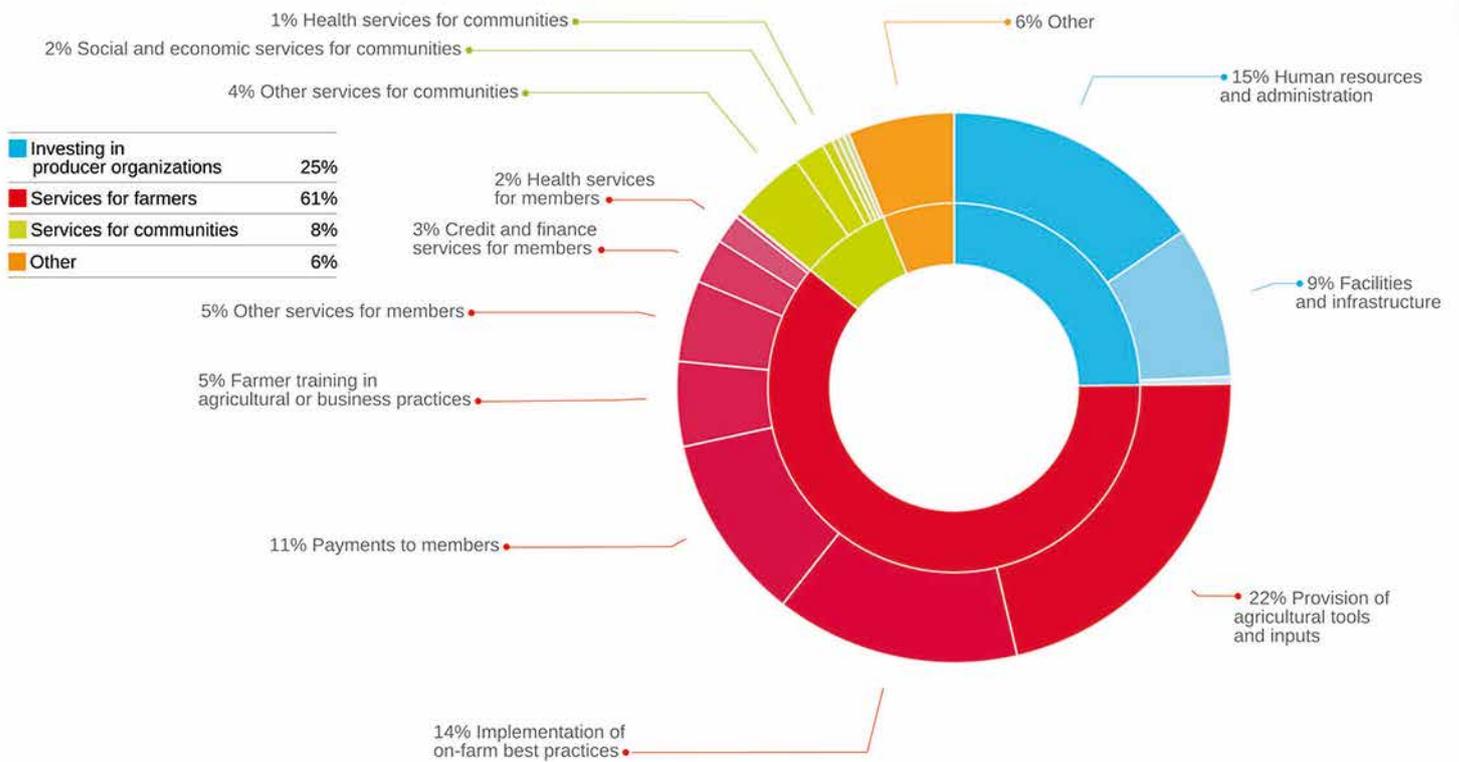
Fairtrade sugar volumes sold (MT)



Fairtrade Premium received (€)



FAIRTRADE SUGAR: FAIRTRADE PREMIUM USE 2015-16



Note: Percentages may not sum due to rounding.

FIGURE 6.5.7

AREA OF FAIRTRADE SUGAR CULTIVATED 2016 (HECTARES)

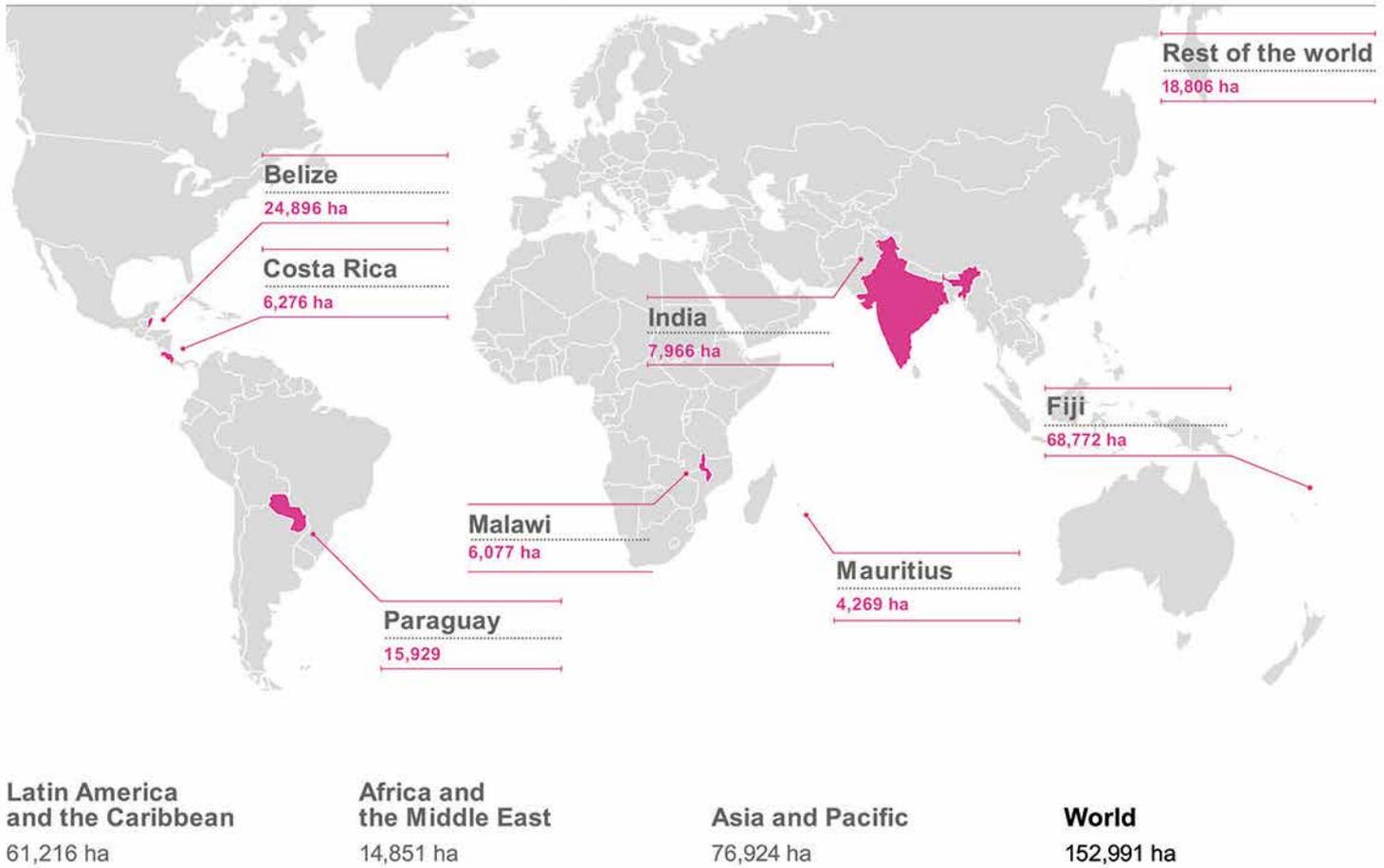
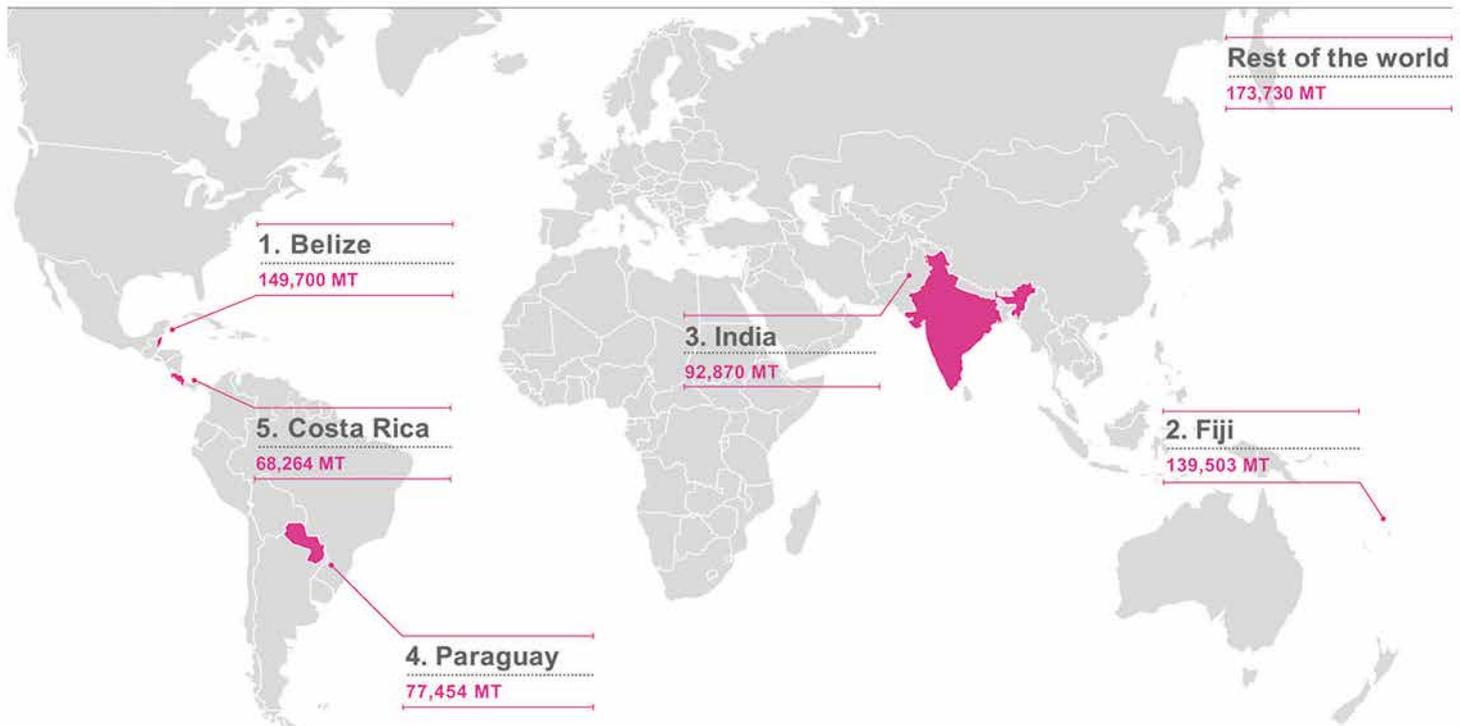


FIGURE 6.5.8

FAIRTRADE SUGAR PRODUCTION CAPACITY: TOP FIVE COUNTRIES 2015-2016 (MT)



Total top five countries 527,791 MT

Top five countries account for 75% of Fairtrade sugar production

PRODUCER

STORY



Harvesting of sugarcane at Fairtrade certified Manduvira cooperative, Paraguay.
© Photography: Martin Höcker

THE SECRET BEHIND THE SWEET SUCCESS OF SURINAM SOUILLAC CCS IN MAURITIUS

Mauritian sugarcane farmers have a saying: “sugar is in our blood.” But extreme weather conditions in recent years led to a fall in productivity both of sugarcane and sucrose. And, like small-scale sugar farmers around the world, farmers here have faced rising costs and volatile sugar prices. As a result, many stopped growing cane. It was simply no longer a viable or sustainable business proposition.

But producer organization Surinam Souillac CCS – many of whose small farmers grow cane on marginal lands of less than one hectare on sloping mountainous terrain - has bucked the trend.

They say their competitiveness comes from the support they’ve received from Fairtrade. Co-op members have adopted better agricultural practices, such as the “Clean Cane Campaign”. They improved their field structure; they weed and

feed their crop in a timely fashion; they replace old cane varieties with more adaptable new ones. And they’ve introduced improved governance and internal controls.

To incentivize farmers and buffer them against low sugar prices, Surinam provides financial aid for each tonne of cane produced. The more cane the farmers produce, the more Premium they receive. The co-op’s Premium has also paid for timely cutting, loading and transportation of the cane to the mill, thus increasing both the sucrose content and the farmers’ income.

There has been a positive environmental pay-off too. Cultivating cane on the mountains is tough but the crop cover helps prevent soil erosion. This has become even more important as farmer numbers fall and more land lies fallow.

With more and more farmers in the Fairtrade fold, the sustainability of their future has been reinforced. Farmers are also helping to combat global warming as sugarcane is a C4 plant, which absorbs more carbon dioxide.

101 SUGAR

PRODUCER ORGANIZATIONS
REPRESENTING

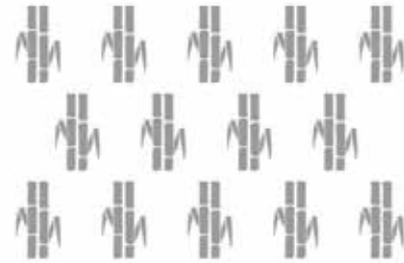
54,000

FARMERS IN 19 COUNTRIES



ORGANIC

FAIRTRADE SUGAR
PRODUCTION
GREW BY 15%



€9.7 MILLION IN
FAIRTRADE
PREMIUM

RECEIVED BY SUGAR PRODUCERS
IN 2016



SALES VOLUMES
GREW BY 7%
FOR FAIRTRADE
SUGAR





Farmer at Fairtrade certified UBPC Bermejales cooperative, Cuba.
© Photography: CLAC

CHAPTER 6.6

**FOCUS ON
FAIRTRADE
PRODUCTS:
COTTON**

6.6 COTTON



Fairtrade cotton farmer Kady Waylie throwing freshly picked cotton onto a heap in Sitaoulé Bananding, Senegal.

© Photography: Sean Hawkey

FAIRTRADE COTTON: KEY DATA 2016



Cotton is a growing category for Fairtrade, with sales of 8,125 MT in 2016 and 18 certified producer organizations. The scope for growth is significant given that only 11 percent of the world's cotton is currently produced sustainably, and there is increasing interest from within the industry itself, as well as pressure from NGOs, to set high sustainable cotton sourcing commitments. In order to take advantage of this favourable environment, Fairtrade is focusing efforts on engaging with cotton stakeholders, including businesses, NGOs and governments, to build awareness and support for Fairtrade certified cotton and address the most pressing issues affecting the sector. These include the lack of transparency and traceability in cotton supply chains.

WORKING TO GROW THE FAIRTRADE MARKET FOR COTTON

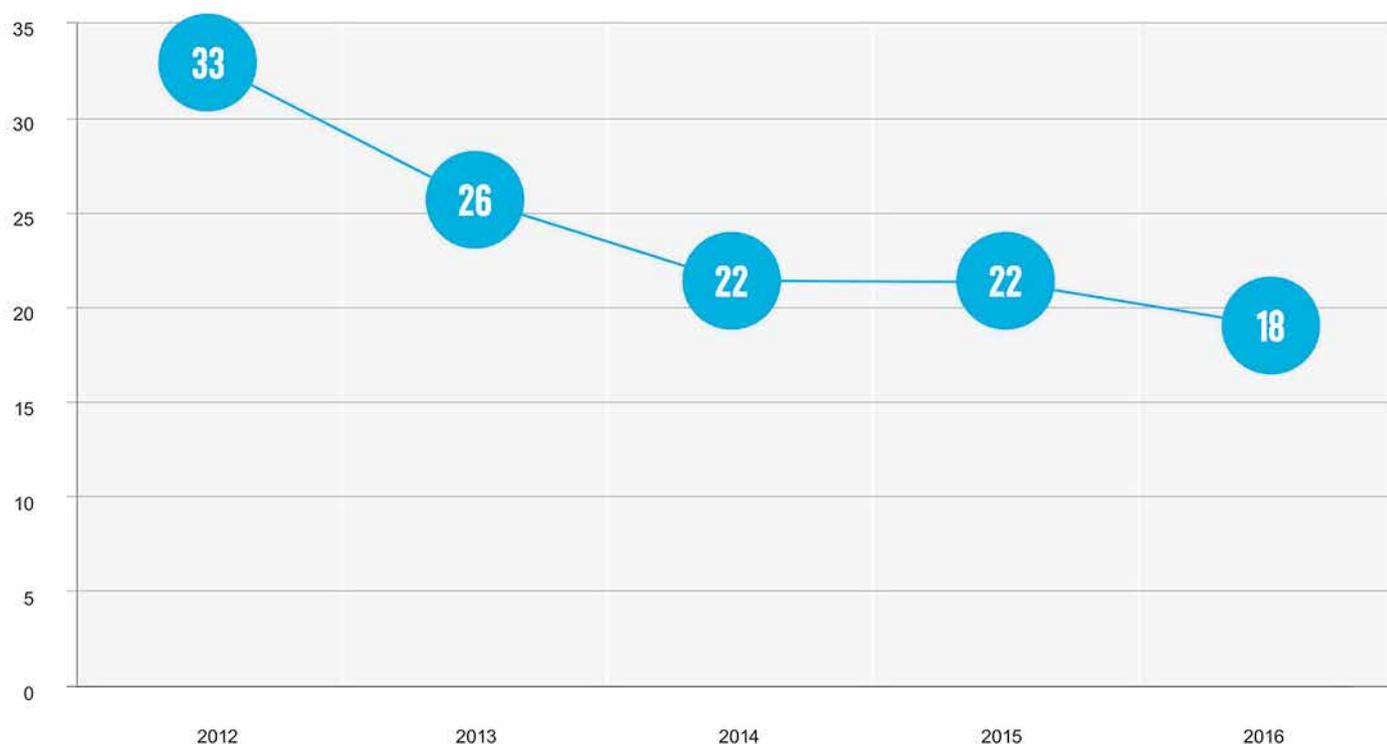
Since 2014, manufacturers have been able to purchase Fairtrade cotton in bulk and mix it with other cotton and fibres as needed, in addition to sourcing and creating 100 percent Fairtrade cotton products. This concept, known as 'mass

balance' and labelled under the Fairtrade Cotton Program, was launched to expand the uptake of Fairtrade cotton while providing all the benefits of increased Fairtrade sales to cotton farmers. There is strong interest in this model. By the end of 2016, we had seven sourcing commitments globally, and continued engagement with businesses that are keen to address the sustainability-related challenges in the cotton sector. We also introduced new and customized supply chain services that map and link commercial partners to support and guide them with the sourcing of Fairtrade cotton. This allows us to help them identify suitable end product options with competitive advantage.

Fairtrade launched the Fairtrade Textile Standard in June 2016. This Standard, which is part of the broader Fairtrade Textile Programme, is designed to tackle the challenging working conditions of textile factories by extending the Fairtrade approach to the entire textile supply chain. By committing to Fairtrade, fashion and textile companies can help improve the social and economic well-being of workers across the entire production chain. Based on Fairtrade's existing Standard for Hired Labour, the Fairtrade Textile Standard focuses on working conditions, living

FAIRTRADE COTTON: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE SEED COTTON CERTIFICATION 2012-2016

Number of producer organizations with Fairtrade seed cotton certification



wages and workers' rights, and allows for other sustainable fibres as well as cotton according to Fairtrade's Responsible Fibres criteria.¹ It's the first Standard of its kind to require living wages to be paid within a set time period – six years after certification – with brand owners also contractually responsible for fair and long-term purchasing practices that are essential for implementing wage increases. Overall, the Textile Standard aims to empower factory workers and enable them to negotiate labour conditions independently. Three German brands (3Freunde, Shirts For Life and Melawear) signed up as the first partners for the Fairtrade Textile Standard and Programme in 2016.

ENHANCING SECTOR COLLABORATION

In order to raise awareness about Fairtrade cotton and build more sustainable sourcing practices in the sector, Fairtrade actively participated at industry events, such as the Textile Exchange and Innovation Forum Apparel conferences. Fairtrade collaborated with other cotton standards through the Cotton 2040 initiative² convened by Forum for the Future. Fairtrade also partnered with Prince Charles' Sustainability Unit on roundtables to engage with the industry to increase the uptake of sustainable cotton.³

In addition, Fairtrade continues to engage with the German Textile Partnership, which was initiated by the German Federal Minister for Economic Cooperation and Development. This Partnership is a multi-stakeholder initiative with about 150 members from the fields of business, politics and

1 Fairtrade International Responsible Fibre Criteria. Available at: https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/ResponsibleFibreCriteria.pdf

2 'Cotton 2040 is a unique cross-industry partnership, bringing together leading international brands and retailers, cotton standards, existing industry initiatives and other stakeholders across the supply chain.' Read more here: <https://www.forumforthefuture.org/project/cotton-2040/overview>

3 Fairtrade Foundation (24 May 2017) 'Sustainable Cotton Communique'. Available at: <https://www.fairtrade.org.uk/Media-Centre/News/May-2017/Sustainable-Cotton-Communique>

FAIRTRADE COTTON: PRODUCER ORGANIZATIONS WITH FAIRTRADE SEED COTTON CERTIFICATION 2016



RESEARCH INSIGHT

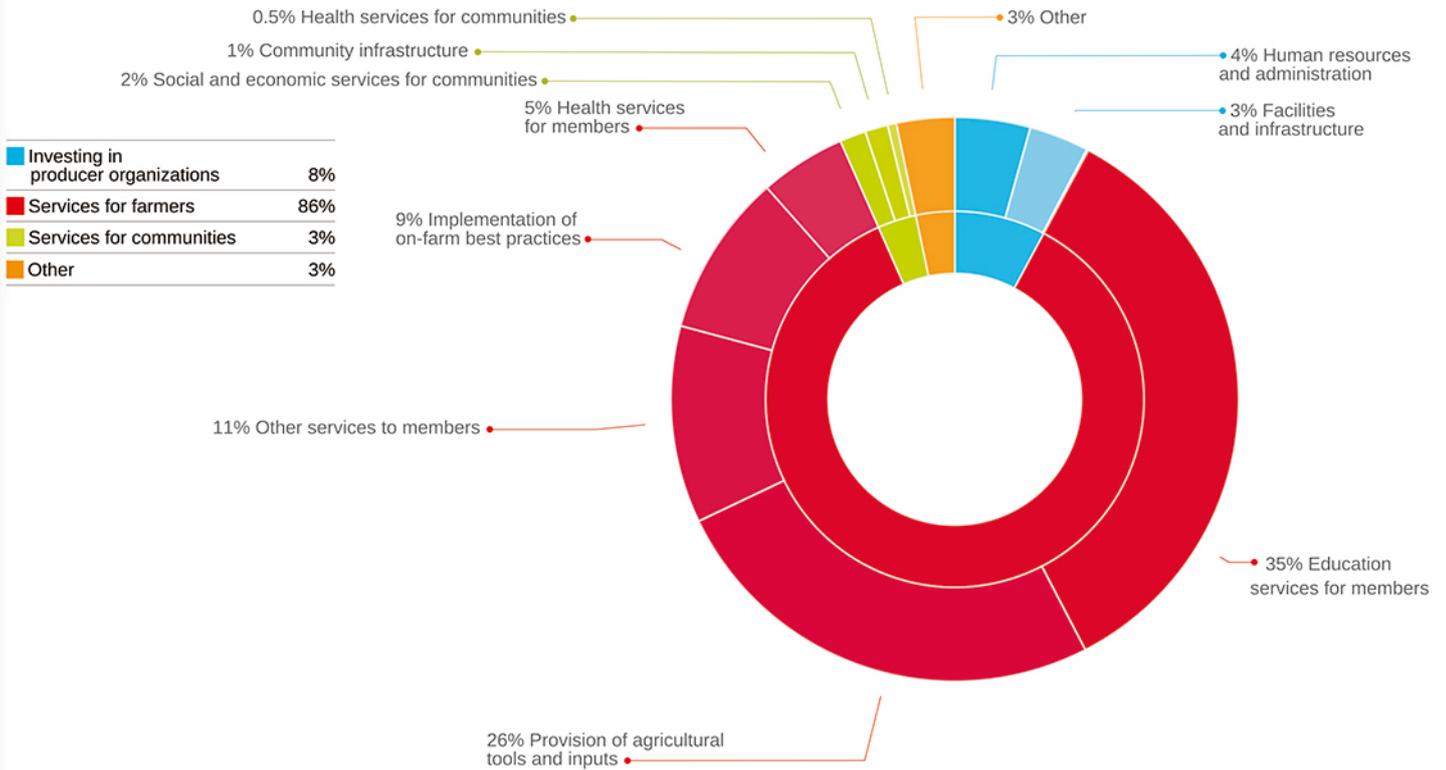
BASELINE STUDY OF FAIRTRADE COTTON IN WEST AFRICA

The study was commissioned in 2015 by Fairtrade to look at the impact of Fairtrade certification in the cotton sector in West Africa. Using a sample of Fairtrade and non-Fairtrade SPOs and farmers, the study found that Fairtrade had a positive impact in the areas of higher price differentials, child rights awareness, access of services to women, overall access to training, social project investments, and internal control systems. For example, farmers in Fairtrade

certified cooperatives had more access to training, and were more likely to have policies relevant to gender and young people. There was no difference between Fairtrade and non-Fairtrade certified cooperatives and farmers regarding yields (conventional only), food insecurity, and vulnerability. The study recommends that Fairtrade invests more in farmer support and in improving market access for increased Fairtrade cotton sales.

Aidenviroment (2015)

FAIRTRADE COTTON: FAIRTRADE PREMIUM USE 2015–2016



Note: Percentages may not sum due to rounding.

civil society. Together they are striving to improve the social and environmental conditions in textile production globally – from the production of raw materials for textile production to the disposal of textiles.

Forum in Paris in March 2016 focusing on advocacy and market access to improve the conditions of West African Fairtrade cotton producers. Representatives from the industry, commercial partners, supply chain and small producers all participated.

ADVOCATING FOR A MORE SUSTAINABLE COTTON SECTOR

Political advocacy has been another important area of work to defend the interests of vulnerable cotton farmers and promote the take-up of Fairtrade cotton. To this end, Fairtrade engaged with industry experts to research and develop a position paper called ‘Power to West African cotton producers.’⁴ This mapped the challenges in the cotton sector in West Africa with a focus on small producers and put forward recommendations for the European Union, G7 and the governments of West African countries in support of fairer and more sustainable textile supply chains. Fairtrade also hosted a Cotton

4 Fair Trade Advocacy, ‘Power in West African Cotton Sector’. Available at: <http://www.fairtrade-advocacy.org/power/180-projects/power-in-supply-chains-campaign/889-power-in-the-west-african-cotton-sector-2016>



PRODUCER

STORY

Sugna Jat holding Fairtrade certified cotton at Pratibha-Vasudha in Madhya Pradesh, India.
© Photography: Suzanne Lee

VASUDHA JAIVIK KRISHAK KALYAN SAMITI (VASUDHA), INDIA

The cotton farmers we work with in India currently find it very difficult to access non-genetically modified (GM) cotton seeds, with over 95 percent of cotton seed supply in India being genetically modified. This limits the opportunities of cotton farmers to improve their livelihoods by gaining access to higher-value markets for their crops, since Fairtrade and organic standards prohibit use of GM seeds. Farmer members of Fairtrade cooperatives have proactively identified increased access to non-GM seeds as a major priority for them.

Vasudha Jaivik Krishak Kalyan Samiti (Vasudha) is one such cooperative. A registered society of smallholder cotton farmers in Khargone district in the state of Madhya Pradesh, Vasudha comprises 1,524 individual members spread across 47 villages, of which 1,417 are men and 107 are women. The staple crops of the region are wheat, maize, soybean, pigeon pea, grams and groundnut. Vasudha has encouraged other neighbouring producer organizations to invest

in similar Fairtrade Premium projects, such as building schools, investing in education and drip irrigation.

In late 2016, Fairtrade Foundation raised funds through TRAIID to develop a three-year seed breeding programme for non-GM cotton seeds. The programme is being run under the supervision of a qualified agronomist and plant breeder employed by Vasudha's parent organisation, Pratibha Syntex, and includes the training of 19 skilled farmers. The project aims to benefit 1,500 farmer members of Vasudha and will be extended to other producer organizations in the coming years.

This project is one example of the Fairtrade-facilitated link between Vasudha and Pratibha Syntex, which is one of the world's largest textile manufacturers with a strong focus on sustainability. It specializes in knitted textiles and is also located in Madhya Pradesh.

Thanks to Fairtrade Premium funds, Vasudha has been able to invest significantly in their members' businesses. The cooperative makes

its own chemical-free fungicides, insecticides and nutritional supplements and sells to farmers at cost. They work with several technical experts to provide periodical workshops and training camps on different topics to improve quality and productivity. Cooperative members have also chosen to invest in drip irrigation for 125 farmers covering 50 hectares, conserving up to 40 percent of their former water usage. Eighty percent of Fairtrade cotton farmers are using drip irrigation today and improving their water management as a result.

Vasudha has also used the Fairtrade Premium to benefit the local communities. Projects include the establishment of a skills development centre for women where they learn stitching and tailoring to supplement their income. Toilet facilities for women have also been built in the village, and efforts are being made to enrol all the girls in the community in the local schools.

The cooperative was even able to use Premium funds to build a school for the children of local farmers. Today, over 450 students attend the school, which offers education up to twelfth grade. Families pay a nominal tuition fee, which is partially subsidized for Fairtrade farmers. Vasudha also invested in school buses so that now students from 80 villages can attend the school. They aim to build a college in the coming years. Vasudha has recently established a nursery of 75,000 horticulture plants to grow around farms to create a better micro-environment. They will also provide an extra income for farmers who will be able to sell fruits on local markets in years to come.

"With great courage and determination, we are on the way to achieving our vision for better farming," says Avinash Karmarkar, the Vice-President of Vasudha. "We have raised the bar for sustainable agriculture and won't stop there. Abiding by the Fairtrade Standards, we have many exciting plans. Vasudha is an example of Fairtrade supporting the empowerment of farmers in taking control of their future."

18 COTTON
PRODUCER ORGANIZATIONS
REPRESENTING
46,305 FARMERS



IN 6 COUNTRIES

FAIRTRADE
COTTON FARMERS
INVESTED 35%



OF THEIR FAIRTRADE
PREMIUM TO SUPPORT
EDUCATION
IN THEIR COMMUNITIES

75% OF ALL
FAIRTRADE COTTON FARMERS
LIVE IN INDIA



86% OF ALL
FAIRTRADE PREMIUM
FOR COTTON GOES TO
INDIA





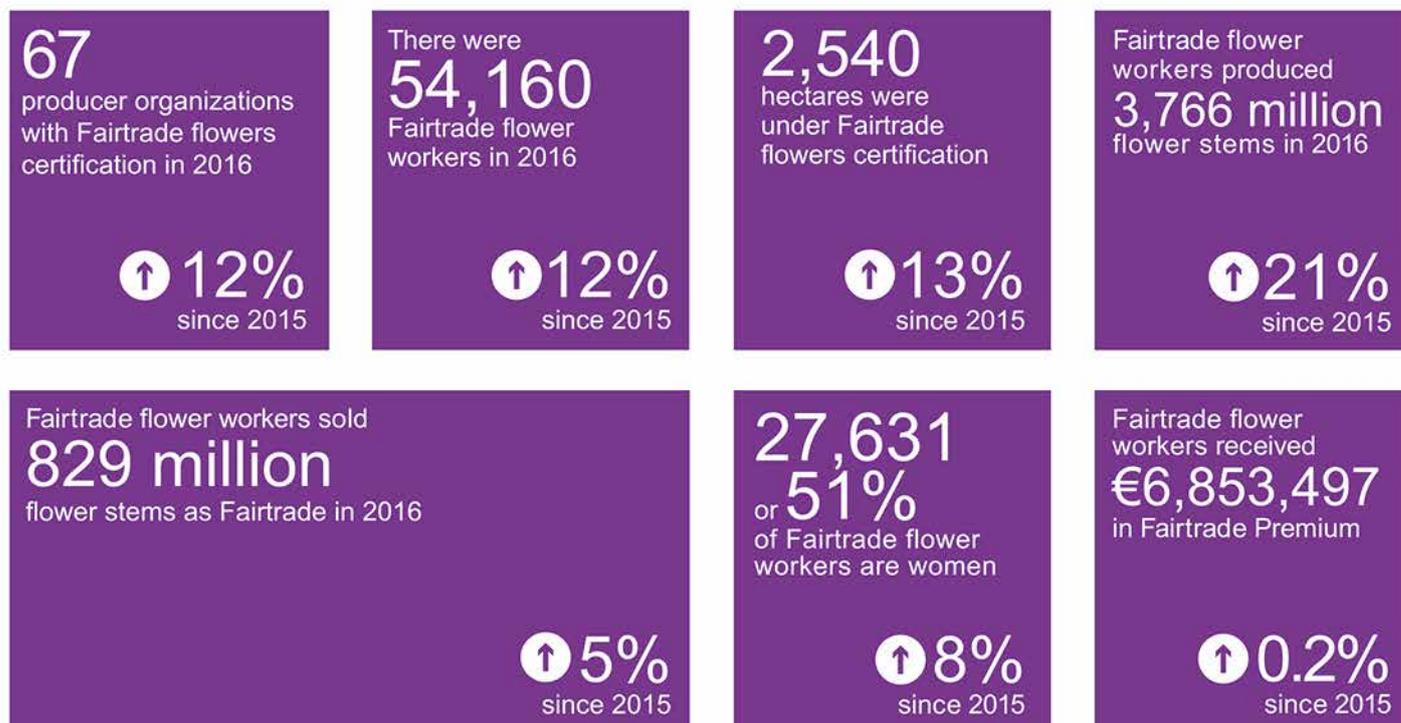
6.7 FLOWERS

CHAPTER 6.7

**FOCUS ON
FAIRTRADE
PRODUCTS:
FLOWERS**

Flower worker Evans Omundi Keneye at Fairtrade certified Oserian flower farm, Kenya
© Photography: Ola Höiden

FAIRTRADE FLOWERS: KEY DATA 2016



Since their introduction as a Fairtrade product in 2001, the volume of stems sold has been growing steadily year on year. Increasingly, consumers are looking for flowers that are not only fresh and beautiful but also produced with meaningful social and economic values in mind. During 2016, 829 million flowers stems were sold in 15 countries. This translated into total Premium earnings of more than €6.8 million for workers on Fairtrade certified flower farms.

While this is good news, a lot still needs to be done to ensure that more money and benefits reach the workers, most of whom are located in eastern African countries. A relatively low percentage of Fairtrade sales per farm and low

wages generally throughout the sector are two of the most pressing issues Fairtrade must tackle in order to boost benefits for workers.

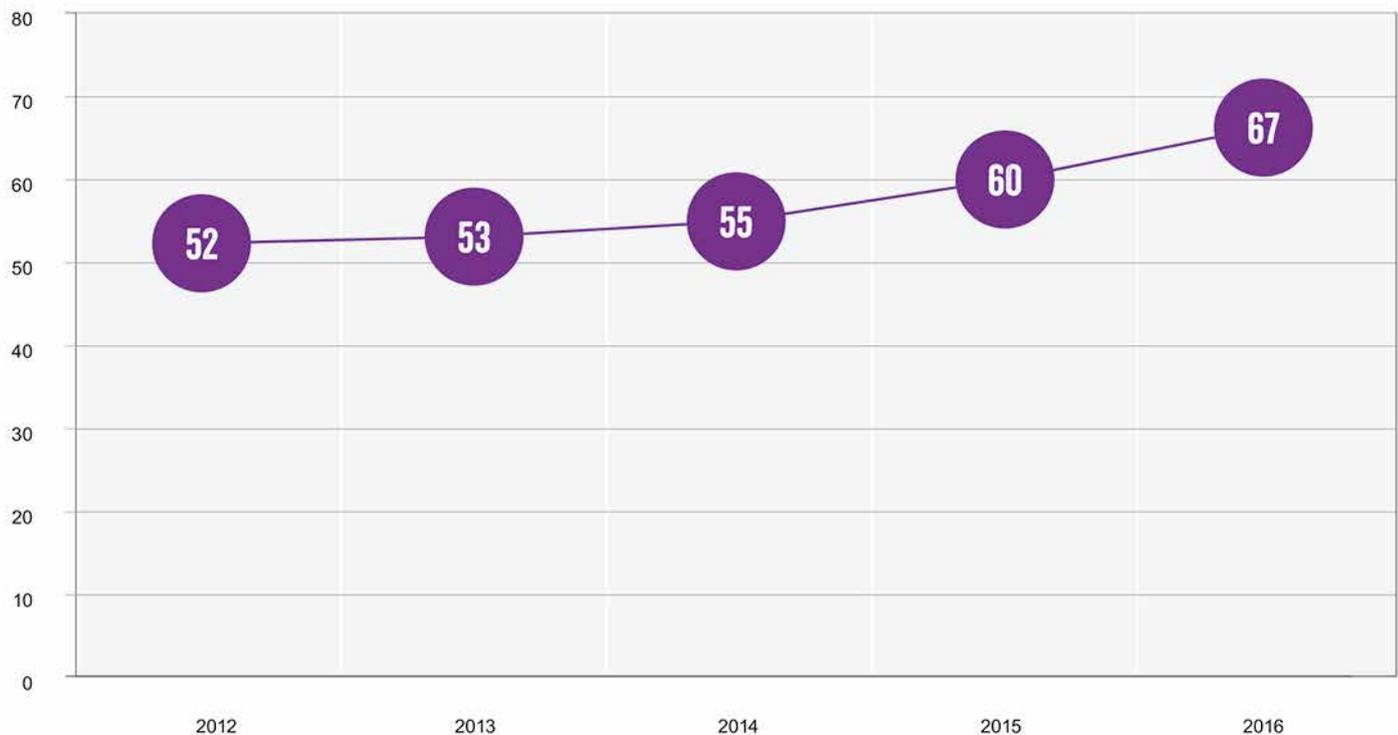
Fairtrade is also working on making Premium use more transparent for all stakeholders. As a result, Premium funds in excess of €30,000 now require an external financial audit.¹ In exceptional cases, where any misuse of Premium funds is detected, management advisors to the Fairtrade Premium Committee can block spending that violates the rules.²

1 FLOCERT compliance criteria (2017), p. 59, 2.1.0.79 is applicable for Fairtrade Premium receipts above €30,000 (Premium currency) in the last financial year. Where it is required, organizations must contract a financial audit company to audit their FPC accounts based on the use decided in the General Assembly. Available at: https://www.flocert.net/wp-content/uploads/2017/08/HiredLabour_ComplianceCriteria_en.pdf

2 Fairtrade Hired Labour Standard, p.14, 2.1.13: Management participates actively and responsibly in the Fairtrade Premium Committee through its advisors and assists and supports the workers in the administration of the Fairtrade Premium. Management advisors to the FPC have a non-voting advisory role. They have the right to block expenditure that would violate rules for Fairtrade Premium use (2.1.17 and 2.1.19), if proposed Fairtrade Premium use is illegal, fraudulent or if it has a demonstrable negative structural, financial or social impact on the company. Available at: https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/HL_EN.pdf

FAIRTRADE FLOWERS: NUMBER OF PRODUCER ORGANIZATIONS WITH FAIRTRADE FLOWERS CERTIFICATION 2012-2016

Number of producer organizations with Fairtrade flowers certification



KEEPING THE MARKET FOR FAIRTRADE FLOWERS GROWING

While the overall market for Fairtrade flowers has been growing steadily and more farms have become Fairtrade certified over the last decade, the percentage of producer sales on Fairtrade terms remains relatively low – only 20 to 30 percent on average. In order to continue supporting workers to improve their working and living conditions, it is essential to expand sales on Fairtrade terms at a faster rate.

To achieve this, Fairtrade began looking at new ways for market partners to engage and source more Fairtrade volumes at farm level in 2016. One of the most recent initiatives enables the use of Fairtrade flowers in more flower bouquets. For example, bouquets made with 100 percent Fairtrade roses carry the standard Fairtrade label. However, bouquets may also now carry the label if they contain at least 50 percent Fairtrade roses, mixed with flowers and foliage that are not available as Fairtrade certified.

In addition, Fairtrade has recruited a Flowers Trader Manager to engage key traders more and build the florist and auction market for Fairtrade. At the same time, marketing to promote Fairtrade certified flowers among consumers continues to be a priority in all the markets where Fairtrade flowers are sold.

FIGURE 6.7.3

FAIRTRADE FLOWERS: PRODUCER ORGANIZATIONS WITH FAIRTRADE FLOWERS CERTIFICATION 2016



Latin America and the Caribbean
12

Africa and the Middle East
53

Asia and Pacific
2

World
67

FIGURE 6.7.4

FAIRTRADE FLOWERS: NUMBER OF WORKERS BY COUNTRY 2016

Note: Data may not sum due to rounding.



Latin America and the Caribbean
2,255

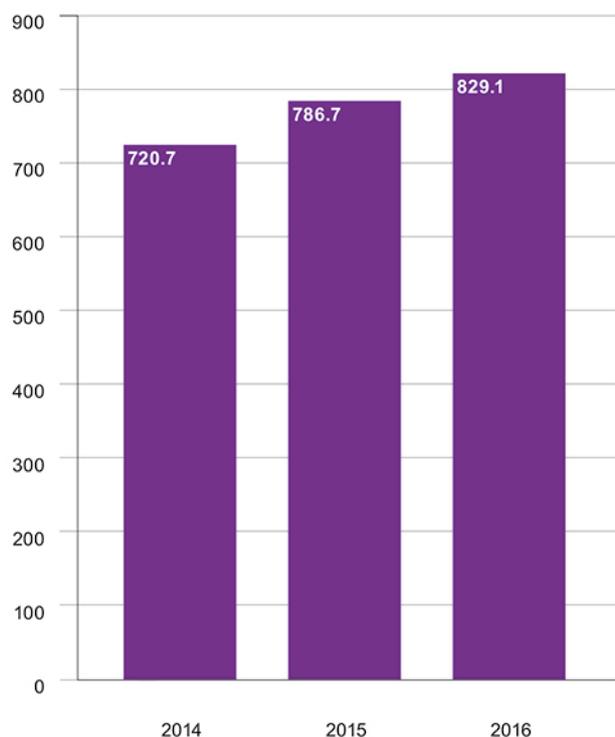
Africa and the Middle East
51,720

Asia and Pacific
180

World
54,160

FAIRTRADE FLOWERS: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2014-2016

Fairtrade flower volumes sold (million stems)



Fairtrade Premium received (€)



IMPROVING WORKING CONDITIONS ON FLOWER FARMS: AIMING FOR A LIVING WAGE

With wages being low throughout the flower sector, our efforts to secure living wages for flowers estate workers are vital. Fairtrade Standards require Fairtrade certified flower farms to pay at least the minimum legal wage or the regional average.³ Unfortunately, these amounts are generally quite low and far from a living wage. Our Standards also require farms to increase real wages annually in order to continuously close the gap with living wages as defined by the Anker methodology for living wage measurement. The incremental wage increases and timelines are negotiated with elected worker representatives. In some countries there are no legal minimum wages for flower workers which could serve as a basis for wage negotiations. Under these circumstances, Fairtrade has limited influence on the initial base wages from which to work. As a

first step in addressing this, Fairtrade revised the Standard requirements for flower farms⁴ in order to better protect flower workers against extremely low wages.

Fairtrade strongly believes that all stakeholders – including employers, trade unions, buyers and retailers – must make a joint effort to enable flower farms to pay living wages and produce sustainably in a highly competitive environment. The reality, though, is that average market prices for major commodities traded internationally do not allow for living wages at production sites.

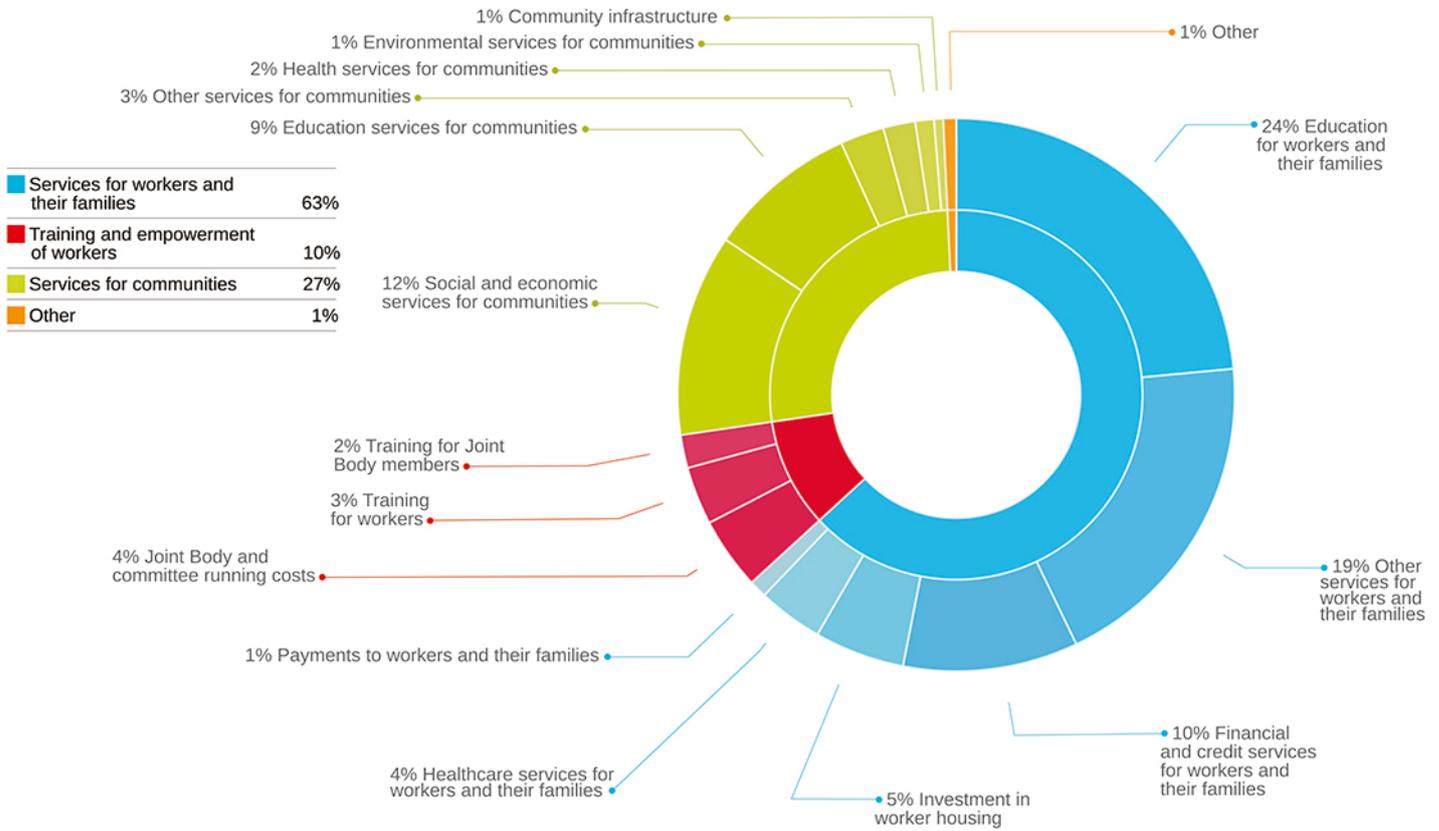
For that reason Fairtrade is testing new mechanisms to create extra value in the supply chain. For example, one flowers cutting supply chain included the company's initiative to pay an additional few cents to a Fairtrade certified cuttings supplier. This has led to some significant impact.

3 Kavilu, S. (2017 Feb 14), 'Low wages and poor conditions – a thorn in the side of Kenya's flower workers', Equal Times. Available at: <https://www.equaltimes.org/low-wages-and-poor-conditions-a?lang=en#.WxlFMoq-lhE>

4 Fairtrade International. Available at: https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/Flowers_and_Plants_Standards_HL_EN.pdf

FIGURE 6.7.6

FAIRTRADE FLOWERS: FAIRTRADE PREMIUM USE 2015–2016



Note: Percentages may not sum due to rounding.

FIGURE 6.7.7

AREA OF FAIRTRADE FLOWERS CULTIVATED 2016 (HECTARES)

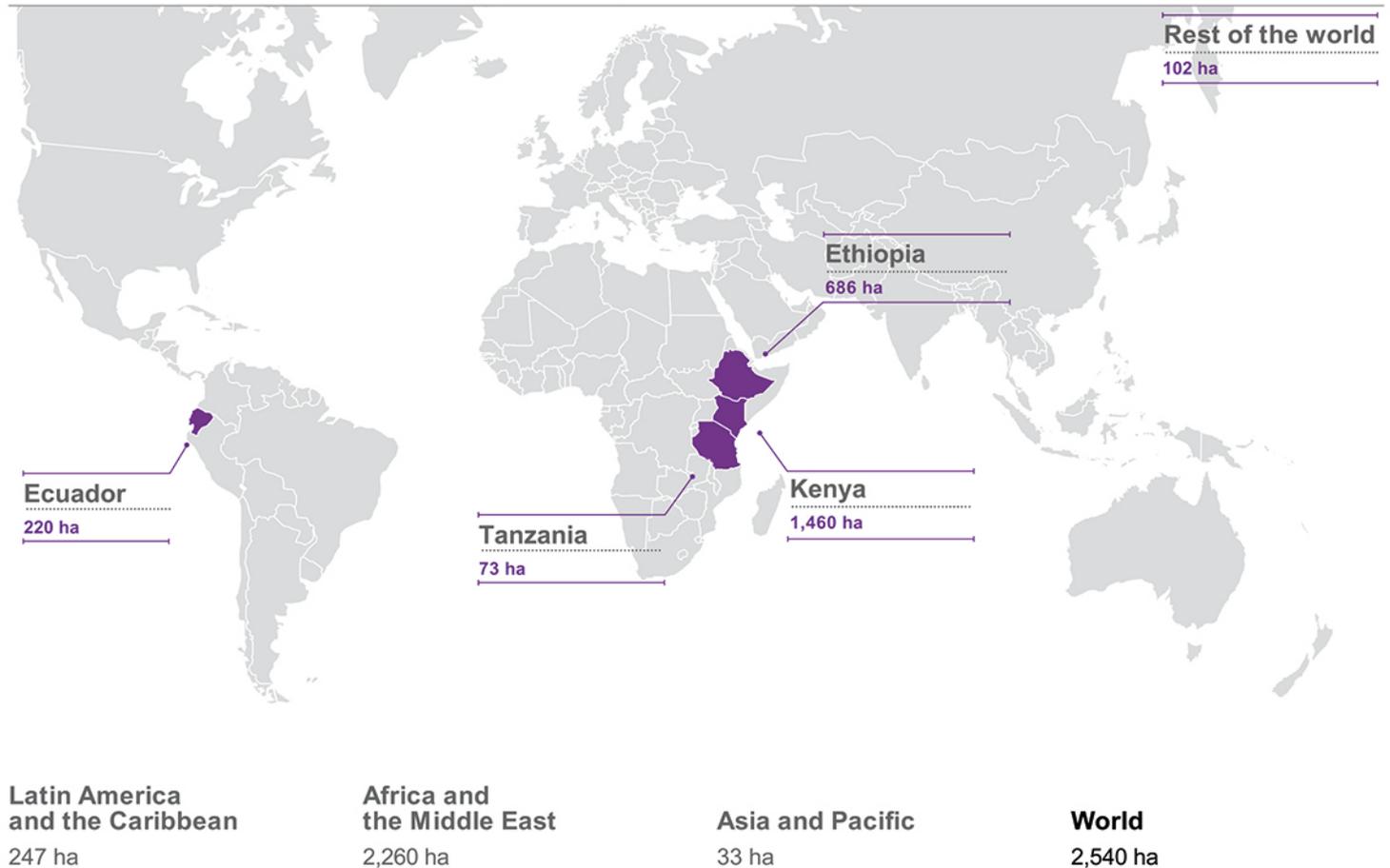
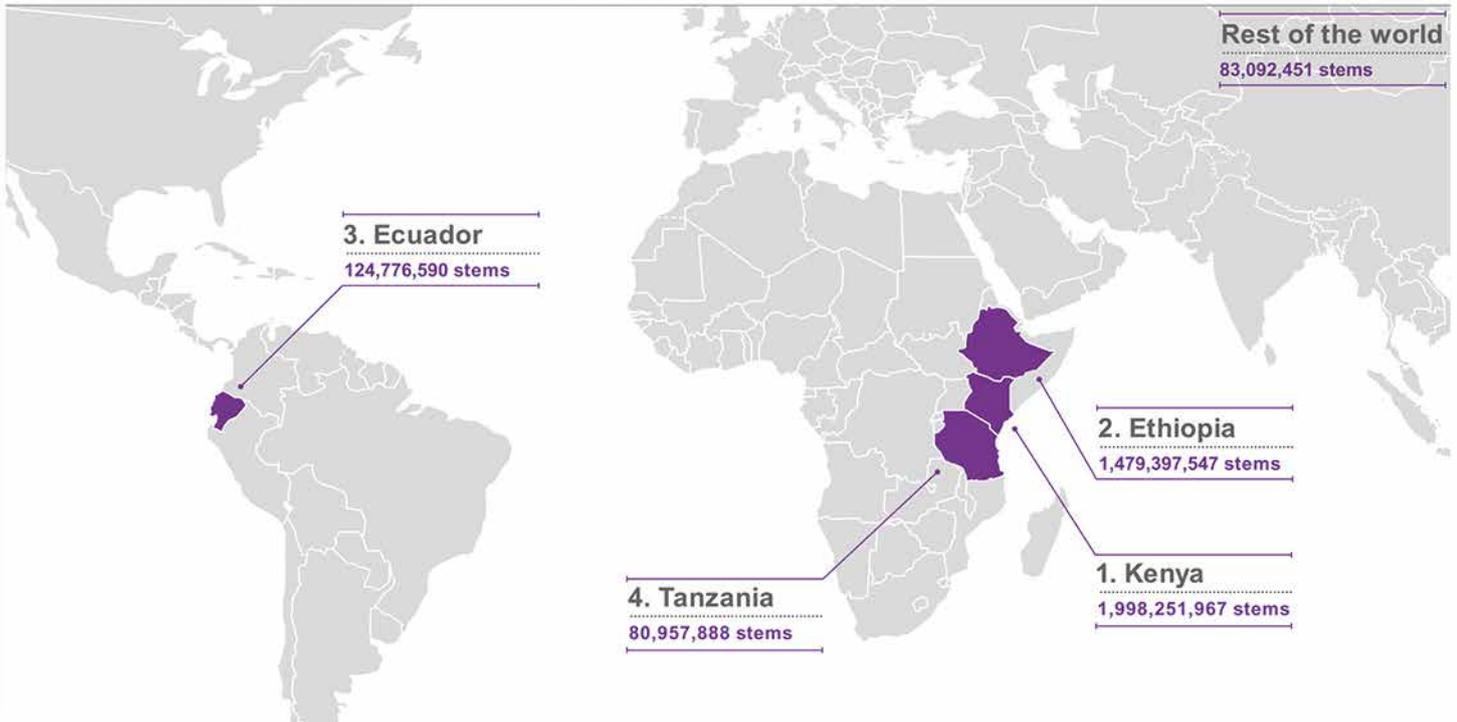


FIGURE 6.7.8

FAIRTRADE FLOWERS PRODUCTION CAPACITY: TOP COUNTRIES 2015-2016 (STEMS)

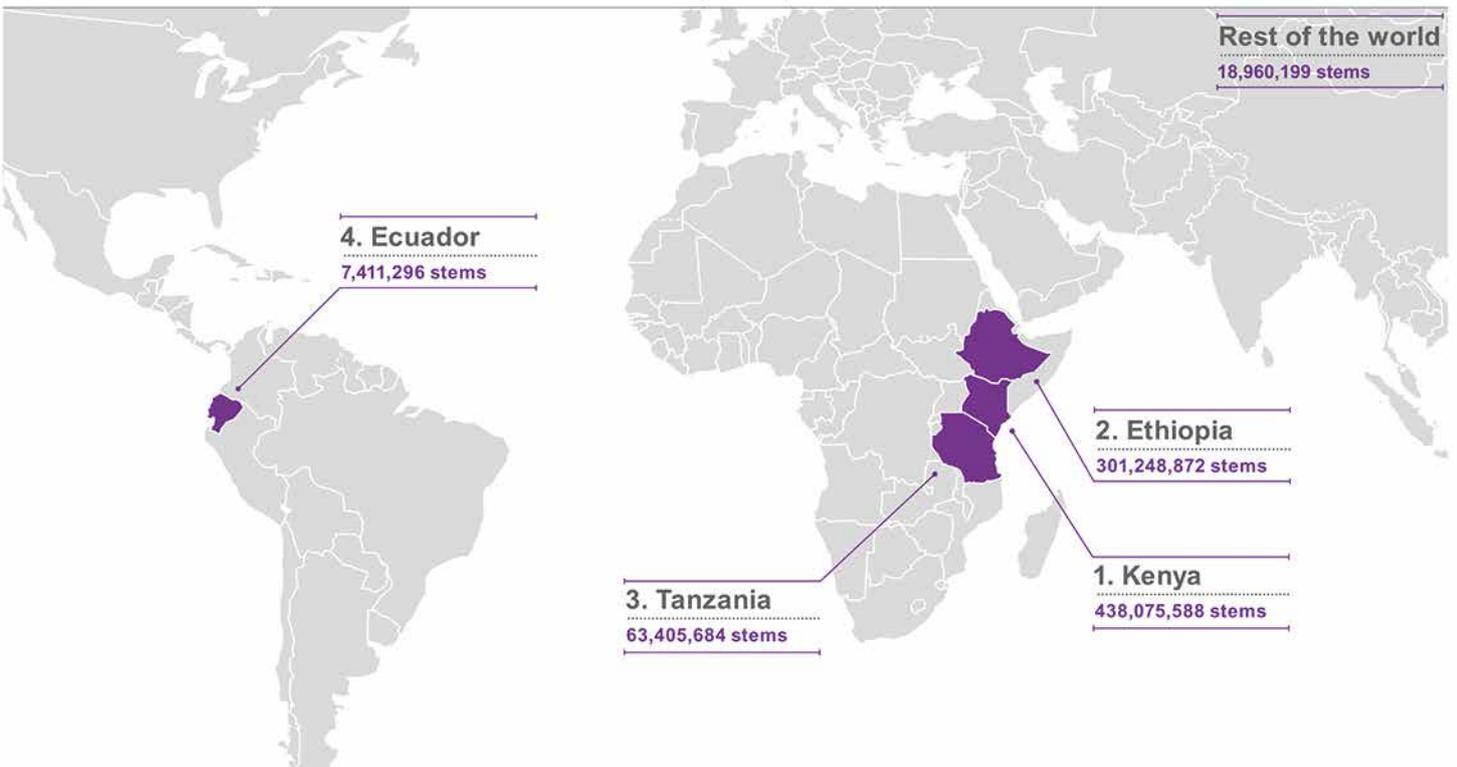


Total top four countries 3,683,383,992 stems

Top four countries account for 98% of Fairtrade flowers production

FIGURE 6.7.9

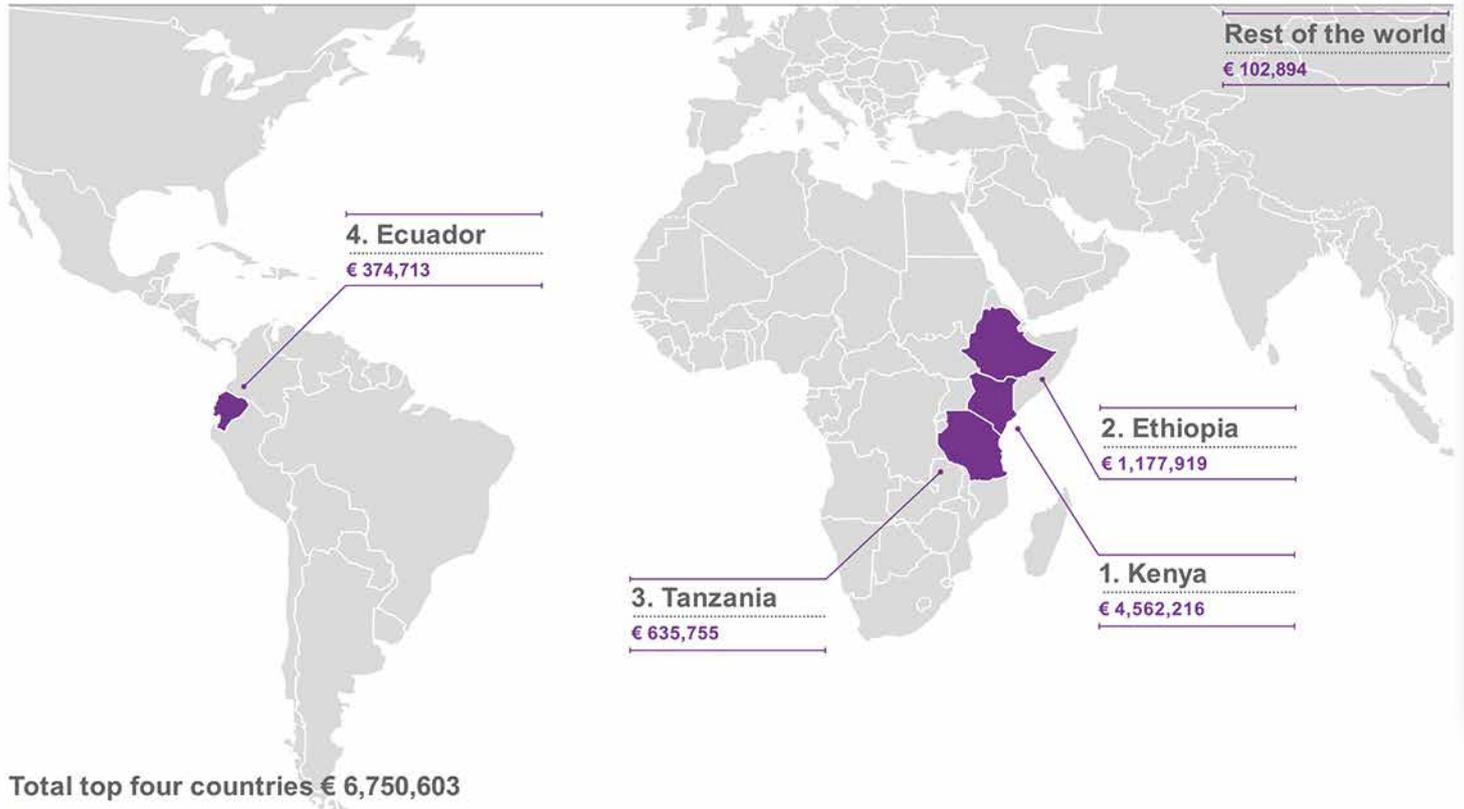
FAIRTRADE FLOWERS: TOP SELLING COUNTRIES BY VOLUME 2016 (STEMS)



Total top four countries 810,141,440 stems

Top four countries account for 98% of Fairtrade flowers sales

FAIRTRADE FLOWERS: TOP COUNTRIES FAIRTRADE PREMIUM RECEIVED 2016 (€)



Total top four countries € 6,750,603

Top four countries received 98.5% of Fairtrade Premium for flowers



Rachel Kasyoka Kilumbu at Fairtrade certified Harvest Limited flower farm, Kenya.
© Photography: Nathalie Bertrams

GROWING A BETTER FUTURE BY INVESTING IN YOUNG PEOPLE AND WOMEN

Harvest Limited employs about 653 workers and produces more than 35 million roses annually in their greenhouses in Athi River, Kenya. The farm became Fairtrade certified in 2012. It has also subscribed to the sector's collective bargaining agreement, which requires better employment conditions for workers than the national legal minimums in Kenya.

As well as benefiting the workers, Fairtrade certification has also helped Harvest to increase its sales by 30 percent and boost its productivity. This has inspired the farm's workers to launch an ambitious development plan. Based on the Sustainable Development Goals, its aim is to improve their livelihoods using their Fairtrade Premium.

Educational programmes, geared towards ensuring better opportunities for the younger generation, especially girls, are a key focus of their Premium-related investments. Despite advancements in access to education in Kenya, secondary schools still require tuition payments, which many parents can't afford. Fifty percent of Harvest workers have already benefited from

individual bursaries for their children. In addition, Fairtrade Premium funds have also been used to supply free sanitary napkins to the girls in the community so that they can attend school full-time. In the past, girls used to stay at home or even drop out of school because they could not afford sanitary napkins. This project has increased girls' school attendance substantially.

Workers at Harvest are also offered opportunities to learn new skills thanks to the Fairtrade Premium, which funds classes on driving and computer skills among others.

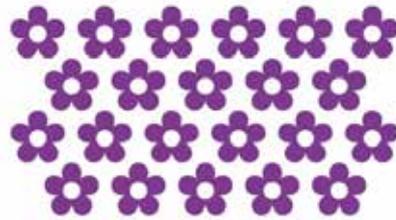
In order to promote women's self-sufficiency and independence, women's empowerment groups have also been set up to start collectively-run businesses for income diversification. So far, this has resulted in the development of small grocery stores; pig and cattle farms, and rabbit breeding. These provide a reliable alternative livelihood.

Other projects funded with the Fairtrade Premium include a home improvement scheme to help workers start building or making improvements to their houses, and an environmental protection programme to promote reforestation along the Athi River.

67 FLOWER
PRODUCER ORGANIZATIONS
REPRESENTING
54,160
WORKERS IN 8 COUNTRIES



829
MILLION STEMS SOLD AS
FAIRTRADE



€6.8 MILLION IN
FAIRTRADE
PREMIUM
RECEIVED BY FLOWER WORKERS
IN 2016



WORKERS ON
FAIRTRADE CERTIFIED
FLOWER PLANTATIONS
INVESTED 24%
OF THEIR FAIRTRADE PREMIUM IN
EDUCATION PROJECTS



GIKANDA FARMERS' COOPERATIVE SOCIETY
P.O. BOX 1518 KARATIRA TEL. 020 3524305
MAIN OFFICE BLOCK
Email: gikandaco@cofoc.milkenya.com

CHAPTER 7.1

**FOCUS ON
FAIRTRADE
REGIONS:
AFRICA AND
THE MIDDLE EAST**



Rosemary Wanjuhy at Fairtrade certified Gikanda Farmers' Cooperative Society, Kenya.
© Photography: Remo Naegeli

FARMERS AND WORKERS:

- By the end of 2016 there were 444 Fairtrade certified producer organizations in 29 countries throughout the region. Of these, 331 were small producer organizations and 113 were hired labour organizations. There was a 24 percent increase in the number of certified small-scale producer organizations since 2015, mainly due to a significant increase in cocoa producers in West Africa as well as a smaller increase in coffee producers in Rwanda and Uganda. In contrast, the number of individual farmers within Fairtrade certified producer organizations in Africa and the Middle East grew by only two percent due to a fall in farmer numbers in Burkina Faso, Cameroon, Congo and Mauritius.
- While hired labour producer organizations grew by six percent, the number of workers grew by 18 percent, mainly due to the increase in workers in Ethiopia, Kenya, Rwanda and South Africa.
- In total, by the end of 2016, there were almost 1.1 million Fairtrade farmers and workers

(66 percent of global Fairtrade farmers and workers) in Africa and the Middle East. They represented 67 percent of all Fairtrade farmers and 53 percent of all workers in the Fairtrade system.

FAIRTRADE PREMIUM:

- Fairtrade Premium funds earned by producers in Africa and the Middle East totalled an estimated €41.7 million in 2016, and accounted for 26.3 percent of global Fairtrade Premium. Many producer organizations in the region are not yet selling a high proportion of their certified crop as Fairtrade, indicating that there is still more to do to build markets to ensure that the benefits of Fairtrade impact farmers and workers in the region.
- Thirty-six percent of reported Fairtrade Premium revenue in the region was earned by producers in Côte d'Ivoire, reflecting the continued importance of West African cocoa in Fairtrade. This was a substantial increase – up from 25 percent the previous year.

FIGURE 7.1

FAIRTRADE IN AFRICA AND THE MIDDLE EAST: PRODUCER ORGANIZATIONS 2014–2016

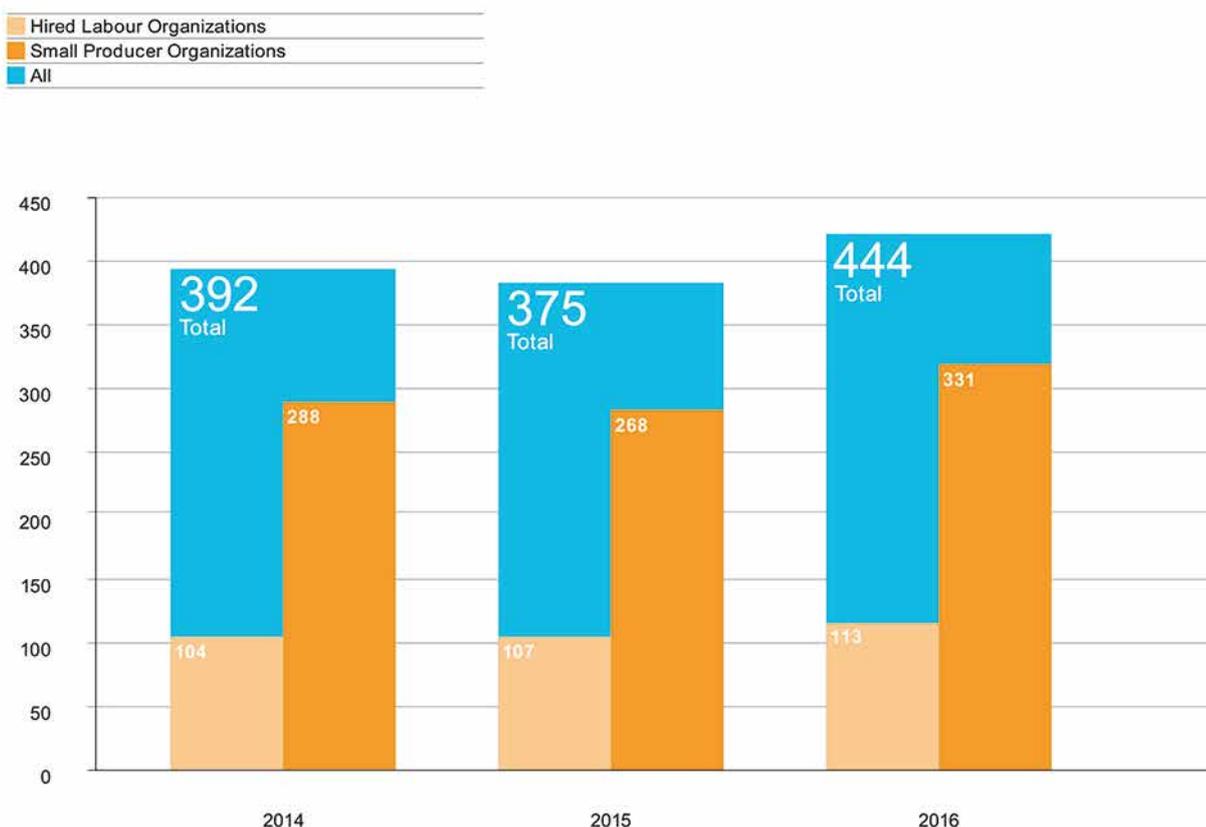
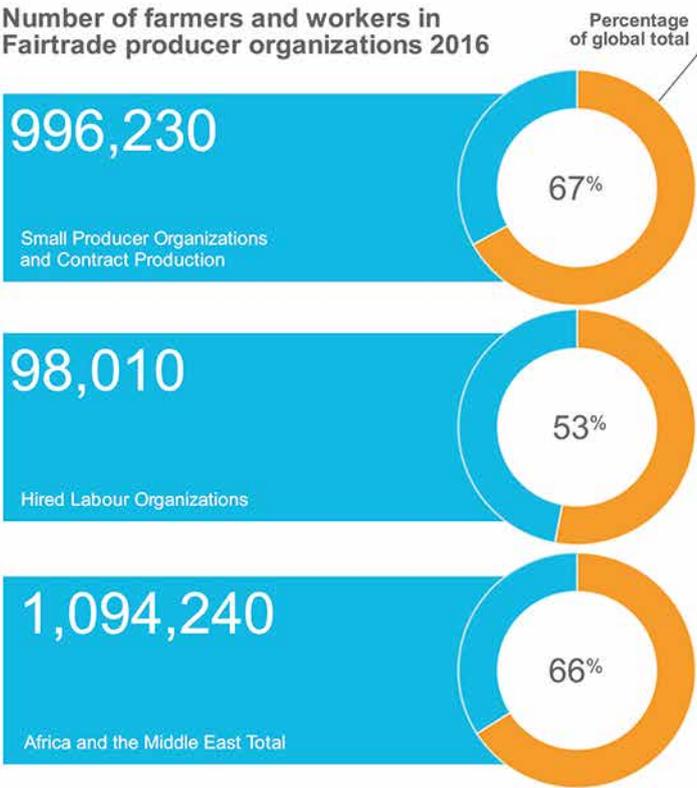


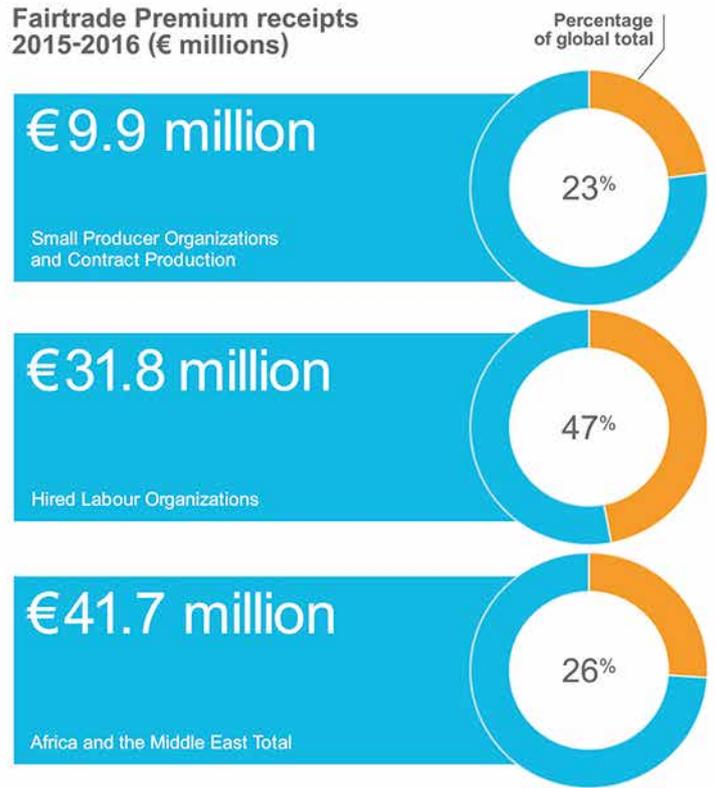
FIGURE 7.1.2

FAIRTRADE IN AFRICA AND THE MIDDLE EAST 2016

Number of farmers and workers in Fairtrade producer organizations 2016



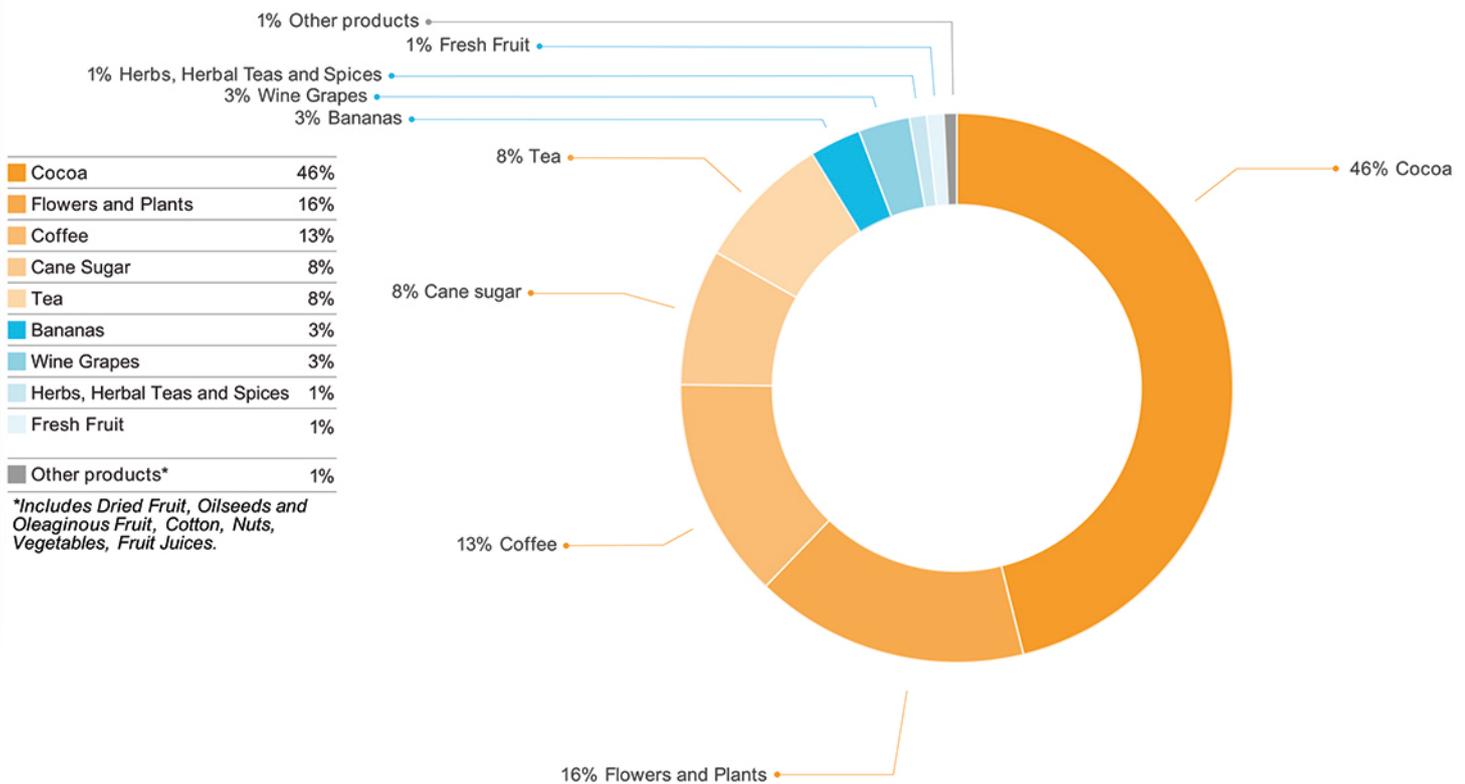
Fairtrade Premium receipts 2015-2016 (€ millions)



Note: Numbers may not sum due to rounding.

FIGURE 7.1.3

FAIRTRADE IN AFRICA AND THE MIDDLE EAST: FAIRTRADE PREMIUM DISTRIBUTION BY PRODUCT 2016



- Producers in Kenya and Ghana earned 15 percent and 13 percent respectively of the Fairtrade Premium accruing to the region.
- Cocoa sales accounted for 46 percent of all Fairtrade Premium revenues in Africa and the Middle East in 2016. This represented a five percent increase in the proportion of overall Fairtrade Premium revenues going to cocoa producers. Flowers and coffee represented an additional 15.5 percent and 13.4 percent respectively.
- African plantations receive 47 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.
- The adoption of the Scope Insight assessment tool is a crucial step forward in the support service we provide to producers. The tool is used to determine the organizational strength of producer organizations and identify the gaps that need to be addressed. The results have proved useful to producers in a number of ways. They have: 1) allowed Fairtrade Africa to provide targeted and relevant services to Fairtrade producer organizations; 2) generated a clear risk profile for each organization which can be used for access to finance; and 3) provided a benchmark to compare the level of organizational development between Fairtrade certified cooperatives and non-Fairtrade cooperatives and monitor organizational growth and business sustainability.
- Fairtrade International undertook studies to calculate the cost of sustainable production with seven coffee producer organizations in Kenya, Uganda, Rwanda, Tanzania. Using a dynamic tool, the organizations were able to calculate their costs of production, analyze the detail and identify opportunities to increase efficiency. This work also served as a first attempt to develop a record-keeping tool where smallholders can enter daily and weekly cost transactions, which will allow more accuracy in their cost of production calculations. The resulting data will not only serve the producers' purposes but will also be used for future work on coffee pricing.

SERVICES FOR PRODUCERS:

- The Fairtrade Africa and Middle East Producer Network made 1,113 visits to producer organizations and carried out 254 training workshops in the region, reaching 60 percent of producer organizations. Almost a third – 32 percent – of the participants in trainings involving farmers and workers are women. The percentage is much lower for trainings involving producer organization or plantation management, where women make up only 17 percent of the participants.
- There is an increased focus in the region on engaging traders. They were invited to ten events in 2016, including the Africa Fairtrade Convention; Fairtrade breakfasts; a network meeting in Tunisia; a living wage benchmark presentation meeting, and six other events supported by specific projects.
- 158 training and technical assistance initiatives focused on market access and access to finance for various producer organizations. This included Scope Insight¹ assessments carried out with 17 SPOs during the reporting period, and trainings for 48 organizations on application procedures for securing funding from various donors for specific projects.
- Developments in the cocoa industry and increased requirements of commercial partners to meet robust sustainability targets mean that Fairtrade must evolve its support services to enable cooperatives to become strong supply chain partners. The West Africa Cocoa Programme was designed to create strong and viable small producer organizations capable of delivering their own sustainability programmes and meeting the sustainability targets of commercial partners. Ultimately, the programme aims to improve household income, assets and standard of living; increase cooperation and gender equity within communities, and increase food security and the intergenerational sustainability of rural communities.

¹ Scope Insight is a Dutch company that has created a detailed organizational assessment tool to analyze farmer performance. The tool measures 98 main areas and ranks the producer organization on how professionally it is run as a business and its level of organizational development. Some of the main assessment areas are: internal management, operations, financial management, financial performance, supply, external risks, enablers, sustainability and market. Read more here: <http://www.scopeinsight.com/>

- The Alliance for Action project, in partnership with ITC and Max Havelaar Switzerland, brings together multiple stakeholders in the private and public sector to improve competitiveness and risk diversification for smallholder farmers. The project was piloted in Ghana and promotes the cultivation of yam and other associated products for income diversification and food security. Sixteen lead farmers and their second group of farmers were trained on the agronomy of yam production, record-keeping and gender among other topics. The farmers, who harvested and sold seed yam for the first time, have demonstrated that crop diversification can improve household incomes and nutrition.

GENDER:

- **Le Prix des Femmes Marjolaine Award:** Tighanimine, a Fairtrade certified cooperative in Morocco, was awarded Le Prix des Femmes Marjolaine with a prize fund of €4,000. The international award recognizes women who lead exemplary actions in the field of sustainable agriculture and nutrition in France, developing countries and the Mediterranean region. The cooperative demonstrated the impact of Fairtrade in strengthening the economic independence and autonomy of women.

- **Anti-sexual harassment policy project:** Following reports of alleged sexual harassment on certified flower farms in Kenya, Fairtrade Africa partnered with stakeholders in the industry and piloted a model policy. The pilot project was implemented during 2015-2016 with a grant from Hivos. The main implementing partners were the Kenya Flower Council (KFC), Workers Rights Watch (WRM) and Women World Wide (WWW).

The project was piloted in six Fairtrade certified flower farms which volunteered to adopt the anti-sexual harassment policy. The model policy was then rolled out to the flower industry in Kenya and was well received due to the participatory nature of its development. As a result of the capacity building provided, organizations were able to create self-assessment tools. This resulted in an increase in reporting of sexual harassment cases, which now take less time to process due to clearer procedures.

RESULTS:

- 286 women and 324 men farmers were trained on good agricultural practices (GAP)
- 180 women can demonstrate GAP practices
- 100 women increased proportions of AB/AA grade from 25 percent of their crop to 60 percent
- 142 biogas units were constructed
- 29 men and seven women were trained as biogas masons
- 120 women sold branded coffee in the Nairobi Coffee Exchange
- 19 women were trained as instructors of a training on gender (via training-of-trainer model)
- 12 union staff were trained on good processing and value addition

YOUTH:

- Fairtrade Africa developed its Child Protection Policy and put it into operation throughout the region. It hired a social compliance staff member to deliver training and build the capacity of producer organizations to address child labour, among other issues.
- In Côte d'Ivoire, Youth Inclusive Community Based Monitoring and Remediation systems on child labour continued to be implemented by three small producer organizations as part of the 'It Takes a Village' project developed by Fairtrade International, Fairtrade Africa, Max Havelaar Netherlands and Tony's Chocolonely, and funded by the Dutch lottery. This project involved 4,864 farm members and approximately 19,456 children. In 2016, the three cooperatives developed their child labour and protection policies and 20 child labour committees were established.

The project facilitated training from Save the Children in human rights, child protection and the importance of education for children, reaching 91 people, including 47 youth leaders. The youth leaders were provided with mobile phones, motorbikes and bicycles to support data collection on child labour in the areas selected for monitoring by the three cooperatives. Awareness campaigns were also launched on the importance of eliminating

child labour from the cocoa sector and the importance of quality education. One young cocoa farmer and youth leader said the Village Project was important because it made people more aware of children's rights and how to implement monitoring systems at community level.

- As a result of the project's interventions in 2016, participating cooperatives have committees, which have been empowered to prevent, monitor and report or remediate incidences of child labour in their respective communities. The SPOs involved have committed to taking the lead in investing in and executing projects that will prevent and remediate child labour where reported.
- Association Soarano Vanille, a small vanilla producing organization in Madagascar, voted in its General Assembly to allocate Fairtrade Premium funds to complete the implementation of the Youth Inclusive Community Based Monitoring and Remediation system that it had started in 2014 but was not able to complete as initially planned. The cooperative trained 34 board members – eight men and 26 women – and set up a Child Labour Committee and a Women's Committee.

In March 2016, the producer group, with support from the National Network of Child Protection and the Ministry of Population, offered child protection training to 36 participants, including representatives from each of the 15 villages where the members are based. The cooperative mobilized their own members, women and young people from within their communities (including the mayor), representatives from the health authority, and religious leaders, and hosted a campaign to convince people not to shy away from discussing child labour in the open. A day-care centre catering for 50 children from 47 households was established using Fairtrade Premium funds and two teachers were hired to support the at-risk children identified in the survey.

- Fairtrade Africa, also supported a coffee small producer organization in Ethiopia and an ASMO (artisanal and small-scale mining organization) in Tanzania to establish and operate a community-based monitoring and remediation system on child labour, employing several young people to collect and analyze data, and generate solutions for child labour in discussions with impacted children and households. In all cases, young people played

a key role in presenting child labour findings to local government officials and advocating for quality education and decent youth employment.



PRODUCER

STORY

Zeddy Rotich at Fairtrade certified Kabng'etuny Cooperative, Kenya.
© Photography: David Macharia

'GROWING WOMEN IN COFFEE' PROJECT

Despite contributing up to 70 percent of the labour required to plant, grow and harvest coffee, women coffee farmers in Kenya rarely own the land or coffee bushes themselves, and, therefore, do not hold rights to what they grow. With nothing in their name, these women farmers are unable to join cooperative structures.

However, research shows that when women are in control of more household income, the money contributes to better outcomes for the community, including health, education and investments.

A three-year programme called 'Growing Women in Coffee' was initiated in March 2015 to address this issue. It was implemented by Fairtrade Africa, Solidaridad and Greensoil Enterprises, and funded by the Big Lottery Fund (UK), Guernsey Overseas Aid Commission, Jersey Overseas Aid Commission and Dutch Postcode Lottery. The project supported two Fairtrade certified cooperatives located west of the Rift Valley: Kabng'etuny and Kapkiyai. They are part of the larger coffee cooperative association called Kipkelion Union.

Solidaridad trained 300 women coffee farmers on good agricultural practices (GAPs) related to increasing coffee quality and yield. Through Greensoil Enterprises the project also recruited 18 unemployed young people (over the age of 18) from the Kabng'etuny and Kapkiyai communities (seven of them women) and trained them as biogas masons.

By the end of 2016, the masons had constructed 142 biogas units at Kabng'etuny reducing over-reliance on firewood and charcoal and decreasing environmental degradation. The bio-slurry waste from biogas plants is then used as a cheap source of organic fertilizer for the sustainable production of coffee and other food crops.

The young people have been empowered to earn a living while embracing coffee farming and supporting inter-generational knowledge transfer.

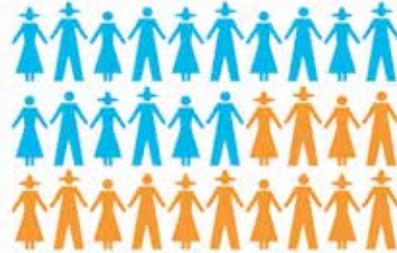
Women coffee farmers and cooperative leaders also organized model coffee cooperative societies in central Kenya where domestic sales strategies were discussed. The teams shared information about what they could do at cooperative level to add more value to their coffee and help them open up new opportunities to access local niche markets.

The two chairwomen from the Kapkiyai and Kabng'etuny Women in Coffee Association participated in several international marketing events, including the Specialty Coffee Association of Japan (November 2016), Africa Fine Coffee Association in Ethiopia (February 2017) and Fairtrade Fortnight in the UK (March 2017). They both presented their coffees and participated in global discussions about the involvement of women in coffee. For the first time in the Nairobi Coffee Exchange, women sold branded coffee in the 2016/2017 season.

FAIRTRADE PREMIUM PAID TO PRODUCERS IN AFRICA AND THE MIDDLE EAST INCREASED BY 15%



53% OF ALL WORKERS ON FAIRTRADE PLANTATIONS ARE IN AFRICA AND THE MIDDLE EAST

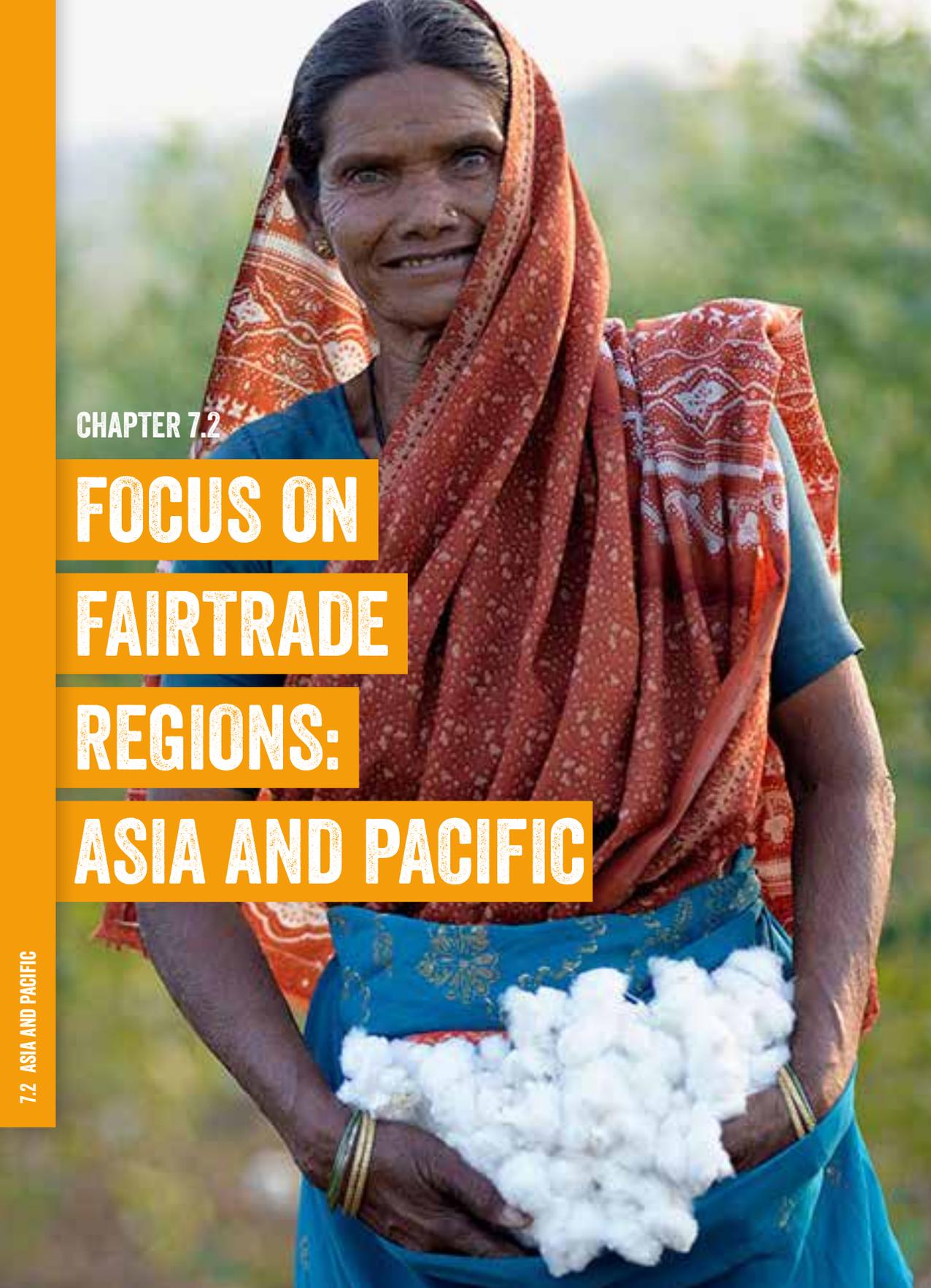


COCOA ACCOUNTS FOR 46% OF THE FAIRTRADE PREMIUM PAID TO PRODUCERS IN AFRICA AND THE MIDDLE EAST



24% OF ALL FAIRTRADE FARMERS AND WORKERS ARE IN KENYA





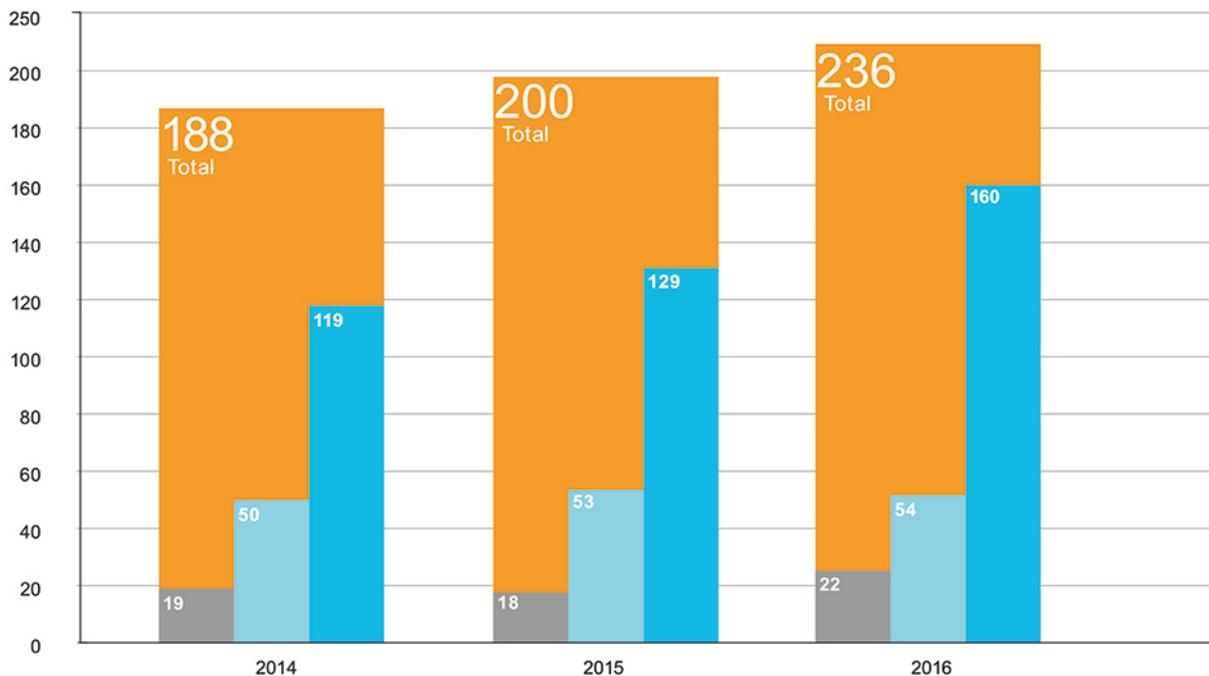
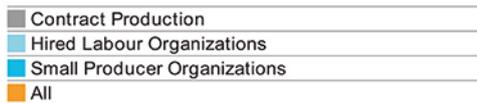
CHAPTER 7.2

**FOCUS ON
FAIRTRADE
REGIONS:
ASIA AND PACIFIC**

7.2 ASIA AND PACIFIC

Cotton farmer at Fairtrade certified Chetna Organic organization, India.
© Photography: Didier Gentilhomme

FAIRTRADE IN ASIA AND PACIFIC: PRODUCER ORGANIZATIONS 2014–2016



FARMERS AND WORKERS:

- Fairtrade grew moderately in Asia and Pacific in 2016. By the end of the year there were 236 Fairtrade certified producer organizations in 19 countries in the region. Of these, 160 were small-scale producer organizations, 22 were contract production organizations¹, and 54 were hired labour organizations (plantations or sports ball factories).
- Farmers and workers in Asia and Pacific represent 14 percent of all Fairtrade farmers and workers worldwide.
- Hired workers in this region account for 37 percent of all hired workers in the Fairtrade system; 93 percent of the workers in the region are employed on tea plantations.

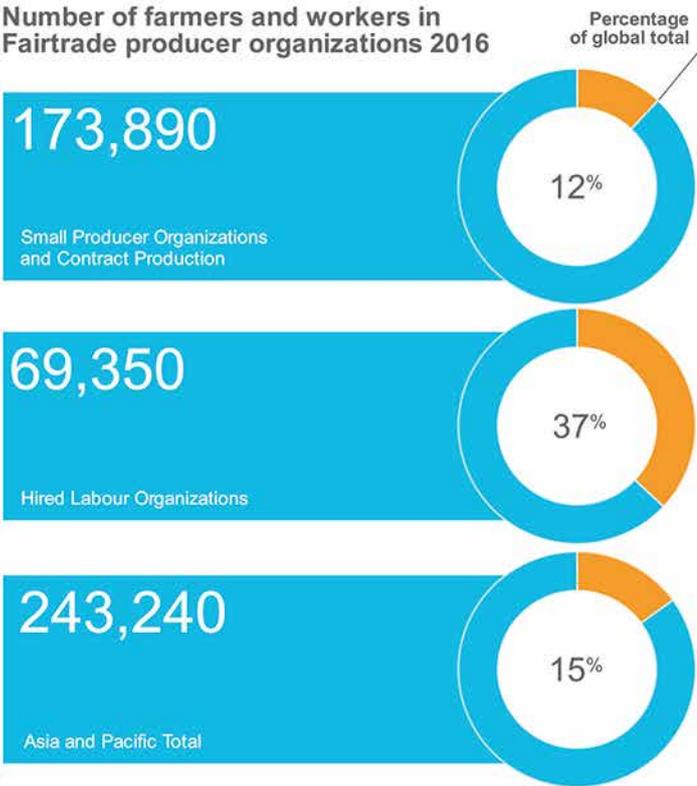
FAIRTRADE PREMIUM

- Nine percent of global Fairtrade Premium revenues were earned by producer organizations (both small-scale producers and plantations) in Asia and Pacific in 2016. This equated to €13.6 million in 2016, an increase of six percent on 2015 levels. Growth was concentrated within plantations and sports ball factories, which reported an 11 percent increase in Fairtrade Premium revenues, whereas small producer organizations' Premium earnings grew only by six percent.
- Of the Fairtrade Premium earned by plantations globally, 10 percent was earned by plantations in this region. The contrast between this figure and the higher proportion of hired workers here reflects the ongoing challenges for South Asian tea estates and sports ball producers to sell more of their

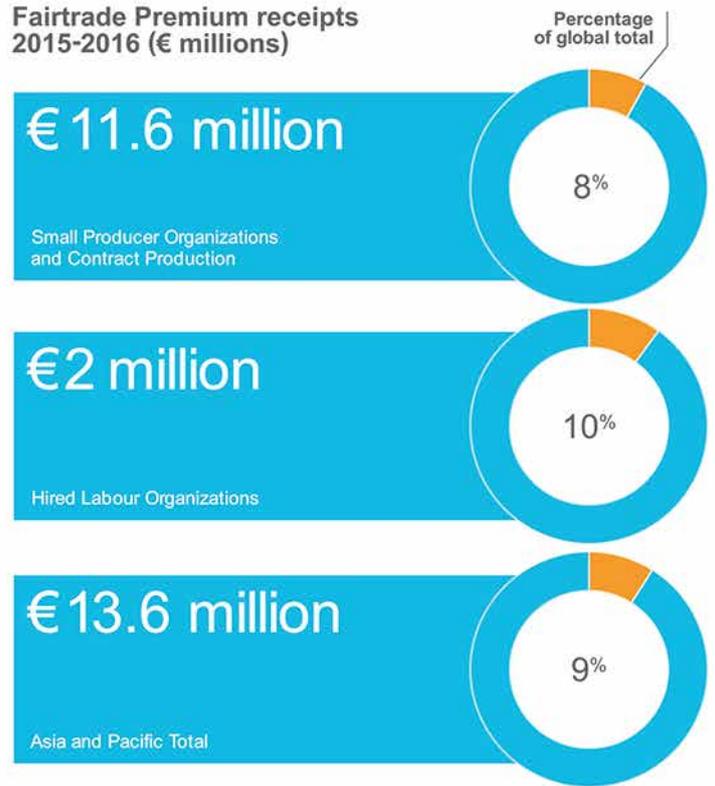
¹ This is the Standard for small-scale producers who are not yet democratically organized. As a temporary measure, they can join Fairtrade for some products if they have a partnership with an organization (such as an exporter or NGO) who will assist them to form an independent organization. You can read more here: <https://www.fairtrade.net/standards/our-standards/contract-production-standards.html>

FAIRTRADE IN ASIA AND PACIFIC 2016

Number of farmers and workers in Fairtrade producer organizations 2016



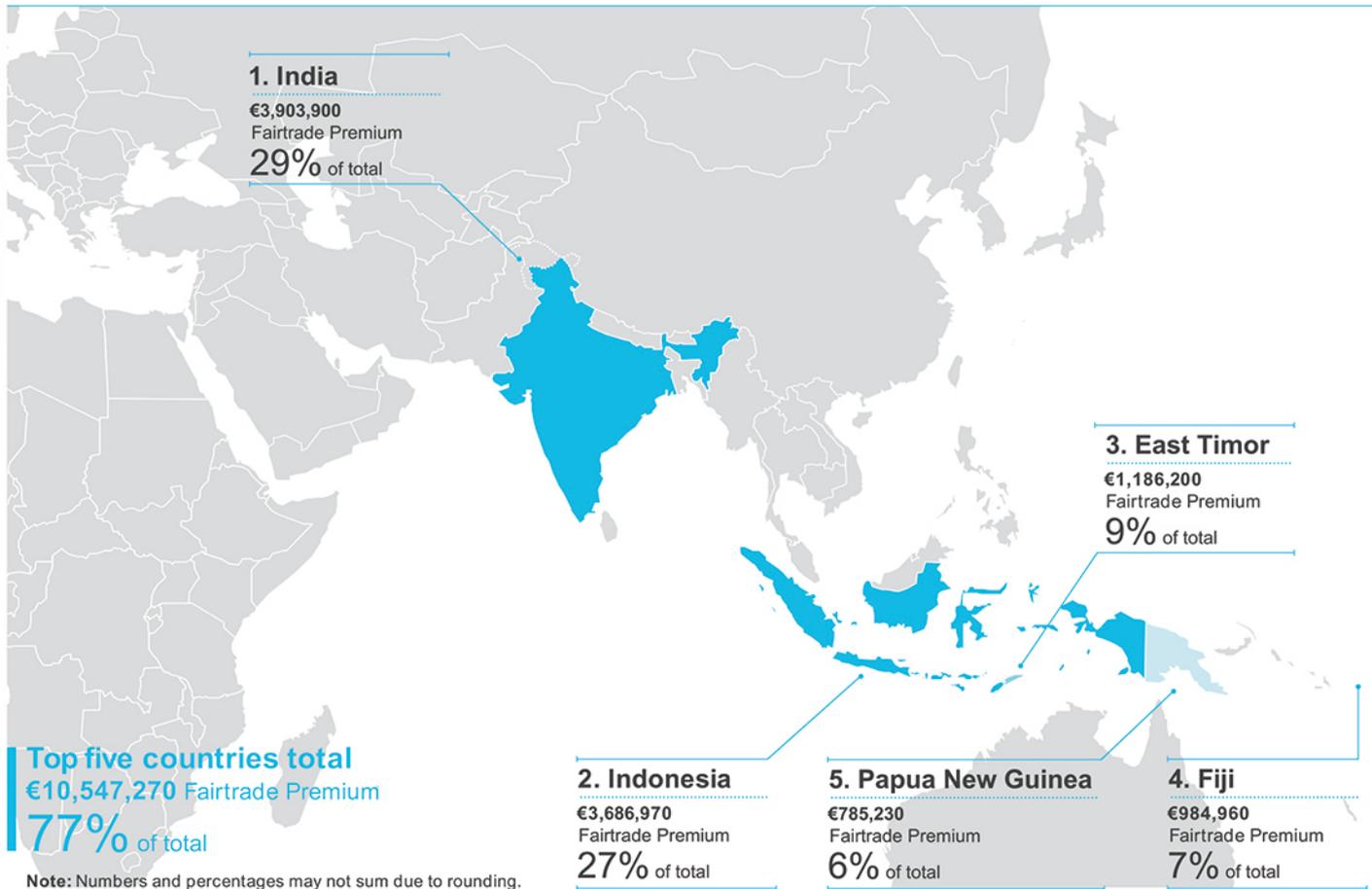
Fairtrade Premium receipts 2015-2016 (€ millions)



Note: Numbers may not sum due to rounding.

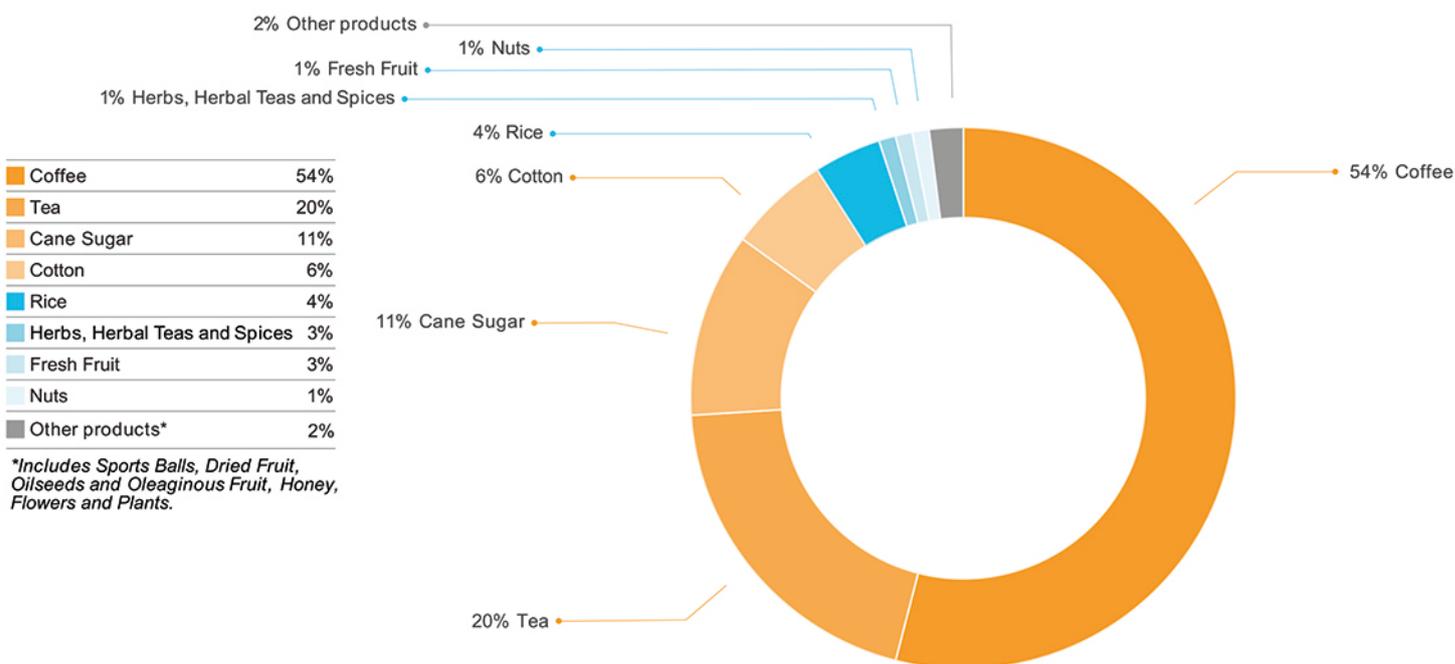
FIGURE 7.2.3

FAIRTRADE IN ASIA AND PACIFIC: TOP FIVE FAIRTRADE PREMIUM RECEIVING COUNTRIES 2015-2016



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

FAIRTRADE IN ASIA AND PACIFIC: FAIRTRADE PREMIUM DISTRIBUTION BY PRODUCT 2016



product on Fairtrade terms. However, many retain their Fairtrade certification because they feel it brings other benefits beyond sales and Fairtrade Premium funds.

- Coffee still earns the highest share of Fairtrade Premium revenues within the Asia and Pacific region, and its share increased from 49 percent in 2015 to 54 percent in 2016. The share of tea increased slightly from 19 percent to 20 percent. Cotton also increased by one percentage point (from five to six percent). However, cane sugar saw a sharp decline, down from 20 percent to 11 percent of the total Fairtrade Premium being received in the region.

SERVICES FOR PRODUCERS

- A total of 322 training sessions and 228 producer visits were undertaken by the Fairtrade producer network in this region (NAPP) in 2016, reaching 85 percent of the producers of the region.² In all, 8,562 farmers and workers participated in these events, of which 34 percent were women.
- Training topics included capacity building and awareness of Fairtrade Standards, adapting

to climate change, supply chain management, gender equality, child labour, internal control systems, and managing the Fairtrade Premium.

- In total, 33 activities were undertaken to train and provide assistance to producers on access to market opportunities and finance.
- The region organized seven events to facilitate engagement and business relationships between traders and Fairtrade producer organizations.
- Training sessions on the Fairtrade Trader Standard and the Standard for Hired Labour were conducted in Sri Lanka. Fairtrade Premium Committee trainings were conducted in Pakistan, Darjeeling and Assam in India. Tonga held a workshop on Fairtrade Standards awareness. Audit support – both pre-audit and post-audit – was given to producer groups in Sri Lanka, Vietnam, Indonesia, India, Papua New Guinea and Fiji.
- Fairtrade certified producer organization, Chetna Organic, where a community of women has taken up the role of seed guardians, made the news. The story got 14,020 shares and

² Some organizations participated in multiple activities.

also inspired a feature on 'Every Life Counts' on NDTV news channel.³

- The Belgium Development Agency partnered with NAPP to develop a programme for sustainable fair trade cocoa supply chains from Vietnam. The programme aims to impact 350 cocoa smallholder families from the provinces of Dak Lak and Dak Nong over the coming two years. The Vietnam Cooperative Alliance, a quasi-governmental agency, is NAPP's strategic partner for the project. They provide expertise and support to three new cooperatives.
- Fairtrade International undertook studies to calculate the cost of sustainable production with six coffee producer organizations in India, Indonesia and Vietnam. Using a dynamic tool, the organizations were able to calculate their production costs, analyze the detail and identify opportunities to increase efficiency. This work also constitutes a first attempt at developing a record-keeping tool where smallholders can enter daily and weekly cost transactions and produce greater accuracy in their cost of production calculations as a result. The data available not only serve the producers' purposes but will also be used for future work on coffee pricing.

CLIMATE CHANGE

- In Kyrgyzstan, glaciers in the mountains have started melting each spring due to warmer temperatures, causing floods which damage roads and infrastructure, and create difficulties for access and transportation. To address this challenge, a walnut producer cooperative built a bridge over a mountain stream using Fairtrade Premium funds.
- Climate change training aimed at mapping climate-associated risks and spreading awareness on climate change was held in Philippines.
- Several national producer meetings were held in 2016 supported by NAPP. A meeting of all Indian Fairtrade producers was held in north-eastern India. A national meeting for Indonesian producers was held to discuss challenges faced by producers and develop

an action plan for Indonesia from 2016-2020. A meeting of the Fairtrade Producers Association of Sri Lanka also took place during 2016. Visits and meetings were held between NAPP and Pakistan's national producer network, including the five sports ball producer organizations in the country, to ascertain the support that Fairtrade can provide to support the growth of Fairtrade in Pakistan.

- NAPP collaborated with award winning designer Vinayak Varma to develop a set of training modules for textile factory workers, which were launched at an event in December 2016. The five training modules cover prevention of workplace sexual harassment; occupational health and safety; non-discrimination principles, and managing a grievance mechanism. The modules also included visual aids and posters that can be displayed at the factories for future reference.

GENDER

- NAPP organized several trainings focused on promoting awareness of and developing policies that support gender rights. More than half - 52 percent - of the tea workers in plantations are women. Six training sessions were conducted for tea workers in Darjeeling and Assam, reaching 76 participants from 18 tea estates, 12 percent of whom were women. The focus was on motivating women workers and building their leadership capacities. Trainings held in Selimbong Tea Estate and in Siliguri were aimed at enabling workers and management to map the issues faced by women workers and to brainstorm ways of addressing them.
- In Pakistan, NAPP worked on developing a multi-dimensional programme for women, which includes reviewing the human resources policies of producers to make them more gender-inclusive. Two gender trainings were conducted with producers in Pakistan. One of them focused on developing a gender policy, and the growing awareness about national laws protecting workers and women (the Freedom of Association Protocol; Women Against Sexual Harassment at Workplace Act 2010, and Protection of Women Against Domestic Violence Act 2016).

3 Vachharajani, B. (18 Feb 2016), 'Meet India's Female Seed Guardians Pioneering Organic Farming', The Guardian. Available at: <https://www.theguardian.com/global-development-professionals-network/2016/feb/18/meet-indias-female-seed-guardians-pioneering-organic-farming>

- Fairtrade Australia and New Zealand along with CARE International held their first joint workshop in Goroka, Papua New Guinea, focusing on gender equality and good governance. It was attended by 42 small-scale farmers. The overarching aim of the workshop was to unlock the influence that women farmers, who account for five percent of all farmers in the country, can have on the economic and social development of their communities.
 - Fairtrade Australia and New Zealand conducted their second joint training with the Tongan Ministry of Agriculture, Forestry, Food and Fisheries for the project funded by the Australian Department of Foreign Affairs and Trade (DFAT). This time they covered best practices in vanilla production and processing, and the Fairtrade Standards related to gender equality. Fairtrade ANZ also opened the new DFAT-funded vanilla curing facility in Tonga.
- lessons learnt, and new challenges. The event was attended by representatives of NGOs; civil society members such as Fair Labour Association, Fair Wear Foundation; trade unions like INTUC, TWGLW; and brands and mill owners like H&M, C&A, Primark, Mothercare, and Tom Tailor.
- NAPP and other Fairtrade members showcased their work and products at the annual meeting of the Asian Development Bank in Frankfurt, Germany, which focused on cooperating on sustainability.
 - The quick entrance price request for fresh papaya from Sri Lanka was successful and was announced by Fairtrade International in 2016. This paved the way for the very first small-scale papaya producer organization, Vavuniya North Fruit Growers' Cooperative, from a former conflict region in northern Sri Lanka, to apply for Fairtrade certification.

YOUTH

- NAPP organized training at some of the north-east Indian tea estates for workers and management about the Fairtrade Standard requirements on child labour, child protection and forced labour. The aim of the workshop was to enable participants to adopt Youth Inclusive Community Based Monitoring and Remediation (YICBMR) programmes⁴ to increase the well-being of children and adolescents in and around the tea estate. Training sessions also involved representation from four estates in the region. Participants included worker representatives, management, the adolescent club, mothers' club, trade union, and Fairtrade Premium Committee. Remedial measures to mitigate the risks and ensure well-being of children and adolescents in and around the estates was discussed.

OTHER ACTIVITIES

- At a conference organized by the Ethical Trading Initiative, NAPP had an opportunity to meet local and international stakeholders to discuss the current labour practices in southern Indian textile mills; changes seen in the industry over the past three years;

⁴ This involves the establishment of self-governing systems to tackle child labour and strengthen child protection. The producer organizations appoint youth monitors, all young people aged 18-24 years, to implement this approach.

PRODUCER

STORY



Inen Fitri picking coffee cherries at Fairtrade certified Kopepi Ketiara cooperative, Indonesia.
© Photography: Nathalie Bertrams

THE RISE OF WOMEN LEADERS IN INDONESIAN COOPERATIVES

There's a growing phenomenon in Fairtrade certified small producer organizations in Indonesia: the emergence of women-led cooperatives.

It began with some very inspirational and entrepreneurial women who all shared a vision.

Ibu Rahmah is the head of the KOPEPI Ketiara (Koperasi Pedagang Kopi Ketiara) coffee cooperative in Aceh Tengah. She's the daughter of a coffee farmer and small trader and has been living and breathing the coffee business since childhood. Rahmah began coffee trading in 2002 when she opened a small kiosk trading red (coffee) cherries from the farmers for staple food products. Her business venture reached a turning point in 2009 when Rahmah founded KOPEPI Ketiara. She wanted to take advantage of the growing opportunities in the coffee sector. But

she also wanted to fulfil her dream of empowering coffee farmers to develop the economic potential of Gayo region in Aceh. Rahmah's co-op became Fairtrade certified in 2012 and she is constantly working to improve its future.

Kokowagayo (Koperasi Kopi Wanita Gayo) is another story about women's empowerment in the coffee business of Gayo region. Founded in 2014 and earning Fairtrade certification the following year, the cooperative is only open to women members and has flourished under the leadership of the women on its executive board. It was the first all-woman coffee cooperative in South East Asia.

Kokowagayo's founders saw a market opportunity in empowering women working in the sector. Rizkani Ahmad, the head of Kokowagayo's executive board, knew that if the women farmers could be organized into a group, they would be able to express their concerns freely

and their voices would be heard. With a strong trading background and good organizational management experience, the board has successfully expanded the cooperative's coffee business and the organization itself. Today there are 470 members in the co-op and they say it has changed their lives.

To the southeast of Aceh lies the region of Central Java, home to the sugar cooperative of Karya Manunggal Sejahtera (Karmatera). The head of the executive board, Warsiwi, was born into a coconut sugar producer family and later became an advocate and activist for women coconut sugar producer groups.

Women play a major role in coconut sugar production, both as producers and sellers. Warsiwi took it upon herself to help the women develop and strengthen their production capacity, bringing both economic and social benefits in the process. Warsiwi also worked in a company that eventually became the trading partner of the resulting cooperative. The co-op's executive board is comprised solely of women and continues to improve the business and the running of the cooperative.

While making a better living and developing a viable business is hugely important, the three all-female co-ops also wanted to make a difference to the lives of their members in other ways – both on and off the coffee farms.

Kokowagayo has been keen to improve the working situation of women workers and farmers by teaching them new skills and farming practices through regular training.

Women usually do the red cherry picking on coffee farms. Here, they are now being encouraged to prune the coffee plants and trim the grass as well as be more involved in decision-making processes.

The co-op also runs free health programme for its women members and a day-care programme for their children.

Karmatera cooperative invested some of its Fairtrade Premium into building a healthy coconut sugar kitchen. It has improved not only the quality of the coconut sugar produced but also the working conditions for the manufacturers in terms of health and safety measures in the production process.

From the perspective of the Fairtrade Gender Strategy, these three cases are a positive example to their respective communities that women

business leaders are just as capable as their male counterparts.

The co-ops are all role models for inclusive practices, ensuring that women's voices are heard, whether in the creation of their Fairtrade Development Plans or in making decisions about how to expand.

"If we work hard to achieve things," says Rahmah of KOPEPI Ketiara, "success will follow."

And, of course, when women-led businesses are supported and successful, families and whole communities benefit.

**FAIRTRADE PREMIUM
PAID TO PRODUCERS IN
ASIA AND PACIFIC
INCREASED BY 6%**



**56% OF THE FAIRTRADE
PREMIUM GOING TO
ASIA AND PACIFIC
IS PAID TO PRODUCERS IN
INDIA AND INDONESIA**



**COFFEE AND TEA
ACCOUNT FOR 74%
OF THE FAIRTRADE PREMIUM PAID
TO PRODUCERS IN
ASIA AND PACIFIC**



**93% OF THE
WORKERS IN
ASIA AND PACIFIC
PRODUCE TEA**





Teerawat Phantum at Fairtrade certified Organic Jasmine Rice Producer Group (OURPG), Thailand
© Photography: Santiago Engelhardt

CHAPTER 7.3

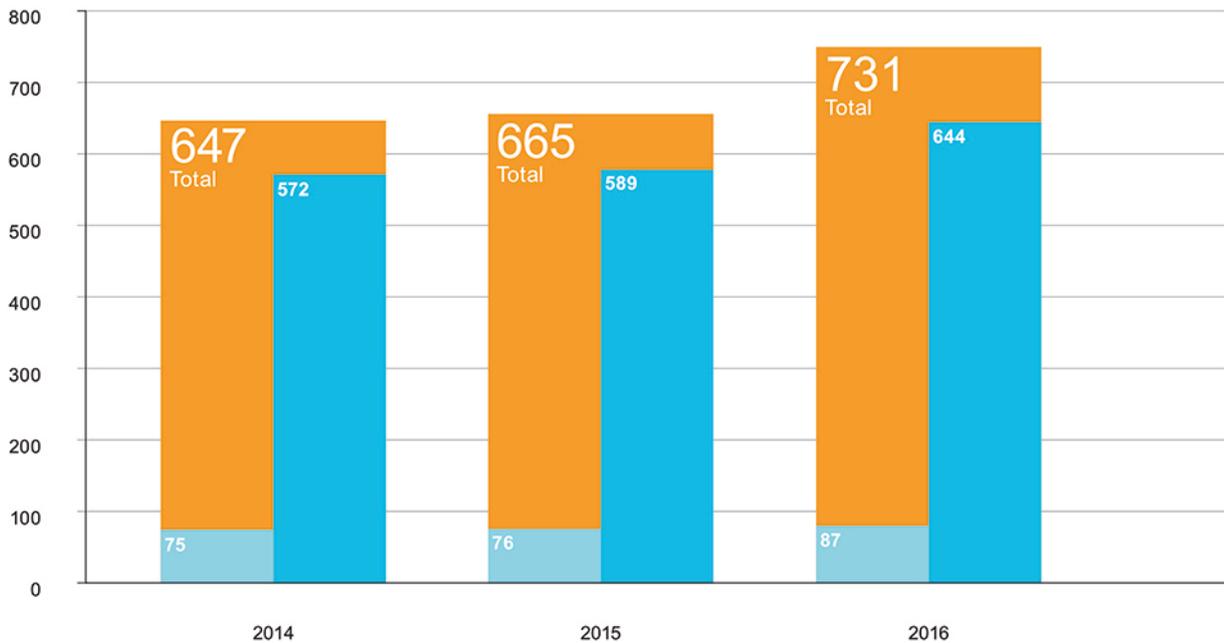
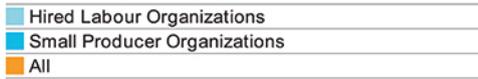
**FOCUS ON
FAIRTRADE
REGIONS:
LATIN AMERICA
AND THE CARRIBEAN**



Doris Marchena prepares organic Fairtrade bananas in one of several processing plants at Fairtrade certified banana producers APPBOSA in Piura, Peru.
© Photography: Sean Hawkey

FIGURE 7.3.1

FAIRTRADE IN LATIN AMERICA AND THE CARIBBEAN: PRODUCER ORGANIZATIONS 2014–2016



FARMERS AND WORKERS:

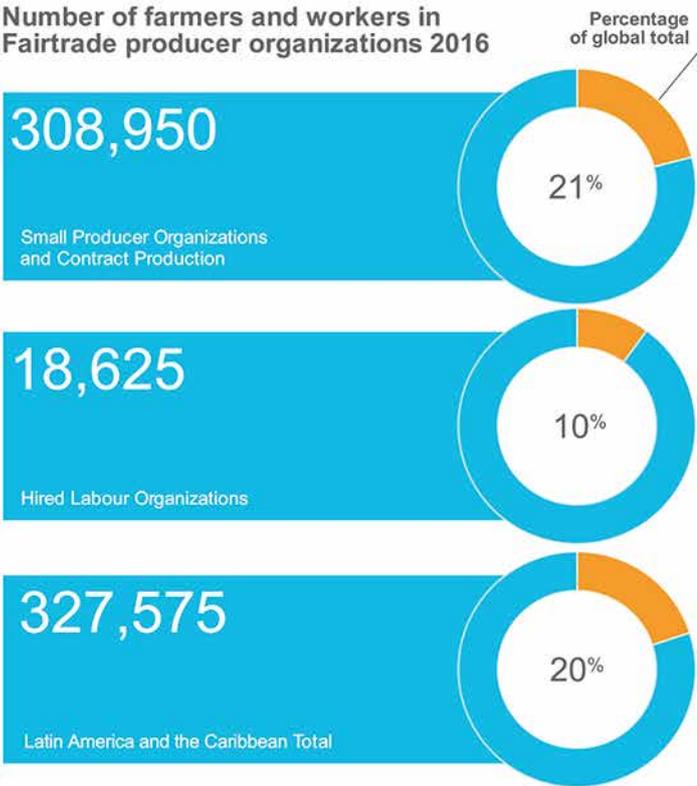
- At the end of 2016 there were 731 Fairtrade certified producer organizations in 24 countries in Latin America and the Caribbean. Of these, 644 were small-scale producer organizations and 87 were plantations with hired workers. The largest growth in new producer organizations was in Peru, mainly due to new coffee organizations joining Fairtrade.
- Latin American and Caribbean small-scale farmers and workers represent 20 percent of all Fairtrade farmers and workers. While the region represents 21 percent of farmers in the Fairtrade system, it only represents 10 percent of hired workers in Fairtrade.

FAIRTRADE PREMIUM

- Fairtrade farmers and workers in Latin America and the Caribbean earned 65 percent of Fairtrade Premium funds globally due to the popularity of Fairtrade coffee, bananas, sugar and fine flavour cocoa from the region.
- Fairtrade Premium revenues totalled over €103 million in 2016, an increase of seven percent on 2015.
- Coffee sales continued to account for the majority of the Fairtrade Premium earned in Latin America and the Caribbean in 2016 (59 percent), while coffee and bananas together accounted for 86 percent of Fairtrade Premium receipts. Cocoa and cane sugar were the next largest products in terms of Fairtrade Premium revenues in the region, with cane sugar up by two percentage points (4.6 percent), as a proportion of the total, and cocoa remaining the same at five percent.

FAIRTRADE IN LATIN AMERICA AND THE CARIBBEAN 2016

Number of farmers and workers in Fairtrade producer organizations 2016



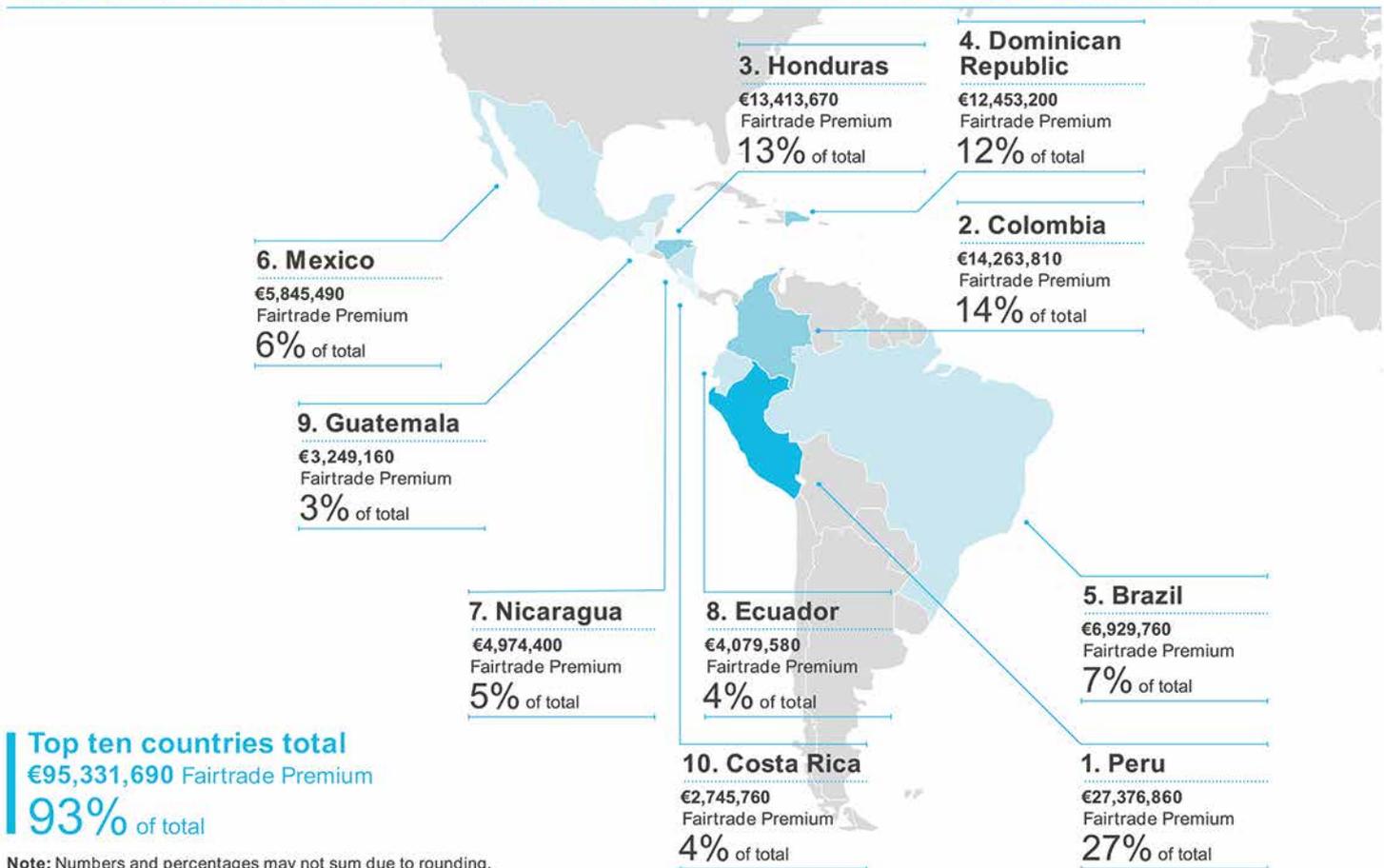
Fairtrade Premium receipts 2015-2016 (€ millions)



Note: Numbers may not sum due to rounding.

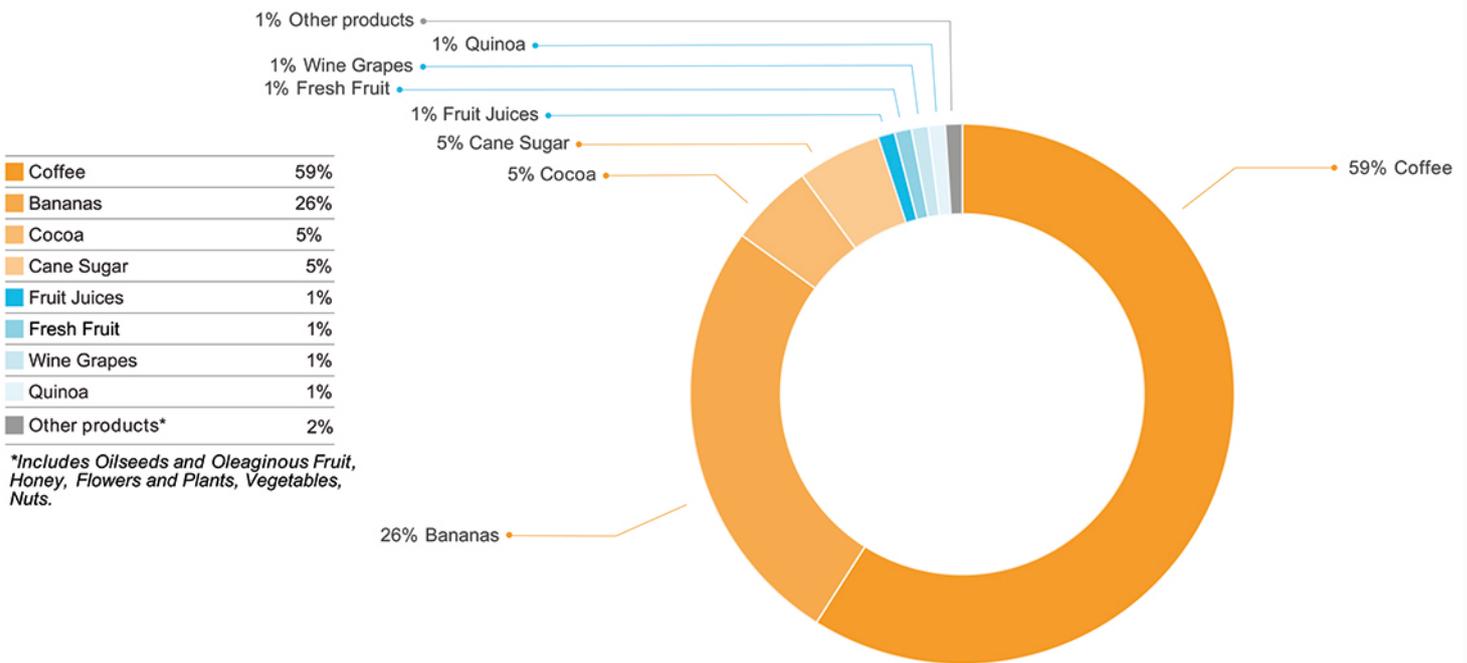
FIGURE 7.3.3

FAIRTRADE IN LATIN AMERICA AND THE CARIBBEAN: TOP TEN FAIRTRADE PREMIUM RECEIVING COUNTRIES 2015-2016



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

FAIRTRADE IN LATIN AMERICA AND THE CARIBBEAN: FAIRTRADE PREMIUM DISTRIBUTION BY PRODUCT 2016



SERVICES FOR PRODUCERS

- Sixty-eight percent of the producer organizations were reached through various activities undertaken by the Fairtrade producer network in the Latin American and Caribbean region (CLAC) in 2016. Twenty-nine percent of the farmers and workers who participated were women and 24 percent were young people.
- A total of 469 activities and 235 visits – focusing on various aspects of organizational strengthening – took place with producer organizations. Topics included planning and business management; Fairtrade certification requirements and values of Fair Trade, and leadership and inclusion of young people in farming. Producer organizations from Brazil, Honduras and Paraguay received relatively more support on the organizational dimensions.
- In all, 190 activities and 37 visits were undertaken focusing on enhancing the commercial aspects of producer organizations, such as the preparation of business plans and how to review contracts. Some activities focused on risk management, reducing unfair competition, facilitating representation of the producer organizations in trade fairs and facilitating visits from buyers.

- Seventy-three activities were carried out focused specifically on strengthening producer organizations’ financial management. These included training in financial management, reading financial statements, and managing projects and loans. In Colombia and Peru, a joint project was undertaken with the Shared Interest Foundation in which 25 small-scale producer organizations received support for organizational and financial strengthening.
- Fairtrade International undertook studies with coffee and banana organizations related to determining the cost of sustainable production in Colombia, Brazil, Mexico, Nicaragua, Costa Rica and Honduras. Using a dynamic tool, the organizations were able to calculate their costs of production; analyze the detail, and identify opportunities to increase efficiency. This work also served as a first attempt to develop a record-keeping tool where smallholders can enter daily and weekly cost transactions, which will allow more accuracy in their cost of production calculations. The resulting data will not only serve the producers’ purposes but will also be used for future work on coffee pricing.
- A total of 126 activities related to production were carried out during the year. The most common were training sessions on soil conservation, the creation of bio-ferments and bio-factories¹ and good agricultural practices. Forty-three of the visits focused on issues

1 A place on the farm where you produce and store bio-fertilizers.

affecting productivity such as fighting diseases through good agricultural practices.

- Coordinated by the national Fairtrade organization in Finland, the government of Finland funded projects aimed at strengthening production practices among coffee farmers in Nicaragua and Guatemala to help them build more sustainable livelihoods, and projects aimed at improving labour conditions in the banana sector in the Dominican Republic. These projects resulted in the adoption of good agricultural and production practices.
- CLAC also kick-started a productivity-focused project for coffee in Bolivia with the support of Fairtrade Germany and major retailer Lidl Germany. (See *Chapter 6 on coffee for more details about this project.*)
- The greatest opportunities for improvement within banana-producing organizations in the Latin American and Caribbean region are soil fertility and productivity management. For this reason, CLAC implemented the Project for Increased Productivity (PIP), a project designed to help Fairtrade banana producers increase their overall production, while at the same time lowering the costs for producers and their organizations. The project began in 2014 and was concluded in 2016. It benefited 20 organizations, spread across nine countries. The main focus was on soil health and the creation of bio-ferments to achieve higher productivity at lower cost. The results exceeded expectations with a 14.5 percent increase in annual productivity, compared to the original projection of five percent. In addition, the project has generated other positive impacts, such as the reduction of water and carbon footprints due to higher soil moisture and the application of fewer chemicals.
- In all, 267 activities and 171 visits were undertaken focusing on Fairtrade certification support before and after the audits. The most common topics covered were the interpretation of Fairtrade Standards and understanding compliance with Fairtrade requirements.

CLIMATE CHANGE

- The incidence of coffee rust disease (*la roya*), which is related to climate change, poses a severe threat to coffee production in the region. Fairtrade enabled the coffee producers from El Jabali Cooperative in El Salvador to

develop a climate change project focused on overcoming leaf rust and other adaptation measures to mitigate the effects of climate change. Supermarkets from Germany and Belgium are supporting these efforts through renovation projects in Bolivia, Peru, El Salvador and Mexico.

GENDER

- The Latin American and Caribbean producer network (CLAC) developed a gender inclusion policy, which was approved in 2016.
- Producer and worker organizations in Colombia, the Dominican Republic, Paraguay and Bolivia participated in nine workshops focused on gender and leadership. A total of 397 attendees participated of which 253 (64 percent) were women. The work methodologies, for both the workshops and exchanges, were designed through a participatory approach in order to facilitate understanding about the importance of establishing fairer and more respectful relationships between men and women. They also highlighted the importance of making changes at a personal and organizational level to advance gender equality. As part of this process, a methodological manual was developed. It consists of ten systematized training modules by the School of Leadership and is available in Spanish and Portuguese in CLAC's internal knowledge management platform.

YOUTH:

- Latin America and the Caribbean region drafted a policy on youth inclusion for producer organizations. The First Latin American and Caribbean meeting of young people in Fairtrade, called 'Young people sowing – an approach for a new generation – 2016', took place as part of the effort to generate spaces for dialogue. Representatives from 20 countries exchanged experiences.
- CLAC took important steps in the area of child labour by hiring a dedicated full-time staff person to support producer organizations and manage CLAC's procedures for protection cases. Following the development of a protection policy for children and vulnerable adults in 2016, CLAC rolled out operational procedures to respond to alleged cases within Fairtrade organizations in the region. In 2016, there were a total of 24 workshops related

to child labour with participation from over 154 organizations from a dozen countries. Pedagogical guides and methodologies - based on experiences and lessons learned as well as on external methodologies - were developed for the organizations interested in including this topic on their agendas.

- A key way of addressing child labour is to regularly check the places on Fairtrade farms where girls and boys may be working and correct non-compliance of the Fairtrade Standards where it occurs. The Belize Sugar Cane Farmers Association (BSCFA) hosted the first stakeholder discussion called 'Working Together to Eliminate Child Labour in Sugar Production – Partnering for Action and Results'. It was attended by participants from the government of Belize, the US Embassy, companies, civil society and educational institutions. Six youth monitors², all aged from 18 to 24 years and employed to support BSCFA's Youth Inclusive Community Based Monitoring and Remediation (YICBMR) system on child labour, presented various income generation projects, which they had helped develop and implement with children withdrawn from child labour and their families. Later in the year, another small producer organization, Progressive Sugar Cane Producers Association (PSCFA), partnered with BSCFA to set up and operate the monitoring and remediation system in a community where members of both organizations live. Two youths from BSCFA trained a counterpart from PSCFA on the system. BSCFA also employed five of the young people working on the YICBMR system as full-time field officers.

² Youth monitors are young people selected from the communities engaged in the project. They have been trained in child rights and child protection and are part of their producer organizations' child labour committee.



PRODUCER

STORY

Ruben Picado (left) and José Pablo Juárez, quality control supervisors for COOPEAGRI's coffee plant, prepare a tasting session.
© Photography: James A. Rodríguez

PROMOTING FAIRTRADE COFFEE IN THE SPECIALTY COFFEE SECTOR

For Fairtrade certified coffee producer organizations, accessing the specialty coffee market represents a good economic opportunity and a reputational boost, as the average price a cooperative receives for this special coffee can be around US\$7/lb. But it's a long way to the top, both in terms of improving the quality of the beans and attracting coffee buyers.

Fairtrade efforts to tap into this market began in 2013 with a cupping session at a specialty coffee expo in France. We've continued our presence at similar events since then, featuring coffee from Fairtrade producers from around the world.

Improving quality and productivity are key to Fairtrade's development approach. At least five cents per pound (lb) of the Fairtrade Premium – which is 20 cents/lb for conventional coffee and 30 cents/lb for organic – must be dedicated to improving productivity or quality.

Besides these economic incentives, Fairtrade's producer networks also raise awareness about quality issues among the cooperatives in their regions and encourage them to focus their training and investment efforts on quality improvements.

In 2016, the Fairtrade Latin America producer network, CLAC, worked with partners and Fairtrade International to support Fairtrade coffee producers in Costa Rica to promote their high

quality coffee on the international specialty coffee market.

Fairtrade certified coffee producers had the opportunity to send samples to the Asociación de Cafés Finos de Costa Rica (Fine Coffee Association of Costa Rica), to be cupped according to the international Specialty Coffee Association protocol. The two best coffees from each of the nine participating cooperatives were sent to cuppings and/or tastings at international expos. The National Fair Trade Platform in Costa Rica and Panama (CNCJCR-P) also developed promotional materials for each cooperative and their coffee, including producer profiles and invitations to events. The participating cooperatives gained knowledge and experience in coffee collection, roasting and cupping, as well as direct marketing with potential buyers.

Jonathan Durán, International Operations Manager at COOPEAGRI in Costa Rica, says this project has been a way for small-scale producers to create mutual benefits. "We are trying to reach buyers who are willing to pay a fair price for high quality coffee – a price that is received directly by the producer, avoiding the chain of intermediaries. Both our producers and buyers are aware of the important role they play in terms of social and environmental responsibility and product quality."

Source: Vargas, E. (2016), 'Project Experience: Promotion of High Quality Fairtrade Coffee in International Markets', available at: <http://clac-comerciojusto.org/wp-content/uploads/2015/04/Coffee-Newsletter-1-2017-ok.pdf>

**FAIRTRADE PREMIUM
PAID TO PRODUCERS IN
IN LATIN AMERICA
AND THE CARIBBEAN
INCREASED BY 7%**



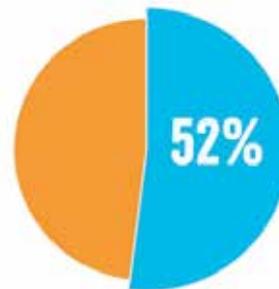
**41% OF THE FAIRTRADE
PREMIUM GOING TO
LATIN AMERICA AND
THE CARIBBEAN
IS PAID TO PRODUCERS IN
PERU AND COLOMBIA**



**COFFEE AND
BANANAS TOGETHER
ACCOUNT FOR 85%
OF FAIRTRADE PREMIUM
PAID TO PRODUCERS IN
LATIN AMERICA
AND THE CARIBBEAN**



**52% OF ALL
FAIRTRADE PRODUCER
ORGANIZATIONS ARE IN
LATIN AMERICA
AND THE CARIBBEAN**



CHAPTER 8.0

ABOUT THE DATA

IN THIS REPORT

8.0 ABOUT THE DATA IN THIS REPORT



Harvesting tea at Fairtrade certified Bogawantalawa Tea Estates, Sri Lanka.
© Photography: Kyonne Leyser

8.1 WHERE DO THE DATA IN THIS REPORT COME FROM?

There are two 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 were drawn from the CODImpact and audit results collected by FLOCERT, the main certification body for Fairtrade. These data capture the number, type and location of producer organizations holding Fairtrade certification at the end of 2016. Since some Fairtrade producer organizations are certified for more than one product, we differentiate between producer organizations and product certifications.

In order to have a more detailed picture of Fairtrade producer organizations and of Fairtrade performance from the producer perspective, Fairtrade International requests FLOCERT auditors to collect data on a range of monitoring indicators related to Fairtrade's 'Theory of Change' (see Box 8.1).¹ The data are collected via a questionnaire designed by Fairtrade International called Collection of Data on Impact (CODImpact), which is administered to certified producers after their Fairtrade audit.

The data in this report are drawn from the most recent CODImpact questionnaires available for each Fairtrade certified producer organization. Approximately 65 percent of the CODImpact data was collected during audits undertaken between January 2016 and December 2016, with the remaining 35 percent collected in 2014 or 2015.

The second data source used in this report is FLOTIS, a database managed by FLOCERT which records all transactions (buying or selling) of Fairtrade products, mostly reported by producer organizations. Historically, the report has been based on data from CODImpact. CODImpact is the main – and, in some cases, the only – source of data we have for many sections in the report. CODImpact data is collected at the same time as Fairtrade audits are done. This means that we do not receive updated information from all producer organizations every year as audits are not carried out annually in every organization. As a result, each year the data is updated only for those producer organizations that had an audit in that year and successfully completed the requisite questionnaire. For organizations that

Box 8.1

Key indicators used in this report

Data for the following indicators are currently collected and analysed through CODImpact:

- Number and type of Fairtrade certified producer organizations
- Number of members and number of workers in Fairtrade certified producer organizations
- Gender breakdown of membership or workforce
- Land area used for cultivation of the Fairtrade certified crop or crops
- Total Fairtrade certifiable crop volume produced
- Total crop volumes sold by the producer organization
- Total volumes sold as Fairtrade by 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 are aggregated and analysed by country, by region, by product, or by producer type.

did not provide updated information through the questionnaire, we use the most recent record that we have from previous questionnaires.

Box 8.2

Key indicators used in this report

Data for the following indicators are currently collected and analysed through FLOTIS:

- Total volumes sold on Fairtrade terms by the producer organization
- Total Fairtrade Premium received by the producer organization

FLOTIS data are used for these two indicators for bananas, cocoa, coffee, flowers, sugar and tea. CODImpact data are used for other products.

¹ Read More on Fairtrade International's 'Theory of Change': <https://www.fairtrade.net/impact-research/our-theory-of-change.html>

The FLOTIS figure is more complete as it contains all Fairtrade purchases. It is the closest we can get to the transactions that producer organizations complete every year for the products mentioned above.

The 2016 Monitoring Report also draws on findings from research studies looking at Fairtrade's impact, both those commissioned by Fairtrade as well as those independently conducted. 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 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.

This issue of the Monitoring Report includes only those studies in which data collection took place in 2016 or earlier. The topics of the studies referenced in this report are varied and include all of Fairtrade's major products as well as Fairtrade's impact on small producer organizations, hired labour organizations, supply chains and more.

The Fairtrade system is committed to making the full results of our commissioned research and evaluations public, wherever possible. Unless otherwise cited, full results of the research studies referenced in this report are available on the Fairtrade International website or will be available soon at <https://www.fairtrade.net/impact-research/evaluation-research.html>. We provide full details about the research studies used to develop this report in Annex 2-Bibliography.

Cotton figures

Due to the complexity of the cotton value chain and the high number of transactions between sale of the raw material and final finished product, FLOTIS is not the most reliable source of data. Instead, Fairtrade product managers responsible for cotton provide the most reliable data possible after analyzing a variety of sources. For 2016, sales figures reflect the sales in consumer country markets, as provided by each national Fairtrade organization and Fairtrade International. This means that cotton sales cannot be displayed by producer country. In addition, for the first time this year sales are expressed as cotton lint, rather than seed cotton.

8.2 DATA COVERAGE AND COMPLETENESS

Product and producer coverage

Information on the numbers, types, and location of Fairtrade producer organizations represents the status of the Fairtrade producer organizations at the end of 2016 and is complete to the best of our knowledge.

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

The monitoring data drawn from the CODImpact covers almost all of the 1,411 producer organizations that held Fairtrade certification at the end of 2016, either from data collected in 2016 or in previous years. The major exceptions are:

- Tea, for which 2016 CODImpact data were available for only 47 percent of the certified producer organizations;
- Dried fruit, for which 2016 CODImpact data were available for only 55 percent of the certified producer organizations;
- Fresh fruits, for which 2016 CODImpact data were available for only 55 percent of the certified producer organizations;
- Nuts, for which 2016 CODImpact data were available for only 47 percent of the certified producer organizations;
- Sport balls, for which 2016 CODImpact data were available for only 16 percent of the certified producer organizations;
- Vegetables, for which 2016 CODImpact data were available for only 46 percent of the certified producer organizations.

Not all producer organizations report against all indicators from CODImpact. In particular, several organizations do not report on breakdowns by gender, production, area, and sales by type (organic and conventional). We continue to work with producer organizations to encourage full reporting of all of the monitoring indicators.

In the case of indicator data from FLOTIS, the information recorded represents approximately all transactions done with certified products. This gives a complete picture of the sales and Premium generated in the seven main products.

Time period covered by the data

In the CODImpact questionnaire, producer organizations are asked to report retrospectively on their production volumes, sales volumes, and Fairtrade Premium incomes. Many organizations report this for the 12-month period immediately prior to when they filled in the questionnaire. This means that the reporting of retrospective data does not always correspond to a calendar year. In this report, the majority of these data span calendar years 2015–16. In all cases, the data represents the most recent information available for the producer organization under consideration.

Data, such as the numbers of farmers and workers participating in Fairtrade producer organizations or area under cultivation, are ‘snapshot’ data, accurate at the time of audit. Since we are primarily drawing on CODImpact questionnaires that were completed during 2016, we consider these data to reflect the status of these indicators for 2016.

In the case of FLOTIS, the period of time is the calendar year 2016.

Producer data and market data

This report draws on data reported by producers (via CODImpact) and by Fairtrade Premium payers (for example, traders/buyers via FLOTIS).

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

- Not all product volumes bought on Fairtrade terms are sold with a FAIRTRADE Mark on the final package. This may be because a manufacturer chooses to use the Mark in its marketing materials but not on the packaging, or because a trader sells on volumes from a producer organization with multiple certifications to a manufacturer that ultimately uses a different certification label on it. This is why we use producer-reported sales volumes, because producers include all sales made on Fairtrade terms and according to the international Fairtrade Standards, regardless of ultimate market destination. For this reason, 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 means that goods sold as Fairtrade either do not reach markets, or enter market a long time after the sale is made, and therefore may not be reported in the same year.
- Differing reporting periods also result in differences between producer reports and market sales.

New producer organizations

The dataset includes data for 101 producer organizations that had only received an initial Fairtrade audit and had not yet completed their first audit cycle. This group includes organizations that were applicants for Fairtrade certification at the point of data collection and became Fairtrade certified before the end of 2016. In the dataset we have included their data on the number of farmers and workers, and the certifiable product volume and cultivation area for these groups, to show as accurately as possible the current picture of the scale and scope of Fairtrade’s activities.

Since this group had not held Fairtrade certification previously, these organizations were not eligible to have made Fairtrade sales in the period prior to the initial data collection. We therefore exclude this group for these two indicators on Fairtrade sales and Fairtrade Premium earnings. Where we have restricted the dataset in this way, 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 2016. We use ‘2016’ 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 2016. We use ‘2016’ to describe these data in the report.

- Data on volumes produced, volumes sold 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 2016, the majority of producer organizations have reported on time periods spanning 2015 and 2016. We use '2015–16' to describe these data in the report.

8.3 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, Fairtrade Premium payer or trader. Where there are fewer than three Fairtrade certified producer organizations in a country, and market-sensitive business information could be deduced, we do not report aggregate data on the 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.

8.4 DATA ACCURACY AND LIMITATIONS

The data have been extensively checked and cleaned. However, in a monitoring project of this magnitude there may be some errors and weaknesses. Weaknesses are likely to be more evident in the smaller products (because the data sample is smaller), which is why the analyses here focus on the major Fairtrade products. Data for smaller products should be considered as approximates. Similarly, data at regional and country level are likely to show more errors.

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. In addition, data for producer organizations selling more than one Fairtrade commodity cannot be broken down into relative numbers of farmers or workers producing each product, or the relative contribution of each product to the overall Fairtrade Premium income received by the producer organization.

The Fairtrade sales volumes 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 2015–16, to reflect the range of the years.

Other areas of inaccuracy include the following:

- There may be missing information from Fairtrade certified producer organizations that has not been taken into account;
- There may be missing information in some questionnaires from certified producer organizations that were not reported by auditors;
- There may be wrong data or data that were not validated. Hence, the data quality may not be quite reliable;
- Data quality checks are performed continuously in order to provide the most accurate figures possible, thus the data presented for 2016 may be adjusted in future reports.

8.5 RESOURCES AND DEFINITIONS

The geographical regions used in the report are primarily the United Nations regions, which are also adopted within the Fairtrade geographical scope, which informs which countries are eligible for Fairtrade certification. Fairtrade International published a revised geographical scope at the beginning of 2016. The new geographical scope and nomenclature has been reflected in this edition of the report. The Fairtrade geographical scope can be found at:

https://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:

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

Data for production and sales volumes, and cultivation areas are rounded to the nearest ten 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.

Financial data are received in various local and international currencies. All financial data 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. CODImpact and FLOTIS 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 possible 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 in production but cotton lint in sales

Sugar: cane sugar (not processed sugar)

Tea: made tea (tea which has gone through the first processing stages of fermentation and drying, not green-leaf)

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 diversity of products and product forms, combined with lack of consistency in reporting, means it is difficult to ensure that product forms are expressed consistently.

ANNEX 1

CATEGORIES FOR ANALYZING FAIRTRADE PREMIUM USE

This section shows the categorization that Fairtrade uses to analyze 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 ANALYZING 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 packing facilities.

Human resources and administration

Producer organization running costs, including staff and administration costs, costs of banking, loans and finance, certification costs, 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 in, for example, quality and productivity improvement; marketing; financial management; 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, and 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, 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 ANALYZING 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, 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; 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.

Trainings for workers' representatives

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

ANNEX 2

Trainings for workers

Training for workers in, for example, labour rights or 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: 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, 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.

BIBLIOGRAPHY

Fairtrade commissions a small number of evaluations and other research studies every year, and these are undertaken by independent research institutions. The 2016 Monitoring Report draws upon findings from research studies - both commissioned by Fairtrade and independently conducted - looking at Fairtrade's impact. While the methods used to collect data vary across the studies, this version of the Monitoring Report includes those studies for which data collection took place in 2016 or earlier. The topics of the studies referenced in this report are varied and include all of Fairtrade's major products as well as Fairtrade's impact on small producer organizations, hired labour organizations, supply chains and more.

The Fairtrade system is committed to making the full results of our commissioned research and evaluations public wherever possible. Unless otherwise cited, full results of the research studies referenced in this report are available on the Fairtrade International website at <https://www.fairtrade.net/impact-research/evaluation-research.html>. 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 referred to in the report are listed below:

2iis Consulting (2017) *Fairtrade Sugar in Fiji: Exploring the Impact of Fairtrade on Fijian Communities 2011–2016*, Fairtrade Australia and New Zealand.

3ie Meta Review (2017): Oya, C., Schaefer, F., Skolidou, D., McCosker, C. and Langer, L. (2017), *Effects of certification schemes for agricultural production on socio-economic outcomes in low- and middle-income countries: A systematic review*, 3ie Systematic Review 34, London: International Initiative for Impact Evaluation (3ie).

Aidenvironment (2015): Molenaar, J.W., et al (2015), *Baseline study of Fairtrade Cotton in West Africa*, Aidenvironment, Amsterdam, the Netherlands.

- Boscher, C. et al (2016) *The dark side of chocolate: An analysis of the conventional, sustainable and Fair Trade cocoa chains*, Basic (Bureau for the Appraisal of Societal Impacts and Costs).
- Brown, S. (2013) *One hundred years of labor control: violence, militancy, and the Fairtrade banana commodity chain in Colombia*, Environment and Planning A (2013), Volume 45, pp. 2572-2591.
- BSD Consulting (2014) *Assessing the Benefits of Fairtrade Orange Juice for Brazilian Small Farmers*.
- Bunn, C., Läderach, P., Ovalle Rivera, O. et al (2015) *A bitter cup: climate change profile of global production of Arabica and Robusta coffee*, Climatic Change 129: 89.
- CEval (2012): Klier, S. and Possinger, S. (2012) *Assessing the Impact of Fairtrade on Poverty Reduction through Rural Development*, CEval (Center for Evaluation), Saarbrücken, Germany.
- CEval (2017): Bähge, A. (2017) *Does Fair Trade Change Society?* CEval (Center for Evaluation), Saarbrücken, Germany.
- Ostertag, C.F., Sandoval, O.A., Barona, J.F. and Mancilla, C. (2014) *An Evaluation of Fairtrade Impact on Smallholders and Workers in the Banana Sector in northern Colombia*. The Corporation for Rural Business Development (CODER).
- Fairtrade Foundation (2015) *Equal Harvest: Removing the barriers to women's participation in smallholder agriculture*, available at: http://www.fairtrade.org.uk/~media/fairtradeuk/what%20is%20fairtrade/documents/policy%20and%20research%20documents/policy%20reports/equal%20harvest_exec%20summary.ashx
- Foundjem-Tita, D., Donovan, J., Stoian, D. and Degrande, A. (2016) *Baseline for Assessing the Impact of Fairtrade Certification on Cocoa Farmers and Cooperatives in Ghana*, World Agroforestry Centre, Nairobi, Kenya.
- Foundjem-Tita, D., Degrande, A., Donovan, J., Stoian, D. and Kouame, C. (Forthcoming 2017) *Baseline for Assessing the Impact of Fairtrade Certification on Cocoa Growers and Cooperatives in Côte d'Ivoire*, World Agroforestry Centre, Nairobi, Kenya.
- Siegmann, K.A. et al (2018) *Harvesting Consent in Fairtrade-certified Tea Plantations in South Asia*, International Institute of Social Studies, Erasmus University, Rotterdam, the Netherlands.
- Molenaar, J.W. et al (2017) *Fairness in trade matters for sustainability: An impact evaluation of Fairtrade's supply chain interventions*, Aidenvironment and the International Institute for Environment and Development (IIED).
- Nelson, V. et al (2016) *Fairtrade Coffee: A study to assess the impact of Fairtrade for coffee smallholders and producer organizations in Indonesia, Mexico, Peru and Tanzania*, NRI: Chatham.
- ODI Meta Review (2017): Darko, E., Lynch, A. and Smith, W. (2017) *The impact of Fairtrade: a review of research evidence 2009-2015*, Overseas Development Institute, London, U.K.
- Tyszler, M., Quiroga, G., Audet-Belanger, G. and Bymolt, R. (Forthcoming 2017) *Small Producer Organization (SPO) Development, Strengthening, and Resilience*, KIT Sustainable Economic Development, Amsterdam, the Netherlands.
- True Price (June 2017): Fobelets, V., Rusman, A. and Ruiz, A.G. (2017) *Assessing Coffee Farmer Household Income*. True Price, Amsterdam, the Netherlands.
- True Price (2018): Rusman, A., Toorop, R.A., Boer, J. and Ruiz, A.G. (2018) *Cocoa Farmer Income: The household income of cocoa farmers in Côte d'Ivoire and strategies for improvement*, True Price, Amsterdam, the Netherlands.
- Watts, C. (September 2016) *A Brewing Storm: The climate change risks to coffee*, The Climate Institute.



FAIRTRADE
INTERNATIONAL

Fairtrade International Bonner Talweg 177 53129 Bonn Germany
Telephone +49 (0)228 949230 Fax +49 (0)228 2421 713 info@fairtrade.net www.fairtrade.net

Follow us at 'Fairtrade' on

