



MONITORING THE SCOPE AND BENEFITS OF FAIRTRADE

SIXTH EDITION 2014



FAIRTRADE



About Fairtrade International

Fairtrade International develops the internationally-agreed Fairtrade Standards, coordinates support for producers, and supports the international Fairtrade system. Members include three producer networks, representing the interest of producers in the Fairtrade system, and 25 Fairtrade organizations, which promote Fairtrade to business and consumers in the countries of sale. For more information, visit www.fairtrade.net



About FLOCERT

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

Monitoring the scope and benefits of Fairtrade Sixth Edition, 2014

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Cover: Esther Nyaboke of Finlays in Kenya weighs recently harvested tea. ©James Robinson

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FOREWORD

‘Knowledge is power. Information is liberating.’

Kofi Annan

As we scan the horizon for future trends, it has become clear that ever-increasing transparency will be the name of the game. Consumers and campaigners want to know more about where their bananas come from, and what different labels stand for; roasters want information about who picked those coffee beans cooling in the roaster; and sugar cane farmers need to know how much value was added between cutting the cane to the bags of brown sugar on the shelf.

Everyone wants a line of sight up and down the supply chain—and everyone wants to know the impact of their actions. But that’s a big challenge—including to all those involved in Fairtrade. We know we have a very long way to go. That’s why we are committed to sharing the wealth of facts, figures, deep-dive research and insights contained in this, the sixth edition of Monitoring the Scope and Benefits of Fairtrade.

This report paints a picture of where Fairtrade stands today. There’s much that all stakeholders can be proud of: it’s heartening to see how farmers and workers transform the continued growth in Fairtrade sales into impact in their communities, and to understand just how much of the Fairtrade Premium farmer organizations invest in infrastructure or extension services for their members, underpinning the sustainability of their organizations.

Of course being so open puts plenty of our challenges on display as well. For example, while this year’s monitoring data show gradual improvements in sales and Fairtrade Premium benefits for workers on plantations, research continues to tell us just how much more Fairtrade needs to improve in this area. That is why we are now focusing on how to strengthen freedom of association and taking steps towards living wages for workers on plantations.

We know that the more of their product that farmers and workers can sell on Fairtrade terms, the greater the impact Fairtrade can have. Yet for many products such as tea or cotton, producers have significant volumes that are not yet being sold on Fairtrade terms. So we are building more diverse options for businesses to engage with Fairtrade, in order to increase sales for producers. We will continue to monitor the effects of these and other changes in our approach, and will publish our results in the future—building a storyline of Fairtrade’s development.

I’d like to thank all the Fairtrade producer organizations who are so open and ready to share their information and data, despite the many requests they get! And to acknowledge all those researchers and academics and free-thinkers who study and analyse Fairtrade and share their findings.

I remember always being so impressed when visiting the banana farmers in the Windward Islands. Battered by hurricanes, by diseases and export problems, their leaders remained always open-minded: always searching and asking what they could do differently, how they could improve. They provide a valuable example: seeking always to use data and analysis as a launch-pad to empower farmers and workers. And we know within that process of empowerment just how important information and knowledge will always be. This is why we will continue to improve in collecting and sharing on the road to greater transparency.



A handwritten signature in black ink, which appears to read 'Harriet Lamb'.

Harriet Lamb

Chief Executive, Fairtrade International

CHAPTER 1

INTRODUCTION

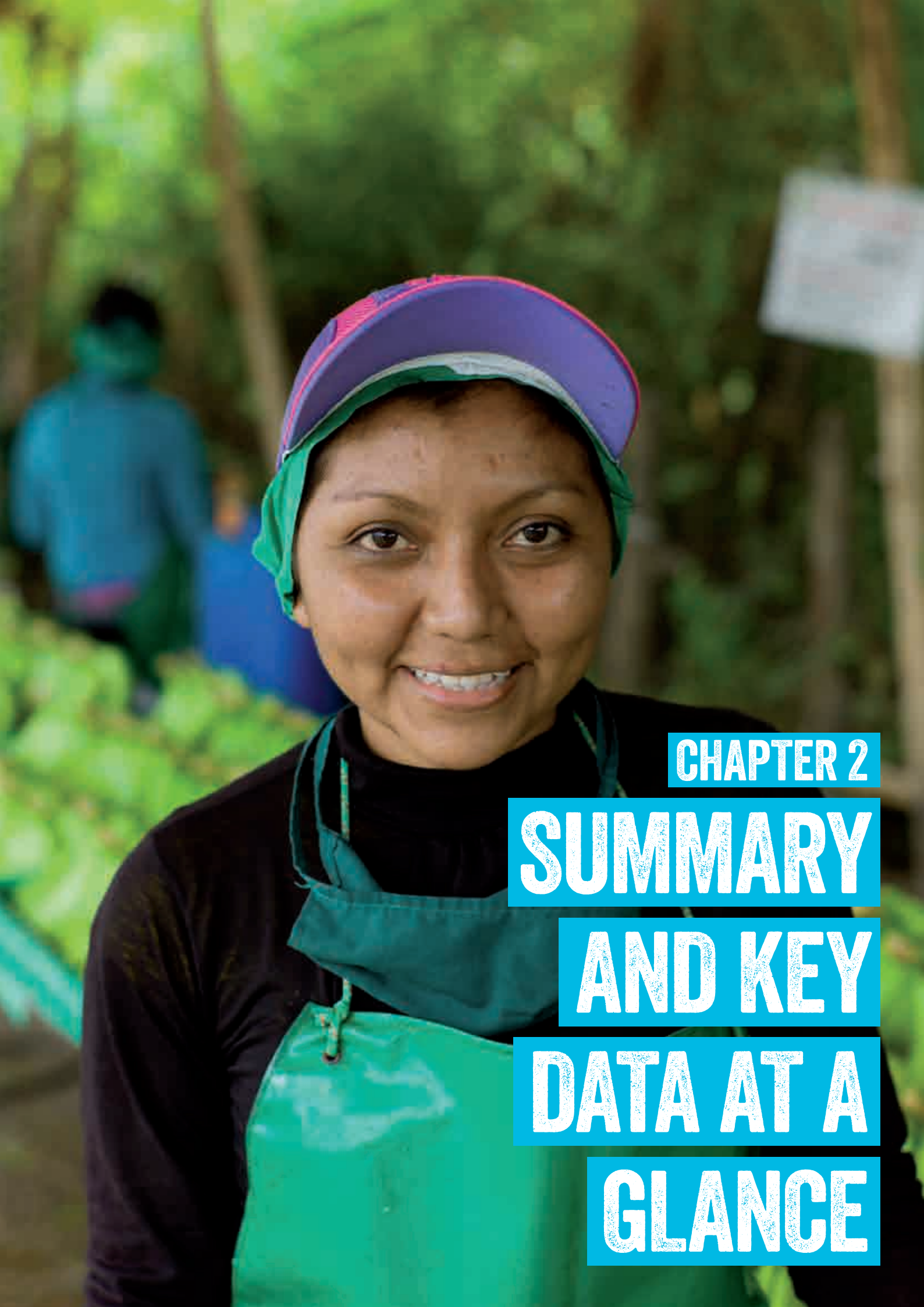
This report gives the results of the 2013 monitoring data collection from Fairtrade certified producer organizations. It presents the scope and scale of Fairtrade in 2013, and gives data on key Fairtrade performance indicators—from a producer perspective. The report also captures the results of more detailed research about the impacts of Fairtrade.

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

Fairtrade International and FLOCERT make this information public as part of our commitment to transparency, openness and information-sharing with our stakeholders and supporters. As we strive to improve the report year on year, in this report we have added new information about Fairtrade in low-income countries; the longevity of Fairtrade producer organizations; two new research pieces on coffee; and have worked to present the data in new ways.

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

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



CHAPTER 2

SUMMARY

AND KEY

DATA AT A

GLANCE

The data in this report show that Fairtrade has continued to grow during 2013, both in terms of the participation of farmers, workers, and their producer organizations, and in terms of the product volumes sold by producer organizations on Fairtrade terms.

Cover: Elda Socola Vidal works at a banana farm as a washer and packer of bananas for the Fairtrade certified cooperative ACPROBOQUEA in Peru.
© James Rodriguez

Farmers, workers and producer organizations

The number of farmers and workers participating in Fairtrade grew to over 1.5 million by the end of 2013. Approximately 62 percent of all the farmers and workers in the Fairtrade system are located in Africa and the Middle East (Chapter 3).

There was growth in the numbers of Fairtrade farmers, workers and producer organizations on all three continents, and across all major products. Fairtrade continued to widen its geographical spread as producer organizations achieved certification in five new Fairtrade origins: Burundi, Gambia, Iran, Nepal and Samoa (Chapter 4). Overall, the number of Fairtrade producer organizations grew at a slightly slower rate than in previous years, increasing by six percent on 2012 levels, to 1,210 at the end of 2013.

A new section in our report reveals that over 50 percent of all the Fairtrade farmers and workers are located in low-income countries (LICs). In 2013, there were Fairtrade certified producer organizations in 21 of the 34 countries classified as LICs by the World Bank (Chapter 4). Around €11.2 million in Fairtrade Premium revenues were paid to producer organizations in these countries in 2012-13, representing about 12 percent of Fairtrade Premium payments globally.

Fairtrade continues to work overwhelmingly with small farmers – indeed, 80 percent of the producer organizations holding Fairtrade certification are small farmer organizations. The average plot size of a Fairtrade farmer is just 1.5 hectares (Chapter 5), and the average size of a Fairtrade tea farmer's plot in East Africa is just 0.3 hectares. To get a sense of scale: the average size of a small family farm in the USA is 98 hectares.¹

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

TABLE 2.1

Overall growth in numbers of Fairtrade farmers, workers and producer organizations in 2013

	2012	2013	Percentage change
Total Fairtrade producer organizations worldwide	1,139	1,210	6%
	2012	2013	Percentage change
Total farmers	1,225,200	1,305,500	7%
Total workers	187,500	210,900	12%
Total farmers and workers	1,412,700	1,516,400	7%
	2012	2013	
Total countries with Fairtrade certified producer organizations	70	74	
Countries where the first producer organizations gained Fairtrade certification in 2013	Burundi, Gambia, Iran, Nepal, Samoa		

Fairtrade sales volumes and Fairtrade Premium

The total reported Fairtrade Premium receipts grew significantly, for both small producer organizations and plantations. In comparison with 2011–12, the data for 2012–13 reported by producers shows a ten percent increase in Fairtrade Premium returns to producer organizations.

The revenues that producer organizations received from their Fairtrade sales also grew, although more modestly at just three percent overall. This reflects the significant drop in global coffee prices in 2013: although producers are selling more coffee on Fairtrade terms, they received lower prices for their coffee in 2012–13 than they had in the previous year.

In contrast with the two previous years, hired labour organizations showed stronger sales growth for 2012–13. Their Fairtrade Premium returns grew by 13 percent, while revenues from their Fairtrade sales grew by 16 percent. This growth was concentrated within bananas and flowers. Market opportunities for other plantation products such as tea remain limited.

Growth in producer-reported sales volumes of bananas, sugar, and flowers and plants continued to be strong. There were moderate increases in coffee sales volumes in 2012–13, while tea and cotton producers reported declines.

Overall, 40 percent of all producer organizations sell over half of their production volume on Fairtrade terms, while hired labour organizations continued to sell around 20 percent of their total production as Fairtrade in 2013. In every Fairtrade product, there are significantly large volumes available that are not being sold on Fairtrade terms. Partly to address this issue, Fairtrade has established Fairtrade Sourcing Programs to open up new sales opportunities for producers of sugar, cocoa and cotton. For more information about the Fairtrade Sourcing Programs, and how they are helping farmers, visit www.fairtrade.net/fsp-overview.html.

TABLE 2.2

Overall growth in Fairtrade sales values and Fairtrade Premium values 2012–13

Fairtrade Premium (€ millions)	2011–12	2012–13	Percentage change
Total reported by Small Farmer Organizations	73.8	81.3	10%
Total reported by Hired Labour Organizations	12.3	14.0	13%
Total reported Fairtrade Premium receipts	86.2	95.2	10%
Fairtrade sales revenues (€ millions)	2011–12	2012–13	Percentage change
Total reported by Small Farmer Organizations	822	838	2%
Total reported by Hired Labour Organizations	91	106	16%
Total reported Fairtrade sales revenues	913	944	3%

Tea producers continued to struggle to sell a significant percentage of their total output as Fairtrade, with both small producer and hired labour organizations selling less than ten percent of their total production as Fairtrade in 2012–13. Tea farmers and workers represent 20 percent of all people within Fairtrade certified producer organizations. Fairtrade is working to support better impacts for Fairtrade tea producers implementing new requirements in the Fairtrade Standards for plantations, and through sector-wide collaboration to support improved wages for tea workers.

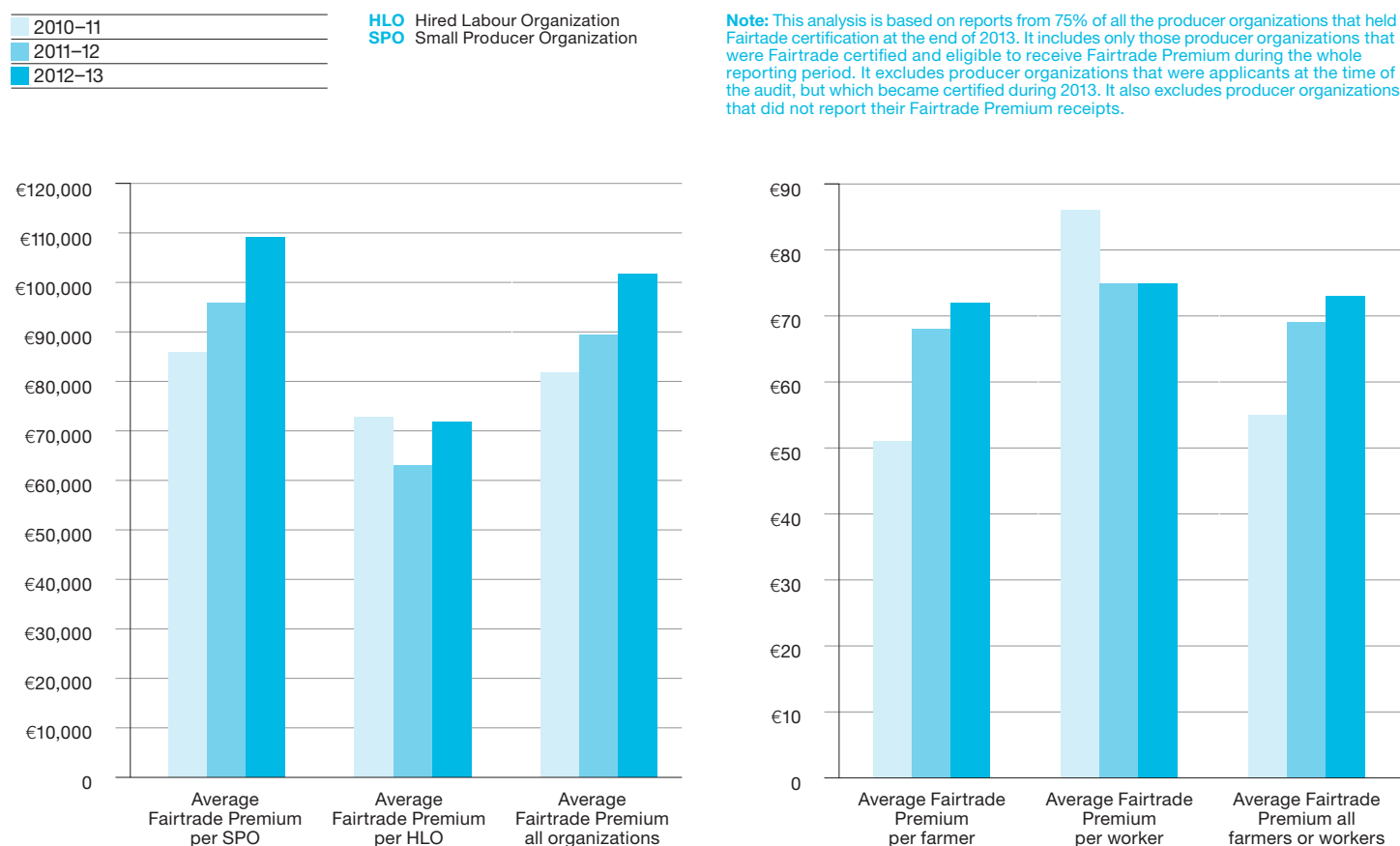
In Asia and Oceania the number of producer organizations with Fairtrade certification grew by about 13 percent on 2012 levels, while Fairtrade Premium receipts grew by about nine percent. Sales of coffee and sugar now account for 68 percent of all the Fairtrade Premium receipts to Asia and Oceania.

Fairtrade sales growth in Africa and the Middle East was stronger for plantations than for small producer organizations, primarily the result of growth in demand for Fairtrade flowers from East Africa. Cocoa sales from West Africa did not grow in the year under review, but sales have shown good growth during 2014 based on initial impacts from the new Fairtrade Sourcing Programs. These results will be included in next year's report. Overall, the proportion of Fairtrade sales revenues and Premium going to Africa continues to lag behind its overall participation in Fairtrade in terms of total farmers and workers (see Chapter 8).

Strong markets for bananas and coffee—as well as sugar and fine-flavour cocoa—from Latin America and the Caribbean resulted in 67 percent of all Fairtrade Premium payments going to farmers and workers there. However, coffee producers faced a difficult year with low coffee prices and the prevalence of coffee rust, a virulent fungus, attacking bushes in Central America and Colombia. The Fairtrade Minimum Price and Premium for coffee continue to provide an important support for farmers when global coffee prices are low, offsetting the worst effects of coffee price volatility for Fairtrade farmers.

Taking the overall Fairtrade Premium receipts and averaging them across the organizations that were Fairtrade certified during 2012–13 gives a crude indication of whether Fairtrade Premium payments are increasing for existing producers. Figure 2.1 shows that the average reported Fairtrade Premium income per producer organization for 2012–13 increased significantly, rising by almost 14 percent to just over €100,000 per organization. While this figure grew for both small producer organizations and plantations by similar proportions, the average figure hides huge variation among products and regions. The average Fairtrade Premium received by small farmer organizations producing Fairtrade bananas was nearly €214,000. At the other end of the scale were organizations growing Fairtrade vegetables—a relatively new Fairtrade product—with an average of just €4,000 in Fairtrade Premium per organization.

FIGURE 2.1

Fairtrade Premium received global averages 2010–13 (€)

In 2012–13, small farmer organizations continued to invest overwhelmingly in developing and strengthening their businesses, in supporting production and processing improvements, and in delivering direct benefits to their members.

Small farmer organizations elected to invest roughly 23 percent of their Fairtrade Premium in facilities and infrastructure for business activities such as processing, packing, storage, or crop collection. These investments are integral to increasing capacity, ensuring better quality, and adding value to their crop—all of which in turn can support better returns for the members. Around 41 percent of the Fairtrade Premium was spent on direct services to farmer members, including the provision of training, tools, inputs, and credit and finance, as well as direct payments to members over and above Fairtrade prices. This strengthens member commitment by providing direct financial returns from Fairtrade sales, and ensures that individual farmers benefit through increased income. If we combine relevant infrastructure and farmer services, we estimate that around 37 percent of the Fairtrade Premium was spent on investments that can support improvement in productivity or quality.

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

Workers on plantations continued to invest significantly in a wide range of projects aimed at meeting workers' needs. Workers elected to invest around 65 percent of all Fairtrade Premium in education, housing, healthcare, and other services for workers. Since many workers are struggling to cope with rising costs of living, benefits from the Fairtrade Premium provide an essential additional support. Many organizations also used the Fairtrade Premium to support the development and strengthening of their own

worker organizations. Around 19 percent of the Fairtrade Premium on plantations was used for wider community projects, such as supporting local schools or health services. Overall, 24 percent of the Fairtrade Premium on plantations was used for educational purposes, either to support the education of workers and their families, or to support education and schools in the wider community. See Chapter 6 for more information on Fairtrade Premium expenditure.

Insights from Fairtrade research

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

- New research looks at women's participation in six Fairtrade certified small producer organizations in Kenya, India, and the Dominican Republic. It finds that producer organization rules, structures and practices often create bias in favour of men—because membership of producer organizations often reflects local norms in land ownership or in the ownership and right to sell crops. Where men are more likely to own land, or to sell crops to the cooperative, they are more likely to hold the cooperative membership on behalf of their household. Since membership is biased in favour of men, leadership tends to be similarly biased, which in turn poses challenges for promoting women's needs and interests within cooperatives. Equally, women are likely to have a heavy burden of unpaid care and domestic work, which limits the time they have available for participation in external activities.

To enhance women's participation in producer organizations, it is important for women to understand how they might benefit as a result. The women interviewed for the research were able to identify a range of potential benefits—practical benefits such as improved access to training, inputs, financial support; increased productivity and improved income; and 'strategic' or longer-term benefits such as improved knowledge or confidence, or increased transparency around household income. Fairtrade will be working with producer organizations in 2015 and beyond to consider how they can take steps towards increased gender equity.

See Chapter 3 for more details.

- Much of the research to date focuses on the extent to which Fairtrade is able to support its primary beneficiaries, namely the farmers in small producer organizations, and the workers on certified plantations. However there is little research exploring the extent to which labourers employed by Fairtrade farmers benefit from Fairtrade. Recognizing this, a research team at the School of Oriental and African Studies in London undertook a multi-year study, funded by the UK Department for International Development, to try to understand more about this issue.

The research found that the agricultural workforce in these locations is in general poor and vulnerable, and that Fairtrade's work with farmers in cooperatives does not necessarily result in any significant benefits trickling down to the workers on those farmers' farms. For Fairtrade to become an effective tool to support such workers requires other interventions beyond the current standards. Fairtrade recognizes this problem in its Workers' Rights Strategy and will be working on this in 2015 and beyond.

See Chapter 3 for more details.

- A research team linked to the University of Hannover is studying the relationships between long-term Fairtrade coffee certification and variables such as production, membership, sales, and trading relationships. The research focuses on 70 coffee organizations that had held certification for at least ten years by 2011, and compares them for a range of variables at two points in time; 2001 and 2011.

The research found that in the ten year period, the certified producer organizations had become able to support and source bigger production volumes; to trade larger volumes of coffee, including larger volumes on Fairtrade terms; and to develop more direct commercial relations with importers. They were able to do this because they had developed the capacity to deliver coffee with a higher degree of post-harvest processing. Many of the organizations had achieved this by investing in their own processing installations. Others achieved this by outsourcing the processing or by cooperating with other producer organizations to process their green coffee. The research concluded that this outsourcing and collaboration between producer organizations can help organizations to control their fixed costs, while also supporting them to move up the value chain.

See Chapter 4 for more details.

- New research by the Natural Resources Institute at the University of Greenwich assesses the impact of Fairtrade for coffee smallholders and their organizations. The study looked at eight Fairtrade certified cooperatives in four countries (Indonesia, Mexico, Peru and Tanzania), and compared these with non-certified cooperatives or farmers.

The study found that Fairtrade farmers in three of the four research countries reported higher incomes than non-Fairtrade farmers, and that there was evidence of Fairtrade farmers and their organizations being more resilient and less vulnerable to shocks as a result of the Fairtrade Minimum Price.

There was good evidence of Fairtrade organizations growing stronger and more effective over time—for example through improvements in leadership, increased access to capital and other support, and through investments of the Fairtrade Premium to support organizational improvements. Farmers in Fairtrade organizations received considerably more training and across a broader range of topics compared with non-Fairtrade farmers. They also received a broader range of services (inputs, credit, extension, coffee sales) and had a greater degree of satisfaction with those services than non-Fairtrade farmers.

However, individual farmers' understanding of how their organizations functioned, and about Fairtrade, was variable. In some of the cases, farmer participation in their organizations was low with insufficient transparency in some aspects of decision-making.

The study concludes with a range of recommendations, including the need for Fairtrade to intensify its support to producer organizations, as well as to broker partnerships with other supporting organizations.

See Chapter 7.1 for more details.



CHAPTER 3

FAIRTRADE PRODUCERS

OVER
1.5 MILLION
 FARMERS AND WORKERS
 IN FAIRTRADE CERTIFIED
 PRODUCER ORGANIZATIONS



62% OF ALL
 FAIRTRADE FARMERS AND WORKERS
 ARE IN AFRICA AND THE
 MIDDLE EAST



19% OF ALL
 FAIRTRADE FARMERS AND WORKERS
 ARE IN KENYA



25% OF ALL
 FARMERS AND WORKERS
 IN FAIRTRADE ARE WOMEN



46% ON PLANTATIONS



22% IN SMALL FARMER ORGANIZATIONS



3.1 How many farmer and workers participated in Fairtrade in 2013?

The monitoring data indicate that at the end of 2013, there were more than 1.5 million farmers and workers in the Fairtrade system as a whole. More than 1.3 million farmers were members of Fairtrade small producer or contract production organizations, while 210,900 people worked in Fairtrade certified hired labour organizations. The majority of these workers are on plantations, but there were also 5,100 workers in five factories making Fairtrade soccer balls in Pakistan.

Cover: Miguel Angel Garcia, member of the Fairtrade certified organization COADAP in Guatemala checks his beehives near Santa Elena, Petén. ©Sean Hawkey

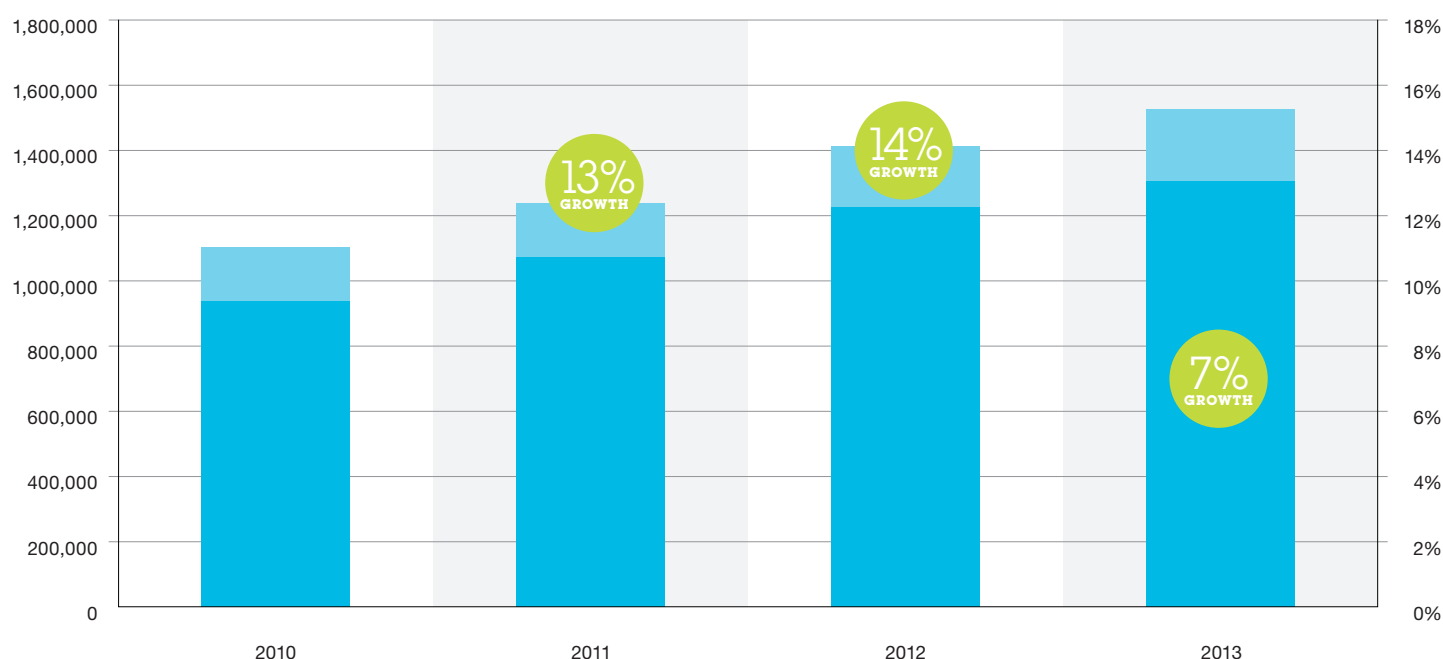
3.2 How have the numbers of farmers and workers changed since 2012?

There was a seven percent increase in farmers and workers in the Fairtrade system by the end of 2013, an increase of 104,000 from 2012. The number of Fairtrade certified small producer organizations grew by a similar proportion of six percent. This represents a slowing of the growth level reported in 2012 and 2011, when the numbers of farmers and workers grew by 14 and 13 percent, respectively.

Figure 3.1 shows the overall growth trends from 2010–2013. While the rate of growth in the number of smallholder farmers slowed between 2012 and 2013, falling from 14 percent to seven percent, the number of workers in Fairtrade plantations grew at a more rapid rate of 17 percent. This is the second year of relatively rapid growth in the numbers of workers on Fairtrade certified plantations.

FIGURE 3.1
Fairtrade farmers and workers 2010–2013

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



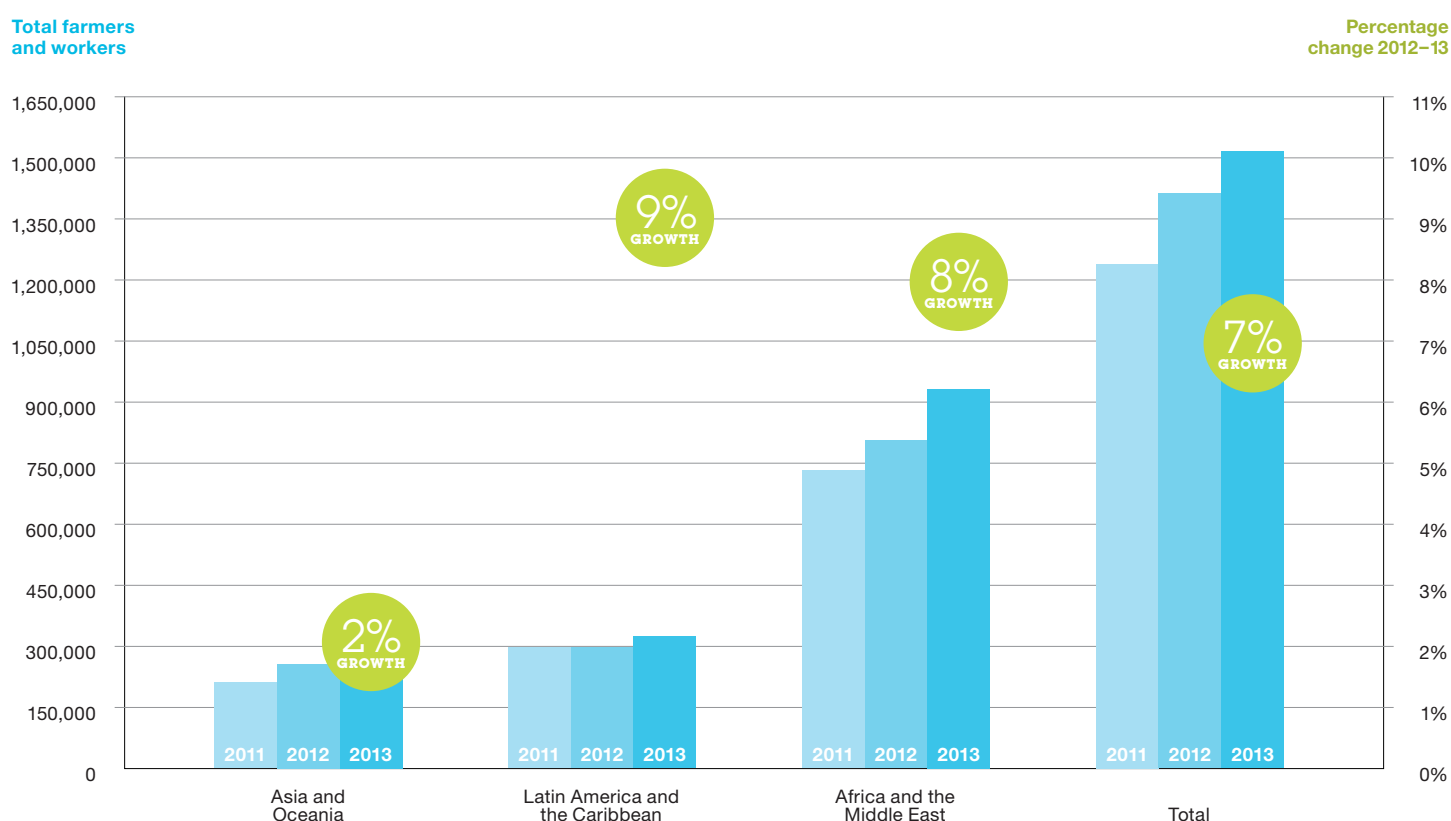
In 2013, growth in percentage terms was strongest in Latin America and the Caribbean, where nearly 27,000 farmers and workers joined Fairtrade representing a growth rate of nine percent. Growth was particularly strong in Peru and Mexico with new certifications of farmer organizations growing coffee.

In absolute terms growth was stronger in Africa and the Middle East, with an increase of 57,000 farmers and 15,000 workers (or 72,000 people altogether). Growth in the numbers of farmers was the result of large unions of smallholder coffee farmers in Kenya joining Fairtrade, and some new smallholder cocoa-producing groups in Côte d'Ivoire and Sierra Leone. The growth in the number of workers reflects increased interest in West Africa as an origin for Fairtrade bananas, as well as growth in certification for Fairtrade flowers, and minor growth in tea.

Asia and Oceania, which experienced the largest growth in 2012, slowed to just two percent growth, or an additional 5,000 farmers and workers, overall. New groups of coffee farmers in Indonesia, and tea plantations in India drove this growth.

FIGURE 3.2

Growth in the numbers of Fairtrade farmers and workers 2011–2013



3.3 Where are the farmers and workers who participate in Fairtrade?

In 2013, as shown in Figure 3.3, 62 percent of all farmers and workers within the Fairtrade system lived in Africa and the Middle East. Latin America and the Caribbean accounted for 21 percent, and Asia and Oceania for 17 percent—similar proportions to 2012.

The majority of workers on Fairtrade certified plantations are in East Africa—where they work primarily in horticulture and tea cultivation—and in Southern Asia, where tea is the major product. Growth in the number of workers in East Africa was strong in 2012. The number of Fairtrade plantation workers in Africa is now almost equal with that in South Asia, at 44 and 49 percent of the global total, respectively. Just seven percent of all Fairtrade plantation workers are in Latin America and the Caribbean.

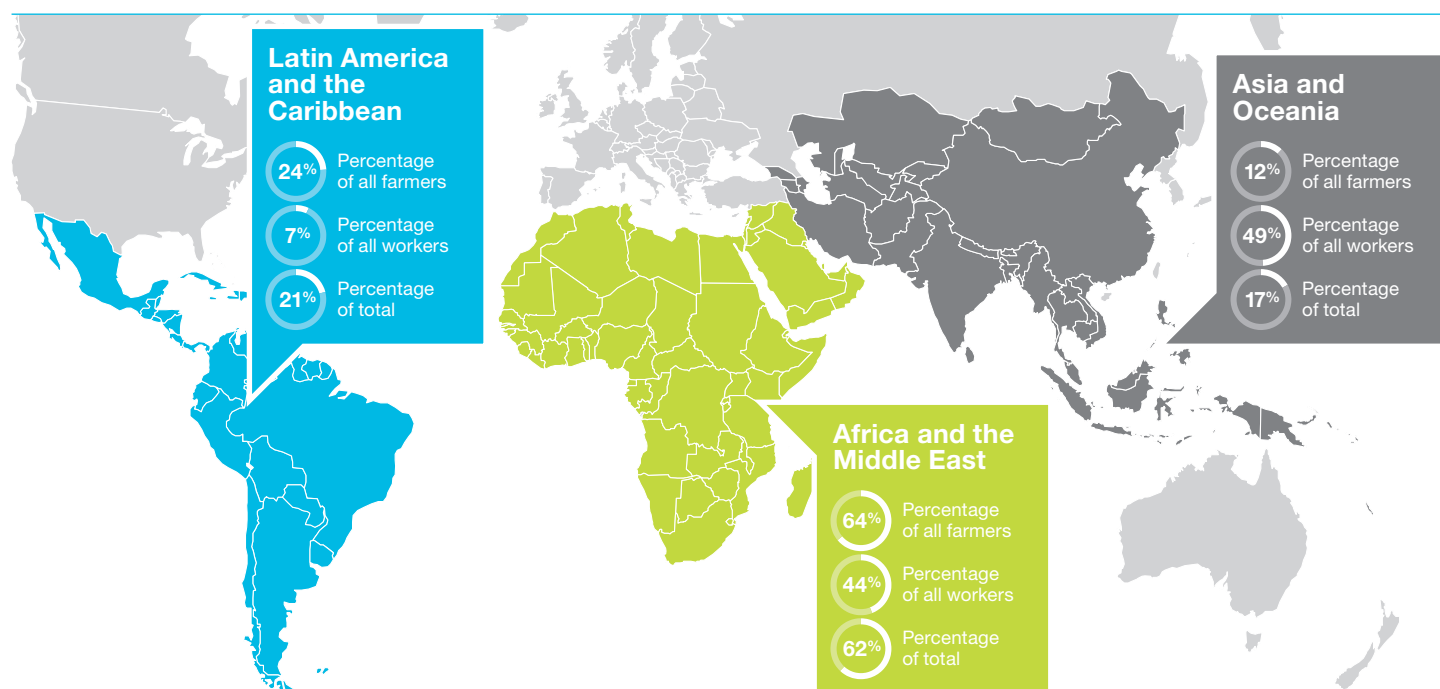
Figure 3.7 shows how the Fairtrade farmers and workers are distributed between different sub-regions. An incredible 47 percent of all Fairtrade farmers and workers are located in a single region, Eastern Africa. Kenya alone represents 19 percent of all farmers and workers, Tanzania stands at 11 percent, and Ethiopia at nine percent.

Twelve percent of all the Fairtrade farmers and workers are in Western Africa—primarily in Ghana and Côte d'Ivoire, while 12 percent are in Southern Asia—India in particular. Cameroon entered the top ten country list for the first time, the result of growing interest in sourcing Fairtrade bananas from West Africa. Southern Asia—India in particular—represents the largest regional grouping of farmers and workers outside of Africa and the Middle East, with 12 percent.

The growing interest in Fairtrade certification in certain regions and countries represents a tremendous opportunity—and also a challenge. Fairtrade needs to ensure that newly certified producers can be properly supported, and that they can find markets with traders and companies for their Fairtrade products.

FIGURE 3.3

Distribution of Fairtrade farmers and workers 2013



Latin America and the Caribbean

Fairtrade Farmers	309,500
Workers on Fairtrade certified plantations	13,900
Total	323,400

Africa and the Middle East

Fairtrade Farmers	838,500
Workers on Fairtrade certified plantations	93,600
Total	932,100

Asia and Oceania

Fairtrade Farmers	157,500
Workers on Fairtrade certified plantations	103,400
Total	260,900

World

Fairtrade Farmers	1,305,500
Workers on Fairtrade certified plantations	210,900
Total	1,516,400

FIGURE 3.4

Global distribution of Fairtrade farmers and workers 2013

Africa and the Middle East

Farmers	838,500
Workers	93,600
Farmers and workers	932,100

Asia and Oceania

Farmers	157,500
Workers	103,400
Farmers and workers	260,900

Latin America and the Caribbean

Farmers	309,500
Workers	13,900
Farmers and workers	323,400

World

Farmers	1,305,500
Workers	210,900
Farmers and workers	1,516,400

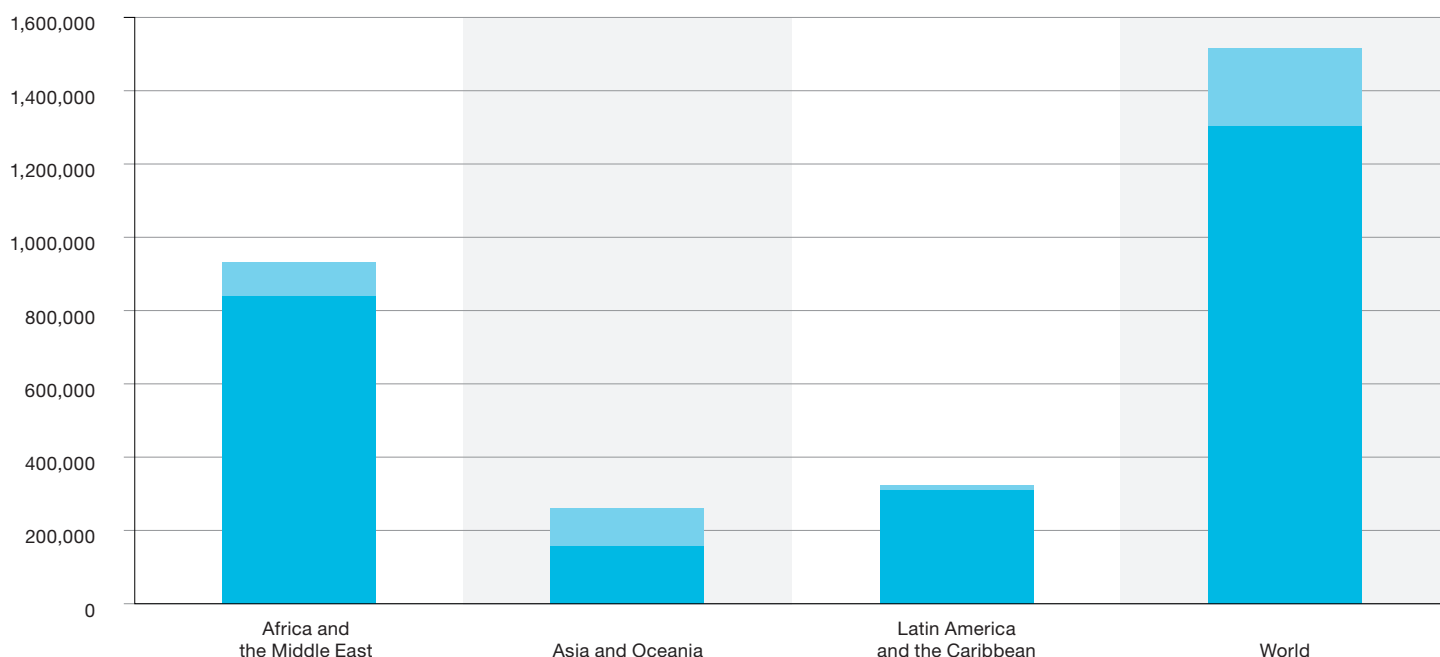


FIGURE 3.5

Distribution of Fairtrade farmers and workers by sub-region 2013

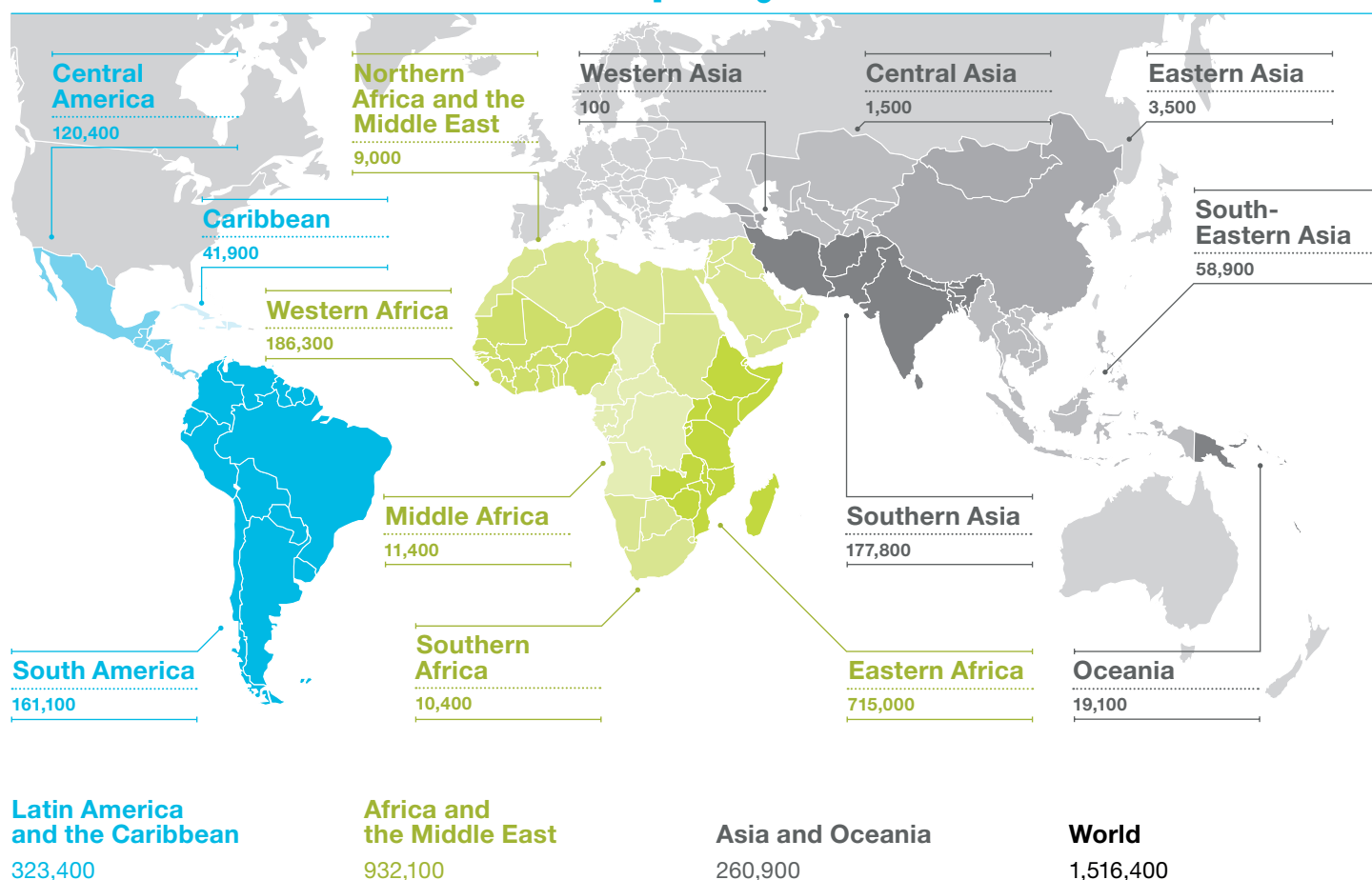
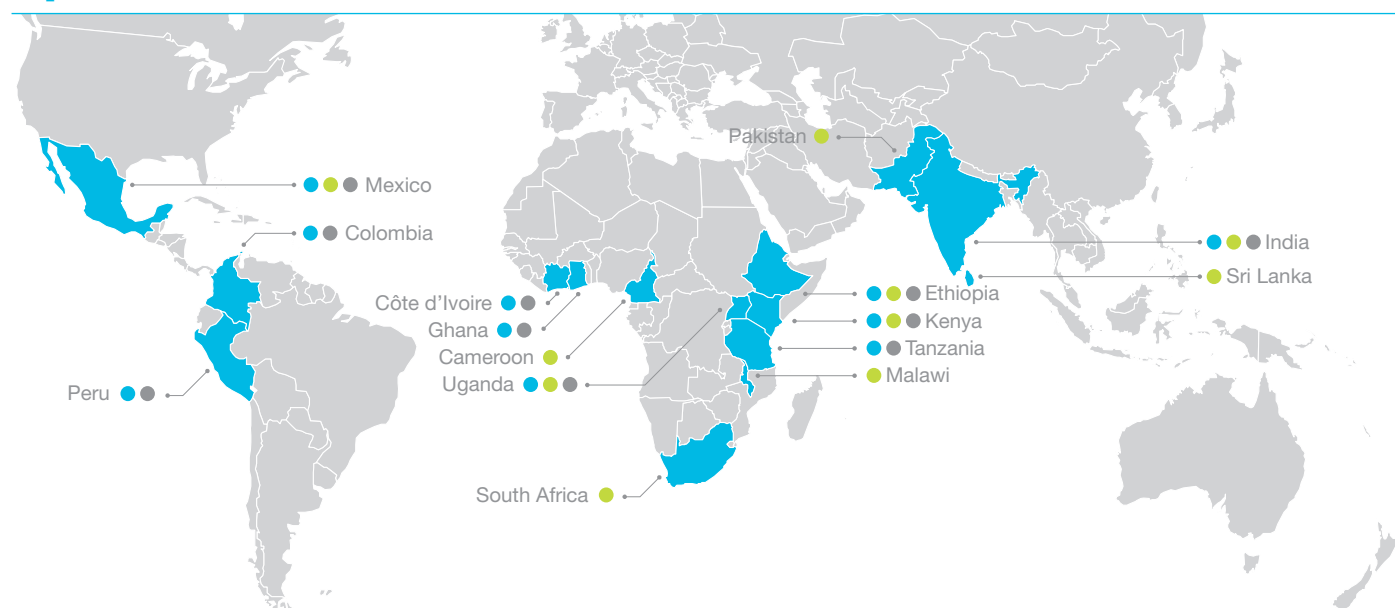


FIGURE 3.6

Top ten countries: Farmers and workers 2013



Top Ten Countries: Number of Fairtrade farmers 2013

Kenya	261,200
Tanzania	160,400
Ethiopia	125,700
Ghana	99,700
India	63,400
Peru	61,100
Colombia	46,700
Uganda	38,300
Mexico	35,200
Côte d'Ivoire	34,300

Top Ten Countries: Number of Fairtrade workers 2013

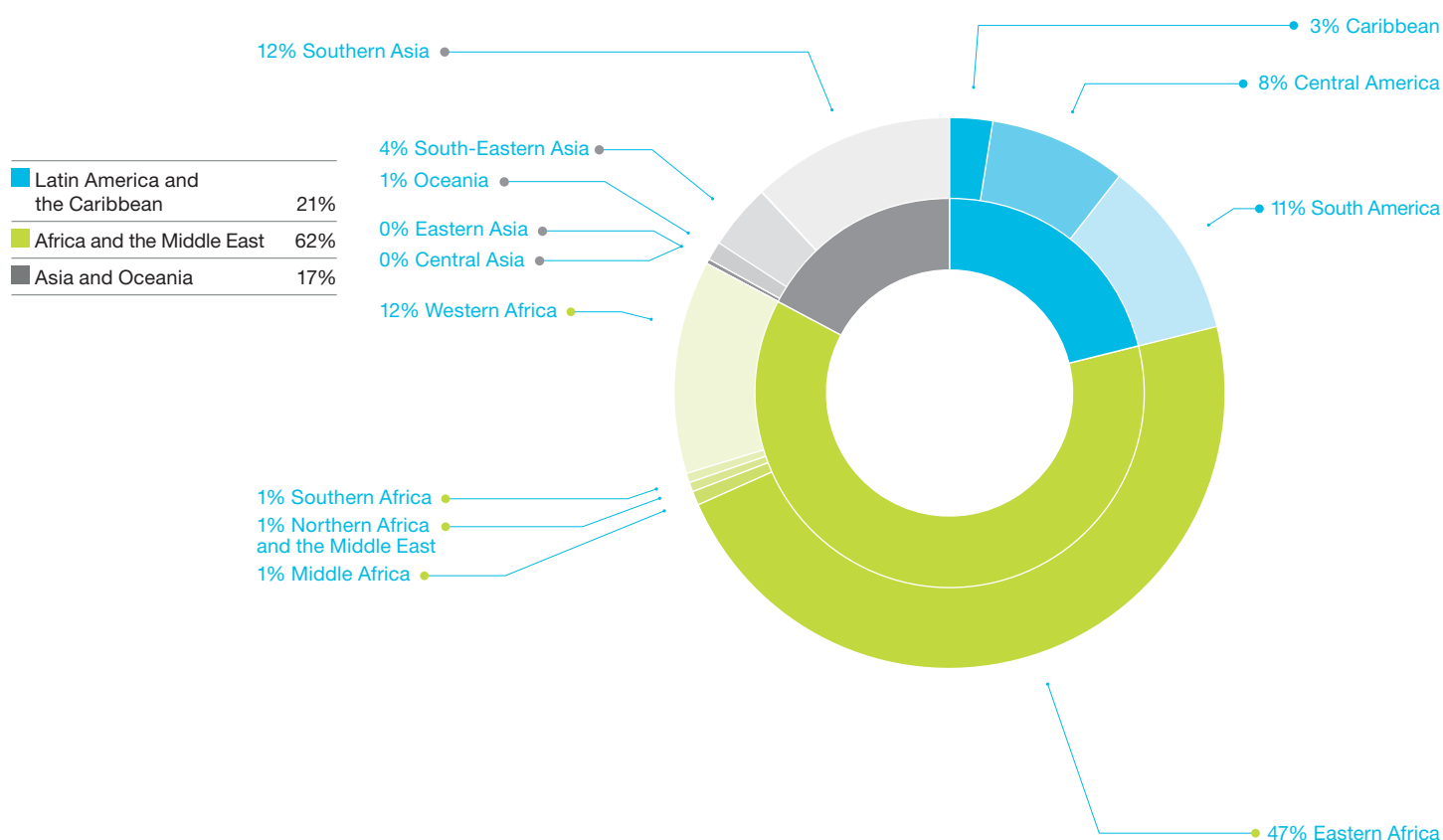
India	76,000
Kenya	34,200
Sri Lanka	22,200
Ethiopia	12,200
Malawi	9,000
Uganda	9,400
South Africa	7,800
Cameroon	5,600
Pakistan	5,100
Mexico	5,000

Top Ten Countries: Number of Fairtrade farmers and workers 2013

Kenya	295,400
Tanzania	164,100
India	139,400
Ethiopia	138,000
Ghana	104,400
Peru	61,300
Colombia	49,100
Uganda	47,600
Mexico	40,300
Côte d'Ivoire	34,300

FIGURE 3.7

Regional distribution of all Fairtrade farmers and workers 2013



Note: Percentages may not sum due to rounding.

FIGURE 3.8

Regional distribution of Fairtrade farmers 2013

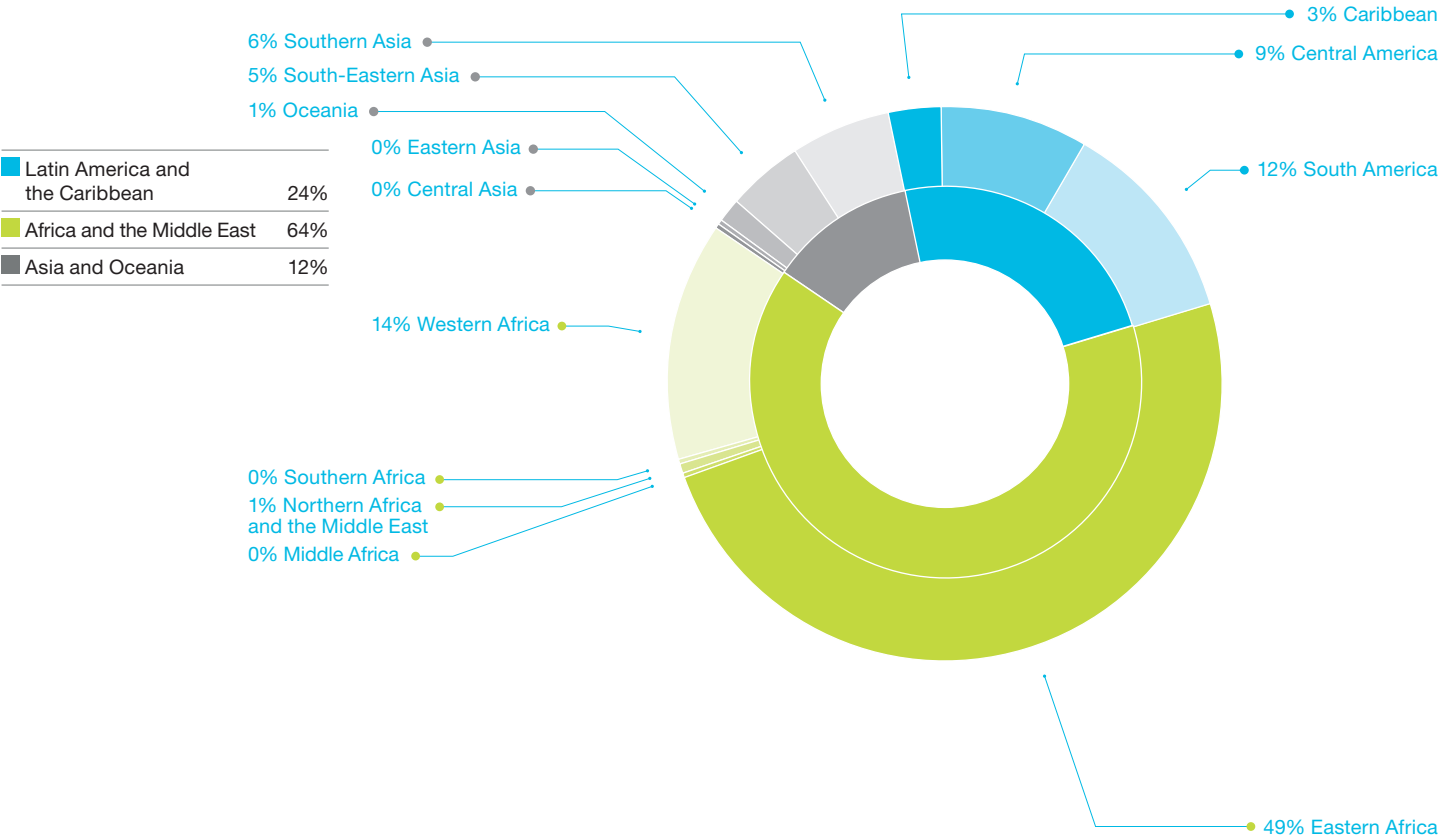
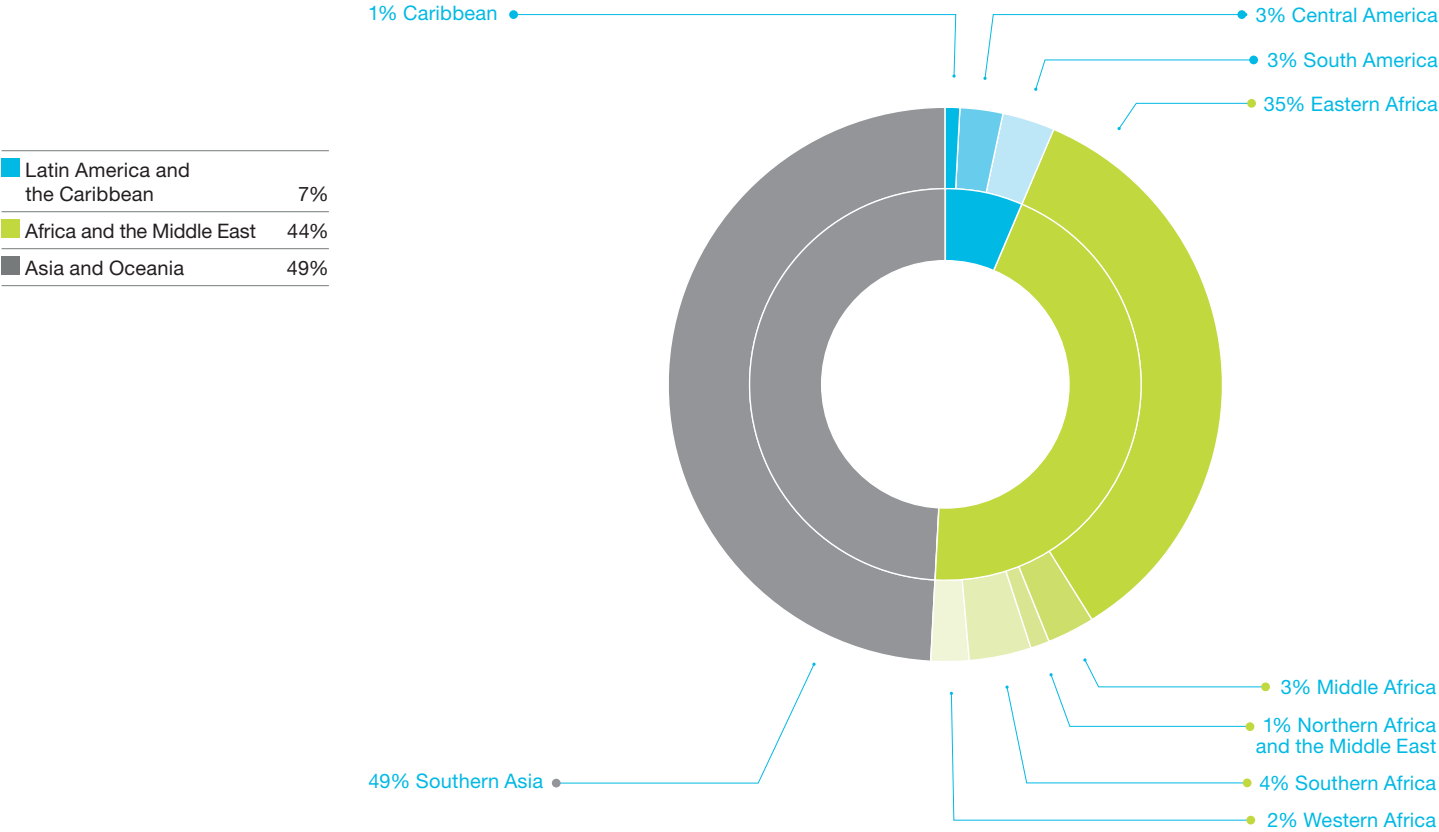


FIGURE 3.9

Regional distribution of workers within Fairtrade certified Hired Labour Organizations 2013



Note: Percentages may not sum due to rounding.

3.4 How many farmers and workers produce the different Fairtrade products?

Coffee, tea, and cocoa remained the most significant products in terms of numbers of farmer and workers. Together, they account for more than 80 percent of all of the farmers and workers in the Fairtrade system. In fact, the seven major Fairtrade products (bananas, sugar, cocoa, coffee, flowers, seed cotton and tea) account for 93 percent of all the farmers and workers in the system. Figure 3.10 tells the story by product, for 2013.

Compared with 2012 (Table 3.1), the numbers of farmers in coffee and farmers and workers producing bananas continued to grow, while growth in the numbers of cocoa and sugar farmers began to slow down.

For seed cotton, there was a significant decrease in the number of farmers. In West Africa, in particular, many producer organizations left Fairtrade in 2013 because they did not find sufficient markets for their Fairtrade cotton. The Fairtrade movement and others continue to work to build opportunities and support for West African cotton farmers.

TABLE 3.1

Change in number of farmers and workers for major products 2012–2013

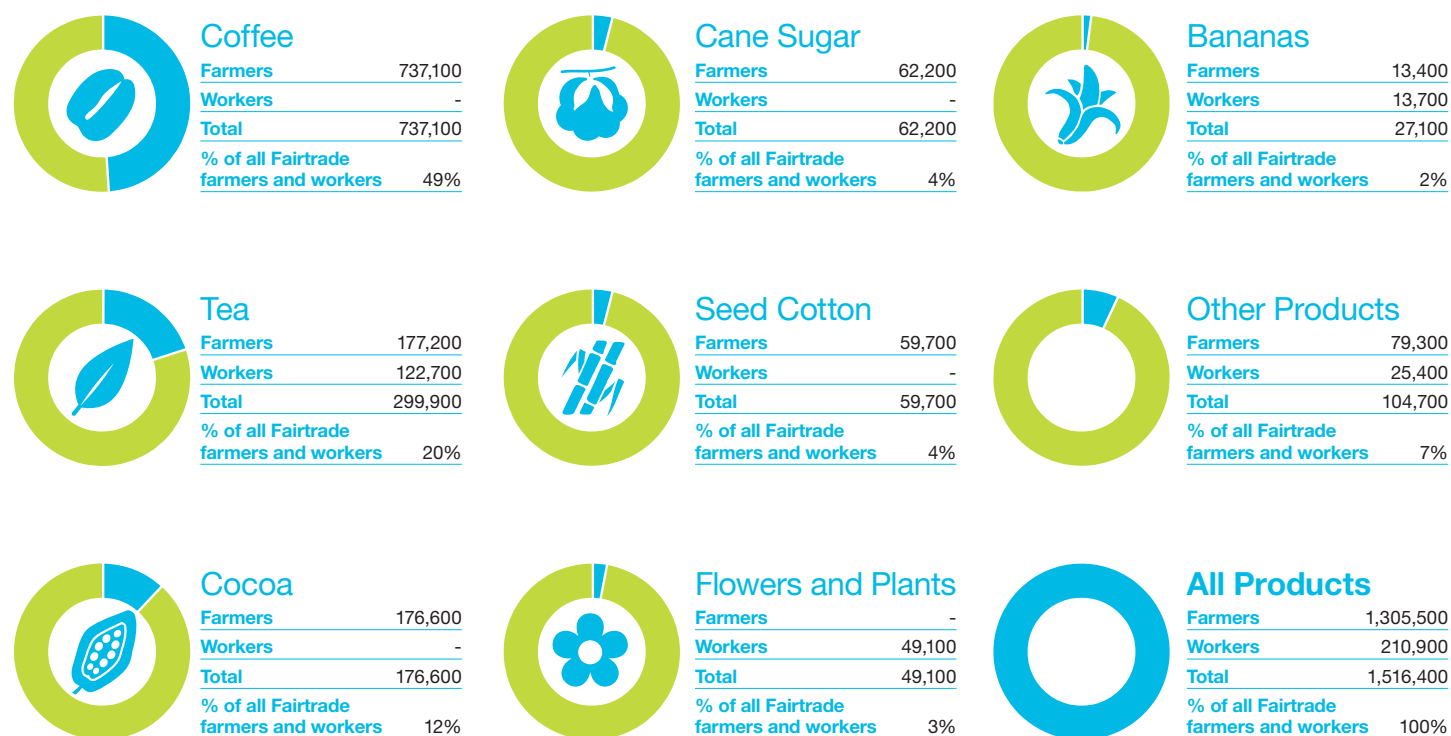
	2012	2013	Percentage change
 Bananas	24,500	27,100	11%
 Cane Sugar	61,800	62,200	1%
 Cocoa	166,900	176,600	6%
 Coffee	660,700	737,100	12%
 Flowers and Plants	50,000	49,100	-2%
 Seed Cotton	73,400	59,700	-19%
 Tea	285,900	299,900	5%

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.

FIGURE 3.10

Number of farmers and workers by product 2013

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



3.5 Workers in Fairtrade

In 2012, we saw a decline in the number of workers in Fairtrade. Figures for 2013 indicate that numbers seem to have stabilised or are even beginning to grow. The overall number of plantations with Fairtrade certification showed a moderate increase of four percent during 2013, while the numbers of workers on Fairtrade certified plantations grew by 14 percent.

During 2013, Fairtrade continued to strengthen its approach to working with plantations. In 2012 the Board of Fairtrade International approved a new Workers' Rights Strategy which emphasizes the central position of workers on plantations, and alongside small farmers in the Fairtrade system. In the strategy, Fairtrade reaffirms that collective empowerment can best be achieved by mature systems of industrial relations based on mutual trust, respect and regular dialogue between workers, their unions and employers.

In light of the new strategy, Fairtrade International focused work throughout 2013 on revising the Fairtrade Standard for Hired Labour Organizations, conducting extensive consultations with over 400 workers, as well as with experts on workers' rights and other stakeholders. New elements have been introduced into the standard, which was developed in collaboration with stakeholders and approved by the Standards Committee in November 2013. Changes include a freedom of association protocol, a right to unionize guarantee, and a requirement on making progress towards a living wage. The new standard lays the groundwork for Fairtrade to be a front-runner in promoting freedom of association and living wages.

Determining living wage levels is the next major step. In 2012, Fairtrade partnered with Social Accountability International and Goodweave to define living wages with wine producers in South Africa and banana producers in the Dominican Republic based on the methodology of world-class experts Richard and Martha Anker. This work attracted interest from the ISEAL Alliance of standards systems and resulted in the adoption of a common living wage definition and methodology by a group of ISEAL members. As a result, in September 2013, UTZ Certified, Sustainable Agriculture Network (Rainforest

Alliance) and Forest Stewardship Council joined the coalition. The various participating standards systems have agreed to test the living wage methodology within their own systems. Fairtrade understands that no organization can make progress alone on a topic as challenging as living wages: certifiers and companies must join with trade unions, NGOs and governments to push this work forward.

In line with the emphasis on organizing workers, Fairtrade International has undertaken several projects with trade unions in Latin America and Africa. In Africa, Fairtrade partnered with Compagnie Fruitière, the International Union of Foodworkers, and BananaLink to organize a capacity building project strengthening the collaboration between trade unions operating at a newly certified banana plantation. This has resulted in the creation of a platform for the six trade unions operating on the plantation to collaborate and co-ordinate their bargaining strategy.

In Latin America, Fairtrade initiated human rights and conflict resolution training for 95 workers at a flower plantation in Ecuador where a trade union has established itself for the first time. We continued to work with partners in Costa Rica to improve labour relations at the only Fairtrade certified plantation in that country.

In November 2013, the Board of Fairtrade International agreed that the next step in Fairtrade's overall Workers' Rights Strategy will be to review and improve the Fairtrade model to enable us to reach workers in small producer organizations more effectively. As a first step, in Peru, Fairtrade supported a local trade union to hire a temporary staff member who was tasked with analysing the protection of workers' rights under the Fairtrade Standards for Small Producer Organizations, and the complaints mechanism within the Fairtrade system. This and other research will inform Fairtrade as we move forward to design new ways of reaching workers in small producer organizations.

Research Insight: Understanding more about workers on small farms

The majority of the Fairtrade research to date focuses on the extent to which Fairtrade is able to benefit its primary beneficiaries, namely the farmers in small producer organizations, and the workers on certified plantations. However, there is little research exploring the extent to which workers who work for Fairtrade farmers are able to benefit from Fairtrade.

The role of other types of labourers—particularly those working for small-scale farmers or as workers employed directly by small-scale farmer organizations—has been largely overlooked. Recognizing this, a research team at the School of Oriental and African Studies in London undertook a multi-year study, funded by the UK Department for International Development, to try to understand more about this issue.¹

The research studied workers living near to Fairtrade small farmer organizations in Uganda (coffee and tea) and Ethiopia (coffee), and workers living in close proximity to a Fairtrade flower plantation in Ethiopia (four Fairtrade sites in total). It compares their experiences with those of workers living in areas close to non-certified organizations. The study asks whether a poor rural person dependent on access to wage employment is better served by employment opportunities in areas where there is a Fairtrade certified producer organization or in areas where there is none.

The research found that agricultural wage labour was highly prevalent in all of the research sites; in many sites more than 50 percent of the adults interviewed had participated in wage labour in the past 12 months. The research also found that the workers were more likely to be poor, with less education, fewer assets, and a poorer diet than workers in sectors outside agriculture. Across all the research sites they found high numbers of poor, low-educated and vulnerable women in the agricultural labour force. In the Ethiopian flower sector in particular, they found evidence of sexual harassment and other problems for women workers in all sites.

Overall, the research found that agricultural workers living in areas where there were Fairtrade producer organizations did not receive better wages, or have better working conditions, than workers living in the areas where there were no Fairtrade producer

1 Cramer, Christopher, Deborah Johnston, Carlos Oya and John Sender (2014) *Fairtrade, Employment and Poverty Reduction in Ethiopia and Uganda*, London: SOAS, <http://ftepr.org/wp-content/uploads/FTEPR-Final-Report-19-May-2014-FINAL.pdf>

organizations. In some cases their wages and working conditions were worse than those of workers in the comparison sites.

The research acknowledges that the comparison between Fairtrade sites and non-Fairtrade sites was not based on matched controls, but a comparative case study approach between contrasting sites. As such, the research is not designed to tell us whether the differences between the sites are due to Fairtrade or not, and nor is it clear whether all the workers who were interviewed had worked for farmer members of Fairtrade cooperatives.

However, what emerges clearly is that the agricultural labour force in these locations is poor and vulnerable, and that Fairtrade's work with farmers in cooperatives does not necessarily result in significant benefits trickling down to the workers on those farmers' farms. For Fairtrade to become an effective tool to support such workers would require other interventions beyond the current standard, which do have some requirements relating to labour rights in small producer organizations. Fairtrade has recognized this problem in its Workers' Rights Strategy and will be working on this in 2015 and beyond.



PRODUCER REPORT

Harvesting happiness: changing lives in Kenya

Happier employees, higher productivity, increased sales. Since becoming Fairtrade certified in 2011, Harvest Limited's Athi River flower farm is thriving. Certification has helped Harvest increase sales by 30 percent and has given a boost to productivity.

But most importantly the farm's workers have launched an ambitious five-year development plan to improve livelihoods for the farm's 700 workers and the surrounding community through strategic investment of the Fairtrade Premium.

Read the full story here: <http://bit.ly/1wm36zR>

3.6 Women in Fairtrade

Fully one quarter—or 25 percent—of all farmers and workers in Fairtrade certified producer organizations were women in 2013, according to the data submitted in audit reports. This is a slight increase compared with 2012, when women were 23 percent of all farmers and workers in Fairtrade organizations.

Women continue to form a large part of the workforce in hired labour organizations in Fairtrade, where 46 percent of all workers are women. In India, Sri Lanka and Pakistan, women workers form 54 percent of the workforce on Fairtrade certified plantations and in sports ball factories. In Africa, women represent 40 percent of the workforce on Fairtrade certified plantations overall, and as high as 63 percent in Ethiopia and 55 percent in South Africa. While we do not yet collect the data, we can assume that in line with global trends, women are concentrated in the lower-paid jobs.

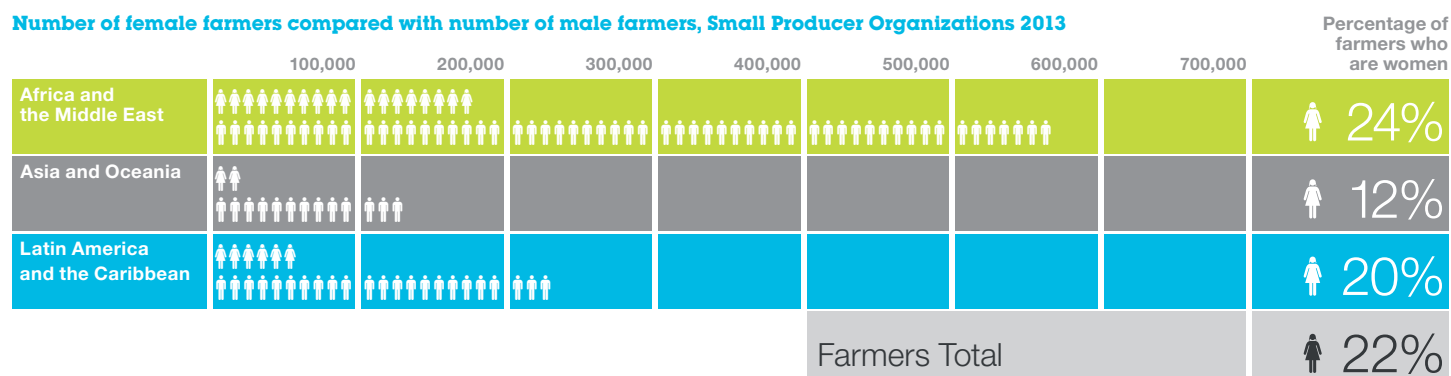
Farmer organizations in Asia and Oceania register significantly fewer women in their membership than organizations in Latin America and in Africa, reflecting high levels of gender inequality and lower female participation in public institutions, in particular in Southern Asia. However, the data suggest there was a slight increase in 2013, with the percentage of women farmers in Southern Asia rising from 10 to 12 percent.

Women's participation is most significant in those Fairtrade product categories that are open to plantations—flowers and plants, sports balls, and tea in particular. More than 126,000 women work on Fairtrade tea plantations or are registered as farmer members of small producer organizations producing tea. For products that are only open to small producer organizations, the oilseeds and oleaginous fruit category has a high level of participation by women, particularly because of several women's cooperatives producing shea butter in Burkina Faso and Mali.

FIGURE 3.11

Women as a percentage of all Fairtrade farmers and workers by product 2013

Number of female farmers compared with number of male farmers, Small Producer Organizations 2013



Number of female workers compared with number of male workers, Hired Labour Organizations 2013



Note: Only producer organizations supplying data on both the total number of members or workers and the total number of female members or workers are included in this analysis. The analysis is based on data for 96% of all certified Hired Labour Organizations and 94% of all certified Small Producer Organizations at the end of 2013.

TABLE 3.2

Women as a percentage of all Fairtrade farmers and workers by product 2013

Farmers in Small Producer and Contract Production Organizations Product	Percentage of farmers who are women	Workers in Hired Labour Organizations Product	Percentage of workers who are women
Oilseeds and Oleaginous Fruit	 38%	Sports Balls	 51%
Nuts	 33%	Flowers and Plants	 51%
Quinoa	 33%	Tea	 49%
Tea	 32%	Fresh Fruit	 37%
Herbs, Herbal Teas and Spices	 27%	Vegetables	 33%
Cocoa	 25%	Wine Grapes	 31%
Dried Fruit	 24%	Bananas	 7%
Cane Sugar	 23%	Total	 46%
Wine Grapes	 20%		
Coffee	 19%		
Rice	 16%		
Seed Cotton	 16%		
Vegetables	 15%		
Bananas	 14%		
Fresh Fruit	 12%		
Honey	 9%		
Gold	 8%		
Fruit Juices	 5%		
Timber	0%		
Total	 22%		

Note: Only producer organizations supplying data on both the total number of members or workers and the total number of female members or workers are included in this analysis. The analysis is based on data for 96% of all certified Hired Labour Organizations and 94% of all certified Small Producer Organizations at the end of 2013.

Overall, there are more than 350,000 women farmers or workers in certified organizations. Research suggests that Fairtrade only contributes to increased gender equality when there are targeted initiatives in place aimed at doing so, and where the leadership of the Fairtrade organizations support and promote this.² It is clear that Fairtrade needs to do more to support women's development and empowerment. This will require targeted programming and work with leaders in producer organizations. In 2015, Fairtrade will employ its first full-time gender expert who will develop our work to support increased gender equality.

² CEval (2012) *Assessing the Impact of Fairtrade on Poverty Reduction through Rural Development*, Saarbrücken: Center for Evaluation, Saarland University.

**PRODUCER REPORT**

The unshakeable Ketiarra coffee family of Indonesia

Ibu Rahmah is the founder of Ketiarra Coffee Cooperative in Aceh, Indonesia. She is also a wife, a mother, a coffee farmer, the chairwoman... in short, says the co-op's manager, Lina: 'She is everything to Ketiarra.' They may not all be blood relatives, but the nearly 1,000 members are a close-knit group. When an earthquake shook the foundations of this organization in July 2013, the cooperative family pulled together to rebuild their villages.

Read the full story here: <http://bit.ly/1v3BJWL>

Research Insight:

Increasing women's participation in small farmer organizations

As part of our preparation for scaling up our work on gender, Fairtrade recently commissioned research aimed at understanding the barriers and drivers for women's participation in farmer organizations. *Exploring the Barriers to Women's Participation in Small Producer Organizations* looks at women's participation in six Fairtrade certified small farmer organizations in Kenya, India, and the Dominican Republic.³

Table 3.3: Women's participation in Fairtrade-certified producer organizations

	Percentage of women members	Percentage of women leaders	Percentage of women employees
Small producer organization 1 (Dominican Republic)	17%	8%	29%
Small producer organization 2 (Dominican Republic)	23%	8%	16%
Small producer organization 3 (India)	5%	3%	0%
Small producer organization 4 (India)	6%	0%	6%
Small producer organization 5 (Kenya)	20%	14%	No specific data
Small producer organization 6 (Kenya)	10%	14%	No specific data

Women form a significant minority of membership, leadership, and salaried employees in all of the organizations in the study, as we see in Table 3.3. This is in spite of the fact that women in both India and Kenya often dedicate more time than men to their households' cotton or tea production. Across all three countries women's representation in leadership positions tended to be low relative to their overall membership in the producer group.

Three major barriers to women's participation emerged:

1. Producer organization rules, structures and practices

In all three countries, membership in small producer organizations is linked directly or indirectly to ownership or registration of land or crops. This creates a bias in favour of men, who traditionally own and control more land and crops than women. Leadership rules and structures perpetuate this bias, first because leaders are drawn from the membership, and second through additional rules and structures such as minimum education and production requirements. A lack of gender awareness and capacity in producer organizations also means that women's needs and interests, and constraints on their participation, are not sufficiently taken into consideration in planning and policy-making, and in recruitment.

2. Socio-cultural norms and practices

Various barriers to women's participation are rooted in localized norms, values, attitudes and traditions that influence women's and men's decision-making and behaviour. Particularly important is the effect on the division of labour in households, with women usually expected to perform the majority of unpaid care work (domestic chores and caring for family members) on top of their income-generating work. This double burden of work, and the need for women to be close to home, often prevents them from getting more involved in producer organizations. Socio-cultural norms and practices also make it less likely that women are elected into the leadership, or employed in key positions.

³ Smith, Sally (2015) *Exploring the Barriers to Women's Participation in Small Producer Organisations: Case Study Research with Six Fairtrade-Certified Small Producer Organisations in the Dominican Republic (Bananas), India (Cotton) and Kenya (Tea)*, London: Fairtrade Foundation, <http://www.fairtrade.org.uk/en/what-is-fairtrade/policy-briefings-and-reports>

3. Women's individual circumstances and choices

Women's participation is greatly affected by their personal circumstances, including age, marital status, education, wealth, degree of support from relatives, and experience in other organizations. Personal circumstances also affect their choices regarding how to use their time and manage their responsibilities. If they see sufficient benefits associated with participation in producer organizations, they are more likely to accept any trade-offs involved, such as an increased burden of work or disapproval from members of their communities.

As things stand, many women do not see enough potential benefits. There are complex interactions between these different barriers, and no single factor can predict whether women participate or not. Each can also be turned around into a positive driver of women's participation. Obviously they are linked to the wider context in which women and producer organizations are situated, including national laws and government policy, the nature of local institutions, market dynamics, and international conventions and institutions. This diverse set of influences on women's participation is illustrated in Figure 3.12.

FIGURE 3.12

Influences on women's participation in producer organizations



Findings: Enhancing women's participation in producer organizations

Women and men involved in the study felt there were substantial gains to be had from improving the quantity and quality of women's participation in producer organizations. These include practical benefits, such as increased productivity of farms and a source of income for single mothers; and more strategic gains such as greater economic independence, rights and influence for women, and improved leadership and governance of producer organizations. The views of the respondents are summarized in Table 3.4.

Table 3.4: Potential benefits from increased participation of women

Practical benefits of women's involvement in membership	• Greater access to membership benefits for women (e.g. free/subsidized medical insurance, training, financial assistance) • Increased productivity of farms and contribution to household and national economies • Source of employment and income for single mothers and daughters • Increased investments in children as a result of increasing women's income
Strategic benefits of women's involvement in membership	• Enhancement of women's economic security and independence, particularly in the event of illness/death of spouse, or separation/divorce from spouse • Improved knowledge and skills among women, which enhances their self-esteem and gains them respect • Increased transparency around household income, with women having better knowledge of prices • Improved collaboration and reduced tension within households and communities • Increased rights and influence for women (i.e. the right to participate in decision-making)
Practical benefits of women's participation in leadership	• Greater likelihood that producer organizations' services and activities are adapted to women's practical needs
Strategic benefits of women's participation in leadership	• Improved leadership and governance of producer organizations, including more accountability and less corruption • More inclusive and therefore better decision-making, taking everyone's needs into account • Greater opportunities for support from external actors with interest in gender equality (governments, buyers, development agencies) • Setting an example of joint decision-making involving men and women will have a positive influence on practices in households and communities

Respondents also perceived potential risks and costs for women associated with deeper involvement in producer organizations. For example, a potential increase in work burden for women, a reduction in their available time for care work, and potential increased tension within households.

The research study concludes that producer organizations are central to the process of enhancing women's participation, but they need support to do so, as well as incentives, both of which are largely absent at present. The study notes that businesses—particularly brands and retailers—and standard systems such as Fairtrade, are well placed to support producer organizations in this challenging task, based on a thorough understanding of the issues. It is important to acknowledge the complexity and risks involved in any requirement or targets regarding women's participation.

Crucially, it must be recognised that there are limits to what producer organizations, supply chain businesses and standards systems can achieve individually, particularly in terms of addressing deeply rooted behaviours and attitudes. Bringing about significant, lasting change requires partnership and collaboration between many different actors.

Finally, the study concludes that it is imperative that all initiatives to enhance the participation of women take into account the women's own perspectives and choices. They should be focused on creating opportunities for women to fulfil their potential and live their lives as they wish to, and avoid the assumption that active participation

in producer organizations is the best way to do that. Bringing men on board with the process is also vital for mitigating risks and for achieving broad-based change. Learning from and sharing the successes that are also present within Fairtrade, in places where producer organizations have been active and successful in promoting greater equality for women, is also key.

Good practice example:

Implementing gender policies and action plans in Nicaragua

SOPPEXCCA is a Fairtrade certified cooperative formed in 1997. It serves around 650 farmers in Nicaragua, 32 percent of whom are women. Its first gender policy was introduced in 2003. This policy mandated the formation of Gender Commissions in each primary society and within the secondary cooperative, and outlined responsibilities for gender-related activities.

The second gender policy was developed in 2011 through a process of reflection, analysis, discussion and negotiation across different parts of the organization.⁴ It outlines five strategic areas for supporting gender equity, including sensitisation at the level of primary societies, promotion of women's right to benefit economically from their productive work, and encouraging cooperative staff and members to act as role models of equal treatment in their communities. Activities include facilitating women to obtain land and capital for coffee production, supporting women's education and skills development, and marketing coffee grown by women under the 'Las Hermanas' brand. For more information: <http://www.soppexcca.org/en/participation.html>

3.7 Fairtrade and young people

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

There are five major areas in which Fairtrade works to address child labour, including:

- Listening to children and young people
- Enabling the development of community-owned systems to remediate and monitor child labour
- Involving young people in monitoring and remediation activities
- Detecting and responding to allegations and findings of child labour
- System-wide trainings on identifying and remediating child labour and forced labour.

Listening to children and young people

Taking children's views and aspirations into account is integral to Fairtrade's approach to eliminating child labour. In 2013, we held focus groups with a total of 260 schoolchildren in Côte d'Ivoire, Fiji, Honduras, Dominican Republic, Zambia and Kenya. Focus group information fed into amendments to the Fairtrade Standards for Hired Labour and Small Producer Organizations. A significant theme across all countries was the lack of interest by children and youth in following their parents into farming, leading to the intention by Fairtrade and the Producer Networks to seek support for programmes to increase opportunities for decent youth employment and sustainable livelihoods in agriculture.

⁴ SOPPEXCCA has received support to develop its gender policies from Christian Aid and Fairtrade International.

A sample of comments from focus groups with children and young people

Views on farming:

Boys were overwhelmingly concerned about not getting paid, not liking the jobs they were given. Some of them were deeply concerned about the safety of their sisters and friends.

Girls noted:

'It is dangerous, we slip and fall and we get our arms scratched by the branches'

'We have to get up very early and work long hours hauling, bending and carrying.'

'Girls have a hard time as the boys and men make fun of us.'

'Sometimes the boys do not realize how lucky they are. If they want something they simply can go out and get it. We have to stay here in our villages, there is no escape.'

Read more comments gathered in focus groups here <http://bit.ly/1xWdlqL>

Recommendations made by girls to Fairtrade:

'We need money and food; we are hungry all the time.'

'Stop teachers [from] migrating. They don't want to live here, they come from the city for few months, get their requirements and then they leave.'

'Build schools, hire more female teachers, support orphans, they cannot continue with their education.'

'Provide more books, pencils, pay for the school fees and we need clean water.'

'Help end the corruption, stealing and violence in our communities.'

'Tell our parents and leaders that we can do anything but we need to get paid for what we do. I know they don't have money, but whatever they have they can share a bit with us.'

'Pay better prices so our parents do not have to work so hard to earn a living.'

5 'Train young people on the importance of health so they won't get drunk. Drunk young people steal and this should be stopped.'

'Provide loans for buying fertilizer, tools, and trucks.'

'[We, girls] have the right to own land.'

'Encourage young women to operate their own businesses and not be dependent on men.'

'Tell our fathers that we can do more than housework. Provide income to our mothers too and reduce the amount of work they do.'

Community-owned systems to remediate and monitor child labour

In line with Fairtrade's approach that leadership must come from farmers and communities themselves, Fairtrade supported initial pilots for producers to establish youth inclusive, self-governing systems to monitor and remediate child labour in Honduras and Zambia.

In one pilot, the cooperative fed back that information gathered from the views of children, adults and others allowed them *'to better understand the communities as well as our limitations. Topics that have always been difficult to manage, such as child labour, have started to be discussed with best judgement between partners, staff and technicians, and decisions have been taken to mitigate the long-term risk.'*⁵

5 Fairtrade International (2014) 'Assessment of Honduras Pilot', internal document, Bonn: Fairtrade International.

However, the cooperative also identified serious issues with regard to Fairtrade's time-consuming methodology. Producers found themselves trying to balance all their responsibilities with regard to production and marketing, while at the same time engaging in the community-based monitoring and remediation.

They also requested continuous support from partners that understand Fairtrade Standards in establishing the system of monitoring and remediation. In the other pilot, producers noted that while they better understood child labour from a rights-based perspective, they felt they needed much more training and capacity building to ensure that children's views are heard and considered.

Following the pilots, Fairtrade International adapted its model and methods, allowing producers to seek partners to enable them to establish their own monitoring and remediation designs. Fairtrade also worked to produce a manual to ensure that producer organizations wishing to employ the Fairtrade approach would have supporting materials with detailed instructions.

Furthermore, we carried out 15 intensive trainings on youth inclusive, self-governing systems to monitor and remediate child labour in cocoa, sugar, tea, flower and coffee producing cooperatives in West, East and Southern Africa, Central America, East Asia and the Pacific. Towards the end of 2013, eight Fairtrade cooperatives committed to establishing their own systems, employing the Fairtrade model and methods.

Involving young people

Through joint partnerships with producer organizations and other partners, Fairtrade International called upon producer organizations to hire young people (aged 18 to 24) to become members of their organizations' Child Labour Committees and work alongside certification managers to monitor and remediate child labour.

In 2013, six young people (three male/three female) were hired, and two producer organizations—which have agreed to pilot the first phase of establishing self-governing systems to mitigate risks of child labour—received training on the Fairtrade model and methods, including child rights and child protection from expert partners.

Detecting and Responding to Child Labour Allegations or Findings

The development of these inclusive, producer/young people-led processes are backed by an increasingly rigorous certification and auditing process that has proved capable of both detecting and responding to allegations of child labour, including in its worst forms.

In 2013, seeking the advice of both international and local child rights partners, Fairtrade investigated and responded to child labour detections in Côte d'Ivoire, Ethiopia, Kenya, Malawi, Senegal, Swaziland, Zambia, Ecuador, Guatemala, Honduras, Mexico, Paraguay, El Salvador, Nicaragua, India, and Fiji.

Fairtrade also worked on a bottom-up approach to train Fairtrade Producer Networks—whose Board Chairs committed to working closely on child protection issues with Fairtrade International—to develop their own child protection policies and procedures so they can in turn support their members in developing and implementing their own child protection policies and procedures. The Latin American networks will have their position and draft policy and procedures ready at the end of 2014, with the other producer networks following in 2015.

Trainings on child labour and forced labour

In addition to the work on child labour, Fairtrade is also tackling issues of forced labour and moving to address gender-based violence in production sites. In 2013, Fairtrade piloted training on forced labour elimination in Fiji. This work was further developed in 2014.

During 2013, all of Fairtrade's field officers held child labour and child protection trainings with producer organizations as part of basic certification advisory services. Commodities and countries on the USDOL Watch List for Child and Forced Labour were especially targeted for in-depth training. Three-day training workshops on child and forced labour prevention were conducted with sugar, coffee, tea, flowers, banana and

cocoa producers from Fiji, Côte d'Ivoire, Kenya, Rwanda, Honduras, Dominican Republic, Indonesia, Thailand, and the Philippines.

A total of around 240 Fairtrade producers, and 20 Fairtrade staff and representatives attended these trainings. A representative from a UK-based company sourcing Fairtrade sugar attended the training in Fiji.

Fairtrade also engaged US-based Montclair State University School of Business as a partner to widen our reach by developing reader-friendly training materials for producers and their communities. We presented practical examples of identification and remediation of child labour in business class seminars and engaged in joint conference presentations. Towards the end of the year, we developed an agreement to partner in a joint pilot on youth-inclusive community-based monitoring and remediation on child labour in a sugar producing organization in Paraguay.



CHAPTER 4

FAIRTRADE

PRODUCER

ORGANIZATIONS

1,210

FAIRTRADE CERTIFIED
PRODUCER ORGANIZATIONS



IN 74 COUNTRIES

FIRST TIME FAIRTRADE ORIGINS: NEW PRODUCER GROUPS IN



17% OF ALL

PRODUCER ORGANIZATIONS AND OVER

50% OF ALL

FAIRTRADE FARMERS AND WORKERS



ARE IN LOW-INCOME
COUNTRIES

56% OF ALL

PRODUCER ORGANIZATIONS HAVE BEEN

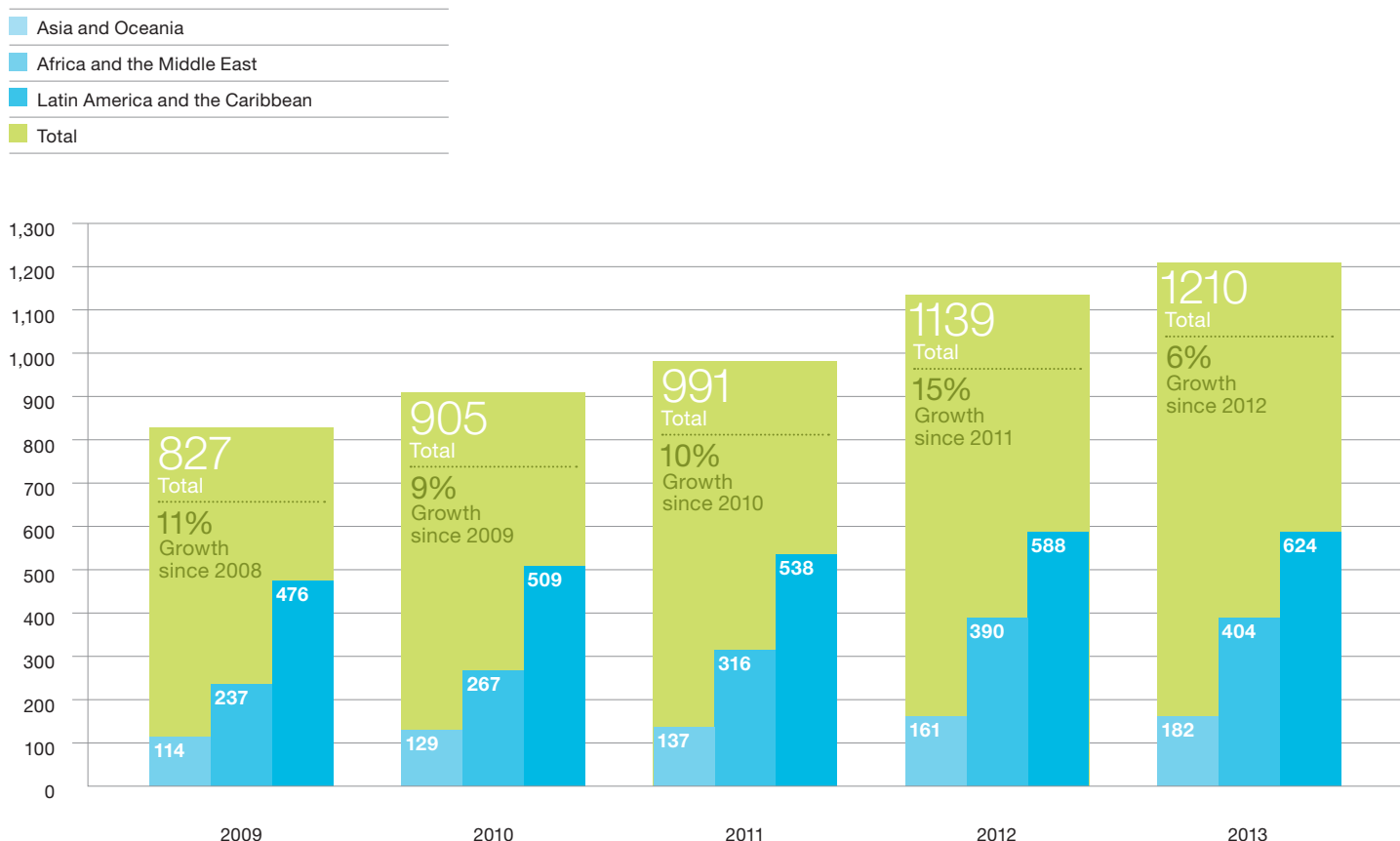
FAIRTRADE CERTIFIED



FOR 3 YEARS OR MORE

FIGURE 4.1

Five years of growth in the number of Fairtrade certified producer organizations 2009–2013



4.1 How many Fairtrade producer organizations were there in 2013?

At the end of 2013 there were 1,210 Fairtrade certified producer organizations in 74 countries. This is a net increase of 71 organizations, or a six percent increase over 2012 levels—somewhat lower than the overall growth trajectory in previous years (Figure 4.1).

Figure 4.2 shows that the net numbers of new certifications increased in all regions. New certifications were highest in Latin America and the Caribbean, where several coffee cooperatives in Peru and Colombia chose to become Fairtrade certified. The percentage increase in certified groups in Africa and the Middle East was just three percent in contrast with 2012, and was lower than the corresponding increase in the other regions. Asia and Oceania grew more rapidly than the other regions with a 12 percent growth in the number of producer organizations.

Underlying these net numbers was a continued flux of organizations entering and leaving the Fairtrade system. According to data, 185 organizations gained Fairtrade certification in 2013, while 114 organizations left or were decertified, resulting in the net increase of 71. Of these groups, our data indicate that around 77 percent were decertified as a result of incidences of non-compliance, while around 23 percent chose to let their certification lapse.

A number of cocoa producers in West Africa left the Fairtrade system disappointed by low sales volumes on Fairtrade terms following two years of very rapid uptake among West African cocoa producers. Several fruit and juice producers in Cuba also decertified. This was the result of banking policy changes in Cuba which made it temporarily very difficult for producer organizations to access money and continue their certified operations. Fairtrade is working with the producer organizations and other stakeholders in Cuba to find a solution for the future.

Research by FLOCERT with producer organizations leaving the Fairtrade system has suggested that a lack of market access for their certified product and the resulting high cost benefit ratio for certification are the main reasons.

Cover: Members of the Toledo Cacao Growers' Association in Belize arrive for their 2013 Annual General Assembly. At the 2012 General Assembly, the sugar cane farmers elected to invest Fairtrade Premium in buses to ensure that all members could attend association meetings. ©James A. Rodriguez

FIGURE 4.2

Growth in Fairtrade certified producer organizations 2013

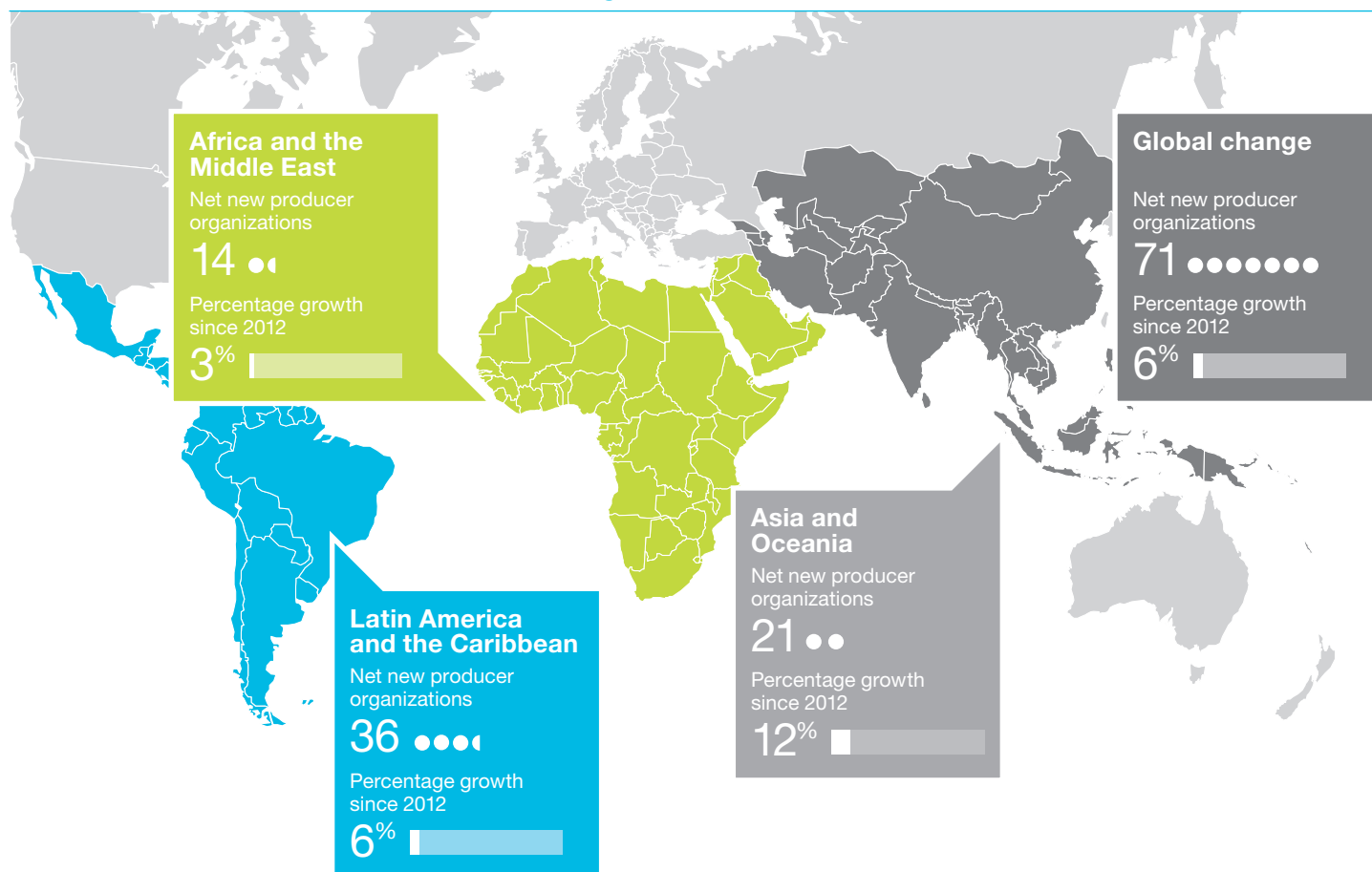
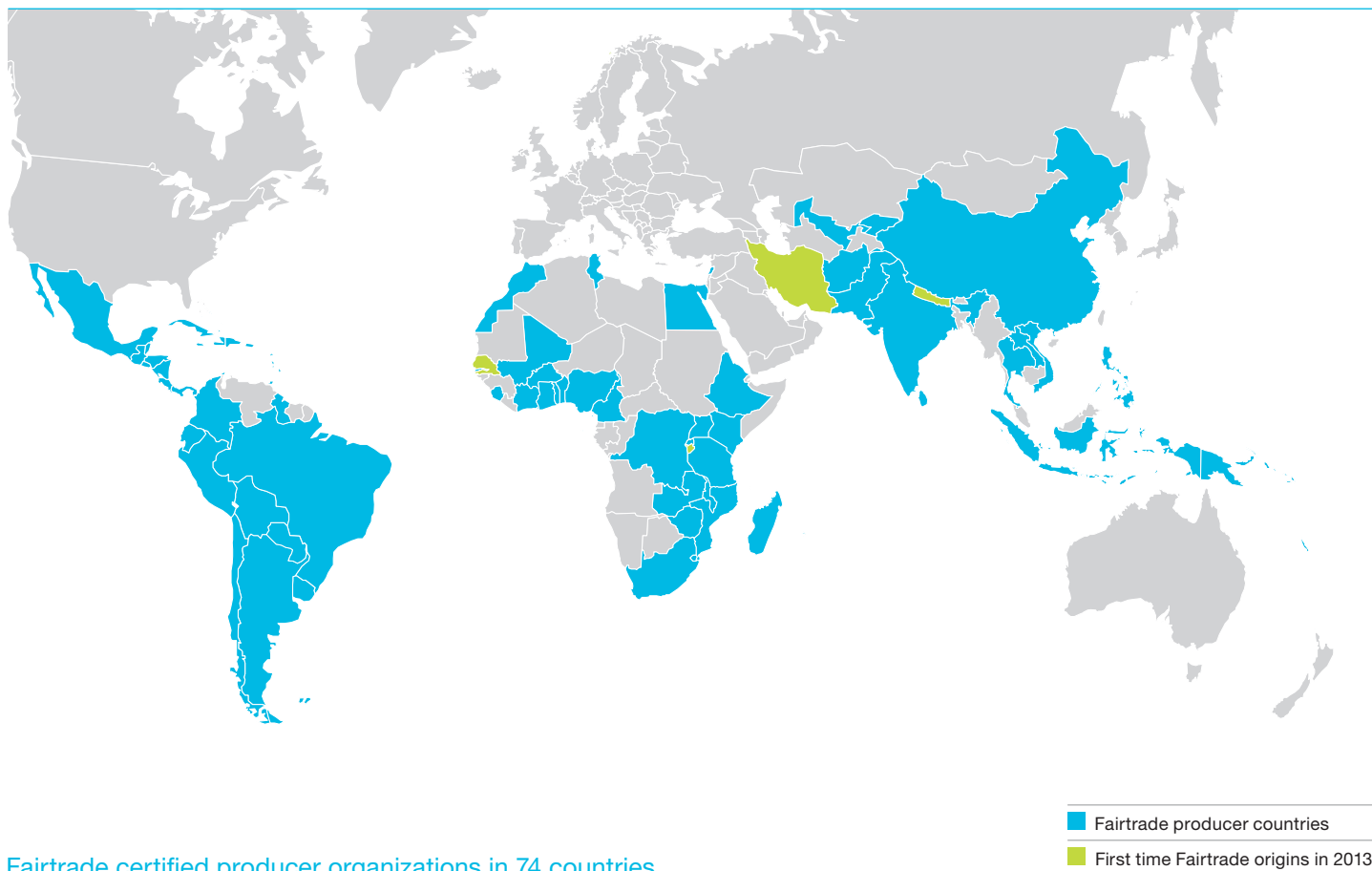


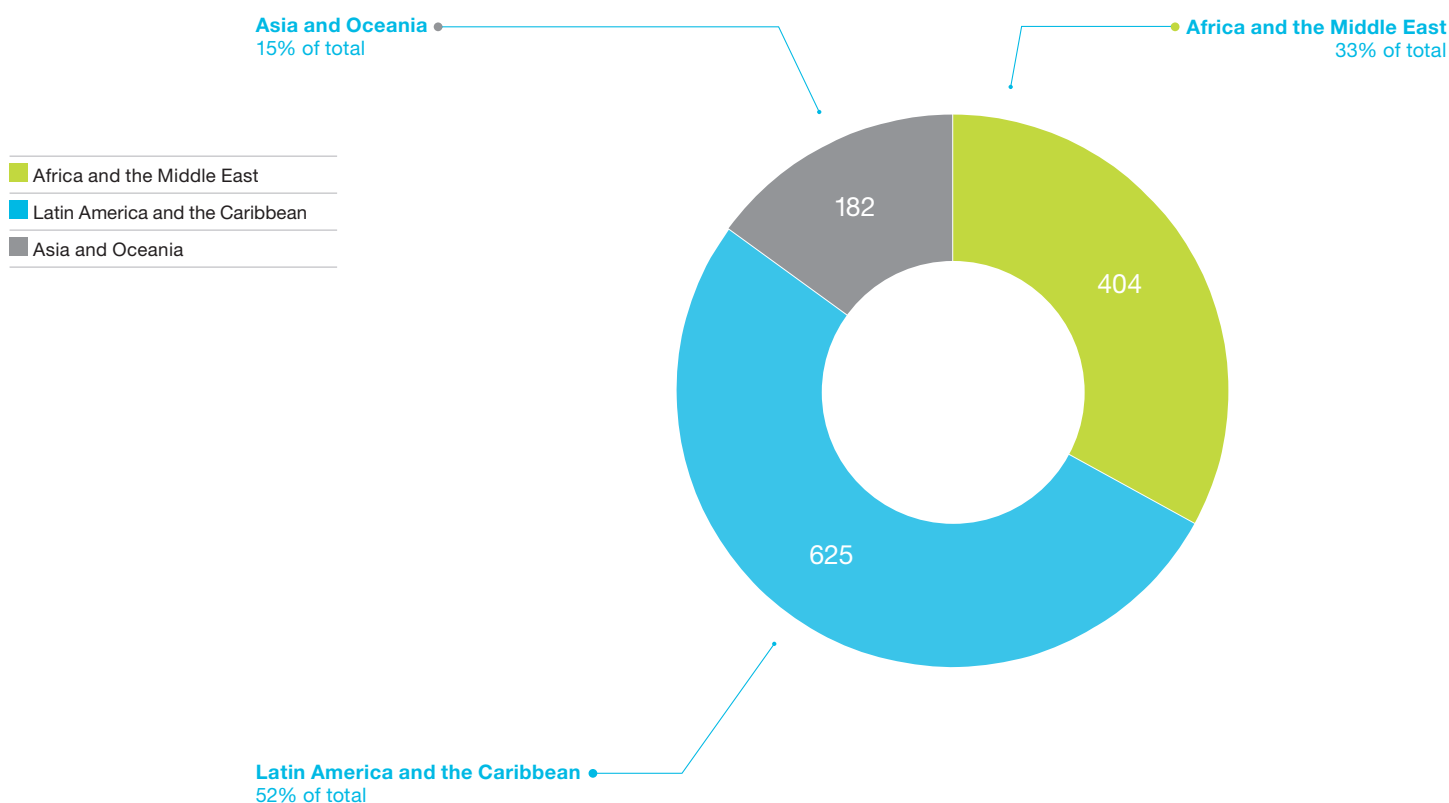
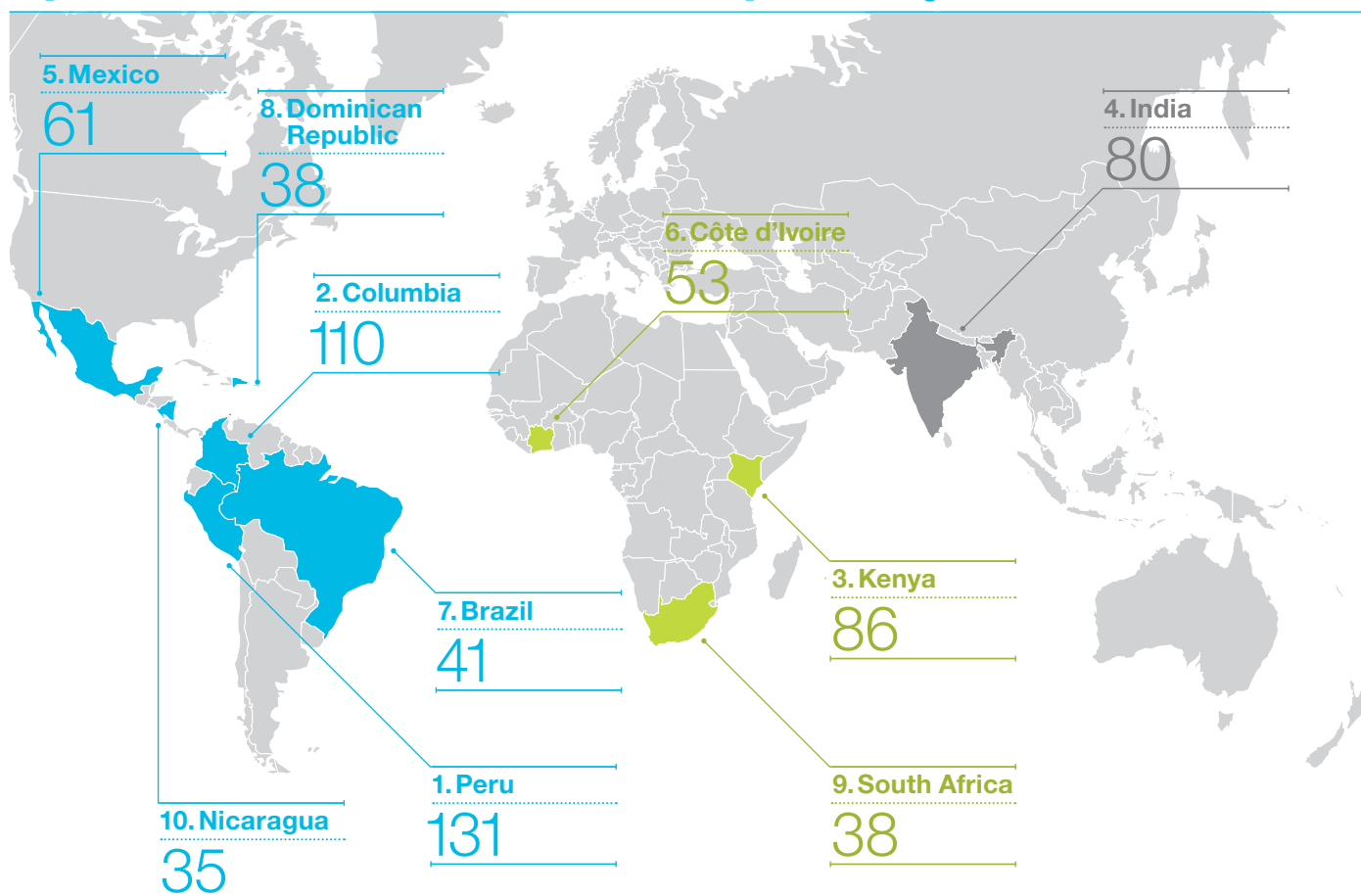
FIGURE 4.3

Fairtrade producer countries worldwide 2013

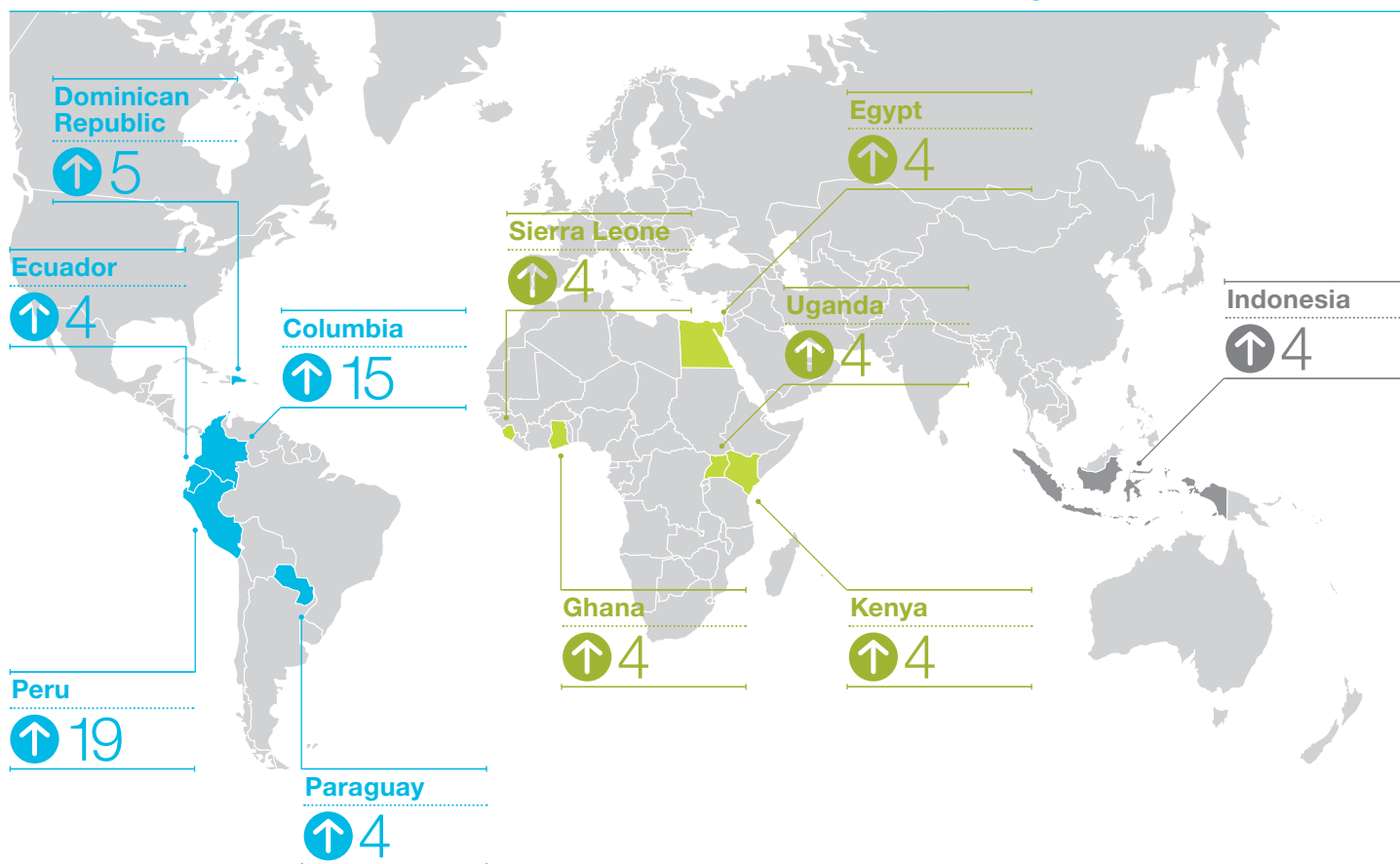


Fairtrade certified producer organizations in 74 countries

FIGURE 4.4

Fairtrade producer organizations by region 2013**Top Ten Countries: Number of Fairtrade certified producer organizations 2013**

Top Countries: Increase in number of Fairtrade certified producer organizations 2013



4.2 Where are the Fairtrade producer organizations?

At the end of 2013, there were Fairtrade certified producer organizations in 32 countries in Africa and the Middle East; 18 countries in Asia and Oceania; and 24 countries in Latin America and the Caribbean.

In 2013, organizations were certified in five countries where Fairtrade has not worked before. These included a cashew nut farmer organization in Gambia; three coffee cooperatives in Burundi; a group of coconut farmers in Samoa; saffron farmers in Iran; and a tea plantation in Nepal. Nepal, Burundi and Gambia are all classified as low-income countries in the World Bank's 2014 income classification.

In contrast with the total numbers of farmers and workers, the majority of Fairtrade producer organizations are in Latin America and the Caribbean, accounting for more than half of all Fairtrade producer organizations worldwide (see Figure 4.4). Producer organizations in Africa on average have larger memberships compared with producer organizations in Latin America and the Caribbean.

Peru has the largest number of Fairtrade producer organizations at 131, followed by Colombia with 110 and Kenya with 86. In contrast to 2012, when there were still large numbers of cocoa organizations gaining certification in West Africa, the net growth in 2013 in organizations was highest by far in Colombia and Peru, with net growth in most other countries considerably lower.

4.3 Fairtrade working in low-income countries

The World Bank currently classifies 34 countries around the world as low-income, meaning they have a per capita gross national income (GNI) of US\$1,045 or less. At the end of 2013 there were 208 Fairtrade certified producer organizations present in 21 of the 34 low-income countries, representing 17 percent of all the Fairtrade producer organizations. Moreover, these countries include some of those with the largest numbers of Fairtrade farmers and workers, such as Kenya, Tanzania, Ethiopia, and Uganda. In total, 763,500 Fairtrade farmers and workers live in low-income countries—or just over half of all Fairtrade farmers and workers.

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



PRODUCER REPORT

Revisiting the Congo

In our 2012 report we included a brief report about SOPACDI, a coffee cooperative in the Democratic Republic of Congo (DRC) that gained Fairtrade certification in 2011 with support from UK partners, including DFID, Sainsbury's, Twin Trading, and Finlays.

SOPACDI is now the first coffee cooperative in the DRC to achieve the top national grade for coffee quality—Kivu 2—since 1967. In their first year of certification, SOPACDI had one Fairtrade buyer in the UK and received a relatively small amount of Premium. In 2012, they attracted two new buyers, in Belgium and France, and tripled the Fairtrade Premium they received.

According to 2013 reporting, they increased to six buyers, adding a number of major international traders, selling over 300 metric tonnes of coffee, and earning over eight times more Fairtrade Premium than in 2011. The organization now has more than 5,600 members. Women, many of whom are widows as a result of the long-running conflict in the region, particularly profit from the decision of the cooperative to allocate part of the Fairtrade Premium as a 'women's premium'.

The cooperative describes the impact in its own words on its website. *'We have lived through civil war and in great poverty for many years, but since forming our cooperative SOPACDI, despite our challenges, we also feel full of hope. For the first time we have good buyers for our coffee, who buy from us directly. Our homes are basic, without electricity, running water and other amenities. But our families are back together and we are re-building our communities....We have just finished building the first coffee washing station [funded using the Fairtrade Premium] in the region for over 40 years. Our place is at last improving.'*

4.4 Types of Fairtrade producer organizations

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

Table 4.1 shows that during 2013 the total number of hired labour and small producer organizations with Fairtrade certification increased. The small producer organization share has stayed stable for more than three years, at about 80 percent of all producer organizations, while hired labour organizations account for 18 percent of all Fairtrade producer organizations. The number of contract production organizations—a special category for rice and cotton groups in India, cotton and dried fruit in Pakistan, and cocoa in Oceania—decreased during 2013, resulting from the low sales of Fairtrade cotton.

TABLE 4.1
Growth of Fairtrade by certification type 2010–2013

Small Producer Organizations (SPO)	2010	2011	2012	2013	Percentage change since 2012
First grade	547	631	758	826	
Second grade	103	115	133	134	
Third grade	7	6	6	5	
Mixed structure	--	2	--	--	
Artisanal and small-scale mining organizations	--	--	6	4	
Small Producer Organizations total	657	754	903	969	7%
Small Producer Organizations as a proportion of all producer organizations	73%	76%	79%	80%	--
Contract Production (CP)	2010	2011	2012	2013	Percentage change since 2012
Contract Production	21	24	25	21	-19%
Contract Production as a proportion of all producer organizations	2%	2%	2%	2%	--
Hired Labour Organizations (HLO)	2010	2011	2012	2013	Percentage change since 2012
Factory	7	6	5	5	
Multi-estate	29	37	38	42	
Plantation	191	170	168	173	
Hired Labour Organizations total	227	213	211	220	4%
Hired Labour Organizations as a proportion of all producer organizations	25%	22%	19%	18%	--
Grand Total	2010	2011	2012	2013	Percentage change since 2012
	905	991	1139	1210	6%

Note: Second grade and third grade small producer organizations refer to umbrella organizations or unions of a number of first grade organizations. See <http://www.flocert.net/glossary/> for an explanation of the terms used by Fairtrade to describe different organizational set-ups.

4.5 Size of Fairtrade producer organizations

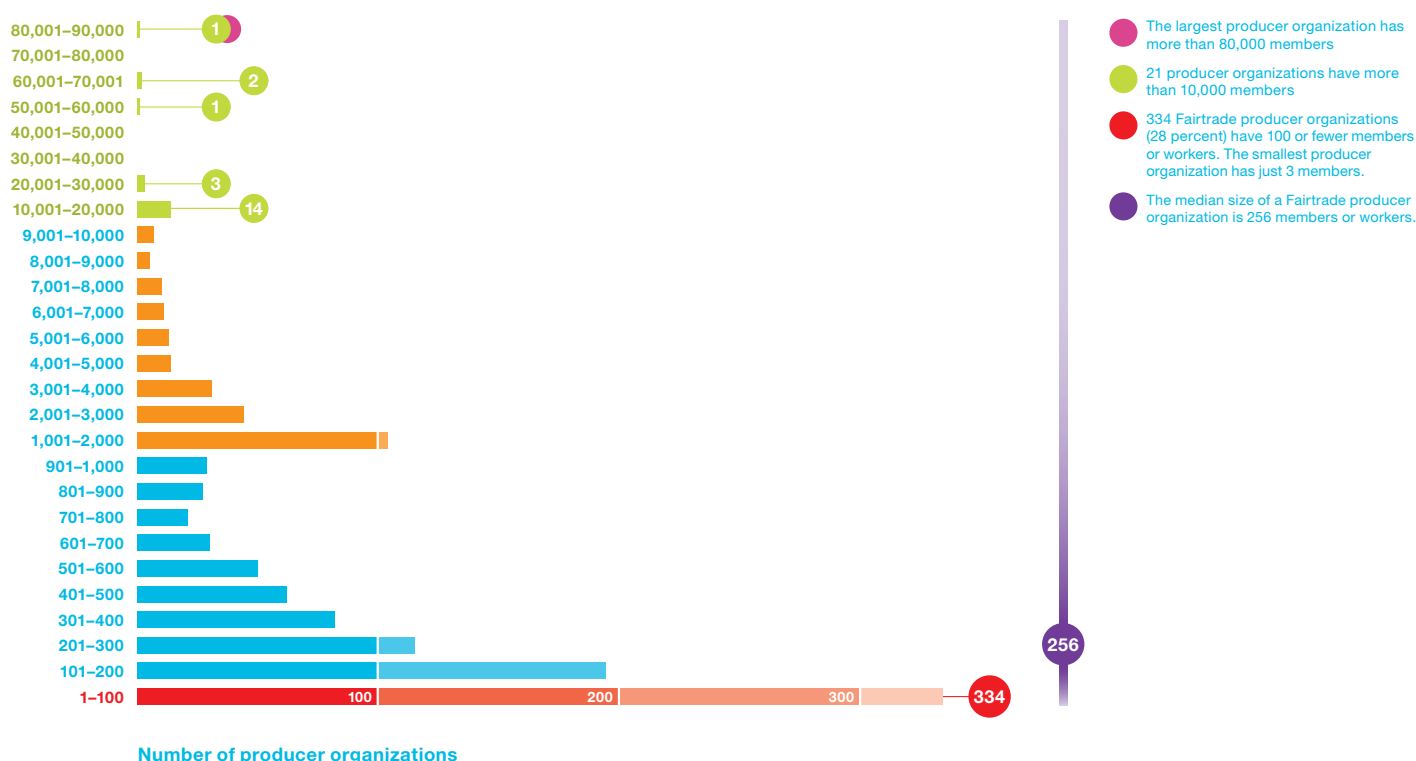
The size of Fairtrade producer organizations varies enormously. The smallest Fairtrade producer organization has just three farmer members, while the largest has more than 80,000. In 2013, Fairtrade producer organizations became smaller overall. Almost 170 Fairtrade producer organizations reported fewer than 50 farmer members or workers—compared with 130 in 2012. The median size (the data point in the middle of the size distribution) for 2013 was 256, compared with 279 in 2012. More than half of all the Fairtrade producer organizations have fewer than 300 members or workers, while only 22 percent of the producer organizations have more than 1,000 members.

While there are far more Fairtrade producer organizations in Latin America and the Caribbean, Fairtrade producer organizations in Africa and the Middle East have many more farmer members or workers on average. Of the ten largest Fairtrade producer organizations, eight are located in Africa. Of these, seven are in Tanzania, Kenya, and Ethiopia, where there are several very large Fairtrade certified unions of coffee and tea producers.

FIGURE 4.5

Size of Fairtrade producer organizations 2013

Number of members
or workers



4.6 Producer organization longevity within Fairtrade

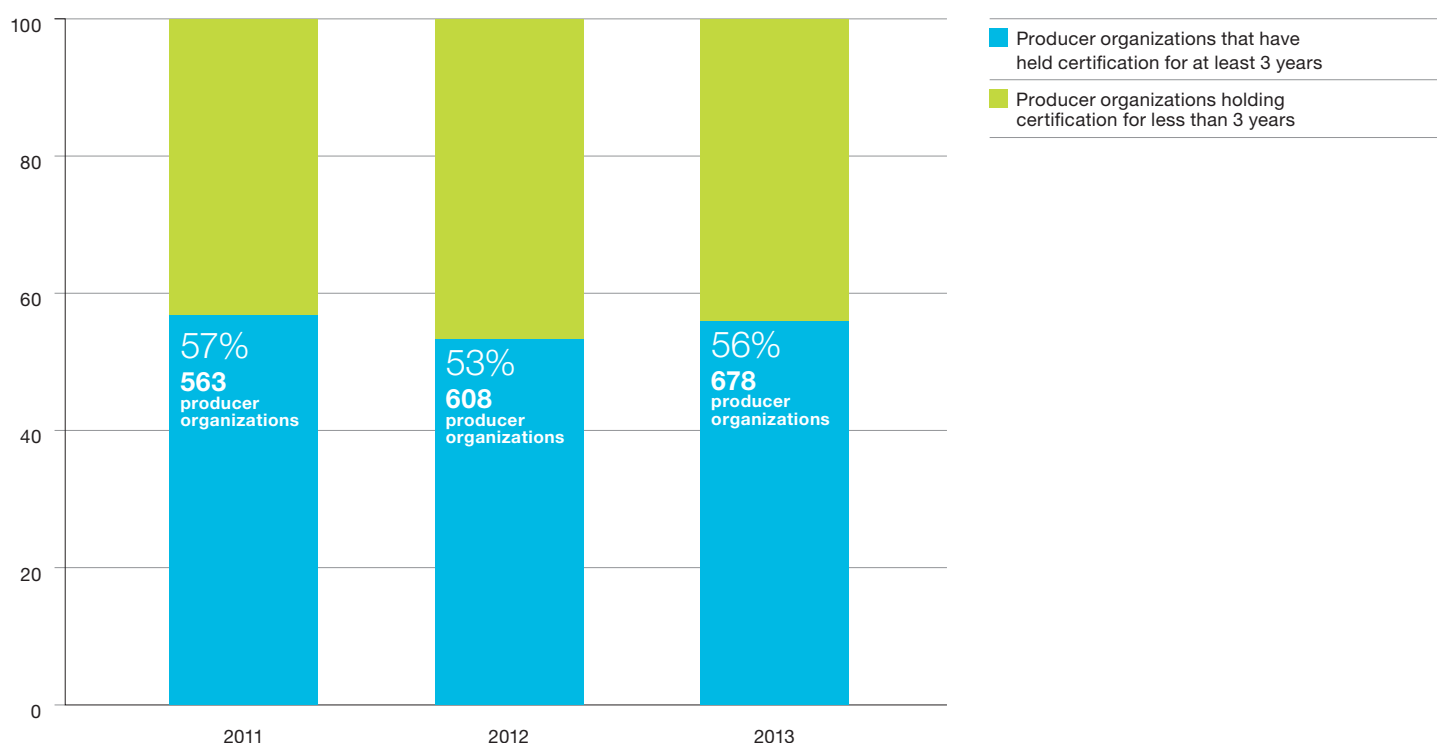
A key measure of satisfaction with Fairtrade is whether a producer organization chooses to retain its certification over the long-term. Remaining certified over a number of years is also a prerequisite for fostering intermediate and longer-term Fairtrade impacts. As part of our monitoring we look at what proportion of producer organizations have held Fairtrade certification for three years or more, and how this figure is changing over time (Figure 4.6).

In 2013, 56 percent of producer organizations had held their Fairtrade certification for at least three years. This was a slight increase on 2012. Overall, the proportion with longer-term certification has remained reasonably consistent, at between 50 and 60 percent since 2011. Conversely, over 40 percent of the producer organizations with Fairtrade certification at any given time over the past three years were new arrivals.

For these groups, access to markets and organizational support during the first 1–2 years of certification is often critical in determining whether they will decide to retain their Fairtrade certification over the longer term. Having a high proportion of relatively new groups is a positive sign that Fairtrade continues to grow, but it also highlights important challenges to ensure that sufficient resources are directed at supporting new producer organizations and ensuring that there is market demand and accessible supply chains for their product.

FIGURE 4.6

Proportion of producer organizations that have held Fairtrade certification for at least 3 years, 2011–2013



Research Insight: Studying the pioneer Fairtrade coffee producer organizations

During 2013, the Global Product Management Coffee team of Fairtrade International, and the Institute for Environmental Economics and World Trade of Leibniz University Hannover¹ conducted a research project to try and understand the relationships between long-term Fairtrade coffee certification and variables such as production, membership, sales, and trading relationships. The study focused on 70 organizations that had held certification for at least ten years by 2011, analyses them based on 2011-evidence from 32 variables, and compares them for six variables at two points in time; 2001 and 2011. While not a full impact evaluation, the study can help us to understand how long-term Fairtrade certification may contribute to certain aspects of producer organization development.

The research found that in the ten year period, the certified producer organizations were able to support and source larger production volumes; to trade larger volumes of coffee (including volumes on Fairtrade terms); and to develop more direct commercial relations with importers.

General characteristics of the pioneer organizations

The majority of the pioneer organizations (67 out of 70) were located in Latin America and the Caribbean, where a substantial part of Fairtrade's early developments took place in the 1980s. They mainly produced washed Arabica coffee, and 66 out of the 70 were organic certified. Fifty-six organizations focused on quality coffee as expressed in their organizational mission or priorities, and had, for example, developed capacities for quality control such as cupping facilities.

Pioneer organizations were stronger after a decade in Fairtrade

The research showed that pioneer producer organizations had developed greater ability to trade exportable coffee directly with coffee importers. In 2001, only 37 of the 70 organizations were trading directly with importers, with the remainder selling to processor-exporters. By 2011 the balance had shifted, with 53 producer organizations selling directly to importers and not via exporters. This means that these producer organizations had been able to move from selling parchment to being able to sell green coffee that was ready for export. The research also explored the different ways in which the producer organizations achieved this transformation.

The research also showed changes in the membership and in the levels of coffee volumes the pioneer organizations were supporting and handling in 2011 as compared with 2001 (see Table 4.2).

¹ Capote-Fuentes, R.T, Byers, L.; Grote, U., Stellmacher, T. (in progress), 'Pioneer producer organizations in Fairtrade coffee', Fairtrade International and Institute for Environmental Economics and World Trade, Leibniz University Hannover. Correspondence: r.capote@fairtrade.net and l.byers@fairtrade.net

Table 4.2 The 70 pioneer organizations in 2001 and 2011

		2001	2011
Producer organization membership (number of farmers)	median	440	392
	mean	2,093	1,957
Total production volume (MT, GBE)	median	317	382
	mean	1,077	1,107
Total sales volume (MT, GBE)	median	203	309
	mean	719	876
Export sales volume (MT, GBE)	median	154	254
	mean	500	798
Fairtrade sales volume (MT, GBE)	median	**	237
	mean	**	562
Direct commercial relations (number of producer organizations)	With Importers	33	53
	With Exporters	37	17

Note: GBE stands for 'green bean equivalent'. This is a standard way of expressing coffee volumes in terms of volumes of green coffee.

The number of individual farmer members registered in the organizations decreased slightly during the decade under review. For many producer organizations this decrease was the result of a consolidation of membership, with producer organizations seeking to retain more active members (e.g. those who attend General Assemblies, deliver coffee to the organization, etc.) and reduce the proportion of non-active members. Production volumes, sales volumes, and export sales volumes all increased between 2001 and 2010.

There were also changes in the pattern of sales (Table 4.3). Median values showed that while in 2001 half of the organizations were selling 76 percent of their production volumes, by 2011 half of the organizations were selling 91 percent of their production volumes. Similarly, export sales volumes as a percentage of all sales increased from 54 percent to 77 percent. These data indicate that over time the Fairtrade producer organizations have improved commercialization of their coffee, and particularly at exporting it.

Table 4.3 Pioneer Fairtrade organizations sell more coffee over time

		2001	2011
Total sales volumes as a percentage of total production volumes	median	76	91
	mean	70	77
Export sales volumes as a percentage of total production volumes	median	54	77
	mean	55	68
Export sales volumes as a percentage of total sales volumes	median	84	91
	mean	78	86

Producer organizations can benefit from cooperation and service-outsourcing for the post-harvest processing of coffee

The data showed that by 2011 more producer organizations were able to export their coffee directly to importers. They were able to do this because they had developed the capacity to deliver coffee with a higher degree of post-harvest processing.

Many of the organizations that were able to do this owned their own processing installations. But the research found that owning a processing installation was not always a precondition for being able to export more processed forms of coffee.

The research found a group of organizations that did deliver export-ready coffee to their clients, but did not own the required processing facilities. They achieved this by outsourcing the processing or by cooperating with other producer organizations to process the coffee. These organizations tended to own processing installations for processing coffee with little or no processing done by farmers (typically delivered to the organization as cherry or wet parchment).

The organization's installations enabled them to conduct the first stages of processing—typically dry parchment—that are suitable for storage by the organization. At the point when the organization secured a sales contract, they would organize the final processing steps to have green beans ready for export. This was usually done either by outsourcing, or by collaboration with other producer organizations.

The research concluded that this outsourcing and collaboration between producer organizations can help to control organizational fixed costs, while also supporting organizations in their journey towards gaining more ownership of the trade chain by developing direct trading relationships with importer clients.



PRODUCER REPORT

Top of the morning to you from Uganda

Guided by principles of integrity, professionalism, competence, respect, fairness and transparency, the Kibinge Cooperative in Uganda has over 1,600 members—a third of them women—and 15 full-time staff.

Kibinge invests heavily in its membership and community—including in-field productivity and quality training, a savings and credit union, and a farm supply store. And in return the organization is rewarded with a loyal membership and strong growth year-on-year.

Read the full story here: <http://bit.ly/1C2ZwxD>

4.7 Supporting strong producer organizations

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

Research evidence about Fairtrade effectiveness concludes that producer organizations value the support that they receive from Fairtrade, and would like to receive more support. In 2012, Fairtrade International commissioned a survey to assess satisfaction among Fairtrade producer organizations with the services that they receive. Based on a 23 percent response rate out of the 1200 Fairtrade producers that were surveyed, 90 percent indicated that they had been in contact with Fairtrade producer support in the last year. The majority of respondents had several contacts with the producer support team. While the self-selecting nature of the survey probably introduced some bias, it still serves as a useful indicator of satisfaction with services provided.²

² INCCAS (2012) 'Results of the Survey for Producer Clients to Assess their Satisfaction with Fairtrade Liaison Officer Producer Services', unpublished, Bochum: INCCAS and Bonn: Fairtrade International.

FIGURE 4.7

How often has your organization or company been in contact with the Fairtrade producer support team in the past twelve months?

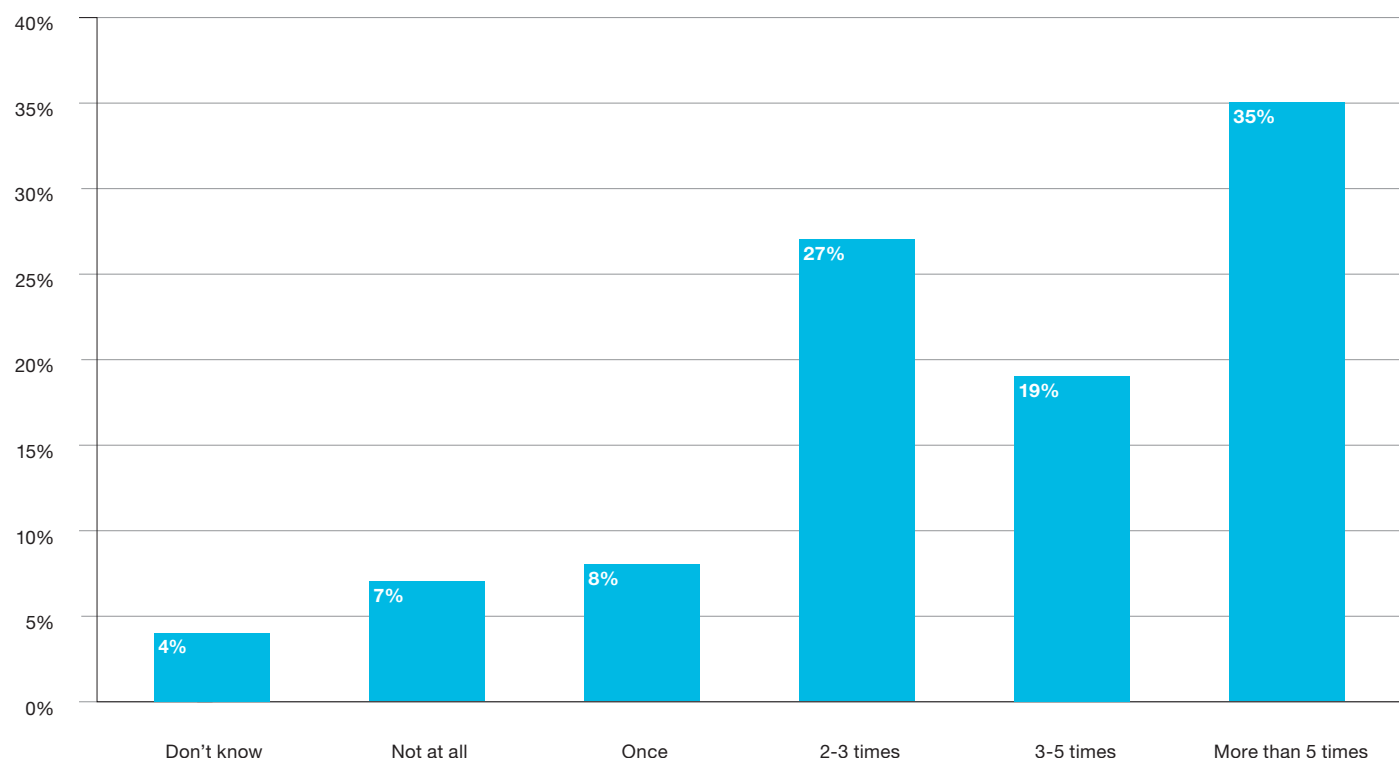


FIGURE 4.8

Which are the most frequent support services received by Fairtrade producers?

% of all Fairtrade producers that report having received each producer support service from Fairtrade in the past twelve months

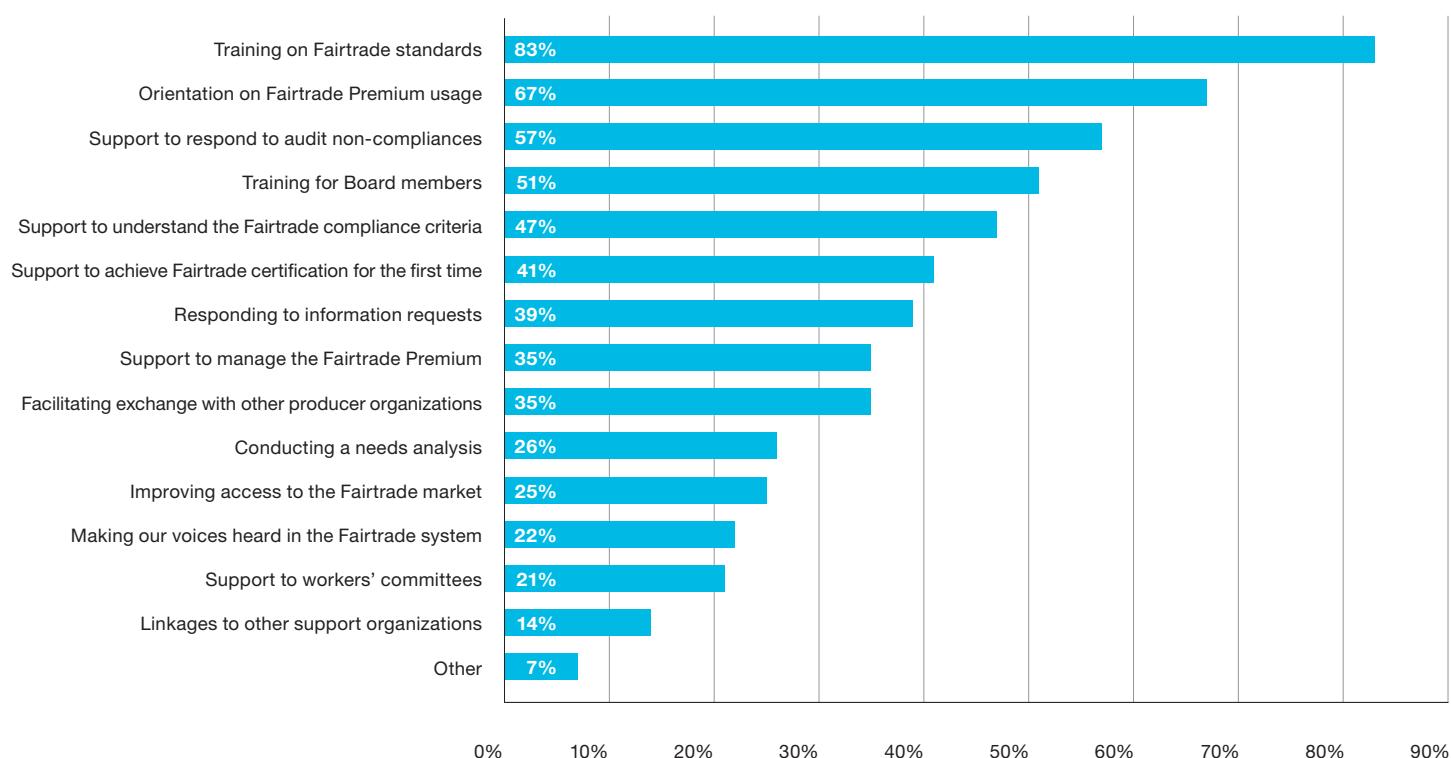


FIGURE 4.9

Assessing producer satisfaction with Fairtrade support services

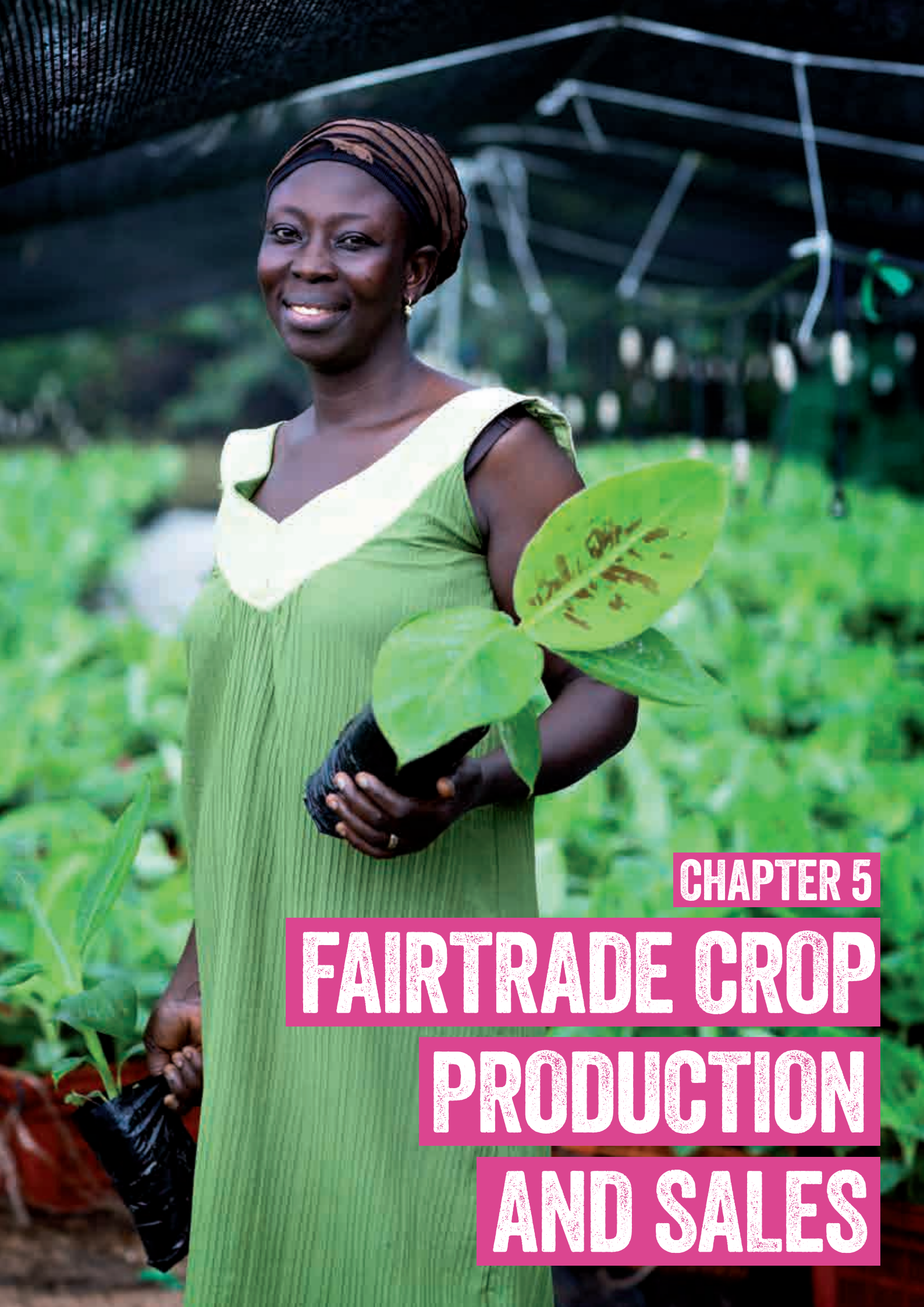


The survey also asked respondents what type of support services they had received. Figure 4.8 shows the range of support services that Fairtrade can offer and the frequency with which these were provided. Eighty percent of respondents stated that they had received training on the Fairtrade Standards; 67 percent received advice on the use and management of the Fairtrade Premium; 57 percent received support to overcome non-compliance issues identified during audit; and 50 percent received training for their Board members or other organizational strengthening support.

The respondents were also asked to rank their satisfaction with the support services (Figure 4.9). Their top and bottom five responses are shown. There was a high level of satisfaction with the competence of the Fairtrade representatives, with the timeliness of support provision, and with the assessment of how important the support was.

Producers were least satisfied with the support linking them to market opportunities, and the support provided to connect them to other service providers.

The survey results give important insights into the areas where Fairtrade can strengthen its producer-level service provision. These insights are being integrated into the current programme of work to decentralize the delivery of producer services, and to give greater support for the quality and breadth of services provided or facilitated.



CHAPTER 5

FAIRTRADE CROP

PRODUCTION

AND SALES

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

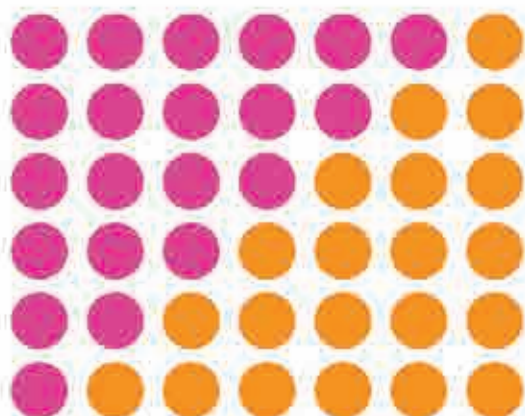


FAIRTRADE SALES
GENERATED MORE THAN
€944 MILLION
IN PRODUCER REVENUES

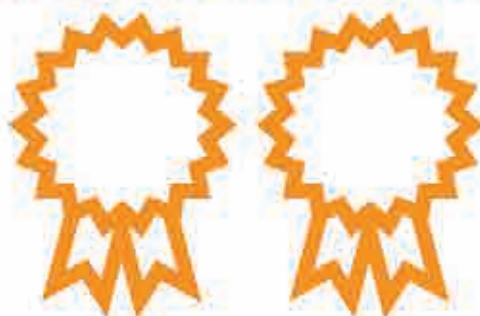


IN 2012–13

40% OF ALL
FAIRTRADE PRODUCER ORGANIZATIONS
SOLD MORE THAN 50%
OF THEIR PRODUCTION
AS FAIRTRADE IN 2012–13



74% OF
FAIRTRADE
PRODUCER ORGANIZATIONS
HOLD AT LEAST ONE OTHER
CERTIFICATION



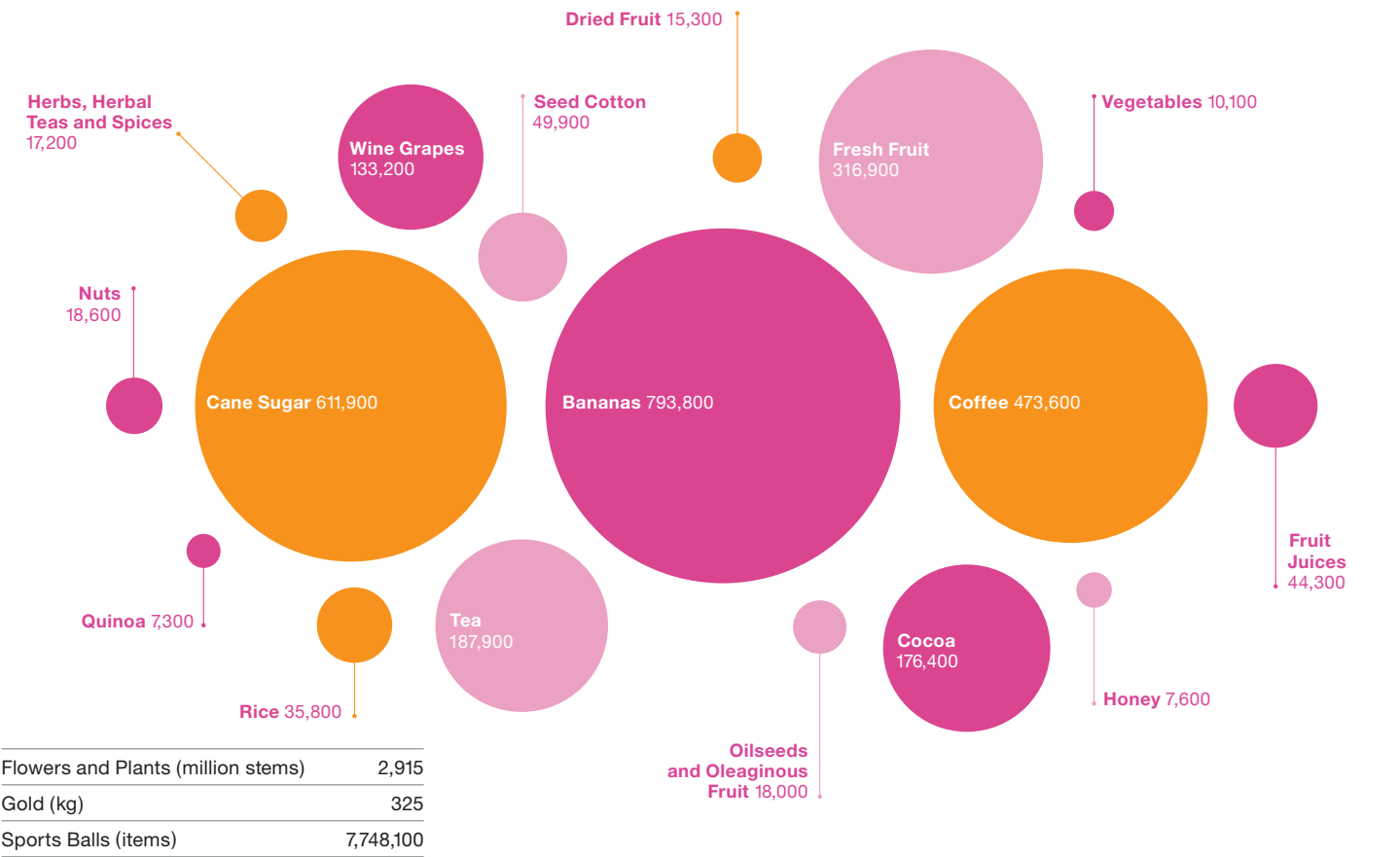
5.1 Fairtrade production capacity

Figure 5.1 shows the production capacity of the different Fairtrade products during 2012–13. Among the major Fairtrade products, the most significant increase was reported for bananas, reflecting in particular the certification of a very large plantation in Cameroon. Growth in the number of Fairtrade certified coffee producer organizations led to a significant increase in the production volumes of coffee, offsetting the fact that many producers in Central and South America reported production problems due to coffee rust during 2013.

Production capacity levelled out or decreased slightly for sugar and cocoa in 2013, both of which had experienced rapid growth in certification of new producer organizations during 2011 and 2012. Production for tea and seed cotton remained at similar levels to 2012.

Cover: Fati Bramah looks after small banana plants in a nursery until they are big enough for planting at Volta River Estates Limited (VREL) in Ghana. VREL has 450 employees and 80 percent of the bananas coming from the company are sold as Fairtrade.
© Linus Hallgren

FIGURE 5.1
Reported total production capacity of Fairtrade-certifiable products 2012–13 (MT)





PRODUCER REPORT

Confronting climate change

Small-scale farmers around the world are bearing the brunt of climate change first-hand. Fairtrade is supporting farmers to begin to find ways to adapt. In Kenya, Fairtrade and Vi Agroforestry, with funds from the Nordic Climate Facility, are working with 10,000 tea farmers to implement product diversification, better irrigation, and intercropping to help them deal with a changing climate.

Read the full story here: <http://bit.ly/16vLYOe>

5.2 Fairtrade sales volumes and values reported by producer organizations

Producers' reports of their sales indicate strong growth in the volumes of bananas, sugar, and flowers and plants sold as Fairtrade, and moderate growth for sales of Fairtrade coffee during 2012–13. Seed cotton sales volumes showed a decline on figures reported last year, and sales volumes of Fairtrade tea also declined significantly.

Among the minor products, we continue to see quite high levels of fluctuation from year to year. This reflects the fact that dried products such as dried fruits and herbs can be stored, so that demand levels are not constant. The diversity of product categories like nuts, fruits, and herbs, herbal teas and spices makes it difficult to compare volumes year on year. For example, the increased sales volumes in the oilseeds and oleaginous fruit category this year are the result of increased sales of Fairtrade coconuts, which are much heavier than other types of oilseeds such as olives or shea nuts.

While data coverage in 2013 was generally better than in previous years, figures for smaller volume products are dramatically affected when one or two major operators do not provide full or accurate data, or when a significant proportion of producer organizations did not receive their audit in the year in question. As such, figures for smaller products in particular should be taken as indicative only. Products for which we had the least current data in 2013 included nuts, oilseeds and oleaginous fruit, gold, and cotton.

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

FIGURE 5.2

Fairtrade sales volumes reported by producer organizations 2012–13 (MT)

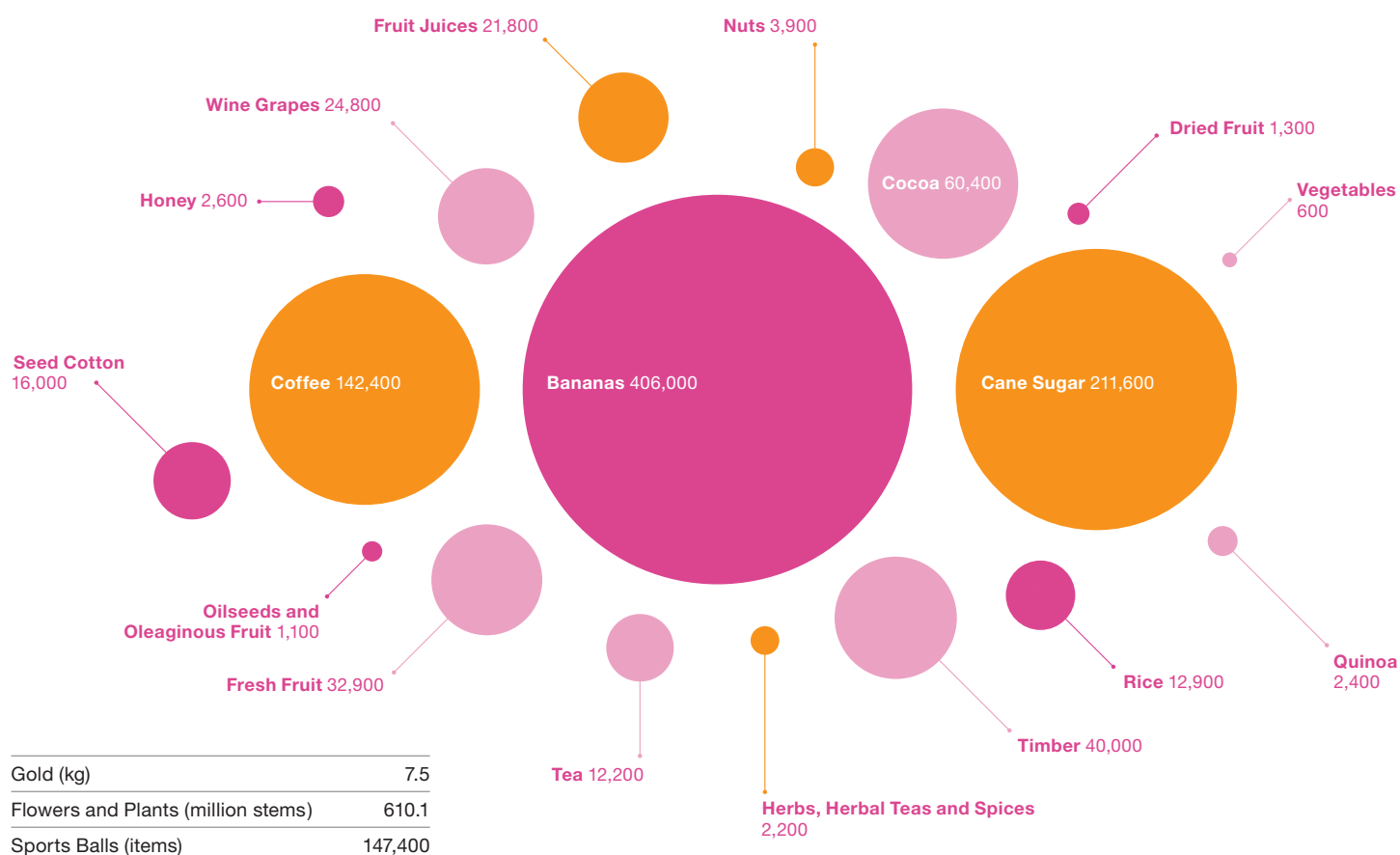


TABLE 5.1

Fairtrade sales volumes reported by product 2010–13 (MT)

All volumes in metric tonnes (MT) unless otherwise specified	2010–11	2011–12	2012–13	Percentage change since 2011–12
Bananas	321,300	342,300	406,000	19%
Cane Sugar	184,800	170,000	211,600	24%
Cocoa	46,600	68,300	60,400	-12%
Coffee	123,200	134,100	142,400	6%
Flowers and Plants (million stems)	400	554	610	10%
Seed Cotton	20,800	19,200	16,000	-17%
Tea	12,700	13,800	12,200	-12%
Dried Fruit	800	1,200	1,300	8%
Fresh Fruit	42,400	64,500	32,900	-49%
Fruit Juices	9,300	8,000	21,800	173%
Gold (kg)			7.5	
Herbs, Herbal Teas and Spices	1,300	900	2,200	144%
Honey	2,500	2,400	2,600	8%
Nuts	2,100	3,800	3,900	3%
Oilseeds and Oleaginous Fruit	300	180	1,100	511%
Quinoa	1,600	1,800	2,400	33%
Rice	11,700	18,400	12,900	-30%
Sports Balls (items)	214,500	238,300	147,400	-38%
Timber		40,000	40,000	0%
Vegetables	200	2,200	600	-73%
Wine Grapes	21,600	16,000	24,800	55%

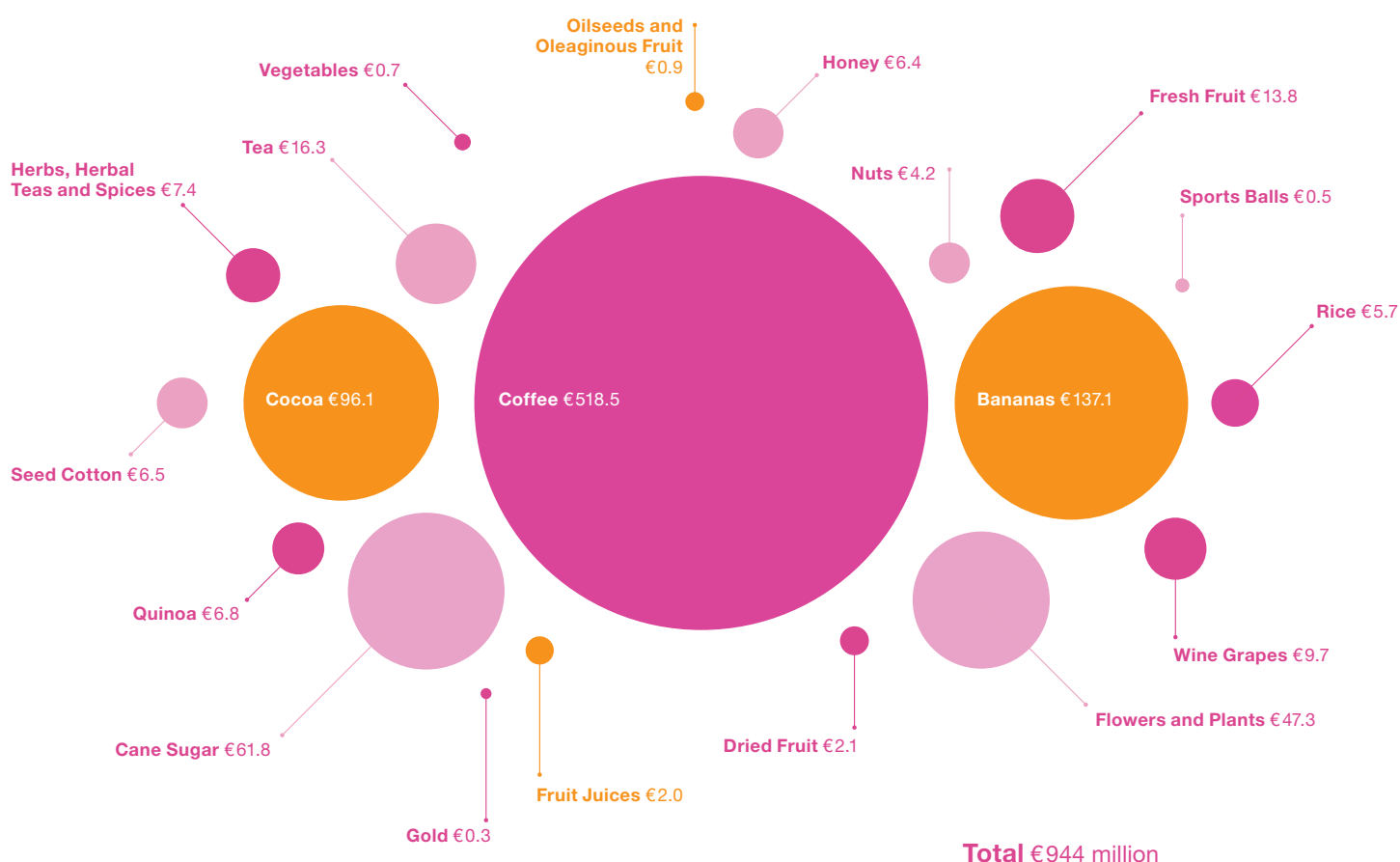
Fairtrade producer organizations reported Fairtrade sales income values of €944 million for the 12-month period preceding their 2013 audit. This was an increase of around three percent on 2012 levels. The four largest products by value—coffee, bananas, cocoa, and flowers and plants—generated 86 percent of the reported Fairtrade sales income. Fairtrade coffee alone was responsible for nearly 55 percent of all reported Fairtrade sales income—this was a slight decrease on 2012 levels, probably due to a drop in international coffee prices during 2013. Fairtrade sales by small producer and contract production organizations represented 89 percent of the total reported value of all sales. The Fairtrade Premium is an additional payment over and above the sales price, and is not included in these figures.

Reported Fairtrade sales values from hired labour organizations grew marginally to €106 million, or 11 percent of total reported Fairtrade sales values. This was partly the result of better and more complete reporting by hired labour organizations in this round of data collection, compared with previous years.

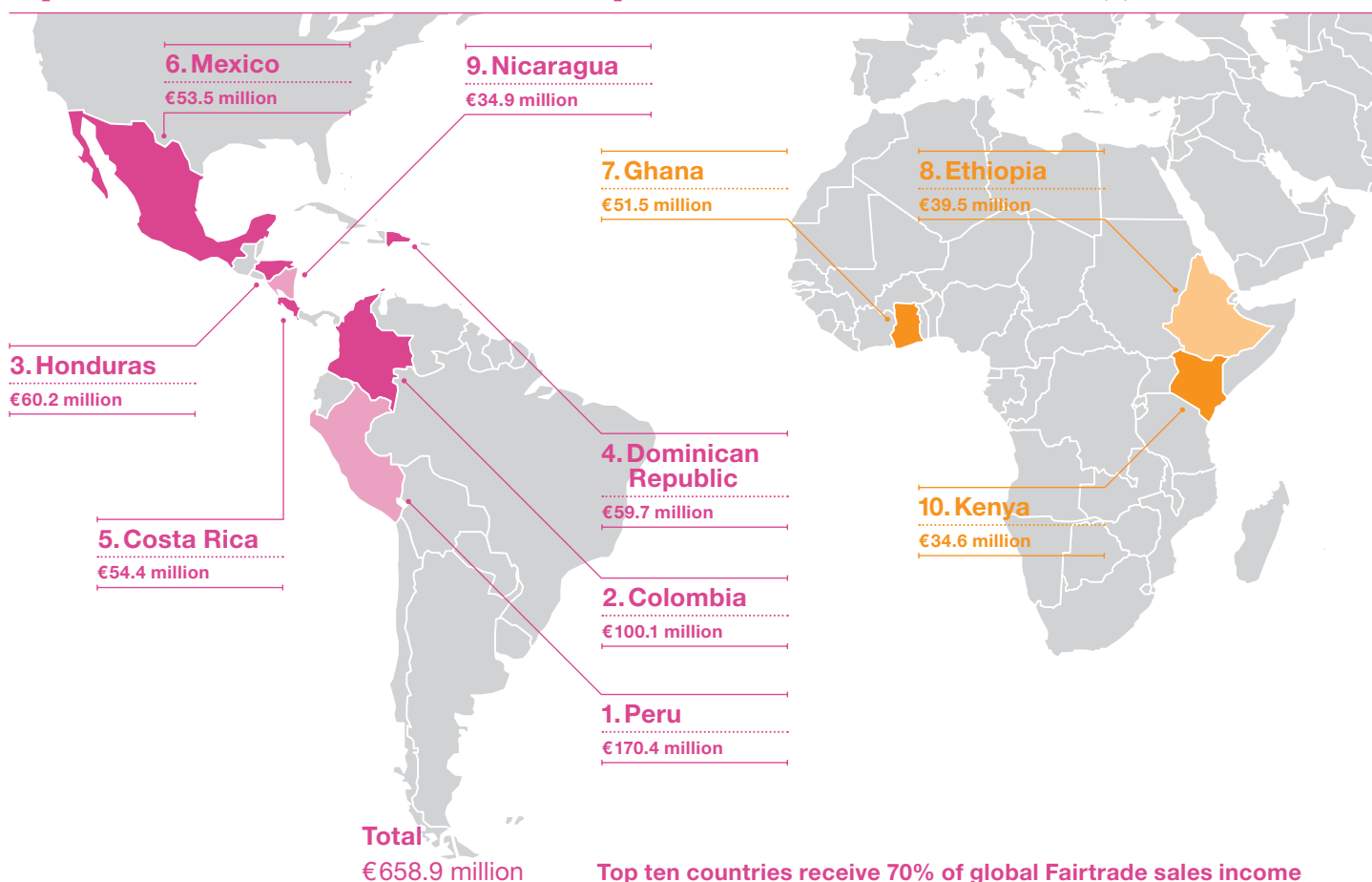
Sales continue to be unevenly spread between the Fairtrade producer organizations in various countries. In 2013, 70 percent of Fairtrade sales revenues were received by just over 500 producer organizations in only ten countries. This year, Ethiopia joined Ghana and Kenya in the top ten recipients of revenues from Fairtrade sales, meaning that three of the top countries were in Africa. These three countries accounted for 20 percent of global revenues from Fairtrade sales.

FIGURE 5.3

Producer sales income reported from Fairtrade sales 2012–13 (£ millions)



Top Ten Countries: Producer sales income reported from Fairtrade sales 2012-13 (€)



PRODUCER REPORT

Small change, big deals in Thailand

In 2013, a group of small-scale lychee producers in northern Thailand banded together to create what is called a community enterprise in Thailand so they could become Fairtrade certified. Establishing a Fairtrade Minimum Price for lychees from Thailand helped pave the way for this new group to bring their products to the Swiss market. They shipped at least one container of lychees for sale on the European market in 2013.

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

5.3 What proportion of total production volumes are sold as Fairtrade?

For producers to benefit most effectively from Fairtrade, they need to sell their crop under Fairtrade terms. While there are benefits resulting from compliance with Fairtrade Standards, sales on Fairtrade terms generate direct economic benefits and are the basis for investment using the Fairtrade Premium. It is therefore important to monitor the extent to which producer organizations are able to sell their product on Fairtrade terms (Figures 5.4 and 5.5).

Of the small producer organizations eligible to sell throughout the reporting period, and for which we had full data, 44 percent reported selling more than 50 percent of their product on Fairtrade terms in 2012–13. Twenty percent of all small producer organizations reported that over 90 percent of their product was sold on Fairtrade terms. At the other end of the scale, 13 percent of all small producer organizations reported making no Fairtrade sales at all in the period under review, and a further 13 percent reported that Fairtrade sales accounted for ten percent or less of their total production volumes.

Overall, hired labour organizations continued to sell a smaller proportion of their product on Fairtrade terms than small producer organizations. Of all hired labour organizations for which we had full data, and that were eligible to sell throughout the reporting period, 27 percent reported selling more than 50 percent of their production volumes as Fairtrade. This was an improvement on the figures for 2011–12. Seven percent reported no Fairtrade sales at all in the period under review, while a further 31 percent sold ten percent or less of their Fairtrade-certifiable production volume as Fairtrade in 2012–13.

Analysing for all Fairtrade certified producer organizations, 29 percent sold 10 percent or less of their total production as Fairtrade, while 40 percent sold more than 50 percent under Fairtrade conditions. This means that a significant number of certified organizations were not yet able to find market opportunities for their certified products in 2012–13. At current market levels there is significant oversupply of certifiable product for almost all product categories, although the degree of oversupply varies by product, and is complicated by the diversity of specific sub-products and qualities within any given category.

FIGURE 5.4

Fairtrade sales volumes as a proportion of total production volumes 2012–13

Figure 5.5 shows Fairtrade sales volumes as a percentage of total reported production volumes for the major Fairtrade products. As in previous years, banana producers report relatively high Fairtrade sales as a percentage of certifiable volumes, at 62 and 69 percent for small producer and hired labour organizations, respectively. The average for Fairtrade sugar and cocoa declined slightly from 46 percent in 2011–12 to 41 and 40 percent of certifiable volumes respectively in 2012–13. Coffee also declined in comparison with the previous year's figure, to 31 percent. As in previous years, plantation products performed less well than small farmer products in general—although this is partly a reflection of their relatively large production volumes. Fairtrade tea producers as a whole continued to sell less than ten percent of their output on Fairtrade terms, while the proportion of flowers sold on Fairtrade terms was also relatively low at 23 percent.

For products such as cocoa and sugar where new producer organizations had been certifying rapidly in 2011 and 2012, the decline in the overall percentage of production volumes sold as Fairtrade indicate that a significant proportion of the newly certified entrants have struggled to find markets for their certified product. In 2014 Fairtrade has taken steps to make sourcing and inclusion of Fairtrade cocoa, sugar, and cotton into products easier for businesses. For more information about the new Fairtrade Sourcing Programs and how they are helping producers sell more on Fairtrade terms, visit www.fairtrade.net/fsp-overview.html

FIGURE 5.5

Fairtrade sales volumes as a percentage of total production volumes, for major products 2012–13

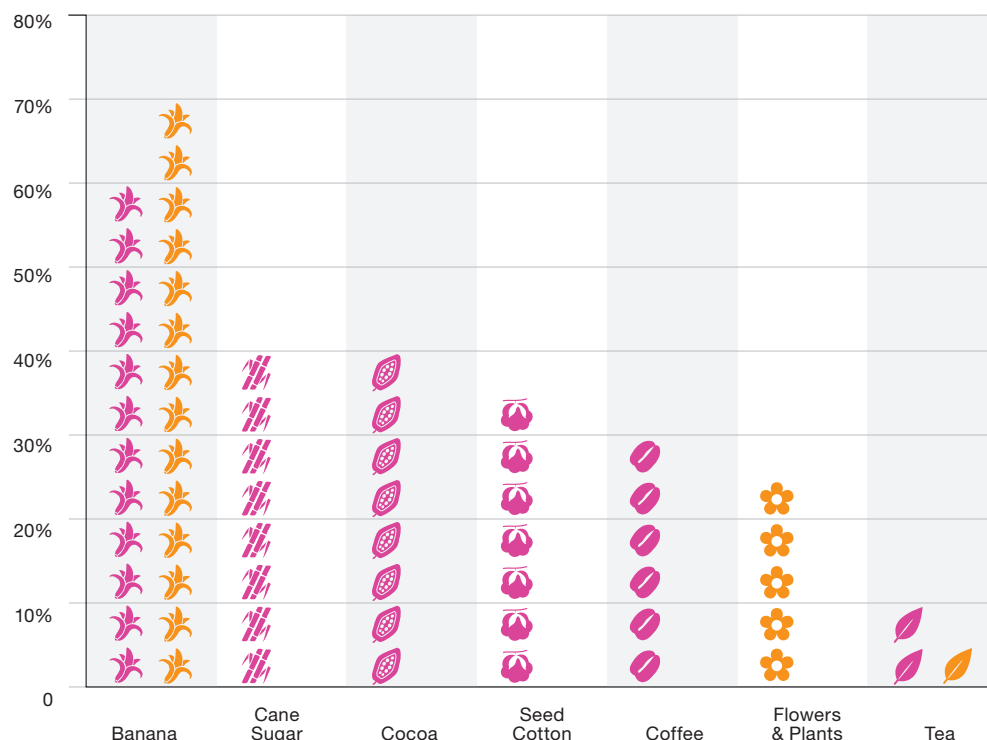
Fairtrade sales volumes as a percentage of total production volumes, Small Producer Organizations

	Banana	62%
	Cane Sugar	41%
	Cocoa	40%
	Seed Cotton	33%
	Coffee	31%
	Tea	8%

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

	Banana	69%
	Flowers and Plants	23%
	Tea	6%

This figure is based on data from 84 percent of certified producer organizations. It excludes newly certified organizations which gained their Fairtrade certification during 2013 and which had not held Fairtrade certification during the sales period under review. It also excludes organizations which did not report either their total production volumes or their Fairtrade sales volumes for the period under review.



5.4 How much land is under Fairtrade production?

Figures 5.6 and 5.7 indicate that the Fairtrade production area has grown by six percent over 2012 levels.

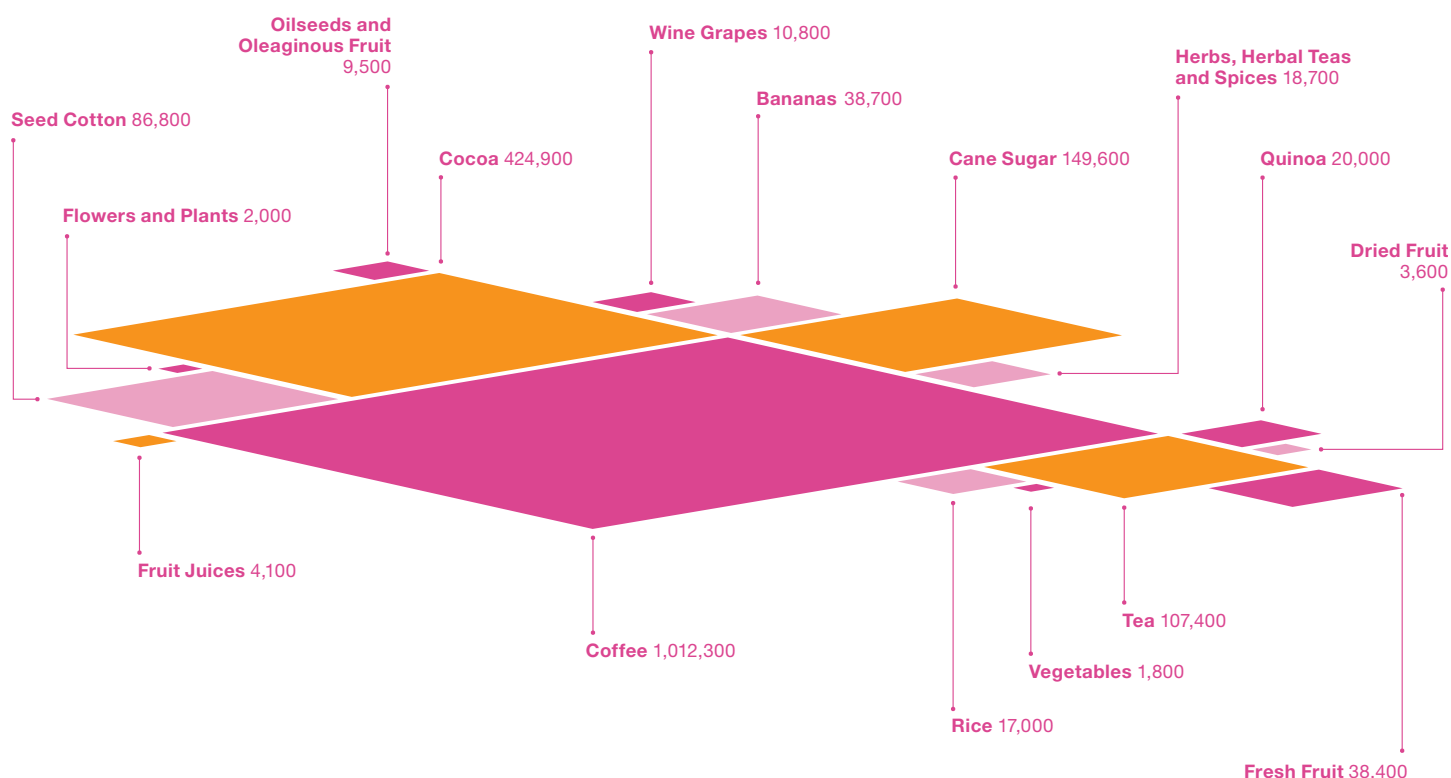
Including all producers for which we have data, more than 1.9 million hectares are under Fairtrade production. Ninety-six percent of this area is farmed by members of small farmer organizations and contract production farmers. Just four percent of the total production area is managed by plantations.

The land under Fairtrade production grew strongly for both bananas and coffee, and declined slightly for cocoa, sugar and cotton, reflecting the slowdown in new certification for those products.

Figure 5.7 shows the distribution of land under Fairtrade certified cultivation among continents and regions. This has remained fairly constant since 2012, with slight increases and decreases between different regions. The cultivation area in Eastern Africa rose from 20 percent to 23 percent of the global total in that time, while it fell by two percentage points in Western Africa reflecting a slowdown for cocoa and decrease for cotton in that region.

FIGURE 5.6

Total area of cultivation of Fairtrade products 2013 (hectares)



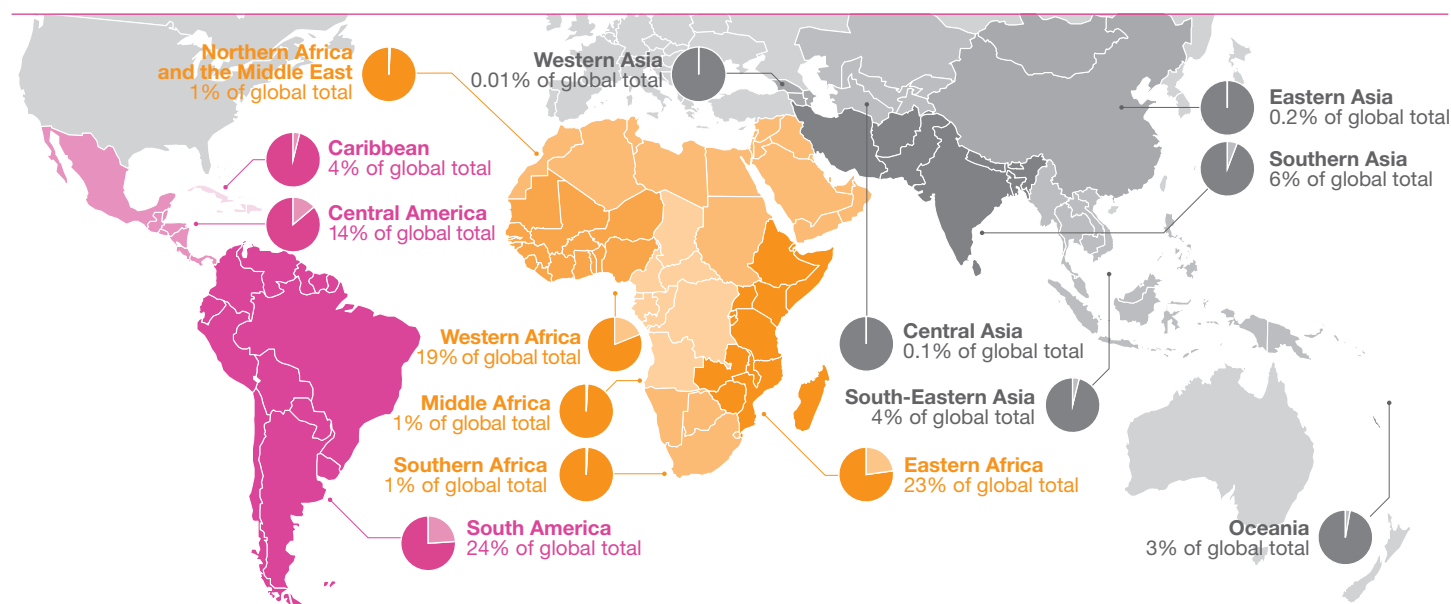
Total: 1,945,400 hectares **Increase since 2012:** 6%

Excludes data for gold, honey, nuts, and sports balls. Honey and nuts are often based on wild collection within extensive land areas.

FIGURE 5.7

Total area of cultivation of Fairtrade products by region 2013 (hectares)

Latin America and the Caribbean 42% Africa and the Middle East 45% Asia and Oceania 13%



	SPO	HLO	Total
Latin America and the Caribbean	809,100	9,300	818,400
Caribbean	84,800	1,500	86,300
Central America	272,600	1,600	274,100
South America	451,700	6,200	458,000
Africa and the Middle East	830,400	37,900	868,200
Eastern Africa	428,000	14,100	442,100
Middle Africa	8,000	4,500	12,500
Northern Africa and the Middle East	11,800	2,600	14,400
Southern Africa	11,500	13,400	24,900
Western Africa	371,100	3,300	374,400

	SPO	HLO	Total
Asia and Oceania	228,500	30,300	258,800
Central Asia	2,500	0	2,500
Eastern Asia	3,400	0	3,400
Oceania	64,600	0	64,600
South-Eastern Asia	72,500	0	72,500
Southern Asia	85,400	30,300	115,600
Western Asia	100	0	100
Global Total	1,867,900	77,500	1,945,400

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

5.5 Small farmers in Fairtrade: Average area of cultivation by product and region

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

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

Globally, the average area cultivated per farmer across all products and regions is just 1.5 hectares. Farmers in Latin America and the Caribbean are cultivating plot sizes that are on average nearly three times larger than those in Africa, and almost twice as large as those in Asia and Oceania. Small-scale tea farmers cultivate the smallest plots, while average plot sizes for products such as quinoa, wine grapes, fruit juice and cotton were larger, ranging up to nine hectares. Overall, the data clearly demonstrate the importance of Fairtrade's work with very small-scale farmers, particularly in Eastern and Western Africa where plots average just 0.8 hectares.

FIGURE 5.8

Average areas of cultivation of Fairtrade products per farmer by region 2013 (hectares)



Data only for small producer and contract production organizations.

5.6 Organic and other certifications

Of all Fairtrade certified producer organizations in the data sample, 73 percent reported holding at least one certification in addition to Fairtrade in 2013 (see Table 5.2). Hired labour organizations are significantly more likely to hold additional certifications than small producer organizations. For many producer organizations, multiple certifications are a mechanism to ensure market for their products and reduce risk.

Organic continues to be by far the most frequently reported additional certification, with 51 percent of all Fairtrade certified producers in the data sample reporting an organic certification, as in 2012. Organic certification remained particularly important for small producer organizations at 55 percent. The percentages of Fairtrade producer organizations reporting holding UTZ Certified or Rainforest Alliance certification increased slightly in comparison with 2012 figures.

TABLE 5.2

Fairtrade certified producers holding other certifications 2013

Certification	Percentage of producer organizations reporting certification		All
	Small Producer Organizations/ Contract Production	Hired Labour Organizations	
Organic	55%	30%	51%
Rainforest Alliance	9%	12%	10%
UTZ Certified	8%	3%	13%
GlobalGap	8%	39%	7%
Producers reporting only Fairtrade certification	30%	11%	26%
Producers reporting at least one other certification in addition to Fairtrade	70%	89%	74%

CHAPTER 6

FAIRTRADE PREMIUM



€95.2 MILLION
FAIRTRADE PREMIUM
DELIVERED TO
PRODUCERS
IN 2012–13



AVERAGE
PER CAPITA
FAIRTRADE PREMIUM WAS
€73 PER FARMER
OR WORKER



SMALL PRODUCER ORGANIZATIONS
SPENT 37%
OF THEIR FAIRTRADE PREMIUM
ON INVESTMENTS
SUPPORTING
PRODUCTIVITY OR
QUALITY
IMPROVEMENTS

6% OF ALL
 FAIRTRADE PREMIUM
SPENT ON
 SERVICES TO SUPPORT
 YOUNG PEOPLE,
 CHILDREN AND
WOMEN



ON PLANTATIONS,
 WORKERS SPENT
24% OF
 THEIR FAIRTRADE PREMIUM
ON EDUCATION



24% EDUCATION

12% OF
 FAIRTRADE PREMIUM WENT TO
PRODUCERS IN
 LOW-INCOME COUNTRIES



6.1 How much Fairtrade Premium did Fairtrade producer organizations receive in 2012–13?

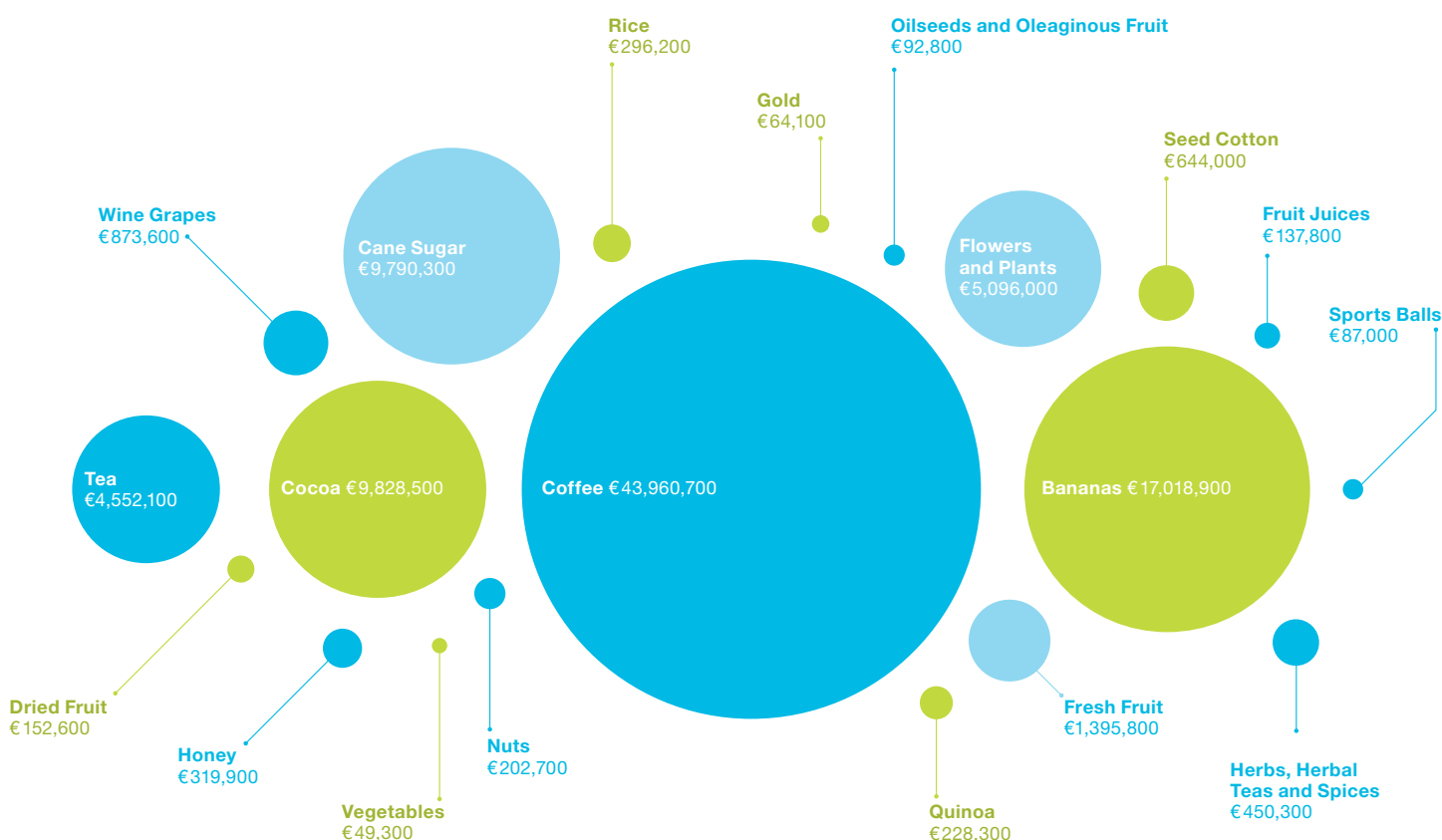
In 2012–13, producer organizations reported receiving €95.2 million in Fairtrade Premium income. This was an increase of ten percent over the 2011–12 figure reported. The proportion of all Fairtrade Premium income reported received by hired labour organizations stabilized at 15 percent, after two consecutive years of decreases, while 85 percent of all Fairtrade Premium income went to small producer and contract production organizations.

The Fairtrade Premium continued to increase strongly for coffee. The rate of increase slowed compared with the two previous years, when there were dramatic increases resulting from the doubling of the Fairtrade Premium for coffee which was implemented in April 2011. Because coffee is by far the biggest product for Fairtrade, this growth for coffee also accounts for the continued strong growth in the Fairtrade Premium overall.

Cover: Ma Joaquina Garcia Molina has worked for 11 years in a small clinic in the village of Estanzuelas, Honduras. The 50 members of Fairtrade-certified cooperative CABRIPEL elected to invest a portion of their Fairtrade Premium in providing medical care in the village of 300.
© Sean Hawkey

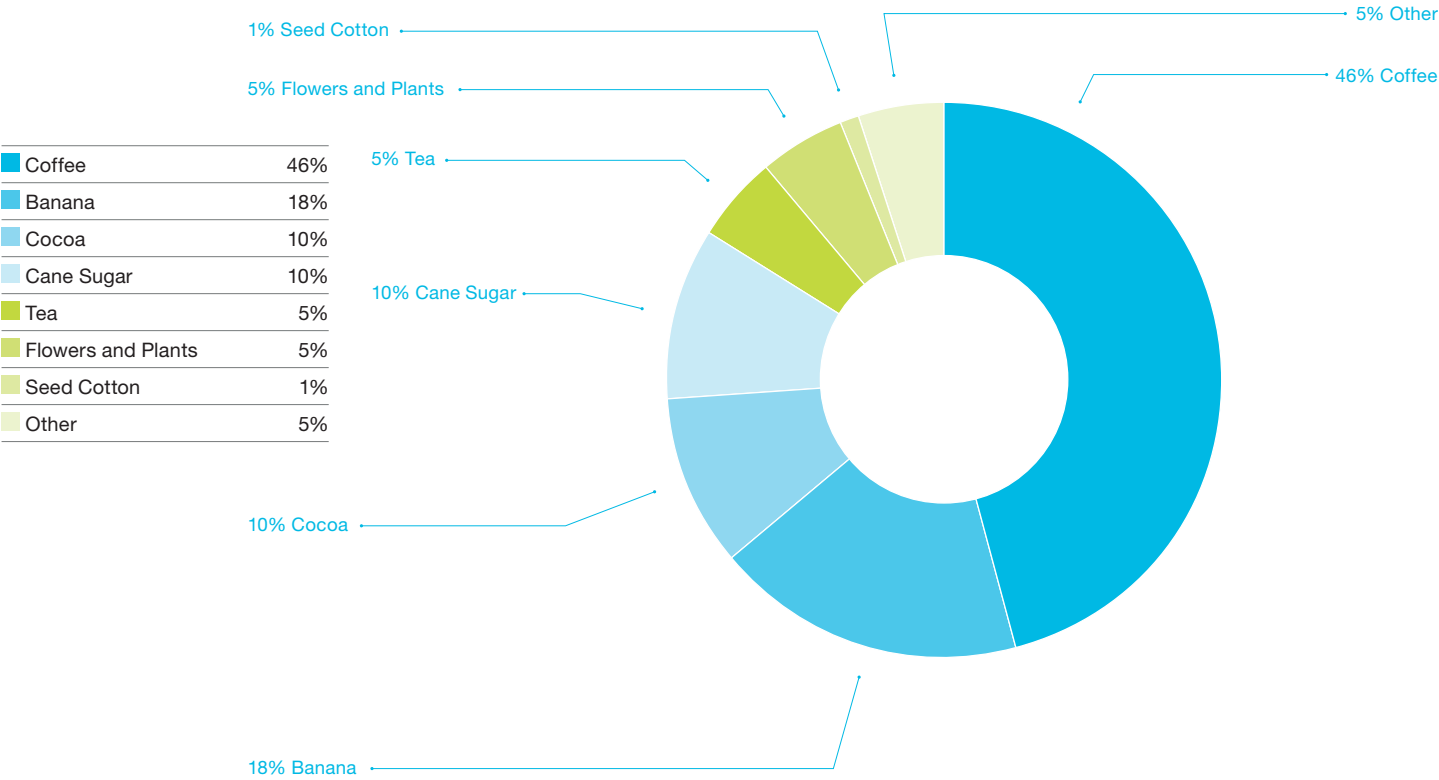
FIGURE 6.1

Fairtrade Premium reported received by producer organizations by product 2012–13 (€)



When we look at the Fairtrade Premium distribution by product, shown in Figure 6.2, we see that the seven major Fairtrade products account for 95 percent of all Fairtrade Premium. The trend that we noted in last year’s report whereby the balance of Fairtrade Premium share has moved back towards coffee has continued, with coffee Premium increasing from 43 percent to 46 percent of the total, and the share for bananas, cocoa and sugar each decreasing by one percentage point.

FIGURE 6.2
Fairtrade Premium distribution by product 2012–13



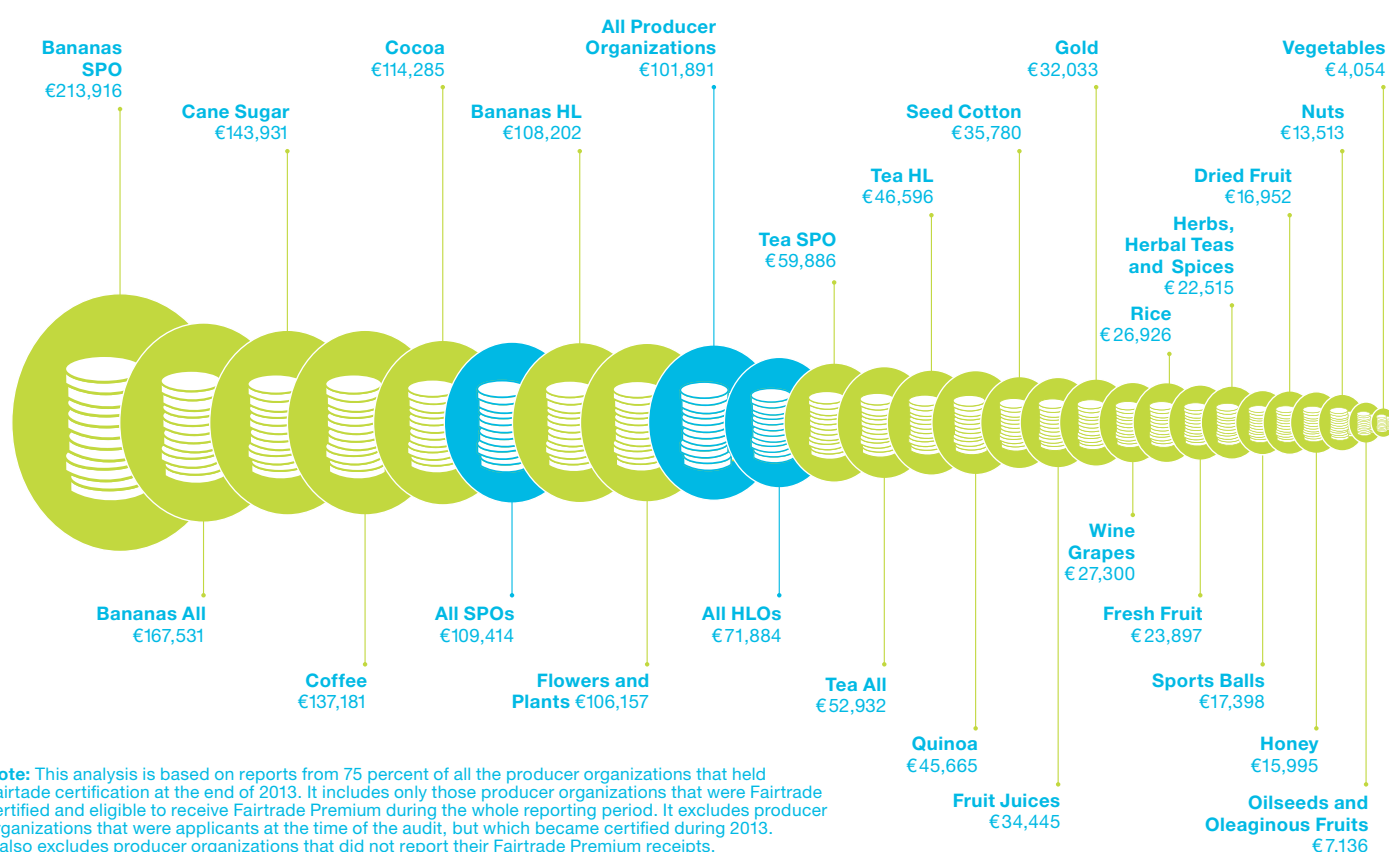
The share for flowers and plants and seed cotton remained constant, while tea fell by one percentage point, reflecting the reduction in sales of Fairtrade tea. The share for the category 'other products' increased by one percentage point, reflecting reported Fairtrade Premium increases for some of the smaller products.

When we consider the average distribution of the Fairtrade Premium to producer organizations by product, shown in Figure 6.3, we can see that small producer organizations for bananas, cane sugar, cocoa, and coffee have the highest average Fairtrade Premium receipts. Coffee has maintained its position near the top of the scale, a result of the 2011 Fairtrade Premium increase. In 2010–11, the average Fairtrade Premium received by a Fairtrade coffee organization was just under €70,000. In 2012–13, this value had increased to just over €137,200.

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

FIGURE 6.3

Average Fairtrade Premium received by producer organizations by product 2012–13 (€)



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

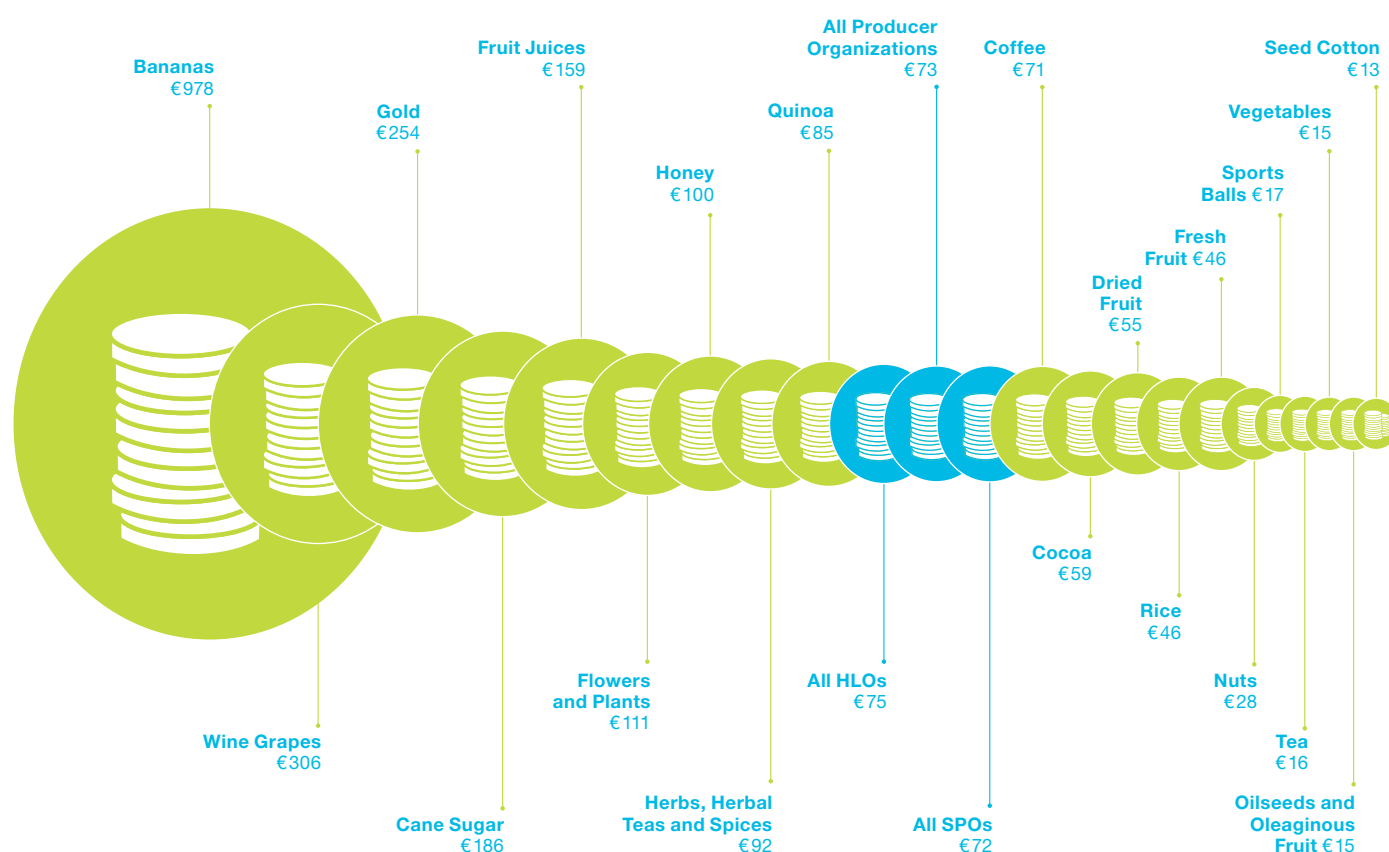
In 2012–13, banana producers again had the highest Fairtrade Premium income per individual member or worker, with a considerable gap between bananas and all other products (Figure 6.4). In fact, that gap appeared to increase still further with this dataset. Banana producer organizations on average receive Fairtrade Premium equivalent to €978 per farmer or worker. This contrasts with coffee where the average was just €71.

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

In contrast, although coffee and cocoa show quite high Fairtrade Premium receipts at the producer organization level, the *per capita* levels are much lower. This is the dilution effect that very large member organizations can have, particularly the large coffee unions and a few large cocoa organizations in Africa. A similar pattern is seen for tea in both hired labour and small producer organizations. However, again as a result of the increase in the Fairtrade Premium, the *per capita* value for coffee has increased from €35 in 2010–11 to €71 in 2012–13, moving coffee gradually to the left in Figure 6.4.

FIGURE 6.4

Average Fairtrade Premium received per farmer or worker by product 2012–13



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

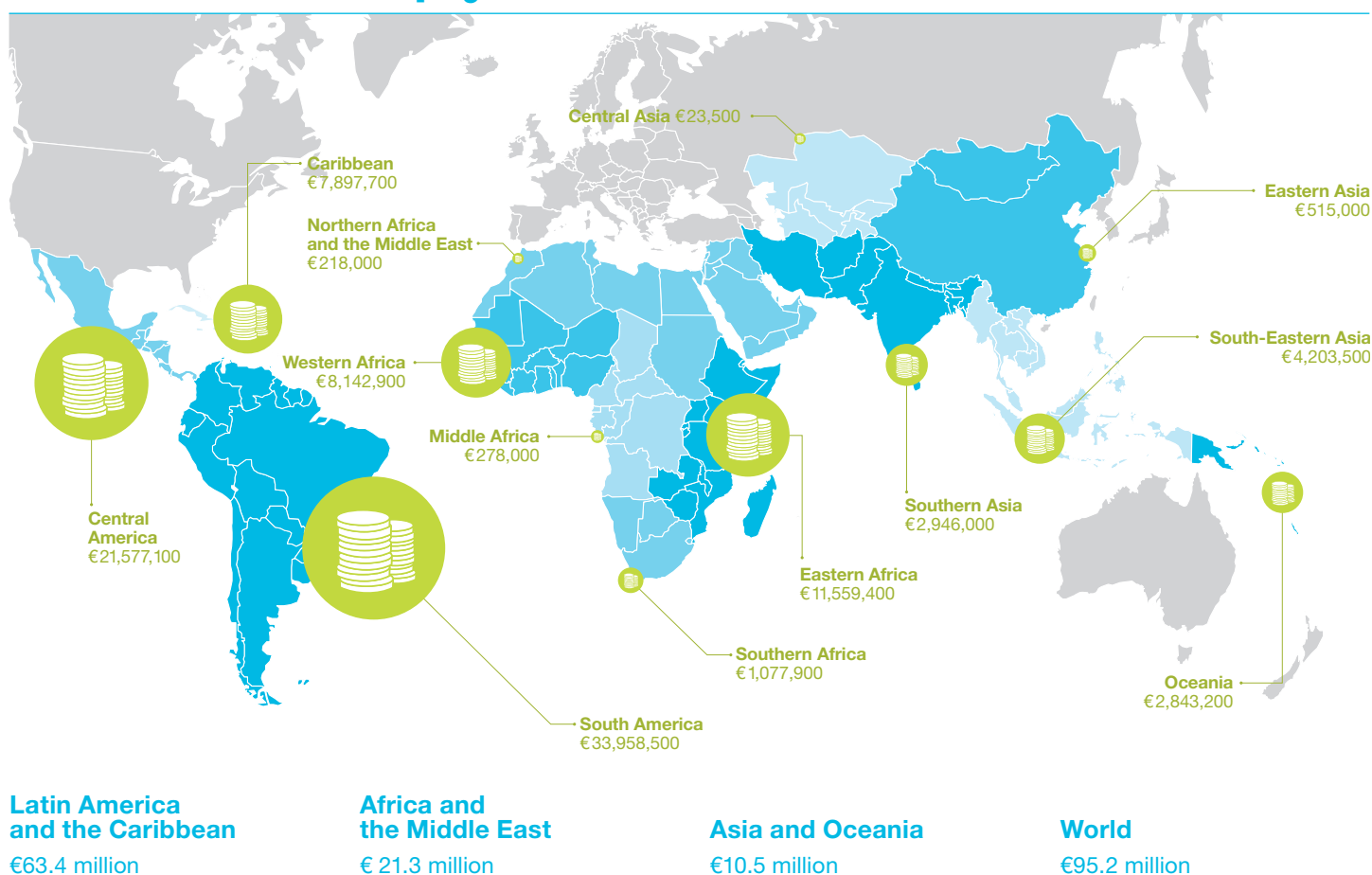
Reported Fairtrade Premium receipts grew in all three Fairtrade producer regions, although at a slower rate than in the previous reporting period. In Latin America and the Caribbean, Fairtrade Premium receipts reported by producers increased by 12 percent. In Africa and the Middle East they grew by eight percent, and in Asia and Oceania by nine percent. According to these data, Western Africa has overtaken the Caribbean in terms of Fairtrade Premium receipts for the first time.

Around 12 percent of all Fairtrade Premium was received by low-income countries in 2012–13.

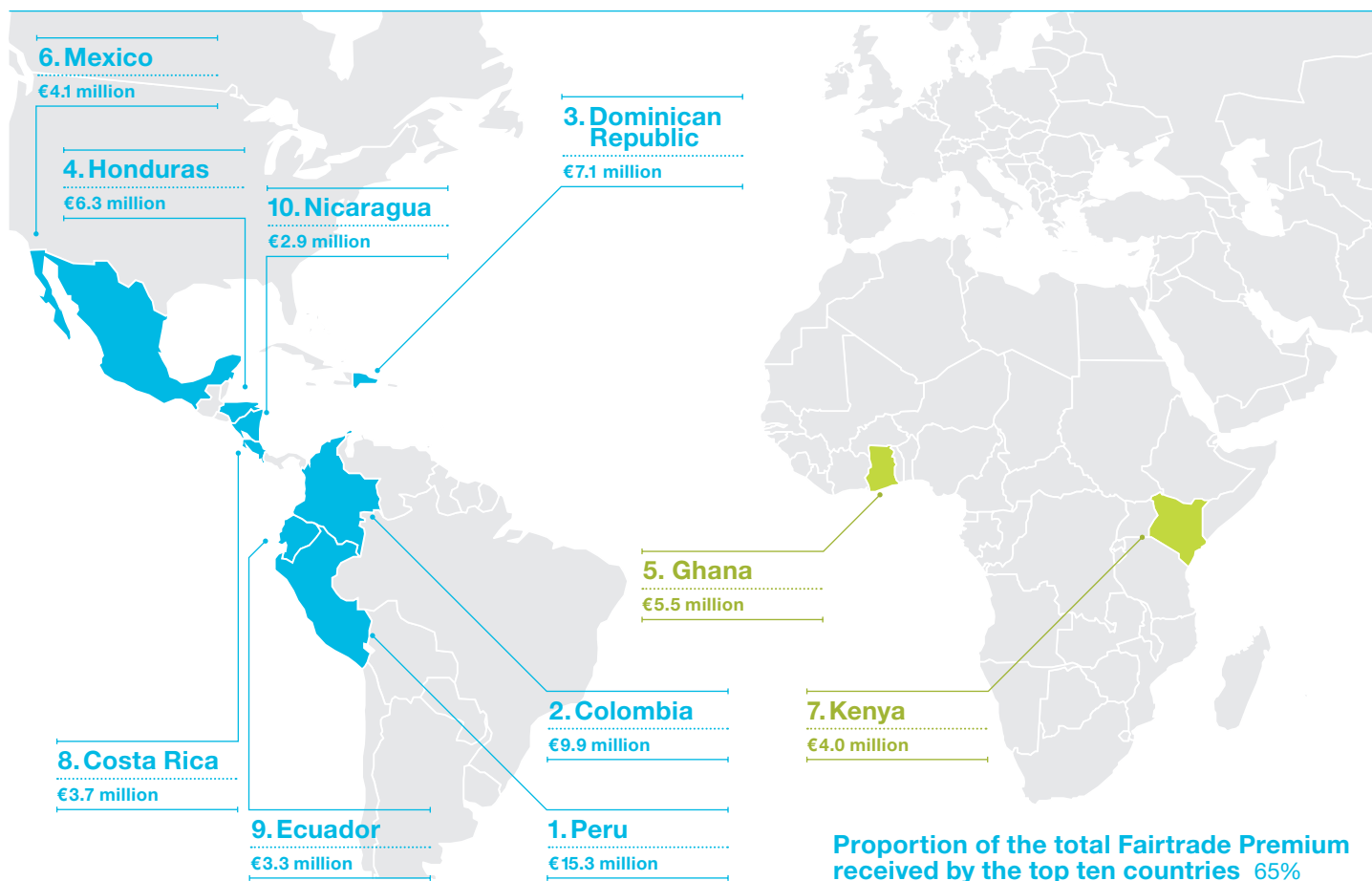
Important Fairtrade banana, sugar, cocoa and coffee-producing countries feature strongly in the top ten Fairtrade Premium-receiving countries, which account for over €62 million in Fairtrade Premium receipts. In 2012–13 the top ten countries accounted for 65 percent of all Fairtrade Premium receipts from producer organizations, compared with 63 percent in 2011–12.

FIGURE 6.5

Fairtrade Premium received by region 2012–13



Top Ten Countries: Fairtrade Premium receipts 2012–13 (€)

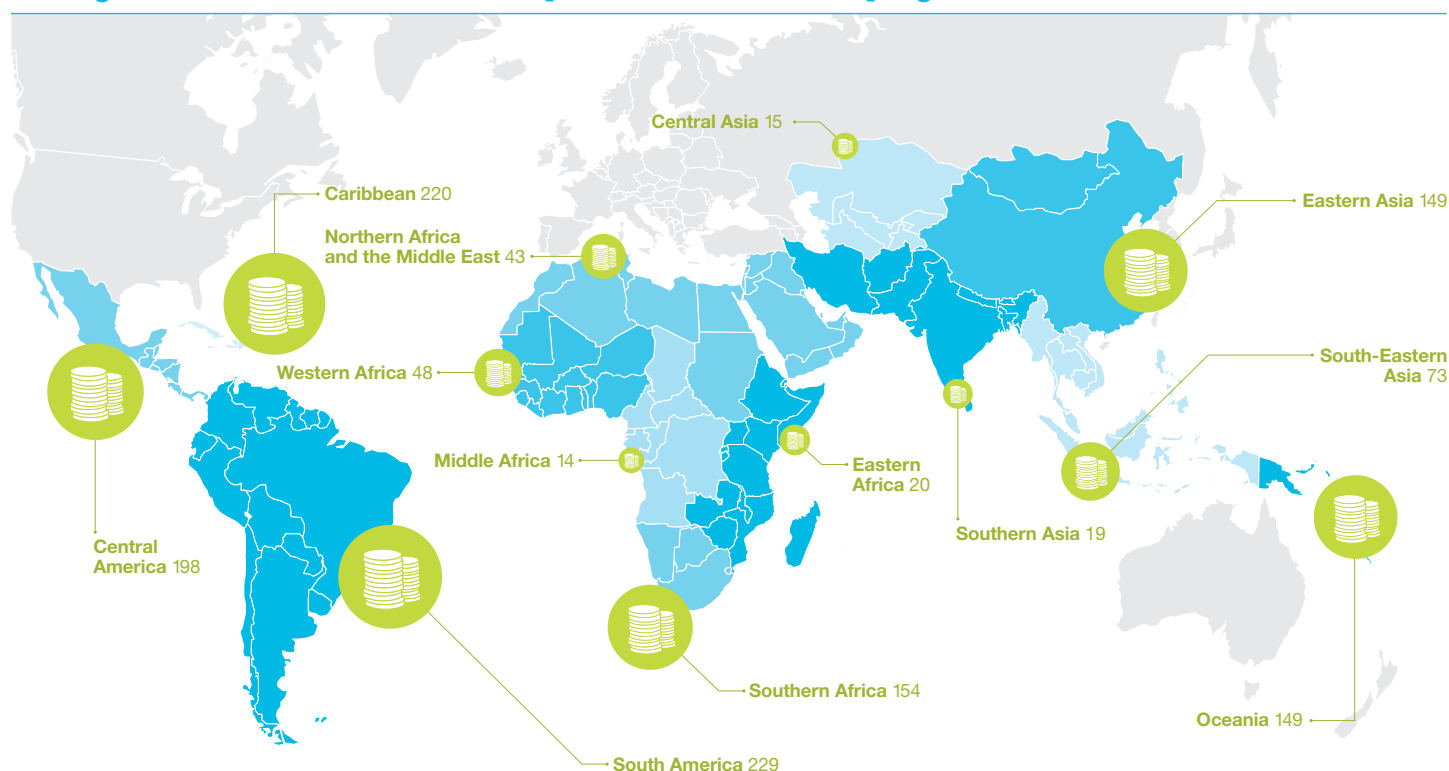


When we look at the *per capita* distribution of Fairtrade Premium among regions, we see again the dilution effect of large numbers of farmers and workers in Eastern and Western Africa and in Southern Asia. For example, although the total Fairtrade Premium going to Eastern Africa is fifty percent higher than that going to the Caribbean, the *per capita* Fairtrade Premium for the Caribbean is eleven times greater than that in Eastern Africa. This reflects the much smaller average membership in the Caribbean, greater *per capita* crop production and sales, and the benefit of the increases in the Fairtrade Premium for coffee. The low *per capita* Fairtrade Premium levels in Eastern Africa and Southern Asia represent the challenge of ensuring that the very large producer unions in Africa in particular receive meaningful benefits from Fairtrade, and also the challenge of increasing the market for Fairtrade tea in general.

Overall, the average Fairtrade Premium received per Fairtrade producer organization grew to over €100,000 in 2012–13. Per organization and per capita values increased for both plantations and small producer organizations (Figure 6.7).

FIGURE 6.6

Average Fairtrade Premium received per farmer or worker by region 2012–13 (€)



Note: This analysis is based on reports from 75 percent of all the producer organizations that held Fairtrade certification at the end of 2013. It includes only those producer organizations that were Fairtrade certified and eligible to receive Fairtrade Premium during the whole reporting period. It excludes producer organizations that were applicants at the time of the audit, but which became certified during 2013. It also excludes producer organizations that did not report their Fairtrade Premium receipts.

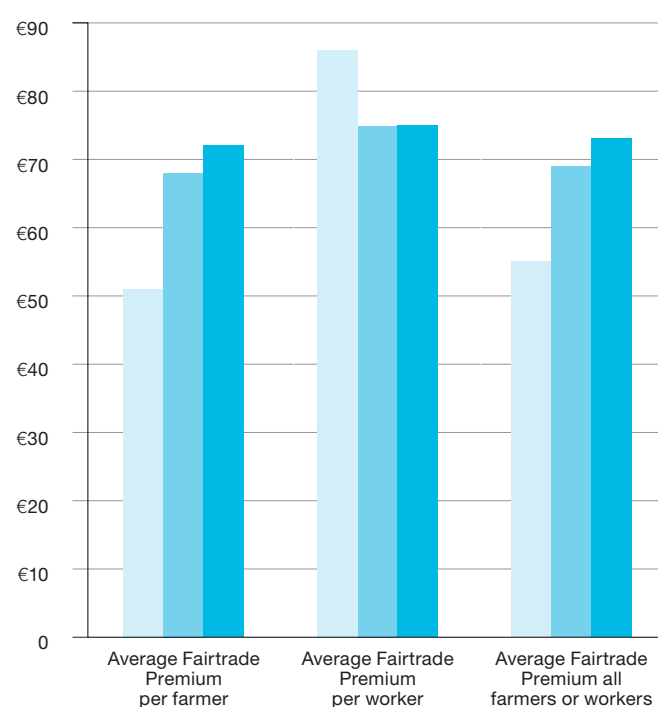
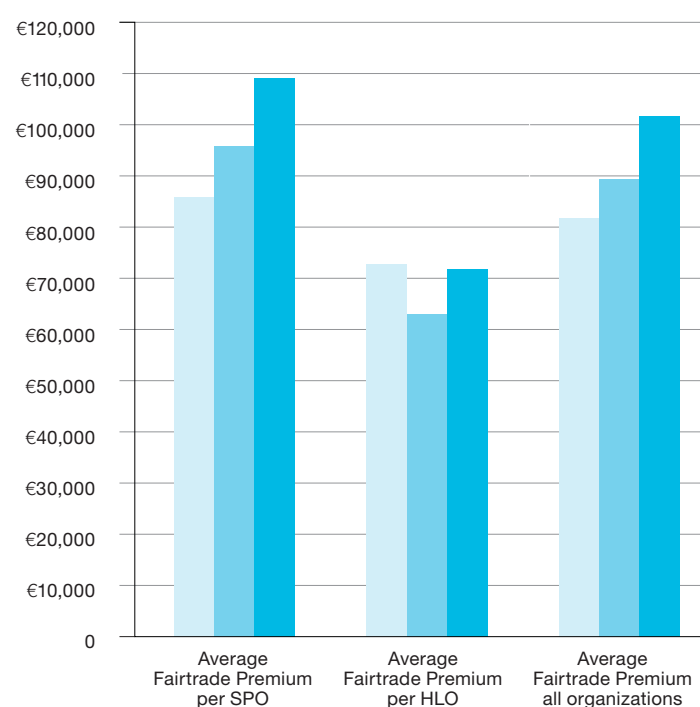
World 73

FIGURE 6.7

Fairtrade Premium received global averages 2010–13 (€)

2010–11	HLO Hired Labour Organization
2011–12	SPO Small Producer Organization
2012–13	

Note: This analysis is based on reports from 75 percent of all the producer organizations that held Fairtrade certification at the end of 2013. It includes only those producer organizations that were Fairtrade certified and eligible to receive Fairtrade Premium during the whole reporting period. It excludes producer organizations that were applicants at the time of the audit, but which became certified during 2013. It also excludes producer organizations that did not report their Fairtrade Premium receipts.



6.2 How was the Fairtrade Premium used in 2012–13

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

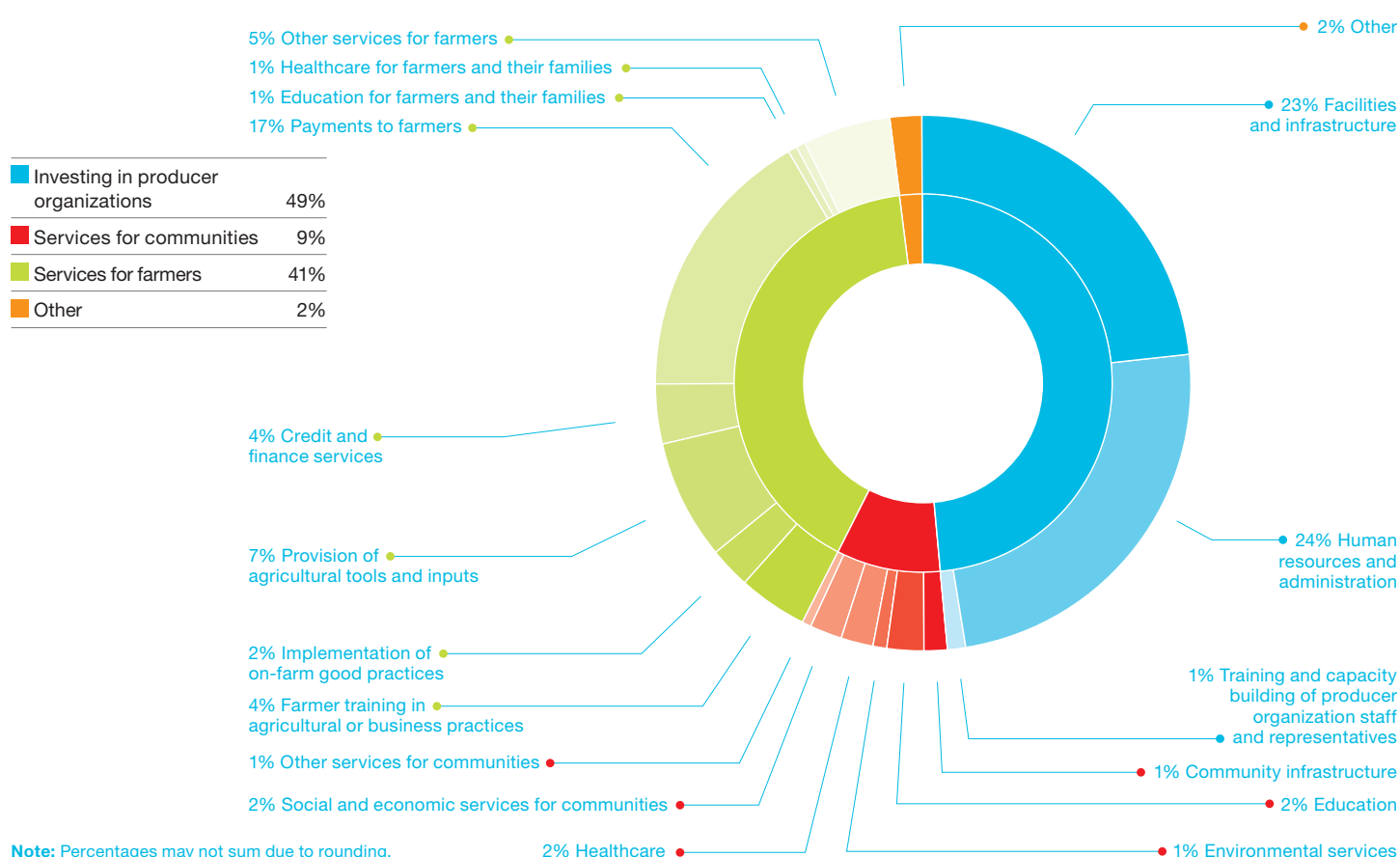
Farmer members of small producer organizations overwhelmingly elected to invest in direct services for farmers (41 percent), or in measures intended to strengthen or maintain the cooperative (49 percent). In particular, 23 percent of the Fairtrade Premium in all products was used to develop producer organization facilities and infrastructure, such as improvements to facilities for crop processing and storage, quality testing, crop collection and transport, all of which can have a positive impact on a producer organization's ability to provide a good quality crop to buyers.

Direct services to farmers included a large number of dividends to cooperative members, a practice which has become widespread for coffee in particular since a spike in coffee prices in 2011, but is also important for the other smallholder products. Direct payments account for 17 percent of all Fairtrade Premium expenditure, a slight reduction since 2011–12, perhaps reflecting the concurrent reduction in global coffee prices.

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

FIGURE 6.8

Fairtrade Premium expenditure by category: Small Producer Organizations 2012–13





PRODUCER REPORT

Plant doctor helps farmers in India go further

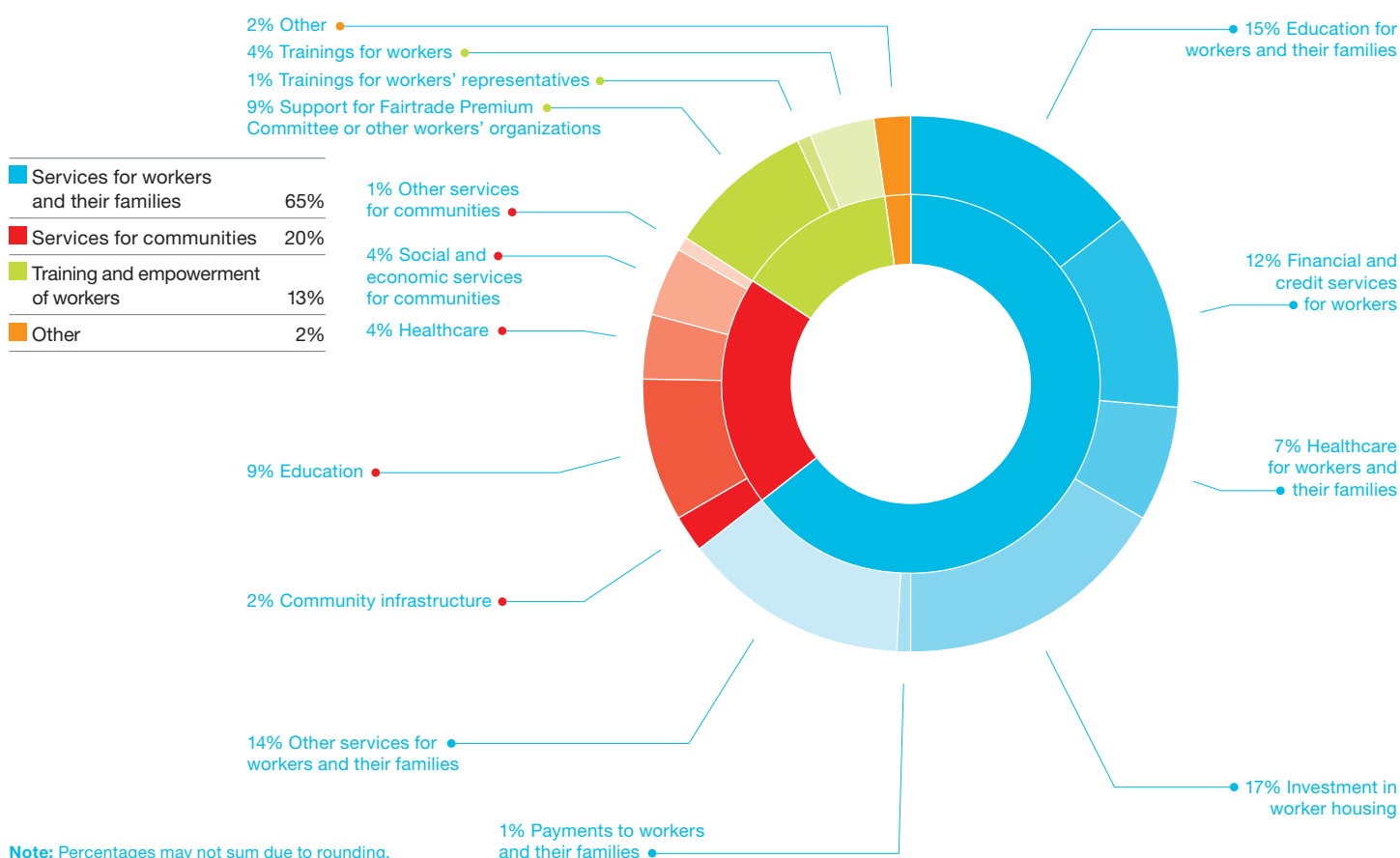
Each day Sunny Babu rises with the birds: 4am is the best time to really see what's happening with plants. As the resident plant doctor serving the needs of 1,000 Fairtrade farmers in the Manarcadu Social Services Society (MASS) of Kerala, India, Babu has a lot on his plate. The plant doctor service at MASS is supported by the Fairtrade Premium to help local farmers improve their production.

Read the full story here: <http://bit.ly/1Aj6cFE>

Since 2011, in coffee specifically, a quarter of the Fairtrade Premium has been earmarked for productivity and quality improvements, and this is now resulting in increased investment in infrastructure to support better quality management. Investment in quality and productivity is also recommended in the standards for cocoa farmer organizations. For 2012–13, taking into account investments in shared infrastructure, farmer training, farmer inputs, and producer organization staff training, we estimate that around 37 percent of Fairtrade Premium was used for investments that can support improvements in productivity and quality.

FIGURE 6.9

Fairtrade Premium expenditure by category: Hired Labour Organizations 2012–13



Spending on projects intended to benefit the wider community dropped by two percentage points to around nine percent of all Fairtrade Premium use. In addition, two percent was used to provide services such as support for education and healthcare to cooperative members and their families.

On plantations, community investments also fell by six percentage points in comparison to 2011–12, to 19 percent. Community investments were made overwhelmingly into education and health projects. Direct support for workers and their families increased substantially to account for 65 percent of all Fairtrade Premium use. Of this, 15 percent was used to support education for workers and their children—for example through providing bursaries, books, and uniforms—while seven percent was used for healthcare for workers and their families. Seventeen percent was dedicated to improvements in workers' housing. Twelve percent was used for loans and credit. Finally, 14 percent was used for 'other' services for workers, comprising a wide range of purposes such as transport, subsidized shops, and child nursery facilities. In general, the Fairtrade Premium for many workers has become a resource to help them meet their daily needs as living costs in many countries continue to increase, and also to overcome the costs of life's exceptional challenges—such as a sudden illness or the cost of a funeral—without falling into debt. Overall, 24 percent of the Fairtrade Premium on plantations was used for educational purposes, either to support the education of workers and their families, or to support education and schools in the wider community.

Around 14 percent of the Fairtrade Premium in plantations is being used to support workers' organizations and training. Around nine percent of the Fairtrade Premium is used to meet the running costs of workers' organizations including the Fairtrade Premium Committee and other workers' organizations. Combined with the five percent of Fairtrade Premium dedicated to training workers and their representatives, this can support organizational strengthening and worker empowerment and is important to ensure the good management of the Fairtrade Premium. When used to support the work of trade unions in plantations, it can contribute to strengthened collective bargaining, freedom of association, and knowledge of labour rights.

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

CHAPTER 7.1

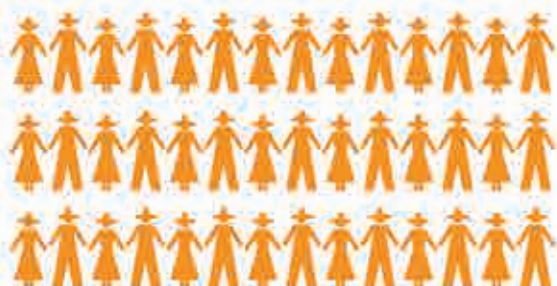
FOCUS ON FAIRTRADE PRODUCTS

COFFEE



730,000

SMALL-SCALE FARMERS
PRODUCING
FAIRTRADE COFFEE,



A 12% INCREASE SINCE 2012

75% OF ALL FAIRTRADE COFFEE COMES FROM LATIN AMERICA AND THE CARIBBEAN



1 MILLION HECTARES OF COFFEE

CULTIVATED WORLDWIDE



COFFEE

FARMER ORGANIZATIONS RECEIVED

€44 MILLION IN FAIRTRADE PREMIUM



IN 2012–13

7.1 Fairtrade Fact File: Coffee

Cover: Lucio Ordonez Sullca harvests coffee at a test farm near Pangoa, Peru. The Sonomoro Cooperative is developing strategies to adapt to the effects of climate change. ©Santiago Engelhardt

- At the end of 2013, 439 small producer organizations in 30 countries held a Fairtrade certificate for coffee. More than 730,000 small-scale farmers were members of Fairtrade certified coffee producer organizations, an increase of 12 percent or 70,000 farmers since 2012.
- The ongoing increase in the number of Fairtrade coffee small producer organizations and farmers reflects the impact of very low market prices during 2013, when conventional market prices fell below the cost of production for many coffee farmers. A low of US\$1 per pound (lb) of coffee on the market indicator price was recorded in November 2013. By comparison, the Fairtrade Minimum Price for washed Arabica is currently set at US\$1.40 plus a further 20 dollar cents in Fairtrade Premium and differentials for organic production. This made Fairtrade an attractive economic option for producers during a time of low coffee prices, and provided an important price support.
- Additionally, the Fairtrade Minimum Price helped support farmers in Central America, many of whom faced a particularly difficult year due to coffee rust, or *la roya*. This fungus, which is in part caused by highly volatile weather patterns, resulted in a 30-40 percent decline in crop production across the region in 2013.
- Around 75 percent of Fairtrade coffee sold comes from Latin America and the Caribbean, with Colombia producing the most Fairtrade coffee. Of the top ten producer countries, only three (Indonesia, Tanzania and Ethiopia) are outside of Latin America and the Caribbean. Nevertheless, African and Asian origins continue to grow in importance for Fairtrade.
- Fairtrade coffee farmers cultivate coffee on just over one million hectares worldwide, producing over 470,000 MT of Fairtrade certifiable coffee in 2012–13. Of this, 37 percent was organic certified.
- Reported Fairtrade coffee sales showed a six percent increase in volume in 2012–13, with total reported Fairtrade sales volumes of 142,400 MT.
- Coffee producers that were Fairtrade certified and eligible to make Fairtrade sales during the full reporting period sold 31 percent of their production volumes as Fairtrade on average. However, many organizations in Latin America sold well over 50 percent of their production on Fairtrade terms.
- Farmer organizations continue to benefit from the doubling in the Fairtrade Premium in April 2011, which increased the Premium from 10 to 20 dollar cents per pound of coffee. Total coffee premiums of €44 million were received by producers in 2013.
- In 2012–13, Fairtrade coffee producer organizations continued to invest around half of their Fairtrade Premium in improving the infrastructure, facilities and processes within their organizations. Another 43 percent was spent on direct services to farmers, including direct payment of Fairtrade Premium to individual farmers, which was 19 percent of the total Premium paid.
- In 2013, the average Fairtrade coffee farmer in Africa was cultivating a plot of 0.8 hectares. Farmers in Asia and Oceania worked slightly larger plots of 1 hectare, while farmers in Latin America and the Caribbean cultivated coffee on plots of 2.9 hectares on average.
- Worldwide, the average Fairtrade coffee plot size is 1.4 hectares, or roughly 1.3 football fields, a clear indication of Fairtrade's continued commitment to supporting small-scale farmers.
- Recognizing the increasing challenge that climate change poses for coffee farming, in 2013 Fairtrade International hosted a Coffee Rust workshop with leading agricultural and climate experts, alternative lending organizations and European coffee roasters.
- Fairtrade also secured US\$2.5 million funding from the government of Finland to support the capacity building of coffee farmers in Nicaragua, Honduras and Guatemala.
- Fairtrade alone cannot redress the challenges presented by volatile prices and weather, which continue to be of concern to small-scale coffee farmers, their families and communities. Hence, Fairtrade continues to seek to collaborate with

commercial partners, the wider coffee industry, and governments to address these threats to the livelihoods of coffee farmers.

- In 2013, Fairtrade International joined 4C, to help bring the voice of small farmers to the wider coffee industry and government through the 4C sustainability platform. We also began working with Nespresso as part of their AAA Sustainability programme to help secure pensions for Fairtrade coffee farmers in Colombia, in partnership with the Colombian government.
- The challenge of sustainability issues in the coffee sector was highlighted in an industry-wide forum hosted by HIVOS in June 2014, and published in the Coffee Barometer. <http://www.isealliance.org/online-community/news/increasing-demand-and-climate-adaptation-are-top-challenges-in-coffee-certification>

Research Insight: Fairtrade impacts for coffee producers in Indonesia, Mexico, Peru and Tanzania

New research by the Natural Resources Institute at the University of Greenwich¹ assesses the impact of Fairtrade for coffee smallholders and their organizations. The study looked at eight Fairtrade certified cooperatives in four countries (Indonesia, Mexico, Peru and Tanzania), and compared these with non-certified cooperatives or farmers.

The study found that Fairtrade farmers in three of the four research countries reported higher incomes than non-Fairtrade farmers. There was also evidence of Fairtrade farmers and their organizations becoming more resilient and less vulnerable to shocks—for example price crashes—as a result of the Fairtrade Minimum Price and the Fairtrade Premium.

During periods when the coffee price was low, the Fairtrade Minimum Price allowed Fairtrade coffee farmers to realize improved income compared with non-Fairtrade farmers. The importance of this could be seen in the substantial number of membership requests that producer organizations in Mexico and Peru received during 2013 when the global prices for coffee dipped below the Fairtrade Minimum Price.

Beyond the effectiveness of the Fairtrade Minimum Price, producer organizations in the study were using the Fairtrade Premium to fund a range of practical and strategic needs. Investments included using the Fairtrade Premium to pay higher prices to farmers, invest in quality management to meet the demands of buyers, and provide training and inputs to farmers to combat coffee rust.

The research team found good evidence of Fairtrade organizations growing stronger and more effective over time—for example through improvements in leadership, increased access to capital and other support, and investment of Fairtrade Premium for organizational improvements. Farmers in Fairtrade organizations received considerably more training across a broader range of topics compared to non-Fairtrade farmers. They also received a broader range of services (inputs, credit, extension, coffee sales) and had a greater degree of satisfaction with those services than non-Fairtrade farmers.

However, individual farmers' understanding of how their organizations functioned, and knowledge about Fairtrade, was variable. In some of the cases, farmer participation in their organizations was low, with insufficient transparency in some aspects of decision-making. The study also suggested that Fairtrade producer organizations may have higher costs in some cases than other exporters, and that this could limit benefits to farmers.

The study recommends that Fairtrade should continue and intensify its support for strengthening producer organizations. In particular, the report suggests that Fairtrade should consider how to support improvements in leadership skills, business skills, and increased efficiency within producer organizations. The research team also recommends that Fairtrade should articulate strategies to ensure that Fairtrade benefits received by producer organizations do in turn result in tangible benefits for farmers.

The full research results will be published in early 2015.

1 Nelson, V. and J. Hagger (Forthcoming 2015) *Fairtrade Coffee: A Study to Assess the Impact of Fairtrade for Coffee Smallholders and Producer Organisations in Indonesia, Mexico, Peru, and Tanzania*, Greenwich, London: Natural Resources Institute.

FIGURE 7.1

Fairtrade coffee: Number of producer organizations with Fairtrade coffee certification 2008–2013

Number of producer organizations
with certification for Fairtrade coffee

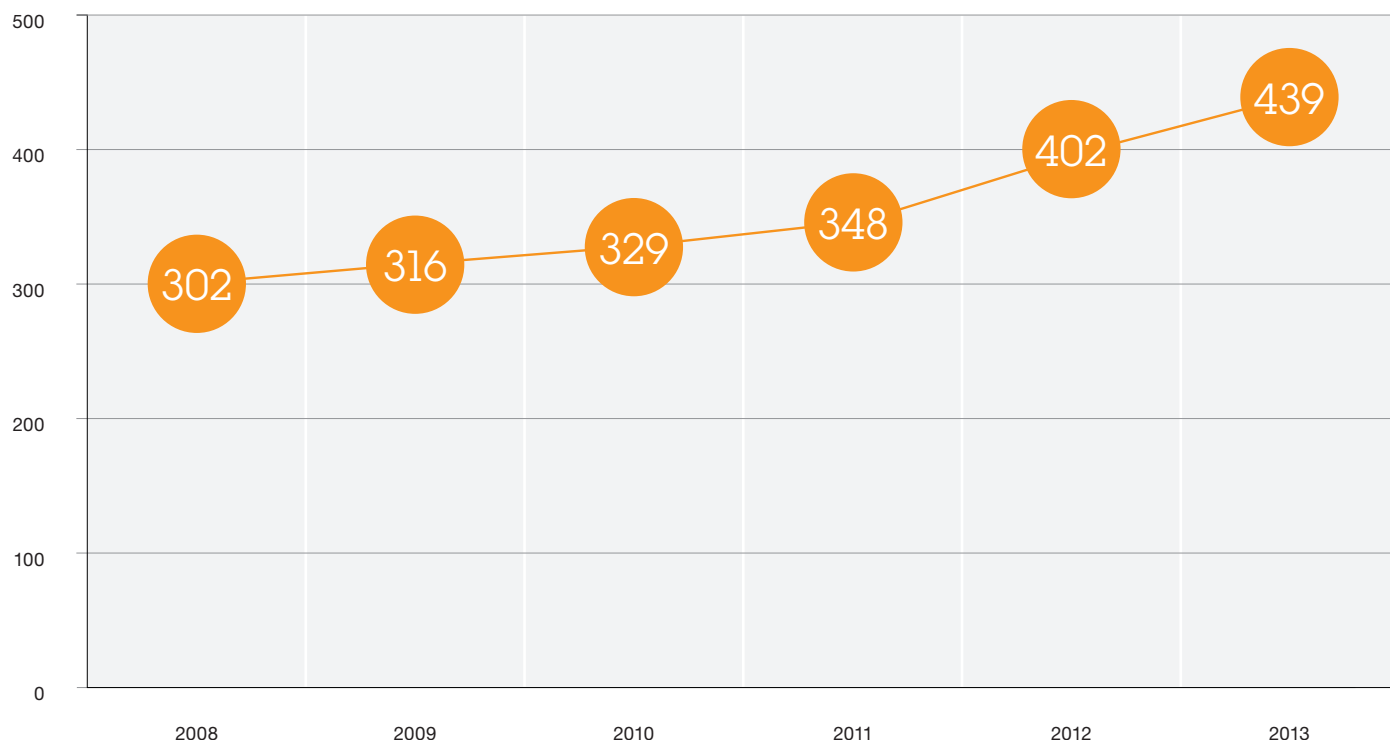
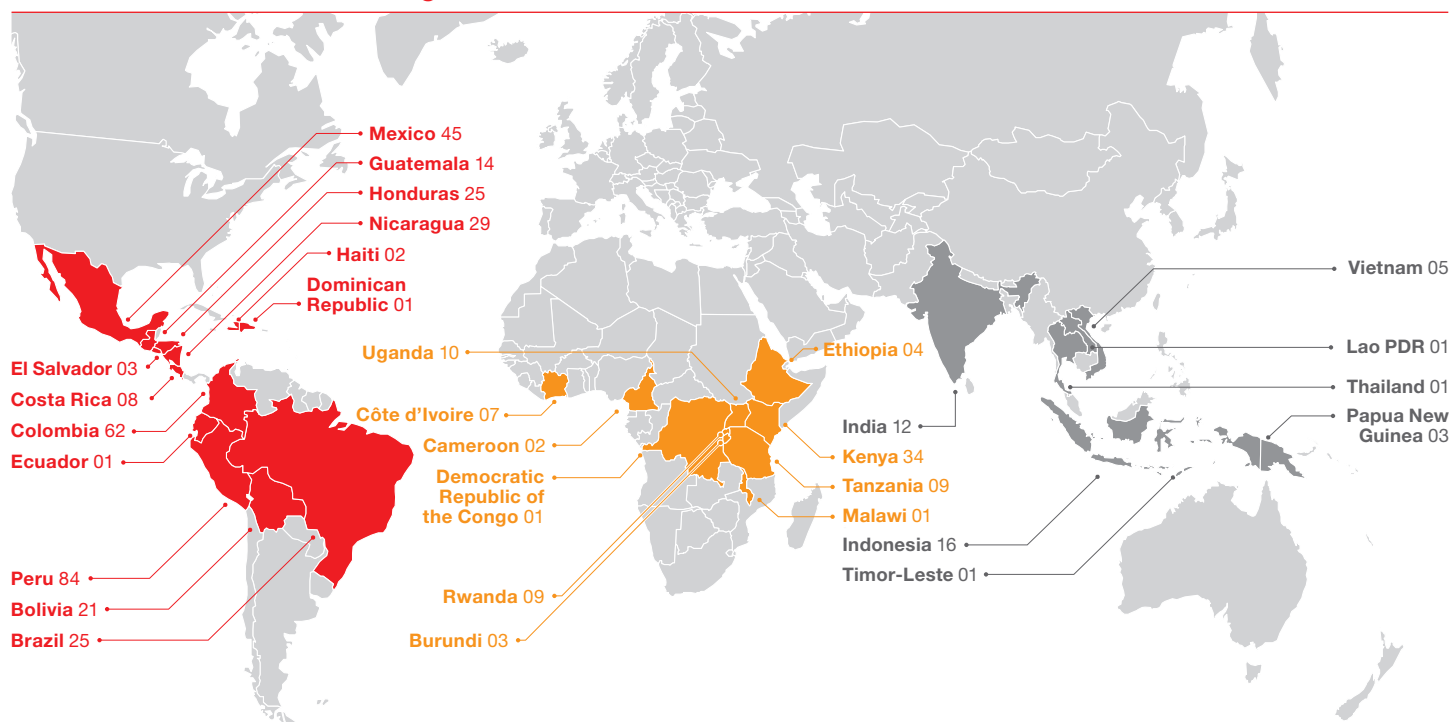


FIGURE 7.2

Fairtrade coffee: Producer organizations with Fairtrade coffee certification 2013

**Latin America
and the Caribbean**
320

**Africa and
the Middle East**
80

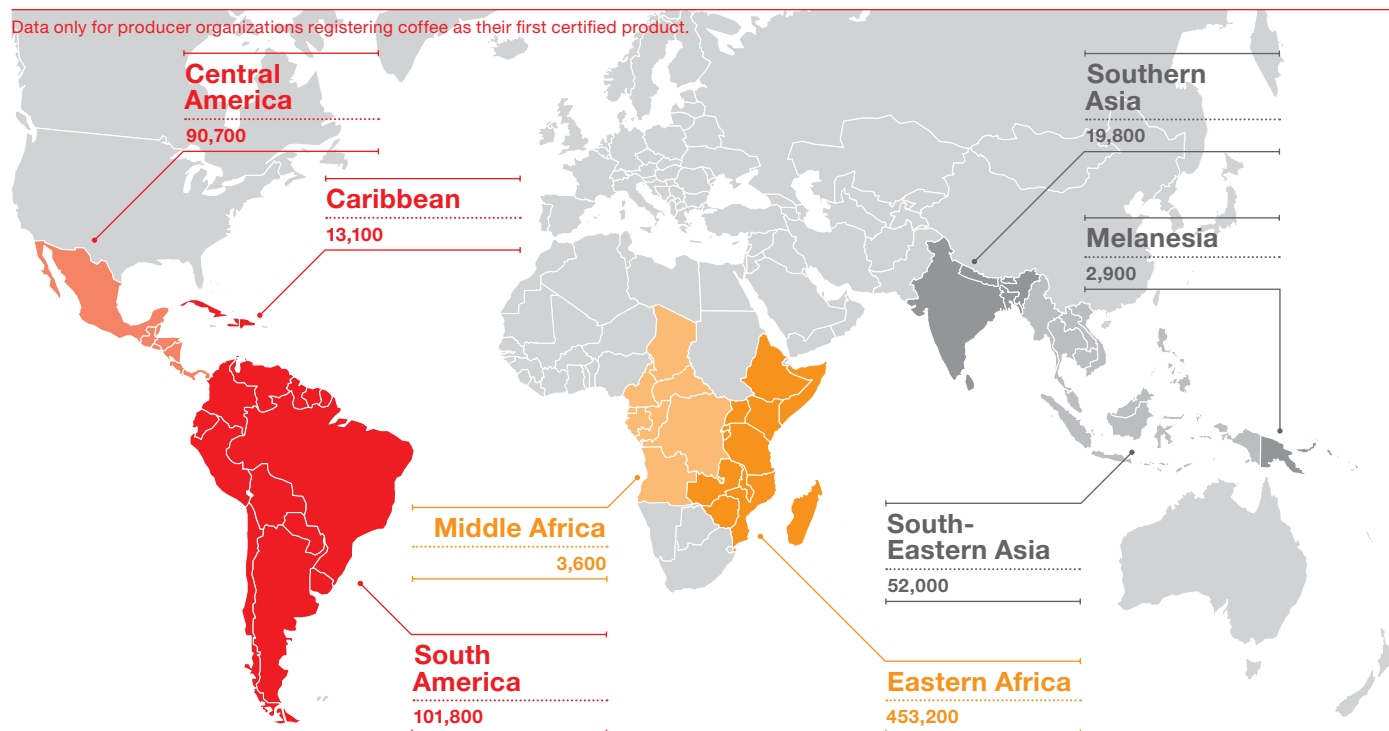
Asia and Oceania
39

Global Total
439

FIGURE 7.3

Fairtrade coffee: Number of farmers by region 2013

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

**Latin America and the Caribbean**

205,600

Africa and the Middle East

456,800

Asia and Oceania

74,700

Global Total

737,100

TABLE 7.1

Fairtrade coffee: Key data 2013

	2012–13	2011–12	Percentage change
Total number of farmers	737,100	660,700	12%
Total number of hectares under Fairtrade coffee cultivation	1,012,300	881,700	15%
Total certifiable volume (MT)	473,600	398,800	19%
Organic Fairtrade-certifiable volume (MT)	176,500	149,300	18%
Organic volume as percentage of total certifiable volume	37%	37%	
Total Fairtrade sales volume (MT)	142,400	134,100	6%
Overall proportion of coffee production volumes sold as Fairtrade by organizations that held Fairtrade certification throughout the full reporting period (see note)	31%	35%	
Total Fairtrade Premium received (€)	43,960,700	37,304,100	18%

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

FIGURE 7.4

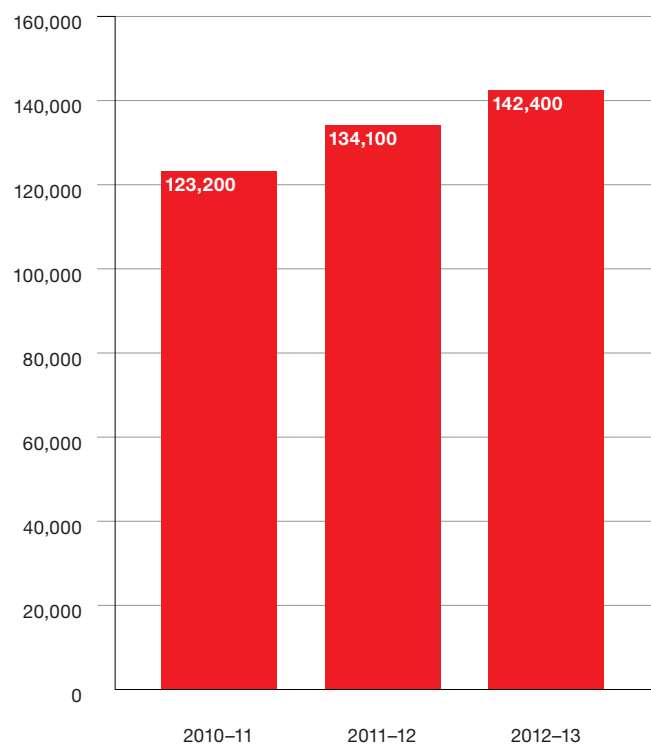
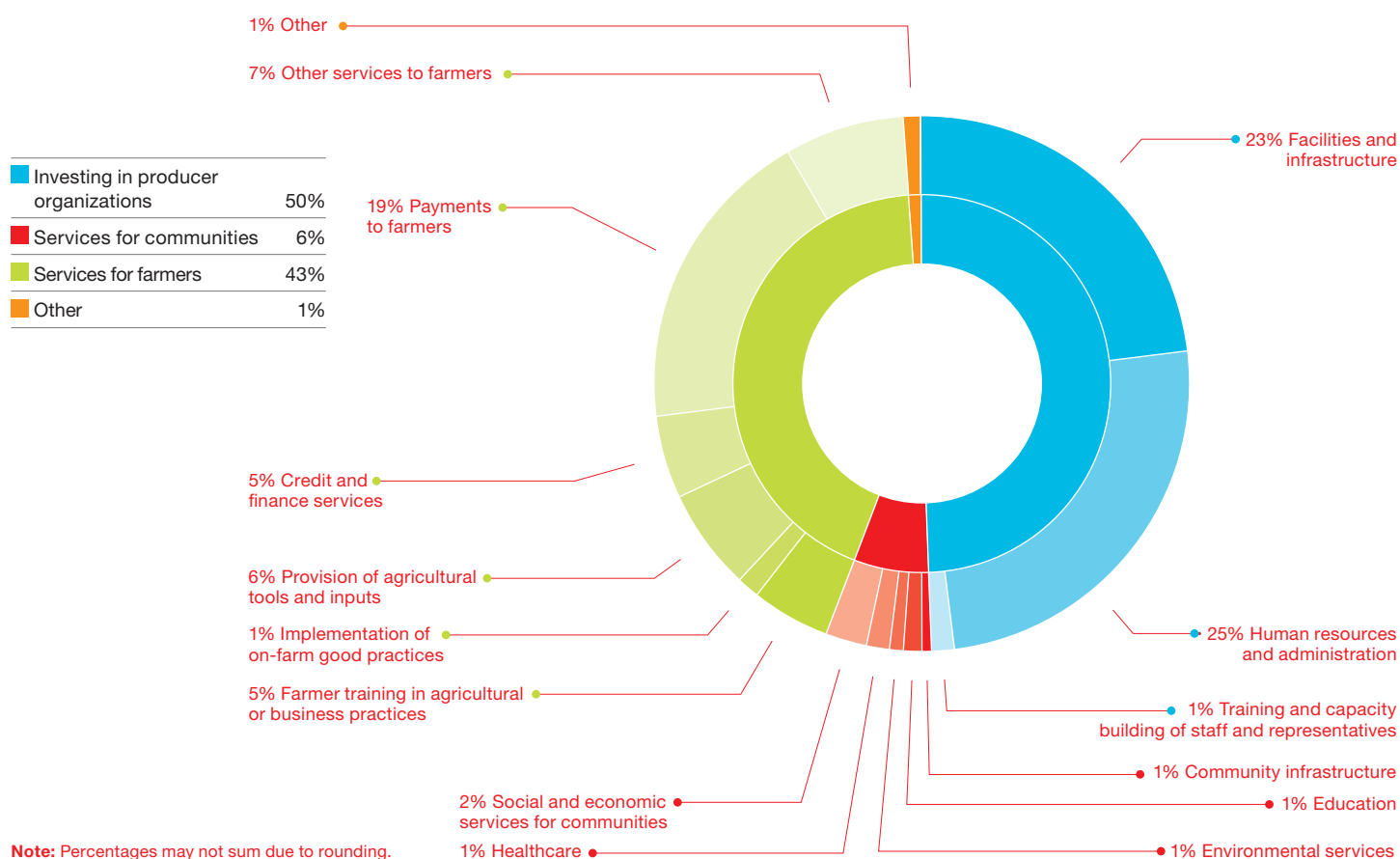
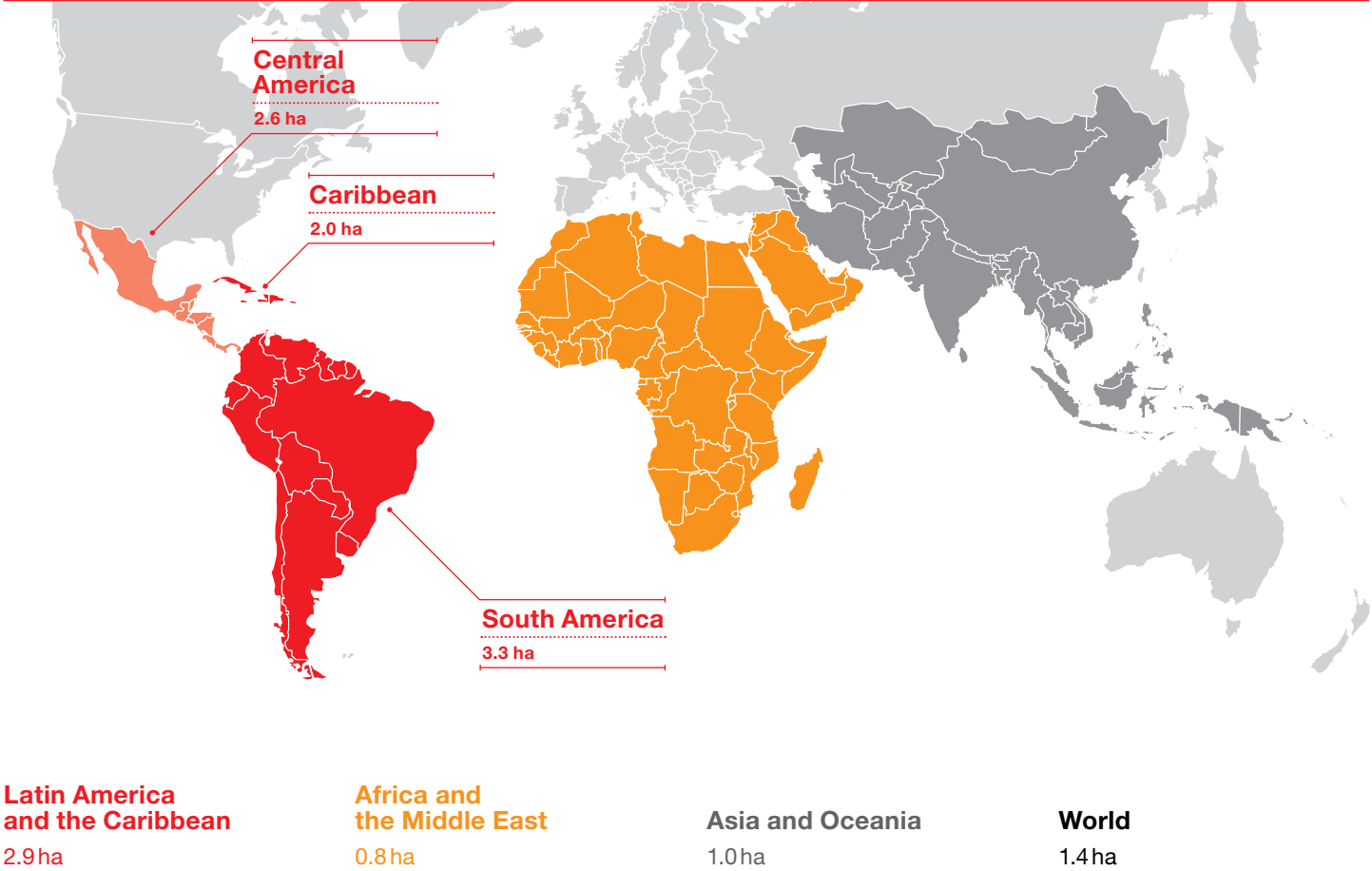
Fairtrade coffee: Fairtrade sales volumes and Fairtrade Premium received 2010–2013**Fairtrade coffee
volumes sold (MT)****Fairtrade Premium
received (€)**

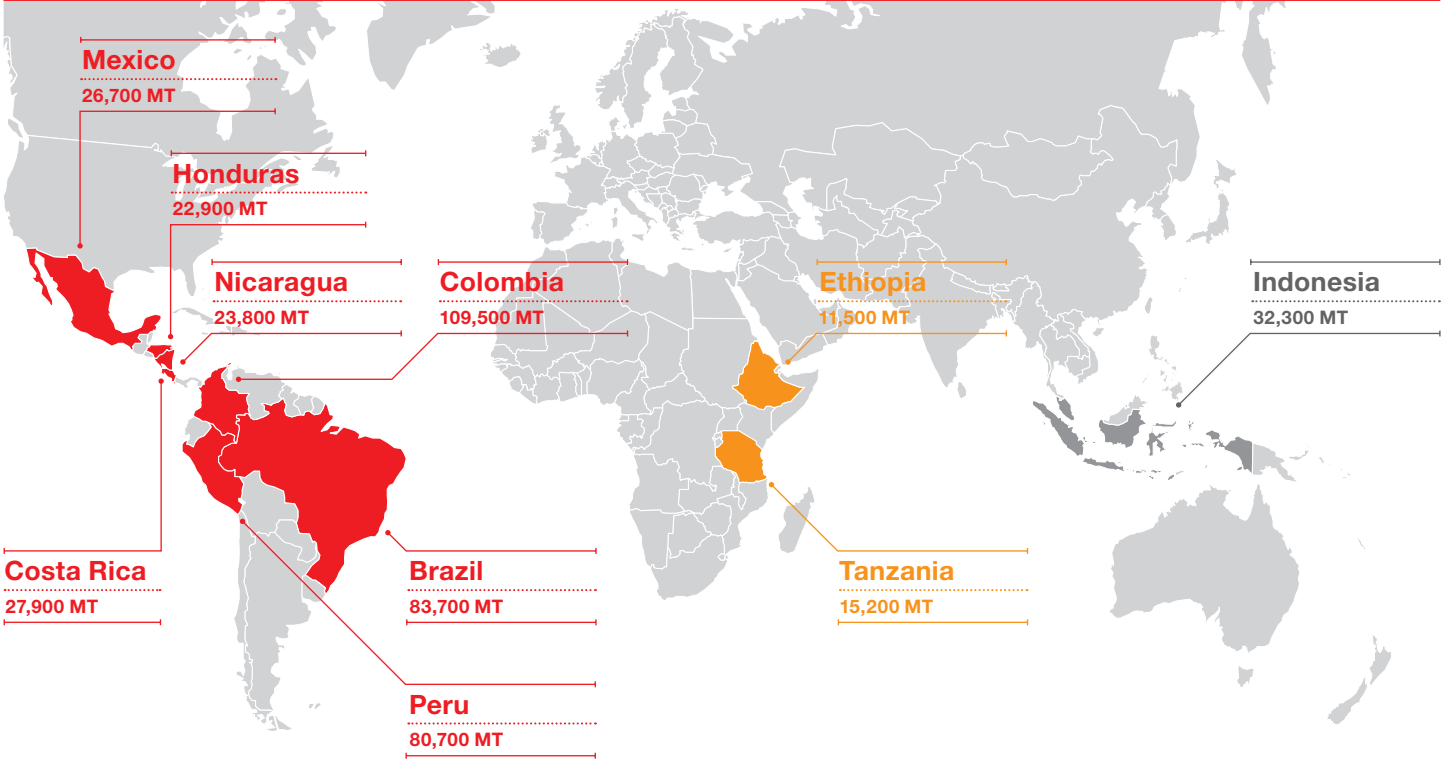
FIGURE 7.5

Fairtrade coffee: Fairtrade Premium use 2012–13

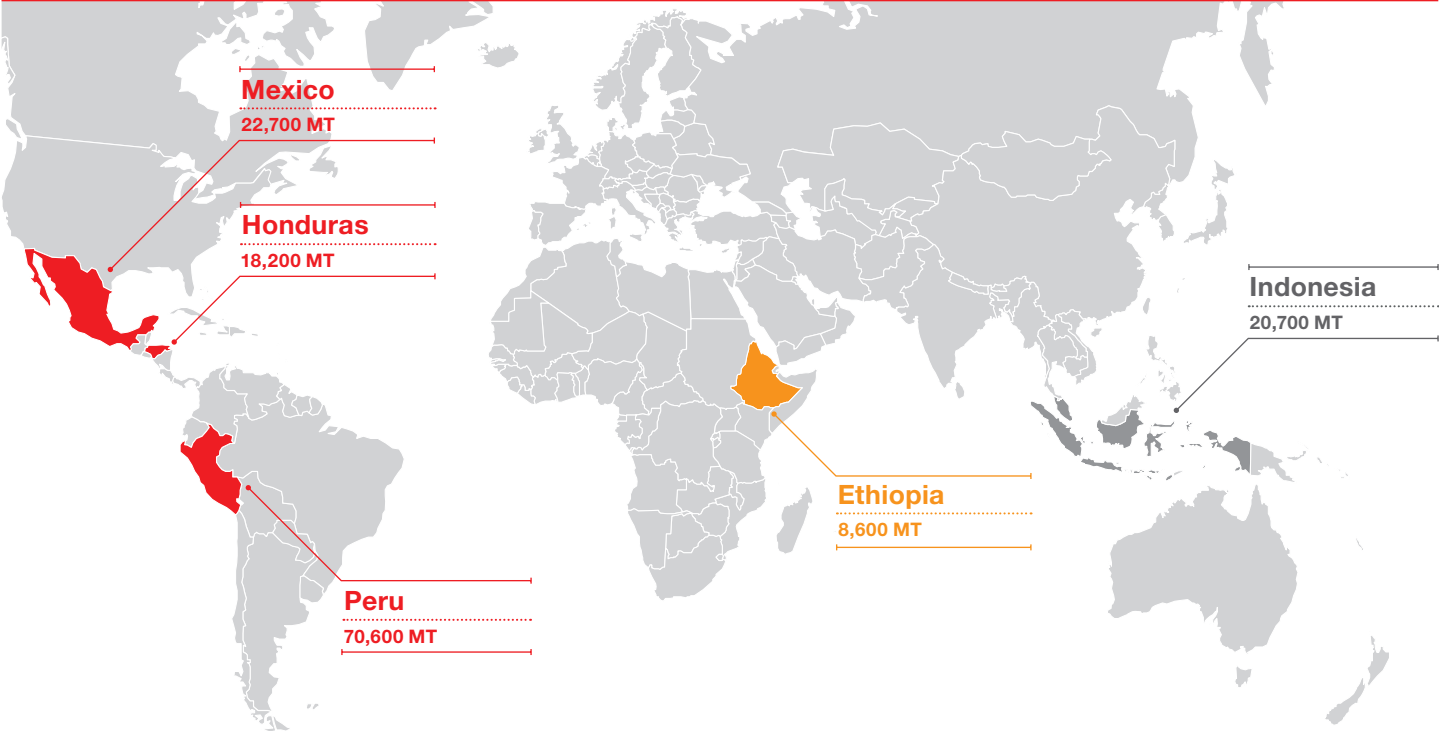
Average area of Fairtrade coffee cultivated per farmer 2013 (hectares)

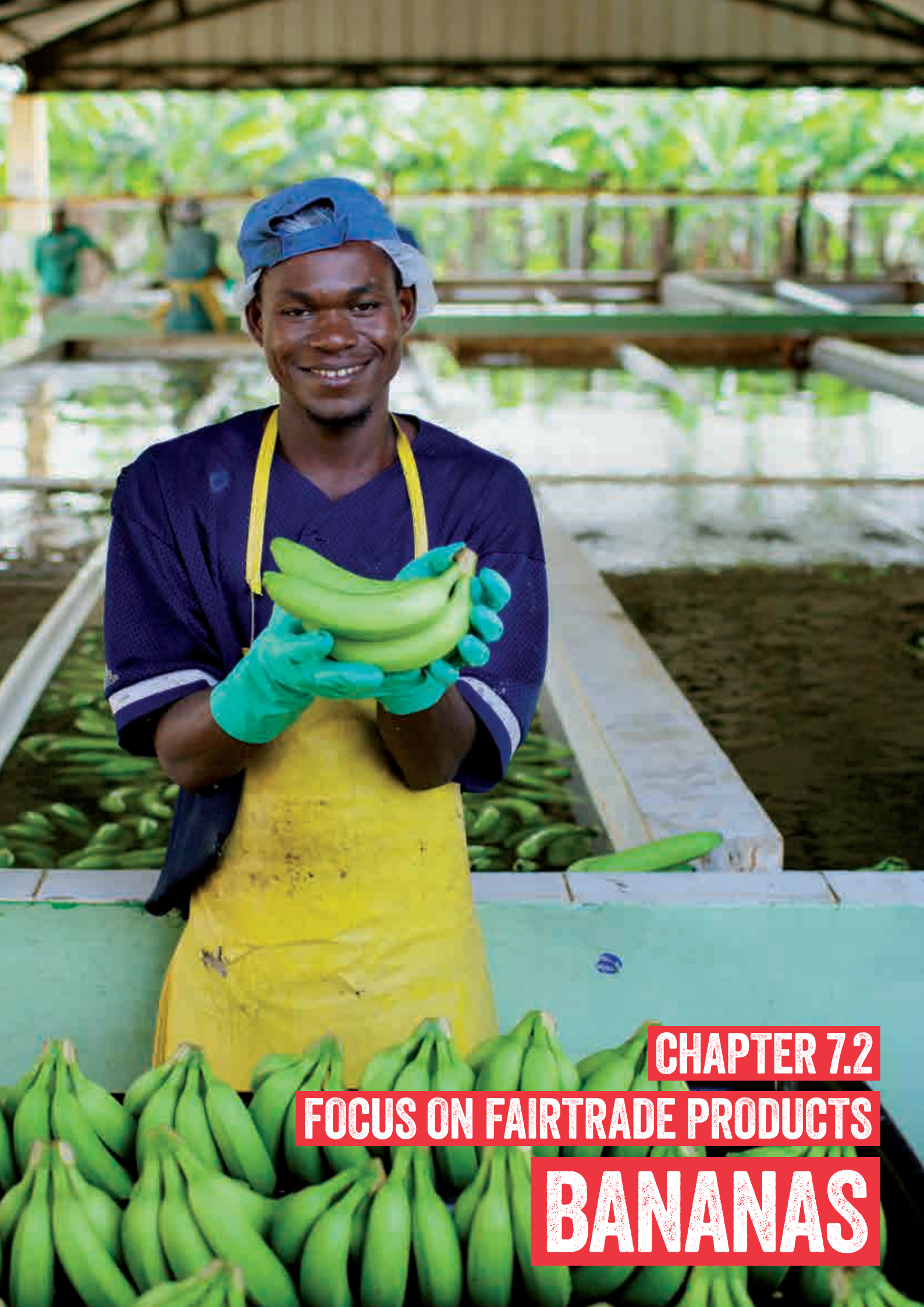


Fairtrade coffee production capacity: Top ten countries 2012-13 (MT)



Fairtrade organic coffee production capacity: Top five countries 2012-13 (MT)





CHAPTER 7.2

FOCUS ON FAIRTRADE PRODUCTS

BANANAS

113 BANANA
PRODUCER ORGANIZATIONS



REPRESENTING
27,000 PEOPLE
IN 11 COUNTRIES

SALES GREW BY
19% FOR
FAIRTRADE
BANANAS



FAIRTRADE
PRODUCER ORGANIZATIONS
SOLD OVER
60% OF
THEIR BANANAS ON
FAIRTRADE TERMS



WORKERS
ON FAIRTRADE CERTIFIED BANANA
PLANTATIONS INVESTED
38% OF
THEIR FAIRTRADE PREMIUM IN
HOUSING IMPROVEMENTS



7.2 Fairtrade Fact File: Bananas

Cover: Seloni Doctor, 27, selects bananas at BANELINO's Tierra Fria packing plant in the Dominican Republic. ©James Rodriguez

- At the end of 2013, 113 producer organizations in 11 countries were producing and selling Fairtrade bananas, including 63 small producer organizations and 50 plantations. The majority of Fairtrade banana producer organizations are in Colombia, the Dominican Republic, and Peru.
- More than 27,000 people were involved in Fairtrade bananas as small farmers in farmer organizations or as workers on Fairtrade banana plantations.
- Sales volumes of Fairtrade bananas reported by producers grew by 19 percent, with growth stronger for plantation sales than for small farmer organizations.
- In 2013, Fairtrade banana producers received over €17 million in Fairtrade Premium money, growth of around five percent on the figures for 2011–12. Around €15 million—or 89 percent—of this went to producer groups in the Dominican Republic, Colombia, Peru and Ecuador.
- Banana producers that were Fairtrade certified and eligible to make Fairtrade sales during the full reporting period sold 61 percent (small producer organizations) or 65 percent (plantations) of their product on average as Fairtrade.
- Worldwide, the average Fairtrade small-scale farmer devotes 1.8 hectares to banana cultivation. This varies from an average area of under one hectare in Peru and the Windward Islands to more than four hectares in the Dominican Republic, and more than six in Ecuador.
- In 2013, as in 2012, the low value of the dollar and climate variability—and the pests and diseases it exacerbates—hit banana producers in Latin America. Drought was a serious issue in the Dominican Republic, while Peru was affected by the pest rust thrips, reducing the exportable organic volumes.
- Banana farmers chose to invest around half their Fairtrade Premium in their organizations, a slight decrease on the figures for 2011–12. They spent 36 percent of the Fairtrade Premium on a range of direct services to farmers, including seven percent on tools and equipment for farmer members. Eleven percent was spent on community projects and services.
- Workers on banana plantations invested 38 percent of their Fairtrade Premium in improving worker housing, which has been a particular priority for workers in Colombia. Other priorities included support for education for workers and their children, through payment of school fees, scholarships and books.



PRODUCER REPORT

Confronted by pests, banana farmers adapt

In 2013, a massive outbreak of red rust thrips triggered by the unpredictable weather patterns brought on by climate change devastated the crop of banana farmers in Suliana, Peru.

Thanks to sponsorship from German retailer Kaufland, Fairtrade is supporting more than 200 farmers from the Association of Small Organic Producers from Querecotillo (APOQ) to find local measures to adapt their plots. Efforts include soil conservation techniques, integrated pest management and more.

Read the full story here: <http://bit.ly/1Aj6UCT>

FIGURE 7.6

Fairtrade bananas: Number of producer organizations with Fairtrade banana certification 2008–2013

Number of producer organizations
with Fairtrade banana certification

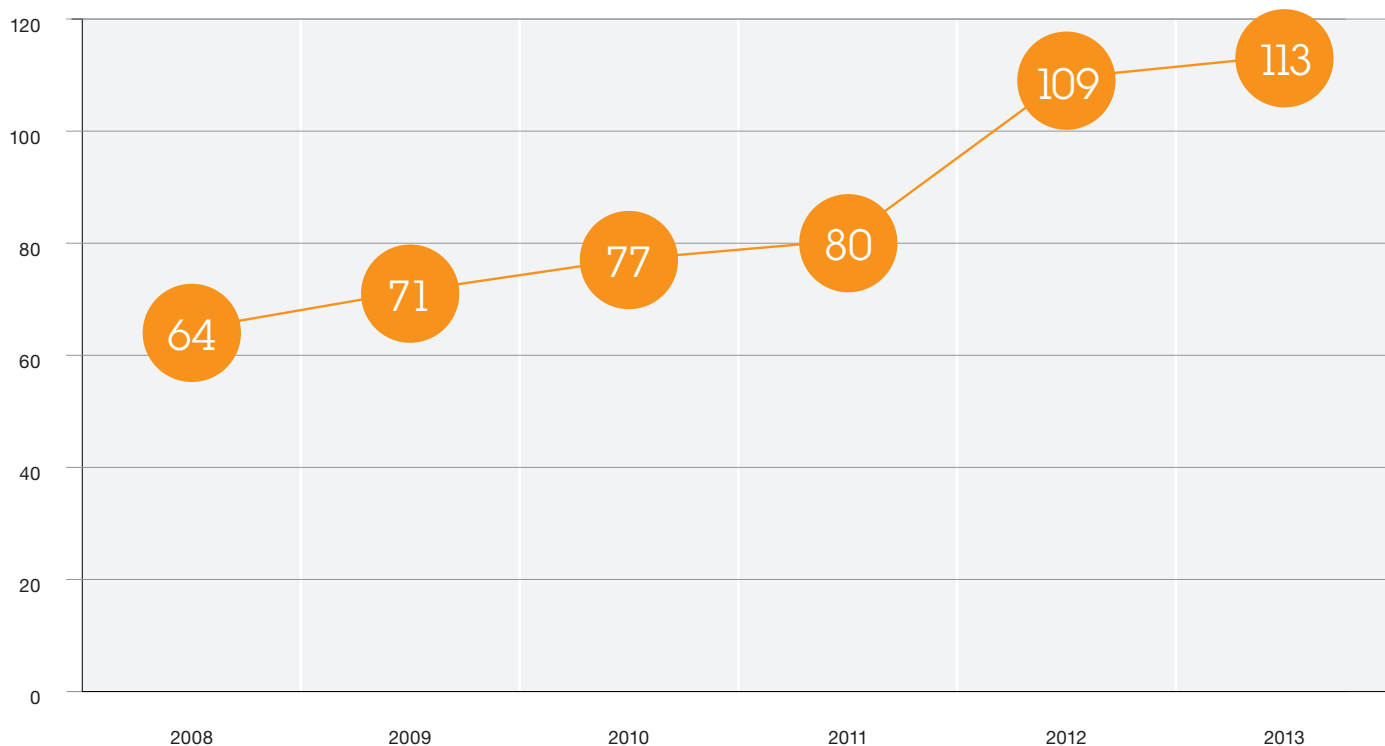
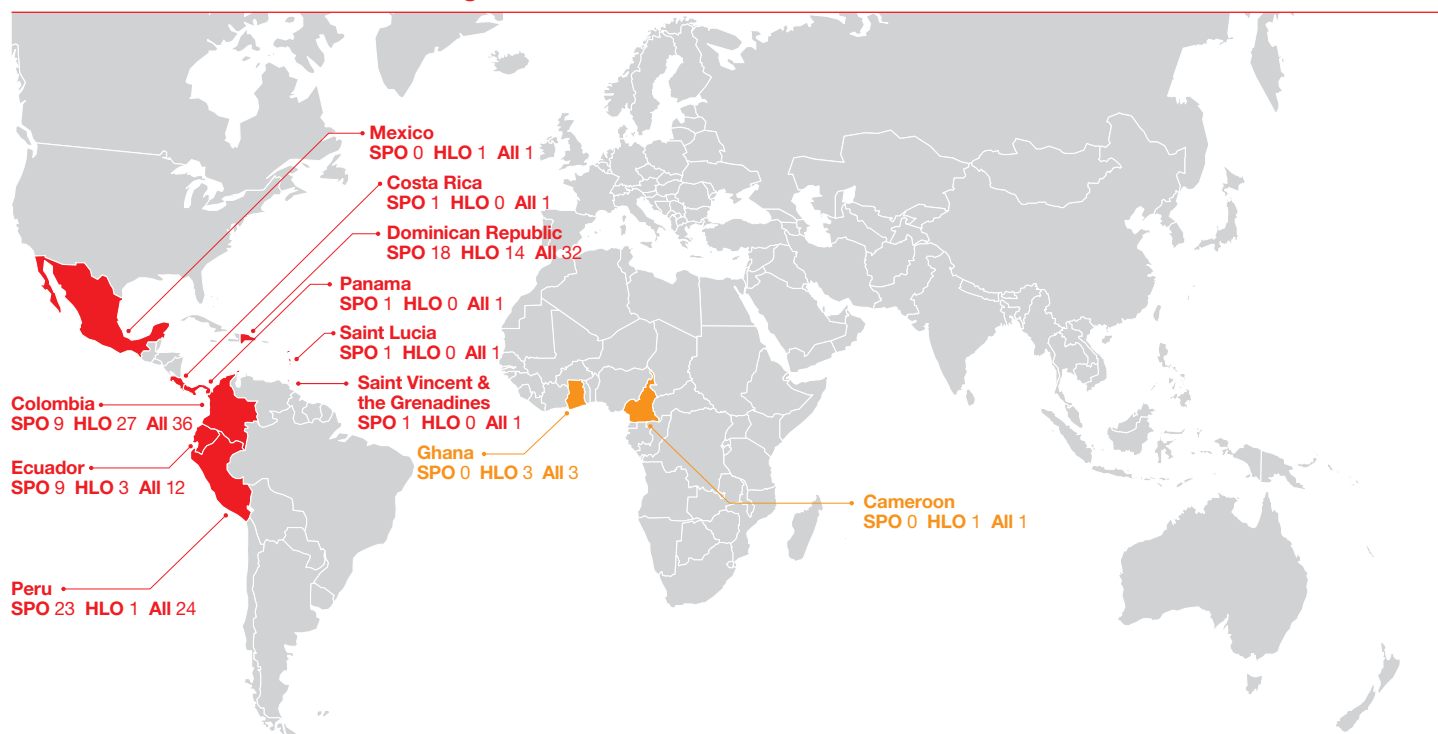


FIGURE 7.7

Fairtrade bananas: Producer organizations with Fairtrade banana certification 2013

SPO Small Producer Organization
HLO Hired Labour Organization

**Latin America
and the Caribbean**
SPO 63 HLO 46 All 109

**Africa and
the Middle East**
SPO 0 HLO 4 All 4

Global Total
SPO 63 HLO 50 All 113

FIGURE 7.8

Fairtrade bananas: Number of farmers and workers by country 2013

SPO Small Producer Organization
HLO Hired Labour Organization

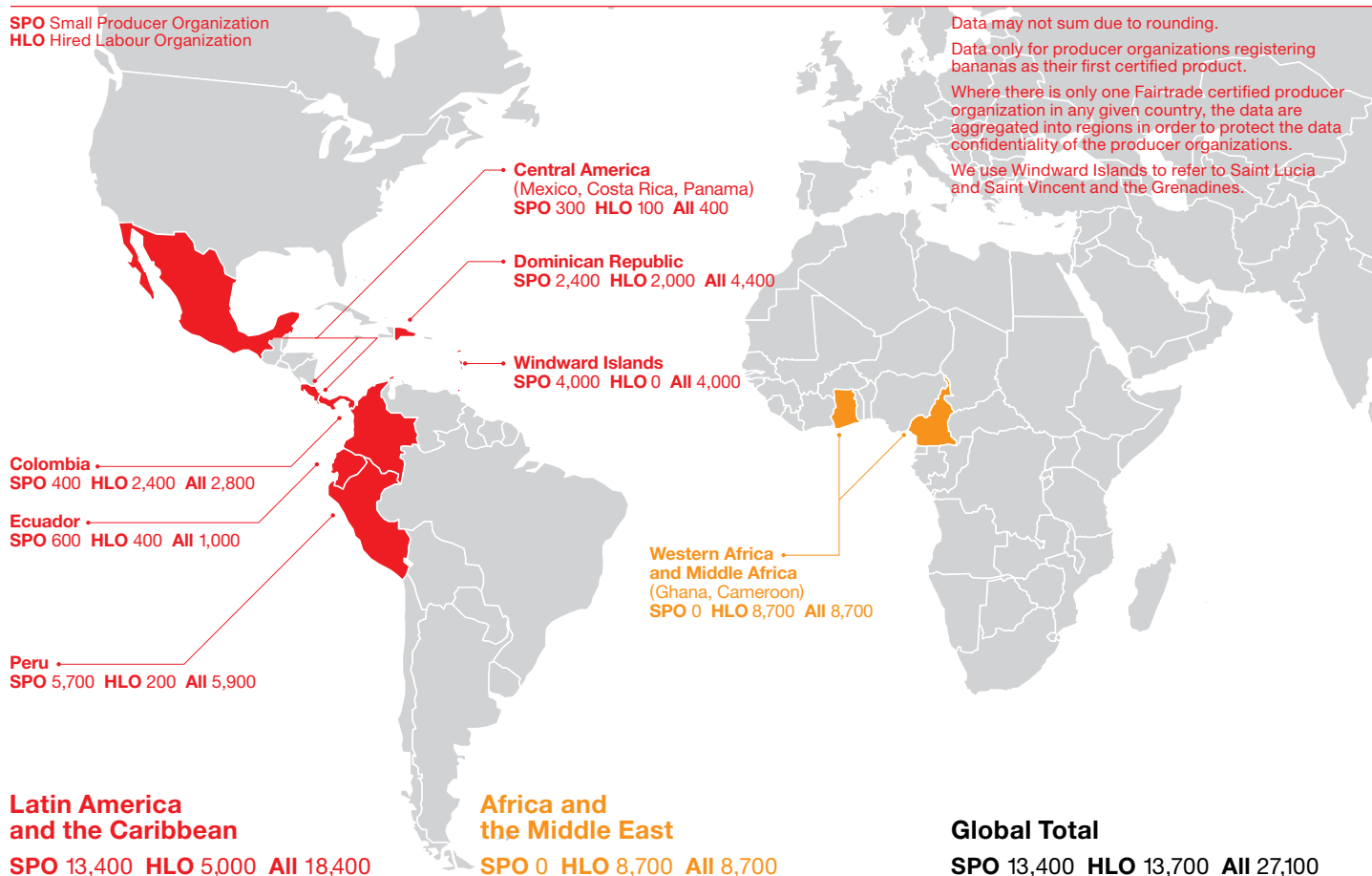


TABLE 7.2

Fairtrade bananas: Key data 2013

	2012–13	2011–12	Percentage change
Total number of farmers and workers	27,100	24,500	11%
Total number of hectares under Fairtrade banana cultivation	38,700	33,000	17%
Total certifiable volume (MT)	793,800	623,200	27%
Organic Fairtrade-certifiable volume (MT)	291,800	290,800	0%
Organic volume as percentage of total certifiable volume	37%	47%	
Total Fairtrade sales volume (MT)	406,000	342,300	19%
Overall proportion of banana production volumes sold as Fairtrade by organizations that held Fairtrade certification throughout the full reporting period (see note)	62% (SPO)/69% (HL)	61% (SPO)/65% (HL)	
Total Fairtrade Premium received (€)	17,014,600	16,248,000	5%

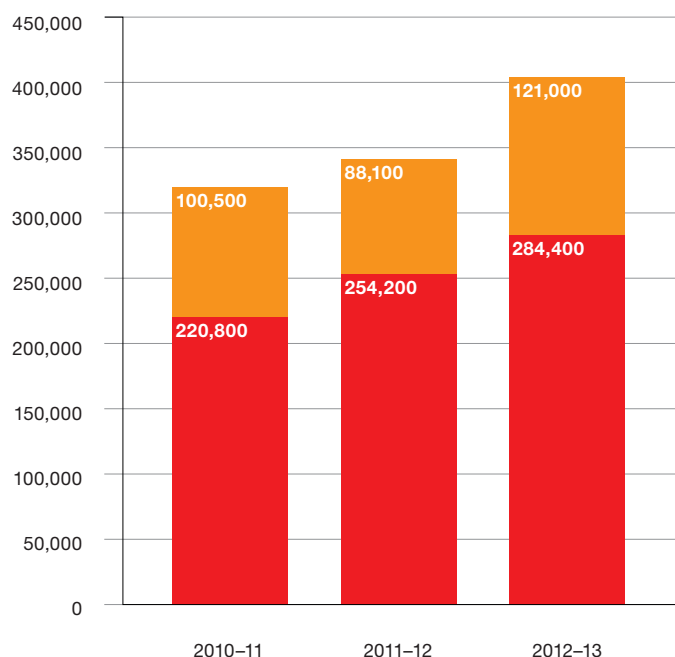
Note: The analysis of Fairtrade sales volumes as a proportion of production volumes excludes newly certified organizations that were not eligible to sell their bananas on Fairtrade terms during the period under review. It also excludes any organization that did not report data for either their total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

FIGURE 7.9

Fairtrade bananas: Fairtrade sales volumes and Fairtrade Premium received 2010–2013

■ Hired Labour Organizations
■ Small Producer Organizations

**Fairtrade bananas
volumes sold (MT)**



**Fairtrade Premium
received (€)**

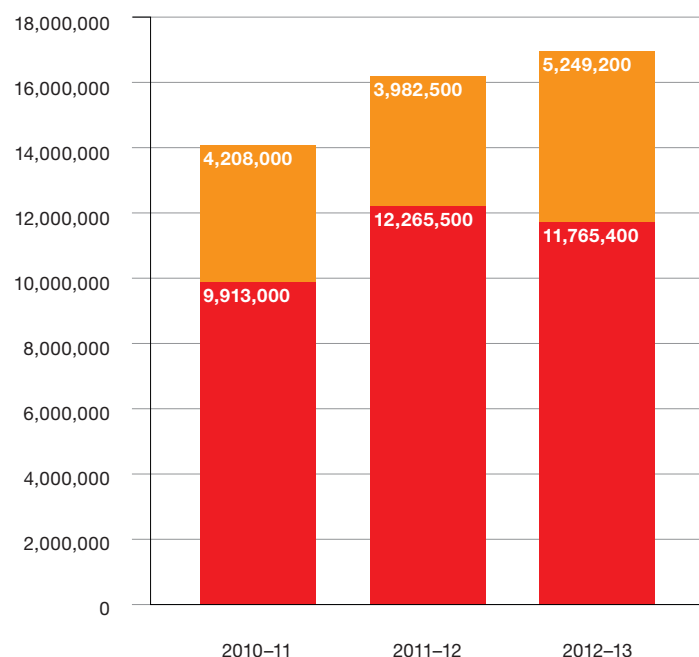
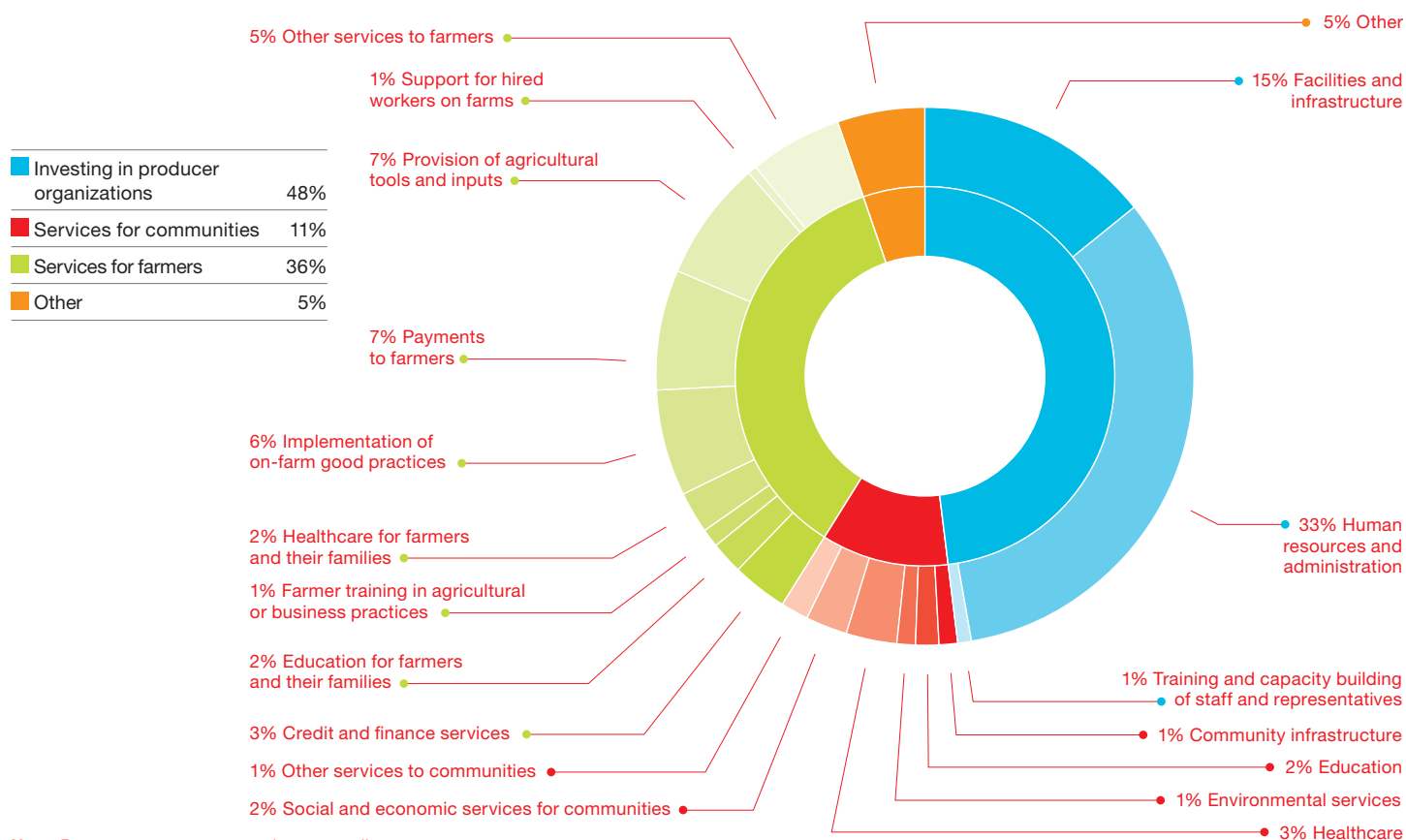
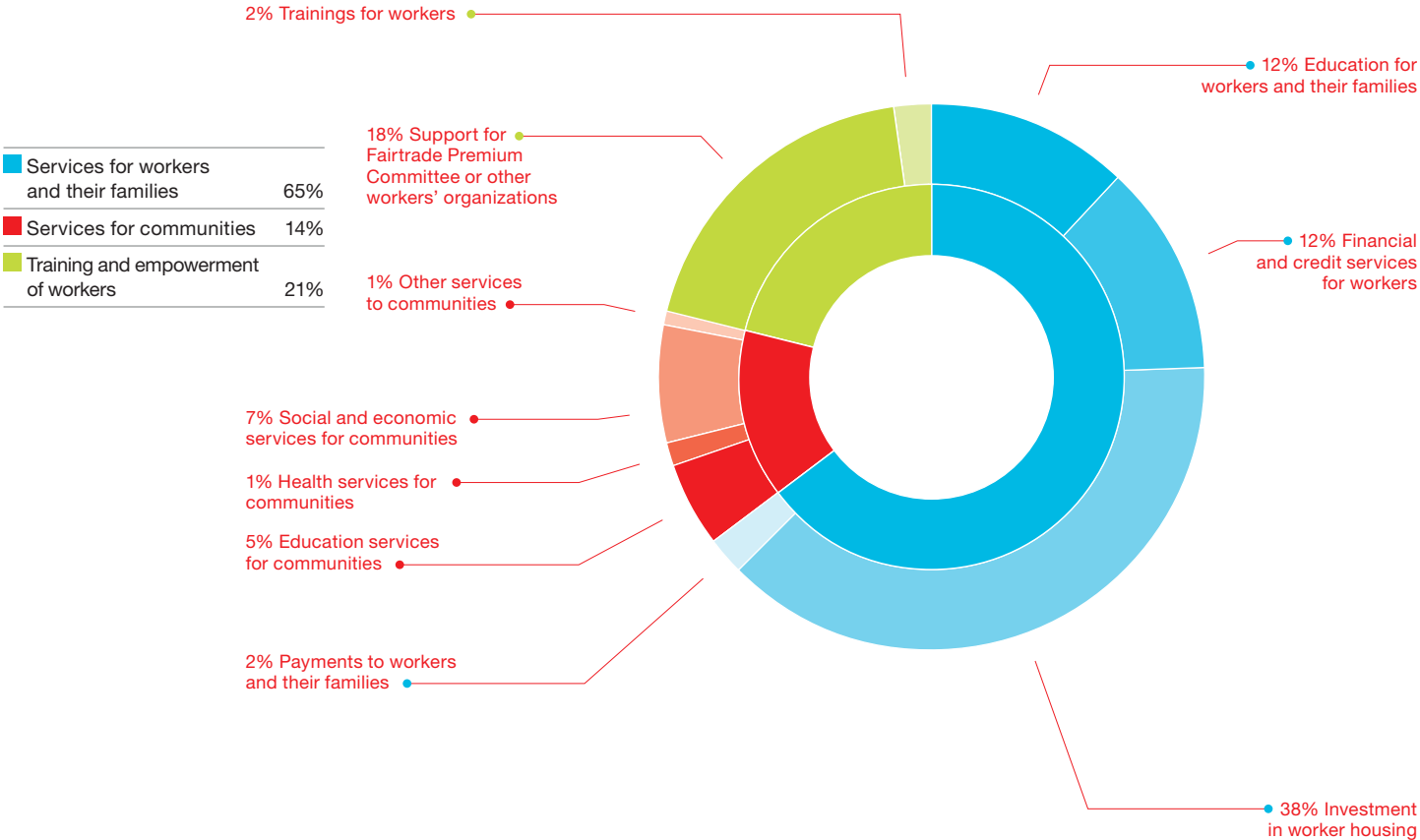


FIGURE 7.10A

Fairtrade bananas: Fairtrade Premium use in Small Producer Organizations 2012–13

Note: Percentages may not sum due to rounding.

FIGURE 7.10B
Fairtrade bananas: Fairtrade Premium use in Hired Labour Organizations 2012-13



Note: Percentages may not sum due to rounding.

Average area of Fairtrade bananas cultivated per farmer 2013 (hectares)



Fairtrade bananas: Top selling countries by volume 2012-13 (MT)

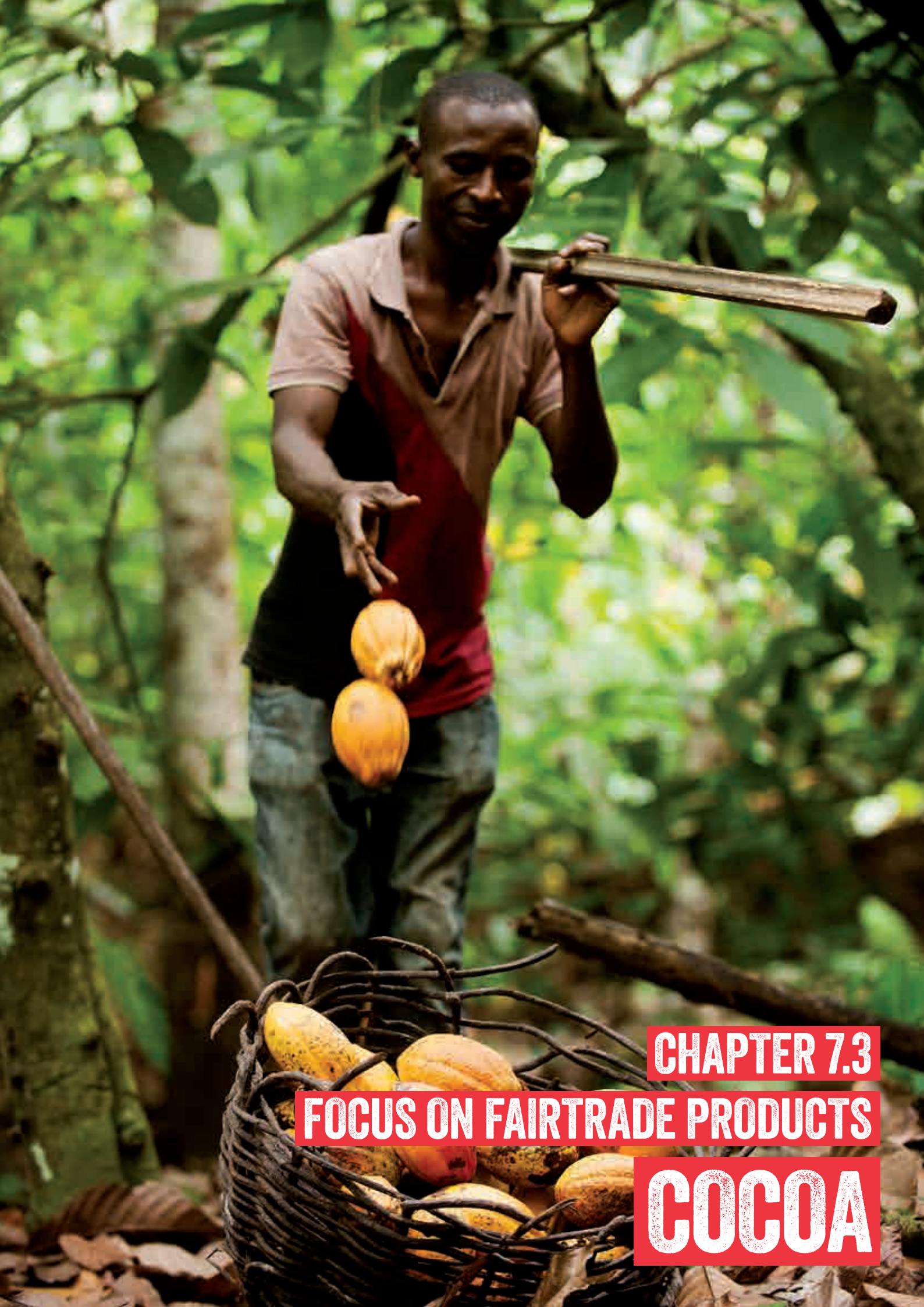


Fairtrade organic banana production capacity: Top three countries 2012-13 (MT)



Fairtrade bananas: Top countries Fairtrade Premium received 2012-13 (€)





CHAPTER 7.3

FOCUS ON FAIRTRADE PRODUCTS

COCOA

176,600
SMALL-SCALE
FARMERS PRODUCE
COCOA WORLDWIDE



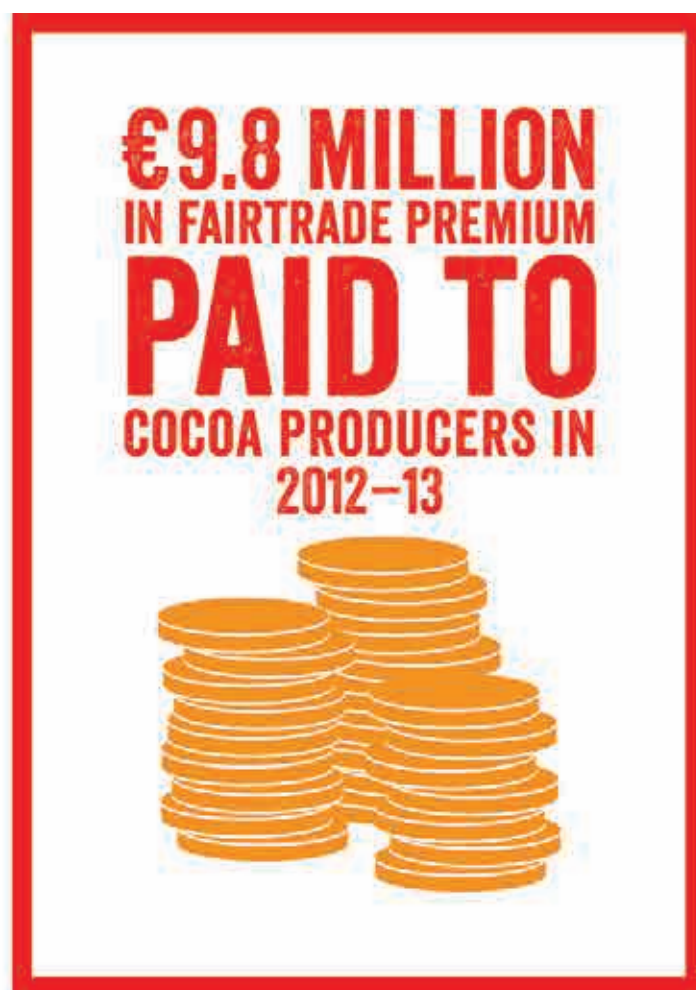
2.6 HECTARES
IS THE AVERAGE
PLOT SIZE OF
FAIRTRADE
COCOA FARMERS



130
COCOA

PRODUCER ORGANIZATIONS IN
20 COUNTRIES ARE
FAIRTRADE CERTIFIED





7.3 Fairtrade Fact File: Cocoa

- At the end of 2013, 130 small producer organizations in 20 countries held a Fairtrade certification for cocoa, representing 176,600 small-scale farmers. This was a small increase on 2012.
- The growth in new organizations in Cote d'Ivoire levelled off, while numbers of Fairtrade certified cocoa organizations in Ghana and Sierra Leone increased.
- The overall production of Fairtrade certifiable cocoa, which had grown rapidly during 2011 and 2012 as new organizations became certified, remained constant at just over 176,000 MT. Nearly 40,000 MT of the cocoa produced by Fairtrade producers was also organic-certified.
- Reported sales volumes of Fairtrade cocoa in the reporting period were 60,400 MT. This was an apparent decrease on the levels reported for 2011-12. In fact the variance between years is due to sales of around 6000 MT from Cote d'Ivoire that were made right at the end of 2012 and included in the previous year's data set, but which were supplied to the market in 2013. If we smooth out sales between the two years we find that sales of Fairtrade cocoa have remained more or less stable in 2013, after the previous period of rapid growth.
- Cocoa producers that were Fairtrade certified and eligible to make Fairtrade sales during the full reporting period sold 41 percent of their production as Fairtrade on average.
- By the end of 2013, Côte d'Ivoire production capacity for Fairtrade-certifiable cocoa was around double that of Ghana, and by far the largest origin for Fairtrade-certified cocoa. However, producers in Côte d'Ivoire were experiencing particular challenges to gain market access for their certified cocoa, selling only around 20 percent of their overall production as Fairtrade.
- Recognising the need to create additional opportunities for cocoa farmers to sell their cocoa on Fairtrade terms, Fairtrade has developed new sourcing opportunities

Cover: Norbert Boni Koikoi, a member of Fairtrade certified organization CANN in the Ivory Coast, tosses freshly harvested cocoa pods into his basket. © Éric St-Pierre

for cocoa, allowing companies to source and use Fairtrade cocoa in more flexible ways in the market. For more information about the Fairtrade Sourcing Program for cocoa, and how it is already enabling farmers sell more of their cocoa on Fairtrade terms, go to www.fairtrade.net/fsp-overview.html

- Worldwide, the average area of land that a Fairtrade small-scale farmer devotes to cocoa cultivation is 2.6 hectares. Farm cultivation areas in Western Africa and in South America are very similar.
- In 2012–13, Fairtrade cocoa producer organizations received more than €9.8 million in Fairtrade Premium.
- In cocoa as in other products, the Fairtrade Premium was overwhelmingly used to support producer organizations and farmers in strengthening their businesses and livelihoods. In 2012–13, 50 percent of the Fairtrade Premium was invested in strengthening producer organizations. This included 31 percent dedicated to shared facilities and infrastructure, particularly building warehousing facilities for the cocoa crop and storage depots for inputs; purchasing shared vehicles for crop collection and transport; developing improved facilities for drying the cocoa; and establishing tree nurseries for new cocoa trees.
- Investments like these support the proper management, storage, and processing of the cocoa, which are key to ensuring quality and reducing wastage—and so ultimately increasing sales and income. These shared facilities and services are an essential and much-appreciated support for farmers, who could not make these investments individually.
- Forty-two percent of the Fairtrade Premium was used to deliver direct services to farmer members, including agricultural tools and inputs, training, credit services, and direct payments to farmers. The tools and inputs provided to farmers most commonly included machetes for harvesting the cocoa; pesticides and sprayers; wellington boots; and pruners to support better tree management. Training included farmer extension services and the implementation of better agricultural practices at farm level. Farmers received training on productivity and quality improvement; sustainable tree management; pest management; child protection; and environmental protection.
- Direct payment of Fairtrade Premium to farmers accounted for 23 percent of Fairtrade Premium use overall. In some cases the farmer organizations use this extra payment to reflect the relative quality of the cocoa that individual farmers are producing. It is also being used as a tool to incentivize higher productivity and greater member loyalty, with farmers who produce and sell more cocoa through the organization earning higher Fairtrade Premium bonuses. The emphasis on direct payment to farmers also reflects the high levels of poverty among West African cocoa farmers.



PRODUCER REPORT

Fairtrade cocoa goes Pacific

Fairtrade cocoa doesn't have to travel as far thanks to the certification of Club 3000, a group of 629 cocoa farmers in Papua New Guinea. In their first year, the farmers plan to produce 120 metric tonnes of Fairtrade certified cocoa, which will be sold into a supply chain in Australia. The sales will generate an additional US\$24,000 of Fairtrade Premium above the selling price, which producers plan to invest in local elementary schools and in restocking abandoned aid posts in the remote region with medical supplies. The farmers are looking to long-term improvements as they develop relationships with buyers in the region.

Read the full story here: <http://bit.ly/13fQIF1>

- Since October 2012, cocoa producing organizations have been encouraged to use at least 25 percent of their Fairtrade Premium payments in activities that will increase the productivity of members' farms and the quality of their cocoa. In 2012–13 we estimate that Fairtrade cocoa organizations spent around 46 percent of their Fairtrade Premium on projects related to the improvement of cocoa productivity and quality. These investments included 15 percent spent on farm level improvements such as farmer training, tools and inputs, and 31 percent on shared facilities and infrastructure.

FIGURE 7.11

Fairtrade cocoa: Number of producer organizations with Fairtrade cocoa certification 2008–2013

Number of producer organizations
with Fairtrade cocoa certification

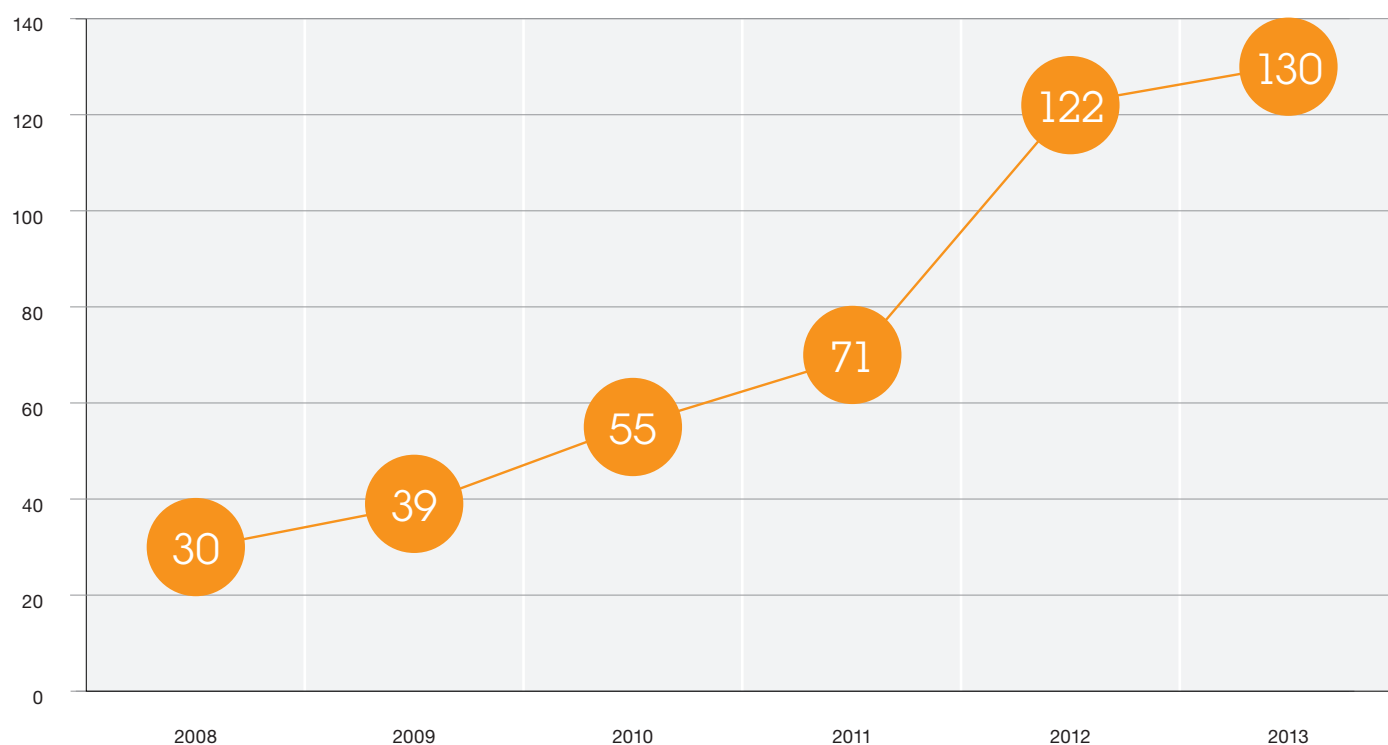
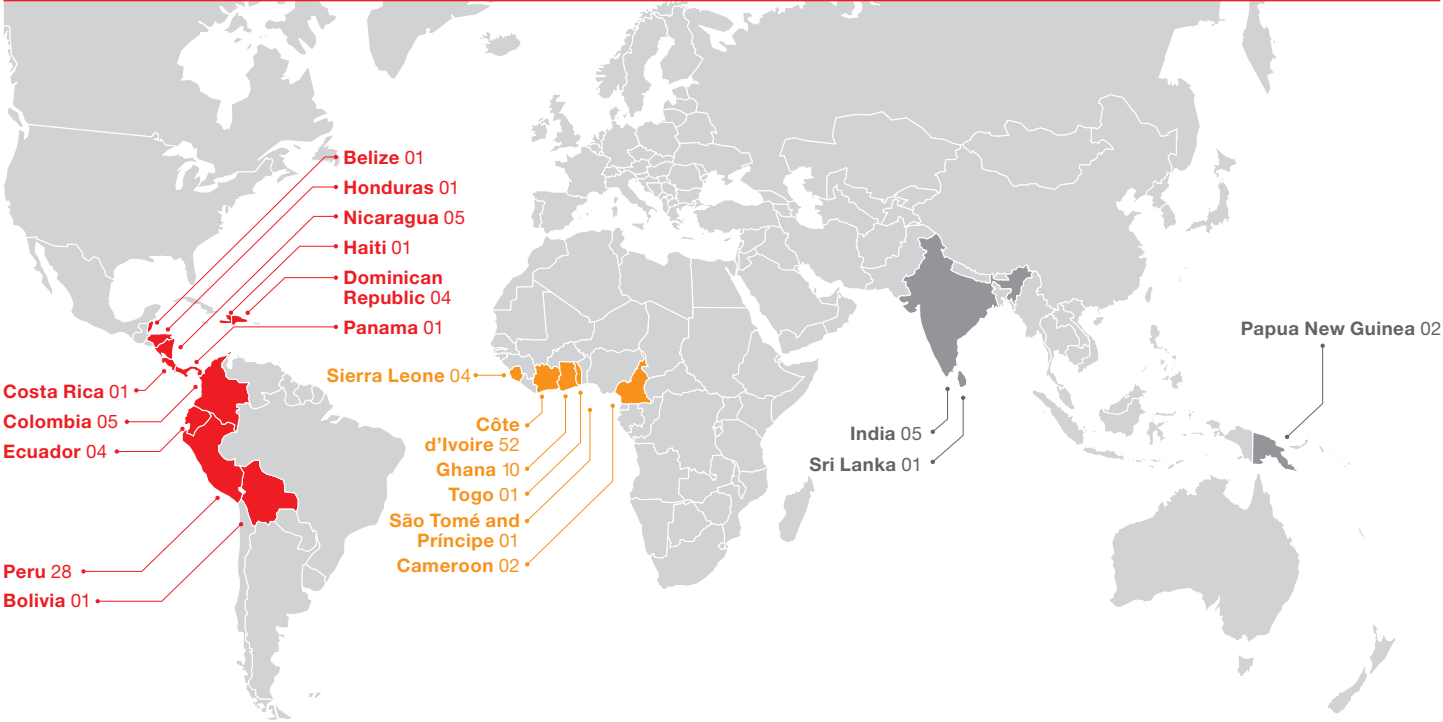


FIGURE 7.12

Fairtrade cocoa: Producer organizations with Fairtrade cocoa certification 2013

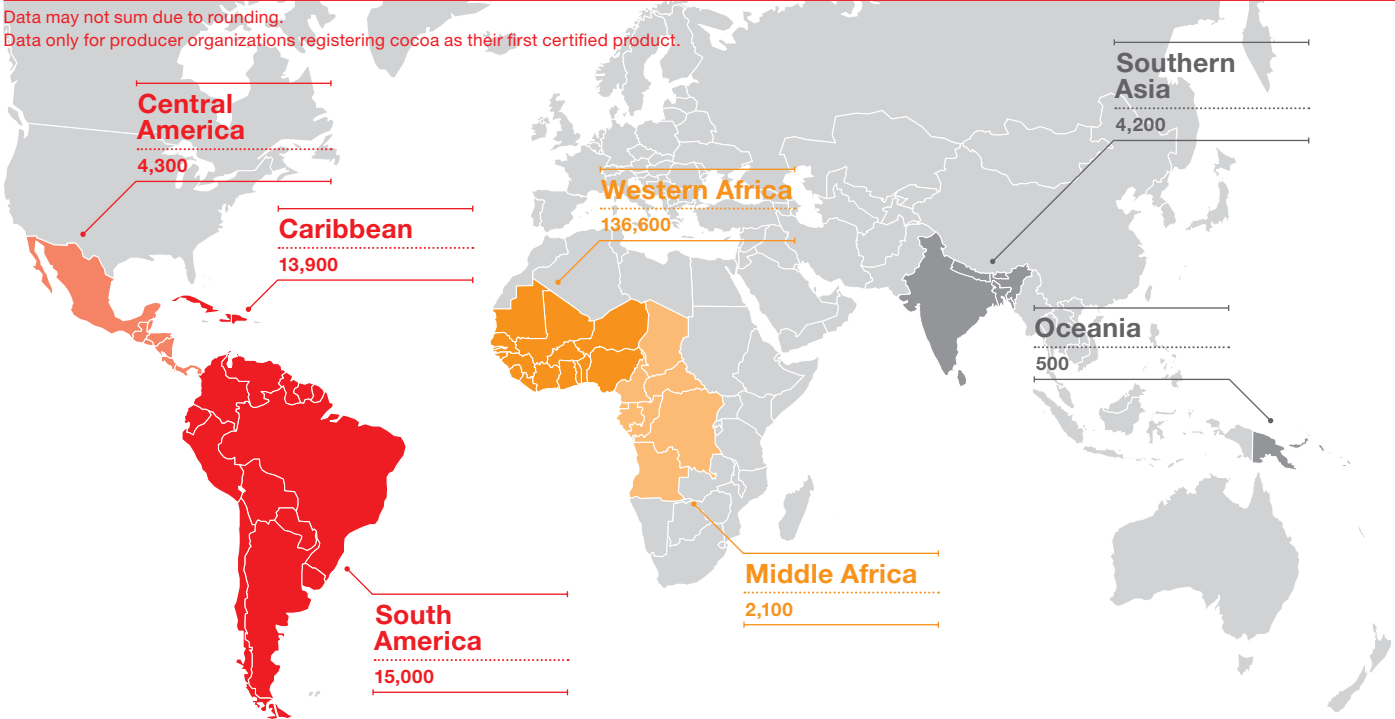


Latin America and the Caribbean	Africa and the Middle East	Asia and Oceania	Grand Total
52	70	08	130

FIGURE 7.13

Fairtrade cocoa: Number of farmers by region 2013

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



Latin America and the Caribbean	Africa and the Middle East	Asia and Oceania	Global Total
33,300	138,700	4,600	176,600

TABLE 7.3

Fairtrade cocoa: Key data 2013

	2012–13	2011–12	Percentage change
Total number of farmers	176,600	166,900	6%
Total number of hectares under Fairtrade cocoa cultivation	424,900	448,700	-5%
Total certifiable volume (MT)	176,400	175,900	0%
Organic Fairtrade-certifiable volume (MT)	39,400	38,640	2%
Organic volume as percentage of total certifiable volume	22%	22%	
Total Fairtrade sales volume (MT)	60,400	68,300	-12%
Overall proportion of cocoa production volumes sold as Fairtrade by organizations that held Fairtrade certification throughout the full reporting period (see note)	40%	46%	
Total Fairtrade Premium received (€)	9,828,500	9,433,900	4%

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

FIGURE 7.14

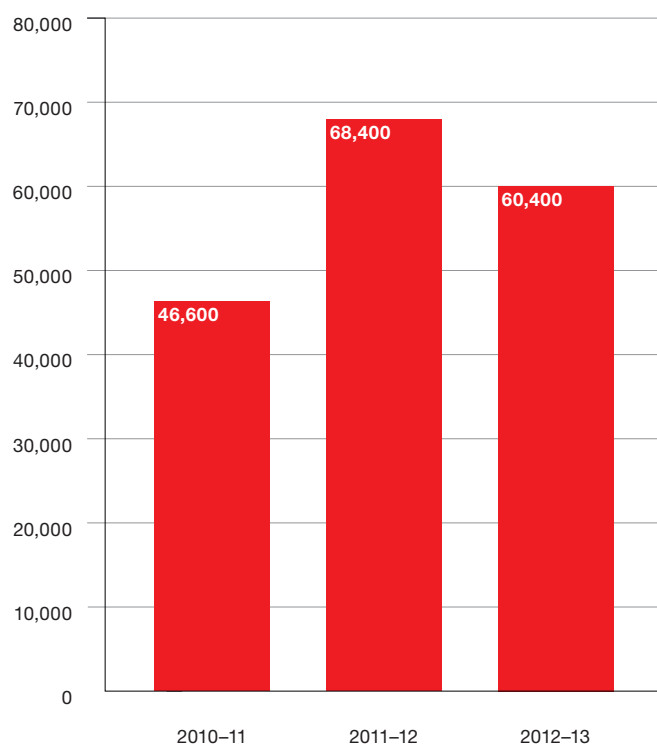
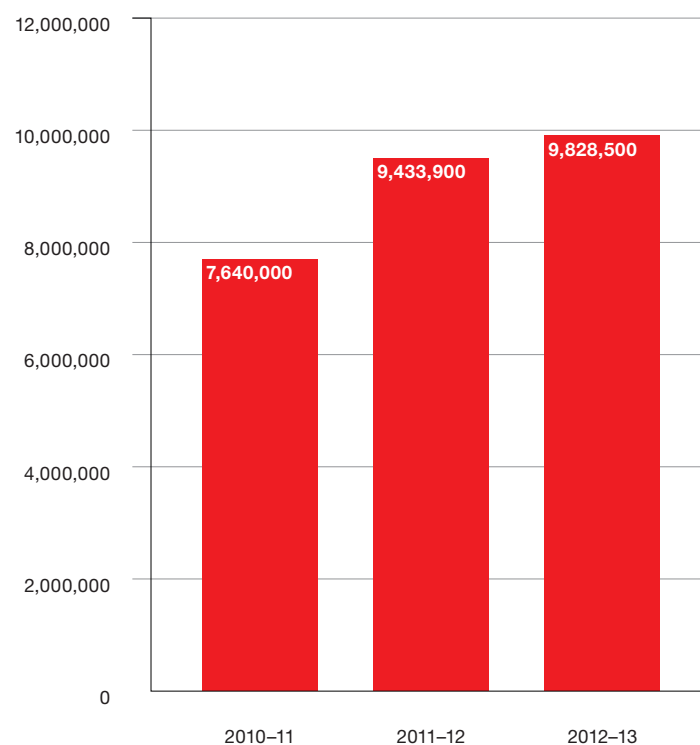
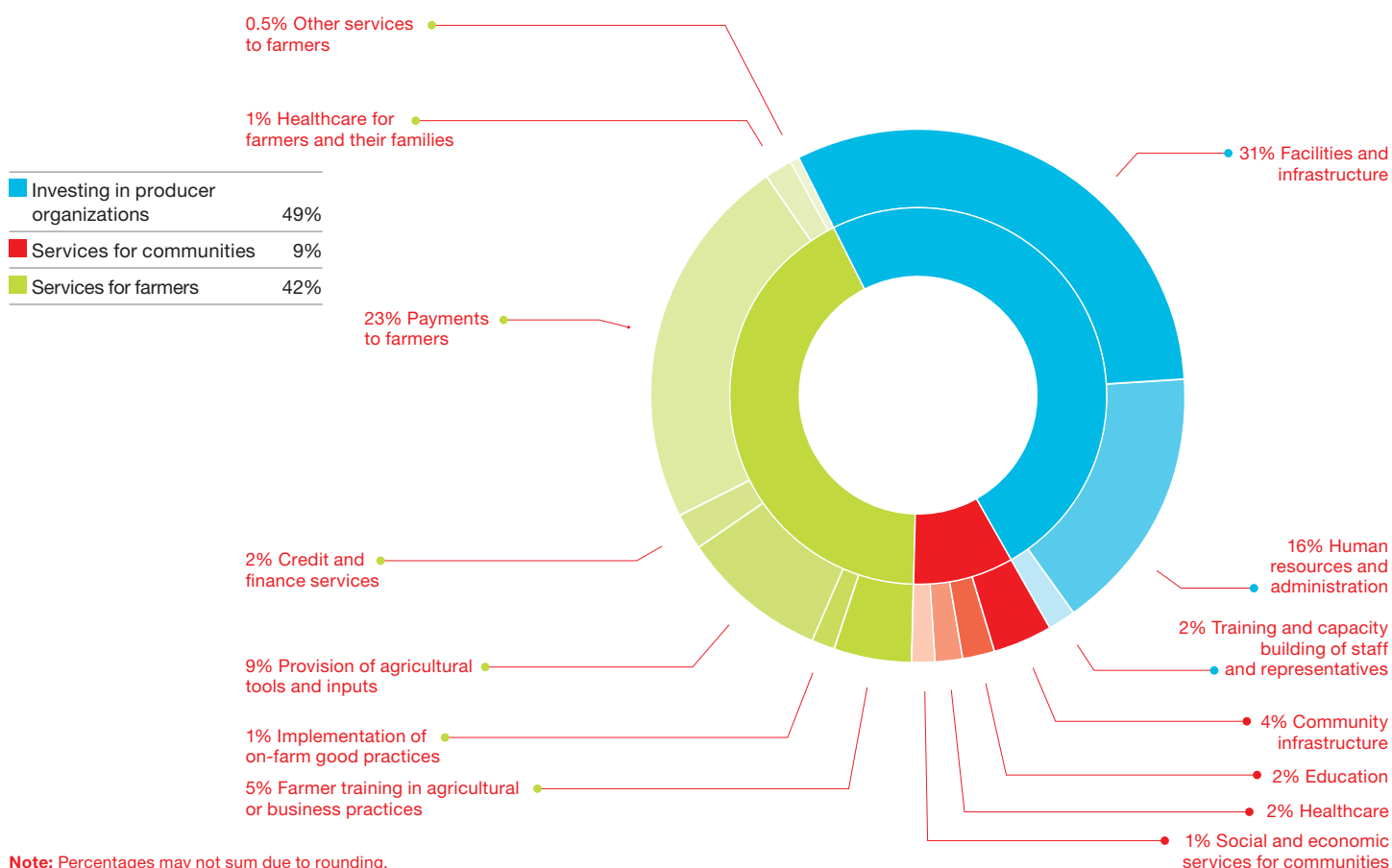
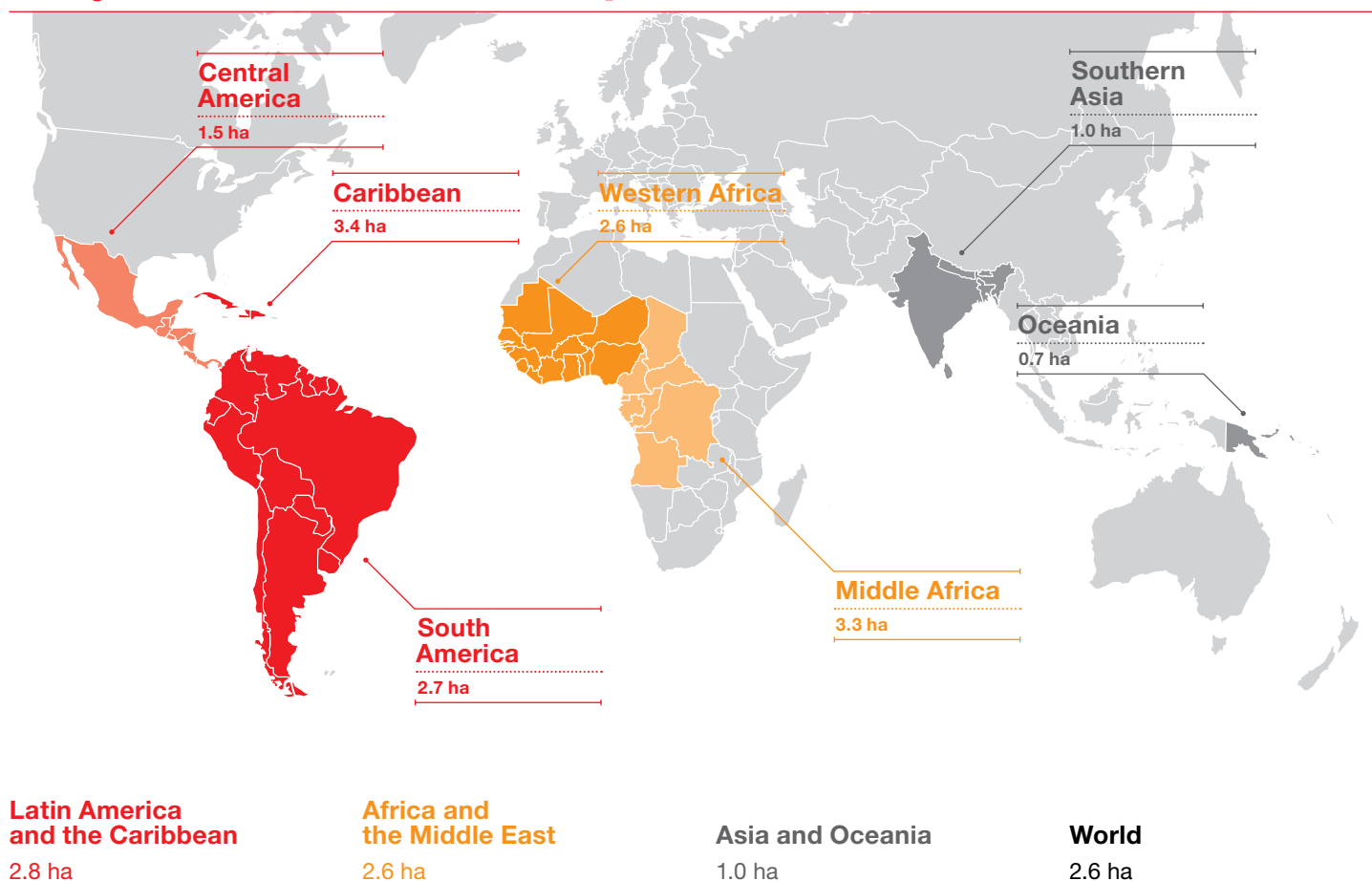
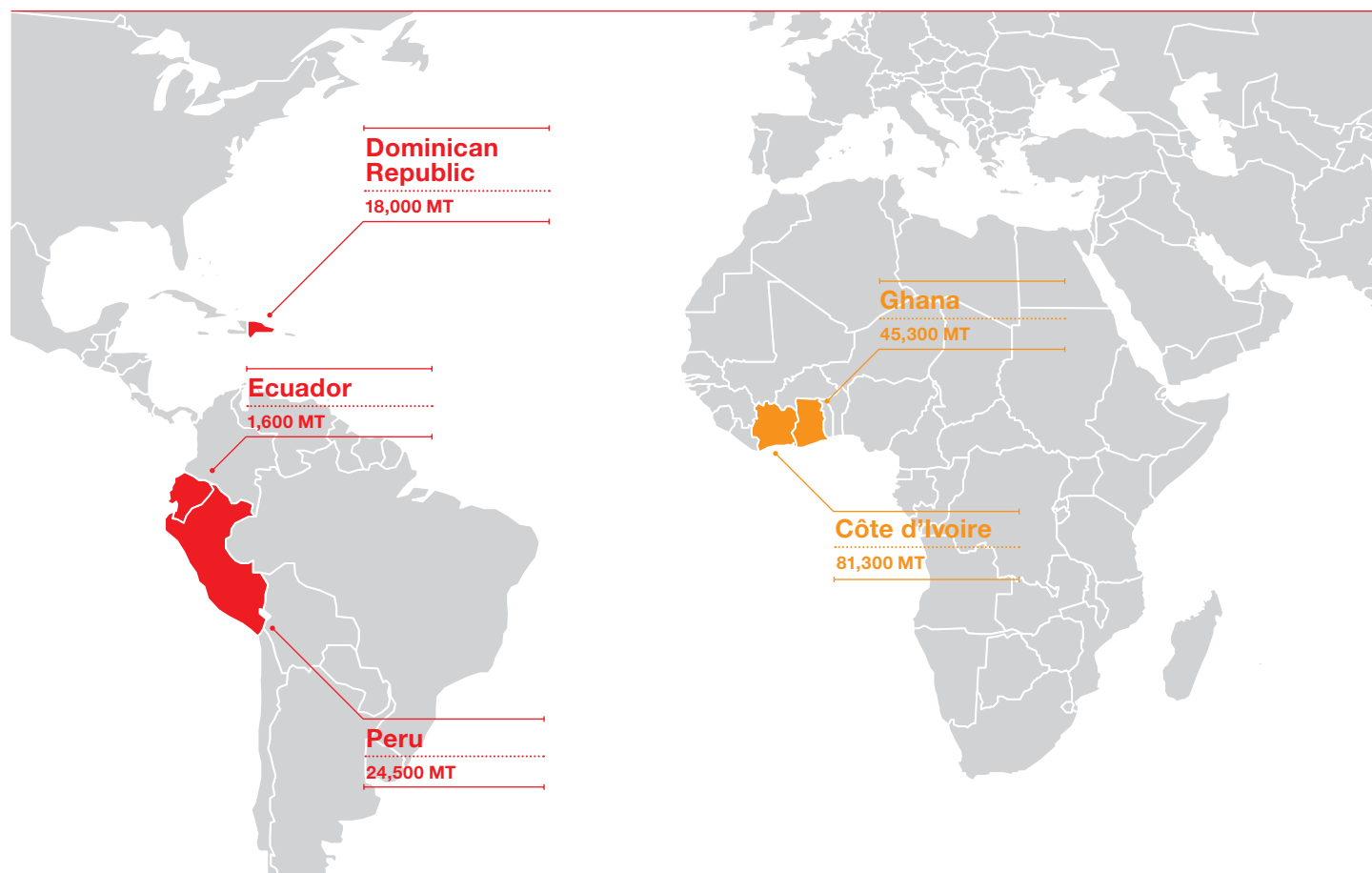
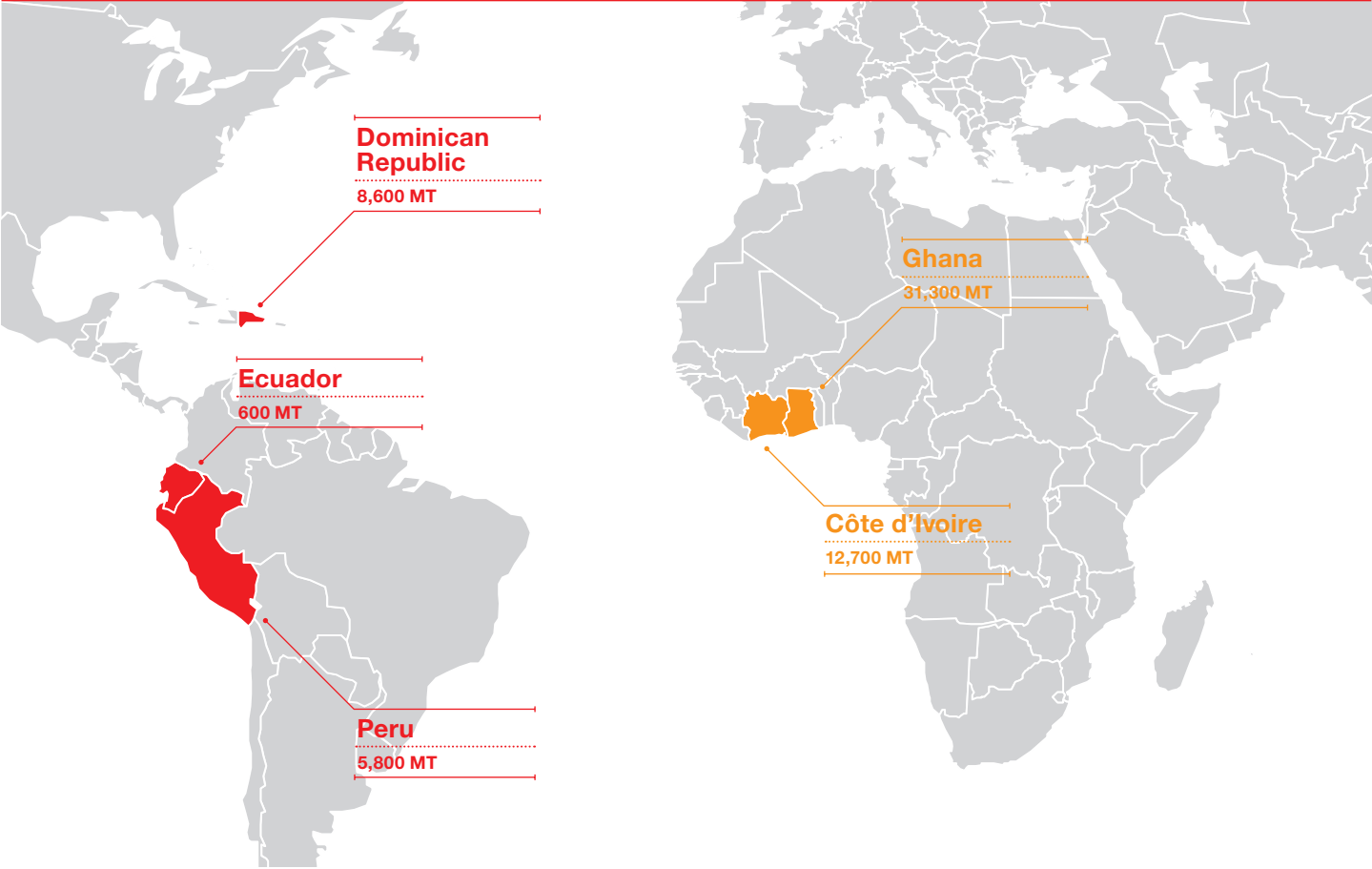
Fairtrade cocoa: Fairtrade sales volumes and Fairtrade Premium received 2010–2013**Fairtrade cocoa volumes sold (MT)****Fairtrade Premium received (€)**

FIGURE 7.15

Fairtrade cocoa: Fairtrade Premium use 2012–13**Average area of Fairtrade cocoa cultivated per farmer 2013 (hectares)**

Fairtrade cocoa production capacity: Top five countries 2013 (MT)**Fairtrade organic cocoa production capacity: Top three countries 2012-13 (MT)**

Fairtrade cocoa: Top selling countries by volume 2012-13 (MT)



A woman with dark skin and hair, wearing a blue patterned headscarf and a light pink shirt with a yellow sash, is smiling while working in a tea plantation. She is holding a metal tray and picking tea leaves from a bush. In the background, there are more tea bushes and a large white sack. The scene is outdoors with bright sunlight.

CHAPTER 7.4

FOCUS ON FAIRTRADE PRODUCTS

TEA

95 TEA
 PRODUCER ORGANIZATIONS IN
12 COUNTRIES,
 INCLUDING
 NEW ORIGINS IN
NEPAL AND
INDONESIA



FAIRTRADE
 TEA FARMERS IN
 EASTERN AFRICA
 FARM TINY PLOTS OF
0.3 HECTARES
ON AVERAGE



0.3 HECTARES



OVER
290,000
 PEOPLE INVOLVED
 IN FAIRTRADE TEA,



NEARLY HALF OF THEM IN KENYA

7.4 Fairtrade Fact File: Tea

Cover: Harvesting tea at the Bogawantalawa Tea Estate in Sri Lanka. © Kyonne Leyser

- At the end of 2013, 95 producer organizations in 12 countries held a product certification for Fairtrade tea. This included the first Fairtrade producer organization in Nepal and the first tea producer in Indonesia. Kenya, India, and Malawi continued to be the top-selling origins for Fairtrade tea. Nearly 300,000 people were involved in Fairtrade tea as small farmers or as workers on plantations. Over 123,000 of these were in Kenya, and nearly 77,000 in India.
- The global Fairtrade tea sales volumes in 2012–13 showed a 12 percent decline against reported sales for 2011–12. Sales volumes from plantations declined by 14 percent, while volumes from small farmer organizations remained flat.
- Certifiable volumes of Fairtrade tea remained flat at 188,000 MT.
- On average, Fairtrade tea producers sell less than 10 percent of their production as Fairtrade. This, combined with the high number of certified groups with large numbers of farmers and workers, means it continues to be a challenge for Fairtrade to make a real impact for these farmers and workers. Exceptions include tea producers in Malawi, who have seen considerable benefit from Fairtrade in recent years (see <http://bit.ly/1xYgmXA> for research into Fairtrade's impacts in Malawi).
- Fairtrade continues to work on several fronts to support better impacts for Fairtrade tea producers. Our new Fairtrade Hired Labour Standards have introduced a quality requirement for on-site housing for workers, and strengthened workers' rights with greater support for collective bargaining and freedom of association, as well as progress requirements toward a living wage.
- Moreover, Fairtrade is working with a wide range of partners to support improved wages for workers on tea estates, beginning with living wage studies and participation in industry-wide initiatives such as the Oxfam Tea Wage Report and Tea 2030. We hope such collaboration will facilitate new approaches to setting tea industry wage benchmarks, so that making progress towards a living wage, and ensuring better wages in the meantime, can become a commitment for everyone along the supply chain.
- More than €4 million in Fairtrade Premium was paid directly to small farmer organizations or workers' organizations on Fairtrade tea estates. Fairtrade Premium paid to plantations decreased by seven percent reflecting reduced Fairtrade sales.
- The data show that small farmer organizations invested 30 percent of their Fairtrade Premium in community, education, and health projects. They used more than 46 percent of their Fairtrade Premium to make investments in strengthening their producer organizations, for example investing in infrastructure to support more efficient production and processing—such as renovation of the tea buying centres where the smallholders bring their green leaf. The balance was spent on direct services to tea farmers such as agricultural training, and the provision of tools and inputs.
- On tea plantations, a wide range of services for workers and their families—such as the provision of housing, educational support, medical care, subsidized goods and loans—account for 64 percent of Fairtrade Premium spending. Support for the wider community—such as support for local schools, scholarships for children, and community health projects—accounted for 28 percent.
- Fairtrade tea farmers report very small cultivation areas for their tea in general, with the smallest being farmers in Eastern Africa who report an average of just 0.3 hectares.

FIGURE 7.16

Fairtrade tea: Number of producer organizations with Fairtrade tea certification 2008–2013

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

Number of producer organizations
with Fairtrade tea certification

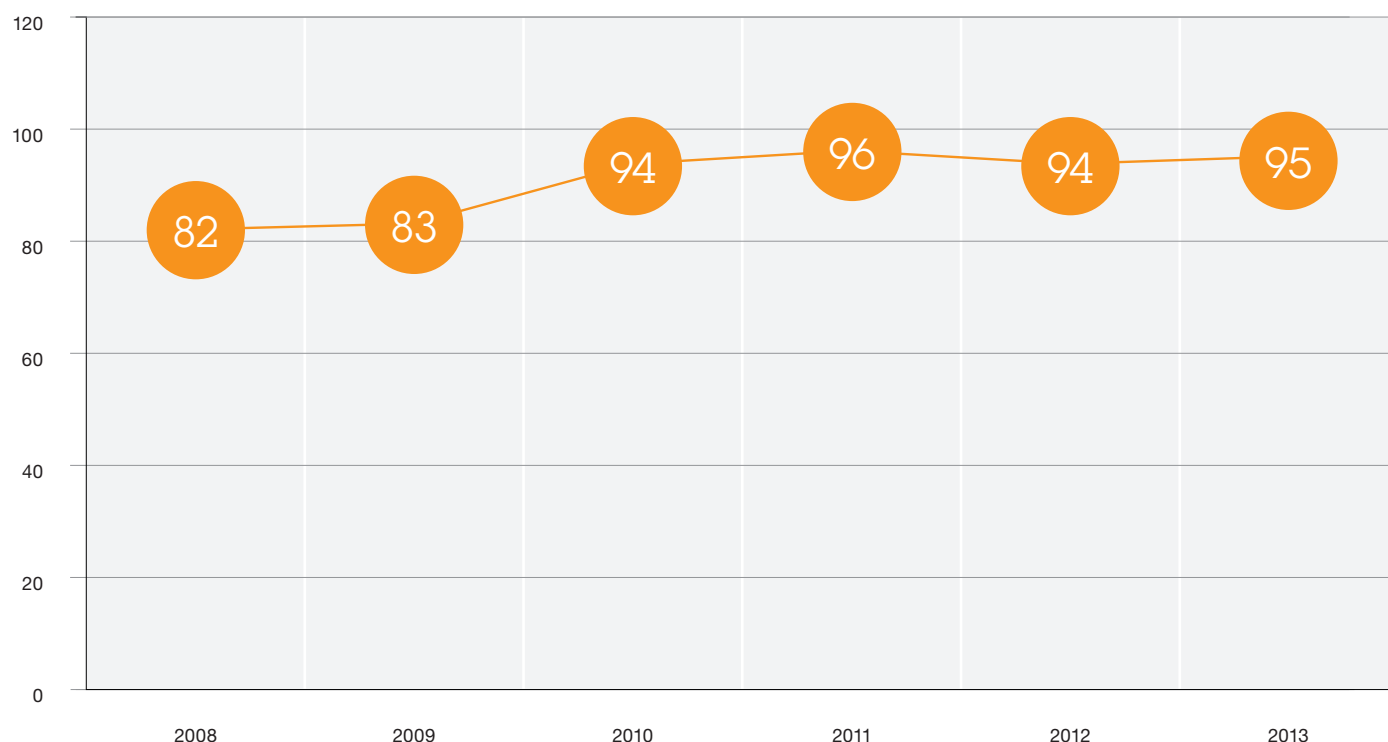


FIGURE 7.17

Fairtrade tea: Producer organizations with Fairtrade tea certification 2013

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

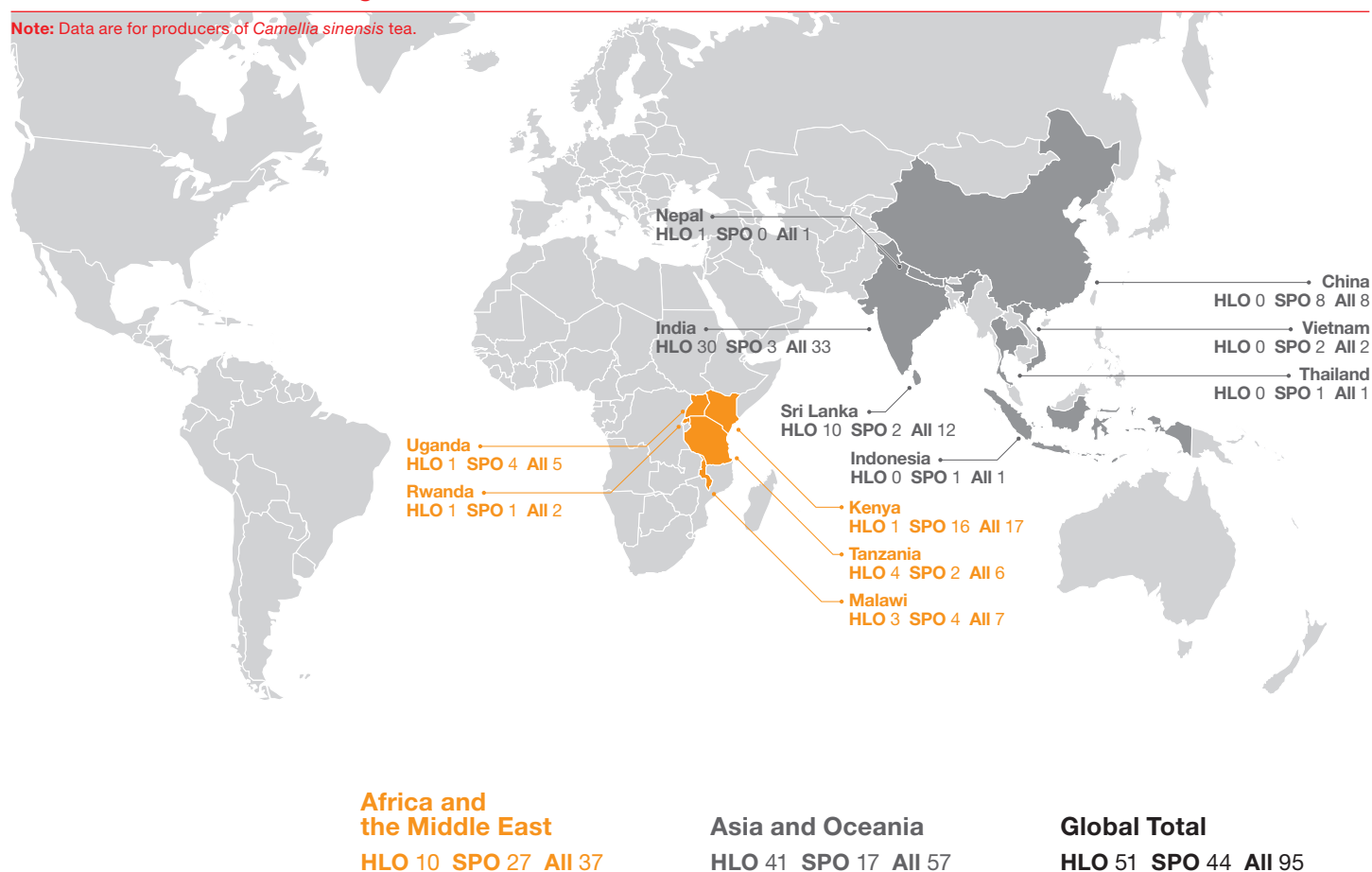
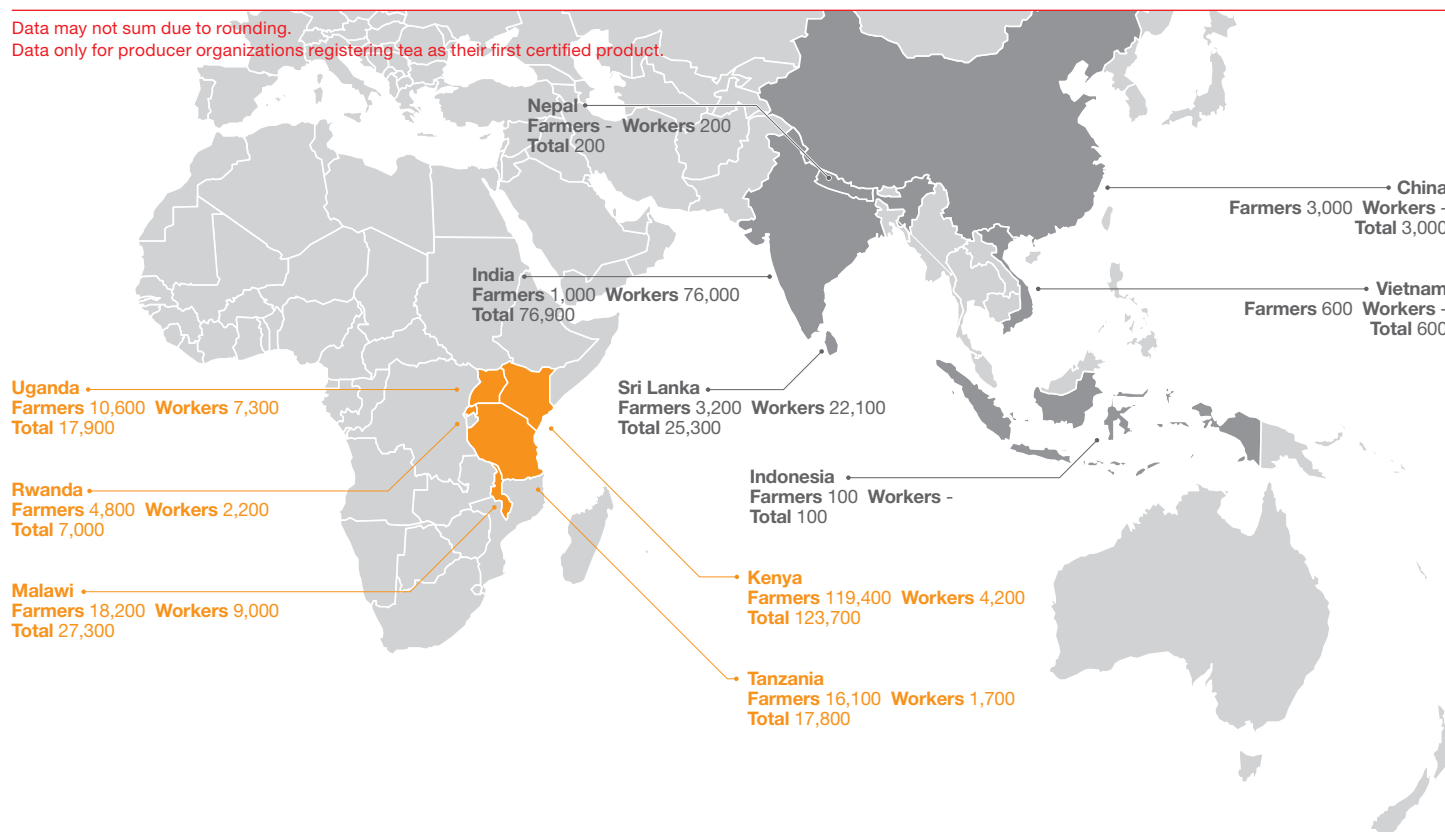


FIGURE 7.18

Fairtrade tea: Number of farmers and workers by country 2013

Data may not sum due to rounding.

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



Africa and the Middle East

Farmers 169,200 Workers 24,500
Total 193,700

Asia and Oceania

Farmers 8,000 Workers 98,200
Total 106,200

Global Total

Farmers 177,200 Workers 122,700
Total 299,900

TABLE 7.4

Fairtrade tea: Key data 2013

Data are for producers of *Camellia sinensis* tea.

	2012–13	2011–12	Percentage change
Total number of farmers and workers	299,900	285,900	5%
Total number of hectares under Fairtrade tea cultivation	107,400	102,800	4%
Total certifiable volume (MT)	187,900	188,400	0%
Organic Fairtrade-certifiable volume (MT)	14,300	13,700	4%
Organic volume as percentage of total certifiable volume	8%	7%	
Total Fairtrade sales volume (MT)	12,200	13,800	-12%
Overall proportion of tea production volumes sold as Fairtrade by organizations that held Fairtrade certification throughout the full reporting period (see note)	8% (SPO)/6% (HL)	9% (SPO)/6% (HL)	
Total Fairtrade Premium received (€)	4,552,100	4,906,500	-7%

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

FIGURE 7.19

Fairtrade tea: Fairtrade sales volumes and Fairtrade Premium received 2010–2013

Only data for *Camellia sinensis* are included in these figures, not for rooibos tea.

- Hired Labour Organizations
- Small Producer Organizations

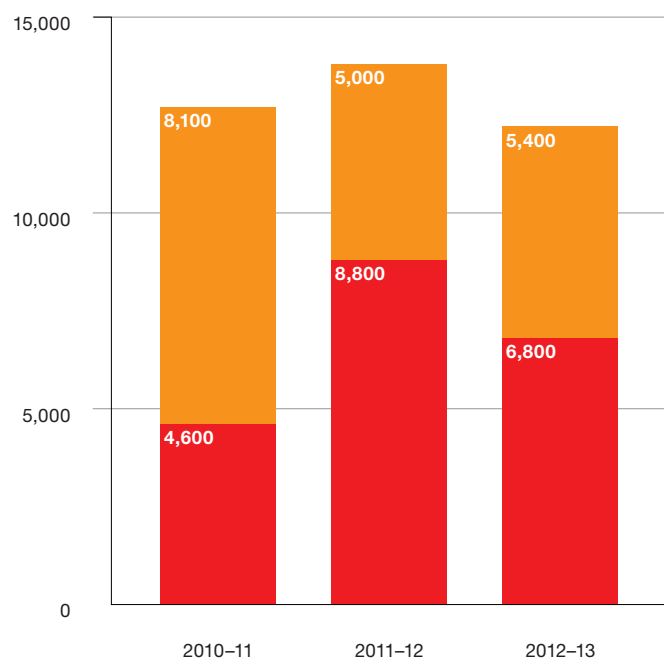
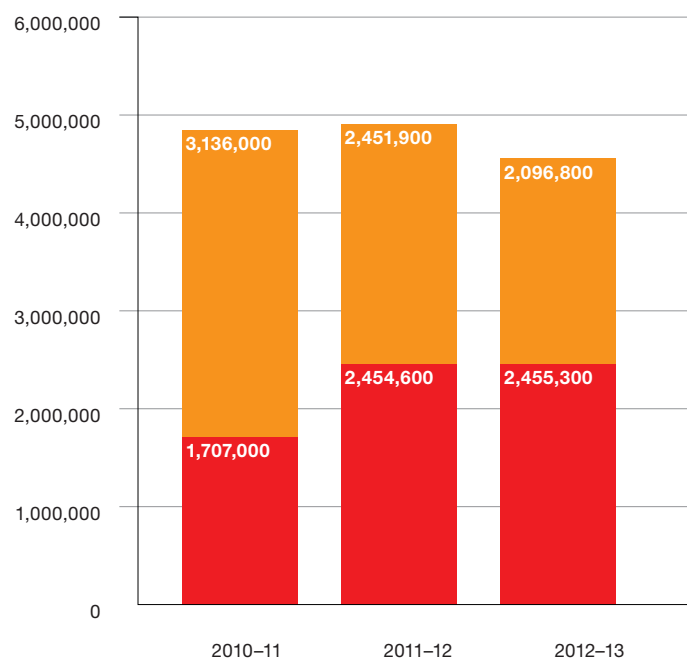
Fairtrade tea volumes sold (MT)**Fairtrade Premium received (€)**

FIGURE 7.20A

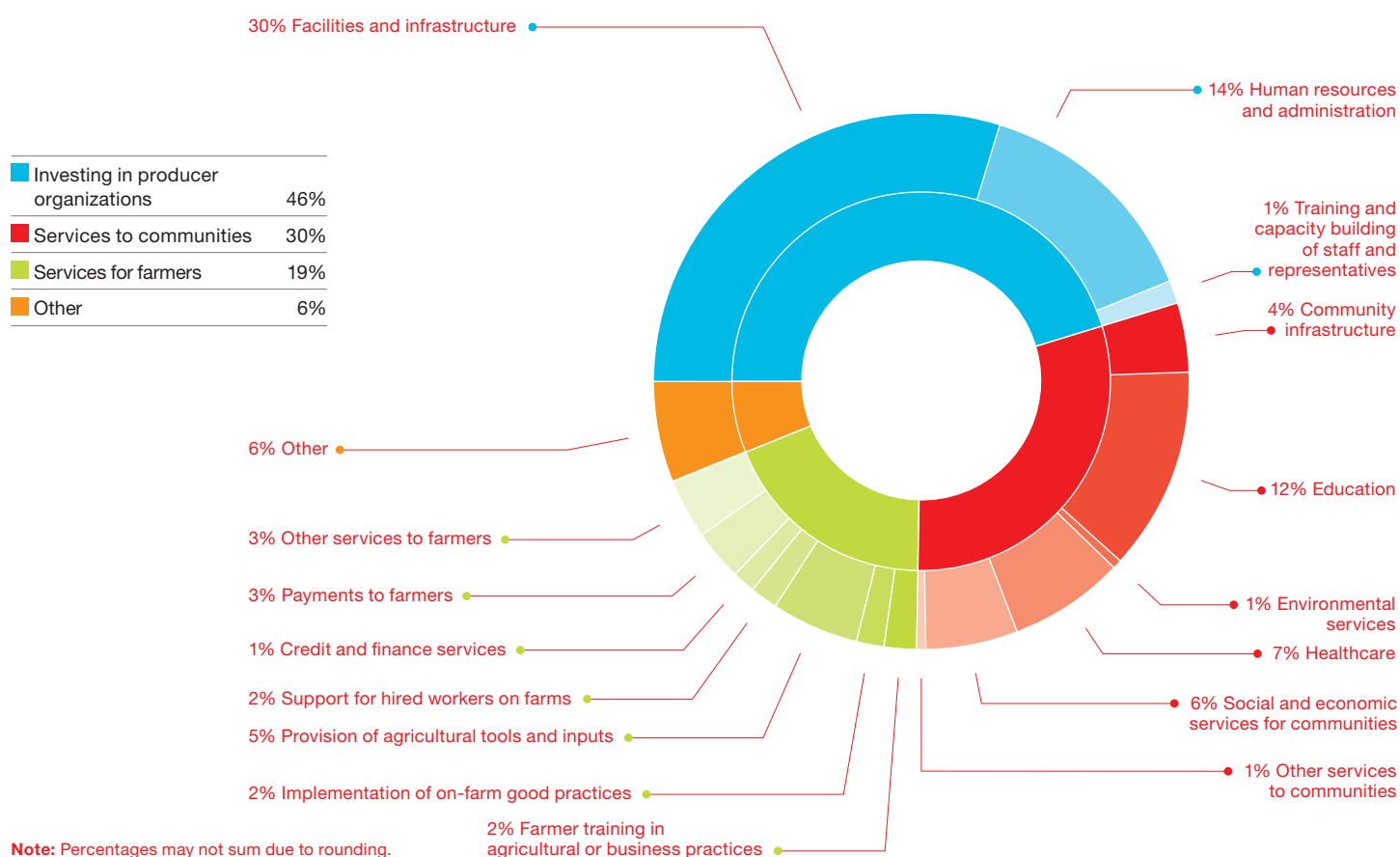
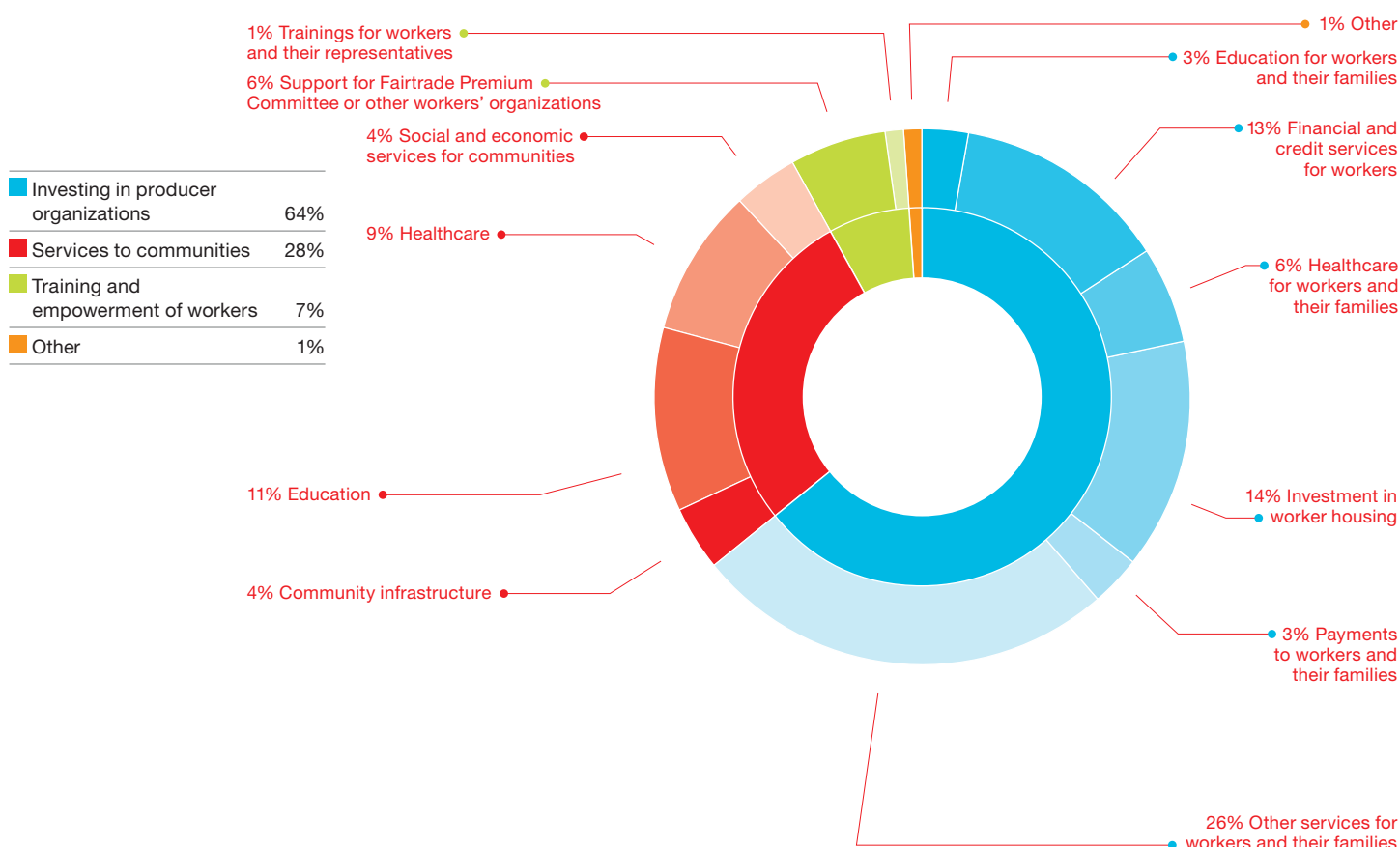
Fairtrade tea: Fairtrade Premium use in Small Producer Organizations 2012–13

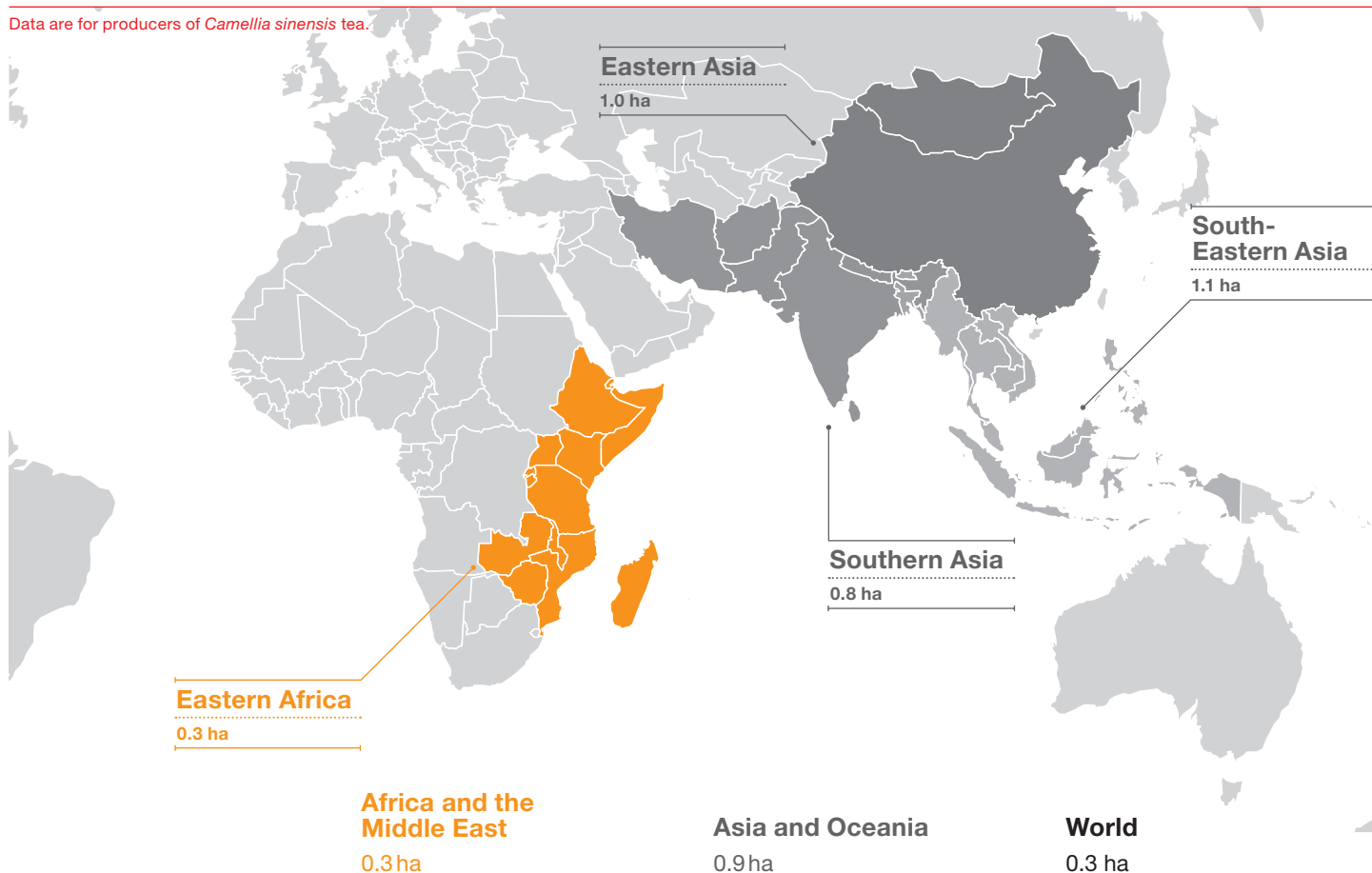
FIGURE 7.20B

Fairtrade tea: Fairtrade Premium use in Hired Labour Organizations 2012-13

Note: Percentages may not sum due to rounding.

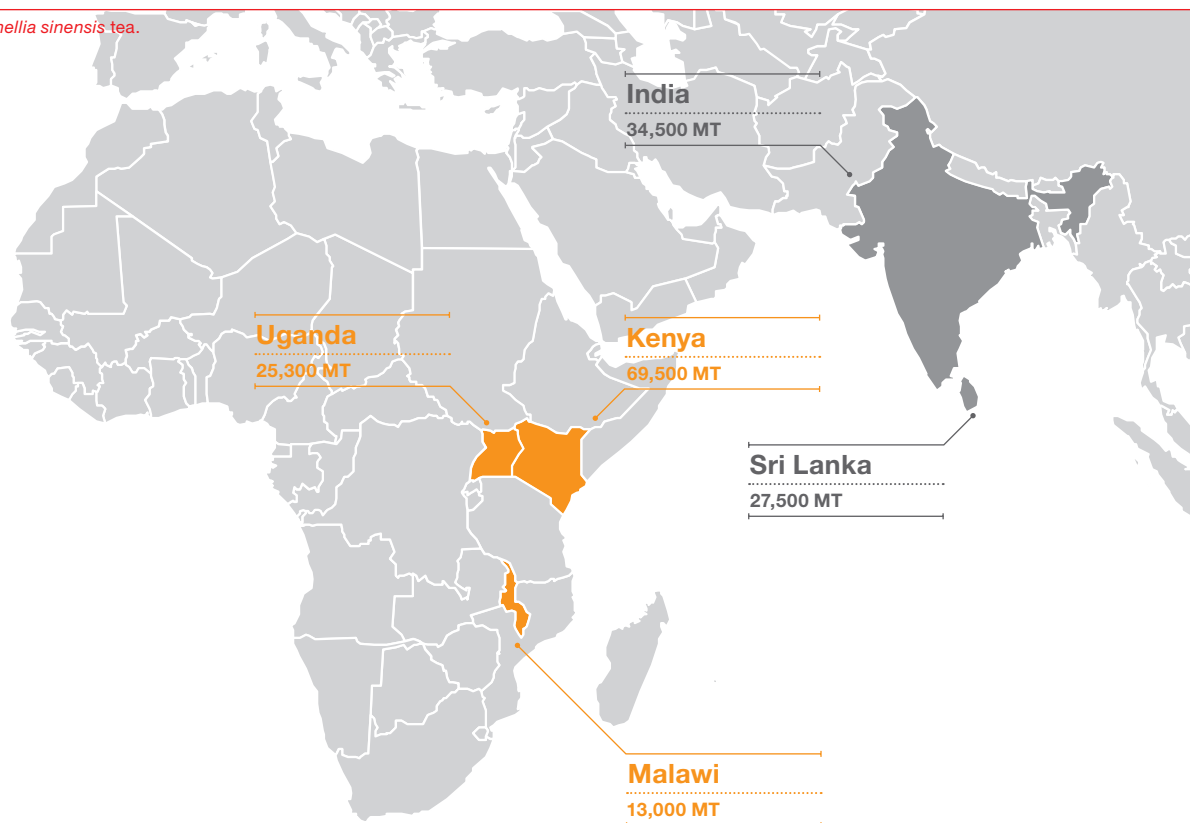
Average area of Fairtrade tea cultivated per farmer 2013 (hectares)

Data are for producers of *Camellia sinensis* tea.



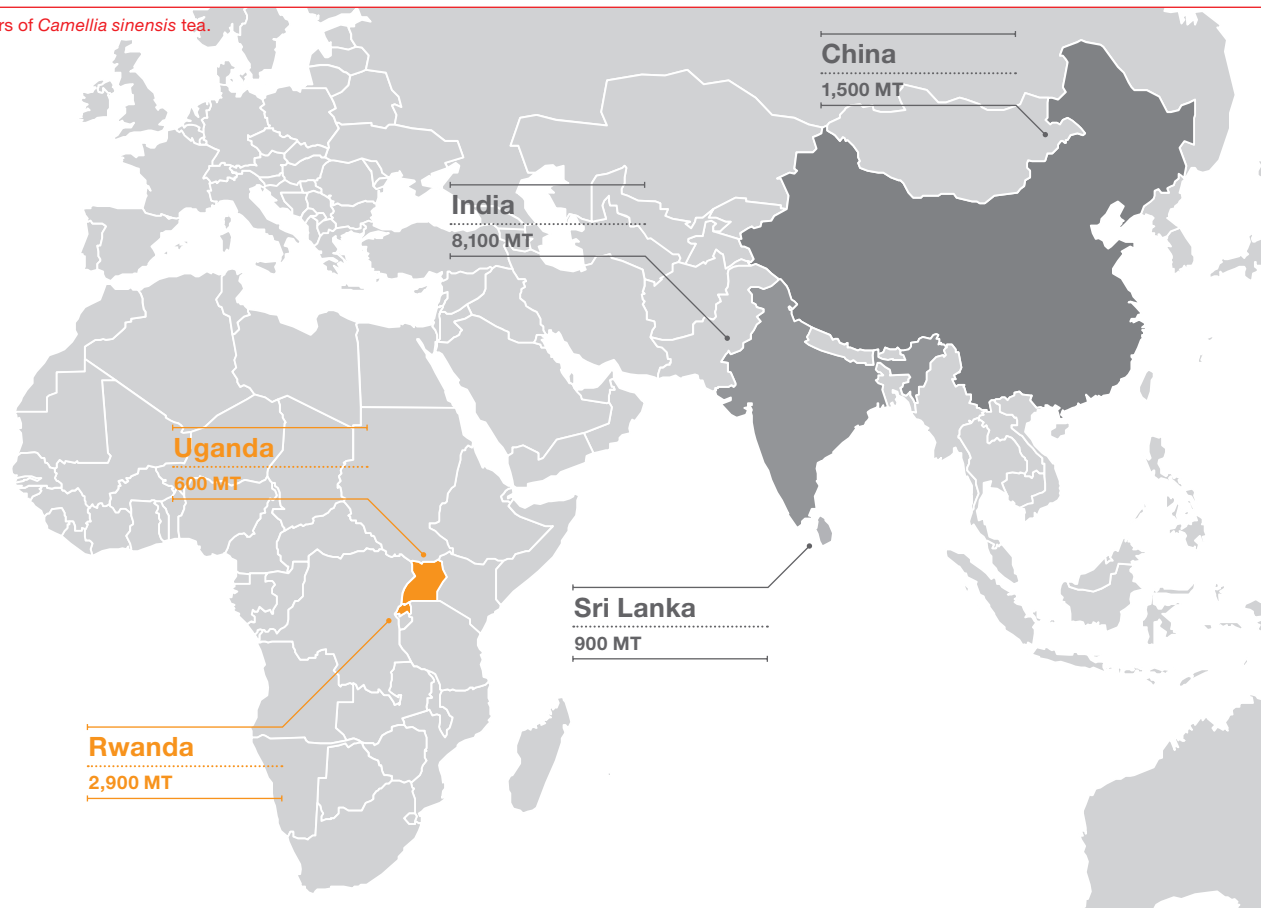
Fairtrade tea production capacity: Top five countries 2012-13 (MT)

Data are for producers of *Camellia sinensis* tea.



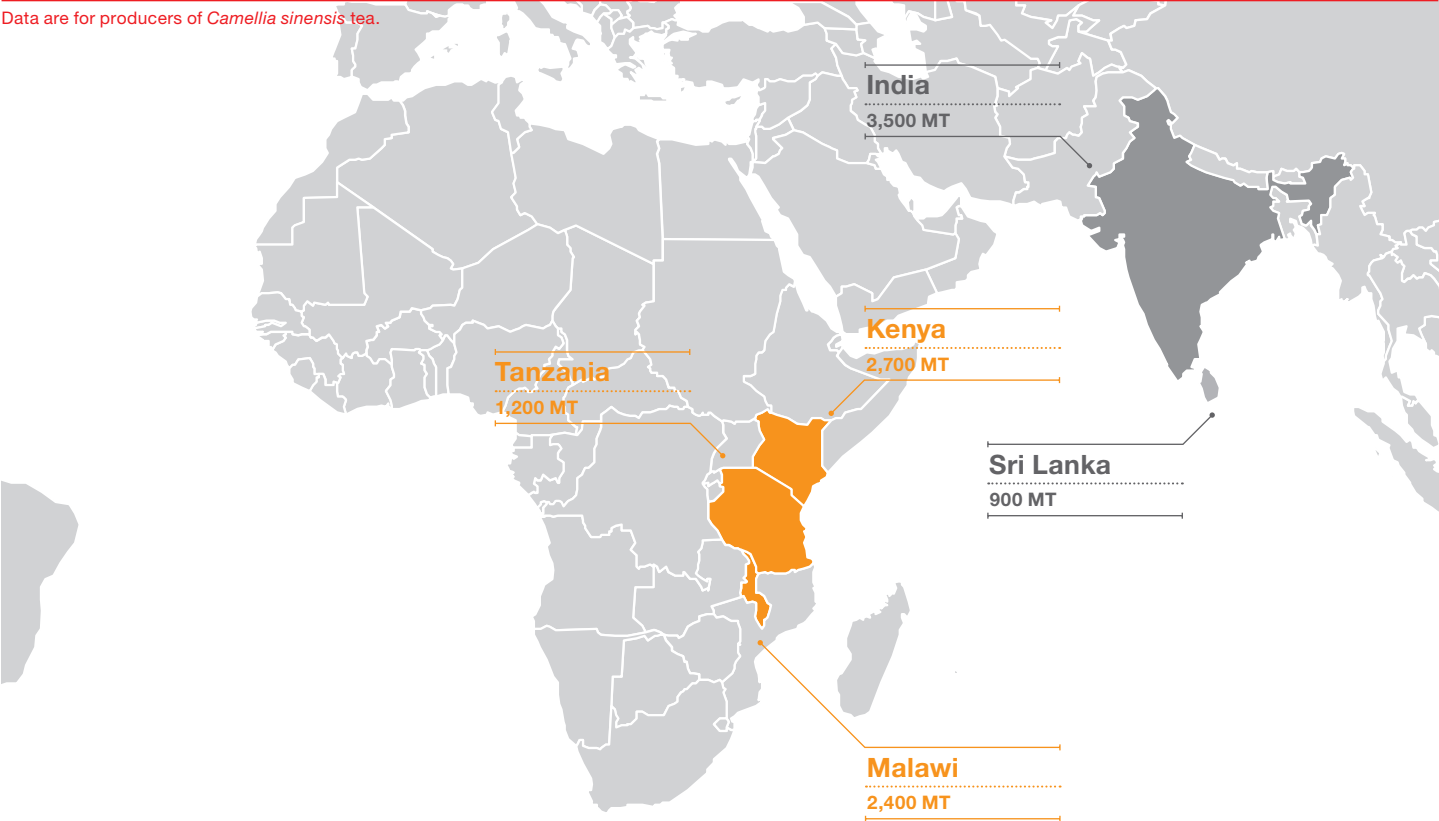
Fairtrade organic tea production capacity: Top five countries 2012-13 (MT)

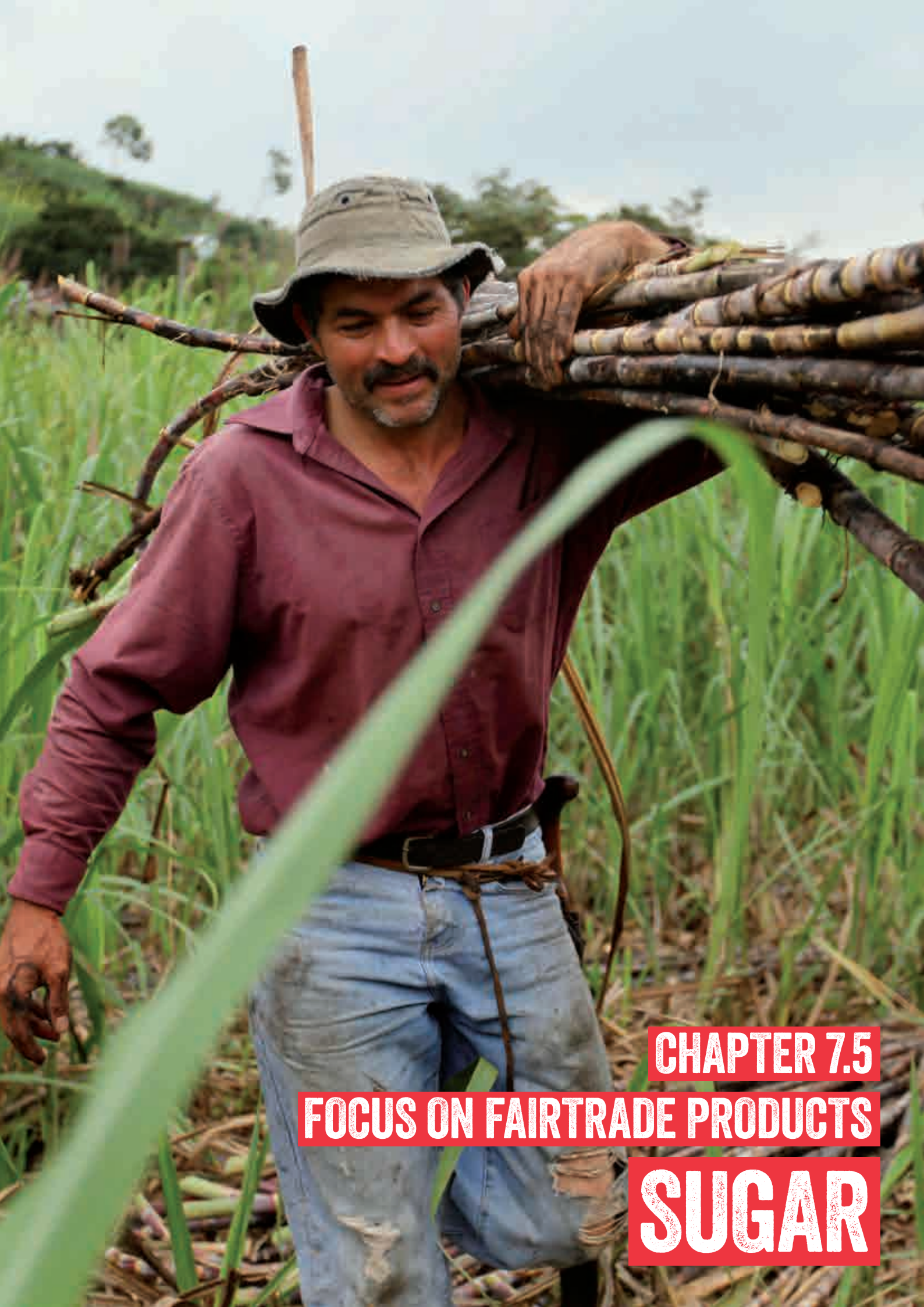
Data are for producers of *Camellia sinensis* tea.



Fairtrade tea: Top five selling countries by volume 2012-13 (MT)

Data are for producers of *Camellia sinensis* tea.

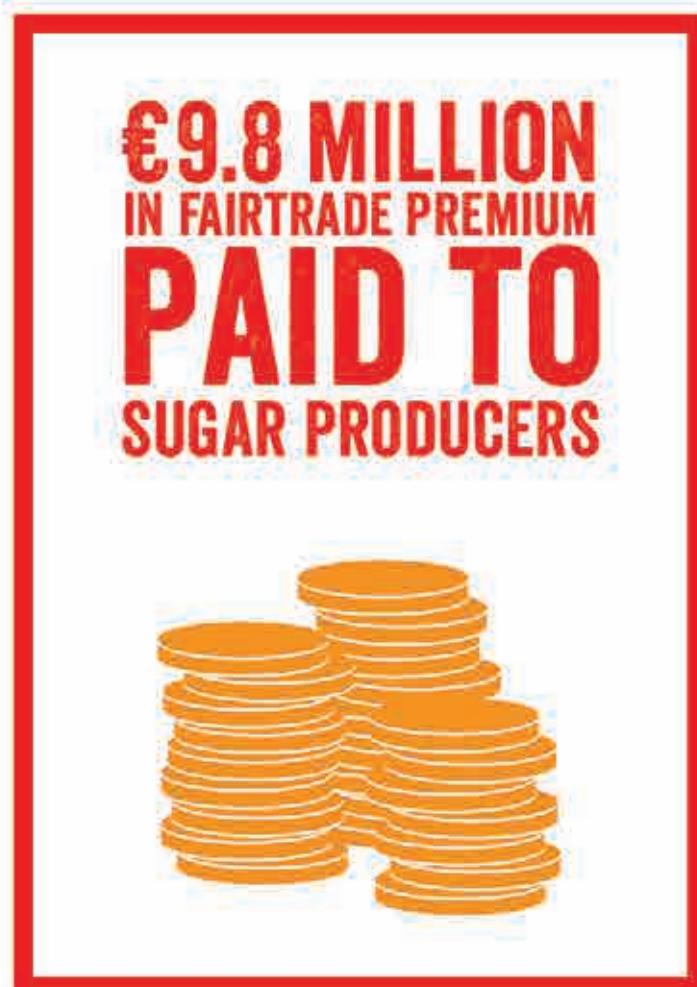
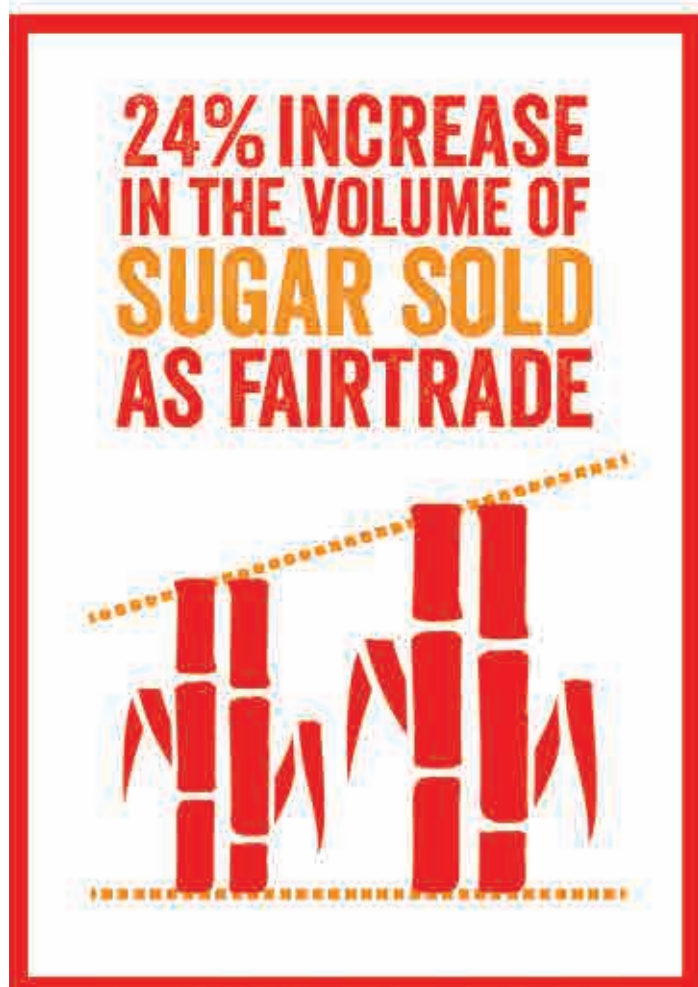




CHAPTER 7.5

FOCUS ON FAIRTRADE PRODUCTS

SUGAR



7.5 Fairtrade Fact File: Sugar

- At the end of 2013, 100 producer organizations in 19 countries held a certification for Fairtrade sugar.
- The land areas under cultivation and certified crop volumes remained more or less constant with 2012, indicating that the very rapid growth in Fairtrade sugar producer organizations in 2010–11 has now levelled off.
- Producers reported an increase of 24 percent in the volumes of sugar sold on Fairtrade terms to 211,600 MT.
- The Fairtrade Premium reported received by producers rose to almost €9.8 million.
- Sugar farmers used their Fairtrade Premium to invest in the running and improvement of their organizations, with around 25 percent used for improvements in facilities and infrastructure for crop storage, production and processing. Twenty-three percent of the Fairtrade Premium was used to make direct payments to farmers, with 18 percent used for other farmer services including provision of tools and inputs, and farmer training and implementation of good agricultural practices.

Cover: Elian Vargas Arias, small-scale sugar cane producer affiliated with COOPECANERA in Costa Rica, cuts sugar cane from his family-owned fields.
© James Rodriguez



PRODUCER REPORT

Improving cane productivity and quality in Belize

After a disastrous crop in 2010, the Belizean Sugar Cane Farmers Association (BSCFA) used some of its Fairtrade Premium to start a cane quality programme. The programme has led to dramatic increases in productivity, despite threats from hurricanes and froghopper infestation. The farmer association has invested in new and improved processing and transport equipment, as well as new equipment for farmers. The group has phased out prohibited agrochemicals, and introduced better drainage

systems. The investments in infrastructure and co-ordination mean that delivery times during the harvesting season have fallen from an average of 136 hours to just 36 hours—contributing to better crop quality and higher yields. BSCFA have recruited a technical team and an extension officer for every branch. These young Belizeans—mainly from cane growing families—are learning and sharing best practices in crop husbandry.

These Fairtrade Premium investments led to a 30 per cent increase in the farmers' cane revenue and a 21 per cent increase in productivity in 2011–12, measured against a ten-year average.

Read the full story here: <http://youtu.be/kyuJUMni-N0>



PRODUCER REPORT

Citizen Cane: Producer-owned sugar mill opens in Paraguay

Fairtrade farmers from the remote Manduvira Cooperative in Paraguay celebrated the opening of the world's first producer-owned Fairtrade organic sugar mill. The new mill is a boon to the 1,750 members of this organization. As producers band together, they can begin to add more value and ensure that farmers get a better deal.

"Our dream of a sugar mill owned by a cooperative has come true," said Manduvira's General Manager Andres Gonzales.

Read the full story here: <http://bit.ly/1wm5eYf>

- Fairtrade sugar farmers in Africa farm very small areas of 1.2 hectares on average, while globally the size of a Fairtrade sugar plot is 2.7 hectares.
- Fairtrade is working with sugar farmers around the world to try to prepare them for major changes in European Union sugar policy. From 2017 onwards, the EU has agreed to abolish its current quota system for sugar beet production within the EU. This means that there will be no future limits on the quantity of sugar beet that can be produced within the EU. Cane sugar producers in many Africa, Caribbean and Pacific (ACP) and least developed countries (LDC), which have benefited from preferential access to EU markets under the current regime, may struggle to continue exporting to Europe if the supply of European sugar increases and European sugar prices fall. Fairtrade is working with cane sugar producers in countries likely to be most affected by the change to try to build readiness for the changes, and identify strategies to mitigate the potential negative impacts.

FIGURE 7.21

Fairtrade sugar: Number of producer organizations with Fairtrade sugar certification 2008–2013

Number of producer organizations
with Fairtrade sugar certification

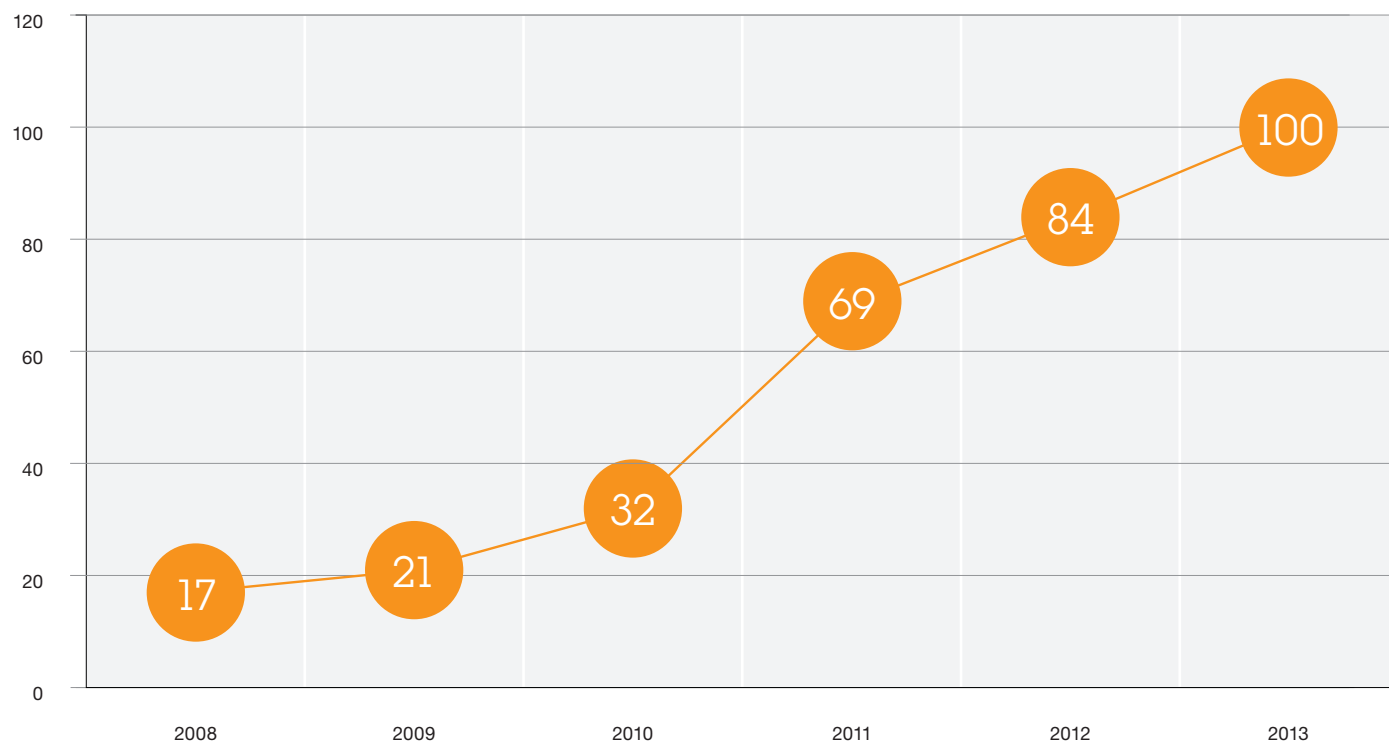
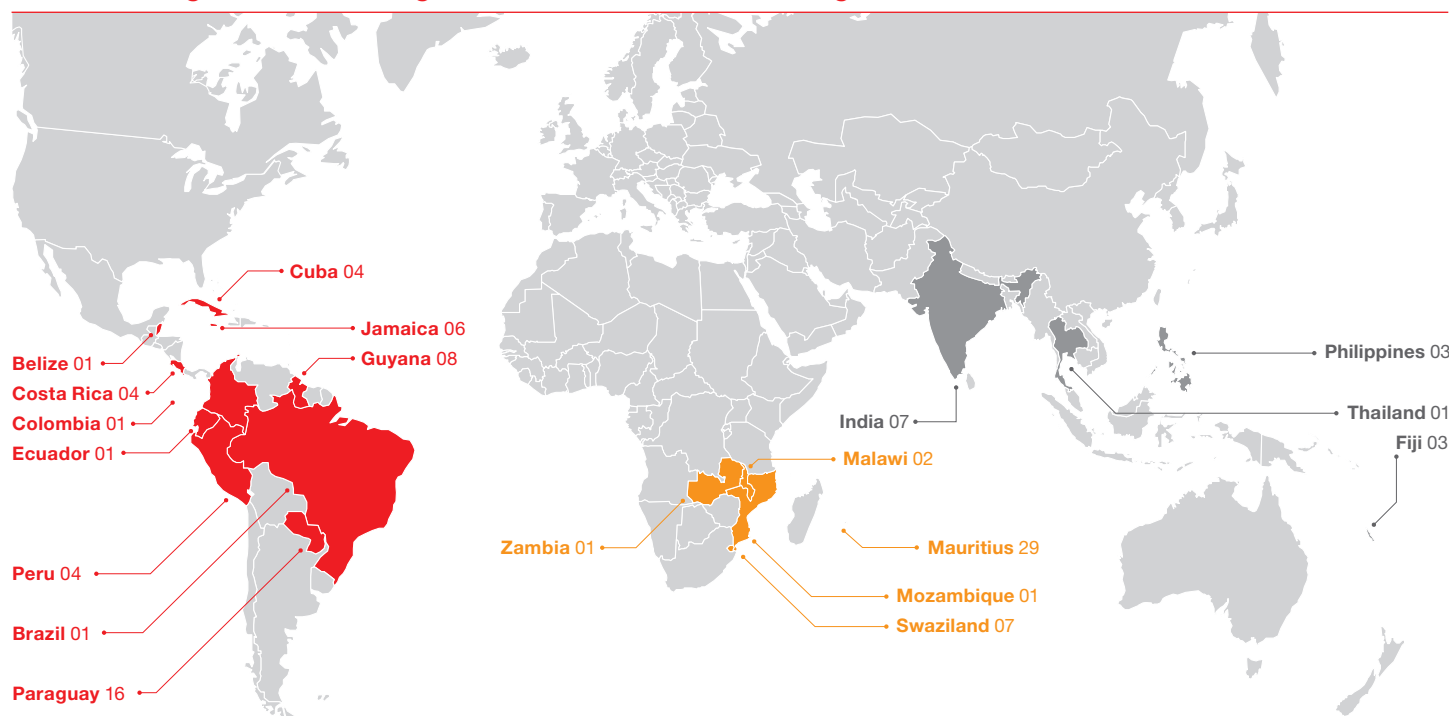


FIGURE 7.22

Fairtrade sugar: Producer organizations with Fairtrade sugar certification 2013

**Latin America
and the Caribbean**

46

**Africa and the
Middle East**

40

Asia and Oceania

14

Global Total

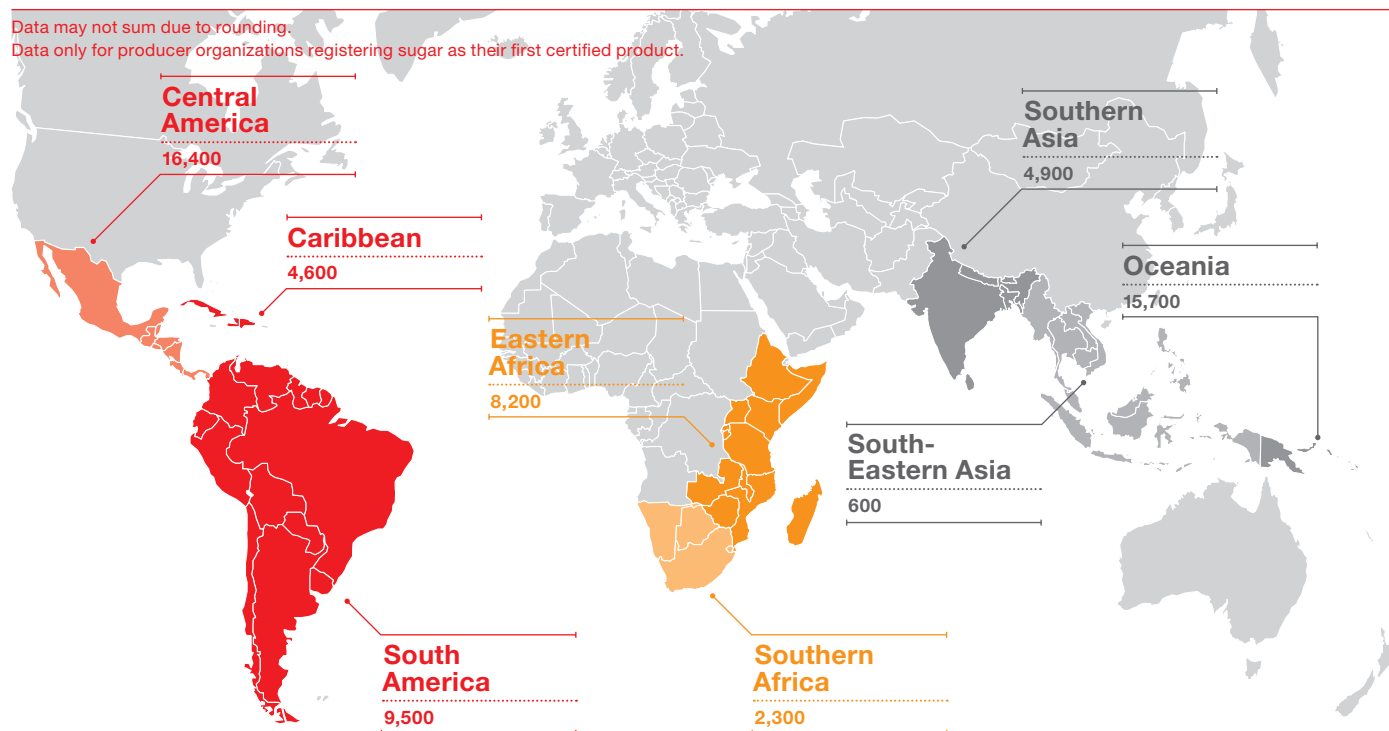
100

FIGURE 7.23

Fairtrade sugar: Number of farmers by region 2013

Data may not sum due to rounding.

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

**Latin America and the Caribbean**

30,400

Africa and the Middle East

10,600

Asia and Oceania

21,200

Global Total

62,200

TABLE 7.5

Fairtrade sugar: Key data 2013

	2012–13	2011–12	Percentage change
Total number of farmers	62,200	61,800	1%
Total number of hectares under Fairtrade sugar cultivation	152,200	157,400	-3%
Total certifiable volume (MT)	611,900	627,000	-2%
Organic Fairtrade-certifiable volume (MT)	125,600	82,500	52%
Total Fairtrade sales volume (MT)	211,600	170,000	24%
Overall proportion of sugar production volumes sold as Fairtrade by organizations that held Fairtrade certification throughout the full reporting period (see note)	41%	46%	
Total Fairtrade Premium received (€)	9,790,300	9,244,400	6%

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

The data previously reported for 2011–12 were affected by an error in over-reporting of production volumes from one producer organization. This has been adjusted in the production data presented here for 2011–12.

FIGURE 7.24

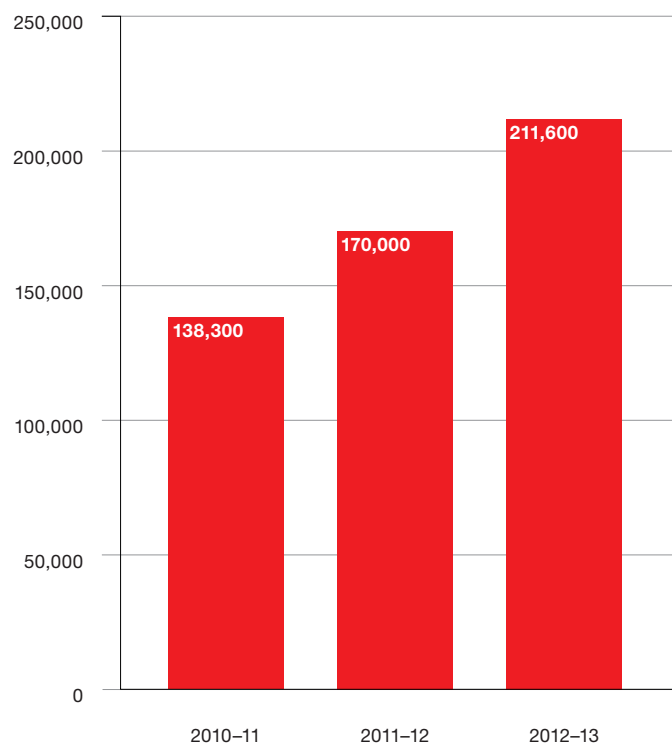
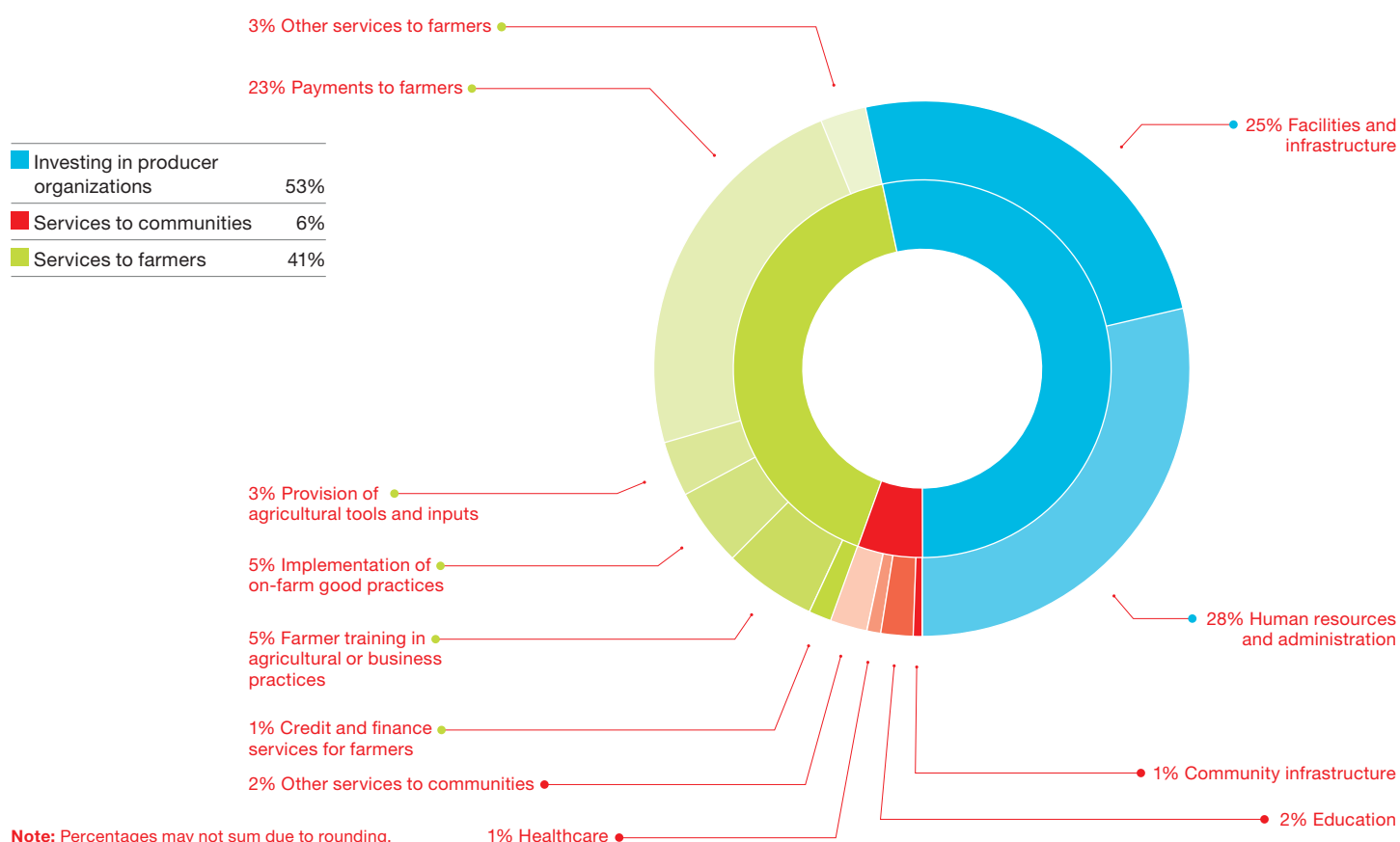
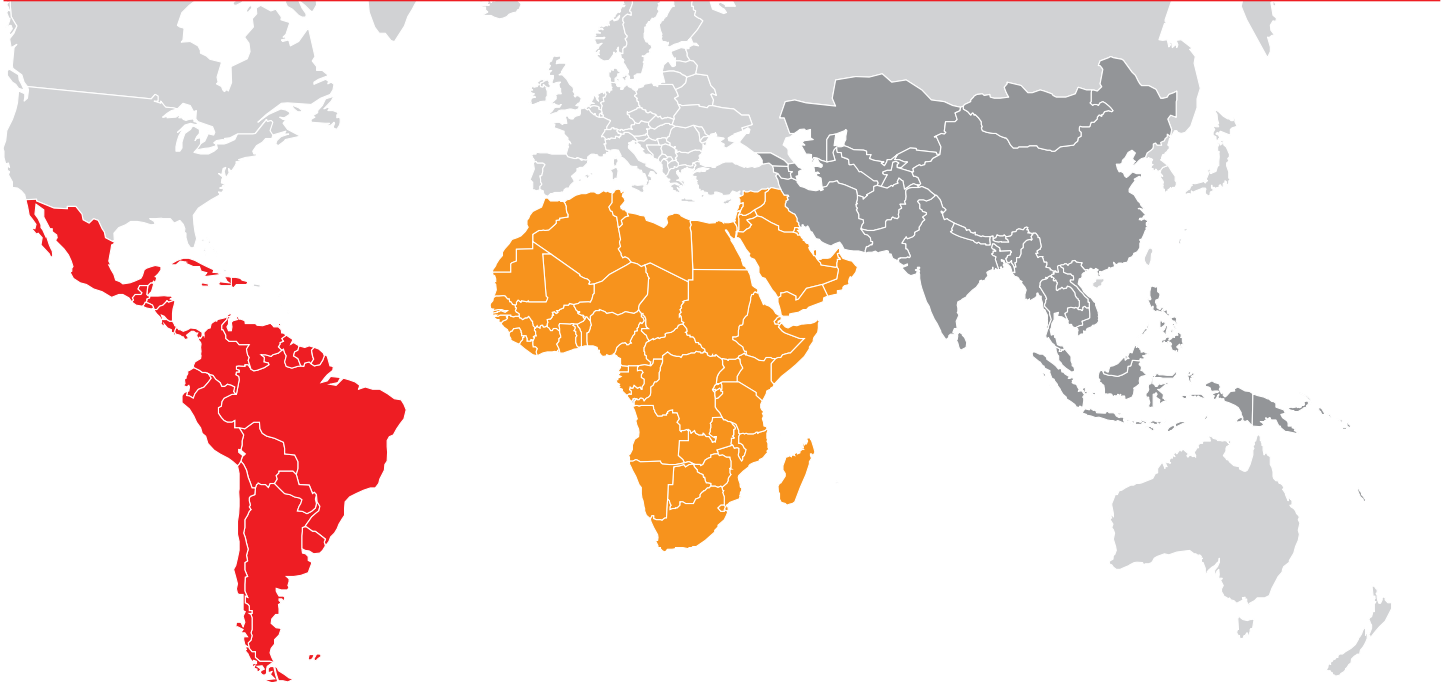
Fairtrade sugar: Fairtrade sales volumes and Fairtrade Premium received 2010–2013**Fairtrade sugar
volumes sold (MT)****Fairtrade Premium
received (€)**

FIGURE 7.25

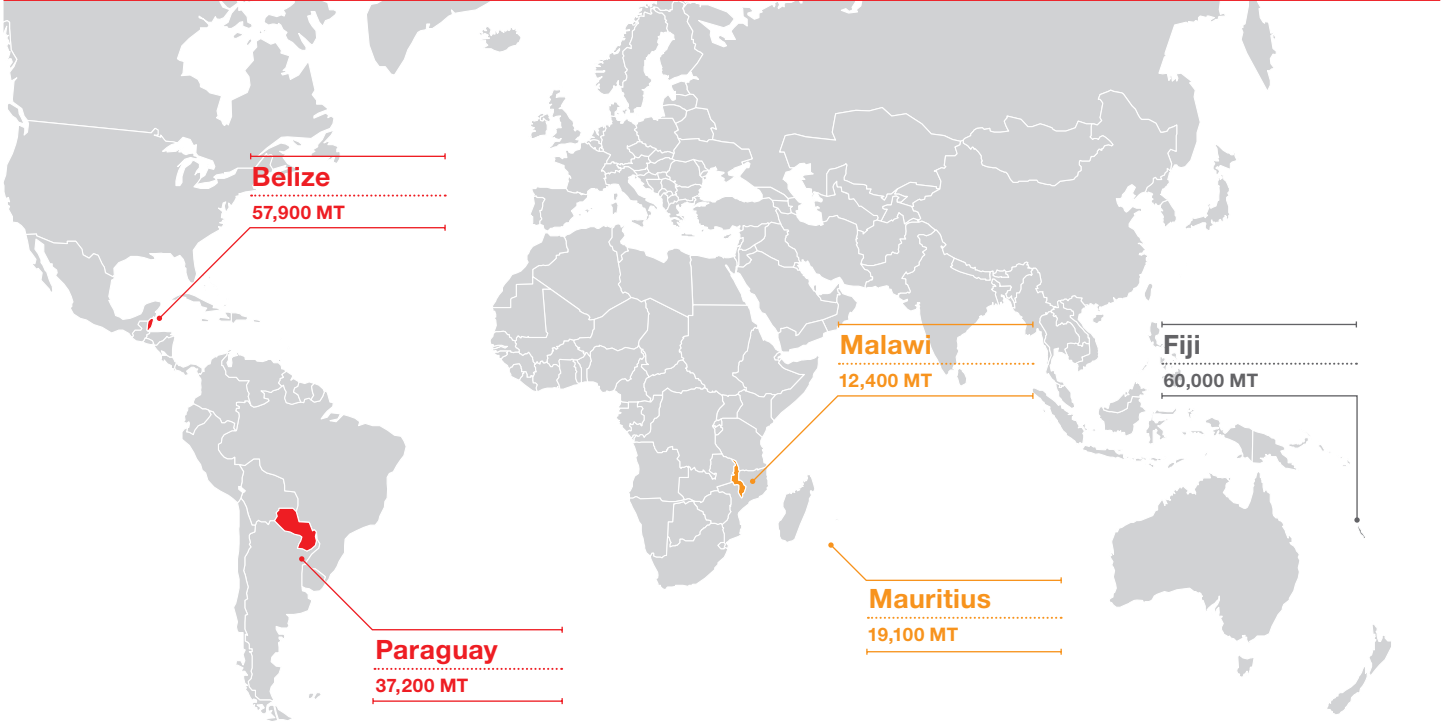
Fairtrade sugar: Fairtrade Premium use 2012–13

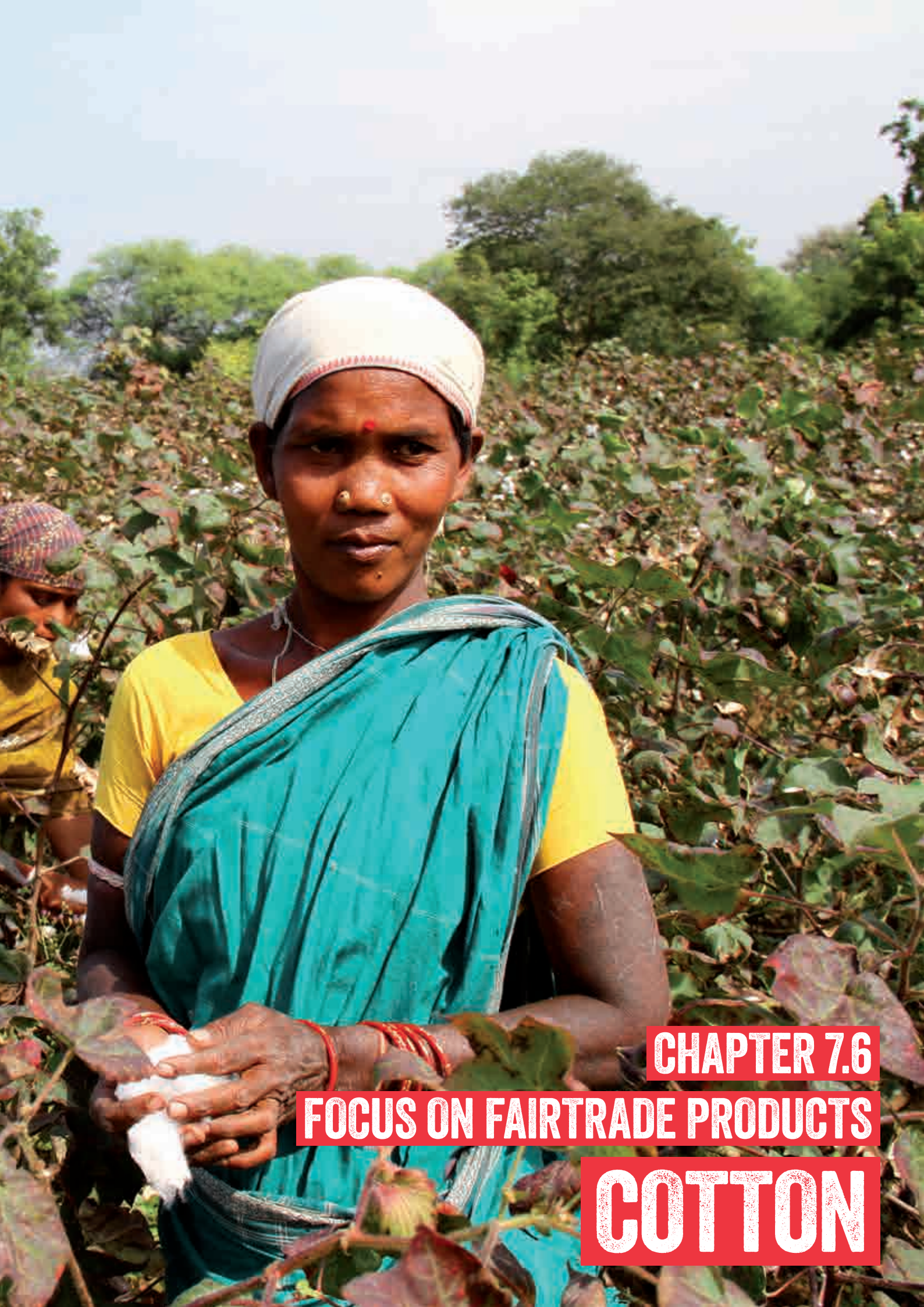
Average area of Fairtrade sugar cultivated per farmer 2013 (hectares)



Latin America and the Caribbean	Africa and the Middle East	Asia and Oceania	World
2.8ha	1.2ha	3.1ha	2.6ha

Fairtrade sugar: Top five selling countries by volume 2012-13 (MT)





CHAPTER 7.6

FOCUS ON FAIRTRADE PRODUCTS

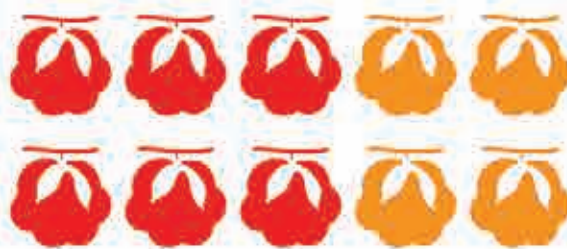
COTTON

**26 COTTON
PRODUCER
ORGANIZATIONS**



IN 9 COUNTRIES

**60% OF ALL
COTTON
PRODUCER ORGANIZATIONS
ARE ALSO**



ORGANIC CERTIFIED

**THE AVERAGE FAIRTRADE
COTTON FARMER IN
AFRICA
CULTIVATES 1 HECTARE**



**THE AVERAGE FAIRTRADE
COTTON FARMER IN
INDIA
CULTIVATES 1.8 HECTARES**



7.6 Fairtrade Fact File: Cotton

Cover: Prem Shila Saha is a member of the Fairtrade certified Chetna Cooperative in India.
© Vipul Kulkarni

- By the end of 2013, the total number of Fairtrade certified producer organizations for seed cotton stood at 26 across nine countries. This represented a 20 percent reduction in the number of producer groups compared with 2012. While several producer groups in both India and Africa left Fairtrade certification, producer groups in Benin and Egypt were certified during the year. Of the 26 producer organizations for cotton, 15 were small producer organizations, with a concentration in West Africa, and 11 were contract production organizations in India.
- The number of Fairtrade cotton farmers in 2013 was equally divided at 50 percent in Africa and 50 percent Asia.
- Despite the downturn in the Fairtrade cotton market, there were new producer organizations certified in 2013. However, there was an overall reduction in the number of farmers producing Fairtrade cotton in 2013.
- There was a 19 percent reduction in the number of farmers under Fairtrade certification in 2013. However, the total cotton producing area remained more or less constant as a result of which the total Fairtrade certifiable production volume of cotton for 2013 remained at 49,900 MT, just a one percent reduction since 2012.
- Organic certification continued to be a preferred option for Fairtrade cotton producers. In 2013, 60 percent of all Fairtrade producer organizations for cotton held an organic certification.
- An average Fairtrade cotton farmer in Africa has a 45 percent smaller cotton farm in comparison with an average Fairtrade cotton farmer in Asia. The average cotton cultivation area stood at 1 and 1.8 hectares for Africa and Asia respectively.
- Cotton producers that were Fairtrade certified and eligible to make Fairtrade sales during the full reporting period sold 33 percent of their production volume as Fairtrade on average.
- Fairtrade cotton producers reported Fairtrade Premium receipts of €644,000 in 2013, a slight reduction from the previous year.
- About 46 percent of Fairtrade Premium expenditure was invested in community projects for education, healthcare and developing community infrastructure. Investment in education facilities and scholarships within their communities has been a major priority for the cotton producers this year. A further 38 percent of Fairtrade Premium was used to supply direct services to the cotton farmers: of this, the majority was used to provide tools and inputs.
- In 2013, recognising the challenges for Fairtrade cotton, Fairtrade developed a new sourcing program for cotton. This program allows companies to source and use Fairtrade cotton in more flexible ways in order to generate new market opportunities for Fairtrade cotton producers. For more information about the Fairtrade Sourcing Program for cotton, and how it is helping farmers sell more of their cotton on Fairtrade terms, go to www.fairtrade.net/fsp-overview.html

Research Insight: Fairtrade cotton farmers in India

In order to fill some of the gaps in our knowledge about Fairtrade cotton farmers, Fairtrade commissioned researchers from the Gujarat Institute of Development Research (GIDR) to collect data from Fairtrade farmers and their organizations, in relation to an expanded set of monitoring indicators. The research team collected management data from nine of the 12 Fairtrade certified organizations in India, and undertook surveys with a sample of farmers in four of the organizations. The nine groups in the study represent almost 21,000 farmers. One of the groups was a small farmer organization, while the remaining groups are all 'contract production' organizations, looser organizations of farmers clustered around a cotton promoter (usually a cotton milling company). The cotton promoter is expected to support the farmers to meet the Fairtrade standards, buy their cotton, and support the strengthening of their nascent farmer organizations over time. The standards for Fairtrade contract production groups are available here: <http://www.fairtrade.net/contract-production-standards.html>

The farmers in the Fairtrade organizations are dependent on cotton for between 50–75 percent of their income, and are often poor and illiterate. Around 50 percent of the farmers in the sample were below the state poverty line.

Preliminary research data² finds that despite the fact that their sales of cotton under Fairtrade conditions had been low, cotton farmers felt that Fairtrade certification had been associated with various improvements. Overall, 75 per cent of the farmers felt that their economic situation had become better or much better after their entry in to Fairtrade, while 68 percent felt that their standard of living had improved in that time. The majority of the Fairtrade cotton farmers in India are following organic production practices, and have benefited from extension training and support from the promoting organizations, focusing on pest control, composting and intercropping, as well as Fairtrade Premium investments to support their production. The farmers felt that intercropping in particular was contributing to better food security and income. The cost of production is also lower than for conventional cotton, and there is better soil and water quality. However, yield from organic cotton is lower than for conventional cotton, and there was ongoing concern about the quality of the organic cotton seeds. Moreover, organic farmers do not receive consistently better prices than conventional farmers. As a result, some farmers are leaving the organic groups.

Overall, the research concludes that there are some economic, social and environmental benefits associated with Fairtrade cotton farming in India, but that the groups really need more consistent sales under Fairtrade conditions for these benefits to become significant.

The research report will be published in 2015.

2 Lalitha, N. (Forthcoming 2015) *Cotton Farming Under Fairtrade Conditions in India*, Ahmedabad: Gujarat Institute of Development Research.

FIGURE 7.26

Fairtrade seed cotton: Number of producer organizations with Fairtrade seed cotton certification 2008–2013

Number of producer organizations with Fairtrade seed cotton certification

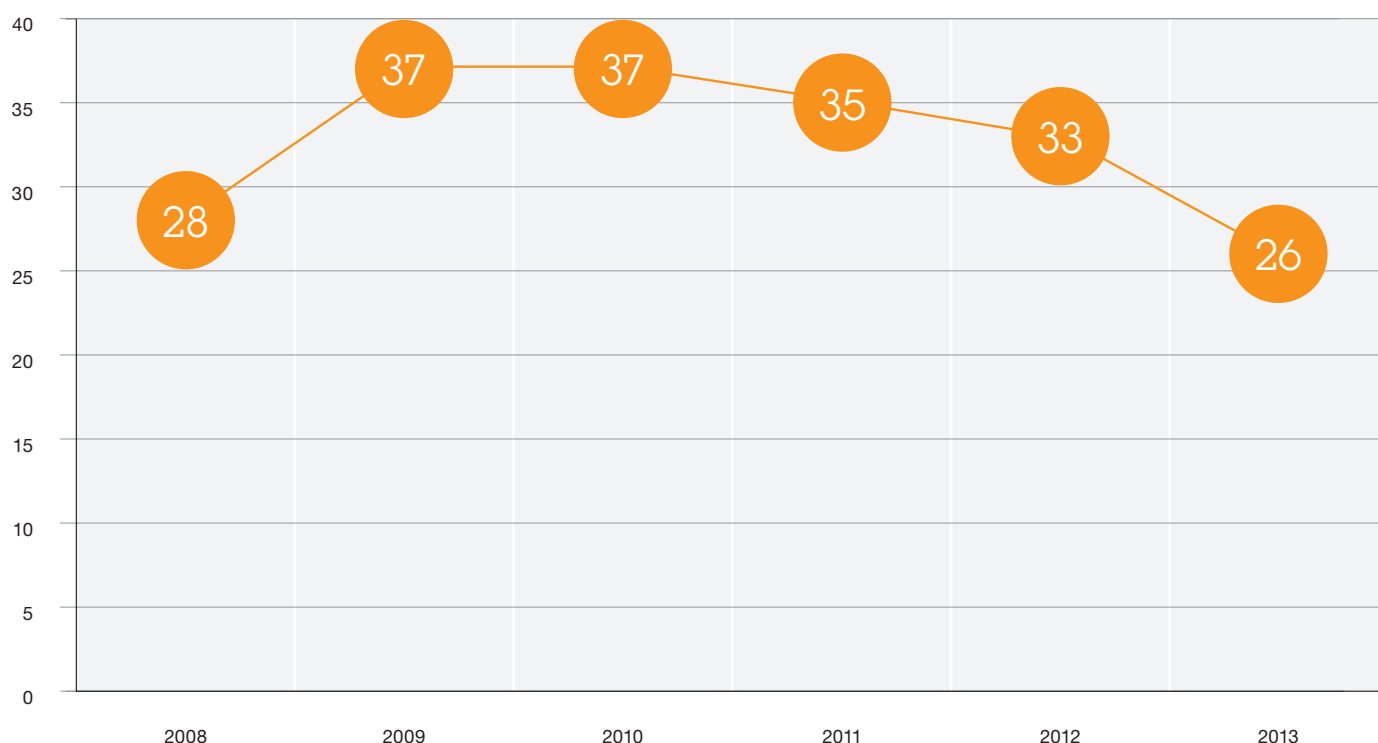
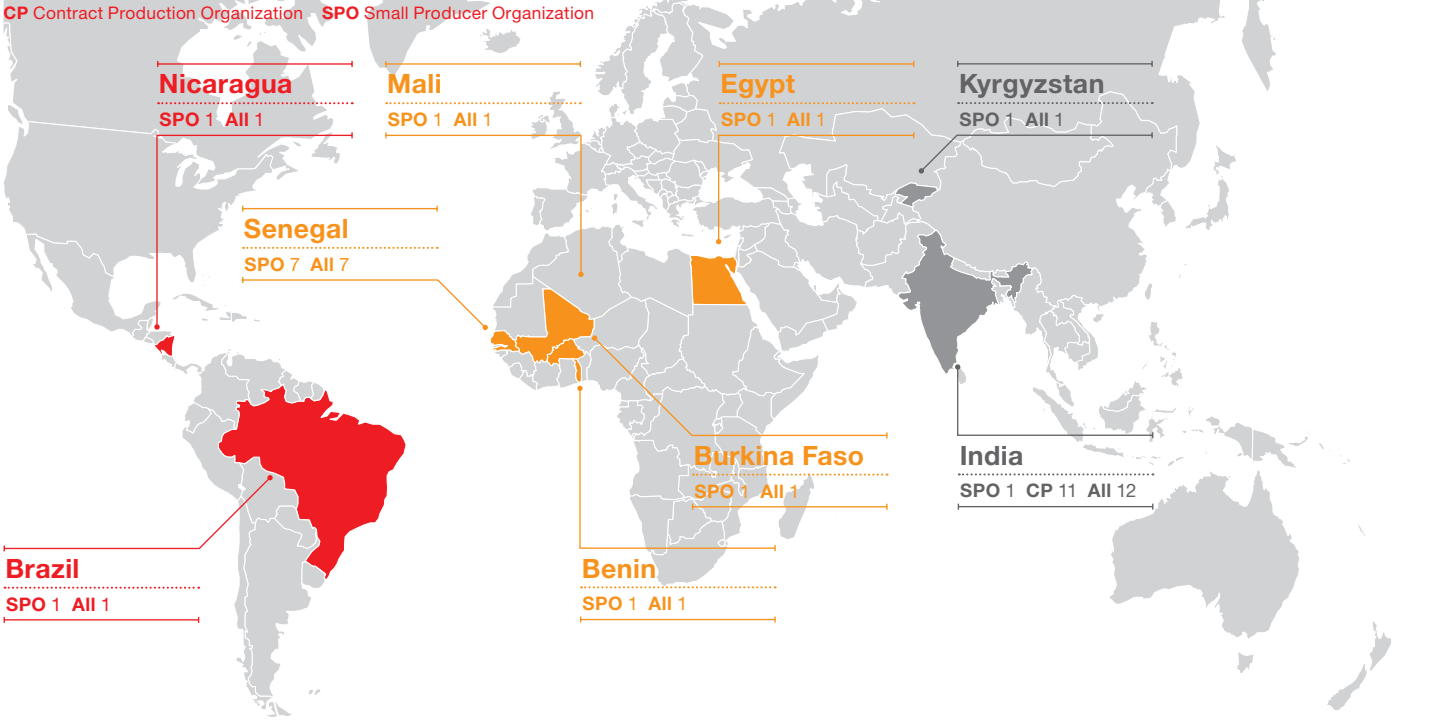


FIGURE 7.27

Fairtrade seed cotton: Producer organizations with Fairtrade seed cotton certification 2013



Latin America
and the Caribbean
SPO 2 All 2

Africa and
the Middle East
SPO 11 All 11

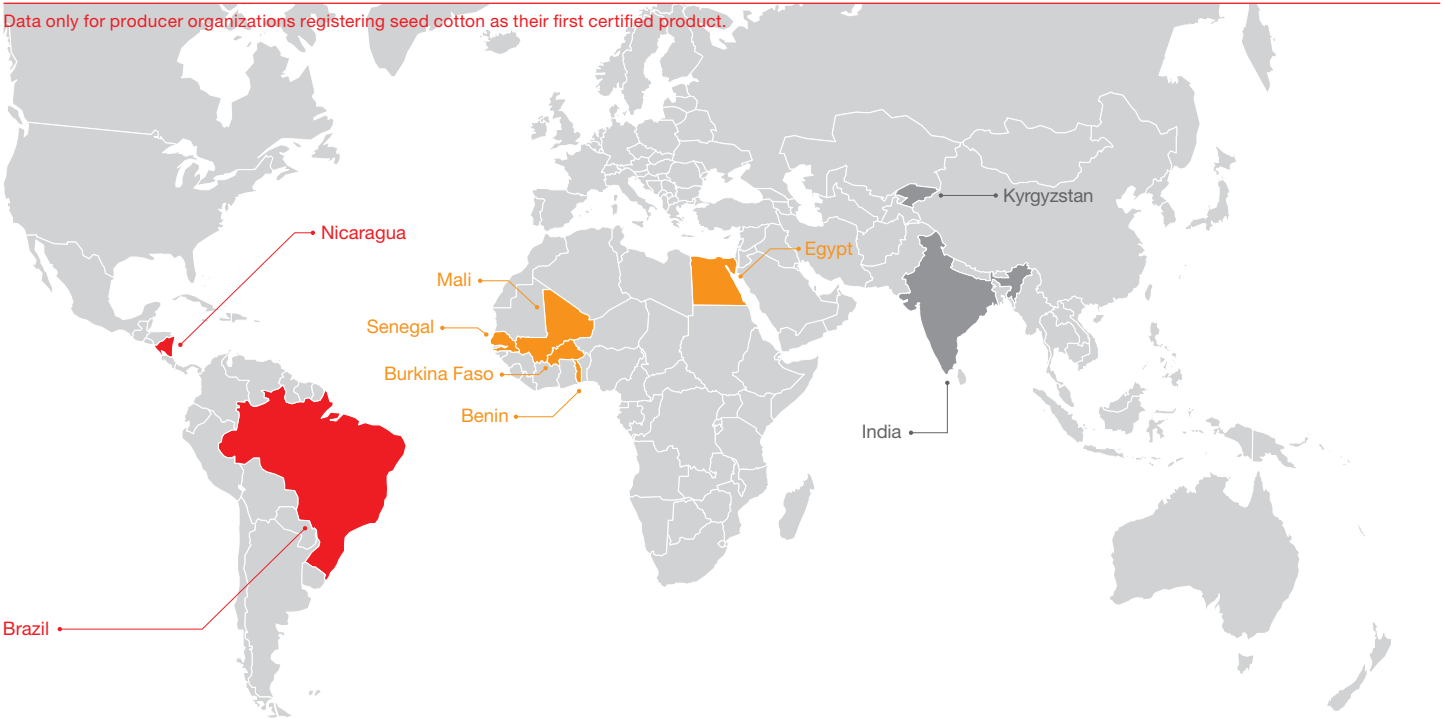
Asia and Oceania
SPO 2 CP 11 All 13

Global Total
SPO 15 CP 11 All 26

FIGURE 7.28

Fairtrade seed cotton: Number of farmers by region 2013

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



Latin America
and the Caribbean
SPO 100
All 100

Africa and
the Middle East
SPO 29,700
All 29,700

Asia and Oceania
SPO 7,800 CP 22,000
All 29,800

Global Total
SPO 37,700 CP 22,000
All 59,700

TABLE 7.6

Fairtrade seed cotton: Key data 2013

	2012–13	2011–12	Percentage change
Total number of farmers	59,700	73,400	-19%
Total number of hectares under Fairtrade seed cotton cultivation	86,800	92,800	-6%
Total certifiable volume (MT)	49,900	50,600	-1%
Percentage of Fairtrade seed cotton producer organizations holding organic certification	60%	57%	
Total Fairtrade sales volume (MT)	16,000	19,200	-17%
Overall proportion of seed cotton production volumes sold as Fairtrade by organizations that held Fairtrade certification throughout the full reporting period (see note)	33%	N/A	
Total Fairtrade Premium received (€)	644,000	662,000	-3%

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

FIGURE 7.29

Fairtrade seed cotton: Fairtrade Premium received 2010–2013

Fairtrade Premium received (€)

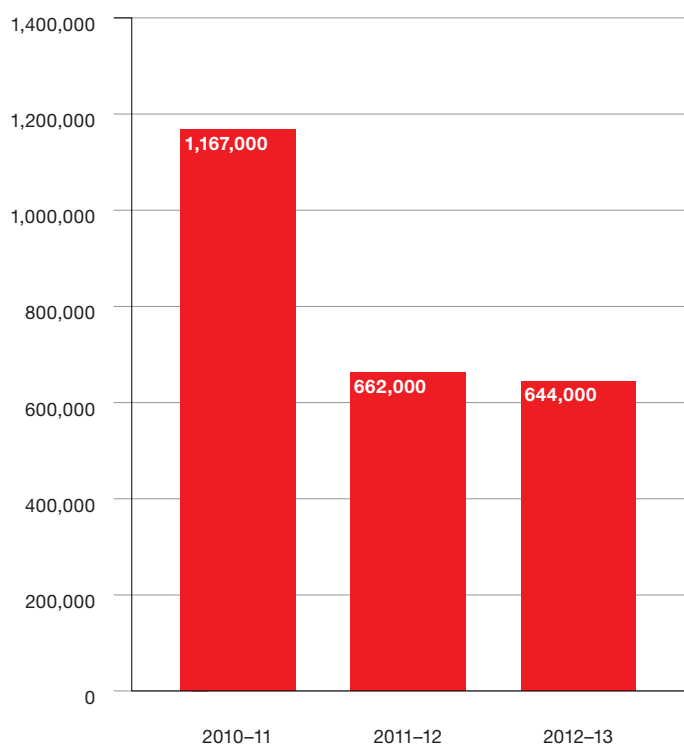
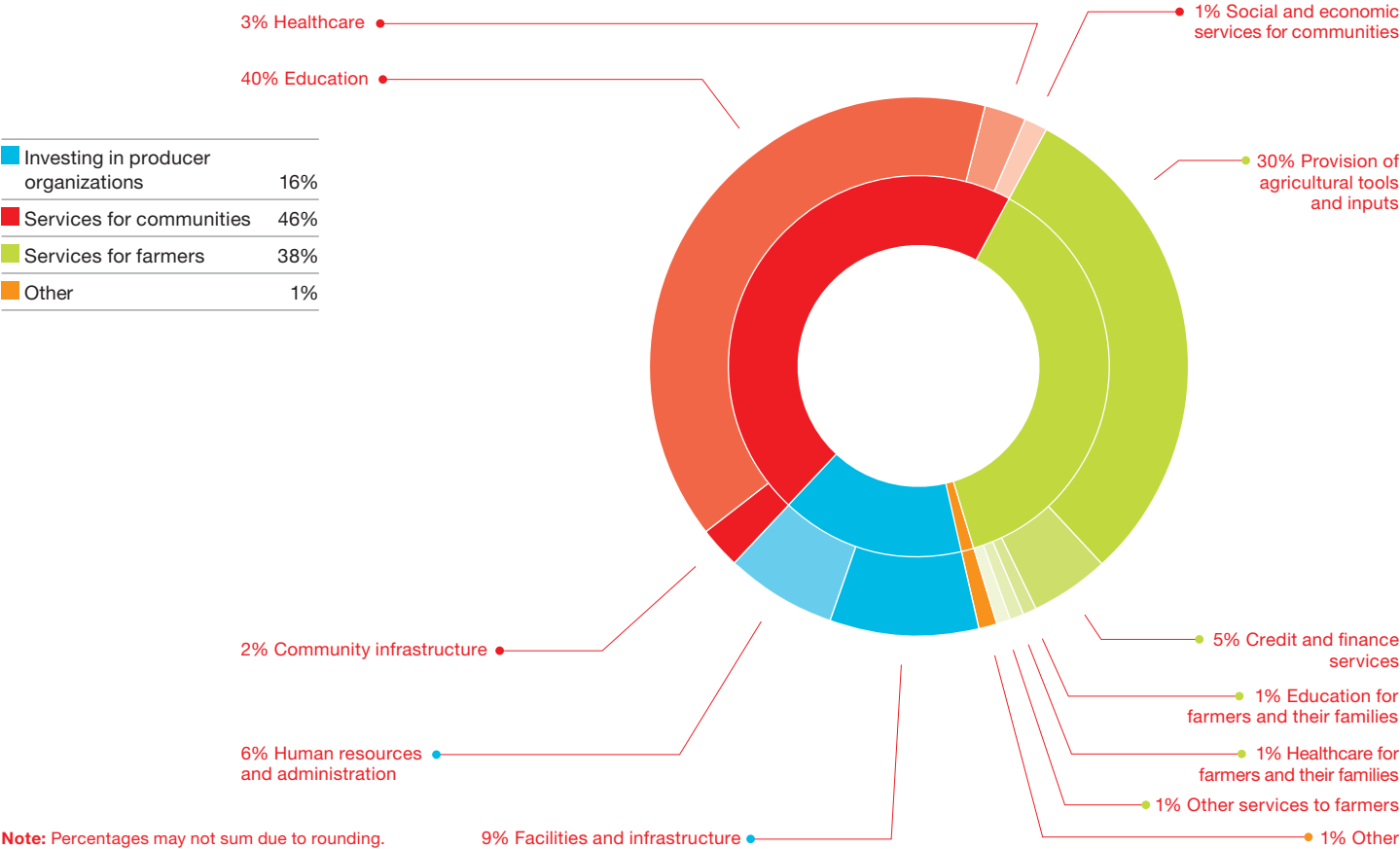
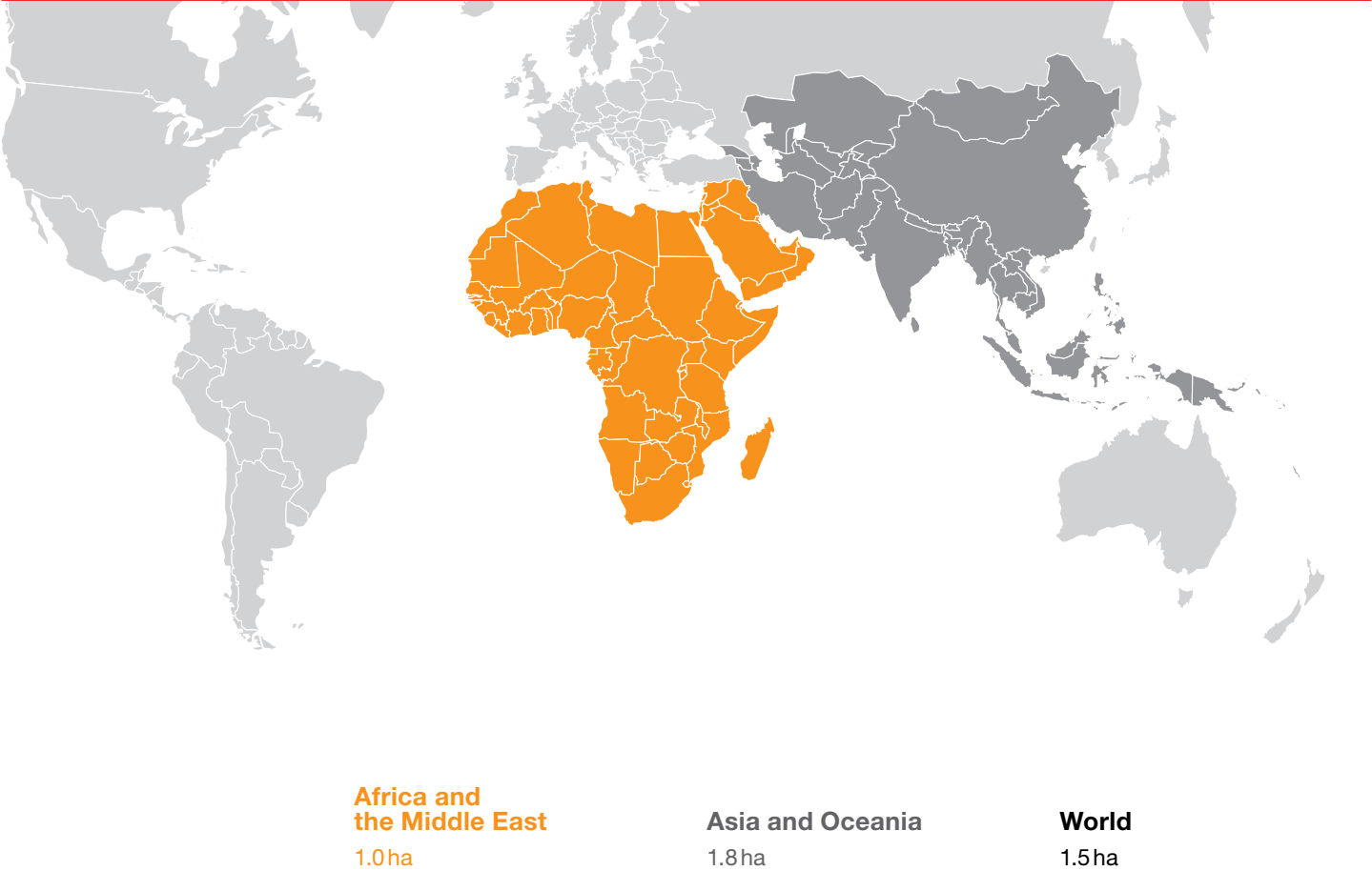
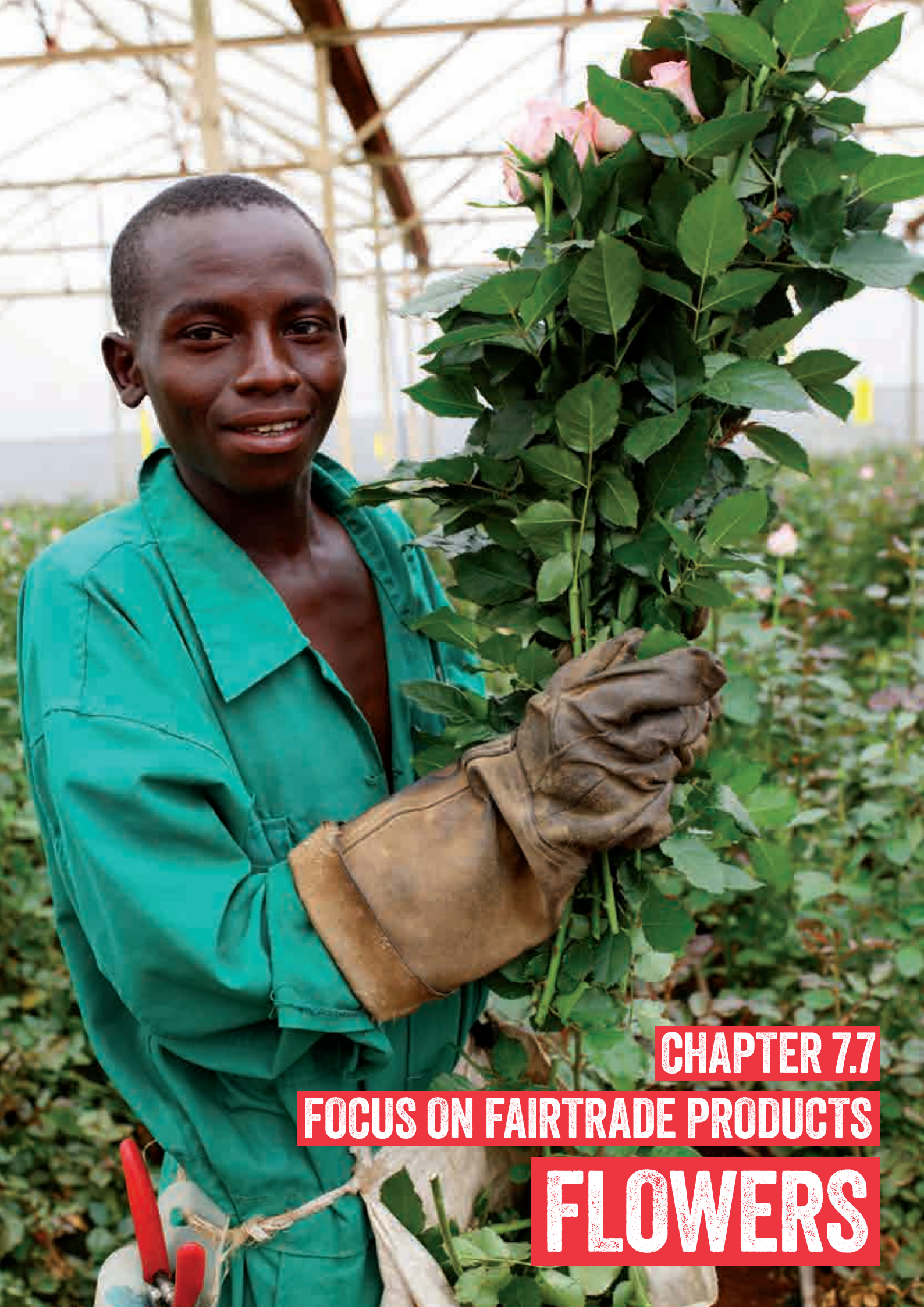


FIGURE 7.30
Fairtrade seed cotton: Fairtrade Premium use 2012-13



Average area of Fairtrade seed cotton cultivated per farmer 2013 (hectares)





CHAPTER 7.7

FOCUS ON FAIRTRADE PRODUCTS

FLOWERS

50,000 WORKERS

ARE EMPLOYED ON
FAIRTRADE CERTIFIED
FLOWER FARMS



€5 MILLION

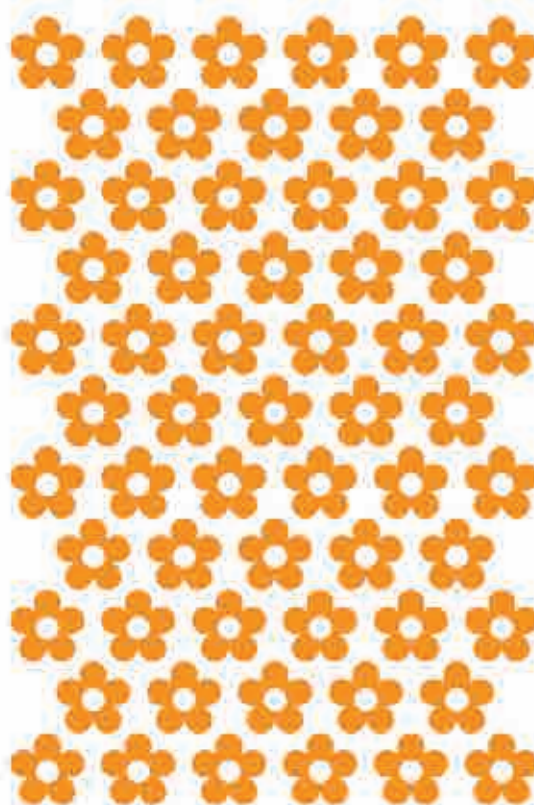
IN FAIRTRADE PREMIUM PAID TO

FLOWER WORKERS



610

MILLION STEMS
SOLD AS
FAIRTRADE



7.7 Fairtrade Fact File: Flowers

Cover: Joshua Kilei is one of 450 workers at Waridi Limited flower farm in Kenya, a Fairtrade certified plantation since 2003. © Nathalie Bertrams

- At the end of 2013, 53 producer organizations in six countries held a Fairtrade certification for flowers and plants. Twenty-nine of these organizations are in Kenya, and 40 in Africa overall.
- Almost 50,000 workers were employed on Fairtrade flower farms in 2013, of which nearly 47,000 were in Africa, mainly Kenya and Ethiopia.
- The total production capacity of Fairtrade flowers blossomed to over 2.9 billion stems at the end of 2013.
- The volume of sales grew by 10 percent to over 610 million stems in 2012. This was primarily the result of significant increases in market sales in Germany and the UK.
- Flower producers that were certified and eligible to make Fairtrade sales during the full reporting period sold 23 percent of their production volumes as Fairtrade on average.
- In 2013 the Fairtrade flower plantations reported receiving more than €5 million in Fairtrade Premium payments.
- Sixty-five percent of all Fairtrade Premium expenditure on flower farms was invested in support services for workers and their families. This included 23 percent used to support education for workers and their families, ten percent for improvements to worker housing, and 12 percent for financial and credit services for workers.
- Nineteen percent of the Fairtrade Premium was used to fund community services—mostly supporting education services within communities—for example through the renovation of school buildings, and the provision of bursaries for students.
- The remaining 14 percent of the Fairtrade Premium was used for training and empowerment of workers and support for worker organizations.

FIGURE 7.31

Fairtrade flowers: Number of producer organizations with Fairtrade flowers certification 2008–2013

Number of producer organizations
with Fairtrade flowers certification

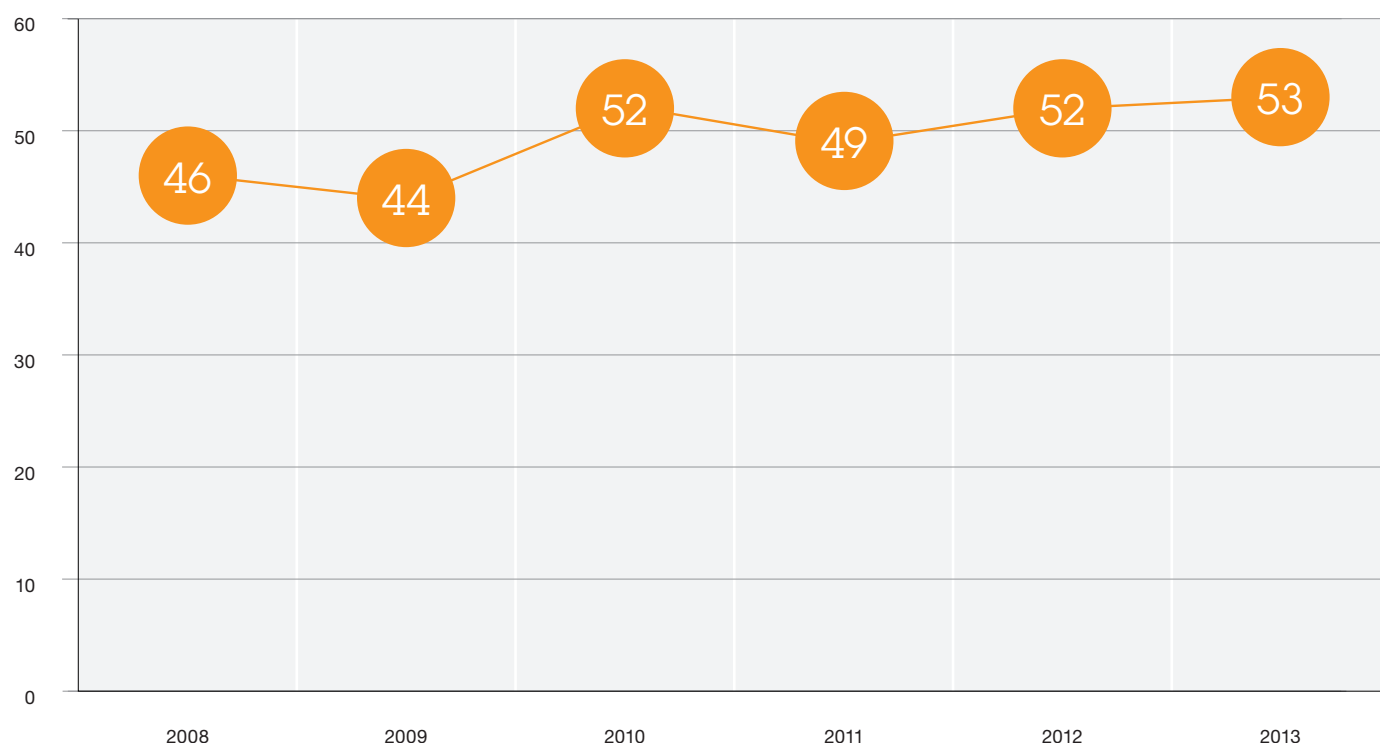


FIGURE 7.32

Fairtrade flowers: Producer organizations with Fairtrade flowers certification 2013

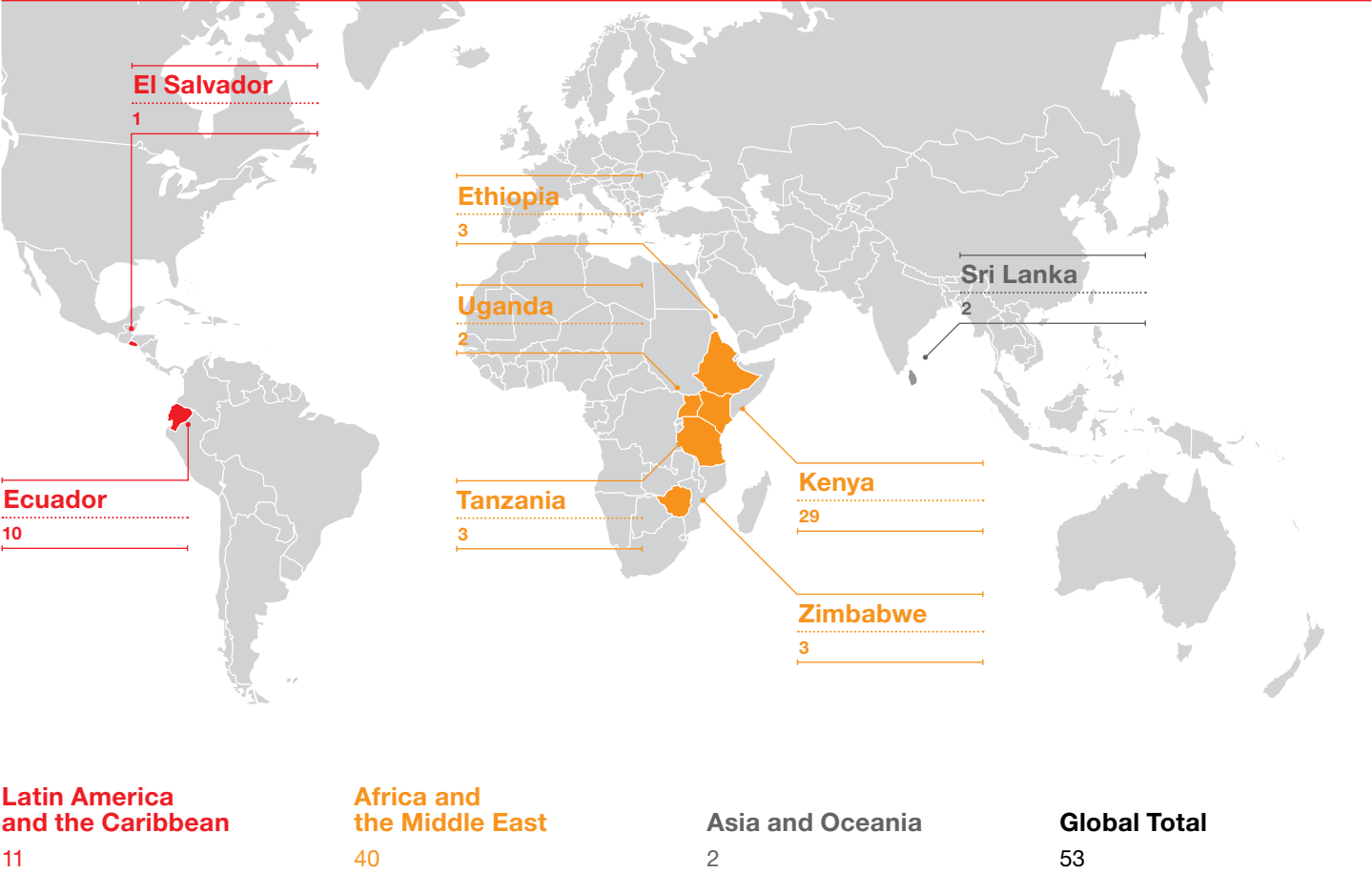


FIGURE 7.33

Fairtrade flowers: Number of workers by country 2013

Data only for producer organizations registering flowers and plants as their first certified product.

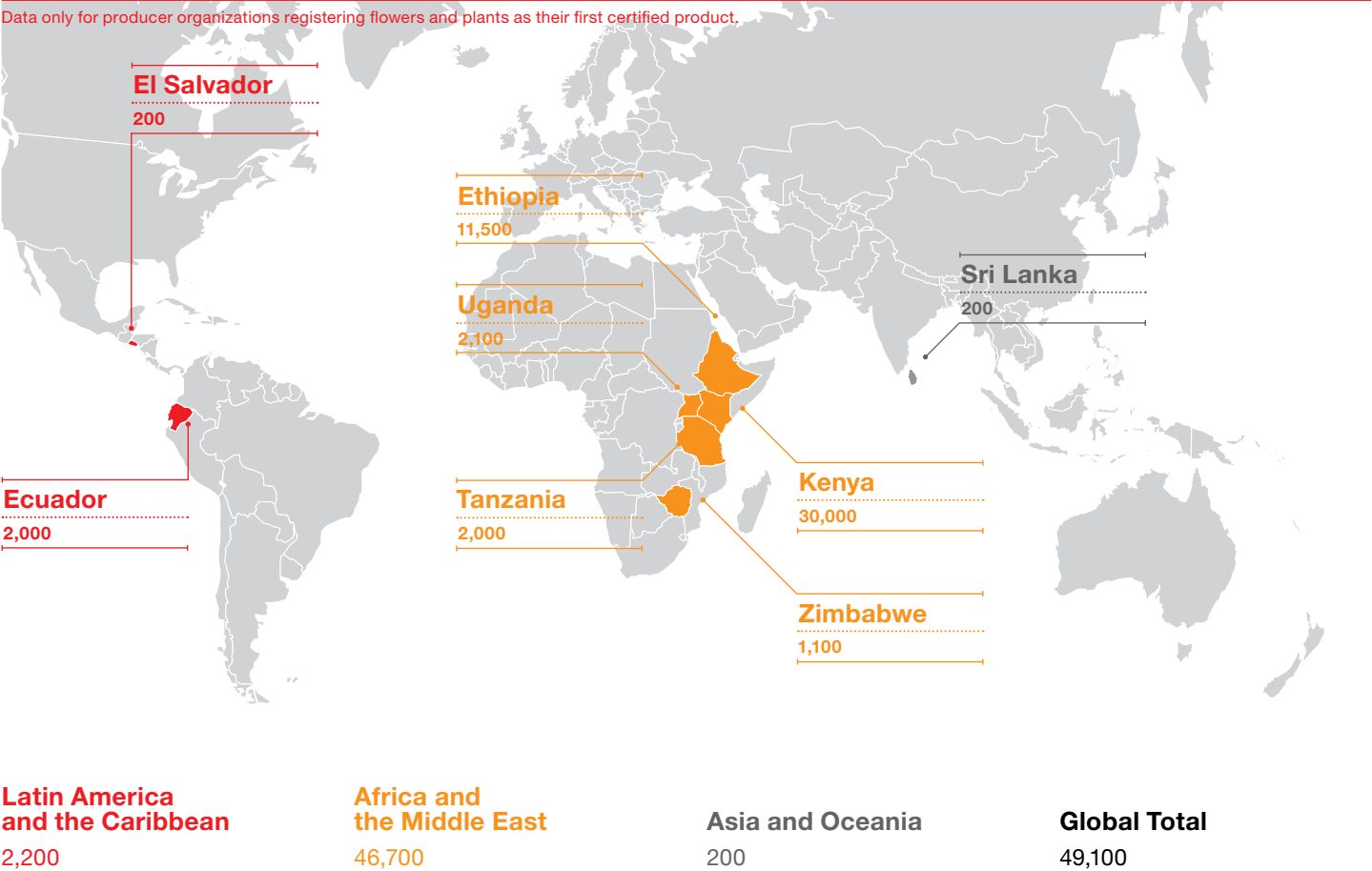


TABLE 7.7

Fairtrade flowers: Key data 2013

	2012–13	2011–12	Percentage change
Total number of workers	49,100	50,000	-2%
Total certifiable volume (stems)	2,914,994,700	2,813,288,100	4%
Total Fairtrade sales volume (stems)	610,099,700	554,440,000	10%
Overall proportion of flower production production volumes sold as Fairtrade by organizations that held Fairtrade certification throughout the full reporting period (see note)	23%	21%	
Total Fairtrade Premium received (€)	5,096,000	4,718,500	8%

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

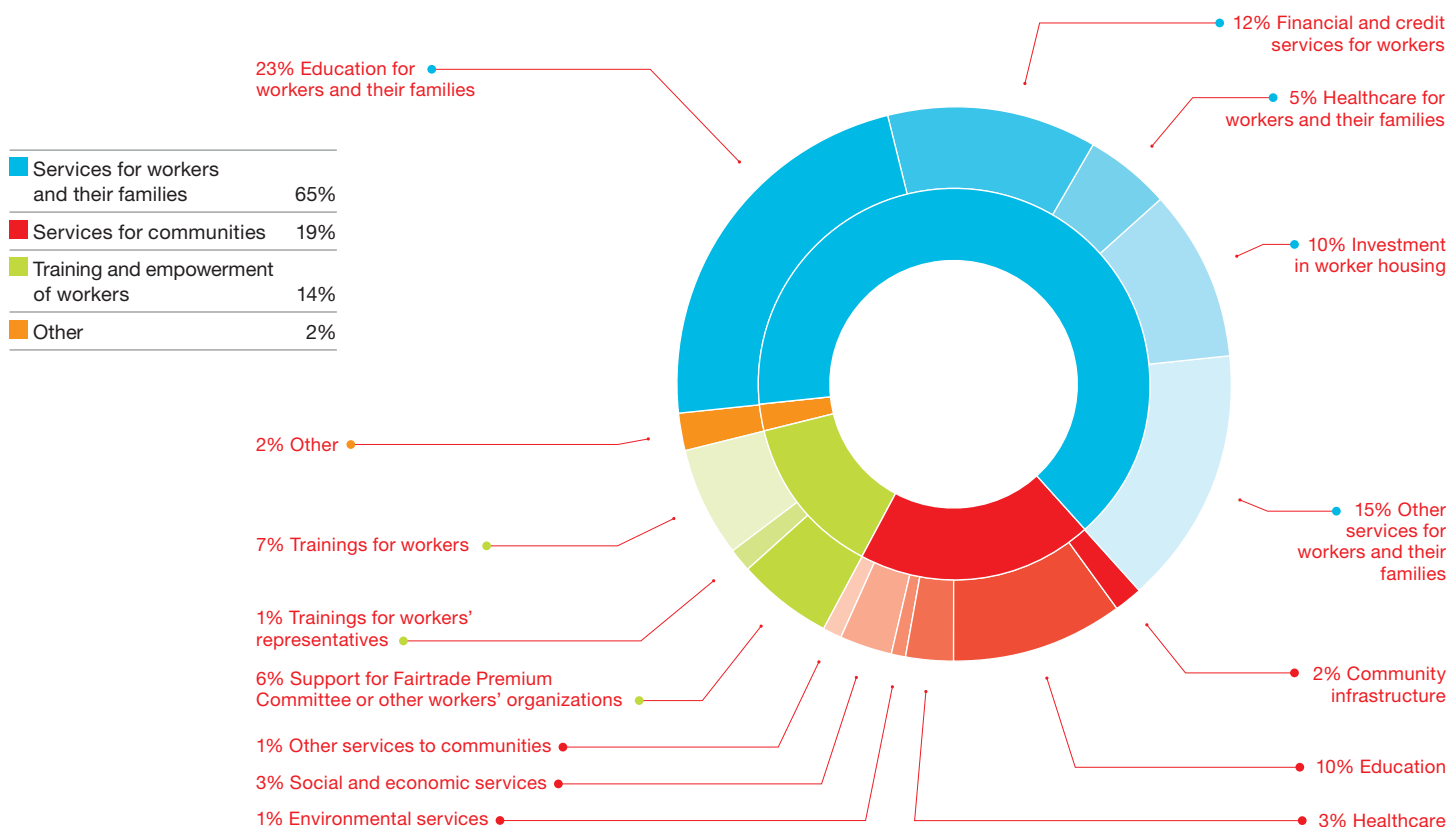
FIGURE 7.34

Fairtrade flowers: Fairtrade Premium received 2010–2013

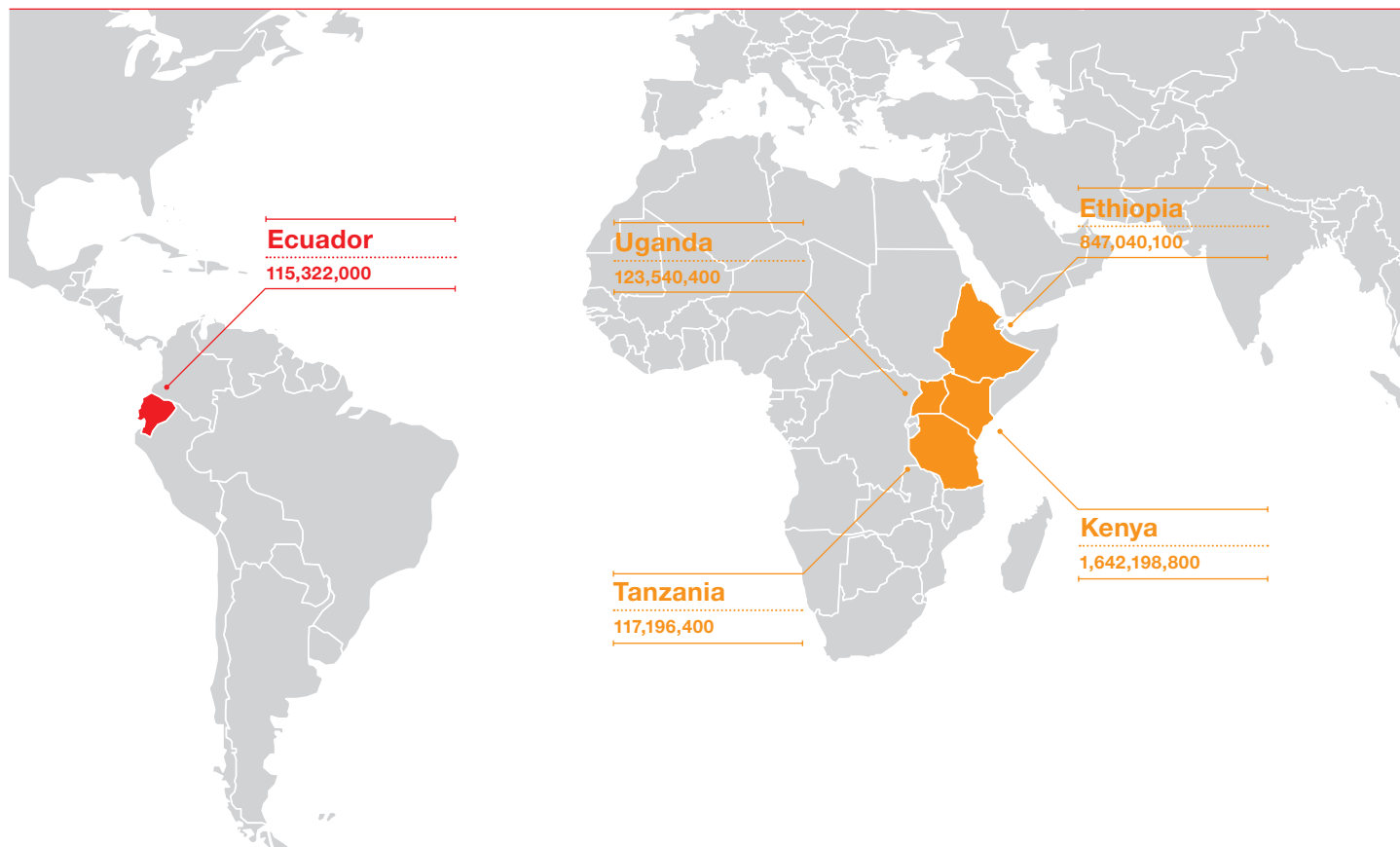
Fairtrade Premium received (€)



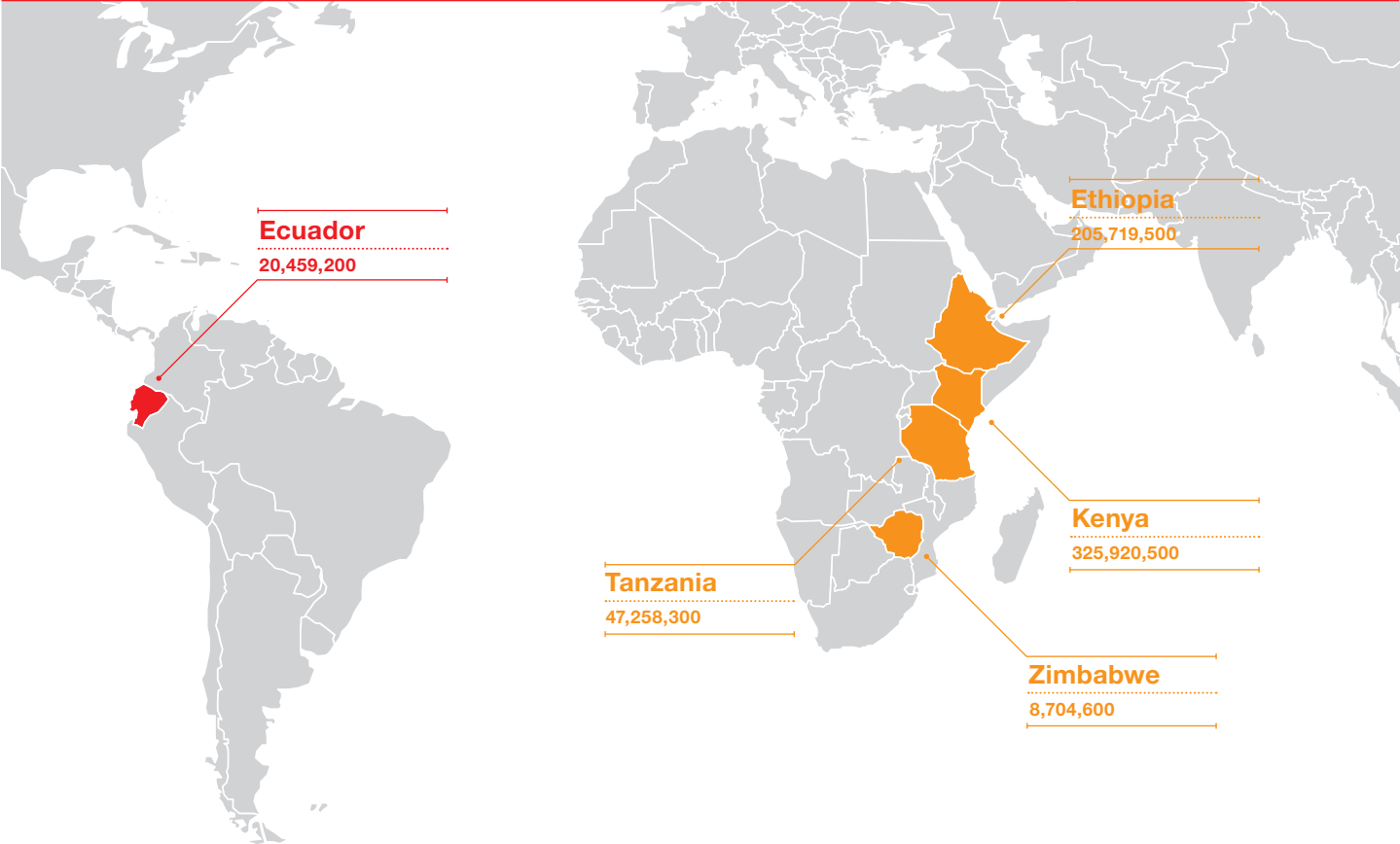
FIGURE 7.35

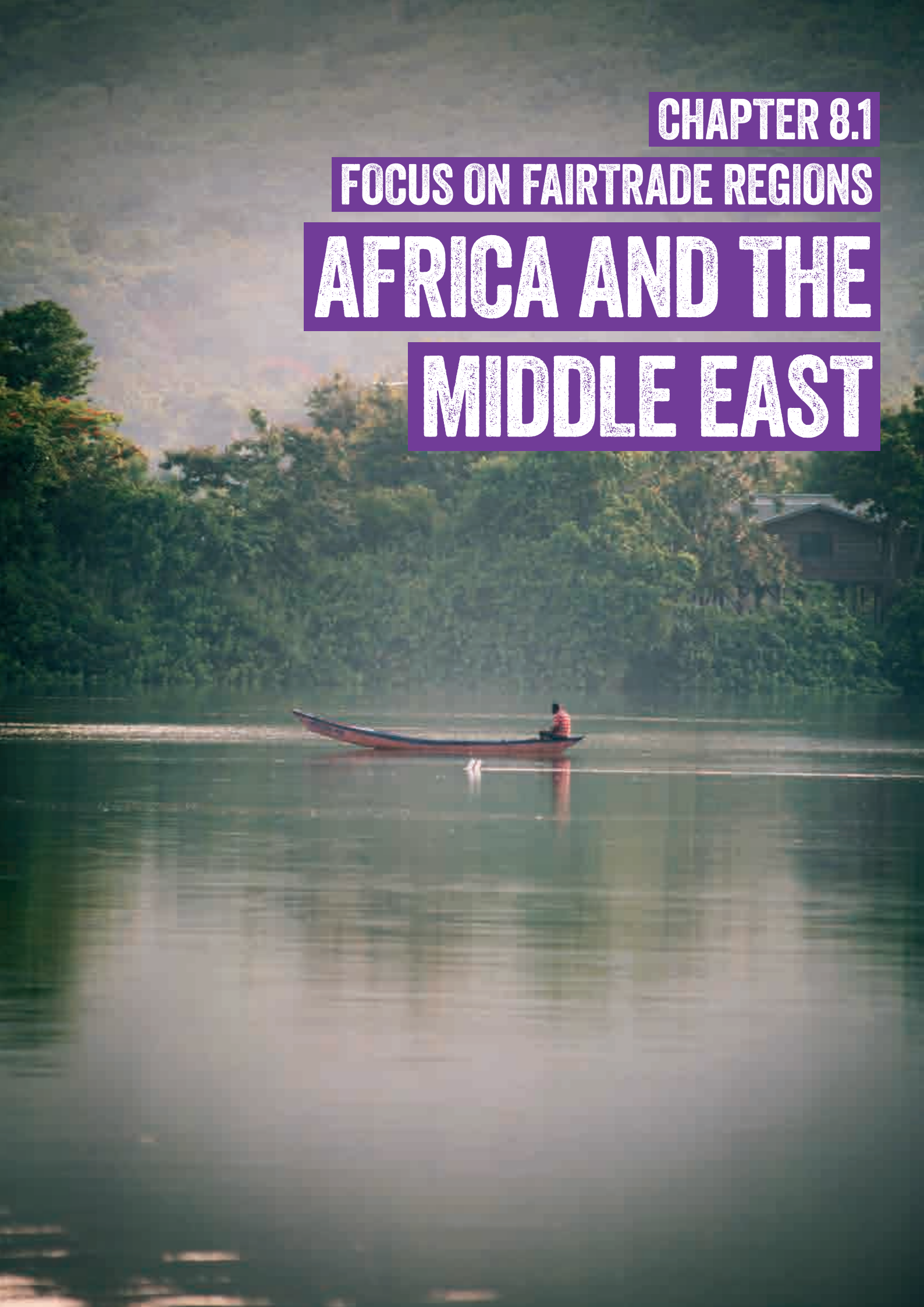
Fairtrade flowers: Fairtrade Premium use 2012–13

Note: Percentages may not sum due to rounding.

Fairtrade flowers production capacity: Top five countries 2012–13 (stems)

Fairtrade flowers: Top five selling countries by volume 2012-13 (stems)



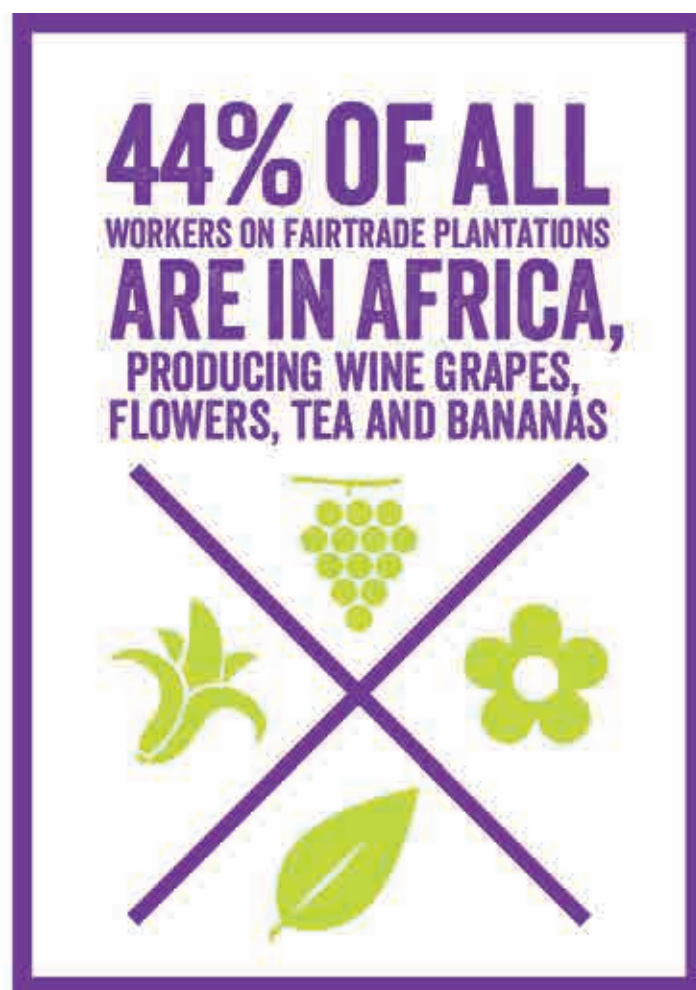
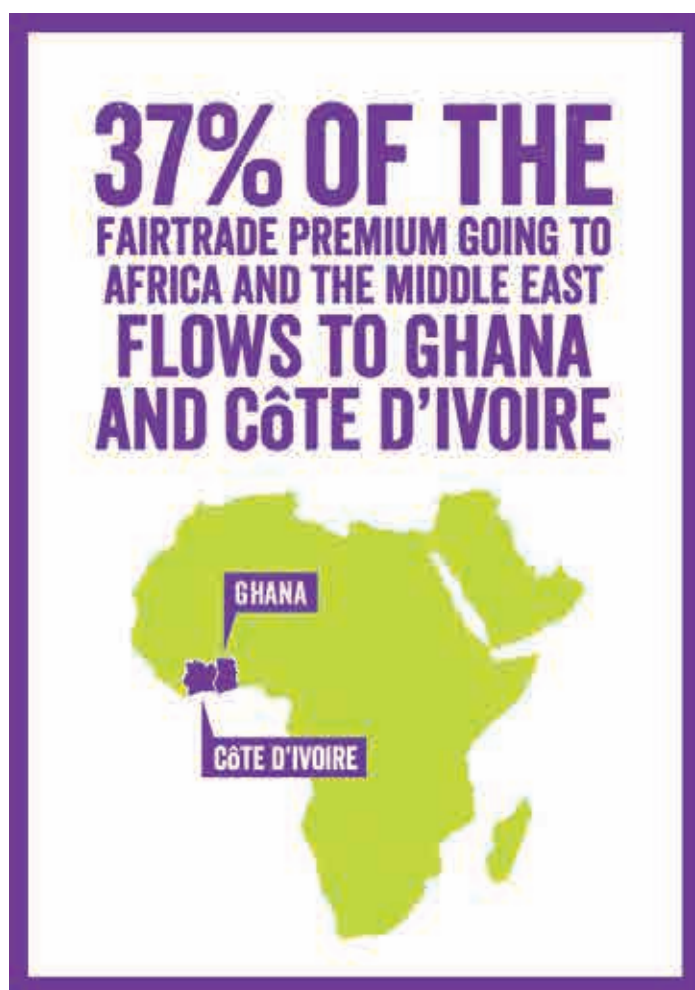
A person in a small, narrow boat is positioned in the middle ground of a calm body of water. The water reflects the surrounding environment. In the background, there is a dense line of green trees and foliage. A small, light-colored building is partially visible through the trees on the right side. The overall scene is peaceful and scenic.

CHAPTER 8.1

FOCUS ON FAIRTRADE REGIONS

AFRICA AND THE

MIDDLE EAST



8.1 Fairtrade in Africa and the Middle East 2013

Fairtrade continued to grow in Africa and the Middle East, but at a slower rate than in 2012. By the end of 2013 there were 404 Fairtrade certified producer organizations in 32 countries throughout the region. Of these, 302 were small producer organizations and 102 were hired labour organizations.

- Reported Fairtrade Premium revenues to producers in Africa and the Middle East totalled €21.3 million in 2012–13, and accounted for 22 percent of global Fairtrade Premium flows, though the continent represents 62 percent of all farmers and workers in Fairtrade.
- Thirty-seven percent of reported Fairtrade Premium revenues to Africa and the Middle East flowed to Ghana and Côte d'Ivoire, reflecting the continued importance of West African cocoa in Fairtrade. Cocoa sales accounted for 34 percent of all Fairtrade Premium revenues in Africa, in comparison to 21 percent in 2010–11. However, the rapid increase of new certifications of cocoa producers in Côte d'Ivoire seen in 2011 and 2012 had stopped by 2013.
- Fairtrade cocoa certification continued to grow in Sierra Leone, as committed companies worked with local farmers to rebuild the local cocoa industry that had been decimated during the long civil war. The first Fairtrade coffee cooperative gained certification in Burundi, another country with a legacy of conflict.
- Nineteen percent of all the African Fairtrade Premium revenues went to Kenya, a slight fall compared with the previous year.
- The percentage of African Fairtrade Premium revenues flowing to Ethiopia grew to 12 percent in comparison with 10 percent in 2011–12, reflecting strong sales of Fairtrade flowers from Ethiopia.
- Forty-four percent of all Fairtrade plantation workers are based in Africa, while 48 percent of plantation Fairtrade Premium revenues globally are received by African plantations. This reflects the importance of African plantations in producing

Cover: View of a lake on the Volta River Estates, a Fairtrade certified plantation that produces fresh fruit in Ghana. ©Linus Hallgren

Fairtrade flowers, wine grapes, and tea—as well as the emergence of Fairtrade bananas from African plantations.

- Bananas accounted for three percent of all Fairtrade Premium flow to Africa—an increase from around 0.4 percent in 2011–12.
- The Shared Interest Foundation distributed £947,000 in loans to producer organizations in Côte d'Ivoire, Kenya, Uganda and Tanzania as part of a two-year project to improve access to finance for producer organizations. In 2013, 90 producer organizations (including but not limited to Fairtrade certified producer organizations) across Africa were trained on financial management and sources of finance. Of these, 29 were selected for further business mentoring where they received needs-based training with a professional consultant.
- In 2013 Fairtrade Africa launched a climate adaptation programme 'Adaptea', in partnership with Viskogen and Fairtrade International and funded by the Nordic Climate Facility. This project supports small-scale farmer members of 21 tea producer organizations in Kenya, Uganda, Tanzania and Rwanda to adapt to the challenges of climate change by adopting Sustainable Agricultural Land Management Practices (SALM). In 2013 the project trained 1,948 farmers. Seventeen small producer organizations also received risk and organizational assessments and developed capacity development plans to respond to climate change risks.



PRODUCER REPORT

Extending to Africa: Fairtrade Gold

In 2012 Fairtrade Africa, the Alliance for Responsible Mining, Solidaridad and Fairtrade Foundation launched the 'Extending Fairtrade Gold to Africa' project. Working with local organizations, this project aims to support 1,100 artisanal gold miners in nine small-scale mining organizations in Uganda, Tanzania and Kenya as they work to achieve Fairtrade certification for their gold.

To date the project has reached more than 400 representatives of mining organizations who have participated in trainings on child labour; the safe handling of mercury; workplace safety; the formation, registration and governance of miner organizations; and gender empowerment. Fairtrade Africa also facilitated exchange visits to other organizations to enable the nascent mining organizations to see how Fairtrade works in practice.

Read more about our work with these new groups here:

<http://bit.ly/1zScWcQ>

TABLE 8.1

Fairtrade in Africa and the Middle East 2013**Number of farmers and workers in Fairtrade producer organizations 2013**

Percentage of global total

838,500



Small Producer Organizations

64%

Fairtrade Premium receipts 2012–13 (€ millions)

Percentage of global total

€14.6 million

Small Producer Organizations

18%

93,600



Hired Labour Organizations

44%

€6.7 million

Hired Labour Organizations

48%

932,100



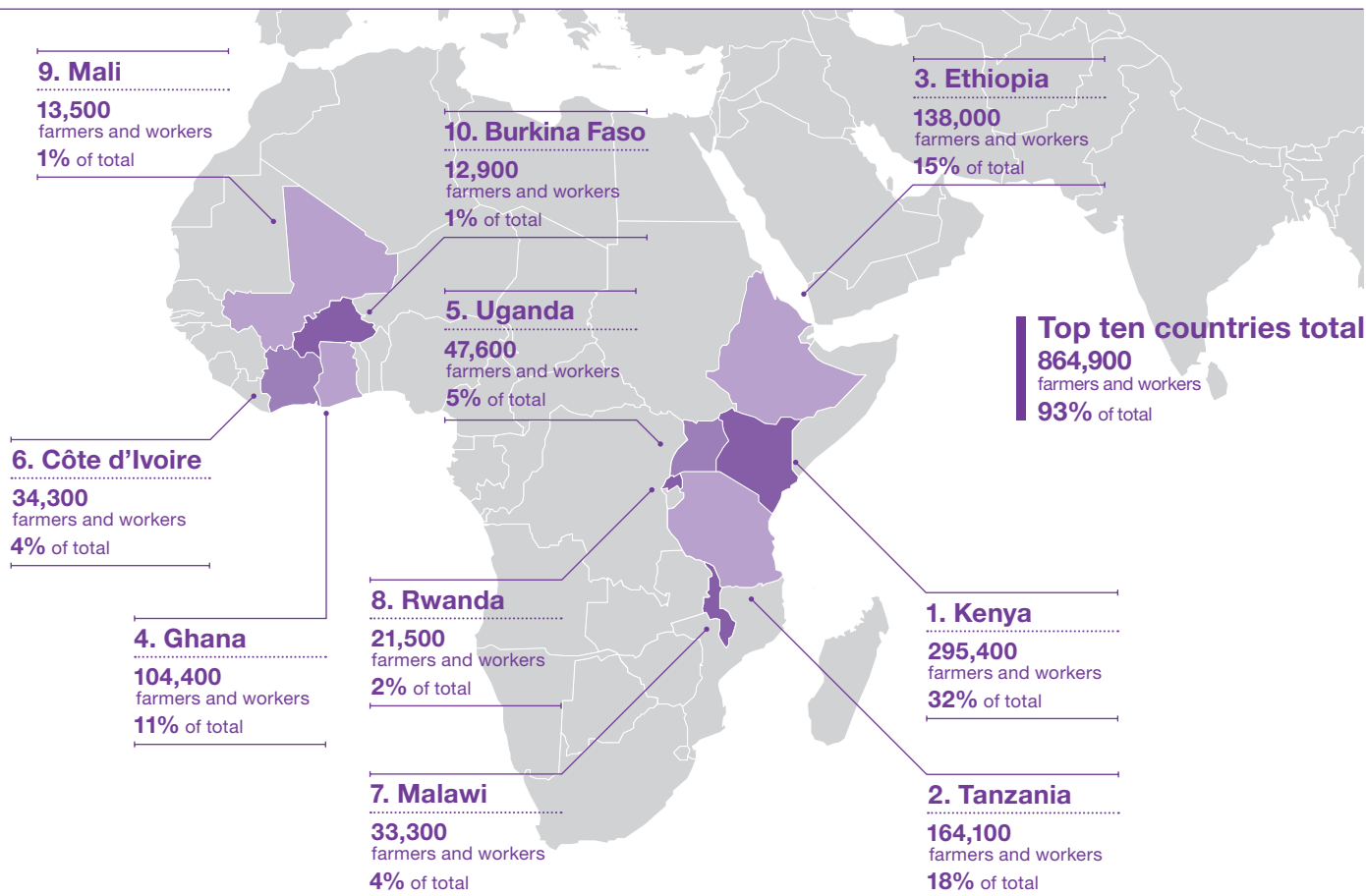
Africa Total

62%

€21.3 million

Africa Total

22%

Fairtrade in Africa and the Middle East: Top ten countries Fairtrade farmers and workers 2013

Fairtrade in Africa and the Middle East: Top ten Fairtrade Premium receiving countries 2012-13

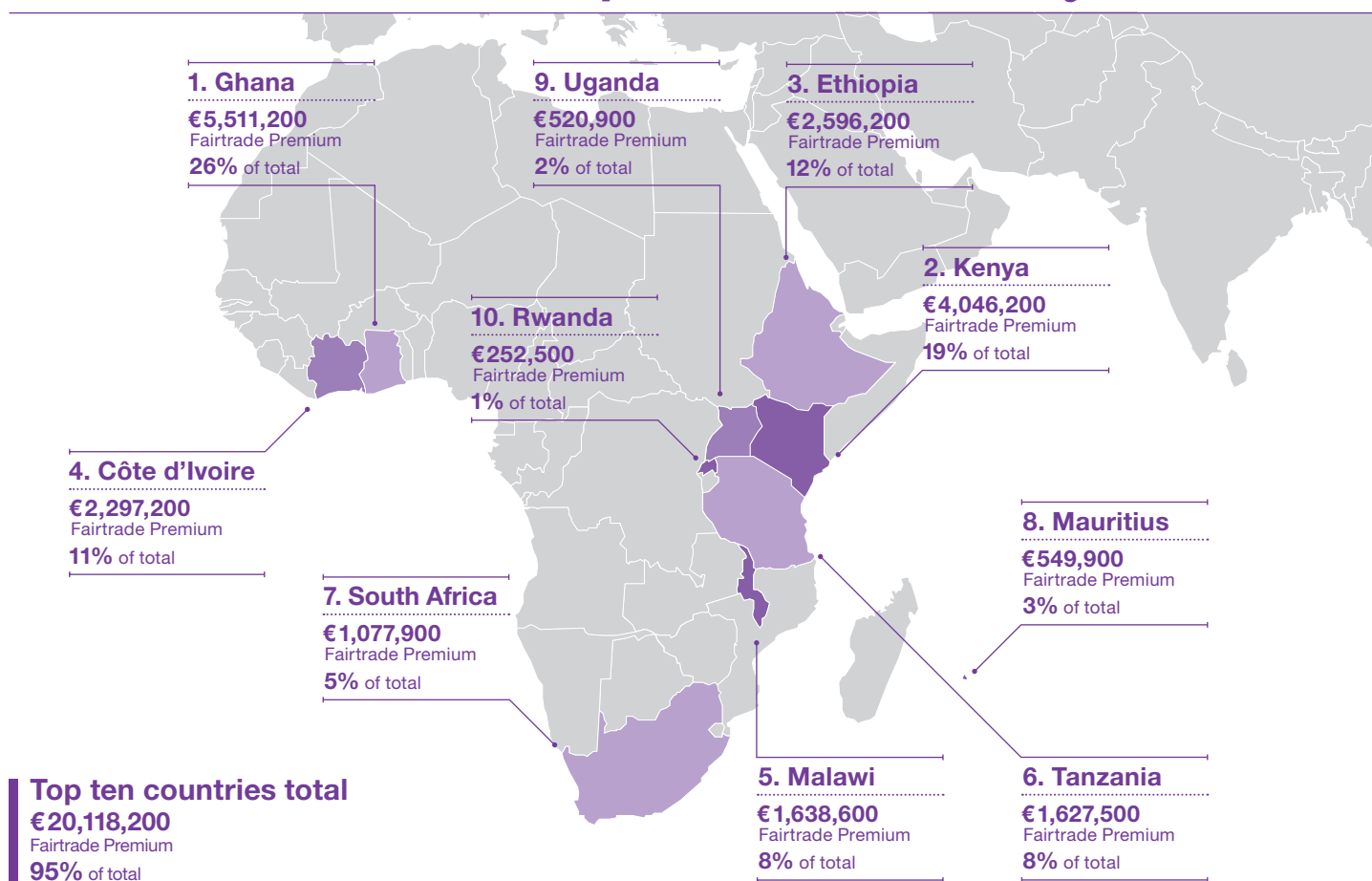


FIGURE 8.1

Fairtrade in Africa and the Middle East: Fairtrade Premium distribution by product 2012-13

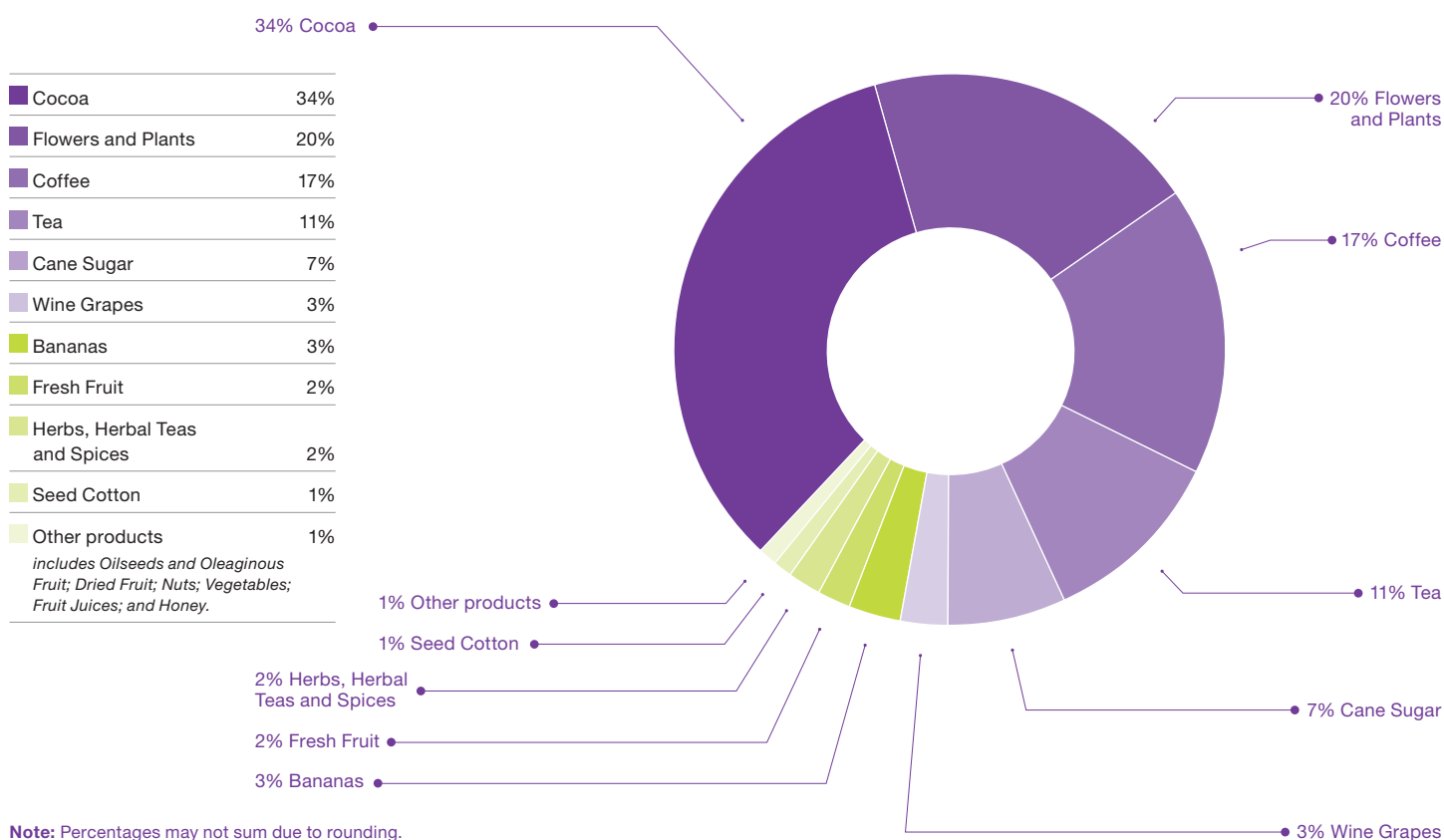


FIGURE 8.2

Fairtrade in Africa and the Middle East: Producer organizations 2011–2013

■ Hired Labour Organizations
■ Small Producer Organizations
■ All

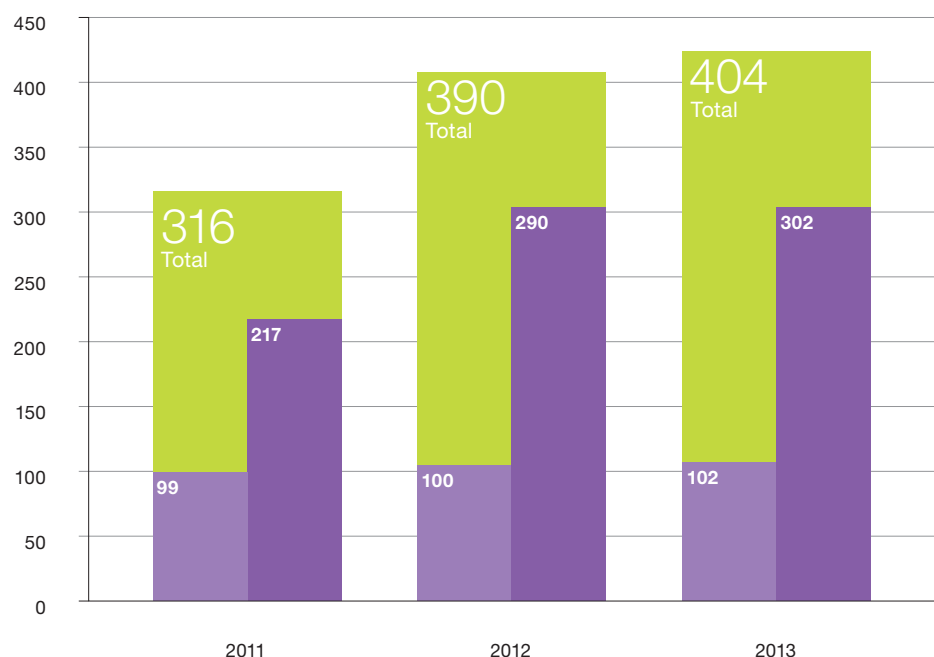


FIGURE 8.3

Fairtrade in Africa and the Middle East: Producer organizations by country 2013

Country	SPO	HLO	All
Benin	2		2
Burkina Faso	10		10
Burundi	3		3
Cameroon	3	1	4
Comoros	1		1
Côte d'Ivoire	53		53
Democratic Republic of the Congo	1		1
Egypt	10	5	15
Ethiopia	4	4	8
Gambia	1		1
Ghana	23	8	31
Kenya	56	30	86
Lebanon	2		2
Madagascar	10		10
Malawi	9	3	12
Mali	4		4
Mauritius	29		29
Morocco	1	1	2
Mozambique	3	1	4
Occupied Palestinian Territory	5		5
Rwanda	10	1	11
São Tomé and Príncipe	1		1
Senegal	8		8
Sierra Leone	6		6
South Africa	4	34	38
Swaziland	7		7
Tanzania	12	7	19
Togo	2		2
Tunisia	5	1	6
Uganda	15	3	18
Zambia	2		2
Zimbabwe		3	3
Grand Total	302	102	404

SPO Small Producer Organization
 HLO Hired Labour Organization

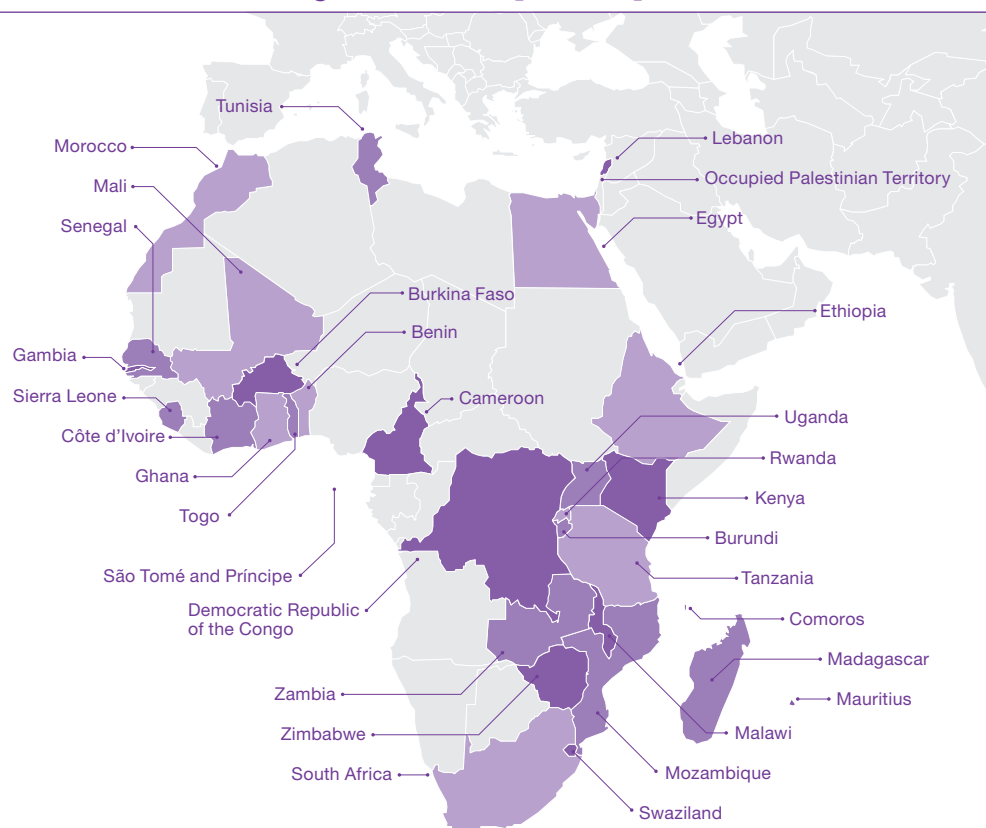
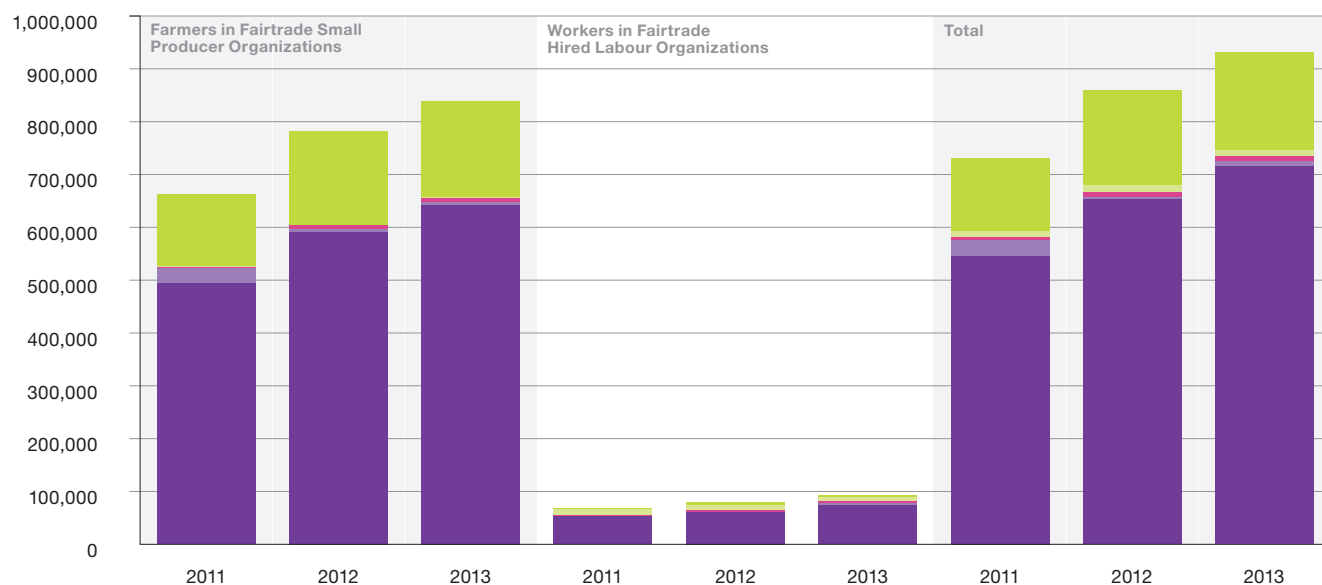
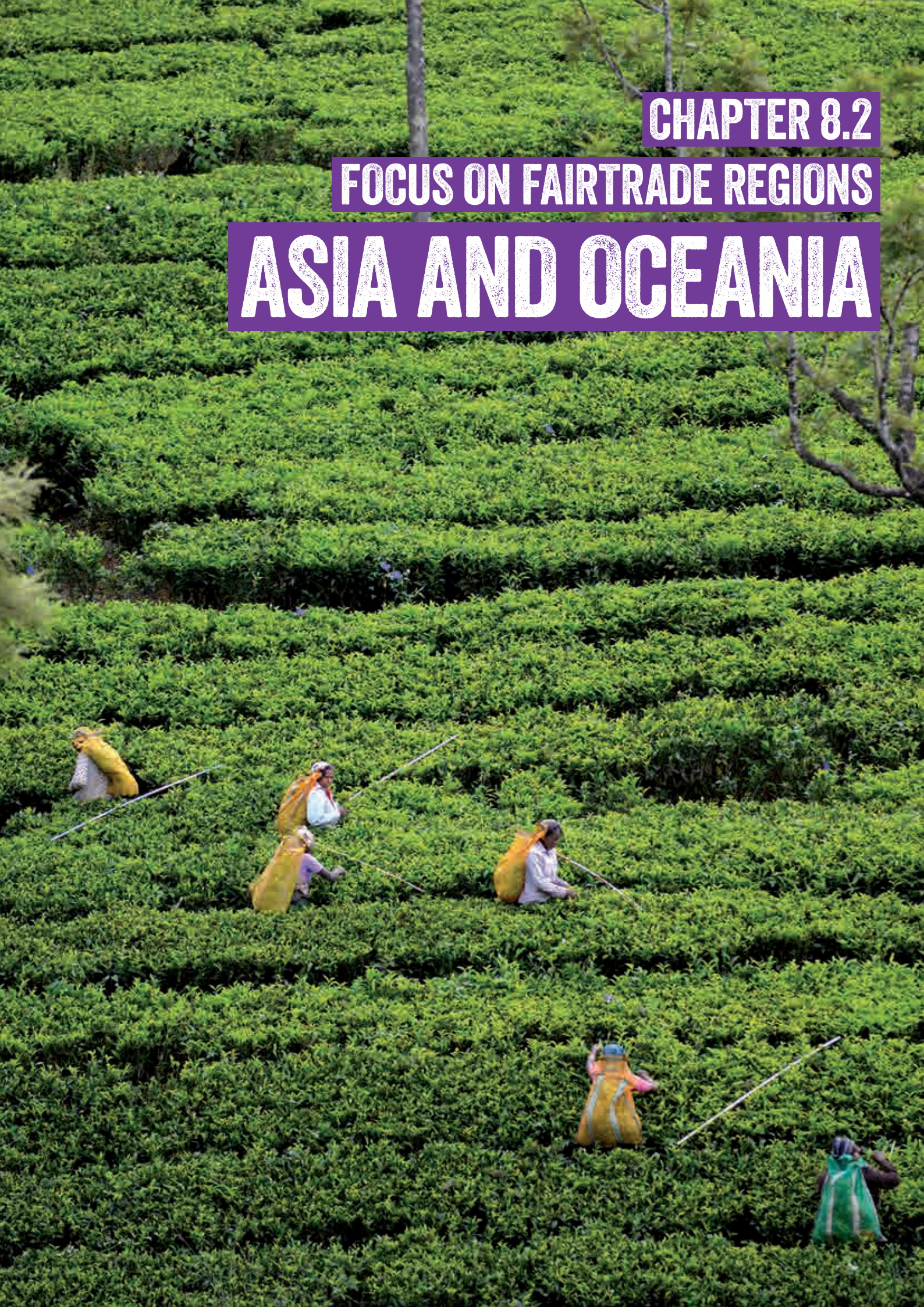


FIGURE 8.4

Fairtrade in Africa and the Middle East: Farmer and worker numbers 2011–2013

	SPO farmers 2011	SPO farmers 2012	SPO farmers 2013	HLO workers 2011	HLO workers 2012	HLO workers 2013	Total 2011	Total 2012	Total 2013
Eastern Africa	493,500	591,300	641,700	52,500	61,600	73,300	546,000	652,900	715,000
Middle Africa	29,200	5,700	5,800	0	0	5,600	29,200	5,700	11,400
Northern Africa and the Middle East	3,700	5,800	6,800	3,700	2,800	2,200	7,400	8,600	9,000
Southern Africa	300	2,600	2,600	10,000	9,800	7,800	10,300	12,400	10,400
Western Africa	136,300	176,200	181,600	3,000	4,400	4,700	139,300	180,600	186,300
Africa Total	663,000	781,600	838,500	69,200	78,600	93,600	732,200	860,200	932,100



A high-angle photograph of a lush green tea plantation on a hillside. Several workers are visible, each carrying a large yellow or green bag on their back and using long-handled tools to harvest the tea leaves. The rows of tea bushes are neatly terraced across the slope.

CHAPTER 8.2

FOCUS ON FAIRTRADE REGIONS

ASIA AND OCEANIA



**49% OF ALL
WORKERS ON
FAIRTRADE
CERTIFIED
PLANTATIONS ARE IN
ASIA AND OCEANIA**



**9% INCREASE
IN FAIRTRADE PREMIUM
DISTRIBUTED TO PRODUCERS IN
ASIA AND OCEANIA**



8.2 Fairtrade in Asia and Oceania 2013

Fairtrade in Asia and Oceania grew moderately in 2013. By the end of the year there were 182 Fairtrade certified producer organizations in 18 countries in the region, compared with 161 at the end of 2012. Of these, 115 were small producer organizations, 19 were contract production organizations (a slight reduction, compared with 22 in 2012), and 48 were plantations or sports ball factories.

Cover: Workers harvest tea at the Watawala Estate in Sri Lanka. ©Didier Gentilhomme

- Producer organizations were certified Fairtrade for the first time in three countries, including a tea plantation in Nepal; a coconut producing cooperative in Samoa; and a group of saffron farmers in Iran.
- Farmers and workers in Asia and Oceania represent 17 percent of all Fairtrade farmers and workers worldwide. Eleven percent of global Fairtrade Premium revenues were received by producer organizations in Asia and Oceania during 2012–13.
- While workers in plantations and sports ball factories in Asia and Oceania account for 49 percent of all workers in the Fairtrade system, only 12 percent of the global Fairtrade Premium flows to these organizations. This reflects the ongoing challenges for South Asian tea estates and sports ball producers to sell more of their product on Fairtrade terms, although many retain their Fairtrade certification because they feel it brings other benefits.
- The reported Fairtrade Premium revenues to producers in Asia and Oceania totalled €10.5 million in 2012–13, growing by around nine percent on 2011–12 levels. The growth was concentrated within small farmer organizations, while plantations and sports ball factories reported a slight drop in Fairtrade Premium revenues.
- In terms of distribution of the Fairtrade Premium by product, coffee continued to grow in importance—from 41 percent of total Fairtrade Premium revenues to producers in Asia and Oceania in 2011–12 to 45 percent in 2012–13. Sugar also grew slightly as tea decreased (from 26 percent in 2011–12). Cotton remained stable.
- In response to a recent survey of producer needs, Fairtrade provided a series of trainings for certified producer organizations in Indonesia. The trainings focused on internal control systems, managing the Fairtrade Premium, child labour, disaster prevention and adaptation to climate change.



PRODUCER REPORT

A first for coconut farmers in Samoa

On the island of Samoa, coconuts are plentiful. Up until ten years ago, the coconut cream industry was an important contributor to the local economy, but it has since declined by 50 percent. Fairtrade certification of the Sava'i Coconut Farmers Association is offering new hope to the coconut farmers on the island of Sava'i. Nice Blocks, a New Zealand ice cream company, and Fairtrade Australia/New Zealand supported the farmers as they worked to become certified.

Read the full story here: <http://bit.ly/1DQou54>

TABLE 8.2

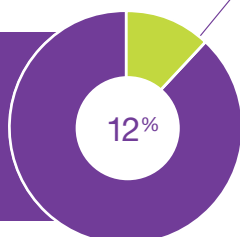
Fairtrade in Asia and Oceania 2013**Number of farmers and workers in Fairtrade producer organizations 2013**

Percentage of global total

157,500



Small Producer Organizations and Contract Production

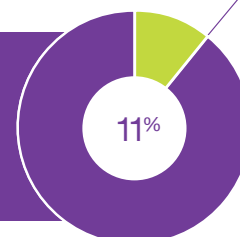
**Fairtrade Premium receipts 2012-13 (€ millions)**

Percentage of global total

€8.9 million



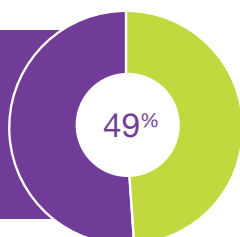
Small Producer Organizations and Contract Production



103,400



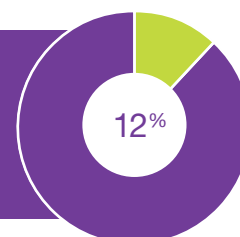
Hired Labour Organizations



€1.6 million



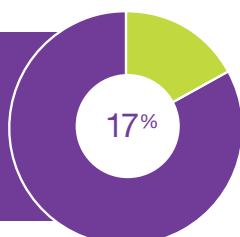
Hired Labour Organizations



260,900



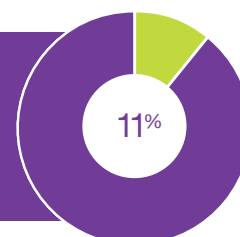
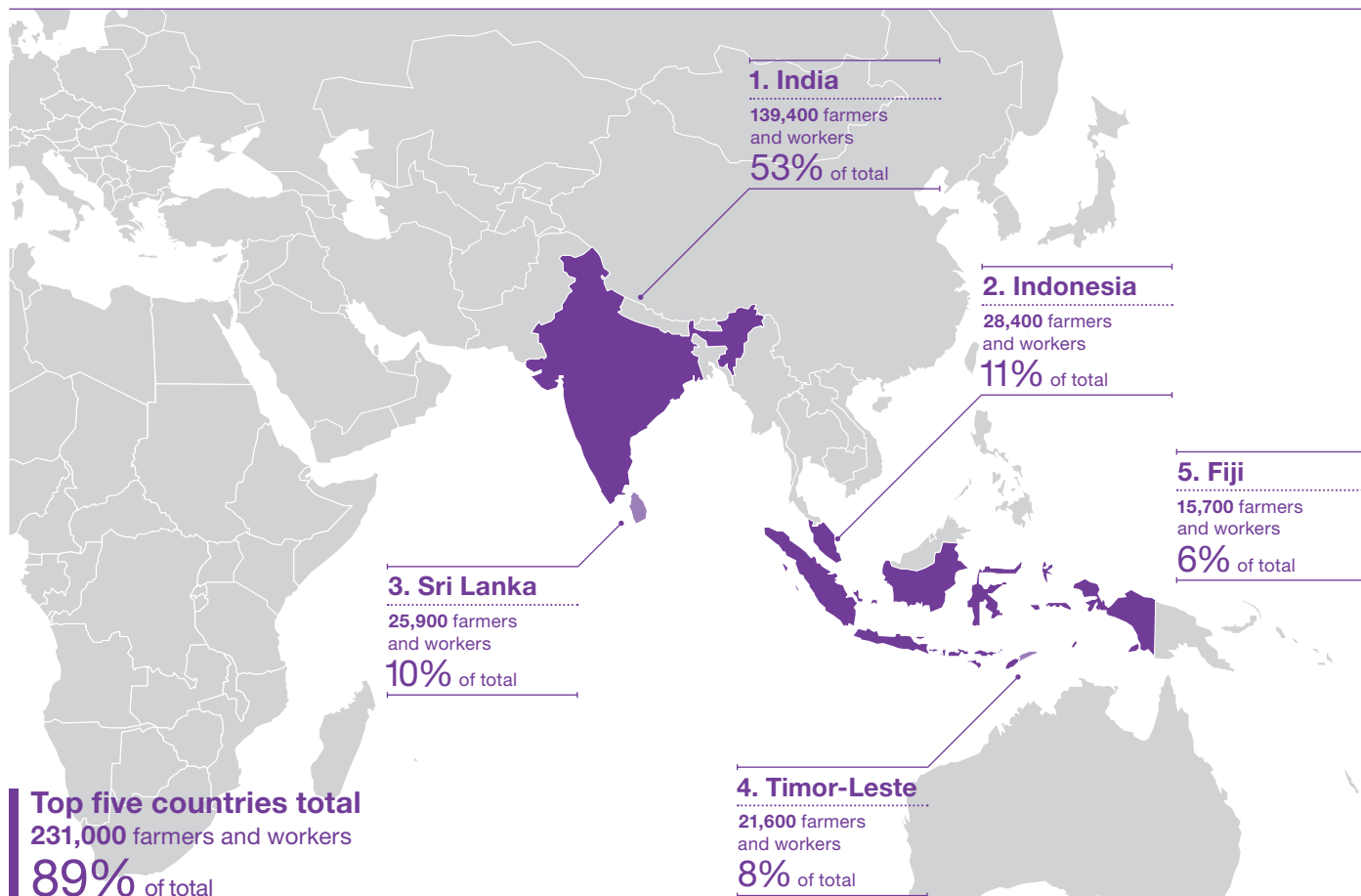
Asia and Oceania Total



€10.5 million



Asia and Oceania Total

**Fairtrade in Asia and Oceania: Top five countries Fairtrade farmers and workers 2013**

Fairtrade in Asia and Oceania: Top five Fairtrade Premium receiving countries 2012-13

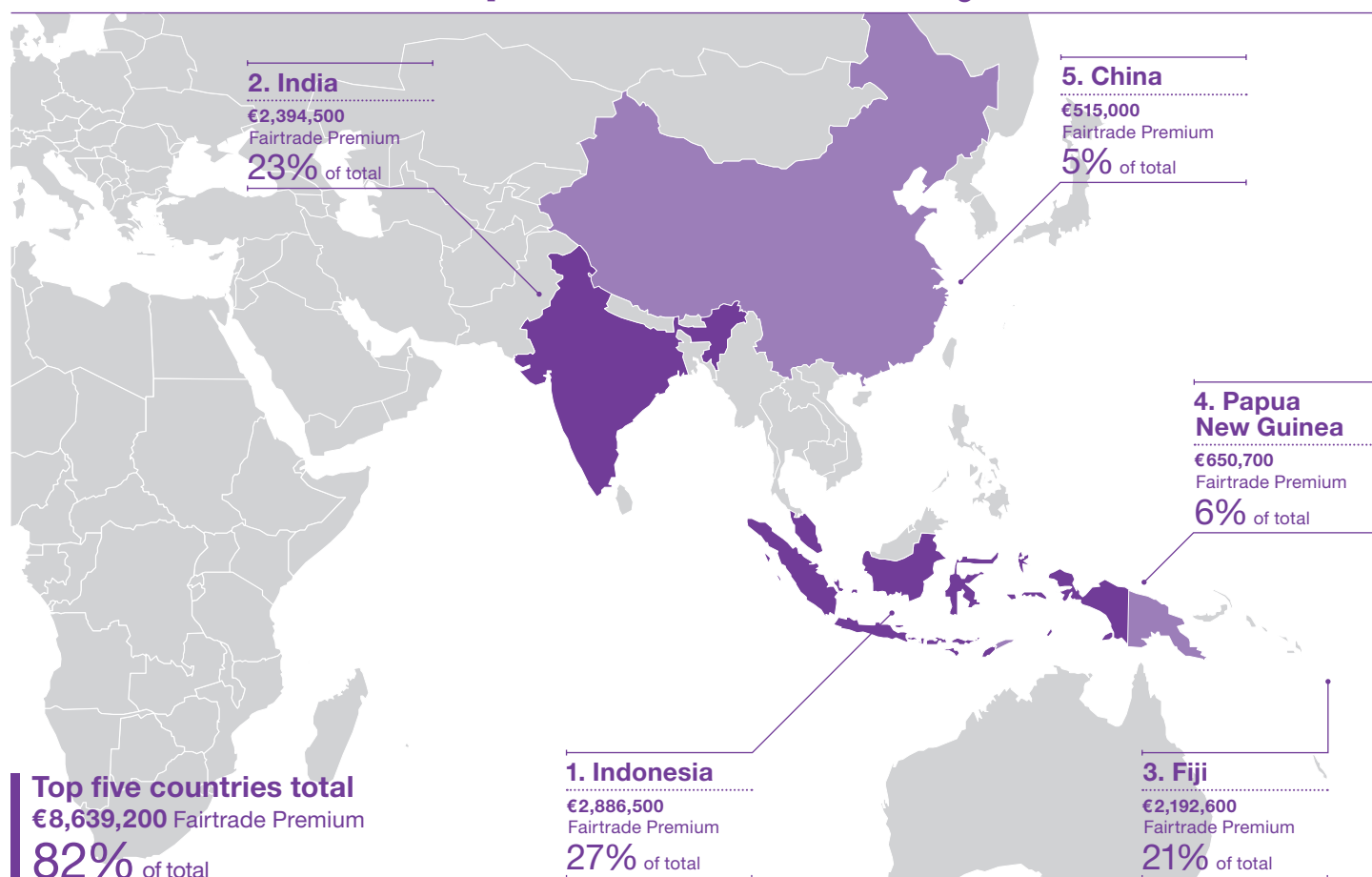
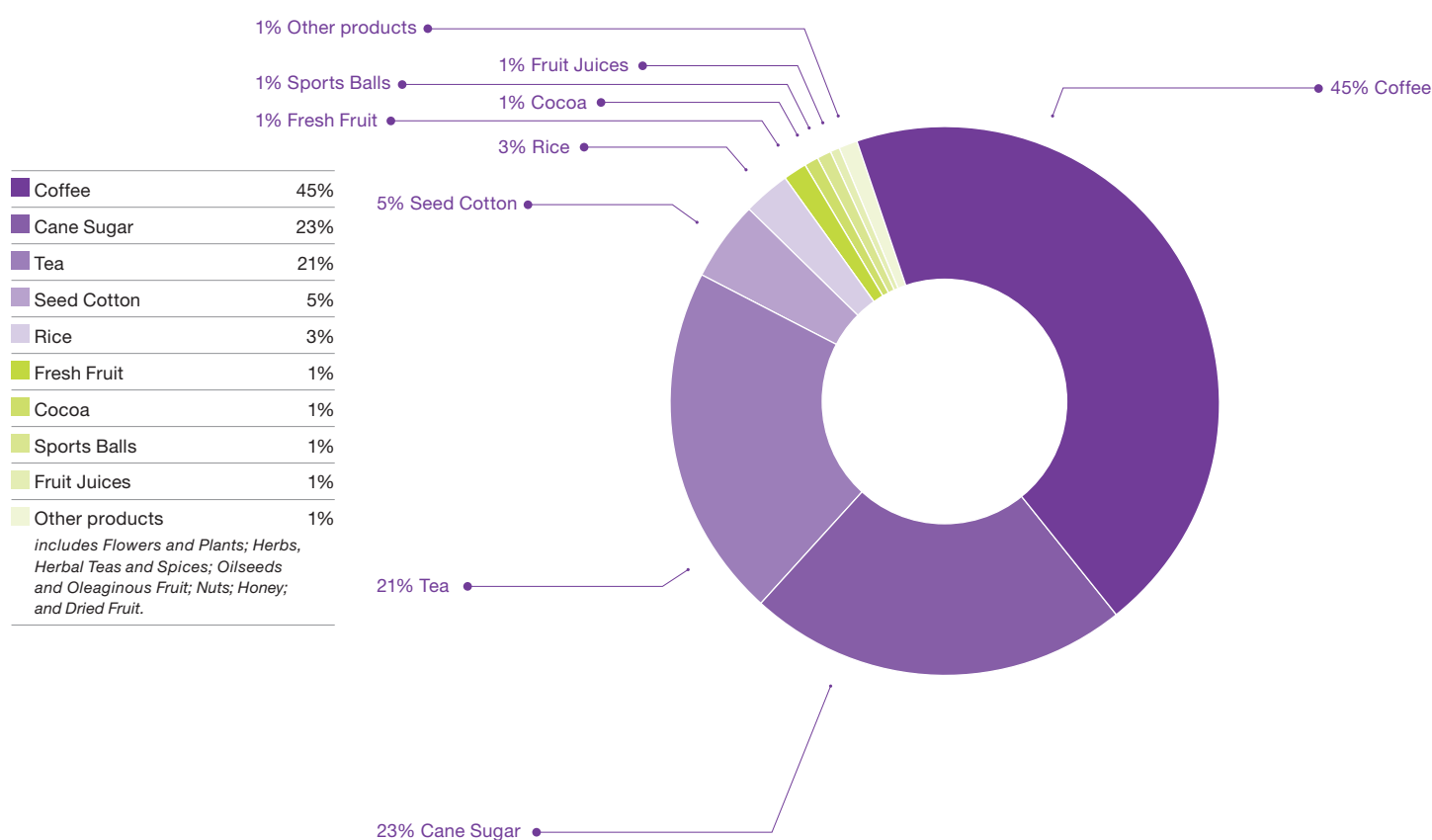


FIGURE 8.5

Fairtrade in Asia and Oceania: Fairtrade Premium distribution by product 2012-13



Note: Percentages may not sum due to rounding.

FIGURE 8.6

Fairtrade in Asia and Oceania: Producer organizations 2011–2013

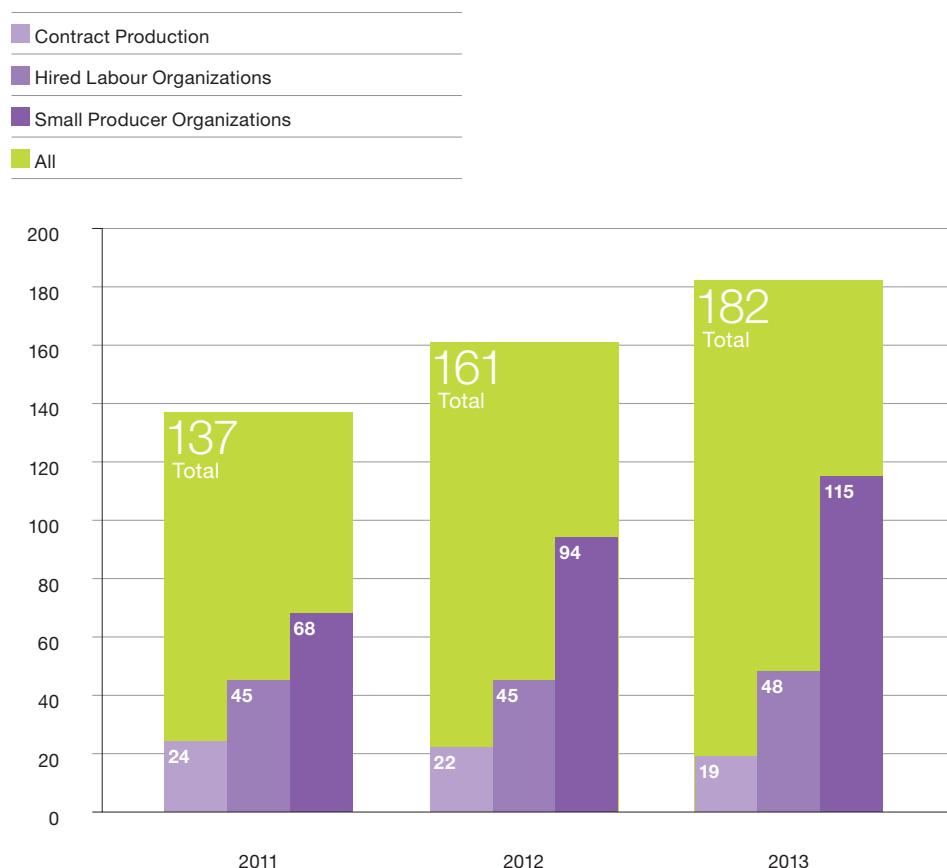


FIGURE 8.7

Fairtrade in Asia and Oceania: Producer organizations by country 2013

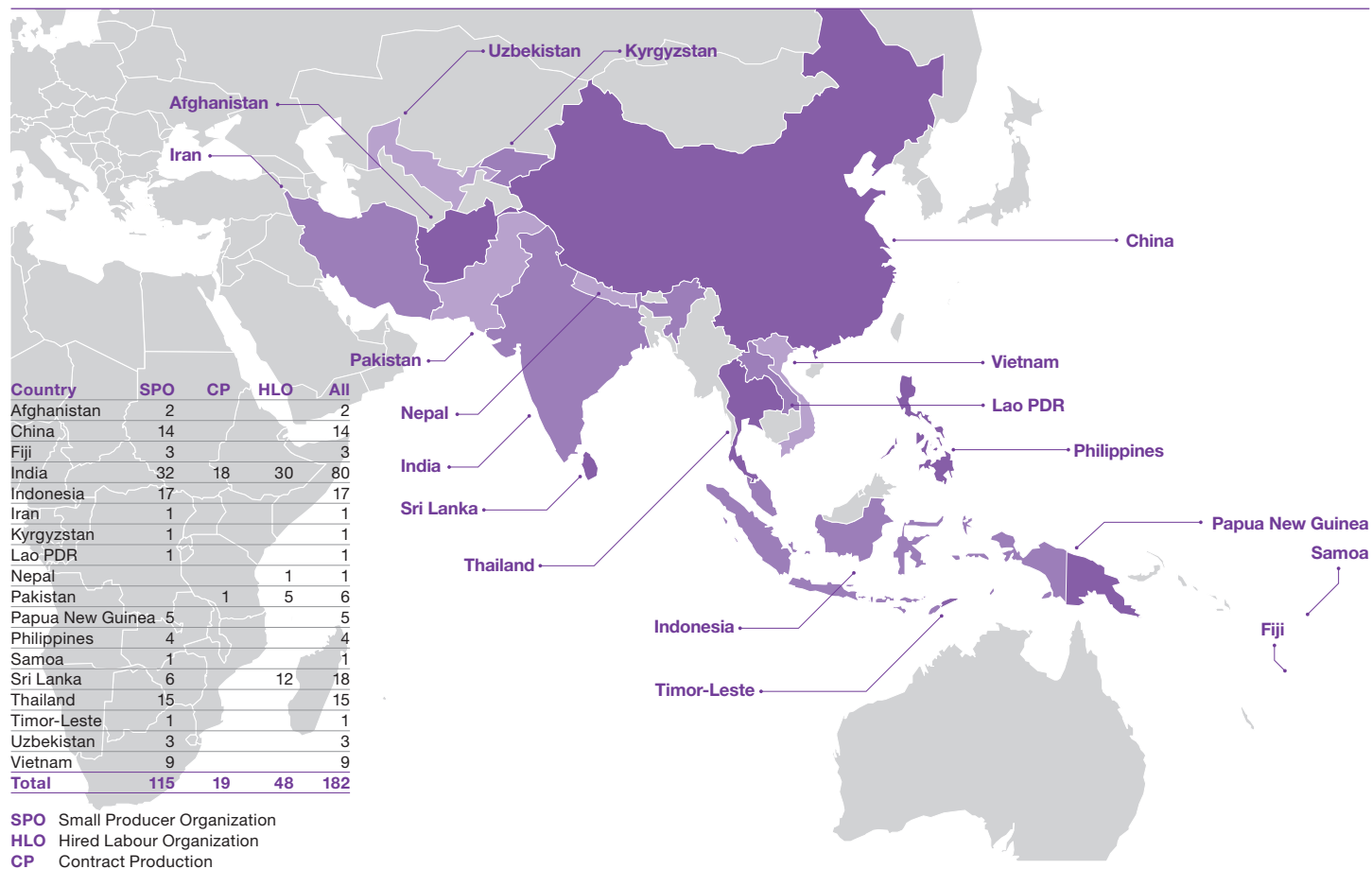
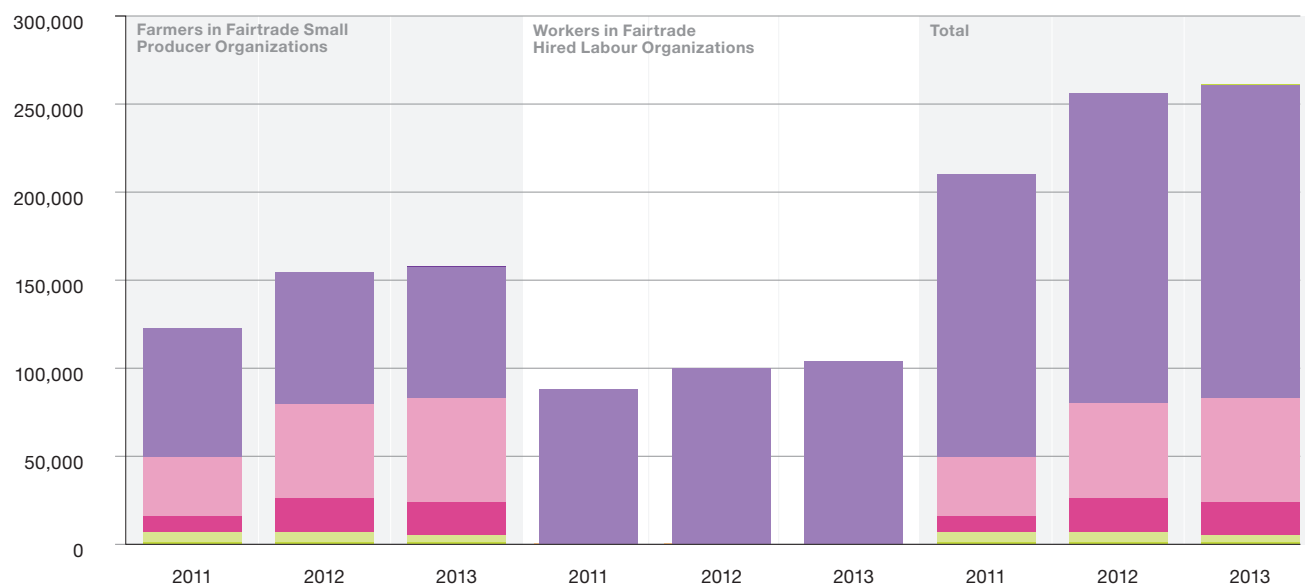
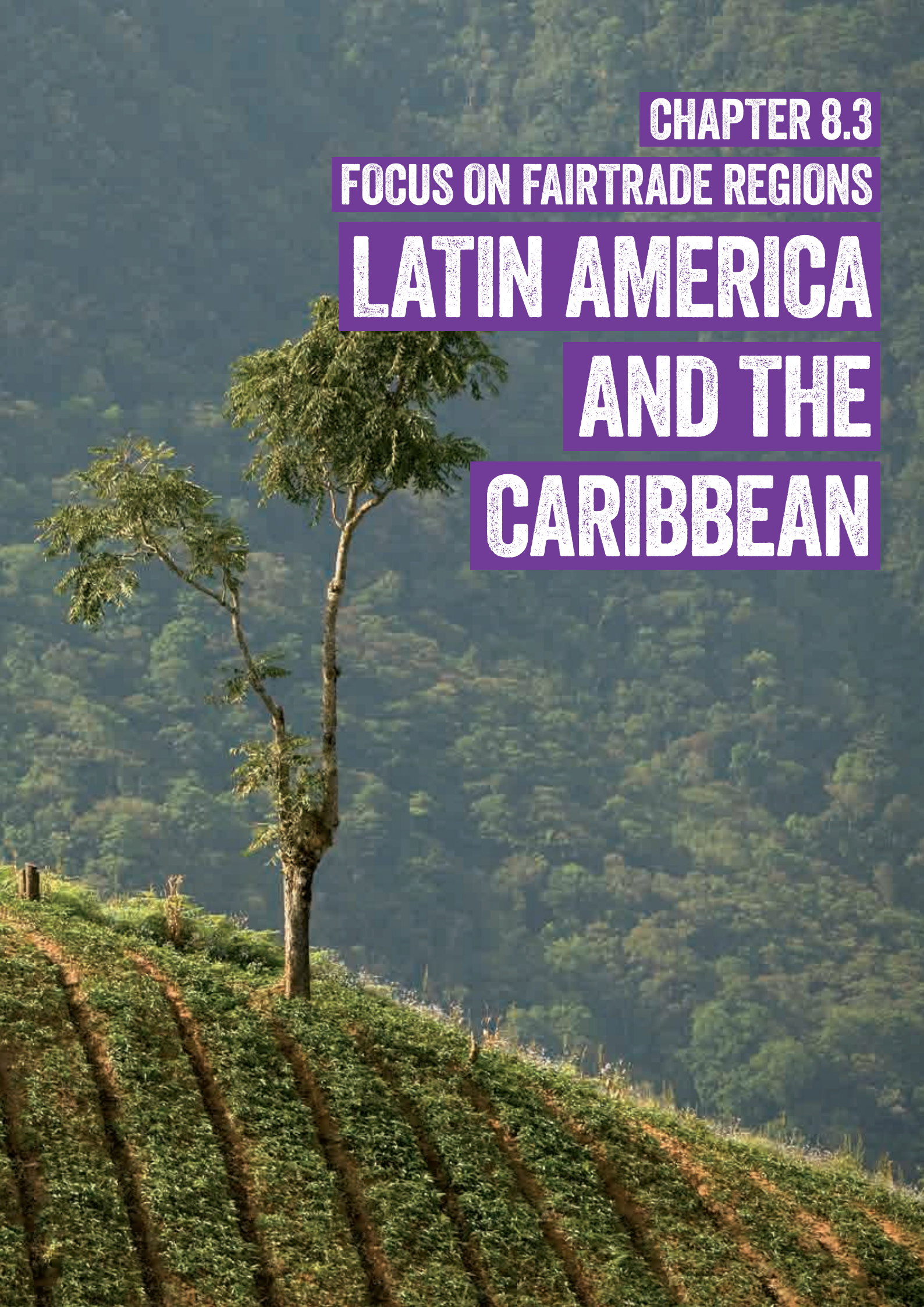


FIGURE 8.8

Fairtrade in Asia and Oceania: Farmer and worker numbers 2011–2013

	SPO farmers 2011	SPO farmers 2012	SPO farmers 2013	HLO workers 2011	HLO workers 2012	HLO workers 2013	Total 2011	Total 2012	Total 2013
Central Asia	1,100	1,100	1,500	0	0	0	1,100	1,100	1,500
Eastern Asia	5,800	6,000	3,500	0	0	0	5,800	6,000	3,500
Oceania	9,000	19,200	19,100	0	0	0	9,000	19,200	19,100
South-Eastern Asia	33,400	53,500	58,900	100	100	0	33,500	53,500	58,900
Southern Asia	73,100	76,700	74,400	87,500	99,400	103,400	160,600	176,100	177,800
Western Asia	0	0	100	0	0	0	0	0	100
Asia Total	122,400	156,500	157,500	87,600	99,400	103,400	210,000	255,900	260,900





CHAPTER 8.3

FOCUS ON FAIRTRADE REGIONS

LATIN AMERICA

AND THE

CARIBBEAN



8.3 Fairtrade in Latin America and the Caribbean 2013

At the end of 2013 there were 624 Fairtrade certified producer organizations in 24 countries in Latin America and the Caribbean. Of these, 554 were small producer organizations and 70 were plantations. Fairtrade farmers and workers in Latin America and the Caribbean account for 67 percent of Fairtrade Premium flows worldwide due to the popularity of Fairtrade coffee, bananas, sugar and fine-flavoured cocoa from the region. Nevertheless, coffee and sugar producers in Latin America faced significant challenges as prices for their crops dropped significantly in 2013.

Cover: The next generation of coffee bushes growing on a hillside in Costa Rica near Llano Bonito. © Catherine Guggiari

- Reported Fairtrade Premium revenues totalled over €63 million in 2012–13, an increase of almost 12 percent on 2011–12 levels.
- Sales of coffee accounted for a slightly larger percentage of the Fairtrade Premium receipts in Latin America and the Caribbean in 2012–13 (56 percent compared with 52 percent in the previous year), while coffee and bananas together accounted for 82 percent of Fairtrade Premium receipts. Cane sugar and cocoa were the next largest products in terms of Fairtrade Premium revenues.
- Latin American and Caribbean small-scale farmers and workers represent 21 percent of the Fairtrade farmers and workers worldwide.
- Coffee producers across the region faced a particularly tough year in 2013. World prices for coffee dropped to historic lows, while coffee rust disease had a significant negative impact on productivity for coffee farmers in parts of Mexico and Central America in particular. The Fairtrade Minimum Price and Premium were an essential support to small-scale coffee farmers across the region faced with these challenges. In addition, Fairtrade International hosted a coffee rust workshop with leading agricultural and climate experts, alternative lending organizations and European coffee roasters.



PRODUCER REPORT

Sugar farmers in Paraguay add superfood to product offer

Chia seeds, dubbed a 'superfood', are the newest product to be Fairtrade certified. With twice the potassium as a banana, chia seeds are showing up in a variety of products. This South American crop is also giving sugar farmers in Paraguay a new source of income.

Struggling to find buyers for their Fairtrade sugar, the farmers of Asociación Independencia in Paraguay have branched into growing chia seeds.

Read the full story here: <http://bit.ly/1C31tKt>

- Across the region, Fairtrade worked with producers on issues related to pest management, climate change, productivity, and quality. Fairtrade also secured significant funding from the government of Finland to support coffee farmer organizations in Central America. The funding will support investments in productivity, quality, pest management and other business and organizational improvements that will help farmers weather the volatile coffee prices.

TABLE 8.3

Fairtrade in Latin America and the Caribbean 2013

Number of farmers and workers in Fairtrade producer organizations 2013

Percentage of global total

309,500



Small Producer Organizations

24%

13,900



Hired Labour Organizations

7%

323,400



Latin America and the Caribbean Total

21%

Fairtrade Premium receipts 2012–13 (€ millions)

Percentage of global total

€57.8 million



Small Producer Organizations

71%

€5.7 million



Hired Labour Organizations

41%

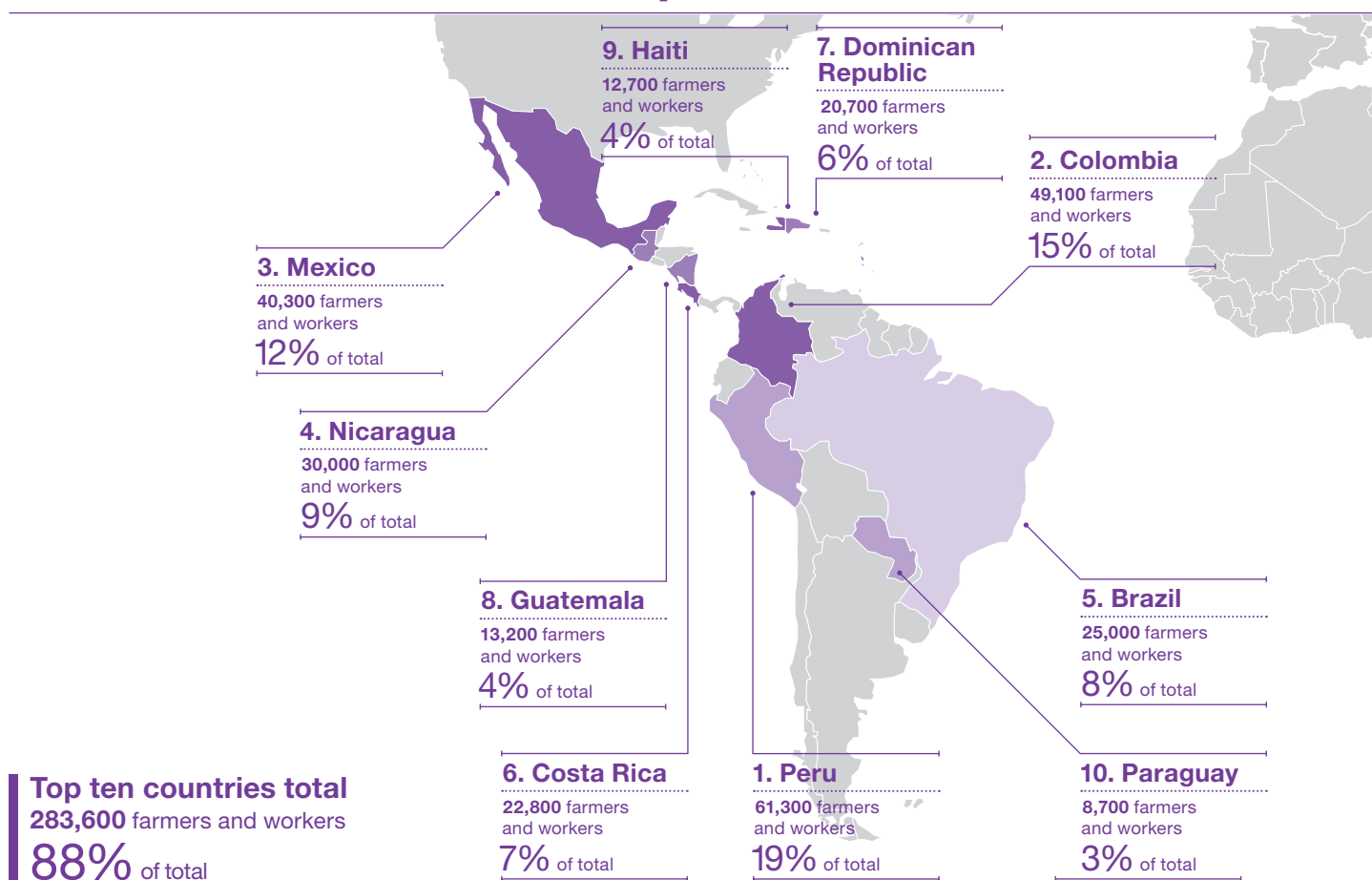
€63.4 million



Latin America and the Caribbean Total

67%

Fairtrade in Latin America and the Caribbean: Top ten countries Fairtrade farmers and workers 2013



Fairtrade in Latin America and the Caribbean: Top ten Fairtrade Premium receiving countries 2012–13

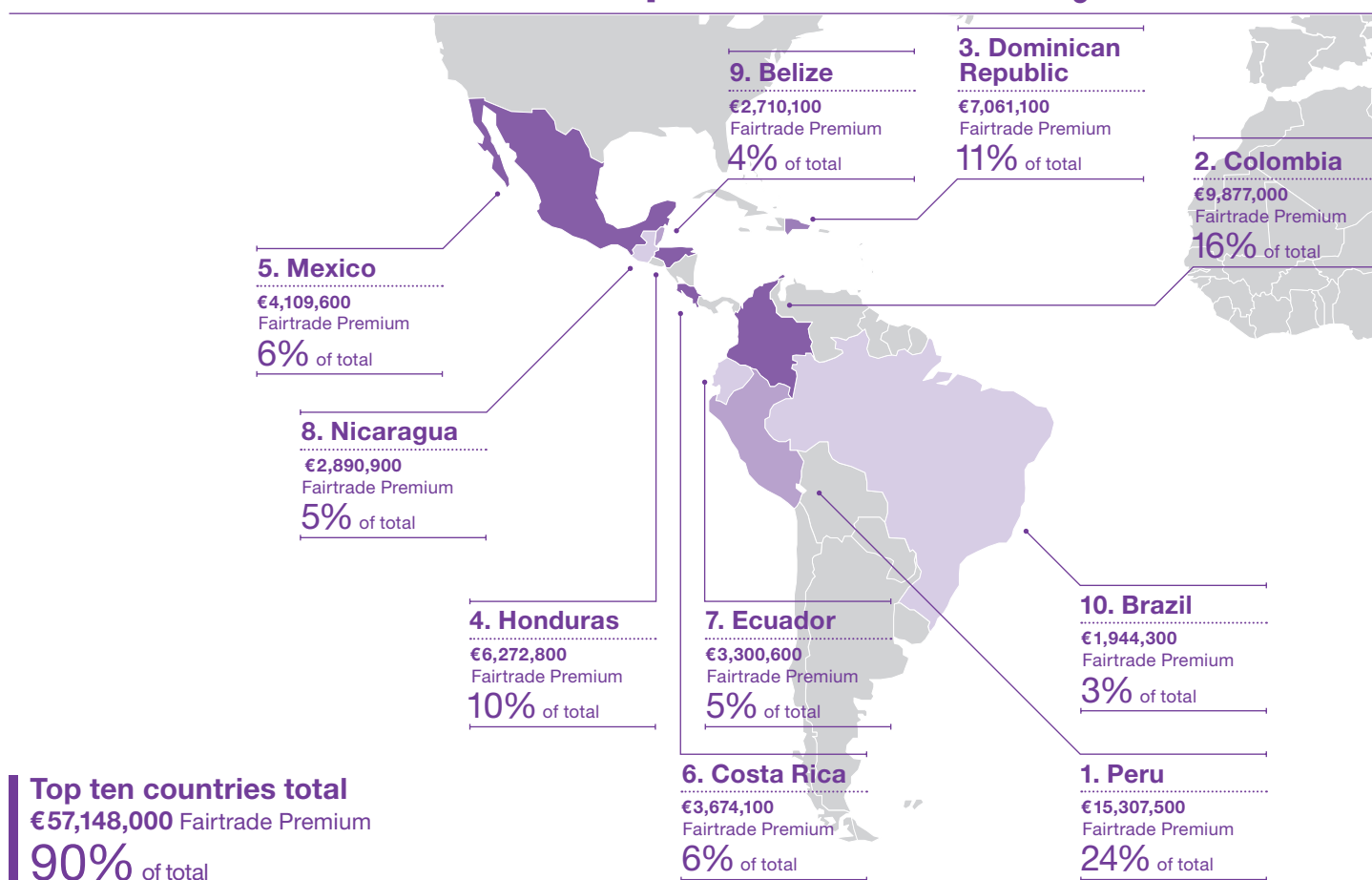
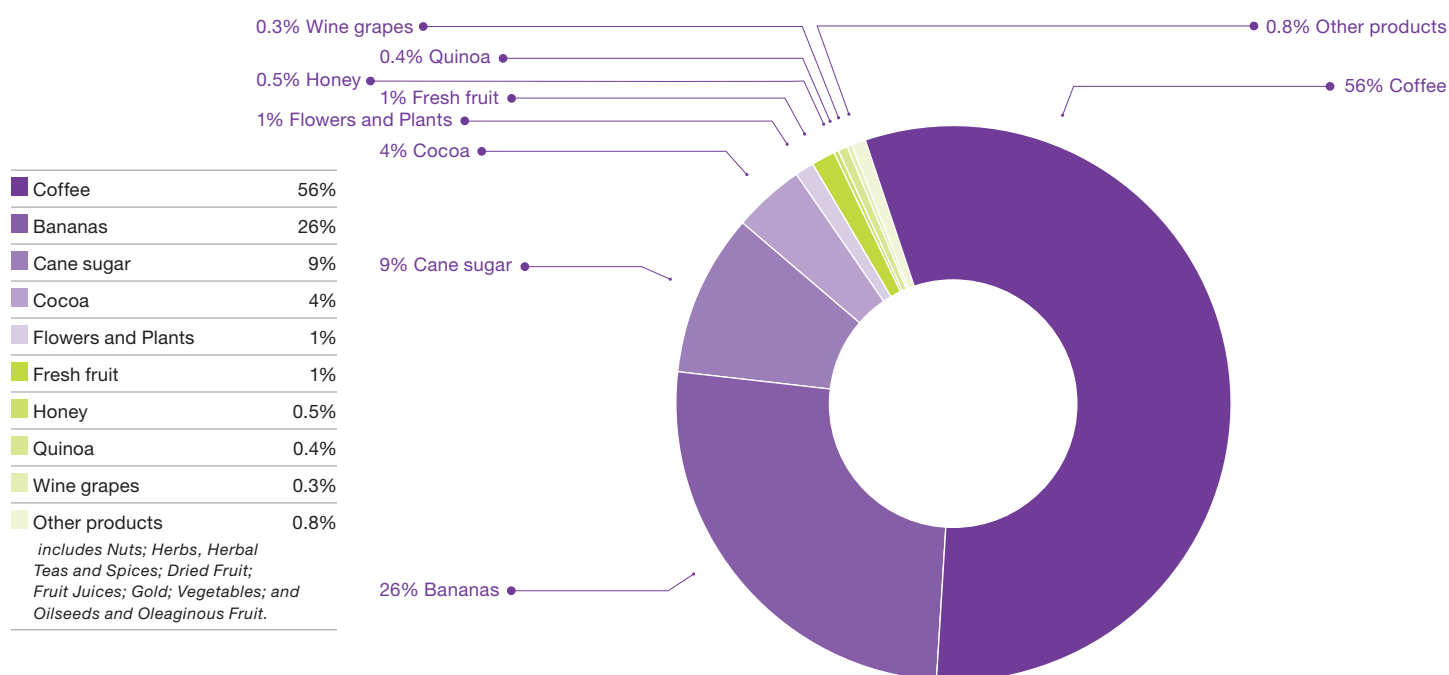


FIGURE 8.9

Fairtrade in Latin America and the Caribbean: Fairtrade Premium distribution by product 2012-13

Note: Percentages may not sum due to rounding.

FIGURE 8.10

Fairtrade in Latin America and the Caribbean: Producer organizations 2011-2013

Hired Labour Organizations
Small Producer Organizations
All

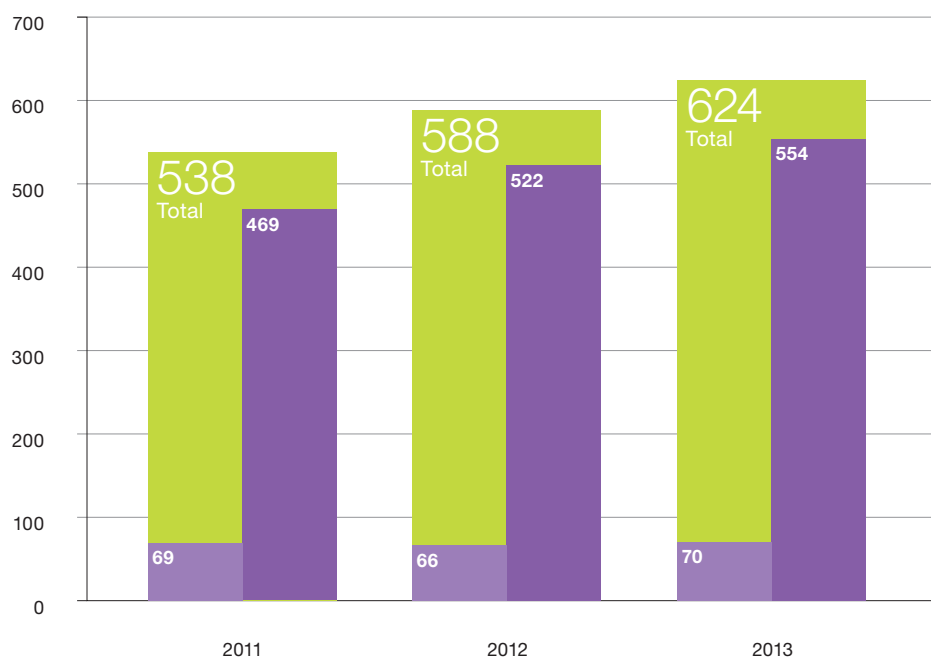


FIGURE 8.11

Fairtrade in Latin America and the Caribbean: Producer organizations by country 2013

Country	SPO	HLO	All
Argentina	8	6	14
Belize	2		2
Bolivia	31		31
Brazil	40	1	41
Chile	15	2	17
Colombia	82	28	110
Costa Rica	13	1	14
Cuba	4		4
Dominican Republic	24	14	38
Ecuador	17	13	30
El Salvador	4	1	5
Guatemala	24		24
Guyana	8		8
Haiti	4		4
Honduras	27		27
Jamaica	6		6
Mexico	58	3	61
Nicaragua	35		35
Panama	2		2
Paraguay	17		17
Peru	130	1	131
St. Lucia	1		1
St. Vincent and the Grenadines	1		1
Uruguay	1		1
Total	554	70	624

SPO Small Producer Organization

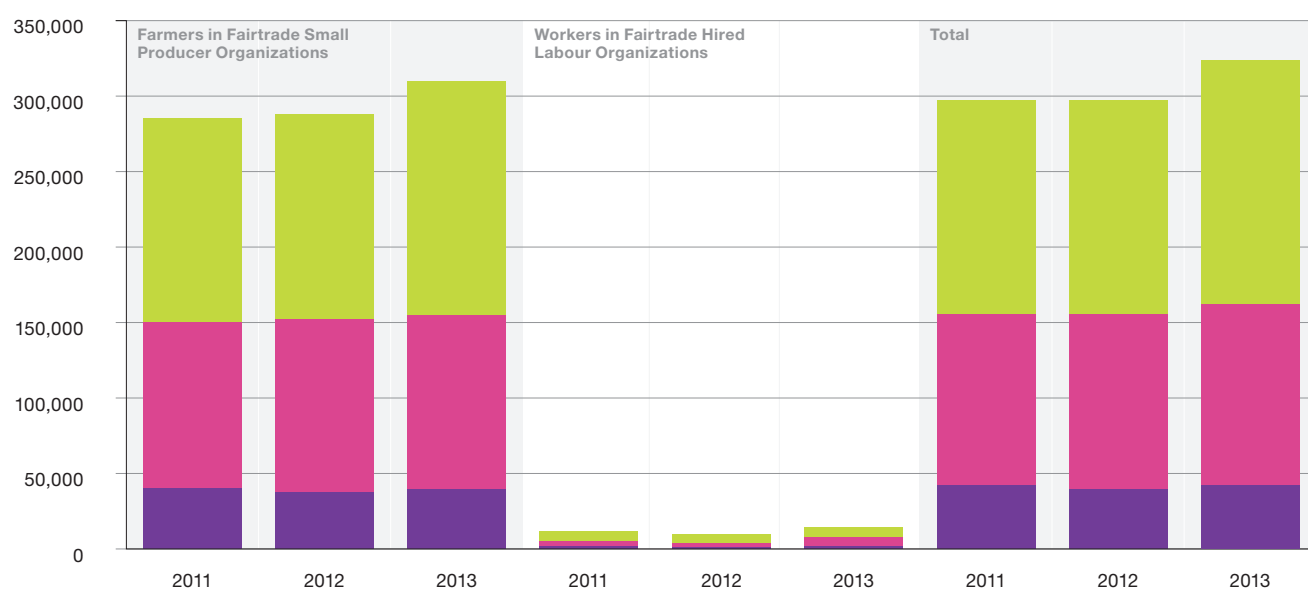
HLO Hired Labour Organization



FIGURE 8.12

Fairtrade in Latin America and the Caribbean: Farmer and worker numbers 2011–2013

	SPO farmers 2011	SPO farmers 2012	SPO farmers 2013	HLO workers 2011	HLO workers 2012	HLO workers 2013	Total 2011	Total 2012	Total 2013
Caribbean	40,200	37,800	39,900	1,800	1,700	2,000	42,000	39,500	41,900
Central America	110,100	114,200	114,800	3,100	2,000	5,600	113,200	116,200	120,400
South America	135,100	135,400	154,800	6,500	5,800	6,300	141,600	141,200	161,100
Latin American and Caribbean Total	285,400	287,400	309,500	11,400	9,500	13,900	296,800	296,900	323,400





CHAPTER 9

**ABOUT THE
DATA IN THIS
REPORT**

9.1 Where do the data in this report come from?

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

Data on the number, type, and geographical spread of Fairtrade certified producer organizations and product certifications are drawn from the main certification database held by FLOCERT, the Fairtrade certification body. These data capture the number, type and location of producer organizations holding Fairtrade certification at the end of 2013. Since some Fairtrade producer organizations are certified for more than one product, we differentiate between producer organizations and product certifications. This data source also gives us information on the numbers of product certifications held by Fairtrade producer organizations.

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

Box 9.1 Key indicators used in this report

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

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

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

The data in this report are drawn from the reports of all audits undertaken between February 2013 and February 2014. For producer organizations where no audit was undertaken within this time period, data from the 2012 or in a very few cases the 2011 audit report have been used as the most recent data available. Sixty-nine percent of the audit reports used to generate this monitoring data set were compiled in 2013 or 2014 (see Table 9.1).

Table 9.1 Audit years for reports included in 2013 monitoring dataset

Audit year	Number of reports included	Percentage
2014	11	1%
2013	820	68%
2012	358	30%
2011	21	2%
Total	1210	

In addition to the annual monitoring process, Fairtrade International and other Fairtrade organizations commission regular, independent in-depth evaluations of Fairtrade's

Cover: Sun sets on a home in the cocoa-growing area of Wasalala, Nicaragua, home to the CACAONICA Cooperative. ©James Rodriguez

performance from the perspective of the farmers and workers who participate in Fairtrade. These evaluations and the results of other research projects allow us to go beyond the limited set of indicators that we collect through the annual monitoring process to give us a better understanding of how Fairtrade is making a difference for farmer and worker livelihoods or empowerment. In this report, we include summary results from a number of research projects that were undertaken during 2012 or 2013. In some cases these are research projects commissioned by Fairtrade and undertaken by independent research institutions. In other cases these are research projects that have been commissioned or developed externally. We indicate this distinction in the text. The Fairtrade system is committed to making the full results of our commissioned research and evaluations public, wherever possible. Full results of the research projects referenced in this report are available on the Fairtrade International website, or will be available soon. The full bibliography for the research studies used to develop this report is given in Annex 2.

9.2 Data coverage and completeness

Product and producer coverage

Information on the numbers, types, and geography of Fairtrade producer organizations represents the status of the Fairtrade producer organizations at the end of 2013 and is complete to the best of our knowledge.

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

The monitoring data drawn from the audit reports cover all of the 1210 producer organizations that held Fairtrade certification at the end of 2013.

For most products, between 70 and 100 percent of the data included are based on a 2013 or 2014 audit report.

The major exceptions are:

- Flowers and plants, for which 2013 or 2014 audit reports were available for only 53 percent of the certified producer organizations.
- Nuts, for which 2013 and 2014 audit reports were available for only 48 percent of the certified producer organizations.
- Oilseeds and oleaginous fruit, for which 2013 and 2014 audit reports were available for only 40 percent of the certified producer organizations.
- Seed cotton, for which 2013 or 2014 audit reports were available for only 50 percent of the certified producer organizations.

As such, the data for these product categories are less current than for the other products.

Not all producer organizations report against all indicators; for example, in particular, several organizations do not report the monetary value of their total sales or of their Fairtrade sales, although they do report the volumes sold. Where there is major under-reporting against a specific indicator we indicate that within the report. We continue to work with producer organizations to encourage full reporting of all of the monitoring indicators.

Time period covered by the data

In the audit reports, producer organizations are asked to report their production volumes, sales volumes, and sales and Fairtrade Premium incomes retrospectively. Many organizations report this for the 12-month period preceding the audit. This means that the reporting of retrospective data does not always correspond to a precise calendar year. In this report, the majority of these data span calendar years 2012–13. In all cases, the data represent the most recent audit-based information available for the producer organization in question.

Data, such as the numbers of farmers and workers participating in Fairtrade producer organizations or areas under cultivation, are 'snapshot' data, accurate at the time of audit. Since we are primarily drawing on audits that took place during 2013, we consider these data to reflect the status of these indicators for 2013.

Producer data and market data

This report draws on producer-reported data. Fairtrade also publishes market figures separately, indicating Fairtrade's performance in the markets for which we are responsible.

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

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

New producer organizations

The dataset includes data for 143 producer organizations that had only received an initial Fairtrade audit, and had not yet completed their first audit cycle. These groups were applicants for Fairtrade certification at the point of data collection, and became Fairtrade certified before the end of 2013. In the dataset we have included data about the number of farmers and workers, and the certifiable product volume and cultivation areas for these groups, to show as accurately as possible the current picture of the scale and scope of Fairtrade's activities.

Since these groups had not held Fairtrade certification, they were not eligible to have made Fairtrade sales in the period prior to data collection. Accordingly, these groups cannot report any retrospective data in relation to Fairtrade sales volumes, Fairtrade sales values, or Fairtrade Premium. Where we are trying to understand producer organizations' performance in relation to retrospective metrics such as their Fairtrade sales volumes or Fairtrade Premium incomes, it makes sense to exclude these groups, because the question of their Fairtrade performance is not relevant for the period before they were Fairtrade certified. For analysis where we have restricted the data set 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 2013. We use '2013' 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 2013. We use '2013' to describe these data in the report.

- Data on volumes produced, volumes sold, sales incomes, and Fairtrade Premium income and expenditure are usually retrospective for the 12-month period preceding the audit. Since the majority of the audits for this data set took place during 2013, the majority of producer organizations have reported on time periods spanning 2012–13. We use '2012–13' to describe these data in the report.

9.3 Data confidentiality

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

9.4 Data accuracy and limitations

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

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

The Fairtrade sales volumes and values are reported by producer organizations retrospectively at the time of audit. While some audit reports give a report on the preceding calendar year's sales, others report for the 12 months directly preceding the audit. For this reason, the reported Fairtrade volumes do not relate to a precise calendar year, and typically span two years, in this case 2012–13.

9.5 Notes on the data

The geographical regions used in the report are primarily the United Nations regions, which are also adopted within the Fairtrade Geographical Scope. Fairtrade International published a revised geographical scope at the beginning of 2015. The new geographical scope will be reflected in the next round of data analysis. The Fairtrade geographical scope can be found at: http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2015-01-19_Geographical_Scope_Policy_EN.pdf

The product classification used for this report follows the classification adopted for the Fairtrade Standards. More information about the Fairtrade product classification can be found at: http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2013-12-10_Product_Classification_.pdf

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

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

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

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

For many products, different product forms exist. Audit reports often collect data based on different product forms for the same product, and sometimes the product form is not clear in the report itself, or changes according to the indicator. For example, wine production volumes are often expressed in terms of wine grape volumes produced, while sales volumes are expressed as litres of wine sold.

All efforts have been made to ensure that data are used in a consistent product form for each product; nevertheless it is likely that there are inaccuracies arising in the data due to product form and conversion issues, especially in cases where the form is not clearly indicated in the audit reports. The following products are often reported in different forms in the audit reports. We indicate here which form we have adopted for the monitoring data:

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

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

9.6 Disclaimer

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

9.7 Acknowledgements

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Annex 1 Categories for analysing Fairtrade Premium use

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

Categories for analysing Fairtrade Premium use in Small Producer Organizations

Investing in producer organizations

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

- **Facilities and infrastructure**

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

- **Human resources and administration**

Producer organization running costs, including staff and administration costs, costs of banking, loans and finance, certification costs, office costs.

- **Training and capacity building of staff and representatives**

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

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 to communities**

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

Services for farmers

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

- **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.

- **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; waste management.

- **Provision of agricultural tools and inputs**

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

- **Credit and finance services**

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

- **Payments to members**

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

- **Education for members and their families**

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

- **Healthcare for members and their families**

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

- **Other services to members**

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

Other

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

Categories for analysing Fairtrade Premium use in Hired Labour Organizations

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

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.

- **Healthcare**

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

- **Environmental services**

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

- **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 to communities**

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

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 worker 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.

- **Trainings for workers**

Training for workers in labour rights and in basic skills.

Other

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

Annex 2 Bibliography

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

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

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

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