



MONITORING
THE SCOPE AND
BENEFITS OF FAIRTRADE
FOURTH EDITION

2012

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International e.V. 2012

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01.

INTRODUCTION:
ABOUT THIS REPORT

This report gives the results of the annual monitoring data collection from Fairtrade certified producer organizations which took place during 2011. It presents the scope and scale of Fairtrade in 2011, and gives data for some key Fairtrade performance indicators from a producer perspective.

This year, for the first time, the report also captures the results of recent research studies containing evidence about the longer-term 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 strengthen, broaden and deepen Fairtrade's impact for farmers and workers in developing countries. Monitoring and evaluation shows us where we are performing well, and where we have challenges to overcome. Being aware of these challenges allows us to reshape our programme activities in order to tackle them.

Fairtrade International makes this information public as part of our commitment to transparency, openness, and information-sharing with our stakeholders and supporters. We recognise that there are some shortcomings in the reliability and coverage of the data, and we try to be open about these shortcomings. We hope that you will find the report interesting and useful. We welcome your feedback and comments: these will help us improve future editions of the report.

1.1 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 FLO-CERT GmbH, the Fairtrade certification body. These data capture the number, type and location of Fairtrade producer organizations at the end of 2011. 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 FLO-CERT GmbH to collect data for a range of monitoring indicators during the Fairtrade audits. The list of indicators that we collect is given in Box 1.1 below.

Box 1.1 Key indicators used in this report

Data against the following indicators are currently collected through the monitoring process:

- Number and type of Fairtrade certified producer organizations
- Number of members and number of workers of Fairtrade certified producer organizations
- Number and type of other certifications of the group
- Gender breakdown of membership or workforce
- Land area used for cultivation of the Fairtrade certified crop or crops
- Total crop volume produced
- Organic/conventional breakdown of crop production
- Total volumes sold
- Total sales revenues
- Total volumes sold as Fairtrade
- Total Fairtrade sales revenues
- Total Fairtrade Premium received
- Fairtrade Premium expenditure

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 March 2011 and February 2012. For producer organizations where no audit was undertaken within this time period, data from the 2010 or in a few cases the 2009 audit report have been used. Eighty-one percent of the audit reports used to generate this monitoring data set were from 2011 or 2012 (see Table 1.1).

In addition to the annual monitoring process, Fairtrade International and other Fairtrade organizations commission **regular, independent in-depth evaluations of Fairtrade's performance** from the perspective of the farmers and workers who participate in Fairtrade. These evaluations 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 commissioned during 2010 or 2011. The Fairtrade system is committed to making the full results of evaluations public, wherever possible, and for many of these projects the full research results are—or will become—available on our website.

Table 1.1: Audit years for reports included in monitoring data

Audit year	Number of reports included	%
2012	16	2%
2011	786	79%
2010	164	17%
2009	24	2%
Grand Total	990	100%

1.2 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 2011 and is complete to the best of our knowledge.

Information on numbers of product certifications is largely complete. There may be some instances of second or third product certifications 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 990 of the 991 producer organizations that were certified at the end of 2011, nearly **100 percent of all certified producer organizations**. This is the most complete batch of monitoring data so far collected and gives a more comprehensive picture of the status of Fairtrade International than the two preceding monitoring reports.

For almost all products, between 70 and 100 percent of the data included is based on a 2011 or 2012 audit report.

The major exceptions are:

Cane sugar, for which 2011 or 2012 audit reports were available for only 44 percent of the certified producer organizations. Accordingly, the sugar data have been reviewed and updated by product specialists to reflect the 2011 situation as far as possible.

Cocoa from Côte d'Ivoire, where the political crisis in the first half of 2011 meant that scheduled audits for many producer organizations were not possible. Côte d'Ivoire grew rapidly in importance as a producer of Fairtrade cocoa during 2010–11, but this data set does not adequately reflect this.

Honey and oilseeds and oleaginous fruit, for which 2011 and 2012 audit reports were available for only 52 percent and 33 percent of certified producer organizations, respectively. As such, the data for these two product categories are less current than for the other products.

Not all producer organizations report against all indicators; for example, some choose not to report the monetary value of their total sales or of their Fairtrade sales; others do not report their Fairtrade Premium receipts. In particular, hired labour organizations frequently choose not to report the value of their sales. In this year's data set we believe that this has led to significant under-reporting of the performance of Fairtrade hired labour organizations.

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 the monitoring indicators.

Time period covered by the data

In the audit reports, producer organizations are asked to report 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 2010–11. 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 2011 audits, we consider these data to reflect the status of these indicators for 2011.

In summary:

Data on the numbers and locations of certified producer organizations and product certifications are accurate to the end of 2011. We use '2011' 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 2011. We use '2011' 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 2011, the majority of producer organizations have reported on time periods spanning 2010–11. We use '2010–11' to describe these data in the report.

1.3 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 confidentiality of individual producer organizations.

1.4 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 participation of farmers or workers in the production of the different products, or the relative contribution of different products to Fairtrade Premium income. Improving data relating to diversified production should be a priority going forward.

1.5 Disclaimer

The monitoring data in this report are based on data collected by FLO-CERT GmbH, 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.

1.6 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. A reference for this can be found at: http://fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2011-07-01_Geographical_Scope_policy_EN.pdf

The only divergence to this classification is that this year the Africa region has been titled Africa and the Middle East, with the Northern Africa region being extended to include countries in the Middle East where there are Fairtrade Producer Organizations (currently Occupied Palestinian Territory and Lebanon). This change was made to reflect the functional organization of Fairtrade’s producer support and producer representation.

- The product classification used for this report follows the classification adopted for the Fairtrade Standards. As of 2012, the Fairtrade product categories have changed in comparison with previous years. Specifically:
 - The category ‘Nuts and Oilseeds’ has been split into two categories: ‘Nuts’ and ‘Oilseeds and Oleaginous Fruit’. The latter category includes soybeans.
 - Vegetables are now a stand-alone category, which includes pulses.
 - Rooibos tea is included in the category ‘Herbs, Herbal Teas and Spices’.
 - Accordingly, data in these categories cannot be easily compared with data from previous years. More information about the Fairtrade product classification can be found at: http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2012-07-26_Product_Classification__Compatibility_Mode_.pdf
- This report uses weighted means for calculating average values, weighted according to the numbers of farmers or workers contributing to the value.
- There are some instances where data do not sum completely accurately, or where there are slight differences in summed data between tables. This is due to rounding error.
- 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 has been converted into metric tonnes (MT), with the exception of flowers, which are given as numbers of stems, and sports balls which are given as units.
- 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 highly 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 green leaf)
- Wine grapes: grapes (not wine volumes)

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

1.7 Acknowledgements

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02.

SUMMARY AND
KEY DATA AT
A GLANCE

The data in this report show that in the period under review, Fairtrade has continued to grow, both in terms of the participation of farmers, workers, and their producer organizations, and in terms of the volumes of products sold on Fairtrade terms. Fairtrade cocoa and sugar in particular show continued high growth.

The large growth in Fairtrade sales revenues reported by producer organizations reflects the high prices for coffee and for many other commodities that characterized 2011. For Fairtrade producer organizations, this volatility in coffee prices brought many challenges in 2011, including widespread side-selling of coffee outside of cooperative channels. Fairtrade has invested significant resources in supporting producer organizations to manage the risks of price volatility, organizing training and support for coffee producers in all the major coffee-producing regions.

Analysis of how producer organizations use their Fairtrade Premium shows that Fairtrade producers are continuing to invest significantly in improvements to their organizations and businesses. Investments in processing, productivity, quality improvements, and in organizational strengthening this year accounted for more than half of the Fairtrade Premium expenditure that was reported by small producer organizations. Through this support for investment in producer organizations and their members, Fairtrade aims to support more sustainable and successful businesses which in turn can generate more sustainable returns for farmers, their households, and communities.

Farmers, workers, and producer organizations

The number of farmers and workers participating in Fairtrade grew to 1.24 million by the end of 2011. Roughly 60 percent of the farmers and workers in the Fairtrade system are located in Africa and the Middle East.

There was growth in the numbers of Fairtrade farmers, workers, and producer organizations on all three continents, and across all of the major products. Particularly notable growth was seen in sugar—the result of several new sugar producing organizations entering the Fairtrade system in Mauritius and Guyana. The number of farmers producing Fairtrade sugar more than doubled during 2011.

Overall, the number of Fairtrade producer organizations grew by a steady 10 percent on 2010 levels, to 991 at the end of 2011. This includes Fairtrade producer organizations in three ‘new’ countries—Guyana, Lebanon, and Uzbekistan.

Fairtrade sales values and volumes

Total reported Fairtrade sales revenues and Fairtrade Premium receipts have grown significantly in the reporting period, particularly for small producer organizations. In comparison with 2009–10 reported levels, the data for 2010–11 reported by producers shows a 19 percent increase in Fairtrade Premium returns to producer organizations, and a 22 percent increase in overall Fairtrade sales revenues reported by producer organizations. While results for small producer organizations showed very strong growth in both indicators, the results for hired labour organizations showed declines. This partly reflects the fact that a significant number of hired labour organizations reported Fairtrade sales, but did not report the value of those sales. This means that the data on Fairtrade sales income from hired labour organizations is incomplete. In addition, several Fairtrade fresh fruit producers in South Africa left the Fairtrade system during 2010–11, in response to market uncertainty for their products. This has had a significant impact on the hired labour findings in this report.

Growth in Fairtrade sales volumes of certain products has been considerable in the reporting period, particularly for cocoa and sugar. Sales volumes of coffee, tea and bananas were also reported to have increased.

Tea and sports balls producers continued to struggle to sell a significant percentage of their total output as Fairtrade, while hired labour organizations as a whole only sold around 20 percent of their total production as Fairtrade in 2011.

TABLE 2.1

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

	2010	2011	Percentage change
Total Fairtrade producer organizations worldwide	905	991	10%
	2010	2011	Percentage change
Total farmers	936,000	1,070,800	14%
Total workers	163,000	168,200	3%
Total farmers and workers	1.1 million	1.24 million	13%
Total countries with Fairtrade certified producer organizations			66
'New' countries during 2011			Guyana, Lebanon, Uzbekistan

TABLE 2.2

Overall growth in Fairtrade sales values and Fairtrade Premium values (€ millions)

Fairtrade Premium (€ millions)	2009–10	2010–11	Percentage change
Total reported by Small Producer Organizations	38.3	48.4	26%
Total reported by Hired Labour Organizations	13.2	12.7	-4%
Total reported Fairtrade Premium receipts	51.5	61.1	19%
	2009–10	2010–11	Percentage change
Fairtrade sales revenues (€ millions)			
Total reported by Small Producer Organizations	447	582	30%
Total reported by Hired Labour Organizations	103	91	-12%
Total reported Fairtrade sales revenues	550	673	22%

Where producer organizations can sell only a minor proportion of their production on Fairtrade terms, this obviously limits the potential impacts of Fairtrade certification for those organizations. For this reason, Fairtrade continues to develop strategies to support those products and origins—such as tea from South Asian producers—to gain better market access.

Producer organizations in Asia and Oceania reported considerable growth in Fairtrade Premium receipts and volumes sold as Fairtrade, reflecting the growth in importance of Fairtrade coffee from Indonesia and sugar from Fiji.

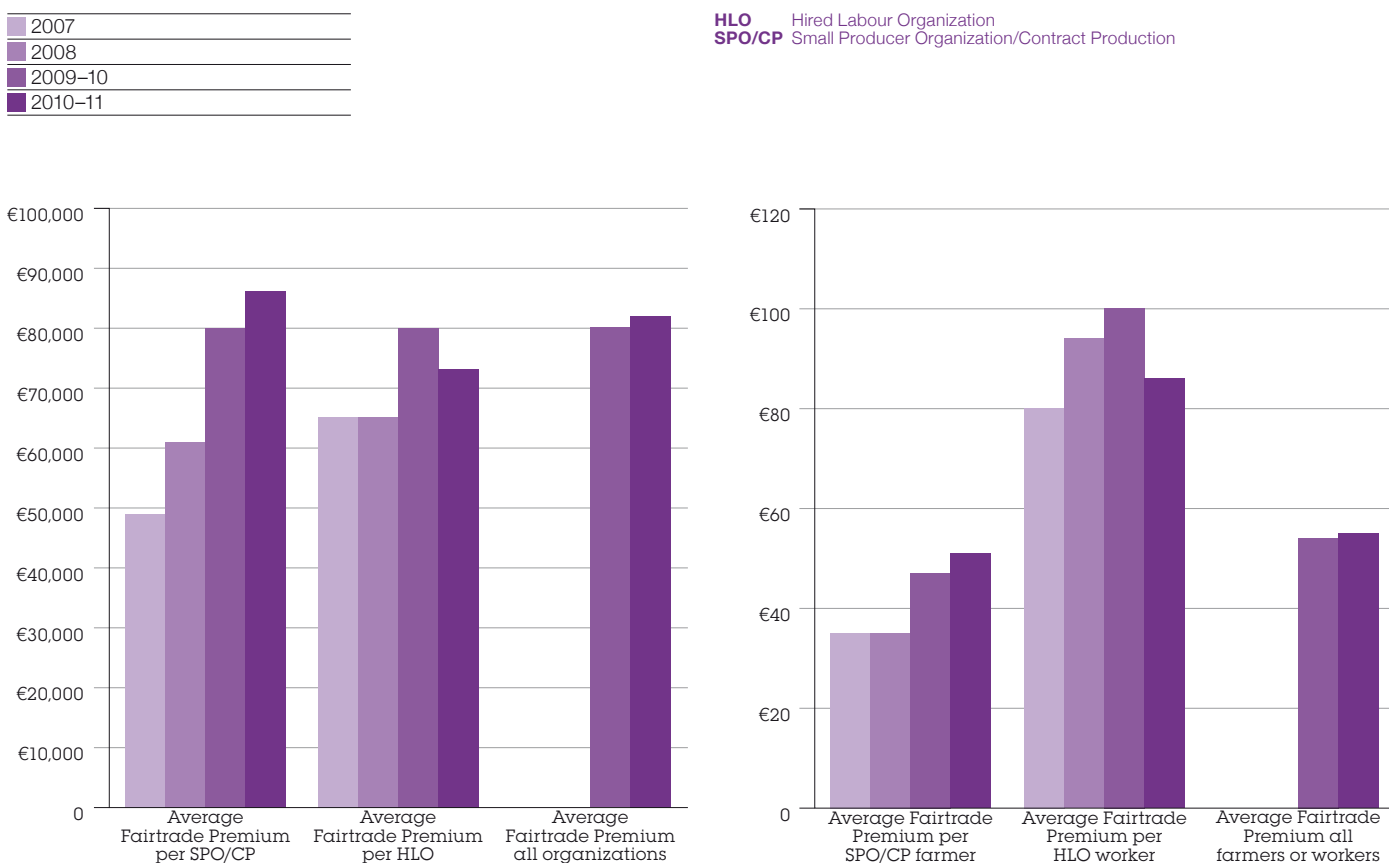
Africa and the Middle East appeared to have lost ground in comparison, reporting a slight decline in Fairtrade Premium levels compared with 2009–10. However, the data for Africa and the Middle East were not complete for sales volumes and Fairtrade Premium. Most significant were the incomplete data from cocoa sales in Côte d'Ivoire, which would have added at least an additional €1 million to the Fairtrade Premium total for Africa and the Middle East.

Premium expenditure

Taking the overall Fairtrade Premium receipts and averaging them across organizations and across members gives a crude indication of whether Fairtrade impacts are increasing for existing producers. Figure 2.1 shows that the average reported Fairtrade Premium income per member or worker and per organization for 2010–11 increased slightly on 2009–10 levels. However, behind this overall figure was stronger growth for small producer organizations, while the per organization and *per capita* values for hired labour organizations declined somewhat. As noted above, this reflects some under-reporting of Fairtrade income and Fairtrade Premium among hired labour organizations, as well as the reduction in the number of Fairtrade fresh fruit-producing hired labour organizations in Southern Africa.

FIGURE 2.1

Fairtrade Premium received global averages 2010–11



Analysis of Fairtrade Premium expenditure indicates that small producer organizations have increasingly invested in their businesses, in organizational development, and in supporting production and processing improvements for their members. For many organizations it has also continued to be necessary to use the Fairtrade Premium to make direct payments to members over and above Fairtrade prices to ensure member commitment, in view of the high market prices for coffee in particular. These activities continued to displace the more 'traditional' use of Fairtrade Premium to support wider aspects of community development.

Workers in hired labour organizations continue to make large investments in community and educational projects, but also invested significantly in direct support to workers, through a wide range of different projects aimed at meeting workers' needs. This shift perhaps reflects a response to the ongoing high living costs faced by poor workers around the world. The chapter on Fairtrade Premium use shows how banana hired labour organizations have invested significant sums in projects to improve worker housing, with impressive results.

Researching Fairtrade impacts on poverty reduction and rural development

In 2011 TransFair Germany and Max Havelaar Foundation Switzerland commissioned independent impact research aimed at deepening our understanding of whether and how Fairtrade certified producer organizations contribute to poverty reduction and rural development. The study, conducted by the Centre for Evaluation (CEval) based at the Saarland University, Germany, analysed six Fairtrade product cases (cocoa, coffee, tea, bananas, cotton, and flowers) using a quasi-experimental design that compared a Fairtrade certified producer organization with a non-certified or very recently certified organization for the same product in the same region. A total of more than 100 indicators were defined, and the research employed both qualitative and quantitative methods to collect a large data set allowing for a strong statistical analysis.

The study found that one of the ways in which Fairtrade contributes most strongly to rural development is by giving farmers and workers a unique opportunity to plan, design, and implement development projects for their communities through participatory decision-making processes. Fairtrade also has a positive impact on certified organizations and their communities by building technical and organizational capacities.

The study found higher productivity and income levels among members of Fairtrade certified producer organizations, as well as an increased level of investment. Furthermore, the study associated better livelihoods, working conditions and increased control over supply chains with Fairtrade certification.

It is clear that Fairtrade Premium money is often invested in projects that benefit not only the producers at individual and organizational levels, but also the larger community in which the producer organization is located, for example through improvements in infrastructure or education from which entire communities can benefit.

On the other hand, the study also found areas in which Fairtrade is not yet having a significant generalized impact. This was the case with gender equity, for example. Although Fairtrade may introduce helpful institutions—such as gender committees—within producer organizations, many producer organizations still struggle to overcome existing cultural barriers toward a more balanced or equitable participation of men and women within the organization or the community, or towards girls' education.

The study found that the impact of Fairtrade varies greatly between different products and regions. The evidence that Fairtrade has had impacts on regional or national development was strongest from the banana and coffee case studies, where investments in local infrastructure were found to have had a major impact on regional development. Overall, the study concluded that Fairtrade contributes to the preconditions necessary for rural development and poverty reduction, but that many other factors co-determine whether significant rural development and poverty reduction will take place, in any given context.

The researchers identified four critical factors that can deepen Fairtrade's contribution to rural development in agrarian communities.

- The level of information and knowledge among farmers and workers about the fact that their organization is Fairtrade certified, and how Fairtrade works;
- The quality of organizational structures in the producer organization, particularly where these contribute to transparent and non-hierarchical ways of communicating and working;

The study found that one of the ways in which Fairtrade contributes most strongly to rural development is by giving farmers and workers a unique opportunity to plan, design, and implement development projects for their communities through participatory decision-making processes.

- The motivation of the leadership and management of Fairtrade certified producer organizations;
- The share of sales into the Fairtrade market. A significant share of sales ensures that the organization has the means to earn Fairtrade Premium income, which can be used for investments in development projects.

The researchers argue that Fairtrade's impact on rural development will be highest when all four preconditions above are met to a high degree. The study recommends that helping producer organizations achieve these preconditions should be a priority for the Fairtrade system.

The full research report will be published by Transfair Germany and Max Havelaar Foundation Switzerland in December 2012.



03.

FAIRTRADE
PRODUCERS

3.1 How many farmer and workers participated in Fairtrade in 2011?

The monitoring data indicate that approximately 1.07 million farmers were members of Fairtrade small producer or contract production organizations in 2011, and 168 000 people worked in Fairtrade certified hired labour organizations, making a total of 1.24 million farmers and workers in the Fairtrade system as a whole.

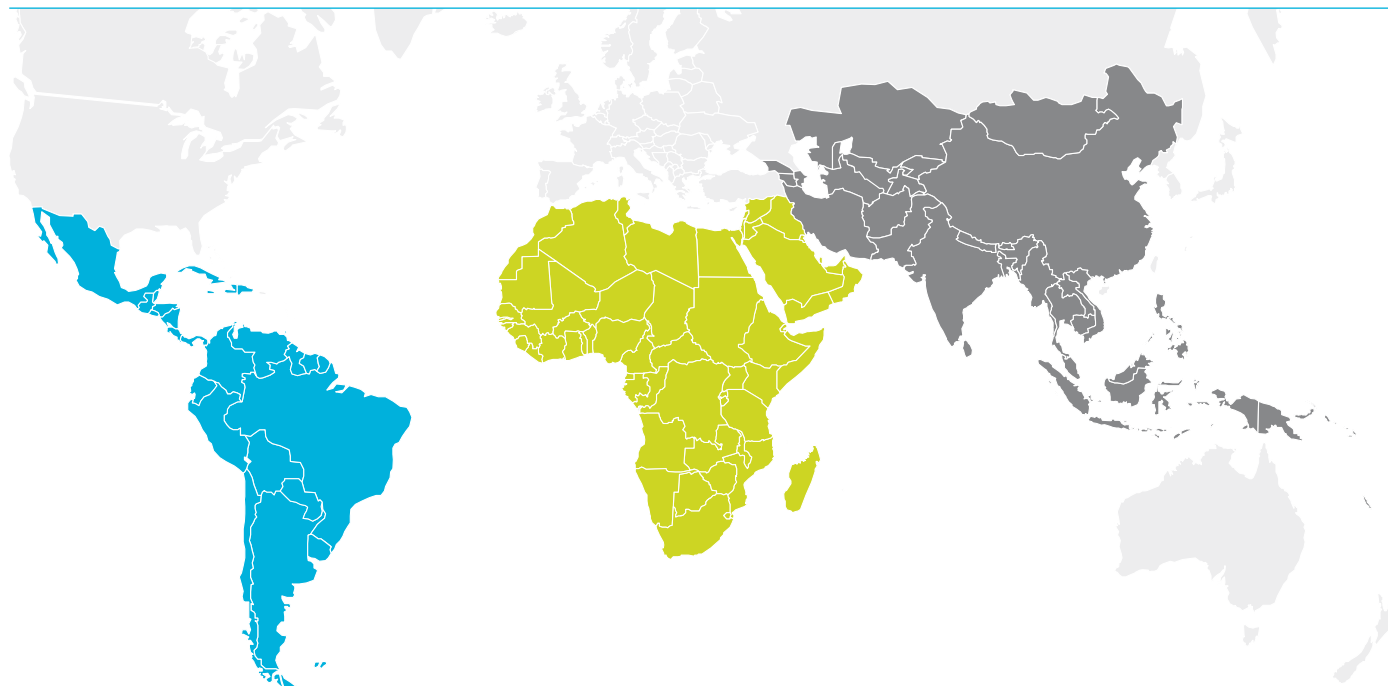
3.2 Where are the farmers and workers who participate in Fairtrade?

Table 3.1 shows that in 2011, 59 percent of all farmers and workers within the Fairtrade system lived in Africa. Latin America and the Caribbean accounted for 24 percent of all farmers and workers within the Fairtrade system, and Asia and Oceania for 17 percent—very similar to the relative proportions in 2010.

Of the 66 countries where there are Fairtrade certifications, Tanzania had the most farmer members of Fairtrade small producer organizations, while India had the largest number of workers in Fairtrade hired labour organizations. Taking farmers and workers together, Kenya has the highest number of people participating in Fairtrade overall: 14 percent of all farmers and workers in the Fairtrade system are found in Kenya.

FIGURE 3.1

Distribution of Fairtrade farmers and workers 2011



Latin America and the Caribbean

Farmers	285,400
% of all farmers	27%
Workers	11,400
% of all workers	7%
Total	296,900
%	24%

Africa and the Middle East

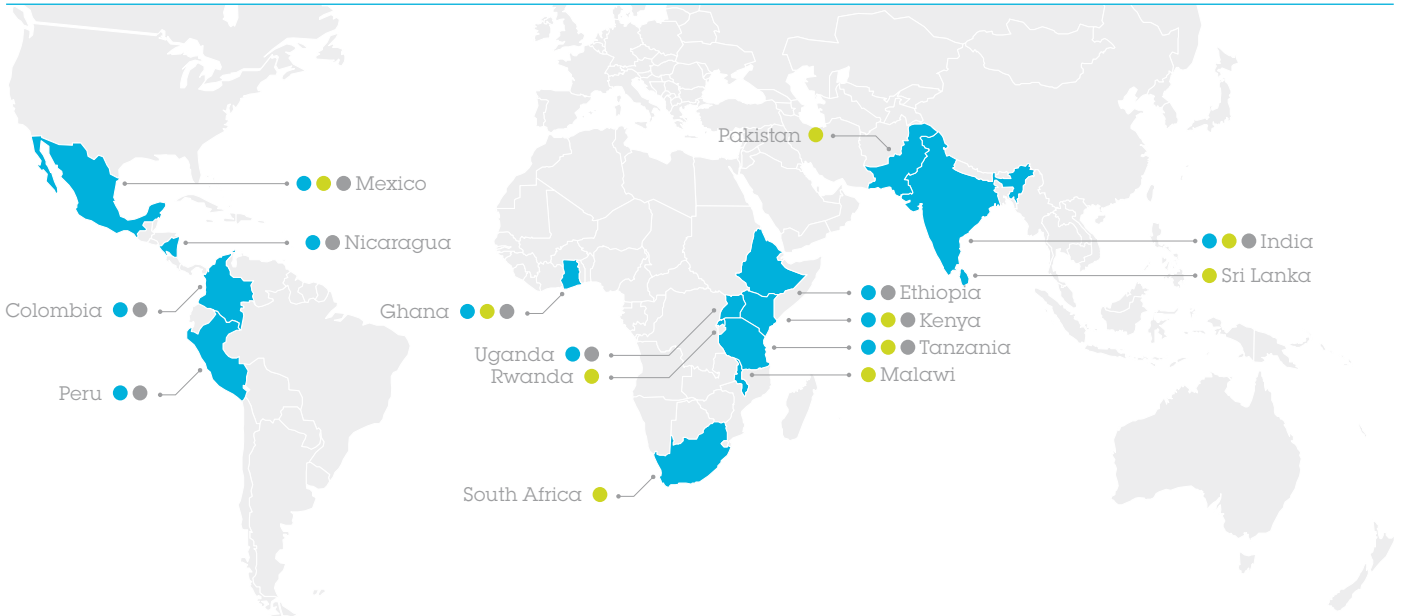
Farmers	663,000
% of all farmers	62%
Workers	69,200
% of all workers	41%
Total	736,900
%	59%

Asia and Oceania

Farmers	122,400
% of all farmers	11%
Workers	87,600
% of all workers	52%
Total	210,000
%	17%

FIGURE

Top Ten Countries: Number of Fairtrade farmers and workers 2011



Top Ten Countries: Number of Fairtrade farmers 2011

● Tanzania	164,600
● Kenya	135,200
● Ethiopia	105,100
● Ghana	75,300
● India	63,400
● Colombia	53,900
● Peru	52,600
● Nicaragua	34,400
● Uganda	32,600
● Mexico	26,900

Top Ten Countries: Number of Fairtrade workers 2011

● India	58,000
● Kenya	38,600
● Sri Lanka	22,700
● South Africa	9,200
● Pakistan	6,700
● Tanzania	4,500
● Malawi	4,100
● Ghana	3,000
● Mexico	2,700
● Rwanda	2,100

Top Ten Countries: Number of Fairtrade farmers and workers 2011

● Kenya	173,800
● Tanzania	169,100
● India	121,400
● Ethiopia	106,900
● Ghana	78,300
● Colombia	55,900
● Peru	52,600
● Nicaragua	34,400
● Uganda	32,600
● Mexico	29,600

FIGURE 3.2

Global distribution of Fairtrade farmers and workers 2011

Africa and the Middle East

■ Farmers	663,000
■ Workers	69,200
Farmers and workers	732,200

Asia and Oceania

■ Farmers	122,400
■ Workers	87,600
Farmers and workers	210,000

Latin America and the Caribbean

■ Farmers	285,400
■ Workers	11,400
Farmers and workers	296,800

World

■ Farmers	1,070,800
■ Workers	168,200
Farmers and workers	1,239,000

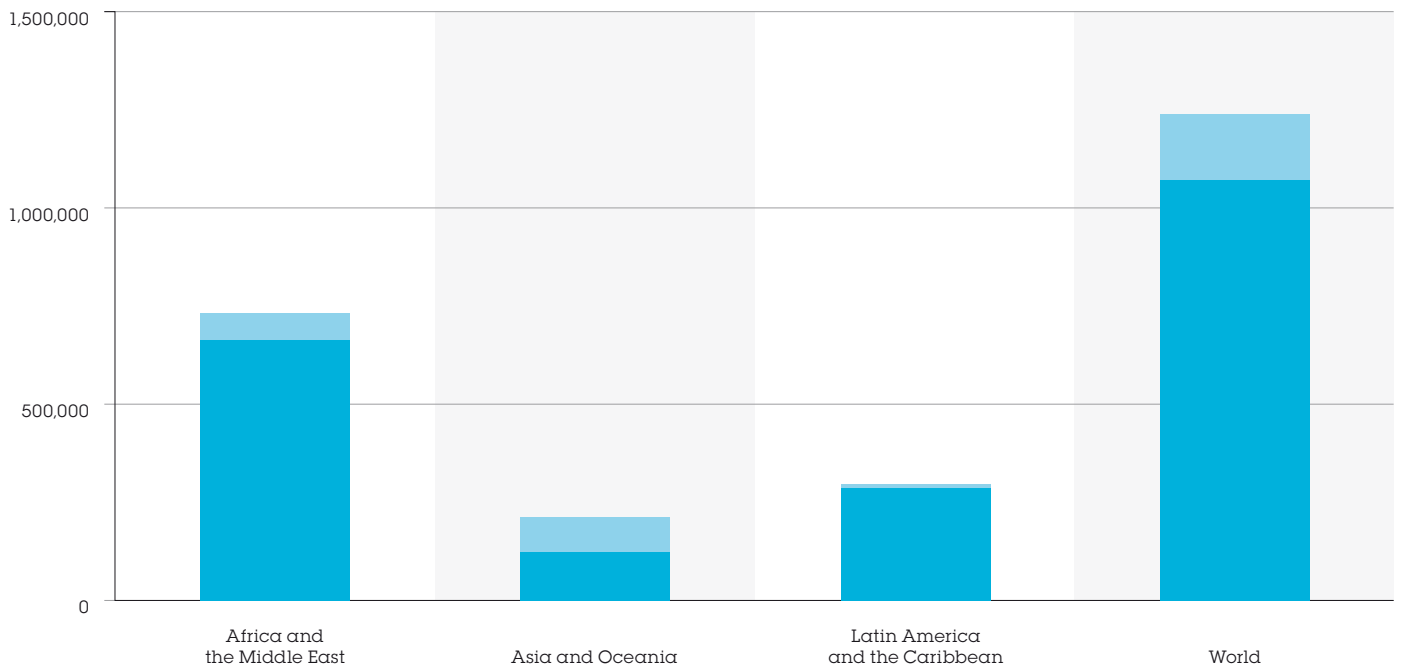
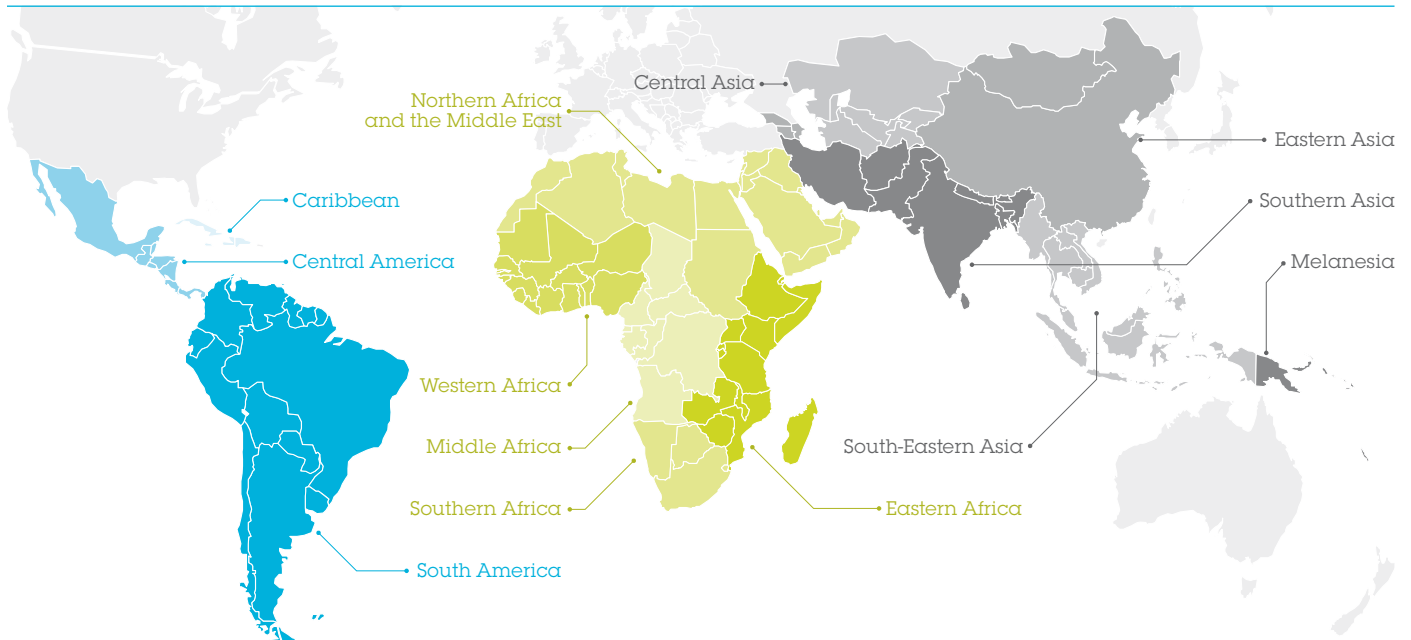


FIGURE 3.3

Distribution of Fairtrade farmers and workers by region 2011

🌿 Farmer members of Fairtrade organizations
 👤 Workers in Fairtrade hired labour organizations
 🌿👤 Total farmers and workers



Latin America and the Caribbean	🌿	👤	🌿👤
Caribbean	40,200	1,800	42,000
Central America	110,100	3,100	113,200
South America	135,100	6,500	141,600
Total	285,400	11,400	296,800

Africa and the Middle East	🌿	👤	🌿👤
Eastern Africa	493,500	52,500	546,000
Middle Africa	29,200	0	29,200
Northern Africa and the Middle East	3,700	3,700	7,400
Southern Africa	300	10,000	10,300
Western Africa	136,300	3,000	139,300
Total	663,000	69,200	732,200

Asia and Oceania	🌿	👤	🌿👤
Central Asia	1,100	0	1,100
Eastern Asia	5,800	0	5,800
Melanesia	9,000	0	9,000
South-Eastern Asia	33,400	100	33,500
Southern Asia	73,100	87,500	160,600
Total	122,400	87,600	210,000

FIGURE 3.4

Regional distribution of all Fairtrade farmers and workers 2011

Region	Percentage
Eastern Africa	44%
Middle Africa	2%
Northern Africa and the Middle East	1%
Southern Africa	1%
Western Africa	11%
Central Asia	0%
Eastern Asia	1%
Melanesia	1%
South-Eastern Asia	3%
Southern Asia	13%
Caribbean	3%
Central America	9%
South America	11%

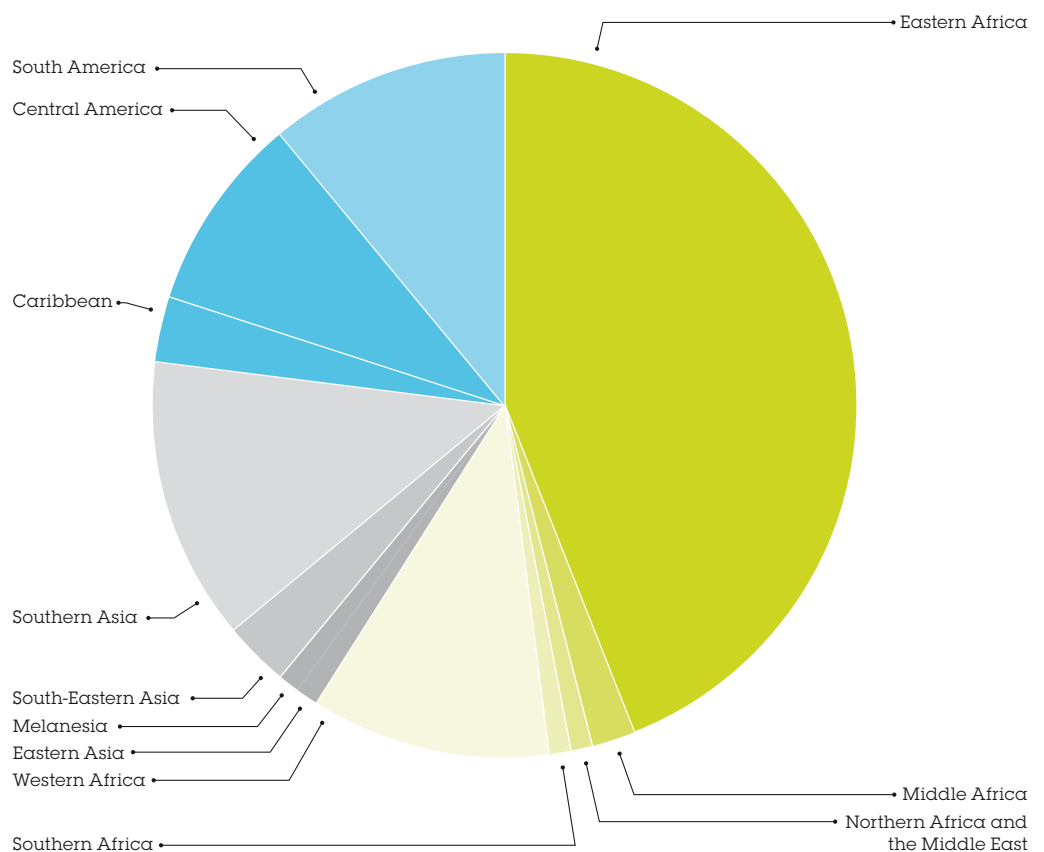


FIGURE 3.5

Regional distribution of Fairtrade farmers 2011

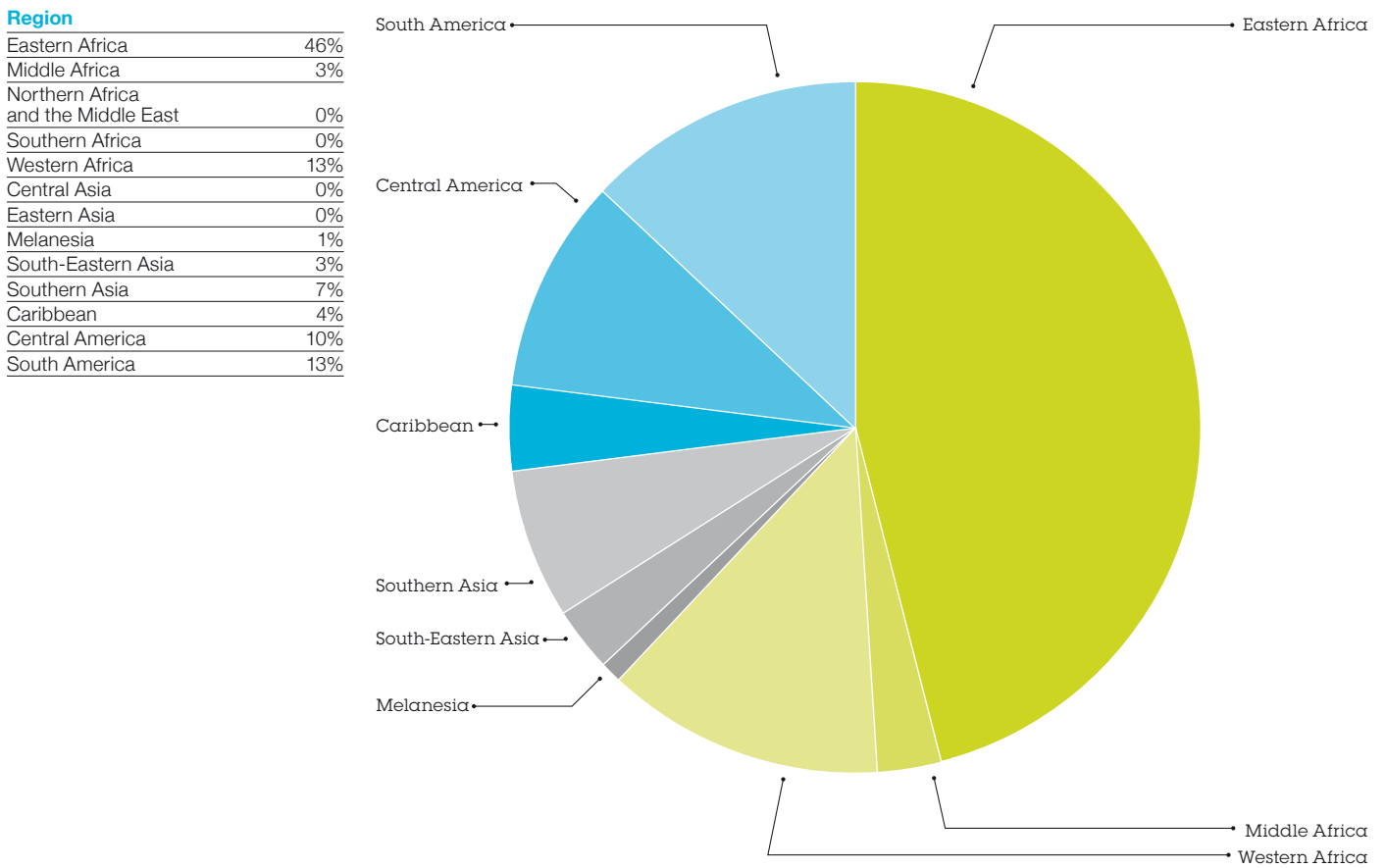


FIGURE 3.6

Regional distribution of workers within Fairtrade certified Hired Labour Organizations 2011

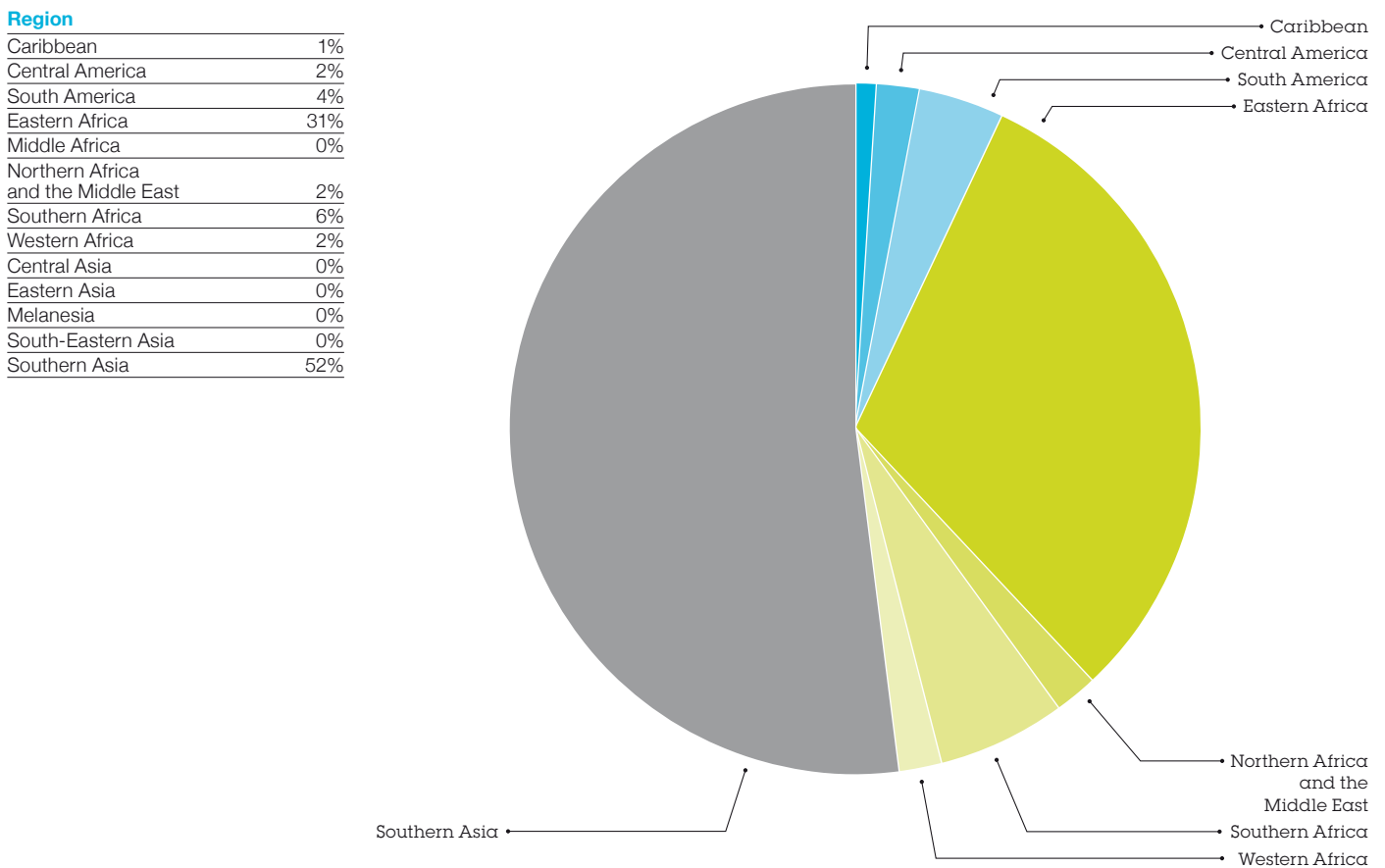
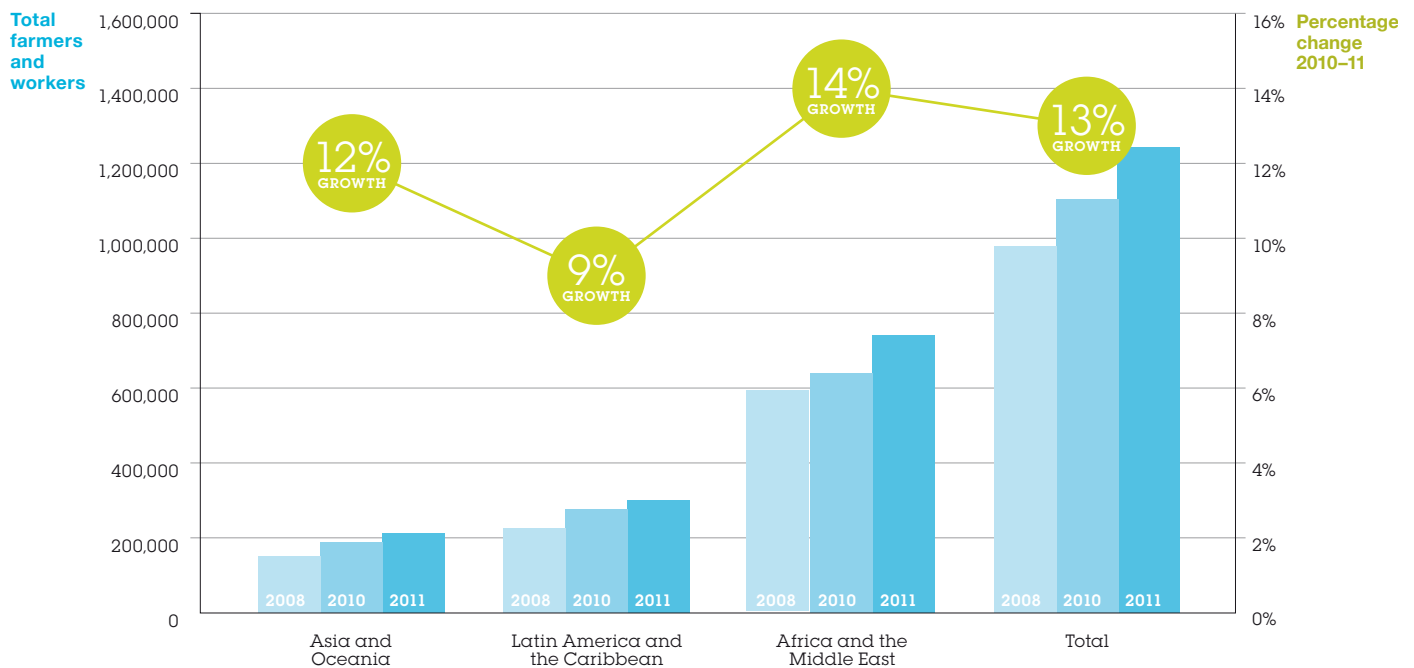


FIGURE 3.7

Growth in the numbers of Fairtrade farmers and workers 2008–2011



3.3 How have the numbers of farmers and workers changed since the last monitoring report?

In last year's monitoring report we reported a total of 1.1 million farmers and workers in the Fairtrade system at the end of 2010 (although we estimated that the actual figure was slightly higher due to under-reporting). In 2011 there was roughly a 13 percent increase in the number of farmers and workers in the Fairtrade system. The majority of this increase resulted from growth in the number and size of Fairtrade certified small producer organizations: the number of workers in Fairtrade certified hired labour organizations grew only slightly, by 3 percent.

Within each region the patterns of growth have been slightly different. In Africa and the Middle East, there was strong growth in Western Africa, due to ongoing growth in the number of certified cocoa producer organizations, particularly in Côte d'Ivoire. In Eastern Africa, a large number of sugar-producing organizations in Mauritius entered the Fairtrade system, which accounts for some of the growth in that region. The numbers of workers in Fairtrade certified hired labour organizations in Africa and the Middle East appeared to decrease overall. Several fresh fruit producer organizations in Southern Africa left the Fairtrade system during 2010 and 2011 in response to volatile markets, accounting for the overall decline in the number of workers.

In Asia, the number of workers grew modestly in all regions, with the exception of Southern Asia, where there was significant growth in numbers of both workers and farmers, principally in India.

In Latin America and the Caribbean, the major growth was in Central America and in the Caribbean, where total membership in Fairtrade certified small producer organizations grew by around 20,000 people. Hired labour organizations showed little change in any sub-region.

FIGURE 3.8

Fairtrade in Africa and the Middle East: Farmer and worker numbers 2008–2011

	SPO farmers 2008	SPO farmers 2010	SPO farmers 2011	HLO workers 2008	HLO workers 2010	HLO workers 2011	Total 2008	Total 2010	Total 2011
Eastern Africa	394,000	416,400	493,500	49,000	48,600	52,500	443,000	465,000	546,000
Middle Africa	34,000	29,200	29,200	--	--	--	34,000	29,200	29,200
Northern Africa and the Middle East	1,000	3,400	3,700	8,200	8,400	3,700	9,200	9,200	7,400
Southern Africa	170	200	300	13,000	13,000	10,000	13,170	13,200	10,300
Western Africa	87,000	121,600	136,300	2,700	2,900	3,000	89,700	124,400	139,300
Total	516,170	568,200	663,000	72,900	72,800	69,200	589,070	641,000	732,200

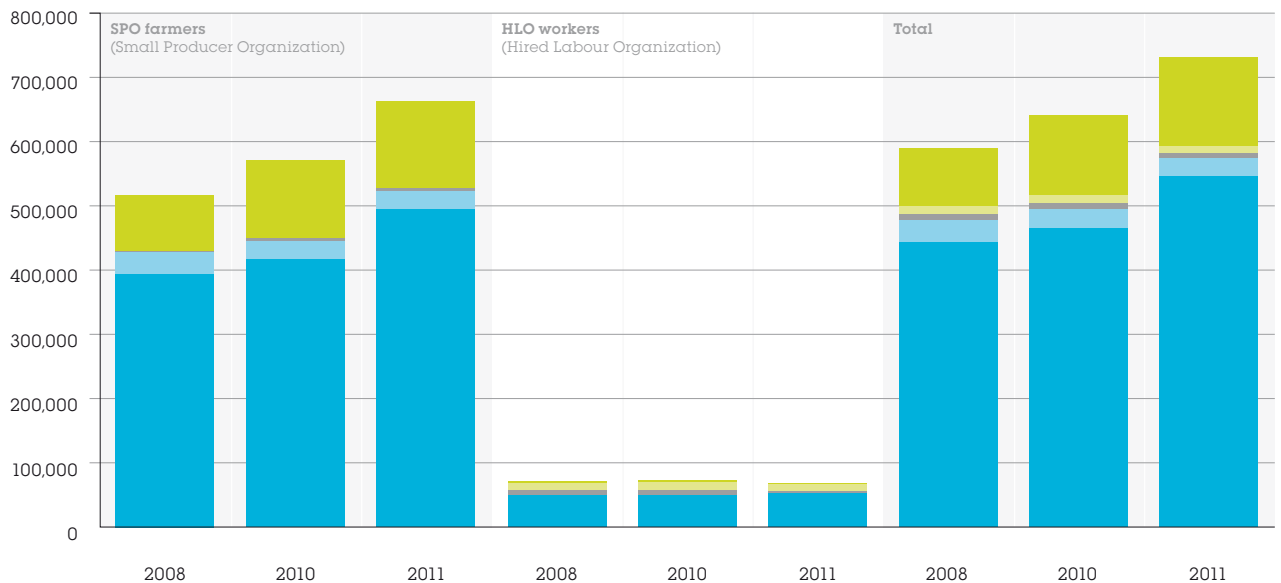


FIGURE 3.9

Fairtrade in Asia and Oceania: Farmer and worker numbers 2008–2011

	SPO farmers 2008	SPO farmers 2010	SPO farmers 2011	HLO workers 2008	HLO workers 2010	HLO workers 2011	Total 2008	Total 2010	Total 2011
Central Asia	770	1,000	1,100	--	--	0	770	1,000	1,100
Eastern Asia	6,100	5,700	5,800	--	--	0	6,100	5,700	5,800
Melanesia	1,400	8,600	9,000	--	--	0	1,400	8,600	9,000
South-Eastern Asia	44,000	31,500	33,400	--	100	100	44,000	31,600	33,500
Southern Asia	58,000	58,500	73,100	46,000	80,100	87,500	104,000	138,700	160,600
Total	110,270	108,000	122,400	46,000	80,200	87,600	156,270	188,200	210,000

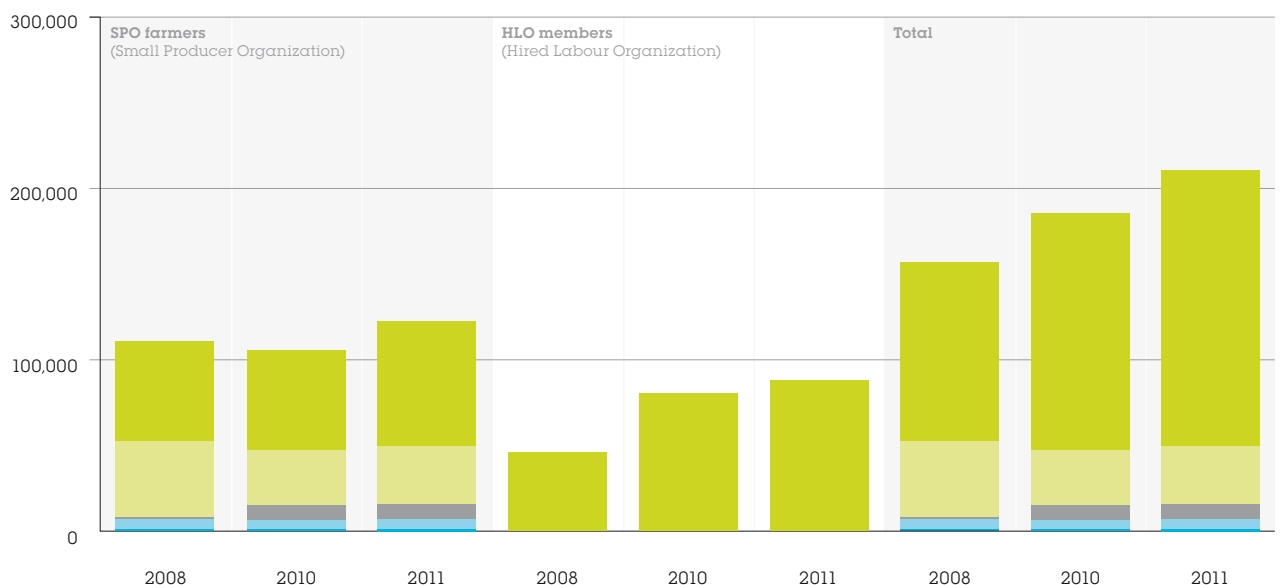
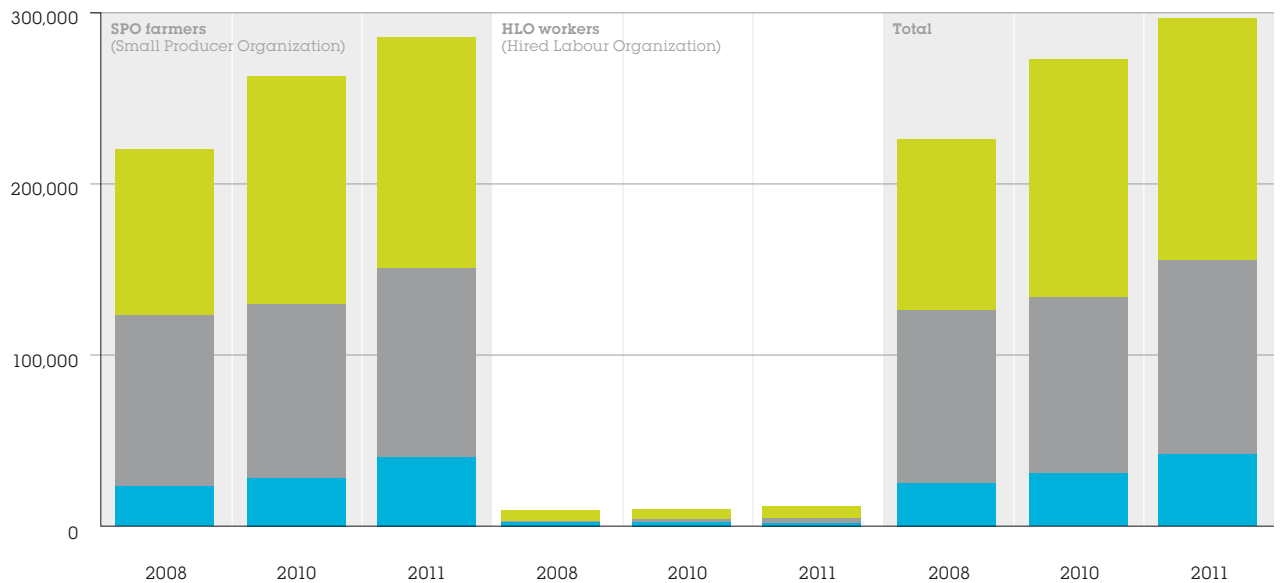


FIGURE 3.10

Fairtrade in Latin America and the Caribbean: Farmer and worker numbers 2008–2011

	SPO farmers 2008	SPO farmers 2010	SPO farmers 2011	HLO workers 2008	HLO workers 2010	HLO workers 2011	Total 2008	Total 2010	Total 2011
Caribbean	23,000	28,000	40,200	2,300	2,500	1,800	25,300	30,500	42,000
Central America	100,000	101,700	110,100	460	1,400	3,100	100,460	103,100	113,200
South America	97,000	132,600	135,100	6,200	5,900	6,500	103,200	138,500	141,600
Total	220,000	262,200	285,400	8,960	9,800	11,400	228,960	272,000	296,800



3.4 Farmers and workers by product category

Table 3.2 gives a breakdown of the numbers of farmers and workers within Fairtrade certified producer organizations, according to product, for 2011. Coffee, tea, and cocoa remained the most significant products in terms of farmer and worker numbers. Together, those three product categories account for nearly 80 percent of all of the farmers and workers in the Fairtrade system.

Comparison with the figures for 2010 shows growth in the numbers of farmers and workers for all of the major Fairtrade products. By far the most significant growth in percentage terms was for Fairtrade sugar, where the number of farmer members of Fairtrade small producer organizations more than doubled during 2011. This was primarily due to a large number of sugar producing small farmer organizations joining the Fairtrade system in Mauritius and Guyana. The numbers of small farmers producing Fairtrade seed cotton also began to grow again during 2011 following a decline in 2010.

3.5 Workers in Fairtrade

The data in this report suggest that there was a decline in the participation of hired labour organizations in Fairtrade during 2011, with a decrease in the number of hired labour organizations holding Fairtrade certification, and apparent decreases in the Fairtrade sales and Fairtrade Premium flows to hired labour organizations. While some of this apparent decrease is the result of under-reporting, it is also clear that many hired labour organizations do not sell enough of their product on Fairtrade terms, and that this is limiting the impact of Fairtrade for workers.

Fairtrade remains committed to working to make a difference for workers, and in early 2012 a new global hired labour strategy was approved by the board of Fairtrade

TABLE 3.1

Change in number of farmers and workers by first certified product 2010–2011















	2010	2011	Percentage change
 Cane Sugar	17,600	37,200	111%
 Bananas	15,500	20,300	31%
 Tea	223,700	258,100	15%
 Seed Cotton	58,500	66,500	14%
 Cocoa	125,900	141,800	13%
 Flowers and Plants	34,000	37,500	10%
 Coffee	532,000	580,200	9%

TABLE 3.2

Number of farmers and worker by first certified product 2011

	Farmers by product 2011	Workers by product 2011	Total farmers and workers 2011	Percentage of total
 Coffee	580,200	0	580,200	47%
 Tea	160,500	97,700	258,100	21%
 Cocoa	141,800	0	141,800	11%
 Seed Cotton	66,500	0	66,500	5%
 Flowers and Plants	0	37,500	37,500	3%
 Cane Sugar	37,200	0	37,200	3%
 Banana	15,400	4,900	20,300	2%
Fresh Fruit	3,800	14,900	18,700	2%
Nuts	14,300	0	14,300	1%
Herbs, Herbal Teas and Spices	10,700	700	11,400	1%
Dried Fruit	9,300	0	9,300	1%
Rice	9,200	0	9,200	1%
Oilseeds and Oleaginous Fruit	8,800	0	8,800	1%
Sports Balls	0	6,700	6,700	1%
Wine Grapes	700	4,400	5,100	0%
Honey	4,900	0	4,900	0%
Quinoa	3,800	0	3,800	0%
Fruit Juices	2,400	700	3,100	0%
Vegetables	1,000	700	1,700	0%
Gold	400	0	400	0%
Grand Total	1,070,900	168,200	1,239,100	100%

*Based on data for 100 % of all certified HLOs and 93% of all certified SPOs, end 2011

International. The new strategy emphasizes the central position of workers, alongside small farmers, in the Fairtrade system. In the strategy, Fairtrade emphasises that collective empowerment would best be achieved by workers organizing in trade unions and engaging with employers through mature systems of industrial relations. In order for workers to organize in trade unions and engage with employers, workers should not only be granted Freedom of Association as a basic human right, but also be sufficiently empowered to exercise their rights.

Fairtrade considers that the best means of individual empowerment is a living wage, allowing workers to meet their needs and those of their families. As part of the strategy, Fairtrade will explore whether making the rules around the use of the Fairtrade Premium more flexible would help workers move towards a living wage. Undermining collective bargaining will need to be avoided.

The strategy also proposes that a better interface between union committees and Joint Bodies should be in place to avoid situations where Joint Bodies inadvertently undermine the work of trade unions in the workplace.

In each region, the Fairtrade producer networks will guide implementation of the strategy to ensure that it is adapted to local needs. A full review of the Fairtrade Hired Labour Standards in 2012, and a programme of partnerships, worker support, and training will bring the strategy to life.

PRODUCER REPORT

A commitment to biodiversity in South Africa

At Springfield Farms local wildlife aren't pests, but rather honoured residents on this 425 hectare farm that produces avocados, lychees and more. Employees have recorded well over 120 bird species and other wildlife on the farm. Training on environmental practices for the farm's 165 permanent employees and 100 seasonal workers is just one part of Springfield's comprehensive training programme to build workers' capacity, increase future employability, and promote care for the local environment.

READ FULL STORY HERE <http://bit.ly/W0cJCL>



Flower workers reflect on what empowerment means to them

In 2011, Fairtrade International and Max Havelaar Switzerland commissioned independent research to understand more about the impacts of Fairtrade for workers on flower farms in Ecuador and East Africa. Part of this research focused on how workers on Fairtrade certified flower plantations understand 'empowerment', and to what extent Fairtrade certification has been successful in promoting empowerment among flower workers.

In Ecuador, workers' definitions of 'empowerment' focused on two core aspects. The first was around 'strengthening individual voice', which meant the development of the self-confidence needed to express ideas and concerns directly to supervisors and administration. Workers felt that this had given them greater power to influence decision-making at the workplace and greater control over their lives and communities.

Workers reported that Fairtrade had contributed to helping 'develop their voice' through a number of mechanisms. The opportunity to manage meetings and assemblies through the Fairtrade Joint Body and Workers' Committee was highly valued for developing skills, self-esteem, and confidence. Workers on one plantation recalled that in 2006 they could not interpret Fairtrade criteria and standards and how, by 2008, due to improved skills and capacities, "We could then manage ourselves before the assembly... defend our ideas; have better self-esteem so that they can't impose things on us."

Targeted training and skills development in areas such as accounting, project management, public speaking, leadership, computer literacy, health, and workers' rights helped workers build self-esteem and also served as spaces for collective knowledge-building.

The second aspect of empowerment prioritized the importance of access to resources that expand individual choice and economic strategies for workers. Here, workers viewed the investments made through the Fairtrade Premium income as an important tool giving them access to resources that enhance individual choice. A variety of Fairtrade Premium investments including housing credits to reduce economic dependence on landlords and family members; scholarships for children's education; and credits for investment in other small agri-businesses were highly valued as pathways to empowerment.

Most importantly, the vast majority of workers envisioned full empowerment as gaining economic autonomy from plantation work, and dedicating themselves to developing independent agricultural production or other small businesses. This reflects the fact that many workers have limited options. Moving forward, it will be important to consider how Fairtrade can help to increase worker access to productive resources and help them to expand the livelihoods options available to them.

The study also drew out challenges that workers perceived as obstacles to their empowerment. The most commonly cited challenge was resistance from plantation administrators and supervisors to negotiating with workers. Other challenges identified by workers included increasing workloads, ensuring confidentiality in workers' assemblies, the need for greater Fairtrade Premium funds, and promoting horizontal organizing between workers' organizations from different farms.

In East Africa, workers discussed '*kujengewauwezo*' and '*kuwezesha*' (broadly interpreted as 'capacity-building' in Kiswahili), and focused on two aspects. The first was a pathway where training and knowledge acquisition led to economic mobility. Here again, workers said that trainings on financial management, communication, and project planning have enabled them to become better leaders and get better jobs elsewhere. Other activities, such as exchange visits to other flower farms and specific training for Joint Body members on Fairtrade Premium income and project management, have contributed to the empowerment of Joint Body members and resulted in more meaningful Fairtrade Premium projects for all workers.

The second pathway identified by workers was union-based representation as a means to better conditions and defence of rights. Workers reported that improved capacity to negotiate with estate management had built their confidence and also had

Targeted training and skills development in areas such as accounting, project management, public speaking, leadership, computer literacy, health, and workers' rights helped workers build self-esteem and also served as spaces for collective knowledge-building.

tangible results, such as improved salaries for workers (that were now the highest in the area); two new Collective Bargaining Agreements (CBAs) with management; and worker interventions resulting in the reinstatement of workers who had been dismissed.

At one farm, workers remarked that through their improved capacity to negotiate with management on key issues around rights and workers' problems, "We have now been able to overcome the old perception that we are working against the management or inciting workers to bring trouble to the management." Improved relationships and negotiation capacity have also brought about a difference in the kinds of issues negotiated by unions. These now include issues such as transport, medical attention, family issues, and worker productivity.

Key challenges identified by workers in East Africa included time and resource constraints, especially for worker representatives; the general literacy and education levels of workers; and the need to be regularly informed of changes within estate management and within Fairtrade.

By investigating workers' aspirations and their understandings of empowerment, this study has helped make the link between how Fairtrade tools, such as standards, workers' organizations, capacity-building, and investment of the Fairtrade Premium, can serve as pathways to achieving workers' empowerment goals. Recommendations for how Fairtrade can help workers progress toward their empowerment goals include working toward the provision of a living wage; promoting knowledge-sharing; and opening more effective lines of communication between workers and Fairtrade representatives.

The full research report will be published by Fairtrade International in early 2013.

3.6 Women in Fairtrade

According to the data submitted in the audit reports, women make up 25 percent of the farmers and workers involved in Fairtrade overall.

Women are more strongly represented within hired labour organizations, where women reportedly represent 47 percent of all workers. In India and Sri Lanka, women workers form 56 percent of the Fairtrade hired labour workforce.

The global figure for women's membership of small producer organizations is considerably lower at 20 percent, and is particularly low in Asia and Oceania. The data this year excluded two very large producer organizations in Africa, which had previously supplied data on women's membership, but where no data were given during the most recent Fairtrade audit. Similarly, data on women's membership is still not available for the largest Fairtrade producer organization, also in Africa. If data were available for these larger organizations, this would have an impact on the gender breakdown for small producer organizations as a whole, as well as those for the specific products in question (cocoa and coffee).

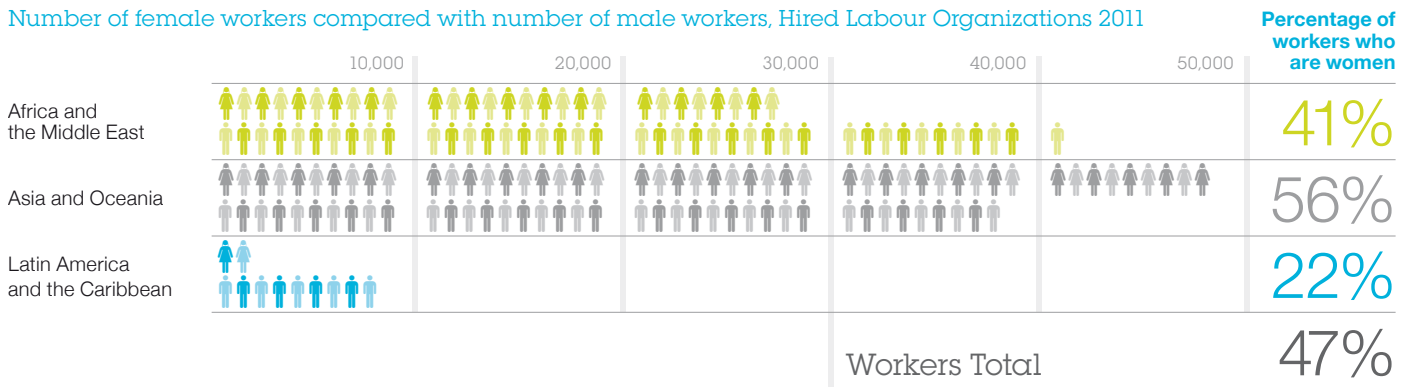
Women's participation is most significant in Fairtrade product categories that are open to hired labour organizations—for example, tea, flowers and plants, fresh fruit and fruit juices. Nearly 90,000 women work on Fairtrade tea plantations or are registered as tea farmer members of small producer organizations. For products that are only open to small producer organizations, the oilseeds and oleaginous fruit category has a high level of participation by women. This is due to the predominance of several women's cooperatives producing shea butter in Burkina Faso and Mali.

While the number of women who are registered as farmer members of small producer organizations remains low, women around the world have a central role in agricultural production, including within Fairtrade supply chains and in particular as workers in hired labour organizations. Fairtrade recognizes that there is greater scope for supporting women to benefit more equitably from Fairtrade. As part of our upcoming research programme, Fairtrade will focus on learning from best practice within the Fairtrade system and capturing learning from those Fairtrade producer organizations that have chosen gender equity as a priority for action.

Workers reported that improved capacity to negotiate with estate management had built their confidence and also had tangible results, such as improved salaries...

FIGURE 3.11

Women's participation in Fairtrade 2011



Based on data for 100% of all certified HLOs and 93% of all certified SPOs, end 2011

TABLE 3.3

Women as a percentage of all Fairtrade farmers and workers by product 2011

Workers in Fairtrade Hired Labour Organizations	Total number of farmers or workers*	Number of female farmers or workers*	Percentage of workers and farmers who are women*
Fruit Juices	700	400	57%
Tea	97,700	50,600	52%
Flowers and Plants	37,500	17,600	47%
Vegetables	700	300	43%
Fresh Fruit	14,900	6,100	41%
Wine Grapes	4,400	1,400	32%
Sports Balls	6,700	2,100	31%
Banana	4,900	700	14%
Herbs, Herbal Teas and Spices	700	100	14%
Farmers in Small Producer and Contract Production Organizations			
Oilseeds and Oleaginous Fruit	8,700	6,300	72%
Fresh Fruit	3,800	1,700	45%
Dried Fruit	9,100	3,200	35%
Quinoa	3,800	1,300	34%
Tea	155,300	48,000	31%
Nuts	14,300	4,200	29%
Rice	8,300	2,400	29%
Herbs, Herbal Teas and Spices	9,800	2,500	26%
Cane Sugar	36,600	9,300	25%
Gold	400	100	25%
Vegetables	1,000	200	20%
Cocoa	63,900	11,600	18%
Fruit Juices	2,400	400	17%
Banana	9,900	1,600	16%
Honey	4,900	700	14%
Wine Grapes	700	100	14%
Coffee	411,800	58,200	14%
Seed Cotton	66,500	9,100	14%

*Based on data for 100% of all certified HLOs and 93% of all certified SPOs, end 2011

PRODUCER REPORT

Women Take on Greater Role at Congolese Coffee Co-op

Over 600 of SOPACDI's 3200 producer members are women. Although women play an important role in coffee production in eastern DRC, most land is owned by men and many women remain dependent with limited access to credit.

The SOPACDI Women's Committee is working to change that and now has a representative on the organization's board. A project by Fairtrade and Twin Trading is helping cooperatives like SOPACDI to build gender equity and equality into all their activities.

READ FULL STORY HERE <http://bit.ly/RQQADG>



3.7 Fairtrade and young people

In order to continually improve Fairtrade's approach to the elimination of child labour, we listen directly to children in producer communities to improve our understanding of children's and young people's needs, aspirations, norms, and the current conditions of their lives so we can better address them.

In 2011, Fairtrade carried out in-depth focus group discussions with nearly 150 children in cocoa and cotton communities in Cameroon, Ghana, and Côte d'Ivoire. While we have learned from these children about their involvement in cocoa and cotton production, we also heard some of them talk about the unacceptable conditions in their schooling—such as physical violence, bullying, overcrowded classrooms, absent teachers, and work they perform at their schools. These views are important in helping Fairtrade to learn from children about existing safe alternatives to child labour as we work to support them in remediation and prevention. Our standard is clear: children found in child labour must be remediated in a way that ensures their prolonged safety. Our work with expert child rights partners is critical to ensuring appropriate remediation and prevention.

Fairtrade has also organized several forums with farmers, workers, and producer organization representatives in countries around the world. The purpose of these forums is to hear from women and men about the challenges faced in implementing Fairtrade child labour requirements, and what is needed to support communities to ensure the increased well-being of girls and boys in Fairtrade communities.

Empowering producer organizations

Fairtrade's approach to development is based on the principle of empowering organizations of small-scale farmers and workers to take control of their work,

PRODUCER REPORT

Impact for Fairtrade children and young people

The farmers of COCAFELOL in Octotepeque, Honduras, are experiencing the same problem confronted by many coffee farming communities: their children, future stewards of the land, are moving away from coffee farming. COCAFELOL first became Fairtrade certified in 2011 and last year the organization sold nearly 20 percent of its coffee on Fairtrade terms. The group invested their first Fairtrade Premium to create a cupping school for students to stimulate an interest in coffee and ensure a future for coffee farming in their communities.

READ FULL STORY HERE <http://bit.ly/W0Png6>



their lives, and their communities. While auditing for compliance on our standards is essential, it is also important that producers and their communities own their development, set their own goals, and measure their progress in achieving them.

In this context, Fairtrade encourages producers to improve the wellbeing of boys and girls in their own communities. 'Child-inclusive community-based monitoring and remediation on child labour' is one way in which producers and their communities can assess how they are doing in ensuring the protection of children and youth against harm. Fairtrade provides training and support for producer organizations to develop community-based monitoring and remediation systems, in partnership with expert organizations. We are working with farmers and workers to develop pilots in self-monitoring and remediation systems in Honduras, Ghana, Ivory Coast, Zambia, and Burkina Faso.

Trainings on child labour and child protection

Training for producer organizations on how to interpret and implement the Fairtrade Standards on child labour and child protection is an important part of our programme. In 2011, over 50 trainings on child labour were held within the Fairtrade system.

Child rights partnerships and programming

Fairtrade develops partnerships with child rights expert organizations to build the awareness and capacity of Fairtrade personnel and producer organizations on child rights methodologies for speaking to children and young people. We also work with these partners to conduct case-by-case assessments when the worst forms of child labour are detected in our system, and develop appropriate responses ensuring that impacted children are protected. We enable partnerships between child rights organizations, producer organizations and companies to ensure that all relevant stakeholders share information, exchange best practices and support targeted programmes to increase the well-being of children and young people in Fairtrade communities.



04.

FAIRTRADE
PRODUCER
ORGANIZATIONS

4.1 How many Fairtrade producer organizations were there in 2011?

At the end of 2011 there were 991 Fairtrade certified producer organizations in 66 countries. This is a net increase of 86 producer organizations since the end of 2010—a ten percent increase, which is in line with the overall growth trajectory of the previous years.

Figure 4.2 shows that the net numbers of new certifications increased in all regions. The number of new certifications was highest in Africa and the Middle East, primarily the result of 31 new farmer organizations producing sugar in Mauritius.

In 2011, Fairtrade organizations in three new countries were certified. These included eight sugar cooperatives in Guyana; a cooperative of farmers growing wine grapes in Lebanon; and a farmer organization producing cherries and almonds in Uzbekistan.

TABLE 4.1

Five years of growth in the number of Fairtrade certified producer organizations

Year	Number of certified organizations	Percentage change on previous year
2007	632	11%
2008	745	18%
2009	827	11%
2010	905	9%
2011	991	10%

FIGURE 4.1

Five years of growth in the number of Fairtrade certified producer organizations 2007–2011

Asia and Oceania
Africa and the Middle East
Latin America and the Caribbean

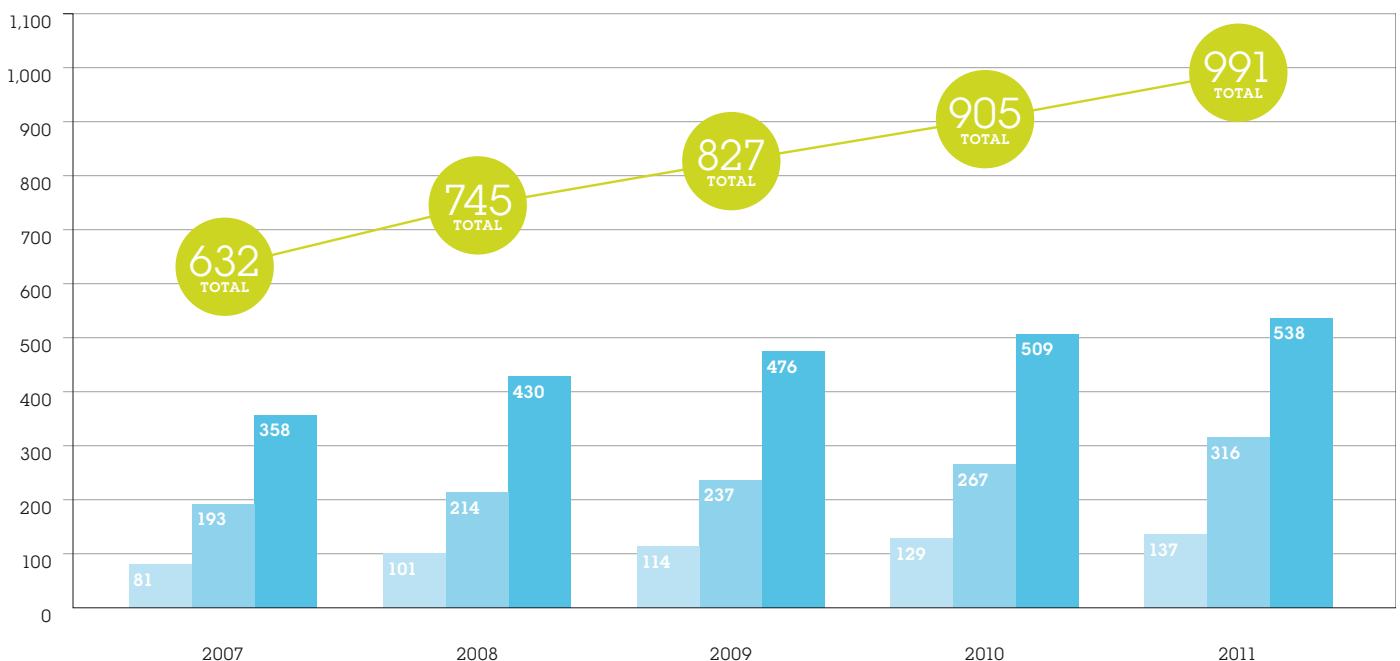
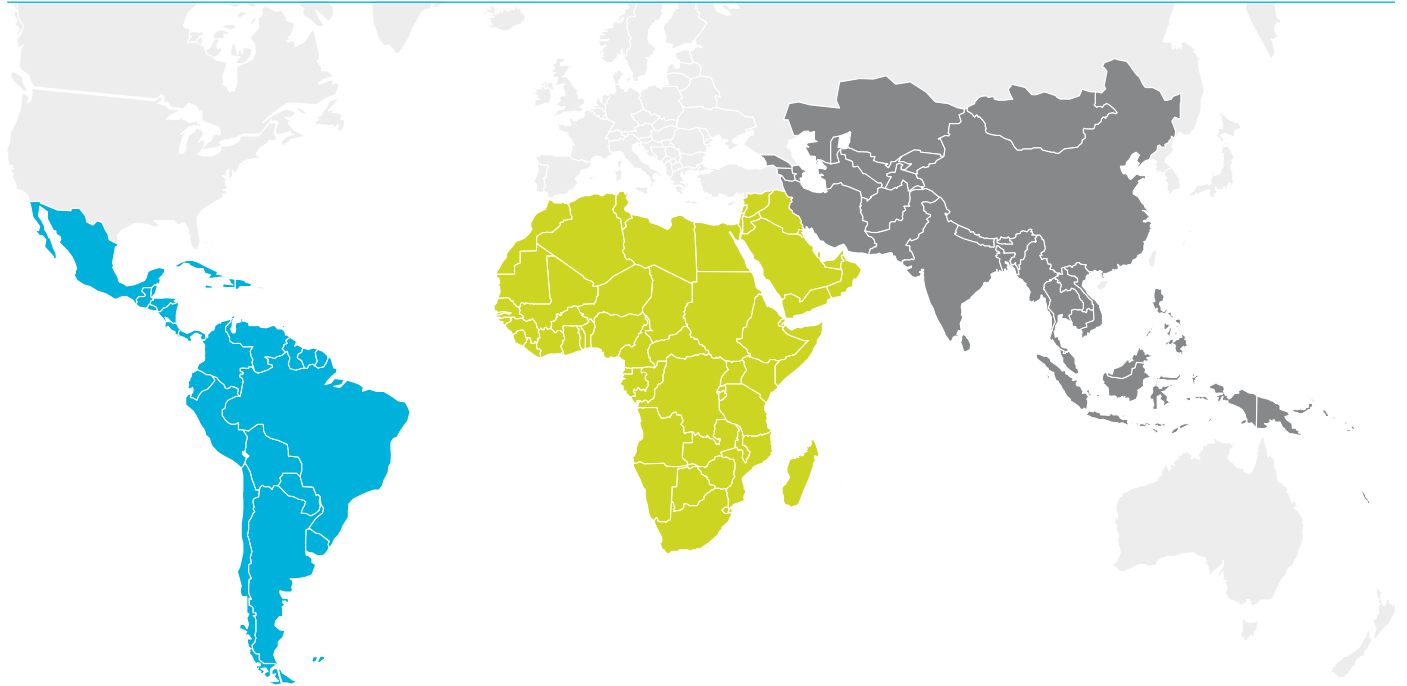


FIGURE 4.2

Growth in Fairtrade certified producer organizations (POs) 2011



Latin America and the Caribbean

Net new POs 2011 33
% change 2010–11 6%

Africa and the Middle East

Net new POs 2011 49
% change 2010–11 18%

Asia and Oceania

Net new POs 2011 8
% change 2010–11 6%

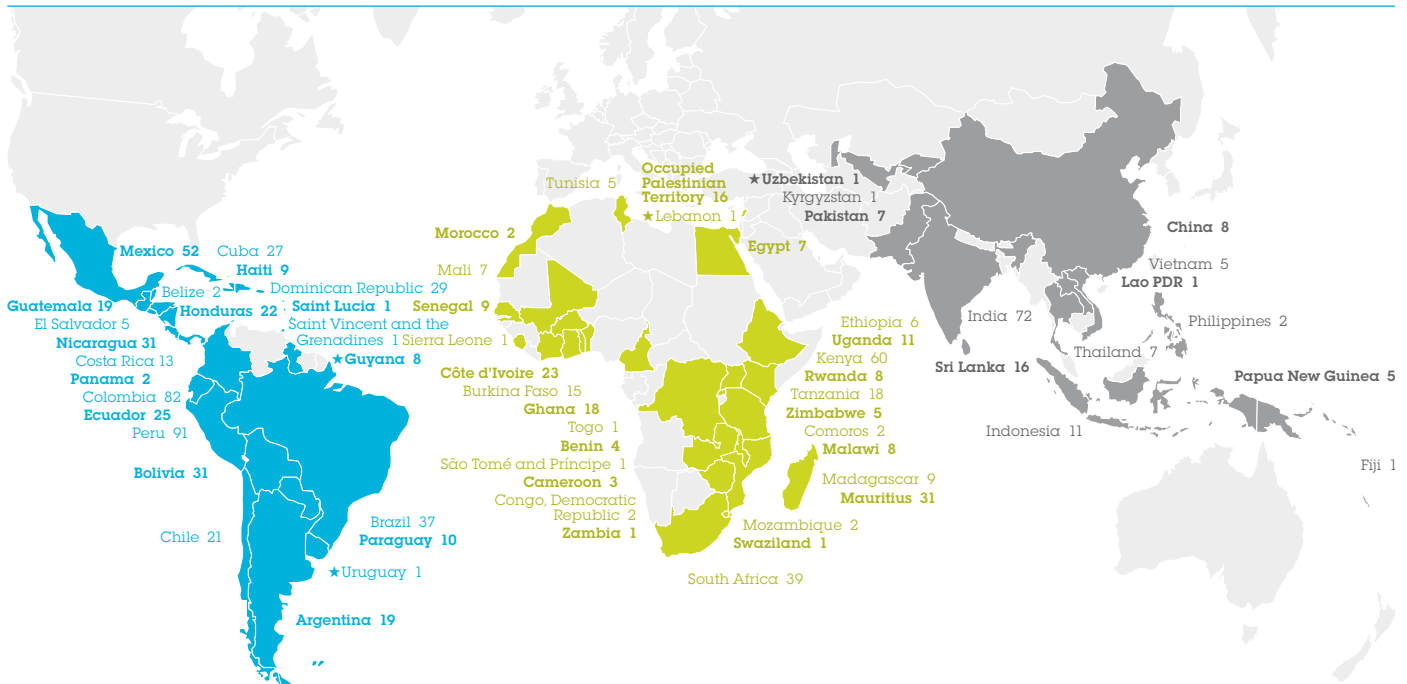
Total

Net new POs 2011 86
% change 2010–11 10%

FIGURE 4.3

Fairtrade producer organizations worldwide 2011

★Indicates new producer countries



Latin America and the Caribbean

Total 538

Africa and the Middle East

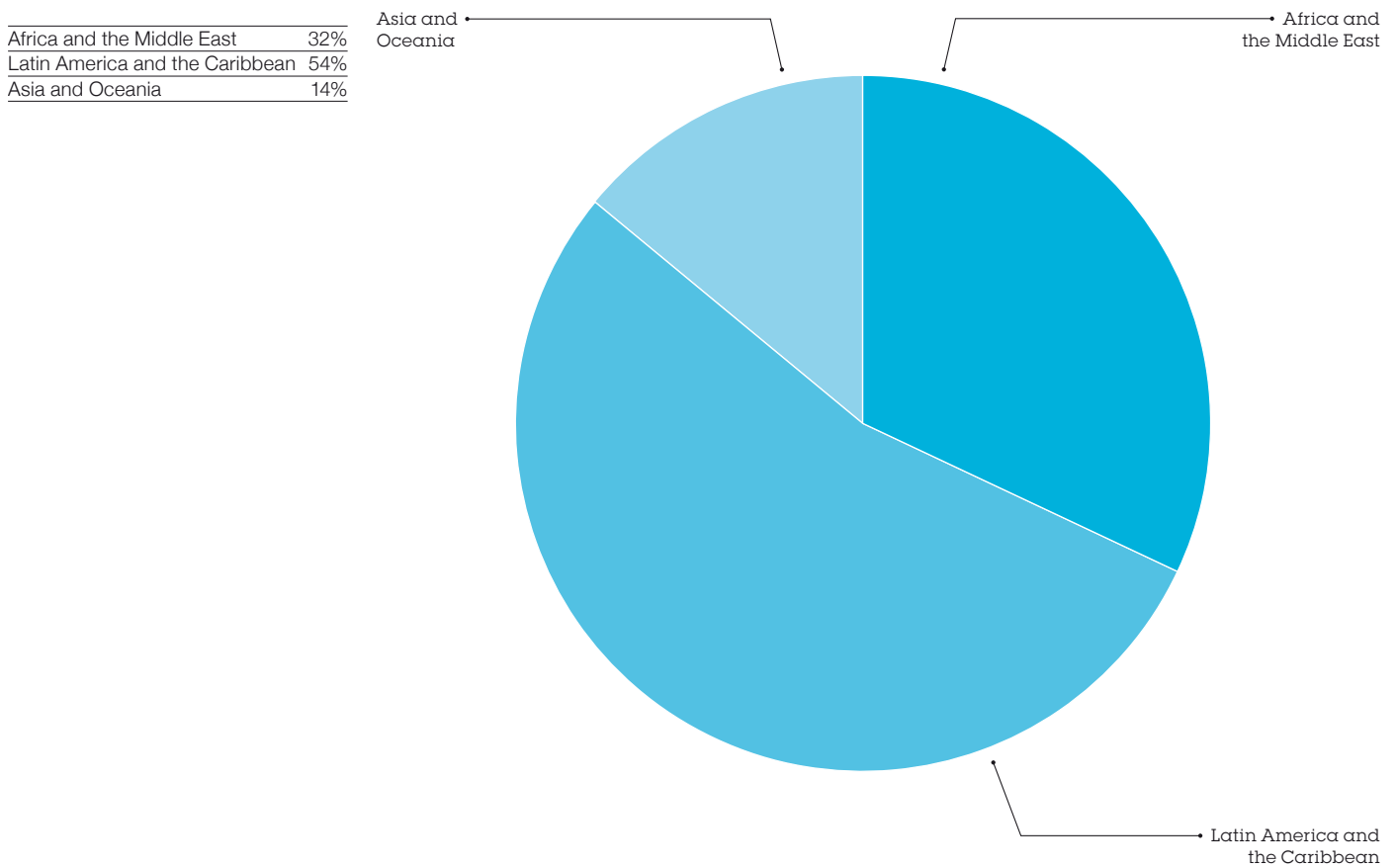
Total 316

Asia and Oceania

Total 137

FIGURE 4.4

Fairtrade producer organizations by region 2011



4.2 Where are the Fairtrade producer organizations?

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.

Peru has the largest number of Fairtrade producer organizations, followed by Colombia. However, the largest net growth in the number of Fairtrade producer organizations was in Africa—particularly in sugar cooperatives in Mauritius and cocoa cooperatives in Côte d'Ivoire—and in India.

Top Ten Countries: Number of Fairtrade certified producer organizations 2011

Peru	91
Colombia	82
India	72
Kenya	60
Mexico	52
South Africa	39
Brazil	37
Bolivia	31
Mauritius	31
Nicaragua	31

Top Ten Countries: Increase in number of Fairtrade certified producer organizations 2011

Mauritius	26
India	11
Côte d'Ivoire	9
Peru	9
Guyana	8
Kenya	6
Mexico	5
Colombia	5
Burkina Faso	4
Ghana	4

4.3 Certified producer organizations by producer type 2009–2011

For the purposes of this report we consider the three major types of Fairtrade producer organizations: small producer organizations (SPO), contract production organizations (CP), and hired labour organizations (HLO).

Table 4.2 shows that during 2011 the total number of hired labour organizations with Fairtrade certification decreased, while the numbers of small producer organizations continued to increase. Small producer organizations now account for 76 percent of all producer organizations—up three percentage points from 2010—while hired labour organizations dropped from 25 percent to 22 percent of all Fairtrade producer organizations. Contract production organizations have remained stable at 2 percent of all Fairtrade producer organizations.

4.4 Size of Fairtrade producer organizations

The size of Fairtrade producer organizations varies widely. The smallest producer organization has only seven members, and the largest more than 70,000. Of the ten largest Fairtrade producer organizations, nine are located in Africa and seven in Eastern Africa. 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.

PRODUCER REPORT

The smallest Fairtrade producer organization

Hop Tac Xa Nong Nghiep Chanh Day may be the smallest Fairtrade cooperative with only seven members, but they have big plans. Just two months after becoming Fairtrade certified, they sold all 20 tonnes of their export-quality passion fruit.

The cooperative achieved certification in June 2012 with the support of their exporter and they are now busy making plans for how to use their Fairtrade Premium and grow their membership. They may be small now, but not for long.



READ FULL STORY HERE <http://bit.ly/Qa7OxA>

TABLE 4.2

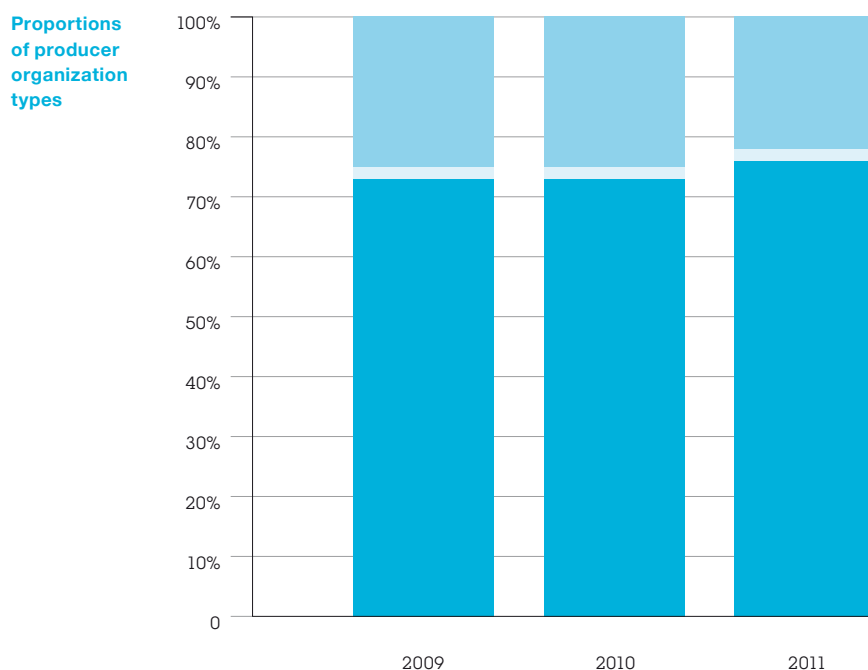
Growth of Fairtrade by certification type 2009–2011

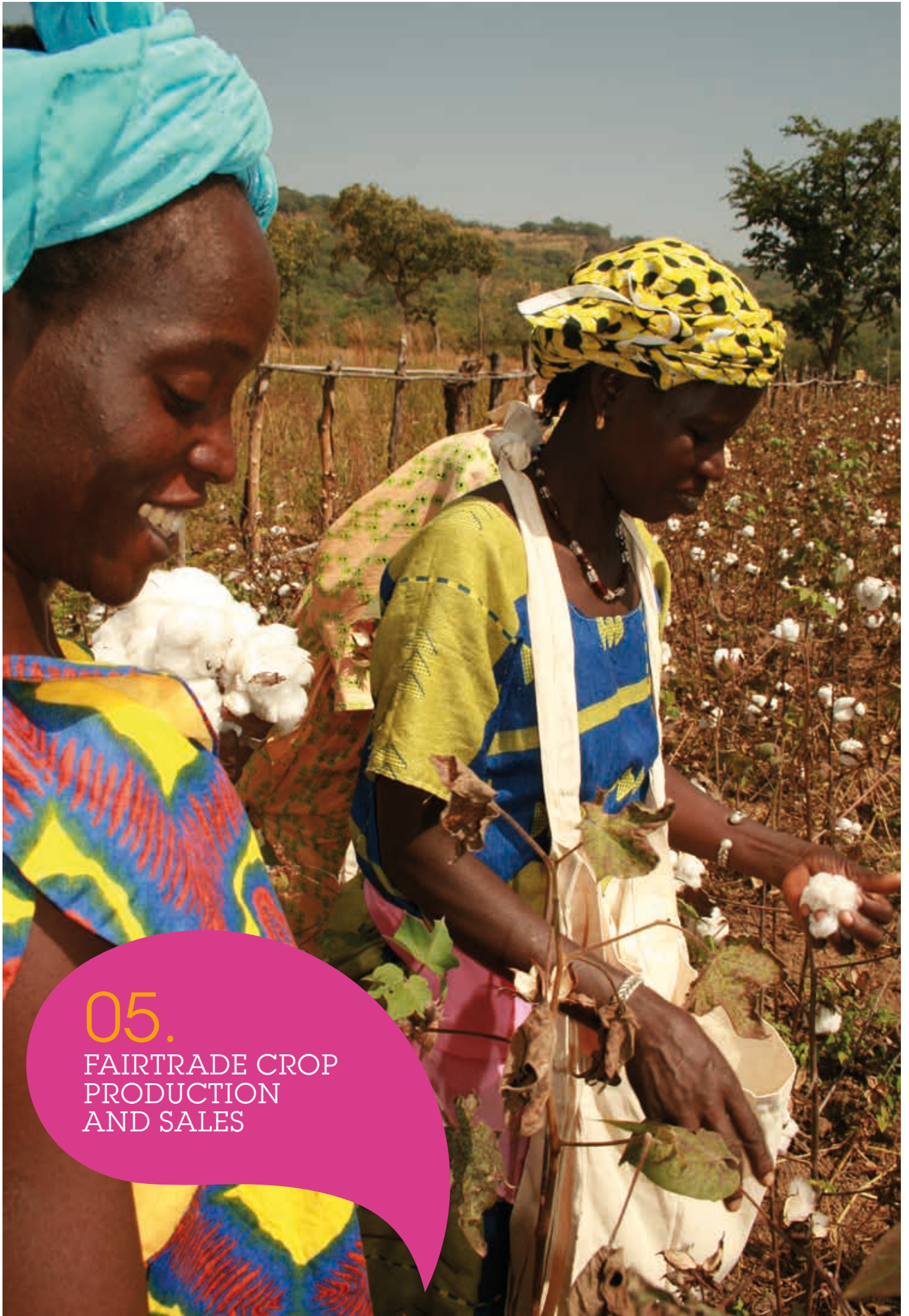
	2009	2010	2011	Percentage change since 2010
Small Producer Organizations (SPO)				
1st grade	491	547	631	--
2nd grade	103	103	115	--
3rd grade	5	7	6	--
Mixed structure	1	--	2	--
Small Producer Organization total	600	657	754	15%
Small Producer Organizations as a proportion of all producer organizations	73%	73%	76%	--
Contract Production (CP)				
Contract Production	19	21	24	14%
Contract Production Organizations as a proportion of all producer organizations	2%	2%	2%	--
Hired Labour Organizations (HLO)				
Factory	5	7	6	--
Multi-Estate	29	29	37	--
Plantation	174	191	170	--
Hired Labour total	208	227	213	-6%
Hired Labour Organizations as a proportion of all producer organizations	25%	25%	22%	--
Grand Total	827	905	991	10%

FIGURE 4.5

Overall proportions of producer organization types 2009–2011

	2009	2010	2011
Small Producer Organizations	73%	73%	76%
Contract Production Organizations	2%	2%	2%
Hired Labour Organizations	25%	25%	22%





05.





FAIRTRADE CROP
PRODUCTION
AND SALES

5.1 Fairtrade production capacity

Data on production capacity during 2010–11 show major increases in the production capacity for Fairtrade-certifiable sugar, and significant increases for coffee, tea, and cocoa compared with the previous monitoring report. There was some reduction in the production capacity for seed cotton and for bananas (Table 5.1). The reduction in Fairtrade small farmer banana production capacity is in part due to decreased production in the Windward Islands resulting from the devastating impacts of a drought and hurricane during 2010. Decreases in hired labour production capacity for fresh fruit and for wine grapes were a result of several producer organizations stopping their Fairtrade certification because of uncertain markets. This was to some extent offset by reported increases in production capacity among small farmer fresh fruit and wine grapes producers.

TABLE 5.1

Reported total production capacity of Fairtrade-certifiable products 2010–11 (MT)

	Small Producer Organizations/Contract Production 2010–11	Hired Labour Organizations 2010–11
 Banana	346,400	145,400
 Cane Sugar	533,900	--
 Cocoa	124,300	--
 Coffee	393,000	--
Dried Fruit	6,000	--
 Flowers and Plants (million stems)	--	1,949
Fresh Fruit	84,600	237,100
Fruit Juices	27,400	50,100
Herbs, Herbal Teas and Spices	10,500	2,400
Honey	13,700	--
Nuts	8,800	--
Quinoa	3,700	--
Rice	133,800	--
 Seed Cotton	48,100	--
Sports Balls (units)	--	8,905,200
 Tea	89,100	116,800
Vegetables	800	3,000
Wine Grapes	23,200	83,900

All volumes are given in metric tonnes (MT) unless otherwise specified.

Data covering 96% of all producer organizations.

Where producer organizations hold a Fairtrade certification for more than one product, data on the secondary products were included where these were given.

5.2 Fairtrade sales volumes and values reported by producer organizations

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 2010–11.

While data coverage this year was generally good, figures for smaller products are particularly affected when one or two major operators do not provide full or accurate data. As such, figures for smaller products in particular should be taken as indicative only. In addition, the crisis in Côte d'Ivoire in 2011 meant that several producer organizations there were inaccessible for auditing during 2011. Though Côte d'Ivoire grew rapidly in importance as a Fairtrade cocoa producer during 2010–11, our data do not adequately reflect this.

The volumes that producer organizations reported as Fairtrade sales indicate strong growth in Fairtrade volumes of cocoa, coffee, and tea sold compared with the preceding year. Exceptional growth was recorded for Fairtrade sugar. There was modest growth in sales of Fairtrade flowers. Seed cotton showed a decline on the figures reported last year, but since the data reported last year for seed cotton were out-dated at the time of reporting, the picture for seed cotton in 2011 is rather one of stabilization.

Among the smaller products, changes to the Fairtrade product classification during 2011 make comparison with previous years more difficult. For example, the herbs and spices category now includes rooibos tea, while the nuts and oilseeds and the soybeans and pulses categories have been split and merged with other products. Taking this into account, sales of herbs, herbal teas and spices; nuts; oilseeds and oleaginous fruit; wine grapes; and sports balls appeared to remain stable. Producers selling dried fruit and rice reported reduced Fairtrade sales, while quinoa producers reported continued growth. The fall in dried fruit sales may in part be a reflection of the challenges faced by one of the major Fairtrade dried fruit producers. This group of farmers in northern Pakistan was severely affected by landslides and flooding during 2010–11, making it impossible for them to get their products to market.

Fairtrade producer organizations reported Fairtrade sales values totalling €664.5 million for the 12-month period preceding their 2011 audit. The four largest products by value—coffee, bananas, cocoa, and flowers and plants—generated 87 percent of the reported Fairtrade sales income, with Fairtrade coffee alone responsible for nearly 60 percent of all reported Fairtrade sales income. Fairtrade sales by small producer and contract production organizations represented 87 percent of the total reported value of all sales. Reported Fairtrade sales values from hired labour organizations fell from €103 million in 2009–10 to €89 million. This partially reflects reductions in reported sales volumes of fresh fruit from hired labour organizations, and partially results from under-reporting.

As in previous years, there was significant under-reporting from producers in relation to this indicator. Of producer organizations reporting their Fairtrade sales volume, roughly nine percent did not report the sales value of the volume sold. Hired labour organizations were significantly less likely to report the value of their Fairtrade sales than small producer organizations, with particular under-reporting of the value of Fairtrade tea sales.

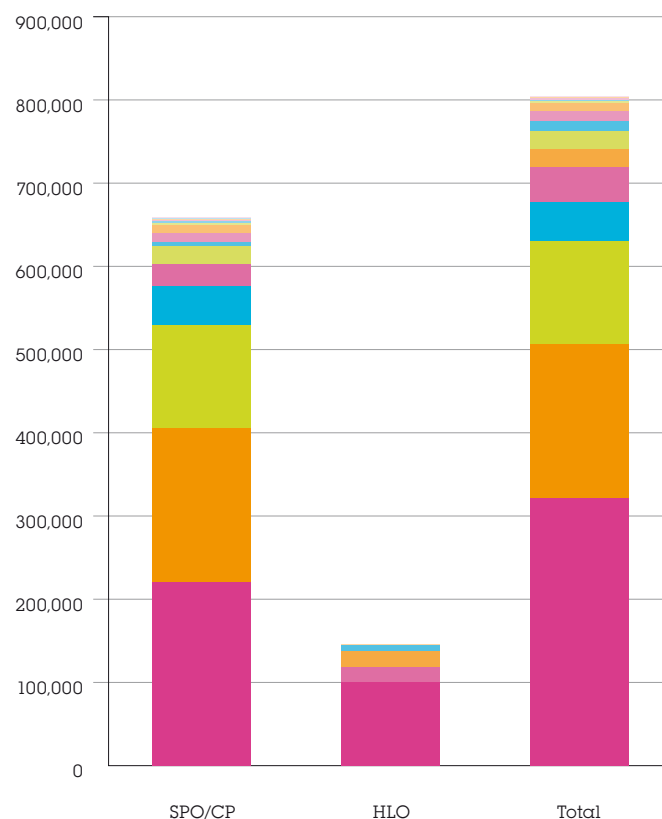
Of all the producer organizations that were already Fairtrade certified at the time of audit, some 13 percent did not report having made Fairtrade sales during the year prior to the audit. This indicates that a significant number of certified organizations were not yet able to find market opportunities for their products.

Sales were unevenly spread between the Fairtrade producer organizations in different countries. As in previous years, 75 percent of the Fairtrade sales revenues were reported by just ten countries, eight of which were in Latin America and the Caribbean (see box on page 42).

FIGURE 5.1

Fairtrade sales volumes reported by producer organizations 2010-11

	SPO/CP	HLO	Total
Banana	220,800	100,500	321,300
Cane Sugar	184,800	--	184,800
Coffee	123,200	--	123,200
Cocoa	46,600	--	46,600
Fresh Fruit	25,600	16,800	42,400
Wine Grapes	1,200	20,400	21,600
Seed Cotton	20,800	--	20,800
Tea	4,600	8,100	12,700
Rice	11,700	--	11,700
Fruit Juice	9,200	100	9,300
Honey	2,500	--	2,500
Nuts	2,100	--	2,100
Quinoa	1,600	--	1,600
Herbs, Herbal Teas and Spices	1,200	100	1,300
Dried Fruit	800	--	800
Oilseeds and Oleaginous Fruit	300	--	300
Vegetables	200	--	200
Flowers and Plants (million stems)	0	400	400
Sports Balls (units)	0	214,500	214,500



SPO/CP Small Producer Organization/Contract Production

HLO Hired Labour Organization

Volumes are given in metric tonnes (MT) unless otherwise stated.

Tea volumes are given as made tea, not green leaf.

FIGURE 5.2

Fairtrade sales volumes reported by product 2008-2011

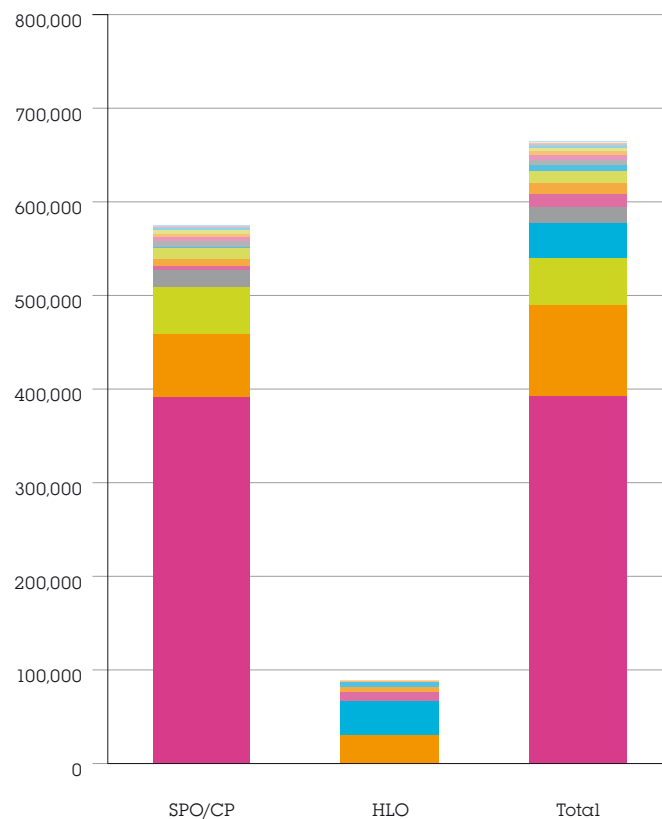
Product	2008	2009-10	2010-11	% Change since 2009-10
Flowers and Plants (million stems)	360	384	400	4%
Banana	311,500	294,400	321,300	9%
Cane Sugar	102,000	111,600	184,800	66%
Coffee	97,000	103,200	123,200	19%
Cocoa	13,900	37,400	46,600	25%
Fresh Fruit	26,300	26,100	42,400	62%
Wine Grapes	19,500	21,800	21,600	-1%
Seed Cotton	44,000	38,400	20,800	-46%
Tea	10,000	10,900	12,700	17%
Rice	11,000	15,300	11,700	-24%
Fruit Juice	--	--	9,300	--
Honey	2,600	2,700	2,500	-7%
Nuts	1,900	2,200	2,100	-5%
Quinoa	760	1,200	1,600	33%
Herbs, Herbal Teas and Spices	640	900	1,300	44%
Dried Fruit	660	1,300	800	-38%
Oilseeds and Oleaginous Fruit	--	--	300	--
Vegetables	--	--	200	--
Sports Balls (units)	148,000	212,600	214,500	1%

All volumes are given in metric tonnes (MT) unless otherwise stated.

FIGURE 5.3

Reported Fairtrade sales income by product 2010–11 (€ millions)

	SPO/CP	HLO	Total
Coffee	391.4		391.4
Banana	66.4	30.3	96.6
Cocoa	51.1		51.1
Flowers and Plants	0.0	36.9	36.9
Seed Cotton	17.3		17.3
Tea	5.5	8.6	14.0
Fresh Fruit	6.7	6.3	12.9
Cane Sugar	12.1		12.1
Wine Grapes	1.0	6.0	7.0
Honey	5.5		5.5
Rice	4.9		4.9
Herbs, Herbal Teas and Spices	3.7	0.1	3.8
Quinoa	3.6		3.6
Nuts	2.4		2.4
Fruit Juices	1.9	0.0	1.9
Vegetables	0.2	0.6	0.8
Sports Balls	0.0	0.7	0.7
Oilseeds and Oleaginous Fruit	0.7		0.7
Dried Fruit	0.7		0.7
Grand Total	575.1	89.4	664.5



SPO/CP Small Producer Organization/Contract Production

HLO Hired Labour Organization

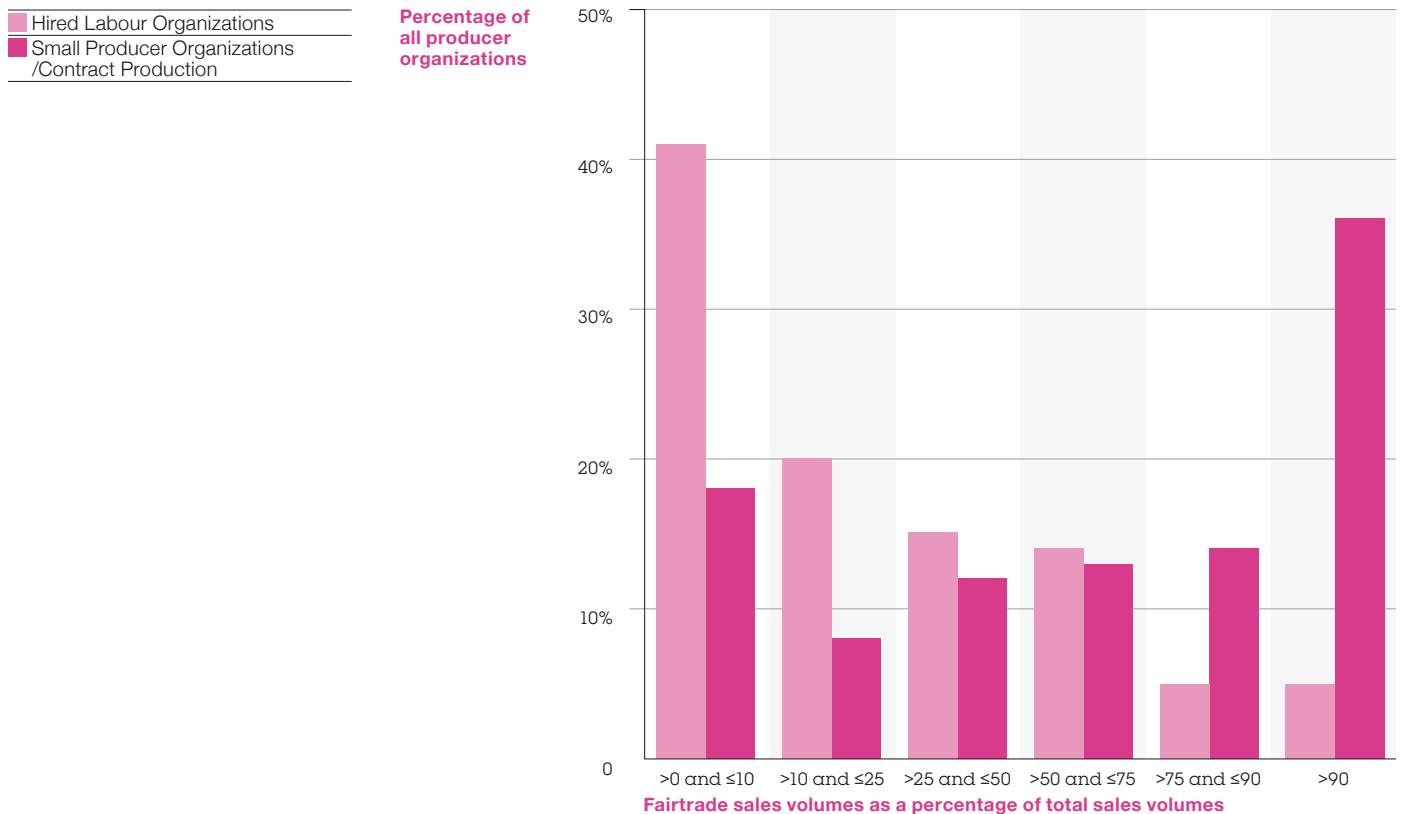
A significant proportion of producer organizations in the data set did not report their Fairtrade sales income, which means that in some product categories the reported income is less than the actual value of the Fairtrade sales.

Top Ten Countries: reported Fairtrade sales income 2010–11 (€ millions)

Peru	128.7
Dominican Republic	65.3
Colombia	54.9
Honduras	47.7
Mexico	45.4
Nicaragua	40.9
Kenya	37.0
Ethiopia	26.6
Brazil	26.3
Ecuador	25.3
Total	498.0
Total as percentage of all Fairtrade sales revenues	75%

FIGURE 5.4

Fairtrade sales volumes as a proportion of total sales volumes 2010–11



5.3 What percentage of total sales volumes are sold as Fairtrade?

Figure 5.4 shows that, of all the small producer organizations for which we had full data (data for total volumes sold and data for Fairtrade volumes sold), 36 percent report that over 90 percent of their sales were made on Fairtrade terms in 2010–11. At the other end of the scale, 18 percent of small producer organizations reported Fairtrade sales of less than ten percent of the total sales volume. Over 60 percent of small producer organizations reported selling more than 50 percent of their production as Fairtrade in 2010–11.

Amongst hired labour organizations the picture is less positive. Of all hired labour organizations for which we had full data, more than 40 percent reported selling less than 10 percent of their total sales volume as Fairtrade in 2010–11, while only 24 percent reported selling more than 50 percent of their production as Fairtrade.

Figure 5.5 shows Fairtrade sales as a percentage of total reported sales volumes for the major Fairtrade products. As in previous years, banana producers report relatively high Fairtrade sales as a percentage of total sales volumes, at around 70 percent for both small producer and hired labour organizations. Percentages of Fairtrade coffee, cocoa, and flowers sold as Fairtrade remain similar to last year. As in previous years, Fairtrade tea producers as a whole continue to sell less than ten percent of their potentially Fairtrade-certifiable output on Fairtrade terms, with tea producers in Sri Lanka and India being particularly badly affected.




FIGURE 5.5

Fairtrade sales volumes as a percentage of total sales volumes, for major products 2010-11

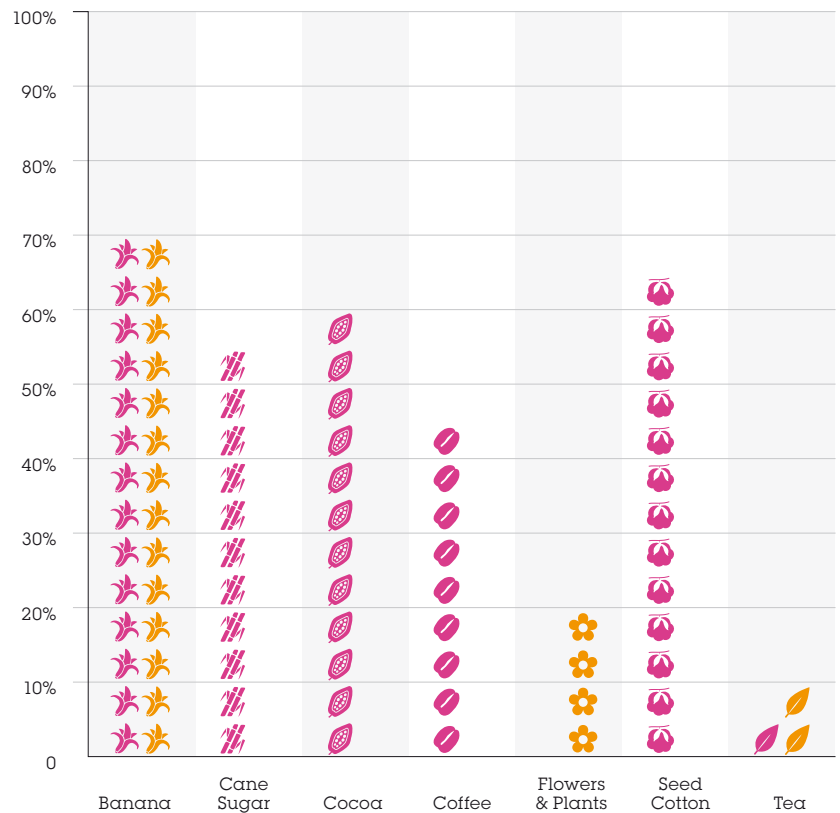
Fairtrade sales volumes as a percentage of total sales volumes in Small Producer Organizations/ Contract Production

 Banana	72%
 Cane Sugar	54%
 Cocoa	61%
 Coffee	45%
 Seed Cotton	60%
 Tea	7%

Fairtrade sales volumes as a percentage of total sales volumes in Hired Labour Organizations

 Banana HL	70%
 Flowers and Plants	22%
 Tea HL	8%

These data include only those producer organizations which reported both their total sales volumes and their Fairtrade sales volumes. It excludes newly certified Fairtrade organizations which had not held Fairtrade certification during the sales period under review.



PRODUCER REPORT

Supporting producers to move up the value chain

“When we started we didn’t have anything, and here Fairtrade helped us connect with the market. In Paraguay people said, ‘You are poor. You are crazy. You will never be able to sell or export your sugar directly or think about having your own sugar mill,’ said Andrés González Aguilera, General Manager of Manduvira Cooperative in Paraguay.

In early 2012, the cooperative laid the foundation for a unique producer-owned sugar mill. By helping producer organizations take greater control of the value chain, Fairtrade helps ensure that benefits remain in the community where they belong.



READ FULL STORY HERE <http://bit.ly/SYvIue>








5.4 How much land is under Fairtrade production?

Table 5.2 and Figure 5.6 show the area of land under production of Fairtrade certifiable products around the world in 2011. The data indicate that the Fairtrade production area has grown by 11 percent in comparison with the 2010 data. Including all producers for which we have data, more than 1.3 million hectares are under Fairtrade production. Ninety-five percent of this area is farmed by members of small farmer organizations and contract production farmers. Five percent of the total production area is reported by hired labour organizations.

Particular growth in area under production was seen in cane sugar and in cocoa. The growth in the number of certified cocoa-producing organization largely accounts for the strong growth in Western Africa.

TABLE 5.2

Total area of cultivation of Fairtrade products 2010–11 (hectares)

	SPO/CP 2011	HLO 2011	Total 2011	SPO/CP 2010	Percentage change since 2010 (SPO/CP)
 Banana	24,000	3,900	27,900	20,300	18%
 Cane Sugar	79,300	--	79,300	59,200	34%
 Cocoa	215,000	--	215,000	173,700	24%
 Coffee	747,900	--	747,900	717,500	4%
Dried Fruit	2,200	--	2,200	1,200	83%
 Flowers and Plants	--	1,500	1,500	--	--
Fresh Fruit	6,900	10,900	17,800	12,100	-43%
Fruit Juices	7,500	1,447	8,947	9,700	-23%
Herbs, Herbal Teas and Spices	11,300	943	12,243	6,500	74%
Oilseeds and Oleaginous Fruit	13,600	--	13,600	--	--
Quinoa	10,100	--	10,100	9,700	4%
Rice	14,600	--	14,600	12,400	18%
 Seed Cotton	70,700	--	70,700	58,600	21%
 Tea	48,100	35,200	83,300	39,800	21%
Vegetables	400	100	500	--	--
Wine Grapes	3,400	7,700	11,100	2,500	36%
	1,255,000	61,690	1,316,690	1,123,200	12%

SPO/CP Small Producer Organization/Contract Production

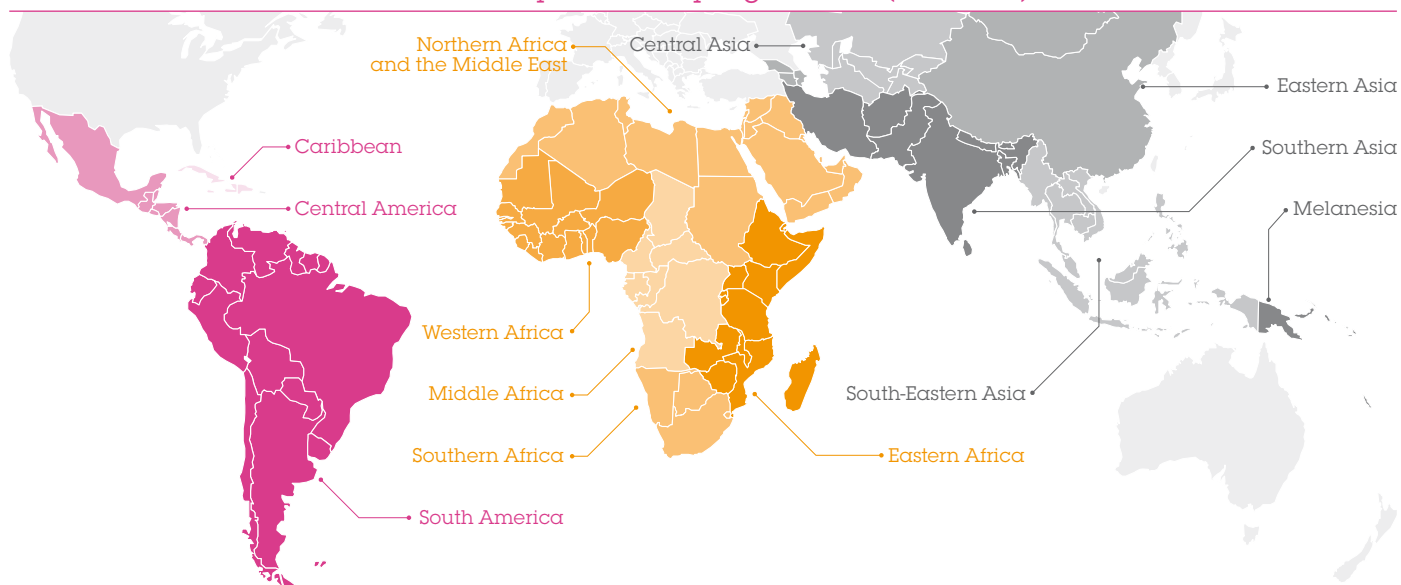
HLO Hired Labour Organization

Excludes data for honey and nuts since these are based on wild collection which can include extensive land areas.

Data for the largest Fairtrade cocoa producer is missing from this data set.

FIGURE 5.6

Total area of cultivation of Fairtrade products by region 2011 (hectares)



Latin America and the Caribbean	SPO/CP	HL	Total 2011	Total 2010	% change since 2010
Caribbean	74,200	2,600	76,800	81,700	-6%
Central America	236,800	2,600	239,400	192,300	24%
South America	377,000	6,000	383,000	380,000	1%
LAC Total	688,000	9,800	697,800	654,000	7%

Africa and the Middle East	SPO/CP	HL	Total 2011	Total 2010	% change since 2010
Eastern Africa	274,300	9,500	283,800	258,200	10%
Middle Africa	24,100	--	24,100	21,100	14%
Northern Africa and the Middle East	3,300	1,900	5,200	4,600	13%
Southern Africa	1,100	12,000	13,100	14,000	-6%
Western Africa	131,200	1,500	132,700	90,800	46%
AME Total	434,000	24,900	458,900	388,700	18%

Asia and Oceania	SPO/CP	HL	Total 2011	Total 2010	% change since 2010
Central Asia	700	--	700	800	-13%
Eastern Asia	4,400	--	4,400	4,300	2%
Melanesia	18,600	--	18,600	18,400	1%
South-Eastern Asia	36,400	40	36,440	37,100	-2%
Southern Asia	73,100	26,900	100,000	83,800	19%
Total	133,100	27,000	160,100	144,300	11%

Grand Total **1,255,100** **61,600** **1,316,700** **1,187,000** **11%**

Data for nuts and honey are excluded.

TABLE 5.3

Average areas of cultivation for Fairtrade products per farmer member by region 2011 (hectares)

Product	Africa and the Middle East	Asia and Oceania	Latin America and the Caribbean	World
Banana	--	--	1.8	1.8
Cane Sugar	0.8	2.8	2.5	2.1
Cocoa***	4.7	0.6	2.3	3.0
Coffee	0.9	0.8	2.6	1.4
Dried Fruit	0.7	0.9	5.4	0.8
Fresh Fruit	2.7	3.6	0.8	1.7
Fruit Juices	--	--	3.1	3.1
Herbs, Teas and Spices	1.1	1.5	--	1.1
Quinoa	--	--	3.1	3.1
Rice	0.4	1.6	--	1.6
Seed Cotton	0.7	1.3	0.9	1.0
Tea	0.3	0.6	--	0.3
Wine Grapes	0.9	--	6.2	4.8
All products	0.9	1.2	2.5	1.4

* Based on first certified product only.

** We lack data on area of cultivation from the largest African cocoa producer, so this figure is unreliable

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

Table 5.3 shows average areas of cultivation for the different Fairtrade products per farmer member, broken down by region.

Globally, the average area of cultivation per farmer across all products and regions is 1.4 hectares. But farmers in Latin America and the Caribbean are cultivating plot sizes that are on average nearly three times larger than those in Africa, and twice as large as those in Asia and Oceania. Tea farmers and African rice farmers are cultivating the smallest plots, while farmers of wine grapes in Chile are farming the largest plots on average.

5.6 Organic and other certifications

Of all the Fairtrade certified producer organizations in the data sample, 80 percent reported holding at least one additional certification other than Fairtrade in 2011 (see Table 5.4), an increase of three percent on the 2010 figures.

Organic continues to be by far the most frequently reported other certification held by producers, particularly for small producer organizations. Fifty-four percent of the Fairtrade certified producers in the data sample report an organic certification, including 61 percent of all Fairtrade certified small producer organizations. This indicates a slight decrease in the proportion of Fairtrade organizations reporting an organic certification compared with the 2010 data. In contrast, more Fairtrade producer organizations reported holding Utz Certified or Rainforest Alliance certification compared with last year. Hired labour organizations more frequently reported holding a GAP certificate than an organic certificate.

TABLE 5.4

Fairtrade certified producers holding organic and other certifications 2011

Certification	Percentage of producer organizations reporting certification	
	Small Producer Organizations/ Contract Production	Hired Labour Organizations
Organic	61%	26%
Rainforest Alliance	8%	10%
Utz	7%	4%
GlobalGap	6%	34%
No non-Fairtrade certification	24%	12%
Any non-Fairtrade certification	76%	88%



06.

FAIRTRADE
PREMIUM

6.1 How much Fairtrade Premium did Fairtrade producer organizations receive in 2010–11?








In 2010–11, Fairtrade producer organizations reported receiving a total of €61.1 million in Fairtrade Premium income. This was an increase of 19 percent over the figure reported for 2009–10. Compared with the 2009–10 data, the proportion of all Fairtrade Premium income reported by hired labour organizations dropped to just over 20 percent, with nearly 80 percent of all Fairtrade Premium incomes going to small producer and contract production organizations. This reflects the reduced participation of hired labour organizations in Southern Africa in 2011.

Small farmers producing cocoa and sugar experienced the greatest percentage increases in Fairtrade Premium flows, in line with the increased Fairtrade sales volumes for both of these products. Moreover, the Fairtrade Premium data for cocoa significantly underestimate the Fairtrade Premium earned by cocoa farmers in Côte d'Ivoire during 2011.

When we look at the Fairtrade Premium distribution by product, shown in Figure 6.1, we see that the seven major Fairtrade products account for 95 percent of all Fairtrade Premium incomes, slightly higher than last year. However, the share of the Fairtrade Premium has slightly shifted between the major products. The growth in Fairtrade Premium flows to sugar and cocoa producers means that their share of the total Fairtrade Premium has grown from 17 percent in 2009–10 to 24 percent for 2010–11, while the share for Fairtrade coffee and bananas appeared to drop from 60 percent to 54 percent of the total.

TABLE 6.1

Fairtrade Premium reported received by producer organizations by product (€)

	Small Producer Organizations/ Contract Production 2010–11 €	Hired Labour Organizations 2010–11 €	Small Producer Organizations/ Contract Production 2009–10 €	Hired Labour Organizations 2009–10 €	Percentage change since 2009–10 (Small Producer Organizations/ Contract Production)	Percentage change since 2009–10 (Hired Labour Organizations)
 Banana	9,922,000	4,208,000	8,004,000	4,392,000	24%	-4%
 Cane Sugar	7,370,000	--	4,482,000	--	64%	--
 Cocoa	7,640,000	--	4,051,000	--	89%	--
 Coffee	18,981,000	--	17,491,000	--	9%	--
Dried Fruit	95,000	--	126,000	--	-25%	--
 Flowers and Plants	0	3,825,000	--	4,527,000	--	-16%
Fresh Fruit	286,000	593,000	282,000	894,000	1%	-34%
Fruit Juices	214,000	5,000	197,000	--	9%	--
Herbs, Herbal Teas and Spices	206,000	85,000	53,000	--	289%	--
Honey	251,000	--	268,000	--	-6%	--
Nuts	105,000	--	162,000	--	-2%	--
Oilseeds and Oleaginous Fruit	53,000	--	--	--	--	--
Quinoa	93,000	--	76,000	--	22%	--
Rice	209,000	--	212,000	--	-1%	--
 Seed Cotton	1,167,000	--	1,181,000	--	-1%	--
Sports Balls	0	70,000	--	42,000	--	67%
 Tea	1,707,000	3,136,000	1,638,000	2,410,000	4%	30%
Vegetables	19,000	17,000	--	--	--	--
Wine Grapes	117,000	748,000	103,000	919,000	14%	-19%
Subtotal	48,435,000	12,687,000	38,326,000	13,184,000	26%	-4%
Grand Total	61,122,000		51,510,000		19%	

Approximately 12 percent of Fairtrade-certified organizations reported some Fairtrade sales but did not give data about their Fairtrade Premium receipts. Producers of Cane Sugar, Fruit Juices and Rice were over-represented in this subset, which means that Fairtrade Premium information for these product categories is less complete than for others.

FIGURE 6.1

Fairtrade Premium distribution by product 2010-11

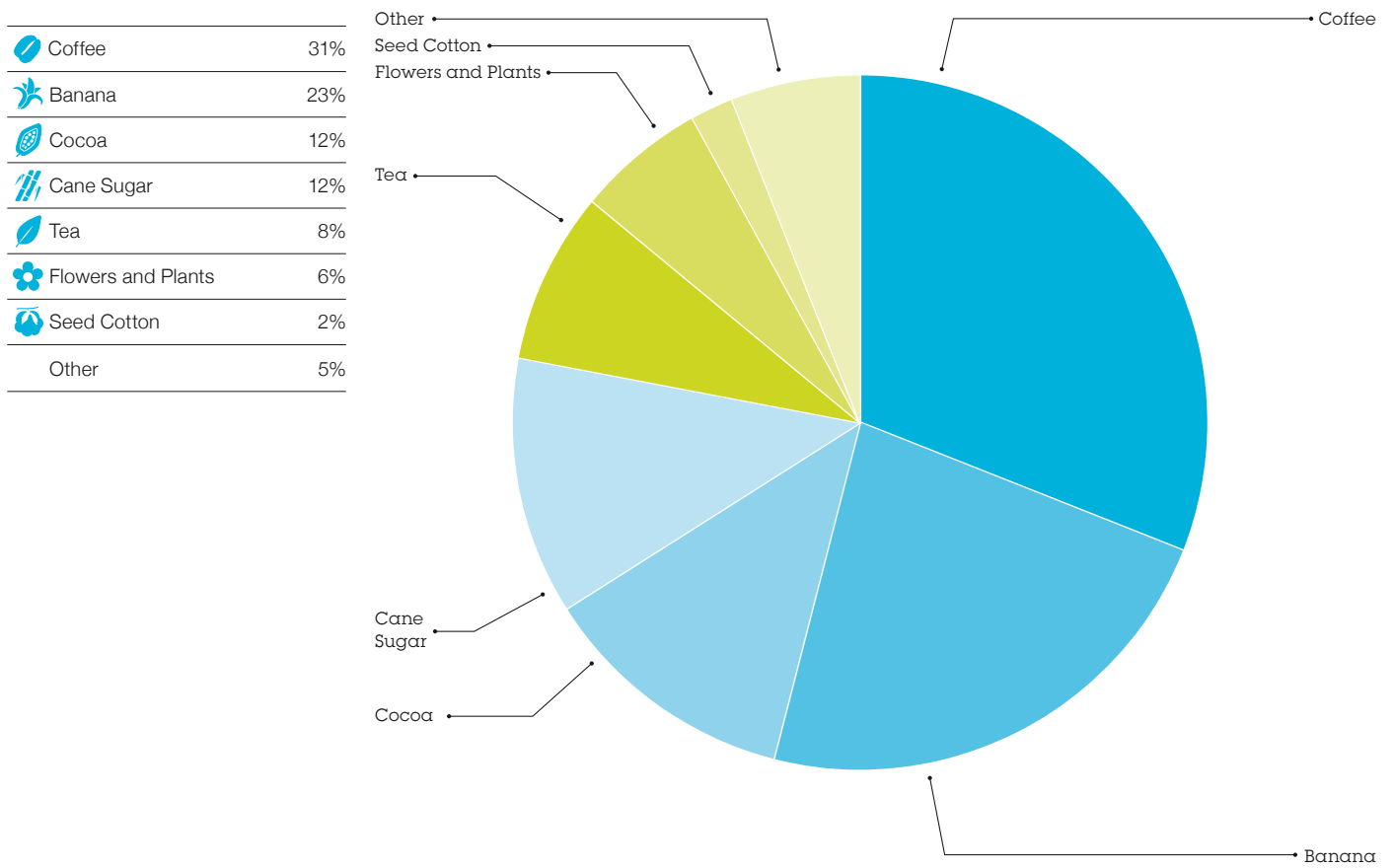
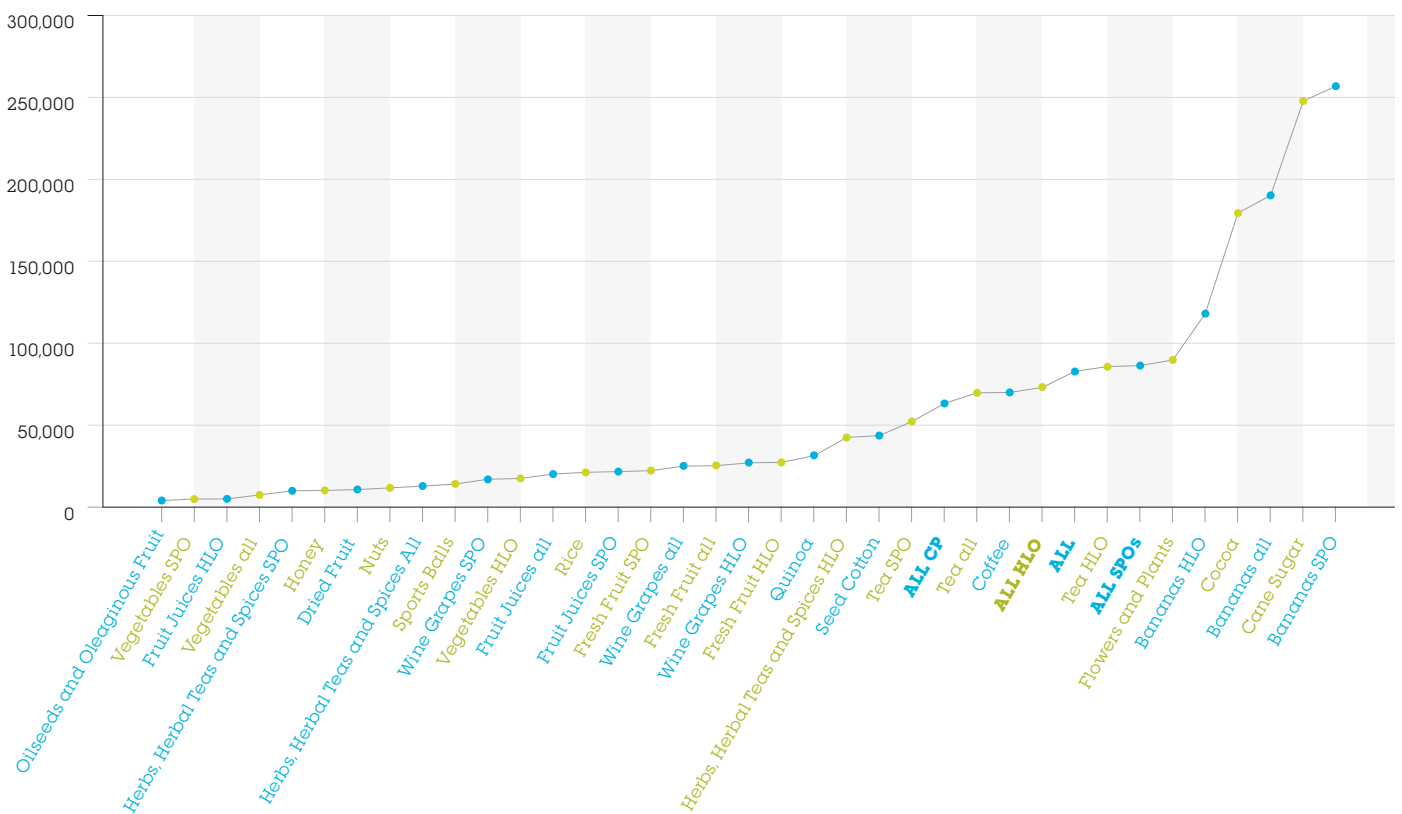


FIGURE 6.2

Average Fairtrade Premium received by producer organization by product 2010-11 €



However, because the Fairtrade Premium data reported by producer organizations are retrospective from the point of audit (spanning 2010–11 in the majority of cases), the impacts of a significant increase in the level of the Fairtrade Premium for coffee—which was raised from US\$ 0.10 per pound to \$US 0.20 per pound, effective from April 2011—are not fully reflected in this data. Other information sources indicate that the total Fairtrade Premium paid to coffee producers by the end of 2011 was approximately €28.9 million, significantly more than this report suggests.

When we consider the average distribution of the Fairtrade Premium to producer organizations by product, shown in Figure 6.2, we can see that small producer organizations for bananas, cane sugar and cocoa have the highest average Fairtrade Premium receipts. In the case of sugar and cocoa, one or two very large producer organizations earning very high Fairtrade Premium income have skewed the average in the past. Although the same organizations continue to receive high amounts of Fairtrade Premium, several other cocoa and sugar producers are now performing well in Fairtrade markets, especially when we take into account the growth in Fairtrade cocoa in Côte d'Ivoire, which is not adequately reflected here.

Fairtrade Premium income is intended for collective use by producer organizations and by 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 investment in collective projects that benefit a large group of people.

Banana producers showed the highest Fairtrade Premium incomes per individual member or worker, with a considerable gap between bananas and all other products (Figure 6.3). Wine grapes producers also had quite high Fairtrade Premium incomes in relation to the number of members or workers, because these tend to be quite small organizations. In contrast, though coffee and cocoa show quite high Fairtrade Premium receipts at producer organization level, the *per capita* levels are much lower. This is the dilution effect of very large member organizations, particularly large coffee unions in Africa, and a few large cocoa organizations. A similar pattern is seen for tea in both hired labour and small producer organizations. For coffee, these data should show improvement in the next round of data collection, following the doubling of the Fairtrade Premium effective from April 2011.

When we look at the geographical distribution of the Fairtrade Premium by region or by country, it is not surprising to see that the regions that receive the greatest amount of Fairtrade Premium are those where large quantities of the major Fairtrade products are produced. Compared with last year's data, reported Fairtrade Premium receipts in Asia and Oceania and Latin America and the Caribbean grew significantly, while those reported for Africa and the Middle East declined slightly. However, if the data for Fairtrade Premium received by cocoa producers in Côte d'Ivoire during 2011 were fully reflected, Fairtrade Premium flows to Africa and the Middle East would also have increased.

Important Fairtrade banana, sugar, cocoa and coffee-producing countries feature strongly in the top ten Fairtrade Premium-receiving countries, which account for over €40 million in Fairtrade Premium receipts. This year the top ten countries account for 66 percent of all Fairtrade Premium receipts from producer organizations, compared with 75 percent last year, as newer origins for Fairtrade sugar and cocoa start to grow in importance.

When we look at the *per capita* distribution of Fairtrade Premium between regions, we see again the dilution effect due to very large numbers of members and workers in Eastern, Western and Middle Africa. For example, although the total

FIGURE 6.3

Average Fairtrade Premium by farmer/worker by product 2010–11

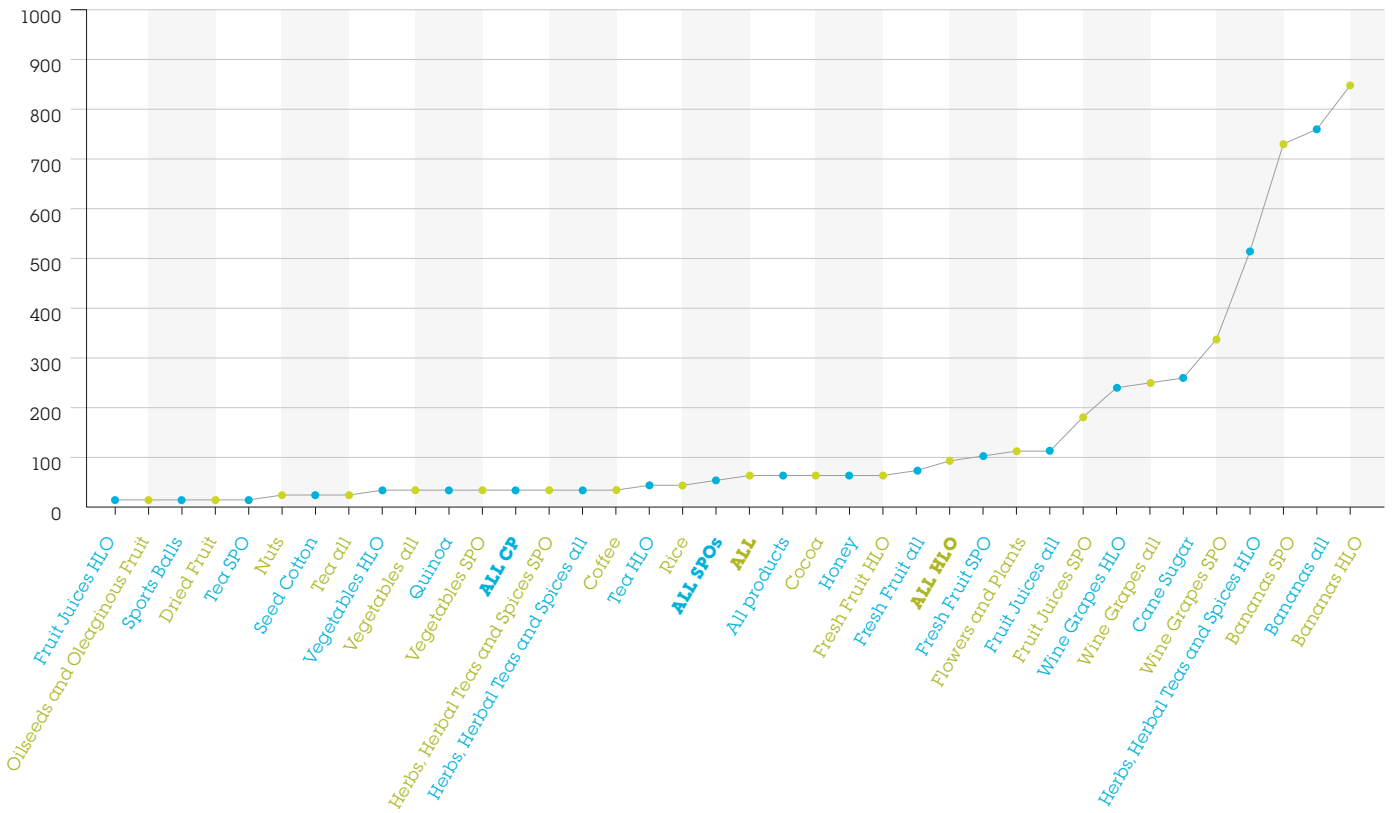


FIGURE 6.4

Fairtrade Premium received by region 2010–11

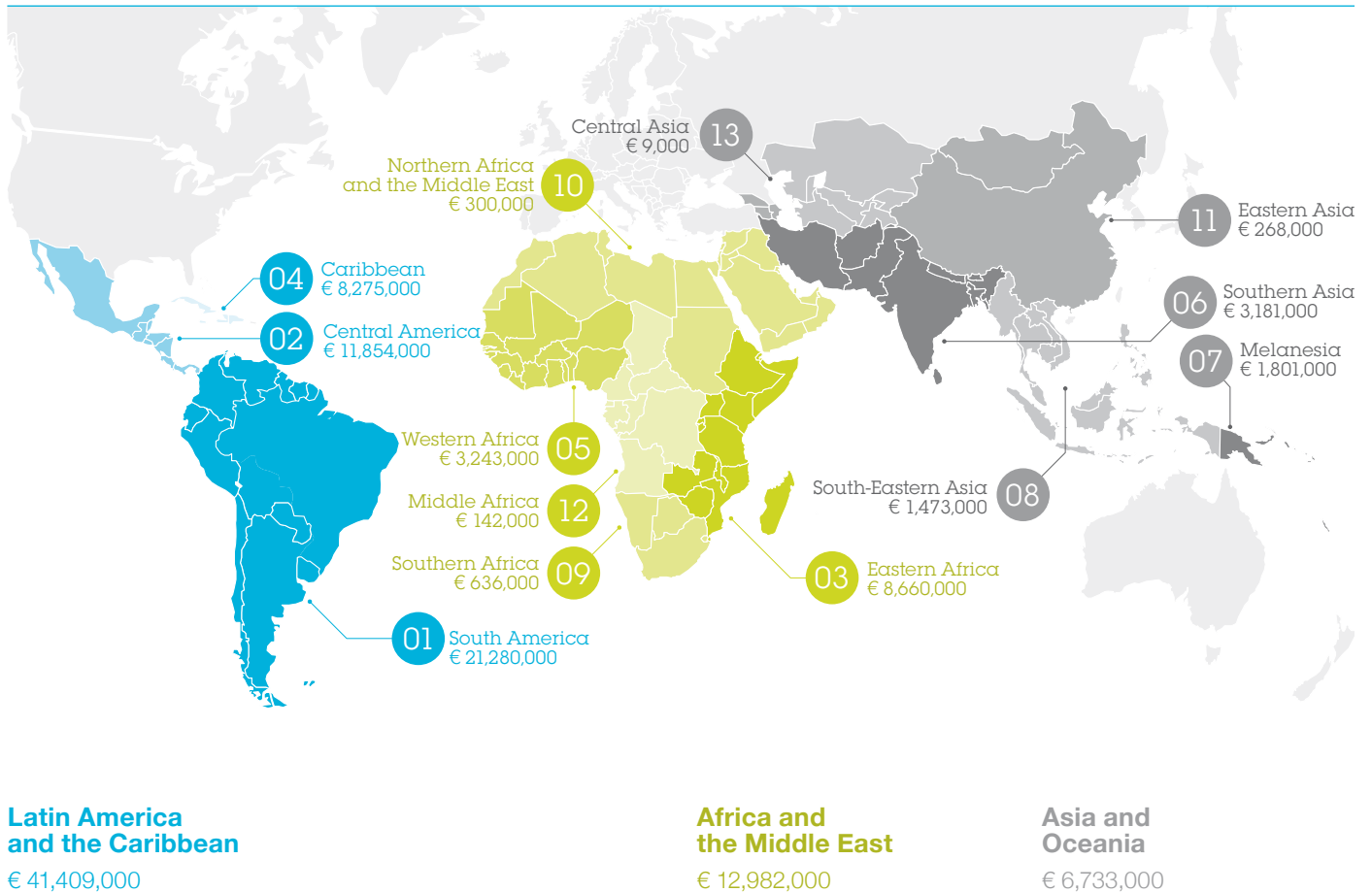


FIGURE 6.5

Average Fairtrade Premium received per farmer or worker by region 2010-11

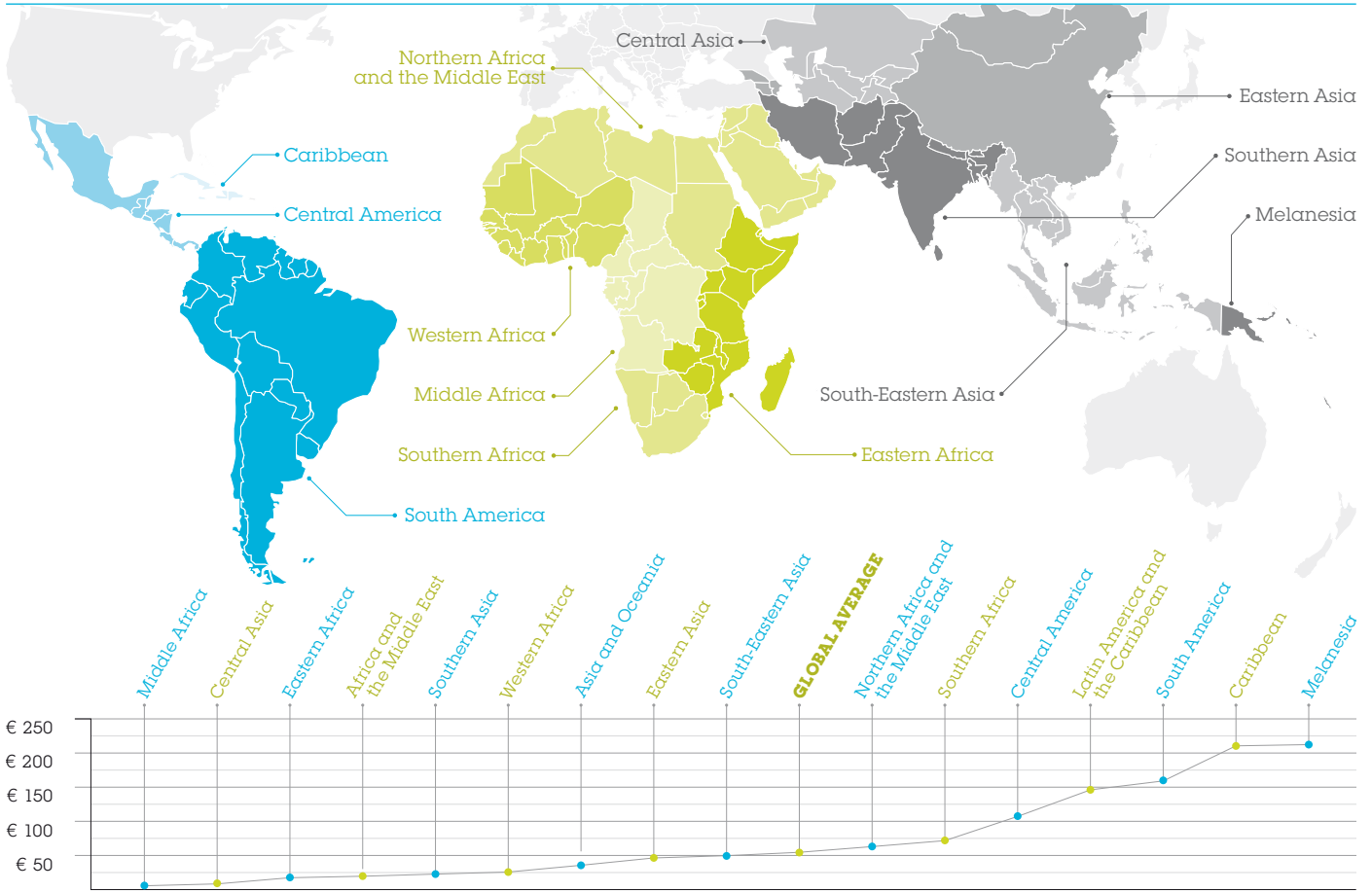
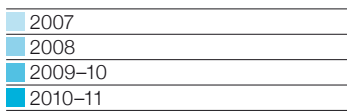
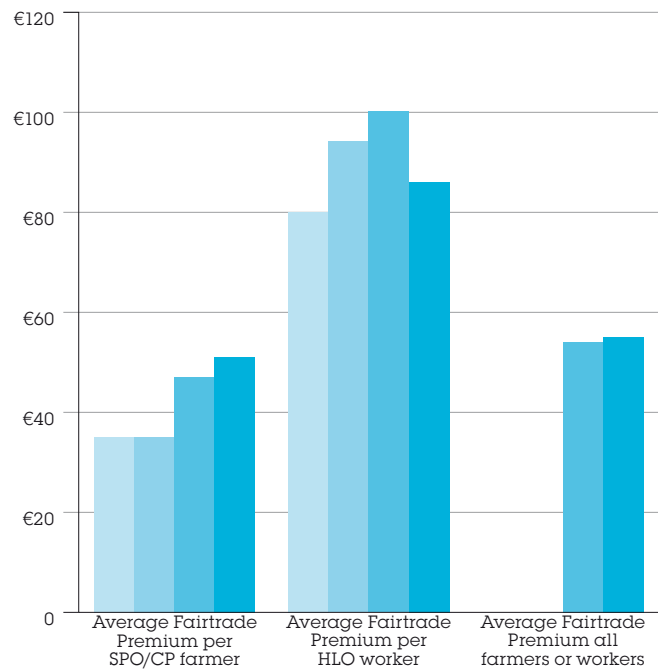
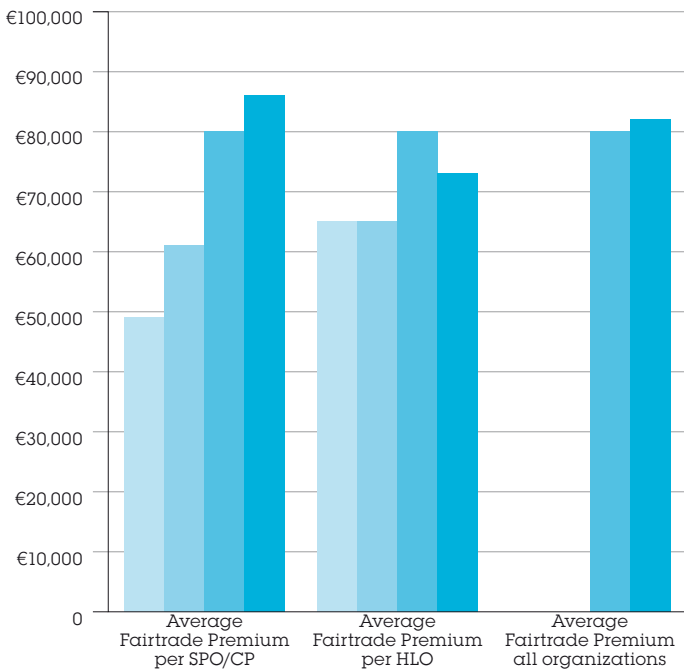


FIGURE 6.6

Fairtrade Premium received global averages 2010-11



HLO Hired Labour Organization
SPO/CP Small Producer Organization/Contract Production



Fairtrade Premium levels received per region are similar, the *per capita* Fairtrade Premium for Central America is more than five times greater than that for Africa and the Middle East because the producer organizations in Central America have a smaller average membership and greater *per capita* crop production and sales.

Overall, the average Fairtrade Premium received per Fairtrade producer organization was €82 000, a slight increase on the figures reported in last year's report. Per organization and *per capita* values decreased for hired labour organizations, and increased for small producer organizations. The reduction in Fairtrade Premium reported for hired labour organizations reflects reported reductions in sales of fresh fruit from hired labour organizations, as well as some under-reporting of this indicator.

Top Ten Countries: Fairtrade Premium receipts 2010–11	€ millions
Peru	8.2
Dominican Republic	6.3
Colombia	5.9
Kenya	4.3
Belize	3.2
India	2.7
Ecuador	2.7
Ghana	2.5
Honduras	2.5
Mexico	2

6.2 How was the Fairtrade Premium used in 2010–11?

The Fairtrade Premium is intended to be a flexible support that farmers and workers can use to meet their specific needs and those of their communities. Accordingly, Fairtrade farmers and workers use the Fairtrade Premium in hundreds of different ways. It is impossible to capture the full detail and diversity of Premium expenditure in this report. Instead Fairtrade Premium use, as outlined in the audit reports, is categorized into broad spending categories to give an indication of how farmers and workers are choosing to use the money.

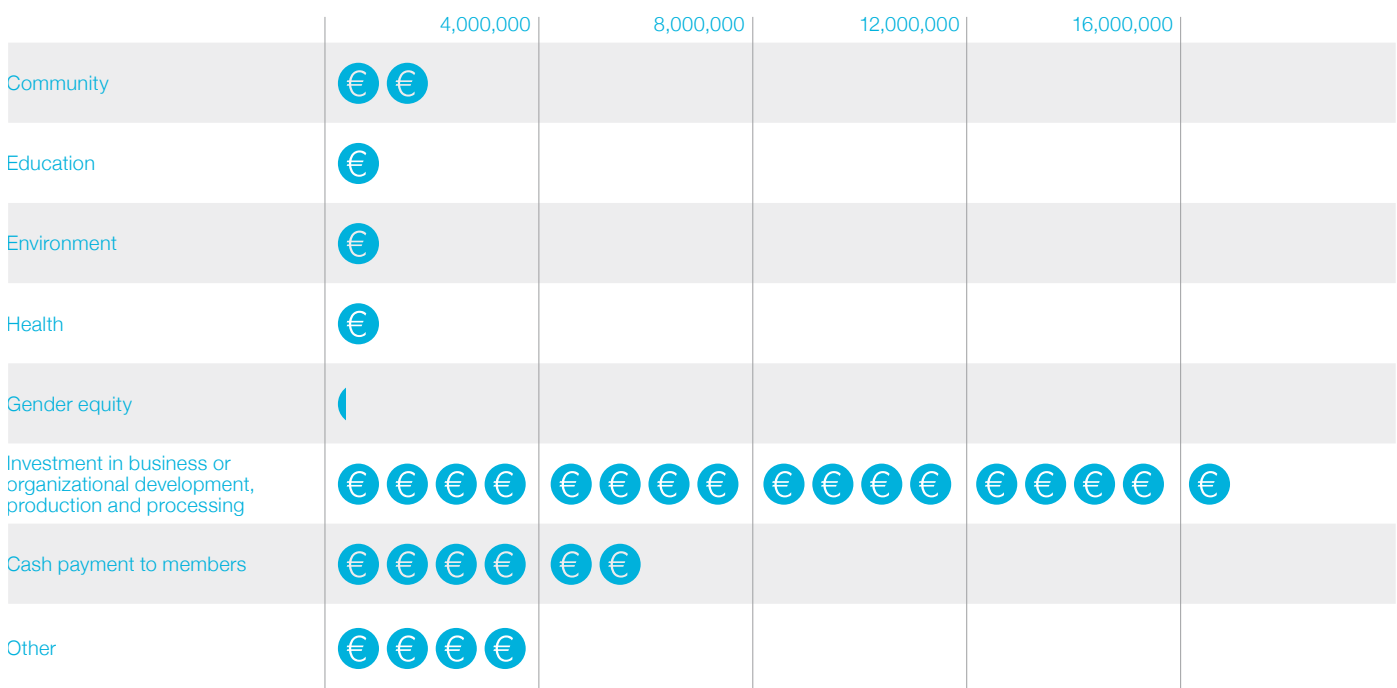
For small producer and contract production organizations, the Fairtrade Premium expenditure categories are defined (in no order of importance) as follows:

1. Community	Community development projects; community infrastructure (such as energy or water provision, road-building, community buildings); community credit schemes; community disaster relief; support for community institutions or charities; support for vulnerable groups; support for community events recreation or festivals.
2. Education	School infrastructure; school supplies, scholarships and bursaries; payment of school fees; teacher training; adult education.
3. Environment	Organic certification; environmental and waste management; environmental development projects.
4. Health	Clinics; health insurance; medical supplies; health training; sanitation.
5. Gender equity	Programmes and projects focusing on women's needs or promoting gender equity, for example: women's income generation projects; gender training; training and development for women; women's health.

6. Investment in business or organizational development, production and processing	<p>This category captures the range of ways in which producer organizations are investing Fairtrade Premium to generate business improvements.</p> <p>At the level of the producer organization this includes: investment in the development and strengthening of farmers' organizations, for example through business training for organization employees and management; development of internal control systems and quality management; development of organizational infrastructure and equipment (for example: processing, warehouse and storage facilities, quality checking facilities, export and packing facilities); organizational costs, transport, and administration; or payment of certification fees.</p> <p>At the level of the individual farmer this includes inputs, tools and equipment, capacity building and training directed at farmers or their workers to support increased yield, quality, diversification, safety, pest management or other improvement in production, as well as training for farmers in business skills.</p>
7. Cash payments to members	Cash payments and bonuses made to farmer members of the producer organization. Other forms of direct financial support to members not fitting in the above categories.
8. Other	<p>Financial investment and capitalization of the producer organization; other uses not fitting into the above categories.</p> <p>Fairtrade Premium has been spent but its precise use has not been detailed in the audit report.</p>

FIGURE 6.7

Fairtrade Premium use in Small Producer and Contract Production Organizations 2010–11 (€)

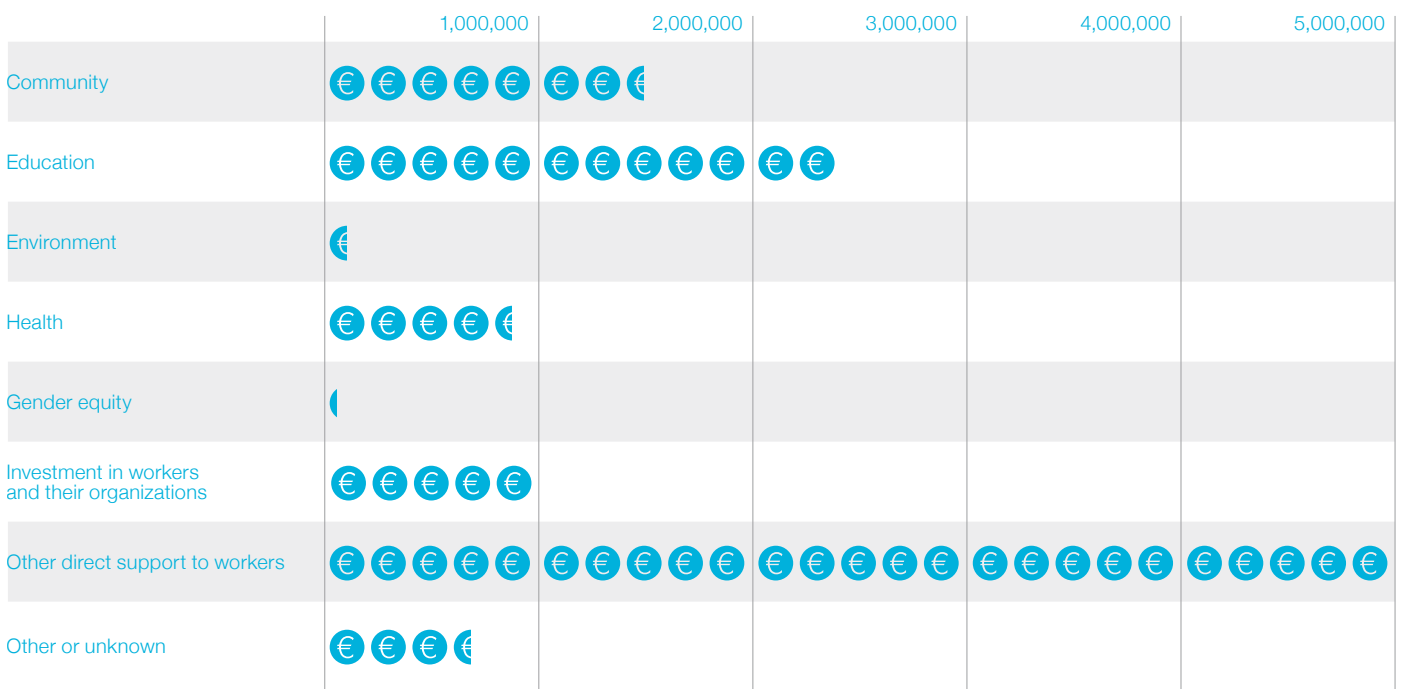


Within hired labour organizations, the use of the Fairtrade Premium is agreed by worker representatives (the Joint Body), and is not intended to be used for activities that are the responsibility of the plantation management, such as business investment, investment in production or processing, or the meeting of legal obligations to workers. The categories for Fairtrade Premium use therefore differ from those for small producer organizations, as follows:

1. Community	Community development projects; community infrastructure (such as energy or water provision, road-building, community buildings); community credit schemes; community disaster relief; support for community institutions or charities; support for vulnerable groups; support for community events recreation or festivals.
2. Education	School infrastructure; school supplies, scholarships and bursaries; payment of school fees (often for workers' children); teacher training; adult education.
3. Environment	Environmental development projects outside of core business activities, such as focusing on community environmental improvements, or environmental improvements that will benefit workers: treeplanting/reforestation; composting and soil protection/improvement; water harvesting and protection.
4. Health	Clinic infrastructure, personnel or equipment, check-ups, vaccines, health insurance, medicines and medical supplies, health training, sanitation—including health interventions aimed at communities or at workers.
5. Gender equity	Programmes and projects focusing on women's needs or on gender equity, for example: women's income generation projects; gender training; training and development for women workers or community members; women's health.
6. Investment in workers and their organizations	Capacity building and organizational development and support for the Joint Body or other worker organizations. Workers' exchange visits. Training and development for workers, including training on workers' rights, literacy, business skills, computer skills.
7. Other direct support to workers	Other projects intended to provide direct support to workers, for example: provision of child-care; support for funeral payments; subsidized goods; provision of loans and credit; improvement in worker housing; emergency financial support.
8. Other	Other Premium use not fitting into the above categories. Fairtrade Premium has been spent but its precise use has not been detailed in the audit report.

FIGURE 6.8

Fairtrade Premium use in Hired Labour Organizations 2010–11 (€)



The figures show the difference in patterns of Fairtrade Premium use between small producer and hired labour organizations.

Fairtrade Premium expenditure among small producer organizations continues to show strong preference for spending to support business improvements, for example by investing in the capacities to deliver processing, marketing and extension services to their members, and working with farmers to improve productivity and quality. This is the case across all major products.

In recognition of the importance of quality and productivity for the sustainability of small producer organizations and their members, since 2011, 25 percent of the increased Fairtrade Premium for coffee has been earmarked for support to quality and productivity improvements. This is a model which may be extended to other Fairtrade products in the future.

In addition, a large number of direct payments to members were recorded, presumably in response to continued high commodity prices which have created challenges for cooperatives to buy sufficient supply from their members and circumvent side-selling.

In hired labour organizations, in comparison, community, education and health-related investments remained high, though with some reduction compared with last year. There was considerable investment in worker training, education and capacity building. Workers and their families also benefited from the Fairtrade Premium through numerous projects designed to meet diverse needs, such as child-care provision, provision of loans and credits, housing improvements, emergency payments, financial support in the event of a death in the family, and others. This category has grown in comparison with previous years, perhaps a reflection of how high food prices and living costs in many countries are pushing workers in Fairtrade plantations to choose to invest their Fairtrade Premium into more direct support activities.

FIGURE 6.9

Fairtrade Premium expenditure by category: Small Producer Organizations and Contract Production 2010-11

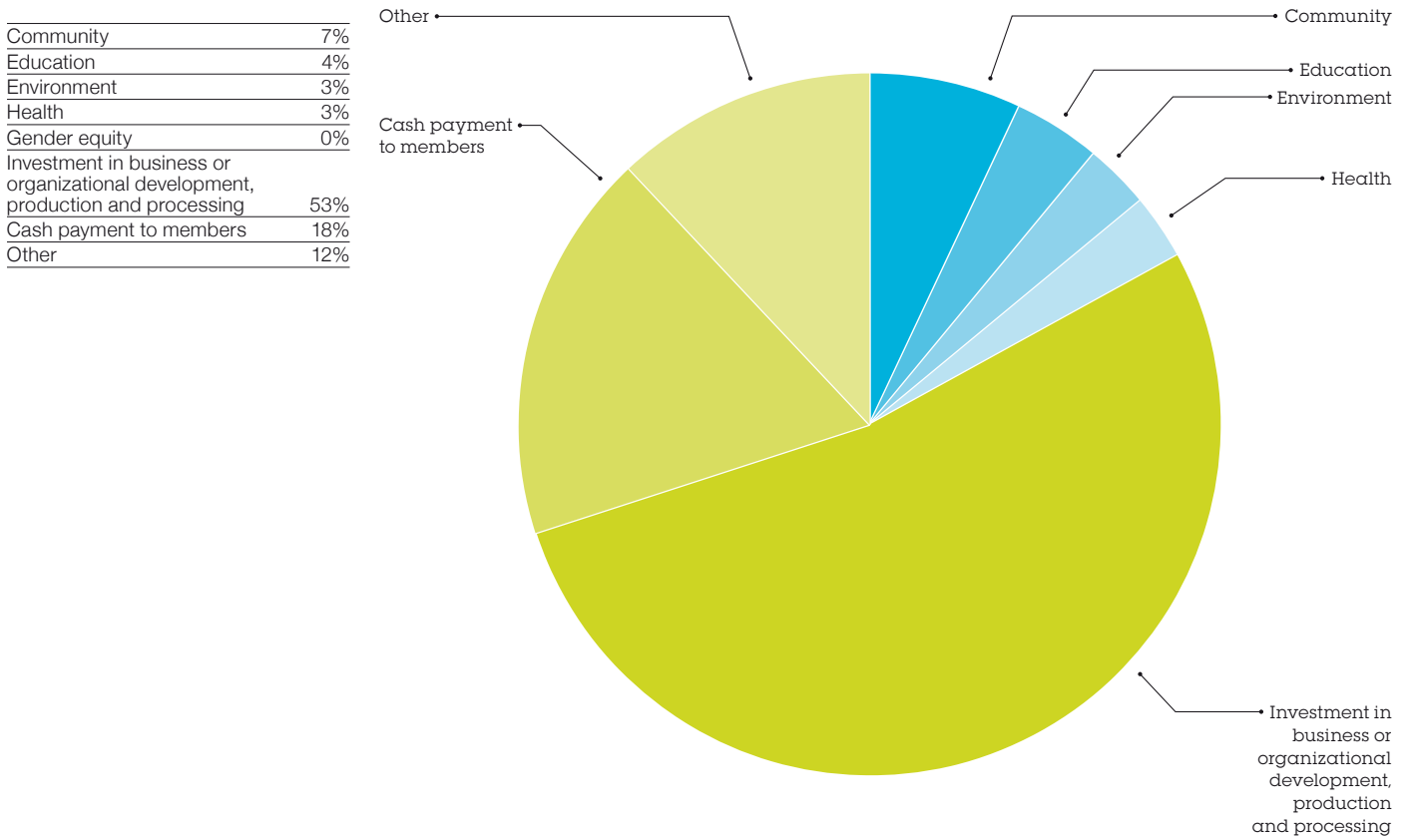
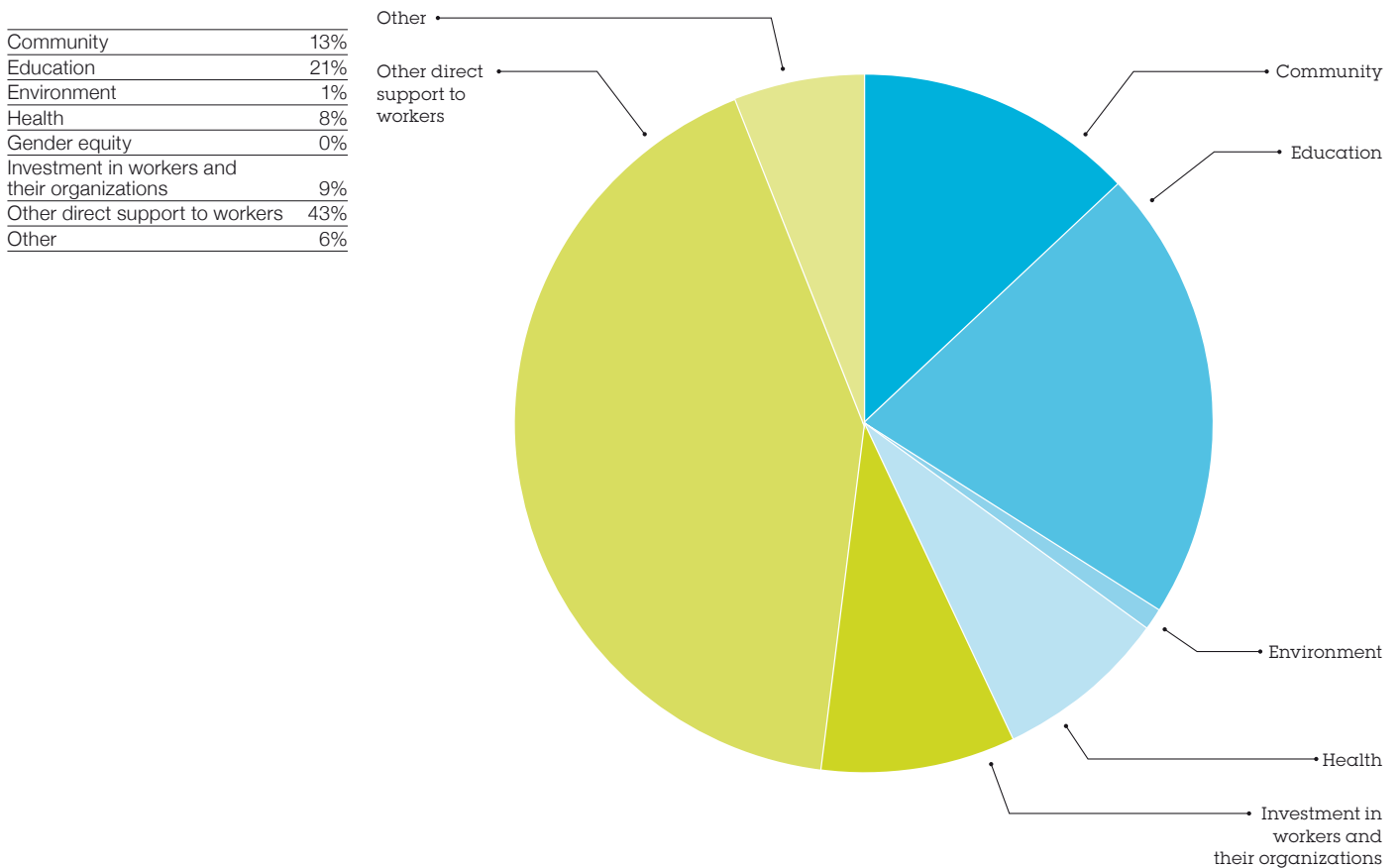


FIGURE 6.10

Fairtrade Premium expenditure by category: Hired Labour Organizations 2010-11



Tracking Fairtrade Premium investments: How banana producers in Colombia are spending their Fairtrade Premium

In 2011, Fairtrade started to collect more detailed information about how the Fairtrade Premium for bananas is being invested. This project is being piloted in the first year with banana producers in Colombia. The findings add a more detailed insight into the impact that the Fairtrade Premium is making.

In 2011, banana small producer organizations in Colombia budgeted to spend just under US\$ 1.9 million in Fairtrade Premium money.

By far the most urgent need of Colombian banana cooperatives and their members is to improve their productivity so they can make a living on their farms and survive in an increasingly competitive environment. The alternative is for these farmers to sell their land to the large companies seeking to buy productive land in the area, and leave farming altogether.

Accordingly, the cooperative farmers decided to spend one third of their Fairtrade Premium money on productivity improvements, including paying for soil analysis and fertilizers, irrigation and drainage infrastructure, adaptation of packing facilities, cableways, aerial spraying, establishment of cover crops, renovation of their plantations, and so on. According to a representative of one Fairtrade banana cooperative, which is investing in subsidized fertilisers and other productivity improvements: 'We are using the Fairtrade Premium resources to ensure that our members do not have to sell their farms and are able to maintain their families with the results of their production.'

In hired labour situations, many Colombian banana workers live in poor and overcrowded housing, and accordingly the workers in Colombian Fairtrade certified banana plantations have chosen to invest just over 50 percent of their Fairtrade Premium money in projects to improve workers' housing. This is being done in a variety of ways, including using Fairtrade Premium money to buy land for housing development; improving current worker housing; buying empty houses for worker use; legalization of property rights to workers' houses; and offering loans to support housing improvements.

Education is the other top priority for workers on Fairtrade banana plantations in Colombia, many of whom never finished primary or secondary education. Over 20 percent of the Fairtrade Premium funds in 2011 were spent on offering educational opportunities to workers and their families. These include basic education, higher and technical education for workers and their families, as well as training and education for women in skills to support income generation.



Workers from one of the larger banana plantations in Colombia have used their Fairtrade Premium to improve housing for workers.

By far the most urgent need of Colombian banana cooperatives and their members is to improve their productivity so they can make a living on their farms and survive in an increasingly competitive environment.



07.

FOCUS ON
FAIRTRADE PRODUCTS:
coffee, bananas, cocoa, tea, sugar,
and seed cotton

7.1 Fact file: Fairtrade coffee

- At the end of 2011, 348 producer organizations in 28 countries worldwide held a Fairtrade certificate for coffee, and more than 580,000 small-scale farmers were members of Fairtrade certified coffee producer organizations.
- Fairtrade coffee farmers cultivate Fairtrade-certifiable coffee on nearly 750,000 hectares worldwide.
- Reported Fairtrade coffee sales showed a 20 percent increase in volume in 2010–11. The total reported sales volume of 123,000 MT represented just over 30 percent of total certifiable production. Overall, Fairtrade-certifiable coffee production in 2010–11 grew by 19 percent to 393,000 metric tonnes (MT) of green bean equivalent (GBE). Of the total Fairtrade-certifiable production, one third is organic-certifiable.
- Each coffee year brings specific challenges. In 2011, international prices for Arabica coffee reached a 34-year high at over US\$3 per pound of coffee. These high prices enabled Fairtrade certified coffee producer organizations to achieve a 46 percent increase in total Fairtrade sales income compared with 2009–10.
- However, the high and volatile prices also posed particular challenges for producer organizations in their management of coffee supply, price risk, and contracts. Fairtrade delivered training to more than 200 producer organizations in different countries to encourage proactive risk management. We continue to promote trade standards for coffee transactions that minimize the risk to producer organizations. Additionally, in July 2011, Fairtrade International implemented a 'Coffee Help Desk' (email: coffeehelp@fairtrade.net), which offers producers and buyers advice on coffee contracts, mediation and good commercial practices.
- In April 2011, the Fairtrade Premium was increased to US\$ 0.20 per pound of coffee, double the previous level of US\$ 0.10 per pound. Because the data in this report spans 2010–11, this change is not fully reflected in the Fairtrade Premium figures given here. Reported Fairtrade Premium income for 2010–11 increased by only 9 percent, lagging behind the reported sales growth and the Fairtrade Premium increase. The estimated total Fairtrade Premium for coffee for 2011 is higher, at around €28.9 million, and this should be better reflected in the next round of monitoring data.
- In 2010–11, producer organizations allocated nearly 50 percent of their Fairtrade Premium income to improvements in production and processing, and business and organizational development. In order to support and deepen these efforts, the Fairtrade movement agreed to earmark five cents of the increased US\$ 0.20 Fairtrade Premium for investments in productivity and quality improvement.
- Around 80 percent of Fairtrade certifiable coffee is produced by small farmers in Latin America. However, in 2010–11 Fairtrade saw continued development in other coffee origins, such as Indonesia, Papua New Guinea, Vietnam, and in Eastern and Middle Africa, including the Fairtrade certification of a coffee producer organization in eastern Democratic Republic of Congo, one of the poorest and most unstable regions in the world.
- In 2011, the average Fairtrade coffee farmer in Africa and Asia was cultivating a coffee plot of less than one hectare, while farmers in Latin America and the Caribbean cultivated coffee on plots of 2.6 hectares on average. Worldwide, the average Fairtrade coffee plot size is 1.4 hectares, a clear indication of Fairtrade's continued commitment to supporting small farmer coffee production.

FIGURE 7.1

Fairtrade coffee: Product certifications 2006–2011

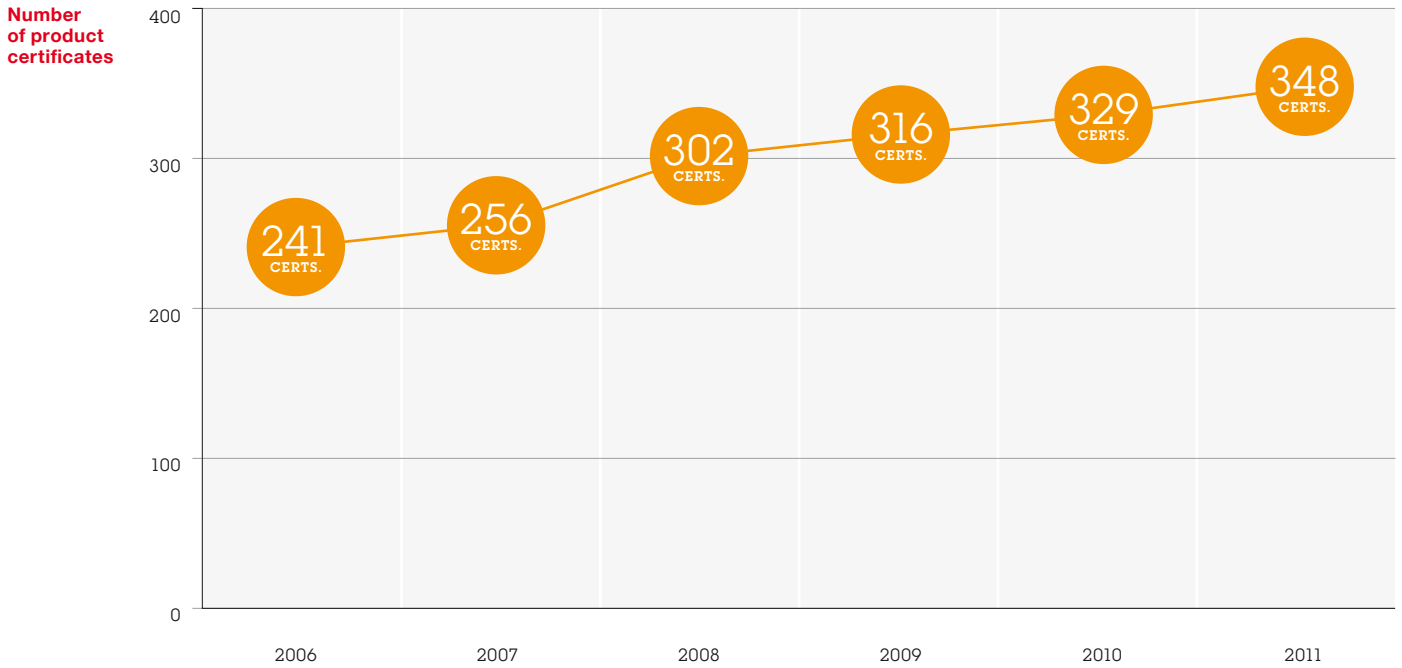
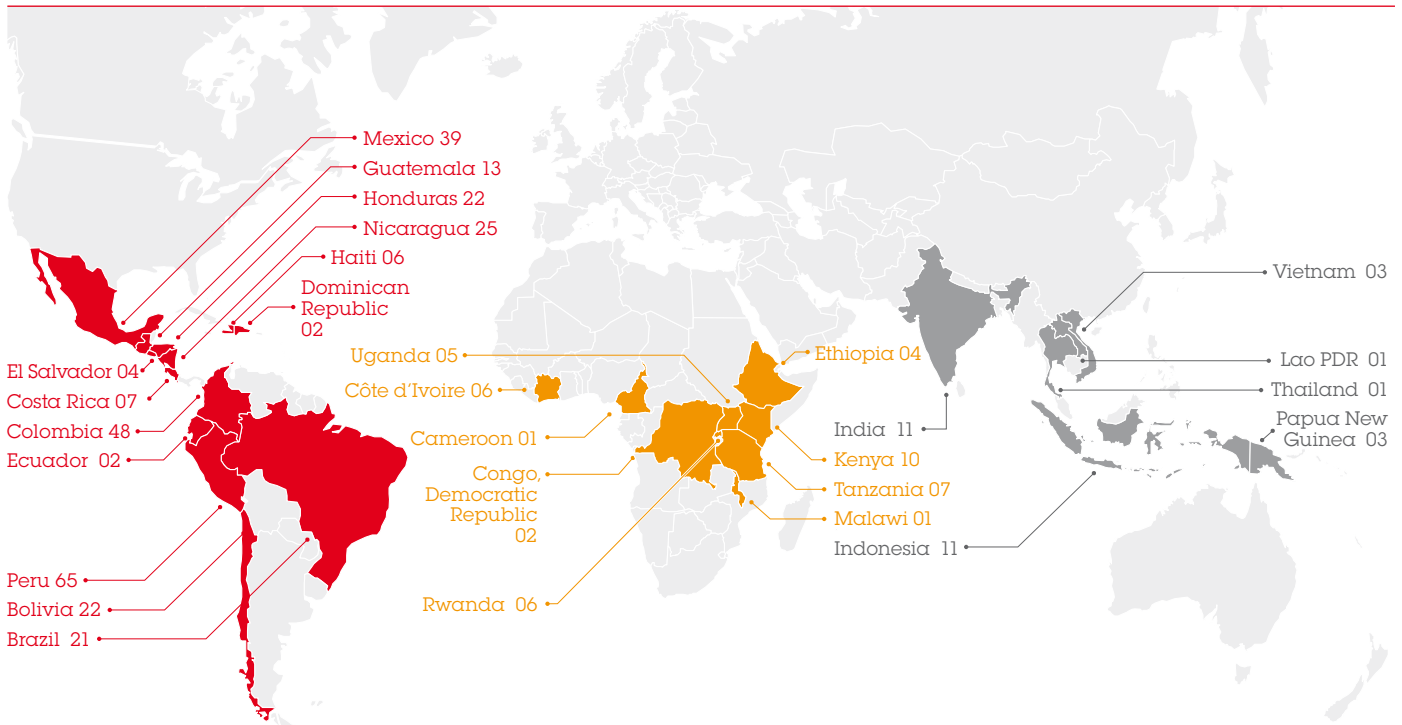


FIGURE 7.2

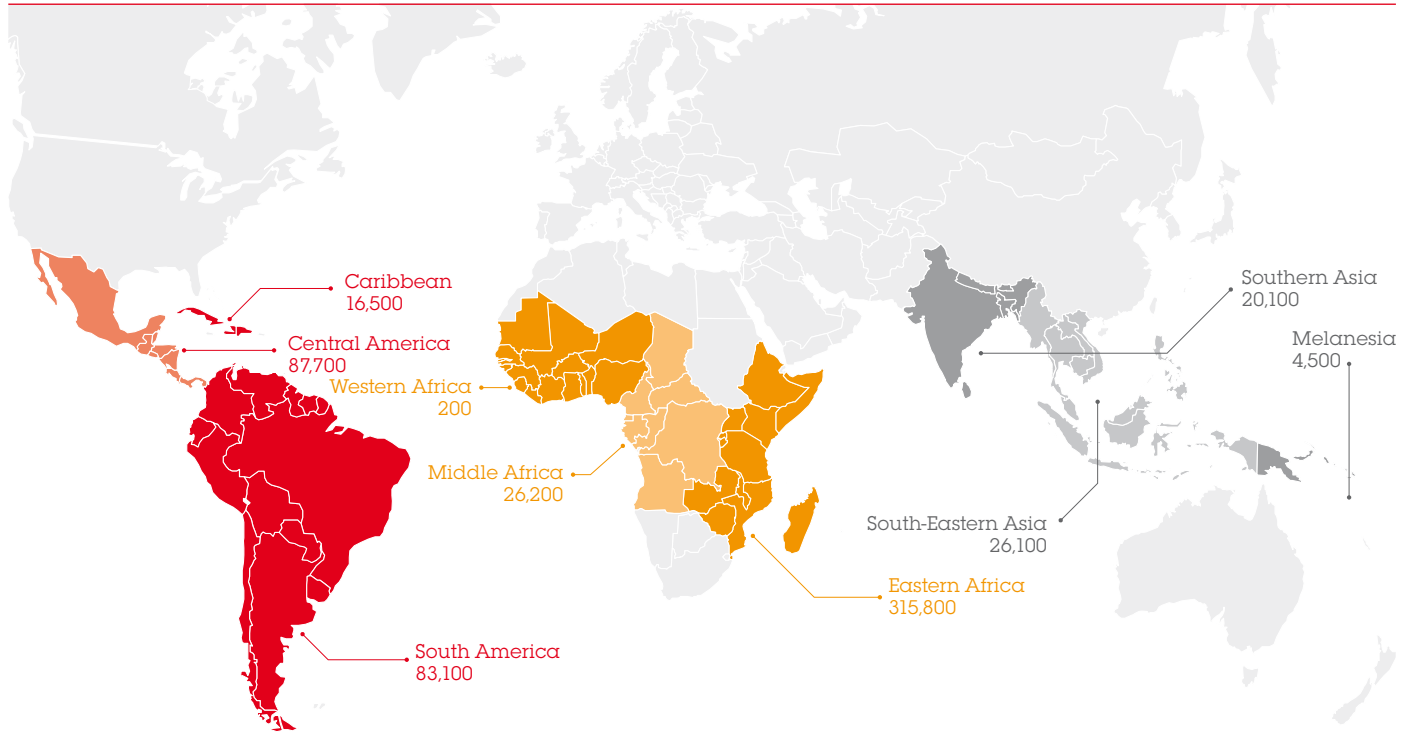
Fairtrade coffee: Producer organizations with Fairtrade coffee certification 2011



Grand Total 348

FIGURE 7.3

Fairtrade coffee: Number of farmers by region 2011



**Latin America
and the Caribbean**
187,300

**Africa and
the Middle East**
342,200

**Asia and
Oceania**
50,700

Grand Total
580,200

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

TABLE 7.1

Fairtrade coffee: Key data 2011

	2010-11	2009-10	Percentage change
Total number of farmers	580,200	532,000	9%
Total number of hectares under Fairtrade coffee cultivation	748,000	717,500	4%
Total certifiable volume (MT)	393,000	330,000	19%
Organic Fairtrade-certifiable volume (MT)	134,400	105,000	28%
Organic volume as percentage of total certifiable volume	34%	32%	--
Total Fairtrade sales volume (MT)	123,200	103,000	20%
Total Fairtrade Premium received (€)	18,981,000	17,491,000	9%

FIGURE 7.4

Fairtrade coffee: Fairtrade sales volumes and Fairtrade Premium received 2008–2011

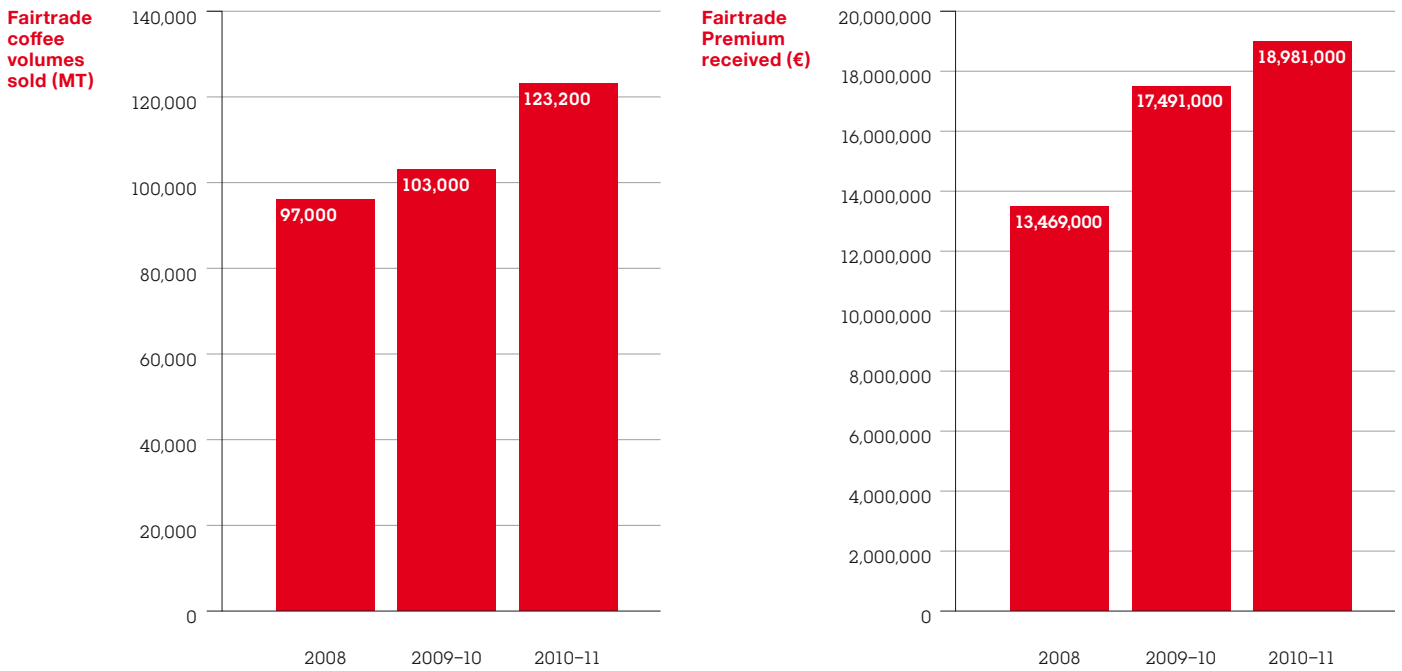
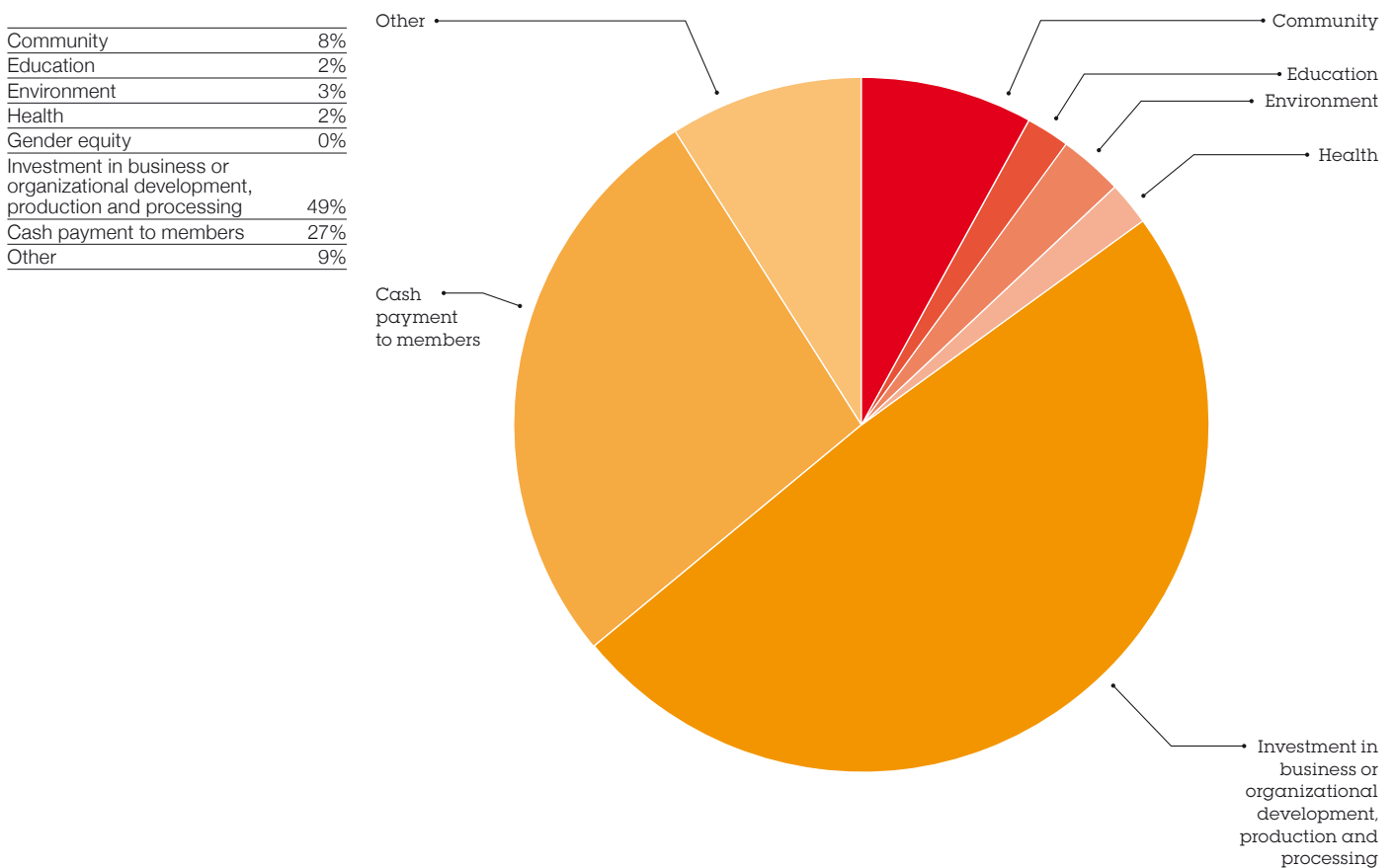


FIGURE 7.5

Fairtrade coffee: Fairtrade Premium use 2010–11



Average area of Fairtrade coffee cultivated per farmer 2011 (hectares)

Africa and the Middle East	0.9
Asia and Oceania	0.8
Latin America and the Caribbean Total	2.6
Caribbean	2.3
Central America	2.0
South America	3.1
World	1.4

Fairtrade certifiable coffee production capacity: Top ten countries 2010–11 (MT)

Colombia	107,200
Peru	61,500
Brazil	50,000
Indonesia	27,100
Nicaragua	23,700
Costa Rica	21,400
India	16,400
Mexico	16,100
Honduras	16,000
Tanzania	13,800

Fairtrade coffee: Top five producer countries of Fairtrade-certifiable organic coffee 2010–11 (MT)

Peru	55,500
Indonesia	18,000
Honduras	14,300
Mexico	13,200
Colombia	9,500

PRODUCER REPORT

Safe coffee production means managing risk and improving quality in Vietnam

While volatile coffee prices have caused problems for farmers, traders and roasters over the past two years, the Safe Coffee Producing Cooperative in Vietnam has been thriving. The co-op, with just 43 members, learned how to continuously improve their quality and manage market risks while attending Fairtrade's Asia Pacific Coffee Forum. The group sold more than 270 metric tonnes of green coffee on Fairtrade terms in 2011–2012, more than doubling the Fairtrade Premium they received. Thanks to their success, the co-op is now helping another group enter the Fairtrade system.

READ FULL STORY HERE <http://bit.ly/RUNHjP>



7.2 Fact file: Fairtrade bananas

- At the end of 2011, 80 producer organizations in 11 countries worldwide held a product certification for Fairtrade bananas, including 43 small producer organizations and 37 hired labour organizations. The majority of Fairtrade banana producer organizations are in Colombia and the Dominican Republic.
- More than 18,000 people were involved in Fairtrade bananas as small farmer members or workers on Fairtrade banana plantations.
- The volume of Fairtrade banana sales in 2010–11 represented 65 percent of the total certifiable production.
- In 2010–11, Fairtrade banana producer organizations reported receiving more than €14 million in Fairtrade Premium money. Top receiving countries are shown below. This is a reported increase on the levels reported for 2009–10, suggesting that the Fairtrade Premium figures last year's report were too low.
- Worldwide, the average area of land that a Fairtrade small-scale farmer devotes to banana cultivation is 1.8 hectares. This varies from an average area of less than one hectare in Peru to over three hectares in the Dominican Republic.
- Fairtrade banana producers in the Windward Islands suffered significant loss of production and loss of sales in 2011 as a result of drought and the devastating impact of Hurricane Tomas in late 2010. Since the producers in Saint Lucia and Saint Vincent and the Grenadines were major contributors to the Fairtrade banana supply, it is likely that the significant decrease in production and sales for these producers had negative impact on the overall production and sales totals for small producer organizations. Fairtrade Premium money was used to support the rehabilitation and recovery of banana production in the Windward Islands, and production was starting to increase again by the end of 2011.

FIGURE 7.6

Fairtrade bananas: Product certifications 2006–2011

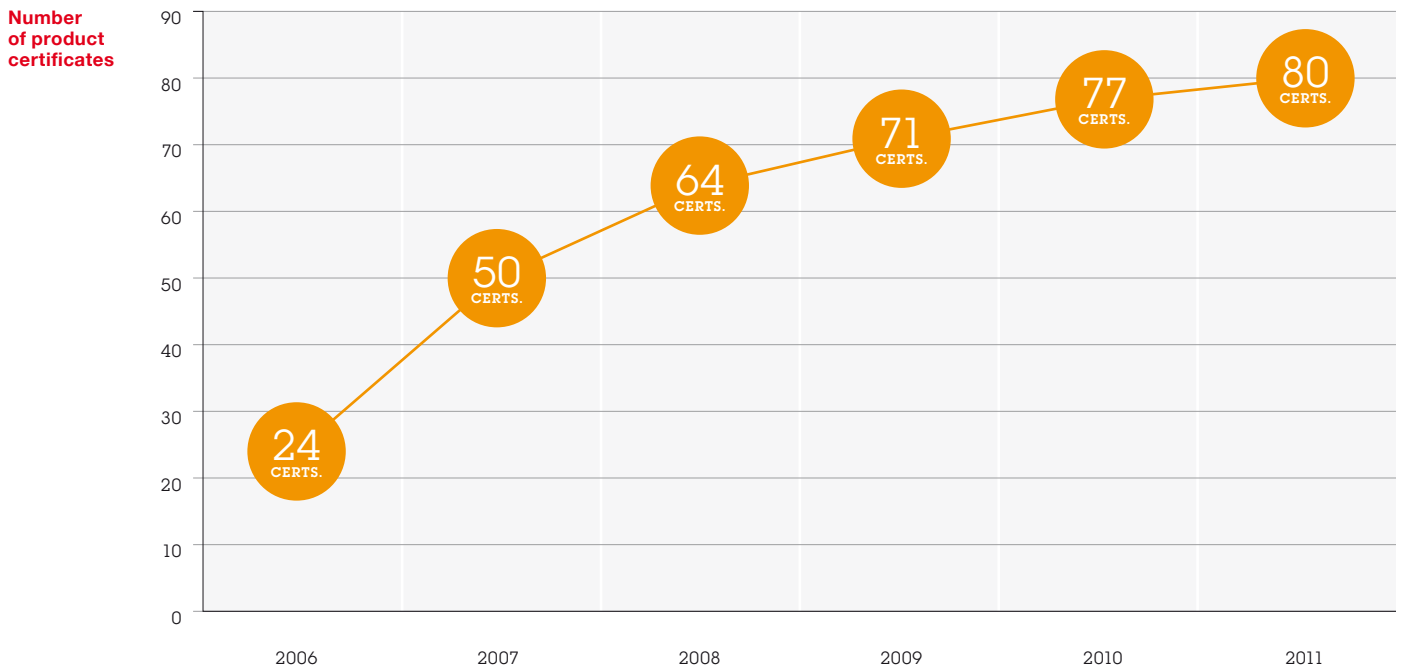
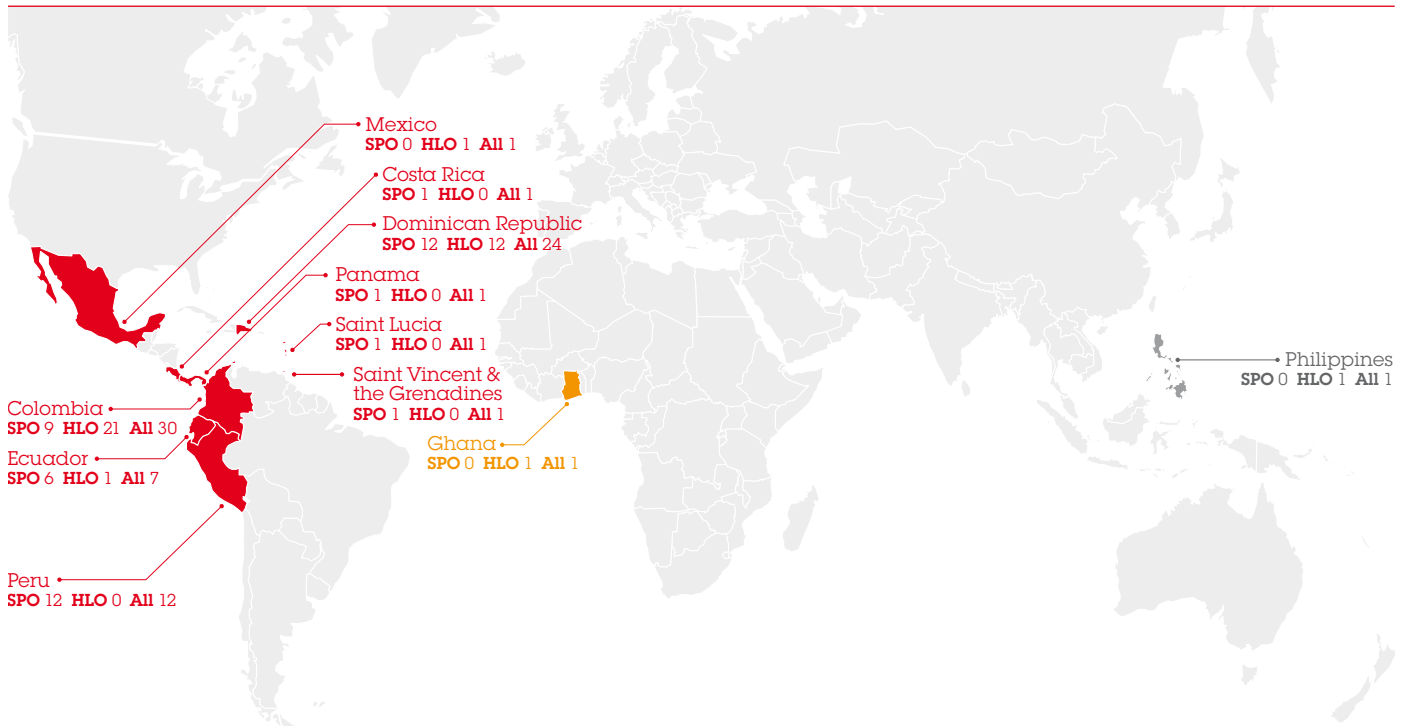


FIGURE 7.7

Fairtrade bananas: Producer organizations with Fairtrade banana certification 2011

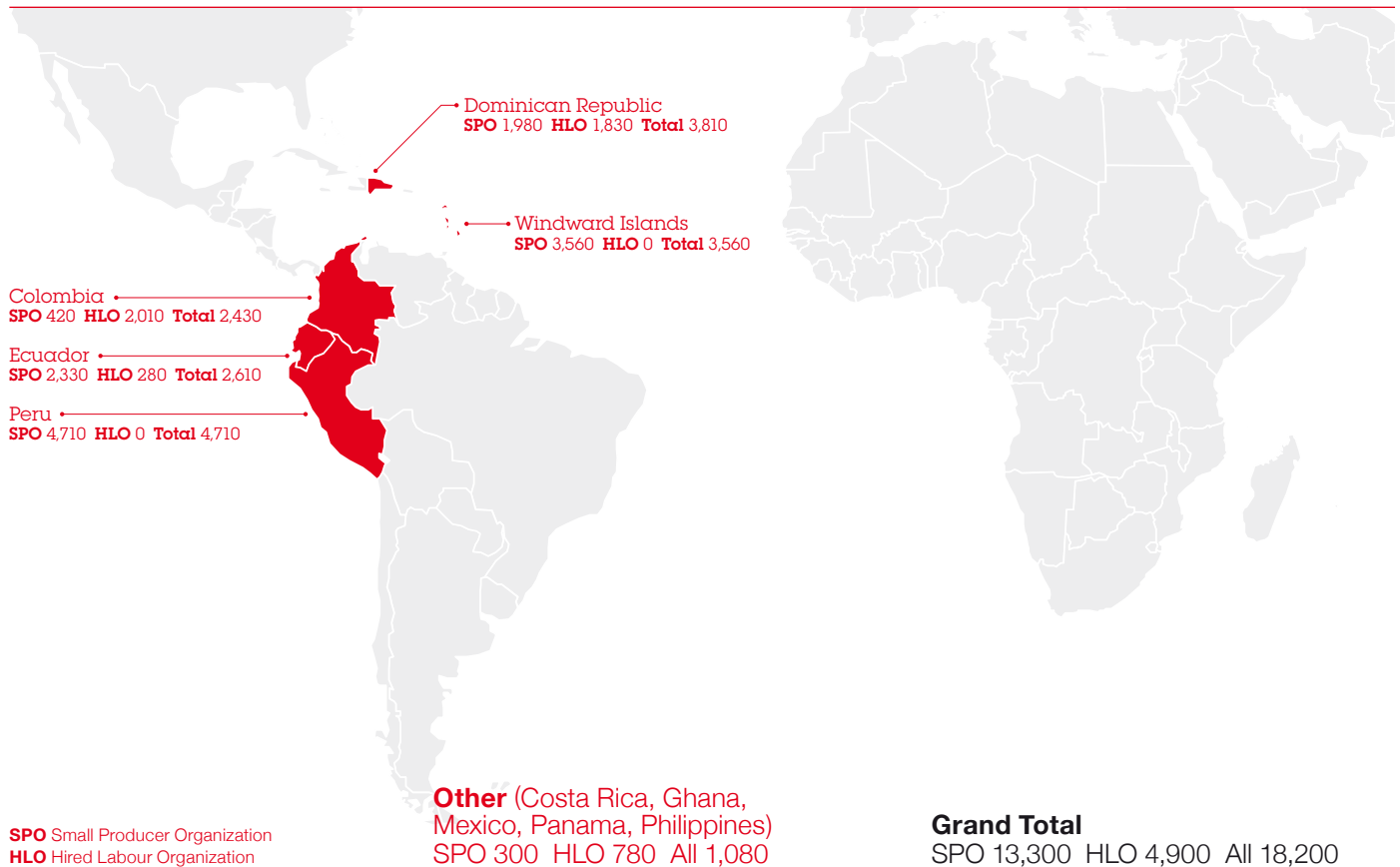


SPO Small Producer Organization
HLO Hired Labour Organization

Grand Total
SPO 43 HLO 37 All 80

FIGURE 7.8

Fairtrade bananas: Number of farmers and workers by country 2011



We use Windward Islands here to refer to Saint Lucia and Saint Vincent and the Grenadines.
Data only for producer organizations registering fresh bananas as their first certified product.

TABLE 7.2

Fairtrade bananas: Key data 2011

	2010–11	2009–10	Percentage change
Total number of farmers and workers	18,200	15,460	18%
Total number of hectares under Fairtrade banana cultivation	27,900	25,720	8%
Total certifiable volume (MT)	491,800	561,000	-12%
Organic Fairtrade-certifiable volume (MT)	189,740	140,800	35%
Organic volume as percentage of total certifiable volume	39%	25%	54%
Total Fairtrade sales volume (MT)	321,300	294,400	9%
Total Fairtrade Premium received (€)	14,121,000	12,400,000	14%

FIGURE 7.9

Fairtrade bananas: Fairtrade sales volumes and Fairtrade Premium received 2008–2011

■ Small Producer Organizations
 ■ Hired Labour Organizations

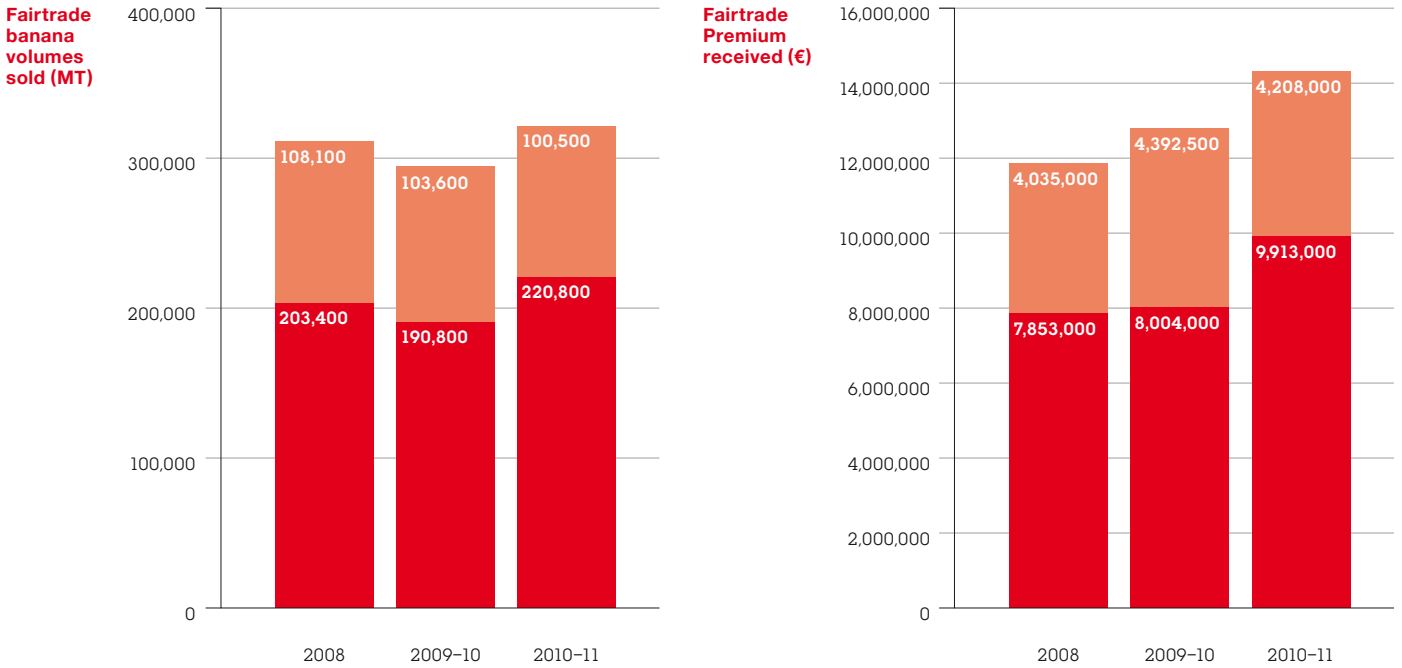


FIGURE 7.10A

Fairtrade bananas: Fairtrade Premium use 2010–11

Small Producer Organizations

Community	6%
Education	6%
Environment	4%
Health	7%
Investment in business or organizational development, production and processing	67%
Cash payment to members	9%
Other	1%

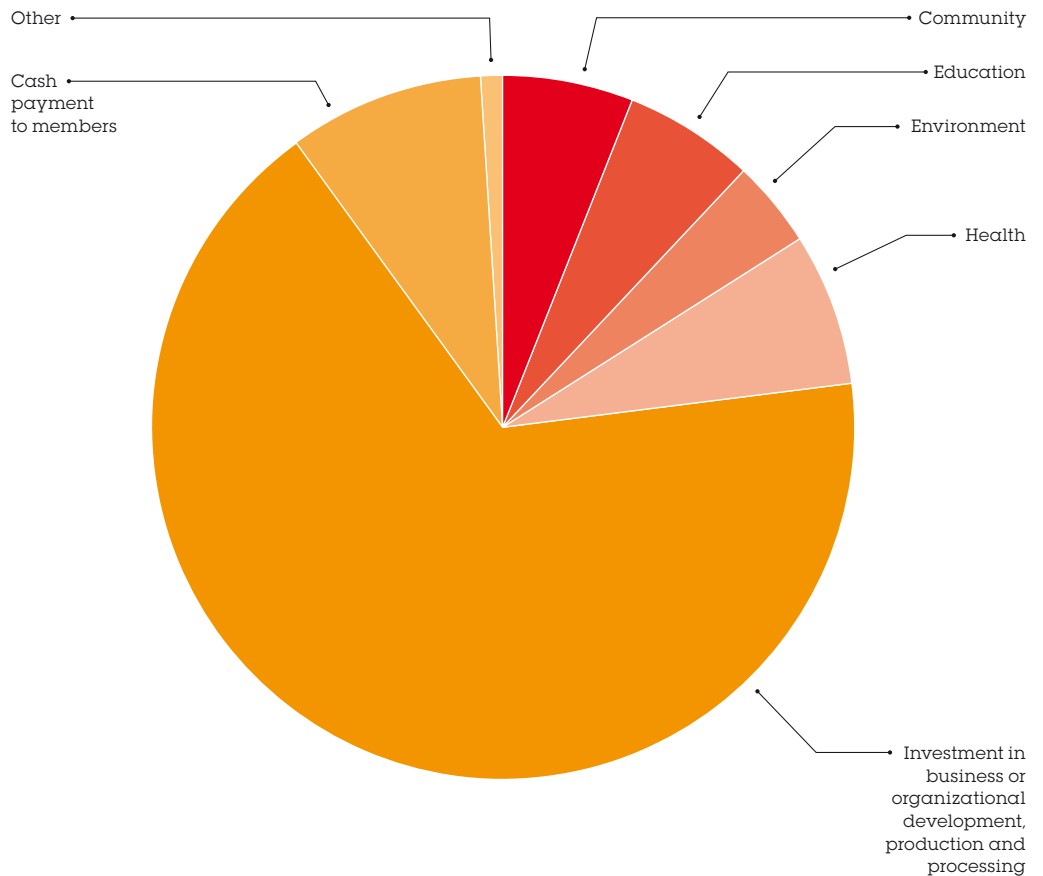
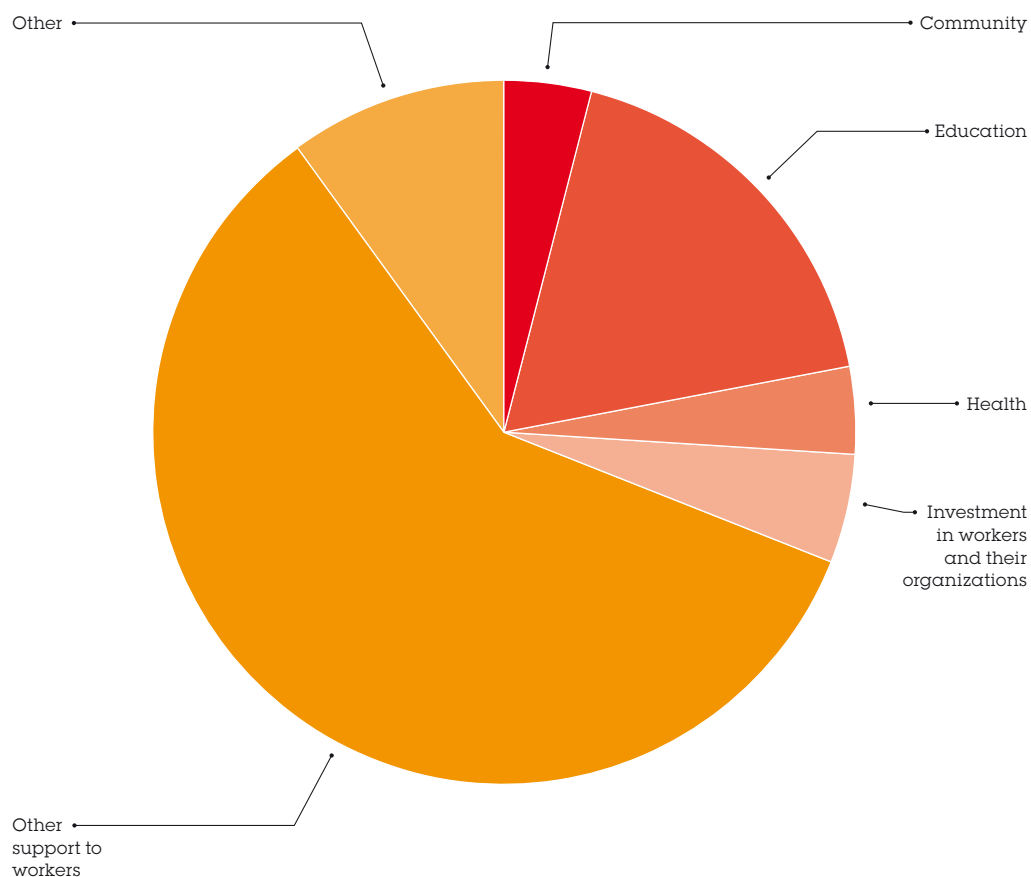


FIGURE 7.10B

Fairtrade bananas: Fairtrade Premium use 2010-11

Hired Labour Organizations

Community	4%
Education	18%
Environment	0%
Health	4%
Investment in workers and their organizations	5%
Other support to workers	59%
Other	10%



Fairtrade bananas: Cultivation areas for selected countries 2011

Small Producer Organizations	Total area of Fairtrade bananas under small farmer cultivation (hectares)	Average area of Fairtrade bananas cultivated per farmer (hectares)
Dominican Republic	6,460	3.3
Ecuador	6,100	2.6
Windward Islands	5,500	1.5
Peru	4,080	0.9
Colombia	1,130	2.7
World	24,050	1.8

Hired Labour Organizations	Total area of Fairtrade bananas under cultivation in Hired Labour Organizations (hectares)	Range of Hired Labour Organization cultivation areas (hectares)
Colombia	2,200	12 to 565
Dominican Republic	1,200	23 to 314
World	3,900	12 to 565

Fairtrade bananas: Top three countries Fairtrade Premium received 2010–11 (€)

Dominican Republic	4,493,000
Colombia	3,704,000
Ecuador	1,968,000

Fairtrade bananas: Top three producer countries of Fairtrade-certifiable organic bananas 2010–11 (MT)

Peru	93,100
Dominican Republic	53,600
Ecuador	40,700

Fairtrade bananas: Top selling countries by volume 2010–11 (MT)

Dominican Republic	113,800
Colombia	88,900
Peru	54,200
Ecuador	47,500
Windward Islands	8,400

PRODUCER REPORT

Support from buyers, smart investment help Peruvian producers withstand devastating rains

The Asociación de Bananeros Orgánicos Solidarios (BOS) became certified Fairtrade in 2003 and sells nearly 96 percent of their bananas on Fairtrade terms. But after the heaviest rainy season the region has seen in 14 years, the farmers of BOS are working hard to overcome many challenges to get back on their feet. Support from long-term buyers and smart investment of the Fairtrade Premium in community infrastructure are key to the organization's efforts to get back on track.

READ FULL STORY HERE <http://bit.ly/X2liNN>



New research increases understanding of the impacts of Fairtrade for banana producers

In December 2011, the Fairtrade Foundation (UK) published new research on the impacts of Fairtrade bananas. This global assessment was carried out between 2008 and 2010 by the UK Institute of Development Studies (IDS). The selected case studies included three Fairtrade small producer organizations and three Fairtrade hired labour organizations in Ecuador, the Dominican Republic, Ghana and the Windward Islands.

For small producer organizations, the study found that Fairtrade banana farmers in these countries receive on average a higher and a more stable price through Fairtrade than if they sold their bananas in conventional markets. Of the farmers interviewed in the Dominican Republic, 75 percent said they had savings in the bank, 48 percent said they could use savings not loans to cover unexpected costs, and 75 percent said their standard of living had improved as a result of membership in the Fairtrade cooperative.

However, the study also indicated that rising costs of production meant that benefits from Fairtrade prices have had more of an income-stabilizing rather than income-boosting effect for these farmers.

At the cooperative level, evidence from all three case studies suggested that Fairtrade improves access to agricultural services and premium markets for these organizations, and provides stability to help offset the low prices received for non-Fairtrade fruit. The Fairtrade Standards were also found to encourage more democratic and open organizations. The growth and confidence vested in these organizations by their members has also improved their bargaining power with partners in the transportation and export sectors and government, especially in Ecuador and the Windward Islands. However, the study did raise a concern that cooperatives and farmer communities could become overly dependent on Fairtrade Premium income to fund basic community facilities.

The study's findings in relation to Fairtrade's impact for workers in certified banana plantations were more challenging. Although, on average, these workers had a higher income than workers on non-Fairtrade certified plantations, the wages they received were still far below what could be considered a 'living wage' for the region. The study revealed that in general, workers were often drawn from vulnerable social groups, including migrants, and that working on Fairtrade certified plantations improved their contracts, basic working conditions and job security. The use of the Fairtrade Premium income to boost the health, housing and education prospects of poor workers' communities was appreciated and valued.

The study found evidence that Fairtrade certification contributes to better working conditions including health and safety provisions, paid leave, and strengthening of women's rights. For instance, normally, non-Fairtrade workers can expect no paid holiday, but on the Fairtrade plantations studied, workers received 12 days (Ecuador), 14 days (Dominican Republic), and 21 days (Ghana) of paid leave.

However, the study clearly showed that Fairtrade had had limited impact in driving increased trade union organization among workers in these regions. Many interviewees felt that workers' committees were less effective than trade unions, and their existence may act as a disincentive to unionization. Further, a lack of effective representative bodies and channels of communication had led to unresolved disagreement between management and workers over Fairtrade Premium use in some cases. It concluded that a lot more remained to be done by the Fairtrade system to help break down barriers (e.g. confidence, language skills) that prevented the most marginalized workers in these organizations from fully participating in representative bodies.

To read the full research report, go to:

http://www.fairtrade.org.uk/resources/reports_and_briefing_papers.aspx

For small producer organizations, the study found that Fairtrade banana farmers in these countries receive on average a higher and a more stable price through Fairtrade than if they sold their bananas in conventional markets.

7.3 Fact file: Fairtrade cocoa

- Fairtrade made significant progress in cocoa in 2011, showing strong increases in all monitoring indicators.
- By the end of 2011, 71 small producer organizations in 19 countries held a Fairtrade certification for cocoa, representing nearly 142,000 small-scale farmers. During 2011, despite the ongoing political and economic crisis, there was significant growth in the numbers of organizations certified in Côte d'Ivoire.
- Reported sales volume of Fairtrade cocoa increased by 27 percent in the reporting period, the result of large-scale new commitments to Fairtrade cocoa by several major companies. These cocoa purchases—from cooperatives in West Africa—are generating significant amounts of Fairtrade Premium funds for cocoa farmer organizations to invest in their farms, businesses, and communities.
- In 2010–11, Fairtrade cocoa producer organizations reported receiving more than €7.6 million in Fairtrade Premium money. This was most likely an underestimate since full data were not available for cocoa farmers in Côte d'Ivoire.
- In cocoa as in other products, Fairtrade Premium money is increasingly being used to support producer organizations and farmers in strengthening their business—for example by investing in replacing old cocoa trees to increase productivity, or investments in better facilities for crop collection, storage, transport, or processing. In 2010–11, over 51 percent of cocoa Fairtrade Premium expenditure reported was used for investments in business or organizational development, or to support improvements in production and processing.
- Fairtrade-certifiable cocoa volume rose to 124,000 metric tonnes (MT) worldwide at the end of 2011. At least 27,000 MT of this cocoa was organic-certifiable.
- Worldwide, the average area of land that a Fairtrade small-scale farmer devotes to cocoa cultivation is 3 hectares. Since we do not have data on cultivation areas for the largest Fairtrade cocoa producer in Ghana, the data on area of cultivation for cocoa is incomplete.
- Côte d'Ivoire has now overtaken Ghana as the origin with the largest production capacity for Fairtrade-certifiable cocoa. Farmers and cooperatives in Côte d'Ivoire experienced huge challenges in 2011 as a result of political conflict and economic sanctions following elections in November 2010. In addition to loss of life and property, many Fairtrade cooperatives could not trade their cocoa for several months, and were unreachable for Fairtrade staff or auditors. As soon as the security situation allowed, Fairtrade undertook a needs-assessment with representatives of Fairtrade certified cooperatives to understand the impact of the crisis and adapt our support plans accordingly. Fairtrade cooperatives wished to resume trading as quickly as possible and Fairtrade supported them to achieve this. Despite this very difficult year for farmers, the number of Fairtrade certified cocoa cooperatives in Côte d'Ivoire increased from 12 to 20, and continues to increase into 2012.
- We could not undertake our usual data collection activities with Côte d'Ivoire producer organizations during 2011 because of the insecurity, as a result of which the data used in this report for Côte d'Ivoire are outdated. Based on other sources we estimate that Fairtrade cooperatives sold more than 12,000 MT of Fairtrade cocoa in 2011. These sales generated US\$ 2.4 million in Fairtrade Premium, vital funds needed more than ever to rebuild livelihoods.
- Producers in South America continued to sell fine-flavour and organic Fairtrade cocoa into premium markets. During 2010–11, Fairtrade International and Max Havelaar Belgium commissioned research to understand more about the achievements and challenges facing Fairtrade fine-flavour cocoa producers. Some key results from the research are set out on page 77.

FIGURE 7.11

Fairtrade cocoa: Product certifications 2006–2011

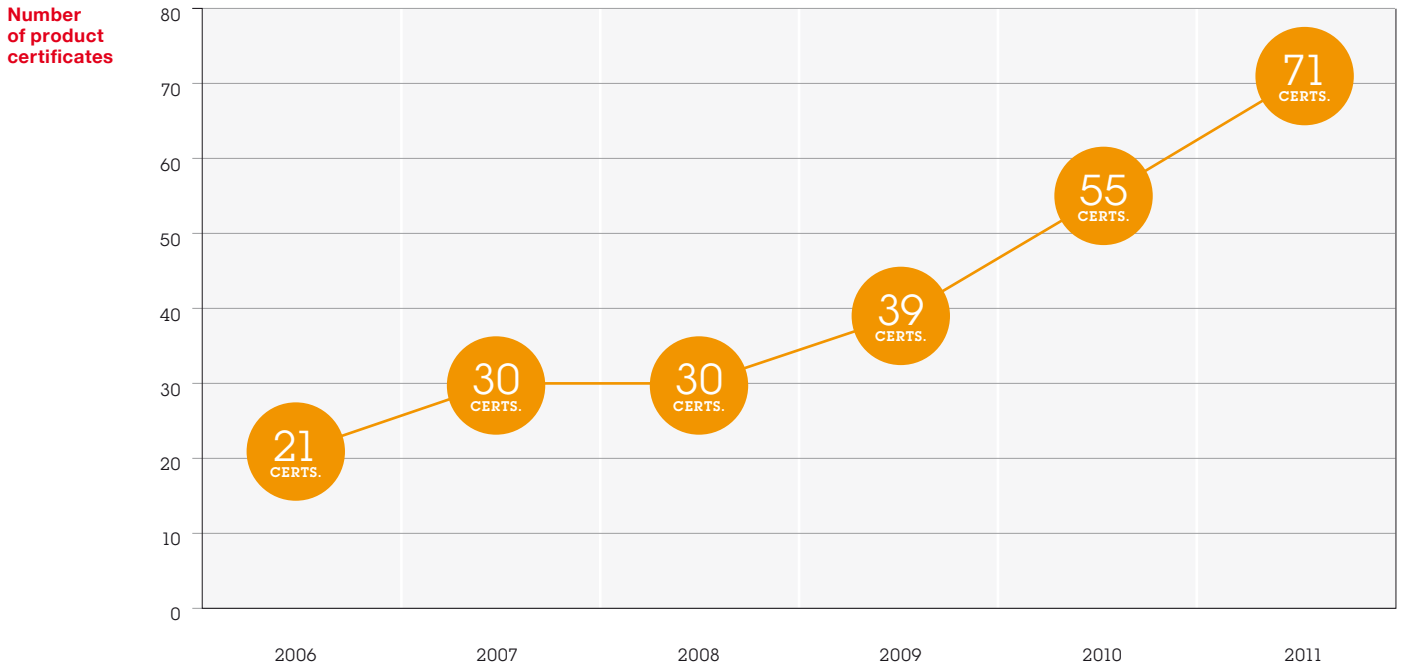


FIGURE 7.12

Fairtrade cocoa: Producer organizations with Fairtrade cocoa certification 2011

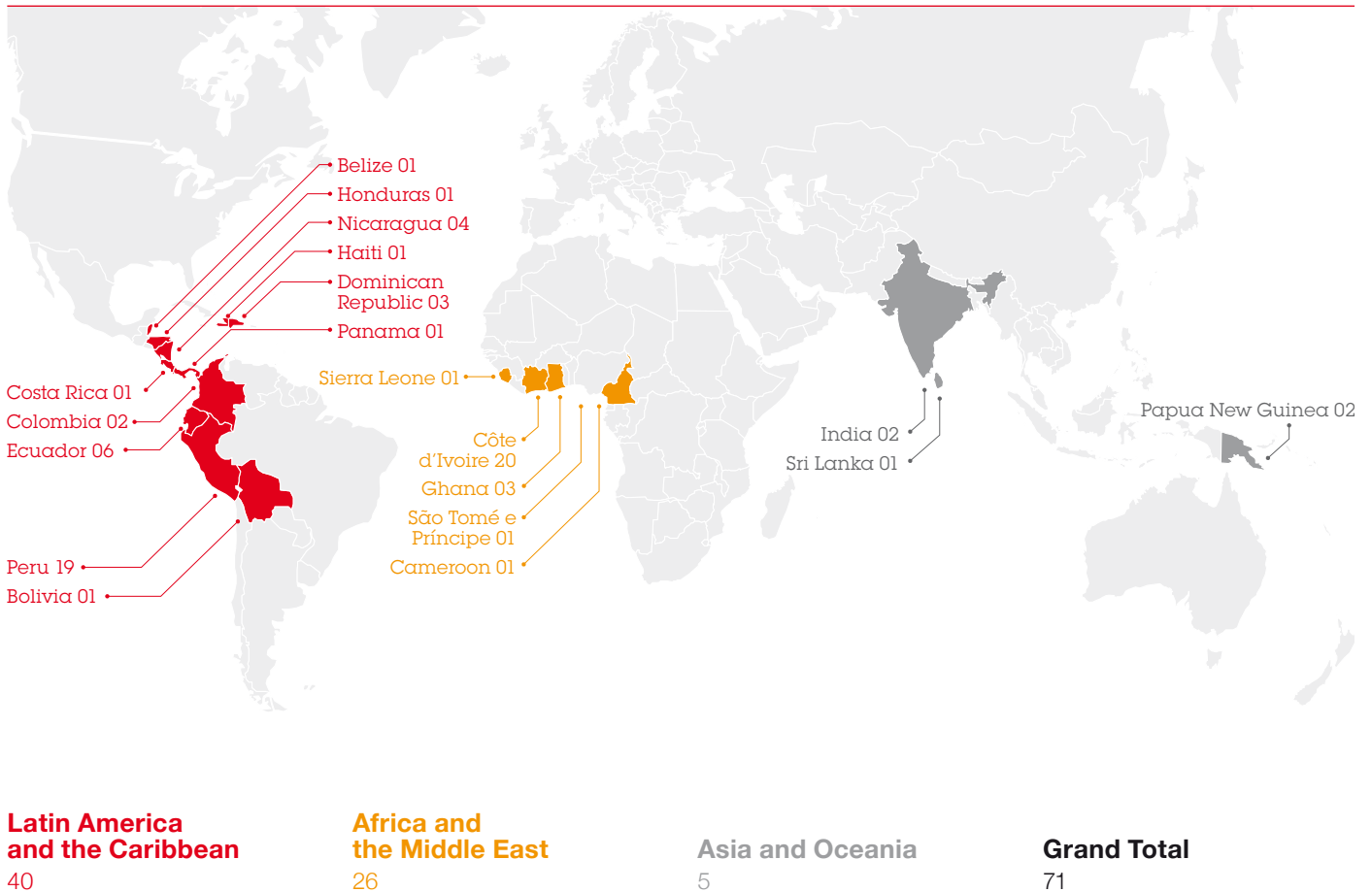
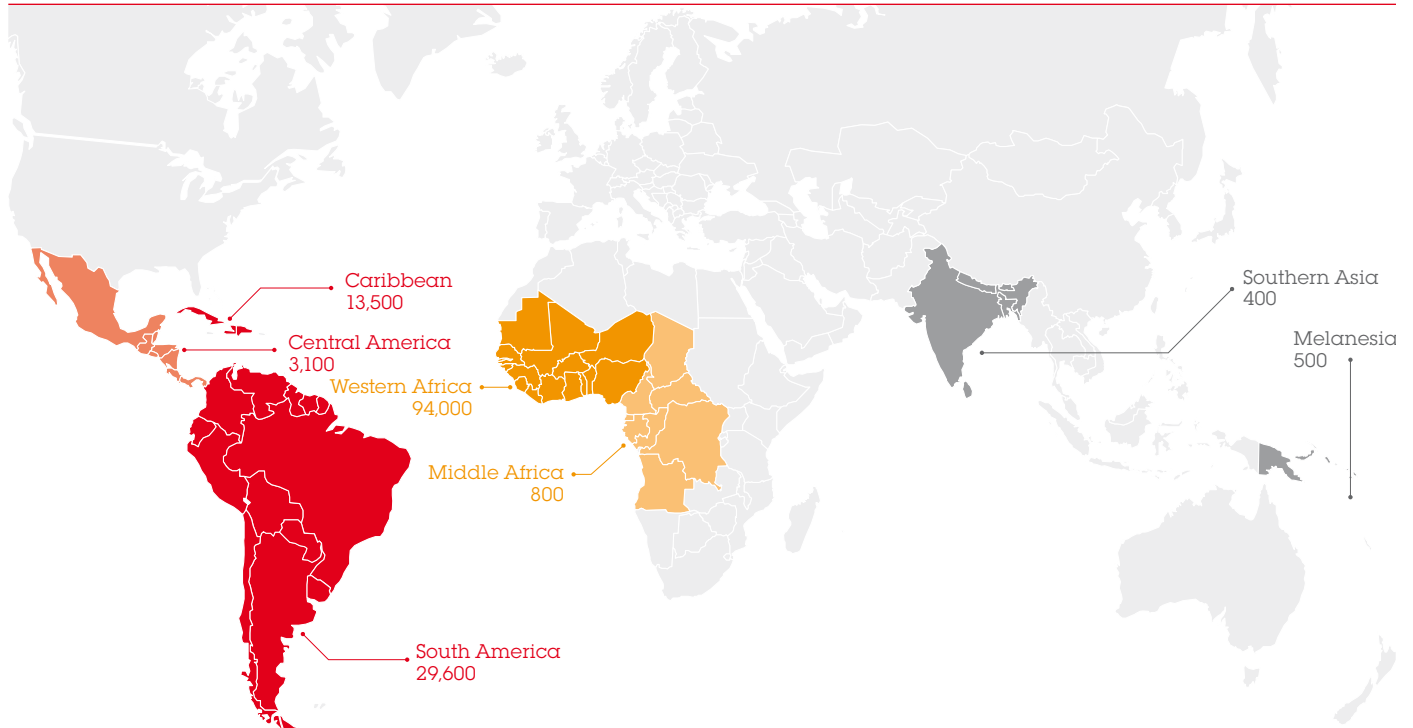


FIGURE 7.13

Fairtrade cocoa: Number of farmers by region 2011

**Latin America
and the Caribbean**

46,100

**Africa and
the Middle East**

94,800

Asia and Oceania

900

Grand Total

141,800

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

TABLE 7.3

Fairtrade cocoa: Key data 2011

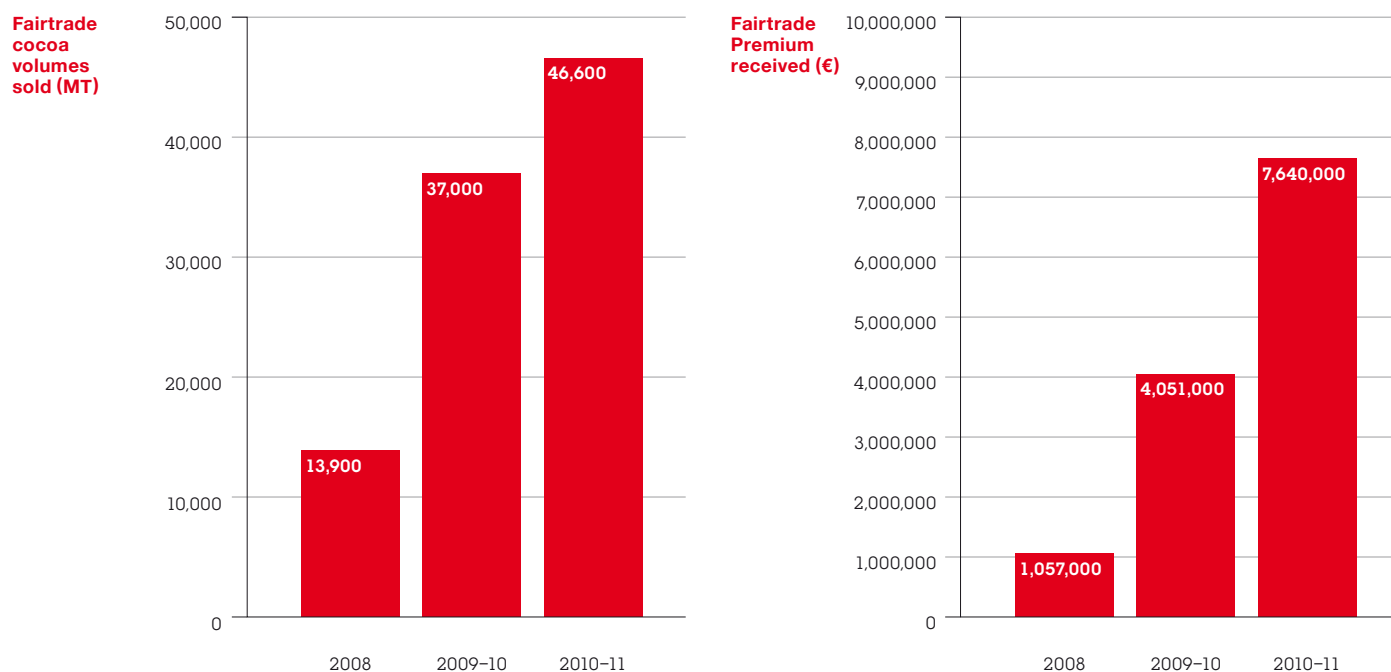
	2010–11	2009–10	Percentage change
Total number of farmers	141,800	126,000	13%
Total number of hectares under Fairtrade cocoa cultivation*	215,000	174,000	24%
Total certifiable volume (MT)	124,000	106,000	17%
Organic Fairtrade-certifiable volume (MT)	27,000	--	--
Organic volume as percentage of total certifiable volume	22%	--	--
Total Fairtrade sales volume (MT)**	47,000	37,000	27%
Total Fairtrade Premium received (€)**	7,640,000	4,051,000	89%

* Data on total area of cultivation is missing for the largest Fairtrade cocoa producer. Accordingly the actual area under Fairtrade cocoa cultivation is considerably higher than reported here.

** Data on total Fairtrade sales volumes and Fairtrade Premium received underestimate the volumes of sales from Côte d'Ivoire and the Fairtrade Premium received by producers in Côte d'Ivoire. Lack of access to the Fairtrade cooperatives during the crisis period in 2010–11 meant it was not possible to collect accurate data from all of the producer organizations during that time.

FIGURE 7.14

Fairtrade cocoa: Fairtrade sales volumes and Fairtrade Premium received 2008–2011



Average area of Fairtrade cocoa cultivated per farmer 2011 (hectares)

Caribbean	3.2
Central America	1.9
Melanesia	0.3
Middle Africa	3.1
South America	1.9
Southern Asia	1.1
Western Africa	4.7
World	3.0

Fairtrade-certifiable cocoa production capacity: Top five countries 2010–11 (MT)

Côte d'Ivoire	48,200
Ghana	40,000
Dominican Republic	15,400
Peru	12,500
Ecuador	5,300

Fairtrade cocoa: Top five producer countries of Fairtrade-certifiable organic cocoa 2010–11 (MT)

Dominican Republic	11,300
Peru	8,900
Ecuador	5,200

Fairtrade cocoa: Top selling countries by volume 2010–11 (MT)

Ghana	21,800
Côte d'Ivoire*	12,500
Dominican Republic	11,300

* Estimated sales volume for 2011, see notes for Table 7.3

Understanding Fairtrade impacts for fine-flavour cocoa producers in Peru

Fairtrade International and Max Havelaar Belgium commissioned a research team from the Natural Resources Institute (NRI) in the UK to undertake research into the impacts of Fairtrade with two Fairtrade cocoa cooperatives in the San Martín region of Peru. The cooperatives were Fairtrade certified in 2002 and 2003, and sell approximately 66 percent and 83 percent of their cocoa production on Fairtrade terms.

Results from a household survey conducted with a sample of cocoa farmers from across both cooperatives indicate some of the benefits that Fairtrade has had for individual cocoa farmer households. One result is that the greater the length of a farmer's membership with the organization, the higher their cocoa production and income. Over the last five years, 60 percent of Fairtrade households surveyed had invested in their houses, 50 percent had bought at least one mobile phone and over 25 percent had bought motorbikes. Thus, over time, Fairtrade can be said to be contributing to improved income and an improved standard of living. It is also clear that for most Fairtrade farmers interviewed, on-farm food production was increasing, indicating that food security is improving. Interviews with farmers and cooperative leadership also revealed that investing in children's education was a clear priority for farmers and that Fairtrade had facilitated this, resulting in nearly 30 percent of interviewed households being able to afford to educate their children to university level. However, the survey also indicated that a substantial proportion of households surveyed at the time of this study continue to be 'poor' as defined by local poverty standards.

Relatively high market prices for cocoa in recent years have meant that the Fairtrade Minimum Price has been too low to deliver benefits for either cooperative. However, Fairtrade farmers in both cooperatives obtain higher than average and more stable prices for their cocoa when compared to non-Fairtrade cocoa farmers in the region.

Fairtrade and organic certification, along with government efforts and other programmes to improve production, have brought about important changes in the technical management of farms, resulting in higher yields. These changes include improvement in pruning, introduction of composting, better environmental management with adoption of soil conservation and agro-forestry techniques, and improved disease control and harvesting. Fairtrade has directly contributed to this change through investment of part of the Fairtrade Premium in technical assistance.

Another important finding from the study has been the improved capitalization of both cooperatives, resulting from higher contributions from members, and higher profits, both facilitated by Fairtrade. Interviews with cooperative leaders also indicate that progressive compliance with Fairtrade Standards has resulted in making both organizations more transparent, with constructive support from the local Fairtrade International Liaison Officer.

The study shows that Fairtrade has enabled market access, and has provided opportunities for both cooperatives to access credit and pre-financing for the harvest and other activities based on their cocoa contracts. This is a clear difference with non-Fairtrade organizations that do not have access to working capital and are capital-dependent on exporting companies.

Over the last five years, 60 percent of Fairtrade households surveyed had invested in their houses, 50 percent had bought at least one mobile phone and over 25 percent had bought motorbikes. Thus, over time, Fairtrade can be said to be contributing to improved income and an improved standard of living.

PRODUCER REPORT

Fairtrade impact is clear for cocoa farmers in the Dominican Republic

For Mariano Manzuela, a member of the CONACADO cooperative in the Dominican Republic, Fairtrade means four of his children attend secondary school on scholarships funded by the Fairtrade Premium. What began as a development project in 1988 has now become the tenth largest cocoa exporter in the world. CONACADO provides Fairtrade cocoa products to brands such as Green & Black's, Lush Cosmetics, Ben & Jerry's and Café Direct.

READ FULL STORY HERE <http://bit.ly/MomJ2O>



Finally, the most discernible impact of Fairtrade has been in the quality and quantity of services that both cooperatives have been able to provide their members, which has resulted in increasing membership figures, improved trust, and outreach to other cooperatives to recommend Fairtrade certification. Both cooperatives have succeeded in getting their members to produce high-quality cocoa that is being internationally recognized.

Looking to the future, both cooperatives expressed concern about private exporters in Peru competing with established small producer organizations for Fairtrade business. The researchers recommend that Fairtrade should continue to monitor the dynamics between established producer organizations and exporters in Peru.

The full research report will be published by Fairtrade International in early 2013.

7.4 Fact file: Fairtrade tea

- At the end of 2011, 100 producer organizations in 14 countries worldwide held a product certification for Fairtrade tea. Of these 89 were for *Camilia sinensis* tea (black tea), and 11 were for rooibos and herbal teas such as camomile, mint, and hibiscus. The data here primarily relate to *Camilia sinensis* tea and not to rooibos and herbal teas.
- Nearly 250,000 people were involved in Fairtrade tea as small farmers or as workers on Fairtrade tea plantations. Over 100,000 of these were in Kenya, and nearly 60,000 in India.
- The global Fairtrade tea sales volumes in 2010–11 showed a 15 percent increase against reported sales for 2009–10. Growth resulted from increased commitments to Fairtrade tea among retailers in the UK, notably Waitrose and Tesco. The major Dutch retailer Super Unie also converted its tea label to Fairtrade.
- Malawi continued to grow in importance as an origin for Fairtrade tea. The data also indicate growth in Fairtrade tea sales from India.
- Fairtrade tea sales represent on average only about six percent of the total potentially-certifiable volumes, the lowest ratio of volume sold to certifiable volume of all Fairtrade products. This challenge is being addressed through the implementation of a new model for scalability in Fairtrade tea to encourage major commitments by retailers, and generate increased impact for Fairtrade tea producers.
- The Fairtrade Premium for tea is significant, with nearly €5 million paid directly to small farmer organizations or to workers' organizations on Fairtrade tea estates.
- The data show that small farmer organizations invest over 40 percent of their Fairtrade Premium money in business and organizational development or production and processing. They also invest 45 percent of their Fairtrade Premium in community, education, and health projects.
- In hired labour organizations, community, education, and health projects account for about 50 percent of Fairtrade Premium spending, while direct support to workers—e.g. through the provision of different goods and services to workers (see section 6.2)—accounted for nearly 40 percent of spending. Investments in worker training and worker organizations were relatively low in Fairtrade tea plantations, compared with other Fairtrade hired labour settings.
- Smallholder tea farmers report very small cultivation areas for their tea, with small farmers in Eastern Africa cultivating their tea on just 0.3 hectares on average.
- During 2011, Fairtrade established new Minimum Prices for tea, raising them by 16 percent on average. A Minimum Price for instant tea was introduced to encourage Fairtrade sales of ready-to-drink tea. A new Fairtrade Premium for organic tea was implemented. In addition, some of the rules for trading of Fairtrade tea were changed at the request of both tea producers and traders.

FIGURE 7.15

Fairtrade tea: Product certifications 2006–2011

The figures include producers of tea (*Camellia sinensis*) and of herbal teas such as rooibos, hibiscus, mint, and camomile. At the end of 2011, 89 producer organizations were certified for tea (*Camellia sinensis*) and 11 for herbal teas.

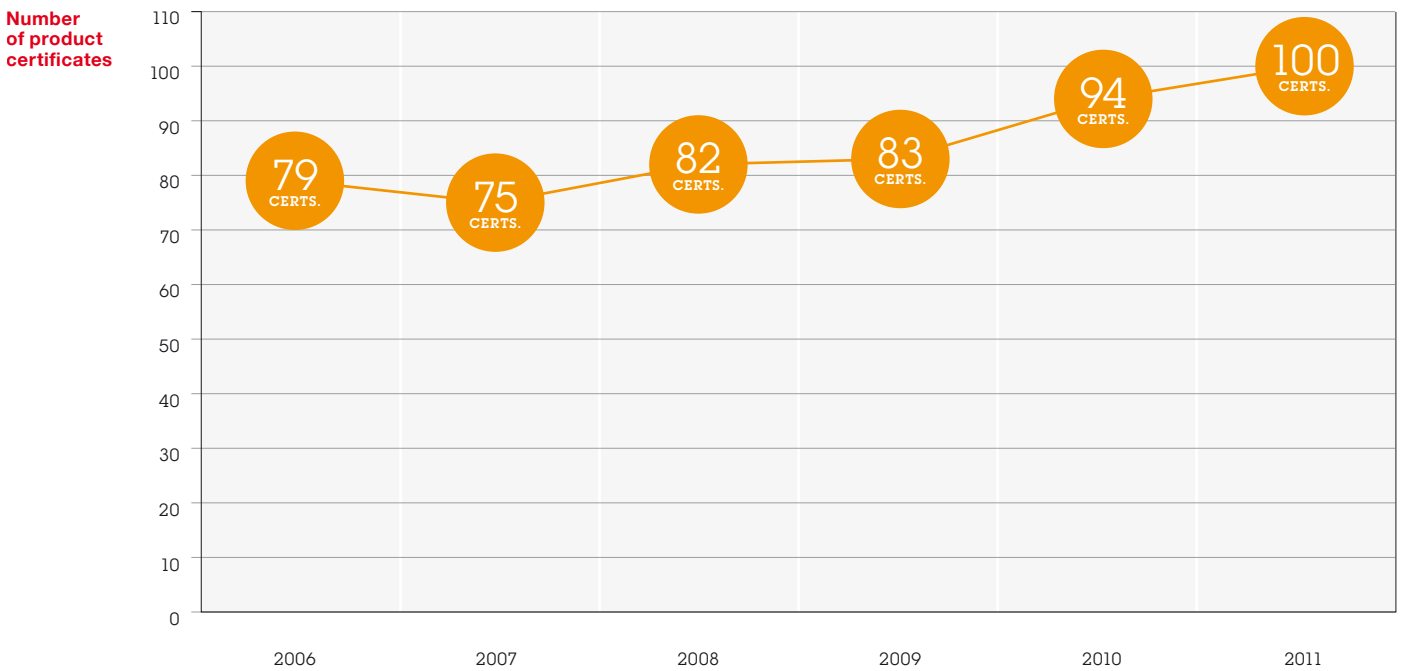
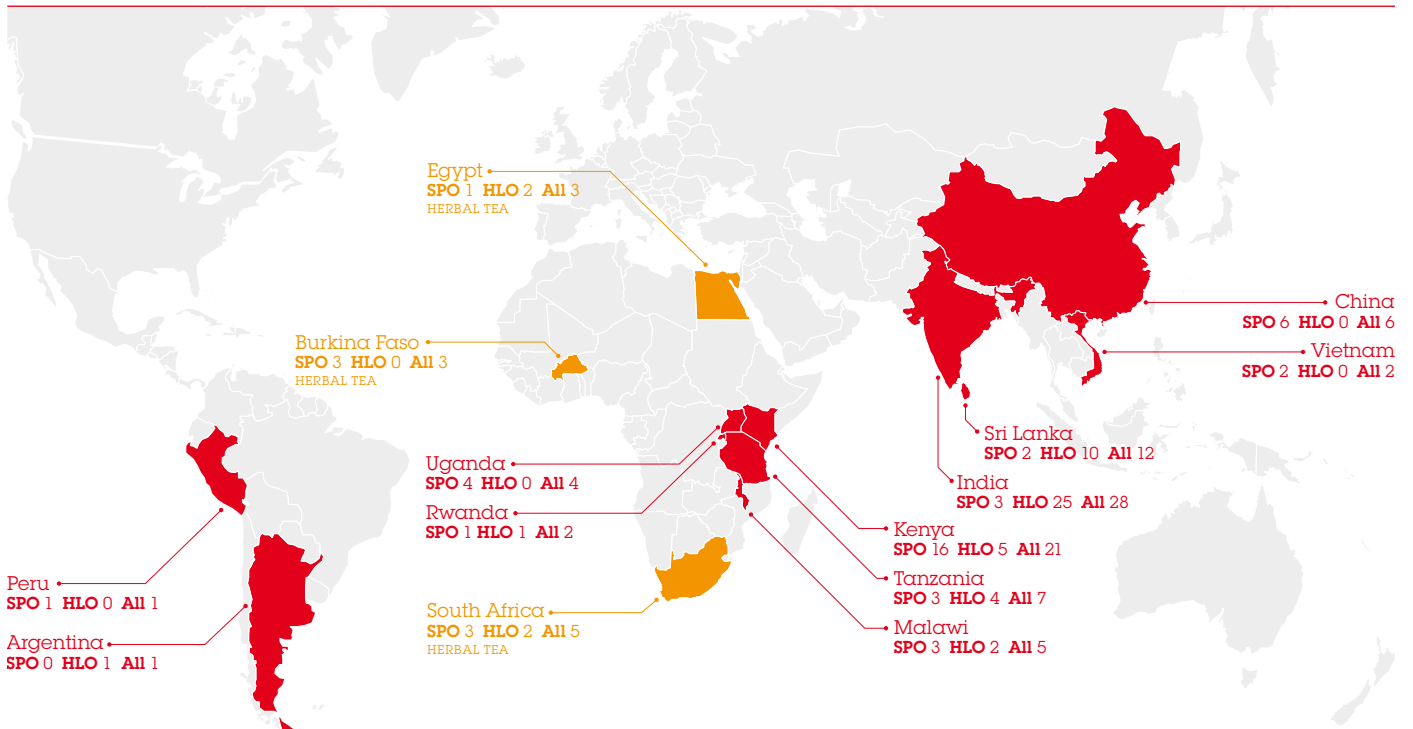


FIGURE 7.16

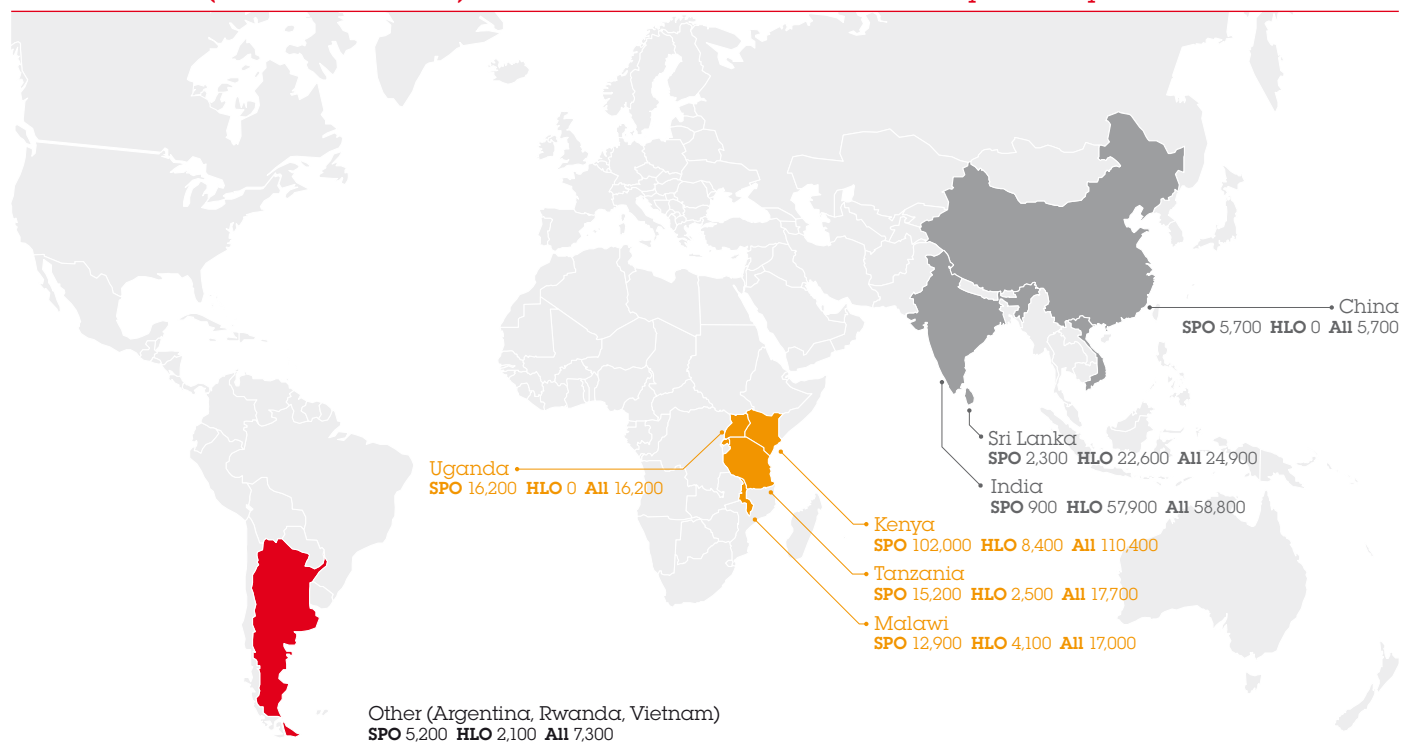
Fairtrade tea: Producer organizations with Fairtrade tea certification 2011



Tea total
(*Camellia sinensis*)
SPO 41 HLO 48 All 89

Herbal teas total
(rooibos, mint, hibiscus, camomile)
SPO 7 HLO 4 All 11

FIGURE 7.17

Fairtrade tea (*Camelia sinensis*): Number of farmers and workers by country 2011Latin America
and the Caribbean

30

Africa and the
Middle East

168,000

Asia and Oceania

90,100

Grand Total

SPO 160,500 HLO 97,700 All 258,100

SPO Small Producer Organization HLO Hired Labour Organization

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

TABLE 7.4

Fairtrade tea (*Camelia sinensis*): Key data 2011

	2010-11	2009-10	Percentage change
Total number of farmers and workers	258,100	224,000	15%
Total number of hectares under Fairtrade tea cultivation	83,300	72,000	16%
Total certifiable volume (MT)	205,900	151,000	36%
Organic Fairtrade-certifiable volume (MT)	7,000	5,700	23%
Organic volume as percentage of total certifiable volume	3%	--	--
Total Fairtrade sales volume (MT)	12,700	11,000	15%
Total Fairtrade Premium received (€)	4,843,000	4,047,000	20%

FIGURE 7.18

Fairtrade tea (*Camelia sinensis*): Fairtrade sales volumes and Fairtrade Premium received 2008–2011

■ Small Producer Organizations
 ■ Hired Labour Organizations

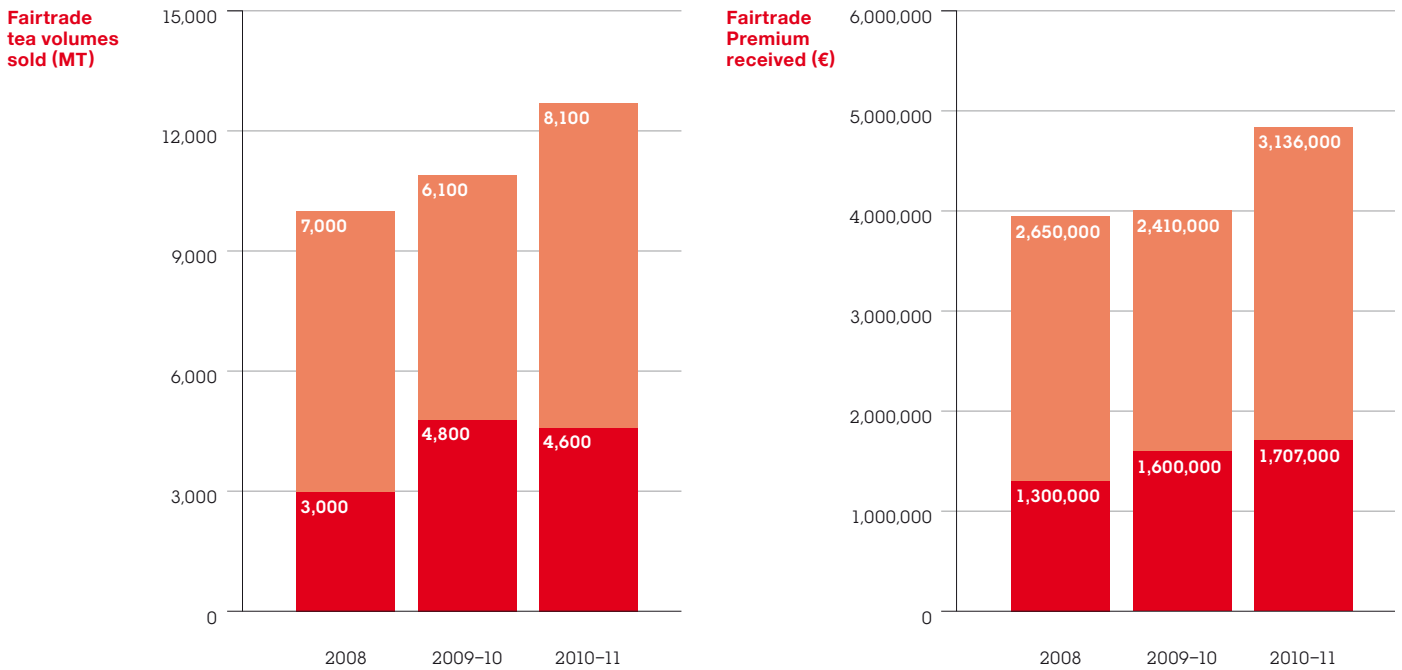


FIGURE 7.19A

Fairtrade tea (*Camelia sinensis*): Fairtrade Premium use 2010-11

Small Producer Organizations

Community	21%
Education	17%
Environment	1%
Health	7%
Gender equity	0%
Investment in business or organizational development, production and processing	41%
Cash payment to members	9%
Other	4%

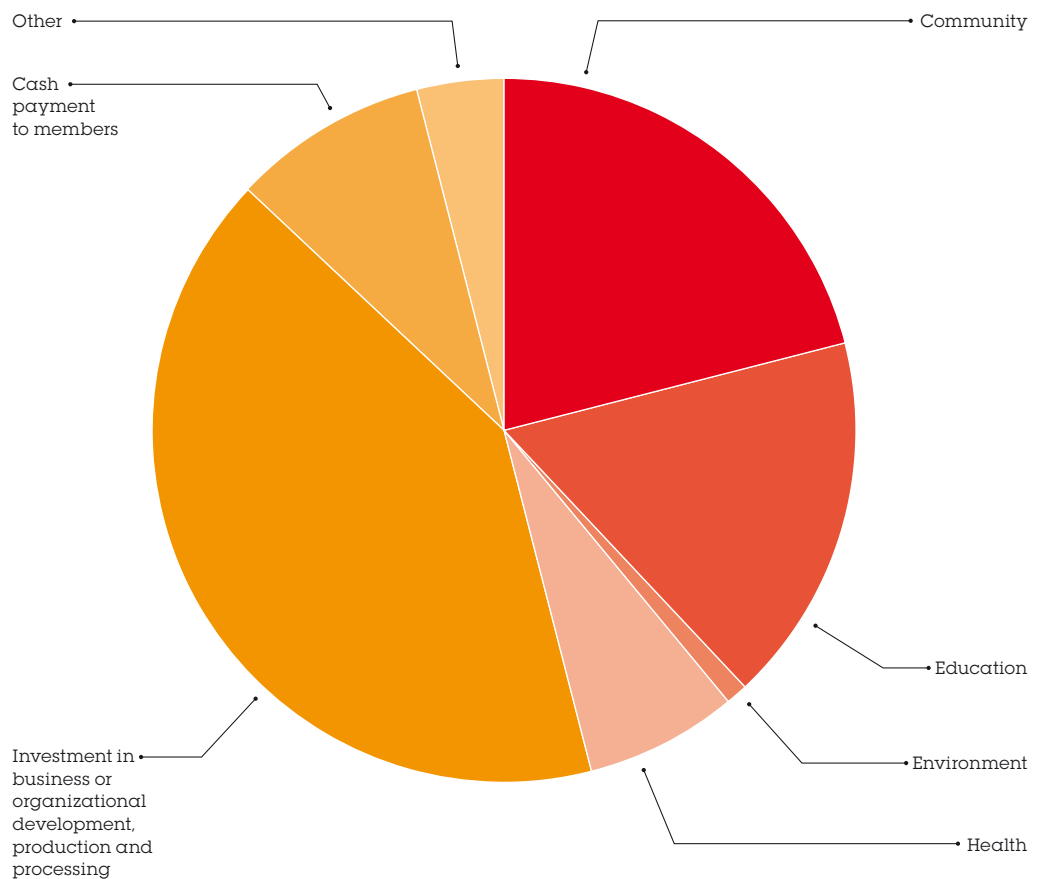
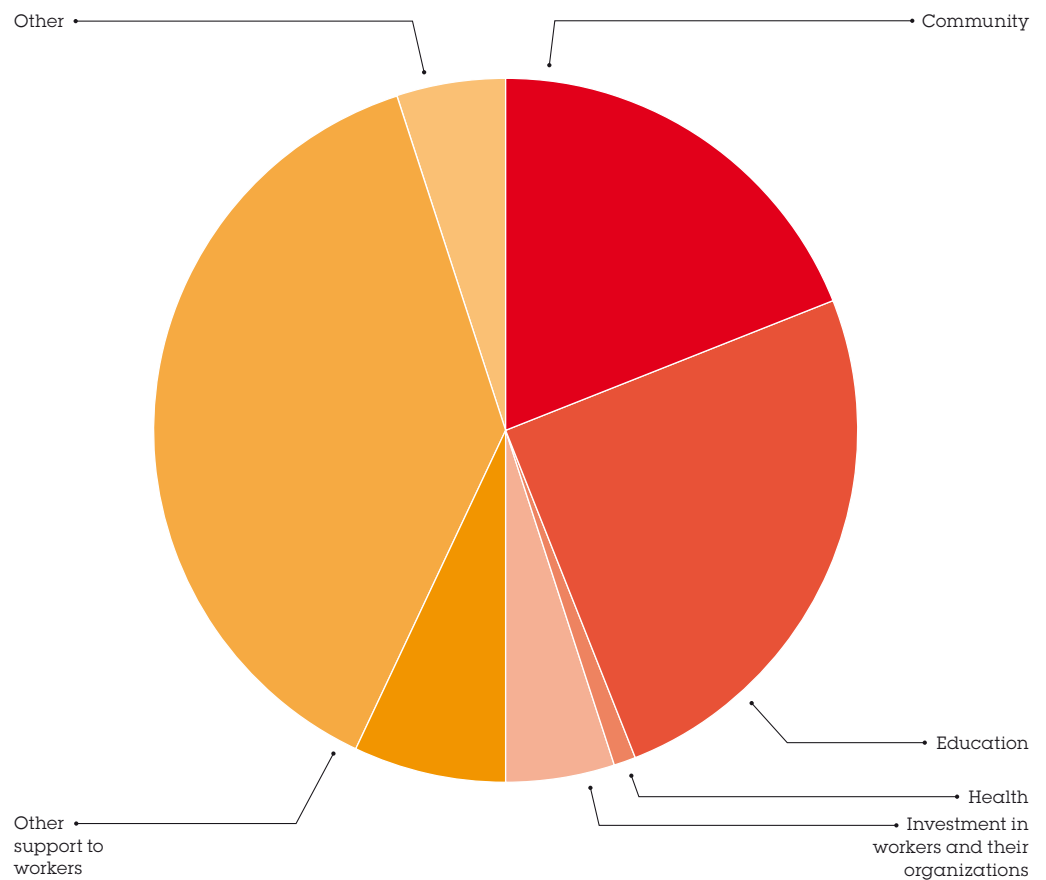


FIGURE 7.19B

Fairtrade tea (*Camelia sinensis*): Fairtrade Premium use 2010–11**Hired Labour Organizations**

Community	19%
Education	25%
Environment	1%
Health	5%
Investment in workers and their organizations	7%
Other support to workers	38%
Other	5%

**Average area of Fairtrade tea cultivated per farmer 2011 (hectares)**

Eastern Africa	0.3
Eastern Asia	0.4
South-Eastern Asia	0.8
Southern Asia	0.8
Tea worldwide average	0.3

Only data for *Camelia sinensis* are included in this table, not for herbal teas

Fairtrade-certifiable tea production capacity: Top five countries 2010–11 (MT)

Kenya	87,400
India	47,700
Sri Lanka	23,200
Uganda	16,100
Tanzania	15,000

Only data for *Camelia sinensis* are included in this table, not for herbal teas

Fairtrade tea: Top producing countries of Fairtrade-certifiable organic tea 2010–11 (MT)

India	4,600
China	1,100
Tanzania	600
Sri Lanka	600

Only data for *Camelia sinensis* are included in this table, not for herbal teas

Fairtrade tea: Top five selling countries by volume 2010–11 (MT)

Kenya	4,200
India	3,700
Malawi	2,200
Tanzania	900
Sri Lanka	800

Only data for *Camelia sinensis* are included in this table, not for herbal teas

7.5 Fact file: Fairtrade sugar

- Fairtrade sugar has seen substantial growth in recent years, the result of major new commitments by brands and retailers. Commitments to switching major confectionery brands to Fairtrade have had positive impacts not just for cocoa, but also for sugar. The data for 2010–11 show major increases for sugar on nearly every indicator (Table 7.5).
- At the end of 2011 there were 69 producer organizations in 15 countries holding a Fairtrade certification for sugar. This number more than doubled during 2011, primarily due to the entry of a large number of sugar cooperatives in Mauritius into the Fairtrade system.
- The volumes of sugar reported sold as Fairtrade increased by 66 percent during 2010–11, and the Fairtrade Premium increased in similar proportion. Producers reported Fairtrade Premium receipts of €7.4 million in the period under review. Sugar producers invested more than half of their Fairtrade Premium income in business and organizational development or in production and processing.
- Sugar producers in Belize continue to generate the most Fairtrade sales volumes of any origin, but Fiji, Zambia and Paraguay all grew in importance during 2010–11, while sugar producers in Guyana joined the Fairtrade system and immediately started to benefit from the Fairtrade Premium.
- New origins projected for 2012 include Mozambique, Jamaica, and Swaziland. Going forward, the Fairtrade sugar sourcing plan will aim to support growth from ACP (African, Caribbean and Pacific) and least-developed countries, recognizing that sugar farmers in these countries experience very low prices and are not prepared for the challenges of operating in fully liberalized trade environments.
- Fairtrade sugar farmers in Belize have been participating in a longitudinal impacts research project. Results from the baseline and follow-up research are summarized on page 88.
- Meanwhile, Fairtrade sugar farmers in Paraguay made important steps up the supply chain. Sugar is almost exclusively exported by mills and exporters. Farmers sell raw sugar cane to the mills, which process the cane before exporting or selling on to exporters. As a result, sugar farmers have few opportunities to add value to their crop, and few have knowledge about onward supply chains. But thanks in part to Fairtrade, one farmer group in Paraguay is tackling this problem by setting up its own mill to process sugar cane (see page 44). Another group entered into negotiations with their local mill, and has reached agreement that the mill and the farmers will jointly export the sugar, meaning more of the benefits from the sale of the processed sugar going back to the farmers.
- During 2011 Fairtrade International organized a number of meetings and training events for sugar stakeholders, supporting the sharing of market information, experiences, and learning. In 2012 the first Product Advisory Council for sugar will take place, which is an opportunity for key Fairtrade sugar stakeholders to give feedback on what is working well and what needs to be changed and improved.

FIGURE 7.20

Fairtrade sugar: Product certifications 2006–2011

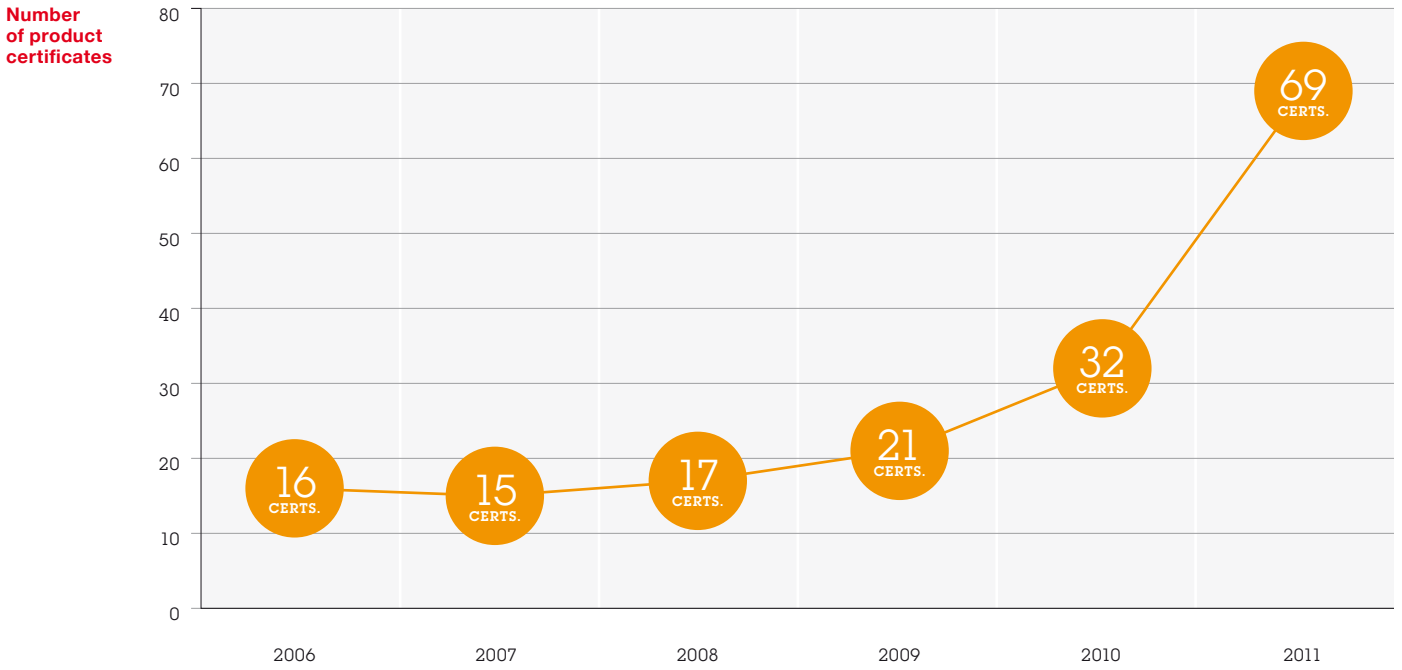
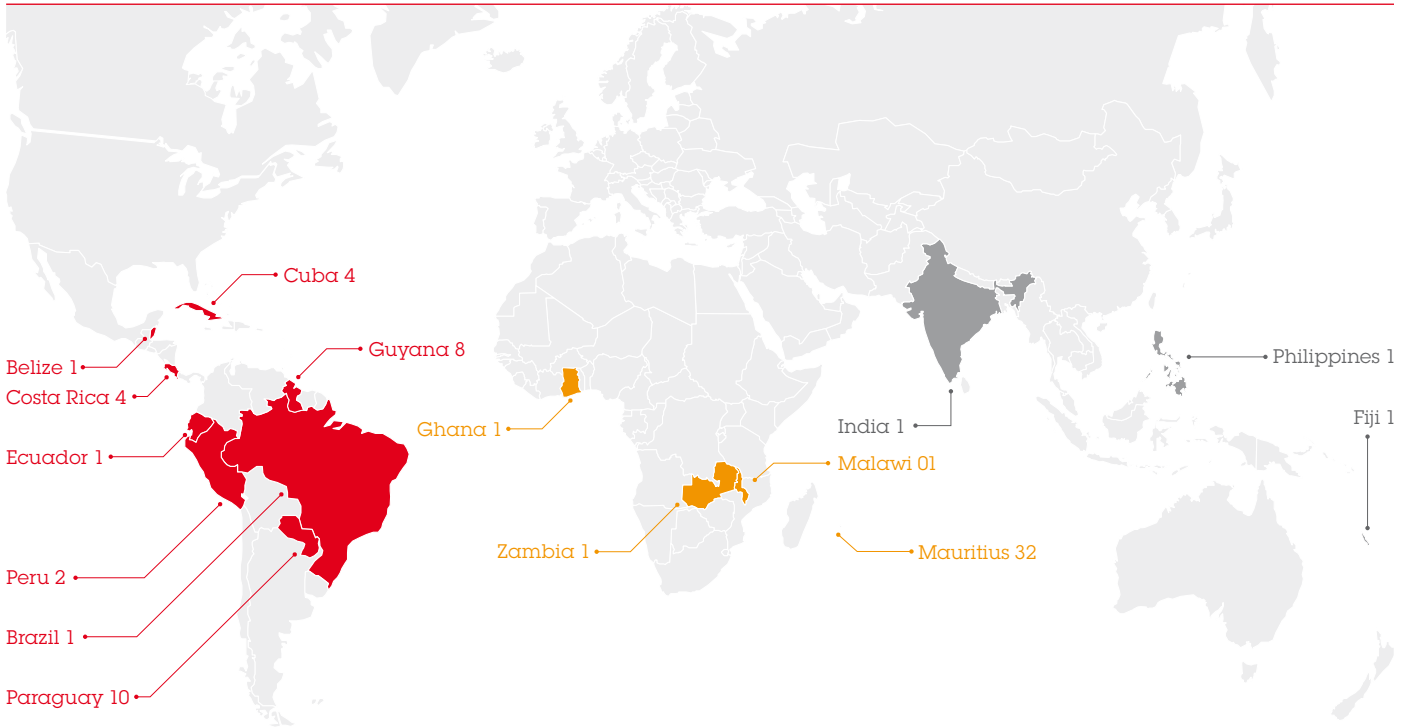


FIGURE 7.21

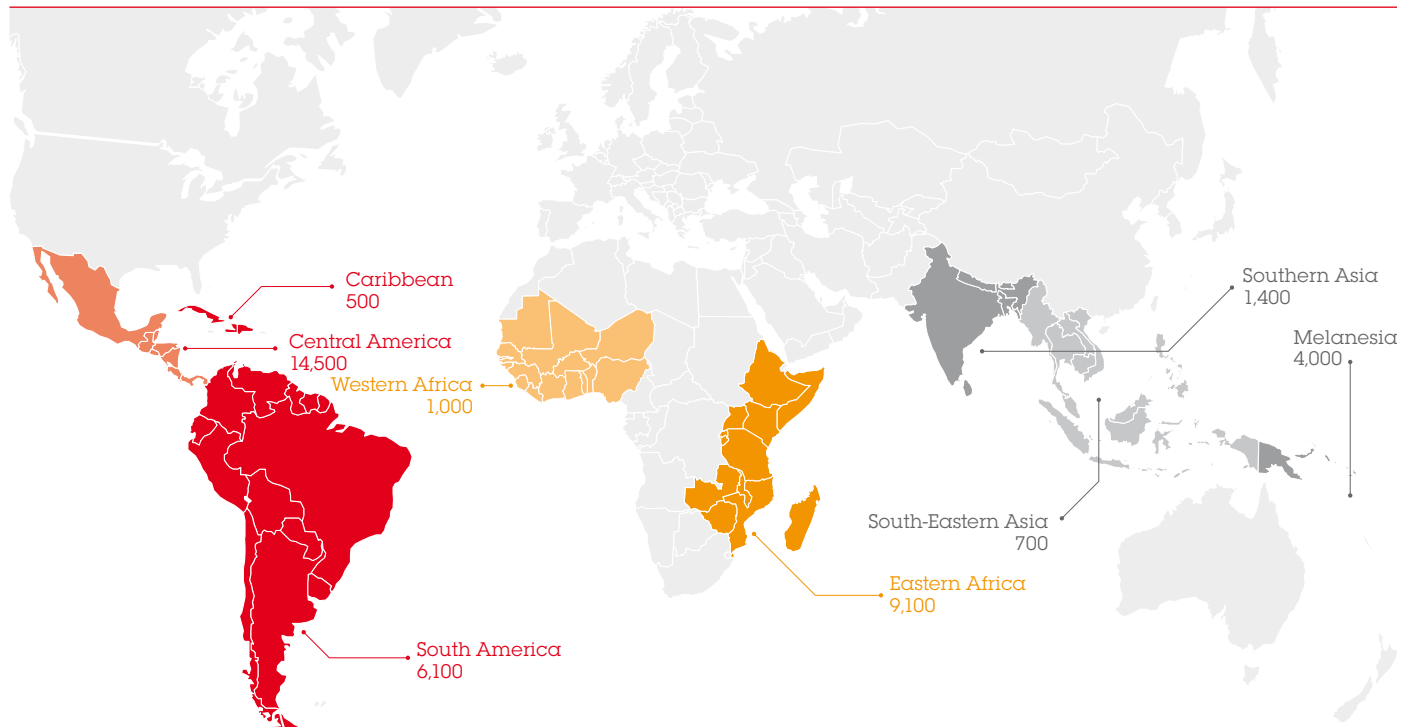
Fairtrade sugar: Producer organizations with Fairtrade sugar certification 2011



Grand Total 69

FIGURE 7.22

Fairtrade sugar: Number of farmers by region 2011

**Latin America and the Caribbean**

21,100

Africa and the Middle East

10,100

Asia and Oceania

6,000

Grand Total

37,200

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

TABLE 7.5

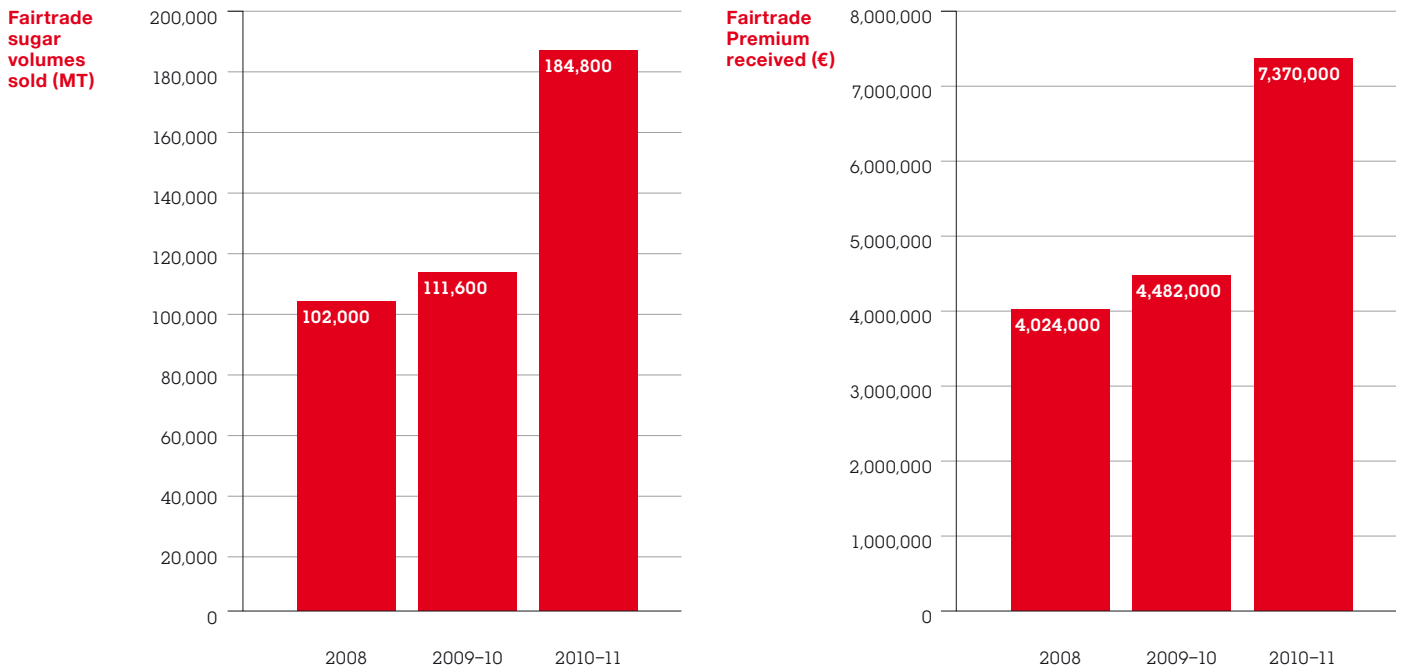
Fairtrade sugar: Key data 2011

	2010-11	2009-10	% change
Total number of farmers	37,200	17,600	111%
Total number of hectares	79,300	59,200	34%
Total certifiable volume (MT)	533,900	219,300	143%
Organic Fairtrade-certifiable volume (MT)	57,500	--	--
Total Fairtrade sales volume (MT)*	184,800	111,600	66%
Total Fairtrade Premium received (€)	7,370,000	4,482,000	64%

* Data on the Fairtrade Premium for sugar does not always reflect the volumes sold because of the practice of 'retro-certification'. This allows a buyer to buy under conventional terms and then declare the sugar as Fairtrade later on. This means both that the Fairtrade Premium may be returned to the producer organization some time after the initial sale was made, and that the Fairtrade producer organization may only be able to identify a certain volume of sales as Fairtrade retrospectively.

FIGURE 7.23

Fairtrade sugar: Fairtrade sales volumes and Fairtrade Premium received 2008–2011

**Average area of Fairtrade sugar cultivated per farmer 2011 (hectares)**

Africa and the Middle East	0.8
Asia and Oceania	2.8
Latin America and the Caribbean	2.5
World	2.1

Fairtrade sugar: Top five producer countries of Fairtrade-certifiable organic sugar 2010–11 (MT)

Paraguay	48,800
Cuba	4,300
India	2,200
Philippines	1,900
Costa Rica	200

Fairtrade sugar: Top selling countries by volume 2010–11 (MT)

Belize	69,900
Fiji	40,700
Zambia	30,000
Paraguay	20,700
Malawi	8,500

Researching the impact of Fairtrade Sugar in Belize

In 2008, the Fairtrade Foundation commissioned the UK-based Natural Resources Institute (NRI) to begin a five-year longitudinal assessment of the impact of Fairtrade for small sugar farmers in Belize. Results from the first two phases of the research (undertaken in 2008 and 2011 respectively) present an encouraging picture of how the Belize Sugar Cane Farmers Association (BSCFA), certified in 2008, has strengthened over time.

The baseline study that was undertaken in 2008 indicated that the Fairtrade Premium income accruing to the Association and member households from the sale of sugar on Fairtrade terms was significant. However, the baseline also highlighted some concerns around the organizational structure of the Association and the need for further training and capacity-building of BSCFA office-bearers in management, administration and contract negotiation. It also identified the need to provide focused technical support to small-scale cane farmers to improve the productivity and quality of their cane yields, bringing their households more income and preventing them from abandoning sugar production.

The second round of the assessment was undertaken in 2011 to review how the organization had progressed against identified indicators, and the extent to which it had addressed the challenges that were identified in the baseline study. The research revealed that the BSCFA had undertaken a number of important organizational strengthening improvements, including the election of a new Management Committee and CEO; and the establishment of professional environmental, cane-quality, and projects departments. In particular, the increasingly autonomous and professionally-run Fairtrade Premium projects have made a considerable difference to farmer and business perceptions of the transparency, professionalism and democratisation of the BSCFA.

At the farmer-level, the substantial Fairtrade Premium income that the BSCFA has earned between 2008–2011 has been invested in a range of projects that benefit individual farmer households and the community. Benefits to cane farmers have included free inputs like fertilizers and herbicides, and several jointly-determined community projects including student grants, funeral grants, road improvements, purchase of sports equipment for schools, and school and church renovation. Work on productivity issues has included soil analysis, a replanting programme, and a frog-hopper programme all of which contributed to an increase in yields in the 2010–11 season.

The second round assessment concluded that, thanks to better organizational management and focused environmental projects the overall picture of the BSCFA was encouraging with strong yield improvements forecasted. However, more support is needed to sustain the cane-growing business for small farmers, ensure adequate income to cover needs in non-harvest seasons, and to promote diversification to reduce dependence on income from cane. A third round of assessment is planned for 2013.

The research report will be published by Fairtrade Foundation in early 2013.

Benefits to cane farmers have included free inputs like fertilizers and herbicides, and several jointly-determined community projects including student grants, funeral grants, road improvements, purchase of sports equipment for schools, and school and church renovation.

7.6 Fact file: Fairtrade seed cotton

- At the end of 2011, 35 producer organizations held Fairtrade certification for seed cotton. This was a slight drop versus 2009–10 figures, reflecting a response to the decline in the market demand for Fairtrade seed cotton that took place during 2008–09. There were 14 small producer organizations in Northern, Western and Middle Africa, and 17 contract production organizations in India.
- Fifty-seven percent of all Fairtrade producer organizations held an organic certification in 2011.
- Market demand for Fairtrade cotton stabilized during 2010–11, with no significant growth projected until 2013 when a new Fairtrade cotton model is expected to be rolled out. In the absence of immediate projected growth, producers were therefore advised to put on hold any growth plans.
- World cotton market prices reached historical heights in 2010–11, which created significant instability in the market, with issues related to government interventions, export bans, contract defaulting, and side-selling, all of which had an impact on Fairtrade cotton producers and markets. Prices have subsequently dropped back to near-normal levels.
- The Fairtrade Minimum Prices for seed cotton were revised in 2010–11 mostly to reflect increases in the costs of inputs. The new prices came into effect in October 2011. While the Fairtrade Premium remains unchanged, minimum prices increased by 10 percent on average across all regions. Fairtrade Minimum Prices were also introduced for the first time for short staple cotton varieties.
- Fairtrade producers reported Fairtrade Premium receipts of nearly €1.2 million in 2010–11.
- Sixty-three percent of Fairtrade Premium expenditure was allocated to investments in business and organizational development, or improvements in production and processing, while around 30 percent was spent on community and educational projects.

FIGURE 7.24

Fairtrade seed cotton: Product certifications 2006–2011

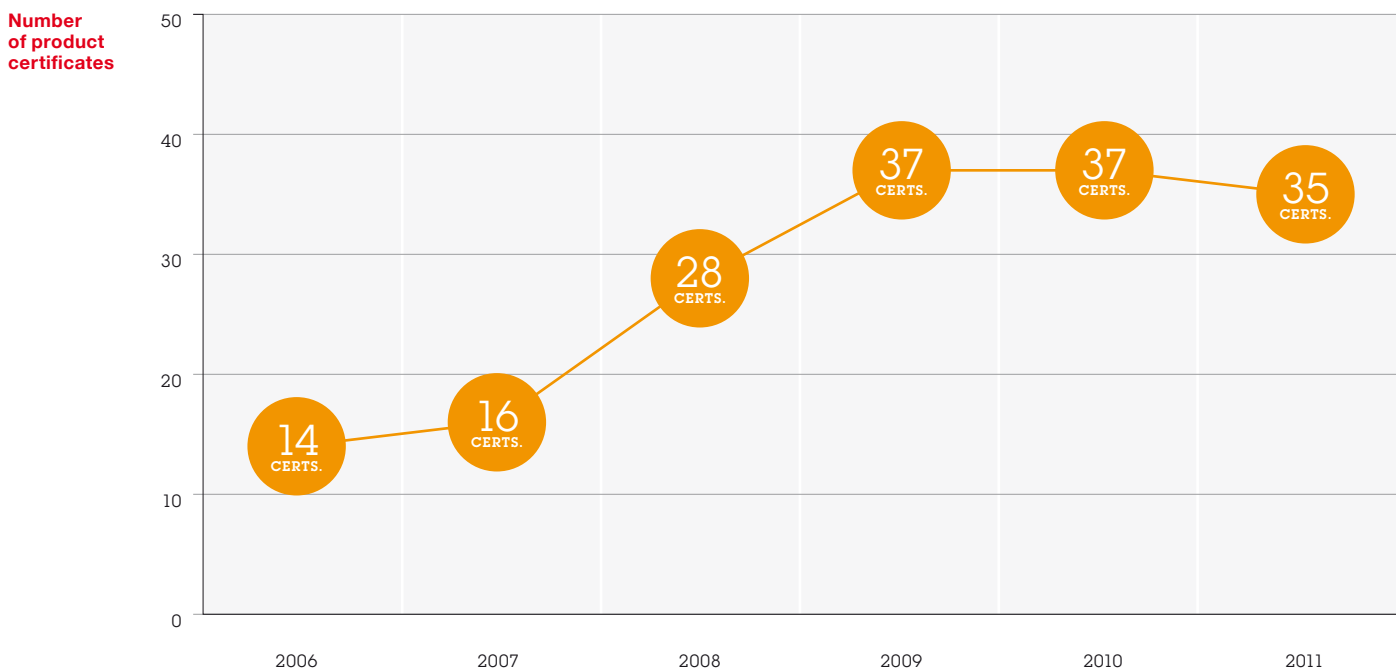
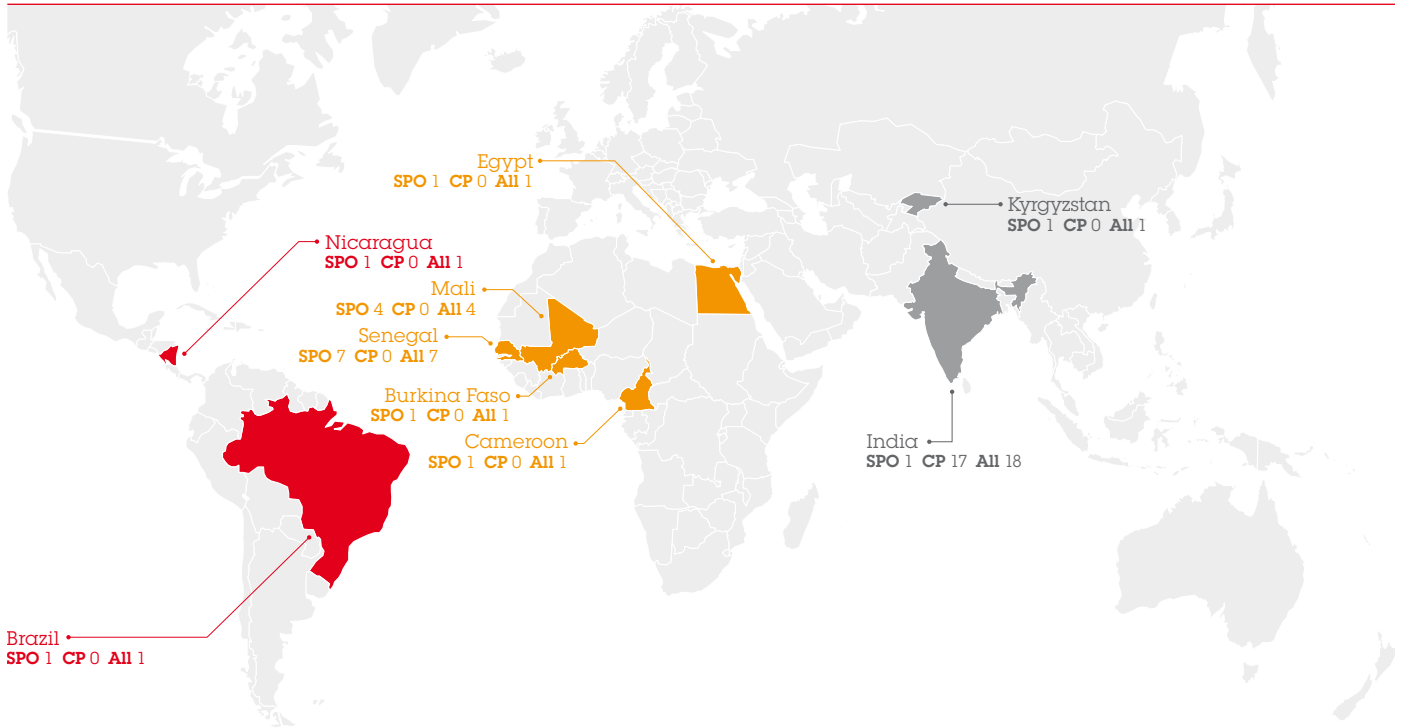


FIGURE 7.25

Fairtrade seed cotton: Producer organizations with Fairtrade seed cotton certification 2011

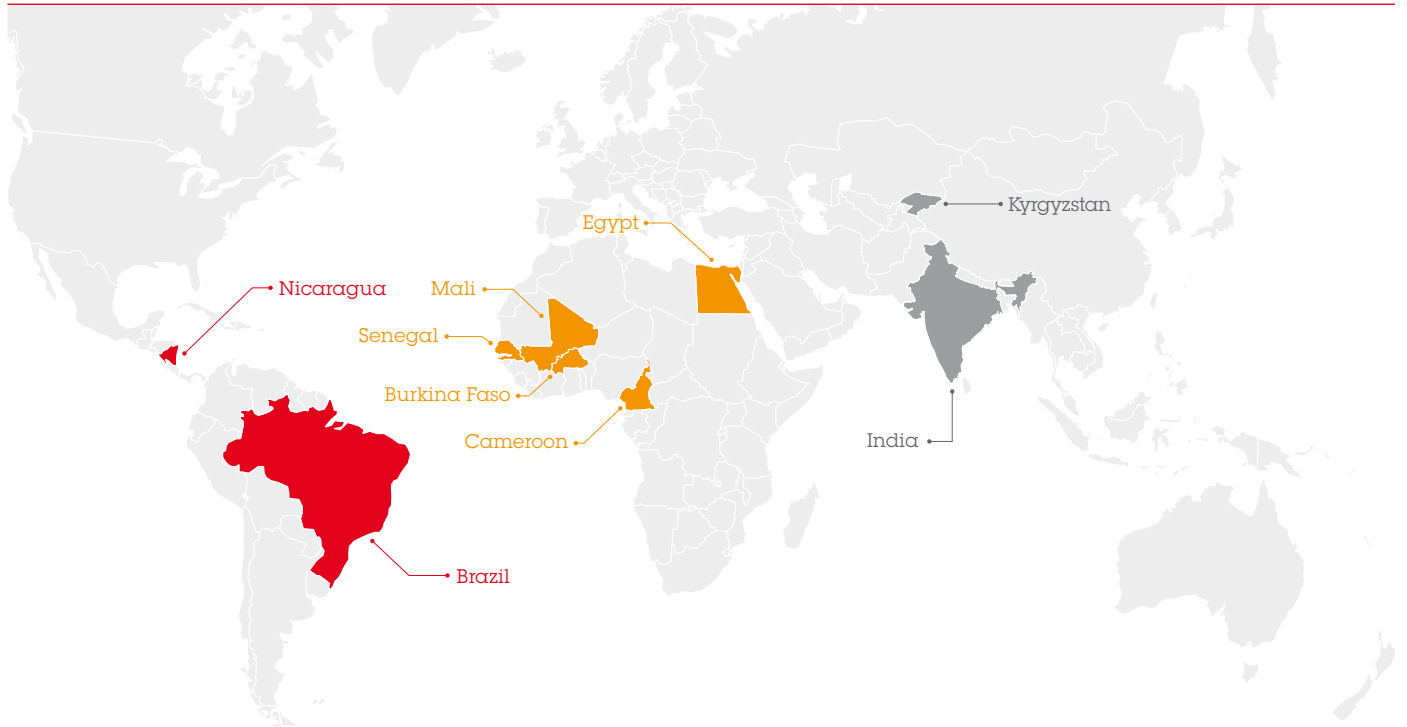


SPO Small Producer Organization
 CP Contract Production Organization

Grand Total
 SPO 18 CP 17 All 35

FIGURE 7.26

Fairtrade seed cotton: Number of farmers by region 2011



Latin America and the Caribbean
 SPO 120

Africa and the Middle East
 SPO 30,120

Asia and Oceania
 SPO 6,600 CP 29,600

Total
 SPO 36,900 CP 29,600

Data only for producer organizations registering seed cotton as their first certified product.
 SPO Small Producer Organization CP Contract Production

TABLE 7.6

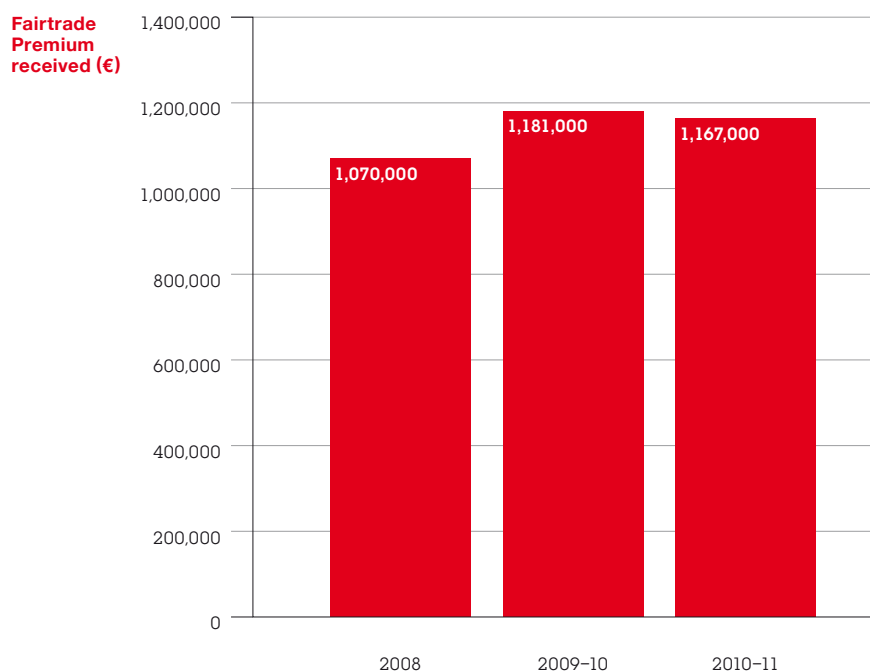
Fairtrade seed cotton: Key data 2011

	2010-11	2009-10	% change
Total number of farmers	66,500	58,500	14%
Total number of hectares	70,700	58,600	21%
Total certifiable volume (MT)	48,100	55,700	-14%
Number of Fairtrade producer organizations holding organic certification	20	--	--
Percentage of Fairtrade producer organizations that hold organic certification	57%	--	--
Total Fairtrade sales volume (MT)*	20,800	--	--
Total Fairtrade Premium received (€)	1,167,000	1,181,000	-1%

* Data on the Fairtrade Premium for seed cotton does not always reflect the volumes sold because of the practice of 'retro-certification'. This allows a buyer to buy under conventional terms and then declare the seed cotton as Fairtrade later on.

FIGURE 7.27

Fairtrade seed cotton: Fairtrade Premium received 2008-2011



Average area of Fairtrade seed cotton cultivated per member 2011 (hectares)

Africa and the Middle East	0.7
Asia and Oceania	1.3
Latin America and the Caribbean	0.9
Cotton worldwide average	1.1

Researching the Impact of Fairtrade Seed Cotton

In 2012, the Fairtrade Foundation published a new study of Fairtrade cotton impacts. The research was conducted by the Natural Resources Institute (NRI) and the Institute of Development Studies (IDS) over 2009–10, covering four countries—Senegal, Cameroon, Mali, and India. The study was the first attempt to understand how Fairtrade seed cotton was making a difference to extremely poor cotton farmers in West Africa and India.

The study provided clear evidence that Fairtrade can make a real, practical difference for cotton farmers. The study found that the Fairtrade Minimum Price for cotton was significantly higher than the national base price in all three West African countries (up to 49 percent higher in Senegal and Cameroon and up to 78 percent higher in Mali). Although the same effect was not visible in India on account of high market prices for cotton, farmers did appreciate Fairtrade's role in ensuring timely and regular above-market prices paid to them by the Promoting Body. The study also noted that Fairtrade price incentives and technical assistance brought improvements in the quality of cotton produced by farmers in all four countries, enabling them to sell their cotton for a higher price.

Despite these gains, the study clearly revealed how decreases in the retail market for products containing Fairtrade seed cotton after 2008 resulted in delayed price and Fairtrade Premium payments to farmers, and a subsequent reduction in household incomes.

The study highlighted how a requirement in the Fairtrade Standards for seed cotton stipulating that women farmers should be paid directly (rather than through their husbands or other male family members) had encouraged more women in West and Central Africa to cultivate cotton. They considered that this had given them more influence over their household resources. Fairtrade has also led to increased membership of women in West and Central African cotton producer organizations—in 2008–09, 37 percent of Fairtrade cotton farmers in Senegal and 31 percent in Mali were women.

On the organizational front, the study concluded that in India, Fairtrade had played an instrumental role in formally organizing poor cotton farmers for the first time. This opportunity to work together, share information, and jointly address issues has been greatly valued by all farmers, but especially by women. Fairtrade had also contributed to improvements in making cotton cooperatives more transparent, democratic and better managed.

The Fairtrade Premium income had been used to support a range of priority community projects in each country (including water wells and primary healthcare services in Senegal; food and water security in Mali; and supporting children's education in India). Fairtrade Standards (complementary to organic standards) had resulted in more environmentally-friendly production of cotton. Farmers also felt that

The study highlighted how a requirement in the Fairtrade Standards for seed cotton that women farmers should be paid directly (rather than through their husbands or other male family members) had encouraged more women in West and Central Africa to cultivate cotton. They considered that this had given them more influence over their household resources.

Fairtrade had made a positive contribution to community solidarity, with 90 percent of interviewed farmers in Senegal saying that reinforced solidarity between and within villages was a unique contribution of Fairtrade. However, the study acknowledges that a lot more remains to be done to make cooperatives and farmers' organizations independent of national marketing and exporting boards (in West Africa) or the contract production promoting organizations (in India).

In summary, the study was the first attempt to understand the farmer and organizational-level impacts of Fairtrade's work in the cotton sector. While some benefits have emerged, it is clear that to sustain and increase these, the market for Fairtrade seed cotton needs to grow, which in turn requires significant changes and improvements in the Fairtrade supply chain model for seed cotton. The new Fairtrade cotton model—planned to be rolled out in 2013—aims to address the key challenges, and to generate new growth in the sector.

To read the full research report, go to:

http://www.fairtrade.org.uk/resources/reports_and_briefing_papers.aspx



08.

FOCUS ON
FAIRTRADE REGIONS

8.1 Fairtrade in Africa and the Middle East 2011

- At the end of 2011 there were 316 Fairtrade certified producer organizations in 30 countries in Africa and the Middle East.
- Of these, 217 were small producer organizations and 99 were hired labour organizations. The number of certified hired labour organizations in Africa and the Middle East declined during 2011. Several hired labour organizations in South Africa chose to stop their Fairtrade certification during 2010 and 2011 because of uncertain market conditions for Fairtrade fresh fruit.
- Reported Fairtrade Premium revenues to producers in Africa and the Middle East totalled €13 million in 2010–11. This was a decrease of €0.8 million on the levels reported for 2009–10. However, because of difficulties caused by the political crisis in Côte d'Ivoire, the data set significantly under-reported the cocoa sales and Fairtrade Premium revenues from Côte d'Ivoire. If the full Fairtrade Premium received by producers in Côte d'Ivoire were reflected here, the reported Fairtrade Premium for Africa and the Middle East would be above the 2009–10 levels.
- Over 50 percent of reported Fairtrade Premium revenues to Africa and the Middle East flowed to Kenya and Ghana, reflecting the importance of West African cocoa within Fairtrade sales globally, and the importance of Kenya in sales of several products from both small farmer and hired labour organizations. Products from Tanzania, Uganda, Malawi, Côte d'Ivoire, and Ethiopia continue to grow in importance for Fairtrade in Africa.
- More than 40 percent of all Fairtrade hired labour workers are based in Africa, and more than 40 percent of hired labour organization Fairtrade Premium revenues are received by African producer organizations. This reflects the importance of African hired labour organizations in Fairtrade flowers, wine grapes, and tea in particular.
- African farmers and workers account for nearly 60 percent of the global total of Fairtrade farmers and workers.
- Twenty-one percent of global Fairtrade Premium revenues flowed to African producers in 2010–11. This was a relative decline on 2009–10 levels, the result both of some under-reporting of the situation in Africa, combined with strong growth in other regions.
- Since the African hired labour sector captures a large proportion of these benefits, the average per capita benefits for Fairtrade small producer organization members are lower than for other regions. However, a better understanding of the meaning of Fairtrade benefits in any given region can only be given by expressing amounts in terms of local purchasing power. This would likely reduce the apparent global inequalities in the flow of Fairtrade benefits.
- In Northern Africa and the Middle East, widespread political unrest and insecurity during 2011 presented challenges for Fairtrade producer organizations and personnel.
- Despite the political uncertainty, the first producer organization in Lebanon achieved Fairtrade certification in 2011.
- The African producer network Fairtrade Africa continued its work to strengthen relationships and networking between African producers, including the creation of the North African Network which held its inaugural meeting during 2011, and elected a Moroccan woman as its first president.

TABLE 8.1

Fairtrade in Africa and the Middle East 2011

	Number of members and workers in Fairtrade producer organizations 2011	Fairtrade Premium receipts 2010–11 (€ millions)
Small Producer Organizations	663,000	7.5
Hired Labour Organizations	69,200	5.5
Africa and the Middle East Total	732,200	13.0
Percentage of global total Small Producer Organizations	62%	15%
Percentage of global total Hired Labour Organizations	41%	43%
Percentage of global total overall	59%	21%

Fairtrade in Africa and the Middle East: Top ten countries Fairtrade farmers and workers 2011	Total members and workers	Africa and the Middle East Fairtrade members and workers
Kenya	173,800	24%
Tanzania	169,100	23%
Ethiopia	106,900	15%
Ghana	78,300	11%
Uganda	32,600	4%
Congo, Democratic Republic of	26,200	4%
Malawi	22,200	3%
Côte d'Ivoire	20,800	3%
Rwanda	20,200	3%
Burkina Faso	14,900	2%

Fairtrade in Africa and the Middle East: Top ten Fairtrade Premium receiving countries 2010–11	Total Fairtrade Premium revenues (€)	Percentage of total Africa and the Middle East Fairtrade Premium revenues
Kenya	4,278,200	33%
Ghana	2,542,800	20%
Tanzania	1,700,200	13%
Ethiopia	909,800	7%
Malawi	885,700	7%
South Africa	631,400	5%
Côte d'Ivoire	429,900	3%
Rwanda	297,100	2%
Zambia	210,600	2%
Uganda	168,000	1%

FIGURE 8.1

Fairtrade in Africa and the Middle East: Fairtrade Premium distribution by product 2010-11

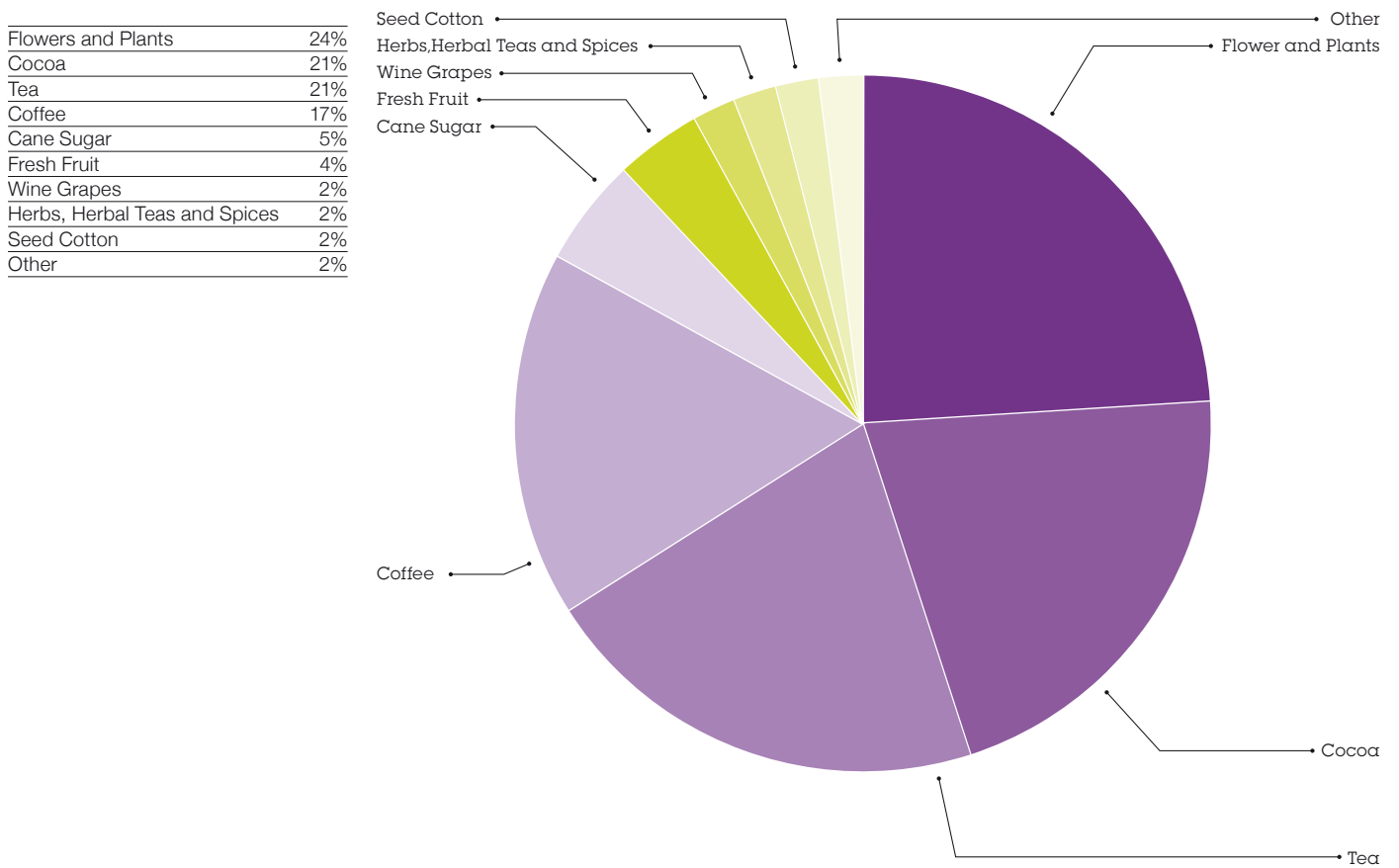


FIGURE 8.2

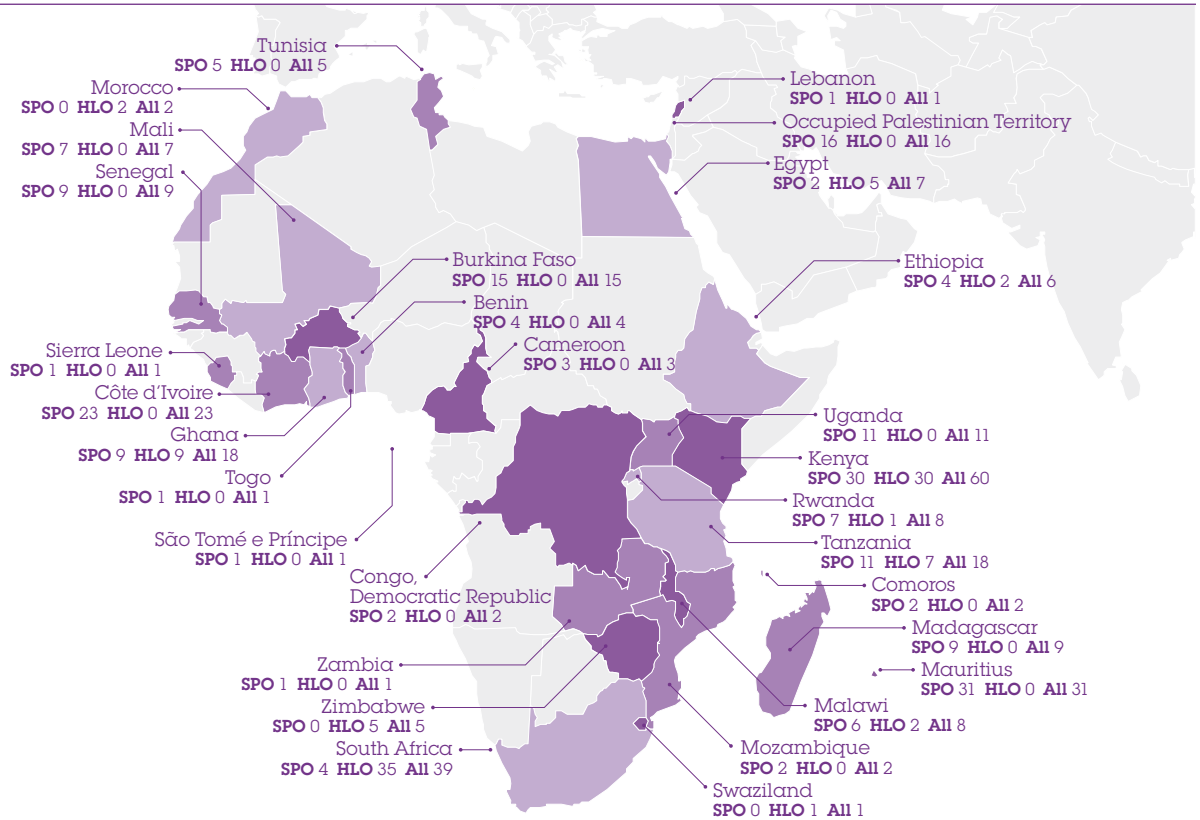
Fairtrade in Africa and the Middle East: Producer organizations 2009-2011

Hired Labour Organizations
Small Producer Organizations
All



FIGURE 8.3

Fairtrade in Africa and in the Middle East: Producer organizations by country 2011



SPO Small Producer Organization
HLO Hired Labour Organization

Total
SPO 217 HLO 99 All 316

PRODUCER REPORT

Fairtrade farmers sharing on Fairtrade impacts in Africa

Whether it's fair tourism in Tanzania, efficient irrigation in Tunisia, or educational radio broadcasts in Senegal, farmers and workers all over Africa are using the Fairtrade Premium and other support to invest in their communities and businesses. Fairtrade Africa, the producer network representing African farmers and workers, regularly publishes case studies chronicling the efforts there.



READ FULL STORY HERE <http://bit.ly/oHfh76>

Researching Fairtrade impacts in Malawi: Initial findings from a multi-year study

In 2009, the Fairtrade Foundation initiated a longitudinal study of Fairtrade impacts in Malawi. The study covered five Fairtrade certified organizations growing tea, sugar, and groundnuts for export to the UK and other markets. This research aimed to understand the impact that Fairtrade certification has had on producers, their organizations, and the wider community, as well as the impact on the local economy and how Fairtrade can more effectively support producers to achieve their goals in the future. The first phase of this project was carried out as an independent impact assessment by Natural Resources Institute, University of Greenwich in 2009–10. A synthesis report—*Taking Root: Fairtrade in Malawi*—which outlines the findings from the initial research phase, was published in 2011.

The research confirms that there are tangible, significant, and sometimes considerable economic, social, technical, and organizational development benefits to smallholder families and estate workers arising from Fairtrade certification. Participation, democracy, and empowerment have also been enhanced through the application of Fairtrade Standards and the technical and organizational support given to the smallholder and worker organizations.

In tea, an assessment of two small producer organizations and one hired labour organization indicates that Fairtrade has contributed to considerable organizational change (structural and procedural), leading to greater democracy, transparency, and accountability and giving greater voice to smallholder tea producers and tea estate workers within their organizations. Fairtrade certification has led to access to markets that was previously unavailable, while capacity development efforts have started the empowerment process for office-holders, especially in the two small producer cooperatives. The improvement in conditions and a stronger voice for tea estate workers has resulted in improved workforce motivation, increased demand for work and increased gender equality in the one hired labour organization studied. Significant Fairtrade Premium funds have been invested in productivity-enhancing activities such as the creation of tree nurseries, improved green leaf weighing and storage facilities, and community projects in the health and education sectors that are highly valued by the local community, especially women.

For sugar, in-kind support to farmer households funded by the Fairtrade Premium income had helped farmers diversify into small businesses in addition to growing cane sugar. It also contributed to more effective maintenance of cane fields, and community development and environmental projects benefitting members and non-members alike (these include clean water pipes, boreholes, clinic extensions, medication, and village electricity supply). In particular, the contribution of the Fairtrade Premium in supporting food security efforts was invaluable to many households who face 3 months of food scarcity every year.

For groundnuts, Fairtrade is making a unique contribution to building and strengthening a supply chain for exporting groundnuts to European markets. Fairtrade certification had enabled the small producers association to build its capacity through

The improvement in conditions and a stronger voice for tea estate workers has resulted in improved workforce motivation, increased demand for work and increased gender equality in the one hired labour organization studied. Significant Fairtrade Premium funds have been invested in productivity-enhancing activities such as the creation of tree nurseries, improved green leaf weighing and storage facilities, and community projects in the health and education sectors that are highly valued by the local community, especially women.

investing Fairtrade Premium income in equipment for sorting and shelling nuts, and warehouses to store and dry harvested groundnuts. Fairtrade Premium funds were also invested in the construction of district hospital buildings. Groundnut farmers in the region are some of the poorest in Malawi, and the study recognized Fairtrade's potential to build a sustainable route to access markets in the UK and other European countries.

The authors concluded that Fairtrade has the potential for far-ranging positive impact in Malawi, with real potential to reach out to more farmers and workers. There is also a clear message that positive impacts from Fairtrade will last over time only if benefits are equitably distributed among participating households and organizations. The research recommends several steps toward deepening the impact of Fairtrade in Malawi and these will form a key pillar of our future work.

The Phase 1 assessment identified a range of simple and measurable indicators that will be used over time to monitor the progress of these organizations and the economic, social, environmental and organizational impacts of Fairtrade. A second phase of research was conducted in May-June 2012, and the second research report is expected to be published by the end of 2012.

To read the full research report, go to:

http://www.fairtrade.org.uk/resources/reports_and_briefing_papers.aspx

8.2 Fairtrade in Asia and Oceania 2011

- At the end of 2011, there were 137 Fairtrade certified producer organizations in 13 countries in Asia and Oceania.
- Of these, 68 were small producer organizations, 24 were contract production organizations, and 45 were hired labour organizations.
- Workers in hired labour organizations in Asia and Oceania account for more than 50 percent of all workers within the Fairtrade system worldwide. Yet only 15 percent of the total global Fairtrade Premium flows to Asian hired labour organizations. This reflects the ongoing challenges for South Asian tea estates and sports ball producers to sell a significant percentage of their output as Fairtrade.
- Workers and farmers in Asia and Oceania represent 17 percent of all Fairtrade workers and farmers worldwide, and 11 percent of all Fairtrade Premium revenues were received by producer organizations in Asia and Oceania during 2010–11.
- The reported Fairtrade Premium revenues to producers in Asia and Oceania totalled €6.7 million in 2010–11, almost doubling the levels reported for 2009–10.
- Around 75 percent of Fairtrade Premium revenues to Asia and Oceania were received by producers in India, Fiji, and Indonesia, reflecting the importance of Indian tea and seed cotton, Indonesian coffee, and the rapid growth in importance of sugar from Fiji. Sugar producers in Fiji joined the Fairtrade system in 2010, and are already among the largest Fairtrade Premium recipients in Asia and Oceania. Compared with the data for 2009–10, a much larger proportion of the Fairtrade Premium went to coffee and sugar producers in Asia and Oceania in 2010–11.
- During 2011 the first Fairtrade producer organization in Uzbekistan gained Fairtrade certification for almonds and cherries. With support from UNDP and Helvetas, representatives from producer organizations, traders, and NGOs from across Central Asia received training on all aspects of Fairtrade in the first Central Asia Fairtrade Conference in Bishkek in November 2011. Looking forward, we expect to see new producer organizations joining the Fairtrade system from across Central Asia, where poverty levels are high and market access is challenging.

TABLE 8.2

Fairtrade in Asia and Oceania 2011

	Number of farmers and workers in Fairtrade producer organizations 2011	Fairtrade Premium receipts 2010-11 (€ millions)
Contract Production	39,000	1.1
Small Producer Organizations	83,000	3.8
Hired Labour Organizations	88,000	1.8
Asia and Oceania Total	210,000	6.7
Percentage of global total Small Producer Organizations and Contract Production	11%	10%
Percentage of global total Hired Labour Organizations	52%	15%
Percentage of global total overall	17%	11%

Fairtrade in Asia and Oceania: Top five countries Fairtrade farmers and workers 2011	Total farmers and workers	Percentage of total Asia and Oceania Fairtrade farmers and workers
India	121,400	58%
Sri Lanka	26,000	12%
Indonesia	23,300	11%
Pakistan	13,200	6%
Thailand	6,000	3%

Fairtrade in Asia and Oceania: Top five Fairtrade Premium receiving countries or regions 2010-11	Total Fairtrade Premium revenues (€)	Percentage of total Asia and Oceania Fairtrade Premium revenues
India	2,726,900	41%
Melanesia (Fiji and Papua New Guinea)	1,800,900	27%
Indonesia	1,165,400	7%
Sri Lanka	371,100	5%
China	268,500	5%

FIGURE 8.4

Fairtrade in Asia and Oceania: Fairtrade Premium distribution by product 2010-11

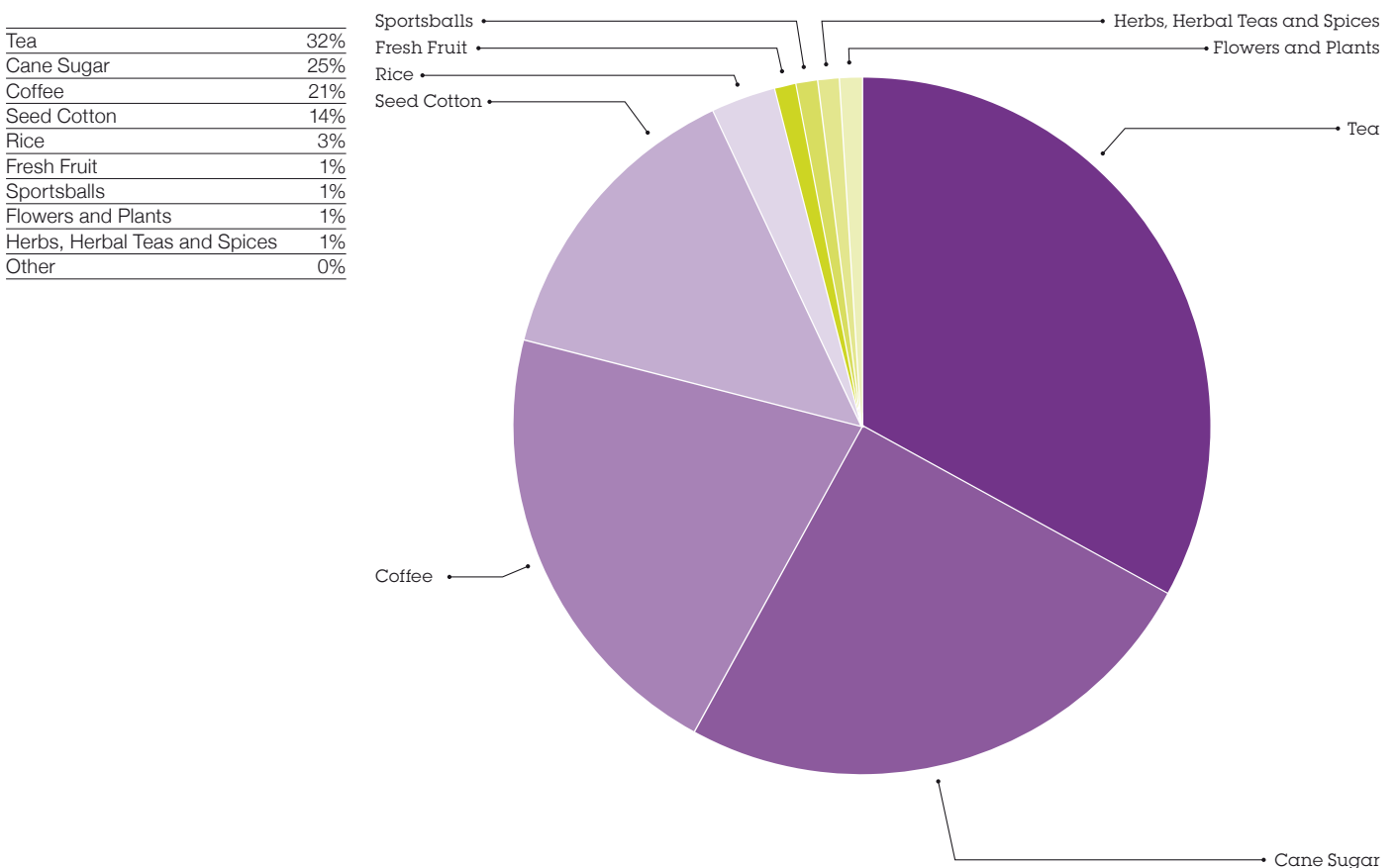


FIGURE 8.5

Fairtrade in Asia and Oceania: Producer organizations 2009–2011

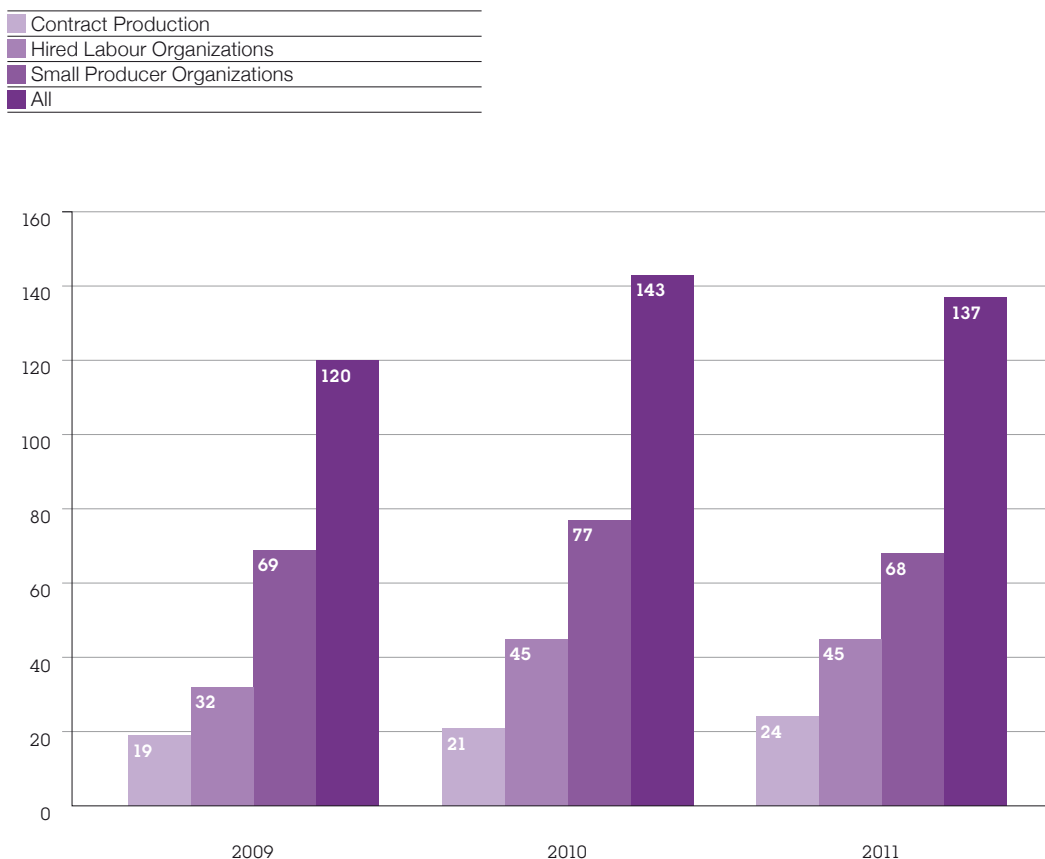
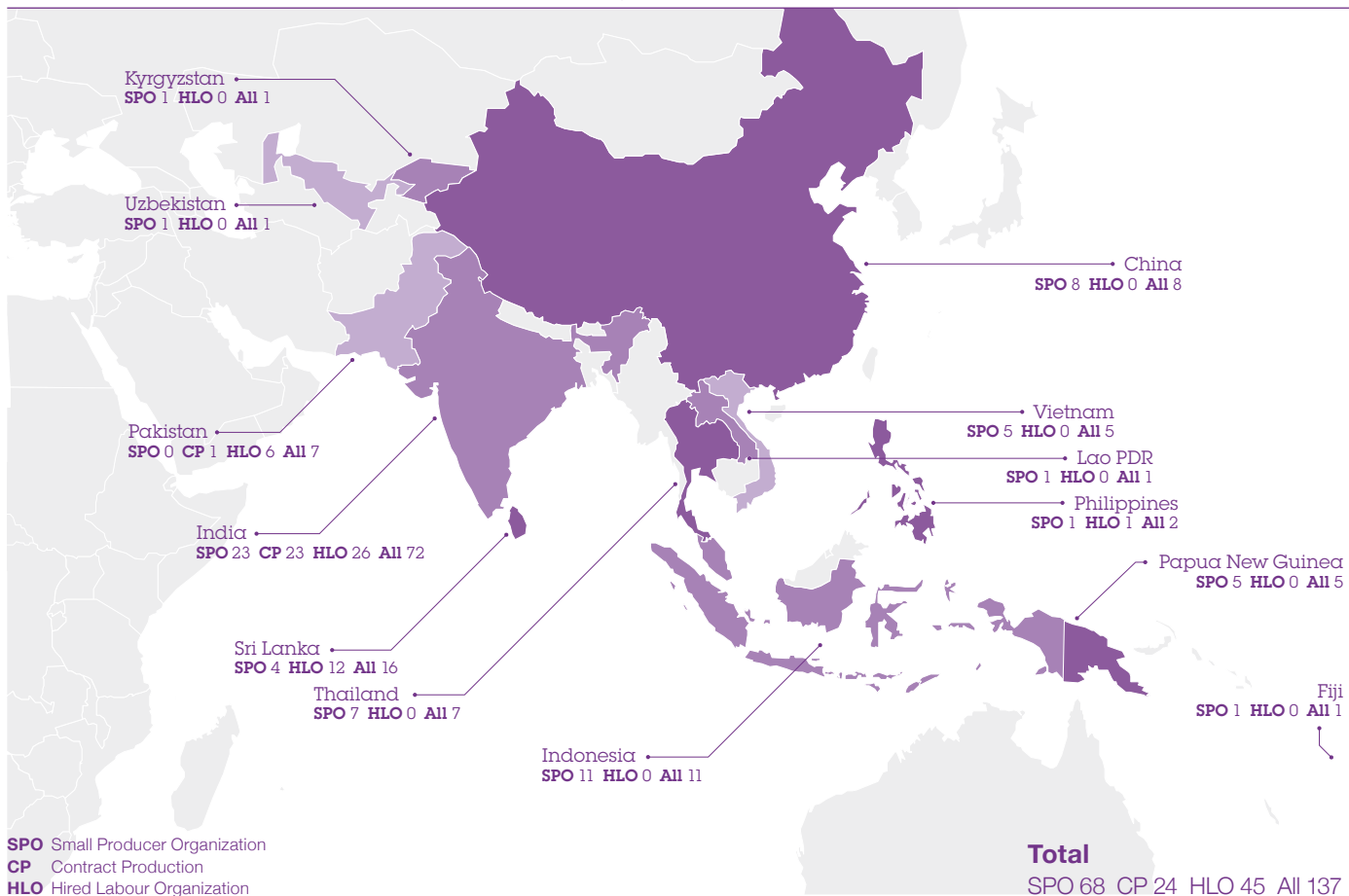


FIGURE 8.6

Fairtrade in Asia and Oceania: Producer organizations by country 2011



PRODUCER REPORT

Improving Fairtrade coffee impacts in Asia and Oceania

For farmers and workers, being able to identify the qualities and shortcomings of their coffee is key to improving overall quality and ensuring long-lasting relationships with interested traders.

Over 70 participants including farmers, cooperative managers, and traders gathered at the Fairtrade Asia Coffee Pacific Forum to learn about strategies for improving quality, dealing with the effects of climate change, and managing risk in a volatile market.



READ FULL STORY HERE <http://bit.ly/RA9mhi>

8.3 Fairtrade in Latin America and the Caribbean 2010–11

- At the end of 2011 there were 538 Fairtrade certified producer organizations in 23 countries in Latin America and the Caribbean.
- Of these, 469 were small producer organizations and 69 were hired labour organizations.
- Reported Fairtrade sales revenues to producers in Latin America and the Caribbean totalled over €478 million in 2010–11. Strong growth in revenues was the result of record price levels for coffee.
- Reported Fairtrade Premium revenues to producers in Latin America and the Caribbean totalled over €41 million in 2010–11.
- Over 70 percent of all Fairtrade Premium revenues were due to sales of coffee and bananas. Cane sugar and cocoa were the next largest products in terms of Fairtrade Premium revenue.
- Latin American and Caribbean small-scale farmers and workers represent 24 percent of the Fairtrade farmers and workers worldwide.
- The success of Latin American and Caribbean producer organizations in the markets for Fairtrade coffee, bananas, sugar, and fine-flavour cocoa means that they receive nearly 70 percent of all Fairtrade Premium flows worldwide.
- During 2011, Fairtrade producer organizations across Latin America and the Caribbean struggled with the impacts of climate change. Guatemalan Fairtrade honey producers reported reductions in productivity of up to 40 percent during 2011, while producers in the Andes also faced decreases in productivity in coffee and cocoa, due to climatic conditions. Fairtrade is working with producer organizations across the world to support them in responding to climate risks.

TABLE 8.3

Fairtrade in Latin America and the Caribbean 2011

	Number of members and workers in Fairtrade producer organizations 2011	Fairtrade Premium receipts 2010–11 (€ millions)
Small Producer Organizations	285,400	36.1
Hired Labour Organizations	11,400	5.3
Latin America and Caribbean Total	296,800	41.4
Percentage of global total Small Producer Organizations	27%	75%
Percentage of global total Hired Labour Organizations	7%	42%
Percentage of global total overall	24%	68%

Fairtrade in Latin America and the Caribbean: Top ten countries Fairtrade farmers and workers 2011	Total farmers and workers	Percentage of total Latin America and Caribbean Fairtrade farmers and workers
Colombia	55,900	19%
Peru	52,600	18%
Nicaragua	34,400	12%
Mexico	29,600	10%
Costa Rica	23,500	8%
Dominican Republic	19,700	7%
Haiti	15,700	5%
Guatemala	12,200	4%
Brazil	9,600	3%
Ecuador	8,400	3%

Fairtrade in Latin America and the Caribbean: Top ten Fairtrade Premium receiving countries 2010–11	Total Fairtrade Premium revenues (€)	Percentage of total Latin America and Caribbean Fairtrade Premium revenues
Peru	8,196,700	20%
Dominican Republic	6,261,000	15%
Colombia	5,919,400	14%
Belize	3,171,000	8%
Ecuador	2,681,300	6%
Honduras	2,450,500	6%
Mexico	2,025,600	5%
Windward Islands	1,910,600	5%
Brazil	1,811,600	4%
Nicaragua	1,647,300	4%

FIGURE 8.7

Fairtrade in Latin America and the Caribbean: Fairtrade Premium distribution by product 2010-11

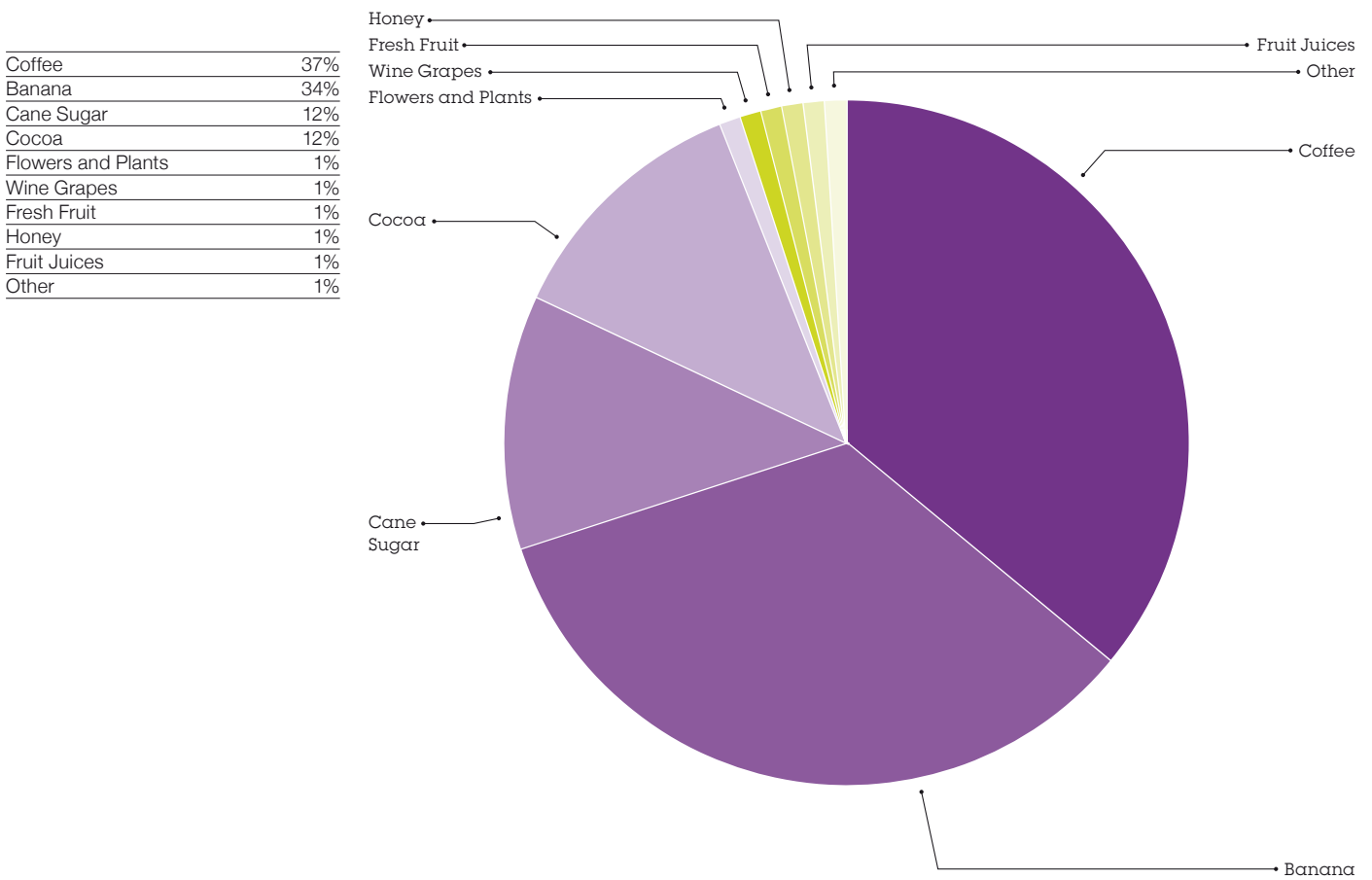


FIGURE 8.8

Fairtrade in Latin America and the Caribbean: Producer organizations 2009-2011

Organization Type
Hired Labour Organizations
Small Producer Organizations
All

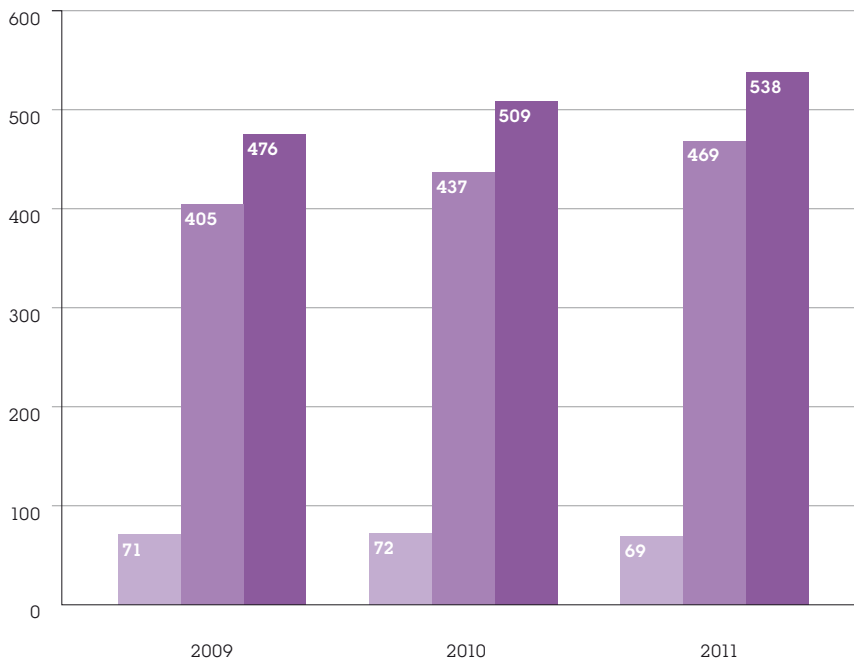
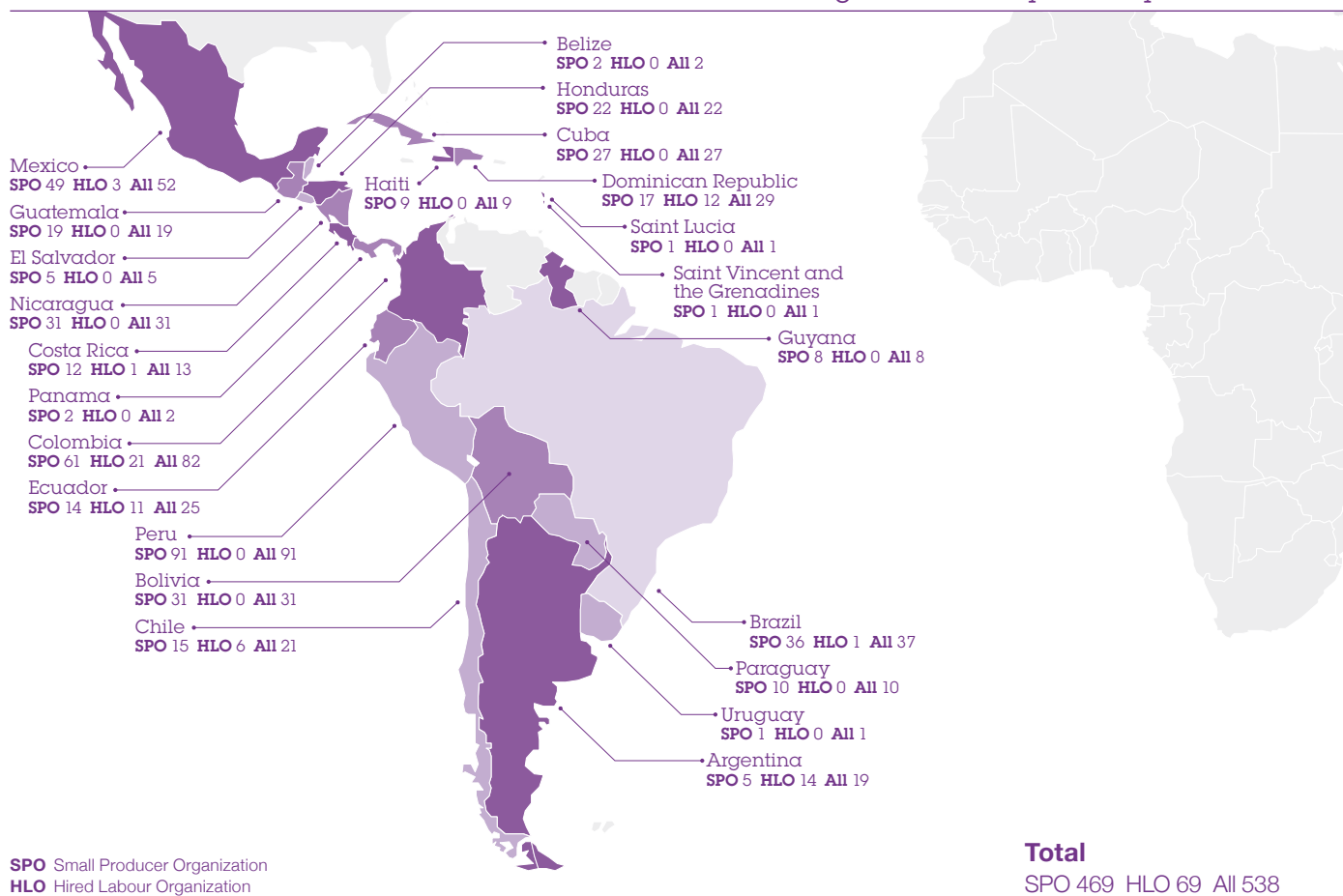


FIGURE 8.9

Fairtrade in Latin America and the Caribbean: Producer organizations by country 2011



PRODUCER REPORT

Fairtrade Access Fund to provide long-term loans to smallholder farmers in Latin America

With the announcement of the Fairtrade Access Fund—a social investment fund managed by Incofin Investment Management, Fairtrade International, and the Grameen Foundation—smallholder farmer organizations in Latin America will now have access to long-term loans. According to a survey conducted in 2010, farmers in Latin America alone cited a need for \$500 million to cover their financing needs—more than half of this for long-term loans. The Fairtrade Access Fund is projected to grow to \$25 million over two years.

READ FULL STORY HERE <http://bit.ly/VLp34b>







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