The Benefits of Fairtrade

A Monitoring and Evaluation Report of Fairtrade Certified Producer Organisations for 2007

Fairtrade Labelling Organizations International (FLO)

The mission of Fairtrade Labelling Organizations International (FLO) is to connect producers and consumers, promote fairer trading conditions and empower disadvantaged producers to combat poverty, strengthen their position and take more control over their lives.

As the volume and value of Fairtrade sales grows across the world there is an increasing need to measure and demonstrate the impact of Fairtrade on farmers and workers, their families as well as the wider community. It is crucial for the Fairtrade system to know to what extent these objectives are being achieved.

To gain a better understanding of how Fairtrade benefits people, FLO is designing a comprehensive system for monitoring and evaluating impact. This report comprises information gathered by taking stock of existing information for 2007 on Fairtrade certified producer organizations during that time period. FLO will establish the new system over three stages, with the ultimate aim of having a responsive system that tracks and provides timely analysis of Fairtrade impact. This report marks the conclusion of stage one (out of three stages). It is designed for people working within the Fairtrade system around the world.

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Executive summary

Introduction

The missioin of Fairtrade is to connect producers and consumers, promote fairer trading conditions and empower disadvantaged producers to combat poverty, strengthen their position and take more control over their lives.

This report allows FLO, for the first time, to present a more complete picture of the certified farmers, workers and organizations and how they may benefit from Fairtrade. Ultimately FLO wants to know if Fairtrade is making a significant difference to producers.

This report is a historical picture, for 2007, of specific indicators for Fairtrade producer organizations. In 2010 FLO will publish the next monitoring and evaluation report which will collate data from 2008.

Building a Comprehensive Monitoring and Evaluation System

FLO is designing a system for monitoring and evaluating the performance of the Fairtrade system. As a first step, FLO has identified ten key indicators (see page 8) and has collected the appropriate data from the latest audit reports of all FLO certified producer organizations. The Monitoring and Evaluation system (M&E) looks at Fairtrade's direct benefits and outcomes, including: number of producers benefitting from Fairtrade, production volumes, Fairtrade Premium income and use.

The data collected so far forms an important basis for further research on the impact of Fairtrade. Meanwhile, the set of performance indicators identified will gradually increase as FLO makes the M&E system more comprehensive.

About the Data

FLO analysed the audit reports of March and April 2009, while the audits themselves were carried out between 2007 and early 2009. Most of the data collected for this report refers to an approximate period of 12 months around 2007.

The results presented in this document are based on audit reports from 553 certified producer organizations1. Of these: 418 were Small Producer Organizations, and 135 were Hired Labour Organizations.

[1] In other communication documents from FLO (e.g. the annual report 2008) you might read that in December 2008 there were 746 producer organizations certified and not 553. This discrepancy arises as the reference period for the annual report and this M&E paper is different: a large number of producers that were audited in 2007 and 2008 were applicants at the time of audit

Moving Forward

As FLO continues to collect M&E data it will be able to monitor certain trends in Fairtrade's performance. This vital information can inform FLO and the Fairtrade system's strategic decision-making related to areas such as product management, price and premium setting, producer assistance and communication.

A Word of Caution

Although FLO has vigorously checked the following data, it should be noted that the reported findings may still contain some small flaws or errors. This report provides the Fairtrade system with vital baseline information for future impact studies. As FLO collects more quantitative and qualitative data, the organization will be able to make more accurate observations and provide better prognoses of Fairtrade's performances.

and then certified by December 2008. In other words, the 746 figure includes those applicants that have been certified by December 2008, while they are not included in this M&E report.

Key Findings

Producer Organizations, Members and Workers

Of the 418 Fairtrade Certified Small Producer Organizations, the vast majority were located in Latin America (more than 70%). In the Hired Labour category, producer organizations were spread more equally over three continents.

Although the number of producer organizations in Eastern Africa was lower than in Central or South America, the number of individual farmers in Eastern Africa belonging to a small producer organization was higher than all the other regions together. 51% of almost 700,000 small farmers were located in Eastern Africa. The number of people employed by Fairtrade certified plantations in Eastern Africa was much higher than in any other region, with 48% of the 97,000 workers in the system living in Eastern Africa.

Coffee: Number One Product

The majority of Fairtrade producers were involved in the production of coffee. In terms of estimated Fairtrade sales revenues,2 coffee proved more significant than all other products combined. More than 50% of the small producer organizations in the system were certified against the coffee standard, with over 400,000 farmers producing coffee.
On average, coffee producers in South America owned larger plots of land than their colleagues in Eastern Africa.

Even though more Fairtrade coffee farmers live in Eastern Africa, their total production volumes were lower than farmers in South America. Meanwhile, average yield in the two regions were similar.

Women in Fairtrade

In the Hired Labour category, 41% of workers were women, and 59% men.
While information on the gender make-up of small producer organizations was incomplete, based on 60% of the reports, FLO ascertained that women represented about one quarter of total membership.

[2] This indicator is not in this report; but can be seen in the FLO Annual Report 2007-2008

Fairtrade Premium: Used for Community

Fairtrade certified producers benefit from a Fairtrade Premium, in addition to the product price. Members or workers decide, collectively, how they want to spend the Fairtrade Premium. In 2007 workers of plantations and members of Small Producer Organizations benefited from a total of 32 million euros n Premium.

Banana producers earned a higher Fairtrade Premium than producers of other products. This was due to successful Fairtrade sales coupled with high Fairtrade Premium levels.
In total, workers on Fairtrade certified plantations earned 7.3 million euros in Fairtrade Premium money. Of that, people working on banana plantations benefited from 2.3 million euros.

Small producer organizations were able to invest 24.5 million euros as a result of their Fairtrade Premium income in the following ways. 50% in strengthening their business and production. 24% to support local community projects. 26% on health, education or environmental issues. Workers on Fairtrade certified plantations decided to use most of their Premium on supporting their communities. They also used a significant amount of premium money (20%) for educational purposes and to improve local career opportunities (24%).

Future Expectations

As part of this report, FLO was able to ascertain by how much the number of producer organizations grew between 2007 and December 2008. The number of Small Producer Organizations increased by 29% (540 instead of 418) and the number of Hired Labour Organizations by 52% (206 instead of 135) in this time period. Based on this it is possible to estimate the increase in the number of members and workers:

Small Producer Organizations: 692,065 (latest audit reports) * 29% (growth by December 2008) = approximately 893,000.
Hired Labour Organizations: 97338 (latest audit reports) * 52% (growth by December 2008) = 148,000

In conclusion, the total number of members and workers in December 2008 probably exceeded one million (approximately 1,041,000). **If this trend holds, the number of members and workers within the system is likely to reach 1.4 million by December 2009 (approximately 1,377,000).**

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Introduction

The Need for a Monitoring and Evaluation System

The objective of Fairtrade is to assist producers who are disadvantaged by conventional trade to combat poverty, strengthen their position and take more control over their lives.
As the volume and value of Fairtrade sales grows across the world there is an increasing need to measure and demonstrate the impact of Fairtrade on farmers and workers, their families as well as the wider community. It is crucial for the Fairtrade system to know to what extent these objectives are being achieved.

FLO has responded to this demand by implementing two different methodologies for measuring the impact of Fairtrade:

- A Monitoring and Evaluation system,
- A case study approach for assessing the long-term impact of Fairtrade.

Max Havelaar France has published an impact report for 2009[3] and FLO will lead a report for 2010. These reports present results of case studies either commissioned by FLO or external parties (e.g. universities).

While case studies focus on a small number of producers, the M&E system provides quantitative data from all producer organizations.

Meeting the Need

The challenges to successfully implementing an M&E system are considerable. Therefore FLO has initiated a series of pilot projects and consultations (between 2006 and 2008) with a view to identifying indicators and assess how to roll out a new system. As a result, FLO decided to implement the new system in three stages:

Stage one: identify key indicators and collect data from the latest audit reports (this report)

Stage two: develop a new template for collecting the data, so that the information can be processed automatically into a database (start implementation in September 2009, analize results in spring 2010)

Stage three: develop a comprehensive M&E system. This would include key indicators plus an additional set of indicators for measuring Fairtrade's performance against all its social, economic and environmental goals and objectives. Ultimately, it is intended that the data will be largely collected through self-monitoring of producer organizations. It is proposed that research

[3] http://www.maxhavelaarfrance.org/IMG/pdf/Bilanimpact.pdf

start in the second half of 2009, with implementation in second half 2010,and reporting of results in spring 2011.

Stage One Completed

FLO has now completed stage one and the results are presented in this report. FLO derived the data for this report from the latest audits (until March 2009). This report focuses on producers who held a Fairtrade certificate at the time of audit. FLO has not included data on applicants in this report as they had not benefited from Fairtrade sales yet, and therefore had not received Fairtrade Premiums or Fairtrade prices.

Most reports used in this study are from 2008 (approximately 70%), some are from 2007 (25%) and a small number are from 2009 (5%). As the reference periods (e.g. Fairtrade sales that took place from January 2007 to December 2007) differ between producer organizations and because they were not always clearly marked in the audit reports it has not been possible to include this kind of information along with the findings presented in this paper. However, as the majority of the audit reports are from 2008, it can be assumed that **most of the collected data refers to the calendar year 2007**.

Fairtrade Key Performance Indicators

The long-term aim of FLO's Monitoring and Evaluation system is to measure Fairtrade success in achieving its stated objectives. FLO designed stage one to respond to the most commonly asked questions from the general public. Most of these questions focus on issues such as: how much premium did producers receive last year; how did they spend the premium; how important are Fairtrade sales for producers. Therefore, the indicators FLO selected have a relatively strong economic character.

As FLO obtained the data from existing audit reports, the organization adjusted the indicators to the type of information that was already available. Because of the nature of the audits – designed to measure compliance – the reports provide mostly quantitative data on economic issues (e.g. production and premium use) and mostly qualitative data on social issues. Stage one of the M&E system focuses entirely on quantitative data.

When implementing the next two stages of the M&E system, FLO will go beyond the economic dimension and also collect data about Fairtrade's social and environmental objectives and achievements.

The following key indicators were used in stage one:

1. Number of Fairtrade Certified Producer Organizations
    A. By geographic region
    B. By product

2. Number of 1st level, 2nd level and 3rd level Fairtrade Certified Small Producer Organizations
    A. By geographic region
    B. By product

3. Number of Members and Number of Workers of Fairtrade Certified Producer Organizations
    A. By geographic region
    B. By product

4. Total Number of Male and Female Members and Workers of Fairtrade Certified Producer Organizations
    A. By Small Producer
    B. By Hired Labour

5. Total Area of Cultivation of Small Producer Organizations that hold a Fairtrade Certificate
    A. By geographic region
    B. By product

6. Average farm size of Fairtrade certified Small Producer Organizations
    A. By product

7. Production Capacity of Fairtrade Certified Producer Organizations
    A. By product

8. Average yield per hectare of Small Producer Organizations that hold a Fairtrade certificate
    A. By product

9. Total Fairtrade Premium received by Fairtrade certified producer organizations
    A. By product

10. Total Fairtrade Premium spent per premium category of Fairtrade certified producer organizations
    A. By Small Producer
    B. By Hired Labour

How Data was Collected

After FLO identified the indicators, FLO-CERT collected the relevant data from all the audit reports. A manual and template were designed to ensure that the data was collected and processed accurately and consistently. The information was then stored in ordinary excel worksheets, using pivot tables for the analysis of the data.

Limitations

There are some limitations in the project design of stage one, which are important to explain before looking at the results presented in the next chapter. FLO has not collected M&E data from audit reports before and thus it is not possible to compare this year's results with findings from previous years. If FLO had access to information from the past, the organization would have been able to identify errors more easily. Now that FLO has baseline information, it will help the organization to design and manage future data collection and analysis approaches.

Limitations in capacities and the need to complete stage one of the M&E system in a relatively short time span meant that FLO had to keep the list of indicators short. As explained earlier, the focus of stage one was on economic rather than social and environmental indicators. The information presented in this paper allows FLO to say something about who Fairtrade producers are and how relevant Fairtrade has been in economic terms. Ultimately FLO wants to know if living and working conditions of Fairtrade

producers is improving. This requires a more comprehensive M&E system using indicators to measure the medium to long-term impact of Fairtrade.

This study has a relatively strong focus on coffee, because the data is more reliable (the population - number of data entries - is much larger than for any other product) and because the information about coffee concerns the majority of producers. As the number of certified cocoa, tea and bananas producers continues to grow, it should be possible to provide more detailed information about these products in next year's report.

Occasionally, results are only presented for Small Producer Organizations. The reason for this is that the data for Hired Labour Organizations was either less reliable or for the purpose of this study considered to be less relevant (e.g. area of cultivation).

Any other limitations concerning indicators are explained in the next section on results.

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Results

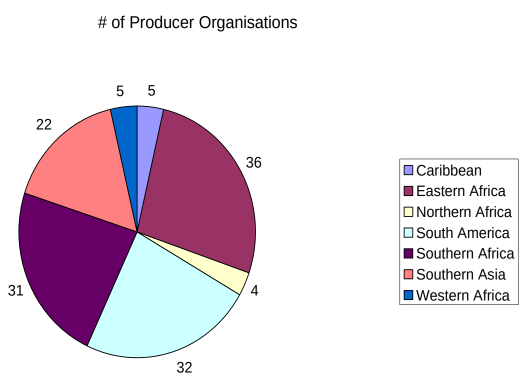
1. Number of Fairtrade Certified Producer Organizations

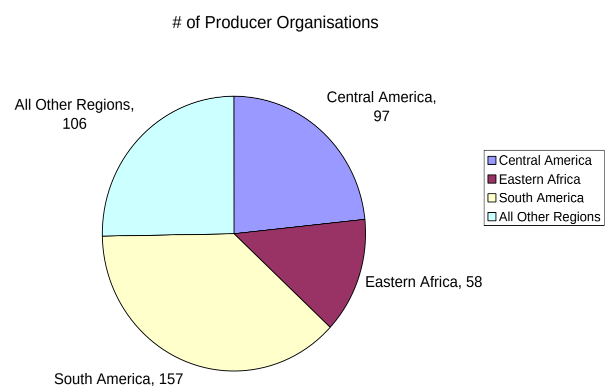
According to the latest audit reports (data refers roughly to 2007), 553 different producer organizations (418 Small Producer Organizations, including Contract Production and 135 Hired Labour Organizations) from 54 different countries held a Fairtrade Certificate4. 75% of the Small Producer Organizations were located in three geographical regions5: South America, Central America and Eastern Africa.

The three continents where FLO has certified producer organizations exist of 14 geographical regions. In 2007 FLO had certified Small Producer Organizations and Hired Labour Organizations in resepctively 12 and 7 of the 14 regions in Africa, Latin America and Asia. FLO's ambition is to establish a presence and provide market access to producers in all regions. The latest audit reports indicate that in the near future, Small Producer Organizations from Central and Western Asia will join the Fairtrade System6.

Chart 1) Number of Certified Producer Organizations

Hired Labour Organizations: Small Producer Organizations:





For some products the scope of the standard has been restricted to Small Producer Organizations only. The number of products for which Hired Labour Organizations can get certified is limited to seven (including flowers and sports balls that apply to Hired Labour

[4] Number of Fairtrade certified organizations includes a small number of suspended producers.
[5] Fairtrade standards are limited to certain countries. Only producers in these countries can apply for Fairtrade Certification. Fairtrade's geographical scope exists of 14 regions and almost 160 countries (in total 195 indepedent countries exist in the world): http://www.fairtrade.net/fileadmin/user_upload/content/Geographical_scope_12_07.pdf
[6] In fact, an olive producer from the Occupied Palestinian Territory has already been certified.

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Organizations only), while 16 product standards are open to Small Producer Organizations. The tables below list those producers that were certified for more than one product separately: In total 26 Small Producer Organizations and five Hired Labour Organizations were certified for more than one product.

More than 50% of all Fairtrade-certified Small Producer Organizations produced coffee!

Table 1A) Number of producer organizations: by geographical region – 100% data complete

	Geographical scope	Number of producer organizations	Percentage	Most important product[7]
Small Producer Organizations (incl. Contract Production) Data Complete: 100%	Caribbean	19	4.5%	Banana (Fresh Fruit/ Vegetables)
	Central America	97	23.2%	Coffee
	South America	157	37.6%	Coffee
	Northern Africa	3	0.7%	Dried Fruit
	Eastern Africa	58	13.9%	Coffee
	Western Africa	32	7.7%	Fresh Fruit/ Vegetables
	Middle Africa	3	0.7%	Coffee
	Southern Africa	3	0.7%	Tea
	Eastern Asia	4	1.0%	Tea
	South-Eastern Asia	24	5.7%	Coffee and Rice
	Southern Asia	15	3.6%	Seed cotton (Rice)
	Melanesia	3	0.7%	Coffee
	Grand Total	418	100.0%	Coffee
	Geographical scope	Number of producer organizations	Percentage	Most important product
Hired Labour Organizations Data Complete: 100%	Caribbean	5	3.7%	Banana
	South America	32	23.7%	Banana and Flowers/ Plants
	Northern Africa	4	3.0%	Fresh Fruit/ Vegetables
	Western Africa	5	3.7%	Fresh Fruit/ Vegetables
	Eastern Africa	36	26.7%	Flowers and Plants
	Southern Africa	31	23.0%	Fresh Fruit/ Vegetables
	Southern Asia	22	16.3%	Tea

[7] Most important product in terms of number of Producer Organizations

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	Grand Total	135	100.0%	Flowers and Plants (Tea)

Table 1B) Number of producer organizations: by product – 100% data complete

	Certified products 1, 2 and 3	Number of producer Organizations	Percen -tage	Most significant region8
Small Producer Organizations (incl. Contract Production) Data Complete: 100%	Banana	22	5.3%	South America
	Banana, Fresh Fruit/ Vegetables	1	0.2%	
	Cane Sugar	9	2.2%	South America
	Cane Sugar, Nuts and Oilseeds	1	0.2%	
	Cocoa	14	3.3%	Central and South America
	Cocoa, Banana	1	0.2%	
	Cocoa, Coffee	2	0.5%	
	Coffee	209	50.0%	South America (Central America)
	Coffee, Banana	1	0.2%	
	Coffee, Cocoa	6	1.4%	
	Coffee, Cocoa, Cane Sugar	1	0.2%	
	Coffee, Cocoa, Tea	1	0.2%	
	Coffee, Honey	4	1.0%	
	Dried Fruit	6	1.4%	Northern and Western Africa
	Dried Fruit, Fresh Fruit/Vegetables	1	0.2%	
	Fresh Fruit/ Vegetables	27	6.5%	Western Africa
	Fresh Fruit/ Vegetables, Banana	1	0.2%	
	Fruit Juices	2	0.5%	South America
	Fruit Juices, Fresh Fruit/ Vegetables	1	0.2%	
	Herbs and Spices	7	1.7%	Eastern Africa
	Honey	18	4.3%	Central America
	Nuts and Oilseeds	14	3.3%	South America
	Nuts and Oilseeds, Coffee, Herbs and Spices	1	0.2%	
	Quinoa	4	1.0%	South America
	Rice	13	3.1%	South Eastern Asia
	Rice, Honey	1	0.2%	
	Rice, Seed Cotton, Tea	1	0.2%	
	Seed Cotton	16	3.8%	Western Africa

[8] Most significant region in terms of number of Producer Organizations

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	Seed Cotton, Soybeans and Pulses	1	0.2%	
	Tea	28	6.7%	Eastern Africa
	Tea, Herbs and Spices	1	0.2%	
	Wine Grapes	3	0.7%	South America
	Grand Total	418	100.0%	South America
	Certified products 1, 2 and 3	Number of producer organizations	Percen -tage	Most significant region
Hired Labour Organizations Data Complete: 100%	Banana	17	12.6%	South America
	Flowers and Plants	35	25.9%	Eastern Africa
	Fresh Fruit/ Vegetables	27	20.0%	Southern Africa
	Fruit Juices	1	0.7%	Southern Africa
	Sport Balls	2	1.5%	Southern Asia
	Tea	33	24.4%	Southern Asia (Eastern Africa)
	Tea, Fresh Fruit/ Vegetables, Wine Grapes	1	0.7%	
	Tea, Wine Grapes, Fresh Fruit/ Vegetables	2	1.5%	
	Wine Grapes	15	11.1%	South America
	Wine Grapes, Fresh Fruit/ Vegetables	2	1.5%	
	Grand Total	135	100.0%	4 significant regions

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2. Number of 1st level, 2nd level and 3rd level Fairtrade Certified Small Producer Organizations

The latest audit reports tell us that ten Producer Organizations were certified against the Contract Production Standard, and 407 producers were certified against the standard for Small Producer Organizations. Close to 20% of the Small Producer Organizations were 2nd or 3rd level organizations9. In total there were 3,334 member organizations that belonged to a 2nd or 3rd level organization (including one contract producer). Most 2nd level organizations existed of approximately 25 member organizations10.

Table 2) Number and type of Small Producer Organization (including contract production)

	1st level	2nd level	3rd level	mixed11	Contract Production	Grand Total
Grand Total	325	79	3	1	10	418

Number of Fairtrade certified members organizations belonging to Fairtrade certified Small Producer Organizations

Table 2A) Number of member organizations: by geographical region – 99% data complete

Geographical scope	1st level	2nd level	3rd level	Contract production	Grand total
Caribbean	na	3	9		12
Central America	na	333			333
South America	na	390	6		396
Middle Africa	na	56			56
Eastern Africa	na	477			477
Western Africa	na	2034			2034
South-Eastern Asia	na	15			15
Southern Asia	na	8		3	11
Grand Total	na	3316	15	3	3334

[9] These are producer organizations that hold the Fairtrade certificate and exist of numerous smaller member organizations.

[10] If you would add up the 1st level organizations and the member organizations that belong to 2nd and 3rd level organizations, the figure of Small Producer Organizations that were certified against Fairtrade standards would reach 3660.

[11] A mixed organization is a type of 2nd level organization, with member organizations and individual members that do not belong to a member organization.

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Table 2B) Number of member organizations: by product – 99% data complete

Certified products 1, 2 and 3	1st level	2nd level	3rd level	Contract production	Grand total
Banana	na	8			8
Banana, Fresh Fruit/ Vegetables	na	3			3
Cane Sugar	na	15			15
Cocoa	na	1276			1276
Coffee	na	831	15		846
Coffee, Banana	na	5			5
Coffee, Cocoa, Tea	na	23			23
Coffee, Honey	na	63			63
Dried Fruit	na	16			16
Dried Fruit, Fresh Fruit/Vegetables	na	13			13
Fresh Fruit/ Vegetables	na	461			461
Fruit Juices	na	25			25
Herbs and Spices	na	17			17
Honey	na	17			17
Nuts and Oilseeds	na	65			65
Quinoa	na	22			22
Seed Cotton	na	450		3	453
Tea	na	6			6
Grand Total	na	3316	15	3	3334

3. Number of Members and Number of Workers of Fairtrade Certified Producer Organizations

The data from 2007 indicates that almost 800,000 people were hired or were members of one of the 553 certified producer organizations. The average Small Producer Organization had 1,668 members: in Eastern Africa this figure was higher (more than 6,000), while in Latin America and Southern Africa the average producer organization had less than one thousand members. Although the number of certified organizations located in Eastern Africa was quite significant (13.9%), it was substantially less than the number of organizations from Latin America (65.3%). However, the number of individual members who farm in Eastern Africa turned out to be a lot higher than in any of the other regions. In fact, Eastern Africa made up more than 51% of all Fairtrade members.

Also, in Hired Labour Organizations, Eastern Africa had the highest number of people working on plantations (43.5%). In this case, the plantations were not necessarily bigger than in other regions (1,175 compared to 1,365 in Southern Asia12), but the number of plantations was

[12] In Latin America the plantations seemed to be much smaller though, average number of workers was 134 in the Caribbean and 346 in South America

relatively high. The second biggest region was Southern Asia, representing almost 31% of all workers.

As expected, most of the individual members were involved in the coffee business: more than 400,000 Fairtrade Farmers produced coffee (including producers who are certified for more than one Fairtrade product) representing close to 60% of all members of all certified Small Producers Organizations. A significant number of farmer were also engaged in tea, cocoa, and seed cotton—more than 200,000 for all three products. In most other products the number of members ranged between a few hundred and 10,000.

The Fairtrade tea sector employed by far the highest number of workers: with over 48,000 the tea workers represented almost 50% of all the Fairtrade workers. The flower and fresh fruit plantations were also significant employers: 22% and 17% respectively.

Table 3A) Number of members and workers: by geographical region

	Geographical scope	Number of individual members	Percentage	Most important product13
Small Producer Organizations (incl. Contract Production) Data Complete: 99%	Caribbean	9326	1.4%	Cocoa
	Central America	61102	8.8%	Coffee
	South America	86028	12.4%	Coffee
	Northern Africa	361	0.1%	Dried Fruit
	Middle Africa	8456	1.2%	Seed cotton
	Eastern Africa	353156	51.0%	Coffee (Tea)
	Western Africa	85810	12.4%	Cocoa (Seed cotton)
	Southern Africa	327	0.1%	Tea
	South-Eastern Asia	40044	5.8%	Coffee
	Eastern Asia	6115	0.9%	Tea
	Southern Asia	37459	5.4%	Seed cotton
	Melanesia	3881	0.6%	Coffee
	Grand Total	692065	100.0%	Coffee

Table 3A1) Number of members and workers: by geographical region

	Geographical scope	Number of workers	Percentage	Most important product
Hired Labour Organizations Data Complete: 100%	Caribbean	670	0.7%	Banana
	South America	4,310	4.4%	Flowers and Plants
	Northern Africa	7,751	8.0%	Fresh Fruit/ Vegetables
	Eastern Africa	42,318	43.5%	Tea (Flowers and Plants)
	Western Africa	1,523	1.6%	Fresh Fruit/

[13] Most important product in terms of number of individual members

				Vegetables
	Southern Africa	10,729	11.0%	Fresh Fruit/ Vegetables
	Southern Asia	30,037	30.9%	Tea
	Grand Total	97,338	100.0%	Tea

Table 3B) Number of members and workers: by product

	Certified products 1, 2 and 3	Number of individual members	Percentage	Most significant region[14]
Small Producer Organizations (incl. Contract Production) Data Complete: 100%	Banana	4745	0.7%	Caribbean
	Banana, Fresh Fruit/ Vegetables	2892	0.4%	
	Cane Sugar	2969	0.4%	Western Africa
	Cane Sugar, Nuts and Oilseeds	912	0.1%	
	Cocoa	64319	9.3%	Western Africa
	Cocoa, Banana	113	0.0%	
	Cocoa, Coffee	4297	0.6%	
	Coffee	394069	56.9%	Eastern Africa
	Coffee, Banana	1540	0.2%	
	Coffee, Cocoa	4155	0.6%	
	Coffee, Cocoa, Cane Sugar	947	0.1%	
	Coffee, Cocoa, Tea	8164	1.2%	
	Coffee, Honey	1529	0.2%	
	Dried Fruit	3674	0.5%	Southern Asia
	Dried Fruit, Fresh Fruit/Vegetables	587	0.1%	
	Fresh Fruit/ Vegetables	9793	1.4%	
	Fresh Fruit/ Vegetables, Banana	52	0.0%	
	Fruit Juices	1008	0.1%	South America
	Fruit Juices, Fresh Fruit/ Vegetables	63	0.0%	
	Herbs and Spices	3133	0.5%	Eastern Africa
	Honey	1978	0.3%	Central America
	Nuts and Oilseeds	6236	0.9%	Western Africa
	Nuts and Oilseeds, Coffee, Herbs and Spices	2869	0.4%	
	Quinoa	1662	0.2%	South America
	Rice	5907	0.9%	South-Eastern

[14] Most significant region in terms of number of individual members

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				Asia
	Rice, Honey	118	0.0%	
	Rice, Seed Cotton, Tea	180	0.0%	
	Seed Cotton	51886	7.5%	Southern Asia/ Western Africa
	Seed Cotton, Soybeans and Pulses	3833	0.6%	
	Tea	106330	15.4%	Eastern Africa
	Tea, Herbs and Spices	1820	0.3%	
	Wine Grapes	285	0.0%	South America
	Grand Total	692065	100.0%	Eastern Africa
	Certified products 1, 2 and 3	Number of workers	Percen -tage	Most Significant Region
Hired Labour Organizations Data Complete: 100%	Banana	2,871	2.9%	South America
	Flowers and Plants	21,695	22.3%	Eastern Africa
	Fresh Fruit/ Vegetables	17,118	17.6%	Southern Africa/ Northern Africa
	Fruit Juices	182	0.2%	Southern Africa
	Sport Balls	4,419	4.5%	Southern Asia
	Tea	48,505	49.8%	Southern Asia / Eastern Africa
	Tea, Fresh Fruit/ Vegetables, Wine Grapes	70	0.1%	
	Tea, Wine Grapes, Fresh Fruit/ Vegetables	396	0.4%	
	Wine Grapes	1,562	1.6%	Southern Africa/ South America
	Wine Grapes, Fresh Fruit/ Vegetables	520	0.5%	
	Grand Total	97,338	100.0%	Eastern Africa

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4. Total Number of Male and Female Members and Workers of Fairtrade Certified Producer Organizations

Breaking down the number of members according to gender revealed there was a significant difference between Small Producer Organizations and Hired Labour. In Small Producer Organizations, women made-up less than a quarter of all members. In tea and seed cotton there was a relatively high number of female registered members (almost 30%), while in coffee and cocoa the number was relatively low (less than 25%).The data for Small Producer Organizations on gender was incomplete (39% missing). Adjusting this figure, so that FLO can estimate the total number of male and female members, suggests there were approximately 166,000 registered women and 525,000 registered men.15

In Hired Labour Organizations, women represented 41% of the work force. In the Flowers, Sports balls, Tea and Fresh Fruit sector women made-up almost 50% of employees. This figure was significantly lower in banana and wine grape production (not even 20%).

Table 4A) Number and percentage of male and female members and workers: Small Producer Organizations

	Number of Members	Data completion	Extrapolated to 100%	Percentage of members
Female:	83370	61% of the population	166,000	24%
Male:	260030		525,000	76%
Total :	343400		692065	100%

Table 4B) Number and percentage of male and female members and workers: Hired Labour Organizations

	Number of Workers	Data completion	Percentage of workers
Female:	39395	99% of the population	41%
Male:	56599		59%
Total :	95994		100%

[15] To estimate the number of male and female members, FLO used a total number of members and the information about the percentage of women and men presented (e.g. 692065*24% = 166,096 women)

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5. Total Area of Cultivation of Fairtrade Small Producer Organizations

Although the data in the audit reports concerning the area of cultivation was incomplete (87% completeness), FLO was able to draw some conclusions from the reports about the total area of cultivation that is produced under Fairtrade conditions. It was also possible to ascertain information about the significance of Fairtrade cultivation in different regions and products. [16]

The data for Small Producer Organizations, excluding honey, and nuts and oilseeds (the former is calculated per beehive and the latter includes wild harvesting) indicated that the total area of cultivation was approximately 74,0000 hectares. If we were to assume that the actual figure was approximately 15% higher (considering that some data is missing), the total area of Fairtrade cultivation for Small Producers would be close to 850,000 hectares.[17]

67%, or approximately 570,000 hectares (again adjusted with 15%), was used for coffee production .The Food and Agricultural Organization of the United Nations (FAO) estimates that in 2007 the world coffee cultivation covers an area of a little more than 10 million hectares18. Bearing in mind that the figures from both FAO and FLO are rough estimates, the area of Fairtrade coffee production represented almost 6% of the global coffee production area. Since FAO's figure also included large scale coffee plantations, it is probably better to compare FLO's figures with a region where most of the coffee is produced by small-scale farmers, such as Central America. In 2007 the Fairtrade certified coffee producers in Central America cultivated an area of approximately 140,000 hectares (adjusted with 15%). FAO, on the other hand, estimates that in Central America 1.7 million hectares were used for coffee production. This means that in this particular region almost 10% of all coffee was cultivated under Fairtrade conditions.

[16] Figure excludes honey and "nuts and oilseeds" producers: area of cultivation for the former is calculated per beehive and not hectares and the latter includes wild harvesting
[17] 87% of 850,000 = 740,000: difference is 15%
[18] http://faostat.fao.org/site/567/DesktopDefault.aspx?PageID=567#ancor

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Table 5A) Total area of cultivation Small Producer Organizations: by geographical region– 87% data complete

Geographical scope	Total area of cultivation (HA)	Percentage
Caribbean	24263	3.3%
Central America	123295	16.7%
South America	256414	34.7%
Northern Africa	588	0.1%
Eastern Africa	161106	21.8%
Middle Africa	24968	3.4%
Western Africa	52406	7.1%
Southern Africa	832	0.1%
Eastern Asia	2046	0.3%
Melanesia	4970	0.7%
South-Eastern Asia	50751	6.9%
Southern Asia	37766	5.1%
Grand Total	739405	100.0%

Table 5B) Total area of cultivation Small Producer Organizations: by Product – 87% data complete

Certified Product 1, 2 and 3	Total area of cultivation (HA)	Percentage
Banana	16881	2.3%
Cane Sugar	14793	2.0%
Cocoa	59643	8.0%
Coffee	497411	67.3%
Dried Fruit	533	0.1%
Fresh Fruit/Vegetables	9587	1.3%
Fruit Juices	688	0.1%
Herbs and Spices	4428	0.6%
Quinoa	19599	2.7%
Rice	12737	1.7%
Seed Cotton	67982	9.2%
Tea	33161	4.5%
Wine Grapes	1962	0.3%
Grand Total	739405	100.0%

6. Average Farm Size of Fairtrade Certified Small Producer Organizations

Among Small Producer Organizations the average farm size for most Fairtrade products was less than 5 hectares. The exceptions were wine grape and quinoa farms (6 to 8 hectares respectively). As explained before, honey is calculated per beehive (approximately 90 per farmer) and nuts and oilseeds includes wild harvesting, which means that occasionally the indicated area of cultivation reached 300 hectares or even more.

The average farm size differed considerably between regions depending on the product. Many coffee farmers in Africa cultivate plots of land that are smaller than one hectare, while their Latin American colleagues typically run farms that are five to ten times as big. Notwithstanding, the average coffee farm in Latin America was still smaller than five hectares.

This is not to say that the plots of land in Africa were always smaller than in other parts of the world, it simply depends on the product: e.g. cocoa farms in Western Africa19 were bigger than in Central America.

[19] The data for Western Africa was not complete. It might be that the average size of a cocoa farm is somewhat smaller than the figure reported.

Table 6A) Average farm size Small Producer Organization: by product – 89% data complete

Certified Product 1[20]	Average size of farm (HA)[21]	Min and max average farm size (HA) per region:
Banana	3,23	South America: 2.8 Caribbean: 4.3
Cane Sugar	3,88	South-Eastern Asia: 0.6 South America: 4.9
Cocoa	3,08	Central America: 1.7 Western Africa: 4.2
Coffee	3,13	Middle Africa: 0.3 South America: 4.3
Dried Fruit	0,50	Sample too small[22]
Fresh Fruit/Vegetables	4,32	Western Africa: 2.6 Caribbean: 8.2
Fruit Juices	3,24	Sample too small
Herbs and Spices	1,04	Sample too small
Honey (bee hives)	90,22	Sample too small
Nuts and Oilseeds	190,47	South-Eastern Asia: 1.1 Eastern Africa: 376[23]
Quinoa	8,68	Sample too small
Rice	2,31	Northern Africa: 0.3 South-Eastern Asia:2.8
Seed Cotton	1,41	Western Africa: 1.1 Middle Africa: 2.8
Tea	2,55	South-Eastern Asia: 0.5 Southern Africa: 4.1
Wine Grapes	6,28	Sample too small

[20] Figures are based on the first certified product only. Occasionally producers are certified for more than one product – these figures have not been included as it is complicated to measure and the difference in outcomes is negligible
[21] Per farm: Divide area of cultivation by number of members (Fairtrade certified member organizations) and take the average (per product or region) of all the average farm sizes
[22] Where there were less than five certified producers the information about Minimum and Maximum farm size was left out.
[23] Some producers only do wild-harvesting: naturally their area of „cultivation" is much larger than that of producers who cultivate nuts or oilseeds themselves

7. Production Capacity of Fairtrade Certified Producer Organizations

Table 7A) Production capacity: by product

	Certified Product 1 [24]	Total volume produced (Metric Tonnes)
Small Producer Organizations (incl. Contract Production) Data Complete: 93%	Banana	296,707
	Cane Sugar	335,130
	Cocoa	75,218
	Coffee	250,629
	Dried Fruit	1,225
	Fresh Fruit/Vegetables	40,516
	Fruit Juices	588
	Herbs and Spices	293
	Honey	4,318
	Nuts and Oilseeds	6,357
	Quinoa	4,944
	Rice	17,507
	Seed Cotton	79,926
	Tea	49,809
	Wine Grapes	16,283
	Grand Total	1,183,203
	Certified Product 1	Total volume produced (metric tonnes; unless stated differently)
Hired Labour Organizations Data Complete: 95%	Banana	36443
	Flowers and Plants (stems)	317955965
	Fresh Fruit/ Vegetables	20908
	Fruit Juices	760
	Sport Balls (per ball)	47914
	Tea	7293
	Wine Grapes	15625

Please note that the data is only for 93% (Small Producer Organizations) and 95% (Hired Labour Organizations) complete, which means that the actual production volumes are likely to be 7.5% and 5% higher, respectively.

In itself the above figures do not say so much, but once broken down per region (or per farm, see 6b) they provide a lot of information about the Fairtrade producers and their production outputs. Table 6a2 and 6a3 show the production capacities of some major products (in terms of production volume)25 per geographical region.

[24] Figures of these tables are based on the first certified product only. Occasionally producers are certified for more than 1 product – these figures have not been included as it is complicated to measure and the difference in outcomes is negligible
[25] We separated the banana, fresh fruit/vegetable and cane sugar producers from the other products, as these are more bulky volumes.

Producers from South America had the biggest production capacity: especially the capacity of the coffee and cane sugar producers in South America was much higher than that of producers in other regions. Although there were more individual coffee farmers (and fewer producer organizations) in Eastern Africa than in South America, the latter producers cultivated larger plots of land and were therefore able to produce more coffee. The relatively high production capacity of South America cannot be explained by differences in yield - as these were quite similar in the two regions (see section 6b).
The largest volumes of tea were produced by both Hired Labour Organizations and Small Producer Organizations in Eastern Africa.

As we continue collecting information about production volumes on an annual basis, we will be able to analyze trends and changes in production volumes from next year onwards.

Chart 7a) Production capacity (MT) of Small Producer Organizations: tea, coffee, seed cotton, cocoa

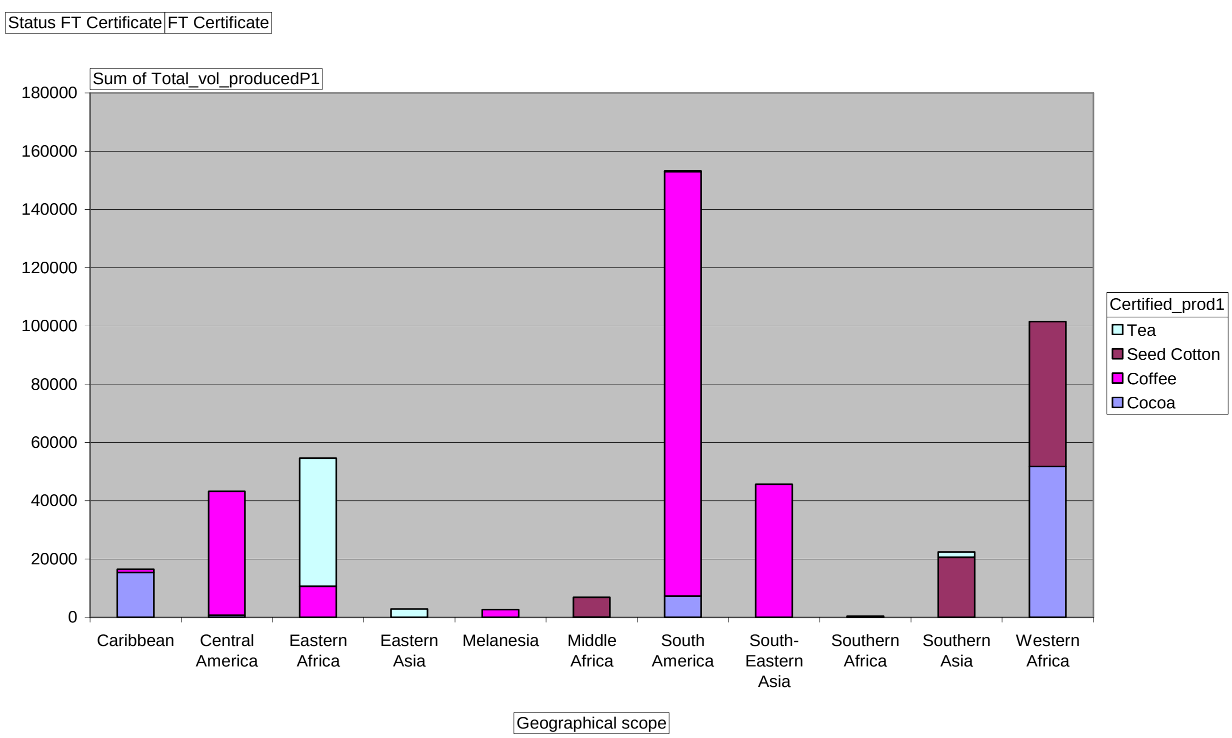

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Chart 7b) Production capacity (MT) Small Producer Organizations: fresh fruit/ vegetables, cane sugar and bananas

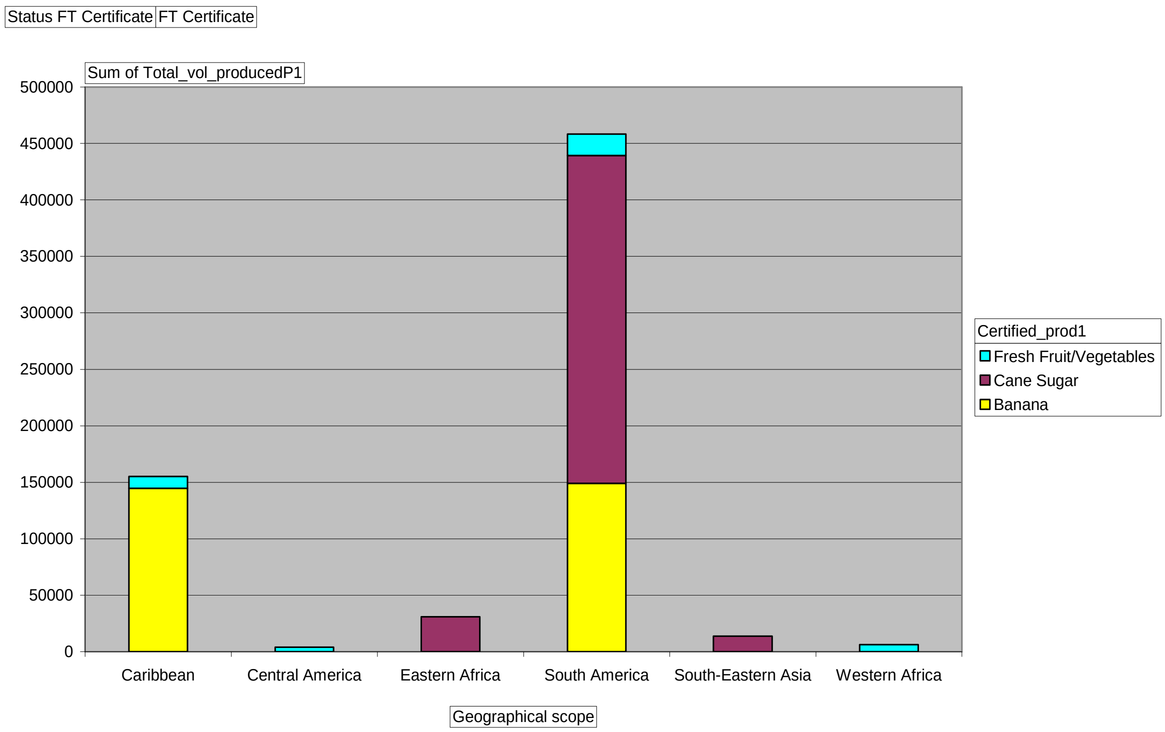
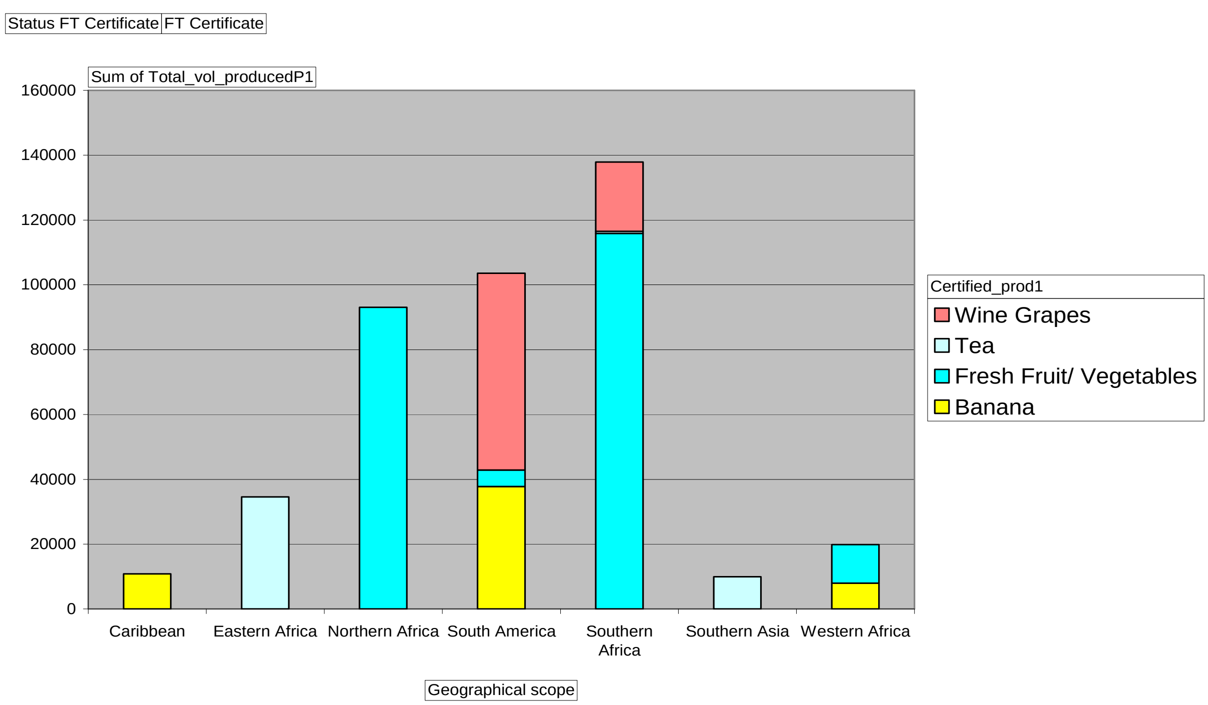


Chart 7c: Production capacity (MT) Hired Labour Organizations: wine grapes, tea, fresh fruit/ vegetables, bananas



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8. Average Yield per Hectare of Small Producer Organization

Table 8A) Average yield (MT per HA) Small Producer organization: per product – data complete 89%

Certified product [26]	Average yield (MT per HA)
Banana	24.95
Cane Sugar	26.3
Cocoa	0.50
Coffee	0.80
Dried Fruit	3.34
Fresh Fruit/Vegetables	7.44
Fruit Juices	0.80
Herbs and Spices	0.19
Quinoa	0.88
Rice	2.14
Seed Cotton	0.98
Tea	1.91
Wine Grapes	9.15
Grand Total	Not applicable

The Information about production capacity and about area of cultivation allows FLO to calculate the average yield per hectare. Obviously there was a significant difference in yield between the voluminous products, such as bananas, cane sugar, fresh fruit/ vegetables and wine grapes and the "lighter" products such as herbs and spices. Cocoa and coffee produced by small-scale farmers is mostly shade-grown (agro-forestry) – combining the production of cash crops with subsistence farming and forest management – resulting in relatively small harvests. Nevertheless, the average yield of Fairtrade coffee farmers (0.80 MT green coffee per HA) was relatively high compared to what has been reported in external studies. According to Rodriguez and Vasquez (2004) and Brando (2004)[27], a small coffee producer achieves on average a yield of 0.55 MT green coffee per hectare and a medium-size producer attains a harvest of 0.87 MT per hectare.

Also, the average cocoa yield of 0.50 MT per hectare was comparatively high: the International Cocoa Organization (ICCO)[28] reports that the average yield in Ivory Coast, Ghana and Nigeria is 0.54, 0.28 and 0.28 MT/ Ha respectively.

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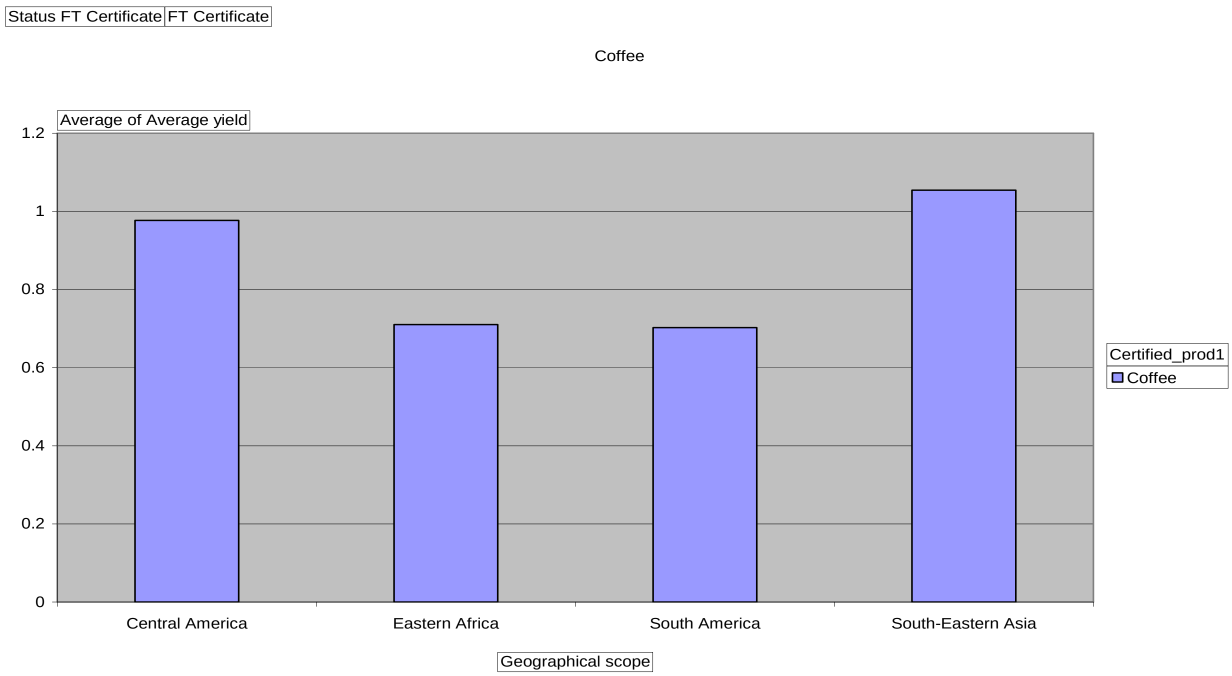
[26] Figures are based on the first certified product only. Occasionally producers are certified for more than one product – these figures have not been included as it is complicated to measure and the difference in outcomes is negligible

[27] Rodriguez, P. And Vasquez, M. (2004). Economic Aspects of Coffee Production; Brando, C. (2004). Harvesting and Green Coffee Processing. In Wintgens, J. „Coffee: growing, processing sustainable production". Wiley-VCH

[28] http://www.internationalcocoaorganisation.net/questions/yield2.htm

The table below shows the regional differences in coffee yields per hectare (the table excludes regions with less than five producer organizations). The average yields in South-Eastern Asia and Central America were almost 40% higher than in South America and Eastern Africa.

Chart 8a) Average yield per hectare of Small Producer Organizations: coffee



9. Total Fairtrade Premium received by Fairtrade Certified Producer Organizations

The Fairtrade Premium is paid in addition to the product price that is paid to producer organization (either the FLO minimum price or the market price, whichever is higher).

The level of the Fairtrade Premium is set for each specific product and is available in the FLO product standards (see http://www.fairtrade.net/product_standards.html for more details). The amount of Fairtrade Premium that a Fairtrade organization receives will depend on the quantity of Fairtrade products that have been sold. The Fairtrade Premium is supposed to serve the needs of all members/ workers, and the decisions on how to spend this money are taken collectively.

At around 2007 the total amount of Fairtrade Premium received by workers of plantations and members of Small Producer Organizations came to 32 million EURO, according to the latest audit reports.

Two-thirds of the Fairtrade premium in Hired Labour went to workers in banana plantations and flower greenhouses. That was approximately 210 EUR per worker and is significantly higher than what was received by the average Fairtrade workers (80 EUR). On the one hand, Fairtrade Premium levels, as defined in the banana and flowers standards, are relatively high, and on the other hand the Fairtrade sales of bananas and flowers were somewhat higher than other Hired Labour products. As most banana and flower producers are located in Eastern Africa and South America, the majority of the Premium money went to these two regions.

Almost 70% of the total Fairtrade Premium received by Small Producer Organizations was shared among the banana and coffee producers.

As the Fairtrade Premium levels for coffee have been below average for some years29, the amount of Fairtrade Premium received is perhaps not as significant as one might expect when looking at the sales figures (until quarter 2 of 2008 the Fairtrade premium represented about 4% of the Fairtrade minimum price; in other products the Fairtrade Premium often makes up 10 or even 20%). As the Fairtrade Premium was raised in June 2008 from 5 USD cents to 10 cents (per pound), we can expect to see a large increase in next year’s figures regarding Fairtrade Premium received by coffee producers.

The banana producers received relatively high Fairtrade Premium levels for a longer period of time, which explains why almost 30% of the premium went to bananas. The average small-scale banana producer organization received (7.3 million/ 7776 members): 945 EUR per member. As the Fairtrade sales of most other products were much lower than those for bananas, or because premium levels are less significant, the average premium received per member was approximately 36 EUR. 30

[29] Until the 2nd quarter of 2008 the Fairtrade premium represented about 4% of the Fairtrade minimum price. In other products the Fairtrade Premium often makes up 10 or even 20%.

Table 9A) Fairtrade premium received: by product

	Certified products 1, 2 and 3	Fairtrade Premium received EUR	Percentage
Small Producer Organizations (incl. Contract Production) Data Complete: 98%	Banana	7.348.296	29,9%
	Cane Sugar	1.195.311	3,6%
	Cocoa	1.530.256	7,5%
	Coffee	9.510.753	38,7%
	Dried Fruit	57.561	0,2%
	Fresh Fruit/Vegetables	644.587	2,6%
	Fruit Juices	190.469	0,8%
	Herbs and Spices	58.734	0,2%
	Honey	274.242	1,1%
	Nuts and Oilseeds	249.968	1,0%
	Quinoa	91.679	0,4%
	Rice	178.060	0,7%
	Seed Cotton	1.595.324	6,5%
	Tea	1.619.115	6,6%
	Wine Grapes	28.924	0,1%
	Grand Total	24.573.279	100.00%
	Certified product 1, 2 and3[31]	Fairtrade Premium received EUR	Percentage
Hired Labour Organizations Data Complete: 97%	Banana	2,313,346	30.61%
	Flowers and Plants	2,687,019	35.56%
	Fresh Fruit/ Vegetables	935.218	12,4%
	Sport Balls	9,794	0.13%
	Tea	941.268	12,5%
	Wine Grapes	669.820	8,9%
	Grand Total	7,556,464	100.00%

Table 9B) Fairtrade premium received: by geographical region

	Per region	Fairtrade Premium received EUR	Percentage
Small Producer Organizations (incl. Contract Production) Data Complete: 98%	Caribbean	5,371,462	21.86%
	Central America	3,226,517	13.13%
	South America	8,878,430	36.13%
	Northern Africa	30,748	0.13%
	Eastern Africa	2,989,608	12.17%
	Western Africa	1,172,542	4.77%
	Middle Africa	220,309	0.90%
	Southern Africa	31,383	0.13%

[31] The audit reports did not contain any information about Fairtrade Premium received for Fruit Juice

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	Eastern Asia	235,310	0.96%
	South-Eastern Asia	990,399	4.03%
	Southern Asia	1,208,944	4.92%
	Melanesia	217,628	0.89%
	Grand Total	24,573,279	100.00%
	Per region	Fairtrade Premium received EUR	Percentage
Hired Labour Organizations Data Complete: 97%	Caribbean	288,471	3.82%
	South America	2,886,299	38.20%
	Northern Africa	328,540	4.35%
	Western Africa	292,071	3.87%
	Eastern Africa	2,638,515	34.92%
	Southern Africa	686,848	9.09%
	Southern Asia	435,720	5.77%
	Grand Total	7,556,464	100.00%

10. Total Fairtrade Premium spent per Premium Category

Workers of plantations and members of Small Producer Organizations decide themselves on how to invest the Fairtrade Premium money. To ensure that the Fairtrade Premium is managed for the benefit of the workers and their families and communities, the FLO Generic Standards for Hired Labour require that the Fairtrade premium is owned by a separate legal organization representing all the workers. This organization, which is called a Joint Body, is an elected group of people who are responsible for 'jointly' managing, investing and spending the Fairtrade Premium. To ensure that the money is not being used for things that should actually be paid for by the owners of the plantation, FLO has developed a number of rules and guidelines that explain how the premium money can be spent (see also: http://www.fairtrade.net/uploads/media/Explan_Doc_Fairtrade_Premium_and_Joint_Body_Dec_2007_EN.pdf).

Small-scale farmers take decisions on the premium use during the general assembly. The decisions are taken democratically and the producer organization has to ensure that there is transparent bookkeeping of the premium projects.

The types of projects vary from organizing health trainings to buying bicycles, or constructing a primary school. As it is impossible to list hundreds of projects in this paper, we have classified them according to the following premium categories:

Community (including community infrastructure, buildings and home improvements, disaster relief, support elders, cultural events, micro-credits, etc)
Education (including pre-school, scholarships, school infrastructure, school supplies)
Environment (including organic certification, reforestation, training, waste management)
Health (including clinics, sanitation, health training, medication, emergency)
Investment in Business/ Production – Career Development (including training, vehicle purchase, farming & processing facilities, computers, running-costs of the organization (e.g. General Assembly)

Women's programmes (including alternative income for women, family planning, women's health, training and education, projects for mothers)
Other premium use
Premium spent but no project specific details available

Table 10A presents the results as recorded in the latest audit reports. The total premium spent was 19 million and was thus somewhat lower than the premium received (see section 9). This is logical, as most organizations are not able to decide immediately on how to spend the money: Spending is not a continuous process, it is done in waves. If large projects are planned, funds need to be built-up first. Once the decisions are taken, it still takes some time before the money is actually spent. If the Fairtrade Premium received was lower than the Fairtrade Premium spent this could suggest there was a decline in Fairtrade sales--fortunately this is not the case.

Small Producer Organizations have invested 50% of the Fairtrade Premium in strengthening their Business and Production. This includes activities such as training and buying needed equipment to improve the quality of their traded products. Such critical investment can also increase production capacity and support the operational processes, for example, the purchase of computers and training of management. Premium money was also frequently used (24%) to support the local community on projects such as setting up a local cooperative shop, or building roads, bus shelters and improving transport facilities in general, and on funding cultural activities. Most of the remaining 26% of premium money was used on education, health and environmental projects.

Workers of Fairtrade certified plantations are neither owners of small farms, nor do they run their own production processes. Therefore the orientation of the premium use is quite distinct from the use within Small Producers Organizations. Workers decided to use most of the Fairtrade Premium on supporting local community, and on activities to enhance career opportunities. The latter investments include trainings and buying computers, books, access to the internet, mobile phones, etc. The Joint Bodies also used a significant amount of premium money for educational purposes, enabling the children of employees and people in the local community to gain access to primary or secondary school, or to provide scholarships for higher education. 32

[32] In HL a significant amount of premium money (24%) was used for career development (training, computers, internet, etc). As plantations are not allowed to use the money for business development, this seems to be rather high and might not be perfectly accurate: auditors may not have described the project correctly and the research assistants who entered the data in the M&E database may have made some mistakes as well when categorizing the premium projects.

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Table 10A) Fairtrade Premium spent Small Producer Organization: total - data 99% complete

	Community 1	Educationn 2	Environment 3	Health 4	Business and Production 5	Women's programmes 6	Other premium use 7	Not project specific 8	Total premium spent
Grand Total EUR	3,342,925	872,723	420,522	886,010	6,944,004	81,014	1,002,961	294,105	13,844,263
Percen-tages	24%	6%	3%	6%	50%	1%	7%	2%	100%

Table 10B) Fairtrade Premium spent Hired Labour Organization: total - data 100% complete

	Community 1	Educationn 2	Environment 3	Health 4	Career Development 5	Women's programmes 6	Other premium use 7	Not project specific 8	Total premium spent
Grand Total EUR	2,205,117	1,062,635	112,832	351,574	1,268,508	11,181	198,012	12,750	5,222,608
Percen-tages	42%	20%	2%	7%	24%	<1%	4%	<1%	100%

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Appendix: List of Terms and Definitions

Audit means a systematic and functionally independent verification to determine the extent to which activities of an operator including self-assessment and quality management activities and related results comply with requirements of Fairtrade Standards.

Auditor means a person qualified to carry out audits for or on behalf of a certification body.

Certification (Certification is a process carried out by a recognised body, independent from interested parties, which demonstrates that a product or organisation complies with the requirements defined in the Standards or technical specifications.

Contract Production (CP) means individual farmers who are contracted to produce and sell their products to a service provider. In the Fairtrade context, CP also refers to a set of Fairtrade standards describing the relationship between the service provider (Promoting Body), the contracted producers, and their representatives (Producer Executive Body).

Evaluation a systematic (and as objective as possible) examination of a planned, ongoing or completed project or programme.

Fairtrade (FT) means all or any part of the activities, standards and certification systems (in particular products or operators) of FLO e.V., FLO-CERT and its Labelling Initiatives.

Fairtrade benefits are those means created through the Fairtrade system that allow small farmers and workers to improve their standard of living. Fairtrade benefits include amongst others facilitated market access, long-term trade relationships, better trading conditions and, in most cases, a Fairtrade minimum price for the product as well as a Fairtrade premium.

Fairtrade Certified means that a determination against Fairtrade Standards has been made and that an operator/a product is in compliance with Fairtrade Standards.

Fairtrade Generic Standards are the set of requirements that producers or traders of any Fairtrade Products have to meet to be certified as Fairtrade Producers or Traders.

Fairtrade Minimum Price (where it exists) is the lowest possible price that may be paid by buyers to producers for a product to become certified against the Fairtrade standards.

Fairtrade Premium is an amount paid to producers in addition to the payment for their products. The Fairtrade Premium is intended for investment in the producers' business and community (for small farmers' organizations or contract production projects) or for the socio-economic development of the workers and their communities (for hired labour situations).

FLO e.V. (FLO) is the Fairtrade Labelling Organizations International e.V., a non-profit organization that develops the Fairtrade Standards, provides guidance to support Fairtrade producers and facilitates the development of Fairtrade markets.

Hired Labour (HL) means employed workers who work for somebody else, for example a commercial farm or a factory.

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Impact is defined as a new situation created by a set of results and effects that induce significant, sustainable change in the lives and environment of people and groups for which a direct or indirect chain of causality can be established with the development initiative (CIEDEL, 1999)

Labelling Initiatives (LIs) FLO e.V.'s members are 20 national Fairtrade Labelling Initiatives around the world. Only Labelling Initiatives can give permission to licensees to use a Fairtrade label on a Fairtrade product.

Member Organization some Small Producer Organizations exist of more than one member organization. In this case the Small Producer Organization is called either a second grade or third grade organization. Occasionally member organizations are not Fairtrade certified, i.e. the farmers belonging to this member organization are not involved in the production of a product for which the Small Producer Organization holds a certificate. FLO therefore makes a distinction between Fairtrade certified member organization and member organization that are not Fairtrade certified . Also the members belonging to these different member organizations are calculated separately.

Monitoring means measuring a set of indicators that are tracked over time to identify trends. The information is used to assist timely decision making, ensure accountability and provide a basis for evaluation and learnings.

Monitoring & Evaluation is the combination of monitoring and evaluation which together provides the knowledge for a) effective programme management and b) reporting and accountability responsibilities

Pre-finance means to provide finance against contracts in advance of delivery or receipt of the product.

Producer A producer is an organisation that originally cultivates a product.

Product product means any certified product that has been produced and traded according to both the specific requirements for that product and the requirements in the relevant Fairtrade generic standards.

Small Producer Organisation (SPO) is a group primarily consisting of organised small farmers who work for themselves, for example a co-operative or association.

Small Farmers (SF) are producers who are not structurally dependent on permanent hired labour and who manage their production activity mainly with own and family labour.

Standard is a set of defined criteria giving the requirements which must be attained. A standard provides, for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods. It may also include terminology, symbols, packaging, marking or labelling requirements. Standard requirements are meant to comply with and are based on stated objectives.