



The Benefits of Fairtrade – 2nd edition

A Monitoring and Evaluation Report of Fairtrade Certified Producer Organizations for 2008

Fairtrade Labelling Organizations International (FLO)

The mission of Fairtrade Labelling Organizations International (FLO) is to connect disadvantaged producers and consumers, promote fairer trading conditions and empower 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 its objectives are being achieved.

To gain a better understanding of how Fairtrade benefits people, FLO is designing a comprehensive system for assessing Fairtrade's impact. This report comprises information gathered by taking stock of existing information for 2008 on Fairtrade certified producer organizations during that time period. The 2008 figures were also compared with the results of 2007, as this is the second year that FLO collected and analyzed Monitoring and Evaluation data. The report is designed for people working within the Fairtrade system around the world.

If you would like to comment on this report please contact Rob van Hout at r.v.hout@fairtrade.net

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Executive summary

Introduction

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

This report enables FLO to build up 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.

The presented data provides a historical picture, for 2008. The results for 2008 have also been compared with the 2007 findings to establish trends and to predict changes for the near future.

In 2011 FLO will publish the next monitoring and evaluation report, presenting the M&E data from 2009.

Building a Comprehensive Impact Assessment System

FLO is designing a system for assessing the impact of Fairtrade's tools and services in three stages. The Monitoring and Evaluation programme (M&E) measures the short-term results of the Fairtrade system and includes all certified Producer Organizations. It looks at direct benefits and outcomes, including: number of producers benefitting from Fairtrade, production volumes, Fairtrade Premium income and use. Additionally, FLO collects information about Fairtrade's long-term effects through case studies and academic researches. In the final stage (2011) the two methodologies will be fully harmonized, so that a complete picture emerges of Fairtrade short and long-term effects across the entire system.

FLO identified twelve key indicators (see Introduction), and collected the appropriate data from the latest audit reports of all FLO certified producer organizations. The original plan was to collect information and present it in the 2010 M&E report for more than twelve indicators, but unfortunately FLO-CERT's new automated auditing system (E-CERT) was implemented later than originally planned. While the additional indicators, about, pre-financing, wages of workers, pre-financing and export prices for non-Fairtrade sales, have in the meantime been incorporated in the E-CERT auditors report, the "old" audit reports, used for this year's M&E report, did not provide this kind of information.

About the Data

FLO analysed the latest audit reports this spring 2010. The information in the reports refers to audits that took place between 2007 and 2010. Most audit reports, however, date from March 2009 until March 2010. Most of the data collected for this report refers to an approximate period of 12 months around 2008. At the moment it is not yet possible to present data for an

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exact period of 12 months, starting in January and ending in December. This will only be possible, when the E-CERT programme has been in operation for at least two years.

The results presented in this document are based on audit reports from 682 certified producer organizations¹. Of these: 497 were Small Producer Organizations (SPO) and Contract Production Organizations (CP), and 185 were Hired Labour Organizations (HL).

Moving Forward

As FLO continues to collect M&E data it will be possible 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 data, it should be noted that the reported findings may still contain some small flaws or errors. 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.

Key Findings

Producer Organizations, Members and Workers

Of the 497 Fairtrade Certified Small Producer and Contract Production Organizations included in this study, the vast majority were located in Latin America (66%). In the Hired Labour category, 185 producer organizations were included in this study. The Hired Labour Organizations were spread more equally over the three continents, yet Southern Africa and Southern Asia together represented more than 50% of all certified plantations.

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 almost equal to all the other regions together. 47% of almost 850,000 small farmers were located in Eastern Africa. In terms of number of members, the following regions grew with more than 25% between 2007 and 2008: the Caribbean, Central America, Middle Africa and Southern Asia.

¹ In other communication documents from FLO (e.g. the annual report 2008) you might read that in December 2008 there were 745 producer organizations certified and not 682. This discrepancy arises as the reference period for the annual report and this M&E paper is different: some producers that were audited in 2008 were applicants at the time of audit and then certified by December 2008. In other words, the 745 figure includes those applicants that have been certified by December 2008, while they are not included in this M&E report. Furthermore, a small number of producers have not been audited for some time, as FLO CERT was not able to send auditors to these countries (e.g. due to natural disasters). Information about producers in these countries is missing.

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The number of people employed by Fairtrade certified plantations in Eastern Africa was much higher than in any other region: 38% of the 127,000 workers in the system living in Eastern Africa. The number of workers employed on plantations in Southern Asia increased with more than 50% between 2007 and 2008.

Coffee: Number One Product

The majority of Fairtrade producers were involved in the production of coffee. 50% of the small producer organizations in the system were certified against the coffee standard, with almost half a million farmers producing coffee.

On average, coffee producers in South America owned parcels that were three times as big as the land used by their colleagues in Eastern Africa.

Even though more Fairtrade coffee farmers live in Eastern Africa, their total production volumes were much lower than farmers in South America or Central America. Producers certified for organic recorded on average yields that were about 30% lower than conventional producers. The average coffee yield came to 0.73 MT per hectare.

The total potential supply of coffee grew by more than 25% between 2007 and 2008.

Women in Fairtrade

In the Hired Labour category, 35% of workers were women, and 65% men. While information on the gender make-up of small producer organizations was not complete, FLO ascertained that women represented about one fifth of total membership.

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 2008 workers of plantations and members of Small Producer Organizations benefited from a total of 42.3 million euros in Premium. As the M&E study included “only” 92% of all certified producer organizations, the actual Fairtrade Premium income is probably about 9% higher than the figure presented in the table below. This would result in a total Fairtrade Premium income of 46 to 47 million euros in 2008.

In 2008, similar to the year before, banana producers earned a higher Fairtrade Premium than producers of any of the other products. This was due to successful Fairtrade sales coupled with high Fairtrade Premium levels.

In total, workers on Fairtrade certified plantations earned 12 million euros in Fairtrade Premium money. This was almost 5 million euros more than in 2007. People working on banana plantations benefited from 4 million euros in 2008.

Small producer organizations received 30.4 million euros in Fairtrade Premium. This was 5.7 million euros more than in 2007. While coffee and cane sugar received substantially more in Fairtrade Premiums between 2007 and 2008, cocoa and seed cotton producers had a less successful year in 2008.

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Small Producer Organizations invested the Fairtrade Premium income in the following ways: 37% in strengthening their business and production; 24% to support local community projects; 16% on health, education, women and environmental issues; the remaining 23% was spent on other types of projects or was being saved for future projects. 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 (22%) for educational and health purposes and to improve local career opportunities (14%). Similar to Small Producer Organizations, workers saved about 10% of the Fairtrade Premium money for future projects.

Importance of Fairtrade sales

The Fairtrade sales volumes - as a percentage of total sales volumes – were high in 2008, and consistent with last year's figures.

The Small Producers of honey, banana and coffee were able to sell a large percentage of their total sales under Fairtrade conditions, while tea farmers were yet to gain a strong foothold in Fairtrade. All other producers, however, were able to sell on average 30 to 60% of their total production as Fairtrade.

In hired labour set ups, the banana plantations sold much larger percentages of their total sales volumes under Fairtrade conditions than other producers. As a matter of fact, the average plantation sold a lot less under Fairtrade conditions than the average Small Producer Organization: 31% versus 62%. Especially, sport balls producers, with less than 5% Fairtrade sales, have struggled to access the Fairtrade market.

Fairtrade Price versus non-Fairtrade Price

The average coffee, cocoa and tea producers reported for 2008 a Fairtrade price that was approximately 5% to 10% higher than the price they received in 2007. The Fairtrade prices for cocoa, coffee and tea were much higher than the non-Fairtrade prices – the latter prices, however, also include off-grades and domestic sales (which often fetch lower prices).

Most hired labour set ups recorded Fairtrade prices for 2008 that were lower than for 2007. Although the 2007 prices were probably too high (especially the prices for fresh fruits seem quite unusual), it could be that Fairtrade plantations may not have been able to negotiate high prices, possibly because of the economic crisis.

Future Expectations

As part of this project, FLO was able to ascertain by how much the number of producer organizations grew between 2008 and December 2009. By December 2009 619 Small Producer and Contract Production Organizations held a Fairtrade certificate (which is 24% more than the number of producers included in this research) and 208 Hired Labour Organizations held a Fairtrade certificate (12% more than the number included in this research). Based on this information it is possible to estimate the increase in the number of members and workers:

Small Producer Organizations: 845,000 (latest audit reports) * 24% (growth by December 2009) = approximately 1.05 million members

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Hired Labour Organizations: 127,000 (latest audit reports) * 12% (growth by December 2009) = 149,000 workers

In conclusion, the total number of members and workers in December 2009 probably exceeded 1.2 million. If this trend holds, the number of members and workers within the system is likely to reach 1.5 million by December 2010.

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Introduction

The Need for a Monitoring and Evaluation System

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 published an impact report for 2009² presenting and analyzing results of case studies either commissioned by FLO or external parties (e.g. universities). FLO and Max Havelaar France will review and update this impact report later in 2010.

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

Meeting the Needs

The challenges to successfully implementing an M&E system are considerable. Therefore FLO 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 and last year's report)

Stage two: develop a new template for collecting the data, so that the information can be processed automatically into a database. The deadline for implementing this system (E-CERT) was postponed until April 2010. Had the original deadline been kept (September 2009), then this report would have presented the results according to the new list of indicators and the new data collection template. Unfortunately, this was not the case. The new system is in operation since April 2010 and results are expected to be analyzed in the spring of 2011.

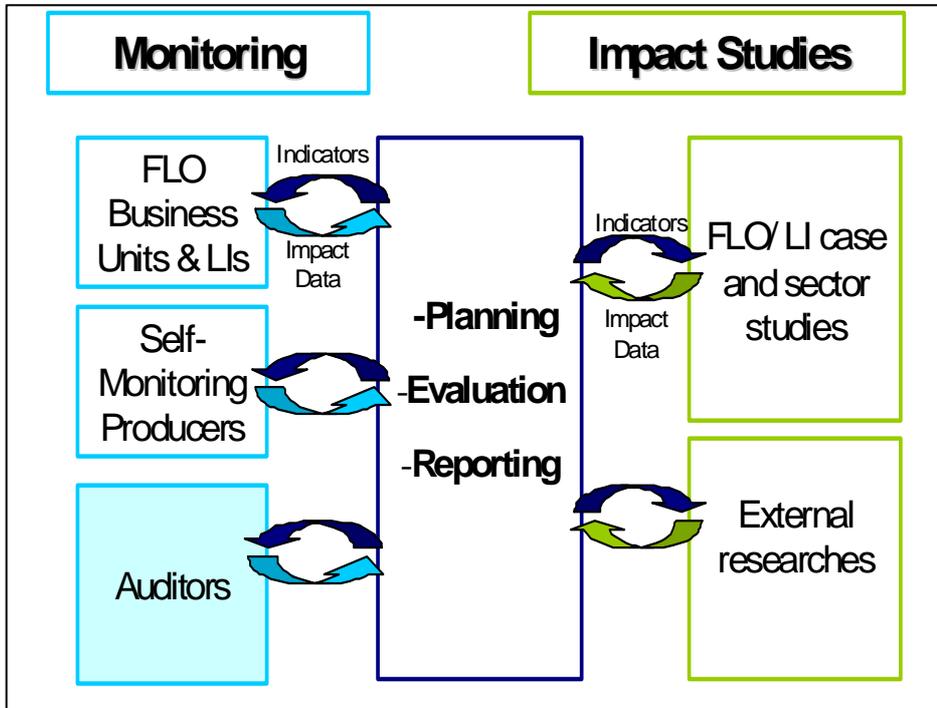
Stage three: develop a comprehensive Impact Assessment system. This would include key indicators plus an additional set of indicators for measuring Fairtrade's performance against all its social, economic and environmental goals and objectives. Ultimately, it is intended that most data will not only be collected through FLO CERT or PSR, but also through self-monitoring of producer organizations. The New Standards Framework will provide the possibility for producers to self-monitor their results. This work is currently underway and

² http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/ImpactReport_SPO_2009EN.pdf

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should be completed by end of 2010, so the first results are expected to be analyzed in the course of 2012.

Designing FLO's Impact Assessment System



By 2011, the Monitoring and Evaluation programme and the case study approach will be fully harmonized and the results of the two methodologies will be presented together in Impact Reports. Moreover, by 2011 the ISEAL Code of Good Practice for Measuring the Impacts of Standards Systems will have been launched, and FLO as one of the founding members of ISEAL, will be required to become compliant with the Code within a year. A

comprehensive and tested Impact Assessment System will be imperative to FLO achieving compliance with this code.

This report

FLO derived the data for this report from the latest audits (until March 2010). 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 2009 (approximately 70%), some are from 2008 and 2007 (25%) and a small number are from 2010 (5%). As the reference periods (e.g. Fairtrade sales that took place from January 2008 to December 2008) differ between producer organizations, or 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 2009, the assumption is made that **most of the collected data refers to the calendar year 2008.**

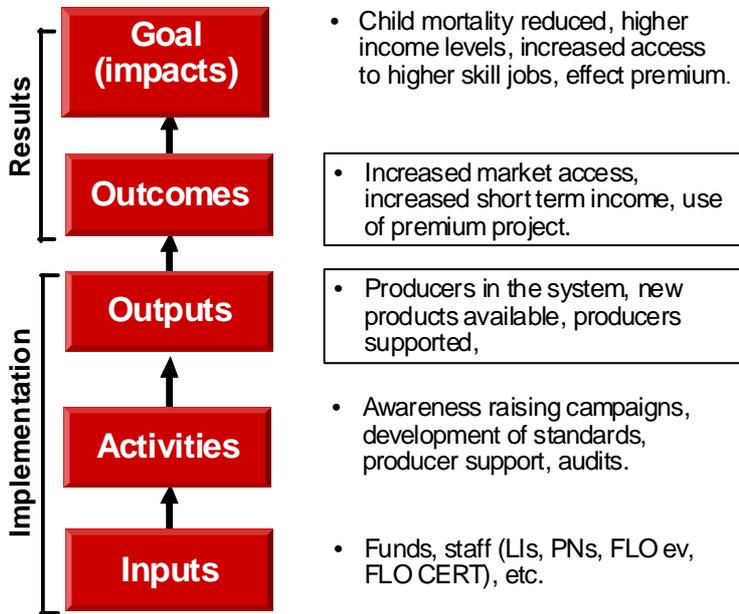
Fairtrade Key Performance Indicators

The long-term aim of FLO's Impact Assessment system is to measure Fairtrade success in achieving its stated goals. As stage two of M&E programme was delayed, the list of indicators used in this year's M&E report did not change so much from last year. The indicators have a relatively strong economic character and focus on issues such as: how much premium did

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producers receive last year; how did they spend the premium; how important are Fairtrade sales for producers: what is their potential production capacity?

Type of indicators that were used for drafting the M&E report



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. This M&E report 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 more data about Fairtrade’s social and environmental objectives and achievements.

The following key indicators were used in this report:

1. Number and type of Fairtrade Certified Producer Organizations
 - A. By geographic region
 - B. By product
2. Number of member organizations of 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 and average Area of Land used by Small Producer Organizations for Cultivating Fairtrade certified products
 - A. By geographic region
 - B. By product
6. Production Capacity of Fairtrade Certified Producer Organizations



- A. By product
 - B. By region
7. Average yield per hectare of Certified Small Producer Organizations
- A. By product
 - B. By region (coffee)
 - C. Organic versus conventional (coffee)
8. Total Fairtrade Premium received by Fairtrade Certified Producer Organizations
- A. By product
 - B. By region
9. Total Fairtrade Premium spent by Fairtrade Certified Producer Organizations
- A. Per premium category
10. Total Fairtrade sales volumes
- A. By product
 - B. By region
11. Total Fairtrade sales revenues
- A. By product
 - B. By region
12. Average price received for Fairtrade sales and for non-Fairtrade sales
- A. Main products only
 - B. Organic versus conventional

How Data was Collected

After FLO identified the indicators, FLO-CERT collected the relevant data from all the audit reports. A manual and an electronic 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.

Scope and limitations

There are some limitations in the project design, which are important to explain before looking at the results presented in the next chapter. As this is the second time that FLO collects M&E data it was easier to identify errors (e.g. based on last year's results predefined validations measures were used to identify errors during the early stages of the data analysis).

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, banana and seed cotton producers has been growing significantly over the last few years, it was possible to include some additional information about these products in this year's report, e.g. about production capacities and yields.

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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).

A number of averages are presented in the report. All averages are arithmetic means, which means each of the data points contributes equally to the final average (as opposed to weighted averages, where some data points contribute more than others)

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

Each table provides information in the column on the left (the vertical text) about data completeness. These figures refer only to the 682 audit reports that were included in the study.

Furthermore, some tables provide additional information about data completeness. The three categories used are:

- Data is complete: this means only 1% or 2 % of all entries are missing
- Data is almost complete: this means that the data is for more than 90% complete
- Data is not complete: this means less than 90% complete (importantly, this also refers to the missing audit reports of producers that could not be included in this study, primarily fruit juice and fresh fruit and vegetables – see Results page 14)

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Results

1. Number of Fairtrade Certified Producer Organizations

According to the latest audit reports (data refers roughly to 2008), 682 different producer organizations (497 Small Producer Organizations, including Contract Production and 185 Hired Labour Organizations) from 53 different countries held a Fairtrade Certificate³. 39% of all certified Small Producer Organizations were located in South America, and 25% in Central America.

The actual number of certified Producer Organizations in December 2008 was 745. Therefore, the 682 producer organizations included in this study represent approximately 92% of all certified producer organizations in 2008. This is important to keep in mind when reading this report, for example the actual Fairtrade Premium income is somewhat higher than the figure presented in tables 9A and 9B because some data is missing. Especially data from producers in Cuba (mostly fruit juice), Haiti (mostly coffee) and Congo (only coffee) is absent. This is mainly due to the fact that FLO CERT was not able to send auditors to these countries. As a result, recent audit reports were not available. Also a significant number of fresh fruit and vegetable producers were not included in this study (only 70% complete).

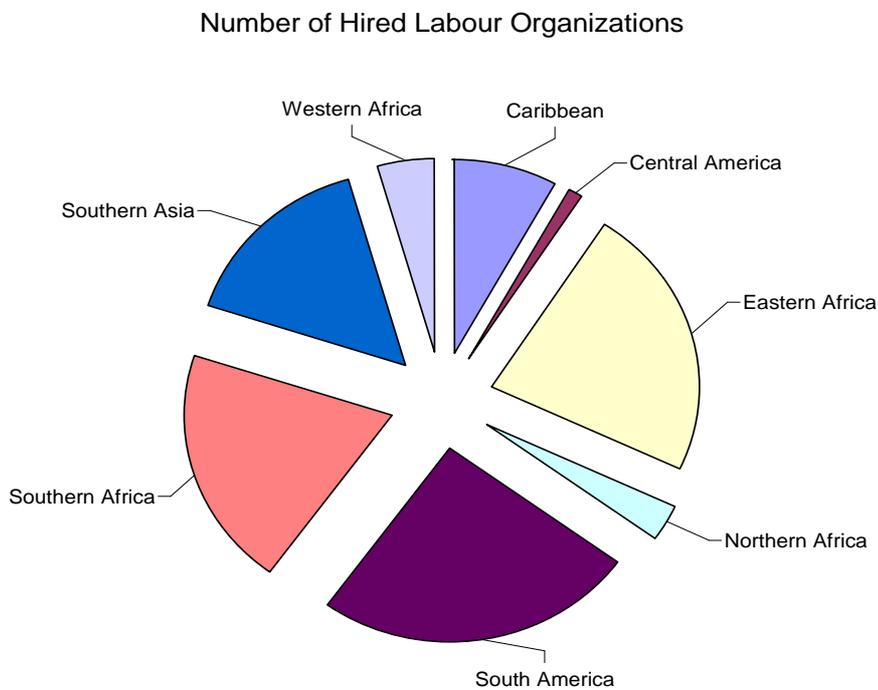
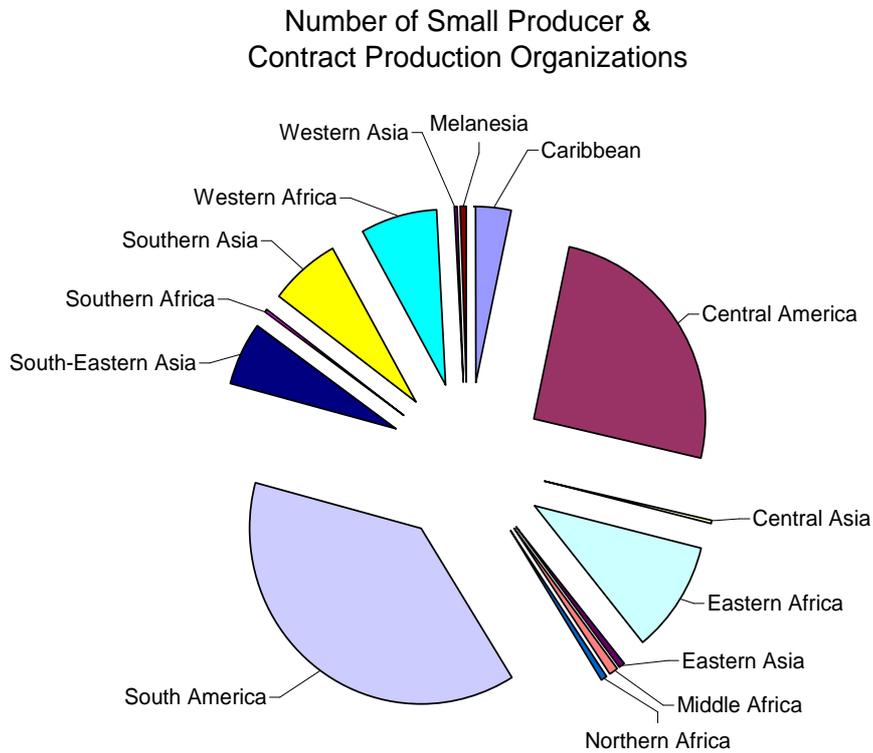
The three continents where Fairtrade certified producers operate exist of 16 geographical regions⁴. In 2008, Small Producer Organizations and Hired Labour Organizations were active in respectively 14 and 8 of in total 16 existing regions in Africa, Latin America and Asia. FLO's ambition is to establish a presence and provide market access to producers in all regions. This year's M&E report includes certified Small Producer Organizations in two new regions (Western Asia and Central Asia) and 1 new region for Hired Labour Organizations (Central America).

³ Number of Fairtrade certified organizations includes a small number of suspended producers.

⁴ Fairtrade standards are limited to certain countries. Only producers in these countries can apply for Fairtrade Certification. Fairtrade's geographical scope exists of 16 regions and almost 160 countries (in total 195 independent countries exist in the world): http://www.fairtrade.net/fileadmin/user_upload/content/Geographical_scope_12_07.pdf

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Chart 1) Number of Certified 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 Organizations only), while 16 product standards are open to Small Producer Organizations. In total 49 Small Producer Organizations and 16 Hired Labour Organizations were certified for more than one product. This is significantly more than last year when 26 Small Producer Organizations and five Hired Labour Organizations were certified for more than one product.

Coffee is by far the most important Fairtrade product in terms of product certifications. Almost 50% of all Fairtrade-certified Small Producer Organizations produced coffee!

Between 2007 and 2008 the number of banana producers grew significantly: from 41 to 67. Especially the number of hired labour set ups increased: from 17 to 37. It is important to keep this in mind, for example when looking at the increases in Fairtrade Premium income.

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

		Geographical scope	Number of producer organizations (in brackets 2007)	Percentage	Most important product ⁵
Small Producer Organizations (incl. Contract Production)	Data Complete: 100%	Caribbean	16 (19)	3.2%	Banana (Fresh Fruit/ Vegetables)
		Central America	126 (97)	25.4%	Coffee
		South America	188 (157)	37.8%	Coffee
		Northern Africa	4 (3)	0.8%	Dried Fruit
		Eastern Africa	51 (58)	10.3%	Coffee
		Western Africa	36 (32)	7.2%	Fresh Fruit/ Vegetables
		Middle Africa	3 (3)	0.6%	Coffee
		Southern Africa	2 (3)	0.4%	Tea
		Western Asia	1 (0)	0.2%	Nuts and Oilseeds ⁶
		Central Asia	1 (0)	0.2%	Seed cotton
		Eastern Asia	4 (4)	0.8%	Tea
		South-Eastern Asia	33 (24)	5.8%	Coffee and Rice
		Southern Asia	33 (15)	6.6%	Seed cotton (Rice)
		Melanesia	3 (3)	0.6%	Coffee
		Grand Total	497 (418)	100.0%	Coffee
		Geographical scope	Number of producer organizations	Percentage	Most important product

⁵ Most important product in terms of number of Producer Organizations

⁶ Refers to olive oil

Hired Labour Organizations Data Complete: 100%	Caribbean	15 (5)	3.7%	Banana
	Central America	2 (0)	1.1%	
	South America	46 (32)	23.7%	Banana and Flowers/ Plants
	Northern Africa	6 (4)	3.0%	Fresh Fruit/ Vegetables
	Western Africa	8 (5)	3.7%	Fresh Fruit/ Vegetables
	Eastern Africa	42 (36)	26.7%	Flowers and Plants
	Southern Africa	37 (31)	23.0%	Fresh Fruit/ Vegetables
	Southern Asia	29 (22)	16.3%	Tea
	Grand Total	185 (135)	100.0%	Flowers and Plants (Tea)

Table 1B) Number of producer organizations who hold one or more Fairtrade certificates: by product – 100% data complete

Small Producer Organizations							
Certified Products	1st product	2nd product	3rd product	4th product	All certified products (in brackets 2007)	Percentage	Most significant region
Banana	29	1			30 (24)	5%	South America
Cane Sugar	14	1	2		17 (10)	3%	South America
Cocoa	23	12	1	1	37 (25)	7%	South America & Western Africa
Coffee	267	3			270 (223)	49%	South America & Central America
Dried Fruit	9	1			10 (7)	2%	Northern Africa
Fonio	1				1 (0)	0%	
Fresh Fruit/Vegetables	17	5			22 (31)	4%	Western Africa
Fruit Juices	8		1		9 (3)	2%	South America
Herbs and Spices	11	3	1		15 (9)	3%	Eastern Africa & Southern



							Asia
Honey	20	9			29 (22)	5%	Central America
Nuts and Oilseeds	16	3	1		20 (16)	4%	South America
Quinoa	4				4 (4)	1%	South America
Rice	12				12 (15)	2%	South-eastern Asia
Seed Cotton	32	1			33 (18)	6%	Southern Asia & Western Africa
Tea	29	1	2		32 (31)	6%	Southern Asia & East Africa
Wine Grapes	5				5 (3)	1%	Southern America
Grand Total	497	40	8	1	546 (442)	100%	

Hired Labour Organizations						
Certified Products	1st product	2nd product	3rd product	All certified products (in brackets 2007)	Percent -age	Most significant region
Banana	37			37 (17)	18%	South America & Caribbean
Flowers and Plants	44	1		45(35)	22%	Eastern Africa & South America
Fresh Fruit/Vegetables	35	9	1	45 (32)	22%	Southern Africa
Fruit Juices	1			1 (1)	0%	
Sportsballs	5			5 (2)	2%	Southern Asia
Tea	39	1	1	41 (36)	20%	Southern Asia & Eastern Africa
Wine Grapes	24	2	1	27 (20)	13%	South America & Southern Africa
Grand Total	185	13	3	201 (143)	100%	

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

The latest audit reports tell us that in 2008 twenty Producer Organizations were certified against the Contract Production Standard (10 more than 2007), and 477 producers were certified against the standard for Small Producer Organizations (70 more than 2007). 17.5% of the Small Producer Organizations were 2nd or 3rd level organizations⁷. In total there were 3,359 member organizations that belonged to a 2nd or 3rd level organization. Most 2nd level organizations existed of approximately 40 member organizations, which is 15 member organizations more than last year⁸.

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

	1st level	2nd level	3rd level	mixed ⁹	Contract Production	Grand Total
Grand Total	389	82	5	1	20	497

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

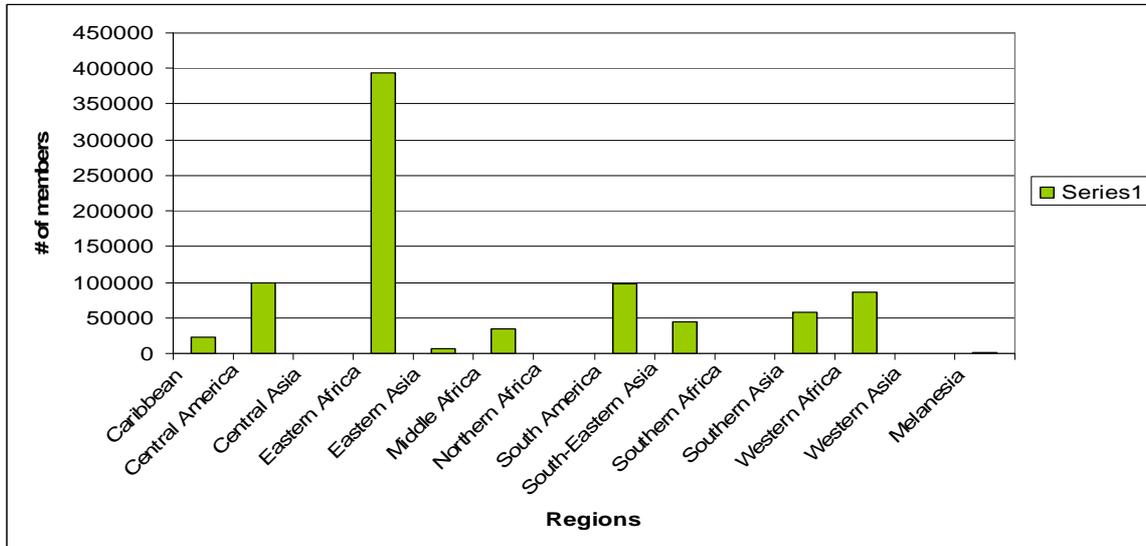
The data from 2008 indicates that almost one million people were workers or members of one of the 682 certified producer organizations. The average Small Producer Organization registered 1,701 members, which is about 40 more than in 2007. In Eastern Africa the figure was much higher (more than 6,000), while in Latin America the average producer organization had less than one thousand members. The smallest Producer Organizations are located in Southern Africa and Northern Africa, with approximately 100 members on average. Although the number of certified organizations located in Eastern Africa was significant (more than 10%), it was substantially less than the number of organizations from South America (38%) or Central America (25%). However, in terms of individual members Eastern Africa is by far the most important region in the Fairtrade system. In 2008 47% of all individual members belonging to a Small Producer Organization lived in East Africa. In 2007 the concentration was even stronger when 51% of all Fairtrade farmers were located in East Africa.

⁷ These are producer organizations that hold the Fairtrade certificate and exist of numerous smaller member organizations.

⁸ 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 3748.

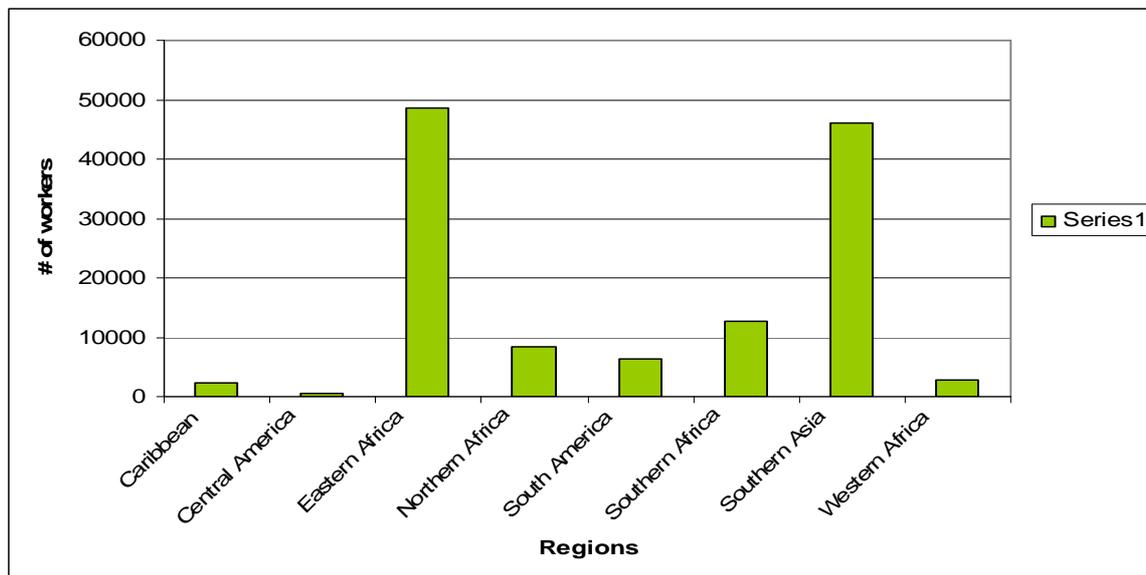
⁹ A mixed organization is a type of 2nd level organization, with member organizations and individual members that do not belong to a member organization.

Number of members SPO per region



Also, in Hired Labour Organizations, Eastern Africa had the highest number of people working on plantations (38%, compared to 43.5% in 2007). The difference with Southern Asia, 36%, is not so big anymore though. The size of plantations differs significantly in the different regions: large plantations in Southern Asia (1159 workers on average) and Eastern & Northern Africa (1100 to 1400 workers on average) and relatively small plantations in the rest of the world (less than 500 workers on average).

Number of workers HL per region



As expected, most of the individual members were involved in the coffee business: 485,000 Fairtrade Farmers produced coffee (including producers who were certified for more than one Fairtrade product) representing close to 60% of all members of all certified Small Producers Organizations (same as for 2007). A significant number of farmers were also engaged in tea, cocoa, and seed cotton—almost 300,000 for all three products together. 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: over 53,000. While tea workers still represented over 40% of all the Fairtrade workers, this figure is somewhat lower than in 2007 (almost 50%). The flower and fresh fruit plantations were also significant employers: 27% and 16% respectively.

Table 3A) Number of members by geographical region

	Geographical scope	Number of individual members 2008	Growth between 2007 and 2008	Most important product in the region ¹⁰
Small Producer Organizations (incl. Contract Production) Data Complete: 100%	Caribbean	23,000	143%	Cocoa
	Central America	100,000	64%	Coffee
	South America	97,000	13%	Coffee
	Northern Africa	470	31%	Dried Fruit
	Middle Africa	34,000	300%	Seed cotton
	Eastern Africa	394,000	12%	Coffee (Tea)
	Western Africa	87,000	1%	Cocoa (Seed cotton)
	Southern Africa	170	-48%	Tea
	Central Asia	770	n.a.	Nuts and Oilseeds ¹¹
	Western Asia	530	n.a.	Seed cotton
	South-Eastern Asia	44,000	10%	Coffee
	Eastern Asia	6,100	0%	Tea
	Southern Asia	58,000	57%	Seed cotton
	Melanesia	1,400	-64%	Coffee
	Grand Total	845,000	22%	Coffee

¹⁰ Most important product in terms of number of individual members

¹¹ Refers to olive oil

Table 3B) Number of workers by geographical region

	Geographical scope	Number of workers 2008	Growth 2007 to 2008	Most important product
Hired Labour Organizations Data Complete: 100%	Caribbean	2,300	238%	Banana
	Central America	460	n.a.	n.a.
	South America	6,200	44%	Flowers and Plants
	Northern Africa	8,200	6%	Fresh Fruit/ Vegetables
	Eastern Africa	49,000	15%	Tea (Flowers and Plants)
	Western Africa	2,700	80%	Fresh Fruit/ Vegetables
	Southern Africa	13,000	17%	Fresh Fruit/ Vegetables
	Southern Asia	46,000	54%	Tea
	Grand Total	127,000	31%	Tea

Between 2007 and 2008 the following SPO products recorded a significant growth in terms of registered members:

- Cane sugar >275%
- Nuts and oilseeds (incl. olive oil) >77%
- Seed cotton >66%

Although the number of members belonging to fresh fruit and vegetable producers seemed to have declined significantly -77% (SPO), one should keep in mind that approximately 30% of all certified fresh fruit and vegetable producers were not included in the 2008 study.

In Hired Labour Organizations the number of workers grew most rapidly in the following products:

- Bananas >85%
- Flowers >62%
- Wine grapes >62%
- Sports balls >236%

Table 3C) Number of members by product

		Certified products: All	Number of members 2008	Percent- age 2008	Most significant region ¹²	Number of members 2007	Percentage 2007
Small Producer Organizations (incl. Contract Production)	Data Complete: 100%	Banana	5,400	0.6%	Caribbean	4,700	0.7%
		Banana, Fresh Fruit/ Vegetables	3,000	0.4%		2,900	0.4%
		Banana, Cocoa	110	0.0%		110	0.0%
		Banana, Cocoa, Fruit Juices	1,200	0.1%		n.a.	
		Cane Sugar	11,000	1.3%	Western Africa	3,000	0.4%
		Cane Sugar, Nuts and Oilseeds	500	0.1%		910	0.1%
		Cocoa	72,000	8.5%	Western Africa	64,000	9.3%
		Cocoa, Coffee	6,000	0.7%		4,300	0.6%
		Coffee	444,000	52.5%	Eastern Africa	394,000	56.9%
		Coffee, Banana	1,200	0.1%		1,500	0.2%
		Coffee, cane Sugar	10,000	1.2%		n.a.	n.a.
		Coffee, Cocoa	8,300	1.0%		4,200	0.6%
		Coffee, Cocoa, Cane Sugar	1,200	0.1%		950	0.1%
		Coffee, Cocoa, Tea	8,200	1.0%		8,200	1.2%
		Coffee, Herbs and Spices, Cocoa	450	0.1%		n.a.	n.a.
		Coffee, Honey	5,800	0.7%		1,500	0.2%
		Dried Fruit	1,100	0.1%	Southern Asia	3,700	0.5%
		Dried Fruit, Fresh Fruit/Vegetables	80	0.0%		590	0.1%
		Dried Fruit, Nuts and Oilseeds	3,600	0.4%		n.a.	n.a.
		Dried Fruit, Tea	160	0.0%		n.a.	n.a.
	Fonio	620	0.1%	Western Africa	n.a.	n.a.	
	Fresh Fruit/Vegetables	2,200	0.3%	Western Africa	9,800	1.4%	
	Fresh Fruit/Vegetables, Dried Fruit	140	0.0%		n.a.	n.a.	
	Fresh Fruit/Vegetables,	73	0.0%		n.a.	n.a.	

¹² Most significant region in terms of number of individual members

Herbs and Spices					
Fruit Juices	1,100	0.1%	South America	1,000	0.1%
Fruit Juices, Fresh Fruit/ Vegetables	n.a.	n.a.		60	0.0%
Herbs and Spices	4,100	0.5%	Eastern Africa	3,100	0.5%
Herbs and Spices, Cocoa, Nuts and Oilseeds	80	0.0%		n.a.	n.a.
Honey	2,200	0.3%	Central America	2,000	0.3%
Nuts and Oilseeds	13,800	1.6%	Western Africa	6,200	0.9%
Nuts and Oilseeds, Coffee, Herbs and Spices	2,900	0.3%		2,900	0.4%
Quinoa	2,600	0.3%	South America	1,700	0.2%
Rice	5,100	0.6%	South-Eastern Asia	5,900	0.9%
Rice, Honey	40	0.0%		120	0.0%
Rice, Seed Cotton, Tea	180	0.0%		180	0.0%
Seed Cotton	88,000	10.4%	Southern Asia/ Western Africa	52,000	7.5%
Seed Cotton, Fresh Fruit/Vegetables	4,00	0.5%		n.a.	n.a.
Seed Cotton, Soybeans and Pulses	n.a.	n.a.		3,800	0.6%
Tea	126,000	14.9%	Eastern Africa	106,000	15.4%
Tea, Herbs and Spices	1,00	0.2%		1,800	0.3%
Wine Grapes	360	0.0%	South America	280	0.0%
Coffee, Fresh Fruit/Vegetables, Cane Sugar, Cocoa	6,600	0.8%			
Grand Total	845,000	100.0%	Eastern Africa	692,000	100.0%
Certified products: All	Number of workers 2008	Percent age 2008	Most Significant Region	Number of workers 2007	Percentage 2007

Hired Labour Organizations Data Complete: 100%	Banana	4,700	3.7%	Caribbean & South America	2,900	2.9%
	Banana, Fresh Fruit/Vegetables	660	0.5%			
	Flowers and Plants	35,000	27.3%	Eastern Africa	22,000	22.3%
	Fresh Fruit/Vegetables	13,500	10.6%	Southern Africa/ Northern Africa	17,000	17.6%
	Fresh Fruit/Vegetables, Flowers and Plants	5,500	4.4%		<i>n.a.</i>	<i>n.a.</i>
	Fresh Fruit/Vegetables, Tea	800	0.6%		<i>n.a.</i>	<i>n.a.</i>
	Fresh Fruit/Vegetables, Wine Grapes	250	0.2%		<i>n.a.</i>	<i>n.a.</i>
	Fruit Juices, Fresh Fruit/ Vegetables ¹³	150	0.1%		180	0.2%
	Sportsballs	10,300	8.1%	Southern Asia	4,400	4.5%
	Tea	52,000	41.2%	Southern Asia / Eastern Africa	49,000	49.8%
	Tea, Fresh Fruit/Vegetables	150	0.1%		400	0.4%
	Tea, Fresh Fruit/Vegetables, Wine Grapes	170	0.1%		70	0.1%
	Tea, Wine Grapes, Fresh Fruit/Vegetables	300	0.2%		<i>n.a.</i>	<i>n.a.</i>
	Wine Grapes	2,400	1.9%	Southern Africa/ South America	1,600	1.6%
	Wine Grapes, Fresh Fruit/Vegetables	860	0.7%		520	0.5%
	Wine Grapes, Fresh Fruit/Vegetables, Tea	210	0.2%		<i>n.a.</i>	<i>n.a.</i>
	Grand Total	127,000	100.0%	Eastern Africa	97,000	100.0%

¹³ In 2007 the Fruit Juice producer was not yet certified for Fresh Fruit/ Vegetables

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 that there was a significant difference between Small Producer Organizations and Hired Labour.

Table 4A) Number of Men and Women

	Small Producer Organizations		Hired Labour Organizations	
	Percentage of members	Data completion 92%	Percentage of workers	Data completion 99%
Female:	20%		35%	
Male:	80%		65%	
Total :	100%		100%	

Last year a different method of calculation was used for measuring the number of women working on Fairtrade farms and plantation. Using that method (not an arithmetic mean), the 2007 data indicated that women represent 24% of all registered SPO members and 41% of all workers.

This year's calculation, however, is more accurate. And if we would use this method to compare the 2007 and 2008 figures we would see a small increase of 2% in the number of registered women on SPOs (from 18% to 20%). In Hired Labour the figures did not change.

In tea there was a relatively high number of women registered (27%), while in cocoa, honey and rice the number was relatively low (15% or less). While in 2007 the number of women registered with a seed cotton organization was close to 30% in 2008 this changed and the figure dropped to 13%. It should be noted though that an extraordinary high number of seed cotton producers registered 0 female members, which suggests that there may be a data error.

In 2008 women represented 35% of the work force in Hired Labour set-ups. In the Flowers, Sports balls, Tea and Fresh Fruit sector women made-up between 35 and 50% of all employees. This figure was significantly lower in banana production (12%).

Table 4B) Men and women members and workers by product

Small Producer Organizations (incl. Contract Production) Data Complete: 92%	Certified products: All	Number of women 2008	Number of men 2008
	Banana	20%	80%
	Cane Sugar	19%	81%
	Cocoa	14%	86%
	Coffee	20%	80%
	Dried Fruit	34%	66%
	Fonio	14%	86%
	Fresh Fruit/Vegetables	15%	85%
	Fruit Juices	18%	83%
	Herbs and Spices	19%	81%
	Honey	12%	88%

	Nuts and Oilseeds	28%	72%
	Quinoa	31%	69%
	Rice	16%	84%
	Seed Cotton	13%	87%
	Tea	27%	73%
	Wine Grapes	16%	84%
	Grand Total	20%	81%
Hired Labour Organizations Data Complete: 99%	Certified products: All	Number of women 2008	Number of men 2008
	Banana	12%	88%
	Flowers and Plants	50%	50%
	Fresh Fruit/Vegetables	35%	65%
	Fruit Juices	22%	78%
	Sportsballs	36%	64%
	Tea	44%	56%
	Wine Grapes	28%	72%
	Grand Total	35%	65%

5. Total Area of Cultivation of Fairtrade Small Producer Organizations

The data for Small Producer Organizations, excluding honey and nuts & oilseeds (the former is calculated per beehive and the latter includes wild harvesting) indicated that the total area of cultivation was approximately 1.1 million hectares, which was significantly more than in 2007 (740,000 hectares). Especially, the increase in numbers of cocoa and coffee producers, who joined Fairtrade between 2007 and 2008, contributed to this growth.

64%, or approximately 683,000 hectares of land¹⁴, was used by Fairtrade farmers for coffee production. The Food and Agricultural Organization of the United Nations (FAO) estimates that in 2008 the world coffee cultivation covers an area of almost 10 million hectares¹⁵. Bearing in mind that the figures from both FAO and FLO are rough estimates, the area of Fairtrade coffee production represented almost 7% 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 2008 the Fairtrade certified coffee producers in Central America cultivated an area of approximately 160,000 hectares (140,000 in 2007). FAO, on the other hand, estimates that in Central America 1.6 million hectares were used for coffee production. This means that in this particular region 10% of all coffee was cultivated under Fairtrade conditions.

The figures in tables 5A indicate that between 2007 and 2008 the area of land used to cultivate Fairtrade products increased significantly, mainly thanks to coffee, cocoa and seed cotton.

¹⁴ These figures have not been adjusted, so the actual number of hectares used for cultivating Fairtrade coffee is somewhat than what is presented in table 5A (perhaps 1 or 2% more)

¹⁵ <http://faostat.fao.org/site/567/DesktopDefault.aspx?PageID=567#ancor>

Table 5A) Total area of cultivation Small Producer Organizations by Product – 96% data complete¹⁶

Certified Product: All, except Nuts & Oilseeds and Honey	Total area of cultivation (HA) 2008	Percentage 2008	Total area of cultivation (HA) 2007	Percentage 2007
Banana	21,000	2.0%	17,000	2.3%
Cane Sugar	14,800 ¹⁷	1.4%	14,800	2.0%
Cocoa	115,000	10.4%	60,000	8.0%
Coffee	683,000	64.1%	497,000	67.3%
Dried Fruit	2,600	0.2%	530	0.1%
Fonio	276	0.0%	n.a.	n.a.
Fresh Fruit/Vegetables	7,000	0.6%	9,600	1.3%
Fruit Juices	6,400	0.6%	690 (probably too low)	0.1%
Herbs and Spices	10,400	1.0%	4,400	0.6%
Quinoa	7,100	0.7%	19,600 (perhaps too high)	2.7%
Rice	12,400	1.2%	12,700	1.7%
Seed Cotton	80,200	7.5%	68,000	9.2%
Tea	38,000	3.6%	33,000	4.5%
Wine Grapes	2,200	0.2%	2,000	0.3%
Total (excluding nuts & honey)	1,1 million	100.0%	n.a.	n.a.

Table 5B) Total area of cultivation Small Producer Organizations by geographical region– 96% data complete

Geographical scope All, except Nuts & Oilseeds and Honey	Total area of cultivation (HA) 2008	Percentage 2008	Total area of cultivation (HA) 2007	Percentage 2007
Caribbean	62,000	5.7%	24,200	3.3%
Central America	169,000	15.6%	123,000	16.7%
South America	322,000	29.7%	256,000	34.7%
Northern Africa	1,000	0.1%	590	0.1%
Eastern Africa	221,000	20.4%	161,000	21.8%
Middle Africa	25,000	2.3%	25,000	3.4%
Western Africa	76,000	7.0%	52,000	7.1%
Southern Africa	592	0.1%	830	0.1%
Central Asia	311	0.0%	n.a.	n.a.
Western Asia	0	0.0%	n.a.	n.a.
Eastern Asia	2,000	0.2%	2,000	0.3%
Melanesia	1,700	0.2%	5,000	0.7%
South-Eastern Asia	53,000	4.9%	51,000	6.9%

¹⁶ Excludes nuts and oilseeds producers (which includes wild harvesting > 100,000 HA per organization) and honey (calculated per beehive and not per hectare)

¹⁷ Total area of cultivation for cane sugar is probably too low as some data is missing: note that cane sugar production, sales volumes and premium income increased with more than 200%!



Southern Asia	62,000	5.7%	38,000	5.1%
Grand Total (excluding nuts & honey)	1,1 million	100%	739,000	100.0%

6. Average Area of Land used for cultivating Fairtrade certified products - Small Producer Organizations

Among Small Producer Organizations the average area of land used for cultivating Fairtrade products was less than 5 hectares. As explained before, honey is calculated per beehive (approximately 80 per farmer) and nuts and oilseeds includes wild harvesting, which means that occasionally the indicated area of cultivation reached 300 hectares or even more. If you were to exclude wild harvesting, then you would see that the nuts and oil seed producers also cultivate, on average, a piece of land that is smaller than 5 hectares.

The area of land used on average for cultivating Fairtrade products differed considerably between regions and depending on the product. Many coffee farmers in Eastern Africa cultivate plots of land that are smaller than one hectare (0.7 HA), while their Latin American colleagues typically run farms that are five to ten times as big (South America 3.4 HA). 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 Ivory Coast¹⁸ were bigger than in Central America.

Table 6A) Average area of land cultivated for Fairtrade Products Small Producer Organization by product – 95% data complete

Certified Product: based on main product only ¹¹⁹	Average area of land ²⁰ (HA)2008 ²¹
Banana	2.9
Cane Sugar	3.6
Cocoa	3.4
Coffee	2.8
Dried Fruit	1.9
Fonio	0.4
Fresh Fruit/Vegetables	2.7
Fruit Juices	8.9

¹⁸ 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.

¹⁹ 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

²⁰ Excluding Soybeans & Pulses (not enough info available)

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



Herbs and Spices	1.0
Honey (bee hives)	79.6
Nuts and Oilseeds	69.6
Quinoa	3.3
Rice	2.1
Seed Cotton	1.1
Tea	0.8
Wine Grapes	4.5

7. Production Capacity of Fairtrade Certified Producer Organizations

The figures from 2007 and 2008 are difficult to compare, because for the 2009 report it was not yet possible to calculate the production volumes for all the certified products (2007 data referred only to the main certified products). Considering that there were only 26 Small Producer Organizations certified for more than 1 product in 2007, the increase in production capacity is significant for most products. More concretely, the potential supply of Fairtrade products, such as coffee, cocoa and tea, increased with 25%, while cane sugar production shot up with a staggering 50%.

Breaking down these figures per region provides another interesting insight in production outputs of Fairtrade producers. Chart 7A, 7B and 7C show the production capacities of some major products (in terms of production volume) per geographical region.

Producers from South America had the biggest production capacity: especially the capacity of the coffee and banana producers in South America was much higher than that of producers in other regions. The Caribbean is also an important potential supplier of Fairtrade bananas, and so is Central America for coffee. 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 simply be explained by differences in productivity – although yields seemed to have increased in South America between 2007 and 2008 (see also section 8B).

The largest volumes of tea were produced by both Hired Labour Organizations and Small Producer Organizations in Eastern Africa. South Africa is by far the largest producer of fresh fruit (and wine grapes). Regarding bananas, the production capacity of Small Producer Organizations in South America and Central America seems to be higher than that of the certified plantations in the same region.

Table 7A) Production capacity: by product

	Certified Product: All	Total volume produced (Metric Tonnes) - 2008	Percentage - 2008	Comments - 2008	Total volume produced (Metric Tonnes) 2007 – figures only apply to main certified product
Small Producer Organizations (incl. Contract Production) Data Complete: 98%	Banana	313,000	18.1%	Complete	297,000
	Cane Sugar	668,000	38.6%	Complete	335,000
	Cocoa	91,000	5.3%	Almost complete	75,000
	Coffee	324,000	18.7%	Complete	251,000
	Dried Fruit	1,500	0.1%	Almost complete	1,200
	Fonio	30	0.0%		n.a.
	Fresh Fruit/Vegetables	116,000	6.7%	Not complete	41,000
	Fruit Juices	14,200	0.8%	Not complete	590
	Herbs and Spices	4,000	0.2%	Almost complete	290
	Honey	4,500	0.3%	Almost complete	4,300
	Nuts and Oilseeds	8,700	0.5%	Almost complete	6,400
	Quinoa	7,100	0.4%	Not complete	5,000
	Rice	14,600	0.8%	Almost complete	17,500
	Seed Cotton	80,000 ²²	4.6%	Almost complete	80,000
	Tea	69,000	4.0%	Almost complete	50,000
	Wine Grapes	13,700	0.8%	Almost complete	16,300
Grand Total	1,8 million	100.0%	Almost complete	1,183,000	
	Certified Product: All	Total volume produced (Metric Tonnes) - 2008	Comments – 2008		Total volume produced (metric tonnes; unless stated differently) 2007
Hired Labour Organizations Data Complete: 98%	<i>Banana</i>	166,000	Complete		36,000
	<i>Flowers and Plants (stems)</i>	1,944 million	Complete		317 million
	<i>Fresh Fruit/Vegetables</i>	312,000	Not complete		21,000
	<i>Fruit Juices</i>	122	Not complete		760
	<i>Sport Balls (per ball)</i>	6,433,000	Almost complete		48,000
	<i>Tea</i>	81,000	Almost complete		7,300
	<i>Wine Grapes</i>	65,000	Almost complete		15,600

²² One seed cotton producer recorded production volumes of 9,000 MT, which may be too high when comparing this to other producers. This may also be the reason why cotton yields seem relatively high

Chart 7A) Production capacity (MT) of Small Producer Organizations: cocoa, coffee, seed cotton in 7 main regions

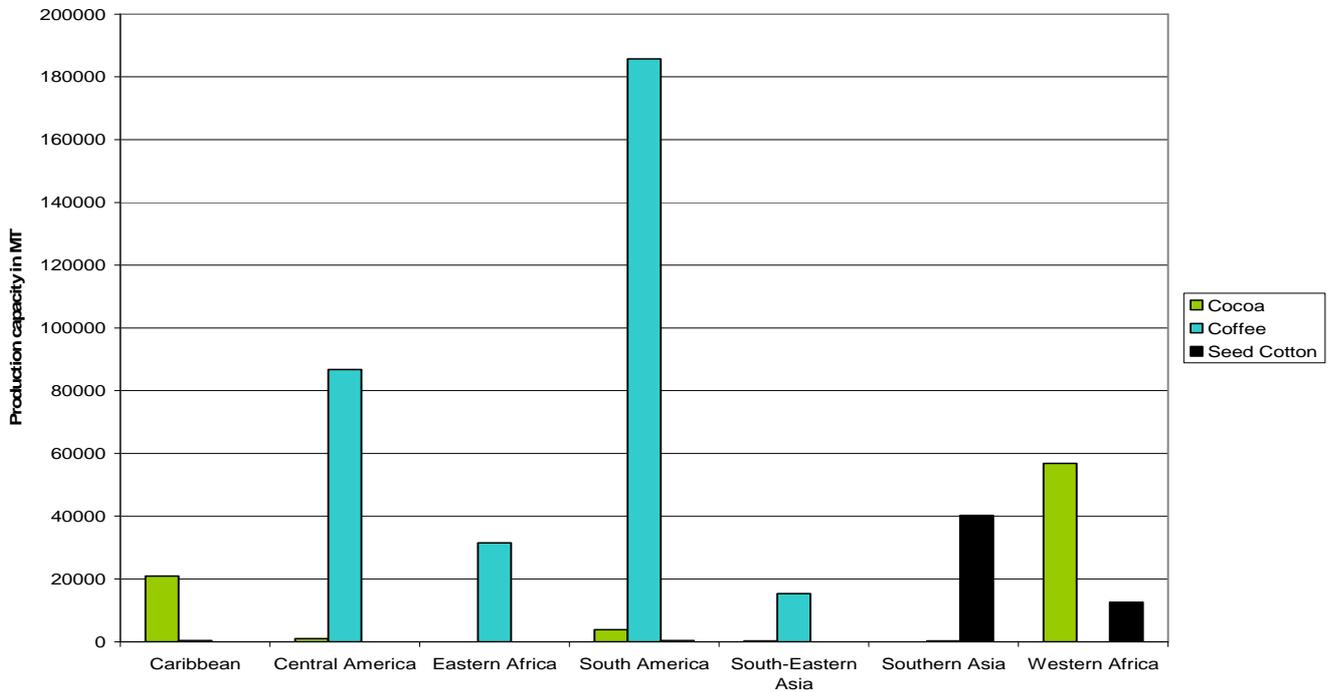


Chart 7B) Production capacity (MT) of Small Producer Organizations: banana, fresh fruit, tea and wine grapes in 7 main regions

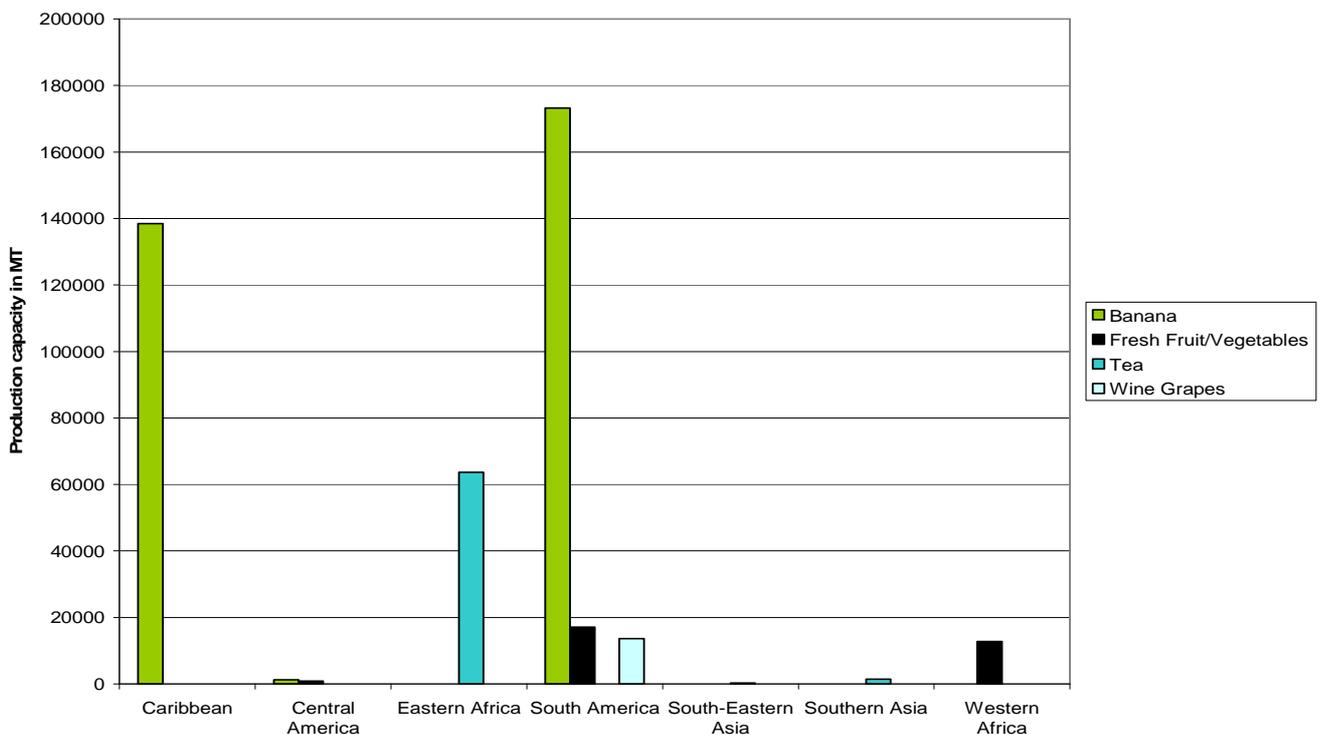
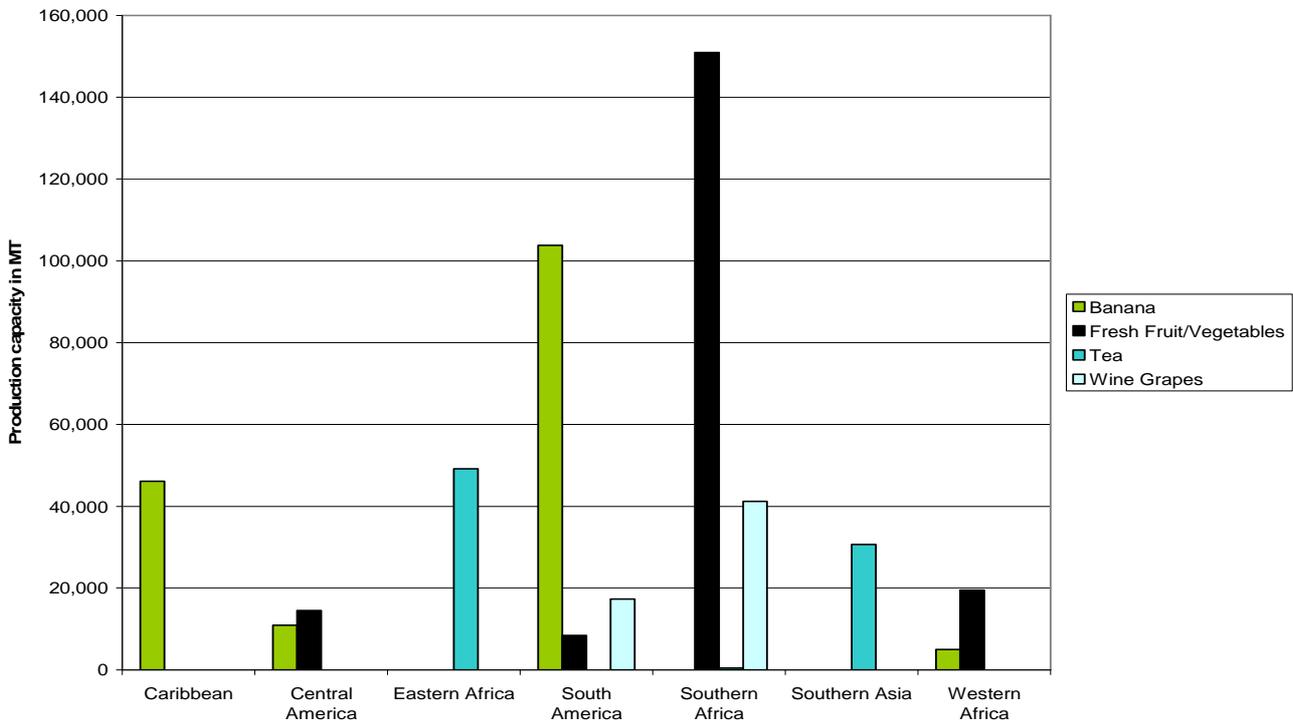


Chart 7C: Production capacity (MT) Hired Labour Organizations: banana, fresh fruit/vegetables, tea and wine grapes in 7 main regions



8. Average Yield per Hectare of Small Producer Organization

For calculating the average yield per hectare, we use the information about production capacity and area of cultivation. 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 (0.73 MT green coffee per HA (similar to last year) was relatively high compared to what has been reported in external studies. According to Rodriguez and Vasquez (2004) and Brando (2004)²³, 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.

In 2007 FLO reported an average of 0.8 MT per hectare. The figure in 2008 is a little lower (0.73 MT per hectare), but seems more accurate, as the data has been checked more extensively.

FLO’s new department, called Global Product Management, has started compiling a lot more information about the supply and demand of coffee (as well as 5 other core products) since 2010. Next year FLO will be able to combine the M&E and GPM data, which should enable us

²³ 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

to provide additional information about the production data presented in the M&E reports, e.g. what are the main reasons for higher/ lower productivity in certain regions, which regions and producers have high productivity but are not able to optimize their full potential (i.e. relatively low Fairtrade sales), and what is the quality of the different products produced (e.g. coffee washed or natural, Robusta or Arabica, etc).

Cocoa yields per hectare seemed to have decreased a little bit between 2007 and 2008. In 2007 we reported an average cocoa yield of 0.50 MT per hectare, while the year after the production volumes reduced to 0.39 MT per hectare. As yields do not change so rapidly from one year to the next it is most likely that either the 2008 or 2007 figures were not entirely accurate. **As the figures presented in this report have been checked more extensively, the 2008 figures are more reliable than the 2007 figures.**

The yields for 2008 are still in line with average cocoa yields reported elsewhere: the International Cocoa Organization (ICCO)²⁴ reports that the average yield in Ivory Coast, Ghana and Nigeria is 0.54, 0.28 and 0.28 MT/ Ha respectively. Normally, Latin American producers are expected to record somewhat higher yields than African cocoa farmers. The 2008 data did not directly support this assumption: yields in Ghana were lower than in the Ivory Coast (0.2 to 0.3 MT versus 0.4 MT per hectare), but equal to Colombia, Ecuador and Bolivia. Mexico and Peru recorded the highest yields, approximately 0.5 MT per hectare.

Table 8A) Average yield (MT per HA) Small Producer Organization per product – data complete 91%

Certified products: All 125	Average yield (MT per HA) 2008	Average yield (MT per HA) 2007
Banana	22.59	24.95
Cane Sugar	32.01	26.3
Cocoa	0.33	0.50
Coffee	0.73	0.80
Dried Fruit	1.96	3.34
Fonio	0.11	n.a.
Fresh Fruit/Vegetables	11.67	7.44
Fruit Juices	2.53	0.80
Herbs and Spices	0.39	0.19
Quinoa	0.57	0.88
Rice	1.33	2.14
Seed Cotton	1.18	0.98
Tea	1.95 ²⁶	1.91
Wine Grapes	9.12	9.15
Grand Total	Not applicable	Not applicable

²⁴ <http://www.internationalcocoaorganisation.net/questions/yield2.htm>

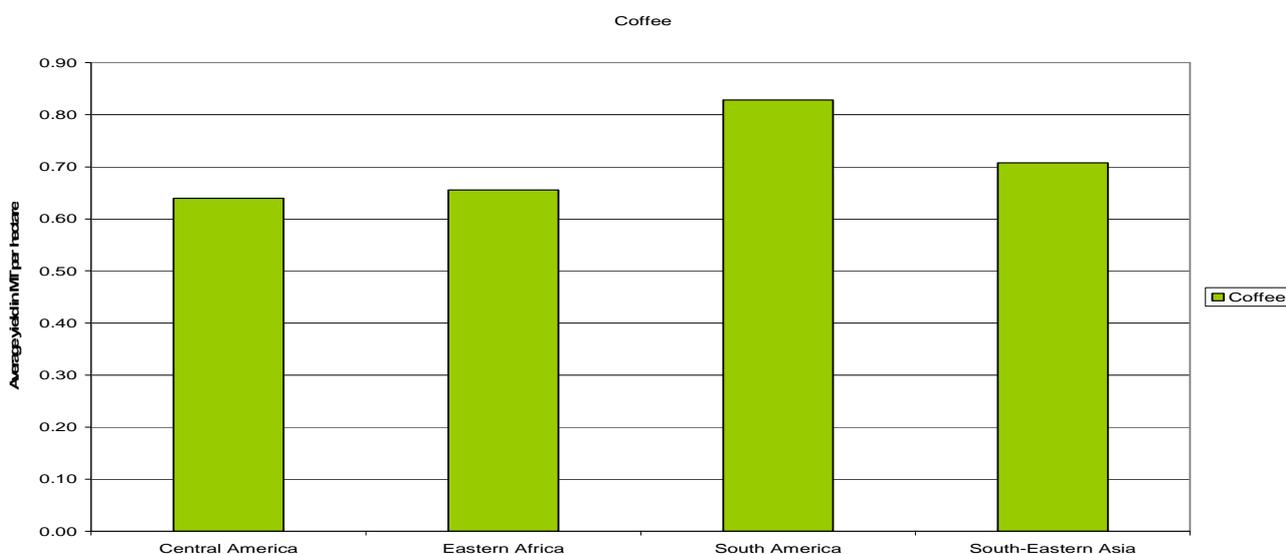
²⁵ Figures are based on the first certified product only. Occasionally producers are certified for more than one product – these figures have not been included as it is complicated to measure and the difference in outcomes is negligible

²⁶ Average yield of 1.95 MT per hectare for tea is relatively high. The highest yields are recorded in Kenya and Malawi: 2.8 and 3.4 MT per hectare.

Note: the table is not entirely representative because information from very large coffee, cocoa and sugar cane producers is missing

The table below shows the regional differences in coffee yields per hectare (the table excludes regions with less than ten producer organizations). The average yields in South America and South-eastern Asia seem about 10 to 20% higher than in Central America and Eastern Africa. It should be noted though that the 2007 figures indicated that the productivity of South America was still below 0.7 MT per hectare similar to Eastern Africa.

Chart 8A) Average coffee yield per hectare of Small Producer Organizations - organic and conventional



The table below illustrates the difference in yield between Fairtrade Producer Organizations that are certified for organic and Producer Organizations that do not own an organic certificate (conventional). Only products produced by more than 20 certified Producer organizations have been included in the table. As organic producers have internal control systems in place, the figures concerning area of cultivation and production capacity may be more reliable than for conventional producers. The difference between organic and conventional is rather small for bananas and cocoa, yet coffee and seed cotton reported a significant difference of approximately 30%. The biggest difference can be observed in tea. Here conventional producers recorded yields that were twice as high as what their organic colleagues reported.

Table 8B) Average yield (MT per HA) Small Producer organization per ORGANIC product – data complete 92%

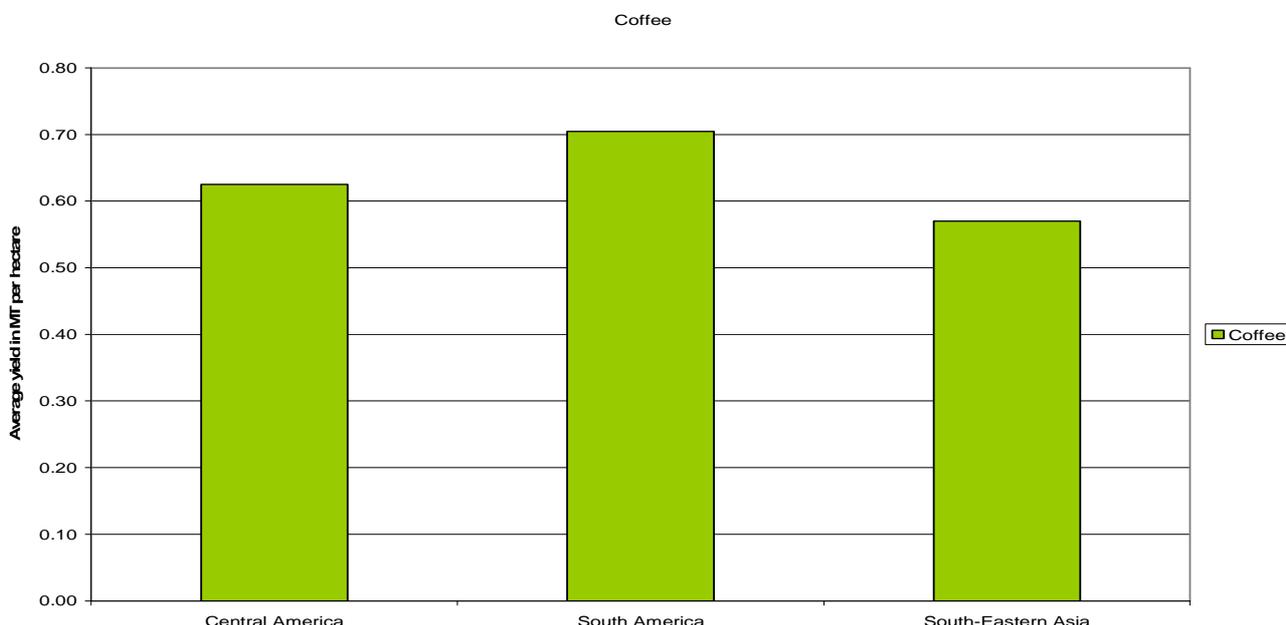
Certified products: All 127	CONVENTIONAL: Average yield (MT per HA) 2008	ORGANIC: Average yield (MT per HA) 2008
Banana	23.58	22.04
Cocoa	0.39	0.31
Coffee	0.95	0.65

²⁷ 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

Seed Cotton	1.34	1.00
Tea	2.44	1.11

The table below clearly shows the large difference in productivity between organic producers in Latin America and organic producers in Asia (only regions with more than 8 organic producers have been included in the table below). The former achieve yields of 0.6 to 0.7 MT per hectare, while in Asia the organic coffee producers' yields are still below 0.6 MT per hectare. In general, yields of organic producers in Central America seem similar as yields from conventional producers in their region (compare chart 8B and 8A) - in South America and Asia larger differences can be observed.

Chart 8B) Average yield per hectare of Small Producer Organizations: ORGANIC coffee – 3 main regions



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 a 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 therefore depend on the quantity of Fairtrade products sold and the Fairtrade Premium level (usually between 10% and 20% of the FOB price). 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.

In 2008 the total amount of Fairtrade Premium received by workers of plantations and members of Small Producer Organizations came to 42.3 million euros. This was approximately 10 million euros, or 32%, more than in 2007. **As the M&E study included**

“only” 92% of all certified producer organizations, the actual Fairtrade Premium income is probably about 9% higher than the figure presented in the table below. This would result in a total Fairtrade Premium income of 46 to 47 million euros in 2008.

The total amount of Fairtrade Premium received by banana plantations increased from 2.3 million to 4 million euros. The growth is due to a large increase in the number of new plantations that joined Fairtrade around 2007.

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

In 2008 the Fairtrade Premium levels for coffee doubled from 5 USD cents per pound to 10 USD cents per pound²⁸. Although one cannot yet observe a 100% increase in premium incomes between 2007 and 2008 the growth has been significant already; from 9.5 million to 13.5 million euros. A further increase of perhaps 50% can be expected in 2009.

Table 9A) Fairtrade premium received by product

	Certified products 1, 2 and 3	Premium received EUR 2008	Percent-age 2008	Fairtrade Premium received EUR 2007	Percent-age 2007
Small Producer Organizations (incl. Contract Production) Data Complete: +/-100% - 26 producers recorded Fairtrade sales revenues but no premium income!	Banana	7,853,000	25.9%	7,348,000	29,9%
	Cane Sugar	4,024,000	13.3%	1,195,000	3,6%
	Cocoa	1,057,000	3.5%	1,530,000	7,5%
	Coffee	13,469,000	44.4%	9,511,000	38,7%
	Dried Fruit	121,000	0.4%	58,000	0,2%
	Fonio	0	0.0%	n.a.	
	Fresh Fruit/Vegetables	342,000	1.1%	645,000	2,6%
	Fruit Juices	221,000	0.7%	190,000	0,8%
	Herbs and Spices	19,000	0.1%	59,000	0,2%
	Honey	244,000	0.8%	274,000	1,1%
	Nuts and Oilseeds	234,000	0.8%	250,000	1,0%
	Quinoa	36,000	0.1%	92,000	0,4%
	Rice	283,000	0.9%	178,000	0,7%
	Seed Cotton	1,070,000	3.5%	1,595,000	6,5%
	Tea	1,300,000	4.2%	1,619,000	6,6%
	Wine Grapes	94,000	0.3%	29,000	0,1%
	Grand Total	30,350,000	100.0%	24,573,000	100.00%

²⁸ 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%.

Hired Labour Organizations Data Complete: +/-100% - 9 producers recorded Fairtrade sales revenues but no premium income	Certified product 1, 2 and 3 ²⁹	Premium received EUR 2008	Percent- age 2008	Fairtrade Premium received EUR	Percent- age
	Banana	4,035,000	33.8%	2,313,000	30.61%
	Flowers and Plants	3,671,000	30.7%	2,687,000	35.56%
	Fresh Fruit/ Vegetables	812,000	6.8%	935,000	12,4%
	Fruit Juices	8,000	0.1%	n.a.	
	Sport Balls	55,000	0.5%	9,800	0.13%
	Tea	2,650,000	22.2%	941,000	12,5%
	Wine Grapes	712,000	6.0%	670,000	8,9%
	Grand Total	11,944,000	100.0%	7,556,000	100.00%

The Fairtrade Premium income in seed cotton seems remarkably low. Some producers recorded Fairtrade sales revenues, but no premium income. Considering the Fairtrade sales volumes (table 11A) it is likely that the actual Premium income was 50 to 100% higher. The Fairtrade Premium incomes recorded by cocoa producers were also lower than expected. The Fairtrade sales volumes suggest that the actual premium income is most likely 50% higher than what is recorded in the table above.

Table 9B) Fairtrade premium received by geographical region

Small Producer Organizations (incl. Contract Production) Data Complete: +/- 100%	Per region	Fairtrade Premium received EUR 2008	Percentage 2008	Fairtrade Premium received EUR 2007	Percentag e 2007
	Caribbean	5,054,000	16.7%	5,371,000	21.86%
	Central America	7,985,000	26.3%	3,227,000	13.13%
	South America	10,013,000	33.0%	8,878,000	36.13%
	Northern Africa	31,000	0.1%	31,000	0.13%
	Eastern Africa	3,279,000	10.8%	2,990,000	12.17%
	Western Africa	1,156,000	3.8%	1,173,000	4.77%
	Middle Africa	150,000	0.5%	220,000	0.90%
	Southern Africa	22,000	0.1%	31,000	0.13%
	Central Asia	3,700	0.0%	n.a.	
	Western Asia	48,000	0.2%	n.a.	
	Eastern Asia	330,000	1.1%	235,000	0.96%
	South-Eastern Asia	1,130,000	3.7%	990,000	4.03%
	Southern Asia	1,079,000	3.6%	1,209,000	4.92%
Melanesia	70,000	0.2%	218,000	0.89%	
Grand Total	30,350,000	100.0%	24,573,000	100.00%	

²⁹ The audit reports did not contain any information about Fairtrade Premium received for Fruit Juice

		Per region	Fairtrade Premium received EUR 2008	Percentage 2008	Fairtrade Premium received EUR 2007	Percentage 2007
Hired Labour Organizations Data Complete: 100%	Caribbean		1,103,000	9.2%	288,000	3.82%
	Central America		221,000	1.9%	n.a.	
	South America		3,478,000	29.1%	2,886,000	38.20%
	Northern Africa		343,000	2.9%	329,000	4.35%
	Western Africa		298,000	2.5%	292,000	3.87%
	Eastern Africa		4,482,000	37.5%	2,639,000	34.92%
	Southern Africa		715,000	6.0%	687,000	9.09%
	Southern Asia		1,303,000	10.9%	436,000	5.77%
	Grand Total		11,944,000	100.0%	7,556,000	100.00%

On average a certified Small Producer Organization received approximately 61,000 euros in Fairtrade Premium income. In most regions the figure fluctuates between 50,000 and 70,000 euros per producer organization, with the main exception of the Caribbean, where an Small Producer Organization received on average more than 300,000 euros Fairtrade Premium. In the three regions where there are not so many certified Small Producer Organizations yet, Southern Africa, Northern Africa and Central America, the average producer organization received less than 10,000 euros in 2008.

Banana and cane sugar producer organizations receive four to five times as much as most of the other producer organizations. Producers of Quinoa and Herbs and Spices were not yet able to earn more than 10,000 euros in Fairtrade Premium.

Chart 9A) FT Premium received per SPO per region

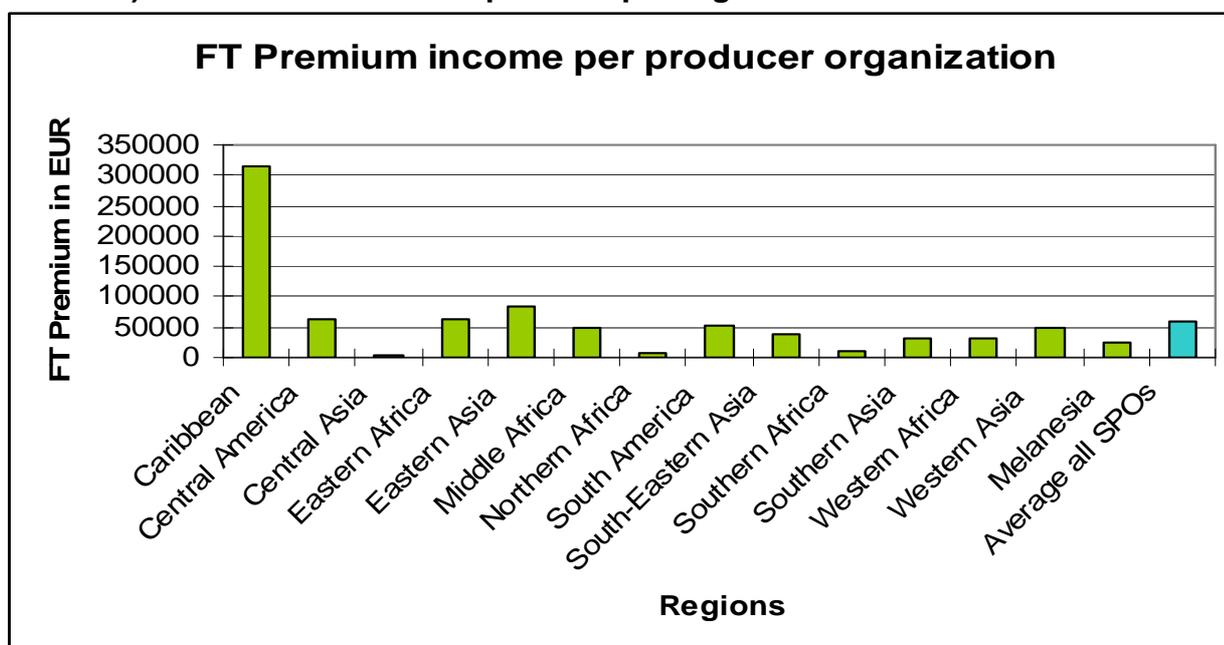
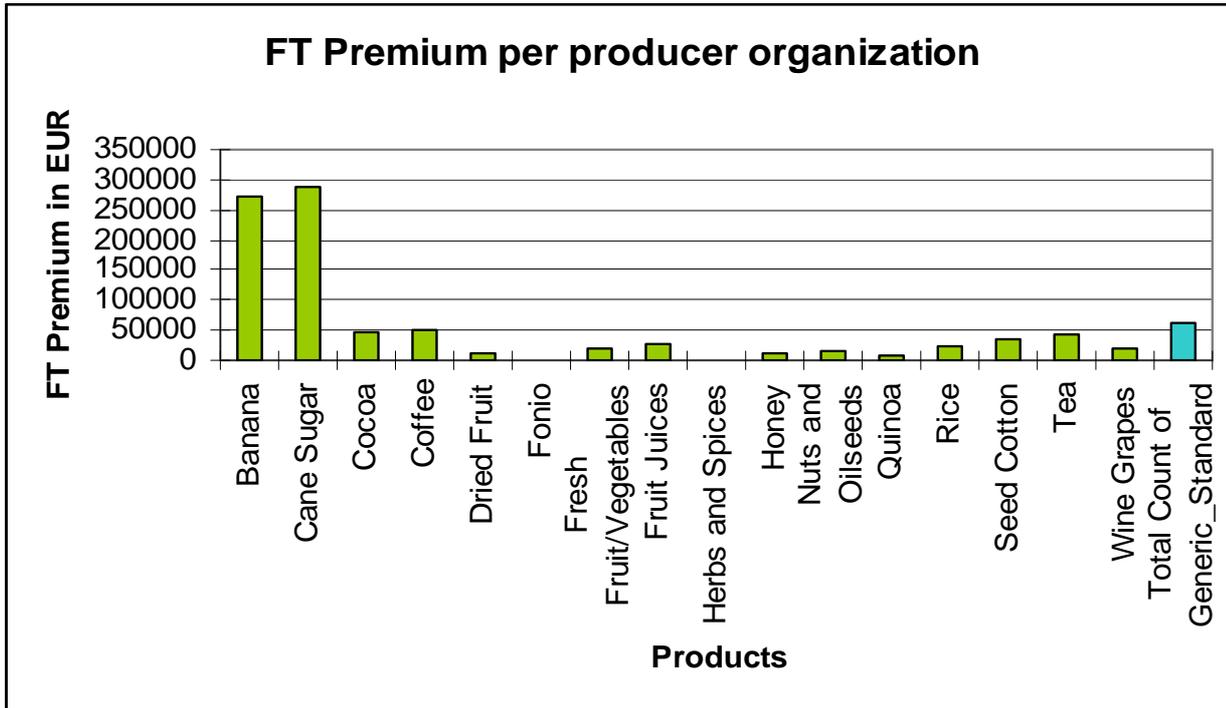


Chart 9B) FT Premium received per SPO per product



In 2008, Hired Labour organizations received on average 65,000 euros in Fairtrade Premium income. Producer organizations in Central America and Eastern Africa did relatively well; in both regions producers received more than 100,000 euros. The difference in Fairtrade Premium income was much bigger when calculating these figures per product. Producers of bananas, flowers and tea all earned more than 60,000 euros, while producers of fruit juice and sports balls earned less than 10,000 euros on average.

Chart 9C) FT Premium received per HL per region

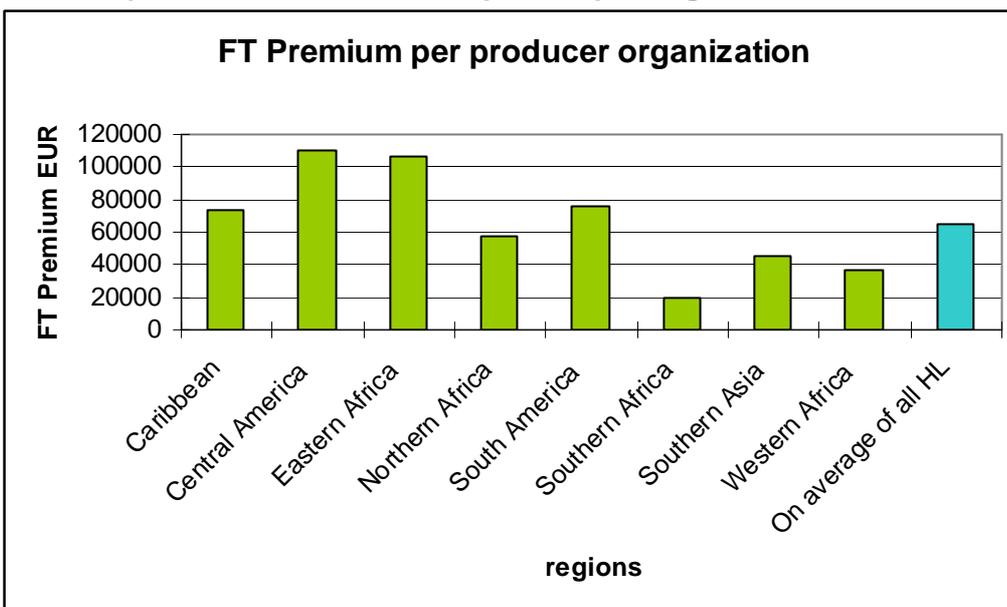
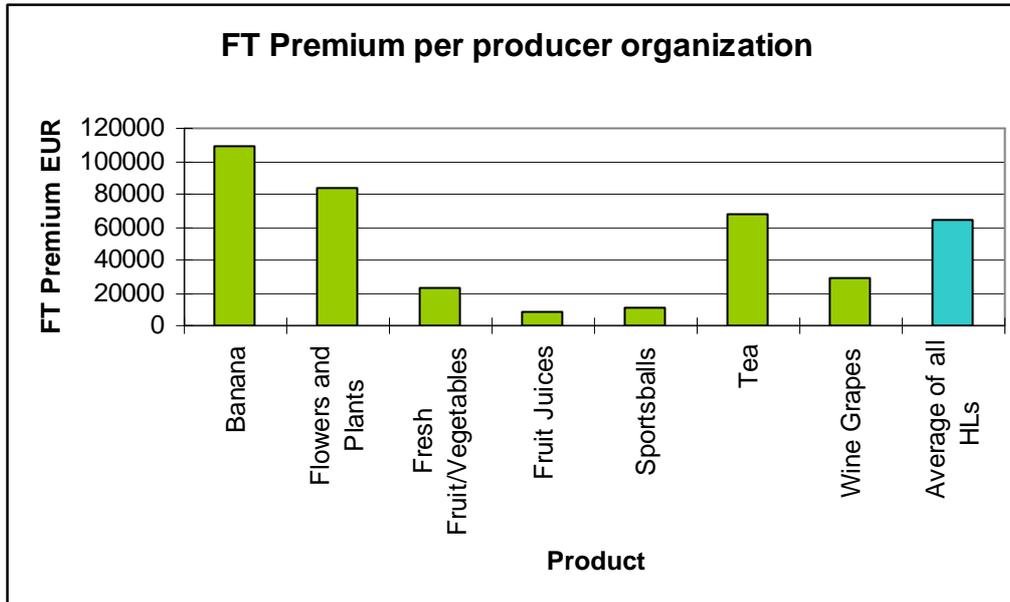


Chart 9D) FT Premium received per HL per product



Although the Fairtrade Premium is for collective use, calculating the premium income per person provides an interesting picture of how this money is distributed between the different countries and products. Similar to 2007, two-thirds of the Fairtrade premium in Hired Labour went to workers in banana plantations and flower cultivation. Although the premium income for banana and flower workers went down somewhat between 2007 and 2008 (bananas from 820 to 760 euros per person and for flowers from 120 to 105 euros per person) the premium revenue was still significantly higher than what the average Fairtrade worker received in 2008 (94 euros).

There were two main factors contributing to the high premium returns:

- 1) The Fairtrade Premium levels, as defined in the banana and flowers standards, were relatively high
- 2) Fairtrade sales of especially bananas, were much higher than for 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.

All in all the average Fairtrade workers received 14 euros more per person between 2007 and 2008 (from 80 euros to 94 euros).

Also in Small Producer Organizations, 25% of the premium revenues went to banana producers. The average small-scale banana producer organization received (7.9 million/ 9700 members): 800 euros per member.

The average premium received per member was approximately 35 euros, equal to last year.

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_De_c_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 (for Small Producer Organizations):

1. **Community** - including community infrastructure, buildings & home improvements, disaster relief, support elders, cultural events, micro-credits, a local shop, etc
2. **Education** - including pre-school, scholarships, school infrastructure, school supplies
3. **Environment** - including organic certification, reforestation, training, waste management
4. **Health** - including clinics, sanitation, health training, medication, emergency
5. **Women’s programmes** - including alternative income for women, family planning, women’s health, training & education, projects for mothers
6. **Investment in Business Development (organizational level)** – including training of management and Board, quality management at organizational level (e.g. storage, cupping facilities), computer and other equipment used in the organization, transport and export facilities
7. **Investment in Production/ Processing (member level)** - including training and equipment to increase yield and quality, training and equipment for members to support professional development (business skills, accounting, books, calculator)
8. **Other premium use** – including cash payments to members, and any other uses that do not fit any of the above categories
9. **Premium spent but not project specific** – premium money has been spent but it is unclear what it has been used for
10. **Premium not spent** – in case the total premium budget (this reference period) was not spent completely and some money will get transferred to next year

For Hired Labour Organizations the following changes apply:

- Premium categories 1 to 5 are the same as for Small Producer Organizations, but category 6 refers to Investment in Career Development



- **Category 6: Investment in Career Development** – including training of Joint Body members, training for workers (e.g. computer skills, literacy skills, business skills, accounting), computers, books, calculator, etc
- Category 7: Other premium use;
- Category 8: Premium spent but not project specific;
- Category 9: Premium not spent

Table 10A presents the results as recorded in the latest audit reports. The total premium spent was approximately 26 million euros, which is 7 million euros more than in 2007. It is important to clarify that the Premium spent is about 17 million euros less than what producers received in Premium (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.

Small Producer Organizations have invested 16% of the Fairtrade Premium in strengthening their Business and 21% in strengthening the production and processing facilities at individual farmer level. 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. 12% of premium money was used on education and health projects. Also significant sum of money was used to save for larger investments to be used at a later date (2.5 million euros).

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 (42%). Also a significant sum was used for education (benefiting workers, their family and others) and career opportunities for workers themselves. The latter investments include trainings and buying computers, books, access to the internet, mobile phones, etc. Premium that is used for educational purposes enables 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.³⁰

³⁰ In HL a significant amount of premium money (14%) 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: some problems may have occurred during data collection or data processing.

Title: The Benefits of Fairtrade, 2nd edition M&E report	Author: FLO Strategy and Policy (Rob van Hout)	43
Date: 12 August 2010	Status: Public	

Table 10A) Fairtrade Premium spent Small Producer Organization: data complete +/- 100% (62 producers who received Fairtrade Premium income did not record how they had spent past premium revenues)

	Community 1	Education 2	Environment 3	Health 4	Women's programmes 5	Invest in Business 6	Invest Production & Processing 7	Other premium use 8	Not project specific 9	Premium not spent 10	Total premium spent
Grand Total EUR 2008	6,0 million	1,8 million	189,000	1,3 million	574,000	3.9 million	5.3 million	3.2 million	579,000	2.5 million	25.2 million
Percentages 2008	23.7%	7.1%	0.8%	5.0%	2.3%	15.6%	21.1%	12.4%	2.3%	9.8%	100%
Grand Total EUR 2007	3.3 million	873,000	421,000	886,000	81,000	6.9 million		1.0 million	294,000	n.a.	13.8 million
Percentages 2007	24%	6%	3%	6%	1%	50%		7%	2%	n.a.	100%

Table 10B) Fairtrade Premium spent Hired Labour Organization: data complete +/- 100% (12 producers who received Fairtrade Premium income did not record how they had spent past premium revenues)

	Community 1	Education 2	Environment 3	Health 4	Women's programmes 5	Invest in Career Development 6	Other premium use 7	Not project specific 8	Premium not spent 9	Total premium spent
Grand Total EUR 2008	4.4 million	1.8 million	57,000	491,000	73,000	1.4 million	1.1 million	132,000	1.1 million	10.6 million
Percentages 2008	41.5%	17.0%	0.5%	4.6%	0.7%	14%	10.1%	1.2%	10.4%	100.0%
Grand Total EUR 2007	2.2 million	1.1 million	113,000	352,000	11,200	1.3 million	198,000	12,800	n.a.	5.2 million
Percentages 2007	42%	20%	2%	7%	<1%	24%	4%	<1%	n.a.	100%

11) Fairtrade sales volumes of Fairtrade certified producer organizations

The table below presents, per product, the total Fairtrade sales volumes of both Small Producer Organizations and Hired Labour Organizations as recorded in the latest audit reports.

Table 11A) Fairtrade sales volumes: by product

	Certified Product 1, 2 and 3	Fairtrade sales volumes (Metric Tonnes) - 2008	Comments	Estimated Fairtrade Premium based on sales volumes: Main Products only	Fairtrade sales volumes (Metric Tonnes) - 2007
Small Producer Organizations (incl. Contract Production) Data Complete: 94%	Banana	219,000	Complete	8.7 million EUR ³¹	209,000
	Cane Sugar	102,000	Complete		17,000
	Cocoa	13,900 ³²	See footnote	1.5 million EUR ³³	15,000
	Coffee	97,000	Almost complete	15 million EUR ³⁴	79,000
	Dried Fruit	660	Complete		570
	Fresh Fruit/Vegetables	8,900	Not complete		23,000
	Fruit Juices	11,400	Not complete		4,600
	Herbs and Spices	640	Almost complete		490
	Honey	2,600	Almost complete		3,000
	Nuts and Oilseeds	1,900	Not complete		2,300
	Quinoa	760	Not complete		1,400
	Rice	11,000	Not complete		12,700
	Seed Cotton	44,000	Almost complete	2.2 million EUR ³⁵	28,000
	Tea	3,000	Almost complete	At least 1.2 million EUR ³⁶	2,900

³¹ The estimated Fairtrade Premium for bananas is based on an average Fairtrade Premium of 1 USD per 18.14 kg.

³² As cocoa harvest is from September to October, the above figure excluded some information from major producers who had not yet updated their sales figures or did not have any information available at all at the time of audit

³³ The estimated Fairtrade Premium for cocoa is based on 150 USD per MT of cocoa beans

³⁴ The estimated Fairtrade Premium for coffee is based on a premium of 0.10 USD-cent per pound. As some sales may have taken place before 2008 (when the premium was only 0.05 USD cents per pound), the actual Fairtrade Premium income may be somewhat lower than the estimated figure presented here.

³⁵ The estimated Fairtrade Premium for cotton is based on 0.05 euros per kg.

	Wine Grapes	2,000	Almost complete		380
	Grand Total	518,000	Almost complete		400,000
	Certified Product 1, 2 and 3	Fairtrade sales volumes (Metric Tonnes) - 2008	Comments	Estimated Fairtrade Premium based on sales volumes: Main Products only	Fairtrade sales volumes (Metric Tonnes) - 2007
Hired Labour Organizations Data Complete: 95%	Banana	111,000	Complete	4.4 million EUR	36,000
	Flowers and Plants (stems)	359,937,000	Complete		293,956,000
	Fresh Fruit/Vegetables	17,400	Not complete		15,000
	Fruit Juices	120	Not complete		250
	Sport Balls (per ball)	148,000	Almost complete		48,000
	Tea	7,000	Almost complete	At least 2.5 million EUR	7,000
	Wine Grapes	17,500	Almost complete		14,700

³⁶ The estimated Fairtrade Premium for tea is based on 0.50 USD per kg. The Premium was lowered in February 2008, so the actual Fairtrade Premium may be somewhat higher than the estimated Fairtrade Premium. Also orthodox tea fetches a higher premium than CTC (1.1 USD per kg)

12) Fairtrade sales volume as percentage of total sales volumes of Fairtrade certified Producer Organizations ³⁷

Table 12A) Fairtrade sales volumes as a percentage of total sales volumes: by product

	Certified Product 1 ³⁸	Fairtrade sales volumes as percentage of total sales volumes - 2008 ³⁹	% of Producers selling more than 95% of total sales volumes as Fairtrade - 2008	% of Producers selling less than 5% of total sales volumes as Fairtrade - 2008
Small Producer Organizations (incl. Contract Production) Data Complete: 94%	Banana	71.2%	28%	0%
	Cane Sugar	57.8%	29%	21%
	Cocoa	47.6%	17%	22%
	Coffee	67.6%	26%	10%
	Dried Fruit	67.8%	22%	11%
	Fresh Fruit/Vegetables	43.9%	12%	6%
	Herbs and Spices	57.8%	36%	18%
	Honey	81.9%	65%	5%
	Nuts and Oilseeds	44.3%	19%	25%
	Quinoa	31.1%	0%	0%
	Rice	53.0%	25%	25%
	Seed Cotton	66.6%	44%	6%
	Tea	17.3%	10%	66%
	Wine Grapes	44.9%	20%	20%
Grand Total	61.7%	27%	14%	

³⁷ It is important to note that the Fairtrade sales volumes and the total sales volumes as presented in table 7a and 6a have been adjusted for calculating the Fairtrade sales volumes as a percentage of total sales volumes (e.g. if information was only available for one indicator and not for the other, the information needed to be deleted. Hence, the relatively low level of data completion for table 7b)

³⁸ Figures of Table 7b1, 2, 3 and 4 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

³⁹ For some products there is only a very small group of producers certified and selling Fairtrade products: e.g. the data for Fruit Juices, Wine Grapes (SPO), Quinoa, Sports balls and Wine grapes is based on less than five producer organizations

		Certified Product 1	Fairtrade sales volumes as percentage of total sales volumes - 2008	% of Producers selling more than 95% of total sales volumes as Fairtrade - 2008	% of Producers selling less than 5% of total sales volumes as Fairtrade - 2008
Hired Labour Organizations	Data Complete: 94%	Banana	66.5%	8%	0%
		Flowers and Plants	20.9%	0%	5%
		Fresh Fruit/Vegetables	7.7%	0%	14%
		Sport Balls	2.5%	0%	40%
		Tea	15.2%	3%	18%
		Wine Grapes	53.6%	29%	13%
		Grand Total	30.7%⁴⁰	6%	10%

According to the information available in the latest audit reports, the average Small Producer Organization and the average Hired Labour Organization was able to sell 62% and 31% of their total production under Fairtrade conditions respectively.

The Fairtrade sales volumes - as a percentage of total sales volumes – were high, but consistent with last year’s figures (when we compared Fairtrade sales volumes with production volumes).

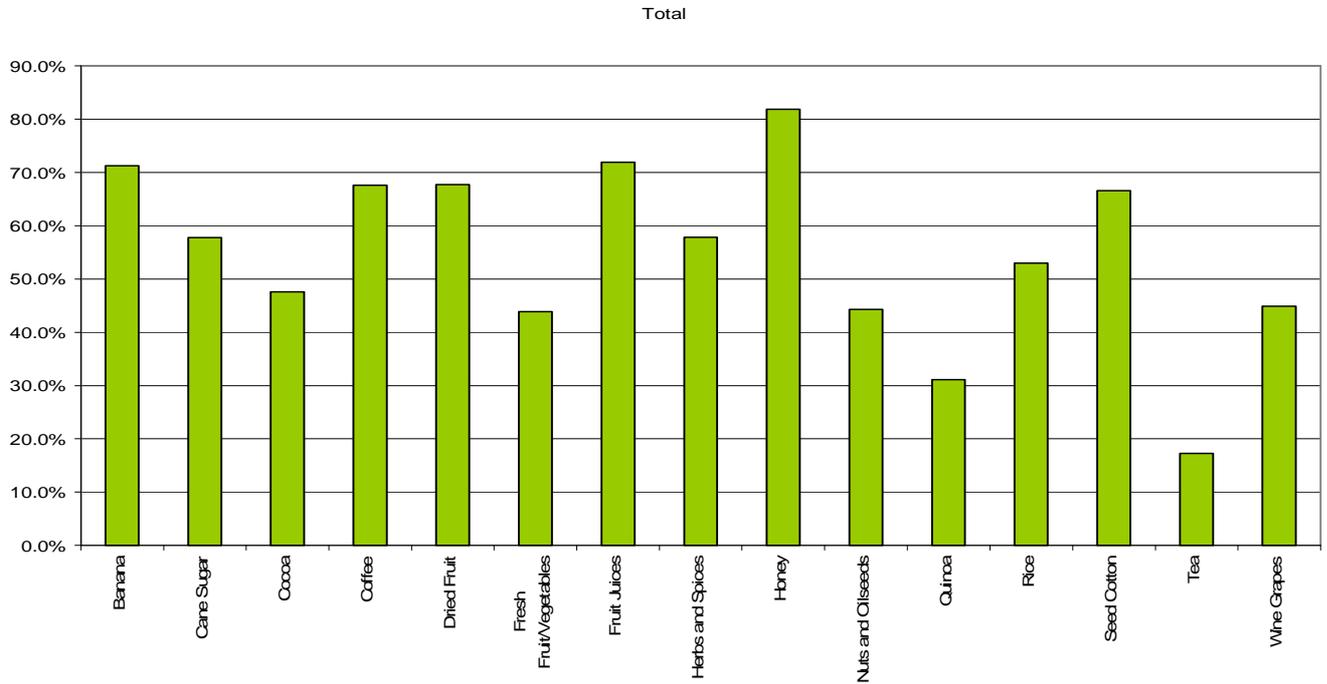
A large number of producer organizations reported selling 100% as Fairtrade⁴¹. 27% of all certified Small Producer Organizations recorded that they sold at least 95% of their total sales under Fairtrade conditions. In hired labour Fairtrade sales were less significant, only 6% of all plantations reported selling at least 85% of total sales under Fairtrade conditions. On the other 14% of all Small Producer Organizations were not able to sell more than 5% of total sales under Fairtrade conditions. In hired labour this group was smaller (10%).

The chart below (12a) clearly illustrates the differences between products. Honey, bananas and coffee producers were able to sell a large percentage of their total sales under Fairtrade conditions, while tea producers are yet to gain a strong foothold in Fairtrade. All other producers, however, were able to sell on average 30 to 60% of their total production as Fairtrade. As Fairtrade expects producers to invest in sustainable agricultural practices, it is important for producers to sell a significant amount of the total production volumes under Fairtrade condition so that they can recover investment costs. It is therefore encouraging to see that most of the certified producers were able to access the Fairtrade market successfully.

⁴⁰ HL Fruit Juice sales volumes were not included in this table, because the sample size is too small (only 1 producer)

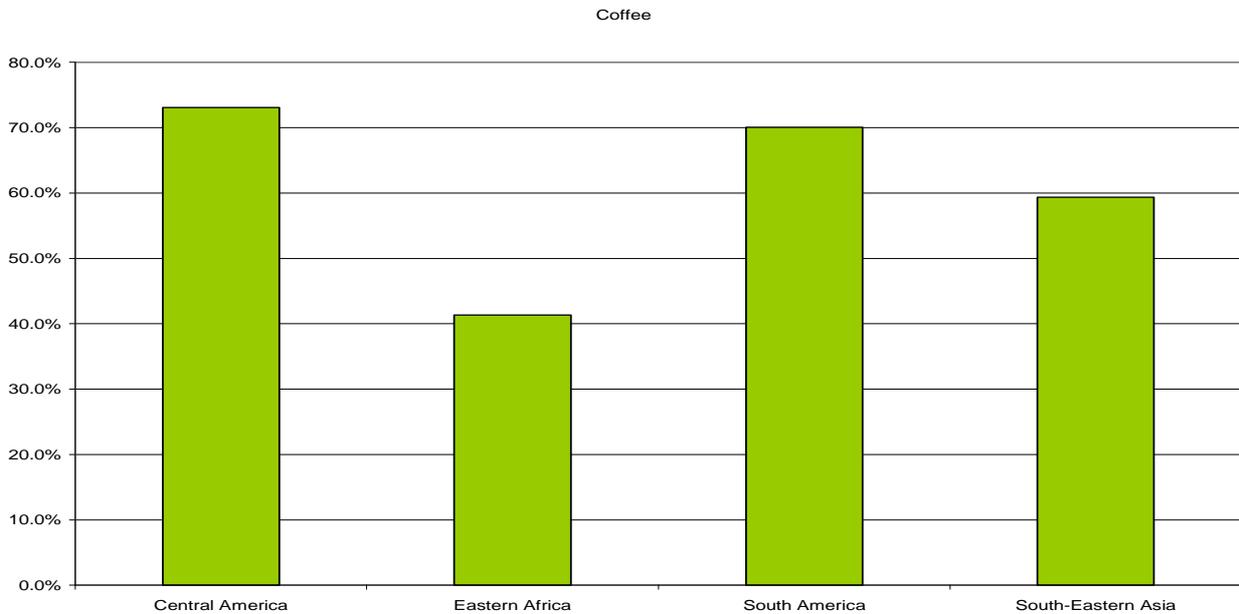
⁴¹ Although it is possible that producers sell 100% of their production volumes as Fairtrade this is most likely to be an exceptional situation.

Chart 12A) Fairtrade sales as percentage of total sales volumes Small Producer Organizations: by product⁴²



In coffee⁴³ the regional differences were fairly significant. The Latin American producers were selling 30% more under Fairtrade conditions than their colleagues in Eastern Africa.

Chart 12B) Fairtrade sales as percentage of total sales volumes Small Producer Organizations: regional differences coffee (organic and conventional producers)

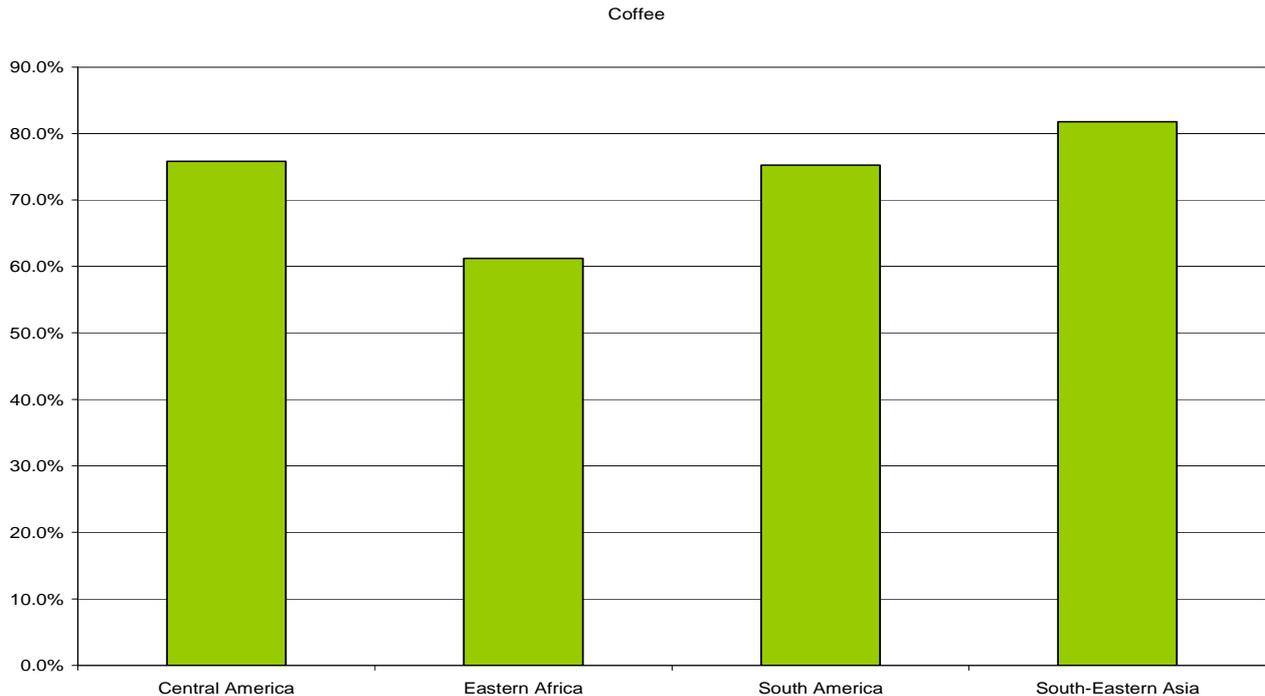


⁴² Table only includes products with more than five certified producer organizations (i.e. it excludes Fruit Juice, Quinoa and wine grapes)

⁴³ Regions with less than five certified producer organizations have not been included in the table.

Of all producers with an organic certificate, it was especially coffee producers from the South-eastern Asian region who were able to sell a large percentage of their total volumes under Fairtrade conditions. Organic coffee producers from Eastern Africa were less successful than producers from the other three regions.

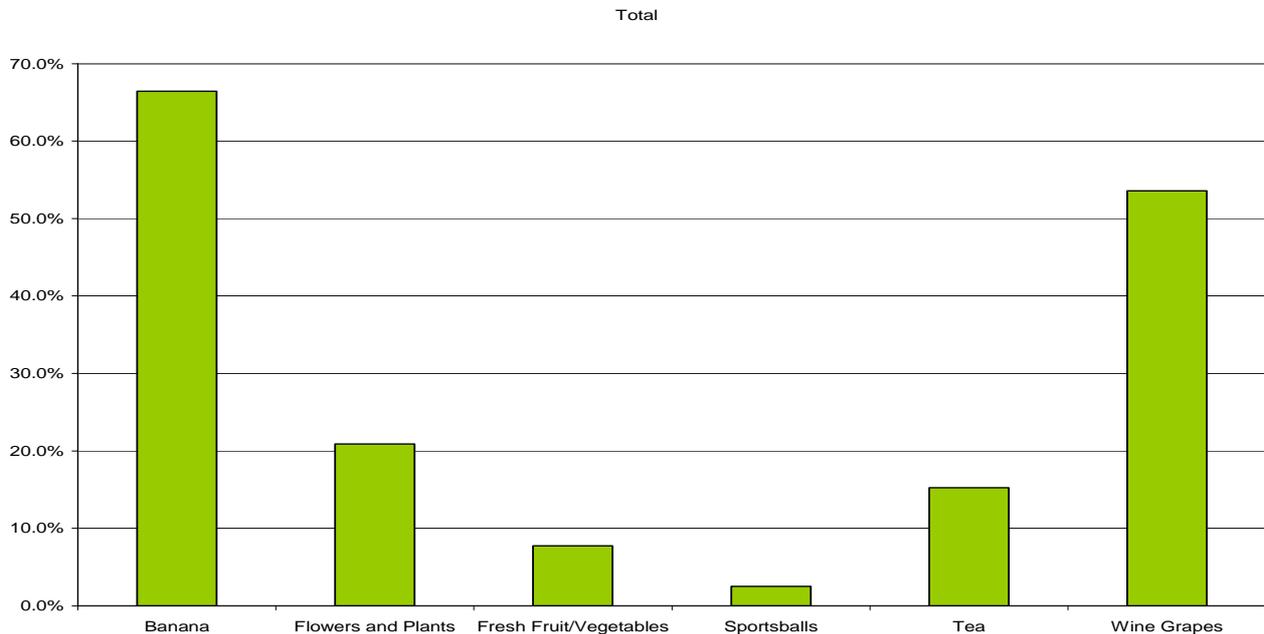
Chart 12C) Fairtrade sales as percentage of total sales volumes Small Producer Organizations: regional differences coffee ORGANIC only



In hired labour set ups, the banana plantations sold much larger percentages of their production volumes under Fairtrade conditions than other producers. While the banana producers typically sold more than 50% as Fairtrade, the other producers were selling less than 25% under Fairtrade conditions.

Flower producers usually sold more than 15% as Fairtrade. The difference was fairly small between Eastern African and South American flower producers (together accounting for more than 95% of all sales).

Chart 12D) Fairtrade sales as percentage of total sales volumes Hired labour Organizations: by product⁴⁴



13) Total Fairtrade Sales Revenue of Fairtrade certified Producer Organizations

Table 13a presents, per product, the total Fairtrade sales revenues of both Small Producer Organizations and Hired Labour Organizations as recorded in the latest audit reports.

Table 13A) Fairtrade sales revenues: by product

	Certified Product ¹⁴⁵	Total Fairtrade sales revenues EUR - 2008	Comments	Total Fairtrade sales revenues EUR - 2007
Organizations (incl. Contract Production) Data Complete:	Banana	55,034,000 ⁴⁶	See footnote	64,654,000
	Cane Sugar	7,347,000	Not complete	7,169,000
	Cocoa	22,980,000 ⁴⁷	See footnote	25,749,000
	Coffee	208,992,000	Almost complete	183,097,000
	Dried Fruit	1,059,000	Complete	896,000
	Fresh Fruit/Vegetables	5,266,000	Not complete	9,989,000

⁴⁴ Table only includes products with more than five certified producer organizations (i.e. it excludes Fruit Juice and Sports Balls producers)

⁴⁵ There is one producer organization that reported very high Fairtrade prices for herbs and spices. With information available it is not possible to say whether the reported figures were correct or not. As number of producer organizations certified is very small, FLO decided to exclude the information from this table.

⁴⁶ Data from 1 large banana producer is missing and another 1 large producer experienced major disruptions

⁴⁷ As cocoa harvest is from September to October, the above figure excluded some information from major producers who had not yet updated their sales figures or did not have any information available at all at the time of audit

	Fruit Juices	3,522,000	Not complete	237,000
	Herbs and Spices	653,000	Not complete	1,648,000
	Honey	4,626,000	Almost complete	4,421,000
	Nuts and Oilseeds	4,420,000	Almost complete	3,664,000
	Quinoa	1,250,000	Not complete	1,552,000
	Rice	12,442,000	Complete	5,795,000
	Seed Cotton	16,495,000	Almost complete	6,857,000
	Tea	4,473,000	Almost complete	4,153,000
	Wine Grapes	2,574,000	Complete	547,000
	Grand Total	351,132,000	Almost complete	320,430,000
Certified Product 1	Total Fairtrade sales revenues EUR - 2008	Comments	Total Fairtrade sales revenues EUR	
Hired Labour Organizations Data Complete: 92%	Banana	28,369,000	Complete	19,576,000
	Flowers and Plants	35,103,000	Almost complete	32,645,000
	Fresh Fruit/Vegetables	8,561,000	Not complete	10,712,000
	Fruit Juice	84,000	Not complete	224,000
	Sport Balls	497,000	Almost complete	80,000
	Tea	10,777,000	Almost complete	9,216,000
	Wine Grapes	8,005,000	Complete	4,675,000
	Grand Total	91,396,000	Almost complete	77,127,000

14) Fairtrade sales revenue as a percentage of total sales revenue of Fairtrade certified producer organizations

Table 14A) Fairtrade sales revenues as percentage of total sales revenues: by product

		Certified Product 1	Fairtrade sales revenues as percentage of total sales revenues (%) - 2008	Fairtrade sales revenues as percentage of total sales revenues (%) - 2007
Small Producer Organizations (incl. Contract Production)	Data Complete: 88%	Banana	71.3%	79.0 %
		Cane Sugar	68.3%	61.4 %
		Cocoa	48.6%	80.6 %
		Coffee	68.1%	67.9 %
		Dried Fruit	51.1%	51.3 %
		Fresh Fruit/Vegetables	45.9%	51.1 %
		Fruit Juices ⁴⁸	56.8%	100.0 %
		Herbs and Spices	68.0%	78.5 %
		Honey	82.4%	83.3 %
		Nuts and Oilseeds	49.4%	61.0 %
		Quinoa	30.9%	64.5 %
		Rice	32.3%	51.5 %
		Seed Cotton	66.6%	61.4 %
		Tea	16.0%	27.3 %
		Wine Grapes	52.5%	15.2 %
		Grand Total	62.2%	65.3 %
		Certified Product 1 ⁴⁹	Fairtrade sales revenues as percentage of total sales revenues (%) - 2008	Fairtrade sales revenues as percentage of total sales revenues (%) - 2007
Hired Labour Organizations	Data Complete: 92%	Banana	67.9%	74.0 %
		Flowers and Plants (stems)	24.8%	29.9 %
		Fresh Fruit/Vegetables	14.6%	16.4 %
		Sport balls	2.3%	1.4 %
		Tea	15.5%	27.5 %
		Wine Grapes	43.7%	56.9 %
		Grand Total	32.2%	35.7 %

The latest audit reports indicated that on average 62% of Small Producer Organizations' revenues and 32% of Hired Labour Organizations' revenues were derived from Fairtrade

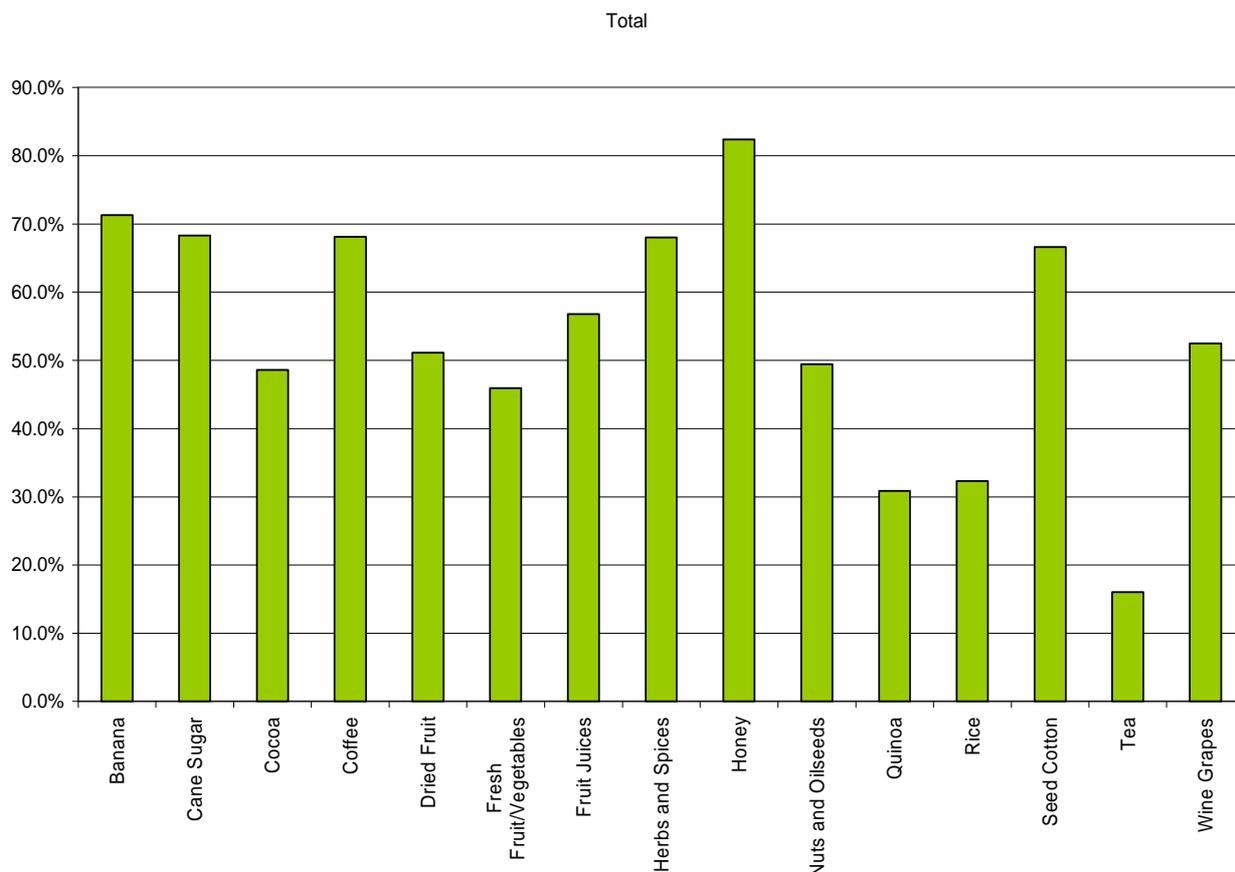
⁴⁸ The figures on Fairtrade Sales versus Total Sales Revenues for Fruit Juice is based on less than five producer organizations

⁴⁹ Fruit Juices is not included because there is not sufficient information available

sales. This was somewhat lower than in 2007, when Small Producers and Hired Labour Organizations reported the following figures respectively: 65% and 36%.

The chart below illustrates the differences, per product, in Fairtrade revenues as a percentage of total revenues

Chart 14A) Fairtrade sales revenue as percentage of total sales revenues Small Producer Organizations: by product

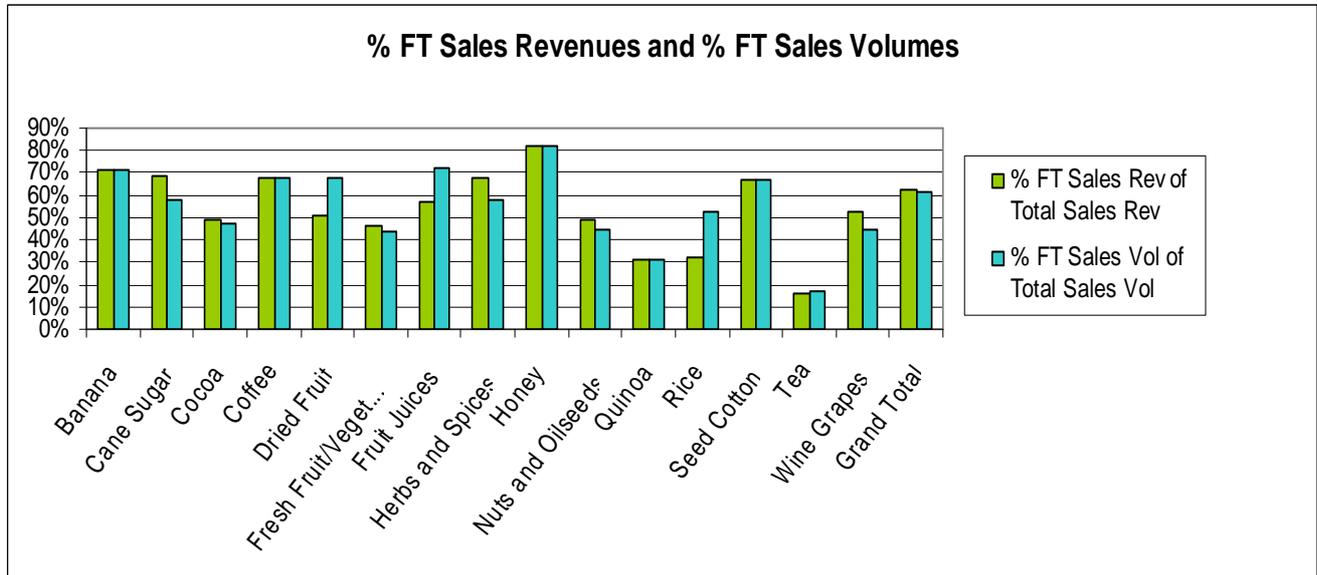


In general, Fairtrade sales volumes as a percentage of total sales volumes and Fairtrade sales revenues of total sales revenues, follow very similar patterns as illustrated in the chart below.

Looking at the main products, you see very small differences between the two columns. In the M&E report from last year, this looked somewhat different. At that time most columns for Fairtrade sales revenues were higher than the columns for Fairtrade sales volumes. This would suggest that the difference between Fairtrade prices and non-Fairtrade prices were more significant last time. As there is a relatively large margin of error in the underlying data, it is difficult to draw many conclusions from these tables, without further analysis of the data.

The next section provides more information about Fairtrade prices and gives a better indication of how Fairtrade revenues relate to non-Fairtrade revenues.

Chart 14B) Fairtrade sales revenues as % of total sales revenues versus Fairtrade sales volumes as % of total production volumes Small Producer Organizations: by product⁵⁰



15) Average Fairtrade Price that Fairtrade certified producer organizations received

The average price that producers received for each product sold under Fairtrade conditions is presented below. The price was calculated using the Fairtrade sales volumes and the Fairtrade sales revenues.

Table 15A) Average Fairtrade Price: By product

	Certified Product ⁵¹	Average Fairtrade Price paid per EUR / MT - 2008	Average Fairtrade Price paid per EUR / MT - 2007
Small Producer Organizations (incl. Contract Production)	Banana	233	423 (too high)
	Cocoa	2,018	1,879
	Coffee	2,313	2,237
	Fresh Fruit/Vegetables	504	918 (too high)
	Seed Cotton	Seed cotton:342 Lint:1868	n.a.
	Tea	2,300	2,125

⁵⁰ Table only includes products with more than five certified producer organizations (i.e. it excludes Fruit Juice, Quinoa and wine grapes)

⁵¹ The following products were not included in the price table either because the sample was too small (less than 10) or because the data was not reliable enough: cane sugar (info about Fairtrade revenues was not reliable), dried fruit, fonio, fruit juice, herbs and spices, honey, nuts and oilseeds, quinoa, rice, wine grapes

		Certified Product 1	Average Fairtrade Price paid per EUR / MT - 2008	Average Fairtrade Price paid per EUR / MT – 2007
Hired Labour Organizations	Data Complete: 87%	Banana	262	278
		Flowers and Plants (per stem)	0.17	0.18
		Fresh Fruit/ Vegetables	731	1,497 (<i>too high</i>)
		Sport Balls (per ball)	3.48	2.41
		Tea	2,114	2,632
		Wine Grapes	332	355

FLO normally defines minimum prices per product type rather than per product group, i.e. minimum prices for coffee depends on the coffee bean (Arabica or Robusta) and on the processing method (washed or sun-dried). For fresh fruit different prices exist for pears, apples, mangoes, oranges, etc. Also a price differential applies to all organic products, and for many products country or regional price differentials exist.

As it is not yet possible to collect data per product type, FLO is only able to calculate average prices paid per product and to compare these with average Fairtrade minimum prices. Therefore, at this moment it is difficult to carry out a detailed analysis of the financial benefits, as there is important information missing about the prices.

The average coffee, cocoa and tea producers reported for 2008 a Fairtrade price that was approximately 5% to 10% higher than for 2007.

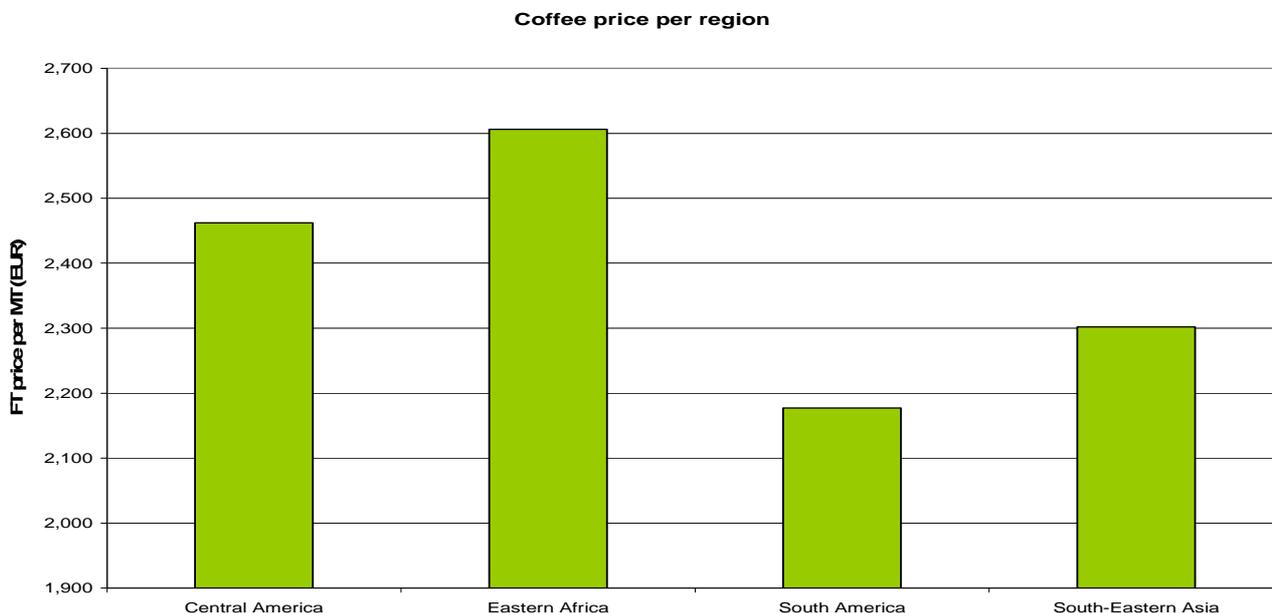
The price for bananas and for fresh fruit and vegetables seemed to have dropped significantly, but this is almost certainly because the 2007 data contained some errors. Nevertheless, the 2008 prices that Small Producer Organizations reported seem relatively low – it was expected that these prices would be somewhat higher than what the plantations recorded.

Cotton producers either sell their products as seed cotton (unginned) or lint (ginned). As the prices differ significantly, they have been recorded separately in the table above.

The data indicated that, on average, coffee producers received more than 2,300 euros per MT for coffee sold as Fairtrade.

The prices differed quite strongly per region. The 2008 data indicated high prices for producers in Eastern Africa (2,700 euros per MT), and lower prices for producers in South America, Central America and South-eastern Asia (less than 2,500 euros per MT). This is remarkable, because the 2007 data gave a completely different picture, with relatively low prices for farmers in Eastern Africa. It is not yet possible to explain the reason(s) for the changes. It could be that African producers have become more successful at selling higher priced gourmet coffees, but it may well be that there are other more important explanations (including data errors). Further analysis of the data should help to better understand the situation.

Chart 15A) Average Fairtrade Price Received Small producer organization: regional differences coffee (Organic and conventional Producers)



The average price producers received for Fairtrade certified coffee was in reality a little bit higher than the average Fairtrade minimum price as defined by FLO. As most Fairtrade coffee is Arabica and organic certified it is best to compare the figure with the average Fairtrade minimum price paid for Arabica coffee, which is set at approximately 2,142 euros per MT (average Fairtrade minimum price for Robusta is 1,793 euros per MT)⁵². As producers benefited from relatively high market prices in 2007, 2008 and 2009 (see figure 15A), many farmers were able to sell Fairtrade products above the Fairtrade minimum price.

Figure 15A) Fairtrade prices versus ICE prices for Mild Arabica



⁵² The average takes into account organic and conventional prices.

Arabica: 1.35 USD per pound *2204 =2975 USD in MT *0.72 (weighted conversion rate): 2142 euros in MT
 Robusta: 1.13 USD per pound *2204 =2491 USD in MT *0.72 (weighted conversion rate): 1793 euros in MT

According to the M&E data, producers recorded significant differences between Fairtrade and non-Fairtrade prices. Especially the Fairtrade coffee, cocoa and tea prices were much higher than the non-Fairtrade prices. Although it is important information, the prices themselves are difficult to compare, as non-Fairtrade prices also include off-grades and domestic sales (which often, but not always, fetch lower prices). Nevertheless, enabling farmers to access an international market has concrete financial benefits.

Table15B) Average Fairtrade Price versus non-Fairtrade Price

	Certified Product 1 ⁵³	Average Fairtrade Price paid per EUR / MT - 2008	Average non-Fairtrade Price paid EUR/ MT -2008
Small Producer Organizations (incl. Contract Production) Data Complete: 94%	Banana	233	232
	Cocoa	2,018	1,558
	Coffee	2,313	1,808
	Fresh Fruit/Vegetables	504	329
	Tea	2,300	1,466
	Certified Product 1	Average Fairtrade Price paid per EUR / MT - 2008	Average non-Fairtrade Price paid EUR/ MT -2008
Hired Labour Organizations Data Complete: 87%	Banana	262	214
	Flowers and Plants (per stem)	0.17	0.14
	Fresh Fruit/Vegetables	731	462
	Sport Balls (per ball)	3.48	3.25
	Tea	2,114	1845
	Wine Grapes	332	N.A. ⁵⁴

⁵³ There is one producer organization that reported very high Fairtrade prices for herbs and spices. With information available it is not possible to say whether the reported figures were correct or not. As number of producer organizations certified is very small, FLO decided to exclude the information from this table.

⁵⁴ The average non-Fairtrade price reported for wine grapes was not reliable – current figures suggest it was three times as high as the average Fairtrade price paid for wine grapes



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 organization 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 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).

Fairtrade Product refers to 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.

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.

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

Impacts are positive and negative long-term effects resulting from the implementation of a standards system, directly or indirectly, intended or unintended. (adapted from OECD Glossary)

Labelling Initiatives (LIs) independent non-profit organizations that promotes Fairtrade and license the use of the Fairtrade Mark. The Labelling Initiatives operate in more than 20 countries. They are the founding members of FLO e.V.

Member Organization refers to a sub-organization that belongs to a Small Producer 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 organizations and member organizations 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 is a farmer or producer organization that cultivate agricultural products.

Small Producer Organization (SPO) is a group primarily consisting of organized small farmers who work for themselves, for example as 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.

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