Fairtrade ANZ Training the Trainers Manual

Building capacity for equitable trade in the Pacific

Supported by the Biodiversity and Agricultural Commodities Program, the International Fund for Agricultural Development, and the New Zealand Aid Programme
Acknowledgements

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This manual contains general information about Fairtrade to provide guidance to trainers and environmental officers. The trainer will find proposed strategies to develop the different sections, and he/she should select the sections and their activities according to the needs of the audience. The manual's exercises and annexes are based on the needs of and use examples suitable for cocoa producer organisations in Papua New Guinea. However, the basic text applies to all producers around the world. The trainer should make sure that the corresponding activities are adapted to focus on the relevant producers' organizational structure, product, and regional circumstances.
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<td>Forest Stewardship Council</td>
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<td>Free on Board</td>
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<td>Hired Labour</td>
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<td>International Fund for Agricultural Development</td>
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<td>Labelling Initiative</td>
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<td>Liaison Officer</td>
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<td>Land Use Management Plan</td>
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<td>New Zealand Aid Programme</td>
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<td>Papua New Guinea</td>
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<td>Producer Executive Body</td>
<td>PEB</td>
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<td>Producer Network</td>
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<td>Promoting Body</td>
<td>PB</td>
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<td>Producer Services and Relations Unit</td>
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<td>Small Producer Organisation</td>
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Information for trainers

International trade has a significant impact on all of our lives. Most of the products consumed by the general public on a daily basis are produced overseas - i.e. we wear cotton from India, we eat chocolate made with cocoa from Papua New Guinea, we eat rice from Thailand, among many others.

For consumers in Australia and New Zealand, the increased range of products available in the market through international trade has had a positive impact on everyone’s lives.

According to most economists, international trade entails a higher income for everyone participating in trade. In reality though, while international trade has raised the overall global income, such benefits are not equally shared amongst the world’s population. Under the current world trading system, increased prosperity and mass poverty live side by side.

The fair trade movement was developed in response to the plight of producers in poor countries who are excluded from the benefits of international trade. Through fair prices and investment in local community development, Fairtrade ensures that these producers have the opportunity to build a better future through trade.

This training manual aims at bolstering the necessary capacities to build new and boost current Fairtrade relationships. In the longer term this will translate into stable and sustainable development in the areas where the training is carried out. This capacity building program provides basic information on Fairtrade principles, standards and procedures, and raises awareness among farmer organizations and their partners on areas of improvement.

Feedback on Fairtrade labeled sales suggests that Australian and New Zealand consumers are particularly interested in supporting producers within their immediate region - from South East Asia and the Pacific. Thus, Fairtrade ANZ's Producer Support and Relations Project has the mandate to support producers in the Pacific region to achieve and maintain Fairtrade certification.

Outcomes related to the use of this manual will include enhancing information and skills on fair trading standards and creating and bolstering producers’ capacities through proper pre-certification and/or post-certification training.

It is essential that producers - whether small producer organizations or plantation workers - seeking or working to maintain Fairtrade certification, understand the political context of the Fairtrade system.

Training can deliver the information necessary to create an even level of understanding about Fairtrade. Training can also ensure that the right people receive the knowledge and tools necessary to achieve change.

Target group

This training programme on Fairtrade is aimed at cocoa producer organisations in Papua New Guinea participating in the BACP project ‘Promoting biodiversity-friendly production of cocoa in Papua New Guinea through Fairtrade certification’, who are marginalized by conventional trading structures, their local support organizations, and their trading partners.

Course purpose

This manual aims to help the target producer groups and other producer groups to understand the Fairtrade system, benefits, market, and certification requirements, and incorporate them into their day-to-day activities. Building capacity within producer organizations to achieve Fairtrade certification will enable farmers to receive a greater share of the rewards of their labor. Producers’ capacity building will provide them with the necessary skills to secure long-term contracts, achieve long-term planning, and develop sustainable, biodiversity-friendly production practices that comply with the relevant PNG national legislation.
Course content
The course is divided into 5 sections with a closing segment and a manual evaluation. The manual contains the basic topics that participants should cover in order to develop full awareness of the issues relating to Fairtrade certification:

1 – The Fairtrade System
A Brief History of Fairtrade Mark
What is Fairtrade Certification?
FLO
FLO-CERT

2 – The Fairtrade Standards
Generic Standards
Chapters in Fairtrade Standards for Small Producer Organisations and Contract Production
Product Specific Standards

2 – Additional Materials for Environmental Trainers
Additional Resources Specific to Fairtrade Generic Environmental Standards
- Environmental management
- Soil and water
- Waste
- Genetically Modified Organisms
- Biodiversity

Biodiversity Friendly Practices
- National Legislation Covering Community Agricultural Land Use in Papua New Guinea
- Protecting High Conservation Areas in Papua New Guinea
- Participatory Land Use and Management Planning
- Conservation Area Planning

3 – Fairtrade Pricing
The Fairtrade Monetary Benefits
Fairtrade Minimum Price
Fairtrade Premium

4 – Fairtrade Inspection and Certification
The Fairtrade Certification Process
After Certification
Producer Certification Fees
Producer Certification Fund

5 – Fairtrade in the Marketplace
Market Imperfections
Getting Producers Organized
Fairtrade Impacts
Consumers and Fairtrade

Closing
**Learning outcomes**

- Enhancing awareness of and improving information on Fairtrade certification
- Building capacity around incorporating the Fairtrade Generic Environmental Standards into producers’ day-to-day activities, and understanding links to the relevant legislation in Papua New Guinea
- Identifying the benefits of Fairtrade certification for producers
- Creating/bolstering Fairtrade capabilities
- Understanding the rights of producers and workers under the Fairtrade system
- Empowering producers and workers as stakeholders in their own organizations

**Tips for Trainers**

This course is built on the practical experience of the participants, who make an essential contribution to its content. This, together with an action plan, is designed to remove the “barriers” of the classroom so as to put the skills that participants acquire into effect.

The material for this course is presented in a suggested sequential order. Exercises and visual aids are embedded in the text and explained through the “Proposed Training Strategy”. Hand-out versions are available for participants.

Activities are intended to open the door to discussion and discovery. The “right” answer is not provided because solutions are often context-specific and it would be misleading to suggest that there are instant answers. Rather, participants are to be encouraged to share their own experiences and ideas, and to become aware of the need for creative problem-solving. However, trainers can make reference to the basic text of the course when resolving the proposed activities.

At the end of each teaching section, trainers will find, among other material:

- PowerPoint slides
- Posters
- Board game
- Case studies
- Readings
- Templates
- Extracts of relevant legislation or guidelines
- Individual hand-outs for class activities

At the end of the manual there is a list of the relevant texts that have been compiled and quoted to develop the basic text. There are also a number of bibliographies, website addresses, and references to international legal instruments, for participants’ future reference.

The time plan should be managed on the basis of the proposed training strategy for each section of the course, but with consideration for the overall time constraints, the target group’s main interests and the trainer’s own assessment of priorities.

It is important for the trainer to be well-versed in the subject matter. Therefore, the entire course should be regarded as essential preparation material, making sure that the objectives, content, structure, suggested methods and training media are fully grasped.

The course is designed to be completed in 5 days.

The best approach is for trainers to be sensitive and aware of the cultural issues that may influence the attitudes and behaviour of the participants. Trainers are encouraged to explore these issues when conducting this training.
Occasionally trainers will be confronted with attitudes and beliefs which are so completely unacceptable to them, so completely in opposition to their own values and principles, that it is difficult to remain unemotional. Sometimes it is impossible. It is hoped that other participants will engage in the discussion and present alternative viewpoints. Sometimes, however, the trainer(s) may feel it necessary to step “outside” the training role and make a personal comment. There are risks attached, but maintaining personal integrity is always the right thing to do. Make it very clear you are no longer the trainer and make your statement as an individual. Make it clear when you return to the role of trainer. It may be a good idea to have a “stretch break” before continuing.

The following suggestions may be helpful to instructors discussing sensitive subject matter, especially when participants are from cultures different from their own.

- **Listen:**
  - Actively listen to participants
  - Allow individuals to finish expressing themselves before responding
  - Avoid strong reactions (i.e. anger, shock, laughter) that may convey disapproval of a participant’s views
  - Stay confident, relaxed and open to all information

- **Evaluate:**
  - Hold back on any reactions or judgments until you understand the message that is being sent
  - Ask open-ended questions, since the answers to such questions can provide valuable information

- **Consult:**
  - Reiterate the participant’s right to express their own opinion
  - Explain your perspective without being defensive
  - Find out what the participant hopes to accomplish
  - Acknowledge similarities and differences between your perspective and that of the participant
  - Offer options
  - Do not isolate a participant who has divergent ideas or perspectives
  - Commit to being available to discuss issues further
  - Thank the participants for their contribution

**Effective training techniques**

The participants in this training programme are independent adults who are used to making their own decisions. As producers, workers, or managers, they have job and life experiences that will contribute greatly to the learning environment and performance outcomes. Wherever possible, personal experience, past work and knowledge should be shared and incorporated into the overall learning experience. For this training to be effective, participants must be able to take responsibility for their own learning and feel that the knowledge and skills they bring to the classroom are acknowledged and utilised.

- **Adults learn by doing:** they want to be involved in the process. Never merely demonstrate how to do something if an adult learner can actually perform the task, even if coaching is involved and it takes longer to complete the process.
• **Adults relate best to examples from their own experience, and problems that reflect those in their own workplace.** When developing learning activities or exercises, choose situations that relate to the work they are currently doing.

• **Adults relate their learning to what they already know.** Assume that the participants come to the training with a vast array of skills and experience. Build the training around this expertise. Ask participants to come up with examples or situations that elaborate on the teaching points presented in the curriculum.

• **Adults relate best to a flexible learning environment.** Trying to intimidate adults, or to force them to participate actively in the training when they are resistant to it causes frustration and anger.

• **Adults learn best when a variety of techniques are used.** Use a wide variety of techniques and vary the pace and approach throughout the training.

• **Adults learn best when they are given the opportunity to question and challenge the information presented.** Be sensitive to varying perspectives, and allow time for participants to question or challenge information or material presented. Encourage them to provide information or experiences that support their particular perspective.
Technical Specifications

- **Training Programme:** The Fairtrade System - Basic Training.

- **General Objective:** Enhancing awareness of and improving information on the Fairtrade Certification system.

- **Expected Results:** Assist the target producer groups and other producer groups to understand the Fairtrade system, benefits, market, and certification requirements, and incorporate them into their day-to-day activities.

- **Training Group:** Cocoa producer organisations from Papua New Guinea, local producer-support organizations, and their trading partners.

- **Training Programme Contents:**
  - Introduction to the Fairtrade System, the Fairtrade Standards with a specific focus on Generic Environmental Standards and Biodiversity-friendly agricultural practices, Fairtrade Pricing, Fairtrade Inspection and Certification, Fairtrade in the Marketplace. Closing.

- **Proposed Learning Strategies:** Brainstorming, mini-lectures, case-study analysis, readings, slides, role-playing, discussion-based posters, board game, templates, questionnaires, feedback, and group discussion.

- **Timeframe:** 5 days, 5 hours maximum per day.

- **Training Evaluation:** A final evaluation at the end of the learning process.

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**Opening of the course**

**Presentation of participants and definition of objectives**

It is important for you to take the first step to make the participants comfortable. They need to know quickly who the trainer is, who their fellow participants are, and what is going to happen – in that order.

- **Full introduction of the trainer:** Describe who you are, what you do, where you come from and, particularly, what your knowledge and expertise is in some detail. If you do not have a strong background in Fairtrade then say so, but point out that you see this as an opportunity to learn and that you hope to gain knowledge from them and their
experience. Your own expectations and concerns about the course should also be introduced. **Duration 5 min.**

- **Participants’ introduction:** Ask the participants to introduce themselves as you have done. Do not focus on their knowledge – or lack of it - of the subject matter. At this point they are all likely to feel uncertain and uncomfortable. The chances are that they do not have much understanding of Fairtrade or that they have misconceptions. Do not get caught up in this. They should also be asked for their expectations of the course. If they ask questions about the subject make it clear you will explain what it is all about and work with them as a team. **Duration 25min.**

- **Outline of the scheduled course activities:** Explain that while timelines are there to ensure the material is covered and that there are adequate breaks, you are flexible in terms of emphasis and will only move on once the subject matter is generally understood. Emphasise that their contributions are vital, that this is a voyage of discovery for all of you – and that they will be expected to work and not simply listen. Before discussing the course any further, its purpose, contents and expected outcomes should be outlined (PowerPoint Slides 1 – 3). **Duration 5 min.**

- **Presentation of the Guidelines and Ground Rules:** It is important to establish some basic guidelines and ground rules to follow. This will ensure everyone gets a chance to participate and that everyone is treated with respect. Some examples should be provided to demonstrate the rules you are going to impose on yourself, then ask them for more. Here are suggestions if you have to lead them:

  o What about silence?
  o How do you disagree politely?
  o Speaking for yourself. How do you do that?

  Any subjects raised in the context of the course will not be discussed with non-participants and will stay in confidence.

  Posters with such ground rules should be posted on the wall throughout the course (Poster1). **Duration: 5 min.**
PURPOSE OF THE COURSE

To understand the Fairtrade system, benefits, market, and certification requirements, and incorporate them into day-to-day activities.

To understand biodiversity-friendly production practices that comply with the relevant PNG national legislation.

CONTENT OF THE WORKSHOP

- Introduction to the Fairtrade Certification System
- The Fairtrade Standards
  - Additional Materials for Environmental Trainers
- Fairtrade Pricing
- Fairtrade Inspection and Certification
- Fairtrade in the Marketplace
- Closing
**LEARNING OUTCOMES**

- Enhancing awareness of and improving information on Fairtrade Certification
- Building capacity around incorporating the Fairtrade Generic Environmental Standards into producers’ day-to-day activities, and understanding links to the relevant legislation in Papua New Guinea
- Identifying the benefits of Fairtrade Certification for producers
- Creating/bolstering Fairtrade capabilities
- Understanding the rights of producers and workers under the Fairtrade system
- Empowering producers and workers as stakeholders in their own organizations

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**COURSE GUIDELINES AND GROUND RULES**

- Punctuality
- Confidentiality
- Honesty
- Respect for others’ opinions
- Active participation in the training
- Do not interrupt someone who is talking
- Do not monopolise time
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**Closing**
Section 1
The Fairtrade System: An introduction

(A) - Learning objectives

- General objectives
  By the end of Section 1 participants should be able to give a complete explanation
  of the concept of Fairtrade and demonstrate their understanding of the Fairtrade
  system.

- Specific objectives
  In particular, participants will be able to:
  o define Fairtrade certification;
  o understand the aims and scope of the Fairtrade Standards;
  o identify and describe the difference between FLO and FLO-CERT.

(B) – Proposed training strategy

| Activity 1: A brief history of the Fairtrade Mark |
|-----------------|-----------------|----------------|
| **Method:** Lecture | **Media:** PowerPoint Slide 5-6 | **Duration:** 20 min. |
|                  | Brainstorming    | Board / Flipchart |
|                  | Working Groups   |                  |
| **Proceeding**   | After a brief introduction on the history of Fairtrade using Point A – basic text, the trainer will ask participants to split into small groups in order to answer the following question: |
|                  | “How would you define Fair Trade?” |
|                  | After a five-minute discussion, one participant per group will present their respective answers. |
|                  | The trainer will take notes of the most relevant concepts given. |
### Activity 2: What is Fairtrade certification?

**Method:** Reading comprehension  
**Feedback:** Lecture  
**Media:** Individual Handout 1, PowerPoint Slide 7 -10  
**Duration:** 20 min.

**Proceeding**

The trainer will distribute Individual Handout 1. Participants will read the definition of Fair Trade according to FINE. After that s/he will invite participants to express their opinions on comparing it with the ad-hoc answers provided in the previous exercise. The trainer will guide the activity highlighting and summarising the main ideas of the concept. Finally s/he will make a brief presentation of the Fair Trade principles and the Fairtrade certification system using Point B – basic text using PowerPoint Slides 7 –10.

### Activity 3: FLO & FLO-CERT

**Method:** Lecture  
**Feedback:**  
**Media:** PowerPoint Slides 11 – 18  
**Duration:** 20 min.

**Proceeding**

The trainer will make a brief presentation of FLO (Point C – basic text) and of FLO-CERT (Point D – basic text) using PowerPoint Slides 10 – 18. S/he will then answer questions from the group.

### Activity 4: Summary and conclusions

**Method:** Group discussion  
**Feedback:**  
**Media:** Group cards 1, Board / Flipchart  
**Duration:** 20 min.

**Proceeding**

Distribution of cards with some of FLO and FLO-CERT’s tasks. The trainer will ask participants to split into groups of a maximum of 5 persons and read the cards they will be assigned. They should identify the task in their cards as FLO or FLO-CERT’s accordingly.

The trainer will ask a member of each group to come to the front and place the card on the board/flipchart under the name of the correct organization. After the placement of each card on the board/flipchart, the trainer will ask the participants to give examples of how that task is performed.
A – A Brief History of the Fairtrade Mark

Fair Trade as such has existed since the fifties. It started as a partnership between non-profit importers, retailers in the North and small-scale producers in developing countries. Many of these producers were at the time struggling against low market prices and high dependence on intermediaries. They saw Fair Trade as an opportunity to protect their livelihoods, bypass the middlemen and directly access Northern markets.

In 1988 a sharp crisis on coffee prices pushed growers to poverty. Max Havelaar from The Dutch organization Solidaridad, which was working with some coffee producers in Mexico, had the idea of creating a label to differentiate that coffee in the market, charging the final customer a little more, cutting off the middlemen, and providing farmers a fair wage to sustain their development.

In the subsequent years, agricultural commodities identified as fairly traded became very successful: they offered a renewable source of income for producers and provided consumers with the reassurance that the producers had received a fair price.

Despite the growing sales, fairly traded products could only be bought at relatively small specialized shops across Europe and North America. The inconvenience of going to them to buy only a product or two was too high even for the most dedicated customers. The only way to increase sale opportunities was to start offering such products where consumers normally shop, in large distribution channels. The problem was to find a way to expand distribution without compromising consumer trust.

The solution was found in the shape of independent Fairtrade certification and labelling, which allowed the goods to be sold outside these specialized shops and into the mainstream, reaching a larger consumer segment and boosting sales significantly. On the producer end, this initiative offered disadvantaged producers following various social and environmental standards a fair price, significantly above the market price, for their crop, and allowed customers and distributors alike to track the origin of the goods to confirm that the products were really benefiting the producers at the end of the supply chain.

The initiative was a great success and was replicated in several markets. Similar non-profit Fairtrade labelling organizations were set up in many European countries and North America, called “Max Havelaar” (in Belgium, Switzerland, Denmark, Norway and France), “Transfair” (in Germany, Austria, Luxemburg, Italy, the United States, Canada and Japan), or carrying a national name: “Fairtrade Mark” in the UK and Ireland, “Rättvisemärkt” in Sweden, and “Reilu Kauppa” in Finland.

Initially, they each had their own trading standards and monitoring systems, but in 1994 these different Labelling Initiatives – or “LIs” – established a working group, which culminated in 1997 in the creation of Fairtrade Labelling Organizations International, now known as Fairtrade International or FLO. FLO is an umbrella organization whose mission is to set the Fairtrade Standards, support, inspect and certify disadvantaged producers and harmonize the Fairtrade message across the movement.

In 2002, FLO launched the Fairtrade Mark. The goals of the launch were to improve the visibility of the Mark on supermarket shelves, facilitate cross border trade and simplify export procedures for both producers and exporters. Today, all Labelling Initiatives have adopted the Fairtrade Mark, which is a product-label intended mainly for use on packaging of consumer end-products.

In January 2004, Fairtrade International was divided into two independent organizations: FLO, which sets Fairtrade Standards and provides producer business support, and FLO-
CERT, which inspects and certifies producer organizations. The aim of the split was to ensure the independence of the certification process and compliance with ISO 65 Standards for product certification bodies.

- **History summary**
  - **1988** — Dutch development agency Solidaridad launches Max Havelaar, the first Fairtrade label
  - **1988 to 1997** — Fairtrade grows to include 17 Labelling Initiatives worldwide
  - **1997** — FLO is founded to unite LIs under one umbrella
  - **2002** — FLO launches the Fairtrade Mark
  - **2004** — FLO-CERT established to certify producers and traders independently
  - **2007** — FLO’s Strategic Review
  - **2008** — FLO embarks on global strategy to strengthen, broaden and deepen the impact of Fairtrade
  - **2009** — FLO launched two dual-certification partnerships
  - **2011** — FLO launched the New Standards Framework, the revised Fairtrade Standards, which are easier to understand and more adaptable to producers’ reality.
  - **2013** — FLO launched its strategy “Unlocking the Power of Many”, to intensify work with smallholders and workers and to innovate to drive sales in the marketplace.

**B – What is Fairtrade certification?**

Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. (…)¹

Fair trade is about better prices, decent working conditions, local sustainability, and fair terms of trade for farmers and workers in the developing world. By requiring companies to pay sustainable prices (which must never fall lower than the cost of sustainable production).

Fairtrade addresses the injustices of conventional trade, which traditionally discriminates against the poorest, weakest producers. It enables them to improve their position and have more control over their business and lives.

The principles that guide the system are unique to and are integral to Fairtrade’s developmental objectives. These include:

- **Market access for marginalised producers** — Many producers are excluded from mainstream and added-value markets, or only access them via lengthy and inefficient trading chains. Fairtrade helps shorten trade chains so that producers receive more from the final selling price of their goods than is the norm in conventional trade via multiple intermediaries, and enables ethical buyers to trade with producers who would otherwise be excluded from these markets.

¹ FINE definition of Fair Trade
• **Sustainable and equitable trading relationships** - The economic basis of transactions within Fairtrade relationships takes account of all costs of production, both direct and indirect, including the safeguarding of natural resources and meeting future investment needs. Trading terms offered by Fairtrade buyers enable producers and workers to maintain a sustainable livelihood; that is one that not only meets day-to-day needs for economic, social and environmental wellbeing but that also enables improved conditions in the future. Prices and payment terms (including prepayment where required) are determined by assessment of these factors rather than just reference to current market conditions. There is a commitment to a long-term trading partnership that enables both sides to cooperate through information sharing and planning, and the importance of these factors in ensuring decent working conditions is recognised.

• **Capacity building & empowerment** - Fairtrade relationships assist producer organizations to understand more about market conditions and trends and to develop knowledge, skills and resources to exert more control and influence over their businesses.

• **Consumer awareness raising & advocacy** - Fairtrade relationships provide the basis for connecting producers with consumers and for informing consumers of the need for social justice and the opportunities for change.

Fairtrade certification is a product certification system designed to allow consumers to identify products that meet agreed environmental, labour and developmental Standards through the Fairtrade Mark.

The system is overseen by FLO - the standard-setting body - and by FLO-CERT, the certification body. This means that Fairtrade certification involves independent auditing of producers to ensure the agreed standards are met. Companies offering products that meet the Fairtrade Standards and are certified against them by FLO-CERT may apply for licences to use the Fairtrade Mark for those products on the market.

Since the aim of Fairtrade is to improve the position of disadvantaged producers in developing countries, the range of Fairtrade products consists primarily of typical agricultural products. However, manufactured products are becoming important future candidates for Fairtrade certification. Currently, there are Fairtrade Standards for 16 different product categories, including cocoa, tea, sugar, flowers & plants, herbs and herbal teas & spices, oilseeds and oleaginous fruit, coffee, fibre crops (including cotton), cereals (rice, quinoa, fonio), fresh fruit (including bananas and wine grapes), vegetables (including pulses and potatoes), nuts, honey, prepared and preserved fruit and vegetables, gold, sports balls.

On the producer side, product range extension is important because it allows new producers and workers to join Fairtrade. And for producers of existing products, like coffee, new products create opportunities to diversify production and reduce their dependency on just one crop. On the market side, the demand for expansion of the Fairtrade product range is evident, and for many companies involved in Fairtrade a broad product range is crucial for the economic viability of their involvement. For supermarket chains it makes all the more sense to invest in marketing Fairtrade products when the range of products is significant, as it helps to increase awareness of the Fairtrade Mark and ultimately to raise sales for the benefit of the Fairtrade producers.

Fairtrade has experienced very impressive growth rates over the last years, not only regarding the volume of sales worldwide but also in terms of the number of producer organizations which have joined the Fairtrade system. By the end of 2011, there were 991 Fairtrade certified producer organizations in 66 producing countries, representing 1.24 million farmers and workers.

There are currently Fairtrade Certified products available in more than 120 countries. According to a recent survey, nearly 6 in 10 consumers have seen the Fairtrade Mark and of
those, 9 in 10 trust it. And, despite the economic downturn, Fairtrade has achieved a 12% increase in global retail value, with estimated sales amounting to € 4.9 billion in 2011.

- Fairtrade is unique
  - Fairtrade helps farmers and workers to tackle poverty, improve the quality of their lives and invest in their futures.
  - Supports development objectives, Fairtrade favours organized small farmers in most of the products.
  - Fairtrade criteria aim to increase empowerment of workers.
  - Producers are not simply beneficiaries; they are joint partners in Fairtrade.
  - Fairtrade is the only system that sets prices that aim to cover the costs of sustainable production and stipulates a premium for community development and provides a premium to be invested in community development.

C – FLO

FLO is part of a worldwide network of organizations actively involved in supporting producers, awareness raising and campaigning for changes in the rules and practices of conventional international trade.

FLO is responsible for developing and reviewing the Fairtrade Standards and for providing support to Fairtrade Certified producers by assisting them in gaining and maintaining Fairtrade certification and capitalizing on market opportunities. Products carry the Fairtrade Mark as the independent consumer guarantee that producers in the developing world get a better deal.

The main tasks and responsibilities of FLO are:

- Setting international Fairtrade Standards: It provides independent, transparent and competent standard setting.
- FLO works with both Fairtrade Certified producer organizations and traders in order to match supply and demand. It is also responsible for liaising with Fairtrade Certified producers to assist in strengthening their organizations and improve their production and market access.
- Making the case for trade justice.

Crucial to FLO’s transparency and credibility is the participation of traders, producers and other stakeholders in the organization’s governance. As such, it is a non-profit umbrella organization that unites 25 members:

- 19 Labelling Initiatives (LIs) covering 24 countries in Europe, North America, South-Africa, Japan, Australia and New Zealand, promoting the Fairtrade Mark amongst businesses and consumers in their countries, and licensing companies to use the Fairtrade Mark.
- 3 Marketing Organizations promoting and marketing Fairtrade in their countries. These are national organizations that market and promote Fairtrade in their country,
similar to Labelling Initiatives, however FLO still licenses companies in these
countries to use the Fairtrade Mark. There are currently three Fairtrade Marketing
Organizations, in the Czech Republic, in Hong Kong and in Korea.

- And 3 Producer Networks (PNs) that represent producers interests in the Fairtrade
  system in Latin America/Caribbean, Africa and Asia/Pacific.

The Labelling Initiatives license the Fairtrade Mark onto consumer products and promote
Fairtrade in their country, while the Producer Networks are organizations which Fairtrade
Certified producer organizations may join, and which are recognised as representative of
farmers, workers and others belonging to Fairtrade Certified producer organizations. All
Fairtrade Certified producer organizations have the right to participate in their region’s
decision-making processes through their recognised network. Producer Network
Assemblies as well as the Labelling Initiatives Assembly allow the respective organizations
to discuss issues which are relevant to them.

Members of Fairtrade International meet once a year at the General Assembly. This
Assembly, made up of 50 percent producer representatives and 50 percent Labelling
Initiative representatives, decides on membership issues, approves the annual accounts,
and ratifies new Board members.

The Board is primarily responsible for the strategic direction, sound financial
management, risk management and employment of the Chief Executive of the Fairtrade
International.

FLO is managed on a daily basis by a Managing Director, and has nearly 70 staff
members, who are based at the main offices in Bonn, Germany, plus a team of Liaison
Officers who work around the world. FLO’s main departments are:

- Strategy and Policy Unit: develops strategies and policies to guide the global
  Fairtrade system.

- Business Operations Unit: sets and maintains the Fairtrade Standards and Minimum
  Prices.

- Producer Services and Relations Unit (PSR): Supports producers through locally-
  based liaison officers in Africa, Asia and Latin America.

- Global Product Management Unit: provides product information, tools and strategic
  direction for Fairtrade products.

- Brand and Communications Unit: leads public relations and media activities,
  communications strategy, and brand development.

- Global Account Management Unit: strengthens relationships with major business
  partners.

- Global Resources Unit: provides administrative, financial and human resources
  support to the organization.

The PSR Unit was set up to provide Fairtrade Certified producers support to strengthen
their businesses and seize new market opportunities. PSR Officers also offer support and
advice to producers facing marketing and export challenges. PSR has Liaison Officers
(LOs) deployed in producer countries, whose task is to offer information, advice and training
to producers, helping them comply with Fairtrade Standards and facilitate market linkages.
They also relay product and regional information of interest to the markets to FLO, in an
effort to better anticipate demand and producer needs.
Fairtrade is a product certification system where social, economic and environmental aspects of production are certified against Fairtrade Standards for producers, and buying and selling is certified against Fairtrade Standards for trade.

The independence of the audits ensures that the Fairtrade Mark is only used on products coming from Fairtrade Certified producers.

The certification system ensures that the Fairtrade Minimum Price and Premium reach the producers and that all Fairtrade Standards are respected, and it provides credibility, trust and transparency. There are now roughly 2,000 traders and producer organizations certified by FLO-CERT in 73 countries.

FLO-CERT certifies products with a retail value of about € 5 billion per year, empowering over one million farmers and workers.

Fairtrade certification guarantees not only fair prices, but also the principles of ethical purchasing. These principles include adherence to International Labour Organisation (ILO) agreements such as those banning child and slave labour, guaranteeing a safe workplace and the right to unionise, adherence to the United Nations charter of human rights, a fair price that covers the cost of production and facilitates social development, and protection and conservation of the environment. The Fairtrade system also promotes long-term business relationships between buyers and sellers, crop pre-financing, and greater transparency throughout the supply chain.

In order to guarantee the credibility of the Fairtrade Mark, FLO-CERT operates an independent, transparent and worldwide consistent certification system that follows the requirements of ISO 65, the international quality norm for certification bodies.

Producer certification

FLO-CERT ensures that producers comply with the Fairtrade Standards, that traders pay the Fairtrade Premium to producers, and that producers invest the benefits received through Fairtrade in their development.

FLO-CERT works with a network of over 100 highly qualified auditors that yearly visit all organizations (producers and traders) and report back to FLO-CERT. The audit methodology is tailor-made for the evaluation of the Fairtrade Standards. Most auditors are locally based (in the country itself or neighbouring country) and familiar with the local culture, law and language. The time the auditors spend on the ground depends on the size of the producer organization, the complexity of the producer organization and the number of certified products they are seeking to sell. A full Fairtrade audit can take from 4 days for a small producer organization, up to several weeks for the largest cooperative unions.

No producer organization can become certified without an initial physical audit. FLO-CERT operates a group certification model, which includes the audit of the central organization and random checks of a representative sample of individual farmers. The size of the sample is normally based on a square root approach, which is standard practice in group certification.

Renewal of the certificate is based on an annual physical audit. In exceptional circumstances, where they have demonstrated a very good compliance record over the previous years, producer organizations may qualify for a desk top review as part of a three year audit cycle. The cost of the certification is based on the number of working days required for audit of the producer group.

Following an audit, a report is sent by the auditor to FLO-CERT for evaluation. The evaluator submits a recommendation to the managers of FLO-CERT whether this producer
organisation should be certified. The final certification decisions are taken by the director. A further quality control takes place every two months when the external Certification Committee reviews the decisions of FLO-CERT and provides additional guidance.

**Trade certification**

FLO-CERT has also developed a trade auditing system to monitor traders’ compliance with the Fairtrade Standards, and that traders pay the Fairtrade Premium to producers. The system was created to check that every Fairtrade product sold to a consumer has indeed been produced by a certified producer organization which has been paid at least the Fairtrade Minimum Price. A network of auditors conducts trade certification, supported by staff at FLO-CERT headquarters in Bonn.

Similarly to producer certification, trade certification decisions are taken by a different person from the one who evaluated the organization and wrote the audit report. An independent Certification Committee meets every two months to advise FLO-CERT on certification decisions and policies and to maintain an overview of decision making. It comprises a balance of key stakeholders such as certified operators, independent certification experts and consumer representation. The most complex cases are sent to this committee for evaluation.

Fairtrade licensees (companies that have license contracts to use the Fairtrade Mark) are also subject to auditing, although this has until now been conducted by both FLO-CERT and Labelling Initiatives.

**ISO 65 Accreditation**

The Fairtrade system received ISO accreditation in October 2007, a worldwide first for any social certification system. This means:

- **Independence**: a certification body must be independent of any external pressure being able to influence a certification decision.
- **Transparency**: the evaluation and certification processes must be transparent and explained to all parties before audit.
- **Quality**: certification decisions can only be consistent and suitable if there are proper internal control mechanisms. The existence of a quality control system, for example, supported by regular internal audits, is essential to identify problems and continuously improve service.
- **Equality**: all producers must be treated equally.
History summary

- **1988** – Dutch development agency Solidaridad launches Max Havelaar, the first Fairtrade label
- **1988 to 1997** – Fairtrade grows to include 17 Labelling Initiatives worldwide
- **1997** – FLO is founded to unite LIs under one umbrella
- **2002** – FLO launches The Fairtrade Mark
- **2004** – FLO-CERT established to certify producers and traders independently
- **2007** – FLO’s Strategic Review
- **2008** – FLO embarks on global strategy to strengthen, broaden and deepen the impact of Fairtrade
- **2009** – FLO launched two dual-certification partnerships
- **2011** – FLO launched the New Standards Framework, the revised Fairtrade Standards, which are easier to understand and more adaptable to producers’ reality.
- **2013** – FLO launched its strategy “Unlocking the Power of Many”, to intensify work with smallholders and workers and to innovate to drive sales in the marketplace.
Definition of Fair Trade

Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers — especially in the South. Fair Trade Organizations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade. Fair Trade products are produced and traded in accordance with these principles — wherever possible verified by credible, independent assurance systems.
• **Fairtrade certification**

Product certification system that allows consumers to identify products that meet agreed environmental, labour, and developmental standards through the Fairtrade Mark.
**PowerPoint Slide 8**

**FLO International**

**FLO-Cert GmbH**  
Certification of producers and traders = guarantee

**FLO e.V.**  
- Strategy and Policy Unit  
- Business Operations Unit  
- Producer Services and Relations Unit  
- Global Product Management Unit  
- Brand and Communications Unit  
- Global Account Management Unit  
- Global Resources Unit

**Labelling Initiatives (19): local promotion, licensing**

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**PowerPoint Slide 9**

- **Fairtrade is unique**

  Fairtrade helps farmers and workers to tackle poverty, improve the quality of their lives and invest in their futures.
  
  Supports development objectives, Fairtrade favours organized small farmers in certain products.
  
  Fairtrade aims to increase empowerment of smallholder producers and workers. Producers are not simply beneficiaries; they are joint partners in Fairtrade.
  
  Fairtrade is the only system that sets prices to cover the costs of sustainable production and provides a premium to be invested in community development.
PowerPoint Slide 10

![Logo of Fairtrade]

Look for this logo when you shop

Just a few Fairtrade products.

Images courtesy the Fairtrade Foundation

PowerPoint Slide 11

FLO International’s structure

- General Assembly
- Producer Networks Assembly
  - Producer representation within FLO
- Board
  - 3 representatives from the Fairtrade Labelling Initiatives
  - 4 representatives from FAIRTRADE Certified producer organizations
  - 2 representatives from FAIRTRADE Certified traders
  - 3 arsenal independent experts
- Standards committee
- Finance Committee
- Nominations Committee

Main Departments:
- Producer Services and Relations Unit: Supports producers through locally based liaison officers in Africa, Asia, and Latin America.
- Standards Unit: Setting and maintaining Fairtrade standards.
- Strategy and Policy Unit: Develops strategies and policies to guide the work of Fairtrade globally.
- Global Resources Unit: Provides administrative, financial, and human resources support to the organization.
- Global Product Management Unit: Provides product information, tools, and strategy.
- Global Account Management Unit: Strengthens relationships with major business partners.
- Communications Unit: Leads PR and media activities and communications strategy.
FLO-CERT Supervisory Board

Nigel H. Croft
Mariana Abrantes De Souza
Degmar Bottentruch
Dr. Esther L. Guillaume
Werner Kienle
Juan E. Henriquez
Dr. Christian Thoren

Members

Latin American and Caribbean Fairtrade Network
Africa Fairtrade Network
Network of Asian Producers
Producer Networks
Fairtrade Labelling Initiatives
Fairtrade Marketing Organizations
Liaison Officers’ Tasks

- Seek new suppliers and products
- Introduce Fairtrade to producers
- Support work following inspections
- Source and liaise with support agencies
- Help coordinate the pricing process
- Provide information about local networks
- Represent Fairtrade in local workshops/conferences

LO for Pacific area: Mukesh Kumar
lo.pacific@fairtrade.org.nz

LO for PNG: Gabriel Iso
lo.png@fairtrade.org.nz

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FLO-CERT

FLO-CERT supervises the continued compliance with Fairtrade standards until the product is consumer packaged and labelled.

Fairtrade Certificates are only issued after a physical audit has confirmed that all relevant Fairtrade standards are complied with.

- Sugumar Raman
  Head of Flo-cert Asia/Pacific
  sugumar@flo-cert.net

- Lokesh M.S.
  Certification Analyst - Asia Pacific
  M.S.Lokesh@flo-cert.net
### Group Card 1

<table>
<thead>
<tr>
<th>Sets Fairtrade Standards</th>
<th>Verifies compliance with the Fairtrade Standards through audits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raises awareness on trade justice</td>
<td>Provides a guarantee that Fairtrade Certified products have been produced and traded under fair conditions</td>
</tr>
<tr>
<td>Assists in matching supply and demand of Fairtrade products</td>
<td>Monitors the buying and the selling of Fairtrade Certified products until it is consumer packaged and labelled</td>
</tr>
<tr>
<td>Assists in strengthening Fairtrade Certified producer organizations</td>
<td>Makes independent decisions on Fairtrade certification</td>
</tr>
<tr>
<td>Assists Fairtrade Certified producer organizations to get market access</td>
<td>Makes annual on-site visits to producer organizations</td>
</tr>
</tbody>
</table>

### Board / Flipchart

<table>
<thead>
<tr>
<th>FLO</th>
<th>FLO-CERT</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Fairtrade Logo</td>
<td>![FLO-CERT Logo]</td>
</tr>
</tbody>
</table>
Section 2
The Fairtrade Standards

(A) Learning objectives

A- Generic Standards

General objectives
By the end of the section, participants should be able to identify Generic and Product Specific Standards and to explain the difference between them.

Specific objectives
In particular, participants will be able to:
  o understand the difference between small producer organizations (SPOs), hired labour situations, and contract production.
  o describe the responsibilities of Fairtrade traders.

B- Chapters in Fairtrade Standards for SPOs and Contract Production

General objectives
By the end of the section participants should:
  o be aware of the general structure and topics in the Fairtrade Standards for Small Producer Organizations and for Contract Production.
  o have a basic understanding of the Traceability section of the Trade Standards.
  o be aware of the Generic Environmental Standards (GES) included in the Production chapter of the Fairtrade Standards for Small Producer Organizations and for Contract Production.
  o have a basic understanding of the main sections of the Business and Development Standards.

Specific objectives
In particular, participants will be able to:
  o have knowledge of the Fairtrade Generic Standards and identify the chapters in the Fairtrade Generic Standards.
  o describe the physical product flow of their Fairtrade product.
  o understand and be able to keep basic records of product flow.
  o outline the Fairtrade General Environmental Standards.
  o understand Core and Major GES for years 0, 1 and 3.
  o identify potential non-compliance with the GES.
  o understand the purpose and aims of the Fairtrade Development Plan.
  o understand the basic requirements for the structure and practices of a producer organization.
C- Product Specific Standards

General objectives
By the end of the section, participants should be able to identify generic and product specific standards and to explain the difference between them.

Specific objectives
In particular, participants will be able to:
- comprehend the Fairtrade product scope.
- understand the process for standards setting.

(B) – Proposed training strategy

A- Generic Standards

<table>
<thead>
<tr>
<th>Activity 1: Fairtrade Generic Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Method:</strong> Lecture</td>
</tr>
<tr>
<td>Questions and answers</td>
</tr>
<tr>
<td><strong>Media:</strong> PowerPoint Slides 19-20</td>
</tr>
<tr>
<td><strong>Duration:</strong> 20 min.</td>
</tr>
</tbody>
</table>

**Proceeding**
The trainer will present the Fairtrade Generic Standards according to Point A - basic text. S/he will then answer questions – if necessary the trainer can always refer the questions to anyone else in the room who s/he’ll feel may give a more accurate answer.

<table>
<thead>
<tr>
<th>Activity 2: Analysis of Fairtrade Generic Standards for Small Farmers and Traders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Method:</strong> Group discussion</td>
</tr>
<tr>
<td>Feedback</td>
</tr>
<tr>
<td><strong>Media:</strong> Individual Handouts 2-3</td>
</tr>
<tr>
<td>Appendix 1: Checklist for Fairtrade SPO and CP Standards</td>
</tr>
<tr>
<td>PowerPoint Slide 21</td>
</tr>
<tr>
<td><strong>Duration:</strong> 40 min.</td>
</tr>
</tbody>
</table>

**Proceeding**
The trainer will ask participants to split into groups of no more than 5 members each. S/he will then distribute Handouts 2 and 3 different groups and ask them to read them and make a list of the most important standards that Fairtrade small farmers need to comply with. Groups will have 10 minutes to read their handouts.

The trainer will then ask groups to name a representative to summarize the group’s discussion. The trainer will first take notes of any comments regarding the Fairtrade Generic Standards for Small Producers.

Finally, the trainer will circulate copies of Appendix 1, and will also mention that the full Standards documents are available on-line under: [http://www.fairtrade.net/our_standards.html](http://www.fairtrade.net/our_standards.html)
### Activity 3: Chapters in the Fairtrade Standards

**Method**: Presentation  
**Media**: PowerPoint Slide 22  
**Duration**: 20 min.  

**Proceeding**: The trainer will present the chapters in the Fairtrade General Standards according to Point B – Fairtrade Standards’ Structure. S/he will then answer questions – if necessary the trainer can always refer the questions to anyone else in the room who s/he’ll feel may give a more accurate answer.

### Activity 4: The General Requirements

**Method**: Presentation  
**Media**: PowerPoint Slide 23  
**Duration**: 20 min.  

**Proceeding**: The trainer will present information in Point B – General requirements. S/he will then answer questions – if necessary the trainer can always refer the questions to anyone else in the room who s/he’ll feel may give a more accurate answer.

### Activity 5: Introduction to Traceability

**Method**: Presentation  
**Media**:  
- PowerPoint Slide 24  
- Projector and white screen  
**Duration**: 20 min.  

**Proceeding**: The trainer starts by giving an introductory PowerPoint presentation of Chapter 2 of the Fairtrade Standards: Trade, summarising the overall objectives of the standards, according to Point B – Trade Requirements.  

The trainer will then field general questions from participants.

### Activity 6: Introducing Physical Traceability

**Method**: Group work  
**Media**:  
- Butcher paper, markers.  
- PowerPoint Slide 25  
**Duration**: 20 min.  

**Proceeding**: In order to demonstrate physical traceability, participants will be asked to help the trainer to draw onto butcher paper a simple representation of the product flow for their producer organization. (For example, cocoa farmer > fermentary owner > producer organization.) This can be done using whatever graphic representation the participants see fit. The trainer will facilitate this, to ensure participants have a clear understanding of each step involved in their product flow.
To close the session, the trainer will discuss the final drawing, asking for additional feedback from participants. Then will use PowerPoint Slide 25 to demonstrate the product flow in an international supply chain (Note to trainer: please use animations in slide).

**Activity 7: Documentary Traceability**

<table>
<thead>
<tr>
<th>Method</th>
<th>Media</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practical session</td>
<td>PowerPoint Slide 26.</td>
<td>20 min.</td>
</tr>
<tr>
<td></td>
<td>Template 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Writing utensils.</td>
<td></td>
</tr>
</tbody>
</table>

**Proceeding**

To demonstrate one method of keeping records of product flow, the trainer will share PowerPoint Slide 26 and ask participants to describe what they see. As necessary, the trainer will prompt participants to discuss the role of each character in the slide, as well as their actions.

Next, participants will be divided into groups of 5. The trainer will distribute one Template 1 Traceability to each group, asking one person to play the role of the fermentary owner, and the others to play the role of members. The trainer will explain the purpose of the template, and will ask each group to complete the template as though they are buying and selling product from members.

Session will be followed by Q&A from participants on how to use the template, or comments on how the template could be altered to better suit the context of the producer organization, or how additional recordkeeping tools could be used as necessary. (If changes are suggested, the trainer will assist the participants to alter the document or develop additional recordkeeping tools.)

**Activity 8: Introduction to Fairtrade General Environmental Standards**

<table>
<thead>
<tr>
<th>Method</th>
<th>Media</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group discussion</td>
<td>Fairtrade GES Poster (Poster 2) and Appendix 1: Checklist for Fairtrade SPO Standards</td>
<td>60 min.</td>
</tr>
<tr>
<td></td>
<td>PowerPoint Slide 27</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PowerPoint Slide 28</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PowerPoint Slide 29 (Related to Standards 3.1.1, 3.2.1, 3.2.13 and 3.2.4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PowerPoint Slide 30 (Related to Standards 3.1.2, 3.1.4, 3.2.33, 3.2.19, 3.2.20, 3.2.23 and 3.2.37)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PowerPoint Slide 31 (Related to Standards 3.2.7, 3.2.8, 3.2.29, 3.2.10, 3.2.19 and 3.2.35)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Individual Handout 4</td>
<td></td>
</tr>
</tbody>
</table>
The trainer will present the Fairtrade General Environmental Standards according to Point B – Production requirements. She/he will then answer questions – if necessary the trainer can always refer the questions to anyone else in the room who s/he’ll feel may give a more accurate answer.

The trainer will ask participants to break into groups of no more than 6 people (groups will work together for the next 3 activities) and then s/he will distribute one GES poster per group.

The trainer will ask participants to analyse each one of the strips on the poster and to discuss the situations presented in every illustration. Participants will be given 10 minutes for group discussion for each strip.

Groups will choose a spokesperson to present the group’s thoughts and conclusions to the rest of the participants.

The trainer will ask participants to present one strip at the time, and will summarise group’s main ideas and introduce the corresponding Fairtrade environmental intent addressed in every strip at the end of each round of interventions. The trainer will develop further every topic based on the corresponding PowerPoint slides and the Checklist for Fairtrade SPO Standards.

Trainer will close the activity reading and sharing the Fairtrade GES Individual Handout.

### Activity 9: Fairtrade Environmental Standards Core and Major Years 0, 1 and 3

<table>
<thead>
<tr>
<th>Method</th>
<th>Media</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group discussion</td>
<td>Fairtrade GES board game</td>
<td>120 min</td>
</tr>
<tr>
<td>Brainstorm</td>
<td>Appendix 2: Fairtrade GES Board Game Answer Sheet</td>
<td></td>
</tr>
<tr>
<td>Feedback</td>
<td>Handout 5</td>
<td></td>
</tr>
<tr>
<td>Lecture</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Proceeding**

The trainer will ask participants to break into groups of no more than 6 people and then s/he will distribute one GES board game per group.

*How to play:* With a counter, participants will move through the spaces with the aim of finishing the game before the other participants.

To move through the board, participants will throw the provided dice (with 6 colours instead of numbers) and move to the next space matching the colour of the dice. If the participant lands on one of the actions, s/he must identify if the action is positive or negative and move accordingly: forward if the action is positive, backwards if the action is negative.

Players will choose a captain for the game who will be in charge of the Answer Sheet (Appendix 2), a handout which indicates if actions are positive or negative.

Participants will be given 40 minutes to play the game.

When the game is over, the trainer will bring attention to every action in the game, making reference to Handout 5 Fairtrade Generic Environmental Standards Checklist and facilitating discussion about environmental risks. Trainers will fill in The Fairtrade Generic Environmental Standards Checklist with the information gathered from the discussion.
<table>
<thead>
<tr>
<th><strong>Activity 10: Identifying potential environmental non-compliances</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Method:</strong> Group discussion</td>
</tr>
<tr>
<td>Brainstorm</td>
</tr>
<tr>
<td>Feedback</td>
</tr>
<tr>
<td>Lecture</td>
</tr>
<tr>
<td><strong>Media:</strong></td>
</tr>
<tr>
<td>Butcher paper, markers.</td>
</tr>
<tr>
<td>Handout 5</td>
</tr>
<tr>
<td><strong>Duration:</strong> 60 min.</td>
</tr>
</tbody>
</table>

**Proceeding:**

The trainer will distribute 2 sheets of butcher paper per group and ask participants to draft a map of their community. On the map, participants will identify the areas which they consider to be at risk of not complying with the Fairtrade Generic Environmental Standards. Participants will use the completed Handout 5 Fairtrade Generic Environmental Standards Checklist as reference to identify risk areas.

The trainer will refer to Section 2 – Additional Materials for further resources related to the Fairtrade Generic Environmental Standards.

<table>
<thead>
<tr>
<th><strong>Activity 11: Introduction to Chapter 4</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Method:</strong> Presentation</td>
</tr>
<tr>
<td>Q&amp;A</td>
</tr>
<tr>
<td><strong>Media:</strong></td>
</tr>
<tr>
<td>PowerPoint Slide 32</td>
</tr>
<tr>
<td>Projector and white screen.</td>
</tr>
<tr>
<td><strong>Duration:</strong> 20 min.</td>
</tr>
</tbody>
</table>

**Proceeding:**

The trainer starts by giving an introductory PowerPoint presentation of Chapter 4: Business and Development, summarising the overall objectives of the standards, according to Point B – Business and Development Requirements.

The trainer will then field general questions from participants.

<table>
<thead>
<tr>
<th><strong>Activity 12: The members list</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Method:</strong> Practical session</td>
</tr>
<tr>
<td><strong>Media:</strong></td>
</tr>
<tr>
<td>Template 2</td>
</tr>
<tr>
<td>Writing utensils</td>
</tr>
<tr>
<td><strong>Duration:</strong> 20 min.</td>
</tr>
</tbody>
</table>

**Proceeding:**

In order to demonstrate the use of a members list, participants will be broken into groups of 10. The trainer will distribute one Template 2 Members List to each group, asking one person to play the role of the Chairperson or Manager, and the others to play the role of members.

The trainer will explain the purpose of the template, and will ask each group to complete the template as though they are registering members to a new producer organisation.

Session will be followed by Q&A from participants on how to use the template, or comments on how the template could be altered to better suit the context of the producer organization. (If changes are suggested, the trainer will assist the participants to alter the document.)
### Activity 13: Fairtrade Development Plan

**Method:** Practical session  
**Media:**  
- Template 3  
- Writing utensils  
**Duration:** 30 min.

**Proceeding**  
In order to demonstrate the use of a Fairtrade Development Plan (FDP), the trainer will explain that the FDP is to be developed by the organisation, based on the expressed needs of members, and approved before any funds are used.

Participants will be broken into groups of 10. The trainer will distribute one Template 3 FDP template to each group, asking one person to record information and the rest to act as members (Premium Committee in an SPO or Producer Executive Body in a CP set-up) outlining the proposed use of the Premium.

Session will be followed by Q&A from participants on how to use the template, or comments on how the template could be altered to better suit the context of the producer organization. (If changes are suggested, the trainer will assist the participants to alter the document.)

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### Activity 14: Product Specific Standards

**Method:** Lecture  
**Media:**  
- PowerPoint Slide 33  
- Poster 3  
**Duration:** 30 min.

**Proceeding**  
The trainer will present the Fairtrade Product Specific Standards according to Point C - basic text. S/he will then answer questions – if necessary the trainer can always refer the questions to anyone else in the room who s/he'll feel may give a more accurate answer.

The trainer will then ask a representative of each producer group to make a cross in Poster 3 under the relevant Generic and Product Specific Standards that his/her organization should comply with in order to be Fairtrade Certified.

The trainer may draw conclusions regarding the organization of producer groups in the Pacific (small farmers or plantations) and the main commodities produced in the region according to the information collected in the poster.

An assistant should use the information in the poster to print and distribute the relevant product specific standards among the producer groups at the workshop.

---

### Activity 15: Fairtrade Specific Standards for Timber

**Method:** Lecture  
**Media:**  
- PowerPoint Slide 34  
**Duration:** 20 min.

**Proceeding**  
The trainer will conduct a brainstorm session about environmental resources, from nearby forests, that they consider important for their communities, and hypothetical ways to maintain those resources.

The trainer will write on the board the brainstorm’s outcome.

The trainer will show PowerPoint Slide 34 and will ask participants to compare the
information on Slide 34 with the ideas on the board.
The trainer will give a short lecture about FSC’s Principles and criteria and the Fairtrade Timber Standard based on Point C – Product Specific Standards.

<table>
<thead>
<tr>
<th>Activity 16: Revision of Concepts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Method:</strong> True or False</td>
</tr>
<tr>
<td><strong>Discussion</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proceeding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants are distributed Individual Handout 6 and given 5 minutes to read and assess as either true (T) or false (F) the statements in the sheet of paper. The presentation of each answer by a different participant will provide the trainer with points of reference to discuss the basic principles behind Fairtrade Standards.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 17: Closing</th>
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</thead>
<tbody>
<tr>
<td><strong>Method:</strong> Groups Discussion Brainstorming Presentation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proceeding</th>
</tr>
</thead>
<tbody>
<tr>
<td>The trainer will ask participants to organise in groups, and provided with the strips of Poster 4, A Fairtrade Story. They will be asked to interpret the story described on the first strip of the poster, giving 10 minutes for discussion. After 10 minutes, the trainer will collect on a flipchart the interpretations given by each group. When all the ideas are collected, the trainer will present the story described on the relevant strip, making connections where possible to the ideas proposed by the attendees. The trainers will cover each one of the stories in the poster, following the same proceeding described above. The trainers will present a couple of stories of successful cooperatives, using videos or written profiles. To close the activity, the trainer will distribute the poster among attendees and invite them to share the story within their families and friends.</td>
</tr>
</tbody>
</table>
A- Generic Standards

The points of reference for Fairtrade certification are the Fairtrade Standards. The Fairtrade Standards are not simply a set of minimum standards for socially responsible production and trade. The Fairtrade Standards go further: they guarantee a minimum price considered as fair to producers, they provide a Fairtrade Premium that the producers must invest in projects enhancing its social, economic and environmental development, they strive for mutually beneficial long term trading relationships, and they set clear minimum and developmental criteria and objectives for social, economic and environmental sustainability.

Fairtrade Standards need to be met by producers, their organizations and the traders who deal with Fairtrade products.

Generic producer / worker Standards

The problems experienced by producers and workers in developing countries differ greatly from product to product. The majority of coffee and cocoa, for example, is grown by small farmers, working their own land and marketing their produce through a local cooperative. For these producers, receiving a minimum price for their beans may be more important than any other aspect of a fair trade. Most tea, however, is grown on estates. The biggest concern for workers employed on tea plantations is likely to be fair wages and decent working conditions. To address these realities there are three sets of Fairtrade Generic Standards:

- **Small producer organizations:** This standard applies to small producers organized in cooperatives or other organizations with a democratic, participative structure. The concept “small producers” refers to a group where the majority of its members don't depend on hired workers all the time - they might use some seasonally hired workers - , but run their farm mainly by using their own and their family’s labour. Additionally, the group must be organised in a way in which profits are equally distributed among the producers and in which all members have a voice and vote in the decision-making process of the organization.

- **Hired labour:** This set of standards applies to organized workers, whose employers pay decent wages, guarantee the right to join trade unions and provide good housing when relevant. Among the most relevant Fairtrade Standards for hired labour, it should be pointed out that forced labour and child labour is prohibited, workers have the right to join an independent union to collectively negotiate their working conditions (freedom of association and collective bargaining), salaries must be equal or higher than the regional average or than the minimum wage in effect, and that health and safety measures must be established in order to avoid work-related injuries. Regarding the Fairtrade Premium, it must be managed by a so-called Joint Body, which must include workers and management.

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2 Contract production is currently applicable for cotton in India and Pakistan, rice in India, dried fruit in Pakistan (for producers already certified for dried fruit) and cocoa in Oceania.
**Contract production:** These are standards for small-scale producers who are not yet democratically organized. As a temporary measure, they can join Fairtrade if they have a partnership with an organization (such as an exporter or an NGO) who will assist them to form an independent organization. These standards are composed of requirements against which promoting bodies and registered producers will be inspected.

These requirements are divided into:

- Core standards, which reflect Fairtrade principles and must be fully complied with, and

- Development standards, which refer to the continuous improvements that certified organizations must make on average against a scoring system (also defining the minimum average thresholds) defined by the certification body FLO-CERT.

**Social development**

For small farmers Fairtrade Standards require an organizational structure that allows the farmers to actually bring a product to the market. All members of the organization need to have access to democratic decision-making processes and as far as possible participate in the activities of the organization. The organization needs to be set up in a transparent way for its members and must not discriminate any particular member or social group.

For hired labour situations, the Fairtrade Standards require from the company to bring social rights and security to its workers. Some of the core elements are: training opportunities, non-discriminatory employment practices, no child labour, no forced labour, access to collective bargaining processes and freedom of association of the workforce, condition of employment exceeding legal minimum requirements, adequate occupational safety and health conditions and sufficient facilities for the workforce to manage the Fairtrade Premium.

**Economic development**

For all products, Fairtrade Standards require the buyers to pay a Fairtrade Minimum Price and a Fairtrade Premium to the producers. The Fairtrade Minimum Price allows the producer to cover the costs of sustainable production. The Fairtrade Premium is money for the farmers or for the workers on a plantation to invest in improving their livelihood. Premium money in this sense is meant to improve the situation of local communities in health, education, environment, economy, etc. The farmers or workers decide themselves on what are the most important priorities for them and manage the use of the Fairtrade Premium.

Also, Fairtrade Standards require buyers to give a financial advance on contracts, called pre-financing, if producers ask for it. This is to help producers to have access to capital and so overcome what can be one of the biggest obstacles to their development. This promotes entrepreneurship and can assist the economic development of entire rural communities.

**Environmental development**

Fairtrade Standards include requirements for environmentally sound agricultural practices. The focus areas are: minimized and safe use of agrochemicals, proper and safe management of waste, maintenance of soil fertility and water resources and no use of genetically modified organisms. However, Fairtrade Standards do not require organic certification as a requirement. Higher costs for organic production are considered though, by higher Fairtrade Minimum Prices for organically certified products.
**Generic Trade Standards**

This Standard applies to operators who trade in certified products. Every operator buying or selling certified products, up to the point where the certified product is in its final packaging for the consumer, must comply with this standard. All Fairtrade payers (operators who are responsible for paying the Fairtrade price and Fairtrade Premium) and conveyors (operators who receive or handle the Fairtrade price and Fairtrade Premium) must comply with this standard.

- **Certification:** All operators taking ownership of Fairtrade certified products and/or handling the Fairtrade price and Premium are audited and certified.

- **Additional entities:** shall be considered as additional premises of the operator. They shall be required to submit themselves to an audit at the discretion of the certification body. When an operator starts to work with a new additional entity, the operator must confirm with that additional entity that audits can take place if required by the certification body.

- **Traceability:** It is the Fairtrade objective to ensure that Fairtrade labelled products can be traced back to Fairtrade producers. The standard requires operators to physically separate Fairtrade products from non-Fairtrade ones and to ensure that products are identifiable as Fairtrade along the supply chain.

- **Product Composition:** The intent of labelling food composite products as Fairtrade certified is to provide the maximum benefit to producers. This means that the product must contain as many Fairtrade certified ingredients as possible.

- **Contracts:** Contracts between producers and buyers set the framework for Fairtrade trade operations. It is important that the contractual obligations are mutually agreed, well documented, and clearly understood by the contracting parties.

- **Sustaining trade:** Fairtrade aims to create sustainable trade partnerships between producers and their buyers, which enable producers to have long-term access to markets under viable conditions. Above and beyond requirements in this standard, it is important that these relationships grow stronger over time and are based on mutual respect, transparency and commitment.

- **Pre-finance:** Pre-finance is one of the core benefits for producers within the Fairtrade system. The Fairtrade intention is to help producers gain access to reasonable forms of financial assistance to support their purchases from members.

- **Pricing:** The Fairtrade Minimum Price or relevant market price and the Fairtrade Premium are core benefits of the Fairtrade system for producers. The payment of the Fairtrade Minimum Price and Fairtrade Premium is a key function of those trade operators that buy from producers and are responsible for paying the Fairtrade price (the “Fairtrade payer”).
B- Chapters in Fairtrade Standards for SPOs and Contract Production

Structure of Fairtrade Standards

Fairtrade Standards for Small Producer Organizations and for Contract Production have four main chapters:

- General Requirements defines the entry criteria for producers,
- Trade outlines specific steps to encourage fair trading practices.
- Production defines production methods to better secure sustainable livelihoods while supporting biodiversity and facing climate change challenges.
- Business and Development defines the unique Fairtrade approach to development. It explains how through social organization producers can build a basis for empowerment and sustainable livelihoods.

In the standards, each chapter and section has a description of its objective and scope of application, the rules that producers and workers are audited according to, and guidance to facilitate the interpretation of the requirements. The guidance provides suggestions and examples of how to comply with the requirement.

The Standards have two different types of requirements:

- Core, which reflect Fairtrade principles and must be fully complied with.
- Development (Dev), which refer to the continuous improvements that certified organizations must make on average against a scoring system (also defining the minimum average thresholds) defined by FLO-CERT.

Producers are in compliance with the Fairtrade Standards if all core requirements are fulfilled and the minimum score on the development requirements as defined by the certification body is reached.

In the Standards documents, each requirement is assigned a number (0, 1, 3 or 6). This number represents the number of years the organizations has until it is audited against the requirement.

The General Requirements

Chapter 1: Fairtrade works with producers who struggle to access international markets and are marginalized by unfair terms of trade. Fairtrade Standards define clear entry rules that guarantee that the system benefits the most vulnerable producing communities. General entry requirements are:

- The producer organisation or the Promoting Body and its members must accept audits in their premises and provide information at the certification body’s request.
- The producer organisation or the Promoting Body and its members must appoint a contact person for all certification matters.
- At least half of the producer members must be small producers. As defined by the standards, a small producer has access to an average or less than average (takes as reference the specific country’s situation) size of land for farming, and in the farm the work is mostly done by the producer and the members of the family.
• At least half of the volume of the Fairtrade product sold by the organisation or Promoting Body must be produced by small producers.

**Trade Requirements**

Chapter 2: Trade defines what producers can do to build fair trading practises, setting minimum requirements with regards to the manner in which producers’ Fairtrade certified product is bought and sold.

Fairtrade certification guarantees that products containing the Fairtrade Mark are made from ingredients grown by producers who are members of Fairtrade certified producer organisations. Thus, to ensure that the producers who are growing the Fairtrade products are in turn receiving the benefits of Fairtrade certification (the Fairtrade Minimum Price and Fairtrade Premium), and for the producer organization to have clear management and oversight of the product flow of the Fairtrade commodity, traceability is a major focus of the Trade Standards.

There are two types of traceability relevant to Fairtrade certified producers:

• **Physical traceability** means that the product flow should be able to be followed through all stages of production and processing. In addition, Fairtrade products should be kept separated from non-Fairtrade products at all stages.

• **Documentary traceability** means that records should be kept at all stages of production and processing of a Fairtrade product, following the same path as the flow of the product itself.

**Production Requirements**

Chapter 3: Production specifies the sustainable agricultural practices and the rights-based working conditions for producers and workers, which must be fulfilled by Fairtrade Certified producers.

Fairtrade’s environmental requirements, often referred to as the Generic Environmental Standard (GES), are part of the Production chapter. Environmental standards stipulate strong core requirements which are strict on protecting producers’ health and safety, conserve biodiversity and ban the use of GMOs and dangerous chemicals. GES makes emphasis on training as the main responsibility of the organization to its members. Hence small scale producers are trained in water protection, soil conservation, integrated pest management and safety in relation to handling pesticides.

The producer organization is also required to raise awareness on GES among its members and to promote community based monitoring systems, which allow producers to choose how they reach their own targets towards compliance with GES.

Environmental requirements focus mainly on building producers’ capacities and promoting sustainable productions practises suitable for producers’ realities, while enabling them to meet the expectations of traders and consumers’ demand.

Environmental topics in the GES are: management of production practices, environmental management, soil and water conservation, waste management, genetically modified organisms (GMOs), conservation of biodiversity, and energy and greenhouse gas (GHG) emissions.
Business and Development Requirements

Chapter 4: Business and Development defines the Fairtrade approach to development, explaining how through social organization producers can build a basis for empowerment and sustainable livelihoods. This chapter focuses on the development objectives of the producer organisation as defined by its members, as well as key components of governance and democracy to promote member participation.

Fairtrade’s approach to development focuses around community-based planning, in which producers identify the needs of their business and their community, and together plan for its development with the assistance of the Fairtrade Premium. The Fairtrade Premium is the sum of money paid on top of the agreed upon price of the Fairtrade product, and is paid to the producer organisation to be invested in community development projects designed and agreed upon democratically by members. The Fairtrade Development Plan provides the necessary framework to guide producer organisations to plan and implement a project funded with the Fairtrade Premium. Section 4.1 of the Fairtrade Standards focuses on the Fairtrade Premium and its use through the Fairtrade Development Plan.

The manner in which the Fairtrade Premium is handled and implemented is based on the values of democracy, transparency and participation. The Fairtrade Standards promote these values since the empowerment of smallholder producers is the underlying goal of Fairtrade certification. Thus, Section 4.2 of the Fairtrade Standards focuses on good governance practices around membership, organisation leadership, regular meetings, and recordkeeping. It should be noted that Section 4.2 has different requirements for Small Producer Organisations than for Contract Production set-ups, so the trainer should refer to the relevant Fairtrade Standards Checklist for an outline of the standards required for each.

Further detail about compliance with the Generic Fairtrade Standards for SPOs is available from Fairtrade International at http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2013-02-12_EN_SPO_Explan_Doc_3_.pdf
**C- Product Specific Standards**

Fairtrade Product standards apply to particular products, such as cotton or bananas.

These standards include additional social, economic and environmental criteria, related to a specific product, which must also be met over time.

Since the aim of Fairtrade is to improve the position of disadvantaged producers in developing countries, the range of Fairtrade certifiable products consists primarily of typical agricultural products. However, manufactured products are becoming important future candidates for Fairtrade certification.

Currently, there are Fairtrade Standards for different product categories:

Because each Product Specific Standard defines the respective Fairtrade Minimum Price and Premium, any product different from the ones included in this list are not Fairtrade certifiable at the moment.

<table>
<thead>
<tr>
<th>Food Products</th>
<th>Non-food products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocoa, Coffee, Cotton, Dried Fruit, Juices, Nuts/Oil Seeds, and Purees, Vegetables, Honey, Fresh Fruit &amp; Fresh Vegetables, Spices, Cane Sugar, Tea, Wine Grapes, Soybeans, Herbs, Cereals (rice, quinoa, fonio), Fresh Fruit (incl bananas and wine grapes), Vegetables (incl pulses, and potatoes), Prepared and Preserved Fruit and Vegetables</td>
<td>Cotton, Flowers &amp; Plants, Sports Balls, Timber and Gold</td>
</tr>
</tbody>
</table>

FLO’s Standards Unit works to regularly review and update all existing Product Specific Standards, and to extend this list to other commodities, such as carbon offsets within the context of forest products (timber).

New product development is very important for the future of Fairtrade. On the producer side, product range extension is important because it allows new producers and workers to join Fairtrade. And for producers of existing products, like coffee, new products create opportunities to diversify production and reduce their dependency on just one crop. On the market side, the demand for expansion of the Fairtrade product range is evident, and for many companies involved in Fairtrade a broad product range is crucial for the economic viability of their involvement. For supermarket chains it makes all the more sense to invest in marketing Fairtrade products when the range of products is significant, as it helps to increase awareness of the Fairtrade Mark and ultimately to raise sales for the benefit of Fairtrade Certified producers.

When a stakeholder (a producer through its relevant producer network, an LI, or a trader) signals the need for development of a Fairtrade Standard or revision of an existing Fairtrade Standard, the FLO Standards Unit initiates a standard-setting project according to the ISEAL Code of Good Practice on Standard Setting.

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3 Before a new product can become Fairtrade certifiable, research to assess the cost of sustainable production for that product must be carried out to define a Fairtrade Minimum Price and Fairtrade Premium.
In essence, the relevance and importance of the ISEAL code is to bring a high degree of credibility to standard setting of private organizations such as FLO. FLO’s compliance with the ISEAL Code of Good Practice ensures that FLO’s standard-setting practices are credible and effective. This means that:

- the standard will not create unnecessary barriers to trade;
- the standard-setting process is transparent and open to interested stakeholders;
- the standard has clear objectives, and criteria that meet those objectives;
- there is meaningful participation by those stakeholders that are directly affected by the implementation of the standard; and
- there is a balance of input in the discussion and in the decision-making on the standard.

Fairtrade certification is the only certification scheme that sets out to tackle poverty and empower producers in developing countries. Other schemes have as their focus ‘protecting the environment’ or ‘enabling companies to trace their coffee’. They don’t claim, or set out, to help producers improve the quality of their lives and take more control over their futures. Therefore, understandably, they don’t have the systems or standards in place to meet these objectives.

FLO-CERT is the only certification body that is allowed to certify producers and trader organizations against the Fairtrade Standards. The Fairtrade Mark is the guarantee that the products bearing it come from producers’ organizations which have been inspected and certified by FLO-CERT and that all relevant parts of the trade chain adhere to the Fairtrade Standards. The Fairtrade Mark is the most recognized guarantee for consumers that the goods they are purchasing have been produced and traded according to Fair Trade principles.

Ultimately, being compliant with the ISEAL Code of Good Practice strengthens the effectiveness of a standard and the likelihood that compliance with the standard will lead to positive social and environmental practices.

Fairtrade Standards are to some extent different for Small Producer Organizations organized in a democratic way (such as a cooperative or association), and for situations structurally depending on hired labour, as it is the case in plantations and factories.

This is why there are also different standards for the different working conditions: there are Product-Specific Standards for small producer organizations and Product-Specific Standards for hired labour situations.

Once a producer group has assessed its compliance with the respective Generic Standards, it must assess its compliance with the specific standard for each product it intends to get Fairtrade certified (if available), and make sure it selects such standard taking into consideration its type of organization.

Each member of the supply chain, producer and their trading partners, need to comply with both the Generic Standards and the Product Standards.

In 2009, FLO launched two historic dual-certification partnerships. FLO and the Alliance for Responsible Mining (ARM) developed the first ever third-party independent certification for gold to bring social, environmental and economic development in artisanal and small scale mining communities. The FLO Standards Committee also approved a pilot project for jointly labelled FSC/FLO timber products from small-scale community-based foresters.

**Fairtrade Standards for timber**

This project is jointly sponsored by the Forest Stewardship Council (FSC) and FLO. It builds on earlier research by the UK based International Institute for Environment and
Development (IIED) which concluded that labelling of forest products with FSC and Fairtrade may be a useful way of giving small-scale and community forest enterprises extra visibility and recognition in the marketplace thereby assisting their socio-economic development. The research suggested that using the two existing well-established labels was preferable to creating a whole new system.

FSC provides internationally recognized standard-setting, trademark assurance and accreditation services to companies, organizations, and communities interested in responsible forestry under the principles and criteria developed by FSC.

- **Overview of the FSC Principles and Criteria**
  - Compliance with all applicable laws and international treaties.
  - Demonstrated and uncontested, clearly defined, long–term land tenure and use rights.
  - Recognition and respect of indigenous peoples’ rights.
  - Maintenance or enhancement of long-term social and economic well-being of forest workers and local communities and respect of worker’s rights in compliance with International Labour Organisation (ILO) conventions.
  - Equitable use and sharing of benefits derived from the forest.
  - Reduction of environmental impact of logging activities and maintenance of the ecological functions and integrity of the forest.
  - Appropriate and continuously updated management plan.
  - Appropriate monitoring and assessment activities to assess the condition of the forest, management activities and their social and environmental impacts.
  - Maintenance of High Conservation Value Forests (HCVFs) defined as environmental and social values that are considered to be of outstanding significance or critical importance.
  - In addition to compliance with all of the above, plantations must contribute to reduce the pressures on and promote the restoration and conservation of natural forests.

FSC’s focus is to ensure the sustainability of the forest/plantation resources; the focus of Fairtrade is to add to social-economic development. Therefore, Fairtrade Standards add an extra dimension to responsible forest management as defined by FSC Standards and fair trading practices at the supply chain level.

**General information**

Criteria for producer participation are that the community forest resources should already be FSC certified. This allows FLO to avoid re-developing environmental standards and allows the newly developed Fairtrade Standard for timber to concentrate on core Fairtrade concepts not covered by FSC. In the long run this will make auditing to both standards more efficient.
The Fairtrade timber standard draws on FLO’s existing Generic Standards (Small Producer Organisation, Hired Labour and Contract Production) which are largely applied to agricultural products. However it introduces some new features, permitting a lot of flexibility in the scope of its application.

Research indicated a very wide range of small-scale forestry enterprise organisational structures. While some small producers can directly access the market, more common are community-company partnerships. Here the small producers work through larger companies who have the capacity to turn the raw material into consumer products. The standard accommodates this diversity by allowing the forest enterprise, who holds and is responsible for the Fairtrade certificate to self-describe its own system of production.

A Forest Enterprise can be a commercial enterprise, a self-contained cooperative or indigenous community or any other organizational form that performs or organises forest management with optional additional processing activities on forest products.

The Forest Enterprise applies for Fairtrade certification and should be able to describe all the stages of the ‘system of production’ in which it is involved from tree to the final forest product produced by the enterprise, it must be a legal entity, The Fairtrade certificate is the Fairtrade certificate holder, and has all responsibilities for compliance with the Fairtrade Standards.

The system of production is a description of the activities or main stages of production in the value chain undertaken by the Fairtrade certificate and for which it is responsible. The system of production may be wider in scope than the activities of the Fairtrade certificate alone. For example, these stages or activities may include silviculture, felling, extraction and transport, primary sawmilling, kiln drying, machining etc.

Within the Fairtrade certificate’s structure, members of the Fairtrade association have the Fairtrade rights and responsibilities. However, in some cases it may include the entire system of production of the Fairtrade certificate and thus be identical with the Fairtrade certificate.

Members of the Fairtrade Association are all registered individuals with Fairtrade Association, e.g. small-scale producers, their workers and community representatives and thus define the Fairtrade beneficiaries of the Fairtrade certificate. The Fairtrade committee maintains an up-to-date list of all members. Registration means being on this list. This list must be available to FLO-CERT on request.

The Fairtrade committee is the executive body, which includes representatives of the different social groups in the Fairtrade association such as small-scale producers, sawmill workers and communities and one management representative from the Fairtrade certificate. The structure of the Fairtrade committee reflects the structure of the Fairtrade association and is initially defined by the Forest Enterprise.

When undertaking inspections and certification decisions, FLO-CERT will closely follow the exact wording of the standard and the objectives given. Technical compliance criteria for the standards are developed by the certification body. In cases where there is doubt over whether a Forest Enterprise has correctly applied a requirement, the certification body will make its assessment according to the objectives set out in these standards.

Another feature of the standard is that no minimum price for timber products is set. Given the huge variety of forest products produced by the various forest enterprises, trying to set minimum prices for all products would be impossible. Instead, producers are required to calculate and demonstrate their Costs of Sustainable Production within 1 year of certification.
The revised Generic Fairtrade Standard for Small Producer Organizations

In 2009, FLO launched two projects for the improvement of its standards. The introduction of the Generic Environmental Standards (GES), and the development of the New Standards Framework (NSF). These, with the aim of achieving a better cost benefit ratio for producers, simplify compliance criteria to meet the needs of Fairtrade farmers, workers and traders.

In 2011, FLO launched the revised Generic Fairtrade Standard for Small Producer Organizations (SPO) as a result of two projects started in 2009. Key changes included in the standards included:

- A reorganization of the standard into 4 chapters (General Requirements, Trade, Production and Business & Development);
- Rewording of the requirements and guidance into simpler and more direct language, with a clearer distinction between mandatory requirements and non-mandatory guidance.
- Specification of the timelines, i.e. the number of years after certification, when each requirement becomes applicable.
- Classification of the requirements as “core” or “development” with a different certification approach to each.
- A review of environmental requirements considering the Fairtrade International Environmental Strategy and the feasibility for producers:
  - Giving an important role to training, awareness-raising and reporting of existing good practices and not only to performance.
  - Introducing Integrated Pest Management requirements.
  - Strengthening requirements protecting the health of producers and workers.
  - Placing more emphasis on the sustainable use of water.
  - Reinforcing the protection of biodiversity.
  - Introducing requirements for energy and Greenhouse Gas (GHG) emissions.
- Revision of the list of prohibited materials:
  - A list of monitored materials is added whose use is discouraged and could eventually be prohibited.
- Review of requirements for producers' self-determination following the request to strengthen producer empowerment:
  - Introducing elements of an internal quality management system for the strengthening of the organization.
  - Introducing a tool for producers planning and self-monitoring: the Fairtrade Development Plan (FDP).
- Inclusion of requirements from the Generic Fairtrade Trade Standards (GTS) that apply directly to producers.
• Publication of additional guidance documents for implementation of the FDP (List of Ideas for the FDP and templates for reporting)

In order to ensure that the changes in the Standards also translate to user-friendly compliance criteria for auditing on the ground, FLO-CERT developed a certification system called SCORE (“Strengthen the Core”). As in the NSF, CORE splits requirements into “core” and “development”. Producers are “scored” on a scale of 1 to 5 according to their performance. The scoring system helps to make certification decisions more uniform and transparent.
### Fairtrade Standards

<table>
<thead>
<tr>
<th>Generic</th>
<th>Product Specific</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Producers</strong></td>
<td><strong>Traders</strong></td>
</tr>
<tr>
<td>Small Farmers</td>
<td>Bananas, Cocoa, Coffee, Cotton, Dried Fruit, Fresh Fruit &amp; Fresh Vegetables, Honey, Juices, Nuts/Oil Seeds and Purees, Quinoa, Rice, Spices, Sugar, Tea, Wine Grapes, Seed Cotton Soybeans, Pulses Cut Flowers, Ornamental Plants, Sports Balls, Cosmetic Products</td>
</tr>
<tr>
<td>Hired Labour</td>
<td></td>
</tr>
<tr>
<td>Contract Production</td>
<td>Every operator buying or selling certified products, up to the point where the certified product is in its final packaging for the consumer</td>
</tr>
</tbody>
</table>

### Key objectivces of the Fairtrade Standards

- ensure a guaranteed Fairtrade Minimum Price which is agreed with producers
- provide an additional Fairtrade Premium which can be invested in projects that enhance social, economic and environmental development
- enable pre-financing for producers who require it
- emphasize the idea of partnership between trade partners
- facilitate mutually beneficial long-term trading relationships
- set clear minimum and progressive criteria to ensure that the conditions for the production and trade of a product are socially and economically fair and environmentally responsible
Fairtrade Standards for Small Producer Organizations

Summary

1. General Requirements
1.1 Certification
Year 0 Core
- You must accept audits of your premises and subcontracted premises and provide information at the certification body’s request.
- You must appoint a contact person for all certification matters.

1.2 Members are Small Producers
Year 0 Core
- You are a small producer organization and at least half of your members must be small producers (Farm work is mostly done by members and their families).
- At least half of the volume of a Fairtrade product that you sell as Fairtrade per year must be produced by small producers.

2. Trade
2.1 Traceability
Year 0 Core
- You can only sell as Fairtrade those products which were sourced from your members.
- For Fairtrade sales you must separate the products that were produced by members from the products from non-members, at all stages, until the product is sold.
- You must write down the product flow from members to the first buyer.
- You must keep records of products sourced from members.
- When you sell a Fairtrade product you must identify clearly in the related documents (e.g., invoices, delivery notes) that this product is Fairtrade.
- You must keep records of all your Fairtrade sales.
- If you process Fairtrade products you must keep records that specify the amount of product before and after processing.
- When you sell a Fairtrade product you must mark the product clearly so that it can be identified as Fairtrade.
- If you produce and process cocoa, cane sugar, juice or tea and you sell to operators without physical traceability, you do not need to physically separate at the processing stage the product that was produced by members from the product that was produced by non-members. You must fulfill the Fairtrade Group Mass Balance rules, included in the Generic Fairtrade Trade Standards.
- If you want to sell cocoa, cane sugar, juice and tea to operators that have physical traceability in
place then you must physically separate the product during processing.

2.2 Sourcing
Year 0 Core
- When you become certified you can sell the product that you have in stock as Fairtrade, but you must not sell the product that was produced more than one year before initial certification as Fairtrade.

2.3 Contracts
Year 0 Core
- If you or your buyer is suspended, you must not sign new Fairtrade contracts.
- You must fulfill, but not exceed, the contracts that you have already signed, for a maximum period of 6 months after suspension.
- If you or your first Fairtrade buyer are decertified, you must stop selling any Fairtrade product from the date of decertification even if you have signed Fairtrade contracts still to be fulfilled.
- If Fairtrade International publishes new Fairtrade Minimum Prices, you must fulfill all signed contracts at the price agreed in the contract.

2.4 Use of Fairtrade trademark
Year 0 Core
- If you want to use the FAIRTRADE trademark in your promotional material (such as brochures, websites or wholesale packaging) you must first contact Fairtrade International for approval.

3. Production
3.1 Management of Production Practices
Year 0 Core
- You must inform and explain to your members the environmental and labour requirements in the Production chapter.
- One person in your organization must be given responsibility to lead the operational steps required for your organization to comply with the requirements in section 3.2 Environmental Protection.
Year 1 Core
- You must identify which requirements in the Production chapter your members may be at risk of not complying with.
Year 3 Dev
- Your identification of risks must be repeated periodically, at a minimum every 3 years.
- You must define and implement a procedure to monitor and evaluate the performance of your members in relation to the requirements in the Production chapter.

3.2 Environmental Protection
Pest management
Year 0 Core
- You must maintain a safe central storage area for pesticides and other hazardous chemicals.
- You and the members of your organization must not reuse pesticide and other hazardous chemical containers to store or transport food or water.
Year 1 Core
- You and the members of your organization must not apply pesticides and other hazardous chemicals within 10 meters from ongoing human activity (housing, canteens, offices, warehouses or the like).
- If you and the members of your organization spray pesticides or other hazardous chemicals from the air, you and the members of your organization must not spray above and around places with ongoing human activity or above and around water sources.
Year 3 Core
- Your members must store pesticides and other hazardous chemicals safely, especially so they cannot be reached by children.
Year 3 Dev
- Your members must have all pesticides and hazardous chemicals clearly labelled.
- You must provide training to your members on the subject of integrated pest management.
- You must raise awareness amongst all members and workers of the hazards and risks related to pesticides and other hazardous chemicals, even if they are not directly handling these materials.
- You and the members of your organization must triple rinse, puncture and safely store empty containers. All equipment that has been in contact with hazardous materials must be cleaned and stored safely.
- You must provide training to members and workers who handle pesticides and other hazardous chemicals
- You must implement measures to ensure that all people, including members and workers, wear appropriate personal protective equipment (PPE) when handling pesticides or hazardous chemicals

**Year 6 Dev**
- Your members must have equipment to handle accidents and spills in the areas where they prepare or mix pesticides and other hazardous chemicals, so these do not seep into soil or water. Members must plan spraying in such a way as to have no or very little spray solution left.
- Your members must be able to demonstrate that pesticides are applied based on knowledge of pests and diseases.

**Choice of pesticides used**

**Year 0 Core**
- You must compile a list of the pesticides that are used on Fairtrade crops and keep it updated, at a minimum every 3 years.
- You must indicate which of those materials are in the Fairtrade International Prohibited Materials List (PML), part 1, Red List and p2, Amber List).
- You and the members of your organization must not use any of the materials on the Fairtrade International PML Part 1 (Red List) Fairtrade crops (see Annex 2). Prohibited materials must be clearly marked not for use on Fairtrade crops.

**Year 1 Core**
- You must develop a procedure to ensure that members do not use any materials on their Fairtrade crops that appear on the Fairtrade International PML Part 1 (Red List). The procedure must at least include activities that raise your members’ awareness of the PML.

**Year 3 Dev**
- You must work toward all members who use herbicides minimizing the amount they use by implementing other weed prevention and control strategies.

**Soil and water**

**Soil erosion**

**Year 3 Dev**
- You must identify land at risk of soil erosion and land that is already eroded in fields where your members plant Fairtrade crops.
- You must report on measures that you as an organization and your members have implemented to improve soil fertility.

**Year 6 Dev**
- You must provide training on practices that reduce and/or prevent soil erosion to those members of your organization where risk of soil erosion or already eroded land has been identified.

**Handling fertilizers**

**Year 6 Dev**
- You must provide training to the members of your organization on the appropriate use of fertilizers.

**Sustainable water sources**

**Year 3 Dev**
- You must list sources of water used for irrigating and processing Fairtrade crops.

**Year 6 Dev**
• You must keep informed about the situation of the water sources in your area.

Sustainable water use
Year 3 Dev
• You must provide training to the members of your organization on measures to use water efficiently.

Year 6 Dev
• You must handle waste water from central processing facilities in a manner that does not have a negative impact on water quality, soil fertility or food safety.
• You must provide training to your members about waste water and the health risks it bears as well as on the prevention of risks and treatment methods of waste water and their implementation.

Waste
Year 1 Core
• You must ensure that your members keep their farms free of hazardous waste.

Year 3 Dev
• You and the members of your organization must have designated areas for the storage and disposal of hazardous waste.

Genetically Modified Organisms (GMO)
Year 0 Core
• You and your members must not intentionally use genetically engineered seed or planting stock for Fairtrade crop(s). You must implement practices to avoid GM contamination in seed stocks.

Biodiversity
Year 0 Core
• Your members must avoid negative impacts on protected areas and in areas with high conservation value within or outside the farm or production areas from the date of application for certification.

Year 1 Core
• You and the members of your organization that carry out wild harvesting of Fairtrade products from uncultivated areas must assure the sustainability and survivability of the collected species in its native habitat.

Year 3 Dev
• You must raise awareness among your members so that no collecting or hunting of rare or endangered species takes place.
• You must raise awareness among your members so that alien invasive species are not introduced.

Year 6 Dev
• You and the members of your organization must maintain buffer zones around bodies of water and watershed recharge areas and between production and areas of high conservation value, either protected or not.

Energy and greenhouse gas (GHG) emissions
Year 3 Dev
• In central processing facilities where non-renewable energy is used you must keep records of energy consumption, take measures to use energy more efficiently and replace non-renewable sources by renewable ones as far as possible.

Year 6 Dev
• You must report on practices that you or the members of your organization carry out to reduce GHG emissions and increase carbon sequestration.

3.3 Labour Conditions
Freedom from discrimination
Year 0 Core
• During the recruitment of workers you and the members of your organization must not test for pregnancy, HIV or genetic disorders.
• You and the members of your organization must not engage in, support, or tolerate the use of
corporal punishment, or mental or physical coercion or verbal abuse.

- You and the members of your organization must not engage in, support, or tolerate behaviour, including gestures, language, and physical contact, that is sexually intimidating, abusive or exploitative.

**Freedom of labour**

**Year 0 Core**

- You and the members of your organization must not engage forced labour, including bonded or involuntary prison labour. You must explain to all workers that they are free to leave at any time as long as they follow the due notice period in their contract.
- You and the members of your organization must not make the employment of a worker or an offer of housing conditional on the employment of their spouse. Spouses have the right to work elsewhere.

**Child labour and child protection**

**Year 0 Core**

- You and the members of your organization must not employ children below the age of 15.
- Your members’ children below 15 years of age are allowed to help your members on their farms under strict conditions: you must make sure that they only work after school or during holidays, the work they do is appropriate for their age, they do not work long hours and/or under dangerous or exploitative conditions and their parents supervise and guide them.
- You and the members of your organization must not submit workers less than 18 years of age to any type of work which, by its nature or the circumstances under which it is carried out, is likely to jeopardize their health, safety or morals and their school attendance.

**Year 1 Core**

- If in the past you or your members have employed children under 15 for any type of work, or children under 18 for dangerous and exploitative work, you must ensure that those children do not enter or are at risk of entering into even worse forms of labour.

**Year 3 Dev**

- If you have identified child labour as a risk in your organization you and the members of your organization must implement procedures to prevent children below the age of 15 from being employed for any work and children below the age of 18 from being employed in dangerous and exploitative work.

**Freedom of association and collective bargaining**

**Year 0 Core**

- You and the members of your organization must ensure that all workers are free to join a workers’ organization of their own choosing, and that workers are free to participate in group negotiations regarding their working conditions.
- You must not deny these rights in practice. You must not have opposed these rights in the last two years.
- You and the members of your organization must allow trade unions that do not have a base in the organization to meet workers and to share information. You must not interfere in these meetings.
- You and the members of your organization must ensure that there is no discrimination against workers and their representatives for organizing, joining (or not) a workers’ organization, or for participating in the legal activities of the workers’ organization.
- If a workers’ organization representative is dismissed you and the members of your organization must report it immediately to the certification body and explain the reason.
- You and the members of your organization must keep a record of all terminated contracts. These records must include the reason for termination and must indicate if workers are members of a workers’ organization.

**Year 3 Dev**

- If there is no union that is recognized and active in your area, if unions are forbidden by law, or if unions are managed by government and not by members, then you and the members of your organization that employ a significant number of workers must encourage workers to
**Year 6 Dev**
- You and the members of your organization must provide training to workers for improving their awareness about workers’ rights and duties. Training must take place during paid working time.

**Conditions of employment**

**Year 0 Core**
- You and the members of your organization must set salaries for workers according to CBA regulations where they exist or at regional average wages or at official minimum wages for similar occupations whichever is the highest.
- You must specify wages for all employee functions.
- For work based on production, quotas and piecework, during normal working hours, you and the members of your organization must pay the proportionate minimum wage or the relevant industry average, whichever is higher. Information about this pay rate must be available for all workers and worker organizations.
- For pay based on piecework, the worker must agree that the rate is fair, and you and the members of your organization must make the method of calculation transparent and accessible to the worker.
- You and the members of your organization must not use production, quotas and piece work employment as a means to avoid time-bound contracts.
- You and the members of your organization must make payments to workers at regularly scheduled intervals and must document the payments with a pay slip containing all necessary information. Payments must be made in legal tender. Only if the worker explicitly agrees may you make the payment in kind.

**Year 3 Dev**
- You and the members of your organization must have a legally binding written contract of employment for all permanent workers that includes at least the following: the job duties related to the position; protection of the worker from loss of pay in the case of illness, disability or accident; and a notice period for termination that is the same as to the notice period of the employer.
- You and the members of your organization must provide a copy of the signed contract to the worker.
- You and the members of your organization must gradually increase salaries above the regional average and the official minimum wage.
- Where possible you and the members of your organization must assign all regular work to permanent workers.

**Year 6 Dev**
- You and the members of your organization must set maternity leave, social security provisions and non-mandatory benefits according to national laws or according to CBA regulations where they exist, or according to the agreement signed between the workers’ organization and the employer, whichever is the most favourable for the worker.
- You and the members of your organization must give local, migrant, and seasonal and permanent workers the same benefits and employment conditions for the same work performed. Where this is not possible, you and the members of your organization must provide an alternative and equivalent benefit.

**Occupational health and safety**

**Year 0 Core**
- You and the members of your organization must make work processes, workplaces, machinery and equipment on your production site safe.
- Children under the age of 18 years, pregnant or nursing women, mentally handicapped people, people with chronic, hepatic or renal diseases and people with respiratory diseases must not carry out any potentially hazardous work.
- You and the members of your organization must ensure alternative work for your employees in

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| | You and the members of your organization must ensure alternative work for your employees in
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the case that a change of work is necessary.

- You and the members of your organization must have accessible first aid boxes and equipment and a sufficient number of people trained in first aid in the workplace at all times.
- You and the members of your organization must provide clean drinking water and clean toilets with hand washing facilities close by for workers, and clean showers for workers who handle pesticides. These facilities must be separate for women and men and the number of facilities must be in proportion to the number of workers.

Year 3 Dev

- You and the members of your organization must ensure that workers nominate a representative who knows about health and safety issues and who will raise workers’ concerns on health and safety issues with the organization’s management.
- You and the members of your organization must provide training to workers who carry out hazardous work on the risks from this work to their health, and to the environment, and on what to do in case of an accident.
- When you carry out hazardous work, you and the members of your organization must display all information, safety instructions, re-entry intervals and hygiene recommendations clearly and visibly in the workplace in the local language(s) and with pictograms.
- You and the members of your organization must provide and pay for personal protective equipment for all workers who perform hazardous work. You must make sure that the personal protective equipment is used and that replacement equipment is ordered and distributed when the existing equipment wears out.
- You and the members of your organization must improve health and safety conditions

4. Business and Development

4.1 Development Potential

Year 1 Core

- You must plan and document at least one activity with the intention to promote the progress of your business, organization, members, workers, community and/or environment. The plan is called the Fairtrade Development Plan.
- You must include all the activities that you plan to fund with the Fairtrade Premium in the Fairtrade Development Plan before you implement the activities.
- Before you implement the Fairtrade Development Plan, you must present it to the General Assembly for approval. You must document the decisions.
- You must have an accounting system that accurately tracks the Fairtrade Development Plan expenses, and in particular identifies the Fairtrade Premium transparently.
- You must be able to prove that the Fairtrade Premium is used in line with applicable rules.
- When you complete your planned activities you must update the Fairtrade Development Plan by planning at least one additional activity to be approved by the General Assembly of members.

Year 3 Core

- You must report the results of the Fairtrade Development Plan to the General Assembly every year and document this presentation.
- Workers must also benefit from at least one activity in your Fairtrade Development Plan.
- If there are workers’ representatives in your organization, you must invite them to the General Assembly to observe and participate in the discussion of the topics that relate to them.

Year 6 Dev

- You must have an activity in your Fairtrade Development Plan to maintain or improve sustainable production practises within your eco-system.
- You must design and start implementing a process that collects and analyzes the development needs in your organization.

4.2 Democracy, Participation and Transparency

Year 0 Core

- The structure of your organization must have
  - a General Assembly as the highest decision making body where all major decisions are
discussed and taken
- equal voting rights for all members
- a Board chosen in free, fair and transparent elections

- It needs to be clear who is a member of your organization. Therefore, you must have written rules to determine who can become a member and you must keep a record of your members.
- You must follow your own rules and regulations such as a constitution, by-laws and internal policies, including those for election and membership processes.
- You must hold a General Assembly at least once a year.
- You must inform your members in good time when the General Assembly will take place.
- Minutes of the General Assembly must be taken and signed by the president of the Board and at least one other member and must contain a list of participants of the General Assembly.
- You must present the annual report, budgets and accounts to the General Assembly for approval.
- You must have administration in place with at least one person or committee who is responsible for managing the administration and book keeping.
- You must keep records and books that are accessible to all members.
- You must have a bank account with more than one signatory, unless it is not possible.

Year 3 Dev
- You must provide training to your members on internal mechanisms to facilitate their control over your administration.

4.3 Non Discrimination
Year 0 Core
- You must not discriminate against members or restrict new membership on the basis of race, colour, sex, sexual orientation, disability, marital status, age, HIV/AIDS status, religion, political opinion, language, property, nationality, ethnicity or social origin.
- You must not discriminate regarding participation, voting rights, the right to be elected, access to markets, or access to training, technical support or any other benefit of membership.
- Your rules that determine who can become a member must not be discriminatory.

Year 3 Dev
- You must identify disadvantaged/minority groups within your organization according to, for example, gender, age, and income or land area.

Year 6 Dev
- You must have programmes in place related to the disadvantaged/minority groups that you have identified, to improve their social and economic position in your organization.
Generic Fairtrade Trade Standard Summary

1. General Requirements

1.1 Certification

- All operators will be subject to an audit and certification to assess compliance with this Standard. Additional entities shall be considered as additional premises of the operator.
- Producers may sell products that have been held in stock for a maximum of one year before the certification was initially granted as certified. A producer obtaining certification may begin selling recently harvested/stocked products without having to wait for the next harvest or production.
- Fairtrade products are only sourced from Fairtrade operators.
- Fairtrade products not in consumer ready packaging are only sold to Fairtrade operators, either certified by FLO-CERT or registered with a Fairtrade Labelling Initiative.
- All operators must designate one official contact (Fairtrade Officer) for Fairtrade-related matters.

1.2 Use of Fairtrade Trademark

- Licensed products: Operators may only use the FAIRTRADE Certification Mark on a finished product if a valid Licence Contract has been signed with a Labelling Initiative or with Fairtrade International.
- All artwork (packaging, promotional, etc.) bearing the FAIRTRADE Certification Mark must be approved in writing by the organization (Labelling Initiative or Fairtrade International) issuing the Licence Contract (comply with “Trademark Use Guidelines”).
- All promotional artwork (brochures, websites, wholesale packaging) bearing the FAIRTRADE Certification Mark used by operators to promote unfinished products must be approved in writing by Fairtrade International.

2. Trade

2.1 Traceability

- Buyers and sellers must clearly identify all certified products as Fairtrade in all purchase and sales documentation.
- Operators shall keep records of all entries, processing and sales of Fairtrade products.
- Fairtrade products shall be physically segregated from non-Fairtrade products at all stages of the supply chain. Physical traceability is advisable but not compulsory for cocoa, cane sugar, fruit juice and tea (compulsory for all other Fairtrade products).
- Fairtrade products shall be identified as Fairtrade at all stages (storage, transport, processing, packaging, labelling and handling) as well as in all related records and documents.
- Fairtrade cocoa, cane sugar, tea and fruit juice shall be sourced from a Fairtrade operator successfully certified against these physical traceability requirements. These products, when purchased, shall be identified as a Fairtrade product with physical traceability.
- Fairtrade products, when sold, shall be clearly identified as Fairtrade. The physical product must be identifiable as Fairtrade (the FLO-ID or “FLO/Fairtrade” on the packaging and documentation).
- Where Fairtrade composite products combine physically and non-physically traceable ingredients, the Fairtrade physically traceable ingredients shall comply with the physical traceability requirements. If for technical reasons this is not possible, operators shall apply for an exception with their certification body. Mass Balance requirements (cocoa, cane sugar, juice and tea operators with no physical traceability):
- The amount of outputs (final products) sold as Fairtrade must be equivalent to the amount of inputs sourced as Fairtrade taking into account the processing yields and all losses. Losses is understood as all decreases in weight that the product might incur from its purchase (input) until its sale (output) e.g., during storage, repackaging, processing, transport, etc.
- Fairtrade inputs shall be purchased before the sale of the Fairtrade outputs.
- Fairtrade inputs shall be delivered and processed in the same site where the Fairtrade output is
processed (Single Site Mass Balance).

- Fairtrade inputs shall be of the same kind and quality as the inputs used to process the Fairtrade output (like for like).
- Cane sugar operators can process Fairtrade cane sugar in premises also sourcing beet sugar. Operators shall ensure that products exclusively made of beet sugar are not sold as Fairtrade. Operators should aim at maximizing the use of Fairtrade cane sugar to process the certified product.

2.2 Product Composition

- Food composite ingredients and food composite products must contain as many certified ingredients as available. *Includes*: Composite Ingredients (ingredients made of several components: chocolate chips) or Derivatives (an ingredient derived from a single component, e.g., soya lecithin). A regularly updated *List of Fairtrade Ingredients* will be published on the Fairtrade International website.
- Food composite products must contain at least 20% Fairtrade content.
- The declaration of the minimum percent of Fairtrade certified content is compulsory on the back of the pack, unless it contradicts national law.
- Exceptions for the use of a non-certified ingredient in place of a certified ingredient can be granted for a defined period of a maximum of 2 years.
- Conditions and reasons under which operators can apply for an exception:
  - Type I exceptions are granted by the licensing body or certification body
    - Supply shortage: Sourcing of certified ingredients is provisionally not possible for reasons beyond the manufacturer’s or processor’s control, e.g. drought, natural disaster, strikes, war or similar.
    - Inadequate quality: The quality of Fairtrade ingredients available causes insurmountable technical problems.
    - New standard: When a new product standard is published, an exception of 2 years is automatically granted to all currently certified operators to allow time for sourcing the new ingredient. If the sourcing problems persist after 2 years, operators may apply for an exception.
    - Unavailable ingredient: Refers to an ingredient or derivative for which Fairtrade standards exist, but that is not currently being sold / processed by any operator as Fairtrade certified. Operators must source the ingredient once it becomes available.
  - Type II exceptions are granted by the Exceptions Committee
    - Transitioning ingredient: Refers to an ingredient within a food composite product that cannot be fully sourced as Fairtrade, due to issues of supply (sufficient volumes do not exist to supply 100% of the required quantity). The company must have an agreed written plan for the ingredient becoming 100% Fairtrade. At least 20% of each transitioning ingredient in a food composite product must be sourced as Fairtrade when the licence contract is signed. Within one year, this composition must increase to a minimum of 50%. The transitioning ingredient must become 100% in accordance with the agreed plan and as soon as enough supply is available.
    - Provenance: Ingredients holding a provenance certification e.g., Appellation d’origine controlee, Denominación de origen, Districtus Austria Controllatus, Denominação de Origem Controlada, etc. The ingredient claiming provenance must be indicated as an exception on the back of the pack.

2.3 Contracts

- Buyers must sign binding purchase contracts with producers
- Where notice is made of a producer’s or buyer’s suspension from Fairtrade, signed contracts made before the date of notice will be recognised as valid for Fairtrade-certified products for a maximum period of six months. New Fairtrade contracts must not be signed after the date of the notice of suspension.
• Where an operator is decertified, they must immediately stop buying or selling products as Fairtrade-certified.
• Claims associated with specific consignments must be documented according to the relevant trade policy requirements on claims, and applications must be made within the required time periods.
• The price may be fixed, by mutual agreement, for any future delivery date, unless otherwise stated in the product standards. This requirement gives both the Fairtrade payer and the producer the option to determine when and how the price is fixed, unless this has already been defined in the product standards.
• Fairtrade payers may use all available forms of payment as long as those payment instruments are transparent, traceable and mutually agreed on.
• New Fairtrade prices apply from date of their announcement by Fairtrade International unless otherwise defined by Fairtrade International. However, existing contracts must be honoured at the existing price already agreed on.

3. Production
No generic requirements. Product specific requirements may apply.

4. Business and Development

4.1 Business and Development
• Buyers must provide a sourcing plan to each producer they plan to buy from, as well as to conveyors, if applicable.
• Buyers must not offer to buy certified products from a producer on the condition that the producer sells a quantity of non-certified product under terms that are distinctly disadvantageous to the producer.
• Producers must have access to the contracts signed between conveyors and Fairtrade payers.

4.2 Pre-finance
• Producers may request pre-finance from Fairtrade payers against agreed time periods and, where required, against specific quantities unless otherwise specified in the product standards.
• Where pre-financing is requested and unless otherwise stated in the product standards, Fairtrade payers must provide pre-finance up to 60% of the contract value.
• Fairtrade payers must make pre-financing available from the point of signing the contract, or at any point thereafter, but not later than a specified time period as stated in the product standard.
• Where a sufficiently high level of risk of non-repayment or non-delivery has been associated with a particular producer, and only where that level of risk has been assessed and verified via a third party lender, then the pre-finance requirements under previous requirements do not have to be met. Where buyers are deemed to assess their producer partners persistently as being “high risk,” the certification body may request an additional verification from an additional third party lender. The interpretation of “persistently” in this context will be determined by the certification body.
• Interest charges on the pre-financed value must be agreed by both the buyer and the producer. They must not exceed the buyer’s current cost of borrowing, and buyers are encouraged to make pre-finance available on better terms (at lower rates of interest) to the producer.
• The requirements of local and national legislation take priority where they conflict with these requirements on pre-finance. In such cases, it is important that the Fairtrade payer communicates the legal restrictions to the producer.
• When pre-finance has been agreed upon, the Fairtrade payer must document either a separate pre-finance section within the contract or a separate credit agreement with the producer. This should include the amounts to be pre-financed, start dates, date of repayment, consignment contract details, rates of interest, and options for collection of payment.

4.3 Pricing
• Fairtrade payers must pay to producers at least the Fairtrade Minimum Price for the product contracted or the relevant market price where no Fairtrade Minimum Price exists. When the relevant market price for a product is higher than the Fairtrade Minimum Price, then at least the
market price must be paid.

- Fairtrade payers must additionally pay a Fairtrade Premium for the product. Where applicable, conveyors are responsible for passing the Fairtrade Premium on to the producer.
- No discounts are allowed to be made from the Fairtrade Premium payment.
- Fairtrade Minimum Prices are set at one or several levels in the trade chain. Fairtrade Minimum Prices apply up until the point where producers are responsible for the product.
- Cases may also arise where Fairtrade Minimum Prices are set at relevant levels, but where the producer or the payer bears the costs of certain activities which are not reflected in the price. Where a producer bears a cost which is not included in the Fairtrade Minimum Price, then this additional cost must be added to the Fairtrade Minimum Price paid to the producer. Conversely, where a certain cost is included in the Fairtrade Minimum Price, but the producer is not responsible for that cost, then that cost may be deducted from the Fairtrade Minimum Price paid to the producer.
- For domestic sales in the producing country, operators can only sell finished products with the FAIRTRADE Certification Mark when a valid License Contract has been signed with Fairtrade International (see Use of Fairtrade Trademark).
- If a producer processes an agricultural product himself and sells this product, then the producer and the buyer must negotiate the price of the final product. This negotiated price must cover at least the Fairtrade Minimum Price of all Fairtrade inputs and the processing costs. The Fairtrade Premium comes on top of the negotiated price and amounts to the Premiums of all inputs.
- Payment of Fairtrade Minimum Price and Fairtrade Premium must be made no later than 30 days after date of invoice unless otherwise specified in the product standard.

**PowerPoint Slide 21**

Fairtrade Generic Standards and FLO list of prohibited material are available on-line:

http://www.fairtrade.net/our_standards.html
Chapters in the Fairtrade Standards

- **GENERAL REQUIREMENTS**
- **TRADE**
- **PRODUCTION**
- **BUSINESS AND DEVELOPMENT**

**PowerPoint Slide 23**

The General Requirements

- The producer organisation or the Promoting Body and its members must accept audits in their premises and provide information at the certification body's request.
- The producer organisation and Promoting Body must appoint a contact person for all certification matters.
- At least half of the producer members must be small producers. As defined by the standards, a small producer has access to an average or less than average (takes as reference country's situation) size of land for farming, and in the farm the work is mostly done by the producer and the members of the family.
- At least half of the volume of the Fairtrade product sold by the organisation or promoting Body must be produced by small producers.
Chapter 2: Trade

**Traceability**: to ensure that Fairtrade benefits are making it back to Fairtrade certified producers, you must be able to follow the flow of your Fairtrade product in two ways:

- Physical product flow
- Records at each stage of the product flow

---

**PHYSICAL TRACEABILITY**

- Member #1
- Member #2
- Member #3
- FAIRTRADE Producer Organisation
- INDUSTRY
Documentary Traceability: What does it look like?
**Template 1**

ORGANISATION NAME (FLO ID)
FAIRTRADE TRACEABILITY CONTROL SHEET
CROP 2011

<table>
<thead>
<tr>
<th>Member Number</th>
<th>Member Name</th>
<th>Production date</th>
<th>Volume Sold (Kg)</th>
<th>Producer Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-01</td>
<td>Juan Perez</td>
<td>10/06/2011</td>
<td>35 kg</td>
<td></td>
</tr>
</tbody>
</table>

**Date:** __/_____/______  **LOT NUMBER:** ________________________

**TOTAL Kg**

(Organization) Responsible: ________________________________

Date of transport to Exporter Facilities: ________________________________

Exporter’s Reference Number: ________________________________
**FAIRTRADE ENVIRONMENTAL REQUIREMENTS FOR SMALL PRODUCERS**

Fairtrade environmental standards stipulate requirements for the protection of producers’ health and safety, conserving biodiversity and banning the use of genetically modified organisms and dangerous chemicals.

Fairtrade producers keep their environment clean of waste and pollution. With the environmental officer they improve their crop and production.

Every member of the Fairtrade organisation knows best. They look after their environment while controlling pests.

Fairtrade Environmental Standards benefit us all. So that our trees and kids can both grow tall.

Welcome to our community, where we protect the environment.
The Production Chapter

- **Management of Production Practices**
- **Environmental Protection**
  - Environmental management
  - Soil and water
  - Waste
  - Genetically Modified Organisms (GMO)
  - Biodiversity
  - Energy and greenhouse gas (GHG) emissions
- **Labour Conditions**
  - Freedom from discrimination
  - Freedom of labour
  - Child labour and child protection
  - Freedom of association and collective bargaining
  - Conditions of employment
  - Occupational health and safety

Fairtrade Environmental Standards focus on the following areas:

- minimized and safe use of agrochemicals,
- safe management of waste,
- maintenance of soil fertility and water resources
- protection of conservations areas and biodiversity,
- strengthening the sustainability of local production systems and
- no use of genetically modified organisms.
Management of Production Practices

The management of production practices helps producers to identify their needs concerning their compliance with Fairtrade Environmental Standards.

Environmental Protection

Community based environmental protection systems encourage producers to evaluate themselves, and to provide feedback to their organizations.
Fairtrade Environmental Standards enable producers to address their environmental challenges, improve their livelihoods and contribute to a more sustainable planet.
<table>
<thead>
<tr>
<th>Fairtrade Environmental Standards Poster Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>• One person must be given responsibility to lead the operational requirements Generic Environmental Fairtrade Standards.</td>
</tr>
<tr>
<td>• The appointed person (Environmental Officer) should inform and explain to the members the Fairtrade Environmental and Labour Requirements.</td>
</tr>
<tr>
<td>• Fairtrade Environmental Officer must support producers to comply with Fairtrade Environmental and Labour Requirements.</td>
</tr>
<tr>
<td>• Member must be able to identify risk of not complying with Generic Environmental Fairtrade Standards.</td>
</tr>
<tr>
<td>• Maintain a safe central storage area for pesticides and other hazardous chemicals.</td>
</tr>
<tr>
<td>• Store pesticides and other hazardous chemicals safely, especially so they cannot be reached by children.</td>
</tr>
<tr>
<td>• Ensure members keep their farms free of hazardous waste.</td>
</tr>
<tr>
<td>• Avoid negative impacts on protected areas, and in areas with high conservation value.</td>
</tr>
<tr>
<td>• Do not spray above and around places with ongoing human activity or above and around water sources.</td>
</tr>
<tr>
<td>• Do not apply pesticides and other hazardous chemicals within 10 meters from ongoing human activity (housing, canteens, offices, warehouses or the like).</td>
</tr>
<tr>
<td>• Reduce the use of herbicides.</td>
</tr>
<tr>
<td>• Identify land at risk of soil erosion and land that is already eroded in Fairtrade crops.</td>
</tr>
<tr>
<td>• Measures to improve soil fertility.</td>
</tr>
<tr>
<td>• No collecting or hunting of rare or endangered species takes place.</td>
</tr>
</tbody>
</table>
### Handout 5: The Fairtrade Generic Environmental Standards Checklist

**Management of Production Practices**

<table>
<thead>
<tr>
<th>Yes/no</th>
<th>Ref</th>
<th>Description of the standard</th>
<th>Description of activities towards compliance</th>
<th>Date</th>
<th>Type of evidence</th>
<th>Person in charge</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.1.1</td>
<td>Inform and explain to the members of the organisation the environmental and labour requirements from the Fairtrade Generic Environmental Standards for SPOs, production chapter.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Year 0 | Core |
These actions must be followed by the organization before sending an initial application to FLO-CERT.

#### Year 1 | Core |
These actions must be followed by the organization from the first year of certification.

<table>
<thead>
<tr>
<th>Yes/no</th>
<th>Ref</th>
<th>Description of the standard</th>
<th>Description of activities towards compliance</th>
<th>Date</th>
<th>Type of evidence</th>
<th>Person in charge</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.1.2</td>
<td>Identify which requirements in the Production chapter your members may be at risk of not complying with Fairtrade GES.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Year 3 | Development |
These actions must be followed by the organization from the third year of certification.

<table>
<thead>
<tr>
<th>Yes/no</th>
<th>Ref</th>
<th>Description of the standard</th>
<th>Description of activities towards compliance</th>
<th>Date</th>
<th>Type of evidence</th>
<th>Person in charge</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.1.3</td>
<td>Identify risks periodically, at a minimum every 3 years.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.1.4 Procedure to monitor and evaluate the performance of your members in relation to the requirements in the Fairtrade Generic Environmental Standards for SPOs, production chapter.

3.1.5 Conduct training sessions on integrated pest management.

Environmental Protection

Year 0 | Core |
These actions must be followed by the organization before sending an initial application to FLO-CERT.

<table>
<thead>
<tr>
<th>Yes/no</th>
<th>Ref</th>
<th>Description of the standard</th>
<th>Description of activities towards compliance</th>
<th>Date</th>
<th>Type of evidence</th>
<th>Person in charge</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.2.1</td>
<td>One person must be given responsibility to lead the operational steps required to comply with the requirements in section Environmental Protection from the Fairtrade Generic Environmental Standards for SPOs, production chapter.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2.9</td>
<td>Maintain a safe central storage area for pesticides and other hazardous chemicals.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2.13</td>
<td>The members of the organization must not reuse pesticide and other hazardous chemical containers to store or transport food or water.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2.15</td>
<td>Compile a list of the pesticides that are used on Fairtrade crops and keep it updated, at a minimum every 3 years. Indicate which of those materials, from the list above, are in the Fairtrade International Prohibited Materials List (PML), part 1, Red List and p2, Amber List).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2.16</td>
<td>Do not use any of the materials on the</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Fairtrade International PML part 1 (Red List) on Fairtrade crops (see Annex 2). Prohibited materials must be clearly marked not for use on Fairtrade crops.

<table>
<thead>
<tr>
<th>No.</th>
<th>Description of the standard</th>
<th>Description of activities towards compliance</th>
<th>Date</th>
<th>Type of evidence</th>
<th>Person in charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2.32</td>
<td>Do not intentionally use genetically engineered seed or planting stock for Fairtrade crop(s). Implement practices to avoid GM contamination in seed stocks.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.33</td>
<td>Avoid negative impacts on protected areas, and in areas with high conservation value within or outside the farm or production areas from the date of application for certification. The areas that are used or converted to production of the Fairtrade crop must comply with national legislation in relation to agricultural land use.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Year 1 | Core | These actions must be followed by the organization from the first year of certification.**

<table>
<thead>
<tr>
<th>Yes/ no</th>
<th>Ref</th>
<th>Description of the standard</th>
<th>Description of activities towards compliance</th>
<th>Date</th>
<th>Type of evidence</th>
<th>Person in charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2.7</td>
<td></td>
<td>Do not apply pesticides and other hazardous chemicals within 10 meters from ongoing human activity (housing, canteens, offices, warehouses or the like).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.8</td>
<td></td>
<td>Do not spray above and around places with ongoing human activity or above and around water sources.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.18</td>
<td></td>
<td>Develop a procedure to ensure that members do not use any materials on their Fairtrade crops that appear on the Fairtrade International PML Part 1 (Red List).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.29</td>
<td></td>
<td>Ensure members keep their farms free of hazardous waste.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 3.2.36 Ensure sustainable wild harvesting.

Year 3 | Core |
These actions must be followed by the organization from the third year of certification.

<table>
<thead>
<tr>
<th>Yes/no</th>
<th>Ref</th>
<th>Description of the standard</th>
<th>Description of activities towards compliance</th>
<th>Date</th>
<th>Type of evidence</th>
<th>Person in charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2.4</td>
<td></td>
<td>Provide training to members and workers who handle pesticides and other hazardous chemicals on the risks of handling these materials and on how to handling them properly.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.5</td>
<td></td>
<td>Implement measures to ensure that all people, including members and workers, wear appropriate personal protective equipment (PPE).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.10</td>
<td></td>
<td>Store pesticides and other hazardous chemicals safely, especially so they cannot be reached by children.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Year 3 | Development |
These actions must be followed by the organization from the third year of certification.

<table>
<thead>
<tr>
<th>Yes/no</th>
<th>Ref</th>
<th>Description of the standard</th>
<th>Description of activities towards compliance</th>
<th>Date</th>
<th>Type of evidence</th>
<th>Person in charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2.2</td>
<td></td>
<td>Conduct training sessions on integrated pest management.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.11</td>
<td></td>
<td>Have all pesticides and hazardous chemicals clearly labelled. Conduct training on use of labels.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.14</td>
<td></td>
<td>Triple rinse, puncture and safely store empty containers. All equipment that has been in contact with hazardous materials must be cleaned and stored safely.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.19</td>
<td></td>
<td>Reduce the use of herbicides.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ref</td>
<td>Description of the standard</td>
<td>Description of activities towards compliance</td>
<td>Date</td>
<td>Type of evidence</td>
<td>Person in charge</td>
</tr>
<tr>
<td>---</td>
<td>-------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------</td>
<td>------</td>
<td>------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>3.2.12</td>
<td>Have equipment to handle accidents and spills in the areas where they prepare or mix pesticides and other hazardous chemicals, so these do not seep into soil or water. Plan spraying in such a way as to have no or very little spray solution left.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.20</td>
<td>Identify land at risk of soil erosion and land that is already eroded in Fairtrade crops.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.23</td>
<td>Measures to improve soil fertility.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.24</td>
<td>Make a list of sources of water used for irrigating and processing Fairtrade crops.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.26</td>
<td>Provide training to the members of your organization on measures to use water efficiently.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.30</td>
<td>Designate areas for the storage and disposal of hazardous waste.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.31</td>
<td>Raise awareness on re-using organic waste.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.37</td>
<td>No collecting or hunting of rare or endangered species takes place.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.38</td>
<td>Alien invasive species must not be introduced.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.39</td>
<td>Record energy use in central processing facilities, make energy use more efficient and replace by renewable sources.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Year 6 | Development |**

These actions must be followed by the organization from the sixth year of certification.

---

70
| 3.2.22 | Provide training on the appropriate use of fertilizers. |
| 3.2.25 | Keep informed about the situation of the water sources. |
| 3.2.27 | Handle waste water from central processing, so it does not have a negative impact on water quality, soil fertility or food safety. |
| 3.2.28 | Provide training about waste water and the health risks it bears as well as on the prevention of risks and treatment methods of waste water and their implementation. |
| 3.2.35 | Maintain buffer zones around bodies of water and watershed recharge areas and between production and areas of high conservation value, either protected or not. |
| 3.2.40 | Report on practices to reduce GHG emissions and increase carbon sequestration. |
Chapter 4: Business and Development

1. **Development Potential**: producers should decide democratically and plan for the use of the Fairtrade Premium before funds are used.

2. **Democracy, Participation and Transparency**: producers should follow good governance practices that match their constitution or bylaws.

3. **Non-Discrimination**: producer should not make distinctions or restrict membership based on discriminatory grounds.
### Template 2: Members list

**Name of the Organization:**

**Year:**

**List of Full Members**

<table>
<thead>
<tr>
<th>Member ID</th>
<th>First Name</th>
<th>Last Name</th>
<th>Gender</th>
<th>Village</th>
<th>Product I</th>
<th>No of plants</th>
<th>Total production area (ha)</th>
<th>Production per hectare (tonnes)</th>
<th>Product II</th>
<th>No of plants</th>
<th>Total production area (ha)</th>
<th>Production per hectare (kg)</th>
<th>Signature</th>
</tr>
</thead>
</table>
Template 3: Fairtrade Planning and Reporting

This template can help you comply with requirements on the Development Potential section 4.1.1 – 4.1.10 and the reporting requirements in the Environmental Protection section 3.2.23, 3.2.34 and 3.2.40.

It is not necessary that you use this template in order to comply with the requirements, but it can help you to have a starting point, guide you through the process and provide you with ideas.

FAIRTRADE DEVELOPMENT PLAN
Section A is for PLANNING activities. You have to include as a minimum the activities that you plan to fund with the Fairtrade Premium (4.1.2). In year 3 you are supposed to include at least 1 activity that benefits workers (4.1.7).

In year 6, you are supposed to include at least one activity to maintain or improve sustainable production practises within the ecosystem (4.1.9).

Section B is for REPORTING on all activities that are included in Section A. This report must be presented to your members in the General Assembly (Req. 4.1.6)

REPORTING ON ENVIRONMENTAL ACTIVITIES
Section C is for REPORTING on activities that your organization and/ or individual members do to improve soil fertility (3.2.23), to maintain or enhance biodiversity (3.2.34) and to reduce GHG emissions and increase carbon sequestration (3.2.40).

This is a way to make your members, your buyers, the public and the certification body aware of things that you are already doing for the environment. In contrast to Section B, these activities do not have to be planned beforehand as they can be ongoing activities as e.g. growing coffee in agro-forestry systems. If you wish to do so, you can of course plan activities that you want to report on, in Section A of the template.

For a better understanding, examples for each section are provided at the end of the document.
<table>
<thead>
<tr>
<th>Organization:</th>
<th>FAIRTRADE DEVELOPMENT PLAN: SECTION A PLANNING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year:</td>
<td>Objective</td>
</tr>
<tr>
<td></td>
<td>Premium Budget</td>
</tr>
<tr>
<td>Action:</td>
<td>What do you want to do?</td>
</tr>
<tr>
<td>Workers</td>
<td></td>
</tr>
<tr>
<td>Maintain or improve sustainable production practises within the eco-system</td>
<td></td>
</tr>
</tbody>
</table>

Workers
<table>
<thead>
<tr>
<th>Organization: FAIRTRADE DEVELOPMENT PLAN: SECTION B REPORTING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year:</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Action:</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Workers</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Maintain or improve sustainable production practices within the eco-system</strong></td>
</tr>
</tbody>
</table>
SECTION C REPORTING ON ENVIRONMENTAL ACTIVITIES

This table can be used to report on environmental activities according to SPO requirements 3.2.23, 3.2.34 and 3.2.40. You are free to choose how you want to report on activities undertaken however this table can give you an idea and guide you through important aspects.

Please note that reporting can be done in any form and this table is only intended to help you in case you need guidance. Reporting can also be done e.g. by videos, photos or a written report. Even if you choose another way to report, the aspects mentioned in this table can be helpful to guide you through the process and give attention to certain elements that might help you to improve the scope and impact of your activities.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Impact</th>
<th>Scope / Size</th>
<th>Accompanying Documentation</th>
</tr>
</thead>
</table>
| **Improve soil fertility**  
(SPO Requirement 3.2.23)  
Timeline Dev Year 3 | | | |
| **Protect and enhance biodiversity**  
(SPO requirement 3.2.34)  
Timeline Dev Year 6 | | | |
| **Reduce GHG emissions and increase carbon sequestration**  
(SPO requirement 3.2.40)  
Timeline Dev Year 6 | | | |
<table>
<thead>
<tr>
<th>Action: What do you want to do?</th>
<th>Objective</th>
<th>Timeline</th>
<th>Person responsible</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ex: Purchase and deliver to members new trees for replanting.</td>
<td>What do you want to achieve from the chosen action?</td>
<td>By when do you want to finish the action?</td>
<td>Who is responsible for carrying out the action?</td>
<td>How much of the Fairtrade Premium money do you want to spend on this action and for what?</td>
</tr>
<tr>
<td>Ex: Provide training to members on how to improve quality of coffee</td>
<td>Improve quality of coffee in order to respond to market needs. Ensure better prices for producers</td>
<td>By 07/2012</td>
<td>Mr. Vijay Kumar</td>
<td>Ex: 0</td>
</tr>
<tr>
<td>Ex: Purchase processing equipment.</td>
<td>Ex: Increase revenue for the organization by selling higher value products.</td>
<td>Ex: By 10/2012</td>
<td>Mr. Husain Aswan</td>
<td>Ex: 0</td>
</tr>
<tr>
<td>Ex: Use Premium to pay for Fairtrade compliance costs.</td>
<td>Ex: Remain in the Fairtrade system.</td>
<td>Ex: By 11/2011</td>
<td>Ex: Mr. Jose Guerrero</td>
<td>Ex: 0</td>
</tr>
<tr>
<td>Workers</td>
<td>Ex: Provide literacy classes to workers.</td>
<td>Ex: Improve basic education.</td>
<td>Ex: By 05/2011</td>
<td>Ex: 0</td>
</tr>
<tr>
<td>Maintain or improve sustainable production practises within the eco-system</td>
<td>Ex: Monitor pests and the use of pesticides by members</td>
<td>Reduction of pesticide use</td>
<td>Ex: By 12/2012</td>
<td>Ex: 0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organization: Example Cooperative A Year: 2011</th>
<th>FAIRTRADE DEVELOPMENT PLAN: SECTION A PLANNING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>Timeline</td>
</tr>
<tr>
<td>Person responsible</td>
<td>Premium Budget</td>
</tr>
<tr>
<td>Resources</td>
<td>Other Budget</td>
</tr>
<tr>
<td>Total Budget</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action: What do you want to do?</th>
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<td>Reduction of pesticide use</td>
<td>Ex: By 12/2012</td>
<td>Ex: 0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action: What do you want to do?</th>
<th>Objective</th>
<th>Timeline</th>
<th>Person responsible</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ex: Purchase and deliver to members new trees for replanting.</td>
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<td>Mr. Husain Aswan</td>
<td>Ex: 0</td>
</tr>
<tr>
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<td>Ex: Remain in the Fairtrade system.</td>
<td>Ex: By 11/2011</td>
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<td>Ex: 0</td>
</tr>
<tr>
<td>Workers</td>
<td>Ex: Provide literacy classes to workers.</td>
<td>Ex: Improve basic education.</td>
<td>Ex: By 05/2011</td>
<td>Ex: 0</td>
</tr>
<tr>
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<td>Ex: Monitor pests and the use of pesticides by members</td>
<td>Reduction of pesticide use</td>
<td>Ex: By 12/2012</td>
<td>Ex: 0</td>
</tr>
</tbody>
</table>
## FAIRTRADE DEVELOPMENT PLAN: SECTION B REPORTING

<table>
<thead>
<tr>
<th>Action: What do you want to do?</th>
<th>Premium Expenses</th>
<th>Other Expenses</th>
<th>Total Expenses</th>
<th>Self-evaluation (every year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ex: Purchase and deliver to members new trees for replanting.</td>
<td>How much of the Fairtrade Premium money did you spend on this action and what did you spend it on?</td>
<td>How much non Fairtrade Premium money did you spend on this action and what did you spend it on?</td>
<td>How much money in total did you spend on this action?</td>
<td>Was the action carried out? When? How? At what cost? Objective achieved? Further action needed? Justification if the action was not carried out?</td>
</tr>
<tr>
<td>Ex: 500 trees ($1500)</td>
<td>Ex: Transport ($200)</td>
<td>Ex: $1700</td>
<td>Ex: - The purchase of 500 trees and delivery to members was successfully carried out, 500 trees will be delivered next year.  - The delivery of 500 trees was carried out on time and final deliveries were done by the end of 06/2011.  - Our organization’s truck made 5 separate deliveries to different groups of members, transport was more expensive than planned due to increased petrol prices  - The total cost was exactly at $1700 on total budget, including $1500 Premium money and $200 non-Premium money.  - Members will now work towards achieving the objective by using the new trees to increase production.  - This action is not complete and will be carried over to next year’s Fairtrade Development Plan (delivery of 500 trees).  Remaining Premium budget: 1500$</td>
<td></td>
</tr>
</tbody>
</table>
| Provide training to members on how to improve quality of coffee | 5 workshops = 900$  
Trainer 5x 100$ = 500$ | 0$ | 1400$ | - 5 workshops were successfully carried out  - Costs for transport and material was a little bit cheaper than expected. Members requested to continue with the training and also extend training activity to improving productivity, this will be taken on in next year’s Development plan.  Remaining Premium budget: 100$ |
| Ex: Purchase processing equipment. | Ex: Fruit juice processor ($0) | Ex: Additional amount required for purchase ($0) | Ex: $0 | Ex: -This action was not carried out.  
-It was decided in our General Assembly that the purchase of processing equipment would not increase revenue because the business of value added products is not viable for our organization at this time. |
| Ex: Use Premium to pay for Fairtrade compliance costs. | Ex: Develop and implement trainings for members ($1100). | Ex: $0 | Ex: $1100 | Ex: -This year we used Premium money to pay for compliance costs related to training on environmental requirements. However, we have not yet fully given training to all members. This was due to our staff not having enough time.  
-We plan to carry over the implementation into next year’s Fairtrade Development Plan. |
| Workers | Ex: Provide literacy classes to workers. | Ex: Training facilitator ($300) | Ex: Training facilitator ($200); workbooks and other materials ($200) | Ex: $700 | Ex: -Literacy classes were scheduled and delivered to all workers.  
-From January to May 2011 the workers received bi-weekly, one hour and a half hour classes.  
-Workers gathered at an agreed destination and the classes took place.  
-The total cost was $700 because the training facilitator only cost $500. $300 of Premium money ended up being spent on this action.  
-This objective was achieved but the workers have requested this action to continue. We plan to continue this action in next year’s Fairtrade Development Plan.  
Remaining Premium budget: 8000$ |
| Maintain or improve sustainable production practices within the eco-system | Ex: Monitor pest and the use of pesticides by members | Ex: Training on monitoring of pests and pesticide use ($1000) | Ex: Training expert ($250) Provide monitoring templates to members ($100) | Ex: $1350 | Ex: Yes, training was carried out, but was more expensive than expected, only 50% of the members could be trained.  
We will carry on with the activity provided that we have funds for next year as some results in the reduction of pesticides can already be observed. |
<table>
<thead>
<tr>
<th>Organization:</th>
<th>SECTION C REPORTING ON ENVIRONMENTAL ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year:</td>
<td>Activity What did you as an organization or individual members do?</td>
</tr>
<tr>
<td></td>
<td>Improve soil fertility (SPO Requirement 3.2.23) Timeline Dev Year 3</td>
</tr>
<tr>
<td></td>
<td>Protect and enhance biodiversity (SPO requirement 3.2.34) Timeline Dev Year 6</td>
</tr>
<tr>
<td></td>
<td>Reduce GHG emissions and increase carbon sequestration (SPO requirement 3.2.40) Timeline Dev Year 6</td>
</tr>
</tbody>
</table>
### Generic Standards

<table>
<thead>
<tr>
<th>Products</th>
<th>Small Farmer Organization</th>
<th>Hired Labour Situation</th>
<th>Contract Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bananas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cocoa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coffee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dried Fruit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fresh Fruit &amp; Fresh Vegetables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Honey</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Juices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fruits/Oil Seeds and Purees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quinoa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rice</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sugar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tea</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wine Grapes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seeds Cotton</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cut Flowers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ornamental Plants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sport Balls</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Soy beans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cosmetic Products</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Overview of the FSC Principles and Criteria

- Compliance with all applicable laws and international treaties.
- Demonstrated and uncontested, clearly defined, long-term land tenure and use rights.
- Recognition and respect of indigenous peoples' rights.
- Maintenance or enhancement of long-term social and economic well-being of forest workers and local communities and respect of worker's rights in compliance with International Labour Organisation (ILO) conventions.
- Equitable use and sharing of benefits derived from the forest.
- Reduction of environmental impact of logging activities and maintenance of the ecological functions and integrity of the forest.
- Appropriate and continuously updated management plan.
- Appropriate monitoring and assessment activities to assess the condition of the forest, management activities and their social and environmental impacts.
- Maintenance of High Conservation Value Forests (HCVFs) defined as environmental and social values that are considered to be of outstanding significance or critical importance.
- In addition to compliance with all of the above, plantations must contribute to reduce the pressures on and promote the restoration and conservation of natural forests.
True or False

1. Fairtrade Standards intend to empower producers, workers, their families, and communities.

2. NGOs supporting small farmers can get Fairtrade Certified.

3. Small Farmers’ Organizations should have a minimum of 30% small farmers among their members.

4. For every Fairtrade Product sold by the organization, more than 50% of the volume must be produced by small producers.

5. Small farmers and workers need to be organised in democratic structures to benefit from Fairtrade.

6. Anyone in the organization can approve the organization’s annual report, budgets and accounts.

7. Fairtrade Standards reject distinctions of any kind such as, race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status within producer organizations.

8. The organization must have a system in place to administer the Fairtrade Premium in a transparent way.

9. Fairtrade Certified producer organizations have no responsibility regarding its members respect of their natural environment.
A FAIRTRADE STORY

Selling their hand earned crops for too little wasn’t nice. How can the people of the village get a fair price?

Some answered the question with something new. An organisation for all, and its members list grew!

The members of the list added their crop to the organisation. That then had more power for business negotiation.

Members keep track of money and crops. So the organisation can always remain on top.

With Fairtrade certification they received a fair price. So all costs were covered, and that was nice.

Over time the villages became excited. With the Fairtrade Premium the organisation bought a new truck.

All members came together each and every year. To discuss their accounts, to be heard and to learn.

With their Fairtrade Premium in the bank. They plan for the future and for what they would like to say thanks!

Fairtrade is an alternative to conventional trade which offers fair and stable prices to producers in developing countries.
Section 2
Additional Materials for Environmental trainers

(A)- Learning objectives

- General objectives

By the end of Section 2 Additional Materials, participants should:
- have a basic understanding of the Fairtrade Generic Environmental Standards related to pest management, soil and waste
- describe the importance of protecting biodiversity and conservation areas in Papua New Guinea (PNG)
- be familiar with the relevant legislation around land use and management in PNG

- Specific objectives

In particular, participants should:
- be aware of specific pests in PNG cocoa and their impacts, the available pesticides, and the recommended methods of use,
- understand the importance of soil fertility and methods to maintain and improve it
- be familiar with waste management practices
- describe recommended methods of protecting biodiversity and high conservation areas in PNG
- understand the ways in which relevant legislation around land use and management in PNG relates to them
- be familiar with the processes involved in Participatory Land Use and Management Planning
- be familiar with the basics of Conservation Area Planning (CAP)
- be familiar with the basics of implementing the CAP process

(B)- Proposed training strategy

<table>
<thead>
<tr>
<th>Activity 1: Pests and damages caused</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method: Breakout Group</td>
</tr>
<tr>
<td>Media: PowerPoint Slides 1-4 (Please switch to PPT document ‘Section 2 Additional Materials)</td>
</tr>
<tr>
<td>Duration: 30 min.</td>
</tr>
</tbody>
</table>

The trainer will ask participants to break out into groups of 4 and will pose the
### Activity 2: Choice of Pesticides Used

<table>
<thead>
<tr>
<th>Method</th>
<th>Media</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecture</td>
<td>Handout 7</td>
<td>60 min</td>
</tr>
<tr>
<td>Feedback</td>
<td>Butcher paper</td>
<td></td>
</tr>
<tr>
<td>Practical session</td>
<td>Appendix 3: Fairtrade Prohibited Materials List</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Template 4</td>
<td></td>
</tr>
</tbody>
</table>

**Proceeding**

The trainer will present Handout 7 Pesticides available in PNG and then facilitate discussions with participants on their own use of pesticides, volume and personal protective equipment (PPE).

Then, the trainer will write on the butcher paper the list of pesticides or herbicides producers are using, always making reference to the list of pesticides available in PNG. When finish, trainers will compare the both lists with the Fairtrade International Prohibited Materials List (PML) Red List (Appendix 3), looking for a potential match.

Findings will be documented in Template 4 Pests and Pesticides.

### Activity 3: Proper use and handling of pesticides and other hazardous chemicals

<table>
<thead>
<tr>
<th>Method</th>
<th>Media</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecture</td>
<td>Empty pesticide container with intact label</td>
<td>20 min</td>
</tr>
<tr>
<td>Simple demonstrations</td>
<td>Water, Dirt, Sawdust</td>
<td></td>
</tr>
<tr>
<td>Group discussions</td>
<td>Personal Protective Equipment</td>
<td></td>
</tr>
<tr>
<td>Feedback</td>
<td>Appendix 2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Handout 8</td>
<td></td>
</tr>
</tbody>
</table>

**Proceeding**

The trainer will give practical guidance on how to comply with the Fairtrade Environmental Standards below. To introduce the subject the trainers will use relevant illustrations from the Answer Sheet of GES board game (see Appendix 2), asking participants what they thought was the message of the illustration.

**3.2.4 You must provide training to members and workers who handle pesticides and other hazardous chemicals on the risks of handling these materials and on how to handle them properly.**

**3.2.5 You must implement measures to ensure that all people, including members and workers, wear appropriate personal protective equipment (PPE) when handling pesticides or hazardous chemicals.**
3.2.11 Your members **must have** all pesticides and hazardous chemicals clearly labeled.

Using a good variety of empty and clean pesticide containers (depending on what is available), the trainer will explain information given in the Basic Text: Proper use and handling of pesticides and other hazardous chemicals.

The trainer should give opportunity for participants to share their experiences during the demonstrations.

Trainer will distribute and explain Handout 8 Warning and Toxicity Symbols, and will open the floor for questions.

---

### Activity 4: Proper use and handling of pesticides and other hazardous chemicals

<table>
<thead>
<tr>
<th>Method</th>
<th>Media:</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecture</td>
<td>Water, Dirt, Sawdust</td>
<td>40 min.</td>
</tr>
<tr>
<td>Simple demonstrations</td>
<td>Personal Protective Equipment</td>
<td></td>
</tr>
<tr>
<td>Group discussions</td>
<td>Appendix 2</td>
<td></td>
</tr>
</tbody>
</table>

**Proceeding**

The trainer will give practical guidance on how to comply with the Fairtrade Environmental Standards below. To introduce the subject the trainers will use relevant illustrations from the Answer Sheet of GES board game (Appendix 2), asking participants what they thought was the message of the illustration.

3.2.9 **You must maintain a central storage area for pesticides and other hazardous chemicals that minimizes risks.**

3.2.12 Your members must have equipment to handle accidents and spills in the areas where they prepare or mix pesticides and other hazardous chemicals, so these do not seep into soil or water. Members must plan spraying in such a way as to have no or very little spray solution left.

The trainer will explain information given in Point A – basic text (Proper use and handling of pesticides and other hazardous chemicals).

The trainer should give opportunity for participants to share their experiences during the demonstrations.

Trainer will open the floor for questions and close the activity.

---

### Activity 5: Proper use and handling of pesticides and other hazardous chemicals

<table>
<thead>
<tr>
<th>Method</th>
<th>Media:</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecture</td>
<td>Appendix 2</td>
<td>40 min.</td>
</tr>
</tbody>
</table>

**Proceeding**

The trainer will give practical guidance on how to comply with the Fairtrade Environmental Standard below. To introduce the subject the trainers will use relevant illustrations from the Answer Sheet of GES board game (Appendix 2), asking participants what they thought was the message of the illustration.

3.2.9 **You must maintain a central storage area for pesticides and other hazardous chemicals that minimizes risks.**

The trainer will explain information given in the Point A – basic text (Storage Area). The trainer should give opportunity for participants to share their experiences during the demonstrations.

Trainer will open the floor for questions and close the activity.
### Activity 6: Soil Fertility

<table>
<thead>
<tr>
<th>Method:</th>
<th>Media:</th>
<th>Duration:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakout Group</td>
<td>Flip Chart and markers</td>
<td>20 min.</td>
</tr>
<tr>
<td>Brainstorm</td>
<td>Samples of good soil and soil not suitable for planting.</td>
<td></td>
</tr>
<tr>
<td>Feedback</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Proceeding**

The trainer will ask participants to break into groups and will pose the following question:

“What is soil fertility?”

The breakout groups will brainstorm, discuss will then present back on this question for wider group discussions.

Trainer will present samples of soil to participants and will facilitate the discussion about quality and type of soil in the samples.

Trainer will close the activity by bringing attention to the samples that are most suitable for farming.

### Activity 7: Soil Fertility

<table>
<thead>
<tr>
<th>Method:</th>
<th>Media:</th>
<th>Duration:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practical session</td>
<td>Food scraps, Worms, Soil, Paper, Crop residues and leaves</td>
<td>40 min.</td>
</tr>
</tbody>
</table>

**Proceeding**

The trainer will demonstrate to participants how to make a compost heap and how to create mulching. S/he will follow Point A - basic text (Ways to Improve Soil Fertility).
### Activity 8: Practical Session on Soil Erosion and Sustainable Water Sources

**Method:**
- Lecture
- Group Exercise
- Feedback

**Media:**
- Flip charts
- Markers, butcher paper.

**Duration:** 40 min.

**Proceeding:**
The trainer will ask participants to break into groups of 4 and will distribute a one sheet of butcher paper and markers to each group. S/he then will ask participants to draw a map of their community, and to identify areas that have been eroded and areas that are at risk of erosion.

When the maps are completed, trainer will make a list of areas that are eroded and following the Point A- basic text (Soil Erosion Management), s/he will explain the different types of measure to address soil erosion.

To close the activity, participants will choose two areas to be considered as priority in the organisation’s Fairtrade Development Plan and business plan.

### Activity 9: Waste Management

**Method:**
- Breakout Group
- Brainstorm
- Feedback

**Media:**
- Flip Chart and markers

**Duration:** 20 min.

**Proceeding:**
The trainer will pose the following questions:

“*What do you think is good waste?*”

“*What do you think is bad waste?*”

Trainer will write on a butcher paper the items given by the participants making a list of good waste and bad waste. To finalise the list the trainer will complete the list based on Point A- basic text (Waste Management).

Trainer will close the activity by given a summary of the Basic Text Point A- basic text (Waste Management).

### Activity 10: Introduction to Biodiversity

**Method:**
- Lecture
- Feedback

**Media:**
- PowerPoint (slides 5-9).
- Projector and white screen.

**Duration:** 20 min.

**Proceeding:**
The trainer will open this activity with the PowerPoint presentation on biodiversity and then open the floor for questions.
### Activity 11: National Legislation Covering Community Agricultural Land Use

**Method:**
- Lecture
- Feedback

**Media:**
- PowerPoint (slides 10-16).
- Projector and white screen.

**Duration:**
- 20 min.

**Proceeding**

The trainer (from the Nature Conservancy PNG) will carry out the PowerPoint presentation on National Legislation Covering Community Agricultural Land Use, and will touch the following areas:

- Introduction to Land Tenure and Agriculture Legislation in PNG
- Relevant agriculture land use legislations
- Special Agricultural Business Leases (SPABLs)

Trainer will based presentation on Point A – basic text (Special Agricultural Business Leases).

### Activity 12: Protecting High Conservation Areas

**Method:**
- Lecture
- Feedback

**Media:**
- PowerPoint presentation (slides 17-21).
- Projector and white screen.
- Handout 9

**Duration:**
- 20 min.

**Proceeding**

The trainer (from the Nature Conservancy PNG) will carry out the presentation “Biodiversity Friendly Practices”

After the presentation, the trainer will explain Handout 9, Conservation Mechanisms in PNG, and distribute it to participants.

To finalise, the trainer will then field questions from participants.

### Activity 13: Participatory Land Use and Management Planning

**Method:**
- Lecture
- Feedback

**Media:**
- PowerPoint presentation (slides 22-27).
- Projector and white screen.

**Duration:**
- 20 min.

**Proceeding**

The trainer (from the Nature Conservancy PNG) will carry out a PowerPoint presentation on Land Use Management Planning.

To finalise, the trainer will then field questions from participants.
### Activity 14: Practical session on Conservation Area Planning (CAP)

<table>
<thead>
<tr>
<th>Method:</th>
<th>Media:</th>
<th>Duration:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecture</td>
<td>Practical exercise with drawing materials (flip charts, markers etc.)</td>
<td>20 min.</td>
</tr>
<tr>
<td>Group Exercise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feedback</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Proceeding

The trainer (from the Nature Conservancy PNG) will ask participants to break in groups of 5 and will distribute sheets of butcher paper and markers to each group. Then, s/he will ask each group to make a map of an area in their community and to identify on it the following:

- Items of biological, cultural and economic importance.
- Environmental problems in the chosen area.

On a second sheet, participants will write down the threats that these problems may represent for the community, placing at the top the ones they consider as more important. In the same sheet they will document the causes of these problems and suggestions to solve them.

Once the list is finalised, participants will share with the wider group their ideas and suggestions.

The trainer will then explain to the participants the structure for a community based monitoring system: TNC’s “Development of Action Plan and Implementation system”.

To finalise, the trainer will field questions from participants, referring to Basic Text B: CAP Process.
A- Additional Resources Specific to Fairtrade Generic Environmental Standards

Proper use and handling of pesticides and other hazardous chemicals

Fairtrade encourages producers to minimize risks from handling pesticides, promotes the use of integrated pest management tools, and aims at reducing the amounts of pesticides used as much as possible. When pesticide use is necessary producer organization are encouraged to use pesticides that are the least toxic as economically and technically feasible.

Safe Use, Storage and Disposal of Pesticides

Pesticides are toxic material and most pesticide poisoning occurs when they are mishandled. Pesticide accidents can be prevented by using the right amount, using secure storage location, using safe handling methods and following safe disposal guidelines for the pesticide and the containers.

Use Pesticide to the Required Amount

When buying pesticides, only buy the amount that can be used in a reasonable length of time and buy pesticides in quantities that you will use in the near future. Always keep pesticides in their original containers.

Pesticide Labelling

Not all labels are the same. The label format differs from product to product but pesticide manufacturers are required by law to state the following information on the label:

- **Brand, Trade or Product Name**
  The name used to identify and market the product. Different companies will use different brand names to market their product even the same active ingredient is used.

- **Ingredient Statement**
  Every pesticide label must include the products active and inert ingredients with the percentage of each by weight.

- **Type of Pesticide**
  Most labels state the type of pesticide on the front. For example, the label may say Herbicide, indicating it controls weeds or Insecticide, indicating it will control insects.

- **Manufacturer**
  The name and address of the manufacturer is required to be on the label.

- **Signal Words**
  Pesticide labels must include a signal word prominently displayed on the front to identify the relative toxicity of a particular product.

<table>
<thead>
<tr>
<th>Signal Word</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Danger or Danger</td>
<td>Class I – highly toxic</td>
</tr>
<tr>
<td>Poison</td>
<td></td>
</tr>
<tr>
<td>Warning</td>
<td>Class II – moderately toxic</td>
</tr>
<tr>
<td>Caution</td>
<td>Class III – slightly toxic</td>
</tr>
<tr>
<td>Caution or none</td>
<td>Class IV – very slightly hazardous</td>
</tr>
</tbody>
</table>

- **Precautionary Statements**

  These statements guide users to take proper precautions to protect humans or animals that could be exposed. These statements include:

  “Hazards to Humans and Domestic Animals,” “Keep Out of Reach of Children” and “Harmful if inhaled”.

- **Statement of Practical Treatment/ First Aid**

  Tells what to do in case of exposure to the product.

- **Environmental Hazards Statement**

  This statement details possible hazards to the environment including soil, water, air, wildlife, fish and non-target plants.

- **Physical or Chemical Hazards**

  Describes any possible fire, chemical, or explosion hazards specific to this product.

- **Agricultural Use Requirements**

  Specific safety measures for agricultural workers and handlers of agricultural pesticides.

- **Storage and Disposal Statement**

  Each pesticide label has general storage and disposal instructions.
• **Directions for Use**

  These directions instruct the user on how to properly apply the pesticides and achieve the best result. This section provides information for things such as the rate of application, the sites the product is intended to protect (e.g. aquatic, wildlife habitat areas, crop sites, etc), which pests it controls, mixing directions and other specific instructions related to application of the pesticide.

**Personal Protective Equipment (PPE)**

PPE is protective clothing that effectively limits exposure to hazardous chemicals. PPE includes garments or equipment which covers the arms and legs, footwear (shoes or boots), a mask when applicable and, if spraying crops above your head, a hat. Specific garments will vary according to local context.

The product labels may provide further guidance on the type of PPE that should be used when mixing and applying.

Exposure may also be reduced by choosing certain formulations and modes of application. You can seek advice from the supplier or manufacturer.

At the minimum, when handling or applying any pesticide, the user must wear:

- Work clothing with long pants and long sleeves;
- Unlined, liquid-proof, chemical resistant gloves;
- Shoes and socks

Other specialized clothing may include:

- Chemical resistant clothing like PVC raincoat and coverall
- Footwear like rubber boots and boot covers.
- Eye protection like safety goggles and face shield fitted to a hard hat.
- Head and neck protection like a chemical resistant hood and hat to keep pesticides off the neck, eyes, mouth and face.

When finished with an activity in which you have handled pesticides or exposed to them, remove your PPE right away and wash.

**Storage Area**

Having a separate building, or room is best for pesticide storage. A best site for storage is away from sensitive areas such as houses, gardens and water sources. Locating storage facilities away from dwellings and livestock facilities will minimize possible contamination. The site should be also in an area where flooding does not occur.

Store pesticides in a space having good ventilation and a sealed, concrete floor that has good drainage. Warning signs should be posted on each door and in any windows of the building or room. The storage area must be lockable to prevent unauthorized entry and should only be used for pesticides and pesticide equipment.

**Be Prepared for Pesticide Spills**

Accidents can happen despite taking all safety precautions. Quick action is required if a pesticide spill occurs in the storage area. If pesticide is spilled on a person's body or clothing, the person should leave the area immediately and all contaminated clothing should be removed and the affected areas of the body should be thoroughly washed with detergent or soap with water. In any pesticides contamination incident, follow the instructions given in the label's first aid treatment guidelines. If label is not available seek medical attention.

Spilled pesticides spreading on the floor or ground must be contained by putting absorbent material or big mound of soil without coming into contact with the pesticide. If the spill is liquid, use sawdust to cover the entire spill area.

**Disposing of Excess Pesticides and Containers**

The best way to dispose of small amounts pesticides is to follow instructions on the container label. **Triple Rinsing** instructions:

1. Remove cap from the pesticide container and empty all remaining pesticide into the spray tank, allowing the container to drain for 30 seconds.
2. Fill the container 20% full of water or rinse solution (i.e. fertilizer solution)
3. Secure the pesticide container cap.
4. Swirl the liquid within the container to rinse all inside surfaces.
5. Remove the cap from the container. Add the rinsate from the pesticide container to spray tank and allow to drain for 30 seconds or more.
6. Repeat steps 2 through 5 **two more times**.
Soil and Water

Soil Fertility

Soil fertility is the ability of soils to produce plant life. A fertile soil is one that is rich in nutrients, contains high soil organic matter that improves soil structure and well drained, it should also promote the presence and activities of microorganisms and have an adequate layer of topsoil.

Organic Soil Matter

A very important part of soil fertility management is the organic soil matter. The organic matter in the soil consists of fresh organic material and humus. Fresh organic material is plant and animal waste that has not yet decomposed, such as roots, crop residues and animal waste and dead remains. The fresh material is transformed by soil organisms into humus (dark coloured soil). In this process, nutrients are released and hence organic matter makes nutrients available to the plants.

Ways to Improve Soil Fertility

There are a number of ways to increase or maintain soil fertility including use of manure, composting and chemical fertilizers.

Manure

Manure consists of animal excrement and usually mixed with leaves. The amount and quality of the excrement depend on the animals feed and it must be aged. Ageing is necessary to retain all of the nutrients. Applying manure leads to increasing the amount of organic matter, increasing plant nutrients, and improving the structure and water retention capacity of the soil.

Compost

Like manure, compost is a good soil fertilizer. To create a compost heap, organic material (e.g. crop residues, manure, kitchen wastes, etc.) is collected and stored together. The material in this heap is gradually decomposed by the microorganisms.

Compost supplies nutrients and increases the level of organic matter in the soil. A good thing about composting is that diseases and pests, as well as weed seeds are destroyed because the temperature in the compost heap is so high that they cannot survive.

Use of Chemical Fertilizers

Application of chemical fertilizers such as soluble forms of nitrogen, phosphorus, potassium and urea, is another way to give nutrients to the soil. Chemical fertilizers give specific nutrients to the soil (if there is an identified nutrient deficiency) with immediate uptake by crops.

However, the addition of chemical fertiliser alone is not enough to retain a sufficient level of soil fertility. If the organic matter in the soil decreases, the yield will also decrease, even if a lot of fertiliser is applied. This is due to degradation in the soil structure and a decreased soil capacity to retain nutrients and water.

Soil Fertility and Crop Husbandry

Crop husbandry refers to all agricultural activities done from planting to harvesting. There are a number of crop husbandry practices to improve the fertility of soil as well, including mulching and agroforestry. These methods are intended to provide the necessary conditions for crops to get the nutrients and moisture it needs for good yield production.

Mulching

Mulching is the practice of covering the ground with organic material, such as crop residues and leaves. The aim of mulching is to retain the level of soil organic matter in the soil, stimulate microorganism activity, protect the soil from water and wind erosion and soil dryness, prevent high soil temperatures and increase the moisture level in the soil.

It is important to note that using crop residues can increase the risk of pests so do not use infected or diseased plant material and also use mulch before the rainy season starts, so to minimise the chances of erosion.

Agroforestry

Agroforestry comprises all forms of land use in which trees are grown in combination with other cash crops or livestock. The use of leguminous trees such as Gliricidia sepium, Luecaena spp., and Erythrina variegata provide availability of nitrogen in the soil for plant to use. When planted as hedgerows between rows
of agricultural crops, some tree species reduce soil erosion. When planted on slopes, alley crops slow down runoff rainwater and trap sediment.

**Appropriate Soil Fertility Management**

The use of animal manure, compost and crop husbandry contributes to retaining the level of organic matter in the soil. Chemical fertilisers help the plants immediately while organic manures first have to be broken down into nutrients before they can be utilised by the plants. However, chemical fertilisers are quickly depleted by plants, while organic matter continues over a long time to enhance soil fertility and soil structure. A top priority for any farmer is to make the right decisions to ensure their lands having healthy fertile and biological active soil which creates an environment that ensures adequate nutrition to the crops.

**Soil Erosion Management**

Soil erosion is the displacement of soil by the actions of wind and water. It occurs naturally and gradually as a geological process of the earth but unwise actions of man can also speed up this process. Soil erosion management is the practice of preventing or controlling wind or water induced erosions in agriculture, and other development activities. Effective erosion measures are important techniques in preventing water pollution and soil loss.

The following are simple steps to addressing soil erosion issues:

- Identify areas where erosion has occurred or has potential of arising in the future - this is dependent on soil type, slope and erosion risk activities.
- Choose the appropriate kind of soil erosion management measure.

Ideally soil erosion control begins with soil erosion prevention. But when it's too late for soil erosion prevention, you simply have to fix a problem that already exists.

Preventative measures are measures for areas not yet experiencing erosion but might in the future. These measures may include:

- Stopping expansion of agriculture activity onto susceptible areas and practicing reduced tillage. The tillage process of digging up the soil in preparation for planting, while enriching for the crop, also displaces the soil layers and makes it loose and prone to being eroded.
- Designating existing vegetation cover as buffer zones, and additionally maintaining vegetation cover by soil enrichment practices like mulching and composting to these potential erosion sites.

When a site has already experienced soil erosion problem it is time to take remedial (corrective) measures to address this problem. These measures may include:

- Initiating a tree replanting program and plant trees in the affected areas. Trees, especially those with big, sturdy roots, should be planted to hold and maintain the integrity of the soil.
- Another measure could be consolidating the eroded river banks by putting compacted rocks in wire baskets as a physical barrier against the gradual intrusion of the river’s edge through the action of the river.

**Waste**

**Waste Management**

Managing waste in an agricultural project is a management practice that needs to be fully addressed and followed. Unwise disposal of certain toxic wastes will have a negative impact on the environment particularly water sources, soil properties and human health.

**Agriculture Waste**

There are different sorts of waste that can be generated out of an agricultural activity that can be grouped into Hazardous Waste and Organic Waste.

Hazardous waste may include:

- Pesticides
- Pesticides containers
- Plastic polybags
- Materials used to clean up leakages and spills of pesticides.
• Contaminated clothes
• Cleaning chemicals, such as disinfectants and bleach

Organic waste may include:
• Plant cut materials from pruning.
• Removed crop tree
• Pod/pulp shells from harvested crops
• Animal waste/remains
• Food cuttings

Managing Hazard Waste
You must store hazardous waste separately from all other waste. You must keep it in sealed and labelled containers, and in a separate, storage area.

Dispose of the waste according to instructions on product labels.

Managing Organic Waste
Re-use organic waste through practices that allow nutrients to be re-used.
- Composting, Animal Manure, Mulching.

A good waste management system is one that minimises impact on the environment and promotes sustainable practices like re-cycling of re-usable wastes.
Biodiversity Friendly Practices

Brief on Land Tenure and Agriculture Legislation in Papua New Guinea (PNG)

Papua New Guinea is a developing country with vast natural resources. It is blessed with a multitude of resources including extensive land with pristine forests, access to fresh water, and a rich marine life. As seen by the boom in the extractive industry, PNG is also blessed with mineral resources in almost all parts of the country. Despite this, the backbone of PNG, the agriculture and forestry sector, is fundamentally but not yet fully realised.

Status of Agriculture Sector in PNG

The most common form of agricultural business activity is smallholder farming where individual family groups plant and harvest crops such as cocoa, coffee, copra and palm oil on their own parcel of land to sell for cash. These household entities have proven to be quite resilient despite the risks and fluctuations associated with market pricing of the cash crops.

Another form of agriculture business is the estate holding (plantations) sector which has dropped significantly (except for oil palm) in recent times due to various reasons like the lack of tenure extension of existing holdings, no new lands to expand to and also declining market prices. Small oil palm estates have worked, especially assisted by reputable developers who have put in long term commitments and sound management practices that comply with social and environmental standards.

Land Tenure

Having a subsistence-gardening based society; Papua New Guineans are a culturally diverse people with complex relationship structures that determine traditions, kinship and landownership. Its land tenure system is unique that almost all land (97%) is customarily owned by the people and this is stated fundamentally in the nation’s constitution. The remaining 3% is alienated or state owned land and is administered by Land Act 1996. The Land Act 1996 also provides for methods of customary land conversion either through land tenure conversion or the lease lease-back mechanism.

Land Reforms

Since 2006 there has been one land reform to amend existing land laws, primarily to empower the owners of the land, in order for them to secure title to their land and to enable them to participate in business activities. This would entail fulfilling requirement for correct identification of the landowners and their land and formation of Incorporated Land Groups (through the Land Groups Incorporation Act) followed by registration of their land (Land Registration Act). At this point in time the government has not fully implemented the amended Land Group Incorporated Acts and Land Registration Acts.

Special Purpose Agriculture and Business Leases (SPABLs)

The Land Act (sect 11) whereby the Land Minister may lease customary land for the purpose of granting a special agriculture and business lease of the land. It is essentially incorporated land groups leasing to the State and the State leasing to those that the landowners choose. The land reverts back to customary tenure after expiry (99 years). This mechanism is being utilised by government and developers.

The main implications of SPABLs is that customary land holding and usage is suspended for the duration of the lease period (no customary rights apply), once the lease is issued, it cannot be forfeited and also normal process for tendering, advertising, granting and execution of a lease does not apply for SPABLs.

SPABLs have caused much controversy in the country where over 5 million hectares of land have been executed by this lease lease-back mechanism, whereby the government has not leased back to the landowning ILG as originally intended, but leased to other corporate entities nominated by the ILG (however it has been reported that nominations are sometimes done by a few people from the management committees and not the majority of members) through loopholes in the Land Act 1996 (specifically Sect.102).
Basic Text B: Conservation Area Planning (CAP)

The Conservation Area Planning tool (CAP) described below is based on The Nature Conservancy’s original CAP methodology and adapted as a participatory tool for use with Melanesian communities (Brown and Mayer 2009). It is a tool that fully engages participants in an analysis of their local resources, and provides information to help them to design management strategies for maintaining these resources.

The CAP methodology views ecological information from a human point of view, relating management strategies to issues of relevance to local communities. This tool provides a method to effectively identify resources of cultural and biological value to communities, assess past, current, and future resource quality, identify stresses, sources of stress, and threats to their land and resources.

The results of this tool form the foundation for designing a range of strategies which communities develop to protect and manage their resources and achieve the common goal of community conservation.

CAP Process

The CAP Process consists of 5 key areas:

- The Conservation Target (the resource you want to conserve)
- Stress (pressure on the target)
- Source of Stress (the underlying factor behind that pressure)
- Strategies (the management action to minimise the threat on the target)
- Success (assessing the success of the strategy)

Conservation target:

Give the community the opportunity to brainstorm and identify what are the key biological and cultural resources they depend on and want to conserve. These resources can either be a whole representative system like a type of forest or a specific individual target like an endemic species.

Examples:
Victorian Crowned Pigeon, Lowland Forests, Kwila Tree Cultural caves and Habitat Sites of Seasonal birds, Cassowary, Headwaters of Catchment Areas, Montane forests, Traditional Sacred Sites, Taun tree.

Then community then groups the identified community conservation targets in no more than eight classes of targets.

Example:
Assessing the condition of each of the targets/systems (use trend line)

Draw up a diagram with conditional values of population on the vertical axis (High, Medium, Low) and timeline values on the horizontal axis (Before, Now and Future). Then ask the members what the conditional status of the target in the past, now in the present and in the future) and plot it onto the graph with dots and then join the dots.

The aim is to see the trend of availability of the target as seen by community members from the past to the present and to determine the future state of the target as anticipated by the community. If the condition is high throughout then it’s still viable and abundant and maybe not required to put in place management actions to protect, if it was high in the past then its dropped in the present (like in the example) then it’s a conservation target that’s in need to be protected and you should on to the next steps of the process.

Example:
Stress (pressure on the target)
Identify the Stress on the Conservation Target: (Use of Flow Chart and Ranking)

The community brainstorms and identifies all the possible stresses (pressure) on the target that have led to its low condition status, from their experience and understanding.

Example:
The community then assigns, to each of the stresses, a score of influence imposed on the target (out of all the stress identified for the target) using 1- 4 scoring (1 being less influential and 4 being most significant influence).

Sources of stress:
Identify the Sources of the Stress on the Conservation Target.
The community further brainstorms and identifies all the possible sources of these stresses. They must do it, one stress at a time until they are satisfied they have identified all possible underlying factors for that stress, then move onto to the next stress and doing the same for it until they have complete for all of the stresses (example below only gives 2 stresses and one stress has 4 sources of stresses identified while the other stress has three identified. There could be more or less depending on the type of target and viewpoint of the community.

Then again the community has, to each source of stress, assign a score of influence on the stress (out of all the source of stress identified for that particular stress) using 1-4 scoring (1 being less influential and 4 being most significant influence).

**Threat Matrix Table**

After scoring the stress and the source of stresses on the target, the community draws a threat matrix table which prioritizes the threats according to the highest to the lowest. This is done by multiplying the score of the source of stresses by the score of the stress on the target. From this assessment the community can now see what the leading threats on the target are. The threat that has the highest number is highlighted to be a leading threat on the conservation target and is singled out for discussion in the strategies.

**Strategies**

Identify Strategies to Abate these Threats

Using the results from the matrix threat table, the community breaks into small groups and discuss objectives and strategies to addressing the identified threats.

**Develop Action Plan and Implement**

The community then develop activities, identify available resources to carry these activities and assign responsibilities to members to take leads, give timeframes on when activities take place and where they are to take place.

**Measures and Monitoring**

The community develops and use indicators (on which a simple monitoring program is based on) that assess the progress of the strategies over time and determine whether it is successful or not. Management decisions can be made upon this to change or further improve the strategies.

Community Conservation and Management Planning Process

The Community Conservation Planning process is a guide for interested communities to establishing conservation areas and land use and management plans to better managing their forest resources. This process was trialled in the Almami LLG Conservation Areas in the Adelberts Range, Bogia District of Madang Province (Adelberts Project 2010).

Step 1 Community Entry

The first step, Community Entry, introduces the community to the implementing organization (IO) which could be a Non-Government Organization (NGO) or Community Based Organization (CBO). This is an important step because it begins the process of building relationships and trust with community stakeholders, sets the tone for future interactions and introduces the Community Conservation Process.

Ward Development Planning

It is important to note that information collected from the various steps in this process is community based priorities and plans that are relevant to feed into and further improve the local level governments ward development planning mechanisms.

Step 2 Information Collection

Community History Timeline

All communities have histories that mark transitions from past states to their present conditions. —Every community has a heritage of experience and environmental knowledge that influences present attitudes and behaviours. A time line records in chronological order major events in the history of a community or area, and stimulates discussions regarding trends, actions, problems and achievements of the past. Reflecting on the significant events in the community’s past can provide relevant insight to influence their future planning.

Community Resource Mapping

Maps are useful and effective ways of representing information. They are also a very good communication aid. Sketch or ground maps are geographic models or representations of a village and its surroundings made by the community members themselves to show various aspects of their village. Maps can be used to show how the village looked in the past, its current features or how the people will want it to look in the future. Maps can illustrate the location and use of resources, important social and cultural information, boundaries and characteristics of the land and community, hunting areas, trails, garden sites and other aspects of the land a community considers important to their lives.

Conservation Area Planning (CAP)

CAP is a participatory conservation tool that fully engages participants in an analysis of their local resources, and provides information to help them to design management strategies for maintaining these resources. The CAP methodology views ecological information from a human point of view, relating management strategies to issues of relevance to local communities. This tool provides a method to effectively identify resources of value to communities, assess past, current, and future resource quality, identify stresses, sources of stress, and threats to their land and resources. The results of this tool form the foundation for designing a range of management strategies which communities develop during the latter steps.

Step 3 Community Vision and Action Plan

To bring about positive change it is first necessary to know what is needed or desired and then put a plan into action by working together toward achieving the desired change. Using social, environmental and economic criteria the Community Vision tool enables community members to visualize what they would like their environment and village to look like in the future. The vision should be focussed towards sustainable resource management and conservation. The activity could be broadened to include a community development aspect if that is part of the sponsoring organizations mission. The Community Action Plan builds off of the vision and incorporates plans for implementing the strategies identified in the CAP activity of Step 7 and 8 (see CAP Guide).

Step 4 Setting the Goal and Management Objectives

To initiate the management planning development component of the process, the implementing organisation meets with the clan to begin discussions of land use management objectives. It must be clearly outlined what is meant by setting objectives, (see Creating SMART Objectives). Examples of objectives based on the key community targets from the CAP steps should be presented to encourage discussion to further develop these and other objectives.

This step should be further enhanced by input from science biological information (from previous research in the area). Science information can give additional insights into the natural environment and bring a subset of conservation target of biological importance and their threats and may have not been prioritized in the
First, develop a goal or overall objective for management of the natural resources of the area. Refer to the Community Vision Statement as a starting point for developing this goal. A goal is a brief statement of intent that provides a broad focus or vision of the desired future state. Unlike an objective, a goal does not need to be specific or measurable.

Once the clan agrees on an overall goal, develop specific objectives for each of the key resources or community targets identified in the CAP, such as an objective for forests, another for drinking water. Each objective should reflect the clan’s perspective of how to address the threats to each CAP target and if therefore unique for each situation. Also use target audiences (like youths, mothers groups, hunters etc.) meetings to help refine the objectives.

If the clan cannot reach consensus about any issues or objectives, it may be necessary to facilitate further discussion to build consensus. Objectives may change during this and the following stages of negotiation and consultation, as new ideas and issues arise. This is fine. The objectives should be documented as they are developed and present them back to the community to confirm that they are recorded correctly.

Creating SMART Objectives

Objectives are meant to be realistic targets for the Land Use Management Plan. Objectives use active and strong words like plan, conduct, produce, prohibit, protect. Objectives can help focus the plan on what the clan wants to accomplish. They will always answer the following question: who is going to do what, when, why, with what outcome or result.

A simple acronym used to set objectives is called SMART objectives.

SMART stands for:

Specific – Objectives should specify what they want to achieve, a specific outcome. The objective is clearly defined, stated in numbers, frequency, percentages.

Measurable – This means that the objective can be measured to determine whether it has been achieved or not. All activities should be measurable at some level. Identify what indicators of success to measure.

Achievable - Are the objectives achievable and attainable? The objective to be accomplished must be realistic given the conditions, time frame and resources available.

Relevant – Will this objective lead to the desired results? This means that the outcome or results support the long term goal.

Time framed – State clearly when this objective will be achieved.

Sample Objectives

To protect important species of birds and animals, in particular muruk, guria and wallaby, and increase their populations by 50% over the next 5 years by prohibiting hunting in the conservation area and regulating hunting in other zones.

By 2010 protect all head waters, streams and pools that provide clean drinking water to support community health and aquatic life, by prohibiting clearing of forest within 30m of water, planting trees in existing streamside clearings, and protecting water sources from contamination by domestic animals.

Step 5 Demarcate and Document Clan Land Boundaries

It is essential that each clan clearly identifies their land boundaries before establishing a conservation area. These boundaries must be recognized and accepted by all stakeholders from within the clan and with neighbouring clans. To avoid disputes once conservation areas are established, any land conflicts or boundary issues need to be resolved before proceeding with land use management planning step. Clan and community leaders are responsible for identifying and resolving any land and boundary disputes. This step is completed by the community or clan on their own. Generally, the implementing organisation does not get involved in settling land boundary issues.

Boundary Survey

A formal boundary survey using a Global Positioning System machine (GPS) maps out the internal and external boundaries of each clan, which were documented in Step 2. The data points collected during the survey are then transferred onto topographic maps. These maps are important tools for the next step, designing management plans, and provide an accurate record of a clan's land holdings.
Step 6 Agree on Management Rules and Actions

The implementing organization facilitates a community meeting to begin discussions on management rules and actions for the Land Use Management Plan (LUMP). It should start by reviewing the management objectives agreed to during the previous visit and present the information collected to date on flip charts which can be referred to during discussions. Use the LUMP format as a guide for what needs to be included in the management plan and focus discussions in the following areas:

- Develop initial ideas regarding land use zoning, types and levels of resource use within each zone, control mechanisms, such as rules and penalties and other areas included in the format.
- Refer to ideas and strategies developed during the community Conservation Area Planning (CAP) as a starting point for discussions. These strategies should be reflected in the objectives. The rules and actions developed should be regulations and activities that achieve the specific outcomes of each objective.
- Encourage the use of locally and traditionally accepted rules and actions. When deciding on penalties for individuals that infringe on rules of LUMP use traditionally agreed practices that support community conflict resolution and even charging customary fines.
- Use information on biodiversity conservation issues relevant to the region from national biodiversity mapping and planning resources, which can be provided by the team’s technical advisor.

Step 7 Finalize and Implement Land Use and Management Plan and Conservation Program

Land use and Management planning is a set of guidelines on how an identified forest area and its inherent resources are used. At its most basic, land use planning determines what activities take place in what areas and to what level can these activities take place. The goal of land use planning is to balance the needs of the people who live in the area with the needs of the environment.

A LUMP is drafted by clan, communities or wards where community members discuss all of the issues raised during the information collection step through to the boundary demarcation to develop objectives, a set of rules and management actions that are agreed upon by all, to ensure sustainable management, conservation and development of the area. Technical advisors may be needed to provide input on any negative impacts the proposed rules and management actions would have on conservation and the environment, and suggest ways to overcome these impacts.

Additionally, focus should be placed on the positive future benefits to the community's well-being that conservation and resources management regulations can provide. The outcome of discussions will be put into formal written draft land use management plan and further reviewed by other stakeholders before endorsed and signed by land owners and relevant authorities. It is then implemented through the clan an annual clan implementation work strategy that specifies a schedule to carry out major LUMP activities. It is similar in structure to the Community Action Plan in Step 8 (see CAP Guide).

Step 8 Monitoring Program

The aim of the Monitoring Program is to provide a base level of information necessary for monitoring progress and outputs of conservation and land use management. It also provides clans and implementing organizations with an indication of the impacts and effectiveness of project activities. Monitoring can be carried out at several levels:

- Basic environmental and socio economic monitoring tools that clans can use on their own to assess the changes over time attributed to implementing their LUMP.
- Periodic in-depth monitoring that is conducted by the project team, with participation of community members and when necessary, with assistance of biological experts and social scientists.
- Enhanced scientific monitoring to provide more rigorous information relating to the measurement of impacts and effectiveness of the project, particularly those impacts on biodiversity conservation and human livelihoods. These activities are usually carried out by research organizations such as universities and are generally outside the expertise of the project team.

An important aspect of monitoring is for clans to regularly observe changes in their resource areas and document these changes. This will contribute to awareness and education on resource-use and conservation issues along with providing detailed information for improving the LUMP and resource management activities.

The monitoring tools outlined in this section are those that the project team in conjunction with members of local clans and communities can carry out. The methods described include: Forest Condition Monitoring, Resource Use and Threat Monitoring, Socio-economic Condition Monitoring.
Progress on Implementing Conservation Agreements and Land Use Management Plan

The monitoring data and the results of data analysis should be presented regularly to the community. Based on the monitoring results, clans, with assistance from field team and technical advisors, periodically review and revise LUMP management strategies to better achieve objectives and desired outcomes for the targets/systems.

Forest Condition Monitoring

Step 1 - Rapid Forest Appraisal

Rapid forest appraisal is completed every 6 months for each clan Conservation/LUMP area. The intent is to systematically gather information that can provide some indication of changes occurring in the forest and provide early warning of any serious changes in the condition or health of the forest. An important part of the process is involving clan members in the monitoring of their resources and providing them the opportunity to regularly review and evaluate their own forest areas. The Rapid Forest Appraisal technique uses a participatory forest walk along established tracks to observe and record information on forest condition.

Step 2 - Local Knowledge Collection

Regular systematic recording of local knowledge and observation about forest conditions can provide additional information to the Rapid Forest Appraisal, and also, a local perspective on long-term changes in the forest. This tool can also provide an opportunity for clans to analyze changes in their forests and reflect on the reasons behind these changes. The aim of this component is to provide a way to systematically record local knowledge so that comparisons can be made using information collected over a number of years without relying only on memory.

Photographic Monitoring

The purpose of photographic monitoring is to select sites that have been disturbed either naturally or from human causes, which can be regularly photographed every 6 months to provide a visual record of changes occurring at these sites over time. Caution, to avoid the problem of communities asking for cameras; make it clear this tool is for project monitoring staff, using project camera equipment. If necessary, discuss the issues of electronic equipment needing special care in humid environments and digital pictures need to be transferred to computers for analysis.

Resource-Use and Threat Monitoring

Step 1: Land-Use Change Mapping

This component will record information on changes caused by gardens, cash crops, relocation of hamlets, fire, landslides or other activities as they occur. This data can be analysed to determine trends and causes of changes over time.

Step 2: Resource-Use Monitoring

This component looks at indicators of resource-use, pressures on resources and changes in the amount or location of resources available. It includes:

- Indicators of timber and non-timber forest product use.
- Indicators of hunting pressures through monitoring hunting dog populations and recording evidence of hunting.
- Indicators of changes in the amount of effort in both time and distance to collect resources.

Socio-economic Monitoring Satisfaction with Agreements

The aim of this tool is to document community/clan satisfaction with their Conservation Areas and LUMPs, along with other factors such as types and number of conflicts, and changes occurring over time.

Progress Reporting

Progress on Implementing Conservation Agreements and Land Use Management Plans

The aim of this monitoring tool is to keep track of progress by clans and communities following the signing of their conservation agreements and completion of their land-use management plans. It also collects information on activities related to the LUMPs such as visitors to the site and meetings. This information should be useful in monitoring whether the clans are actively implementing their management plans and give some indication of benefits or difficulties arising.

Community Self-Monitoring

Self-monitoring of clan conservation areas should be carried out twice a month by the conservation manager and monitors. Any signs of illegal activities should be recorded in their monitoring logbook along with
sightings of species that are monitored and observations such as forest resource consumption by the community and signs of hunting. The logbook should include the dates, location, type of sign and also recommendation for any action needed.

The conservation manager should keep a record of all meetings held regarding the conservation area or LUMP, which will include the following:

- Date of meeting,
- Attendance,
- Purpose of the meeting,
- Summary of issues discussed, and
- Agreed resolutions.

Other land use zones should also be monitored by clan members informally during their daily routine, and report observations to the clan leader or conservation manager. Monitor for:

- Compliance with rules governing each zone
- Indicators selected to demonstrate progress with achieving management objectives
- Number of hunted animals they have caught
- Illegal activities observed
- Sightings of rare or endangered species and any other matter which may be relevant to the Conservation Agreement and the Management Plan

The clan leader and the conservation managers should keep records of any reports and subsequent actions taken e.g. warnings, fines given and paid. These records will be provided to the field team on the biannual monitoring trip.

Cocoa Diseases in PNG

- **Blackpod**
  (Phytophthora palmivora)

- **Pink disease**
  (Cortiicum salmonicor)

- **Vascular Steak Dieback**
  (Oncobasidium theobromae)

Cocoa Pests in PNG

- **Cocoa Pod Borer –CPB**
  Larvae bore into the pod and feeds on pulp and placenta causing clumping of beans, and small and flat beans

- **Pantohytes weevil**
  Larvae bores trunk and main branches causing disease in trees and Phytophthora canker

- **Mirids** *(Heteroptera)*
  Adults and nymphs suck sap from pods and shoots.
Coffee Pests in PNG

Green Scales (*Coccus viridis*)
- Cause growth reduction in young coffee and losses in cherry yield of mature coffee.

Coffee Centre Borer
- Defoliate coffee plants resulting in losses

Coffee Berry Borer-CBB
(*Hypothenemus hampei*)
- Next Big Pest in PNG???

Natural Ways to Eradicate Pests

Good Farming Practices

- Frequent and complete harvesting
- Block Sanitation and Management
- Pruning of Cocoa/ Coffee trees
- Pruning of Shade Trees
- Weed Management
- Insect Control
# Individual Handout 7

## Pesticides Available in PNG

<table>
<thead>
<tr>
<th>Pesticide</th>
<th>Active Ingredients</th>
<th>Side Effects/ Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diuron 800/900</td>
<td>Diuron</td>
<td>High risk of contaminating food sources of wildlife and aquatic life, surface run off (water) and is med-low oral and dermal toxicity. Non usage in windy days and buffer zones are recommended when applying chemicals.</td>
</tr>
<tr>
<td>Gramoxone</td>
<td>Paraquat</td>
<td>Very toxic substance, ingestion can cause lung, liver, heart and kidney damage.</td>
</tr>
<tr>
<td>Copper oxychloride</td>
<td>Copper oxychloride</td>
<td>High toxicity to humans, wildlife and aquatic life. Must be strictly used as instructed.</td>
</tr>
<tr>
<td>Karate</td>
<td>Lambda cyhalothrin</td>
<td>Is moderately toxic in terms of inhalation and contact with skin and can cause skin, nose and throat irritation leading to nausea, headache and dizziness. Highly toxic to fish and aquatic arthropods.</td>
</tr>
<tr>
<td>Round up</td>
<td>Glyphosate</td>
<td>Drinking from contaminant water can cause kidney and reproductive difficulties.</td>
</tr>
<tr>
<td>Ametrex</td>
<td>Ametyn</td>
<td>Low health risk</td>
</tr>
</tbody>
</table>
## Environmental Template for Pests and Pesticides

<table>
<thead>
<tr>
<th>Member’s Name</th>
<th>Has member encountered Pest (Y/N)</th>
<th>Type of Pest Encountered</th>
<th>Has member Used Pesticide (Y/N)</th>
<th>Type of Pesticide and Amount Used</th>
<th>Status of members PPE</th>
<th>Training received</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>
# Handout 8

## Warning symbols

Visual warning symbols on pesticide labels indicate the kind of harm that can result from pesticide misuse or mishandling. They alert the user to the degree of the hazard (by the shape of the border) and to the type of hazard (by the centre "picture").

**Flammable**

The "flame" symbol is a warning that the pesticide is flammable or easily ignited. Keep the pesticide away from heat, sparks, or open flames. Do not smoke while mixing or applying the product.

**Explosive**

The "exploding grenade" symbol indicates that the pesticide can explode, e.g., pesticide in pressurized cans. Explosive conditions may also be created by using Roundup or Rustler (glyphosate) in a galvanized steel spray tank.

**Corrosive**

The "corroded hand" symbol indicates that the pesticide is corrosive to the skin and eyes. The chemical is either acid or alkali (caustic) and can burn the skin. Protect the skin and eyes when using these products.

**Poisonous**

The "skull and crossbones" symbol warns that the chemical is poisonous if taken into the body. Keep the product out of reach of children. Use the appropriate safety measures when dealing with poisonous products.

## Toxicity symbols

These symbols relate the oral LD$_{50}$ value (mg/kg) of a pesticide to its toxicity symbol.

**Danger Poison**

LD$_{50}$ less than 500 mg/kg indicates high toxicity.

**Warning Poison**

LD$_{50}$ 500 to 1,000 mg/kg indicates moderate toxicity.

**Caution Poison**

LD$_{50}$ 1,000 to 2,000 mg/kg indicates low toxicity.

---

The source of the materials is http://www.agriculture.alberta.ca. The use of these materials by Fairtrade is done without any affiliation with or endorsement by the Government of Alberta. Reliance upon Fairtrade’s use of these materials is at the risk of the end user.
Biodiversity

• Biodiversity, short for biological diversity, is the term used to describe the variety of life found on Earth and all of the natural processes.

• This includes ecosystem, genetic and cultural diversity, and the connections between these and all species.

Ecological Services

- Environment: Carbon Stock, Soil Protection, Clear water, Flood protection, Pollination, Pest control
- Society: Food Security, Genetic Resources, Oxygen, Protection of cultural and spiritual Sites, Medicinal Plants, Natural products
- Economy: Firewood, Fibre Roofing, Fencing Construction
**PowerPoint slide 7**

**Threats**
- Unwise resource use practices/ unsustainable harvesting
- Climate change

**PowerPoint Slide 8**

**Activities that Conserve Biodiversity**
- Protect and Manage existing Forests
- Buffer Zones
- Plant more trees
- Organic farming
Sustainable Management

- Land Use and Management Planning
- Sustainable Harvesting Programs
PNG Legislation on Agricultural Land Use
PowerPoint Slide 11

Agriculture Sector

- Development Challenges
  - Low education, health and employment rates

- Status of Agriculture Sector in PNG
  - Small Holder Farming
  - Estate Holding
  - cocoa, coffee, palm oil, copra

PowerPoint Slide 12

Land Tenure

- 97% of land is customary owned by the people (PNG Constitution)

- Remaining is State Land (by Land Act 1996)

- Constraints in Land Conversion
Land Reforms

- Since 2006
- Land Group Incorporated Acts
- Land Registration Acts

Special Purpose Agriculture and Business Leases (SPABLs)

- 99 yr. Lease-lease back from Land Act (sect 11)
- Customary land holding and usage is suspended
- Issued lease cannot be forfeited
- Normal tendering process not apply
Future of Agriculture Land Use

- Customary landowners empowered
- Amended land laws implemented
- Enter opportunities to improve livelihood

Protected Area Mechanisms in PNG
Protected Area Mechanisms in PNG

- Area Based Conservation
  - State Land
  - Customary Land

- Local-Level Legislative Instruments for Conservation

Area based Conservation

State Land

- National Parks, Gardens and Reserves

  e.g. Varirata National Park, Mt. Gahavisika
  National Park, Lae Botanical Garden
PowerPoint Slide 20

Area based Conservation

Customary Land

• National Conservation Areas
  e.g. YUS

• Wildlife Management Areas
  e.g. Tonda WMA, Crater Mountain WMA, Ndrolowa WMA

• Sanctuary/Protected Area
  e.g. Balek Wildlife Sanctuary, Crown Island Wildlife Sanctuary

PowerPoint Slide 21

Local-Level Legislative Instruments for Conservation

• LLG Environment and Conservation Law
  e.g. Almami LLG Conservation Areas

• The Conservation Deed
  e.g. Wanang Conservation Deed
Conservation Mechanisms in Papua New Guinea (PNG)

National Parks, Gardens and Reserves

National Parks, Gardens and Reserves are instituted under the National Parks Act (1982) and can only be established on State-owned land.

Examples: Variarata National Park, Mt. Gahavisika National Park, Kokoda Trail National Park, MacAdam National Park, Moitaka Wildlife (Sanctuary) Park and two botanical gardens (Lae and Port Moresby).

The Conservation Areas Act

The Conservation Areas Act (1978) provides another mechanism to establish protected areas on lands under customary tenure. It is overseen by a Conservation Area Management Committee in an advisory capacity.

Advantages

- Conservation areas are not restricted to protecting fauna but may include the management and conservation of all fauna, flora, biodiversity, habitat and scenery.
- Conservation areas explicitly provides for the restriction of development activities in the conservation area.
- Breaches of rules are punishable with monetary fines and the violation of a management plan is also a criminal offence under the Environment Act (2000).

Disadvantages

- The Conservation Areas Act came into force in 1978 and owing to the non-establishment of the National Conservation Council until 2003, it was never applied until 2009 with the Declaration of YUS Conservation Area in Morobe Province.

Example: YUS Conservation Area

Wildlife Management Areas

Under Fauna (Protection and Control) Act (section 15), wildlife management areas a mechanism for local control of fauna on land and in waters held under customary tenure. WMA establishment has been the most used form of area-based conservation tool in PNG, accounting for over 90% of the total protected land area in PNG.

Advantage

- Most acceptable form of conservation set-aside to PNG resource owners, as this instrument constituted a flexible high level of control by local resource owners.
- Have provisions to use of sanctuaries, protected areas and WMAs as a mechanism to protect coastal and marine resources.
- WMA rules are not restricted to fauna conservation only but that landowner can decide to set other rules if they wish to do so.

Disadvantages

- WMAs may have rules against the cutting of trees; these rules are not actually covered by the provisions of the Fauna Act and therefore not likely to be upheld in court.
- WMA establishment does not provide resource owners with a suitable legal mechanism to manage tourist activities.
- Department of Environment and Conservation (the government agency responsible) lacks the field capability to monitor and enforce rules and regulations within WMAs.

Examples: Pokili WMA, Tonda WMA, Crater Mountain WMA, Ndrolowa WMA

Sanctuary

The Fauna (Protection and Control) Act (section 11) allows for the establishment of sanctuaries. The Minister is required to gazette the areas and the specific class of fauna that can be harvested in a sanctuary.


Protected Area

The Fauna (Protection and Control) Act (Section 14) allows for the establishment of protected areas. Protected areas are declared only for a specific class of protected fauna.
Local-Level Legislative Instruments for Conservation

In response to the difficulties encountered with regard to formalising protected areas, a number of non-organisations have started to look at the development of alternative legislative instruments that do not depend on central government for their implementation. Two instruments have been developed: a Conservation Deed which operates under PNG private law and local conservation agreements which come under a local-level government act drawn up on the basis of the 1995 new Organic Law.

LLG Environment and Conservation Law

Under section 44 of the Organic Law on Provincial Governments and Local Level Governments 1995, local-level governments have the provisions to enact a wide range of laws on various subject matters. In the area of biodiversity, local-level governments can make laws on: (1) the environment; (2) sacred sites; (3) domestic animals and (4) traditional copyright.

On the subject of environment, the law promotes sustainable development by integrating modern and traditional concepts of natural resources use and management. The law also establishes a committee which is responsible for the management of biodiversity in the Local-level Government area.

Examples: Almami Conservation Areas, Kimbe Bay Marine Protected Areas

The Conservation Deed

Unlike other forms of conservation that are defined on the basis of Government legislation, a Conservation Deed is grounded in private law. The Deed falls under the PNG Law of Contract, which protects and enforces agreements between the parties that enter these agreements. The Deed usually has a lifespan of 5 to 7 years.

As the Constitution of PNG recognises the ownership rights of resource owners and their right to make decisions on the use of their resources, and as these land-owning clans have signed a contractual agreement among themselves, the Deed cannot easily be undone by third parties. Any unilateral violation of the Deed is punishable in court as a breach of contract triggering either the enforcement of the contract, or forcing the defaulting party to pay damages.

Advantages:

- The Conservation Deed is flexible and as long as the involved parties agree among themselves as to how their resources should be managed, the Deed allows for the development of management plans covering a wide variety of activities.
- Its incorporation in law one is not dependent on the PNG government bureaucracy.
- As this entails an agreement between landowners themselves it can be drawn up in Tok Pisin.

Disadvantages:

- Its weakness lies with the fact that the Deed needs to be renegotiated every 5 to 7 years and that that communities themselves have to enforce the rules laid down in the Deed.

Examples: Wanang Conservation Deed, Tokain Conservation Deed.

Community Conservation and Management Planning

OVERVIEW OF PLANNING PROCESSES FOR ADELBURT MOUNTAINS PROJECT AREA

A. Community-based processes (with each community/plan)
   - Developing Conservation Agreements and Management Plans
   - Community Entry/Introduction to process
   - Information collection
     - Resource mapping
     - Community history
     - Conservation area planning
   - Community visioning
   - Setting community goals and objectives
   - Reaching boundary issues
   - Community discussion of rules, actions to achieve objectives
   - Finalizing and signing of conservation agreement

B. Biological Science Horizon (covering whole Adelbert area)
   - Biodiversity Priorities - Conservation Action Planning
   - Define biodiversity conservation targets
     - Systems, species, special areas
   - GIS mapping of targets
   - Setting conservation goals for each target
   - Monitoring
     - Threat analysis (processes, sources)
   - Identification of possible broad strategies
   - Boundary demarcation
   - Community meetings
   - Implementation and Monitoring

- Word Development Planning
- Draft written plan and agreements
- Community and stakeholder review of draft plans
Steps of the Process

- Step 1 Community Entry
- Step 2 Information Collection
  - Community History Timeline
  - Community Resource Mapping
  - Community Conservation Area Planning (CAP)

Steps of the Process (cont.)

- Step 3 Community Vision and Action Plan
- Step 4 Setting the Goal and Management Objectives (SMART goals)
- Step 5 Demarcate and Document Clan Land Boundaries
  - GPS Boundary Survey
- Step 6 Agree on Management Rules and Actions
PowerPoint Slide 26

Steps of the Process (cont.)

- Step 7 Finalize and Implement Land Use and Management Plan

- Step 8 Monitoring Program
  - Forest Condition Monitoring
  - Resource Use and Threat Monitoring
  - Socio-economic Monitoring
  - Progress on Plan Implementation

Adaptive Management

PowerPoint Slide 27

Example of Community Conservation and Land Use Planning
(A) - Learning objectives

- General objective
  - By the end of Section 3 participants should be able to identify the Fairtrade Minimum Price and the Fairtrade Premium as the monetary benefits of the Fairtrade system.

- Specific objectives
  - In particular, participants will be able to:
    - recognise the links between the cost of sustainable production and the Fairtrade Minimum Price.
    - understand the requirements regarding transparent management of the Fairtrade Premium.

(B) - Proposed training strategy

Activity 1: Fairtrade Monetary Benefits

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Audio-visual</td>
<td>Screen, DVD Player and speakers</td>
<td></td>
</tr>
<tr>
<td>Brainstorming</td>
<td>Flipchart / Board</td>
<td></td>
</tr>
<tr>
<td>Feedback</td>
<td>Markers</td>
<td></td>
</tr>
</tbody>
</table>

Proceeding

After an introduction to Point A - basic text, the video “The Fruits of Fairtrade in South Africa” will be shown in order to set the context.

The trainer will then initiate a quick brainstorming, considering the information given and the previous knowledge of participants, by asking questions such as:

- How would you define farmers and workers’ empowerment?
- How do you think being organised with other workers or local farmers could benefit you and your community?

[It may create a strong working commitment and provide the organizational means whereby a significant proportion of humanity is able to take into its own hands the tasks of creating productive employment, overcoming poverty and achieving social integration. Most countries are looking for new institutional mechanisms to provide agricultural inputs, rural credit, extension services, and maintenance of rural roads.]

- What aspects of Fairtrade do you think would be an asset in this regard?

[Empowerment, capacity building (farm and cooperative management, marketing, finance, negotiation skill,s etc.), gender equality, joint bodies and general assemblies where workers and farmers interests can be heard, etc.]

The trainer will encourage and guide a debate and take note of the answers.

- Do you know which Fairtrade Certified products from this country are available overseas?

[Coffee]

- Ask the representative of one or two Fairtrade Certified coffee producers’ organisations to explain why/when they became Fairtrade Certified and tell their story. Who do they sell to? Where does their product go to?
- After having learned FLO’s product scope, what other products from this country are
eligible for Fairtrade certification?

Once the trainer closes the discussion, s/he will point out the monetary and social benefits of Fairtrade certification. The aim is to establish how Fairtrade social and monetary aspects are intertwined.

### Activity 2: The Fairtrade Minimum Price

<table>
<thead>
<tr>
<th>Methods: Lecture, Brainstorming</th>
<th>Media: PowerPoint Slide 35-36&lt;br&gt;(Trainer should close PowerPoint file ‘Section 2 Additional Materials’ and return to PowerPoint file ‘Manual Sections’)&lt;br&gt;Poster 5</th>
<th>Duration: 45 min.</th>
</tr>
</thead>
</table>

**Proceeding**

After introducing Point B – basic text – together with the PowerPoint Slides, the trainer will present Poster 5, which is a summary of the analysis for the cost of sustainable production (COSP) for coconuts.

The section shaded in light grey is for the trainer to guide the following discussion:

- What costs would you include under each category of expenses?

The trainer will take notes on Poster 5. It is important that producers understand for themselves how FLO calculates the Fairtrade Minimum Price for each product.

### Activity 3: The Fairtrade Premium

<table>
<thead>
<tr>
<th>Methods: Lecture, Audio-visual, Brainstorming, Feedback</th>
<th>Media: Videos “Fairtrade Coffee from Uganda” and “Divine Chocolate Story”&lt;br&gt;PowerPoint Slides 37-39&lt;br&gt;Screen and DVD Player&lt;br&gt;Flipchart / Board&lt;br&gt;Markers</th>
<th>Duration: 35 min.</th>
</tr>
</thead>
</table>

**Proceeding**

After an introduction to Point C - basic text, the videos “Fairtrade Coffee from Uganda” and “Divine Chocolate Story” will be shown.

The trainer will then initiate a quick brainstorming, considering the information given and the previous knowledge of participants, by asking questions such as:

- How do these videos suggest that the farmers are using the Fairtrade Premium?
- Ask the participants to give examples of how they think they’d use the Premium.

The trainer will then show PowerPoint slides 37-39 and show participants how producers invested their premium last year.
### Activity 4: Revision of Concepts

<table>
<thead>
<tr>
<th>Method</th>
<th>Media</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussion</td>
<td>Poster 6</td>
<td>15 min.</td>
</tr>
</tbody>
</table>

**Proceeding**

The trainer will introduce Poster 6 and encourage participants to have a look at the Minimum Price and Premium of the examples.

This should help participants have a better understanding of the prices and premiums set by FLO for some of the products that may be relevant for them.

The trainer will take questions.
A- Fairtrade Monetary Benefits

The Fairtrade system is distinct from most development schemes as it empowers and guarantees a better deal to disadvantaged producers. It addresses the injustice of unstable prices by guaranteeing that producers receive fair terms of trade and fair prices.

The Fairtrade system provides producers two major monetary benefits: the Fairtrade Minimum Price and the Fairtrade Premium.

- The Fairtrade Minimum Price is a guaranteed price that aims to cover the costs of sustainable production. This price is always the minimum price paid but rises if market prices are higher.
- The Fairtrade Premium is a separate payment designated for social and economic development in the producing communities. The producers themselves decide how these funds are to be spent. As part of the Fairtrade criteria, registered producers are accountable to FLO-CERT for the use of this money. It is generally used for improvements in health, education or other social facilities, although it may also be used for certain development projects to enable farmers to improve productivity or reduce their reliance on single commodities.

It is worth mentioning that the Fairtrade Premium and the Fairtrade Minimum Price do not always significantly increase the end price paid by consumers for a product. There are other factors to consider when considering the price structure of Fairtrade products: sometimes economies of scale are missing or often the products are differentiated due to their organic farming practices etc.

The concept of Fairtrade, however, goes far beyond a simple economic transaction. The Standards also allow producers to request partial pre-payment of the contract. This is important for small-scale farmers’ organizations as it ensures they have the cash flow to pay farmers at the time they deliver their crop.

Buyers are also required to enter into long-term trading relationships so that producers can predict their income and plan for the future. At the heart of Fairtrade are long term relationships between producers and buyers, enabling producers to strengthen their businesses and diversify their sources of income. Unlike aid, which is dependent on donors, Fairtrade offers a more sustainable solution for farmers, workers, and their families to improve their livelihoods.

B- The Fairtrade Minimum Price

The Fairtrade Minimum Price is the minimum price that a buyer of Fairtrade products has to pay to a producer organization for their product.

It is set at a level which ensures that producer organizations receive a price which covers the cost of sustainable production for their product. Since the Fairtrade Minimum Price aims to pay for the work and all the other costs producers and their organizations have in growing and producing a specific product efficiently, it also acts as a safety net for farmers at times when world markets fall below a sustainable level.

The costs analysed when defining the Cost of Sustainable Production refer to average costs incurred at the producer organisation level. These costs do not refer to individual farmers or workers.

Fairtrade Minimum Price = cost of production + cost of living + cost of complying with Fairtrade Standards
Costs of production and living are usually calculated individually for each country of origin or region. Costs of production are intended to cover land, labour and capital costs of sustainable production and are calculated based on surveys of producers; an extra premium for certified organic production is included to cover the extra costs of investing in transitioning to organic production and organic certification.

The cost of living element is intended to ensure Fairtrade producers a decent standard of living, estimated through proxies such as real interest rates and daily or minimum wages. Costs of complying with Fairtrade Standards include, for instance, the costs of belonging to a cooperative, costs of organizing a workers’ assembly, paperwork associated with inspections and reporting to FLO, attending world and regional Fairtrade assembly meetings, etc. While some attempt is made to accommodate regional differences in cost of living and costs of production, in the interest of simplicity averages must be taken.

Under Fairtrade conditions, producer organizations must make sure that the trader who buys the product from them pays them at least the Fairtrade Minimum Price. It must be pointed out that when the market price is higher than the Fairtrade Minimum Price, the buyer must always pay the market price.

The Fairtrade Minimum Price is not a fixed price, but should be seen as the lowest possible starting point for price negotiations between producer and purchaser. Producer organizations should actively discuss and try to negotiate with their buyers to pay a price which is higher than the Fairtrade Minimum Price. Producers and traders can also negotiate higher prices, for example on the basis of quality, and for some products, FLO also sets different prices for organic crops, or for particular grades of produce.

The Fairtrade Minimum Price is set when the Fairtrade product is first launched and it is updated when necessary. The Minimum Price may be different for the same product in different countries, because the costs may be different as well.

Fairtrade Minimum Prices are set by the Standards Unit at FLO following research into producers’ costs of sustainable production and consultation with traders and other stakeholders.

For most products, including coffee, cocoa, tea and bananas, the Standards set a Fairtrade Minimum Price that covers the costs of sustainable production. Other products such as sports balls and flowers don’t necessarily have a minimum price because they are traded in a different way. For these products, a price must be negotiated that covers the costs of sustainable production.

C- The Fairtrade Premium

If the Fairtrade Minimum Price is to be compared with a minimum wage scheme, one can translate the Fairtrade Premium to a savings rate component of a minimum wage calculation. To simply cover the costs of living and production with compensation does not allow those living on minimum wages to invest in retirement, or health care, or education; in other words, they must be completely dependent on government or community support for all savings and investment in bettering their lives.

In developing countries in particular, the government is often poor at delivering these services, and local communities often do not have the resources. The Fairtrade Premium, therefore, is the guarantee that producers earn a little extra to invest in improving their social condition or the quality of their natural environment. In fact, Fairtrade Certified producer organizations must jointly decide on projects to be funded with the social premium and demonstrate to FLO-CERT auditors the progress on such projects and how they benefit the community.

The Fairtrade Premium is an amount paid to the producer organization in addition to the payment for their products for investment in social, environmental or economic development projects, decided upon democratically by producers within the farmers’ organization or by workers on a plantation.
The Fairtrade Premium is a tool for development, supporting the organization to realize their development objectives as laid down in its development plan.

In the context of small producers’ organizations it is meant for investment in the social, economic and environmentally-sustainable development of the organization and its members and through them, their families, workers and the surrounding community. It can also be used for training. The Premium is not to pay for overhead costs spent in growing the organization’s produce. These costs are already included in the calculation of the Fairtrade Minimum Price.

All Fairtrade Certified producer organizations must have the commitment, capacity, and structure to administer the Fairtrade Premium in a way which is transparent for beneficiaries. “Transparency” means that information regarding the status of the Fairtrade Premium must be accessible to members within a reasonable timeframe. For the same purpose the organization is required to do separate accounting of the Fairtrade Premium.

It is for the organization and its members to analyse and evaluate the possible options for spending the Fairtrade Premium. Choices should be made and priorities set depending on the specific situation of the organization and the available amount of Fairtrade Premium. Decisions on the use of the Fairtrade Premium should be taken democratically by the members of the organization, following principles of transparency and participation. It is the joint responsibility of the organization and its members to take wise and fair decisions.

The use of the Fairtrade Premium must be decided by the producers’ organization General Assembly - the supreme decision-making body of the organization - and it must be properly documented. As soon as Fairtrade Premium monies are available, the organization must put an Fairtrade Development Plan in place.

For the Fairtrade Development Plan to be approved by the General Assembly, it must contain general objectives, activities, mechanisms and/or projects to be financed during the coming year, and include an estimated budget.

The Board and Premium Committee of the organization are generally responsible for coordinating the Fairtrade Premium planning to ensure that it is done as part of the regular work planning and budgeting of the organization. The participation of as many members as possible in this review and planning is highly encouraged.

This also applied in the case of hired labour situations, in which the Premium is not to be given out directly to individual workers in cash or in kind, but its use should be decided by the Joint Body. The process of making decisions about the Premium and managing its use is an important development tool in itself.

In the case of Contract Production it is the joint responsibility of the Promoting Body (PB) and the producer organization and its members to take wise and fair decisions. The PB is responsible for paying the correct amount of Fairtrade Premium to the Producer Executive Body (PEB). The use of the Fairtrade Premium is decided by the PEB in a democratic and transparent manner, and properly documented.

The Premium is fixed by the FLO Standards Unit in the same way as the Fairtrade Minimum Price and remains the same, even if the producer is paid more than the Minimum Price for the product. The Fairtrade Premium should not be included in discussions about the price and it varies from product to product. It is the buyer who pays the Fairtrade Premium, and it cannot be used by the buyer as payment for other products.

The Premium will usually be in the range of 5 – 30% of the FOB price.
### Poster 5

#### Summary Fairtrade Cost Chain Components for Coconuts

<table>
<thead>
<tr>
<th>Type of production (specify if conventional or organic):</th>
<th>Cost per hectare</th>
<th>Cost per 1000 nuts</th>
<th>Specify the local currency:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average age of the coconut plantation (specify years):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yield (8000 nuts/hectare):</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. **One-off set-up costs amortised** (*Construction of infrastructure and the purchase of equipment. It excludes packing infrastructure, as this is included in section 5 "Packing")

<table>
<thead>
<tr>
<th>1.1. Labour</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2. Inputs and services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3. Capital and investments</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. **Field work** (*Yearly costs incurred by producers to prepare and maintain a field of coconut. This excludes harvest.*)

<table>
<thead>
<tr>
<th>2.1. Labour</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2. Inputs and services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.3. Capital and investments</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**1. One-off set-up costs amortised**

Specify the **NUMBER OF WORKING DAYS and WAGE PER DAY** (in local currency) used in the calculations of labour (both family and hired).

**Average annual depreciation costs** for construction of irrigation, construction of drains, and construction of roads.

**Average annual depreciation costs** of equipment (tractor, machete, protection gloves...), construction material, and irrigation material.

**Financial costs** (e.g. interest paid on loans, credit insurance, etc.).

---

**2. Field work**

Specify the number of working days and wage per day used in the calculations of labour (both family and hired).

Preparation of the field: nursery management (such as preparation of seeds, preparation of seedbeds, sowing of seeds, seedling management, grafting), land preparation (such as clearing, ploughing, harrowing, digging holes), fertilizer and pesticide application.

Maintenance of the field: phytosanitary control, weed control, fertiliser application, planting, pruning, mulching, artificial induction, irrigation control and maintenance, equipment maintenance, drainage maintenance.

Preparation of the field: fertilizer, pesticide, water, combustible, manure, and small material for field preparation.

Maintenance of the field: planting material, pesticide, fertiliser, herbicide, manure, water, material for irrigation maintenance, electricity, gasoline, material for field work.

Financial costs, land rent, average annual depreciation costs for field preparation and maintenance equipment.
### 3. Harvest
(Yearly costs incurred by producers to harvest the coconut in the field and to transport it to the processing and/or packing station.)

<table>
<thead>
<tr>
<th>3.1. Labour</th>
<th>Specify the number of working days and wage per day used in the calculations of labour (both family and hired).</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Picking, harvesting, transport to packing or processing station.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.2. Inputs and services</th>
<th>Maintenance of harvesting infrastructure, harvest material, maintenance of vehicle, combustible.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>3.3. Capital and investments</th>
<th>Average annual depreciation costs of the investments made in the harvest infrastructure, financial costs.</th>
</tr>
</thead>
</table>

### 4. Processing (if applicable)
(Any type of processing done at Ex Works level.)

<table>
<thead>
<tr>
<th>4.1. Labour</th>
<th>Processing of raw product. Specify the number of working days and wage per day used in the calculations of labour (both family and hired).</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>4.2. Inputs and services</th>
<th>Maintenance of field processing equipment.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>4.3. Capital and investments</th>
<th>Average annual depreciation costs of the investments made in the field processing, financial costs.</th>
</tr>
</thead>
</table>

### 5. Packing (if applicable)
(Yearly costs incurred by producers for grading and packing the coconuts)

<table>
<thead>
<tr>
<th>5.1. Labour</th>
<th>Specify the number of working days and wage per day used in the calculations of labour (both family and hired).</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Size grading, sorting, packing in bags, quality control, supervision, labelling, storage.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.2. Inputs and services</th>
<th>Machines (if applicable), clothes, knives, packing tools, weight seizer, scales, coffee bags, pallets, electricity, and labels.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>5.3. Capital and investments</th>
<th>Average annual depreciation costs of the investments made in the packing infrastructure, financial costs (e.g. interest paid on loans, credit insurance, etc.).</th>
</tr>
</thead>
</table>

### 6. Organizational costs
(Yearly costs incurred by producers to ensure the best organization of the production to get a product that fits market demand.)

<table>
<thead>
<tr>
<th>6.1. Labour</th>
<th>Internal quality control, administration, Fairtrade compliance costs at the organizational level (transparent bookkeeping, democratic decision-making processes, through general assemblies, etc.). Specify the number of working days and wage per day used in the calculations of labour (both family and hired).</th>
</tr>
</thead>
</table>

<p>| 6.2. Inputs and services | Training and education, office material, office rent, electricity, producer margin, fund for risks (as security for eventual claim regarding...)|</p>
<table>
<thead>
<tr>
<th><strong>6.3. Capital and investments</strong></th>
<th>Financial costs; average annual depreciation costs of the investments made at organizational level.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6.4. Certification costs</strong></td>
<td>Fairtrade, organic, etc.</td>
</tr>
<tr>
<td><strong>6.5. Business margin / profit to producer</strong></td>
<td>The yearly average benefit from one hectare, or the average interest an investor may have in the region.</td>
</tr>
</tbody>
</table>

\[
\text{Total } 1 + 2 + 3 + 4 + 5 + 6 = \text{Value at "EX WORKS" level for COCONUT}
\]

7. **Additional costs** (if applicable): Please specify which additional costs

<table>
<thead>
<tr>
<th><strong>7.1. Labour</strong></th>
<th>Specify the number of working days and wage per day used in the calculations of labour (both family and hired).</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7.2. Inputs and services</strong></td>
<td></td>
</tr>
<tr>
<td><strong>7.3. Capital and investments</strong></td>
<td></td>
</tr>
</tbody>
</table>

8. **Export costs** (Yearly costs incurred by producers for transporting and loading the goods onto the ship.)

<table>
<thead>
<tr>
<th><strong>8.1. Transport to Harbour</strong></th>
<th>Specify the number of working days and wage per day used in the calculations of labour (both family and hired).</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>8.2. Costs at the harbour and other costs</strong></td>
<td>Harbour duties, harbour taxes, export taxes, storage, loading, administration costs, export margin, costs of sanitary control, costs of the certificate for volumes of organic exportation and importation, costs of an eventual re-palletization.</td>
</tr>
</tbody>
</table>

\[
\text{TOTAL } 1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 = \text{Value at "FOB" level for COCONUT}
\]

When producers export themselves, the Fairtrade minimum price is set at FOB level.
### Fairtrade Premium use in Small Producer and Contract Production Organisations 2010-11 (£)

<table>
<thead>
<tr>
<th>Category</th>
<th>4,000,000</th>
<th>6,000,000</th>
<th>8,000,000</th>
<th>12,000,000</th>
<th>16,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>✅ ✅</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>✅</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>✅</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>✅</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in business or organizational development, production and processing</td>
<td>✅ ✅ ✅ ✅</td>
<td>✅ ✅ ✅ ✅</td>
<td>✅ ✅ ✅</td>
<td>✅ ✅ ✅</td>
<td>✅ ✅ ✅</td>
</tr>
<tr>
<td>Cash payment to members</td>
<td>✅ ✅</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>✅ ✅</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product (specific product standard)</td>
<td>Product variety</td>
<td>Price applies to</td>
<td>Currency / Quantity x Unit</td>
<td>Price level / special price conditions</td>
<td>Fairtrade minimum price</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>----------------------------------------</td>
<td>------------------------</td>
<td>----------------------------</td>
<td>----------------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>Cane sugar (Cane sugar)</td>
<td>Conventional, white and refined sugar</td>
<td>worldwide (SPO)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>Commercial price</td>
</tr>
<tr>
<td>Cane sugar (Cane sugar)</td>
<td>Conventional, whole cane sugar</td>
<td>worldwide (SPO)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>Commercial price</td>
</tr>
<tr>
<td>Cane sugar (Cane sugar)</td>
<td>Conventional, raw sugar (for direct consumption)</td>
<td>worldwide (SPO)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>Commercial price</td>
</tr>
<tr>
<td>Cane sugar (Cane sugar)</td>
<td>Conventional, raw sugar for refining (not for direct consumption)</td>
<td>worldwide (SPO)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>Commercial price</td>
</tr>
<tr>
<td>Cane sugar (Cane sugar)</td>
<td>Organic, whole cane sugar</td>
<td>worldwide (SPO)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>Commercial price</td>
</tr>
<tr>
<td>Cane sugar (Cane sugar)</td>
<td>Organic, raw sugar (for direct consumption)</td>
<td>worldwide (SPO)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>Commercial price</td>
</tr>
<tr>
<td>Cane sugar: by-products (Cane sugar)</td>
<td>Conventional</td>
<td>worldwide (SPO)</td>
<td>0 / 1 MT</td>
<td>FOB*</td>
<td>Commercial price</td>
</tr>
<tr>
<td>Cane sugar: by-products (Cane sugar)</td>
<td>Organic</td>
<td>worldwide (SPO)</td>
<td>0 / 1 MT</td>
<td>FOB*</td>
<td>Commercial price</td>
</tr>
<tr>
<td>Cocoa (Cocoa)</td>
<td>Organic, powder</td>
<td>worldwide (SPO / CP in Oceania)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>refer to formula in product standards</td>
</tr>
<tr>
<td>Cocoa (Cocoa)</td>
<td>Conventional, powder</td>
<td>worldwide (SPO / CP in Oceania)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>refer to formula in product standards</td>
</tr>
<tr>
<td>Cocoa (Cocoa)</td>
<td>Organic, butter</td>
<td>worldwide (SPO / CP in Oceania)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>refer to formula in product standards</td>
</tr>
<tr>
<td>Commodities</td>
<td>Type</td>
<td>Trade Area</td>
<td>Unit Price</td>
<td>Trade Basis</td>
<td>Comments</td>
</tr>
<tr>
<td>-------------</td>
<td>------</td>
<td>------------</td>
<td>------------</td>
<td>-------------</td>
<td>----------</td>
</tr>
<tr>
<td>Cocoa (Cocoa)</td>
<td>Conventional, butter</td>
<td>world wide (SPO / CP in Oceania)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>refer to formula in product standards</td>
</tr>
<tr>
<td>Cocoa (Cocoa)</td>
<td>Organic, liquor</td>
<td>world wide (SPO / CP in Oceania)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>refer to formula in product standards</td>
</tr>
<tr>
<td>Cocoa (Cocoa)</td>
<td>Conventional, liquor</td>
<td>world wide (SPO / CP in Oceania)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>refer to formula in product standards</td>
</tr>
<tr>
<td>Cocoa (Cocoa)</td>
<td>Organic, beans</td>
<td>world wide (SPO / CP in Oceania)</td>
<td>USD / 1 MT</td>
<td>FOB</td>
<td>2300,00</td>
</tr>
<tr>
<td>Cocoa (Cocoa)</td>
<td>Conventional, beans</td>
<td>world wide (SPO / CP in Oceania)</td>
<td>USD / 1 MT</td>
<td>FOB</td>
<td>2000,00</td>
</tr>
<tr>
<td>Cocoa (Cocoa)</td>
<td>Organic, butter and powder, bought together in the processing proportions: butter stands to powder as 1 stands to 1.2</td>
<td>world wide (SPO / CP in Oceania)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>refer to formula in the product standard</td>
</tr>
<tr>
<td>Cocoa (Cocoa)</td>
<td>Conventional, butter and powder, bought together in the processing proportions: butter stands to powder as 1 stands to 1.2</td>
<td>world wide (SPO / CP in Oceania)</td>
<td>USD / 1 MT</td>
<td>FOB*</td>
<td>refer to formula in the product standard</td>
</tr>
<tr>
<td>Coffee Arabica (Coffee)</td>
<td>Organic, natural</td>
<td>world wide (SPO)</td>
<td>USD / 1 pound</td>
<td>FOB*</td>
<td>Organic differential: +0.30</td>
</tr>
<tr>
<td>Coffee Arabica (Coffee)</td>
<td>Conventional, natural</td>
<td>world wide (SPO)</td>
<td>USD / 1 pound</td>
<td>FOB*</td>
<td>1.35</td>
</tr>
<tr>
<td>Coffee Arabica (Coffee)</td>
<td>Organic, washed</td>
<td>world wide (SPO)</td>
<td>USD / 1 pound</td>
<td>FOB*</td>
<td>Organic differential: +0.30</td>
</tr>
<tr>
<td>Coffee Arabica (Coffee)</td>
<td>Conventional, washed</td>
<td>world wide (SPO)</td>
<td>USD / 1 pound</td>
<td>FOB*</td>
<td>1.40</td>
</tr>
<tr>
<td>Product</td>
<td>Type</td>
<td>Region</td>
<td>Unit Price</td>
<td>Price Basis</td>
<td>differential</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-----------------------</td>
<td>--------------</td>
<td>------------</td>
<td>-------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Coffee Robusta</td>
<td>Organic, natural</td>
<td>world wide</td>
<td>USD / 1 pound</td>
<td>FOB*</td>
<td>+0.30</td>
</tr>
<tr>
<td>Coffee Robusta</td>
<td>Conventional, natural</td>
<td>world wide</td>
<td>USD / 1 pound</td>
<td>FOB*</td>
<td>1.01</td>
</tr>
<tr>
<td>Coffee Robusta</td>
<td>Organic, washed</td>
<td>world wide</td>
<td>USD / 1 pound</td>
<td>FOB*</td>
<td>+0.30</td>
</tr>
<tr>
<td>Coffee Robusta</td>
<td>Conventional, washed</td>
<td>world wide</td>
<td>USD / 1 pound</td>
<td>FOB*</td>
<td>1.05</td>
</tr>
<tr>
<td>Flowers</td>
<td>Conventional, cut, bunches</td>
<td>world wide</td>
<td>0 / 1 bunch</td>
<td>FOB*</td>
<td>10% of the commercial price</td>
</tr>
<tr>
<td>Flowers</td>
<td>Conventional, cut, single stem flowers</td>
<td>world wide</td>
<td>0 / 1 stem</td>
<td>FOB*</td>
<td>10% of the commercial price</td>
</tr>
<tr>
<td>Flowers and foliage</td>
<td>Conventional, cut, bouquets</td>
<td>world wide</td>
<td>0 / 1 bouquet</td>
<td>FOB*</td>
<td>10% of the commercial price</td>
</tr>
<tr>
<td>Plants, ornamental</td>
<td>Conventional, pot plants, bulbs and trees</td>
<td>world wide</td>
<td>0 / 1 unit</td>
<td>FOB*</td>
<td>10% of the commercial price</td>
</tr>
<tr>
<td>Acai</td>
<td>Organic, fresh</td>
<td>world wide</td>
<td>USD / 14 kg</td>
<td>EXW</td>
<td>0.73</td>
</tr>
<tr>
<td>Acai</td>
<td>Conventional, fresh</td>
<td>world wide</td>
<td>USD / 14 kg</td>
<td>EXW</td>
<td>0.73</td>
</tr>
<tr>
<td>Acai for drying</td>
<td>Organic</td>
<td>world wide</td>
<td>USD / 14 kg</td>
<td>EXW</td>
<td>0.73</td>
</tr>
<tr>
<td>Acai for drying</td>
<td>Conventional</td>
<td>world wide</td>
<td>USD / 14 kg</td>
<td>EXW</td>
<td>0.73</td>
</tr>
<tr>
<td>Item</td>
<td>Type</td>
<td>Origin</td>
<td>Unit Price (USD/kg)</td>
<td>Basis</td>
<td>Easy Entrance</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>-----------</td>
<td>---------------</td>
</tr>
<tr>
<td>Acai for juice (Fresh Fruit)</td>
<td>Conventional</td>
<td>Worldwide</td>
<td>14 kg</td>
<td>EXW</td>
<td>0.73</td>
</tr>
<tr>
<td>Acai for juice (Fresh Fruit)</td>
<td>Organic</td>
<td>Worldwide</td>
<td>14 kg</td>
<td>EXW</td>
<td>0.73</td>
</tr>
<tr>
<td>Acai for processing (Fresh Fruit)</td>
<td>Organic</td>
<td>Worldwide</td>
<td>14 kg</td>
<td>EXW</td>
<td>0.73</td>
</tr>
<tr>
<td>Acai for processing (Fresh Fruit)</td>
<td>Conventional</td>
<td>Worldwide</td>
<td>14 kg</td>
<td>EXW</td>
<td>0.73</td>
</tr>
<tr>
<td>Avocados (Fresh Fruit)</td>
<td>Organic, fresh, all varieties</td>
<td>Worldwide</td>
<td>1 kg</td>
<td>FOB*</td>
<td>1.65</td>
</tr>
<tr>
<td>Avocados (Fresh Fruit)</td>
<td>Organic, fresh, all varieties</td>
<td>Worldwide</td>
<td>1 kg</td>
<td>EXW*</td>
<td>1.16</td>
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<tr>
<td>Avocados (Fresh Fruit)</td>
<td>Conventional, fresh, all varieties</td>
<td>Worldwide</td>
<td>1 kg</td>
<td>FOB*</td>
<td>1.53</td>
</tr>
<tr>
<td>Avocados (Fresh Fruit)</td>
<td>Conventional, fresh, all varieties</td>
<td>Worldwide</td>
<td>1 kg</td>
<td>EXW*</td>
<td>1.04</td>
</tr>
<tr>
<td>Avocados (Fresh Fruit)</td>
<td>Organic</td>
<td>Worldwide</td>
<td>1 kg</td>
<td>EXW*</td>
<td>0.35</td>
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<td>Avocados (Fresh Fruit)</td>
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<td>Worldwide</td>
<td>1 kg</td>
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<td>0.30</td>
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<td>Baby banana - coastal (Fresh Fruit)</td>
<td>Conventional, fresh, diploid, below altitude of 800 meters above sea level</td>
<td>Worldwide</td>
<td>1 kg</td>
<td>EXW</td>
<td>0.53</td>
</tr>
<tr>
<td>Baby banana - coastal (Fresh Fruit)</td>
<td>Organic, fresh, diploid, below altitude of 800 meters above sea level</td>
<td>Worldwide</td>
<td>1 kg</td>
<td>EXW</td>
<td>0.70</td>
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<td>Baby banana - mountain (Fresh Fruit)</td>
<td>Conventional, fresh, diploid, above altitude of 800 meters above sea level</td>
<td>Worldwide</td>
<td>1 kg</td>
<td>EXW</td>
<td>1.65</td>
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<td>Baby banana -</td>
<td>Organic, fresh, diploid, above altitude wide</td>
<td>Worldwide</td>
<td>1 kg</td>
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<td>2.15</td>
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<td>Bananas (Fresh Fruit)</td>
<td>Conventional, fresh</td>
<td>USD / 18.14 kg</td>
<td>EXW*</td>
<td>7.38</td>
<td>1.00</td>
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<td>EXW*</td>
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<td>USD / 1 MT</td>
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<td>160,00</td>
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<td>USD / 1 MT</td>
<td>EXW</td>
<td>107,50</td>
<td>22,50</td>
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<tr>
<td>Bananas for puree (Fresh Fruit)</td>
<td>world wide</td>
<td>USD / 1 MT</td>
<td>EXW</td>
<td>160,00</td>
<td>22,50</td>
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<tr>
<td>Bananas for puree (Fresh Fruit)</td>
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<td>USD / 1 MT</td>
<td>EXW</td>
<td>107,50</td>
<td>22,50</td>
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<tr>
<td>Blueberries (Fresh Fruit)</td>
<td>Organic, fresh</td>
<td>USD / 1 kg</td>
<td>EXW/Farm Gate/FOB</td>
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<td>EXW/Farm Gate/FOB</td>
<td>Easy Entrance</td>
<td>0.50</td>
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<tr>
<td>Blueberries</td>
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<td>USD / 1 kg</td>
<td>EXW/Farm</td>
<td>Easy</td>
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<td>Type</td>
<td>Grade/Region</td>
<td>Unit Price</td>
<td>Unit Weight</td>
<td>Location</td>
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<tr>
<td>Cherries for drying (Fresh Fruit)</td>
<td>Organic</td>
<td>world wide (SPO)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>Gate/FOB</td>
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<tr>
<td>Blueberries for juice (Fresh Fruit)</td>
<td>Organic</td>
<td>world wide (SPO / HL)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>Gate/FOB</td>
</tr>
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<td>Blueberries for processing (Fresh Fruit)</td>
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<td>world wide (SPO / HL)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>Gate/FOB</td>
</tr>
<tr>
<td>Blueberries for processing (Fresh Fruit)</td>
<td>Conventional</td>
<td>world wide (SPO / HL)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>Gate/FOB</td>
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<tr>
<td>Cherries for juice (Fresh Fruit)</td>
<td>Organic</td>
<td>world wide (SPO)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>EXW</td>
</tr>
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<td>Cherries for juice (Fresh Fruit)</td>
<td>Conventional</td>
<td>world wide (SPO)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>EXW</td>
</tr>
<tr>
<td>Cherries for processing (Fresh fruit)</td>
<td>Organic</td>
<td>world wide (SPO / HL)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>EXW</td>
</tr>
<tr>
<td>Cherries for processing (Fresh fruit)</td>
<td>Conventional</td>
<td>world wide (SPO / HL)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>EXW</td>
</tr>
<tr>
<td>Grapefruit for processing (Fresh Fruit)</td>
<td>Organic</td>
<td>world wide (SPO / HL)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>EXW</td>
</tr>
<tr>
<td>Grapefruit for processing (Fresh Fruit)</td>
<td>Conventional</td>
<td>world wide (SPO / HL)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>EXW</td>
</tr>
<tr>
<td>Melons (Cucumis Melo) (Fresh Fruit)</td>
<td>Organic</td>
<td>world wide (SPO / HL)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>FOB</td>
</tr>
<tr>
<td>Melons (Cucumis Melo) (Fresh Fruit)</td>
<td>Conventional</td>
<td>world wide (SPO / HL)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>FOB</td>
</tr>
<tr>
<td>Melons (Cucumis)</td>
<td>Organic</td>
<td>world wide (SPO)</td>
<td>USD/1 kg</td>
<td>1 kg</td>
<td>EXW</td>
</tr>
<tr>
<td>Product Description</td>
<td>Type</td>
<td>Features</td>
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<td>Price Unit</td>
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<tr>
<td>Melons (Cucumis Melo) (Fresh Fruit)</td>
<td>Conventional</td>
<td>World wide</td>
<td>USD / kg</td>
<td>EXW</td>
<td>Easy Entrance</td>
</tr>
<tr>
<td>Mini watermelon (Fresh Fruit)</td>
<td>Organic, not exceeding 3.2 kg in weight</td>
<td>World wide</td>
<td>USD / kg</td>
<td>EXW / FOB</td>
<td>Easy Entrance</td>
</tr>
<tr>
<td>Orange for juice (Fresh Fruit)</td>
<td>Organic, for juice</td>
<td>World wide (except Ghana)</td>
<td>USD / 40.8 kg</td>
<td>EXW</td>
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<td>Passion fruits (Fresh Fruit)</td>
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<td>World wide</td>
<td>USD / MT</td>
<td>EXW</td>
<td>Commerical price</td>
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<td>Passion fruits (Fresh Fruit)</td>
<td>Organic</td>
<td>World wide</td>
<td>USD / MT</td>
<td>EXW</td>
<td>Commerical price</td>
</tr>
<tr>
<td>Physalis (Fresh Fruit)</td>
<td>Organic, fresh</td>
<td>World wide</td>
<td>USD / kg</td>
<td>EXW / FOB</td>
<td>Easy Entrance</td>
</tr>
<tr>
<td>Physalis (Fresh Fruit)</td>
<td>Conventional, fresh</td>
<td>World wide</td>
<td>USD / kg</td>
<td>EXW / FOB</td>
<td>Easy Entrance</td>
</tr>
<tr>
<td>Physalis for drying (Fresh Fruit)</td>
<td>Organic</td>
<td>World wide</td>
<td>USD / kg</td>
<td>EXW</td>
<td>Easy Entrance</td>
</tr>
<tr>
<td>Physalis for drying (Fresh Fruit)</td>
<td>Conventional</td>
<td>World wide</td>
<td>USD / kg</td>
<td>EXW</td>
<td>Easy Entrance</td>
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<tr>
<td>Product</td>
<td>Type</td>
<td>Worldwide (SPO / HL)</td>
<td>Unit Price USD / 1 kg</td>
<td>Market</td>
<td>Price Entry</td>
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<tr>
<td>Pomegranate (Fresh Fruit)</td>
<td>Conventional/Organic, fresh</td>
<td>worldwide (SPO / HL)</td>
<td>EXW / FOB</td>
<td>Easy Entrance</td>
<td>15% of the commercial price</td>
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<tr>
<td>Watermelon (Fresh Fruit)</td>
<td>Conventional</td>
<td>worldwide (SPO / HL)</td>
<td>EXW / FOB</td>
<td>Easy Entrance</td>
<td>15% of the commercial price</td>
</tr>
<tr>
<td>Watermelon (Fresh Fruit)</td>
<td>Organic</td>
<td>worldwide (SPO / HL)</td>
<td>EXW / FOB</td>
<td>Easy Entrance</td>
<td>0.02</td>
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<tr>
<td>Camomile (Herbs and Herbal teas and Spices)</td>
<td>Organic</td>
<td>worldwide (SPO)</td>
<td>EUR / 1 kg</td>
<td>EXW/Farm Gate/FOB*</td>
<td>Commericial price</td>
</tr>
<tr>
<td>Camomile (Herbs and Herbal teas and Spices)</td>
<td>Conventional</td>
<td>worldwide (SPO)</td>
<td>EUR / 1 kg</td>
<td>EXW/Farm Gate/FOB*</td>
<td>Commericial price</td>
</tr>
<tr>
<td>Camomile (Herbs and Herbal teas and Spices)</td>
<td>Organic</td>
<td>worldwide (HL)</td>
<td>*</td>
<td>Commericial price</td>
<td>0.50</td>
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<tr>
<td>Cardamon (Herbs and Herbal teas and Spices)</td>
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<td>worldwide (SPO)</td>
<td>0 / 1 kg</td>
<td>EXW/Farm Gate/FOB*</td>
<td>Commericial price</td>
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<tr>
<td>Cardamon (Herbs and Herbal teas and Spices)</td>
<td>Organic</td>
<td>worldwide except India and Sri Lanka (SPO)</td>
<td>0 / 1 kg</td>
<td>EXW/Farm Gate/FOB*</td>
<td>Commericial price</td>
</tr>
<tr>
<td>Product</td>
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<td>Price Basis</td>
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<tr>
<td>Cinnamon (Herbs and Herbal teas and Spices)</td>
<td>Conventional</td>
<td>World wide (SPO)</td>
<td>0 kg</td>
<td>EXW/Farm Gate/FOB*</td>
<td>15% of the commercial price</td>
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<tr>
<td>Cinnamon (Herbs and Herbal teas and Spices)</td>
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<td>0 kg</td>
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<td>Clove (Herbs and Herbal teas and Spices)</td>
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<td>World wide (SPO)</td>
<td>0 kg</td>
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<tr>
<td>Clove (Herbs and Herbal teas and Spices)</td>
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<td>15% of the commercial price</td>
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<tr>
<td>Fresh herbs and dried herbs for tea without specified prices (Herbs and Herbal teas and Spices)</td>
<td>Conventional</td>
<td>World wide (HL)</td>
<td>0 kg</td>
<td>EXW/Farm Gate/FOB*</td>
<td>15% of the commercial price</td>
</tr>
<tr>
<td>Fresh herbs and dried herbs for tea without specified prices (Herbs and Herbal teas and Spices)</td>
<td>Organic</td>
<td>World wide (HL)</td>
<td>0 kg</td>
<td>EXW/Farm Gate/FOB*</td>
<td>15% of the commercial price</td>
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<tr>
<td>Ginger (Herbs and Herbal teas and Spices)</td>
<td>Conventional, dried</td>
<td>World wide (SPO)</td>
<td>0 kg</td>
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<td>15% of the commercial price</td>
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<td>Ginger (Herbs and Herbal teas and Spices)</td>
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<td>World wide (SPO)</td>
<td>0 kg</td>
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<td>15% of the commercial price</td>
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<tr>
<td>Ginger (Herbs and Herbal teas and Spices)</td>
<td>Organic, dried</td>
<td>World wide except India and Sri Lanka (SPO)</td>
<td>0 kg</td>
<td>EXW/Farm Gate/FOB*</td>
<td>15% of the commercial price</td>
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<tr>
<td>Ginger (Herbs and Herbal teas and Spices)</td>
<td>Organic, fresh</td>
<td>World wide</td>
<td>0 kg</td>
<td>EXW/Farm Gate/FOB*</td>
<td>15% of the commercial price</td>
</tr>
<tr>
<td>Product</td>
<td>Type</td>
<td>Certification</td>
<td>Origin</td>
<td>Unit Price</td>
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<tr>
<td>Herbal teas and Spices</td>
<td>Organic</td>
<td>Worldwide (SPO)</td>
<td>0 / 1 kg</td>
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<td>0 / 1 kg</td>
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<tr>
<td>Mint</td>
<td>Organic</td>
<td>Worldwide except India and Sri Lanka (SPO)</td>
<td>0 / 1 kg</td>
<td>EXW/Farm Gate/FOB*</td>
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</tr>
<tr>
<td>Product</td>
<td>Type</td>
<td>Method</td>
<td>Region</td>
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<tr>
<td>Herbal teas</td>
<td>(HL)</td>
<td>Conventional</td>
<td>worldwide</td>
<td>EUR / 1 kg</td>
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<td>Nutmeg</td>
<td>Conventional</td>
<td>worldwide</td>
<td>EUR / 1 kg</td>
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<td>15% of the commercial price</td>
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<td>EUR / 1 kg</td>
<td>EXW/Farm Gate/FOB</td>
<td>15% of the commercial price</td>
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<td>Pepper</td>
<td>Conventional</td>
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<td>EUR / 1 kg</td>
<td>EXW/Farm Gate/FOB</td>
<td>15% of the commercial price</td>
</tr>
<tr>
<td>Pepper</td>
<td>Organic</td>
<td>worldwide except India and Sri Lanka</td>
<td>EUR / 1 kg</td>
<td>EXW/Farm Gate/FOB</td>
<td>15% of the commercial price</td>
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<td>EUR / 1 kg</td>
<td>EXW/Farm Gate/FOB</td>
<td>10% of the commercial price</td>
</tr>
<tr>
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<td>Organic</td>
<td>worldwide</td>
<td>EUR / 1 kg</td>
<td>EXW/Farm Gate/FOB</td>
<td>10% of the commercial price</td>
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<tr>
<td>Turmeric</td>
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<td>worldwide</td>
<td>EUR / 1 kg</td>
<td>EXW/Farm Gate/FOB</td>
<td>15% of the commercial price</td>
</tr>
<tr>
<td>Turmeric</td>
<td>Conventional</td>
<td>worldwide</td>
<td>EUR / 1 kg</td>
<td>EXW/Farm Gate/FOB</td>
<td>15% of the commercial price</td>
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<td>(Herbs and Herbal teas and Spices)</td>
<td>Turmeric (Herbs and Herbal teas and Spices)</td>
<td>Organic, fresh worldwide except India and Sri Lanka (SPO)</td>
<td>0 / 1 kg</td>
<td>EXW/Farm Gate/FOB*</td>
<td>Commercial price</td>
</tr>
<tr>
<td>-----------------------------------</td>
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<td>-----------------------------------------------------</td>
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<tr>
<td>Turmeric (Herbs and Herbal teas and Spices)</td>
<td>Organic, dried, worldwide except India and Sri Lanka (SPO)</td>
<td>0 / 1 kg</td>
<td>EXW/Farm Gate/FOB*</td>
<td>Commercial price</td>
<td>15% of the commercial price</td>
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Section 4
Fairtrade Inspection and Certification

(A) - Learning objectives

- General objective
  By the end of Section 4 participants will have a good understanding of the Fairtrade application and inspection process.

- Specific objectives
  In particular, participants will be able to:
  - assess the convenience of obtaining Fairtrade certification in their particular cases;
  - apply for Fairtrade certification;
  - understand the minimum criteria to get Fairtrade certified;
  - understand the progressive criteria to remain Fairtrade certified.

(B) - Proposed training strategy

<table>
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<tr>
<th>Activity 1: The Fairtrade Certification Process</th>
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<tbody>
<tr>
<td><strong>Method:</strong> Lecture</td>
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<tr>
<td><em>Group discussion</em></td>
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<tr>
<td><em>Feedback</em></td>
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<td><em>Proceeding</em></td>
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<table>
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<tr>
<th>Activity 2: After Certification</th>
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<td><strong>Method:</strong> Lecture Brainstorming Feedback</td>
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<tr>
<td>Proceeding</td>
</tr>
</tbody>
</table>
### Activity 3: Producer Certification Fees

<table>
<thead>
<tr>
<th>Method</th>
<th>Media</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecture</td>
<td>PowerPoint Slides 45-70</td>
<td>20 min.</td>
</tr>
<tr>
<td>Brainstorming</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Proceeding**

Before presenting Point C – basic text - together with the corresponding slides, the trainer will ask participants whether the majority in the room represents small farmers (1st, 2nd, or 3rd grade) or plantations.

While the fees for each type of producer organization may vary, the calculation of the Fairtrade certification fees does not. The trainer will therefore only focus on the category the majority of the participants at the workshop belongs to, avoiding making reference to the other categories (and their respective PowerPoint Slides) unless otherwise requested.

Finally, the trainer will present the example on PowerPoint Slide 58 and ask producers to calculate the relevant Certification Fee, which answer is on PowerPoint Slide 59.

---

### Activity 4: Producer Certification Fund

<table>
<thead>
<tr>
<th>Method</th>
<th>Media</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecture</td>
<td>PowerPoint Slides 71-72, Flipchart</td>
<td>10 min.</td>
</tr>
</tbody>
</table>

**Proceeding**

The trainer will make a presentation regarding the Producer Certification Fund as explained in Point D – basic text –, accompanied by the relevant PowerPoint Slides.
A- The Fairtrade Certification Process

FLO-CERT is a commercial company based in Bonn, Germany, and is a separate organization to FLO. It has a network of inspectors who visit producers and traders to see that they comply with Fairtrade Standards. These inspectors report back to FLO-CERT.

FLO-CERT certifies all operators in the supply chain that take legal ownership of a Fairtrade Certified product. The trade chain must be complete for certification.

FLO-CERT certification process follows internationally accepted norms (ISO 65) aimed at ensuring that a credible certification decision can be reached, guaranteeing compliance with Fairtrade Standards.

The Certification Committee (internal or external) takes the decisions about certification, based on the findings of the inspector.

The External Certification Committee is made up of FLO stakeholders, such as producers, traders, national labelling initiatives and external experts. The Internal Certification Committee is made up of at least three employees of FLO-CERT.

Application

The application process always begins with the filling out of an application form or questionnaire by an applicant and ends with an evaluation of the applicant.

The purpose of the application process is to:

- Establish if an applicant falls within the scope of FLO-CERT Certification system,
- Provide the applicant with sufficient information regarding our system in order to properly prepare for the rest of the certification process,
- Inform the applicant of all rules (Fairtrade Standards and Certification Policies) that apply to their case,
- Create clear communication lines between the applicant and the relevant members of our certification team.

The scope of producer certification services is restricted to commodities produced by Fairtrade Certified organisations in countries that appear on the “Geographical Scope of Producer Certification for Fairtrade Labelling” document published by FLO.

The scope of Trade Certification services is to certify products of all companies (such as processors, exporters, importers, manufacturers and distributors), located around the world, who take legal ownership and/or who handle or transform the Fairtrade product.

Audit

FLO-CERT verifies compliance with the Fairtrade Standards by means of audits. Audits vary in length and intensity depending on the size of the producer organization, the complexity of the producer organization and the number of certified products they are seeking to sell as Fairtrade Certified.

However, notwithstanding the length and complexity of the audit, the following phases are always relevant:

- Preparation: The auditor prepares the audit and sends a letter to the producer informing them of the most important points relevant to the visit. This letter contains the “Agenda” of the visit, the structure of the visit, the list of interviews that need to take place as well and the documents that need to be ready for inspection.
• **Opening meeting:** Upon arrival at the organization, the auditor meets with Board representatives, Control Committee, other workings committees and other farmers’ representatives - in the case of hired labour, the Joint Body could also be at this meeting. The purpose of this meeting is to provide the auditor with the possibility to explain how the audit will happen and what the organization can expect of the audit. Relevant Fairtrade Standards, as well as Minimum Prices and Premium are explained. The auditor will discuss the major changes in the organisation’s structure.

• **Document Review:** The auditor controls, amongst others, the following documents:
  - Distribution of tasks/organigram
  - Financial and accounting documents, balances, etc.
  - Statutes, internal policies, work plans;
  - Fairtrade sales and Premium administration/accounting;
  - Labour documents, policies related to occupational health and safety.
  
  The information contained in these documents will be cross-checked during interviews.

• **Interviews:** The auditor interviews different people and cross-checks information with each interviewee. Interviewed persons could be members of the Executive Committee, Control Committee, individual members of the cooperative and of course also workers. It is also sometimes necessary to interview people that are not members of the organization but they have relevant knowledge of local conditions, trade unions, NGOs, etc.

  There are also “Focus Group Discussions” during which the auditor provides a carefully selected group with specific themes to discuss in order to observe and record the reactions and feedbacks.

• **Site visit:** The physical site visit includes the central offices of the organization as well as processing facilities; e.g. the central office of the cooperative, processing facilities, individual farms, agricultural activities being performed by workers as well as participation in a General Assembly if this is feasible. The field visit is a participative activity, this means that the auditor is always accompanied by an appointed responsible person, identified by the producer group, in order to ensure that any questions can be asked and explanations provided.

  The borders of the farming activity are also observed in order to understand the possible impacts the organization might have on the environment.

• **Closing Meeting:** As in the case of the opening of the audit, at the end there is also a closing meeting. During this meeting, the strengths and weaknesses of the organizations are discussed and all detected non conformities with Fairtrade Standards are explained. The initial audit is carried out to evaluate compliance with the compliance criteria that are valid at Year 0. The farmers’ organization can use this meeting to suggest ways in which to correct the detected non conformities with the Fairtrade Standards. Following, a report is sent to FLO-CERT for evaluation.

**Evaluation**

After an audit, producer organizations have time to suggest measures to correct the non-conformities.

Selected staff members within FLO-CERT evaluate the corrective measures taken by the producer organization to make sure that all relevant requirements of Fairtrade certification are adhered to.
**Certification**

Once all non-conformities are fixed, the producer organization’s file is handed to a qualified certifier who was not involved in the inspection or evaluation process.

FLO-CERT issues a certificate only once compliance with all the relevant Compliance Criteria is confirmed.

FLO-CERT does not have a Certification Mark as part of its certification system. Once certified by FLO-CERT, producer organizations may contact FLO or a Labelling Initiative in order to obtain the right to use the Fairtrade Mark.

---

**B- After Certification**

Compliance with the Fairtrade Standards is controlled by FLO-CERT during a 3-year certification cycle.

It is the policy of FLO-CERT to conduct a physical audit at a producer organisation or company once a year. Only in exceptional cases, FLO-CERT may conduct a desk top review instead of a physical audit. Exceptional cases may be major incidents in a region such as natural catastrophes.

For general information, the main points of audit for traders are the respect of the Fairtrade Minimum Price and the Premium; the uninterrupted flow of Fairtrade Certified products; the issuance of pre-finance when requested; and the provision of long-term contracts or sourcing plans to producers.

Regarding producers, after the first initial certification, the producer organization receives a three year certificate which is continuously renewed, if compliant, every 3 years after a renewal audit. A 3-year cycle comprises of 2 surveillance audits and 1 renewal audit:

**Surveillance Audit**

A producer organisation or company receives a certificate for 3 years. Within these three years continued compliance with the Fairtrade Standard is monitored twice during surveillance audits.

During a surveillance audit, the auditor is requested to evaluate continued compliance with the Core Fairtrade Standards.

It should be noted that there are compliance criteria which come into effect only after first Fairtrade sales or within the first year of certification, such as the use of the Fairtrade Premium. These compliance criteria were already applicable in the initial audit but had no relevance at that point. During the first or second surveillance audit (taking place in Years 1 and 2, respectively), these compliance criteria might be applicable and are therefore controlled during the audit.

Surveillance audits are full audits and there is no difference between the 1st and 2nd audit of a certification cycle. If non-conformities against Fairtrade Standards are identified during a surveillance audit, the producer organization/company must suggest corrective measures which must be fulfilled within a given timeframe to avoid the suspension of the certificate.

If a non-conformity with a major Fairtrade Standard (identified in the relevant guidelines) is identified, the operator will be suspended immediately until compliance is demonstrated.

As a result of a surveillance audit no new certificates are issued; instead, the existing certification status is confirmed.
**Renewal Audit**

Because Fairtrade Standards include Core and Development criteria, a renewal audit has two objectives: first to monitor continuous compliance with the Core Fairtrade Standards, and second to monitor performance against Development criteria.

After 6 years, no further compliance regarding Fairtrade Standards is introduced and from that point onwards continued compliance with all Fairtrade Standards is monitored and controlled.

As a result of a renewal audit, a new certificate valid for 3-years is issued.

**Follow-Up Audit**

A follow up audit is always linked to a certification decision; the only goal of a follow up audit is to follow up on the compliance status of non-conformities which could only be verified during a physical inspection.

During a follow up audit, the auditor is solely focused on the non-conformities identified during the last audit and is requested to verify that the corrective measures suggested by the organization have been implemented.

**C- Producer Certification Fees**

The Producer Certification Fees are applicable for all producer organizations applying for a Fairtrade certification.

Fees charged by FLO-CERT are considered to be flat fees including, if not otherwise indicated on the invoice, all costs related to the certification service of FLO-CERT and all travel expenses related to onsite inspections. It is important to know that there is a deduction of up to 10% of all costs of certification fees for organisations entirely organic certified by an accredited organic certification body.

On a case-by-case evaluation, FLO-CERT reserves the right to send more than one inspector to conduct a Fairtrade inspection on the producer level at the cost of the producer organisation. The additional costs may vary between 20 – 80% of the certification costs.

**Application Fee**

Small Farmer Organisations applying for a Fairtrade certification are charged a flat fee of €525 for the application service.

**Initial Certification Fee (First Year)**

The Initial Certification Fee is charged once and is related to the Initial Inspection and Certification carried out by FLO-CERT. The amount of the Initial Certification Fee depends on the kind of organisation (1st grade, 2nd grade or 3rd grade for SPOs), the number of members or member organisations, the number of products to be sold under Fairtrade conditions and, last but not least, whether the organisation is owner of a processing installation.

For the Initial Certification Service, charges are based on a daily rate of €400.
• **First Grade Small Farmers’ Organization:** Depending on the number of members, products and processing installations, FLO-CERT charges the following fees:

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st grade</td>
<td>Members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt; 50</td>
<td></td>
<td>€ 1,430.00</td>
</tr>
<tr>
<td>B</td>
<td>50 – 100</td>
<td></td>
<td>€ 2,040.00</td>
</tr>
<tr>
<td>C</td>
<td>101 – 250</td>
<td></td>
<td>€ 2,250.00</td>
</tr>
<tr>
<td>D</td>
<td>251 – 500</td>
<td></td>
<td>€ 2,450.00</td>
</tr>
<tr>
<td>E</td>
<td>501 – 1000</td>
<td></td>
<td>€ 3,060.00</td>
</tr>
<tr>
<td>F</td>
<td>&gt; 1000</td>
<td></td>
<td>€ 3,470.00</td>
</tr>
</tbody>
</table>

The fee is calculated for one product. The following surplus is charged per additional product to be traded under Fairtrade conditions:

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st grade</td>
<td>A</td>
<td>Additional Product</td>
<td>€ 180.00</td>
</tr>
</tbody>
</table>

If the Small Farmer Organisation runs a processing installation, the following surplus is charged per processing installation:

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st grade</td>
<td>Workers</td>
<td>per Processing</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt; 10 workers</td>
<td>Installation</td>
<td>€ 210.00</td>
</tr>
<tr>
<td>B</td>
<td>10 – 100</td>
<td></td>
<td>€ 410.00</td>
</tr>
<tr>
<td>C</td>
<td>&gt; 100</td>
<td></td>
<td>€ 620.00</td>
</tr>
</tbody>
</table>

• **Second Grade and Third Grade Small Farmers’ Organizations:** The Initial Certification Fee for 2nd grade or 3rd grade Organizations is calculated on the basis of the number of member organisations included in the Fairtrade Application. Only the member organisations indicated by the 2nd grade or 3rd grade organizations are audited and certified. Furthermore, the fee charged by FLO-CERT depends on the number of products and processing installations. The fee comprises of the following components:

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd / 3rd</td>
<td>A</td>
<td>Central Structure</td>
<td>€ 1,530.00</td>
</tr>
</tbody>
</table>

Apart from the central structure, it is the intention of FLO-CERT to inspect a certain number of member organisations per year. In minimum 3 member organisations of the applicant are inspected in the first year.

The fee per affiliated member organisation inspected is as follows:

---

4 Members include all active legal members of the organization.

5 Workers include all permanent, seasonal and casual workers working in the respective processing installation.

6 If the applicant has less than 3 member organisations, the number of samples is 1 or 2.
The fees above are calculated for one product. The following surplus is charged per additional product to be traded under Fairtrade conditions:

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Additional Product</td>
<td>€ 180.00</td>
<td></td>
</tr>
</tbody>
</table>

If the Small Farmer Organisation runs a processing installation, the following surplus is charged per processing installation:

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>&lt; 10 workers</td>
<td>€ 210.00</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>10 – 100</td>
<td>€ 410.00</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>&gt; 100</td>
<td>€ 620.00</td>
<td></td>
</tr>
</tbody>
</table>

Initially, all processing installations in the ownership of the 2nd or 3rd grade organization and/or in the ownership of sampled 1st grade organizations are inspected.

- **Plantation and Factories:** Depending on the number of workers, products and processing installations, FLO-CERT charges the following fees:

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>&lt; 50</td>
<td>€ 1,430.00</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>50 - 100</td>
<td>€ 2,040.00</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>101 - 499</td>
<td>€ 2,660.00</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>500 - 999</td>
<td>€ 3,270.00</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>&gt; 1000</td>
<td>€ 3,880.00</td>
<td></td>
</tr>
</tbody>
</table>

The fee is calculated for one product. The following surplus is charged per additional product to be traded under Fairtrade conditions.

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Additional Product</td>
<td>€ 180.00</td>
<td></td>
</tr>
</tbody>
</table>

If the Plantation runs a processing installation, the following surplus is charged per processing installation:
### Plantation

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td>1 - 10 workers</td>
<td>€ 210.00</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>11 - 100 workers</td>
<td>€ 410.00</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td>&gt; 100 workers</td>
<td>€ 620.00</td>
</tr>
</tbody>
</table>

### Multi Estate:

The Initial Certification Fee for Multi Estates is calculated on the basis of the number of estates affiliated. In the initial certification phase, all affiliated estates are audited and certified. Furthermore, the fee charged by FLO-CERT depends on the number of products and processing installations. The fee comprises a fee for the inspection of the central structure and a fee for the inspection of affiliated estates.

The initial fee for the central structure is as follows:

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td>A</td>
<td>Central Structure</td>
<td>€ 1,530.00</td>
</tr>
</tbody>
</table>

If the central structure is identical with the organisation of one estate the fee for the inspection of the respective estate is not charged.

The fee per affiliated estate inspected is as follows:

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td>A</td>
<td>Workers per Estate &lt; 50</td>
<td>€ 820.00</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>50 - 100</td>
<td>€ 1,020.00</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>101 - 499</td>
<td>€ 1,230.00</td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>500 - 999</td>
<td>€ 1,530.00</td>
</tr>
<tr>
<td></td>
<td>E</td>
<td>&gt; 1000</td>
<td>€ 1,840.00</td>
</tr>
</tbody>
</table>

The fees above are calculated for one product. The following surplus is charged per additional product to be traded under Fairtrade conditions:

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td>A</td>
<td>Additional product</td>
<td>€ 180.00</td>
</tr>
</tbody>
</table>

If the Multi Estate runs a processing installation, the following surplus is charged per processing installation:
<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td>A</td>
<td>1 – 10 workers</td>
<td>€ 210.00</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>11 - 100 workers</td>
<td>€ 410.00</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>&gt; 100 workers</td>
<td>€ 620.00</td>
</tr>
</tbody>
</table>

- **Contract production**

The contract production project represents the partnership between a promoting body and a producer group.

Application Fee: Contract Production Projects applying for Fairtrade certification are charged € 525 for the application service. For the application evaluation regarding an exception from the Fairtrade Standards and respective Certification Requirements FLO-CERT charges a fee of € 200.

<table>
<thead>
<tr>
<th>Type</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting Body</td>
<td>€ 1,530.00</td>
</tr>
</tbody>
</table>

Apart from the promoting body, FLO-CERT audits a representative sample of individual farmers, which are members of the producer group.

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small producer organization</td>
<td>Members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt; 50</td>
<td>€ 920.00</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>50 - 100</td>
<td>€ 1,020.00</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>101 - 250</td>
<td>€ 1,130.00</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>251 - 500</td>
<td>€ 1,230.00</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>501 - 1000</td>
<td>€ 1,530.00</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>&gt;1000</td>
<td>€ 1,740.00</td>
<td></td>
</tr>
</tbody>
</table>

The fees described above are calculated for one product. The following surplus is charged per additional product to be traded under Fairtrade conditions:

<table>
<thead>
<tr>
<th>Type</th>
<th>Cat</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small producer organization</td>
<td></td>
<td>Additional product</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>+1</td>
<td>€ 180.00</td>
<td></td>
</tr>
</tbody>
</table>
If the promoting body or the producer group runs a processing installation, the following surplus is charged per processing installation.

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small producer organization</td>
<td>Processing installation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>1 - 10 workers</td>
<td></td>
<td>€ 210.00</td>
</tr>
<tr>
<td>B</td>
<td>11 - 100 workers</td>
<td></td>
<td>€ 410.00</td>
</tr>
<tr>
<td>C</td>
<td>&gt; 100 workers</td>
<td></td>
<td>€ 620.00</td>
</tr>
</tbody>
</table>

**Follow Up Audit Fee**

As part of the certification process of FLO-CERT, it may be necessary to verify fundamental breaches and major non-conformities with the Fairtrade Standards by an onsite follow up audit.

These follow up audits focus solely on the non-conformities identified during an Initial, Surveillance or Renewal Audit and are charged in addition to the respective Initial or Annual Certification Fee. A follow up audit is charged on a time and expense basis. The invoiced amount is 350 € per day (incl. travel and reporting days) plus travel costs. The travel costs are the estimated travel costs plus 20% contingency.

**Renewal Certification Fees**

- **First Grade Small Farmers' Organization:**

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st grade</td>
<td>Members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt; 50</td>
<td></td>
<td>€ 1,170.00</td>
</tr>
<tr>
<td>B</td>
<td>50 – 100</td>
<td></td>
<td>€ 1,610.00</td>
</tr>
<tr>
<td>C</td>
<td>101 - 250</td>
<td></td>
<td>€ 1,790.00</td>
</tr>
<tr>
<td>D</td>
<td>251 – 500</td>
<td></td>
<td>€ 1,975.00</td>
</tr>
<tr>
<td>E</td>
<td>501 – 1000</td>
<td></td>
<td>€ 2,410.00</td>
</tr>
<tr>
<td>F</td>
<td>&gt; 1000</td>
<td></td>
<td>€ 2,770.00</td>
</tr>
</tbody>
</table>

The Annual Basic Fee is calculated for one product. For each additional product traded under Fairtrade conditions a surplus of € 175.00 is added.

If the Small Producer Organisation runs a processing installation an additional fee is charged by FLO-CERT. The volume of the fee depends on the number of workers employed at the processing installation.
<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st grade</td>
<td></td>
<td>Workers(^7) per Processing Installation</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td></td>
<td>1 - 10 workers</td>
<td>€ 90.00</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>10 – 100</td>
<td>€ 180.00</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td>&gt; 100</td>
<td>€ 360.00</td>
</tr>
</tbody>
</table>

Fairtrade Certified Small Producer Organisations applying for a new/additional product to be traded under Fairtrade conditions are charged once a flat fee of € 180 per product.

- **Second Grade and Third Grade Small Producer Organizations:** Every year the central structure of the small producer organisation is audited.

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd / 3rd grade</td>
<td></td>
<td>Central Structure</td>
<td>€ 1,170.00</td>
</tr>
</tbody>
</table>

Apart from the central structure, it is the intention of FLO-CERT to audit a representative sample of member organisations per year. The maximum number of organizations to be audited is 20. The fee per affiliated member organisation audited is as follows:

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd / 3rd grade (sample checks)</td>
<td></td>
<td>Members per affiliated Member Organization</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td></td>
<td>&lt; 50</td>
<td>€ 720.00</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>50 – 100</td>
<td>€ 720.00</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td>101 - 250</td>
<td>€ 810.00</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td>251 – 500</td>
<td>€ 900.00</td>
</tr>
<tr>
<td>E</td>
<td></td>
<td>501 – 1000</td>
<td>€ 1,080.00</td>
</tr>
<tr>
<td>F</td>
<td></td>
<td>&gt; 1000</td>
<td>€ 1,250.00</td>
</tr>
</tbody>
</table>

Fairtrade certified Small Producer Organizations applying for a new/additional product to be traded under Fairtrade conditions are charged once a flat fee of € 180 per product.

Fairtrade certified Small Producer Organizations applying for new member organisations to be included into the Fairtrade certification are charged a flat fee of € 150 per application. The new member application fee applies only to 2nd grade and 3rd grade organizations which have limited their Fairtrade certification to a specific number of member organisations.

Fairtrade certified organizations (not applicants) entirely organic certified by an accredited organic certifier, receive a deduction of the certification fee. The deduction is

\(^7\) Workers include all permanent, seasonal and casual workers working in the respective processing installation.
20% of the time the auditor spends onsite. The deduction will be disclosed in the certification invoice.

- **Single Plantations:**

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st grade</td>
<td>Workers</td>
<td>A &lt; 50</td>
<td>€ 1,170.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>B 50 – 100</td>
<td>€ 1,610.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>C 100 – 499</td>
<td>€ 2,150.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>D 500 – 1000</td>
<td>€ 2,590.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>E &gt; 1000</td>
<td>€ 3,130.00</td>
</tr>
</tbody>
</table>

For each additional product traded under Fairtrade conditions a surplus of €180.00 is added.

If the plantation runs a processing installation an additional fee is charged by FLO-CERT. The volume of the fee depends on the number of workers employed at the processing installation.

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plantation</td>
<td>Workers per Processing Installation</td>
<td>A 1 - 10 workers</td>
<td>€ 90.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>B 10 – 100</td>
<td>€ 180.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>C &gt; 100</td>
<td>€ 360.00</td>
</tr>
</tbody>
</table>

Fairtrade Certified plantations applying for a new/additional product to be traded under Fairtrade conditions are charged once a flat fee of €180 per product.

- **Multi Estates:**

<table>
<thead>
<tr>
<th>Type</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td>Central Structure</td>
<td>€ 1,170.00</td>
</tr>
</tbody>
</table>

Every year the central structure of the multi estate is audited. Apart from the central structure, FLO-CERT audits all estates within 3 years. The fee per affiliated estate audited is as follows:

---

8 Workers include all permanent, seasonal and casual workers working in the respective processing installation.
<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td>Workers per Estate</td>
<td>&lt; 50</td>
<td>€ 620.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50 - 100</td>
<td>€ 770.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100 - 499</td>
<td>€ 920.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>500 - 1000</td>
<td>€ 1,140.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 1000</td>
<td>€ 1,380.00</td>
</tr>
</tbody>
</table>

The central structure fee and the basic fee for sampled estates are calculated for one product. For each additional product traded under Fairtrade conditions a surplus of €180.00 is added.

If the multi estate runs a processing installation an additional fee is charged by FLO-CERT. The volume of the fee depends on the number of workers employed at the processing installations.

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td>Workers per Processing Installation</td>
<td>1 - 10 workers</td>
<td>€ 90.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 – 100</td>
<td>€ 180.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 100</td>
<td>€ 360.00</td>
</tr>
</tbody>
</table>

Fairtrade certified multi estates applying for a new/additional product to be traded under Fairtrade conditions are charged once a flat fee of €180 per product.

Fairtrade certified multi estates applying for new estate to be included into the Fairtrade certification are charged a flat fee of €180 per Application.

Fairtrade Certified companies (not applicants) entirely organic certified by an accredited organic certifier, receive a deduction of the certification fee. The deduction is 20% of the time the auditor spends onsite. The deduction will be disclosed in the certification invoice.

- **Modification of Certification Fees:**
  - Certification fees may be increased or decreased by the following factors:
    - Producers exporting for other producers will be charged an additional 15% on top of their certification fee.
    - FLO-CERT reserves the right to charge additional costs to the certification fees if established audit costs are exceeded. This might be additional audit days (daily rate is 350€) and/or audit related travel costs (estimated travel costs plus 20% contingency). In the event that any invoice adjustments are made pursuant to this section, such adjustments will be clearly indicated on the invoice.

---

9 Workers include all permanent, seasonal and casual workers working in the respective processing installation.
• **Cancellation Fees:**

If an audit is cancelled or postponed by an operator less than 10 calendar days prior to the mutually-agreed (between the auditor and the operator) audit date, the operator will be required to pay another invoice equal to the amount of the initial/annual certification fee prior to the date of the next audit.

If an audit is unilaterally cancelled by an operator within 30 calendar days but 10 or more calendar days before the mutually-agreed (between the auditor and the operator) audit date, the operator will be required to pay another invoice equal to 50% of the amount of the initial/annual certification fee prior to the date of the next audit.

In the event of force majeure, the responsible Regional Manager will decide whether the conditions justify a cancellation of the audit. If justified, the operator will not be required to pay any costs.

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**D- Producer Certification Fund**

Some producer organizations cannot afford the full costs of becoming Fairtrade Certified. Because FLO does not want fees to be a barrier to join the Fairtrade system, it has created a fund to help the most disadvantaged and Fairtrade eligible Small Farmers’ Organizations pay for their Fairtrade certification.

Eligible are all (and only) Small Producer Organizations applying for initial Fairtrade certification or renewing their certification, but lacking sufficient financial resources to pay the full certification fee.

Grants never fully cover certification fees and are intended as co-financing support. 1st grade Small Producer Organizations may receive a grant of up to a maximum 75 % of their fee, 2nd and 3rd grade Small Producer Organizations may receive up to a maximum of 50 % of their fee. It cannot be guaranteed that these rates always apply, as in the case of large number of applications these percentages might be reduced to allow more producers to benefit from a grant.

Small Producer Organizations may apply for a grant once they have received an invoice for an inspection from FLO-CERT. The costs of follow-up inspection fees cannot be supported out of this fund and the same organization may only receive the grant twice.

In the table below you will find a full list of requirements for applications.
### Eligibility Criteria for Applicants

<table>
<thead>
<tr>
<th>Initial Audits</th>
<th>Renewal Certifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Smallholder producer organisation</td>
<td>· Smallholder producer organisation</td>
</tr>
<tr>
<td>· Have or be likely to find a market for their products</td>
<td>· Have or be likely to find a market for their products</td>
</tr>
<tr>
<td>· Have export capacity</td>
<td>· Have export capacity</td>
</tr>
<tr>
<td>· Have received a certification invoice from FLO-CERT</td>
<td>· Have received a certification invoice from FLO-CERT</td>
</tr>
</tbody>
</table>

You have passed the FLO-CERT scope check. You comply with Fairtrade standards.

You are likely to comply with Fairtrade standards. You must have fulfilled all contractual certification obligations and must not have any outstanding payments with FLO-CERT from previous years.

The certification fee you need to pay must be higher than 10 % of your organisation’s net profit of the previous, complete financial year. The certification fee you need to pay for renewal must be higher than 10 % of your organisation’s net profit of the previous, complete financial year.

You have not already received the grant twice.

FLO is particularly keen to help producers who are producers in the least developed countries.

In order to apply, a representative of the Small Producer Organization must fill in the application form for the Producer Certification Fund and sign it. A copy of the FLO-CERT invoice for the initial or renewal audit should be attached. Additionally, the organization should also send the following documents:

- A signed balance sheet of the most recent complete financial year. In case of initial applicants that do not have a financial history, an account listing the organization’s assets and liabilities is acceptable.
- A signed profit and loss account of the most recent complete financial. In case of initial applicants that do not have a financial history, an account listing the organization’s assets and liabilities is acceptable.

The applications, including the supporting documents, should be sent as originals to the following address:

**Fairtrade International Producer Certification Fund**

*Bonner Talweg 177*

*53129 Bonn Germany*

*Fax: +49 228 2421713 Email: fund@fairtrade.net*

Applications can be sent throughout the year - they are reviewed six times a year, typically at the end of January, March, May, July, September, and November. All applications are
considered within four weeks of each deadline. Immediately afterwards, the organization is informed about the result.

Successful applicants will be advised of the amount of the grant they will receive. The organisation will be kindly asked to transfer its own contribution (at least 25% of the amount of the invoice) directly to FLO-CERT. As soon as this contribution has been received by FLO-CERT, the Producer Certification Fund grant will also be transferred to FLO-CERT from the fund to settle the invoice. The organization may then arrange an inspection visit together with FLO-CERT.

In case an organization has applied successfully for a grant, but has already paid the invoice in advance, the producer certification grant could be transferred to the organization’s local bank account. However, in order to save banking fees, it would be advisable that FLO-CERT issues a credit note, which the organization could deduct from its next inspection fees.

72 producer groups benefited from FLO’s Producer Certification Fund in 2007, and a total of 74,000 euros were granted out of the fund.
Which operators are certified?

FLO-CERT certifies all operators in the supply chain that take legal ownership of the Fairtrade product. Trade Chain must be complete for certification.

Example of Coffee Trade Chain

Certification South:
- Producer: PC Certified, PC Affiliate
- Processor: TC Listed subcontractor
- Exporter: TC Certified
- Importer: TC Certified
- Manufacturer: TC Registered if Licensee and not in ISO Countries
- Distributor: LI Registered

Certification North:
- Importer: TC Certified
- Manufacturer: TC Certified
- Distributor: LI Registered
- Price and Premium Receiver: Min. Price Payer, Premium Payer
You decide to think about getting Fairtrade Certified.

Look at [www.faitrade.net](http://www.faitrade.net) and for copies of the Guidelines and Explanatory documents to find out what Fairtrade is about.

Decide which of the standards you would qualify for, the Standards for Small Producer Organizations, Contract Production, or Hired Labour, and within that category, the product specific standard if there is one for your product.

Look at the Explanatory Document and the Fairtrade Standard for the relevant category and product.

Decide if you think you still want to get certified. As part of this decision, you should find out if there are any buyers who want to buy your products under Fairtrade terms in the countries you want to sell to. FLO is not able to guarantee you a sale just because you are certified.

Deciding whether to get certified is an important business decision. It costs money to become Fairtrade certified. Once certified, you’ll need to invest in improvements each year and in accessing Fairtrade markets. The costs of certification are given on the website [www.flo-cert.net](http://www.flo-cert.net). You should decide whether you think the costs are going to be worth the expected benefits.

To assist you in taking a decision, you may want to contact a FLO Liaison Officer – FLO has a number of them based in producer countries that may be able to visit you – resources permitting.

If you think the investment will pay-off, then apply to FLO-CERT for an application for Certification and they will send you an Application Form. Contact certification@flocert.net.

Return the completed form and they will tell you if you qualify for application, if you do they will send you an Application Package with more information and tell you how to continue with your application. You will have to pay a fee if you want to carry on with your application.

If you don’t succeed in your initial application you may be able to get help so you will succeed, from the PSR Unit. FLO-CERT will give you information about PSR in their response to you.

Meanwhile, you should be planning any work you need to do to make sure you will achieve certification. To do this, look at what is required under the Generic Standard or the Product Standards. These are all on the website at [www.fairtrade.net](http://www.fairtrade.net).

An auditor will visit your site to see if you can be certified.

The auditor will report back to FLO-CERT and your application will be discussed by the Certification Committee.

If you pass the application process, you will get your certificate and will be able to sell under Fairtrade terms as long as you have a buyer who wants to buy under those terms.

You do not pass the application process, you may be told of things you can do which will help you pass next time. It is up to you if you want to do those things and apply again.

Even if you do pass the application process, you are likely to be told of things which you must do to stay Fairtrade certified. Here again, you may wish to try to contact a local FLO Liaison Officer to discuss how best to follow up on these points. You will be regularly audited to make sure you are doing these things and to see if you still qualify for certification.

The buyer of the product you have a Fairtrade Certificate for, has to apply for a Fairtrade Mark in the country in which he wishes to sell your products to an end consumer.

The whole chain from producer to consumer that your product passes through will be checked by FLO-CERT to make sure that everyone is working on Fairtrade terms. This is called ‘trade certification’.

You should receive at least the Fairtrade Minimum Price for your product and the Fairtrade Premium. You may well be able to negotiate with the buyer for a price higher than the set minimum price.

You will be responsible for ensuring that the Fairtrade Premium is handed over to those responsible for spending it, as set out in the Fairtrade Standard you are working under.
Certification Cycle and Invoicing of Producers

Application Phase

- Application Evaluation
- Audit
- Initial Certification

Renewal Certification Cycle up to Year 3

- 1st surveillance
- 2nd surveillance
- 1st Renewal Certification

Invoice Application Fee

Invoice Certification Fee for current year

Invoice Certification Fee for every year
Certification Cycle and Invoicing of Producers

Main checkpoints of Trader Certification

✓ Fairtrade price and premium
  • Ensure that correct Fairtrade price and premium reaches the producer in time

✓ Verification of Product Flow
  • Ensure that what was produced Fairtrade corresponds to what was labeled Fairtrade

✓ Pre-finance
  • Ensure that producers received pre-finance on request if required by the Fairtrade Standards

✓ Long term and stable relationship
  • Ensure that traders provide Fairtrade contracts or sourcing plans
<table>
<thead>
<tr>
<th>No.</th>
<th>FLO Standard</th>
<th>Compliance Criteria</th>
<th>Time</th>
<th>Major</th>
<th>1st Audit</th>
<th>2nd Audit</th>
<th>3rd Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Social Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Development Potential</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.1.1</td>
<td>The producer organisation can demonstrate that Fairtrade revenues will promote social and economical development of small farmers.</td>
<td>1.1.1.1.1</td>
<td>The producer organisation demonstrates that Fairtrade revenues will promote social and economical development of small farmers.</td>
<td>0</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.2.1 Progress</td>
<td>A monitored plan should be developed under which the benefits of Fairtrade (including the Premium) are shared based on a democratic decision taken by the beneficiaries.</td>
<td>1.1.2.1.1</td>
<td>There is an annual FT work plan approved by the general assembly to promote the social and economic development of the members and of the organization, taking the progress requirements as reference.</td>
<td>3</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 Members are Small Producers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2.1.1</td>
<td>The majority of the members of the organisation are small producers.</td>
<td>1.2.1.1.1</td>
<td>The majority of the members of the organisation are small producers. (not structurally dependent on permanent hired labour, managing their farm mainly with their own and their family's labour-force).</td>
<td>0</td>
<td>M</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1.3 Democracy, Participation and Transparency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3.1.1</td>
<td>An organisational structure is in place which enables control by the members. There is a General Assembly with voting rights for all members as the supreme decision taking body and an elected Board. The staff answers through the Board to the General Assembly.</td>
<td>1.3.1.1.1</td>
<td>The organisation has legally binding statutes / constitution.</td>
<td>0</td>
<td>M</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.3.1.1.4</td>
<td>Minutes of General Assemblies and Board meetings are recorded.</td>
<td>0</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.3.1.1.7</td>
<td>Minutes of meetings have corresponding signed attendance sheets.</td>
<td>0</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3.1.2</td>
<td>The organisation holds a General Assembly at least once a year.</td>
<td>1.3.1.2.1</td>
<td>The organisation holds a General Assembly at least once a year.</td>
<td>0</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3.2.3</td>
<td>Progress</td>
<td>The organisation establishes or improves internal mechanisms of members’ control over the administration, such as a control committee with rights to review the administration, external audit, etc.</td>
<td>1.3.2.3.1</td>
<td>Internal mechanisms of members’ control over the administration are in place.</td>
<td>3</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1.3.2.3.2</td>
<td>Internal mechanisms of members’ control over the administration are active, with clear roles, plans and responsibilities defined.</td>
<td>6</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td><strong>1.4 Non-Discrimination</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.4.1.1</td>
<td>If the organisation restricts new membership, the restriction may not contribute to the discrimination of particular social groups.</td>
<td>1.4.1.1.1</td>
<td>The organisation or its statutes do not restrict new membership or make distinctions on the basis of race, colour, sex, religion, political opinion, national extraction or social origin.</td>
<td>0</td>
<td>M</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1.4.2.1</td>
<td>Progress</td>
<td>Programs related to disadvantaged/minority groups within the organisation are in place to improve the position of those groups in the organisation, particularly with respect to recruitment, staff and committee membership.</td>
<td>1.4.1.2</td>
<td>Programs related to identified disadvantaged/minority groups within the organisation are in place to improve the position of those groups in the organisation, particularly with respect to recruitment, staff and committee membership.</td>
<td>6</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

<p>| <strong>2.1 Fairtrade Premium</strong> | | | | |
| 2.1.1.1 | The organisation administers and manages the Premium transparently and uses it in line with the requirements outlined in these Standards. | 2.1.1.1.1 | The organisation has an administrative system in place that allows for transparent management of the Fairtrade Premium. | 0 | X |
| | | 2.1.1.2 | There is a separate and transparent accounting system in place for the management of the FLO premium. | 0 | (To pic) | X |</p>
<table>
<thead>
<tr>
<th>2.1.1.2</th>
<th>The use of the Fairtrade Premium is decided by the General Assembly and properly documented</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.1.2.1</td>
<td>The planned use of the Fairtrade Premium is democratically decided in advance by the General Assembly and properly documented in a Premium Work plan.</td>
</tr>
<tr>
<td>2.3 Economic Strengthening of the organisation</td>
<td></td>
</tr>
<tr>
<td>2.3.1.1 Progress</td>
<td>Members will gradually take on more responsibility over the whole export process.</td>
</tr>
<tr>
<td>2.3.1.1.1</td>
<td>The organization and its members take on more responsibility over the whole export / commercialization process.</td>
</tr>
</tbody>
</table>

| 0 (Topic) | M | X |
## Initial Certification Fee

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st grade</td>
<td>Members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt; 50</td>
<td>€ 1,430.00</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>50 – 100</td>
<td>€ 2,040.00</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>101 - 250</td>
<td>€ 2,250.00</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>251 – 500</td>
<td>€ 2,450.00</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>501 – 1000</td>
<td>€ 3,060.00</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>&gt; 1000</td>
<td>€ 3,470.00</td>
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</tr>
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</table>

### Additional Product

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st grade</td>
<td>A</td>
<td>Additional Product</td>
<td>€ 180.00</td>
</tr>
</tbody>
</table>

### Workers per Processing Installation

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st grade</td>
<td>A</td>
<td>&lt;10 workers</td>
<td>€ 210.00</td>
</tr>
<tr>
<td>B</td>
<td>10 – 100</td>
<td>€ 410.00</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>&gt; 100</td>
<td>€ 620.00</td>
<td></td>
</tr>
</tbody>
</table>
### PowerPoint Slide 48

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd / 3rd grade</td>
<td>A</td>
<td>Central Structure</td>
<td>€ 1,530.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 49

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members per affiliated Member Organization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt; 50</td>
<td></td>
<td>€ 920.00</td>
</tr>
<tr>
<td>B</td>
<td>50 – 100</td>
<td></td>
<td>€ 1,020.00</td>
</tr>
<tr>
<td>C</td>
<td>101 – 250</td>
<td></td>
<td>€ 1,130.00</td>
</tr>
<tr>
<td>D</td>
<td>251 – 500</td>
<td></td>
<td>€ 1,230.00</td>
</tr>
<tr>
<td>E</td>
<td>501 – 1000</td>
<td></td>
<td>€ 1,530.00</td>
</tr>
<tr>
<td>F</td>
<td>&gt; 1000</td>
<td></td>
<td>€ 1,740.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 50

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd / 3rd grade</td>
<td>A</td>
<td>Additional Product</td>
<td>€ 180.00</td>
</tr>
</tbody>
</table>
### PowerPoint Slide 51

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; / 3&lt;sup&gt;rd&lt;/sup&gt; grade</td>
<td>Workers per Processing Installation</td>
<td>&lt;10 workers</td>
<td>€ 210.00</td>
</tr>
<tr>
<td></td>
<td>A</td>
<td>10 – 100</td>
<td>€ 410.00</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>&gt; 100</td>
<td>€ 620.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 52

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt; 50</td>
<td></td>
<td>€ 1,430.00</td>
</tr>
<tr>
<td>B</td>
<td>50 - 100</td>
<td></td>
<td>€ 2,040.00</td>
</tr>
<tr>
<td>C</td>
<td>101 - 499</td>
<td></td>
<td>€ 2,660.00</td>
</tr>
<tr>
<td>D</td>
<td>500 - 999</td>
<td></td>
<td>€ 3,270.00</td>
</tr>
<tr>
<td>E</td>
<td>&gt; 1000</td>
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<td>€ 3,880.00</td>
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### PowerPoint Slide 53

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Additional Product</td>
<td></td>
<td>€ 180.00</td>
</tr>
</tbody>
</table>
### PowerPoint Slide 54

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td>1 - 10 workers</td>
<td>€ 210.00</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>11 - 100 workers</td>
<td>€ 410.00</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td>&gt; 100 workers</td>
<td>€ 620.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 55

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td>A</td>
<td>Central Structure</td>
<td>€ 1,530.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 56

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td></td>
<td>Workers per Estate</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td></td>
<td>&lt; 50</td>
<td>€ 820.00</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>50 - 100</td>
<td>€ 1,020.00</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td>101 - 499</td>
<td>€ 1,230.00</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td>500 - 999</td>
<td>€ 1,530.00</td>
</tr>
<tr>
<td>E</td>
<td></td>
<td>&gt; 1000</td>
<td>€ 1,840.00</td>
</tr>
</tbody>
</table>
### PowerPoint Slide 57

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td>A</td>
<td>Additional product</td>
<td>€ 180.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 58

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td>A</td>
<td>1 – 10 workers</td>
<td>€ 210.00</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>11 - 100 workers</td>
<td>€ 410.00</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>&gt; 100 workers</td>
<td>€ 620.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 59

<table>
<thead>
<tr>
<th>Type</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting Body</td>
<td>€ 1,530.00</td>
</tr>
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</table>

### PowerPoint Slide 60

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small producer</td>
<td>Members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>organization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt; 50</td>
<td></td>
<td>€ 920.00</td>
</tr>
<tr>
<td>B</td>
<td>50 - 100</td>
<td></td>
<td>€ 1,020.00</td>
</tr>
<tr>
<td>C</td>
<td>101 - 250</td>
<td></td>
<td>€ 1,130.00</td>
</tr>
<tr>
<td>D</td>
<td>251 - 500</td>
<td></td>
<td>€ 1,230.00</td>
</tr>
<tr>
<td>E</td>
<td>&gt; 501-1000</td>
<td></td>
<td>€ 1,530.00</td>
</tr>
<tr>
<td>F</td>
<td>&gt;1000</td>
<td></td>
<td>€ 1,740.00</td>
</tr>
</tbody>
</table>
### PowerPoint Slide 61

**Initial Additional Product Fee**

<table>
<thead>
<tr>
<th>Type</th>
<th>Cat</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small producer organization</td>
<td></td>
<td>Additional product</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>+1</td>
<td></td>
<td>€ 180.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 62

**Initial Processing Installation Fee**

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small producer organization</td>
<td>Processing installation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>1&lt;10 workers</td>
<td></td>
<td>€ 210.00</td>
</tr>
<tr>
<td>B</td>
<td>11 -100 workers</td>
<td></td>
<td>€ 410.00</td>
</tr>
<tr>
<td>C</td>
<td>100 – workers</td>
<td></td>
<td>€ 620.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 63

**Renewal Certification Fees**

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st grade</td>
<td>Members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt; 50</td>
<td></td>
<td>€ 1,170.00</td>
</tr>
<tr>
<td>B</td>
<td>50 – 100</td>
<td></td>
<td>€ 1,610.00</td>
</tr>
<tr>
<td>C</td>
<td>101 - 250</td>
<td></td>
<td>€ 1,790.00</td>
</tr>
<tr>
<td>D</td>
<td>251 – 500</td>
<td></td>
<td>€ 1,975.00</td>
</tr>
<tr>
<td>E</td>
<td>501 – 1000</td>
<td></td>
<td>€ 2,410.00</td>
</tr>
<tr>
<td>F</td>
<td>&gt; 1000</td>
<td></td>
<td>€ 2,770.00</td>
</tr>
</tbody>
</table>
### PowerPoint Slide 64

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd / 3rd grade</td>
<td>A</td>
<td>Central Structure</td>
<td>€ 1,170.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 65

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd / 3rd grade (sample checks)</td>
<td>Members per affiliated Member Organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt; 50</td>
<td></td>
<td>€ 720.00</td>
</tr>
<tr>
<td>B</td>
<td>50 – 100</td>
<td></td>
<td>€ 720.00</td>
</tr>
<tr>
<td>C</td>
<td>101 – 250</td>
<td></td>
<td>€ 810.00</td>
</tr>
<tr>
<td>D</td>
<td>251 – 500</td>
<td></td>
<td>€ 900.00</td>
</tr>
<tr>
<td>E</td>
<td>501 – 1000</td>
<td></td>
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</tr>
<tr>
<td>F</td>
<td>&gt; 1000</td>
<td></td>
<td>€ 1,250.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 66

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st grade</td>
<td>Workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt; 50</td>
<td></td>
<td>€ 1,170.00</td>
</tr>
<tr>
<td>B</td>
<td>50 – 100</td>
<td></td>
<td>€ 1,610.00</td>
</tr>
<tr>
<td>C</td>
<td>101 – 500</td>
<td></td>
<td>€ 2,150.00</td>
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<tr>
<td>D</td>
<td>501 – 1000</td>
<td></td>
<td>€ 2,590.00</td>
</tr>
<tr>
<td>E</td>
<td>&gt; 1000</td>
<td></td>
<td>€ 3,130.00</td>
</tr>
</tbody>
</table>
### PowerPoint Slide 67

Renewal Certification Fee

<table>
<thead>
<tr>
<th>Type</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td>Central Structure</td>
<td>€ 1,170.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 68

Renewal Certification Fee

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Estate</td>
<td>Workers per Estate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt; 50</td>
<td></td>
<td>€ 620.00</td>
</tr>
<tr>
<td>B</td>
<td>11 - 100</td>
<td></td>
<td>€ 770.00</td>
</tr>
<tr>
<td>C</td>
<td>100 - 499</td>
<td></td>
<td>€ 920.00</td>
</tr>
<tr>
<td>D</td>
<td>500 - 1000</td>
<td></td>
<td>€ 1,140.00</td>
</tr>
<tr>
<td>E</td>
<td>&gt; 1000</td>
<td></td>
<td>€1,380.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 69

**Example:**

A 1st grade coffee organisation with 200 legal members applying for coffee and 1 additional product - honey - to be traded under Fairtrade conditions.

Furthermore, the 1st grade organisation is running a wet processing plant with 45 workers.
### PowerPoint Slide 70

<table>
<thead>
<tr>
<th>Type</th>
<th>Category</th>
<th>Indicator</th>
<th>Individual Fee</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td>101 – 250</td>
<td>€ 2,250.00</td>
<td>€ 2,250.00</td>
</tr>
<tr>
<td>A</td>
<td></td>
<td>Additional Product</td>
<td>€ 180.00</td>
<td>€ 180.00</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>10 – 100 workers</td>
<td>€ 410.00</td>
<td>€ 410.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>€ 2,840.00</td>
</tr>
</tbody>
</table>

### PowerPoint Slide 71

#### Eligibility Criteria for Applicants

<table>
<thead>
<tr>
<th>Initial Audits</th>
<th>Renewal Certifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Smallholder producer organisation</td>
<td>· Smallholder producer organisation</td>
</tr>
<tr>
<td>· Have or be likely to find a market for their products</td>
<td>· Have or be likely to find a market for their products</td>
</tr>
<tr>
<td>· Have export capacity</td>
<td>· Have export capacity</td>
</tr>
<tr>
<td>· Have received a certification invoice from FLO-CERT</td>
<td>· Have received a certification invoice from FLO-CERT</td>
</tr>
<tr>
<td>You have passed the FLO-CERT scope check.</td>
<td>You comply with Fairtrade standards.</td>
</tr>
<tr>
<td>You are likely to comply with Fairtrade standards</td>
<td>You must have fulfilled all contractual certification obligations and must not have any outstanding payments with FLO-CERT from previous years</td>
</tr>
<tr>
<td>The certification fee you need to pay must be higher than 10 % of your organisation’s net profit of the previous, complete financial year.</td>
<td>The certification fee you need to pay for renewal must be higher than 10 % of your organisation’s net profit of the previous, complete financial year.</td>
</tr>
<tr>
<td>You have not already received the grant twice.</td>
<td>You have not already received the grant twice.</td>
</tr>
</tbody>
</table>
Fairtrade International
Producer Certification Fund
Bonner Talweg 177
53129 Bonn
Germany

Fax: +49 228 2421713
Email: fund@fairtrade.net
Section 5
Fairtrade in the Market

(A) - Learning objectives

- General objectives
  By the end of Section 5 participants should be aware of the direct and indirect benefit of Fairtrade certification for producers, traders and consumers.

Specific objectives
  In particular, participants should be able to
  o understand that Fairtrade fits in within the liberal trade model
  o identify Fairtrade responses to the capitalist market failures
  o comprehend ethical consumer trends

(B) – Proposed training strategy

Activity 1: Market Imperfections

<table>
<thead>
<tr>
<th>Method</th>
<th>Media</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brainstorming</td>
<td>Flipchart/Board</td>
<td>30 min.</td>
</tr>
<tr>
<td>Discussion</td>
<td>Markers</td>
<td></td>
</tr>
<tr>
<td>Feedback</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Proceeding

The trainer should start this activity with a quick brainstorming.
- What do you think are the difficulties for producers in developing countries to place their products in the market?

The trainer should take notes on a flipchart/board and give a lecture on Point A – basic text – to complement the participants’ comments.

Activity 2: Getting Producers Organized

<table>
<thead>
<tr>
<th>Method</th>
<th>Media</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brainstorming</td>
<td>Flipchart/Board</td>
<td>30 min.</td>
</tr>
<tr>
<td>Discussion</td>
<td>Markers</td>
<td></td>
</tr>
<tr>
<td>Feedback</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Proceeding

Using the notes on the flipchart/board from the previous activity, the trainer will ask participants how they think that the Fairtrade system may overcome the market failures.

The trainer should take notes on a flipchart/board and give a lecture on Point B – basic text – to complement the participants’ comments.
**Activity 3: Fairtrade Impacts**

<table>
<thead>
<tr>
<th>Method</th>
<th>Media</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case Study</td>
<td>PowerPoint Slide 73, 74</td>
<td>35 min.</td>
</tr>
<tr>
<td>Brainstorm</td>
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<td></td>
</tr>
<tr>
<td>Feedback</td>
<td>Individual Handout 10</td>
<td></td>
</tr>
<tr>
<td>Lecture</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Proceeding**

The trainer will distribute Individual Handout 10 and ask participants to get into groups of no more than 6 participants each. The participants will read the handouts and discuss the positive impacts that getting organized and obtaining Fairtrade certification had for members of the Heiveld Cooperative.

The trainer will then ask a representative of each group to summarize their conclusions for the rest of the group. S/he will take notes on a flipchart/board and complement the group's comments with the information on Point C – basic text, accompanied by the relevant PowerPoint Slides.

The trainer will show and comment on Slide 75.

Then, the participants will have a brainstorm session about the improvements they could aim for within their respective communities. A representative of each group will share their main ideas with the other participants.

**Activity 4: Consumers and Fairtrade**

<table>
<thead>
<tr>
<th>Method</th>
<th>Media</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oral lecture</td>
<td>Power Point Slides 75-83</td>
<td>15 min.</td>
</tr>
</tbody>
</table>

**Proceeding**

Trainer's lecture on points D – basic text. The slides show the key points to be highlighted by the trainer.

Finally, the trainer should open the floor for questions.
A- Market Imperfections

Classical free trade is based on the theories of comparative advantage, under which countries export what they are relatively good at producing and import what they are not. Mountainous Guatemala grows high-quality, cloud-forest-grown coffee; Japan manufactures technologically advanced electronic products. Opening up countries to international trade allows Japanese electronics producers to import delicious coffee, and Guatemalan coffee farmers to access high-tech products. Under free trade, both parties are better off: international trade is thus a win-win situation in which everyone benefits.

The supporters of free trade insist that the unfettered movement of goods, services and finance between countries offers the most efficient model of transactional business. Inherent in this is the understanding that whilst some benefit, others will inevitably fail, but that this still works ultimately for the general good, weeding out weak and inefficient players.

The volume of international trade has increased significantly over the last thirty years, however global inequality has also grown – the share of the world’s income distributed amongst the poorest 10 per cent fell by a quarter between 1988 and 1993 whilst the share going to the richest increased by 8 per cent\textsuperscript{10}. By the late 1990s the poorest 20 per cent of the global population generated only 1 per cent of the global Gross Domestic Product, whilst the richest 20 per cent generated 86 per cent\textsuperscript{11}.

High levels of indebtedness cause countries to rely on export-intensive industries and exploit resources in the short-term, with minimal regard for long-term consequences. Colonial and development legacies have also resulted in export earnings being highly concentrated in just a few, often primary commodity industries, leaving countries’ national income exposed to world price fluctuations. Furthermore, corruption in many developing countries can result in a failure to distribute export income equitably.

But macroeconomics does not fully explain the failure of trade liberalization to distribute wealth evenly. The key conditions on which classical and neo-liberal trade theory are based are notably absent in rural agricultural societies in many developing countries. Agricultural producers in developing countries face several market imperfections that question the ability of trade to lift them out of poverty:

- **Lack of market access**: An export market free from importing-country interference through subsidies and tariffs may be considered ‘free’ and function well for exporters, but if primary commodity producers cannot access these functioning markets, due to their remoteness and lack of transport, the benefits of this free market cannot be realized for them. To access markets, small-scale producers often rely on middlemen, who can collude to ensure that there is no competition for producers’ goods and thus no fair market price for them.

- **Imperfect information**: A fundamental necessity for the functioning of any free market is ‘perfect information’, implying that producers and traders have access to knowledge about market prices. Remote producers with no access to radio, newspapers, or telephones cannot access information about prices, and are at the mercy of the middlemen who come to their isolated farms.

- **Lack of access to financial markets**: Producers in developing countries have no access to income-smoothing devices like futures markets. A cocoa farmer living in a


remote mountain village in PNG cannot call the London Coffee and Cocoa Exchange to
lock in a set price for next year’s harvest, because of communications difficulties and a
lack of significant volume to trade. PNG’s international cocoa exporters and the United
State’s chocolate ice cream companies can and do use futures markets to stabilise the
costs of goods. Thus the cocoa farmer is left completely exposed to world price
fluctuations, when a perfectly functioning futures market exists to protect him or her from
these variations. Similarly, such a farmer has no access to insurance cover to protect his
or her income from weather or political risk.

- **Lack of access to credit**: Rural banks are either non-existent or do not lend in the small
  amounts that family farmers require. Thus, credit for farm machines and fertilizers is
  often provided only by exploitative middlemen at extremely high rates of interest. Much
  as farmers are not able to access fair markets for their crops, they cannot access fair
  markets for credit.

- **Inability to switch to other sources of income generation**: In a perfectly functioning
  market, economic actors can switch easily from one income-generating activity to
  another in response to price information. This is clearly not the case for the world’s poor.
  Even if isolated producers had access to price information, their ability to change their
  source of income is limited. Firstly, the 1.29 billion people who live on less than $1.25 a
day (according to the World Bank estimates in 2012) are extremely risk-averse. For
  families with no slack in their income and little by way of savings, risk-taking is not an
  option. A lack of access to credit or education about other income sources contributes to
  this inability to diversify income sources.

- **Weak legal systems and enforcement of laws**: Many developing countries have
  passed strict environmental and labour laws that are ignored by local authorities. Factory
  owners may bribe local officials to overlook pollution and labour violations. Countries
  that do enforce laws may see investments move to more lax regimes. Farmers with
  insecure land title cannot use their land assets as collateral for loans to diversify into
  other areas of production, or invest in technology improvements on their farms.

The absence of these microeconomic conditions can nullify or even reverse the potential
gains to producers from trade. Whilst it may be that the theory that international trade is a win-
win for all actors involved on a national level is broadly correct, nevertheless, within developing
countries, market conditions are not such that producers can unambiguously be declared to be
better off through trade.

## B – Getting Producers Organized

The most important benefits of the Fairtrade model has nothing to do with the Minimum Price
or the Premium, and is perfectly compatible with a free market system: the requirement to work
directly with producers, whether they are small farmers’ organizations or plantations. Fairtrade
importers must, wherever possible, buy directly from a farming group. While estates,
plantations, and large scale manufacturers have historically enjoyed access to export markets,
small-scale producers are typically isolated from direct export access unless organized into co-
operatives or similar group-selling structures.

The organization of small-scale producers democratic organizations addresses several of the
market failures outlined above. Simply improving the trading standards already increases
producer income, by allowing them to capture more of the prevailing market price, even if they
are unable to sell at the higher Fairtrade price:

- **Access to Markets**: Under an organized democratic structure, farmer members own
  shares in an umbrella business organization, with equity ownership usually proportional
to the amount of product they sell through the co-operative. The co-operative can pool farmer resources to own or rent a truck, which is used to travel to members' farms to collect product. Because this business organization is owned by the farmers themselves and all profits are shared democratically according to the wishes of the farmer members, there is no incentive for this market access component to be exploitative. Co-operative membership allows small farmers to benefit from group selling and purchasing.

Historically, only large estate owners and export companies who consolidated products from middlemen realized such benefits.

- **Information about Prices:** Once organized into a cooperative or another business structure, farmers can also pool their income to purchase a phone, fax, and Internet service to ensure access to current price information. Cooperatives can offer storage facilities and warehouse shelf-stable product during low-priced markets to protect themselves from market fluctuations, benefiting their farmer members by using information about future prices to control when they sell.

- **Information about Quality and Industry Requirements:** Quality requirements and general industry knowledge are other important factors that change the value of a particular crop. If acting on their own, small farmers cannot interact directly with customers in the North to get feedback regarding quality and business capacity requirements. Language barriers are an obvious way that small farmers can fail to reach potential clients. By joining a large export cooperative, small farmers can pool resources to hire, for instance, an English- or German-speaking sales manager to better market their products.

Information disequilibria can be corrected with a very small investment, as is shown in the case of cocoa traded in West Africa. In Ghana, the government is the sole exporter of cocoa beans but buys beans from middlemen who consolidate product grown by small family cocoa farmers. These middlemen visit remote farms and bring scales with which to weigh the farmers' beans. With no capital to invest in their own scales, villagers are at the mercy of middlemen with rigged scales. Kuapa Kokoo, a cocoa farming co-operative in Ghana, used cooperative funds and Fairtrade Premium to purchase scales for villagers to check the middlemen’s calculations. A village-level investment of £100 for a scale thus protected the farmer members from this exploitative practice and farmers are enjoying a larger income from middlemen. Their ability to purchase accurate technology and the price information they gain through the cooperative has improved their bargaining position considerably.

- **Access to Financial Markets:** Since Fairtrade makes income predictable, farmers benefit from locking in a specific selling price for their crops at a future date (or an option to sell at a given price). However, accessing these income-smoothing market solutions is virtually impossible for farmers with small annual outputs. Pooling production through a Fairtrade producer organization allows all farmer members to benefit from these financial markets and reduce their exposure to risk from price fluctuations.

- **Credit:** The Fairtrade Standards recognize credit as a central issue for farmers with seasonal crops (especially coffee) who could benefit from loans out of the harvest season. As a result, one of the key Fairtrade requirements for such seasonal crops is that the importer must provide up to 60 per cent of the contract amount if asked by the producer group. Credit is thus not guaranteed unless the producer group requests it.

- **Producers Can Respond To Market Forces:** Risk aversion is a poverty problem. The main way that Fairtrade directly addresses this subtle issue is through the guarantee of above-market prices, which raises the income of producers. As farmers get higher

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incomes, they have more room to manoeuvre and might consider trying out new income-generating activities. Improved market information can also build the producer’s confidence - an interesting indirect benefit of Fairtrade is the increase in and more documented knowledge transfer.

- **Weak Legal Systems:** The Fairtrade Minimum Price guarantee is intended to ensure that the seller is earning enough to cover wage costs. Furthermore, Fairtrade Standards require farms and cooperatives who employ significant numbers of workers to abide by International Labour Organisation standards and domestic laws regarding the use of child labour, the right to organize, the use of dangerous chemicals and machinery, working hours, and other fundamental labour rights. Fairtrade inspections verify that workers receive, at least, the country’s legal minimum wage, or the local wage, whichever one is higher. The Fairtrade process is, thus, an independent verification of wage and labour standards that may exist but may not be enforced in producing countries.

## C – Fairtrade Impacts

The rapid growth of Fairtrade sales in Northern markets has transferred millions of dollars to disenfranchised producers in the developing world. 1.24 million farmers and workers in the developing world benefited from consumers’ trust in the standards behind the Fairtrade Mark in 2011.

Yet extra income is just one of the benefits accrued to producers through Fairtrade, and may not even be the most important aspect to them. Fairtrade producers gain value from long-term relationships, direct trade, and credit provision, all of which help them in their non-Fairtrade sales negotiations. The communities in which Fairtrade producers operate benefit from development projects funded by well-organized Fairtrade producer groups and farm worker organizations. Even self-esteem and confidence are improved as Fairtrade farmers identify with an international alternative trading movement. Such work has also produced powerfully positive social and economic externalities in terms of improved negotiating skills and community building.

- **Direct Impacts:** Through the Fairtrade Minimum Price producers are assured of a stable income, which covers the cost of production, and which should enable them to plan for the future. In the nowadays context where supermarkets are putting pressure on suppliers to reduce prices below the cost of basic wages or when commodity prices are low, the Fairtrade Minimum Price is extremely valuable for farmers.

More significant than the Fairtrade Minimum Price is the Fairtrade Premium. Premiums have provided significant development benefits to communities where farmers are selling a large part of their produce as Fairtrade. For example, the Small Organic Farmers’ Association (SOFA) in Sri Lanka has been able to lease trucks to collect and deliver their tea, build their own office and meeting premises, establish an animal husbandry, do handicraft training for local women, buy additional tea plants and get other crops certified such as spices and coffee13.

The Kuapa Kokoo Union in Ghana received a Premium of US$200 per tonne of cocoa sold in 2012, which was invested back into the community. This has helped to fund the drilling of about 300 boreholes, and the establishment of seven schools as well as funding links with the medical school in Ghana14.

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13 FLO ID 558 - E-mail: sofagp@yahoo.com, Tel: +94 0602849150, Fax: +94 0814486405, President: Bernard Ranaweera.
14 FLO ID 1495 – E-mail: admin@kuapakokoogh.com info@kuapakokoogh.com, Web: www.kuapakokoogh.com, Tel: +2335136051, Mobile: +233244755327, Fax: +233 51 23277, Managing Director: Ohemeng-Tinyase.
Another benefit to producers from Fairtrade is the development of capacity. This can include knowledge about how international markets work and increasing organisational, business and technical skills.

Fairtrade plays a key role in getting farmers organized. When farmers come together as democratic organisations, they become able to export their crop or move further up the chain, for instance by doing their own coffee washing. This puts them in a better position to obtain pre-finance and bank loans at much more reasonable rates and get a better understanding of the way that markets works.

- **Indirect Impacts**: Fairtrade can provide a premium market for products which otherwise would not have one. The Prime Minister of Dominica has in several occasions expressed that converting banana exports from the Windward Islands to Fairtrade has been a lifeline to their economies - it has raised standards of living and this in turn has helped maintain social stability.

Similarly the loss of a major market for Darjeeling tea exports led many farmers to convert to organic Fairtrade tea which has sustained the industry. Both products had previously struggled to compete against cheaper larger scale production. What Fairtrade has provided to Caribbean bananas and Darjeeling tea is a third party mark or brand - the Fairtrade Mark - which adds value to the product.

This type of premium branding is extremely beneficial to producers because it allows them to capture a greater percentage of the profits from their products.

In the case of plantations, Fairtrade provides an internationally approved symbol of recognition that such plantations treat their workers exceptionally well, as well as guaranteeing the export price required to meet labour standards and provide extra social Premium to the workers. Finally, Fairtrade networks appear to benefit producers in their non-Fairtrade transactions through access to information and reputation enhancements by being involved with the Fairtrade movement.

### D – Consumers and Fairtrade

Arising out of a perceived failure of liberalized international trade to bring benefits to the most disenfranchised producers in developing countries, Fairtrade is rapidly becoming the consumer standard for social responsibility in the sourcing of agricultural commodity products. Because Fairtrade is entirely a consumer choice model, it operates within the larger free trade model of unregulated international commerce. Fairtrade is not controlled or enforced by any government agency; rather it can be seen as just another product feature, like colour or size, albeit a very powerful one. Economists may shy away from floor prices, but consumers have clearly shown that they are willing to pay more for the Fairtrade guarantee of giving farmers a higher price.

Sales of Fairtrade products in Europe, North America, Japan, Australia and New Zealand have grown exponentially in recent years; Fairtrade bananas have a 55 per cent market share in Switzerland, and global sales of all Fairtrade products amounted to approximately €4.9 billion in 2011. The number of Fairtrade Certified producer organizations was up to 922 in 66 countries; an 10% increase over 2010. These figures keep growing steadily as consumers demand more Fairtrade products.

The largest markets for Fairtrade products continued to experience strong growth, as sales of Fairtrade certified products increased by 12% in the United Kingdom and 10% in the United

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15 The Hottest Cuppa in the World: http://www.guardian.co.uk/lifeandstyle/2007/apr/29/foodanddrink4
Fairtrade products also gained popularity in a number of new markets, including in Eastern Europe, Eastern Asia, and South Africa.

South Africans spent more than three times more on Fairtrade certified products in 2011 over 2010. Shoppers there can buy Fairtrade products grown by farmers and workers in their own country. In its first year with a national Fairtrade organization, sales in South Korea registered at €17 million.

Retail sales of Fairtrade Certified products in Australia and New Zealand reached AU$202, an increase of 35% on 2010. Tea sales grew almost 24% and chocolate sales rose by more than 43%. In October 2012 the number of Fairtrade licensed businesses across both countries increased to 258.

**Fairtrade in Australia and New Zealand**

Consumer recognition of the Fairtrade Mark is increasing significantly year on year, rising in Australia to 44% and in New Zealand to 57%. The range of Fairtrade Certified products available in Australia and New Zealand has expanded to include coffee, tea, chocolate and cocoa products, sports balls, cotton, rice, sugar, and quinoa. Six recent introductions were nuts, muffins, cakes, bananas, cola and coffee syrups. This growth in product range has been supported by major brands growing commitment or entering Fairtrade system: Starbucks and San Churro serving 100% Fairtrade Certified espresso in their stores nationally, Ben & Jerry’s re-confirmed commitment to switching all flavours to Fairtrade by 2014, Kraft expanded its Fairtrade Certified range in 2011 to include its first Fairtrade Certified Easter Egg and NZ based Nice Blocks launched the first range of Fairtrade and Organic Certified ice locks in the world.

Chocolate is the most purchased Fairtrade Product in Australia and New Zealand making up 63% of total Fairtrade retail sales in the two countries.

While the market for Fairtrade in New Zealand is still relatively small, the move towards the purchase of ethical products is a worldwide phenomenon. The global Fairtrade market grew by 12% in 2011. New Zealand Fairtrade market growth over the same period was 19%. The New Zealand Fairtrade market shall continue to grow strongly.

This growth in Fairtrade retail sales is great news for small-scale farmers and workers in developing countries. Increased Fairtrade sales means that more trade is taking place under Fairtrade conditions and that more farmers and workers are receiving the economic, social and environmental benefits of Fairtrade.

Behind the numbers is an even more compelling story. Fairtrade is about people, not statistics. Fairtrade’s focus is to empower people. Through the Fairtrade Mark, producers secure greater control over their lives and futures, and consumers around the globe can express their support for fairer conditions in global supply chains. Making that direct human link between producer and consumer is one of the most important things we can do.

Fairtrade represents a market-driven response to trade inefficiencies and inequalities. Specifically by reconnecting producer and consumer interests, Fairtrade has positioned trade justice as a premium brand value for many customers.

People all over the world are becoming more conscious of their power as consumers. There are currently Fairtrade certified products available in more than 120 countries. The Fairtrade Mark assures consumers that any certified product they buy conforms to these standards and is regularly audited as such. The connection between supermarket purchase and positive producer impact is thus underlined.

Fairtrade has made an important contribution to raising awareness among consumers about development and ethical trade issues. Moreover this awareness can create pressure for changes in favour of poor countries.

Despite the limited volume of Fairtrade products as a percentage of total sales, the concepts of a fair price and a fair exchange have begun to enter the mainstream. Thus an important impact of Fairtrade may in fact be in catalysing other traders to improve their social performance.
This demonstrates that price is not the only concern for consumers. The Fairtrade Mark gives customers certainty about the origins of the product in the context of many different brands. Fairtrade offers a means of ensuring purchasing has a positive impact in the categories where Fairtrade standards and products are available.

Fairtrade is a unique solution to market failures in the global trading system. Firstly, as a consumer choice movement, it is outside the scope of government regulation and thus cannot be criticized as an interventionist trade policy. Secondly, by correcting market failures to make the trading system work for everyone, Fairtrade is, in fact, a neo-liberal solution to problems with trade. Fairtrade works within an efficient capitalist system, rather than abandoning the liberal trade model entirely.

More Fairtrade ANZ 2011 Highlights:

- Retail sales in Australia & NZ reached $202m (Australia $167m AUD and $45m NZD in NZ), an increase of 35% on 2010.
- For the first time ever, Fairtrade ANZ ran TV advertising in New Zealand promoting the Fair Trade Fortnight theme of “Show off your swap”.
- Over 30,000 shoppers in over 100 NZ supermarkets enjoyed taking part in Fairtrade chocolate tastings during Fortnight provided by some of New Zealand’s leading chocolate brands; Whittaker’s, Cadbury & Scarborough Fair.
- Major brands growing commitment or entering Fairtrade system: Starbucks and San Churro serving 100% Fairtrade Certified espresso in their stores nationally, Kraft launched the first range of Fairtrade Certified Organic Ice Blocks in the world.
- Farmers in the Pacific continued to see the benefits of Fairtrade certification with 2 new producer organisations gaining Fairtrade certification in Papua New Guinea, taking the total number to 6.
- The Labasa Cane Producers Association in Fiji was certified, bringing an additional 4,000 farmers and workers into the Fairtrade system.
- The ‘Producer Updates’ newsletter was launched, providing quarterly updates on the Fairtrade system to all stakeholders in the Pacific.

Unlocking the Power of the Many: Fairtrade International’s Strategic Framework 2013-15

The growth of Fairtrade in recent years means that it can now make a step change in the impact of its work. But it is not sufficient just to achieve further growth in Fairtrade, it must do so in a way that genuinely creates and sustains change in the way trade is conducted. The long-term goal is to help make trade fair by setting an example of how Fairtrade principles can become the norm for international trade, and this will be done by:

- Creating an efficient and effective environment to connect producers & consumers, within a streamlined global system that is part of the civil societies in which it operates and values and respects the diversity of its stakeholders
- Designing and implementing an operating model that prioritises Fairtrade’s role of enabling development via producer empowerment
- Scaling-up Fairtrade’s business and principles to achieve mainstream market penetration and strengthen Fairtrade’s capacity to support marginalised producers and their communities, and
- Transforming Fairtrade into a social enterprise with grass-roots social support in which consumers and producers are social as well as economic players. Becoming a global
movement for change, deriving authority from its ownership and new governance structure.

For 2013-15, the whole Fairtrade system will be united behind the strategy “Unlocking the Power of Many”. This focuses on the following four areas:

- Supporting small producer to get organized and to build businesses and communities. Fairtrade small producer groups will be beacons of best practice, showing how smallholders can engage most effectively and profitably in trade – including through adding more value to their crops, processing, diversifying, trading direct, and owning brands. We acknowledge that sometimes, small farmers are negatively impacted by competition within our system, and we will develop strategies to ensure that risk is minimized and synergies are developed.

- Clarifying and re-focusing efforts to make Fairtrade deliver change for workers, in particular in bananas, tea and flowers. We will deepen our relations with the international labour movement, helping us to reach more workers more effectively through implementing recommendations of our Hired Labour Strategic Review and to support negotiations towards a living wage and the organizing of workers so that they and their representatives can negotiate this and other improved terms of employment.

- Strengthening the grassroots social movement further, so sales and impact increase. Consolidating Fairtrade’s market share in mature European markets, we will also build up the USA, India and Brazil as relatively new markets of the future. We will seek to build our core products (coffee, cotton, cocoa, sugar, bananas, flowers and tea) and to nurture new sectors such as gold.

- Strengthening the global Fairtrade system, increasing the voice of producers and working closely together across all countries to minimize costs and maximize impact. By 2015 we will have rationalized our services. The international backbone organization will sharpen our strategic focus and together we will work as a strong network, managing our finances as one system.

Fairtrade will also encourage business partners to move from simply complying with specific Fairtrade Standards to a pro-active commitment to Fairtrade Principles. They will be asked to source more goods from producers who most need their support, to invest in more direct relationships based on partnership and dialogue, and to provide or contribute to technical, financial and capacity building support. Fairtrade will also seek to change purchasing practices to ones which support the efforts of producers to use Fairtrade for empowerment and development.

Internally, Fairtrade’s ambition is to encourage greater and more active participation by producers in the Fairtrade system and this will be reflected throughout operations in processes of decentralisation and devolution.

What these changes will mean for Fairtrade members:

- **For Producers**
  - Improved cost: benefit ratio of engagement with Fairtrade
  - More freedom to use Fairtrade benefits for their particular development needs
  - Better access to producer support
  - Enhanced access for producers of products not currently within scope of Fairtrade
  - Improved access to mainstream and added-value markets and better market intelligence.
- **For consumers**
  - Stronger connections with producers of the products they buy
– Stronger expression of their personal values through purchasing decisions
– Clearer Fairtrade development proposition and enhanced trust in the Fairtrade label
– Active participation in the fights against poverty and for sustainable development
– Wider choice of products in more mainstream outlets

• **For our donors and institutional supporters**
– Focus on producer development via empowerment
– Clearer assessment of impact
– Improved value-for-money in terms of impact of grants

• **For business partners (traders, licensees, retailers)**
– Ability of Fairtrade to scale-up to meet demand
– Simpler operating processes with less duplication
– Clearer processes for extending Fairtrade to new product categories, including faster responses on simple products.
– Clearer requirements of commitment ensuring fairer competition within the Fairtrade market.

• **For Fairtrade Labelling Members (Producer Networks & Labelling Initiatives)**
– Clearer roles and responsibilities
– Better support from stronger value-adding core functions
– Better ability to secure commitment to Fairtrade from mainstream market actors
– Clearer strategy and policy frameworks enabling decisions to be made faster, better (and locally where possible)
PowerPoint Slide 73

Direct Benefits of Fairtrade for Producers

- Income: Fairtrade Minimum Price Premium
- Education and capacity building
- Female empowerment
- Preserving indigenous culture
- Producer empowerment and civic participation

PowerPoint Slide 74

Indirect Benefits of Fairtrade for Producers

- Adding value through branding
- Support to organized producer groups and progressive plantations
- Benefits accrued to Fairtrade groups through direct trade relationships
From workers in plantations to independent farmers

May 2006

Rooibos is the blood of the people of the arid Cedarberg, about 400 km North of Cape Town in South Africa. Apart from extensive live-stock farming, sheep and goats, the production of Rooibos is the only economic activity in the region. However, even for farmers who own their small plots of land, their only option for a steady income is to work as cheap labour on large-scale farms.

The Heiveld Cooperative represents the first successful example of black ownership of an exporting business in the whole Cedarberg region. The cooperative, a group of small farmers who produce Rooibos and Wild Tea, started off - unofficially - in 2000 with hardly anything to work with, except the support of two NGOs and the dedication of its 14 founding members.

Achievements

Soon after its foundation, Heiveld showed the first positive results. Women started to farm small fields and receive their own income. A group of women also founded an initiative to sew small cotton sacks for tea to be sold in the South African and European markets. And for the first time farmers and their family members assumed managerial tasks and were trained in accounting, electronic data processing and other areas.

Things were going well but Heiveld wanted to achieve better access to the international fair trade market, so the members of the cooperative participated in a consultation about whether it would be beneficial to enter the Fairtrade system and the outcome was very positive.

A few months after applying, the Heiveld cooperative became Fairtrade Certified. The economic impact of Fairtrade marketing has been very significant. By selling Rooibos tea to Fairtrade importers, the income of the farmers’ families tripled from circa € 1 per kg to currently around € 3. In 2005, the cooperative...
received € 5,80 plus a Fairtrade Premium of € 0,50 per kg of processed tea in order to compensate for a bad harvest. “There is a huge difference from when we sold to the large farmers. In the past the link between buyer and seller was missing – the buyer just gave whatever price they wanted.”

“Fairtrade changes this”, explains Lionel Louw, Board Member of the Heiveld Cooperative. Besides improving the farmers’ standard of living, the main goal from the beginning was to make the smallholders independent from wholesalers and plantations. Due to the Fairtrade Premium they were able to buy their own equipment for tea production, such as their own tea chopping machine, and subsequently didn’t have to use the facilities of other farms any longer. The last step was the construction of the cooperative’s own tea-court, a primary processing facility where raw green tea is finely chopped, fermented and subsequently dried. “In the first five seasons following its formation, the cooperative rented a tea court from a large-scale commercial farmer. However, access to the tea court was insecure, and in 2005 the owner made it clear that his tea court would no longer be available for use by the Heiveld cooperative,” explains Barry Koopman, the Tea Maker and Treasurer of Heiveld.

But the cooperative had planned for acquiring its own tea-court a long time in advance. They had savings from the Fairtrade Premium and secured a piece of land from one of its members that was suitable for the tea court. “Having its own tea court has freed Heiveld from dependency, and has also contributed to the pride that members feel in the organization” says Barry. Long-term planning is a fundamental part of Heiveld’s strategy. They have already decided how they will invest the Fairtrade Premium they earn up till year 2008. The objective is to strengthen their business and become more competitive.

“We are going to complete the second phase of construction of the tea court, including the installation of water storage tanks, building a store/office building, and purchase a second tea chopping machine. We have also developed a scheme to help members who experienced especially bad harvests during the 2003 – 2006 droughts as well as a training programme for members in sustainable production of Rooibos” explains Lionel enthusiastically. Taking into account Heiveld’s success and the cooperative’s future plans, it is not surprising that the number of applications for membership is growing very fast. With its high quality product, strong management and modernization the future in dry Cedarberg looks fertile for Heiveld.
Inspirational Global Sales’ Figures 2011

- Major growth was experienced across all main Fairtrade Product Categories.
- Fairtrade cocoa sales increased 14% to 40,000 metric tonnes (MT)
- Fairtrade coffee sales increased 12% to 98,000 MT
- Fairtrade bananas grew by 9% to 320,000 MT
- Fairtrade fruit juices (52%)

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Estimated Retail Sales for Fairtrade Labelled Products by Calendar Year (AUS) Australia and NZ

The ANZ Market for Fairtrade Certified Products 2005-2011

- Annual retail sales (AUS)
- Number of licenses
PowerPoint Slide 79

Growth in Estimated Retail Sales of Fairtrade Labelled Products (AUS)

PowerPoint Slide 80

Growth in Number of Businesses Licensed by Fairtrade Labelling ANZ
Fairtrade Certified products are now available in more than 120 countries.
Closing

(A) Learning objective

• General objective
  
  By the end of the closing session participants should have a clear understanding of the key issues they have learnt from this training and will be aware on the new skills and knowledge achieved.

• Specific objectives
  
  In particular, participants will be able to:
  - apply the concepts learnt concerning to their own situations.
  - manage the skills and the knowledge acquired.
  - appraise the subjects studied.

(B) Proposed training strategy

<table>
<thead>
<tr>
<th>Final activity: learning assessments and conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Method:</strong> The card game.</td>
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<table>
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<tr>
<th>Proceeding</th>
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<tbody>
<tr>
<td>The trainer will introduce the final activity and state that it intends to sum up all of the information acquired throughout the workshop.</td>
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<tr>
<td>S/he will ask participants to split into groups of 5. S/he will then hand out a card per group and explain that some cards have questions as some others contain the corresponding answers.</td>
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<tr>
<td>Participants should find their match and get together as they do so.</td>
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<tr>
<td>The trainer should then ask groups –going from question 1 to 5- to present their questions and answers. The trainer should let them expand upon their response if they choose to.</td>
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<tr>
<td>To conclude, the trainer will distribute the Fairtrade basics brochure (Appendix 4) to each participant, and explain that this material should be used as a quick reference on the Fairtrade system, benefits and certification requirements.</td>
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Closing remarks of the trainer

The trainer will express his/her own opinions in relation to the training programme, and present key conclusions by considering and summarising the comments provided in the previous activity.

By the end, the trainer must ensure that participants have a clear idea of what they achieved in relation to the intended outcomes.
1. What is Fairtrade?

It is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South.

2. What is the goal of the Fairtrade Standards?

To guarantee a minimum price considered as fair to producers, to provide a Fairtrade Premium that the producer must invest in projects enhancing its social, economic and environmental development, to strive for mutually beneficial long term trading relationships, and to set clear minimum and developmental criteria and objectives for social, economic and environmental sustainability.

3. How is the Fairtrade Minimum Price calculated?

\[
\text{cost of production} + \text{cost of living} + \text{cost of complying with Fairtrade Standards}
\]

4. Who does FLO-CERT audit and certify?

It certifies all operators in the supply chain that take legal ownership of a Fairtrade Certified product. The trade chain must be complete for certification.

5. Why are consumers around the world supporting Fairtrade products?

Because the Fairtrade Mark assures them that any certified product they buy conforms to Fairtrade Standards and is regularly audited as such. The connection between supermarket purchase and positive producer impact is thus underlined.
**Key Words**

**The Fairtrade Mark**
Shops and supermarkets like to sell fair trade products with a Fairtrade Mark because it shows people who are buying them that the shop has paid a fair price for the product. It also shows that the shop is working with the people who made the product (the producer) in a fair way.

**Fairtrade certification**
A producer organization or plantation producing a product for which a Fairtrade Standard exists, can apply for certification. The certification is currently carried out by FLO-CERT. Once the application is accepted an accredited inspector will visit the applicant and conduct an initial inspection against the Fairtrade Standards. Traders, such as exporters, importers, processors and manufacturers can become Fairtrade registered. Traders are also inspected to assure that they pass on the Fairtrade Minimum Price and Premium and that the agreements made between the producer and trader are based on long term and stable relationships in which the rights and interests of both parties are mutually respected.

**General Assembly**
In a hired labour situation a General Assembly is where all the workers meet together to elect their representatives to the Joint Body or to guide the Joint Body on Premium use. In small producer organizations, the General Assembly is when all the members meet to discuss and decide on the use of the Fairtrade Premium. The people they elect to run the organization are the people who manage the use of the Fairtrade Premium.

**Joint Body**
When the Standards for Hired Labour are being followed, a Joint Body must be set up. It is the body which decides how the Premium will be spent. It is made up of workers (hired labourers) and management but with a majority of workers. The workers are elected to the Joint Body by all the workers meeting in a General Assembly and they are there to represent all the workers’ interests. The Joint Body talks to the workers to find out how they want the Premium spent. The Joint Body makes the final decision and then manages the spending of the Premium. One of the aims of Fairtrade is to support workers in a creative relationship with managers. This should help the workers to gain the knowledge and skill to ensure that they are treated fairly. The Joint Body is an important way to do this.

**Pre-financing**
For small farmers’ organizations, if you have been given an order for your Fairtrade products, but you can’t afford to pay for some of your costs to meet the order, then you can ask the person who has given you the order to pay for some of it in advance. This, for instance would give you access to cash to pay the members for their crops much earlier. According to the Fairtrade standards, for some products your buyer is obliged to pay you partly in advance if you ask for it, for other products it is voluntary. You should check the product specific standard to see what is available on your product. You can request an advance for up to 60% of your order value. The buyer can charge you interest on this advance. You may be able to borrow this money locally at lower interest.

**Long-term relationships**
Buyers of Fairtrade products are encouraged to develop long-term and stable relationships with producers that respect the rights and interests of both parties. A contract will be signed for the first part of the season and a Letter of Intent saying how much the buyer is likely to purchase for the rest of the season. Increases in production and improvements in facilities should then be easier and safer for you to plan and fund.
Small Farmer Organisation: 1st grade (Cooperatives, Associations…)
A 1st grade is a legally formed small farmer organisation which is democratically controlled by its members. The majority of members of the organisation are small farmers who are not structurally dependent on permanent hired labour, managing their farm mainly with their own and their family’s workforce.

Small Farmer Organisation: 2nd grade (Federations, Unions, etc.)
A 2nd grade is a small farmer organisation formed by 1st grade members which are legally affiliated to the 2nd grade. For an organisation to be classified as a 2nd grade organisation there must be a minimum of two 1st grade member organisations, under the control of a central structure.

Small Farmers Organisation: 3rd grade
A 3rd grade is a small farmer organisation formed by 2nd grade members which are legally affiliated to the 3rd grade. For an organisation to be classified as a 3rd grade organisation there must be a minimum of two 2nd grade member organisations, under the control of a central structure.

Plantation
Plantations are companies which structurally depend on hired labour. A plantation is a single-estate which has one single production site, where one central management is responsible for the condition of their workers.

Multi Estates
Multi Estates are companies which structurally depend on hired labour and are composed of more than one plantation with independent administration, but one central management is responsible for the labour conditions of the workers on all of the plantations.

Factories
Factories are companies which structurally depend on hired labour and are prepared to promote workers' development. A factory is one production site where a raw product is transformed into a product with higher value.

Processor
A company transforming a product in the original producing country.

Exporter
A company selling from the original producing country.

Importer
A company buying from the original producing country.

Manufacturer
A company transforming a product outside the original producing country.

Distributor
A company (in destination country) that purchases and sells products without transforming them and does not buy from the original producing country.

Subcontractor
A company that provides a service but does not take legal ownership of the product.

Agent
A company or person that helps to buy or sell but does not take legal ownership of the product.
Licensee
At the end of each supply chain there is one company holding a Fairtrade license which gives the right to use the Fairtrade label on a Fairtrade Certified product. These licenses are not given by FLO-CERT but by Labelling Initiatives (LIs). The licensed company sells directly to the end consumer or the retailer and can ask its suppliers to put the logo in their name.

Audit
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
A person qualified to carry out audits for or on behalf of a certification body.

Contract Production
Unorganised farmers who are contracted for performing specific production tasks to sell their products to a service provider. In the Fairtrade context, contract production also means the partnership between the Promoting Body and the Fairtrade producers.

Promoting Body
In the context of contract production - Any legally established intermediary organisation, either a trader (exporter/trader) or non-trader (NGO or private) forming a partnership with the producers it contracts with. The promoting body enables the individual producer to gain autonomy and to organise itself. It is responsible for the current management of the Fairtrade Premium to individual producers.

Farm Gate price
As used by FLO, it refers to the gate of the Producer Organization (the certified producer entity), and not the gate of the individual producer’s farm. Farm Gate therefore means that the seller (the certified producer entity) delivers when he places the goods at the disposal of the buyer at the premises of the seller.

Free on Board
The seller delivers when the goods pass the ship’s rail at the named port of shipment. This means the buyer has to bear all costs and risks of loss or damage to the goods from that point. The FOB term requires the seller to clear the goods for export.
Sources

- FLO-CERT http://www.flo-cert.net
Further Reading

**Training feedback form**

Please tick the corresponding box

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<thead>
<tr>
<th>Item</th>
<th>Poor</th>
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Please grade from 1 (poor) to 3 (very good) the following:

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<tr>
<th>Section</th>
<th>Training methodology</th>
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<tr>
<td>1 – The Fairtrade System</td>
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<td>Brief History of the Fairtrade Mark</td>
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<td>What is Fairtrade certification?</td>
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- Which sections of the manual do you consider the most important ones? Why?

- Which, if any, sections of the manual did you understand well?

- Which, if any, sections of the manual are still unclear?

- Do you have any suggestions or remarks to make on this manual?

*Thank You*