

# INNOVATION AND RESILIENCE FOR A MORE SUSTAINABLE WORLD

ANNUAL REPORT 2019-2020



# TABLE OF CONTENTS

<b>FOREWORD FROM THE CEO</b> .....	<b>2</b>
<b>FAIRTRADE BY THE NUMBERS IN 2019</b> .....	<b>3</b>
<b>FAIRTRADE RESPONDS TO COVID-19</b> .....	<b>4</b>
<b>CHANGING TRADE, CHANGING LIVES: ACHIEVEMENTS IN FAIRTRADE'S 2016-2020 GLOBAL STRATEGY</b> .....	<b>6</b>
<b>BUILDING BENEFITS FOR FARMERS AND WORKERS</b> .....	<b>7</b>
<b>LIVING INCOME</b> .....	<b>7</b>
<b>LIVING WAGES AND WORKERS' RIGHTS</b> .....	<b>8</b>
<b>DEEPENING IMPACT THROUGH SERVICES AND PROGRAMMES</b> .....	<b>11</b>
<b>STRONGER BUSINESSES, EMPOWERED TRADE RELATIONSHIPS</b> .....	<b>11</b>
<b>GENDER EQUALITY</b> .....	<b>14</b>
<b>CLIMATE CHANGE</b> .....	<b>16</b>
<b>HUMAN RIGHTS</b> .....	<b>18</b>
<b>BUILDING FAIRTRADE MARKETS</b> .....	<b>19</b>
<b>PRODUCER SALES</b> .....	<b>19</b>
<b>DEVELOPING NEW SUPPLY CHAINS</b> .....	<b>22</b>
<b>EXPANDING IN EMERGING MARKETS</b> .....	<b>22</b>
<b>INCREASING DEMAND FOR SUSTAINABLE OPTIONS IN EUROPE</b> .....	<b>23</b>
<b>INFLUENCING GOVERNMENT POLICIES</b> .....	<b>24</b>
<b>BUILDING A STRONG GLOBAL SYSTEM</b> .....	<b>25</b>
<b>FAIRTRADE CODE OF ETHICS AND GOOD PRACTICE</b> .....	<b>25</b>
<b>STRONG PRODUCER NETWORKS</b> .....	<b>25</b>
<b>TOOLS FOR MORE EFFICIENT COLLABORATION</b> .....	<b>25</b>
<b>FAIRTRADE INTERNATIONAL'S FINANCIALS AND BOARD</b> .....	<b>26</b>



The past year has required resilience and adaptation as we stand together with producers to weather the COVID-19 crisis. Fairtrade farmers and workers have bought safety and sanitation materials, delivered food packages, financed health centres. They have also adapted their businesses to survive and even expand into new opportunities. Our three regional Fairtrade producer networks have supported them by finding innovative ways to replace in-person visits and opening new channels to provide support and share information.

Fairtrade has mobilized more than €15 million in Producer Resilience and Relief funds thanks to the partnership of companies, NGOs and government partners. Our producer networks have already distributed funds to more than 580 producer organizations and counting, benefitting 475,000 people. But farmers and workers don't just need emergency funds – they need a fairer and more sustainable system of trade that supports decent livelihoods, a healthy environment and human rights throughout supply chains.

That's why we are continuing to move forward with key initiatives. We are currently reviewing our Standards for bananas, coffee and cocoa, placing special emphasis on solutions that contribute to achieving living wages and living incomes. We are developing offerings that support companies' human rights due diligence obligations. Our producer networks continue to deliver on signature programmes that develop women as leaders, support farmers to adapt to climate change, and more. As a system, Fairtrade has implemented more than 150 programmes, funded by governments as well as by commercial partners seeking to strengthen their supply chains and deepen their commitments to farmers and workers.

Finally, we are looking forward to launching our next global strategy in early 2021, which takes into account the challenges of today and the potential for a more sustainable future. We invite you to learn more about our current work in this report and at [www.fairtrade.net](http://www.fairtrade.net).

**Darío Soto Abril**  
Global Chief Executive Officer  
Fairtrade International

# FAIRTRADE BY THE NUMBERS IN 2019

1,822

FAIRTRADE CERTIFIED  
PRODUCER ORGANIZATIONS  
IN 2019



FAIRTRADE BANANA  
PRODUCERS INCREASED  
THEIR FAIRTRADE  
SALES BY

IN 2019

↑ 9%

2,785

MORE THAN  
PRODUCTS  
IN 2019

COMPANIES  
LICENSED  
35,000



FAIRTRADE PRODUCTS WERE SOLD IN

145

COUNTRIES  
IN 2019



1.7 MILLION

FARMERS AND  
WORKERS IN

72 COUNTRIES  
IN 2019

FARMERS AND WORKERS EARNED

€190.6 MILLION

IN FAIRTRADE PREMIUM  
IN 2019 FOR THE TOP 7 PRODUCTS



COFFEE PRODUCERS

EARNED €85 MILLION

IN FAIRTRADE PREMIUM IN 2019



FAIRTRADE COCOA  
PRODUCERS EARNED

€44.3 MILLION

IN FAIRTRADE PREMIUM IN 2019



The most recent data on Fairtrade producers and products is  
available here: [www.fairtrade.net/impact](http://www.fairtrade.net/impact)

All Fairtrade research and other reports can be found on our  
website: [www.fairtrade.net/library](http://www.fairtrade.net/library)

# FAIRTRADE RESPONDS TO COVID-19

## Accelerating support and innovation

Early in 2020, the world changed dramatically with the spread of the COVID-19 pandemic. Farmers and workers in the global south, already living in precarious conditions, were plunged into extreme uncertainty as the pandemic affected every aspect of food supply chains. From delays in farmers getting necessary fertilizers, to shipments stranded in ports; to businesses closing and people being laid off; to challenges stocking supermarket shelves, our interconnectedness as a global economy has never been clearer.

Despite facing their own risks, Fairtrade producers were some of the many everyday heroes who kept supplies moving. This required ingenuity, flexibility and cooperation. Fairtrade International responded quickly to allow more flexible use of the Fairtrade Premium so producers could use their own Premium funds to meet urgent needs and keep their families and communities safe.

## Fairtrade farmers and workers rise to the challenge

Here are just a few of the many examples of Fairtrade producers taking quick action and using their resources to protect their communities.

- Oserian Development Company Ltd. in Kenya, unable to export their roses due to grounded flights, used some of their Fairtrade Premium funds to switch operations to sewing face masks for their workers and families, as well as for sale.
- The sugar cane cooperative APACACU in Paraguay used Fairtrade Premium funds to put together and distribute sanitation kits to community members, as well as seeds for households to grow small gardens for their own consumption or to sell in local markets.
- NamOm Community Enterprise Group, a Fairtrade certified producer of rice, oilseeds and soybeans in north-eastern Thailand, worked with the Thai Air Force to provide emergency rice rations to nearby fishing villages in exchange for fish for their own community.

## Fairtrade mobilizes resources through two new funds

The Fairtrade system also reacted quickly to provide additional financial support to producer organizations. With seed funding of €3.1 million contributed by Fairtrade organizations in the north, Fairtrade's three regional producer networks spearheaded the distribution of funds for two purposes: immediate relief and longer-term resilience. As of September 2020, more than 580 producer organizations had received financial assistance for projects that benefited more than 475,000 people.

Companies and funding organizations also contributed, bringing the total amount of money available through the two funds to more than €15 million. These investments are putting resources directly into the hands of producers who know best what their priorities are, whether that is ensuring their communities have food and income or investing in new business models or climate resilience.

See how producers have used these funds:

 <http://fairtr.de/relieffund>

## New ways of doing business

Normal business had to change rapidly in early 2020 and Fairtrade was no exception. A cocoa cooperative in Peru quickly revamped 50 collection centres where farmers bring their beans for processing, setting up hygiene and social distancing measures while still ensuring the harvest could continue. Fairtrade's three regional producer networks couldn't conduct in-person trainings or visits, so they set up WhatsApp groups, online webinars, and contacted Fairtrade producers regularly to share the latest information and guidance. Fairtrade Africa's Women's School of Leadership programme even held a virtual graduation ceremony in four different locations – no small feat for rural cocoa farming communities in Côte d'Ivoire.



Coffee cooperative Cooperativa de Caficultores del Alto Occidente de Caldas in Colombia started picking up coffee directly from farmer members, when transportation was limited to prevent the spread of the virus. This initiative avoided large gatherings and long lines, especially important for elderly farmers.

**“FAIRTRADE CERTIFICATION IS VERY IMPORTANT FOR THE COOPERATIVE BECAUSE IT HAS ALLOWED US TO SELL OUR CERTIFIED COFFEE AND EARN THE PREMIUM, WHICH WE CAN INVEST IN THE MANY NEEDS OF OUR MEMBERS. AT THIS SPECIFIC TIME OF ISOLATION AND PANDEMIC, IT ALLOWS US TO HAVE THE POSSIBILITY TO KEEP BUYING THE COFFEE FROM OUR PRODUCERS AND THAT IS A BIG STRENGTH THAT FAIRTRADE CERTIFICATION HAS GIVEN US.”**

César Julio Díaz,  
Executive Manager, Cooperativa de Caficultores  
del Alto Occidente de Caldas





Members of Cooperativa Agraria Cacaotera (ACOPAGRO) in Peru revamped their cocoa collection centres, taking measures to prevent the spread of COVID-19.



A worker at Oserian flower producer in Kenya sews face masks for the workforce, families and community.

### Advocating for support for hard-hit producers

At a global level, Fairtrade called on G20 governments early on to target resources toward the most vulnerable populations, including farmers and workers. From supporting jobs and incomes during shutdowns, to ensuring PPE supplies, healthcare, and social safety nets, we called on countries to provide this support in the context of sustainability goals.

We joined with the Fair Trade Advocacy Office and other civil society organizations to urge that pandemic response efforts ‘build back better,’ so that global supply chains do not revert to business as usual, but rather are redesigned to respect human, worker and environmental rights, incentivize sustainability and fairness, and share the benefits of trade more equally.

The Fairtrade producer network in Latin America, CLAC, called for food sovereignty in the region as part of a “recovery with justice,” including roles for governments, civil society, consumers, companies and farmers to play so that livelihoods and food supply can be sustainably ensured.

## THE FAIRTRADE SYSTEM

Fairtrade is a global system that connects farmers and workers from developing countries with consumers and businesses across the world to change trade for the better.



- Fairtrade International sets the Fairtrade Standards, owns the FAIRTRADE Mark, and coordinates activities for its member organizations. The Fairtrade International General Assembly brings members together to make governance decisions, while other representative committees decide on specific matters, such as the Fairtrade Standards Committee.



- Three regional producer networks represent more than 1.7 million farmers and workers, providing support, building markets, and implementing projects.
  - o **CLAC:** Latin America and the Caribbean
  - o **Fairtrade Africa:** Africa and the Middle East
  - o **NAPP:** Asia Pacific



- 25 national Fairtrade organizations promote Fairtrade in their countries. Some also license the FAIRTRADE Mark to businesses.



- FLOCERT is the independent certifier for all Fairtrade producers and most Fairtrade traders, ensuring third-party verification throughout the supply chain.



# CHANGING TRADE, CHANGING LIVES: ACHIEVEMENTS IN FAIRTRADE'S 2016-2020 GLOBAL STRATEGY



A cocoa farmer and member of COOP-CA ECAKOOG cooperative in Côte d'Ivoire harvests a cocoa pod.

In this report, we share data related to our 2016-2020 strategy and the key indicators we look at to gauge Fairtrade's impact on farmers, workers and their communities.

The world continues to face the major challenges of climate change, the coronavirus pandemic, and extreme inequality. These threats are closely intertwined with the reality that many are still being left behind in global trade. Fairtrade will be launching its next five-year global strategy in early 2021, continuing to emphasize decent livelihoods for farmers and workers, as well as addressing the challenges and opportunities of the future.

## Our five strategic goals for 2016-2020:

### 1. BUILDING BENEFITS FOR SMALLHOLDER FARMERS AND WORKERS:

Improve the livelihoods of farmers and workers through new business models, and a focus on living incomes and wages.

### 2. DEEPENING IMPACT THROUGH SERVICES AND PROGRAMMES:

Support farmers and workers and their communities to realize their rights, and achieve greater social, economic and environmental impact.

### 3. BUILDING FAIRTRADE MARKETS:

Increase demand for and expand the availability of Fairtrade products, driving sales for farmers and workers.

### 4. INFLUENCING GOVERNMENT POLICIES:

Amplify the voice of farmers and workers, advocating for more inclusive and equitable policies that create a more level and sustainable playing field.

### 5. BUILDING A STRONG GLOBAL SYSTEM:

Strengthen governance, build operational capacity, and invest in tools and data to improve insights and underpin decision-making.



## 1. BUILDING BENEFITS FOR FARMERS AND WORKERS

The Fairtrade Minimum Price provides a safety net to protect producers from the volatility of global commodity markets. The Fairtrade Premium – the amount producer organizations are paid on top of the selling price – provides funds for farmers and workers to invest in projects of their choice in their businesses and communities. The more of their crop that producers can sell on Fairtrade terms, the greater the difference these benefits make. In 2019 we revised our Standard for Small-scale Producer Organizations to drive more benefits for Fairtrade farmers and make them more resilient to market shocks and climate change. Fairtrade is also working towards living incomes for farmers and living wages for workers through holistic strategies.

### LIVING INCOME

In 2019, we focused on steps aimed at securing living incomes in three product areas: cocoa, coffee and vanilla. We published our first Living Income Progress Report in April 2020.

#### Cocoa

A 20 percent increase in both the Fairtrade Minimum Price and Premium for cocoa took effect in October 2019 as part of our strategy to improve farmer incomes. We also began implementing pilot projects with companies that are ready to lead the way in paying the significantly higher voluntary Fairtrade Living Income Reference Price, along with other investments necessary to achieving living incomes. These include sustainable yields, strong producer organizations, such as those supported through the West Africa Cocoa Programme (WACP), and strategic Premium investment in areas such as crop diversification.

We are committed to sharing learnings from our pilot projects, including the impact of the higher Fairtrade Living Income Reference Price and the other supporting components, as part of the pathway for farmers to achieve living incomes.

<http://fairtr.de/Llcocoa>

**“COFFEE, BESIDES BEING AN ITEM, IS A WAY OF LIFE, PART OF MY LIFE. AND PART OF OUR LIVES. IT IS REALLY SOMETHING THAT WE ARE PASSIONATE ABOUT.”**



Sergio Romero, coffee farmer and member of Cafés Finos Corquín (CAFICO) cooperative in Honduras.





Genera Campos Garcia and her husband are members of CENFROCAFE coffee cooperative in Peru. They also raise animals to supplement their income.



Vanilla farmers and members of the Fairtrade cooperative FITAMA in Madagascar inspect pods drying in the sun.

## Coffee

Managing a farm as a small-scale enterprise requires a basic understanding of farm economics. Without a system for tracking expenses and sales, farmers won't know where they have made a profit or where they could be operating more efficiently. To build this capacity, Fairtrade implemented a farm record book for coffee farmers to document costs and revenue. Funding from German development organization, GIZ, is supporting the development of a farm management app based on the record book.

During 2019 and early 2020, farm record books were rolled out among over 22,000 coffee farmers in 37 Fairtrade producer organizations across seven countries and three continents. The record books have also been adapted for banana and cocoa farmers, and are suitable for low-literacy settings. Trainings for cocoa farmers also include a gender component so that women in the household are also involved in tracking expenses and making decisions.

The record books are contributing important data on the costs of sustainable production. We will draw on this data to help develop living income reference prices for certain coffee-growing regions over the next year.

## Vanilla

We published a detailed report on Living Income Reference Prices for vanilla in Madagascar and Uganda in 2019, in partnership with the Sustainable Vanilla Initiative. While this complex spice fetches a high price at times, vanilla is susceptible to extreme market swings. A Living Income Reference Price would provide industry guidance to secure a decent income for vanilla farmers. Recent price drops have re-emphasized the relevance of this reference price, which now helps inform price-regulating measures for vanilla farmers taken by the Malagasy government.

## LIVING WAGES AND WORKERS' RIGHTS

Fairtrade certifies producer organizations that rely on hired workers, who are commonly found in the flower and plant, tea and fresh fruit sectors. Our work is focusing increasingly on making sector-wide improvements. This is because the labour sector in the countries in question is either nationally or regionally regulated so change must happen at these levels, and/or because Fairtrade sales often still only make up a small portion of a Fairtrade certified plantation's revenue, so the financial benefits need to be guaranteed by all buyers in order to have greater impact.

### Bananas

In the area of workers' rights, Fairtrade is using labour-management dialogues as part of a new approach to supporting better wages and other worker benefits. Workshops in Ghana and Peru have brought together trade union representatives and management to improve relations and tackle issues related to wages, gender, health and safety, and the resolution of labour disputes.

Making progress toward living wages for banana workers has been a strategic goal since 2016. Colombia and Ecuador made





A worker at Cooperativa de Servicios Múltiples Bananera del Atlántico (COOBANA) in Panama washing bananas before packaging.



A worker at the United Nilgiri Tea Estates Company Limited in India plucks tea.

great progress towards achieving living wages for banana workers through effective collective bargaining processes and by setting national 'decent wages' at the level of a living wage.

In Colombia, in particular, Fairtrade contributed to collaboration between workers, their union representatives and management at certified farms.

After much dialogue and model development, 2020 saw the launch of a review of our current requirements to promote living wages in hired labour settings, with a focus on banana and tea plantations. The consultations on our draft revised Fresh Fruit Standard include a proposal for country-specific base wages linked to each country's living wage levels. This proposal is combined with a requirement for employers to negotiate a pathway towards a living wage with elected worker representatives. Several new requirements for improving the daily wages of tea estate workers have also been proposed as part of the revision of our Tea Standard. The proposal also aims to support their empowerment, by allowing them to participate in more training, shadow audits and workplace committees on gender, health and safety and compliance. The results of these consultations will be clear in 2021.

## Tea

A four-year programme in India's Assam and Darjeeling regions aims to improve the working conditions of more than 9,200 tea workers (63 percent women) on six Fairtrade certified tea estates. Supported by ALDI Nord Group of companies, the programme focuses on strengthening community development through strategic use of the Fairtrade Premium; improving workers' health and nutrition; promoting livelihoods and savings; and empowering women workers to understand their rights.

## Flowers

An impact evaluation of our floor wage requirement, implemented in 2017, showed that the wages on Fairtrade flower farms in Ethiopia, Tanzania and Uganda have shot up with increases between 30 and 100 percent during the past three years. The Fairtrade floor wage concept has also been accepted as an industry-wide standard by the Dutch flower industry.

Read more about our advocacy work related to living income and living wages on p. 24.



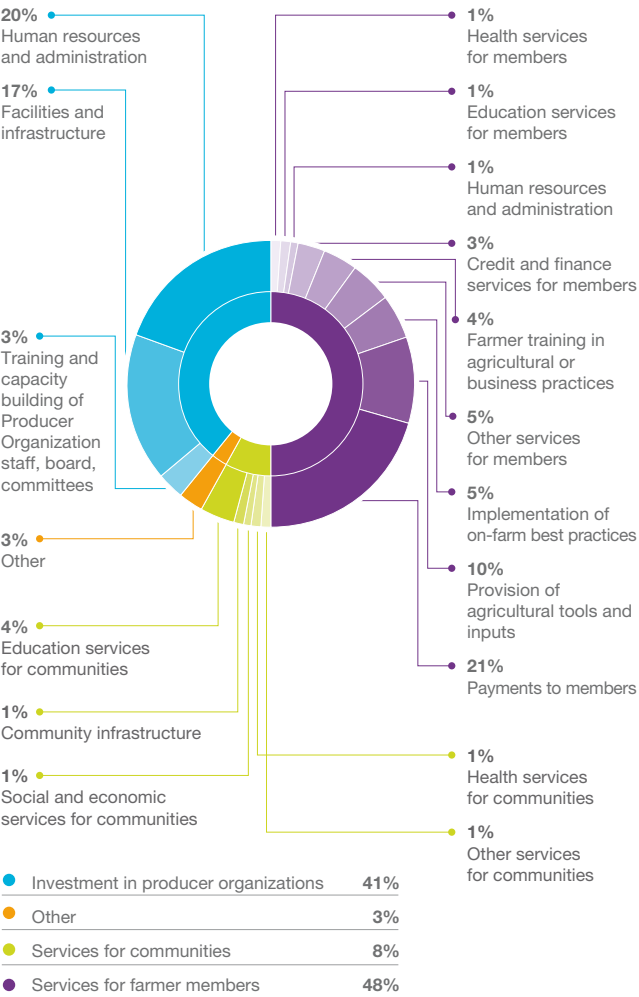
Agnes Chebii has worked at Karen Roses Ltd. flower plantation in Kenya for 20 years, and is chairperson of the gender committee there.



# FAIRTRADE PREMIUM USE BY PRODUCER ORGANIZATIONS

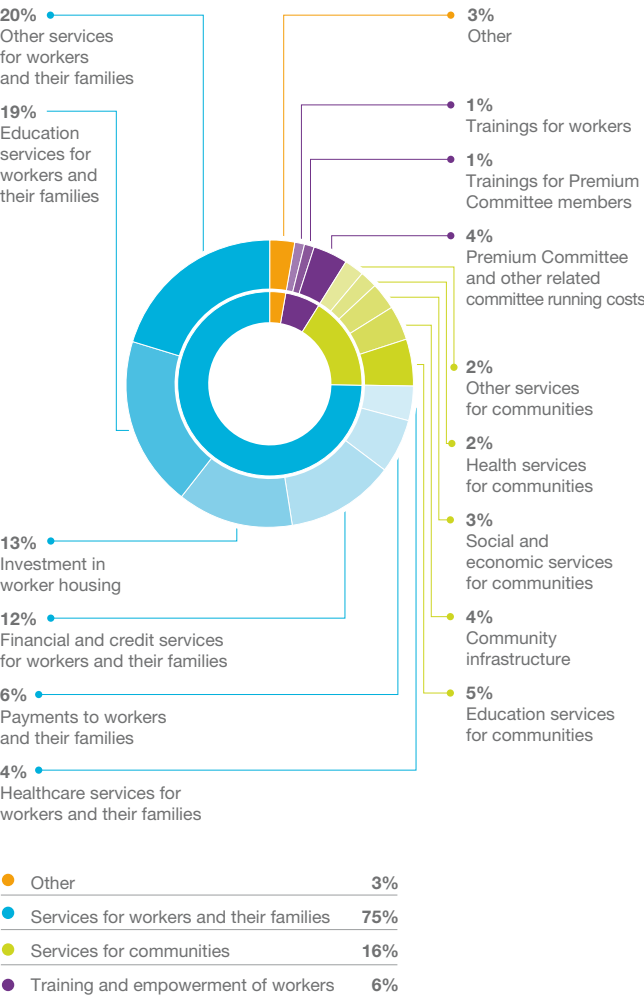
The Fairtrade Premium is an important benefit for farmers and workers. Producer organizations choose democratically how to spend their Premium, which they earn as an additional amount on top of the selling price for every Fairtrade sale.

**Fairtrade Premium use by Small-scale producer organizations in 2018**



Values may not add up to 100 percent due to rounding.

**Fairtrade Premium use by Hired Labour organizations in 2018**



Data reflect 2018 reporting, the latest available at the time of publication.

## PARTICIPATORY ANALYSIS OF THE USE AND IMPACT OF THE FAIRTRADE PREMIUM

This mixed-methods-based study analysed how the Fairtrade Premium has been used by Fairtrade organizations and how it generates benefits for Fairtrade producers and their communities. Five cases were explored: a coffee/cocoa small-scale producer organization (SPO) in Peru, a cocoa SPO in Côte d'Ivoire, a banana SPO in Ecuador, a banana SPO in Peru and a flower plantation in Kenya.

Based on data from 2011-2016, individual services to farmers and workers was the largest investment category (52%), followed by investments in producer organizations (35%) and community projects (9%). The involvement of farmers and workers in structures such as Fairtrade Premium Committees (required on Fairtrade certified plantations) makes a difference in ensuring Premium use decisions are responsive to their needs.

Recommendations from the study included encouraging all producer organizations to have a separate committee for Premium decision-making; increasing efforts to raise awareness of Premium plans and projects; encouraging producers based close to each other to co-fund larger community projects; and improve data on Premium use. These recommendations have already led to changes in the Fairtrade Standard for Small-scale Producer Organizations: for instance, cooperatives now include all of their Fairtrade Premium expenditures in a development plan based on their own needs assessment, and they are encouraged to establish a Premium Committee. Organizations earning more than 150,000 (euros or US dollars) per year in Premium funds must commission an external audit of their Premium accounts and spending.



## 2. DEEPENING IMPACT THROUGH SERVICES AND PROGRAMMES

Beyond setting social, economic and environmental standards for agricultural production, Fairtrade's mission is to support farmers and workers to have control over their own lives and live with dignity.

The three regional Fairtrade producer networks provide essential services to certified organizations, from trainings on good governance and good agricultural practices, to climate resilience strategies and strengthening gender equality and child rights.

### STRONGER BUSINESSES, EMPOWERED TRADE RELATIONSHIPS

A key goal of the Fairtrade producer network services is seeing producers become empowered and growing as entrepreneurs and community leaders who can create a more sustainable future.

#### Improving business skills for coffee producers in Indonesia

The Fairtrade producer network in the Asia Pacific region, NAPP, trained eight coffee producer organizations in Central Aceh, Sumatra, on business development areas including product quality, traceability, food safety, access to markets, access to working capital, promotion and marketing, export and logistics. This is an example of NAPP's services to empower producer organizations so they can build stronger trade relationships. NAPP advisors also delivered tailored support based on a detailed baseline assessment of each organization's specific situation and needs.



Cotton farmer Katha Mahananda is a member of Pratima Organic Grower Group in India.





Banana farmer Yadira Orozco is a member of Asobanar cooperative in Colombia, which used Fairtrade Premium funds to build a new warehouse, sanitation block, and irrigation system.



Fabio de la Cruz, a member of Asociación de Productores de Bananos Las Mercedes in the Dominican Republic, improved his productivity and sales through Fairtrade.

#### Latin American banana producers: Productivity Improvement Project

Fairtrade's producer network in Latin America and the Caribbean, CLAC, developed a programme to support farmers from 29 banana cooperatives in seven countries not only to improve their crop quality and yield using environmentally-friendly and sustainable methods but also to spread that knowledge beyond the programme's direct participants. The Productivity Improvement Programme (PIP) focuses on improving soil health and fertility, including the production of bio-pesticides and bio-fertilizers, and training farmers through field schools. Farmers have seen their yields increase by 36 percent on average. They have also significantly reduced their use of agrochemicals – lowering their overall production costs – and cut their carbon and water footprints.

#### Programme participants 2015-2019



**29** producer organizations  
from **7** countries

**330** farmers and households

**Farm yields increased 36%**

Farmer field schools reached another  
**410** farmers from  
**13** producer organizations





**“BEING PART OF THE WEST AFRICA COCOA PROGRAMME, WE RECEIVED TRAINING WHICH HAS EMPOWERED US IN MANY WAYS. WE HAVE BEEN TRAINED ON CHILD PROTECTION. WE ALSO HAD TRAINING ON FINANCIAL MANAGEMENT, THAT IS, HOW TO SAVE FOR THE FUTURE, AND HOW TO EFFICIENTLY USE THE FAIRTRADE PREMIUM WE RECEIVE.”**

Nana Gyamerah,  
President, Kukuom Cocoa Farmers Union, Ghana

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#### West Africa Cocoa Programme

In Ghana and Côte d'Ivoire, more than 230 Fairtrade certified cocoa cooperatives are becoming more resilient and better trading partners through a programme aimed at strengthening their management, governance, and responsiveness to members' needs.

Through the West Africa Cocoa Programme, producer organizations are receiving capacity building and training on the Fairtrade Standards and participating in an intensive programme of business support covering topics such as financial management, good agricultural practices, gender rights, income or crop diversification, and more.

The trainings reached more than 34,000 attendees in 2019 – a 32 percent rise on the previous year. Fairtrade Africa and Fairtrade International published the programme's first monitoring report in June 2020.

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Members of Entreprise Coopérative Agricole Kognanan de Grogouya (ECAKOOG) cocoa cooperative in Côte d'Ivoire participate in training.





Kouame Ehui Edith is a member of SCAEK cocoa cooperative in Côte d'Ivoire and a graduate of the Women's School of Leadership. Along with the coop's women's association, she produces other crops for local sale, including their own peanut butter.

## GENDER EQUALITY

Fairtrade Standards require that women have equal opportunities to have their voices heard within their cooperative or workplace. We are working to remove obstacles to women's full participation, such as providing access to seed funding or credit for women to buy land or diversify their crops.

Even where women's participation is growing within some cooperatives and workplaces, cultural and legal change can take longer.

Fairtrade Schools of Leadership build women's skills and confidence and also engage men as supporters in the community.

Fairtrade Africa recruited a second cohort of 30 women and ten men from seven cooperatives in Côte d'Ivoire in 2019 for their Women's School of Leadership, drawing on the expertise of the women who graduated in the first cohort as co-facilitators. As part of the programme, students develop income diversification projects which they present at graduation for funding by their cooperatives. The connections last beyond the programme as the women continue to manage their own projects and share their learnings with each other.

This successful model from Africa has been adapted as the Gender Leadership School in Asia Pacific. In 2019, NAPP launched the first year-long programme reaching 103 participants across nine countries. Fairtrade certified coffee, sugar, coconut and rice producers in India, Pakistan and Sri Lanka, as well as Indonesia, Thailand,

**“LOANS ARE OFTEN INACCESSIBLE TO WOMEN WORKING IN COCOA. BUT THROUGH OUR [COOPERATIVE'S] WOMEN'S ASSOCIATION, WE HAVE SET UP INTEREST-FREE LOANS FOR MEMBERS TO BREAK DOWN THIS BARRIER.”**

Kouao Amah, a member of SCAANIAS cooperative and a Women's School of Leadership graduate, Côte d'Ivoire





Thanks to the Women's School of Leadership, women cocoa farmers from SCAANIAS cooperative in Côte d'Ivoire launched an income generating project producing *attieke* (made from cassava).



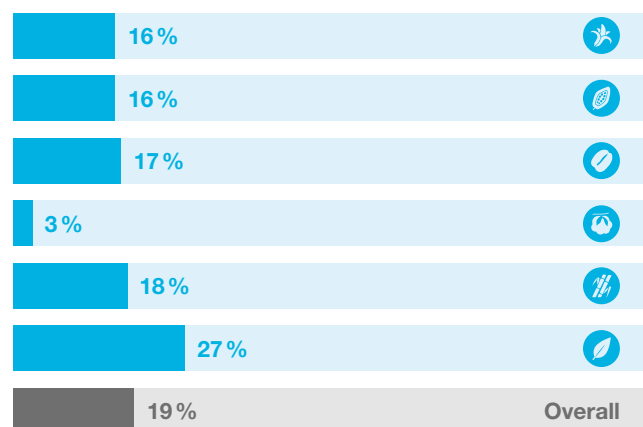
Participants in the Southeast Asia Gender Leadership School come together at a training session in 2019.

Laos, Vietnam and Philippines are all taking part, along with cotton and walnut producer organizations in Kyrgyzstan. With a focus on developing young women and men as farmer leaders that value gender inclusivity, module topics include

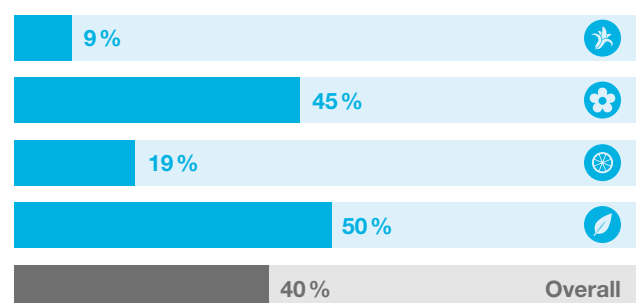
self-analysis, gender equality and group dynamics, as well as business topics such as income diversification and strategic negotiations. Already, participants are reporting greater engagement with their cooperative's management.

Women contribute significantly to farm work, although often it's their husbands who own the land and hold the co-op membership. These figures show women's actual membership in cooperatives and on plantation workforces.

#### Percentage of women farmers by Top 6 small-scale producer-grown products and overall:



#### Percentage of women workers by Top 4 hired labour-grown products and overall:



(2018 data)

## IMPACT MONITORING: GENDER INDEX

Fairtrade checks in with producers on a regular basis to see how Fairtrade is making an impact in key areas such as income, empowerment, and human rights. This ambitious initiative started in 2016 with Fairtrade farmers in four countries growing coffee, cocoa or bananas, and includes household and producer organization interviews. Additional countries and producer organizations have been added each year through 2019, and repeat visit cycles will begin in 2021.

As part of this initiative, we have developed a custom gender index. Dimensions of the index include:

- **Representation** of women within organizational governance
- **Participation** of women as members and in management roles
- **Activities to support gender mainstreaming**, such as gender awareness training, providing loans, etc.
- The organization has a **gender policy** in place

Each dimension contributes equally to a total score between zero (low) and three (high). The average scores of participating producer organizations in ten countries between 2016 and 2018 were as follows:

#### Banana 1.1



#### Cocoa 1.1



#### Coffee 1.0



In contexts of traditionally low women's empowerment, all three types of producer organizations had made strong efforts in increasing participation of women. Banana producers had also taken meaningful steps in improving women's representation, while cocoa and coffee producer organizations had done some work in the area of gender mainstreaming. We will continue to publish information on Fairtrade's progress toward gender equality.





Cristi Liseth Álvarez de Díaz, a member of ATAISI sugar cane and coffee cooperative in El Salvador, holds a seedling. Climate-resistant crop varieties are important to farmers' climate resilience.

## CLIMATE CHANGE

### Climate Academies

Fairtrade Climate Academies have been set up in all three regions where Fairtrade producers live. Their programmes cover a variety of components, from training farmers on planting new, more climate-resilient crop varieties, to distributing more energy-efficient cookstoves, to diversifying incomes using different crops or non-farm activities.

In Indonesia, Laos, India and Vietnam, funded by Max Havelaar Switzerland and in partnership with UK-based Climate Edge, NAPP has also introduced 'weather stations' – small solar-powered sensors that capture weather data. Coffee farmers from 24 participating cooperatives have learned how to use the data to react more precisely to changing weather patterns and develop better climate resilience strategies for their farms.

In Latin America there have been three leadership and climate change academies in Bolivia, Nicaragua and Ecuador. In Nicaragua and Bolivia, about 60 participants total completed the courses, while training is still ongoing in Ecuador. The course includes climate change modules (including governance and adaptation measures) and advocacy modules (public policies, communications).

In Kenya, ten coffee cooperatives from Machakos Cooperative Union and Kipkelion District Cooperative Union took part in a climate academy focused on climate change resilience and income diversification. Fairtrade Africa has trained 4,000 farmers on mitigation and adaptation practices, and nurseries have enabled the distribution of 300,000 plants and trees to 7,200 farmers. Nineteen savings and loan associations have been established to safeguard cooperative members' savings and provide funds for additional investment.





Eleven producer organizations in India installed weather stations as part of a programme to build climate resilience.



Climate-smart cropping systems benefit farmers through the Alliances for Sankofa Project.



Alliances for Sankofa: Yams are also used in bread production by the cocoa farmer members of Kuapa Kokoo.

## CLIMATE-SMART SUGAR CANE IN MAURITIUS

Fairtrade sugar cane farmers and the Mauritius Sugar Syndicate, the national non-profit exporter, contributed to a project to assess the carbon and water footprint of the country's sugar cane production. The independent study reports on data from Fairtrade farmers and the Mauritian processing and exporting stages (of Fairtrade and conventional sugar). It found that the water footprint of Fairtrade sugar cane production in Mauritius is better than the global average. In addition, overall carbon emissions are significantly better than other key cane-producing countries, especially at farm level. At processing level, renewable energy generated from bagasse (sugar cane processing by-product) is a net contributor to the national electricity grid, further reducing the sector's carbon emissions.

The report enables the Mauritian sugar cane sector to understand how sustainable it currently is, and includes recommendations to further reduce emissions and water footprints in the future. The report is summarized in the Mauritian Sugar Syndicate's 2019-2020 annual report.

## Alliances for Sankofa Project: Agroforestry and livelihood diversification

In Ghana, an innovative project launched in 2019 is supporting up to 2,500 cocoa farmers from the Fairtrade certified Kuapa Kokoo Farmers' Union to improve their biodiversity, carbon insetting and climate resilience efforts. Carbon insetting means reducing carbon emissions and increasing sustainability practices within a company's own supply chain, rather than through separate projects. The project is also helping farmers to develop markets so they have incentives to adopt and replicate innovative technical solutions.

The Sankofa Project, funded and implemented through a multi-stakeholder partnership<sup>1</sup>, trains farmers in three practices:

- Combining crops and tree species with different life cycles to ensure continuous income and food production (dynamic agroforestry and diversification)
- Adding local crops, such as yam, cassava, plantain, chilli peppers to cocoa plots as well as planting shade trees (climate-smart cropping systems and diversification)

- Building strong connections to local, national and international markets for crops and products produced by the farmers (market systems development)

A key goal is to encourage private sector commercial partners to source as many products as possible from the project farms, including dried mango, cashew nuts, pineapple and coconut. The environmental impact goal is also key: the British retailer Co-op plans to inset 75,000 tonnes of carbon dioxide within their supply chain through this project.

<sup>1</sup> The Alliances for Sankofa project is funded by Co-op, Swiss State Secretariat for Economic Affairs (SECO), Swiss Platform for Sustainable Cocoa (SWISSCO) and the Danish International Development Agency (DANIDA). The project is implemented by International Trade Centre's (ITC) Alliance for Action Programme, Kuapa Kooko Cooperative Cocoa Farmers and Marketing Union Limited (KKFU), Fairtrade Africa, Chocolats Halba, Max Havalaa Foundation Switzerland, World Wide Fund for Nature (WWF) Switzerland, ECOTOP Suisse GmbH, South Pole, Nature & Development Foundation (NDF), and Yam Development Council.



## HUMAN RIGHTS

Human rights are fundamental to our mission. Common violations in agricultural supply chains include lack of living incomes and wages, child and forced labour, discrimination, poor conditions of work and lack of a stable natural environment.

We support rights holders – farmers and workers – and their organizations through our standards, programmes and advocacy work, to forge dialogue and collaboration with other supply chain actors to address these human rights violations.

We published our Human Rights Commitment earlier this year, followed by a call for legislation to make it mandatory for companies to respect human rights and carry out human rights and environmental due diligence. We are also stepping up our due diligence-related guidance for companies.

### Best practices in identifying and responding to child labour and forced labour

Driven by poverty, lack of safe living options, and discrimination, among other factors, child labour and forced labour are endemic in many of the regions and product sectors where Fairtrade works.

Fairtrade producer networks provide training on child rights, Fairtrade requirements related to preventing child labour, and steps to identify and remediate cases. For instance, participating cooperatives in the West Africa Cocoa Programme in 2019 scored 2.89 out of 3 on a custom index measuring understanding of child rights, taking action on preventing child labour and supporting children to stay in school. In Latin America, CLAC held 26 virtual and on-site training sessions about child labour for 116 producer organizations across all countries in Central America including Mexico, and some countries in the Andean region.

In 2019, producer organizations in nine countries were implementing Fairtrade's signature Youth-Inclusive Community-Based Monitoring and Remediation system. Its aim is to identify child labour and/or forced labour wherever they may be occurring, connect those children and vulnerable adults with safe alternatives, and strengthen the elements that reduce these labour infractions. Six sugar cane producer organizations in Belize and Fiji are implementing monitoring and remediation

systems as good labour practices involving the identification and remediation of child labour, forced labour and gender-based violence.

Paying fairer prices to farmers and properly funding monitoring and remediation activities when cases are found are essential to eliminating child labour. We continue to advocate strongly on both these issues.

### Dignity for All: sustainable livelihoods and inclusion

This programme is breaking down barriers preventing women, young people, and people with disabilities from earning a sustainable livelihood. Funded by the Finnish government and the Swedish Postcode Lottery, in 2019, it was benefiting Fairtrade farmers in the banana sector in Ghana, the tea sector in Malawi, the grape sector in South Africa and the flower sector in Ethiopia.

The Fairtrade certified plantations taking part in the programme reported positive trends in 2019: improved workers' health and safety (+14%); stronger freedom of association (+3%), improved industrial relations (+44% staff satisfaction with resolution of disputes), wages getting closer to living wage levels and greater satisfaction with working conditions (+56%). In Finland, the programme contributed to a public campaign encouraging the Finnish government to enact a corporate social responsibility act, and companies to develop their human rights due diligence work.

**“AWARENESS OF CHILD RIGHTS HAS INCREASED LARGELY DUE TO PRODUCER ORGANIZATION MANAGEMENT IMPLEMENTING THE LEARNINGS FROM TRAININGS RECEIVED ON CHILD RIGHTS, CHILD PROTECTION AND CHILD LABOUR THROUGH THE WEST AFRICA COCOA PROGRAMME.”**

West Africa Cocoa Programme Monitoring Report,  
First Edition, 2020

## EVALUATION: YOUTH-INCLUSIVE, COMMUNITY-BASED APPROACH TO TACKLING CHILD LABOUR IN BELIZE

This study assessed the work undertaken by the Belize Sugar Cane Farmers Association (BSCFA) to establish Fairtrade's model of a Youth-Inclusive Community-Based Monitoring and Remediation System on Child Labour. The approach was first piloted by the organization in 2015, and has since expanded to cover all of BSCFA's sugar growing areas.

The study's more than 60 respondents rated the system very positively, with benefits including its comprehensive approach that engages different age groups in the whole community; its success in identifying cases of child labour; and its involvement of young people as leaders in driving the approach. The study highlighted that remediation efforts require more resources, including from the government.

We are currently conducting a broader evaluative study of this system and others used by cocoa and sugar cane producer organizations in four countries, with expected completion in 2021.



A student attends class at the Kasapin Wesley Methodist Primary School in Ghana, built using Fairtrade Premium funds earned by Asunafo North Municipal Cooperative Cocoa Farmers and Marketing Union.



### 3. BUILDING FAIRTRADE MARKETS

Farmers and workers benefit more when their organizations can sell more on Fairtrade terms. We have developed new options for companies, such as sourcing one or more ingredients out of a multi-ingredient product as Fairtrade so that farmers can expand their sales. The Fairtrade Premium provides funding that producer organizations can use to expand into other parts of the value chain, for instance coffee roasting and packaging. We also work with commercial partners on projects with their suppliers that deepen their relationships, providing improved quality or additional supply to companies, while delivering more sales and greater sustainability for producers.

In addition, national Fairtrade organizations raise shoppers' awareness about Fairtrade. A committed grassroots movement of supporters has led to more than 2,000 Fairtrade towns, and Fairtrade schools and universities, which commit to sustainable procurement practices and build an understanding of the impact of everyday shopping choices.

#### PRODUCER SALES

The growth in Fairtrade sales for producers was strong or stable for most of our major products in 2019.



#### Bananas

Fairtrade banana sales showed strong growth of nine percent in 2019. This was due to a major retailer increasing their commitment, and increased sales in several markets of Fairtrade organic bananas. In Germany, for example, one in five bananas sold is Fairtrade. In Austria, 92 percent of all Fairtrade bananas sold are also organic. As a frequent loss leader for supermarkets, bananas face major price pressure despite farmers' increasing costs of production. In addition to the Fairtrade Minimum Price and Premium and providing support to farmers to improve their productivity, we are consulting with stakeholders on the pathway to a living wage for banana plantation workers (see p. 9).



A worker at Fairtrade banana plantation Agropecuaria El Tesoro S.A.S. in Colombia transports bananas for washing and packing.





## Cocoa

Fairtrade's Minimum Price and Premium increase of 20 percent took effect in October 2019. This meant that Fairtrade producer organizations in Côte d'Ivoire earned almost US\$236 more per tonne of Fairtrade sales, plus the additional US\$240 per tonne in Fairtrade Premium, from October 2019 through to March 2020. From October 2019 to December 2019 alone, Ivorian farmers earned US\$15.1 million more on their Fairtrade sales as compared to conventional prices. By volume, however, producer organizations saw a ten percent decline in Fairtrade cocoa sales in 2019, highlighting the work that needs to be done to ensure that companies pay farmers a fairer price, and progress toward living incomes.



## Coffee

Fairtrade coffee sales grew by five percent in 2019, thanks in part to Fairtrade's rising profile within the coffee industry's sustainability arena. Sales in Canada, the US and Germany were particularly strong, due to the commitments of major global brands. In a year when the global price for Arabica beans fell

below US\$1 per pound(lb) for months – well below the cost of sustainable production for most coffee farmers – Fairtrade cooperatives were guaranteed at least the combined Fairtrade Minimum Price and Premium of US\$1.60 per pound (lb).



## Cotton

Fairtrade cotton sales stayed steady in 2019 with Germany seeing the strongest growth. Committed brands continued or expanded their Fairtrade sourcing and new brands have joined. Annual campaigns such as 'Fashion Revolution' and World Cotton Day help highlight the importance of seeking sustainability in our clothing and textiles as well as our food.



## Flowers and plants

The 13 percent growth in sales for Fairtrade flower producers in 2019 was due in part to increased commitments by large retailers and the arrival of Fairtrade flowers in Spain. Strong sales in the UK also stemmed from the partnership between a Kenyan Fairtrade flower producer and a UK importer that increased sourcing by key retailers.



## Sugar

In the volatile sugar market, overall Fairtrade cane sugar sales for producers fell slightly in 2019, while remaining steady in traditionally strong North American and European markets. Initiatives to expand Fairtrade sugar sales in producing countries, such as India, showed the first signs of success, and Fairtrade continues to seek opportunities for market development of sugar for non-food uses.



## Tea

Fairtrade tea producers saw a decline in sales, although the largest Fairtrade tea market – the UK – remained stable, indicating a consistent consumer preference for Fairtrade tea despite a general decline in the popularity of black tea. Areas of potential growth are in specialty and premium teas, as well as iced and ready-to-drink tea beverages.

### Estimated volume of products sold by Fairtrade producers in 2019

PRODUCT	VOLUME	UNIT	CONVENTIONAL	ORGANIC	FAIRTRADE PREMIUM EARNED <sup>2</sup>
Bananas	747,425	MT	42%	58%	€36.8 million
Cocoa (Cocoa bean)	233,497	MT	88%	12%	€44.3 million
Coffee (Green bean)	218,162	MT	40%	60%	€85.4 million
Cotton (Cotton lint) <sup>1</sup>	10,265	MT	29%	71%	€1.5 million
Flowers and Plants	933,783	1,000 Items	100%		€8.0 million
Sugar (Cane sugar)	175,855	MT	69%	31%	€10.3 million
Tea ( <i>Camellia sinensis</i> )	8,041	MT	64%	36%	€4.2 million

MT = metric tonnes

### NOTES

The data in this table are from the seven products that represent more than 90 percent of all Fairtrade farmers and workers. The volumes reported are of sales on Fairtrade terms regardless of ultimate market destination, and reflect the best available information at the time of publication.

<sup>1</sup> While the producer sales data above show a one percent increase over the previous year, our market sales-based data source shows a 31 percent increase in cotton volume sales. Due to the highly complex nature of the cotton supply chain, some transactions may not be reflected in the same year and it is likely that the traders and suppliers are using previously purchased stock in the later stages in the supply chain.

<sup>2</sup> The majority of Fairtrade Premium is paid to producers in US dollars although Fairtrade International reports in euros for consistency. The annual growth rate in US dollars for Fairtrade Premium earnings for the top seven products in 2019 was two percent.



## IMPACT MONITORING: TRADE RELATIONS

As part of our long-term impact assessment initiative (see p. 15), one question we ask producers is whether trading relations are better with Fairtrade buyers versus non-Fairtrade buyers.

Coffee and cocoa producers surveyed from 2016 to 2018 reported similar levels of ability to negotiate terms of trade with Fairtrade buyers as with non-Fairtrade buyers. Banana producers reported much better negotiating power with Fairtrade buyers on average (72% with Fairtrade buyers versus 44% with non-Fairtrade buyers).

**Percentage of producer organizations that reported being able to negotiate terms of trade with Fairtrade buyers**



Overall, most organizations reported that commitment to trading relationships is largely positive for Fairtrade buyers, and they see benefits in terms of Fairtrade Minimum Prices and Premium.

A second cycle, starting again with the producer organizations interviewed in 2016, will begin in 2021 so that we can compare changes over the intervening years in this area.



**“GIVING WOMEN THE CHANCE TO TAKE KEY POSITIONS OF RESPONSIBILITY, AND TAKING SERIOUS ACTION ON THE CLIMATE IS NOT JUST GOOD FOR US. IT’S GOOD FOR OUR FAMILIES AND OUR COMMUNITIES, FOR EVERYONE.”**

Alejandra Lemus,  
Xol chocolate factory supervisor

### Improving livelihoods, equality and the environment

As coffee farmers, the 2,000 members COAGRICAL cooperative in Honduras were facing crop losses due to climate-related plant disease and drought. In response, the cooperative decided to revive cocoa growing in the area. They used their Fairtrade Premium to partly fund nurseries for the grafted cocoa plants, and over five years planted more than 1.2 million cocoa trees and 300,000 canopy trees to shade the cocoa.

Going beyond diversification, they also decided to move up the value chain and start producing their own brand of chocolate, called Xol. Their new, state-of the art factory, one of the largest in Latin America, is run almost entirely by young women – an indication of the cooperative’s commitment to inclusiveness and equal participation.

<http://fairtr.de/coagricsal>



## DEVELOPING NEW SUPPLY CHAINS

Product development is one of the most important components when it comes to fostering new supply chains. It can take months to establish product quality, check against food safety standards, decide on taste and agree packaging. In Asia Pacific, NAPP is working to connect prospective coffee traders and roasters with Fairtrade producers who meet their quality and flavour profiles. More successful partnerships were made in 2019 including that between a coffee cooperative from Java and the UK-based Waitrose supermarket chain.

In Latin America, CLAC coordinates a series of coffee cupping competitions, called Fairtrade 'Taza Dorada' ('Golden Cup'), to showcase producers' high quality specialty coffees and attract new buyers. A cupping was held in Colombia in March with samples from 31 Fairtrade cooperatives, with the winner, Federación Campesina del Cauca, scoring above 89 points out of 100 on the international coffee quality scale. Technology also played a role: the finalists' samples were then auctioned online. Later in the year producers adapted similar events for COVID, with coffees from Mexican Fairtrade cooperatives shipped out to the online direct trading platform Algrano for grading and selling. Brazil also ran the competition according to adapted cupping protocols, plus extra measures to share results and samples with prospective commercial partners.



An expert panel of international judges grade the coffee during the Colombian Fairtrade 'Taza Dorada' competition in February 2020.

## EXPANDING IN EMERGING MARKETS

India has great market potential for sustainable consumption, while also contributing to improving livelihoods in the region through Fairtrade producers. Thanks to the SwitchAsia project and the work of Fairtrade India, awareness of sustainable options there is growing. In 2019, more than 15,000 people engaged with Fashion Revolution week in April and Fairtrade Week in November. More than 11,000 children participated in educational activities on sustainable consumption and production.

Farmer groups and small- and medium-sized agri-businesses in Bhutan were also trained on sustainable production and the Fairtrade Standards, with the aim of developing producers there to supply the Indian and other markets.

In 2019, more than €5 million in Fairtrade Premium was generated by Fairtrade sales in newer markets (namely, countries where there is no national Fairtrade organization). This represents a 66 percent increase compared to the previous year. The rising demand for Fairtrade products has been particularly strong for cocoa: the Fairtrade Premium earned on sales in these markets alone doubled during the past year, with eastern and southern European countries leading the way.



Ecotourism Officer Elcy Khatseane pours tea at a tasting at the Bergendal Boerdery in South Africa, which produces citrus, wine grapes and tea.



## INCREASING DEMAND FOR SUSTAINABLE OPTIONS IN EUROPE

A three-year European Union-funded project called 'Trade Fair, Live Fair' aims to accelerate progress toward UN Sustainable Development Goal 12: responsible consumption and production. The project, which brings together 21 partners in 19 European countries, has worked on raising consumer awareness, as well as spurring government action. From agriculture to fashion supply chains, and from human rights to corporate transparency, the project has reached more than 1.2 million people in 16 pan-European and national awareness campaigns since 2017. More than 4,000 politicians at all levels, from the EU to local government, have engaged on these issues. Partners also reached more than 2,000 companies, including 41 companies that disclosed their supplier lists thanks to 'Who picked my tea' and 'Who made my clothes' campaigns. A final report on the project's impact will be published in late 2020.



Students at the Sivasailam Chamraj Higher Secondary School in Tamil Nadu, India, hold up Fairtrade placards. The school is funded by Fairtrade Premium earned by United Nilgiri Tea Estates.

## PUBLIC ATTITUDES TO FAIR TRADE AND ETHICAL CONSUMPTION

The Trade Fair, Live Fair project supported baseline research into shoppers' ethical consumption choices and their priorities.

About one-third of Europeans surveyed said that 'eco-labels' play a role in their purchasing decisions, according to the study's literature review.

A consumer survey in five European countries revealed that shoppers want food companies to tell them how their food is produced (73%), and how companies protect workers' rights (61%). Regardless of age, income or gender, consumers consistently want food brands to take action on tackling global poverty (important to 84% of respondents), environmental protection (88%), climate change (85%) and gender inequality (77%).

Fairtrade will publish a follow-up study in late 2020 to measure progress.



A worker picks tomatoes at the Fairtrade certified Desert Joy SARL farm in Al-Hammah, Tunisia.



## 4. INFLUENCING GOVERNMENT POLICIES

Fairtrade seeks to amplify the voices of farmers and workers in key policy debates, and works with partners to create an enabling environment for fair trade.

Much of our recent work has focused on making progress toward living incomes and living wages. Achieving these goals requires coordinated action by industry as well as by policymakers setting higher standards, including in the global north. Here are some of our key achievements in the past year.

- Fairtrade International co-signed a joint position paper calling for the European Union to implement a regulatory approach to sustainable cocoa, along with other major chocolate industry players.
  - We participated in or hosted two living income and living wage events: 'The Only Way Is Up' conference in November 2019 in Rotterdam, and a forum in January 2020 in Utrecht focused on coffee. The events brought together industry players to speak frankly about challenges and identify ways forward.
  - Fairtrade experts worldwide contributed to the formation of agendas, objectives and performance indicators for German, Swiss, Belgian and Dutch multi-stakeholder initiatives for sustainable cocoa, as well as to the overarching Alliance for Sustainable Cocoa. Such initiatives are part of a wider international momentum. In the past two years, the World Cocoa Conference and the International Coffee Organization have both declared global commitments to enabling living incomes.
  - Partnering with the Fair Trade Advocacy Office, we commissioned research to explore regulatory options for sustainable procurement by the European Union, and examine the scope within competition law to discuss prices as part of sectoral agreements.
- Ahead of the UN's annual climate summit in 2019 (COP26), we helped develop a joint position paper calling on governments to recognize fair trade policies and practices as crucial to addressing the climate crisis. Fairtrade farmers attended the summit and highlighted the urgent need for action by governments and other stakeholders in food supply chains.
  - Following the European Union's adoption of a Directive in February 2019 prohibiting unfair trading practices in food and agricultural supply chains, Fairtrade worked with partners, including the Fair Trade Advocacy Office and Traidcraft Exchange, to develop guidance on how to monitor and influence the roll-out of policies in each member country.
  - The Trade Fair, Live Fair project helped to develop and promote a textiles 'shadow strategy' for the EU, which is designed to propose solutions for achieving fair and sustainable supply chains. The strategy has broad backing, with more than 60 signatories spanning trade unions, environmental, fair trade and development groups.
  - In early 2020, the Italian government approved new criteria for public procurement processes requiring environmental and 'fair' sustainability standards to be met.

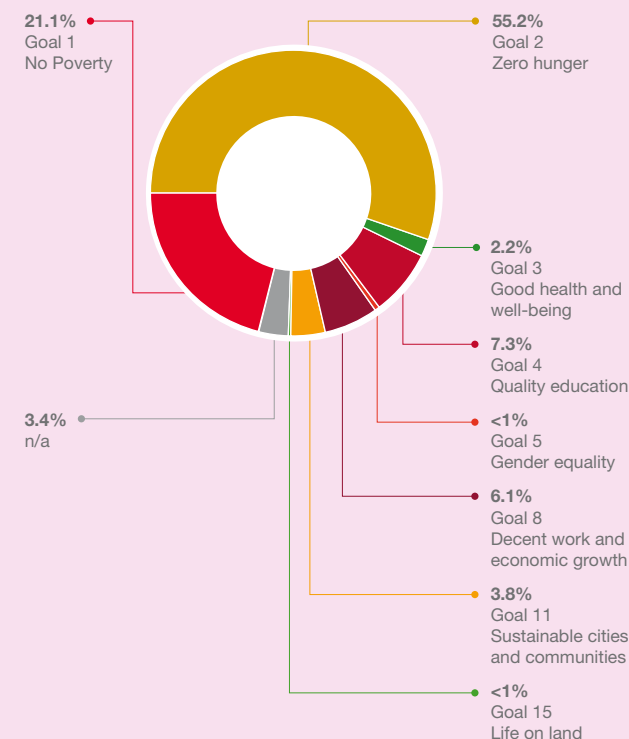
### Make the World a Better Place: Fairtrade and the Sustainable Development Goals

Learn more about Fairtrade's work toward the SDGs in a powerful documentary, featuring producers like the one on the cover of this report, cocoa farmer Dah Oho Gboklela from ECAKOOG cooperative in Côte d'Ivoire.

<http://fairtr.de/SDGs2020>

### FAIRTRADE PREMIUM SPENDING CONTRIBUTES TO THE UN SDGS

Every year, we map how Fairtrade farmers and workers choose to spend their Premium according to how that aligns with the UN Sustainable Development Goals. Data from 2018 point to investment in Zero Hunger (SDG 2) – smallholder farmers and workers are key to global food production – and No Poverty (SDG 1) as the main priorities for Fairtrade producers.



Values may not add up to 100 percent due to rounding.



## 5. BUILDING A STRONG GLOBAL SYSTEM

The Fairtrade system is based on cooperation between organizations in consumer markets and producers – who have equal decision-making power since 2011. This ensures that producers' voices influence every aspect of Fairtrade. It also requires strong leadership and collaboration at all levels around the world.

We have been working to increase the representation of workers within our governance structures. In 2020, we added a seat for a labour expert to the Fairtrade Standards Committee, and we also added several more seats to our Workers' Rights Advisory Committee to deepen trade union representation from Latin America and Africa.

### Fairtrade Code of Ethics and Good Practice

One example of how we have worked toward the goal of a stronger system is in developing and launching a Code of Ethics and Good Practice in mid-2019. Approved by the Fairtrade General Assembly, the code outlines ten key principles to ensure all Fairtrade organizations deliver on our values of accountability, respect, integrity and partnership. Issues covered by the code include financial management, complaints and allegations, child and vulnerable adult protection, transparency of information, conflicts of interest, good governance and decision-making, social and environmental impacts, and management of partnerships. Every Fairtrade organization has adopted this code and developed local policies to ensure compliance.

### Stronger producer networks

Through funding from the European Union's Framework Partnership Agreement in support of the UN SDGs, Fairtrade is implementing a project to strengthen the governance of our three regional producer networks, particularly through more inclusive representation of women and young people. It also seeks to strengthen sub-networks at national and regional levels to effectively address the needs and priorities of farmers and workers.

- Fairtrade Africa: Key achievements in the past year include switching from regional boards to one continental board. Twenty-eight Fairtrade Africa board members were trained (29 percent of them women) on the new governance structure, the new compliance rules, the rules of procedure for congresses and assemblies, and more.

- CLAC: The focus in the past year has been on strengthening workers' representation within the producer network. A total of 430 workers from six countries (Colombia, Ecuador, Dominican Republic, Brazil, Chile and Argentina) participated in workshops on CLAC's governance structure and the role of the new Workers' Network in decision-making within CLAC and Fairtrade. In addition, CLAC held 12 workshops with 376 participants to raise awareness about gender inequality and CLAC's gender inclusion policy, as well as the need for producer organizations to develop their own policies.

- NAPP: In the Asia Pacific region, NAPP has focused especially on strengthening financial and project management. For instance, field staff built their own capacity in agricultural value chain financing, strategies and design in order to support producers to assess their own opportunities, particularly in income generation. Networks of producers and traders of sugar and cotton, among other products, held meetings to share best practices within their supply chains and identify new market opportunities for their respective Fairtrade products.

### Tools for more efficient collaboration

Several initiatives are contributing to stronger systems, platforms and data collection and processing to support our impact for farmers and workers. An evaluation of various information technology platforms set the foundation for improving collaboration tools within the system. In addition, a new reporting database called FairInsight enables Fairtrade member organizations to get market and producer data more quickly, to better support activities with commercial partners, and make data-driven programmatic decisions.

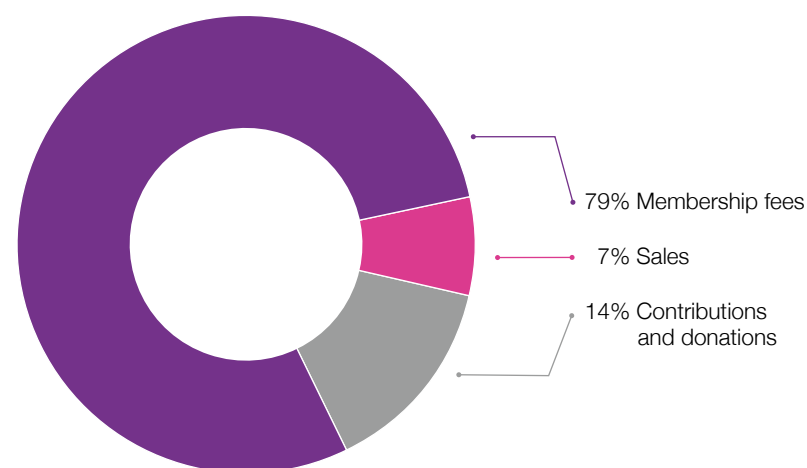


A worker at Mount Meru Flowers in Tanzania cuts roses.



# FAIRTRADE INTERNATIONAL'S FINANCIALS

## INCOME



**Membership fees:** As a membership organization, Fairtrade International receives membership fees from the national Fairtrade organizations (NFOs), which receive fees from companies that license the FAIRTRADE Mark for use on their products. The membership fee is unrestricted funding and is calculated as a percentage of the license fee income of each NFO.

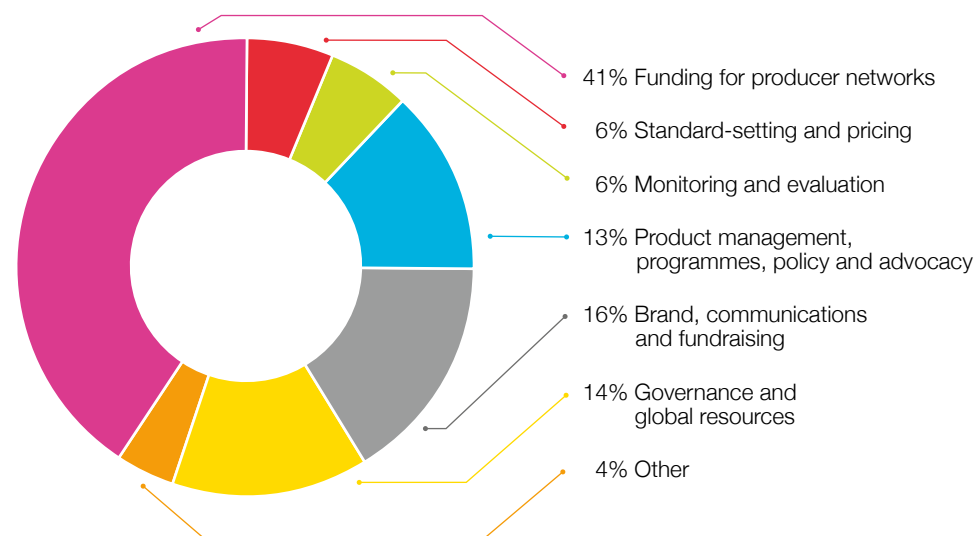
**Sales:** This includes income from cross-border sales and international licensing.

**Contributions and donations:** This includes grant funding.

## STATEMENT OF ACCOUNTS FOR 2019

The summarized key financial figures outlined below have been extracted from internal management reports and from the audited financial statements for 2019. The latter, as in previous years, received an unqualified opinion (DHPG). Fairtrade International's accounting practices comply with generally accepted accounting practices and relevant German legislation (KStG and HGB).

## EXPENDITURE



**Funding for producer networks:** Three Fairtrade producer networks receive this funding to provide support services to producers in their regions.

**Product management, programmes and policy:** This includes costs associated with personnel related to these functions.

**Brand, communications, fundraising and advocacy:** This includes some grant pass-through funds to partners (€2.6 million), in addition to personnel related to these functions.

**Governance and global resources:** This includes costs associated with the Board and General Assembly, as well as with the global leadership team, finance, IT, human resources, legal services, and international licensing functions.



Income Statement	2019 (€'000)	2018 (€'000)
Total income	27,700	21,423
Total expenditure	25,026	19,577
Income from investments	0	0
Taxes on income	297	111
Earnings after taxes	2,377	1,735
Profit carried forward	406	0
Changes in reserves	2,609	1,329
Retained earnings	174	406

#### Balance Sheet 2019 (€'000)

	31.12.2019	31.12.2018		31.12.2019	31.12.2018
<b>Fixed assets</b>	<b>1,373</b>	<b>1,226</b>	<b>Equity</b>	<b>6,589</b>	<b>4,213</b>
Intangible fixed assets	32	45	Restricted and designated reserves	221	0
Tangible fixed assets	178	18	General reserve	6,195	3,807
Financial assets	1,163	1,163	Net income for the year	173	406
<b>Current assets</b>	<b>12,439</b>	<b>10,953</b>	<b>Provisions</b>	<b>2,455</b>	<b>891</b>
Receivables	4,366	3,319	<b>Liabilities</b>	<b>1,540</b>	<b>1,278</b>
Other assets	135	111	For supplies and services	1,315	1,107
Liquid funds	7,938	7,523	Other liabilities and accruals	225	171
<b>Prepaid expenses</b>	<b>190</b>	<b>59</b>	<b>Deferred income</b>	<b>3,418</b>	<b>5,856</b>
<b>Total</b>	<b>14,002</b>	<b>12,238</b>	<b>Total</b>	<b>14,002</b>	<b>12,238</b>

## FAIRTRADE INTERNATIONAL'S FUNDING PARTNERS IN 2019

- European Union – DEAR
- European Union – SwitchAsia
- European Union – Framework Partnership Agreement
- GIZ

## FAIRTRADE INTERNATIONAL'S BOARD MEMBERS

Lynette Thorstensen, Chair (Independent)  
 Melissa Duncan, Vice-Chair and Treasurer (NFO representative)  
 Bill Barrett (NFO representative)  
 Ian Bretman (NFO representative)  
 Frank Harnischfeger (Independent)  
 Uwe Hölzer (Independent)  
 Mary Kinyua (Producer representative)  
 Miguel Ángel Munguía Gil (Producer representative)  
 Merling Preza Ramos (Producer representative)  
 Gnanasekaran Rajaratnam (Producer representative)  
 Christian Varga (NFO representative)





Cover photo: Dah Oho Gboklela, a member of ECAKOOG cocoa cooperative in Côte d'Ivoire

#### **Credits**

Photos: Nana Anquah (p. 17 middle), Carlos Dubon (p. 7), José García (p. 12 right), Didier Gentilhomme (p. 25), Sean Hawkey (p. 21), Thorsten Kleinschmidt / filmreif.biz (cover), Christoph Köstlin (p. 6, 8 left, 9 bottom, 13), Cesar David Martinez (p. 12 left), Eduardo Martino (p. 9 left), Jeanelde Mouton (p. 22 bottom right), Arun Nag (p. 23 top), Siddarth Selvaraj (p. 9 right), James Sharpe (p. 11), Chris Terry (p. 14), Mary-Ann Weber (p. 22 bottom left), ACOPAGRO (p. 5 top), CLAC (p. 16, 22 top), Cooperativa de Caficultores del Alto Occidente de Caldas (p. 4), Fairtrade / Funnelweb Media (p. 18, 19, 23 bottom), Fairtrade Foundation (p. 15 left), Fairtrade International (p. 8 right), ITC (p. 17 right), NAPP (p. 15 right, 17 left), Oserian Development Company Ltd. (p. 5 bottom)

Layout: Dreimalig, Köln