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Consultation Results Synopsis Information to stakeholders on the outcome of the Scope expansion in Contract Production standard for rice and cotton producers: inclusion of secondary crops	
To	Certified Producers, Producer Networks, NFOs, Fairtrade International Staff, FLOCERT
Consultation Period	10.05.2016 – 10.06.2016
Standards Committee Meeting for Decision	5 October 2016
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PART 1 Introduction

1.1. General Introduction

Fairtrade International Standards & Pricing (FI S&P) would like to thank all stakeholders for the time and effort they have put into participating in the consultation on the project on Scope Expansion in Contract Production Standard for Rice and Cotton: Inclusion of Secondary Crops. The public consultation ran for a period of one month, starting from 10 May 2016. The invitation to take part in the online survey on the SurveyMonkey, was sent widely including sixteen produces certified for the Contract Production standard and producing cotton or rice, 158 small producers, who produce the crops that are proposed to be included in the scope expansion, all PNs, NFOs, and FLOCERT. In total 21 responses were received (15 CP producers, 2 SPOs, 3 NFOs and one importer). The response from the CP producers were very good, with a total of 15 responses received from 11 CP producers, out of the 16 CP producers invited for consultation. However, the response from SPOs was scarce, probably due to their perception of very low influence of the proposed standard change in the CP standard to their business. The PNs were also requested to weigh in on the proposed scope expansion. Together with the results of the research carried out by S&P, this information provides the basis for our recommendation to the Standards Committee. The Standards Committee's decision regarding proposed changes to the standard will take stakeholders' input strongly into consideration.

This document aims to present the outcome of the consultation and the subsequent recommendations from S&P on the future steps. The results of the consultation are discussed herewith without disclosing confidential stakeholder information.

Should you have any queries or remarks concerning this report, please contact the Project Manager Arayath Kooteri Sajindranath at: s.arayath-kooteri@fairtrade.net

1.2. Executive Summary

Presently the Contract Production (CP) standard is applicable only for rice (paddy) and cotton in India. The farmers producing rice and cotton also grow other annual crops in the same field as intercropping or for crop rotation. These secondary crops are cultivated as minor crops in the cropping system dominated by the primary crops, i.e. cotton and rice and include crops such as pulses oilseeds, cereal spices etc. Farming multiple crops increase the efficiency of production and adds to the nutrition and income of the farmers. As per the standard change request, there is also an existing demand for the proposed Fairtrade certified secondary crops and clients already show interest in these crops produced in rotation with rice or cotton. The project aims at a limited scope expansion to include selected secondary crops to the scope of CP producers certified for cotton and rice. There was a good response from the CP producers producing cotton and rice, and they form the core of the producers directly affected by the proposed standard change. The lack of response from other producers (SPOs) could indicate the perception of no impact of the proposed standard change on their business. Overall, there is support for the proposed scope expansion and related standard changes. There was only one opposition to the scope expansion and it represented an NFO, indicating that CP certified organizations have not been effective in transforming producer organizations to independently certified SPOs and a scope expansion will only work against this.

Project objectives

To ensure that the secondary crops produced by farmers in the CP setup under similar cropping systems can access the Fairtrade market leading to better crop diversity, more sustainable production practices, efficient use of the certification costs and improvement of income and health of farmers.



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Specific objectives

- Develop criteria for adding/withdrawing secondary crops to the scope of already certified CP producers
- Develop criteria for determining secondary crops and create a list.
- Create standards to ensure, that the Promoting Body supports the PO in marketing of the secondary crops.

Project phases and timelines

	Timeline	Activity
2016	Feb 2016	Scoping
	March – April 2016	Research
	10 May – 10 June	Consultation
	July	Analysis of consultation results
	August - September	Drafting final proposal for SC decision
	5-6 October	SC Decision

Participants

Initially a list of producers who would be impacted by the proposed standard change was drawn from the list of certified producers from the FLOCERT database and invitation for participation in the consultation was sent. It included 16 producers certified under CP standard for rice and cotton and 158 SPO producers worldwide, producing the crops included into the proposal. Invitation was also sent to the PNs, NFOs and FLOCERT.

Findings

There was an overwhelming favour from the responding stakeholders, in the survey, for the proposal for a limited expansion of scope in the CP standard to include secondary crops produced by cotton and rice producers. The only opposing voice came from an NFO, who felt that this does not help in fulfilling the objective of transforming producer organizations in CP to independently certified SPOs and the standard should not open the scope to more products under contract production. There were mixed feeling on the list of crops included into the scope, where one group was happy with the proposed list, while the other group did not want any restriction on the crops included in the scope. There was no general agreement on prohibiting the sale of secondary crops in cases, when the producer does not make sales of the main crop continuously for a defined period. The majority (67%) of respondents agreed to removal of scope addition of secondary crops, in case of removal of the primary crop from the certification scope. There was strong support (79%) for clauses in the standard vesting responsibility of support in the marketing of secondary crops to the Promoting Body.

1.3. Next steps

Standards & Pricing will present the results of this consultation along with S&P recommendations to the Standard Committee at the meeting in October 2016. The SC will make their decision on the proposal and the amended standard will be published succeeding its approval by the SC

The final decisions of the SC will be published in the minutes following the meeting and will be available on the Fairtrade website.



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1.4. Abbreviations

CP	Contract Production
NFO	National Fairtrade Organizations
PEB	Producer Executive Body
PB	Promoting Body
PN	Producer Networks
PO	Producer Organization
S&P	Standards & Pricing
SC	Standards Committee
SPO	Small Producer Organization

PART 2 Consultation outcomes

2.1. Consultation process

The public consultation on project began on 10 May 2016 and ended on 10 June 2016. A web based survey tool, (Survey Monkey) was used to collect the feedback from the consultation.

The project is concerned with the Fairtrade Standard for Contract Production and has direct impact on the producers of cotton and rice, certified under this standard. However, efforts were put to consult all the producers (SPOs) who could potentially be affected by competition from products produced by CP certified producers as envisaged in the scope expansion proposal. In total 158 SPO producers and 16 CP producers were sent request by email for participation in the consultation. Requests were also sent to PNs, NFOs and FLOCERT.

All answers were collated and detailed responses were categorized according to questions

2.2. Overview of stakeholder participants

In total 21 responses were received (15 from 11 CP producers, 2 SPOs, 3 NFOs and one importer) from various stakeholders in this consultation. The responses from CP producers were good and a total of 15 responses were received from the total of 11 CP producers, out of the 16 CP producers invited for consultation. For the purpose of this report, more than one feedback from a single stakeholder has been collated and since there has not been opposing responses from the same stakeholder in their feedback, it has been accounted as one in the calculation of frequency.

The high responses from CP projects compared to others, shows that the CP producers are interested in the scope expansion, as the proposed standard change directly affects their business and potentially can add to the income of the producers. The lack of interest from other stakeholders, especially SPOs could indicate the anticipation of no influence of the proposed change in the CP standard to their business.

Some statistics of respondents

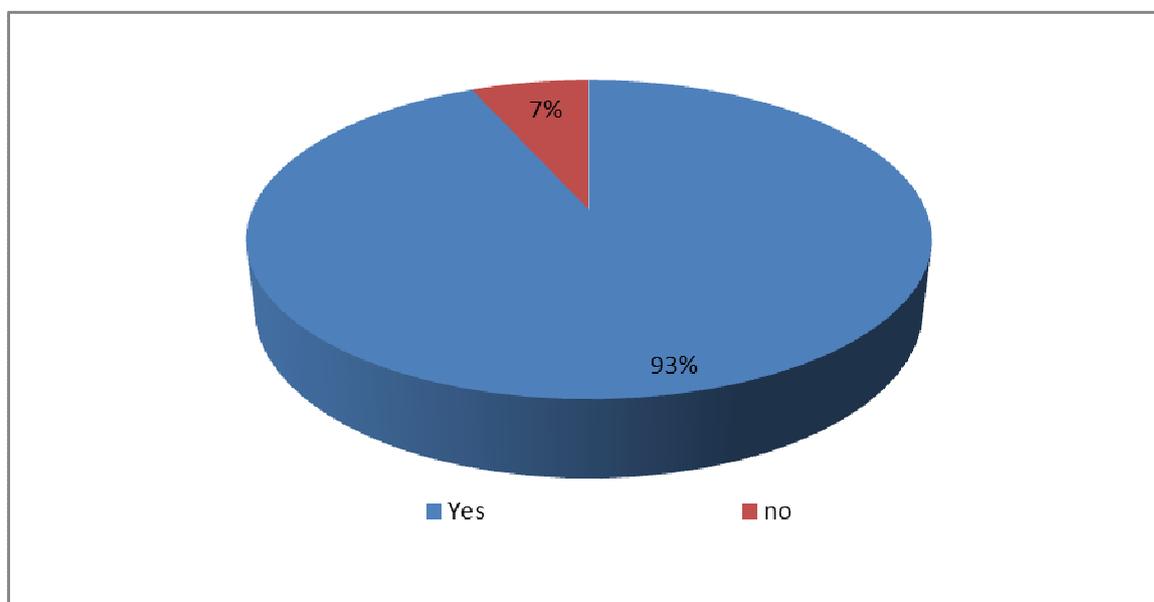
Number of stakeholders responding	– 17 (11 CP, 2 SPOs, 3 NFOs, 1 importer)
Number of responses	– 21 (15 from CP (with four CP producers sending more than one responses), 2 from SPOs, 3 from NFOs and one from importer)
Number of countries represented	– 5 (India (12), Indonesia (1), Germany (1), Netherlands (1), Switzerland (2))
Crops represented sugar (1))	– 3 (Rice (9), Seed Cotton (3), and Coconut palm

2.3. Consultation outcome and stakeholder feedback

The consultation paper consisted of a set of 6 questions divided into four categories. The four categories were for a) concept of limited scope expansion; b) list of crops for scope expansion; c) linking the scope expansion of secondary crops with the primary crop; and d) role of the Promoting Body (PB)

1.1 Do you agree to a limited scope extension in the Fairtrade Standard for Contract Production to include secondary crops, produced in the same cropping system as that of the primary crops?

The respondents were introduced to the proposal of the limited scope expansion and responses to the question was sought with a simple 'yes' or 'no' option and comments were invited to back up the responses.



There were only fifteen stakeholders who responded to this question. Out of which 14 were in support of the proposal, while one opposed the proposal. The respondents in support of the proposal were 10 CP producers, one SPO, and two NFOs. The only opposition was registered by an NFO.

There were many comments in support of the proposal for the limited scope expansion. There was a strong opinion that including secondary crops in the Fairtrade standard for CP will create more income and premiums for farmers/cooperative and help the farmers in getting better prices for the secondary crops similar to the primary crops. It also gives opportunity to Fairtrade consumers to have wider product basket and will help in developing the regional market.

It was stated that environment friendly good practices like growing intercrops increase the biodiversity, improve soil fertility and reduces risks and dependencies on a single crop

One respondent opined that Fairtrade has given consideration to their long pending demand to include other crops under CP and they are happy for this project and consultation and that, it is step in the right direction. One stakeholder felt that as Fairtrade standards aims at improvement in livelihood of farmers, it should be more farmer centric rather than crop centric and the standards should include all crops of farmers, thus bringing more benefits to more farmers. One opined that, though the scope of this project is only for a limited expansion, it will really bring benefits to producers



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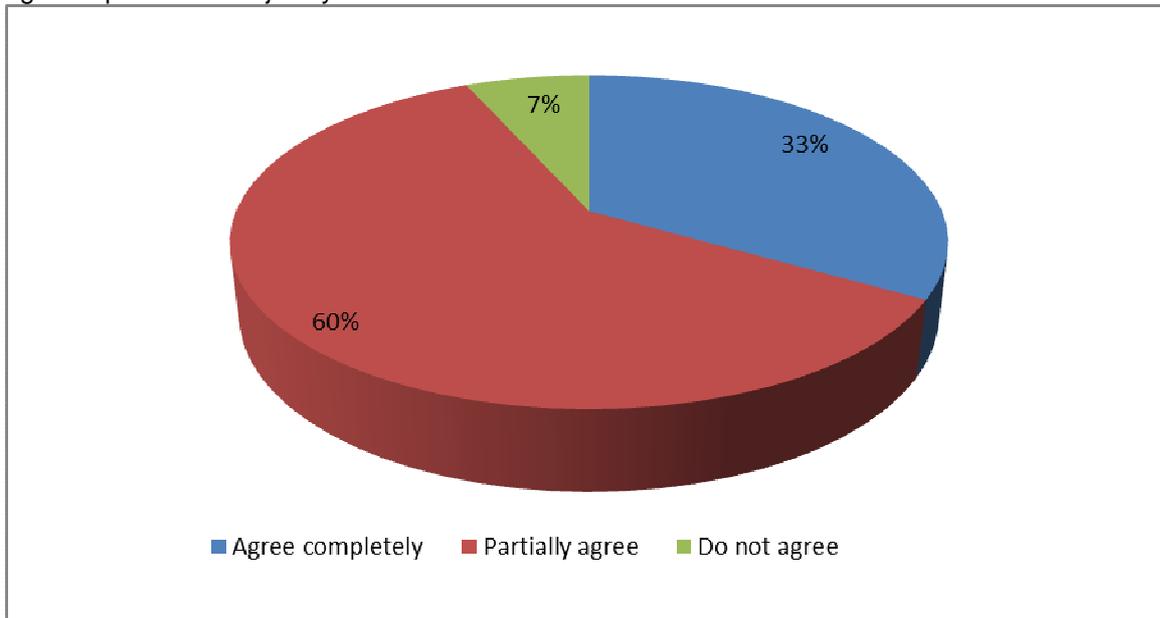
One NFO saw a rather big potential for unfair competition with SPOs and being aware of the upcoming full CP-Standard review, they suggested limiting the scope of the extension for the time being as much as possible. Given that the export from India is only permitted for organically grown food crops they felt that it would be logic to limit the CP extension to CP in organic set-ups (in India) only.

A NFO, which was not in support of this proposal, felt that this proposal is not a right step in realizing the intention of Contract Production standard i.e. to convert a CP producer to an independent SPO. The steps proposed by Fairtrade in extending the scope of CP standards is not justified as the focus should be on developing the CP projects to an independent SPO. This scope expansion could create a potential risk of spread of CP projects and limit conversion of existing CP project to independent SPOs. It was opined that extension of weak parts of the Fairtrade system would also weaken the Fairtrade concept as a whole. It was also felt that, Fairtrade system should be allotting their limited resources to other priorities rather than this seemingly less important issue.

Q 2.1 Do you agree that the scope is restricted only to the following crops

Oil seeds (soybean, sesame), Nuts (peanuts), Herbs and Spices (all those listed in the present scope) and Fairtrade Vegetables (all varieties of fresh vegetables, potatoes and pulses for which Fairtrade prices exist) also the processed form of the above and their secondary products.

The respondents were asked to choose between, “agree completely”, “partially agree” or “do not agree” options and to justify their choice with comments.



Fifteen stakeholders took part in responding to this question with 5 in complete agreement of the choice of crops, while a majority (9), only partially agreeing to the list of crops included in the scope expansion. One respondent was not in agreement to the scope expansion.

Those in complete agreement to this proposal commented that including these secondary crops will create more income to farmers in terms of price and premium. These will also be good for the environment as it improves biodiversity and reduces risks and dependencies on a single crop. It was felt that the listed crops in the proposal form the minor/rotational crops in the region where cotton and rice are grown and it is convenient to include crops for which Fairtrade price exists.

Those who were in partial agreement felt that the proposal does not include all crops grown by the farmers growing cotton and rice and were unclear on what will happen to them. Few respondents



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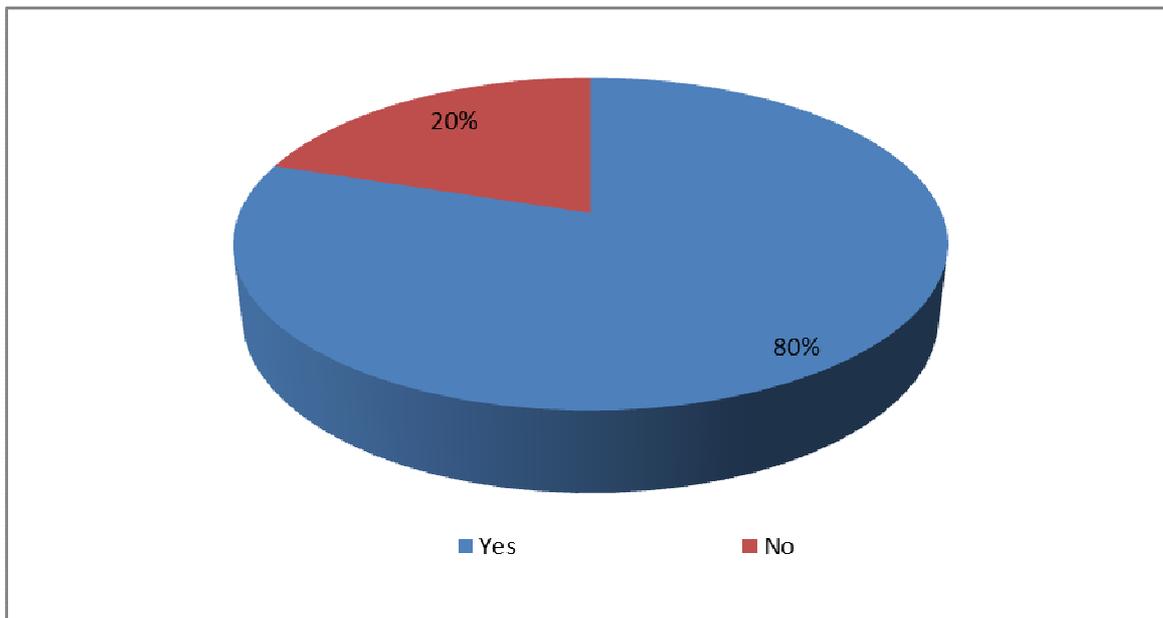
wanted the inclusion of cereals (corn, millets, and wheat), oil seeds like brown flaxseed, sunflower, safflower, mustard, rapeseed etc. and fruits into the scope.

One NFO who was in agreement to it partially, mentioned that they would support it if it applies only to the crops explicitly mentioned in the brackets. However, they suggested to explicitly mentioning the exclusion of perennial crops in the standard, for the sake of clarity. They felt that the term “secondary product” in CP could produce misinterpretation as it is already use for another type of by-products and suggested to use term “CP rotation crops” or “CP minor crops” instead of secondary crops.

The lone opposition from a NFO opined that they are against scope extension in CP standard and felt that it might cause confusion and maybe even competition with other SPOs.

Q 3.1 Do you agree with a clause restricting the secondary crops only to members who also produce the primary crops?

There was a high degree of support for restricting the inclusion of produce of secondary corps from members who also produce primary crops. Of the 15 stakeholders who responded to this question, 12 (80%) were in support, with three in opposition to the proposal.



The following comments were expressed in support of the restriction of secondary crops to only members who produce primary crops:

- We agree because this restriction is mainly for minor crops.
- We want to see the rice farmers benefitting from the scope expansion by enabling them to sell their secondary crops under Fairtrade. As a rice importer we are interested in a limited extension which ensures that rice will stay the primary crop.
- We agree because this is the objective of the project and we want to include minor crops under current CP set up which are grown along with rice and cotton.
- This restriction will safeguard the interest of cotton and rice producers and will adhere to the objective of giving Fairtrade benefits mainly to cotton and rice producers who grow other minor crops and not the direct entrants who do not grow cotton and rice
- It helps us to extend holistic support to main crop farmers.

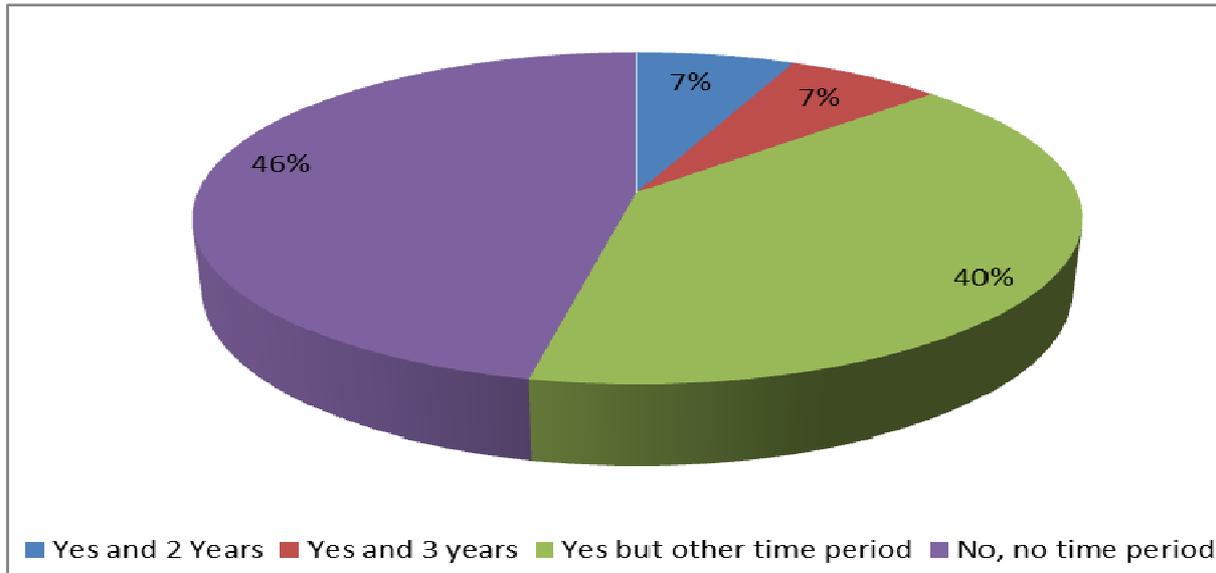
There were three opposing voices for this proposal. Two of them did not submit any comments, which could indicate that they do not want any restrictions on membership to members producing primary



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crops, but also include members who exclusively produce secondary crops. However, one NFO opposed this as they are not in favour of any scope expansion in the CP standard.

3.2 (a) Do you agree that in cases where the producer (organization) does not make sales of the main crop continuously for a defined period, the sale of the secondary crops should be also prohibited. For example: if the CP client producing lentil as a secondary crop along with cotton does not sell Fairtrade cotton continuously for 2/3 years, will not be able to sell Fairtrade lentil.



This question pertains to the whole organization and the stakeholders were asked if they agreed that the organization/members should be restricted from selling secondary crops, if they do not sell primary products as Fairtrade continuously for 2 years, 3 years or if the period is different from both years or there should not be any restrictions.

A total of 15 stakeholders expressed their opinions in these questions. There was opposing feedback from the stakeholders on having restrictions or having no restrictions. Overall more 60% wanted restriction on the time period for the organization. Those in agreement of the restrictions, were however, divided on the period of no sale of primary crop, after which an organization/member would not be allowed to sell the secondary crops. One CP producer was in agreement with the period of 3 year and supports this option as they felt that it will help in focusing on the rice and cotton producers who grows minor crops. It also would ensure that minor crops do not become the main crop in terms of sales in the long run. One NFO wanted the time period restricted to 2 years as this would avoid creation of potential conflict of interest with SPOs and, importantly, to maintain incentive for CP smallholder for organising into SPO. They also felt that the sales of 'main crops' should always be higher than the sales of the "secondary crop.

Five respondents wanted the period extended to 5 years or more. All of them felt that reasons like organic conversion period (which takes up to 3 years), bad weather, pests, diseases, poor quality, poor prices or any other reasons may cause the producer from not being able to sell the primary crops and thus a minimum of 5 years (60 months) or more to be given before prohibiting secondary crops of the organization or its members.

One NFO did not agree to the period as they do not support the scope expansion and allow secondary products in Contract Production.

There were 7 responses (50%) against restrictions on connecting sales of secondary crops with that of primary crops. One respondent felt that a situation in which a primary crop is not sold is improbable,



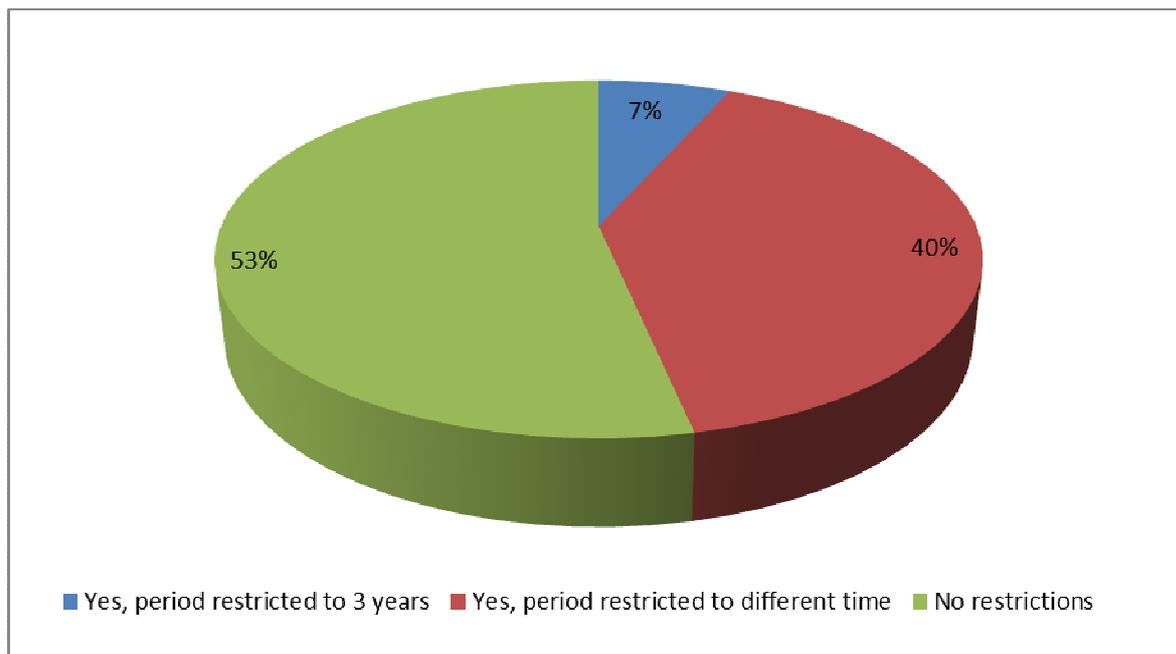
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and in an unexpected case of non-sale of rice, caused by unpredictable influences like a climate catastrophe, there should be no restriction on the sale of the secondary crop. Another respondent felt that Fairtrade should aim to improve sales of farmers and if demand for primary products decreases to zero, farmers should have a living from selling secondary products and overregulation is not a good idea. Fairtrade should allow sales from certified farmers/organization and this way it can at least benefit farmers even if the demand for primary crop is low. This will make system more sustainable.

3.2 (b) Do you agree that in cases where the producer (individual farmer) does not make sales of the main crop continuously for a defined period, the sale of the secondary crops should be also prohibited.(for example if a farmer producing lentil as a secondary crop along with cotton does not sell Fairtrade cotton continuously for 2/3 years, will not be able to sell Fairtrade lentil)

This question is similar to the question under 3.2 (a), but concerns individual member rather than the organization. The stakeholders were asked if they agreed that the organization/members should be restricted from selling secondary crops, if they do not sell primary products as Fairtrade continuously for 2 or 3 years, or if the period is different from both years or there should not be any restrictions.

A total of 15 stakeholders expressed their opinions in these questions. Slightly more than 50% wanted no restriction to the members on the time period of no sale of primary crops beyond which the sale of secondary crops are to be restricted.



One CP producer was in agreement with the period of 3 year and supports this option as they felt that it will help in focusing on the rice and cotton producers who grows minor crops. It also would ensure that the minor crop does not become the main crop in terms of sales in the long run.

Five respondents wanted the period extended to 5 years or more. All of them felt that reasons like organic conversion period (which takes up to 3 years), bad weather, pests, diseases, poor quality, poor prices or any other reasons may cause the producer form not being able to sell the primary crops and thus a minimum of 5 years (60 months) or more to be given before prohibiting secondary crops of the organization or its members.

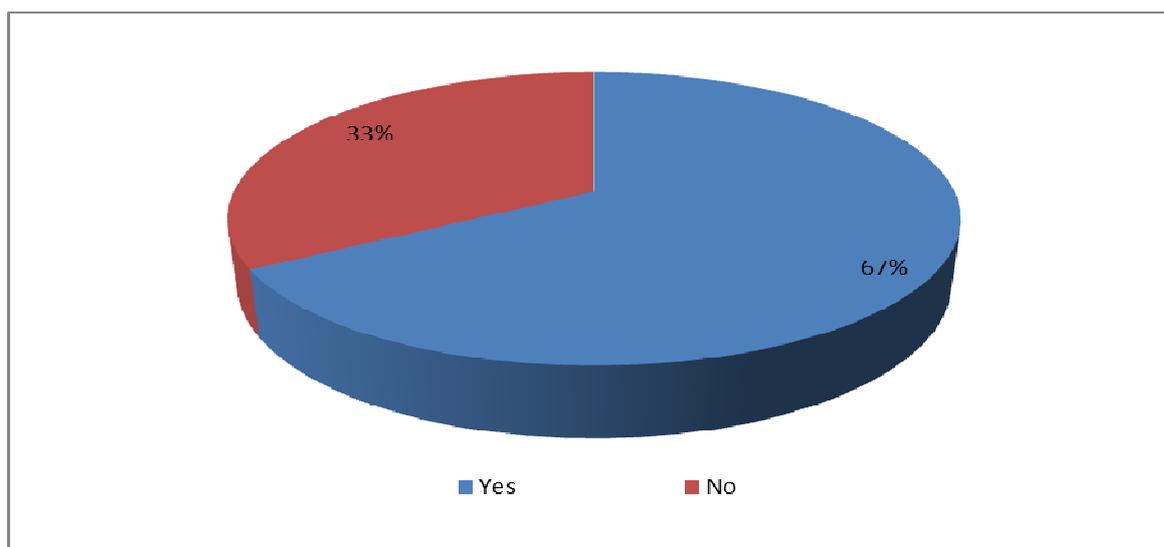
One NFO did not agree to the period as they do not support the scope expansion and allow secondary products in Contract Production.



There were 8 responses (53%) against restrictions on connecting sale of secondary crops with that of primary crops. One respondent felt that a situation in which a primary crop is not sold is improbable, and in an unexpected case of non-sale of rice, caused by unpredictable influences like a climate catastrophe, there should be no restriction on the sale of the secondary crop. Another respondent felt that Fairtrade should aim to improve sales of farmers and if demand for primary products decreases to zero, farmers should have a living from selling secondary products and overregulation is not a good idea. Fairtrade should allow sales from certified farmers/organization and this way it can at least benefits farmers even if primary crop demand is low, this will make system more sustainable. While the other NFO felt that the standard should not become overly complicated. Main objective of the extension is to create options for farmers to achieve higher incomes and that this will be hard to audit, as traceability within the organization will become complicated.

3.3 Do you agree that the scope addition for secondary crops should be removed in case of removal of the primary crop from the certification scope?

Out of the 15 stakeholders who responded to this question, 10 (67%) were in agreement that the scope addition for secondary crops should be removed in case of a certification decision removing the primary crop from the certification scope.



Those who agreed to this option felt that removal of secondary crops from certification was inevitable if the main crop is removed as they are both grown in the same fields. One felt that they agree to this since their focus is to support minor crops grown along with main crop, so if there would not be main crop, then there is no meaning of having minor crops, while other felt that since scope expansion is for minor crops grown along the main crop and if the main crop is removed then there is no point in continuing the minor crops under scope.

One NFO felt that they support this clause, as the present standard does not specify a time period when a CP should become SPOs, and this should be added explicitly to the CP standards or strategy. While another NFO felt that the farmers can access market even if certification for primary crop is removed, if they choose to certify as SPO.

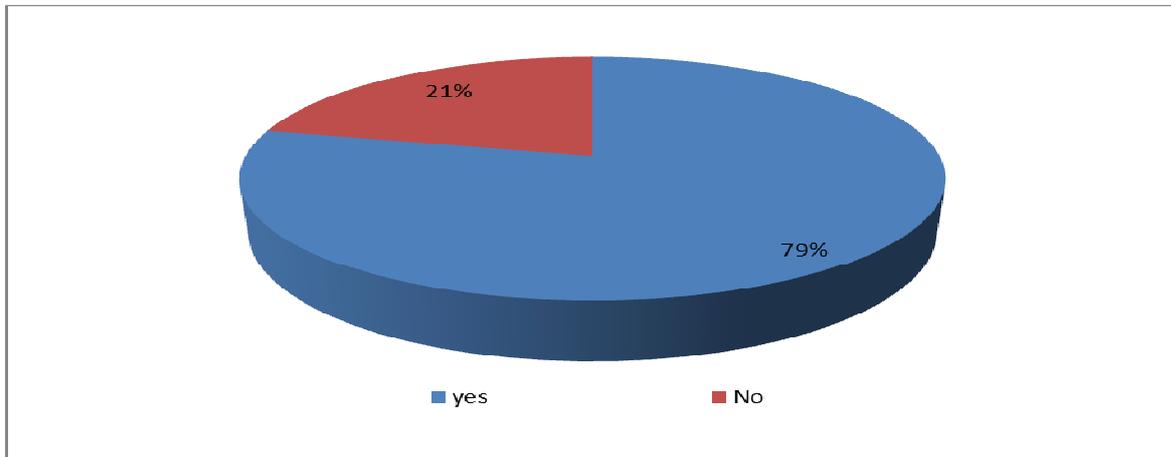
There were 5 stakeholders (33%) who opposed this proposal. One respondent felt that, one should study the reasons for decertification of the primary crop and the farmers should be given other opportunities. Another respondent felt that there should not be any clause in the standard that discriminates based on crops and farmers should be prime focus of the Fairtrade standard.



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4.1 Do you agree that, the responsibility of compliance of all applicable standards regarding trade, production and business & development which includes important aspects involving the marketing of products produced by the producers and responsibility for the payment of minimum price and premium for secondary products should be entrusted with the Promoting Body (similar to their role for primary crops)

Stakeholders were asked if they would like specific clauses in the standards that make the PB support the producers in marketing of secondary crops. The stakeholders were asked to substantiate their response with reasons.



There was a big support for adding clauses in the standard making the PB support the producers in marketing of the secondary crops. 79% of the 14 stakeholders who responded were in agreement of the proposal. One respondent felt that it is the only practical set-up which guarantees the functioning of sales and marketing. One of the respondent believed that Promoting Body is the one who supports the producers to get organized and arranges the certification and market linkages, pays price and premiums for the main crops, so it is fine to extend this support for the minor crops

Four CP producers felt that the PB is agreeable to support the producers for the marketing of the secondary crops in normal business situation. However, in cases of issues of quality, price or other political restrictions of export, they should not be mandated to support the producers in marketing.

One NFO, while in agreement to this proposal, were not in favour of any extension of CP production. It should be entrusted with PB as they have competence to promote and market products, while the PEB does not have this capacity. When CP gets converted in to SPO this automatically transfers to producers and until then it should continue as for primary crop.

There were three respondents (21%) who did not support entrusting the marketing of secondary crops to the PB and would rather allow the producer organization to find their own means of finding markets for the secondary crops.

Annex **Consultation document for Fairtrade Stakeholders:**