

## Project Assignment

### Mango Price Review (update February 2019)

This project assignment contains the most important information about the project. For additional information on the project, please contact the project manager (contact details below). The project will be carried out according to the Standard Operating Procedures for the Development of Fairtrade Standards/Minimum Prices and Premiums. More information on these procedures can be found on the website: <http://www.fairtrade.net/standards/setting-the-standards.html>.

#### Rationale for and justification of need for the project:

Mangoes is one of the most traded Fairtrade fruits after bananas and it grosses well over the 100,000 Euro annual Fairtrade premium; this threshold set by the Standards & Pricing Unit to be considered an important product, for which minimum prices and set premium levels must be developed. As the mango category grew without a dedicated central management, the setting of new prices, regions, price level, incoterms and variety definitions corresponded to specific requests and interests therefore it advanced in a slightly random manner.

The majority of prices have been set in 2006, 2009 and 2011, and in many cases this has hindered a healthy development of the product category. The market environment and production costs have changed since the prices were set and new supply chains have entered the system. A price review will help work on the demand and the supply in a better way, with the aim of enhancing the market and bringing more benefits to producers. The review of all existing origins and its clustering will be considered, with a focus on the existing classification: fresh mango, mango for processing, mango for drying, mango pulp and dried mango will be included (Fresh fruit and prepared and preserved fruit Standards).

In the past years there has been some work carried out around this product category around pricing. First, the work carried out by the consultant, the report “Mango definition and classification” by Julie Francoeur, finalized in May 2016, will be used as a basis for the harmonization and simplification of the price setting process and simpler structure for mango prices. The recommendations from this report will be integral for the price review.

Second, a simplification of prices for fruits was carried out in 2015. For mango, this meant that the category mango for juice was eliminated from the price list; having that in this case the mango for processing applies.

Third, there is a price suspension currently valid, which was approved in June 2017 for mango pulp prices from South America and the Caribbean. This suspension followed a request from Brazilian producers, supported by Max Havelaar Netherlands.

In this context a price review for the mango category is timely, and although some progress has been made, there are the sufficient elements to make consistent improvements to the pricing scheme of this product and execute a complete price review.

#### Risk assessment:

1. Changes in the pricing scheme may need to be aligned with the reporting and classification formats in FLOCERT.  
Mitigation: involve the reporting and service management team of FLOCERT at an early stage, to check on implementation of changes.
2. Changes in the pricing scheme might also result in the elimination of some currently used mango products/varieties and this might be confusing for the traders/producers using them.  
Mitigation: first, the new classification of mango products and prices aims to be clearer and simple to use, secondly have a clear communication and active engagement with the affected actors to ensure a smooth transition into the use of the new prices/categories.
3. The harvesting and contractual periods for mango need to be considered in this project so that any price changes fit into those commercial periods and do not create confusion or hinder potential

business opportunities.

Mitigation: involve the main NFOs at an early stage of the project, to check on commercial feasibility of the price changes before they become effective. Nevertheless, trading partners need to provide their feedback in terms of commercial seasons.

4. Given there are not enough available sources of market prices for all regions and product varieties of mango, there can be cases where the FMP is paid, even if the market price is higher.

Mitigation: FMP based in COSP research makes sure average costs of sustainable production are covered. Additionally, investigate sources of relevant market prices to provide more guidance to auditors and producers.

**Project Start Event:**

Publication of draft project assignment

**Project Start Date:**

August 20<sup>th</sup> 2018

**Project End Event:**

Announcement of new prices

**Project End Date:**

September 2019

**Project Goal and Objectives:**

**Goal:** To review and announce new Fairtrade minimum prices and Fairtrade premiums according to the classification (geographically and product based) of the fresh mango and prepared and preserved categories (fresh, for processing, for drying, pulp and dried) agreed.

**Objectives:**

- To collect costs of sustainable production (COSP) for mango (fresh and prepared and preserved), from all relevant regions for Fairtrade.
- To review the classification of regions and products following the report “Mango definition and classification” by Julie Francoeur, May 2016.
- To recommend new Fairtrade minimum prices and Fairtrade premiums following the recommended classifications.
- To announce new prices following the results from consultation and approved by the Director S&P or Standards Committee

**NEW: Connection with Theory of Change (ToC):**

Implementation of Fairtrade Minimum Prices and Premiums is one of the main interventions to achieve Fairtrade goals and Vision. The path to these goals might have several outputs and outcomes, such as empowering producers in negotiations, giving them security against price risk and volatility, increasing profitability and investment in the organizations and communities, fostering development in the communities, within many others. For more information on Fairtrade ToC, please follow this [link](#).

**Project scope:**

The project will include a review of all prices for mango, including the classification of the mango category, geographically as well as product based: fresh and prepared and preserved categories (fresh, for processing, for drying, pulp and dried). The changes will follow the recommendations from the report “Mango definition and classification” by Julie Francoeur, 2016.

**Out of scope:**

Review of the Standards for Fresh Fruits or Prepared and Preserved Fruits and Vegetables

**Project timelines and information on opportunities to contribute:**

**August, 2018**

15<sup>th</sup> - first call project team  
20<sup>th</sup> - PA draft published in web page

**September, 2018**

6<sup>th</sup> - Final PA published in web page  
6<sup>th</sup> - 28<sup>th</sup> - First proposal of classification and COSP tool to be shared with project team

**October, 2018**

1<sup>st</sup> - 26<sup>th</sup> – Definition of classification (geographically and product based) and COSP

**November and December, 2018**

COSP collection (training on the use of the tools, and support provided by staff from the PNs)

**January - February, 2019**

Extension COSP collection period  
COSP reported back to Pricing

**February - March, 2019**

COSP data analysis, cleaning

**April, 2019**

COSP results validation

**May, 2019**

Proposals on new prices and premiums for consultation are presented to project team, discussed and agreed prior to consultation

**June, 2019**

Consultation period

**July, 2019**

Input from consultation is processed

**August, 2019**

Prepare documentation for decision and present to Director S&P (or Standards Committee)

**September, 2019**

Presentation to the Standards Committee

**30th September, 2019**

Publication and implementation of the new FMP and FP

**\* More information will be provided closer to the consultation period on our [website](#). If you are identified as key stakeholder, you will receive an invitation to participate.**

**Decision making process:**

For minor projects, the Standards Committee has delegated the final decision to the Director Standards & Pricing.

In case there are sensitive issues during the process and there is a need to involve the SC, this will be flagged early in 2019, to be included in a SC meeting.

**Project Owner (Unit):**

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**Project Manager (contact point for the project):**

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<b>Project Team:</b>		<b>Project Environment (stakeholder groups not part of the project team):</b>
<b>Standards &amp; Pricing Team Members</b>	Alina Amador	
<b>Producer Networks</b>	Maria Trinidad (Coordinadora Latinoamericana y del Caribe de Pequeños Productores y Trabajadores de Comercio Justo, CLAC) Jacques Aboule (Fairtrade Africa) Manoj Sankethi & Iresha Sanjeevanie (Fairtrade Network of Asia & Pacific Producers, NAPP)	
<b>National Fairtrade Organizations</b>	Thomas Meyer (Max Havelaar Switzerland & Fairtrade Germany) Giovanna Michelotto (Max Havelaar France)	
<b>FLOCERT</b>	Theresa Glammert-Kuhr (Assurance Scheme Manager)	