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| **Consultation document for Fairtrade Stakeholders:**Small Producer Organizations (SPO) in the banana sector: plantations in SPOs and review of indicators values for farm size and permanent number of workers in Ecuador, Dominican Republic (DR) & Colombia |
| Consultation Period | 25.11.2016 –25.12.2016 |
| Project Manager | Arayath Kooteri Sajindranath, Standards & Pricing, s.arayath-kooteri@fairtrade.net  |

**PART 1: Introduction**

Welcome to the second consultation on the project titled: *Small Producer Organizations (SPO) in the banana sector: plantations in SPOs and review of indicators values for farm size and permanent number of workers in Ecuador, Dominican Republic (DR) and Colombia*. This project is broken down into two parts 1) Managing Plantations in Banana producing SPOs and 2) Indicator values for farm size and permanent number of workers in Ecuador, DR and Colombia. Like the first consultation round, this consultation will be for 30 days duration. The first round of stakeholder consultation took place between 01/07/2016 to 31/07/2016. The synopsis of the first round, is available in Fairtrade website at <http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2016-11-09_Plantation_in_Banana_SPO_synopsis_round_1_EN.pdf>

Based on the feedback in the first consultation, the proposal for the standard amendments are presented and being consulted in this second round of consultation.

Thank you for taking the time to participate. First you will find an introduction to the topic and consultation process and then you will be asked the consultation questions. The whole process should take you around 30 minutes.

**General Introduction**

Fairtrade Standards support the sustainable development of disadvantaged small-scale farmers and workers. Producers and traders must meet applicable Fairtrade Standards for their products to be certified as Fairtrade. Within Fairtrade International, Standards & Pricing (S&P) is responsible for developing Fairtrade Standards. The procedure followed, as outlined in the [Standard Operating Procedure for the Development of Fairtrade Standards](http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/SOP_Development_Fairtrade_Standards.pdf), is designed by Fairtrade and compliant with all requirements of the ISEAL Code of Good Practice for Setting Social and Environmental Standards. This involves a wide consultation with stakeholders to ensure that new and revised standards reflect Fairtrade International’s strategic objectives are based on producers’ and traders’ realities and meet consumers’ expectations.

You are invited to participate in the consultation and contribute. For this purpose, we kindly ask you to comment on the proposal for dealing with the issue of plantations inside banana producing SPOs and encourage you to give explanations, analysis and examples underlying your statements. All information we receive from respondents will be treated with care and kept confidential.

**Please submit your comments to the Project Manager Arayath Kooteri Sajindranath at: s.arayath-kooteri@fairtrade.net by 25.12.2016.** If you have any questions regarding the draft standard or the consultation process, please contact the Project Manager by email.

Following the consultation round we will prepare a paper compiling the comments made, which will be emailed to all participants and also be available here

(<http://www.fairtrade.net/standards/standards-work-in-progress.html>)

**Background and Objectives**

This project was initiated to deal with concerns raised by some stakeholders, that large plantations are joining SPOs instead of being certified under HL standards, as the SPO standards only require 50% of the members to be small farmers as minimum requirement, thus undermining the intention of the SPO standard. The reluctance of plantations to be certified under HL standards, and joining SPOs, are perceived as a way of avoiding stricter labour requirements in the HL standard or a way of not needing to transfer the premium to the workers. This image of plantations joining SPOs, resulting in lower protection to workers at the same time unduly competing with small farmers, has negative effects on the image of Fairtrade.

Fairtrade International took over the responsibility for determining the indicators for SPO from FLOCERT and published a set of revised indicators for average number of workers and farm size for Dominican Republic (DR), Colombia and Ecuador on 03.08.2015. The changes are applicable since the 1st Jan 2016. The land area threshold for a small farmer was fixed at below 8ha for mono culture in these three countries. The number of permanent workers per hectare, was set at 1.5 for DR and 0.9 workers/ha for Ecuador and Colombia. Stakeholders had recently expressed their concern on the effect on the profitability of the SPOs, with the reduction of the land area in the indicators (from 10 ha to 8 ha) and requested the suspension of the application of the revised indicators. However, it was decided to not suspend the changes and take a relook at the values of the indicators along with the issue of plantations in SPO and increase the scope of discussion and research and advise the SC on a suitable decision. Moreover, the decisions on plantations could potentially have an effect on the indicators and it is best to study these issues together in these countries.

The objectives of this project are to reduce the unintended competition of large plantations inside SPOs to small producer and small producer organizations, to give better protection to the workers in the plantations and to mitigate the reputational risk to Fairtrade. The project also intends to take a relook at the indicator values for DR, Ecuador and Colombia and to assess if there is a need to revert to the values applicable prior to 1st Jan 2016.

**Project and Process Information**

This standard review project started on 29th February 2016. The project assignment (PA) is available at: <http://www.fairtrade.net/standards/standards-work-in-progress.html>.

**Confidentiality**

All information we receive from respondents will be treated with care and kept confidential. Results of this consultation will only be communicated in aggregated form. All feedback will be analysed and used to draw up the final proposal. However, when analysing the data we need to know which responses are from producers, traders, licensees, etc. so we kindly ask you provide us with information about your organization.

**PART 2: Draft Standard Consultation**

The consultation is organized into the following sections:

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# A) Information about your Organization

Please provide us with information about your organization so that we can analyse the data precisely and contact you for clarifications if needed. The results of the survey will only be presented in an aggregated form and all respondents’ information will be kept confidential.

**1.1 Name of organization**

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**1.2 Your name**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**1.3 Your email**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**1.4 FLO ID (if applicable)**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**1.5 Country**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**1.6 What is your responsibility in the supply chain (if applicable)? Please tick all that apply**

[ ]  Producer (Small Producer Organization)

[ ]  Producer (Contract Production)

[ ]  Producer (Hired Labour)

[ ]  Exporter certified as a Fairtrade Trader

[ ]  Importer certified as a Fairtrade Trader

[ ] Other (please specify) \_\_\_\_\_\_\_\_\_\_\_\_\_\_

**1.7 Please list the Fairtrade products that you deal in (If applicable)**

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# B) Questions on proposal for dealing with Plantations in Banana producing SPOs

This section is divided broadly into four sections. The first section deals with dealing with **‘Managing Plantations in Banana producing SPOs**’; the second section with **‘Indicator values for farm size and permanent number of workers in Ecuador, DR and Colombia’;** the third deals with an **option for increasing volume from existing SPOs**. A brief fourth section provides for space for further comments and alternative options.

## **Section 1) Managing Plantations in Banana producing SPOs**

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| In the first consultation, a majority support was seen for fixing a farm area of 30ha as the threshold for defining a plantation, however, there was some support to reduce this limit further. The consultation also indicated no support for a corresponding threshold of 25 workers as the number of permanent workers for the purpose of defining a plantation.  |

Q1.1 Do you agree to reduce the limit of the land area to define a plantation from 30ha to 25 ha?

Yes, the limit should be 25 ha [ ]

No, the limit should be 30 ha [ ]

No, the limit should be less than 25 ha [ ]

Please substantiate with reasons

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Q1.2 Since there was no consensus on defining the threshold of number of workers, do you agree that only the criteria of land area (30ha or different) is used for defining a plantation?

Yes [ ]

No [ ]

Please substantiate with reasons (if applicable please suggest an alternative threshold for number of permanent workers)

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| Of the various options discussed in the first consultation, the feedback from the stakeholders indicated support only the option that suggested to remove of plantations from SPOs producing bananas. The support was however, not unanimous and various stakeholders including producers, NFOs and traders, were concerned about loss of volume and defaults in fulfilment of the trade contracts. There were suggestions of providing a transition period in case a decision is taken to remove plantations above 30 ha (or different) area from SPOs. The following question only deals with the transition period that would be desirable in case, a decision is taken to remove plantations from SPOs producing bananas.  |

Q 1.3 What in your opinion should be the transition period for SPOs to remove plantations from their organization?

Less than or equal to 6 months [ ]

One year [ ]

More than one year [ ]

Please substantiate with reasons and suggest a suitable transition period.

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Q1.4 Do you agree that banana **may be** sourced from the plantations **during the transition period**, only if they complete the application process for certification under HL standard?

Yes [ ]

No [ ]

Please substantiate with reasons or please suggest an alternative:

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## **Section 2) Indicator values for farm size and permanent number of workers in Ecuador, DR and Colombia**

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| **SPO indicators for Average Number of Workers and Farm Size**In the Standard for Small Producer Organizations (SPO) there are two definitions of small producers depending upon the intensity of labour used in the production of different crops (see SPO requirement 1.2.1). In products that are less labour intensive, small producers are defined as those who do not hire workers all year around and where most of the farm work is done by them and their families. For more labour intensive products, small producers are defined as follows:* They hire less than a maximum number of permanent workers, as defined and published by Fairtrade International.
* The size of the land they cultivate is equal to or below the average of the region, as defined and published by Fairtrade International.
* They spend most of their working time doing agricultural work on their farm.
* Most of their income comes from their farm.

Since the definition of small producers varies in different contexts and products, Fairtrade International develops indicators for the average number of workers and the farm size. The table below will be amended according to the procedure for the development of Small Producer Indicators in labour intensive products.The first indicator “Farm size/producer” represents the average farm size of a small producer of a specific product in a region/country.The second indicator “Permanent Workers” represents the maximum number of permanent workers hired by an individual member on average per year. This number may differ from country to country and product to product and is therefore set for those countries and regions where individual members of small producer organizations and contract production projects structurally depend on hired labour. In both cases, the indicators apply to the entire farm size and the total number of permanent workers hired by the small producer, even if the land or workforce is employed for other non-Fairtrade crops.

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| Country | Dominican Republic | Colombia | Ecuador |
| Farm Size (per member) | Below 8 has | Below 8 has | Mono-culture: Below 8 ha |
| Permanent workers (per member or per hectare) | 1.5 workers/ha1 | 0.9 workers/ha1 | 0.9 workers/ha1 |

1 For banana producer organizations, harvest and packing workers are not accounted as permanent workers**The indicator values were applicable from 1st Jan 2016.** **The indicator value changed from 10ha in these countries to 8ha from Jan 2016. This part of the consultation is to seek stakeholder views on maintaining the indicator value of land area at 8ha or to revert back to 10ha**. |

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| **Summary of analysis of member details from SPOs producing banana in DR, Colombia and Ecuador.**The membership details of SPOs in DR, Colombia and Ecuador, available from the records collected as part of audit was sourced from FLOCERT. The information was prepared by FLOCERT, in a way to conceal the name of the organization and the names of the members in the organization to maintain confidentiality of the information gathered in audits. Efforts were taken to collect the most recent information. The data was collected from 2013 to 2015. It should be noted that, since all audits don’t happen at the same time and since the membership in organization can change overtime, the information gathered may not reflect the real time status of these organizations. The information gathered represents about 90% of the SPOs producing banana in these three countries.The details of number of permanent workers were not complete and therefore were not analysed. Moreover, the available data on permanent workers showed a lot of variance, with some smaller farms having higher number of permanent workers than larger farms. Results Dominican Republic: The average land holding in SPOs in DR ranged from 1.21 ha to as high as 14.6 ha among the 21 SPOs analysed. There were 11 SPOs which had more than 8 ha land area as average and 4 of them had more than 10 ha area on average. There were 6 SPOs, which had members having 8 or less ha, forming less than 50% of their total members. These later six organizations would be affected with the change in the indicator values from 10 to 8. There was one SPO which had all of its farms lower than 8 ha, while there was one which had only 22.72% of its members below 8 ha. On the total, 73.33% of the members in DR had a land area equal or less than 8ha, indicating that most farmers certified within SPOs had a surface area less than 8 ha. Results Colombia: The analysis of data for Colombia revealed that all SPOs had more than 50% of their members possessing land area of 8ha or less. The percentage of small producers with 8 ha or less land area within SPOs, ranged from 85.71 to 100% with an average of 95.48%. It therefore can be summarized that no SPOs or members in Colombia have been affected by change in indicator values from 10 to 8.Results Ecuador: In Ecuador, there were two SPOs, which had an average landholding above 8ha. These two SPOs also had less than 50% of their members possessing 8ha or lower land area. These two SPOs have been affected by the change in the indicator values from 10 to 8 ha. However, when all SPOs in Ecuador were considered together, 69.38% of the members had less than 8ha land area, indicating that majority of the members qualified as a small farmer as per the revised indicator values.  |

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| The analysis of data of member list from certified SPOs in DR, Colombia and Ecuador indicates that the majority of the farmers hold less than 8 ha. The average of land held by a member is 6.28 ha in DR, 2.55ha in Colombia and 6.48ha in Ecuador. Given Fairtrade’s focus on small farmers, maintaining the indicator value at 8 ha, would be beneficial to farmers with less than 8ha area to access the Fairtrade market and thus get benefit from premium and assured market for their produce. This does not mean that the SPOs cannot keep or include farmers with more than 8 ha in the SPOs (however, limited to members up to 30ha or different value is consulted on above), but will have to ensure that the ratio is kept within the limit of the standard.  |

Q 2.1 Keeping the above context in mind, do you agree that the indicator values are maintained at 8 ha to determine a small farmer for DR, Colombia and Ecuador?

Yes, maintain the indicator value at 8ha [ ]

No, revert the indicator value to 10ha [ ]

Please substantiate with reasons or please suggest an alternative:

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| For those SPOs who would be affected by this rule change, the corrective measure would be either to increase the number of members having land area below 8 ha or the removal of members above 8 ha land area to fulfil the 50% rule, which requires that 50% of the members in an SPO are small farmers. It must be noted that the change in indicator value from 10ha to 8 ha was in effect from Jan 2016 and SPOs would have already put in corrective measures to meet the standard.  |

Q 2.2. For those SPOs who have not yet complied with the changed requirement, do you think that a longer period is required to comply with the change in the indicator value?

Yes, until 31 March 2017 [ ]

Yes, until 31 June 2017 [ ]

No extension is required [ ]

Please substantiate with reasons. (Please suggest an alternative)

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| The feedback from the 1st consultation has indicated no consensus on number of workers to define a plantation. Also the analysis of member data from FLOCERT, indicate poor quality of available data on the number of permanent workers. Looking into the deficiency in stakeholder feedback and worker data, it is proposed to limit the indicator values to only “farm size” and remove “the total number of permanent workers hired by the small producer” to define a small producer.  |

Q 2.3 Do you agree that the indicator value of ‘**the total number of permanent workers hired by the small producer’ is removed** from the indicators to define a small producer and only keep “farm size” as indicator for small producer?

Yes, remove the indictor for permanent workers. [ ]

No, do not remove the indictor for permanent workers and maintain the existing indicator figures (DR 1.5 workers/ha, Colombia & Ecuador 0.9workers/ha) [ ]

No, do not remove the indictor for permanent workers but change the indicator figures (Please substantiate with publically available data in the comments area given below) [ ]

Please substantiate with reasons. (or please suggest an alternative)

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## **Section 3) Option for increasing volume from existing SPOs.**

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| In the first consultation, some comments were made against restricting volumes from farms which are larger than indicator set for small producers, (larger than 8ha) and that it will potentially restrict the overall volumes from certified SPOs. The following option is proposed here to increase the volumes from such farms that are not small in SPOs, thus increasing overall volumes from SPOs, provided some conditions are met. The farms larger than the farm size defined for small producer, can increase their share beyond 50% provided the following conditions are met1. 50% members are small producers in the SPO
2. Plantations as defined under this consultation (see section1) are not part of the SPO
3. The area of the small producers are at least 75% of the total land area of the SPO
4. At least 90% of the produce of the small producers are sold as Fairtrade (as all produce may not be fit for export due to quality issues).

Pros: a) The volumes can be increased from individual SPOs without increase in certification costs; b) As normally it is perceived that quality from larger farms are better, this will also increase proportion of better quality banana in trade; c) There is incentive to sell from small producers first, so that the volume from other farms can be increased; d) will add incentive to improve quality of produce from small producers to meet the 90% export mark d) More premium to SPOsCons: a) Potential competition to other SPOs with only small producers;  |

Q 3.1: Do you agree to the proposal in section 3

Yes, with no changes [ ]

Yes, with changes (please mention the changes in comments) [ ]

No, I do not agree to this option [ ]

Please substantiate with reasons. (Or please suggest an alternative)

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## **Section 4 ) Comments or Other options**

In case you have other comments or options to suggest, kindly do so here.

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