

<b>Consultation Results Synopsis</b> <b>Information to Stakeholders on the Outcome of the 1<sup>st</sup> Round of Consultation</b> <b>Review of the Fairtrade Standard for Small Producer Organizations</b>	
<b>To</b>	Stakeholders
<b>Consultation Period</b>	3 July 2017 – 13 October 2017
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## **PART 1 Introduction**

### **1.1. General Introduction**

Fairtrade International's Standards & Pricing would like to thank all stakeholders for the time and effort they have put into participating in the first round of consultation on the Review of the Fairtrade Standard for Small Producer Organizations. The consultation concluded on the 13 October 2017 with a total of 315 participating stakeholders via the online survey and 1025 participating stakeholders via workshops who gave Fairtrade International's Standards & Pricing their views and perspectives. Thanks to these replies, Standards & Pricing has gained a good understanding of critical issues and concerns including potential solutions. Together with the results of the research carried out by Standards & Pricing, this information provides the basis for the proposal for a second round of consultation. The Standards Committee's decision on the final standard will be taken in full knowledge of stakeholders' comments.

This document aims to present the outcome of the consultation in the most transparent way possible without disclosing confidential stakeholder information.

**Should you have any queries or remarks concerning this report, please contact the Project Manager Gelkha Buitrago at: [standards-pricing@fairtrade.net](mailto:standards-pricing@fairtrade.net) or call: +49-228-949230**

### **1.2. Executive Summary**

The purpose of this project is to review the globally-applied Small Producer Organizations (SPO) Standard, as part of the regular standard monitoring and review cycle. The overall objective is to ensure that the standard continues contributing to the Fairtrade 2016-20 strategy and is in line with the Fairtrade Theory of Change, which aims to enable resilient and viable producer business, strong and inclusive SPOs, improved farming performance, protection of environment, adaptation to climate change and enhanced benefits for small producers and their communities.

The aim of this review is to address and find solutions for SPO Standard-related issues. As part of the initial research phase (for timelines see section below), outstanding issues included on the monitoring log on the SPO Standard since last revision were analysed, and additional topics and issues related to the SPO Standard were collected from relevant stakeholder groups. Input from all relevant stakeholders will continue to be considered throughout the project, including from producers and Producer Networks, national Fairtrade organizations, Fairtrade International staff and assurance providers.

This first round of consultation followed a different approach to engage with stakeholders compared to previous standards consultations. Instead of already putting forward concrete technical proposals, the consultation shared the description of a topic statement with stakeholders and then posed questions for discussion on a diverse but interrelated set of topics. The intention of this exercise was to engage in a more participatory approach focusing on understanding different views on a topic and an open discussion about the potential ways to address them. The intention is to propose a more technical proposal for the second round of consultation.



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Below is a summary of the consultation topics and an overview of the responses per topic:

Topic and Explanation	Consultation responses – main outcomes
<p><b><u>1. SPO definition</u></b></p> <p>The current requirements in the SPO Standard allow larger members or even plantations to be members of Fairtrade certified SPOs, as long as a majority of members still fall under the small producer definition.</p> <p>Workers employed at SPOs appear to receive less economic and social benefits than workers in hired labour settings, and plantation-size farms can enter and benefit from Fairtrade, even in products that are only open to small producers (like sugar), increasing unfair competition among and within SPOs. Both elements also present reputational risks for Fairtrade.</p> <p>However, large members can also play an important role as they enable SPOs to offer greater supply and quality of products.</p>	<p>The majority of participants agreed with the statement. Many emphasized that the focus of Fairtrade is to support small producers and by allowing larger farms to participate under the SPO Standard, the intended impact for small producers may be reduced, if larger farms push out the smaller ones. The topic of unfair competition between and within SPOs was frequently mentioned. Many therefore supported the idea of restricting the amount of larger farms allowed.</p> <p>At the same time, many respondents highlighted the beneficial aspects of including larger farms, such as the increase in quality and quantity of products and the potential collaboration between different sized SPO members which can lead to beneficial knowledge-sharing.</p> <p>A popular proposal was to introduce three size categories: small, medium and large, and to exclude large organizations from the definition of an SPO. There were many suggestions regarding how to define small, medium or large producer organizations, including size elements (e.g. number, percentage of members, land size, number of workers or volume of sales) as well as structural elements (e.g. covering democracy and transparency).</p> <p>Clear challenges of the definition included: market perception of who produced the product; finding the right balance between farmers having to earn most of their income from the farm and still being considered a smallholder merged with an economic need to diversify income; workers on plantation-size members being less protected than workers on HL plantations and also benefitting less from the Premium; the need to conform with various national definitions of smallholders; and the need to adapt to different regional/product realities; and all this while keeping clear and simple.</p>
<p><b><u>2. Management of production practices</u></b></p> <p>The lack of effective management tools affects the efficiency and effectiveness of SPOs, which in turn limits the benefits for producers and reduces the impact of Fairtrade. An Internal Management System (IMS) enables SPOs not only to manage compliance of their members but also to deliver effective services to their members.</p>	<p>While many agreed there is a need for an IMS, others were uncertain whether it could be solved by a standard requirement since less developed organizations could suffer. There were concerns over potential high costs, required human resources to implement such a system, and the fact that many SPOs already have some form of management system in place, which could lead to conflicts if it is very different from any new one required by Fairtrade.</p> <p>A preferred option was to introduce an IMS as a year 1 or 3 requirement, possibly with incremental elements, in order to give time to first develop the skills and organizational structure needed. Respondents gave many suggestions of aspects to include in an IMS, while emphasizing the need to keep the system simple, clear, inexpensive, adaptable to the capacities and needs of different organizations, and in line with other certification schemes.</p>



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Topic and Explanation	Consultation responses – main outcomes
<p><b><u>3. Environmental development</u></b></p> <p>a) Climate change adaptation</p> <p>Climate change is one of the main challenges producers face. Although the standard promotes the use of sustainable agricultural practices, the open question is how the standard can be a better tool for producers to increase their resilience to climate change.</p> <p>b) Water</p> <p>Together with climate change, water issues are the top environmental risk factors producers face. Although the Standard promotes practices that address water-related challenges (scarcity and stress), most of them are development requirements with a 3 or year 6 timeline. Despite long timelines, the water requirements are challenging for producers to comply with and involve important financial investments.</p> <p>c) Approach to environmental requirements</p> <p>Several environmental requirements focus on training and awareness as a tool for improved environmental practices. For SPOs this approach is sufficient to ensure that better environmental outcomes are achieved.</p>	<p>a) While it was clear climate change is a major challenge for producers, opinion on how to address it was divided. While some said the standard should focus on adaptation planning, training producers, risk assessments, and product diversification, others said there is no one-size-fits-all solution, including on the topic of diversification.</p> <p>Many pointed out that there should not be a focus on requirements, but rather on tools to help producers. After all, producers didn't cause climate change, so they shouldn't be burdened further. If requirements are included, it should be aligned with the support available from PNs and partners and costs should be passed on/shared along the supply chain. Also when creating FMPs and Premiums, the calculations should factor in the "true costs" including climate change implications.</p> <p>b) Respondents agreed that together with climate change, water-related issues are among the top challenges they face. Many suggested strengthening current requirements and gave ideas of topics to address. Many SPOs commented that they are already implementing water-related good practice, while others highlighted this is not topic that can be addressed alone and that collaboration with local authorities and other local actors is necessary. It was clear that this topic is related to good management practice, quality trainings, risk and opportunity assessments and potential available funding.</p> <p>c) While the approach to increase awareness through trainings is appreciated, many said it's also necessary to ensure the knowledge gained is put into practice and some participants therefore would welcome additional requirements on implementation.</p> <p>Others suggested that a core tool to deal with environmental issues should be created and then replicated, rather than having many different tools.</p>
<p><b><u>4. Gender equality and women's empowerment</u></b></p> <p>The vast majority of Fairtrade production is male dominated and even though women are frequently heavily involved in the production processes (growing, harvesting and processing), their work is often not fully recognized and rewarded. In the case of smallholder production, women and girls often work as unpaid labourers on family farms, they rarely occupy leadership positions, and their needs and voice are often not heard. Also, as in some countries</p>	<p>While the majority agreed with the topic statement, the proportion was much higher in Europe and lower in Latin America. Many partially agreed.</p> <p>The responses showed that women are more disadvantaged in some regions than others. Land ownership and limited access to management positions were frequently mentioned as reasons for lower participation of women. Many respondents suggested introducing quotas within SPO structures to ensure women's participations in the governance of the organisation. However others were concerned about being too prescriptive. The importance of providing training on gender equality was mentioned, as was the need to ensure women can attend training sessions and other events. Above all, the need to understand different cultures and listen to women and their needs was made clear.</p>



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Topic and Explanation	Consultation responses – main outcomes
<p>women frequently do not own land titles, they may be unable to join producer organizations and access the services they provide.</p>	
<p><b><u>5. Developments in modern slavery legislation</u></b></p> <p>Due to rapidly changing legislation in several consumer and producer countries, certain companies will be obliged to identify risks of child and forced labour, slavery and human trafficking in their supply chains, and develop and make public plans to combat them. An increasing number of companies sourcing from Fairtrade will therefore require that their suppliers (producers and other actors in the supply chain) operate according to the newly developing and changing legal frameworks.</p> <p>Instead of producers becoming targets for campaigners being rejected by companies because of these risks, there is an opportunity for producer organizations to proactively engage in the due diligence and become agents of change and accelerators of human rights.</p>	<p>There was strong agreement with how the challenge was written in the statement. While many highlighted the commercial need to act on this topic and that this is an opportunity for producers and traders to collaborate on a topic, which method to use to address this, was a main focus of discussion.</p> <p>Many were concerned with the suggestion to use the Youth Inclusive Community Based Monitoring and Remediation (YICBMR) approach, because it is expensive and complicated to implement. The question of cost was an area of concern throughout; a few respondents suggested that traders could contribute in this regard.</p> <p>A large proportion of participants preferred having guidance on how to address this topic in the standard, rather than direct requirements. An alternative approach given was to include the topic as an option in a risk-assessment requirement.</p> <p>The importance of considering national legislation and relevant ILO conventions as a minimum – whether as internal organizational policies or as requirements - was also underlined.</p> <p>The need for in-depth training and awareness-raising on this topic was also clear.</p>
<p><b><u>6. Development potential</u></b></p> <p>The current requirements allow SPOs to enter certification at a very early stage of development. These requirements aim to keep the balance between market access to disadvantaged producers and the potential to benefit from Fairtrade for the organizations that join the system. The system has limited resources to provide a lot of support to the SPOs at their early development stage. This may cause false expectations and frustrations for producers who invest to comply with Fairtrade Standards and yet do not benefit as expected.</p>	<p>Consultation discussions showed that the aim of requirements should be to enable producer organizations to build their capacities, fulfil their potential and benefit from Fairtrade. Also, a growing proportion of producer organizations compared to market sales is putting pressure on the Fairtrade system. Therefore, more pre-entry requirements are needed on development potential and prospects of sales which would allow organizations with better market opportunities to enter the certification. However, the challenge is to keep the balance when setting the higher bar to avoid discriminating against small producer organizations by allowing more successful and larger cooperatives to get certified.</p> <p>Indicators that could be considered to define the organization as viable included: production volume, availability of market, and management capacity and history of trading. Some other discussed options were to set a self-assessment based on a scoring and cost-effectiveness evaluation as a pre-condition for the organization to get better prepared before applying for certification. The option of a public consultation with different parties to collect more</p>



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Topic and Explanation	Consultation responses – main outcomes
	<p>information on the applicants was discussed as well. Instead of letter of intent, a statement explaining the organizational development path to self-empowerment could also encourage higher awareness of the potential benefits of joining Fairtrade.</p> <p>Other suggestions were made on improvements to the audits, such as introducing a financial audit, which could potentially be used as another indicator on the financial viability of the organization.</p>
<p><b><u>7. Role of traders</u></b></p> <p>Some SPOs are created by traders; often traders invest resources to get farmers organized, apply for Fairtrade certification and provide market access to the SPOs. On the one hand this may help SPOs to start a Fairtrade business but on the other, it can also cause SPOs to rely on and become dependent on traders' support. Elected SPO leaders may be bound to follow the trader's interests as they may fear losing market access and if the situation persists, preventing the empowerment of producers in the long run.</p> <p>The SPO Standard does not provide a clear framework for balanced trading relations between SPOs and traders.</p>	<p>Consultation discussions showed there is a fine line between a supportive trader and one on which producers may rely too much. While many said producers should not become dependent on traders, others said it's important to acknowledge that traders can contribute a lot and play a beneficial role in empowering producers, whether through capacity building or through providing access to market.</p> <p>The majority felt the standards need some mechanisms to ensure that traders do not abuse their positions and producers are able to increase their ownership over their SPOs and self-determination. Some options discussed included requiring a MoU to clarify roles of the SPO and the traders and potential conflict of interest scenarios (such as when a trader intervenes on internal governance issues), requiring traders to provide training, and indirectly strengthening ownership of an organisation via stricter transparency and IMS requirements.</p> <p>There were varying opinions on whether any requirements and/or clarification of roles should be added to the SPO Standard or the Trader Standard, and whether they should be requirements, VBPs or guidance.</p>
<p><b><u>8. SPO governance</u></b></p> <p>The democracy, participation and transparency requirements in the SPO Standard do not fully deliver the intended impact in the areas of good governance practices, true member ownership, adequate accountability and internal control.</p> <p>Issues can be linked to imbalanced power structures, a lack of clarity regarding roles and responsibilities between the board and management, insufficient room for decision making, inefficient internal communication between leadership or delegates and members, a lack of opportunities for wide participation in governance, especially for women and younger</p>	<p>Despite a few respondents stating that the standard and principles outlined in the standard are fine as they are, the vast majority strongly agreed with the topic statement and gave suggestions for improvement.</p> <p>Key areas of concern were the lack of good communication between members and leadership, lack of operational clarity and the lack of relevant skills among leadership. Suggestions on how to address this included introducing a requirement to have a Fairtrade officer for larger organizations and clearer roles and responsibilities for management and operating rules, separating the roles of board members from that of management, introducing quotas to ensure equal representation of women and minorities in leadership positions, via training on many different topics from marketing to financial management and by providing more practical guidance on leadership skills in the standard.</p> <p>Regarding the suggestions of including surveillance bodies, some said that they already exist, so any new requirements</p>



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Topic and Explanation	Consultation responses – main outcomes
<p>generations, and a lack of accountability requirements covering mechanisms such as a supervisory board or surveillance committee.</p>	<p>shouldn't impact current operations too much; others said that national legislations on the operations of co-ops cover this already and therefore new requirements wouldn't be necessary, or should at least be compatible. Some felt that the role of surveillance bodies is already covered by an internal control system or a general assembly. However the majority felt there is a need for requirements on this topic in the standard.</p>
<p><b><u>9. Fairtrade Development Plan and Premium use</u></b></p> <p>SPOs have many and diverse needs and, with limited resources, it is hard to decide where to invest first in order to make the best use of the Fairtrade Premium and maximize its impact. A relatively large share of the Premium is currently spent to cover operational costs, certification fees, etc. Therefore it is important to follow a proper planning process, in which the longer term effects of an investment are thought through. However, conducting a needs analysis only comes into effect as a development requirement in year 6 of certification. In practice, comprehensive planning and prioritization processes rarely take place before deciding on the use of the Premium.</p> <p>The impact generated by the Premium is in many cases below market expectation. Tangible impact is the main driver for commercial partners and civil society to engage with Fairtrade.</p>	<p>Agreement on the topic statement was strong in general, but there was lower agreement in Latin America, where some highlighted that Premium spending has solid impact but maybe it's the communication of that impact which is the problem.</p> <p>Regarding the topic of using the premium to fund the certification fees, many commented that if the fees were reduced, they could use the Premium on other things.</p> <p>There were requests for additional best practice examples and better guidance on Premium planning and usage in the standard. Also some asked for more opportunities to share best practice and learning among producers themselves.</p> <p>While many requested stricter requirements by making development requirements (on needs analysis) core, requiring them earlier than year 6, requiring a Premium Committee and/or requiring mandatory reporting of Premium use (as is done in bananas), others preferred to be less prescriptive to encourage producer ownership of projects. The concept of strategic Premium use (focusing first on strengthening the organization, then on the members' livelihoods and lastly on the community) in order to make producer organizations more robust and sustainable, was also popular; some mentioned the need to include workers in the concept.</p> <p>The link to the need for some form of surveillance/ monitoring committee was clear, since many felt that better planning and monitoring would lead to more effective use of the Premium, more transparency and decrease the risk of corruption. Whether to additionally include a requirement on corruption was also debated; some felt that good guidance would be more useful.</p>
<p><b><u>10. Cost of sustainable production and monitoring basic indicators from producers</u></b></p> <p>The lack of consistent and regular data on the costs of sustainable production (COSP) of SPOs makes it difficult to assess their economic performance and identify growth opportunities.</p> <p>The monitoring and analysis of</p>	<p>There was strong agreement with the description of the topic challenge. However there were concerns about the costs of implementing data collection procedures, the need for training to gain the necessary skills, the need to keep the data level at macro (organization) level but without excluding key individual farmers' costs, and whether there should be a new standard requirement specific to COSP data. Many preferred the approach of strengthening data-related requirements which are already in the standard, rather than creating new requirements. Promoting good data collection as best practice through guidance sections</p>



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Topic and Explanation	Consultation responses – main outcomes
<p>basic indicators such as number of producers, volumes of production, sales, trainings delivered to members would strengthen producers' negotiation position, facilitate pricing-setting at FI, and help better planning.</p>	<p>was also a popular alternative approach.</p> <p>Whether or not introduced to the standard, it should be clear that producers own and can access their own data.</p>
<p><b><u>11. Fostering continuous improvement</u></b></p> <p>This topic was included to find out how the standard can best encourage SPOs and foster their continuous improvement.</p>	<p>The outcomes showed that financial profit is a key factor for motivation. If producers feel the impact of being part of the Fairtrade system through increased income, they are incentivized to continue improving.</p> <p>Also training and support services, peer-to-peer sharing and learning opportunities, recognition of achievements and best practices were considered of high importance.</p> <p>There were many suggestions on how to incentivize improvement via performance indicators (whether via the MEL team or the ranking system or a different system), while some were cautious about the reliability of such a system.</p> <p>Feedback on guidance and best practice examples in the standard was positive, with many requests for more similar advice.</p>
<p><b><u>12. Simplification of the standard</u></b></p> <p>This section asked for feedback and suggestions on how to balance the increased demand from stakeholders to add topics and requirements to the Standard, with the concern that the standard is too long, complex and cumbersome.</p>	<p>The responses showed solid understanding for the challenge of keeping a complex standard clear and precise. Many suggestions were received on how to ensure the standard is well understood such as having producer-friendly language, visuals, short explanatory documents, and a clear structure and focus in every chapter. Advice on merging and reducing some sections was also given. The main message however was that training is needed to accompany a clear standard.</p>





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### 1.3. Way Forward

Based on the results of this consultation, S&P will develop a proposal for a second round of consultation. The table below describes the progress to date and next steps:

Activity	Timeline
Scoping	May - June 2017
Research	April – June 2017
Consultation 1 <sup>st</sup> round	July – November 2017
Analysis of consultation responses	December 2017 – January 2018
Publication consultation results synopsis	March 2018
Drafting proposal 2 <sup>nd</sup> round	January – March 2018
Consultation 2 <sup>nd</sup> round*	Q2 2018
Analysis of consultation responses	Q3 2018
Drafting final proposal	Q3 2018
SC decision	November 2018
Publication	Q1 2019

\*Depending on the consultation results it will be assessed if a third round is necessary.

### 1.4. Abbreviations

ACP	African, Caribbean and Pacific Group of States
COSP	Cost of Sustainable Production
EU	European Union
FI	Fairtrade International
GPM	Global Product Manager
Ha	Hectares
HL	Hired Labour
ILO	International Labour Organization
ICS	Internal Control System
IMS	Internal Management System
MEL	Monitoring, Evaluation and Learning
NFO	National Fairtrade Organization
NGO	Non-Governmental Organizations
PN	Producer Network
PO	Producer Organization
SPO	Small Producer Organization
S&P	Standards & Pricing
YICBMR	Youth Inclusive Community Based Monitoring and Remediation

### 1.5. Annexes

[Annex 1: Feedback from workshops](#) (& other)

[Annex 2: Feedback from Latin America & Caribbean](#) (provided separately due to different format)



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## **PART 2 Draft Standards Consultation - Outcome**

### **2.1. Consultation process**

The consultation in survey format was published online in Survey Monkey and was also available in word format on the Standards section of the Fairtrade website. Both links were sent to all certified small producer organizations, traders and other relevant stakeholders. The survey was open for 102 days. In addition to the possibility to give written feedback, workshops also took place for stakeholders in various countries to enable verbal feedback and group discussions of topics. S&P particularly thanks the PN's who organized these workshops and enabled high participation in the consultation

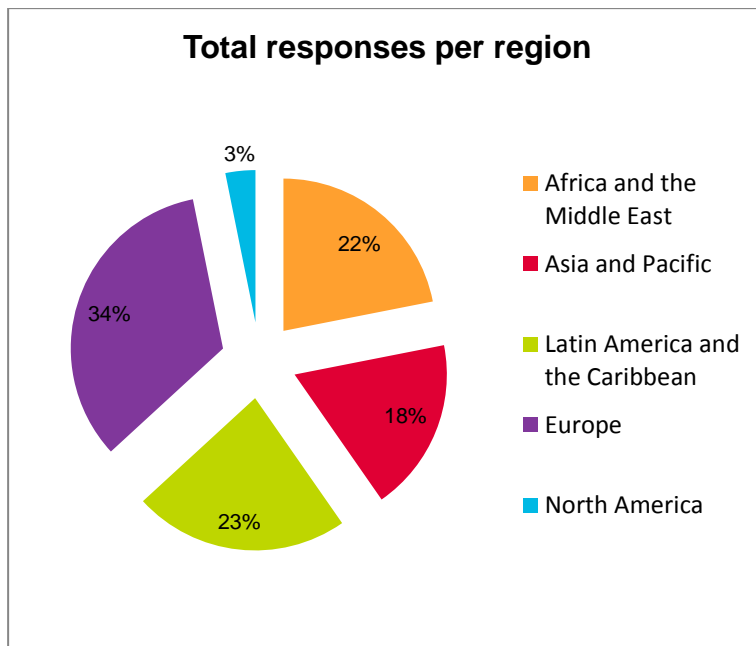
For each of the topics consulted this report considers the responses provided via the online survey and the responses provided in workshops in a summarized way in order to protect anonymity.

Since the results of the workshops were given in an aggregated form, they are available in [annexes 1 and 2](#).

### **2.2. Participants**

#### **Online participants**

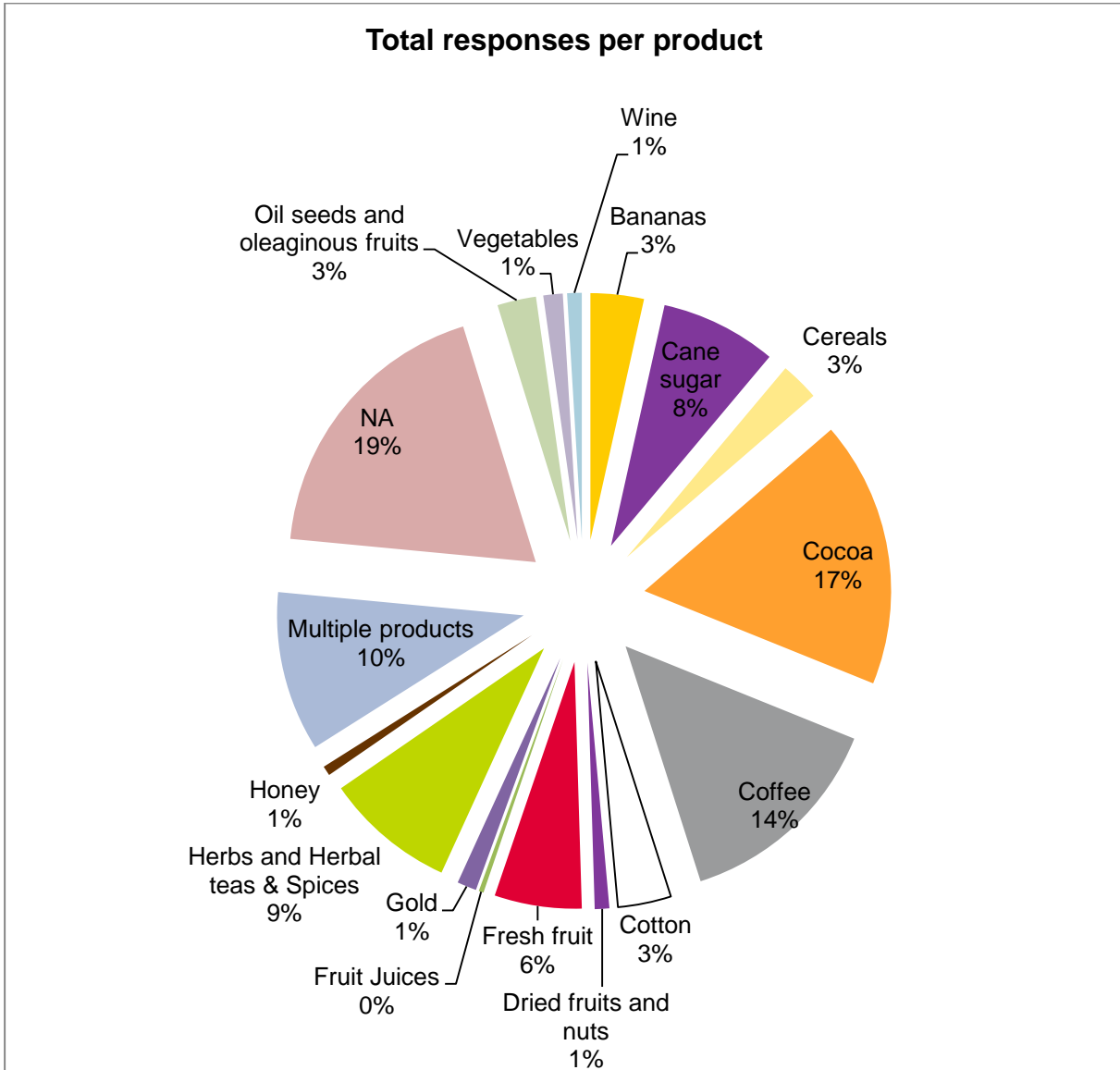
In total 315 stakeholders participated via the online tool or provided written responses to the questionnaires. Per region the highest participation came from Europe 34% (106 participants), followed by 23% (72 participants) from Latin America and the Caribbean, 22% (69 participants) from Africa and the Middle East, 18% (58 participants) from Asia and the Pacific, and 3% (10 participants) from North America.



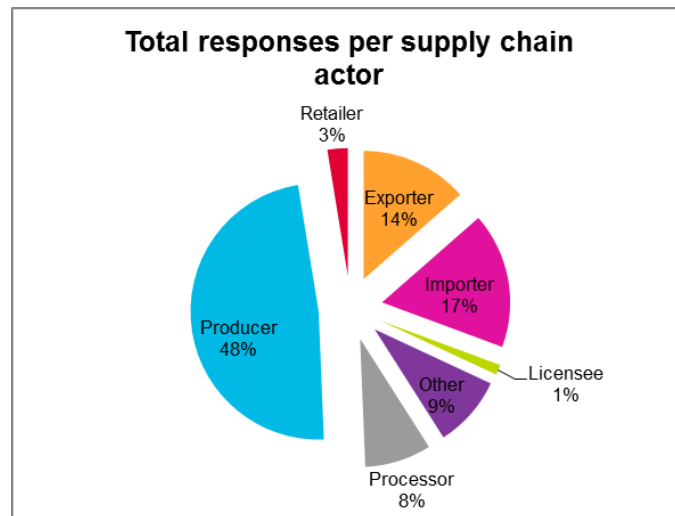


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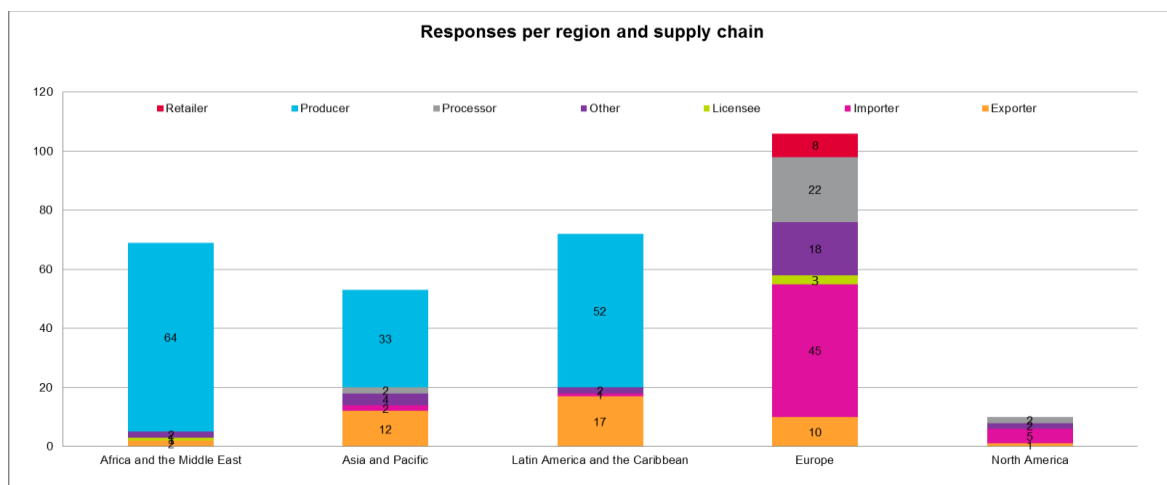
The chart below shows the proportions of participants by product groups, with the largest groups representing cocoa (17% - 55 participants) and coffee (14% - 44 participants):



Looking at the distribution per responsibility in the supply chain, almost half of the respondents are producer organizations (48%, 149 participants), followed by importers and exporters (17% and 14% respectively). Processors and 'other' stakeholders (FI and NFO staff for example) reached just under 10% each of the participation while 3% of the responses come from retailers and 1% from licensees.



Having a closer look at distribution per responsibility in the supply chain and the region it can be seen that in the producing regions the majority of the responses come from producers followed by exporters. In Europe, the largest participation is from importers, followed by processors and others.



Note: Exporters from Europe and North America are traders which buy from producers and then sell on to other Fairtrade consumer countries.

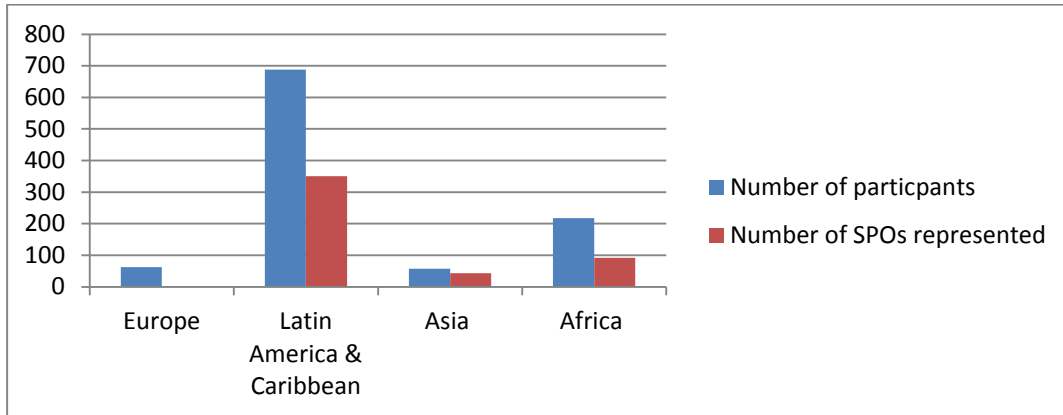
### Workshop participants

Overall 30 workshops took place in 24 countries in the three producer regions and in Europe. Over 1000 participants had the opportunity to discuss in these face-to-face (and one virtual) events. Over 950 participants from 485 small producer organizations participated in the consultation.



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The graph below presents the distribution of participant workshops per region.



And below gives more information on each specific workshop:

Workshop	Participants	Number of SPOs represented
1. Fairtrade International	11	
2. NFOs	5	
3. NFOs (webinar)	21	
4. SC	6	
5. East Africa	47	31
6. India	30	30
7. Indonesia	18	9
8. Malawi	31	6
9. Mauritius	34	26
10. Dominican Republic	45	24
11. Ecuador	25	13
12. Guatemala	22	16
13. Mexico	25	19
14. El Salvador	20	6
15. Colombia	73	55
16. Paraguay	14	9
17. Costa Rica & Panama	37	16
18. Chile	15	10
19. Brazil	45	32
20. Argentina	7	7
21. Peru	183	92
22. Bolivia	95	22
23. Nicaragua	82	29
24. Sri Lanka	9	4
25. Ethiopia	7	7
26. GPM	5	0
27. Swaziland	80	7
28. West Africa	19	15
29. Germany	7	
30. MEL	7	
<b>TOTAL</b>	<b>1025</b>	<b>485</b>



Per products the information is less accurate but it roughly follows the distribution of products within Fairtrade.

Please note that we have not combined the participation numbers in the written survey to the participation in the workshops as it is possible that some workshop participants also participated via the online questionnaire.

### **2.3. Consultation Outcome**

As explained, the first round of consultation followed a different approach to engaging with stakeholders, as compared to previous standards consultations. Instead of already putting forward concrete technical proposals, the consultation shared with stakeholders the description of a topic statement plus open questions for discussion on a diverse but interrelated set of topics. In total 12 topics were presented and the order of topics followed, as much as possible the current structure of the SPO Standard. The intention of this exercise was to engage in a more participatory approach focusing on understanding different views on a topic and encouraging an open discussion about the potential ways to address challenges.

This section presents the aggregated and high level outcomes of the consultation. For each question, after the topic description, the consultation outcomes are presented in two steps: input received through written responses followed by the input received through the workshops. Due to the different dynamics of the two main methods of providing feedback, it is more transparent to keep the results of the workshops separate to the written feedback.

For the analysis of the written responses, blank responses were not counted so the number of respondents per question may change. For the analysis of the information received through workshops, the responses are aggregated as much as possible although given the qualitative nature of the discussions this was not always feasible. Also, it's important to point out that since not all respondents responded to all questions and not all topics were discussed in all workshops; this is reflected in the analysis.

In the analysis of the responses the Standards Team tried to identify aggregated trends per topics, per region or per product. In addition, the team strived to capture areas of common agreements or divergence of views to summarize main opportunities/concerns.

Given the amount of open questions and the diverse set and high number of stakeholders expected in this consultation, for each topic participants were asked to indicate the questions that were important to the organization/respondent. At the end a ranking question for all the topics was also put forward. However, in general, most responses to this section showed that most topics were considered equally important. Therefore the answers to the ranking question are not analysed further in this synopsis.

As mentioned above, the detailed information of the workshops can be found in [annexes 1 and 2](#).



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## Topic 1: SPO definition

### Consultation statement:

The current requirements in the SPO Standard allow bigger members or even plantations to be members of Fairtrade certified SPOs as long as a majority of members still fall under the small producer definition.

Bigger members that employ a high number of workers must comply with minimum requirements derived from core ILO standard requirements. However, workers employed at SPOs appear to receive less economic and social benefits than workers in hired labour settings.

It also allows plantation-size farmers to enter and benefit from Fairtrade, even in products that are only open to small producers (like sugar) increasing unfair competition among and within SPOs.

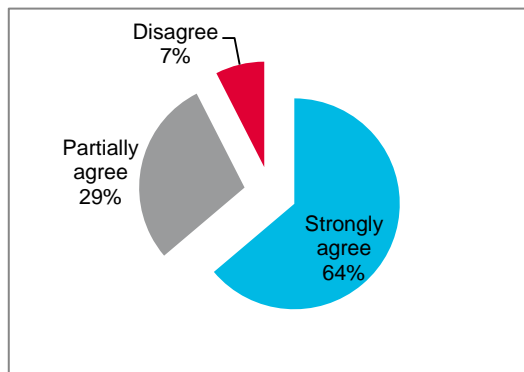
Both elements also present reputational risks for Fairtrade.

However, big members can also play an important role as they enable SPOs to offer greater supply at consistent quality and allow some flexibility to reflect the specific reality of the different regions.

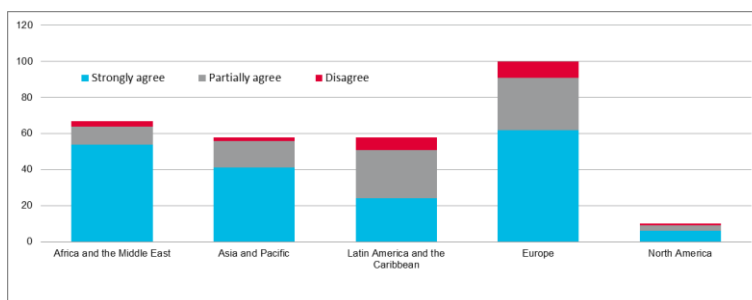
### Written feedback:

293 respondents answered this question. Overall 64% of the respondents (187) strongly agreed with the topic description while 29% partially agreed (84 respondents) and 7% disagreed (22 respondents). Among the producing regions agreement was higher in Africa (51 respondents strongly agreed and 10 partially agreed). Along the supply chain, producers expressed higher levels of agreement (86 strongly agreed and 45 partially agree).

Do you agree with the description of the topic

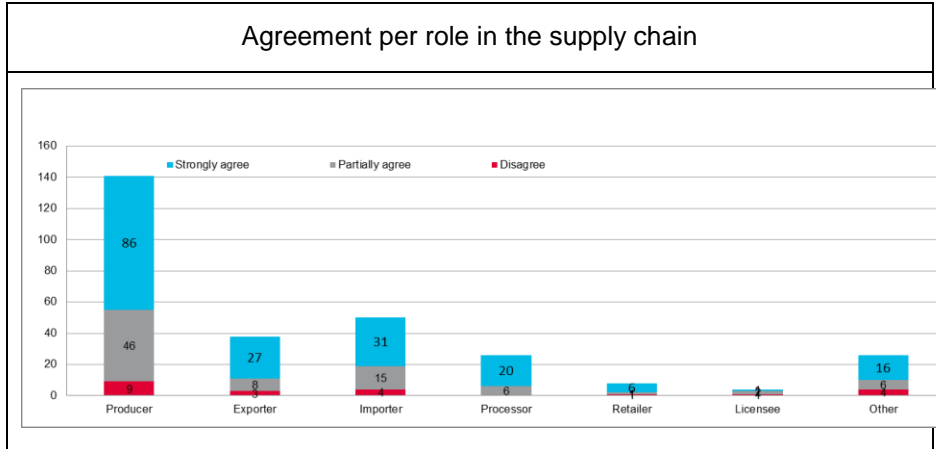


Agreement per region





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Among those who strongly agreed the additional comments highlighted the important role that larger firms have in terms of meeting market demands and achieving required quality, securing business and sharing know-how. The need to regulate the role of larger farms was also mentioned, so they do not overcrowd the small ones. The need to regulate working conditions of workers in SPOs was also mentioned.

Within the group of those who partially agreed, several respondents stressed the unfair competition that may be created within SPOs or between a producer organization with only small members and (for example) another one with several large members. There were suggestions to introduce higher percentages to define an SPO (e.g., 2/3) or a maximum land size or maximum number of workers. There were concerns that when large farms are allowed, the Premium does not go to workers (a respondent suggested for example to include a limit on maximum amount of Premium that an individual farmer could receive). A number of voices highlighted that the standard should focus on SPOs as this the original intention of the scheme, so small producers can reap all the benefits of being in Fairtrade and some others mentioned that it was not only a reputational issue to have large farms but that also reduced the impact Fairtrade can have. A few respondents were in favour of having large farmers if the labour requirements are strengthened, the Premium reaches the workers or if larger farms are only allowed to sell if the SPOs do not reach the market demand. Some respondents supported the need to have larger farms in SPOs and highlighted that is not always unfair competition and their participation could be beneficial to SPOs. A respondent raised the need to pay closer attention to the working conditions of labourers during harvest season.

Respondents who disagreed with the topic description largely were not in favour of having plantations within SPOs for different reasons: reduced market for SPOs, increased risks of labour non-compliances, increased perception risks as the market may not expect large farms selling under a small farmers' label, less empowerment for producers and workers not benefiting from the Premium.

In the additional comments the need was mentioned, to have clear definitions in the standard regarding what is a small producer or not and the benefits they have vis a vis larger members (e.g. by defining small/large producers in terms of land size or defining different systems of production). Amongst those who are critical about the inclusion of large farms in SPOs the arguments shared were for example the unfair competition within and between SPOs and general association of Fairtrade with production from small holders and not large farms. The need to reduce the amount of large farms in SPOs was mentioned by various respondents as well as the need to support SPOs so they can become more professional and offer better labour conditions. One respondent advocated that large farmers should be certified under the HL standard and another that the number of unannounced visit for large farms should increase.





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Those in favour of the inclusion of large farms in SPOs highlighted that large farms can share knowledge, information and trainings to smaller landholders and that SPOs with large and small members are a useful platform of exchange. Some mentioned that all members have equal rights so there is less space for unfair competition within SPOs. The following ideas were suggested: include thresholds for maximum sized, maximum amount of Premium that an individual landholder can receive, or include large farms only when the supply from smaller farms is not enough.

A group of stakeholders emphasized the topic of workers in SPOs, highlighting that workers in plantations should have the same rights as workers in larger farms and bringing to our attention the challenges or regulating and offering long lasting benefits to workers who work only seasonal. A stakeholder highlighted the challenge for small farmers to offer good working conditions for workers in a market where commodity prices are very low.

The importance of looking at the reality of needs of the different commodities was also mentioned.

One participant clearly explained the challenge: 'there is not a perfect definition'

### **Feedback from workshops:**

In the workshops where the description of the topic was discussed there were various views of agreement and disagreement. Different views regarding the positive and negative elements of including large farms in SPOs were shared. On the negative side the potential domination of small farmers by big farms, the capture of Premium resources by large farmers, the unfair competition within SPOs were raised, as was the need to keep the SPO Standard for Small Producer Organizations as they need more support than larger farms and face a declining demand for their products. On the positive side, the ability to maintain quality and reach production targets was mentioned. It was also suggested that limiting the access of larger farms to Fairtrade would be unfair.

Among the recommendations to have a more balanced approach are: inclusion of a limit on farm size for small holders, stricter standard requirements for larger farms, in particular regarding labour conditions. For some participants it came as a surprise that larger members could join SPOs.

In the workshops in Latin America and the Caribbean, the majority of the participants were in partial agreement with the description of the topic. The main reasons were that SPOs should be organizations of small and medium size producers, while larger producers should be excluded from SPOs. The need to define who qualifies as a small, medium and large producer was raised and this definition should consider the different particularities of the different products, regions and countries. In the same way, it was stated that the percentage of small and medium producers that a SPO can have should be defined.

### **Consultation question 1:**

What are the key elements that should be considered to define a small producer organization? What elements could be flexible?

### **Written feedback:**

In the written feedback the comments included those that refer to indicators to define a small producer (or small producer organization), like maximum land size (for the organization and per individual farmer; some figures mentioned are for example 100 has as total land size for the organization, or 10 ha, 15 ha and 30 has as maximum land size per individual famer), total production, cost of production, productivity, annual income (e.g. 5,000 US annual income), prices, number of total members per



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organization (a figure mentioned was 500 members), living conditions, number of workers, subsistence farming, financial capacity of the farmers vis a vis existing challenges (lower prices, crop diseases, etc.) respect to ILO conventions. While considering these elements, attention to the need to consider local /regional contexts was expressed.

Regarding the land size indicator it was noted that this indicator can be objectively checked and does not change over time (like number of workers, production, productivity, etc.).

Another group of comments referred to aspects regarding the functioning of the organization, like compliance with national laws, legal structure, by-laws, democratic decision-making, transparency, non-discrimination, independence, social impact of the organization on the community, the freedom an organization should have to add new members and that each of the members should have the legal right to farm and the roots of the organization within the community.

Some respondents referred again to the organization being composed only of or of a majority of small holders while others expressed agreement with the current definition. It was mentioned that the definition could include small farmers and perhaps medium farms but that it should exclude large farms.

There was reference to countries that have developed definitions of small producers or family farming and that Fairtrade should not interfere with them (for example Brazil and Mauritius).

Also, several stakeholders mentioned that the definition should focus on family farming, farming done mainly by the family members where they depend mainly on this activity, are actively involved and where there are not absent farmers.

Among the elements that could be flexible (although sometimes these were also mentioned as key elements) were: number of members, number of temporary workers, percentage of workers that are small farmers, diversification of products, land size, number of large farms, volume from large farms (more than 50%), access to agrochemicals, percentage of women in Board positions, location, income, time spent in agriculture, dependence on farming/farming as main source of income, type and quality of the product, ability to pay minimum wages.

A change in referring to smallholder producers instead of small producers was suggested.

#### **Feedback from workshops:**

In the input through workshops there was more discussion about the type of indicators, of which the following key aspects were mentioned: size of the individual farm (contextualized per country and product/inclusion of maximum land size), maximum number of permanent workers depending on the number of members, labour requirement (use of family labour and time spent working on the farm), income level and income from Fairtrade crop, membership, type of equipment used, yields.

Of the elements that could be flexible, the following were mentioned: number of permanent workers, income earnings (due to changing market scenarios and introduction of diversification as alternative sources of income), and type of labour (no restriction to only family labour).

It was also highlighted that the majority of members should consist of small producers and that real ownership and control from small farmers should take place.



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Comments about the functioning of an SPO were also discussed and ideas like that the SPO should be registered and operational for at least two/three years before applying for Fairtrade certification and single membership.

During the NFO workshop it was expressed that as a way to distinguish between small and bigger members, additional HL requirements could be applied to bigger members for labour conditions but also for a different distribution/management of Premium money so that the Premium benefits workers. In the workshops in Latin America and the Caribbean, the key elements where there was higher agreement were: percentage of small producers that constitute the organization, land size (maximum land size), active role of the farmer in the farm, legal right to work the land, number of workers per farm or per SPO; and regarding the functioning of the organization, democratic decision-making and real operational structure, main income derived from certified product and that the certification belongs to the organization.

The majority of participants of workshops in Latin America and the Caribbean agreed that the hired labour could be a flexible element to define a small producer (with variations per product, personal situation of the female/male farmer).

Participants in the workshop at Fairtrade International pointed out that the current distinction between "not structurally dependent on HL" and highly labour-intensive products is not always true in reality. For example, producers of coffee, cocoa, sugar and cotton also employ workers.

In many countries there is a local definition of a small farmer and the standard is not taking this into account. In addition for those countries where Fairtrade International doesn't define indicators, then the certification body will define them and this may be problematic (example of sugar in Mauritius). Regarding the maximum farm size, it was suggested to consider that for larger farms, there should be an ICS in place to monitor and deal with the issues that come up from the larger sized farms. At the same time, it was discussed that small farms (e.g. 1.5 ha for sugar in Mauritius) are not viable for producers with products that have one harvest a year and if there is a limit on the size, many farms can't survive on their income then (and do not comply with the criteria that the farm is their main source of income).

## **Consultation question 2:**

Should a higher percentage of small farmers according to Fairtrade's definition of SPOs be required (>50%)?

### **Written feedback:**

In the written feedback 237 respondents answered this question. Around 150 were in favour of increasing the percentage (93 of them producers). 60%, 66% (2/3), 75%, 80% and 90% were some of the values mentioned. 60% and 75% were the values that were more often mentioned. Various respondents were open to the idea of a mix of small and medium-sized producers in SPOs. Few respondents also made reference to the combination of this indicator with the indicator on volume or production coming from small farmers. A new argument that was not mentioned in the previous questions was that a higher percentage reduces the risks of non-compliance on forced labour and worst forms of child labour.

It was mentioned that a sufficient transition period should accompany any change in the current requirement and also that as there is no overview of how many cooperatives and what production



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volume would be affected by an increase of the percentage of small producers, a (product specific) analysis would be required for the second consultation.

68 respondents supported the current definition or were against any change (21 of them producers). Fear of not being able to provide the supply was signalled as the reason for opposing an increase. Others mentioned that it was more important to exclude plantations or signalled that is not needed since 50% of the volume should come from SPOs. A couple of respondents suggested reducing the percentage of members that should be small farmers (to 35%). One respondent suggested that the definition should be assessed based on the analysis of the product sector in a given country, considering what makes an organization an SPO in a given context. Another respondent mentioned that there should be a link between the number of small farmers and total volume. Considering all products, the most voices against any change in the requirement came from sugar and fresh fruit.

#### **Feedback from workshops:**

In Asia during workshops the different regions agreed to an increase in the percentage, while in Africa the responses were more mixed. While in the workshops in East Africa, Ethiopia and Mauritius the participants expressed their desired to keep the existing rule, in the workshops in West Africa and Malawi there were voices in favour of keeping as well as increasing the current rule. The participants in the workshop in Swaziland expressed their desire to have a higher percentage since the small farmers depend more on Fairtrade than the plantations.

Participants in the workshop in Sri Lanka expressed that they have mentioned on several occasions that they are against defining an organization which has 50% or little above 50% small farmer percentage as an SPO. They are of the view that, in order to define an organization as an SPO, it should have at least a minimum small farmer percentage of 70%. They have suggested it several years ago, but it has ended up only as a mere proposal.

During the SC workshop the group agreed that the existing threshold of 50% to define a SPO should be increased (the percentages discussed ranged between 67% and 90%). The final percentage should also be defined taking in consideration what is easier to communicate to the market (e.g. 2/3 vs 90%). In addition, it was suggested to combine a higher threshold with a maximum land size to exclude large farms from joining SPOs. This land size should be looked at from a product perspective. As a new concept, the group suggested to introduce the idea of middle size farms. Whereas an SPO should be composed of small farmers, middle size farmers can also join SPOs (up to a certain percentage) to support them in quality and supply, while large farms should be excluded from SPOs.

In Latin America and the Caribbean this was one of the points where a higher consensus was found. The participants in the workshops generally supported a higher percentage of small farmer members to define a SPO. The preferred figure was 80-20 (80% small farmers and 20% medium size farmers), followed by 70-30, although there were other figures discussed too.



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In Europe, in the GPM workshop there was support for a higher percentage but also a call to have a look at this from a product perspective. Other workshops in the regions emphasized more in the need to have a look at total production/land instead of number of members.

In the workshop in Fairtrade International participants agreed that having 50% is insufficient, and suggested to set this to >80%, which would then reflect more properly our definition of small producer organization. This argument was supported by an explanation that if only 20% allowed for bigger SPO members, then it will be easier to monitor and reduce the risk of child and forced labour, including gender based violence. Participants stated that high risks on this issue are associated with higher number of bigger SPO members, especially if there is no ICS in place. Hence it was also noted that this topic is interlinked with ICS.

### **Consultation question 3:**

Is a maximum limit of farm size for members of an SPO needed (for example including an upper limit of 30 hectares like it was recently introduced for banana producers)?

#### **Written feedback:**

In the written feedback 242 respondents answered this question. Over half of the respondents expressed their support for the measure. A small group of respondents (around 9) mentioned that it was not applicable to them or they were undecided. Many stakeholders in favour of a limit mentioned the different land size limits that would be relevant for their product/ country (some of the values mentioned were: Thailand /20 ha, pineapple/50 ha, sugar/20 ha, coffee/10 ha, coffee and cacao/20 ha, coffee 5 ha and fruits 30 ha, coffee-Timor/15 ha, cacao/60 ha, tea/20 ha ) or suggested a general threshold (50 ha, 30 ha, 25 ha, 20 ha, 15 ha, 12 ha, 10 ha, 4 ha).

Others mentioned that it was important to consider only the cultivated land (not the total land) and that the number should be sufficiently high in order to not create disincentives in investment in new land and productivity growth.

Amongst those against the measure the following arguments were given: the positive role that big farms can play in an organization, instead of a limit a stronger assurance model should be put in place, the risk of artificial splitting, there is no limit needed if all the organizations are small, 30 ha is considered too high, land size should not be the only parameter to define a small/large producer, productivity should also be considered and not only land size, and if the labour conditions could be guaranteed there should not be a maximum land size.

Several voices (in favour and against) mentioned that a general rule should not be implemented but one that reflects the realities of the product and the country (like regional averages) and expressed concerns for the workload that this would entail.

Some respondents, who mentioned that the question was not applicable, explained that it was because all of their members are small holders.

Stakeholders from Brazil made reference to their national legislation and expressed that in their case the law should be followed. Another respondent suggested a smaller limit (5 ha) to be seen in combination with national legislation.



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One stakeholder proposed that any family farm should be eligible to belong to a producer organization regardless of the area, an employer's farm should be eligible if it does not exceed a X number of permanent employees and / or X ha of surface (to be defined according to the sector if necessary) and no large business operation is eligible as a member of a PO.

#### **Feedback from workshops:**

In the workshop in Ethiopia participants expressed support for this measure and they mentioned that they already have some farmers whose land size is up to 30 ha.

In the workshop led by NAPP in India it was highlighted that most of the small producers farm less than one hectare land, so the measure would not be relevant. Similar feedback came from the workshop in Indonesia where for the maximum limit of farm size much lower than 30 ha.

In East Africa and West Africa participants of the workshops agreed with the measure but highlighted that it should be defined by the crop and size of the organization. Similar feedback came from the Europe (GPM, NFO and Fairtrade Germany workshops) where it was highlighted that a maximum limit is needed but this needs to be defined by country and per product category. GPM suggested that the Standards Team define indicators with the PNs and the product category teams. In Latin America and the Caribbean this was one of the topics where a high level of agreement was reached (although not consensus). Most participants think that there should be a maximum size limit of the farm, but their opinions differed a lot when it comes to define at which level, given the variety and the characteristics of the various products / countries. The most voted levels were: up to 30 and up to 20 hectares. Participants insisted that the maximum number of hectares should be defined by product / country / region.

On the other side, the Mauritius country network and participants in the workshop in Swaziland expressed disagreement with this measure.

A response in a different direction came from Malawi where participants expressed that for sugar in Malawi, this should be pegged at a maximum land size of 50 ha per member and that for tea producers there should be no maximum limit.

Another workshop where numbers were suggested for this indicator was in Sri Lanka; they expressed that the farm size for members should be divided according to different zones and that in a country like Sri Lanka, it can be maintained between 2 ½ - 3 hectares. But at the same time for products such as coconut the land area is very much bigger than this; up to 50 ac (20 ha) whereas tea and spice gardens are only up to 10-15 ac (4 -6 ha) per farmer. Therefore, when considering the land area, the product should be considered. Without big production sites/farmers, it is difficult to fulfill the required order quantity. Therefore it is necessary to allow large production sites according to the sales of SPOs.

#### **Consultation question 4:**

Is a distinction needed between products that are also open to HL (like fresh fruits) and products that are exclusively produced by SPOs?

#### **Written feedback:**

In the written feedback 204 respondents answered this question. Around 110 respondents expressed the need for a distinction. Amongst those in favour, many respondents expressed their wish to see a difference in the marketing (or at the market level) of a product coming only from small producers from a product produced by hired labour as they compete in the market. Some respondents suggested that



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hired labour companies source from small producers (outgrowers model) and others saw the measure as a positive step towards greater traceability. Others respondents expressed their wish for the rules for HL operators to be stricter. One respondent suggested that products that are also open to HL may require a higher threshold in the definition of SPO, as the larger producers could be certified as individual plantations. Some producers in particular in Asia expressed their wish to extend contract production further.

Some of the reasons provided by those against the distinction were: no need/not applicable for products that are only open to small producers like coffee, fear of confusion or increased complexity, increased resources to communicate this in the market, no needed if the trader would be encouraged to buy higher amounts from SPOs rather than HL, all actors in Fairtrade should follow the same rules.

### **Feedback from workshops:**

In the workshops in East Africa and Indonesia participants expressed that a distinction is not needed.

In the workshop in Malawi it was signalled that for tea, there should be no distinction between the products as to whether the tea is produced by HL or SPO and that what should count is the quality of tea produced but not under which standard category it is produced. For sugar, participants voiced that this product should not be open to HL as sugar farmers are grappling with selling their sugar. Additionally with the EU changes of not selling sugar into Europe from October this year, opening the standard to HL will aggravate an already difficult situation for small farmers. In the workshop in Swaziland participants said that no distinction is necessary as the quality and sucrose level in sugar is what is important.

In East Africa participants in the workshop had split views. One group highlighted that indeed a distinction is needed and another one expressed that a distinction is not needed as the idea was to have as many beneficiaries as possible to be included.

Participants in the workshop in Ethiopia were in favour of introducing a distinction.

In the workshop in Fairtrade Germany, participants voiced their opposition to this suggestion. In their view, in both cases the lack of requirements towards the plantation as “bigger member” of an SPO is having a distorting impact. In both cases the requirements for bigger members in relation to their workers should be stricter (closer to HL standard) and the bigger members should be required to pass Fairtrade Premium to their workers.

MEL input commented that if the question means whether the same products should be open for HL or SPOs, they are in agreement as it also gives a good opportunity to assess the nature of the standards in the different producer set ups and to be able to compare and contrast how the standards are being implemented. Similarly, In Sri Lanka participants voiced that if all the products become open to HL standards, there would be a possibility of supplying them at a lesser price than the products supplied by the small farmers. Then, it will cause an injustice to the small farmers. For example, the certification cost of a land comprising 100 farmers with one acre per farmer is higher than the cost of certification for 100 acre land as a whole for the same product. Therefore, it is not appropriate to make HL standards open to all.

In the SC workshop there were different views on this point. Those who expressed the opinion to not have a difference, argued that the focus should be on reaching disadvantaged farmers regardless of whether the product is open to SPO or HL and highlighted the importance to have middle size farms as part of SPOs as they play a key role in increasing volumes and providing quality products. Those who were in favour of having different rules expressed the need to adapt the definition to the reality of the different products.



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During the workshop in Fairtrade International there was a full agreement between participants that if the definition of an SPO was set at 80% minimum of small farmers, then such a distinction is not needed.

During the NFO workshop it was mentioned that products that are also open to HL (like bananas) should have a higher percentage of small producers (as bigger members can also be certified under the HL Standard). The importance of external (and internal) communication of what the SPO Standard is, was also stressed. There is a need to educate external partners of what the SPO Standard stands for and what type of organizations are covered by the standard.

Participants in the workshops in Latin America and the Caribbean expressed that this question was very confusing, because it is not clear if the distinction is meant to be at market level, at the standards level, related to incentives or with an additional labels. Some countries did not answer because they did not understand and others responded based on different interpretations. The latter said that a distinction would be useful.

### **Consultation question 5:**

Please read the paragraph below:

The Standard defines individual small producers for highly labour intensive products (cane sugar, prepared and preserved fruit & vegetables, fresh fruit, fresh vegetables, tea) as producers that fulfil the following criteria:

- They hire less than a maximum number of permanent workers, as defined and published by Fairtrade International (see link).
- The size of the land they cultivate is equal to or below the average of the region, as defined and published by Fairtrade International (see link).
- They spend most of their working time doing agricultural work on their farm.
- Most of their income comes from their farm.

Do you think these criteria are still relevant to define individual small producers? If not, what elements would you add/change?

### **Written feedback:**

In the written feedback 214 respondents answered this question; the majority (187 respondents) agreed these criteria are still relevant for defining individual small producers.

Although in agreement with the criteria, the following were additional comments that respondents added to the topic: the definition of individual small farmers depends on the definition of an SPO, if there is a change in this definition the criteria may not be necessary; there was a wish to remove the number of permanent workers as can vary from harvest to harvest and a desire to increase land size.

Additionally, number of family members, age of the producer, access to education for family members, productivity, access to finance, access to extension services, access to governmental subsidies, capital equipment, cultivated land, labour criteria, subsistence agriculture, size of land the farmer owns, were highlighted as additional criteria to be considered.

Marginalization was also suggested as a criterion, as marginality is often associated with limited access to roads, markets, services, etc.

A respondent suggested that it was almost impossible for a farmer to hire a permanent worker for many reasons, including the costs associated to the wages and decent labour conditions and advocated for the positive aspects of informal labour (i.e. flexibility, higher salaries in harvest periods).





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One respondent suggested to use land size as the only parameter as this is simple to check, to calculate and does not change over time, while other respondents questioned size of the land as criteria.

One producer organization stressed that although the criteria are relevant, there should be a set percentage of the time the producer spends in her/his farm as often producers sell their labour to be able to buy agricultural inputs for their own farms.

Regarding the criteria that most of their income comes from their farm, it was highlighted that there should be a difference between seasonal crops and perennial crops and type of crop (i.e. agroforestry) as these affect the income flow of the family. It was mentioned that, for example, coffee is an annual harvest effort, and that most farmers would have other income earning activities in the non-harvest months. However the SPOs would be dependent on coffee scale for their annual incomes.

Another respondent suggested that “most” is too strong, and would rather advocate for “an important part of the family income”, otherwise very small farms are excluded automatically if they cannot generate more than 50% of income.

There was a comment highlighting that farming is not an individual activity and it should be seen more as family farming (i.e. the household) and that the criteria should be revised in light of this.

For pineapples in Costa Rica there was a suggestion to set the land size at 50 ha and the number of permanent workers per ha to 2. Another producer of pineapples also suggested the possibility to subcontract some processes of the production (like harvesting).

For India, it was suggested to limit the maximum land size that defines an individual small producer to 2 ha.

The national context/legislation was highlighted as an important factor to consider. An example was given for some sugar producing origins, where planters have been grouped to enable block farming and economies of scale. Such groups too should be able to join SPOs without their aggregated lands being considered as one single big plantation.

Finally, there were some voices who suggested not making many changes to reduce the risk of decertification of producers.

Those respondents in disagreement with the criteria expressed reservations about some of them, in particular about the criteria “time spent in the farm” and “most of the income coming from the farm”.

On the criterion on time it was expressed that for example, farmers can spend time on the farm or supervising the work done in the farm, also that as farmers are getting old and have health issues they do not spend most of the time in the farm. Along the same lines another respondent suggested that the small farmer could have another profession/activity that generate other income and have an administrator for the farm. Similarly, a respondent suggested that time is changing and questioned why would the farmer need to spend most of the time doing agricultural work and advocated for farmers to have other alternatives.

On the criterion on income it was highlighted that as with reduction of prices and increases in costs, the income from farming has decreased considerably. Another respondent suggested that a small holder could be somebody cultivating a piece of land, working himself/herself with his/her family members and casual workers and may not derive most of his/her income from his/her farm.

Another respondent suggested that the classification of labour intensity is wrong and that cocoa and other products are labour intensive. The respondent suggested that an individual farmer should be identified by the volume or sale (more than \$US1,000 a year) of the Fairtrade product generated



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annually (recognizing that the farm operator can get income from a number of other sources, including non-Fairtrade products grown if any).

A respondent suggested considering also non-permanent workers, while another one suggested to not including the criterion on permanent workers.

The following criteria were suggested to be considered: volume produced, productivity ratio, access and level of technology used, and whether there are situations of exploitation, abuse, dispossession or unfair competition.

Regarding land size, it was mentioned that it could be above average as in some areas plots are very small and there is the need to leave part of it untilled. Another stakeholder mentioned that this criterion is the only concrete factor which can be assessed during an audit as the number of workers are dynamic and keeps changing from time to time and it is nearly impossible to get proper judgement of income.

A stakeholder suggested that the standards have to be more product specific and provide better information as a guidance, to reduce the margin of interpretation by the certification body and reduce unfair competition between regions and countries. Also, it was mentioned that not all the products are covered in the definition and that they should be discussed for other products.

#### **Feedback from workshops:**

In the workshop in India participants expressed that the criteria requires to reflect small producers' social, economic and vulnerable features.

In East Africa participants commented that the criterion "Most of their income comes from their farm" does not fit in the reality and that the criterion "Most of their income comes from their farm" is not relevant as there is an increased need for diversification where the other activity or product may bring in more income to improve on the livelihood. Regarding the criterion "Amount of time spent in the farm" participants expressed that most likely the farmers can also employ a helping hand from the casual labour and family labour, hence it is not a relevant criteria, as the measurement of time will not capture/fit the reality. They added that criterion 3 and 4 are therefore irrelevant and should not be considered. Participants in the workshop in Swaziland shared similar input. In their view due to the changes in the sugar regime, the criteria need to change. They expressed the sugar producers are not able to sell as much sugar as they used to as the EU policy changes have removed the sugar quota to EU from ACP countries. Climate change is significantly affecting the way farms are run and is no longer possible to just rely on one crop. They explained that "Time spend doing agricultural work" is not relevant because it is dependent on how SPOs are organized. For the case in Swaziland, the SPO organizes casual labourers who do the weeding, fertilizer application and the harvesting of cane. As individual farmers, producers pay for these services and are not necessarily the ones spending most of the time on the farms. Similarly "most income coming from farm needs to change" with climate change and low market sales, agriculture is no longer very lucrative and farmers have to start finding alternative sources of income outside the farms like small businesses. Regarding the criterion "Less than X permanent workers" participants commented that this number depends on the production process being employed and size of land owned. Harvesting cane is very labour intensive and if producers have a big size of land, they will need more casual workers.

The MEL team also expressed that "work time for agricultural work" may be changing in regions where the earnings are low and people feel the need to diversify their income sources and suggested that this can be made flexible.

In the workshops in Indonesia, Mauritius and Sri Lanka participants expressed that the criteria are still relevant to define individual small producers. In the latter participants raised that the existing



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standards are quite enough and what is needed is to find out whether they are maintained properly. The participants in the workshop in West Africa mentioned that these criteria are still relevant to define individual small producers but two groups had two different suggestions: the number of workers should be flexible and that to add the number of seasonal workers.

Producers who participated in the workshop in Ethiopia mentioned that the criteria to define individual small producers are relevant except the one about hiring less than a maximum number of permanent workers since coffee is not a labour intensive product. Land they cultivate, working time and income coming from the farm can be elements to define individual small producer.

During the workshop in Malawi, participants conveyed that overall the criteria are still relevant, however changes are needed to remove the component on “most income being derived from their farm”. This is because with decreased income earnings from Fairtrade products, farmers are already engaging with alternative sources of income both on farm (bee keeping, vegetable production) and off farm (running informal shop businesses, transport business) to supplement their income. In the long run these alternative sources of income may overtake income from that of Fairtrade sales. They also expressed their wish to change the criteria on “time spent working on the farm” as this is linked with the diversification into off farm initiatives. As income on off farm activities increases less time may be spent on the farm that is producing less income.

During the GPM workshop it was stated the criteria “most time working in the farm and most income from the farm” cannot really be audited/checked against. Any requirement on working time and income from the farm should be auditable and have an easy means of verification for the auditor and should be based on an analysis of the current situation. Therefore the group raised the question of whether it might be easier to remove these two criteria.

In Latin America and the Caribbean in most countries they consider that the current criteria define the individual small producers but the definition must be by product and highlighted that in a previous question it was requested that the amount of labour hired is made flexible. The participants suggested removing the average size of land of the region and this must be defined by product /crop. There should not be maximum number of permanent workers because there are producers of old age, without children, disabled, with illnesses, mothers and head of family. Participants proposed to be defined by producer networks in accordance with applicable local laws.

In the workshop in Fairtrade Germany it was voiced that the lack of power in the market and family farming as a business model is what is characteristic for small producers. Similar views were shared in the NFO workshop where it was mentioned that key elements to define small producers are the lack of power in the market (rule follower and price taker) and that small producers are doing family farming (this could be a term to be included in the title of the standard to make it clearer what this standard refers to). Elements that could be flexible could be included under country specific categories.

Regarding the key elements that define a small farmer, in the SC workshop it was discussed that the focus should be on family farming, on farmers that are active/present in the farm, live nearby, and on land that is used for agriculture and is not idle and not contract farming. There were different views on the relevance of the indicator that defines a small farmer as a farmer whose main income comes from his/her farm. It was highlighted that this indicator is difficult to audit, however it is not impossible. Use of workers can be allowed as it is now, but it should be kept limited and adjusted to the different needs of the different products. On the elements that could be flexible the possibility to include child-headed households was mentioned. Participants also raised the question of what happens to SPOs that over time and with the support of Fairtrade become bigger and move beyond the small farmer definition as defined in the Standard. The group suggested to the project team to have a look at (official) definitions of small farming in different contexts/national frameworks and to explore the existing data in the system to understand better the composition of SPOs in Fairtrade.



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#### **Additional comments:**

- Need to adapt the definition to local context/legislation. For example, in Brazil where there is a definition of family farming. Also, in Mauritius new generations have formed 'Sociétés Civiles' to prevent further parcelling of land and achieve economy of scale while remaining productive in business for the family. These Sociétés Civiles are registered as individual members in the SPOs.
- Regarding the number or size of large farmers in SPOs a respondent highlighted that what is key is to strengthen the assurance part, auditing the large farms on working conditions and reducing the number of significant number of workers. A similar idea was suggested by another respondent who proposed having some HL requirements applied to big members only to reduce the reputational/media risks. The respondent suggested improving the conditions of hired workers for all SPO members, big and small, if not right from the beginning, as a year 3 or year 6 requirement. Another option would be to require using the Premium taking into account the need of hired workers as well.
- A question was raised on how to capture information on tenant farmers, understand the impact of standards, ensure tenant farmers are trained on standards have a say over how the Premium is used and receive some of the benefits.
- Suggestion was received to change the name of the Standard from small producer to organized producer; a similar suggestion made reference to small scale producers instead of small producers.

## **Topic 2: Management of production practices**

#### **Consultation statement:**

The lack of effective management tools affects the efficiency and effectiveness of SPOs, which in turn limits the benefits for producers and reduces the impact of Fairtrade. It can also be perceived as a lack of professionalism, especially for large SPOs. Commercial partners are less inclined to source from Fairtrade producers if they are not perceived as strong and reliable organisations.

An Internal Management System (IMS) enables SPOs not only to manage compliance of their members but also to deliver effective services to their members. It also helps SPOs to manage resources, to plan, implement and monitor activities. IMS also enables effective data management, which is very useful for monitoring and evaluation purposes.

However, the implementation of an IMS includes also challenges. For example, the elevated costs and ownership of the process and the tools that is required at the organization and at the member's level. As Fairtrade already works with groups that have their own rules in place, the need for an IMS may be lower.

An IMS is already required in organic certification, as well as in other certification schemes. In March 2017 it has been introduced in the Fairtrade Standard for Cocoa, as it was identified as a top priority.

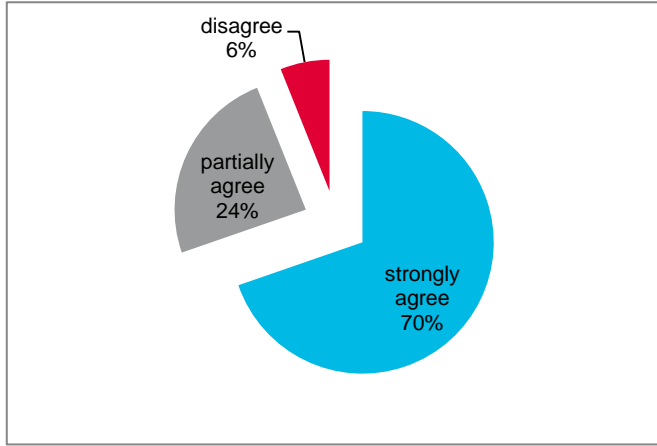
#### **Written feedback:**

Overall 70% of respondents strongly agreed with the statement, 6% disagreed, and 24% partially agreed; most of the 24% who partially agreed come from Latin America and Europe.

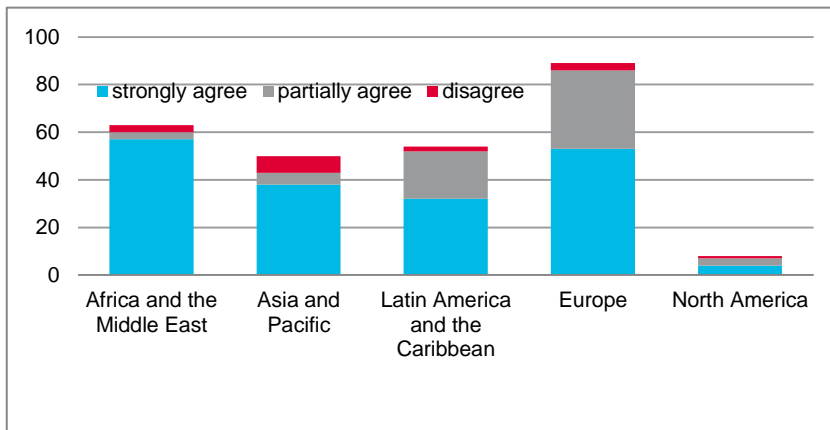


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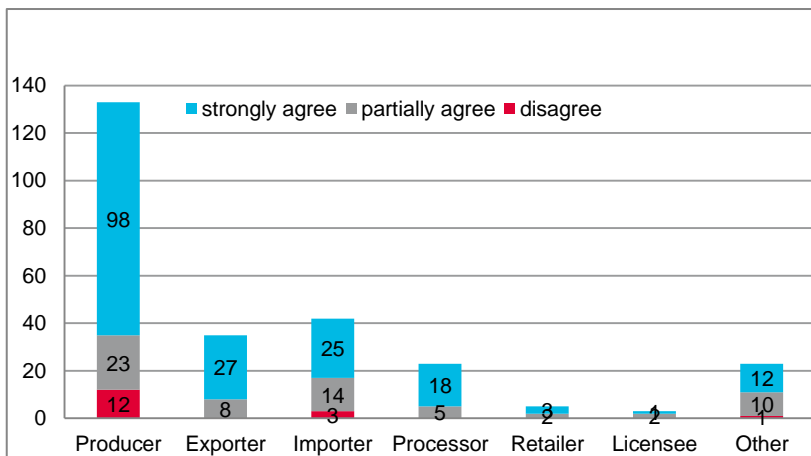
Do you agree with the description of the topic



Agreement per region



Agreement per role in the supply chain



The reasons mentioned for disagreement or only partial agreement can be grouped as follows: i) some organizations already have their own models, rules or systems in place, thus there is no need for an IMS; ii) the implementation of an IMS involves elevated costs and/or human resources; and iii)



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there is a risk that such a tool can lead to further mismanagement and/or more bureaucracy. At the same time, it was mentioned that such a tool should not be imposed but rather promoted. If implemented, it should be simple, flexible and, adaptable, have clear structure and content and guidelines, and it should have positive impacts on the organizations.

#### **Feedback from workshops:**

In Latin America and the Caribbean opinions over the statement were divided, with only 57% strongly agreeing. The reasons for disagreement or concern over the concept included the following: an IMS can imply very high costs; if it is not implemented it should not be considered as non-compliance or as a failure; it is not clear whether it would be a tool or an internal management unit; having an IMS/management tool in place does not guarantee good practice or transparency since it could be used incorrectly and auditors should not only rely only on an IMS during audits, but continue to do full background checks; a compulsory IMS can prevent less-developed organizations from meeting the criteria; an IMS is about technicalities and it does not necessarily generate empowerment and give strength to the organization.

Some recommendations for Fairtrade are that it could have a simple, easy and ready to use IMS, which can be adapted for use in different countries. It was also pointed out that 1<sup>st</sup> grade SPOs are in a way already implementing an IMS, even though they are not required to have it, because auditors ask for control or management systems, so any new IMS/tool created would have to be flexible and in line with systems already in use.

In Asia it was noted that clear roles and responsibilities, as well as skills, are needed to have an IMS. It was suggested that it would be better to strengthen the supervisory board. It was recommended that only after a feasibility study, should the IMS be part of the standards.

In Europe and Africa there was no disagreement with the topic statement. All the workshops reported to be strongly in agreement. There was one request to clarify the difference between an IMS and an ICS.

#### **Consultation question 1:**

Would it make sense to require also 1st grade SPOs to have an IMS? Should it be already in year 0, 1, or later?

#### **Written feedback:**

Almost 85% answered yes - that it makes sense to require an IMS. Regarding timelines, year 1 or later, and with implementation stages, was the most frequent answer. The adaptation time was mentioned as a reason for this. Also the available help and guidance were mentioned together with the implementation process as factors to take into account.

#### **Feedback from workshops:**

In Latin America and the Caribbean most of the participants (70%) said yes to the first question and that it makes sense to require 1<sup>st</sup> grade SPO to have an IMS. Regarding the time period of the requirement, 55% responded that it should be from year 0, and the rest proposed year 1 or later. The rationale to prefer a progressive implementation was that time would first be needed to develop enough skills. It was also indicated that a clear definition and a preparation period for trial and error stages would be needed. Those who answered no to the questions gave the high cost and complexity as justifications.



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In Asia year 1 was preferred, with no further comments.

In Africa, apart from one workshop in Swaziland which preferred a year 0 requirement, most pointed out that SPOs first need time to collect the data and be trained. Since an IMS requires human capital and financial resources, year 1 or later were preferred options.

In Europe the size of the SPO, whether in land area or sales (e.g. more than 30% under Fairtrade terms), were mentioned as aspects to consider for the implementation, together with suggestion of year 3 as suitable time period.

### **Consultation question 2:**

What are the key elements that a basic IMS should have and that would be feasible for all SPOs to implement?

#### **Written feedback:**

A list with the most common elements mentioned included the following: training, proper record keeping (including production data), plans and policies, risk assessments, basic accounting and minimum education and experience (for managing the IMS), transparency, traceability, simplicity, farm assessment guidelines, legal and tax information, instructions (for the use of pesticides, fertilizer, etc.), low-cost usage, user-friendliness, compliance stages, and clear definitions.

#### **Feedback from workshops:**

In Latin America and the Caribbean the list of key elements included information about producers, hectares, yields, sales, production plans, development plans, sales plans, traceability, estimated sales, compliance plans, internal inspections, budgets, internal regulation, records and controls, trainings, financial aspects, operating structures, annual evaluations, fertilizer applications, monitoring, and protocols. It was mentioned as well that the elements should be adaptable to every kind of production, and that they can be part of the respective product standards.

In Asia skilled human resources, coordination with board members, clear roles and responsibilities, and compensations and incentives were also mentioned.

In Africa the list included production records, rates of fertilizer application, costs of production, Premium management, compliance and governance, geographical data, and equipment such as smartphones and computers. It was noted as well that a Fairtrade IMS should not be different from those of other certifications to avoid duplication, and therefore Fairtrade should collaborate with other certifications.

In Europe free availability and open source features were mentioned, together with basic information, costs and prices, risk analysis, Premium use and service delivery. A universal farm recording mechanism that could be monitored was proposed. It was noted as well that such a system should avoid duplication, yet could be useful for dealing with other topics included already in the SPO review.

### **Consultation question 3:**

How can we make sure that introducing IMS is not too expensive for producers (especially small ones or those who have limited Fairtrade sales)?



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#### **Written feedback:**

Besides the need for training and simplicity, as mentioned in the question above, the most common answers included sharing the costs between the producer and the organization (or even members of the Fairtrade network). Likewise, progressiveness for implementation, focus on relevant points to be improved, no technology dependency and no time-consumption, were other elements mentioned. The sales were also mentioned by some as a factor that can be considered to assess the capacity for implementation.

#### **Feedback from workshops:**

In Latin America and the Caribbean training and qualification/skills were considered the most important aspects, which can be provided by Fairtrade/CLAC. Another aspect is that the system should be simple enough to be applied on field and within the organization. Furthermore it was highlighted that every organization should be in charge of its operations, with a proper role distribution, and should have an IMS according to its needs and capacities.

In Asia the most important point was to attach key roles to other existing positions, such as the ICS of supervisory boards.

In Africa suggestions included support from partners/buyers or subsidies from Fairtrade. On the one hand it was suggested that FI develop IMS tools and distribute them to SPOs. On the other hand, it was also noted that the IMS for organic can be also used for Fairtrade.

In Europe a Fairtrade-free tool was suggested. It was noted that the system should be improved without overburdening the farmers and without creating more difficulties.

#### **Consultation question 4:**

How can we make sure an IMS is an effective management tool for producers, and not just a tick box exercise?

#### **Written feedback:**

One of the most common answers was that the IMS should be developed together with the producers, to ensure its usefulness, that it reflects their needs, and has direct benefits on a day-to-day basis. Audits, risk analysis, follow-up workshops, monitoring, and random verification, were some of the other concrete actions mentioned.

#### **Feedback from workshops:**

In Latin America and the Caribbean developing action plans together with sanctions and monitoring systems were considered important, as were reporting to SPO management for revision and analysis, and reporting to general assemblies to enhance the commitment to compliance. Another point mentioned was that the tool should have updated, measurable, practical and useful information. Other elements to consider were scheduled activities, specific functions, youth training, key performance indicators, inspection, and the ability to link good management with profitability. One suggestion of how to ensure effective use of the tool was to encourage producers to use the tools to make decisions and plan..

In Asia the response was about skills and ensuring the regulation of clear coordination with all other players in the co-op structure, and that the powers of how it should be run should be vested with its members.





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In Africa participants emphasized the importance of sharing reports (the contents of which would be on performance terms) and stages such as planning, implementation and monitoring, to ensure that IMS is an effective tool.

In Europe it was suggested to start with some products, and to highlight the link with development plans and Fairtrade certification.

**Additional comments:**

An additional comment from a workshop in Africa highlighted the need to be able to access an IMS offline due to electricity shortages.

**Topic 3: Environmental development**

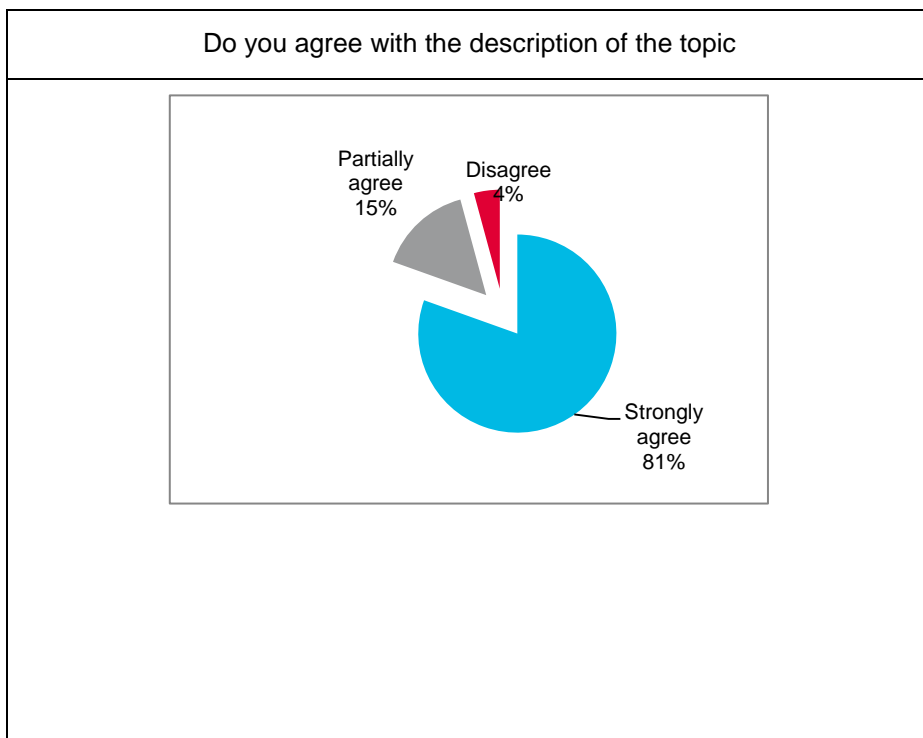
**a. Climate change adaptation**

**Consultation statement:**

Climate change is one of the main challenges producers face. Although the standard promotes the use of sustainable agricultural practices, the open question is how the standard can be a better tool for producers to increase their resilience to climate change.

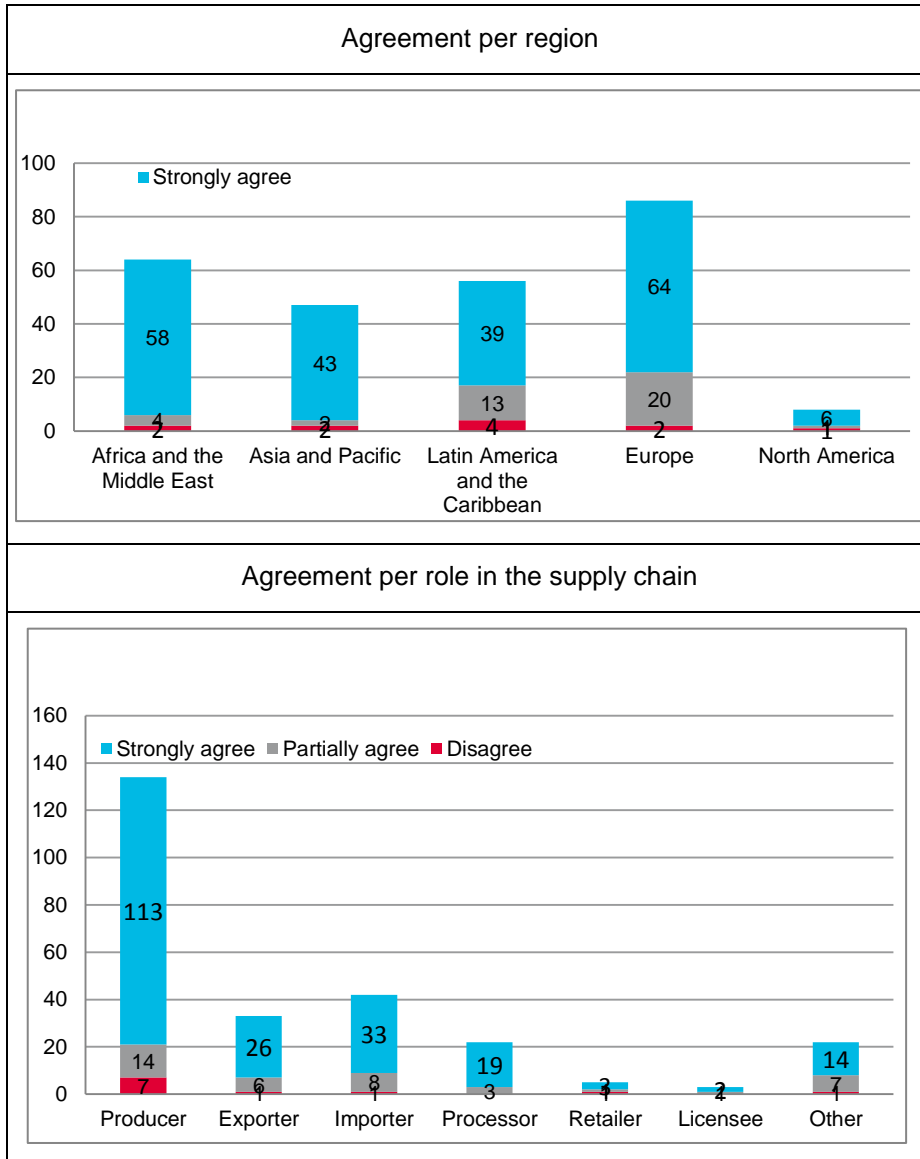
**Written feedback:**

Overall 81% of the respondents (210) strongly agreed with the topic description while 15% partially agreed and 4% disagreed. Per producer region the agreement was higher in Africa, 58 (28%) and slightly lower Asia and Pacific, 43 (20%) and Latin America & the Caribbean 39 (19%).





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Those who strongly agreed highlighted the importance of addressing climate change adaptation and mitigation issues in the standard through the promotion of various practices, such as: development of a mechanism to decrease carbon footprints; promotion of a shift to organic agriculture practices; promotion of reforestation approach as a means for generation of additional income (carbon credits); and development of adaptation plans for crop production. Respondents highlighted the importance of focussing on the latter issue of crop production and addressing the risks related to production in the context of changing climate. It was noted that currently the standard is focused more on environmental protection but not so much on adaption. So if no action is taken to address this, there will be a decrease in production. It was suggested to have a mechanism in place for compensation of crop losses due to natural disasters, for example floods (Thailand), more frequent and ferocious hurricanes (Windward Islands), or when years of drought are followed by years of floods, since one of the main challenges for SPOs is to adapt in order to survive and continue agricultural activities while gaining more returns and reducing losses. The standard needs to address the adaptation issues as 'compulsory' activities in the requirements and as a tool to drive the environmental resilience with a focus on the producer (PO) level.



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Respondents who partially agreed stated that the standard alone cannot address this problem because other stakeholders play a crucial role in taking up responsibility for mitigation measures, e.g. industrial nations must help reduce the emission of toxic substances into the atmosphere and UNDP can assist in afforestation programmes. They explained that sustainability is a very complex topic and can only be partially covered by the Fairtrade Standard as the standard refers to sustainable agricultural practices, but does not really promote them. More specifically there is a need to address the issue of natural disasters, and not focus only on climate change adaptation. It was mentioned that “climate change mitigation” is hard to standardise and additional requirements may bring an unfair burden on already marginalised producers. As a solution, integrating tools to increase resilience on climate change could be an option, instead of adding more requirements that are costly to implement. One other suggestion was to be flexible and allow producers to make adjustments based on the already-existing developed practices (relevant to climate change) within their organizations, so that such requirements are not put forward from the outside.

Some work on this subject has already been achieved in the environmental policies and training of each organization, with structured actions to follow to adapt to climate change in a way that does not negatively impact producers. Many small farmers are already applying sustainable practices which help adapt to the impact of climate change (e.g. planting shade trees). The good agricultural practices (GAP) tool is already in place and is useful for addressing environmental/climate change issues. It was therefore suggested to link it to the product specific issues to eliminate contribution to deforestation and climate change impact, e.g. when crop cultivation is done at the expense of agricultural expansion (palm oil, soybean, sugar cane, etc.).

Those who disagreed with the topic stated that climate change is a natural process and that will affect regions in many different ways, therefore there can be no ‘one-fits-all’ solutions. Fairtrade Standards are seen as standards with a strong focus on the social side, and if they also cover climate change adaptation it will be too much involved into agricultural management practices and go along with organic certifiers. Thus, it was suggested to keep the sustainable agricultural practices in the focus without being pretentious and as an option, link the Fairtrade certification scheme with companies that certify according to environmental standards.

### **Feedback from workshops:**

Suggestions that came from workshop discussions in Europe, Africa and Asia & Pacific were to look at the Climate Standard and incorporate lessons learned from the adaptation projects with producers and also check the Climate Smart Agriculture approach. There is a need to differentiate what kind of ‘resilience’ is to be addressed (ecological, socio-ecological etc). There was a suggestion that adding the term ‘crop production’ would help to ensure water consuming practices are taken into account. A stakeholder group from Latin America highlighted that producers are very well aware of and familiar with the topic, however they are lacking the resources to invest in adaptation techniques. The full agreement of all stakeholders was to involve various players of the supply chain such as buyers, traders, NFOs who could help to better tackle climate change issues.

### **Consultation question 1:**

Would raising awareness through participation in information sessions/training for producers be a good approach to better understand the underlying causes of climate change and its repercussions on the region/community?



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### **Written feedback:**

The vast majority of responses were in favour of information sessions/trainings to ensure a better understanding of underlying causes of climate change and its impact in the region and community. However many were of the opinion that the quality of sessions/trainings and organizational part of it should be improved. The main idea for improvement is to have more practical examples that are adapted to the region, language, product etc. including the rationale for measures that need to be taken and the consequences of different practices for farmers. Respondents felt that awareness raising will result in positive impact and will empower producer organizations to find solutions by themselves, because farmers are 'experts in resiliency'. However, this practice is seen positively as long as producers are less affected by too high requirements leading to non-compliances because not all requirements are beneficial for production in all regions. In this regard, it was mentioned that producers may require diversification of business and products, as with the changing climate some regions might not be suitable for agricultural production, hence resilience to climate change should stay in the focus.

Regarding the approach to continue raising awareness, it was pointed out that it is important to define who should provide such sessions, where they should take place and at what costs. Info sessions should be given by experts in the area and topic, open for all producers and accompanied by government policies. In addition, training materials need to be visual, include space for experience sharing, and link to national weather offices, forecast data, early warning systems, national/district/local disaster risk management plans etc; thereby providing a more instrumental rather than soft capacity building or training approach. And one other point mentioned is that trainings sessions need to be accompanied by producer support and additionally the provision of inputs such as planting material (if financial support is not available). It was also suggested that SPOs evaluate their risks internally and document activities/measures taken with regards to climate change.

In general the key message received was that awareness of climate change needs to be addressed in the standard; either as a core or a development requirement.

### **Feedback from workshops:**

The responses from all stakeholders supported the idea that raising awareness is a good approach so that producers can be part of solutions however there is a need to improve trainings through more practical examples. Awareness sessions could be also accompanied by development of environmental policy, financing of projects initiated by other actors in the supply chain and extension of responsibility for climate change to all actors in the supply chain.

### **Consultation question 2:**

Would the development of risk and opportunity assessments be useful for producers to identify local / regional climate change risks and suitable adaptation options to address them?
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### **Written feedback:**

The majority of respondents strongly agreed that developing a risk and opportunity assessment tool would be useful as a follow-up to the trainings, so that producers are familiar with all risks that are related to climate change and can use this information to come up with adaptation plans. It was also suggested to have the assessment for both short and long term, simple and easy to use with a clear focus also on opportunities, and carried out with support of consultants/local authorities/qualified professionals. It was noted that guidelines would need to be provided as well and where possible, also



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the identification of new technologies that can be used. Regarding the applicability and timing, it was suggested to have it in year 0, as the start for an action plan, or the development control point and in a way that producers see this procedure as beneficial.

It was also stated that some producers are already following such an approach through their internal management systems where farmers survey each other's land to identify risks.

There were also responses against adding more requirements on documentation, as theoretical assessments can be too abstract for producers, however some mentioned that such assessments would be more useful if they are not done by producers themselves, but by external experts. It was therefore suggested to focus more on the climate change adaptation tool with continuous support through awareness-raising.

### **Feedback from workshops:**

Inputs were contradicting where some stated that large scale risk and opportunity assessments were needed to identify local/regional climate change risks and adaptation options, while in another statements it was considered very important to develop risk and opportunity assessments at the very granular scale. Regarding the latter, there would be a need to define who will develop these assessments, because if developed by third parties, then most probably, it will be of international/regional/national scale and application on the local level should then be done with caution. And cases where it would be developed by producers, they would need to be supported with scientific and local ecological data/knowledge. In any case the implementation requires additional human and financial resources. It was also mentioned that a risk and opportunity assessment is an important tool that can provide guidance for Premium use plus a roadmap for practical steps.

Producers are the main actors in risk assessments since they have the knowledge of the areas. So through such a tool they can measure their degree of responsibility in climate change and at the same time identify opportunities to improve their agricultural processes. It was also highlighted that the tool of analysis of environmental situations should involve/apply to all productive and commercial chains. A risk assessment is useful for all organizations.

### **Consultation question 3:**

Should the Standard introduce the development of a climate change adaptation plan that could be financed through Fairtrade Premium if producers wish?

### **Written feedback:**

The majority of responses were in favour of a climate change adaptation plan but the standard should ensure that it would not be too expensive to implement. Many respondents were in favour of support through the use of the Premium, however the requirement then should be kept optional because its implementation through Fairtrade Premium would become a financial burden if the organization is small, also because SPOs may have other more pressing immediate needs they choose to fund. Ideas suggested financing it including through support from other organizations which are working on or considering climate change issues and through Fairtrade programmes or external funds. This would help to highlight the importance of the topic to all stakeholders who will then take the work on climate change serious. The advantage of addressing this through the Premium (or a portion of the Premium) is that it would enable producers to understand and participate more on the climate change topic. However, the advantage of financing through other sources would make sure producers do not rely on



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the Fairtrade Premium as this would lock certified producers who are temporarily not producing/selling as Fairtrade.

It was also mentioned that the number of environmental requirements is already sufficient and adding more would lead to more risks when there is no certainty of sales.

The list below shows elements which were suggested to be addressed in the requirement(s) on the climate change adaptation plan:

- Optional requirement, VBP or year 6
- Include in price setting (e.g. assign 2.5 dollars for the control of product quality, another 2.5 dollars for the environment)
- Guidance to the requirement and guidelines on climate risk insurance; for some insurance is preferred over the plan (i.e. plan might be too theoretical)
- Link to Fairtrade Carbon Credits and the Climate Standard to support resilience
- Expand the scope of the Fairtrade Development Plan by adding a section on implementation and development of measures on adaptation and resilience to climate change which corresponds to the identified risks.
- Enabling/requiring contributions from the system (e.g. based on true corporate responsibility, traders could support the SPOs independently from their purchasing program).
- Scope of requirement should be realistically achievable for SPOs

#### **Feedback from workshops:**

Stakeholders from West Africa suggested setting a percentage of 10-20% of Premium funds (this should also depend on the amount of income). What is more important is that it should be needs-based and not mandatory. Alternatively it was suggested that Fairtrade, Producer Networks or producers could raise funds for this.

Stakeholders from Europe stated that there should be more guidance about Premium use. It should show different investment and development paths which could be financed by the Premium. The pathways could be chosen based on the organization's self-assessment, where the biggest needs (governance structures, adaptation to climate change, quality, etc.) are identified. They pointed out that the climate change adaptation plan should be prepared in a participatory way, with identified specific actions and deliverables and include application/integration of scientific findings.

#### **Consultation question 4:**

Should the Standard encourage the diversification of agricultural production and/or other sources of income?
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#### **Written feedback:**

The majority of respondents agreed with the statement and highlighted that both – diversification of production and other sources of income - should be encouraged as long as it is economically viable and product is traded within the Fairtrade system. Many producers mentioned that they are already doing the diversification of products.

However it was suggested to have such guidance in the standard in order to only encourage, but not to demand as not all producers have the capacity to do so and only if there are market opportunities. Below are some suggestions on elements to be addressed in the standard:



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- At least have 3 products
- Development /voluntary
- Linked to the size of cultivated land of the farmer
- Start could be funded by the Premium
- Through a scoring mechanism find out about other means of income

Other statements that supported the diversification explained that diversification not only builds income but also improves soil resilience and therefore the environment. It was noted that it would be good if products can be also traded as Fairtrade on the local market. Also there should be some proof that income can be increased and not only the yield, since that would otherwise cause additional costs. Diversification would allow consistency with the socio-environmental situation, that doesn't lead to deforestation or cultivation of new land.

Respondents who were against the suggestion expressed that diversification does not affect production. Thus it should not be addressed in the standard but be kept as a part of awareness-raising and whether or not to diversify should be the member's choice. Each SPO should make its own analysis and decisions based on available resources, crops, technical and operational equipment. Hence it should be addressed in the internal policies of the SPO.

#### **Feedback from workshops:**

In discussions held during workshops stakeholders highlighted the importance of diversifying the products so that farmers would not rely on one major product, especially when climate change needs to be addressed. Also, in case of crop loss due to e.g. natural disaster, farmers could have an alternative source of income if the main crop takes some years to harvest after replanting.

Stakeholders from Ethiopia gave examples of a Carbon Credit Project as an effective diversification of income.

Stakeholders from Europe suggested that it is better to encourage this via additional projects financed by donors within the programmatic approach or more broadly, as a strategy to increase economic resilience for producer organizations.

#### **Consultation question 5:**

How can we make sure that the costs of climate change adaptation are not only and completely passed on to the weakest actor in the supply chain – the producer?

#### **Written feedback:**

One of the most frequent suggestions was to encourage crop insurance that would ensure compensation for the losses due to climate change. Alternatively, this could be done through buyer contracts which negotiate the integration of "climate insurance" clauses for the purchasing orders. It was also stated that the scope of this initiative should be broader and involve all relevant authorities, i.e. government, NGOs, research centres as well as other supply chain actors. Alternatively funding could be sourced from donor organizations which fund climate change activities.

Some suggestions were received to regulate this through requirements in the revised standard. For example, define in the standard that the cost isn't completely passed on to the producer through an efficient way ensure that companies voluntarily contribute to climate change adaptation and document their actions in reports. One suggestion for the Trader Standard was to provide support to producers who were impacted by direct events related to climate change such as cyclones, loss of production



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etc. through a voluntary best practice. Alternatively it was stated that additional requirements not needed as importers can set up adaptation funds and support farmers that way.

Another set of suggestions was related to the Premium and price setting regulations. For example climate change and its long-term impacts could be considered when reviewing the Fairtrade Minimum Prices, i.e. by factoring the costs into the price or Premium.

### **Feedback from workshops:**

Stakeholder groups from Africa suggested that the producers use a portion of their Premium to address some aspects of climate change. However along the supply chain other players should be audited to ensure that buyers, traders, and even consumers are paying prices that reflect the true cost of production. Another point came from stakeholders in Europe who suggested addressing this problem through strong advocacy work of Fairtrade system (Fairtrade International, producer networks and national Fairtrade organizations) around climate change and costs for climate change adaptation in their networks and countries. Alternatively it was suggested that the standard should encourage POs to sell Fairtrade carbon credits to help finance their adaptation efforts.

While stakeholders from Latin America region suggested that to set the pre-financing system for all products, as this generates a commitment between the parties over time or an additional Premium, separate from the social Premium, for implementing adaptation and mitigation actions. Also, it was mentioned that buyers could contribute to the payment of agricultural insurance.

### **Additional comments**

Responses from producers highlighted the need to "work together" to face climate change. This is because in their opinion, organizations can't work as individuals to solve any problem caused by climate change but should work together with producer networks or organise a regional movement to face climate change. Also, more engagement with SPO members to come up with the best means of adaptation is necessary. Installing small systems/meteo stations that can generate climatic information could help producers to be more resilient to the adverse effects of climate change, and could for example help farmers to identify risk of pests/crop diseases.

Another suggestion was to set an additional Premium amount for organizations that have reforested and turned land into conservation areas.

Responses from traders included a suggestion to implement agroforestry, whenever it is possible, to improve biodiversity and provide additional income for the producer. A specified percentage of the Premium could be spent on agricultural insurance for SPOs that would support producers in cases of natural disasters.

Respondents from Europe stated that the issue of climate change is very important for the market and is at the top of the agenda. One other idea was on the structure of the standard; to add the topic of climate change adaptation approach without adding another chapter for climate change. While a list of best practices could be provided to follow and share during trainings. One other respondent highlighted that climate change adaptation should be part of the programmes delivered by PNs/Fairtrade, promoting collaboration with other actors in the supply chain (like licensees) that are interested in improving particular sustainability outcomes. There is a need to strengthen environmental committees as they could play an essential role as well.

To conclude, all stakeholders were in overall agreement that finding solutions for climate change is very much required. It was suggested that requirements on this topic could apply as of year 2, i.e. it could start with risk awareness and require evidence of action in the year 6, assuming by this time methods and methodology will be in place.





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### Topic 3: Environmental development

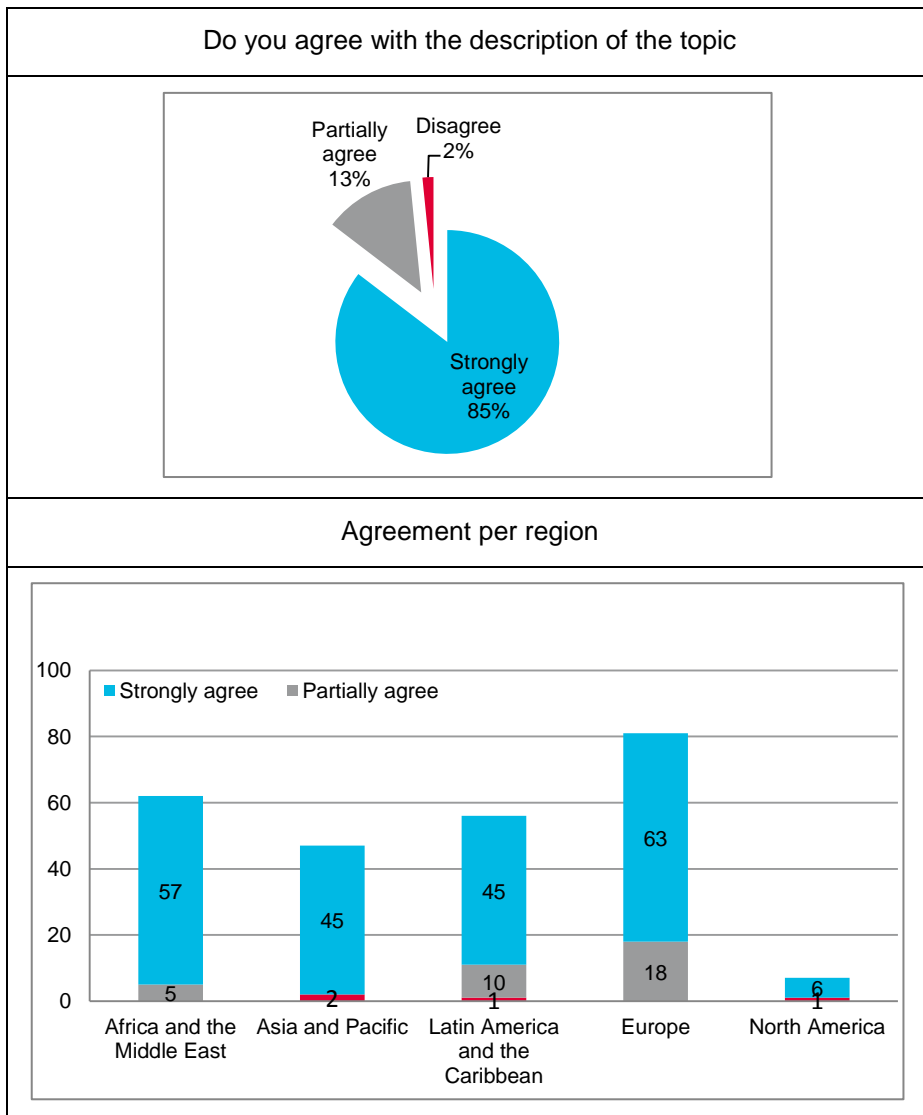
#### b. Water

##### Consultation statement:

Water scarcity and water stress (availability, quality and accessibility) are an increased risk for producers and other actors in the supply chain. Together with climate change, water issues are the top environmental risk factors producers will face. Although the Standard promotes practices that address water related challenges, most of them are development requirements with a 3 or year 6 timeline. It is important to note however that even if the timelines are long the water requirements are challenging for producers to comply with and involve important financial investments.

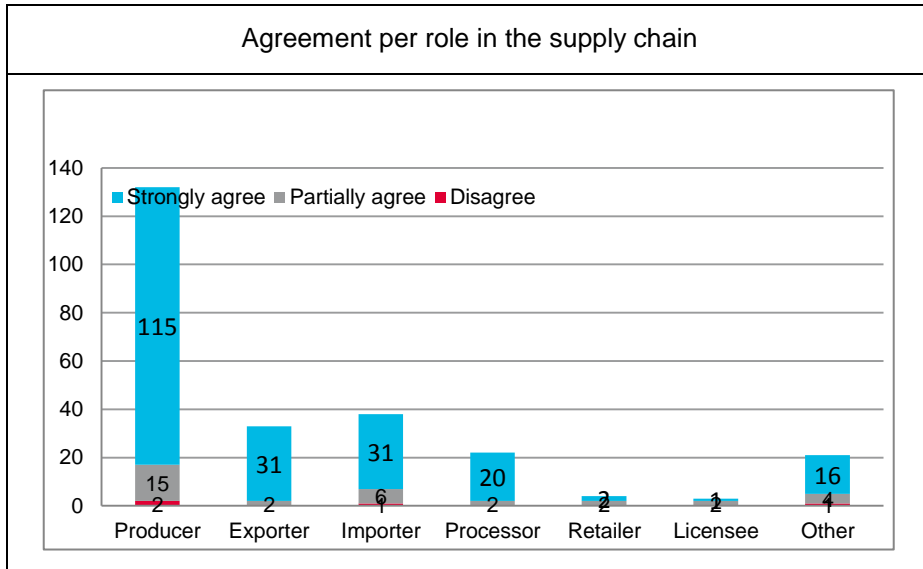
##### Written feedback:

Overall 85% of the respondents (216) strongly agreed with the topic description while 13% partially agreed and 2% disagreed. Per region the agreement was higher in Africa (26%) and lower in Latin America and the Caribbean (21%) and Asia (21%).





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Those who strongly agreed highlighted that water is a very important topic and climate change is a factor that accentuates the problem. One of the suggestions was to have as an objective for SPOs to mobilize local governmental funding and not to spend Premium on projects which could potentially be funded by government-aided programmes. That way the SPOs could play a role in holding their own governments to account.

A stakeholder from Europe suggested promoting better Integrated Water Resource Management (IWRM) practices through the standard, as part of the resilience-building of SPOs, to ensure that producers are aware about problems of managing water at any level in the system.

Those who partially agreed argued that this topic should be addressed more in the standard. One stakeholder from Europe mentioned that intervention with every community is different. Water scarcity has long been a problem and it will not be solved by the Fairtrade Standards. The core focus of Fairtrade Standard on environmental issues should only be to advise. As such one respondent suggested that if new requirements are added, they should be set as development requirements to give producers flexibility on if and when to implement.

**Feedback from workshops:**

Stakeholders from all regions strongly agreed with the issues raised in the description of the topic.

**Consultation question 1:**

Should requirements on water use practices be strengthened in the Standard for a more sustainable, equitable and efficient water management?

**Written feedback:**

The majority of respondents agreed with the suggestion to strengthen requirements on water use practices emphasizing the fact that water quality and quantity is a risk factor not only for production, but also for the health of the producers. The suggested elements to cover in the requirements were mostly on sustainable use of water resources at farm level, such as water quantity and quality



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assessments, water storage system construction, measures to reduce water consumption, promotion of water saving practices, water source and the accessibility, sustainable extraction of water from natural aquifers and reduce waste water. The requirements applicability should start at year 0 with clear guidelines.

It was also highlighted to avoid adding more requirements but rather make sure existing requirements are more efficient. For this, there is a need to consider that requirements allow gradual development and specifications of products, regions and objectives of producer organizations. Another way to improve efficiency is through tailor-made trainings with examples from other SPOs' best practices and adaptation measures. Also, the implementation should go through inclusion of this topic in the development plan or through internal policies of each organization on good agricultural practices with a focus on water management.

Overall it was agreed that all stakeholders should be more aware of water use and management and that strengthening such requirements is very challenging for all industries and countries due to specific regulations in place. Therefore it was suggested to encourage collaboration with local governments.

#### **Feedback from workshops:**

Stakeholders from West Africa region agreed that existing development requirements could be strengthened into core year 3 or 6 requirements.

Stakeholders from Europe agreed and highlighted once again that water still represents a major cost for producers and all efforts should be made to reduce its use and thus reduce economic and environmental impacts that result from water extraction and delivery. Thus, the management system should be very strict regarding efficient water use.

Opinions of stakeholders from Latin America were divided and although the majority agreed with the suggestions to strengthen the requirements, some of them expressed that it is a complex issue and that facing it alone is not possible; it should be done not only at the SPO level but also at the government level. Current requirements already address the issue well and one of the suggestions was to make sure that this topic is very well understood by all the actors in the production chain.

#### **Consultation question 2:**

Would raising awareness through participation in information sessions/training for producers be a good approach to better understand the underlying causes of water stress and its repercussions on the region/community?

#### **Written feedback:**

The majority of respondents agreed that trainings or info sessions are essential and has proven to be a good approach for producers to understand the role of water resources, ways to protect them, ways to deal with the lack of water and many other issues of this topic. With more knowledge producers can choose alternatives that best meet their needs, i.e. being aware of risk areas. Such sessions and trainings should be provided on a constant basis and should not be seen as a requirement for mandatory compliance. When Fairtrade sales drop (or not growing), it is challenging to achieve the results through setting additional requirements or projects.

In this regard, Premium use was discussed as an option, however this could be possible only if assemblies approve. Water stress issues should be integrated into a bigger concept relating to climate change and natural disasters. Therefore it was suggested to extend participation in training sessions to family members, ensure that sessions consider the realities of each community, provide best



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practice examples that are easy for implementation with an emphasis on water risks, preparation for natural disasters, evaluation of new agricultural practices and information sharing among producers. Also the training should be adapted in local languages and linked to local/district/regional/national water management plans and interaction with responsible local authorities that coordinate water resources use (including NGOs and local government). In addition to these suggestions it was mentioned that some producers already know what to do but often do not have the resources to implement necessary improvements to their farm.

#### **Feedback from workshops:**

Stakeholders involved in workshops agreed that similar to the answers on climate change adaptation - there are tools that are already in use: capacity building sessions, meetings, environmental clubs, demonstration plots, and these should be continued. However quality of trainings should be considered, trainers must be screened for expertise and there must be a verification that the participants in the information sessions/training have retained accurate and useful information with strategies for action, and that actions proposed are feasible and within the reach of the producer. Another highlighted point was that communications with SPOs and their communities should also include discussions about the damage caused by bad practices.

#### **Consultation question 3:**

Should the Fairtrade Premium Use be prioritized for water conservation issues, e.g., reservoir, water-saving irrigation and drainage?
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#### **Written feedback:**

The majority of respondents agreed (mostly producers) with the suggestion to have Premium use prioritized for water conservation issues. Producers who agreed also mentioned that this should be kept voluntary and depending on the region, because not every area has water issues. Also the decision on Premium use should go along with training/awareness raising activities on water resource issues, reforestation program etc. It is believed that Premium prioritization could help to develop actions towards more efficient water use, reduce risk of water contaminations, water protection or water conservation practice (i.e. rain water harvest), and ensure that farmers are aware and that decisions are taken in accordance with the general assembly.

Producers who disagreed with Premium prioritization provided arguments stating that this should be covered by price setting model, i.e. 2.5 dollars for water management, that buyers should pay above the Fairtrade Premium price for sustainable water management at farm level or at least share the costs with the SPOs. Premium resources should be used for the implementation and development of compensation mechanisms for ecosystem services, with a special emphasis on the water issue, which producers could coordinate with local water boards, municipal authorities, associations of irrigators, and other actors in the region. As another example it was mentioned that this could also be done through regional committees prioritizing the protection of watersheds, water reserves and biodiversity conservation areas. In some countries water conservation is already included in national legislation and approaching governments to access funds is a good alternative opportunity.

#### **Feedback from workshops:**

Stakeholders from Asia and Pacific stated that it is better to encourage partnerships with other supply chain actors to address this issue.



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Stakeholders from Africa and Latin America regions were in favour of keeping rules regarding Premium use as they are. Thus it should be based on SPO needs and priorities and resources of the Premium are not enough to meet all the needs. It was also highlighted that interpretation of requirements on this issue into compliance criteria should be more accurate. In this regard stakeholders from Europe suggested that this could be a part of best practice guidance with changed wording from 'prioritized' into 'recommended to be used'.

#### **Consultation question 4:**

Would the development of risk and opportunity assessments be useful for producers to identify local / regional water risks and suitable adaptation options to address them?

#### **Written feedback:**

The majority of respondents were in favour of this suggestion as long as laws and competent authorities help to comply. Also if this would be implemented then it should be part of the long term sustainability plan and should not stay only on paper but be followed up with actions. The positive side and purpose of risk and opportunity assessment would be to monitor existing water management practices and come up with proposal to mitigate their negative impacts, also to define the scope of the actions that need to be taken and help farmers to improve identifying water supply conditions in their area (i.e. particularly useful for drought prone areas).

It was also highlighted that this could be implemented through incorporation of this topic in the internal management system/Fairtrade Development Plan, with help of experts and should be linked to local/national plans on integrated water resources management. Therefore if assessments can be done for the organizations by local authorities it could be helpful, especially in the areas where there is no local knowledge. It was also suggested to keep this as part of a continuous training activity.

#### **Feedback from workshops:**

Stakeholders from various regions highlighted that implementation of this would need additional human and financial resources. Stakeholders from Europe expressed that it needs to be defined who will be developing these assessments. The reason is, if it will be done through professional support, then most probably it would be based on international, regional or national level but rarely on local level. In case it would be done by producer, then there is a need to support them with scientific data and local ecological knowledge.

#### **Consultation question 5:**

Should the actions identified in the risk and opportunities assessment be presented as part of the ideas for the Fairtrade Development plan?

#### **Written feedback:**

Overall the respondents agreed with the statement highlighting that this should not be a requirement. Otherwise, it was agreed that the Fairtrade Development plan should include the water resource management topic to prevent water risks. However this should be up to each producer organization and only if there is available budget, so the costs of actions should be defined as well.

Those who disagreed with the statement suggested to rather include this in the environmental policies of the organizations, and to follow up with development of action plans. Alternatively it could be generated and addressed through internal audits.



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One other suggestion here was to strengthen the framework of Premium use (like in Hired Labour standard) to really benefit the members and be able to measure the impact of Premium use.

#### **Feedback from workshops:**

Stakeholders expressed that understanding risks and opportunities should be the key part of developing ideas for the Fairtrade Development Plan. However, some also highlighted that this should depend on the situation, because easy programmes could be paid and implemented by the SPOs while programmes needing a larger budget and more technical skills could be financed by the state.

#### **Consultation question 6:**

Which practices to reduce water stress are feasible to implement and which ones are required by the national legislation?

#### **Written feedback:**

Feedback on practices which reduce water stress and which are feasible to implement included:

- Practices that improve irrigation efficiency: building water storage, micro irrigation and efficient water use at household level, boreholes, hand dug wells, small dams, drip irrigation, water ponds, water drainage systems, flood control, rainwater harvesting in small tanks in the households, conserving water catchment areas, waste water disposal and legal control of water volume for processing.
- Practices which reduce water use in crop production: cover crops/green cover, reforestation, drought-resistant crops, mulching, afforestation/ tree planting, soil conservation, control of vegetation along the riparian areas, shade management (in coffee), substitution of foliar applications by granular fertilizers (slow release of nutrients ) and many more.

Some examples of water practices that are required/covered by national legislations include:

- Observation of riparian's strips, reducing/eliminating eucalyptus trees along riparian's in SPOs
- Water access (from rivers, boreholes etc) and usage
- Conservation of water catchments and terracing (e.g. terracing along contours, planting of cover crops on sloppy areas, planting agro-friendly trees on farms, water conservation etc.)
- Water spring protection
- Living barriers for protection
- Waste water treatment
- Buffer zones on farms according to their territorial extension
- Irrigation water control
- Protection of forests
- Mining in rivers
- Use of soil cover
- Applications of organic matter
- Regulation of uncontaminated water

There were also suggestions to not impose more requirements on water use for farmers as they will anyways follow the practices that are regulated through national legislation, so it is important to make the reference requiring to follow the legislation of the country. As a suggestion for standard regulations it was mentioned to establish a small compensation mechanisms for ecosystem services in the region and evaluate costs of water practices.



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**Feedback from workshops:**

Overall stakeholders suggested that it would be feasible to implement low cost agricultural practices, such as good agricultural practices (GAP), building water reservoirs, efficient irrigation practices and other.

Stakeholder group from Africa region mentioned that the following topics are supported by the water resource management legislation: water infrastructure repair and maintenance to minimize wastage, water conservation, use of improved technologies. However this group also mentioned that there are not so many practices in national legislations that apply to the small-scale farming, for example a programme on water recycling, which would not apply to all products.

Stakeholders from Asia expressed that as an SPO it will be challenging to ensure that the law is reinforced and carry out advocacy actions for a better implementation of policy and legislation.

Among many topics that fall under national legislation, stakeholders from Latin America mentioned the following: protection of the river banks, reduced use of water, wastewater treatment plants, water recycling (re-use of honey water treatment), buffer zones and conservation of water sources, protection of the Legal Reserve areas.

**Topic 3: Environmental development**

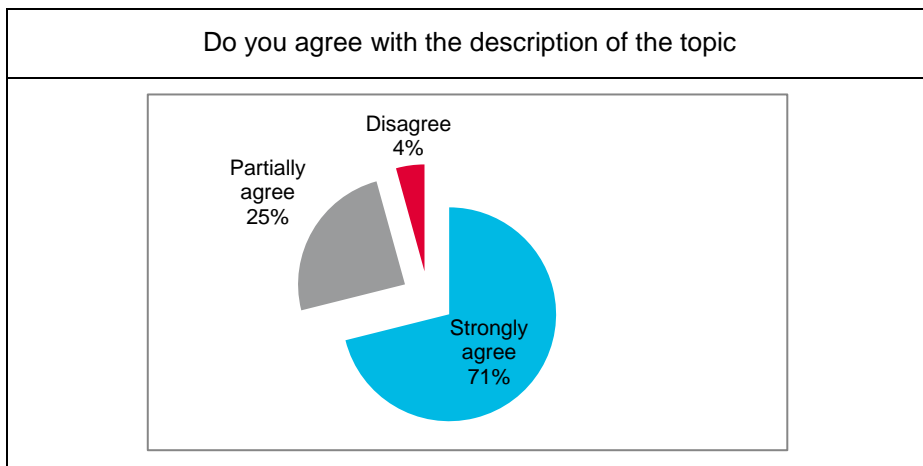
**c. Approach to environmental requirements**

**Consultation statement:**

Several environmental requirements focus on training and awareness as a tool for improved environmental practices. For SPOs this approach is sufficient to ensure that better environmental outcomes are achieved.

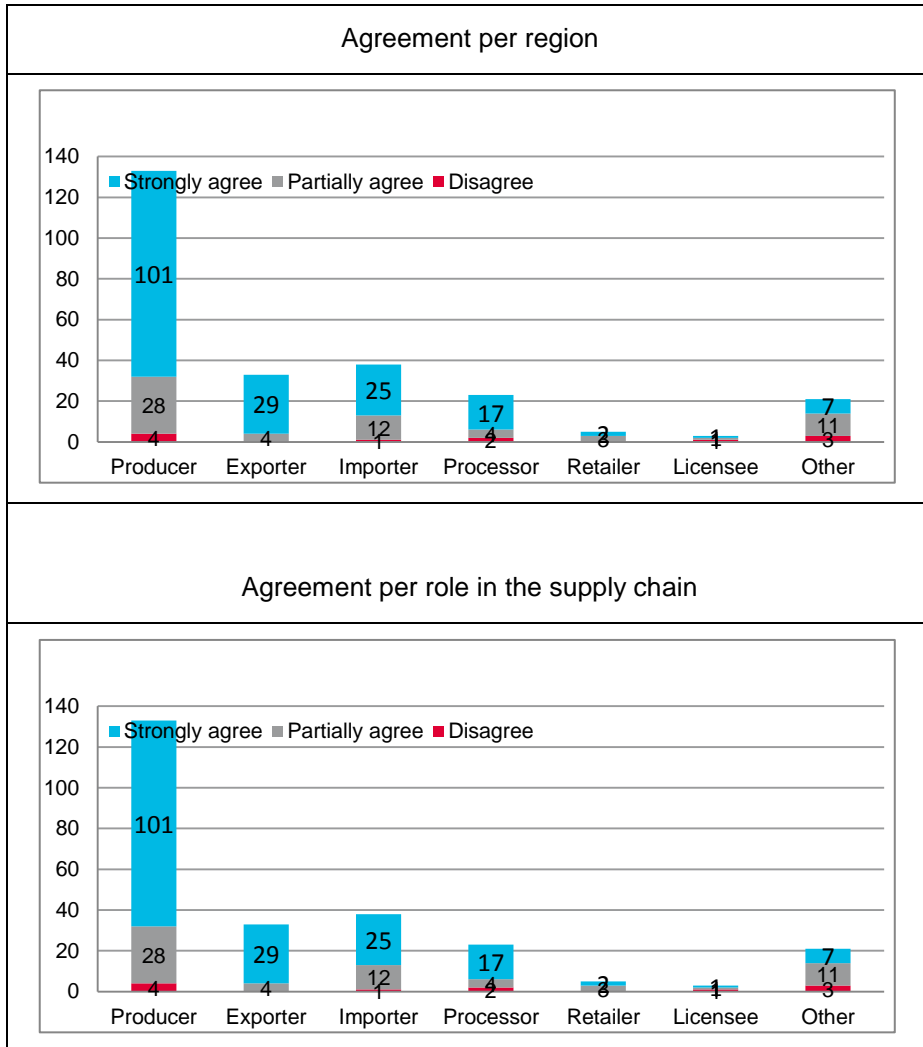
**Written feedback:**

Overall 71% of the respondents (182) strongly agreed with the topic description while 25% partially agreed and 4% disagreed. Per region the agreement was slightly higher in Africa (26%) and almost similar in Latin America and the Caribbean (23%) and Asia & Pacific region (21%).





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The additional comments of those who strongly agreed highlighted the important role of sustainable environmental production which is seen as key for long-term guaranteed supply. Therefore producers and buyers should have the same interests and take environmental issues into account. The general opinion is that it should be up to the organization to identify local environmental problems and seek solutions, especially considering all awareness-raising trainings where environmental protection practices are taught.

However some felt that trainings and awareness-raising may not be sufficient and therefore more efforts ought to be put into SPOs to take deliberate efforts to use part of their Premiums or through a follow-up system ensuring there are action plans and positive outcomes achieved. It's important to have some metric system in place to measure or make sure that on the long run the training and awareness lead to results, because what works for one does not necessarily work for another.

Therefore implementation, monitoring and evaluation is better than the trainings alone. The standard has to be updated considering the lack of PN support on trainings since currently producers cannot demand trainings.





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### **Feedback from workshops:**

There was an overall agreement between stakeholders from different regions that trainings and raising the awareness is not enough, however as the approach itself it should be continued for further use.

### **Consultation question 1:**

Could the development of action plans be a tool to be used in combination with trainings and awareness raising?

#### **Written feedback:**

The majority of respondents agreed that this combination would result in a good tool, as long as it is handled internally and adapted to the capabilities of the organization. Tools could be replicated to avoid high costs. In general it was agreed that the topics of trainings should follow up from the action plans and once the environmental plan is integrated in the Fairtrade Development Plan, it should get financed. Some suggested action plans should be flexible and combination of tools should allow a 5 year vision.

It was made clear that plans actually do not guarantee actions and many often see them as an administrative burden. Producers should be able to naturally come up with actions after being trained. In this regard, video lessons as a teaching material instead of more action plans might give better results.

The objectives of action plans should include achievement of greater knowledge about the negative effects of certain agricultural practices on the environment and alternatives to mitigate these negative impacts.

### **Feedback from workshops:**

Stakeholders from Africa agreed and stated that it would make implementation of environmental projects easy as the action plans will clearly identify what needs to be done and who the focal responsible persons are. Stakeholders from other regions also agreed on this point.

### **Consultation question 2:**

What other tools could be used?

#### **Written feedback:**

One of the most frequent suggestions was to keep providing and promoting trainings and raising awareness, and to ensure trainings are given by experts in the respective field. Key contact people and environmental managers should be trained as well; demonstration plots or pilot projects can show how training material is implemented. Other suggested measures included: video materials or others visualizations, collaboration with local authorities, and a database where each farmer adds basic information about them and their farm. It was made clear that support from Fairtrade is necessary in terms of resources or standards to increase/ create direct investment structures with end buyers going beyond the FMP and FP; and to create an active internal management system that encourages evaluation of the environmental knowledge and self-assessments of environmental issues which are context-specific.



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Overall it was agreed that if more tools are developed, they should be easy to use and understand and be developed in collaboration with those who will use the tool. It is better to focus on one effective tool rather than implementing a number of them.

### **Feedback from workshops:**

In addition to the above mentioned tools, stakeholders from Africa suggested to include tools on root cause analysis, clear monitoring plans with indicators that are clearly defined so that the same indicators are measured across the board, and which considers environmental impacts of planned activities.

Stakeholders from Europe added that the standard should measure compliance as opposed to awareness.

Stakeholders from Latin America mentioned that practical field workshops or using media to encourage exchanges of experience would be useful. Also risk map tools would be useful to work individually on the risks of each organization.

### **Consultation question 3:**

Are there any other environmental topics that are important to address in the Standard? If so, which one?

### **Written feedback:**

Overall respondents suggested broaden the scope of agricultural practices. Their suggestions for topics to address are listed below:

- Soil: soil health, soil conservation, conservation of wetlands, soil erosion by runoff, soil losses
- Climate change: adaptation, mitigation (determine the carbon footprint of each product)
- Water: water use, conservation, needs, pollution (from pesticide use)
- Pesticides: regulate long terms use of pesticides, biological control of pests, stricter criteria on pesticide use e.g. the purchase of pesticides should be organized centrally and only authorized pesticides should be available (audit required), the scope of the pesticide section to cover the whole farm (not only a single crop), alternate chemicals for the ones that are banned or due to be banned, integrated pest and disease management activities
- Waste / waste water treatment: chemical use, use of less plastic waste, solid hazardous waste and above all to have a guidelines plan about how to approach the problems, reduce the level of pollution and eliminate solid and liquid waste
- Deforestation, reforestation: add clarity
- Organic production: encourage each SPO to engage in organic practice to preserve the environment and reduce farm inputs expenses
- Finished product contamination: producers to make a risk assessment in the respect of chemical contamination (mineral oil, plastic etc.) in finished products
- Plastic use: consider the extent of use (including drip systems) and disposal methods
- Bee pollination
- GHG emissions: energy savings in general; where feasible, promote use of renewable energy - solar, wind, fossil
- Crop production: the diversification of crops



- Management: stop farming shifting; diversification of activities

To conclude, the suggestions above highlight the need to promote more of agro ecological solutions through the standard with the purpose of phasing out clearly unsustainable practises and production. These activities should be verified in each farm of the producers and suggestions for improvement that can be given.

#### **Feedback from workshops:**

Some additional topics from the workshops included:

- Rain water harvesting and recycling
- Afforestation and Waste Management (e.g. avoid non decomposing waste materials)
- Disposal of chemical containers
- Deforestation- protection of indigenous species
- Indiscriminate exploitation of the land
- Environmental education at schools

Regarding the approach/wording of requirements it was suggested to move more requirements to 'Core' with more emphasis on verification/action as opposed to awareness and capacity building.

Stakeholders from Latin America highlighted that the system must channel additional resources to stimulate producers for environmental services through payments.

#### **Additional comments:**

##### **Written feedback:**

Additional comments included:

- A suggestion of how to raise the awareness among farmers would be to show/present simulations about what would happen in the future as a consequence of climate change. It is very important to address environmental issues collectively, to all partners.
- As a promotional tool, it was suggested to provide funds for those farmers who put their knowledge from the training in practice. However, the recognition of producer implementing environmental conservation measures does not necessarily have to be economic; producer could also be 'rewarded' if there are organized visits of the client to the producer, or by a certificate of achievement for all their efforts.
- The environmental plan should be kept simple and easy to implement with priority to conservation of water resources since it is directly related to crop production.
- A successful implementation of a governmental environment programme could be added as an indicator to get certified.

#### **Feedback from workshops:**

Stakeholders from Sri Lanka stated that in order to encourage the small farmers to solve their environmental problems, there should be a score system for the additional activities on environmental development rather than making rules and regulations.

Stakeholders from Europe mentioned that environmental requirements should be compared and aligned with other certification schemes to allow for audit recognition and to ensure good rankings for Fairtrade in comparison to other schemes. The point was made on whether Fairtrade should base its



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standard more explicitly on an agronomic model that promotes agro-ecological practices, like it is done in other certification schemes. Alternatively, Fairtrade could also make references to other standards.

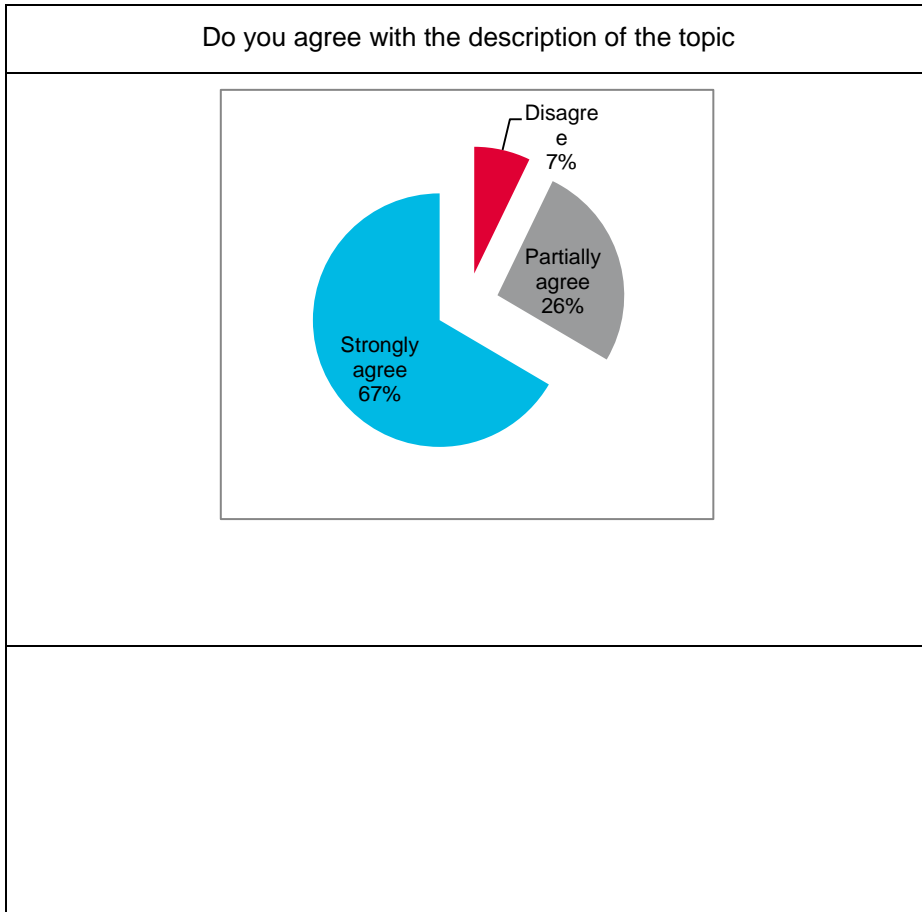
### Topic 4: Gender equality and women’s empowerment

#### Consultation statement:

Export crops such as coffee, cocoa, bananas and sugar constitute the vast majority of Fairtrade products. As with most export crops, these products tend to be male dominated and even though women are frequently heavily involved in the production processes (growing, harvesting and processing), their work is often not fully recognized and rewarded. In the case of smallholder production, women and girls often work as unpaid labourers on family farms and have little control over the income derived from export crop sales. Also, as in some countries women frequently do not own land titles, they may be unable to join producer organizations and access the services they provide. They also tend to have less access to government support, because of persistent biases in favour of male farmers. When women join producer organisations, they rarely occupy leadership positions, and their needs and voice are often not heard.

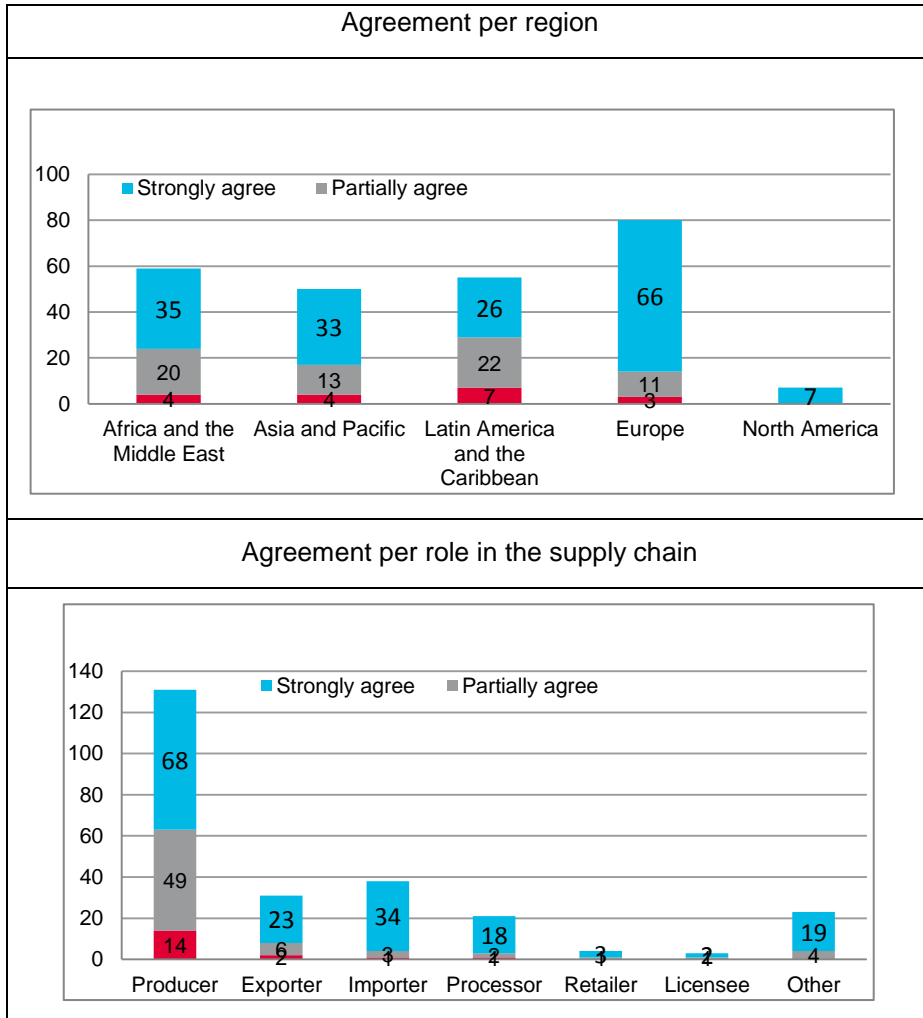
#### Written feedback:

Overall, 67 % of the respondents (251) strongly agreed with the topic description while 26% partially agreed and 7% disagreed. Per region the agreement was higher in Europe (83%) and lower in Latin America and the Caribbean (47%). Along the supply chain agreement was higher among traders (83%) and lower among producers (51%).





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Those who strongly agree with the topic description mentioned that women’s work tends to remain secondary from an economic level. Additional comments included the following: that women rarely have chances to reach leadership positions; that membership criteria for SPOs is important; that quotas are an effective tool to ensure women’s participation (a respondent suggested ensuring that SPOs have women membership of at least 25% and progressively increase it to 50%); if owning land is part of the membership criteria and women have no land rights in that country, then there is a likelihood of no gender diversification/women within the SPO; women have a lot of reasons not to participate in SPOs and these reasons need to be understood; functions of the SPO need to be gender-sensitized especially in the use of Premium and if, for example, health provision is funded, one should also understand what the needs of women are as opposed to the needs solely of men or needs which are not specific to women. It was mentioned that women play important roles; assessment of the situation will show what roles they have and what their ambitions are which may sometimes not be visible.

Of those who partially agree, one mentioned that the issue is not adverse in their region but said that there could be areas of improvement especially in management positions. Another respondent said that in their SPOs, women and men have the same participation rights. One stakeholder who disagreed with the topic description said that there is no discrimination between men and women in their region.



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### **Feedback from workshops:**

Stakeholders from Indonesia did not agree with the topic description. They said that this is not applicable to their situation. They added that women's involvement is fully recognized and that women can own land and occupy leadership positions within the SPOs.

Stakeholders from Malawi who agreed said that both women and men tend to work together in the fields but men have the upper hand when it comes to the management of money. They said that men tend to misuse the money and the women and children are left with nothing.

Opinions were divided among stakeholders from Latin America and the Caribbean. Those who agreed with the topic description said because of the family burden, women tend to participate less in the governance of the organization. They said that SPOs need to have an inclusion policy (boys, girls, youth, women, workers) and the policy should consider the topics proposed in this consultation. This should however be decided on an SPO level and according to their own capabilities and interests.

Stakeholders from Europe who agreed mentioned that this is in line with a lot of research evidence. The same stakeholders added that women's membership is very low across all of the case studies and key areas of work such as strengthening producer organizations, gender-oriented inclusion (training, access to loan, land tenure) or preparing the next generation of farmers, are often left unattended. This leads to reduced chances of sustainable outcomes in the long run in many producer communities. Other stakeholders from Europe added that gender balance is usually not achieved by purely voluntary measures.

### **Consultation question 1:**

How can the Standard promote and strengthen gender equality and women's empowerment without being too prescriptive while recognizing the specific social and economic contexts?

#### **Written feedback:**

One stakeholder who felt that the standard should be used to promote gender equality said that Fairtrade needs to ensure that Premium is not only spent on gender neutral issues and that the standard needs to implement quotas on the number of women in the board and as delegates on training etc. and be given a voice in leadership positions. Other comments included: that more trainings need to be conducted to be more enlightened on gender balance issues; that SPOs need to clearly demonstrate what has been done towards gender equality and women's empowerment; that women should have the same working conditions as men; that the standard should provide more guidelines on gender equality issues; that the standard requirement should be in line with national legislation and consider the social issues of each country and culture; that women need to be sensitized to be able to create their own cooperatives; that Fairtrade could develop a survey in which both men and women express which jobs they are more capable of performing better; that gender equality and women's empowerment could be achieved by enhancing the relevant established legislations on elimination of any forms of discrimination and exploitation.

One stakeholder emphasized that Fairtrade first needs to understand the different cultures to avoid being too imposing. Similarly, another stakeholder who felt that the standard should be used to address gender equality, said that it is necessary to take into account the systematic and daily barriers women face for women to be able to have access to the benefits of Fairtrade. Another pointed out that the current standard already has criteria on gender issues and already promotes gender equality. Another stakeholder added that gender equality is already improving in their country.



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One stakeholder said that this issue should not be addressed through the standard, but through sensitizing men.

### **Feedback from workshops:**

Stakeholders from Indonesia felt that promoting gender equality in the standard would be difficult to do without being prescriptive. They suggested taking the learnings from the Hired Labour standard. They also suggested introducing quotas in Boards. They added that the standard could provide support programmes focused on women. They also said that the standard could draw examples from the gender strategy as well as borrow ideas from the CLAC.

Stakeholders in Malawi suggested putting a mandatory requirement on gender balance otherwise many women and youth will not be involved in decision making processes. In West Africa the participants mentioned the need to conduct a needs assessment. They also said that women should have equal voting rights and have more than 50% women in the Premium committee. They added that gender issues should be included in the development plan and each organization should have a gender policy.

In Swaziland the participants felt that the standard is not the issue but the women's mindsets. They said that women tend to discriminate against themselves.

In Latin America and the Caribbean, the stakeholders said that this could mainly be achieved through trainings and awareness programs. They said having a gender policy would be useful. They also mentioned that audits should be improved to include recommendations for implementation on this topic. They proposed making it mandatory to have participation of women in the different managerial and administrative levels and include it as a development criterion. They also proposed Including a criteria related to percentage of the representation of members in relation to member producers.

In Europe, stakeholders felt that gender imbalance is a power issue and cannot be tackled in general without being prescriptive. They felt that reservation of at least one place for a woman member on the Board and other committees could also be a key enabler. Other stakeholders mentioned that membership criteria of the SPOs could be encouraged to be on a household basis rather than based on land title. They said that such a practice in some SPOs in South East Asia has already yielded higher participation of women. The same groups also said that differences in wages between men and women could be tackled by having an additional requirement of equal wages for equal work

### **Consultation question 2:**

How to consider the systemic and everyday barriers that limit the ability of certain groups, especially women, to access and benefit from Fairtrade?
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### **Written feedback:**

One stakeholder, who was positive that Fairtrade should address the systemic barriers faced by women, said that the standard needs to ensure that there is awareness within Fairtrade and SPOs of the factors that limit women's participation in training. For example awareness of the impact of time and place of the training, access to transport, literacy and access to credit to pay for attending training. Another stakeholder suggested proactively compiling a list of possible guidelines with best practice examples that ensure representation and empowerment of women to embrace leadership roles within organizations; the SPO would then be able to choose their approach from the list. Other responses included: that it is necessary to require that a part of the farm be granted to women; and to let



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employees express conditions that need to be improved, so each farm can have a work organization in which the ability of each gender is recognized.

Some stakeholders were more cautious about the role of Fairtrade Standards in this topic: one mentioned that the benefits must be oriented to the community or family groups and not only the worker; another said that the standard should address gender but take into account cultural factors; and another said that this topic cannot be included in the standard, but can be achieved through training and sensitization.

#### **Feedback from workshops:**

Stakeholders from Indonesia said that there should be awareness raising and distribution of chores as well as having membership policies for all SPOs to consider all household members.

Stakeholders from Malawi mentioned that this can be achieved through adding a requirement in the SPO Standard that women should be involved in decision making. Those from Mauritius said that this is not applicable to them because they have many female members in the SPOs. They said that every member is treated equally and has the same benefits from Premium use. In West Africa the participants mentioned the necessity of including a needs assessment. In Swaziland the stakeholders suggested building SPO capacities through trainings.

Stakeholders from Latin America and the Caribbean suggested facilitating women's participation in the governance of the organization and making decisions about the use of the Premium. They also recommended carrying out workshops to better understand women's needs and expectations. They said that having access to land is a structural problem. They added that women will gradually become empowered through education. They also suggested including gender and leadership issues in the SPO training plan.

#### **Consultation question 3:**

Would an inventory on gender related issues and specific gender relevant Key Performance Indicators reflective of the Standards requirements be good tools to promote further gender equality and women's empowerment?

#### **Written feedback:**

Most stakeholders agreed that having an inventory on gender related issues would be useful. The following suggestions were given: that the technical input from the 2016-20 strategy is not reflected in the standard; that some of the recommendations for SPOs from the Equal Harvest Report 2015 could be added, including actions such as investing in community infrastructure (i.e. child care or elderly care) that would allow women to reduce time spent on house/family care in order to participate in leadership activities, being members of boards etc; and that it will show what role they have and what their ambitions are.

A stakeholder said this could be a voluntary practice. Another said this would be useful especially in their organization where they have women producers who attend training and sensitization meetings. The stakeholder said that out of 200 producers they have 53 women and therefore have an obligation to further promote gender equality and women's empowerment.

#### **Feedback from workshops:**

Participants from West Africa felt that it is necessary to have an inventory whereas those in Ethiopia felt that it was not necessary.





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The stakeholders in Latin America and the Caribbean said that it would be a good tool to have. It should however be seen as good practice but not as a core criteria in the standard. Cultural aspects that come from an economic structure that marginalizes should also be considered. They said that this would open a space to know the problems women face in order to have inclusion within organizations. Some of them who said no, mentioned that this could create conflicts within families and SPOs.

Stakeholders from Europe suggested requesting support from PNs. They also gave an example of a KPI (having 2 votes per household; one female and one male). Other stakeholders said having gender relevant KPIs can definitely make SPOs more conscious about addressing these issues.

#### **Consultation question 4:**

Can the Standard (and if so, how) contribute to ensure that the wives of member farmers and single producing female farmers are integrated into the decision- making process at all levels, including on the Fairtrade premium use?

#### **Written feedback:**

A stakeholder, who was in favour, said that it is important to ensure that all women vote, and that widows and single women inheriting land need to be enabled to become members. Other suggestions included: that the standard should require a mandatory proportion of Premium for needs assessment and development that contributes to women's participation or require that the development plan includes concrete action points to guarantee same rights and make sure they also benefit from the Premium; that single producing female farmers should be represented in GAs, boards and committees; that wives of member farmers can attend GAs but one family = 1 vote; that this can be done through coming up with and implementing appropriate policies to foster women's inclusion in decision making; and through having a minimum percentage of women in Premium committees, management and other organs of the organization.

A stakeholder said that by so doing, the standard would have introduced a law that would be challengeable or unconstitutional.

#### **Feedback from workshops:**

Stakeholders from West Africa said the member list should indicate the number of women and men. They said that some training would help. Some of the participants however felt that this should not be included in the standard. Stakeholders from Ethiopia said the standard could consider that in SPOs households are considered as members rather than land owners, giving 2 votes per household would allow women to participate more in GAs and committees of the SPO. Participants from Swaziland said that all members of the SPOs should be allowed to make decisions. They said that in case the husband is late, the wife should take over as a member of the producer organizations and be involved in the decision making

Stakeholders from Latin America and the Caribbean said that there should be a policy that allows the participation of at least one woman in the committees. They also suggested formulating norms that ensure the real participation of women that promote their membership and that the women of the partners are part of the association with access to benefits. They said that this should however be done according to the national laws and internal regulations of the SPOs. They added that the main problem is that women rarely occupy leadership positions.

Stakeholders from Europe suggested having a balanced number of women in Premium committees. They said because it is not in the standard, women tend to be sidelined. If it is included and put as a



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core requirement that wives should be integrated and actively participate in decision making, and so it will lead to empowerment.

### **Consultation question 5:**

Can the Standard provide tools, incentives and safeguards to catalyze and facilitate participation especially of women in decision making processes and increase women's interest and capacity to take up leadership positions in SPOs?

#### **Written feedback:**

Suggestions from stakeholders, who agree that the standard should be proactive, included: introducing quotas of number of women in relation to participation; ensuring that initiatives such as women's groups and women's saving schemes are available since they will increase women's interest in participating in the cooperative; a policy and action plan would be needed to make progress visible, and once there is a policy, training of women and men would be needed (this has worked well in South Africa); and assigning a number of tasks specifically to women to allow them to be autonomous in the decision process. One respondent emphasized that women can be motivated to participate if their decisions are taken into account in producer meetings. One other added that tools will need to have the support mechanism.

#### **Feedback from workshops:**

Participants in West Africa said women's participation can be achieved through giving women prominent roles. They also suggested having award systems in place e.g. best women worker. They said having equal representation of women and men would be helpful. In addition they said positive discrimination e.g. through reserving certain positions for women would be necessary. Stakeholders from Swaziland disagreed with this, saying this would promote division. They said that all members irrespective of gender should be allowed to take up leadership positions.

A broad majority of the participants in Latin America and the Caribbean agreed. They said that creation of a gender policy that works to empower women within the organization would be helpful. They added that this would also be achieved through training. They said that the percentage of participation of women in the membership must be equivalent to their participation in key management positions. They said that it is important to motivate the participation of women so that they assume managerial positions.

Stakeholders in Europe said that there should be some coherence in how we address similar issues e.g. in child labour and vulnerable adults. While as the standards can help on this, there is also a need for sensitization of gender equality amongst women. There could be a risk of wrong interpretation by the women which could lead to abuse of their empowerment. They also said that skills development of women for governing the SPO needs to be included.

#### **Additional comments**

Some stakeholders said existing standards at present are sufficient. One respondent said that not only gender equality but many other aspects such as the difference of caste, creed, religion or able or disabled people should be taken into consideration and this is however already included in the concept under discrimination. Another said that the existing requirements in the standard on gender equality and women's empowerment should be strengthened. The requirements could be strengthened at SPO level instead of at the household level, where Fairtrade's influence is much more limited. Suggestions like 50% women in governance bodies or membership of the organization were



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shared, recognizing that to fulfill them the organizations would need time. Also particular attention should be given to enable women to increase their participation without adding to their existing burden of responsibilities. It was also suggested to consider the development of a policy for each organization to define its own approach to gender equality and women’s empowerment within the framework of a wider policy on inclusiveness.

## Topic 5: Developments in modern slavery legislation

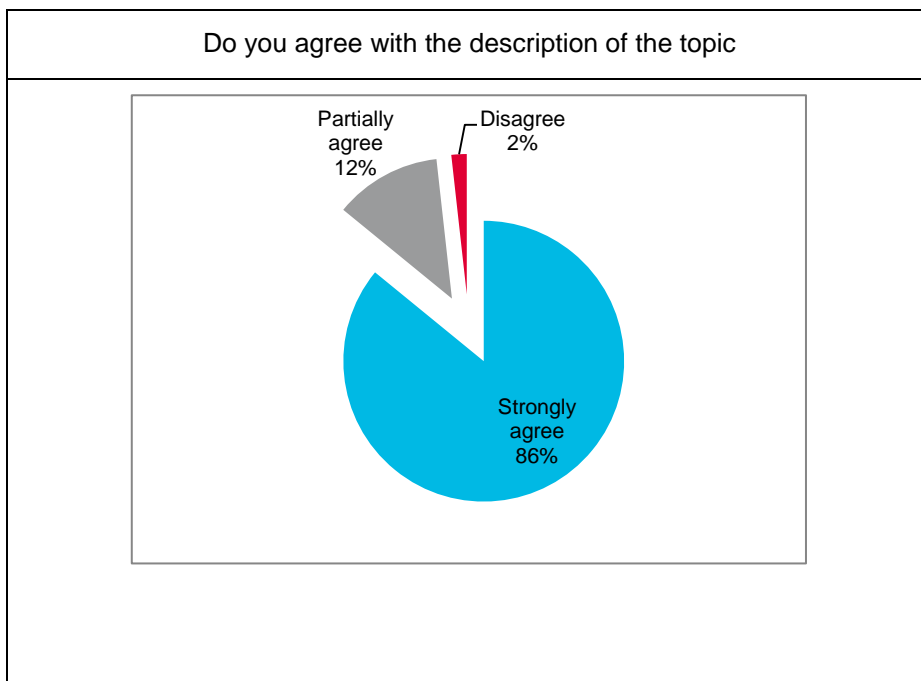
### Consultation statement:

The legal environment in consumer countries (UK, France, Switzerland, Netherlands, USA among others) and some producer countries (South Africa and India) regarding addressing child and/or forced labour is changing rapidly. The legislations place a due diligence obligation on certain companies (including their sub-contracting partners) to identify risks for child and forced labour, including slavery and human trafficking in their supply chain and develop and make public their plans to combat them. An increasing number of companies sourcing from Fairtrade will therefore require that their suppliers (producers and other actors in the supply chain) operate according to the newly developing and changing legal frameworks.

Instead of producers becoming targets for campaigners or worse, rejected by companies because of these risks, there is an opportunity to proactively engage in the due diligence and response that the above mentioned frameworks propose from the ground up, where producer organizations become agents of change and accelerators of human rights.

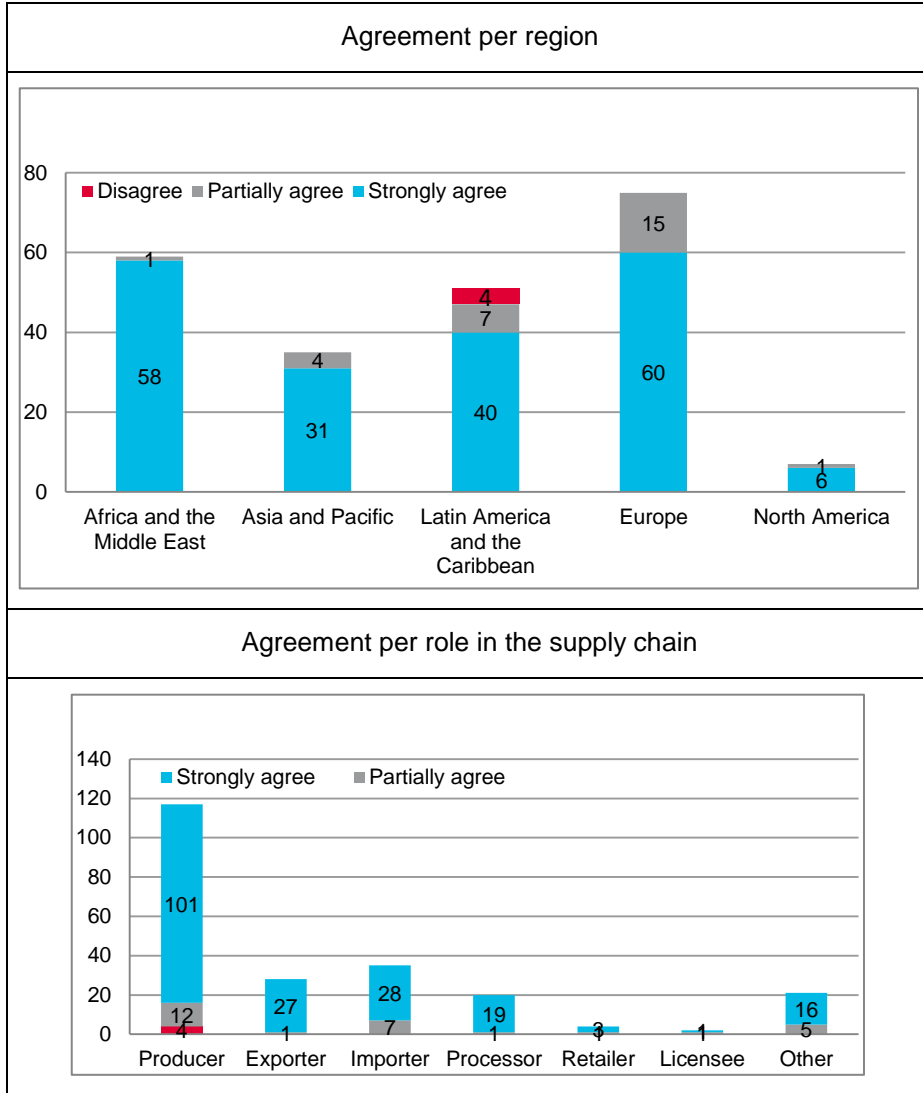
### Written feedback:

Overall, 86% of the respondents (227) strongly agreed with the topic description while 12% partially agreed and 2% disagreed. Per region the agreement was higher in Africa (98%) and lower in Latin America and the Caribbean (78%). Along the supply chain agreement was higher among exporters (98%) and lower among importers (80%).





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Those who strongly agree with the topic description said that the phenomenon of child labour has negative effects on society in general and on children in particular. Further comments included: that government agencies should do more to complement the work of NGOs; that if the standard doesn't change then companies will simply stop sourcing from Fairtrade producers; that companies and POs should work together on joint due diligence and response system on these topics which should be encouraged through the SPO Standard and the trader standard; that a change to the standard would be very useful in strengthening commercial relations; and that it will be good to at least identify and recognize those who fulfil this in the system and boost them.

Stakeholders who partially agreed suggested the following: that a risk assessment of the various Fairtrade origins should be first conducted; that a one-size-fits-all approach will not be appropriate; that buyers' national legislation should not be the only mechanism being promoted for SPOs to address child and forced labour issues; that the danger of a blanket ban on 'child labour' is that in a small organisation (family farms) all members of the family are needed, at times, to help e.g. during harvest therefore a ban on the use of child labour in this situation could compromise the family's ability to survive; that the main focus of Fairtrade is in trade and care should be taken to ensure that the topic is treated in a balanced way and not at the expense of other topics such as organizational development; that it can be addressed through IMS; and that partnerships with expert organizations,



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primarily at the level of PNs who have an interest to work with Fairtrade certified SPOs and companies could be a solution.

A stakeholder who disagreed with the topic description said that exploitation of labour comes from large companies or their suppliers, who have no commitment. Producers should not become the villains of this process, or be penalized with exaggerations of rules. Another stakeholder said that this should be dealt with according to the different laws of each country.

#### **Feedback from workshops:**

Stakeholders from Asia said that child labour is endemic in the agricultural sector, especially during harvest season. Although it is a critical requirement that children should not be employed, it is sometimes not possible to monitor. They suggested that PNs should develop a model for mitigation and that YICBMR should be implemented by NGOs and external experts. Stakeholders from Sri Lanka said that this does not apply to their country because the existing rules and regulations regarding child and forced labour enable them to get rid of this problem.

Stakeholders from Malawi said that YICBMR is a good initiative but would be expensive to maintain in the long run. It can only work if SPOs receive external funding.

Stakeholders from Latin America and the Caribbean said that the introduction of unknown methodologies for most of the SPOs should not have been considered in the consultation. They said that SPOs are committed to human rights but does not mean that they have the financial or human capacity to implement the YICBMR methodology. They said that this would only lead to suspensions, decertification and lack of supply for the Fairtrade market. They added that the standard cannot require a specific methodology to achieve compliance with human rights.

Stakeholders from Europe suggested that the standard needs to highlight the topic as a risk assessment and give a better guidance on the risk assessment. The group suggested removing the Y in YICBMR as it necessarily does not only include the youth. They also said that Fairtrade should explore other tools and not only use YICBMR.

#### **Consultation question 1:**

How far are the PNs in developing and working with SPOs on methodologies to address this topic? What could be included in the Standard as a minimum?
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#### **Written feedback:**

The following suggestions were made: that this should be made explicit in the standard because there is still a lot to be done in the high risk area; that providing guidelines and training would be necessary; that sensitization and training on the subject should be organized by the PO; that the standard should adhere to the national legislation of each country, and if it is necessary to suggest actions which should also be endorsed by the governmental authorities of each country and of course by the General Assembly of the SPOs; that the minimum criteria should include compliance with the law of each country; and that in high-risk products the standard could make reference to the risk and SPOs / SPO management would have to explain how they intend to analyze and manage that risk .

A stakeholder mentioned that in their country, many second-tier organizations, considered as networks of producers in that country, are carrying out awareness raising activities for producers on the issue of child labour, the right of children to access education, health, decent housing etc. The stakeholder suggested that the SPO should create integration programs for the children of the



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members so that they can be subject to these benefits. One other stakeholder mentioned that Brazil has a clear legislation regarding this.

Some stakeholders were not in favour of the standard addressing this topic and suggested the following : that PNs are the voice of SPOs and this should therefore be done through them; that child labour laws are already in place and a reminder of this regulation should be enough; that it would be unrealistic to expect children not to help their parents at the farm; however, there could be a requirement that those children also have to attend a school; that this could be achieved through national policy and internal procedures in the SPO but not as an additional requirement; and that rather than extending the criterion, it would be prudent for the auditors to know the local laws, so that the certifying body can take an active role and make possible complaints.

A stakeholder said that this is not an adequate question for consultation because it needs to be answered by the PNs.

### **Feedback from workshops:**

Stakeholders in Malawi said that this could be achieved through trainings on child and forced labour. They said that standard should require SPOs to have a child/forced labour committee that looks into this issue. This committee should be audited by FLOCERT. Stakeholders from Mauritius said that what could be included as a minimum requirement in the standard is an awareness on child labour and forced labour and understanding the risk factors. Stakeholders from Ethiopia said PNs, NFOs, FMOs, traders and FI should give technical and financial support to SPOs. Awareness training on modern day slavery and implementing YICBMR system can be included as a requirement in the standard. In Swaziland, the stakeholders said producers have been sensitized on the subject. They acknowledged that the standard already provides this but mentioned the need to develop monitoring tools. They expressed the need for a requirement in the standard that is specific to old and sick people as their being in the farm can also compromise their health.

Stakeholders from Latin America and the Caribbean mentioned that this could be achieved through the development of methodologies for the prevention and development of child protection policies in countries and high risk products (USDOL list). They said that the PNs should support the SPOs. They added that the standard should include child protection policies as a minimum. They said that some work has been carried out with cocoa and banana producers on child labour issues. A pilot was carried out to monitor child labour and forced labour in an SPO, and the results showed that it is necessary to first address the issue through awareness-raising to the SPOs, before starting their own methodology. They reiterated that the standard must adhere to the national legislation of each country.

Stakeholders from Europe said that the ILO 182 and 138 should be included in the standard as a minimum. It would be easier to find agreements on actions against the violation of these conventions. The stakeholders suggested to also include references to national policies. Other stakeholders felt that producers should be aware about these developments in legislation as it would affect them and that the PNs could be a vehicle to deliver this information. They also suggested internal policies as a better tool to address the demands of the upcoming legislation.



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## **Consultation question 2:**

Youth Inclusive Community Based Monitoring and Remediation systems (YICBMR) is a PO led, due diligence system to identify and respond to modern slavery, particularly issues related to forced labour, worst forms of child labour and/or gender based violence. Often, this includes support from expert partner organizations and requires human and financial resources. Should YICBMR be more visible in the Standard as best practice approach in addressing not only child and forced labour, but also to include modern slavery and human trafficking?

### **Written feedback:**

The majority of stakeholders were against including the YICBMR in the standard to tackle issues of modern slavery. The following input was given: that the name should be changed because YICBMR is too complicated ; that other approaches other than YICBMR should also be an option ; that the implementation of YICBMR does not necessarily reduce the risk of child labour, and might be a burden for the smaller certified SPOs; that it is that it is expensive and the financial resources are always not available where remediation is needed; that there is no need of additional policies because it will be a burden on SPOs; that the methodology needs to be first understood and evaluated before including it in the standard; that some country legislations already addresses this; that we should avoid complicating the standard; and that we should have a friendlier name and if possible without acronyms.

A stakeholder suggested changing the name to Child Labour Monitoring and Remediation System which could work better for SPOs. Another stakeholder said that the Fiji government has signed the ILO convention and has its own monitoring policies and procedures in place.

Stakeholders who were in favour suggested the following: that it should be included in the training program for the SPOs; that Fairtrade should welcome the input of local community groups who work in these areas; that the UNICEF project in Assam has proven how effective this method is; that it should be visible in the standard and the consumer should also be made aware that this is happening; that it can be defined as a best practice rank 5 in the Compliance Criteria and that it will be useful to make a monitoring system obligatory, to be linked up with standards regarding child labour.

### **Feedback from workshops:**

Participants from Malawi said despite being a good initiative, it should not be included in the standard because it will mean a lot of responsibility and will be expensive. They instead suggested having a child/forced labour committee. They have fears that the visibility being talked about would mean YICBMR being a core requirement. Participants from Swaziland on the other hand welcomed the idea. They said YICBMR would help them implement the standard requirement.

Participants from Latin America and the Caribbean had divided opinions on this. Those in favour said that it should be included as a voluntary practice but not as a core criteria. They said that it should be adapted to the national and political legislation of each country. Those who were not in favour said that it is because of the methodology, which was not well understood by the participants. They said this is something that the PNs and SPOs can establish together if it has to work well.

Participants from Europe wanted to know whether the methodology has already been evaluated. They wanted to understand how a youth-inclusive approach could tackle such high risk and potentially dangerous issues as modern slavery/human trafficking. They also said that the practices are context dependent on culture and socio-economic status and there might not be a best practice. They added that the standard should be careful not to overload SPOs with responsibilities that go beyond their influence.



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### **Consultation question 3:**

Should YICBMR on child and /or forced labour be included as part of the ideas for the Fairtrade Development plan?

#### **Written feedback:**

Stakeholders who were in favour suggested the following: that if this has been identified as a risk, then it should be included; that the subject has to be tackled at grass roots level and the Fairtrade development plan (FDP) is an ideal mechanism; that there is a need to have external financial support e.g. from an importer and be rewarded with voluntary best practice; that it would be possible provided the budget is available; that allocating some money from the Premium to tackle the issue would be an option; that it should be included, with the aim of improving the social, economic and family conditions of the youth of the different SPOs according to the conditions of each country where it is applied (successful outcomes have been seen in Belize and Madagascar)

Stakeholders who were not in favour suggested the following : using a more simpler method which could then be included in the FDP; that regulations of each country with regard to child labour must be accepted and that SPOs should be allowed to prioritize their own needs and decide what should be included in the FDP.

#### **Feedback from workshops:**

Participants from Malawi said that it can be included as part of an idea but it should not be made compulsory unless there is added external funding. Those from Ethiopia and Swaziland also agreed but also said that it would be expensive and that some extra resources will be needed for the monitoring process.

There were divided opinions among participants from Latin America and the Caribbean. The majority however pointed out that it should not be included in the development plan. They said that SPOs should be given the opportunity to choose which methodology to use. They also said that the standard needs to take into account what is already required from the national legislation of each country.

### **Consultation question 4:**

Should the Trader Standard include as a Voluntary Best Practice for traders to source from producers who have implemented YICBMR as it does refer to traders who sourcing from vulnerable groups?

#### **Written feedback:**

Stakeholders who were in favour suggested the following : that the UK anti-slavery and human trafficking legislation will make this sort of requirement essential in the next few years so the concept should be developed as soon as possible; that the traders should be asked to input into the SPO to help them develop a YICBMR to achieve this voluntary best practice, therefore not put SPOs at risk of losing a supply chain for not having the YICBMR; and that it does not put additional burdens to SPOs.

Stakeholders who were not in favour suggested the following: that it would be useful to first evaluate the experience with the current voluntary best practices before introducing new options; that this will depend on the trader; that YICBMR implementation at the producer level is very low and the awareness is also low; that traders should rather support the implementation of such approaches than demand them and by doing this pushing responsibilities (and costs) to the producers; that this would mean extra work for producers and complicate things even more; and that each organisation adapts the Premium according to its impact needs.





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### **Feedback from workshops:**

Participants from Indonesia said buyers should ensure the traders comply with this practice, and ensure their traders only purchase the product from SPOs which are free from slavery practices.

Participants from Malawi said that there should be no VBP in the trader standards as this might create unnecessary preference of sourcing by traders which would discriminate against some producers who cannot afford to implement YICBMR. Participants from Swaziland were also not in favour of this because it will be a challenge for producers, who are trying to make baby steps towards this methodology.

A majority of participants from Latin America and the Caribbean said yes to this question. They were in agreement with the idea of involving traders.

Participants from Europe said that this would create competition between POs with and without YICBMR. This would indirectly push POs to implement YICBMR which can be seen as a positive thing. This would however lever out the bottom up approach and therefore set undesired intentions to implement YICBMR.

### **Consultation question 5:**

Should there be an additional premium for producing commodities with operating YICBMR systems?
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#### **Written feedback:**

Stakeholders who were in favour suggested the following: that this would support successful implementation; that it would be great in case the trader is willing to pay more but should be a voluntary practice; that this would be an option to support the YICBMR methodology; that this would certainly be a great source of encouragement for the others to follow but should be checked so that it does not turn out to be superficial because there is an incentive.

A stakeholder wanted to know where the extra Premium would come from.

Stakeholders who were not in favour suggested the following: that producers with this system will expect to get preferential supplier status from buyers as a reward for implementing the system; that this might be unfair since in some countries this would be very easy to implement, whereas in others it could be rather difficult; that this will make their products more expensive and less competitive; that traders will prefer buying from cheaper suppliers with one Premium only; and that this might not be accepted by the supply chain actors as this will involve additional cost.

#### **Feedback from workshops:**

Participants from Malawi said that the extra Premium would cater for the costs of the YICBMR.

Participants from Latin America and the Caribbean who supported this idea pointed out the importance of involving traders. Participant who were against the idea, felt that it would create unfair competition.

Stakeholders from Europe wanted to know how we can ensure that the PO is committed to YICBMR because of the issue itself and not because of the additional Premium. They added that this might lead to fraud because it is difficult to audit.



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## Topic 6: Development potential

### Consultation statement:

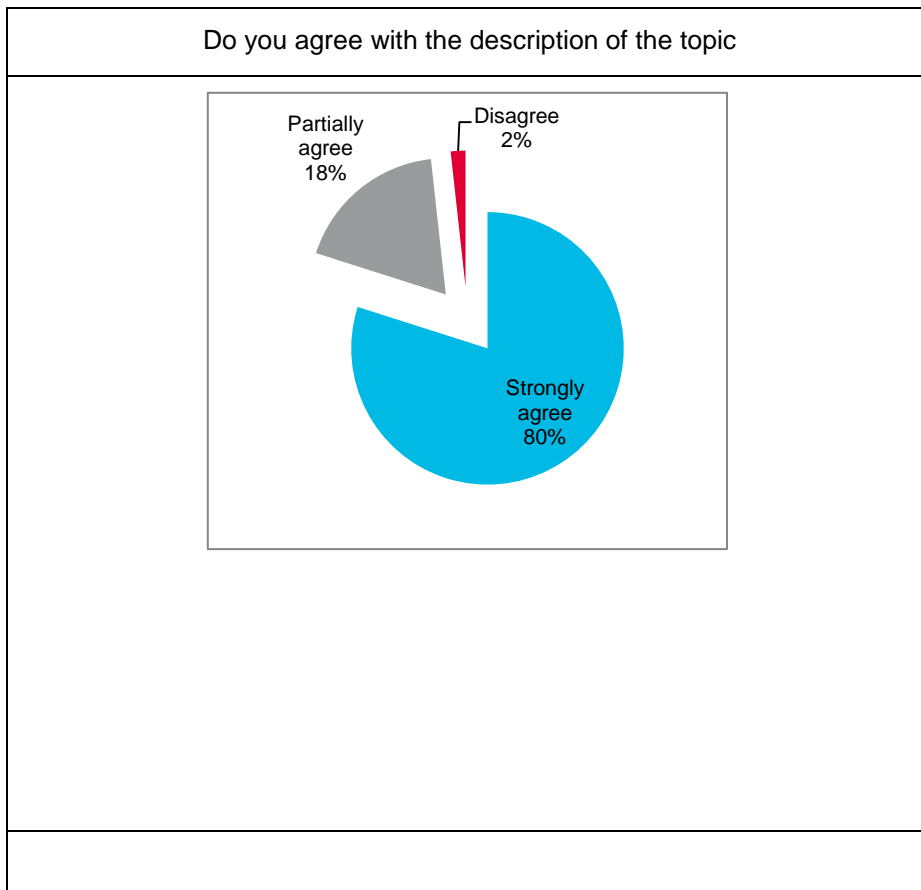
Current Core requirements for Year 0 allow new certification of SPOs at their very early stage of development. These requirements are a balancing act between market access to disadvantaged producers and ensuring that those organizations who join the system have the potential to benefit from Fairtrade. Without being merely protective of already certified producers and exclusive to high-performing organizations, it is important to reconsider what makes sense in an open system with - as yet - limited market capacity to absorb certified volumes and increasing risk of unfair competition among certified producers.

SPOs at their early stage of development, also require a lot of support from Fairtrade. In terms of marketing, capacity building and/or subsidies to pay for certification fees, while the system has limited resources needed to deliver this support. This may cause also false expectations and frustrations among certified producers who invest to comply with Fairtrade Standards, but do not benefit as expected.

Management capacity, market perspectives, independence on traders/NGOs, loyalty of farmers to their organization and ownership of the Fairtrade certification, scale, integrity and leadership have been highlighted as examples of baseline conditions for organizations to benefit from Fairtrade and generate impact.

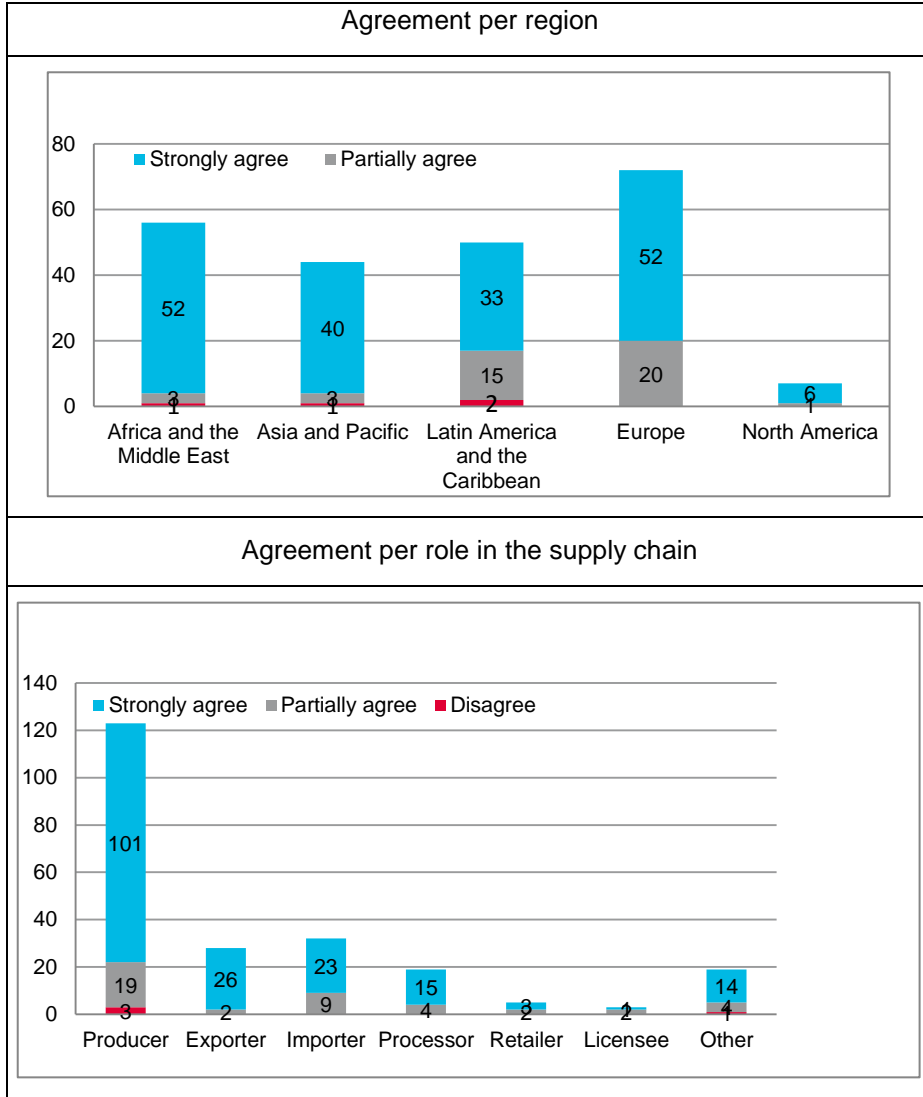
### Written feedback:

80% of the respondents (229) strongly agreed with the topic description while 18% partially agreed and 2% disagreed. Among the producer regions agreement was highest in Africa.





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Overall respondents agreed that it is expensive to enter the system and later is very disappointing to not have the market for the products. Many respondents said that at year 0 the collaboration of SPOs with Fairtrade should be fundamental, i.e. the requirements should set the condition for the organization to have market, availability of guaranteed resources at the SPO to apply for certification and the organization must have a client or at least the written intention of purchase for their products. Hence the importance of bringing back the requirement on 'letter of intent', as highlighted by many stakeholders as well.

One respondent said that one of the requirements should be that there is market for the product. Another suggestion was to bring back the Producer Support Fund, since new supply chains sometimes need time to have their markets established.

Those who disagreed with the topic, expressed their concerns whether the suggested changes in the topic will not cause even worse case of discrimination against small producer organizations and might make possible only for big companies or cooperatives to enter the certification.

Finally it was suggested to stick to the main principles of Fairtrade and not fall too much into certification business ideas.



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### **Feedback from workshops:**

Stakeholders in Europe mostly agreed with the topic pointing out that the focus should be on the potential of the organization and their members to benefit from Fairtrade and willingness to build capacities. Hence the ownership of the process towards Fairtrade certification can help to filter-out trade led organizations and clarify the expectations from the very beginning.

On the letter of intent it was highlighted that it is important to understand the reasons why it was dropped, before re-introducing it. The letter may be useful but it would not guarantee the availability of market. So instead of a letter of intent it was suggested to rather require proof of experience in trading (not necessarily in international markets) and that the organization has been in existence and their accounts audited at least for two years before they join Fairtrade.

The suggestion from this stakeholder group was to consider a “statement of self-empowerment”, where new producer organizations state explicitly that they are ultimately responsible for their development path. As such the main point would not so much be about the existing level of professionalization, but rather about the intention to achieve improvements over time, and see Fairtrade as one means to do it.

Stakeholders in Africa stated that there are no adequate business advisors to serve all in the system and the excessive time spent on new comers will jeopardize critical support for those SPOs already supplying products. There must therefore be a way to make sure overreliance on Fairtrade officers is reduced.

Stakeholders from Asia pointed out that it is rather important to understand how an organization has practiced as a farmer organization, prior to its certification, with a special attention to the manner in which the work was carried out, rather than to considering the size of the organization.

Stakeholders from Latin America expressed diverse opinions on the topic. One of the suggestions for the requirement was that the certification fees for new SPOs should be according to their capacity on the market. Other suggestions were similar to the inputs of stakeholders mentioned earlier.

### **Consultation question 1:**

Do we need to add Year 0 requirements to ensure that only organisations that have a development potential and have prospects to sell under Fairtrade terms get certified?
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#### **Written feedback:**

The majority of the respondents responded positively and many agreed that only organizations that have a market or market offer should be allowed to enter the system. However it was suggested to make implementation of Fairtrade model available for the organizations before applying for certification.

Those who did not agree with the suggestions stated it could be discriminatory and may prevent many potential SPOs from benefitting from the Fairtrade and those organizations would then stop using Fairtrade as a model of development. This might also lead to over-protection of the current Fairtrade certified producers' market. It is also not clear who should decide whether an organization has development potential and how it is decided, and this could potentially lead to selective discrimination.

Regarding the prospects for selling under Fairtrade terms, it was suggested that organizations without sales perspectives should not be excluded, but that instead generally awareness-raising is needed on the fact that successful certification does not equal access to Fairtrade markets automatically; that



way expectations could be managed. Also some SPOs need time to have their market established, so it was suggested to bring back the Producer Support Fund and also more support should be given by the Fairtrade system to work with producer organisations prior to certification to ensure they are prepared for the cost and requirements of certification.

The following is the compiled list of suggestions on elements to be considered or included in the requirements:

- Require an independent cost-benefit analysis
- A background check on management capacity
- Re-introduce a requirement for SPOs to have "letter of intent" from a potential buyer, a contract with a client or a minimum purchase intention of the products to be certified; ensuring that production growth matches market potential.
- Organizations to present improvement plans, tied to the criteria regardless of whether they are going to be evaluated or not. This will enable the organizations to be forced to perform and by year 3 they potentially reach successful cooperation with other organizations.
- Require a portfolio of potential customers accompanied by market research for the product to be certified
- To check the development potential of organization based on a minimum % (e.g. 10%) of crop that is sold as Fairtrade

There were also elements suggested that are more relevant to address at the assurance level:

- Ensure there is clarity that the SPO was not set up by a trader with a particular agenda and/or avoid that decertified SPOs with major unacceptable practices get certified under a new structure and name.
- The process of application for certification should only be stopped if the SPO is not able to meet the control points repeatedly.

An exporter from Latin America region also highlighted that the perspective of selling does not depend on the producers but on the fact that there are less and less market demands for Fairtrade products. Thus it was highlighted that there is a need to ensure support from Fairtrade to SPOs to find markets and do the development potential assessment. Also, producers should be strengthened through more support to managers because their support and advice is vital for a successful certification.

#### **Feedback from workshops:**

The stakeholders from Asia region answered positively and highlighted that instead of the size of an organization, it is more important to understand the manner in which the work is being carried out

There were mixed inputs from stakeholders in Africa. Some stated that the development potential could be based on the plan to sell and to grow with a strategic plan and a clear marketing stream in place. However those who responded negatively expressed it would not be fair to set stricter entry requirements for new organizations in comparison to those that already in the system.

Stakeholders from Europe also agreed on the statement and highlighted that the core question here would be about the definition of development potential and suggested that clarity on the role of Fairtrade in a self-chosen development path could be an element to consider. It's also important to define who is going to assess the development potential and how; and to add more requirements on development potential and prospects of sales will allow entering organizations to be stronger with better market opportunities.



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During workshops in Latin America stakeholders were positive about adding extra requirements, which would identify the potential of the new organization. It is important that the organization is sure that it will be able to meet the requirements and can demonstrate it.

In order to show their development potential the following points were suggested for inclusion in the requirements:

- Legal and operational existence for more than 1 - 3 years of the organization
- Buyer purchase letter
- Endorsement letter
- Index of institutional capacity and operational management
- Obligation to receive pre-audit from their producer network
- Require to show a history of actions within the SPO that are in line with the principles and values of Fairtrade

### **Consultation question 2:**

If so, which could be objective and verifiable criteria that could clearly identify such organisations? Would for example the number of years that an SPO has been in existence a criterion? Should the Standard include requirements on minimum organizational or/and managerial capacity?

The majority of respondents, who agreed, suggested the following points need to be covered by requirements:

- Number of years and the progress made over the years, i.e. minimum 3-5 years, unless SPO demonstrated exceptional capacity to develop from the onset.
- Minimum requirement of managerial capacity, and the group should have existed for at least 2 years.
- The board and hired manager should demonstrate their understanding of their roles and have a roadmap of where they are taking the company.
- Sales volume within a given time period.
- An internal instrument to measure the minimum capacity of associative management that its members have.
- Investigate at least if its members know the functioning of the Fairtrade system and the reasons to enter the system, history of the organization, and who owned their land before.

Regarding the elements to enable stricter monitoring and self-assessment by cooperatives, the proposed list of points was:

- Economic viability (positive balance of costs/benefits)
- Scale: production and number of farmers (at least 2 containers)
- Experience with collective trading (for local or international market): at least 2 years
- Quality of the product (tradeable in Fairtrade market)
- No Fairtrade certification in last 2 years

Those who disagreed with the questions did not agree that minimum number of years should be considered as this is not seen as necessarily effective, because many SPOs form just to join Fairtrade and other long established organisations are weak, hence, time in existence is not a useful indicator. Also the implementation of an IMS may already be an additional hurdle for SPOs (refer to Chapter 1.2. Management of Production Practices).

Suggestions from this group of respondents included requirements on the following:



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- Assessment of SPOs prior to certification, including managerial capacity (either self-assessment or verified by a Producer Network, NFO or FLOCERT).
- Producer organisation needs to be a member of a PN before certification; commitment from an NFO.
- Number of years since company exists ( min 1-2 years) / A minimum time since last de-certification; here implementation of any governmental program could support the criteria.
- A certain level of organizational development /transparency.
- Proof of a buyer interested in sourcing from the SPO.
- Market access and thus sales (volume)
- Premium income should be the best catalyst for ensuring development.
- Democratic indicators - producer/ farmer loyalty (% crop to delivered to PO).
- Reputation in the market (number of partners, spending capacity etc.)
- As an indication of risk to give certification could be reliance on one/a small group of individuals .

### **Feedback from workshops:**

The stakeholder group from Africa suggested to check a physical location of the farm and the existence of the co-op and their ethical record. Among these, the demonstration by the new entrants of capability to find its own market connections and supply to its own customers. This potential should be one of the verifiable documents that should be audited by FLOCERT (e.g. buyers' intention contract). The SCOPE insight assessment ([www.scopeinsight.com](http://www.scopeinsight.com)) tool and its report were mentioned to identify organizational capacity.

The stakeholder group from Europe mentioned that it would be very helpful to systematically evaluate past experiences. Thus they suggested to require a good faith clause from the organization that is applying for certification and any organisation should be able to object. Then, a notice period with time for objections from peers, human rights organizations, trade unions etc. would be helpful. Objections of course could not lead automatically to non-certification, but would need to be assessed then. The list of negative indicators items could be developed learning from year to year.

Inputs from stakeholder group discussions in Latin America and the Caribbean covered the elements that were already mentioned above and in addition, the importance to consider local conditions for a certain requirements was highlighted.

### **Consultation question 3:**

How can the market perspectives of an SPO be assessed? Would a sample of the product tested by an expert (eg. In coffee) or a letter of intent from the buyer or commitment from a NFO to facilitate market be good indicators of market potential?

### **Written feedback:**

The respondents provided several suggestions on how market perspectives could be assessed, such as through a letter of intent from a buyer / national exporter or a contract with processor, a commitment from an NFO to facilitate access to the market or evaluation of the management capacity of the SPO, or a sample of the product tested by an expert. Market perspectives should be assessed locally, on a case by case basis.

Regarding the test of the product sample, there were some disagreements and it was pointed out that samples do not show the reality and neither do they predict the future. Also it would be difficult to do it,



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due to specifications and differences defining the quality of product. Thus, to assess market perspectives the following elements were suggested:

- sourcing plan(s) for the initial period from the buyer(s) that could be extended for 2 years more
- product volume produced and sold per unit time e.g. 1 year
- analysis of competence, product quality, consistency in production and compliance security

Overall, the intention to purchase was one of the most common suggestions. In this regard, a producer from Latin America expressed that compliance can be economically expensive and producers may fail to bring the product to the Fairtrade market. Therefore, the product quality controls must be demonstrated for at least two or three years to establish a sustainable marketing, which will then result in the intention to purchase a certified product.

Another producer from this region stated that evaluation criteria of the producer should be very specific.

#### **Feedback from workshops:**

Stakeholders from Africa were in full agreement that SPOs should demonstrate how they intend to supply the market hence it is important to introduce the letter of intent from buyers as well as a commitment from NFOs to support in market facilitation.

Stakeholders from Europe provided mixed suggestions. It was highlighted that at the start, it is important to conduct a value chain analysis then the key players or the selected value chain can be approached.

Other group of respondents pointed out that history of trading should be the indicator and the expert should be a certified quality expert.

Other suggested potential indicators to consider were:

- Understanding of cash-flow (projections), cost-benefit analysis etc. (business viability)
- Type of internal management system (IMS) that is already in place
- Values and aspirations of SPO should fit to Fairtrade's portfolio: (e.g. focus on empowerment & inclusion, democratic structure) matching with Fairtrade values and aspirations.
- SPO to have a product quality control system
- Supply chain activities carried out by the SPO (e.g. processing done by SPO or buyers / traders)

Stakeholders from Latin America and the Caribbean suggested that this could be done through general requirements and product specific requirements. Sampling or tasting of the product could be arranged then during the participation on fairs where experts would do the product evaluation. The other inputs were similar to suggestions above.

#### **Consultation question 4:**

How can the ownership of the organization with the Fairtrade certification be enhanced? Could it be through SPOs engaging with members prior to certification to explain what it entails and requiring general assembly approval?

The majority of respondents agreed and stated that it is very important to enhance the ownership through SPO's engagement with members before they get certified so that members familiarize themselves with expected efforts, advantages, and responsibilities and especially, it was pointed as a





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good practice to have the General Assembly (GA) approval and to be aware of what needs to be done. Also the SPO management have to facilitate the socialization process and training to comply with requirements which has to be also approved by the GA. One other suggestion that came from a producer is that it is also important that there are minutes taken to prove the agreement about Fairtrade certification.

A European stakeholder agreed with suggestion and highlighted that General Assembly discussions and approvals need to be mandatory and to a certain extent already for 2nd/3rd grades.

Those who disagreed stated that the General Assembly takes place only once per year and such a requirement may cause a delay in the application process. A producer mentioned that although it may be important that members are made aware from the onset, it should not require the approval of the general assembly. Instead, committee members can give their approval in any of their routine meetings. It was suggested to better focus on awareness raising activities and require existence of the market as the pre-condition for certification.

In this regard other producers highlighted the importance of proper induction program (e.g. trainings, workshops, documentation, fairs) to the SPO from producer networks or Fairtrade, which will help members to understand the steps to follow for the execution of the norms and maintenance of organizations. Through visits of producer networks to the SPO there will be a better understanding the reality of SPO and its members and their real scenario, and make an evaluation whether the organization is ready for certification.

One other suggestion from a producer is that there can be also accreditation companies that are qualified to provide advice to entities that express interest in getting certified.

Some other elements to consider were:

- Make existing benchmarks for governance adequate
- Fairtrade to engage with them (SPO) directly, in a GA; the assistance of Fairtrade agents in the daily SPO meetings, even at general meetings
- Learn from the role of the promoting body in CP, replicating their experiences and also include field visits and dialogue between successful SPOs and the new ones
- Communication between producer and buyer before any audit could help but it has to be assured that both parties perceive the meeting's purpose in commercial manner
- Adding a requirement similar to the one in Cocoa Standard on the producer Organization's responsibilities and farmers who should understand their own responsibilities as part of the small producer organization (requirements 3.1.4, 3.1.5)

### **Feedback from workshops:**

The group of stakeholders from Africa region expressed that an option should be that the Board or the GA approve the decision to seek Fairtrade Certification. Given the large number of members in a co-op, their diversity and dispersion, it is not realistic to expect that all members are aware of what Fairtrade Certification entails. In the meantime, SPO members can become owners of the Fairtrade certification by participating actively in decision-making to approve new business ideas for development. That is to say, SPOs need to engage members by conducting awareness on the benefits of joining Fairtrade and the entailing roles & responsibilities of members before approval of application for Fairtrade certification. Fairtrade awareness should be done for the entire SPO membership rather than this being just a preserve for Fairtrade Premium committees and SPO board. This way all SPO members will begin to understand and know that they own the system. Another option was to request Fairtrade ambassadors from within the SPOs organizations to act as champions and explaining about changes in the standards and specific requirements.



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Groups of stakeholders from Europe confirmed that this would be good to have it as a requirement, in fact this should be a clear and strong requirement in the standard so that only organizations that have the buy-in of their membership in a meaningful way should be able to get certified.

Stakeholders from Latin America region fully agreed that the decision to enter Fairtrade must be discussed and approved at the GA and they also highlighted the importance of trainings of the members of organizations which should include exchange of experiences with other Fairtrade organizations. Also there is a need to consider an indication that the organization is independent in its operations and decisions.

### **Consultation question 5:**

Is there a minimum (or maximum) size for an organization to be viable? And if so, should we set a precondition on size?

#### **Written feedback:**

More than half of respondents were against the idea of setting a precondition on size to define an organization as viable. The reason that was provided is that SPO members should be allowed to decide themselves about the viability of the organization. A number of producers from different regions pointed out that the more important element is the administrative organization and the management capacity of the SPO while the size for an organization does not define if they will achieve their objectives. An importer expressed that volume of production is more important, so the size must be related to the production volume and market demand/market access.

Other reasons against the idea were as follows:

- SPOs need the chance to grow and integrate members
- SPOs depend on the crop they manage for their size
- The ability of SPOs to pay certification cost is important
- It would limit those SPOs that have few members or many members, and size should be governed by the legislation of each country.
- There are small organizations that function very well
- No minimum or maximum size should be imposed, but rather a specified percentage of small producers.

To conclude, it would be difficult to fix the minimum/maximum thresholds as this depends on the product, production volumes, organizational set-up, and ability to pay for certification independently from external support.

The few who agreed that there should be a minimum as well as a maximum size for an organization explained that a limitation on the maximum size of the organization is needed to prevent the certification of large organizations that lead to unfair marketing with SPOs. The minimum size should reflect the ability to supply the market, e.g. weekly export volume to consider for SPO to be profitable.

Suggestions from the producer regions could be groups as follows:

- Latin America region: suggestions divided into three categories - minimum 20 of small producers; at least 50 producers; or a group of maximum 100.
- Asia and Pacific region: maximum of 500 and a minimum of 250 to make the SPO viable.
- Africa region: suggestions divided into five categories - at least 25/30/100/300/500 in a single SPO .



The suggested elements to consider in the requirement are:

- Scoring system: as it is hard to set min or max size for an organisation to be viable, the suggestion is to have a scoring system with a set of criteria. So, if the producer organisations reach a certain score (to be defined), it has a development potential and can get certified.
- Access to market, availability of production volumes for the market and product quality
- Management capacity and a balanced relationship between producers and SPO employees and share of responsibilities
- Refer to national legislation (regarding the size)
- Reputation of the organization
- Premium: evaluate the aggregated value of the Premium that SPO can make that encourages further progress

#### **Feedback from workshops:**

Stakeholders from Africa were divided in their opinions; some agreed to have some limitations whereas others did not. Firstly, because it is different in every context and this aspect is often regulated by the law, no additional requirements should be added. However there should be strong traceability checks to guarantee that no produce from non-members is sold as Fairtrade, so production volume can be considered. One other suggestion of size was to have a minimum of 100 individual small producers.

Stakeholders from Europe agreed on setting the limitations and keeping the size as a precondition. The size should refer to the size of business, enabling producers to cover their running costs and make a profit (margin) and these sizes should be defined by the Standards unit.

However other suggestion was to include size per product, but to keep it in the guidance as best practice and not as mandatory.

Stakeholders from Latin America and the Caribbean mostly agreed that there must be a minimum number of members linked to the production volume. One suggestion against setting the limits is that for the cases when an organization is legally established and meets all the requirements, the size of the organization should not be taken into account.

#### **Consultation question 6:**

How can we filter out undesired SPOs or managers that damage the reputation of Fairtrade? Would for instance a background check be useful? For example, a peer review process/notice period, during which certified organizations, human rights organizations or trade unions may object to the certification of a certain applicant or give a negative recommendation with objective arguments, during the application stage?

#### **Written feedback:**

Respondents' opinions on this question were divided.

Stakeholder group who agreed that the background check of managers or the SPOs would be useful, suggested setting a benchmark which the SPOs or managers should achieve. . The check could be done through a self-assessment and peer review, talking to other SPOs and also the local PN staff should have some references. Also, in order to avoid nepotism, curriculum vitae of managers and their connections with private enterprises should be checked.



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Those who disagreed were mainly questioning the practicality and feasibility of this approach. The approach overall could lead to a lot of finger pointing with the purpose of eliminating competition. An Importer from North America pointed out that a background check would not be useful in judging poor leadership. The importer said that peer review processes could work but wondered how Fairtrade would ensure this is an objective process. For new comers it would be very discouraging that they will need to wait for year to get the recommendations.

It was suggested that all managers should go through a proper hiring process since they are staff. Getting trade unions or human rights/NGOs involved would turn things very political and subjective, which may result in a bigger reputational risk for Fairtrade.

The auditing process needs to be improved and the auditors need to understand and conduct financial audits be able to identify deficiencies in democratic processes. This should not be about policing farmers but about auditing to help all farmers in SPO participate meaningfully in decision making, while Fairtrade Premium investments need to be seen and understood as value for money.

Many stated that it is not needed as FLOCERT is doing the background checks as part of the audit activities, but it was recommended that FLOCERT publishes a black list or high risk SPO list based on the audit results.

#### **Feedback from workshops:**

Stakeholders from Africa stated that before any SPO joins the system, and it is within close proximity of another Fairtrade certified organization, the Fairtrade certified organizations should be informed about the new applicant so that they can give their recommendation.

Stakeholders from various regions were in favour of publicly displaying new applicants and giving time for a feedback in a vetting process from peers, human rights organizations, the PNs, FLOCERT and other stakeholders. Objections would then need to be assessed. With systematic evaluation of past experiences, a list of negative indicators/no-go items could be developed.

As suggested by stakeholders from Latin America this could also be done by uploading information to a Fairtrade platform or looking at the pre-audits. In the regions people are known and through these structures you can filter and verify the seriousness of the organizations. Another suggestion as a basic procedure would be to verify compliance with national regulations.

#### **Consultation question 7:**

At an assurance level – would rather be the approach to strengthen auditing practices to check existing requirements?
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#### **Written feedback:**

The majority of respondents agreed and fully supported this suggestion, highlighting that strengthening of audit practices is a vital part of a credibility assessment and has greater impact. However in addition to that, it was suggested to ensure simplification of requirements and ensure that financial audits can also be conducted. Also, in case auditing practices are strengthened for SPOs, this same should be done for buyers.

One comment from an importer from the Latin America and Caribbean region pointed out that current FLOCERT auditing practices don't work for checking large operators.

Those who were not in favour of this, stated that the auditing practices are already strong enough.



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Instead, a suggestion was made to set the rule that every 5 or 6 months information is requested from the SPOs to verify how they are working, specifically on solving the non-conformities to avoid waiting for the annual audit.

Other respondents made comments suggesting more options and elements that could contribute to strengthening of practices:

- Increasing the sampled members
- Rather increase awareness raising; first train and then audit
- More visibility of the audits for a higher level of assurance
- Require that the SPOs have audited financial statements by independent personnel, following the national laws and having the balance sheets read by experts and independent staff

In addition to the above suggestions, it was highlighted that the disclosure of a new application should be open to all operators of the Fairtrade chain, be it auditor or another SPO. The auditor should have access to the letters of recommendation to verify the minimum certification requirements.

Some said that rather than strengthening auditing practices, back ground checks would be more useful.

It would also be more beneficial if good records of the audit could lead to more sales opportunities.

#### **Feedback from workshops:**

Stakeholders from Africa fully agreed on strengthening the audit and some suggested that pre-audits are also strengthened to check for compliance.

Stakeholders from Europe also fully agreed with suggestion and made comments on keeping slow speed for the audit to ensure better quality. Other additional comments were to simplify the language of standard requirements, adopt them more to the local context, and improve data quality of non-compliances to allow for systematic analysis.

Most of stakeholders from Latin America region agreed with the suggestions and highlighted that audits should be more thorough prior to entering the SPO and monitoring and support would play an important role in ensuring continuous improvement.

#### **Consultation question 8:**

Instead of (or in addition to ) adding new standard requirements, would it be helpful to reinforce the advice and guidance to producer groups in the pre-certification phase (through self- assessments or Producer Networks / GPM guidance for example), so that new applicants can determine whether applying for Fairtrade certification would be beneficial for them?

The majority agreed with strengthening of guidance to producer groups in the pre-certification phase and most of respondents highlighted that providing more support would be very helpful rather than adding more requirements. Many supported the suggestion of a self-assessment. And in addition to a self-assessment, it was highlighted that trainings explaining more details about requirement/compliance criteria still play a big role and are seen as important. It is very important to reinforce the knowledge about the certification and the implications that this entails.

A respondent from one of the producer networks highlighted that they are already following such a practice through producer service provision, i.e. they work with a producer group for 1-4 years before they conclude whether they are ready for Fairtrade certification and can manage it by themselves. Another example was that after an adequate induction on certification processes and their



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implications, some producer organizations in Latin America found it unnecessary to obtain the Fairtrade certificate.

However there was also a smaller group of respondents that did not agree with this suggestion, stating that the resources at producer networks are limited and hence this would not be feasible. Instead, it was suggested to set an online self-assessment questionnaire or guidance for POs, partners or NGOs

Other stakeholder groups expressed that the SPO should have the tools to do the cost effectiveness evaluation of applying for Fairtrade. This would be fundamental for the decision, since cost is very often a constraint. In case it is a self-assessment, then it should be submitted together with the application and reviewed at the first inspection.

#### **Feedback from workshops:**

Stakeholders from Africa stated that reinforcing the advice and guidance is a good approach. However, the producer network in Africa is no longer providing support for new entrants in the system; hence this pre-certification service should be reinforced by whoever offers the service to applicant.

The other point was made that only reinforcement of guidance would be too weak, and therefore a self-assessment tool would be a better way.

Stakeholders from Europe also highlighted the limitation of resources at the producer network side and at the same time, according to their experience, self-reporting still showed a significant lack of capacities and this has to be considered.

#### **Additional comments:**

##### **Written feedback:**

Among many respondents it was highlighted that the openness of the system also results in situations of cooperatives which continuously enter and leave the system again whenever they like and for whatever reason, without any restrictions and often without a lot of commitment. This leaves the system with a lot of work and an image of an unstable list of producer partners. We need to understand where exactly the problem is coming from – the entry level or there is a lack of progress/development of the SPOs.

A respondent (licensee) from Europe stated that Fairtrade needs a rigorous approach in financial auditing of Small Producer Organisations to benefit farmers.

Compliance with Fairtrade Standard leads SPOs to huge costs, thus there is an expectation that Fairtrade certified SPOs can have Fairtrade markets in their first year. In this regard a producer from Africa gave an example of Fairtrade SPOs operating in cocoa which have at least a quota of two hundred (200) tons of Fairtrade cocoa to be delivered to an exporter; such a provision can enable them to cope with certification and remain in the Fairtrade system.

#### **Feedback from workshops:**

A group of African stakeholders highlighted the importance of defining clear and transparent roles when it comes to the support from the Fairtrade system. For example, the decision of buyers to shift from buying from preferred producers should be voluntary, not imposed by anyone. As sharing of customers is creating frustrations within SPOs who are already in the system and who are not selling all their eligible Fairtrade products.



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Respondents also expressed that is important that the organization tells its own story of development and transparently uses its Premium. They also shared that the impact is not only given by the Premium but also by the access to credit or extension services that producers have access to because they are Fairtrade certified.

### Topic 7: Role of traders

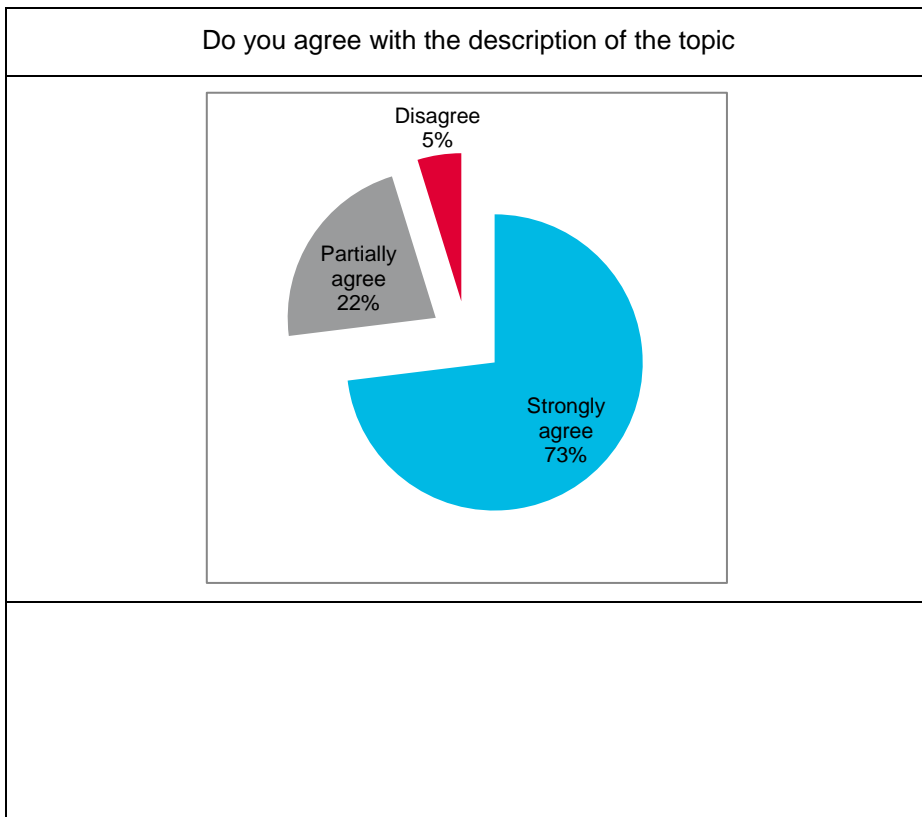
#### Consultation statement:

There is no requirement on the role of traders in the SPO Standard. Although the Trader standard already recognized that traders play an important role in SPO capacity building, the SPO Standard does not provide a clear framework on how SPOs must engage with traders in fairer trade relationships.

There are SPOs that are created by traders. In some cases traders invest resources to get farmers organized, apply for Fairtrade certification and provide market access to the SPOs. On one hand it may help SPOs to start Fairtrade business but on the other, it can also cause SPOs to rely on traders support and it may pose challenges to the organization to grow as a self-reliance organization. Elected SPO leaders may be bound to follow the trader’s interest as they may fear losing market access and if the situation persists, preventing the empowerment of producers in the long run.

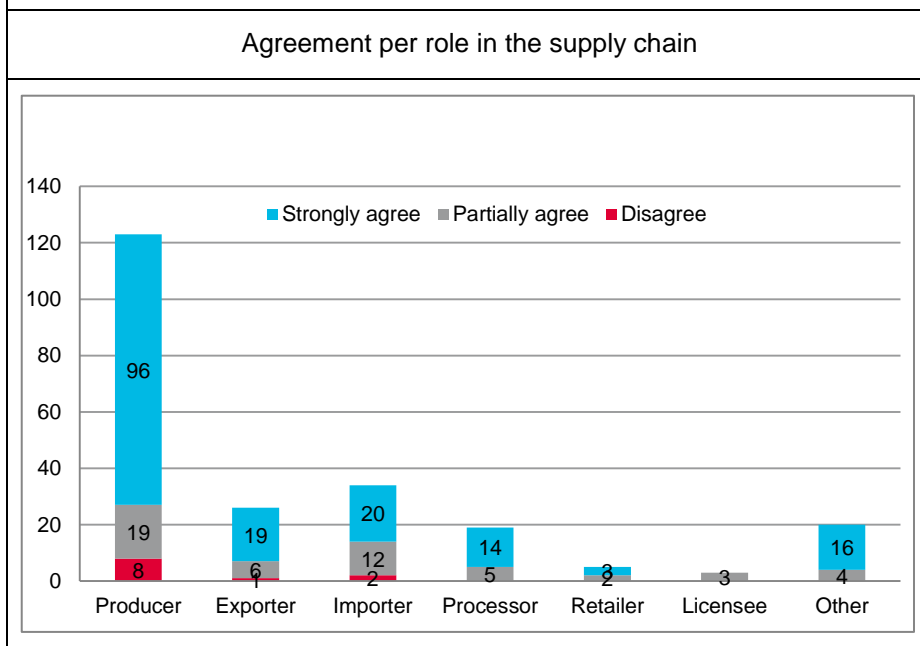
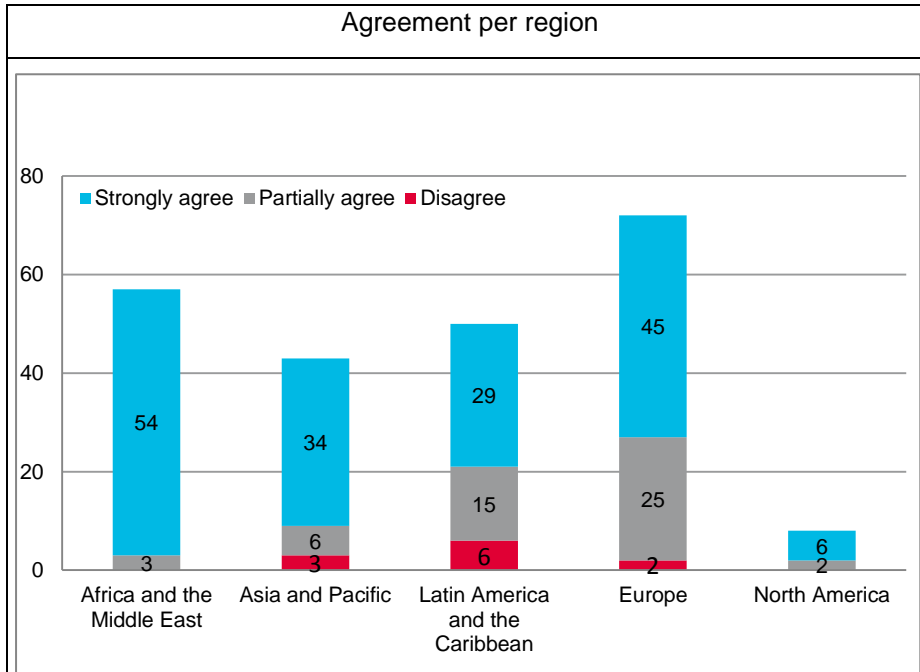
#### Written feedback:

The majority of respondents (73%) strongly agreed and 22% partially agreed with the statement of the topic, on the basis that enhancing the empowerment of SPOs will help to take the ownership away from traders.





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An example provided by a stakeholder in Europe was about the challenges of bounded contracts with traders, which involve SPOs being obligated to sell their product under certain conditions, such as when the trader buys a certain amount under Fairtrade terms but the rest is then bought under regular terms. Another stakeholder from Europe stated that this issue is very much interlinked with the issue of SPO governance; SPOs should have an opportunity to have a fair commercial relationship with a clear and traceable production approach. Hence the roles and responsibilities in such relationships must not only be clear to representatives of the SPOs, but also agreed with and understood by SPO members.

One suggestion was to keep this section only in the trader standard, but to have reference in the SPO Standard so that producers are aware of traders' responsibilities.





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To conclude, it is important that producer organizations are aware of how the market works, (which is often lacking), especially when it comes to international trade, and it is important to limit the participation of traders through requirements that ensure producers benefit.

### **Feedback from workshops:**

Stakeholders from Asia agreed with the statement, and followed up with discussions on whether the SPOs are totally dependent on traders and whether traders have a strangle hold on the governance and survival of SPOs. It was highlighted that nevertheless, many SPOs need the help of traders for sales due to lack of experience on the market and traders should still be seen as supportive actors for the SPOs. The role of the trader should be specified and the trader should be responsible for the capacity building of the SPO. Also, there should be transparency in the relationship between the SPO and the trader so that they can form good relationships and traders can help producers with the financial management etc.

Regarding the terms of contracts, it was suggested that the trader or NGO or other organization support the farmers to form a farmers' organization within a given timeline (about 3 years) and strengthen the organization with their support. After that timeline, everybody should agree to allow them to work as an independent organization and expand their experience by working with other traders as well.

Stakeholders from Europe also agreed with the topic and stated that there is a need to step away from the perspective that SPOs need to be protected by traders. Traders, in fact, play a crucial role in many contexts, while according to many traders, SPOs do not always live up to the expected levels of commitment to Fairtrade. There is a need to make SPOs more aware of the benefits and opportunities that exist in the requirements of current the Trader Standard.

The elements/improvements that NFOs suggested could be included in the requirements are:

- In the SPO Standard: a reference to the Trader Standard in the requirements that are relevant to producers, so that producers are aware of traders' responsibilities as well and on the support of producers' independence, add a guidance that best practice for producers is to have multiple number of clients over time.
- In the Trader standard: convert some of the existing VBPs for traders into core/development requirements; outline/define role of exporters clearer; request traders (exporters) to show their contracts with other actors within a supply chain (this was in the past a requirement); and require one contract covering Fairtrade products and non-Fairtrade products.

### **Consultation question 1:**

How can we enable new groups to develop, where desired with trader support, but avoid that some groups are prevented from developing and empowering themselves because of trader dependency?

### **Written feedback:**

Most of the suggestions were supporting the idea to explore the ways of empowering the SPOs so that traders are dependent on them and not the other way round.

To enable new groups to develop, the following elements were suggested to improve in the SPO and Trader standards:

- SPOs should have more than one supply contract
- SPOs and Traders should have separate and clearly defined roles, introducing an MOU that is to be signed by partners specifying each other's roles



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- SPOs should not be over-reliant on their traders and members should also be aware and take ownership of their own SPOs
- In the trader standard, prohibit that the trader consultant is the main contact person within the organization that receives the support
- Ensure that the development plans are properly scrutinized by Fairtrade officials

At the pre-entry level, it was suggested that the SPO should provide a clear statement on the reasons for application to get certified, such as whether it is to fulfil a customer's or trader's need or the SPO's need.

Other suggestions were made on the kind of support that is needed for SPOs to enable them to develop, such as: support through trainings or establishing direct connections between producer organizations and traders, access to information on the list of certified organizations that have marketing problems, and a grievance approach where SPOs can issue complaints against trader who act to influence them. On the latter point the requirement in Trader Standard on 'trade with integrity' could be used to add a similar requirement in the SPO Standard (ref. requirement 4.8.1.TS).

### **Feedback from workshops:**

Stakeholders from different regions were in agreement with most of the suggestions mentioned above, and in addition it was suggested to require a SWOT analysis, to improve the transparency of Fairtrade value chains, and to ensure that Fairtrade and its regional networks play a role in marketing SPOs products. Another suggested point to consider in the requirements was to strengthen the producer instead of limiting the traders. In this regard, as a means to increase SPOs self-management capacity, support from traders should be based on the SPO's strategic plan.

Additional elements that may help to empower the organization were provided by stakeholder group from Latin America:

- Tripartite contracts or direct sales and payments to exporter for service provided
- No Fairtrade certificate in the name of the traders
- Gradual facilitation of SPOs empowerment through technical and financial trader support

### **Consultation question 2:**

Do we need additional requirements in the Standard to avoid trader dependency? Or how can existing requirements be reinforced to avoid trader control/dependency?

### **Written feedback:**

Feedback clearly showed that trader dependency is not easy to measure. Suggestions on how to combat trader dependency included:

- Both parties sign an MOU indicating the nature of support and the period that it starts and ends.
- Labelling could carry the name of the producer throughout the commercial chain for greater transparency on the traders' actions towards SPOs and to avoid that SPOs lose their identity.
- Require the SPO at year 3 or 6 to prove that they are collaborating with a number of traders.
- Define the role of an exporter as a service provider, however some challenges might come when it is addressed for different products. FLOCERT ID numbers of exporters should be recognized as a different number from SPOs, because this differentiation might help importers and companies to work better.



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- Educate producers on how they can protect and benefit from their intellectual property rights, i.e. they should own their information within their IMS which is sometimes controlled by traders.
- Through requirements guide SPOs on the opportunities to grow and have bargaining power with traders, e.g. require that business actors sign a conflict of interest declaration.

Another respondent stated that there is nothing wrong with trader dependency, but what should be avoided is the 'control'.

### **Feedback from workshops:**

Overall the general opinion was to reinforce the requirements or at least improve guidance for best practice on this topic. A group of stakeholders from the African region were divided in their opinions on whether such a topic should or should not be addressed in the SPO Standard. Stakeholders from Asia highlighted the importance of allowing SPOs to have a stronger bargaining position, and regulate the Traders, by allowing SPOs to have direct communication with their buyers.

Stakeholders in Europe mentioned that addressing this topic depends on the type of products and in some products, such as coffee, the problems lie with a certain type of trader; the exporters. The increasing requirements imposed on importers left more room for exporters/traders to thrive. Hence there is a need to revise the requirements for the Fairtrade Premium payers. The role of Fairtrade Premium payers should be with the first buyer of the product.

Stakeholders from Latin America stated that there should be the possibility of pre-financing for all products. Also, there should be a clearer evaluation of procedures in audits (questioning in an anonymous written form of the producers and their satisfaction with the services and / or benefits they have from the traders). Fairtrade requirements should make clear that no trader or buyer can force any SPO to sell their product for having supported buyer/trader in a non-reimbursable project.

### **Consultation question 3:**

Given the balance needed between trader support and producer empowerment, how can we incentivise trader support or mitigate the risk of the traders not supporting anymore?

### **Written feedback:**

Many respondents pointed out that it would be challenging to regulate this by standards or rules. The main point that was expressed was to encourage the SPOs and traders to mutually support each other and realize common goals. Both actors should be considered equal on this issue with clearly defined roles. Traders working with SPOs should feel comfortable to support SPOs, thus encouraging producer organizations to remain faithful to the trader; good trading terms would help to maintain confidence, trust and respect for one another. An importer from Europe suggested that there must be financial incentives at the initial stage but conditions could be set that if traders withdraw their support, they lose Fairtrade status. One other way mentioned by an exporter from Europe is through assured PO performance, so if performance is assured, the risk is low.

Mitigation of risks of traders not providing support could be governed by an MOU specifying trader intervention levels, as well as through regular meetings of two parties, long term contracts to supply to a certain trader, through risk mitigation assessments and transparency on the history of cooperation of each operator.



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It was also expressed that the existing Voluntary Best Practices in the trader standard are already enough. In order to strengthen trading relationships it was suggested to encourage local cooperation between NGOs and Fairtrade actors implementing cooperation projects or evaluating the history of cooperation between operators.

#### **Feedback from workshops:**

Stakeholders in the discussions at workshops also expressed that the standard should not set the expectation that traders need to provide this sort of support. Stakeholders in Africa stated that the NFOs or FLOCERT could incentivise traders who support producers by implementing discounts in the license fee and certification payments. Another point came from stakeholders in Europe, who stated that transparency on supply chain information and access to the market data for SPOs will strengthen the producers in their decision making.

Stakeholders from Latin America and the Caribbean provided some examples on how to keep a balanced approach: agreements with traders and maintaining / improving the product quality that was agreed on. Also, informing the clients with workplans of the organization to visualize goals, projects and growth can help. The SPOs should see the buyer as a strategic client and include it in the strategic plan of the SPO.

#### **Consultation question 4:**

Should the SPO Standard include a mechanism to prevent conflict of interests between traders and the SPOs? Examples of conflicts are when traders intervene on governance issues, decision making and operations or when traders are part of the governance bodies of SPOs?

#### **Written feedback:**

The majority of respondents agreed that a mechanism should be included in the standard to prevent conflicts of interests, and highlighted that advice on good practice would be useful but should also be considered within the next Trader Standard review. Another proposed way was to include clear clauses on this issue in the structure of the contract between an SPO and a Trader. A stakeholder from Africa and Middle East suggested that a year 6 requirement could be that the SPO should increasingly take over their own responsibilities as their experience grows. Another way to address this in the requirement mentioned by a producer from Latin America is through addressing the problem of claims for quality control, so that the SPOs should be the ones to validate that claim. Also, the SPOs should have access to the information about where the product was exported to, and how much is consumed as Fairtrade.

Those who disagreed with the statement expressed concerns on feasibility of such a requirement since not all farmers have the capacity to be leaders and this affects the decision making processes. Thus provision of trainings to SPOs on this topic could help. There should be then a requirement on transparency for the use of a mechanism once it is in place, and as suggestion, the mechanism should include roles of NGOs and consultants. The standard should prohibit that traders can take part in the SPOs' decisions.

However, a trader highlighted that because of complications with various documents not being available in local languages, complicated ways to access information on Ecert as well as complicated wording and logic of the criteria, many SPOs come to traders for assistance which then leads traders to nearly manage the system. Also the regulations should not allow that the organizations of the same group of companies can be processor, exporter and importer. This is seen as a way to regulate and avoid unfair practices.



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It was often mentioned that this is challenging as no requirement may possibly cover all the possible buyer-seller relationships.

#### **Feedback from workshops:**

There were many stakeholders who had divided opinions however overall the majority agreed on having the mechanism in place.

Stakeholders from Africa mentioned the importance of having this mechanism established in both SPO and trader standards.

While the group of stakeholders from Europe expressed that no specific requirements are needed to prevent conflicts of interest between traders and SPOs, they said it is enough that the SPO is a legally registered company/organization and that they have an Internal Control System, a business plan and operating procedures in place.

Overall the main point to consider with the mechanism was that traders should not be allowed to be part of governance bodies of an SPO or a member of an SPO.

#### **Consultation question 5:**

In the case when traders provide services to the SPOs, should the SPO Standard include written agreements between SPOs and traders covering how the trader gives commercial and capacity building support to producers?

#### **Written feedback:**

The majority agreed it would be very necessary to require agreements with guidance on good practice. In this regard it was also stated that there should be a form of a “fixed agreement”. The whole process could be described in agreements and contracts. For illiterate participants voice recordings could be an alternative option.

It was also agreed that these agreements should be of social, economic and environmental benefit to both parties and will help to make the concept of inclusive commercial relations more visible, aim to strengthen the SPO and avoid possible conflicts of interests. An MOU format could be an option.

#### **Feedback from workshops:**

Stakeholders from Europe, Africa, Asia and Pacific region were in full agreement with the suggestion to have written agreements. It was also mentioned that beside written agreements, there is a need to require that Fairtrade and non-Fairtrade contracts between a trader and an SPO are always audited together / put into one contract.

A group of stakeholders from Latin America region agreed to having written agreements on commercial support and capacity building and said this should be included in the requirements with the following elements: responsibilities, transparent cost structures, deadlines for the development of the SPO and independent management.



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### **Consultation question 6:**

Should the Fairtrade Standards include requirements for traders to empower small producers groups, including for example: a) Further engagement of producers in processing stage; b) Support producers move up the value chain; c) Share profits with producers

#### **Written feedback:**

Those respondents who supported the inclusion of requirements pointed out that it should be decided between producers and traders through a written document but variables should help to filter out the support for commercial interests only. Another suggestion in this direction was to do it through binding requirements (not voluntary best practices) as this will be beneficial also to traders to ensure sustainable trade and reliable supply chains. This could also be supported with feedback forms on SPO performance, covering product quality, shipment, communication and other issues as well as sales reports between traders and the SPOs as it's very important to know volumes sold as Fairtrade and volumes of final consumption. Supporting producers to move up the value chain will enable them to take more responsibility in the supply chain, and through product delivery terms producers will be incentivized to have a value-added product. As a requirement it must be voluntary, if a cooperative does not want further engagement, they should not be obliged to accept it. Thus elements such as 'further engagement' and 'share profits' should stay as voluntary best practice.

Those who disagreed mentioned that it may not be applicable for every case as it needs to be product specific. Also, every SPO-trader relationship is unique and in some cases it could lead to a clash of interests between two parties when a trader is a processor and exporter. Hence, this could stay as guidance, with further evaluation of this as a voluntary best practice.

#### **Feedback from workshops:**

Asian stakeholders agreed that 'support to move up the value chain' and 'share profits' is the key to improving operations of SPOs and reinforce their sustainability and competitiveness.

Stakeholders from Europe and other regions also agreed with the statement however expressed concern whether this will be possible to check or audit. Also there were doubts on whether empowerment of the SPO should be the role of trader.

#### **Additional comments:**

##### **Written feedback:**

Feedback from a licensee in Europe was that Fairtrade needs to re-clarify which information can be released and which not, as there is a need to release standard information to help producers sell more while protecting them. An importer from Europe stated that in order to avoid unfair practices, companies and/or their subsidiaries should not be allowed to play different roles in the supply chain. Also, trader family connections should not be allowed in the General Assembly or Board of Directors of the SPOs.

A stakeholder from Europe (licensee) suggested that SPOs that have innovative approaches to gender, youth, environment etc. should receive awards, in each of the continents. This would be a good way to raise the bar and celebrate and promote good approaches and practices. While trainings regarding supply chain management and sales management would be helpful to develop SPOs.

An importer from Europe stated that a limitation of numbers of supply chain actors can help extremely to empower SPOs (e.g. Producer, Exporter, Importer, Manufacturer, Licensee); the SPO will develop



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under Fair trade and the market will eventually dictate how the supply chain will look like, not the trader.

A producer from Asia and Pacific suggested to improve/simplify the language in Ecert and overall in documents that are relevant to producers, as it is sometimes one of the big challenges to have a clear understanding of regulations and other information.

#### **Feedback from workshops:**

Stakeholders from Europe mentioned that the more important issues are transparency on services, cost of services, relationship building and that imbalance of power with traders needs to be addressed primarily in the Trader Standard.

### **Topic 8: SPO governance**

#### **Consultation statement:**

Although the current SPO Standard refers to basic principles of democracy, participation and transparency, the requirements are not necessarily effective and sufficient in ensuring good governance practices, true member ownership, adequate accountability and internal control.

The lack of good governance practices can often be linked to imbalanced power structures within the organization. For example, lack of clarity regarding roles and responsibilities between the board and management can lead to extreme situations of either power concentration or insufficient room for decision making. Alternatively, there are cases of SPOs with board members assuming both strategic and operational management, often without adequate preparation to carry out these tasks.

Striking the right balance between continuity versus renovation of leadership is often a challenge. Opportunities for wide participation in governance, especially for women and younger generations, are frequently a challenge in practice.

Deficient internal communication between leadership and members often leads to weak participation and commitment, which becomes particularly critical in large organizations. Also, when members are represented by delegates, the delegate function is not always given sufficient importance although their role is crucial for ensuring internal information flows.

Finally, accountability requirements do not cover operations other than the Fairtrade premium management and mechanisms such as a supervisory board or surveillance committee are not required by the current Standard.

The price and services conveyed to members can be compromised by high overhead costs (including director fees and expenses allowance). Finally, some practices that weaken organizations and undermine their development potential, such as corruption, power concentration, lack of accountability and member control are difficult to identify during audits.

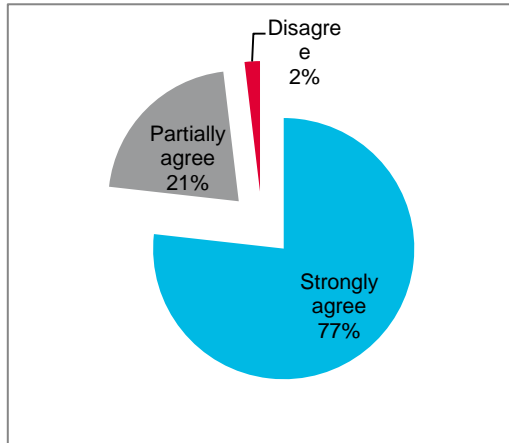
#### **Written feedback:**

Overall, 77 % of the respondents (211) strongly agreed with the topic description while 21% partially agreed and 2% disagreed. Per region the agreement was higher in Africa (89%) and lower in Latin America and the Caribbean (65%). Along the supply chain agreement was higher among producers (78%) and lower among importers (59%).

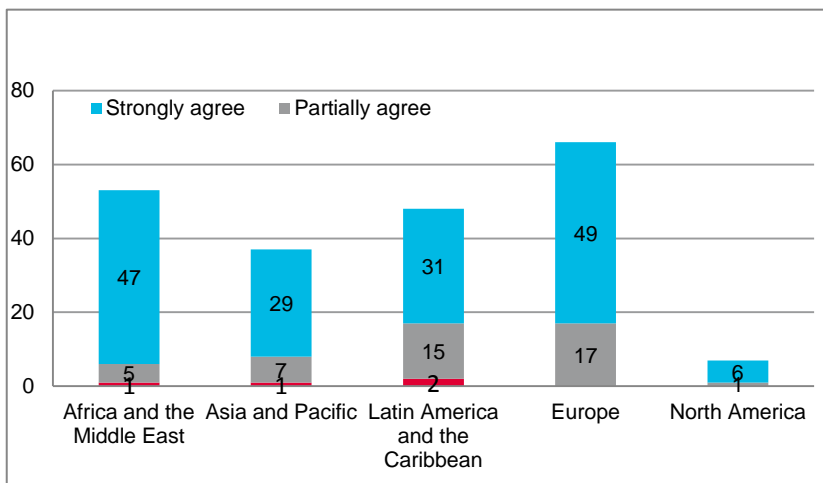


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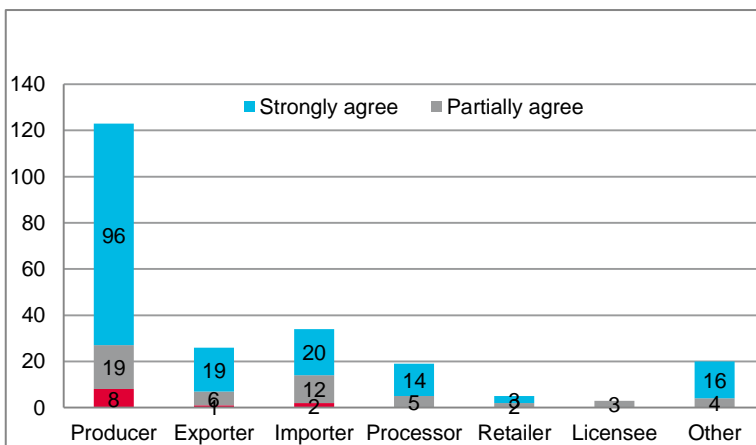
Do you agree with the description of the topic



Agreement per region



Agreement per role in the supply chain







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Stakeholders who strongly agreed with the topic of description suggested the following: that it would help the development of a good and efficient SPO governance to make the transparency of cost structures a requirement during the audits; that it will be increasingly important to provide this information to the critical and interested consumer; that impact reports should capture the prices paid to consumers vs. prices paid on cooperative level and that a malfunction in SPOs represents a high risk.

#### **Feedback from workshops:**

Stakeholders from Asia felt that the ownership of SPOs should be spread among many rather than concentrated. They added that to prevent free riding, the membership requirement should be made to encourage smallholders to engage in commercial production. In addition they said PNs should be empowered and their capacity building should be improved.

Stakeholders from Malawi said that it would be important to ensure that communication between members and the leadership is improved.

The majority of the stakeholders from Latin America and the Caribbean agreed with the topic description. They mentioned that basic principles of democracy, participation and transparency are well defined in the current standard. Sections that need improvement include: governance, continuity and training to strengthen management and control bodies for a timely and reliable accountability. Other suggestions included clearly defining the roles and responsibilities within SPOs, self-evaluation on issues of transparency and self-management and including IMS to monitor good compliance.

Stakeholders from Europe agreed that having inclusive leadership would be important especially where you have one leader staying for a longer period of time or cases where you have no women or minorities, young people etc. They suggested having a quota as a requirement in the standard. The group recognized that there is a real problem in business management skills and suggested having a requirement that a SPO has to have a certain level of knowledge. A surveillance control body would be useful to have so as to have more oversight, good governance and more transparency. A suggestion was made to have different requirements depending on the size of the organization. Other stakeholders felt that the crucial part of the organization is the IMS, which is not always present in organizations unless the national legislation says so. Other stakeholders added that SPOs with a certain size and sales volume could have the role of a Fairtrade Officer. Others said that the development part in the standard needs to be strengthened. They said that there needs to be a mechanism to monitor and share each SPO's progress against development criteria. Improved/additional guidance was seen as a better tool to provide best practices in terms of roles of responsibilities between governance and operational structures and inclusive leadership.

#### **Consultation question 1:**

How can the Standard be strengthened in a way that it facilitates organizational development towards becoming viable, resilient, inclusive and truly democratic organizations?

#### **Written feedback:**

Stakeholders who were in favour of strengthening the standard suggested the following: Making the requirements on SPO governance simple, practical and realistic based on the current situation of the SPOs in a particular region; that more training and capacity building for members and Board on good governance practices would be useful; including more members in decision making process of pertinent organization decisions; that a regular assessment on the organisation and actions toward



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improved organizational development through self-assessment, externally checked during the audit would be useful; moving from tick box compliance to outcomes in respect of standard and FLOCERT audit; introducing some requirements in the standards on good management practices e.g. KPIs for managers and paid directors, transparency in terms of payments for any paid roles etc.; that promoting mechanisms for greater internal transparency of SPO would be important; to add requirement separating the role of Board members from that of management; that organizational development can be strengthened by allocating a certain amount of Premium to develop business management education programs; and that it would be useful to increase and strengthen organizational and management capacity.

Stakeholders who were not in favour suggested the following: that training, sensitization and exchange of best practice ideas should be sufficient; that the standard should be simplified; that a democratically elected Board should be sufficient; and that it is up to the SPOs to define and decide its form of management.

### **Feedback from workshops:**

Participants from Indonesia said that the standard is sufficient as it is.

Stakeholders from East Africa said that more guidelines for the role of the Board and management is needed. They also said that term limits should be defined. They added that gender issues should be looked into for the purpose of equal participation. In addition, organization structure should be standardized so that there are proper reporting lines. They also said that the standards should be harmonized with the local laws for proper running of the organization. Participants from Malawi mentioned that the standard should emphasize on transparency and democracy. They felt that auditors spend less time on these particular issues. Those from Mauritius felt the standard should put more emphasis on organizational development. Participants from West Africa said that regular training of management of producers and management on transparency, management and on cooperative laws would be useful. They also stressed the importance of recruiting qualified and skilled staff. They added that inclusive and democratic organisations would be important. Promotion of gender equality and youth empowerment was also suggested. Participants from Swaziland added the importance of ensuring that each organisation has a constitution. Those from Ethiopia said that the standard is fine as it is.

Stakeholders from Latin America and the Caribbean said that it would be important to have a structure for decision making, where everyone is allowed to participate. They also stressed the importance of producer training as well as promoting the participation of women and young people in decision making bodies. It was suggested to create or strengthen surveillance bodies to supervise or manage resources. They also suggested having a requirement on verification of the functioning of supervisory boards or monitoring committees. Generating incentives for good management practices would also be useful.

Participants from Europe said that the standard should include a requirement for SPOs to attend the capacity building and training activities provided by the Fairtrade system. In addition a requirement to set up surveillance committees would be useful. A requirement for linking basic strategic business plans, capacity building with indicators for defining the SPOs own development path was also suggested. Other stakeholders said improving guidance of Premium use in a way that it supports robust governance practices and sustainable organizations is important. It was suggested that an approach would be to strengthening the reporting of the development plan and Premium use in a standardized format so that the information can be captured more systemically.



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### **Consultation question 2:**

What should be included in the Standard and what additional guidance is needed?

#### **Written feedback:**

Stakeholders suggested the following: That having a mandatory women membership and representation in Board would be important; that the standard should better define the roles and responsibilities within SPOs; that training of governance issues should be required before certification; that training on better communication skills to transfer information from management to executive and farmer members is necessary; that the standard should include clear requirements on the efficient and transparent running of the organization and that each member needs to be presented with clear statement of their accounts on an annual basis; adding a requirement on frequency of elections and rotation of leadership; having clear, real and detailed analysis of the cost of production that guarantees profit margin; and having a criteria that requires organizations to present evidence of having annually conducted external audits of their business management operations; and that SPOs who have been in the system longer and are successful should be given more support and recognition.

A stakeholder suggested providing more guidance on general formalities about market niches, tariff information, taxes, import requirements, etc.

One stakeholder, however, was against including additional requirements in the standard and said that the standard should be less bureaucratic.

#### **Feedback from workshops:**

Stakeholders from Indonesia said that SPOs need more guidance that is more practical to implement.

Stakeholders from Mauritius mentioned that an assessment of the ICS would be necessary to ensure smooth running of the SPOs. They also added the importance of having regular trainings for SPOs. Those from West Africa stressed the importance of having clearer job descriptions and clearly defined responsibilities within SPOs. Participants from Ethiopia felt that the existing criteria are sufficient.

Stakeholders from Latin America and the Caribbean said that it would be necessary to have a structure of decision-making where all SPOs would be able to participate. They added that it would be important to be able to establish information and accountability mechanisms in a clear, simple and transparent way. SPOs also need to know their rights and obligations. It was suggested to include a requirement on verification of the functioning of supervisory boards or monitoring committees.

Participants from Europe suggested investment in productivity and quality, gender equality and inclusion of workers and stricter requirements than development requirements after year 6.

### **Consultation question 3:**

Which basic management skills could be required in the Standard? For example, business planning, financial literacy or marketing?

#### **Written feedback:**

Stakeholders suggested requiring the following management skills: Risk management knowledge, planning, communication, decision making, finance literacy and management, business planning, internal communication, accountancy, IT, administration, quality management, marketing, COSP



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calculation and documentation, activity planning and good agricultural practices. A stakeholder said that this should not be a requirement for farmers, but for management and supervisory Board.

Stakeholder not in favour of requiring basic management skills gave the following reasons: That this should not be included in the standard but checked during pre-certification; and that this would limit the participation of SPOs because some of them have no education.

#### **Feedback from workshops:**

Stakeholders from Indonesia said that the standard should not add additional requirements on this because it would burden to the SPOs. They however suggested that SPOs should be encouraged to set basic criteria in selecting board members, supervisory board and staff.

Stakeholders from East Africa agreed with the mentioned skills and added leadership and marketing skills. Those from Malawi included business planning and participants from Mauritius felt that administrative management and communication skills were important. Stakeholders from West Africa suggested the following skills: Activity planning, financial and marketing skills, human resource and stock management. Those from Ethiopia added organizational, controlling, monitoring and evaluation skills.

Stakeholders from Latin America and the Caribbean suggested the following skills: Leadership, planning, managerial, negotiation, marketing and basic management control systems. Some of the participants however felt that this should not be included as a requirement in the standard.

#### **Consultation question 4:**

Should there be a mandatory supervisory body or surveillance committee to oversee the administration on behalf of the members in order to enhance members' control over the organization?

#### **Written feedback:**

Stakeholders in favour gave the following suggestions: That this would depend on the size of the SPO; that it is important for large SPOs to have another body to scrutinize issues of governance such as supervision of elections, finances and use of Premium; that an external surveillance body would confirm good governance; that the standard should give more guidance on this with clear instructions on the TOR; that a surveillance committee to oversee the administration will be helpful.

Stakeholders not in favour suggested the following: That it would add to the costs and may be counter-productive; that every country normally has national control bodies (for finance, workers, etc.) who assume this function; that it's the role of the Board and the GA to oversee all operations; that this should be the role of the ICS; and that it would give a false impression and spoil the relationship between farmers, management and the Board.

#### **Feedback from workshops:**

Stakeholders from Indonesia felt that this was not necessary because this would increase co-op expenses. The function can be performed by existing supervisory board.

Stakeholders from East Africa agreed that there should be a supervisory independent committee to monitor what is going on to ensure there is compliance. Those from West Africa also agreed that it should be made mandatory and that they should be well trained. Stakeholders from Ethiopia said that in their country, SPOs have Internal Control Committees and therefore did not see the need of an additional committee. Those from Malawi also said that they did not see the need of having one.



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### **Consultation question 5:**

Besides management of Fairtrade Premium, what other operations should be subject to scrutiny by the members?

#### **Written feedback:**

Stakeholders suggested that the following operations should also be subject to scrutiny: Financial statements/reports, loans, directors' fees, internal policies, elections process, ICS, governance and annual reports.

A stakeholder said that without adequate training of members, it would difficult to exercise supervision over other operations.

Other stakeholders gave the following suggestions: That this should be left to the GA; that in their country the law of cooperatives determines general rules of how the organization should act, and the flexibility to create its statute and internal regulations; this would therefore not be necessary to have it as a requirement.

#### **Feedback from workshops:**

Stakeholders from East Africa suggested the following: HR management, performance of the board and management, as well as the entire process of finances within the management. Those from Malawi added that external funds from other sources besides Premium should also be audited. Those from Mauritius suggested including management of resources and good governance practices. Participants from West Africa suggested the following: Financial reports, new members to be presented to other members for approval and an action plan. Stakeholders from Swaziland added that management of the assets bought using the Premium, compliance with the standard and qualities of candidates for the leadership positions would be useful.

Stakeholders from Latin America and the Caribbean said that the standard should strengthen the obligation to report on the overall management of the organization: sales, income, expenses, high risk projects must be approved by the GA. Purchase and sale of properties (assets). Membership and all activities have to be audited.

Stakeholders from Europe said that all information related to operations of the SPO should be shared with the members.



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## Topic 9: Fairtrade Development Plan and Premium use

### Consultation statement:

The Fairtrade Premium is intended as an instrument for SPOs to drive sustainable social and economic development of their members, their families and the surrounding community. The current SPO standard provide the following guidance: “Planning, implementing and evaluating the plan will stimulate and increase the participation of members in their own organization and community. It is a good practice to plan activities that respond to the needs of your organization, members, workers and communities. Your organization has the right to choose any activities that your members agree on and are important for your particular situation, aspirations and priorities...”

However, conducting a needs analysis only comes into effect as a development criteria until Year 6 of certification. In practice, comprehensive planning and prioritization processes before deciding on the use of the Premium rarely take place.

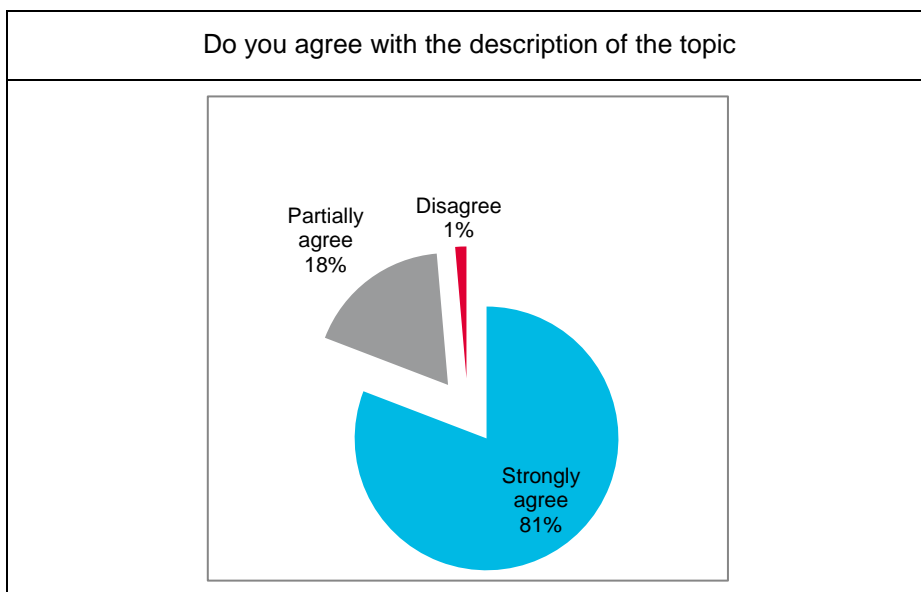
SPOs have many and diverse needs and, with limited resources, it is hard to decide where to invest first in order to make the best use of the Premium and maximize its impact. A relatively large share of the Premium is currently spent to cover operational costs, certification fees, etc. This may be necessary at the start-up phase of an SPO, but organizations should not rely on Premium income to sustain their operations on the long run.

Therefore it is important to follow a proper planning process, in which the longer term effects of an investment are thought through. This will help organizations to invest more strategically in a way that it contributes to achieving their long-term development goals and pursue sustainable livelihoods for their members.

On the market side, the impact generated by the Premium – which is in turn the most important visible impact of Fairtrade as a whole - remains in many cases below market expectation. Tangible impact is the main driver for commercial partners and civil society to engage with Fairtrade, and the inability to demonstrate impact that lives up to expectations impedes sales growth.

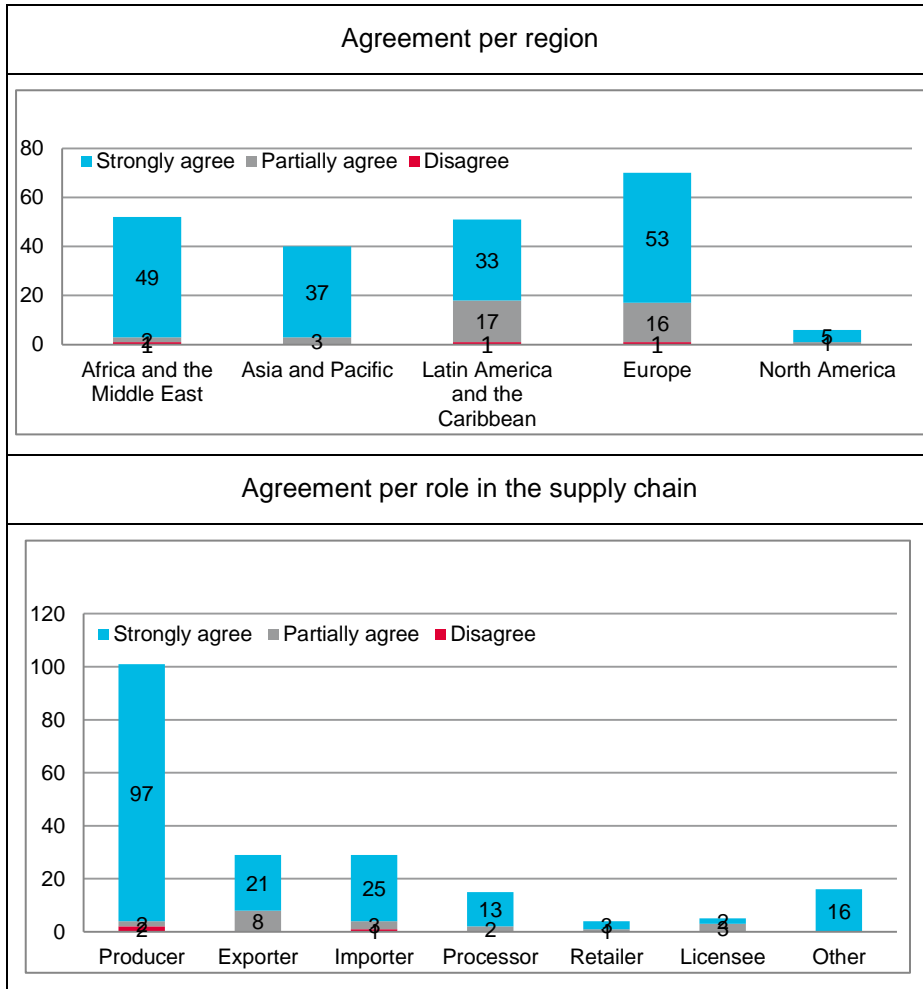
### Written feedback:

Overall, 81% of the respondents (219) strongly agreed with the topic description while 18% partially agreed and 1% disagreed. Per region the agreement was higher in Africa (94%) and lower in Latin America and the Caribbean (65%). Along the supply chain agreement was higher among the producers (96%) and lower within licensees (40%).





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There was a general agreement that more guidance on Premium use was needed and that the development plan should be improved. A stakeholder who strongly agreed with the topic of description mentioned the following: That effective FDP and Premium use can be a gateway to SPOs accessing grant funding; that part of the investment of the premium should be used for research that contributes to the development of the organization; that there is a the need to be able to communicate the impact of Premium to commercial partners using a more organised and centralized system.

Stakeholders who partially agreed mentioned the following: That SPOs cannot be blamed for using Premium to pay certification fees because they are quite high and sometimes not proportional to what they receive and suggested revising certification fees; that traders could be encouraged to pay a certain amount per quantity purchased from the SPO, irrespective if it is sold as Fairtrade or not which would make SPOs rely less on Premium; that influence by traders on how the Premium is used should be limited; and that needs assessment should come in the 4<sup>th</sup> year.

Stakeholder who disagreed mentioned the following: That some requirements pose challenges to SPOs and suggested providing SPOs with external support rather than raising the standard requirement bar; and that the standard should not be too prescriptive without recognizing non-tangible assets like relationships which are often stronger in SPO communities.

**Feedback from workshops:**

Stakeholders from Malawi said that the implementation of good projects depends on the capacity of an SPO. They said that there are SPOs that have been in operation for long yet they still require a lot of



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support and are not growing at the pace that reflects their duration of existence. They suggested that SPOs need to have proper strategic plans in place. Stakeholders from Swaziland said that corporate governance principles should prevail in decision making rather than having only one person make all the decisions because it encourages corruption. They added that for SPOs need to review their constitutions to ensure that there are clear roles and responsibilities of all members.

Opinions were equally divided among participants from Latin America and the Caribbean. Those who partially agree said that there is a lot of impact from Premium, but this has not been well communicated. They also suggested that costs related to Fairtrade can be covered by the Premium.

### **Consultation question 1:**

How can the impact and lasting benefits from Premium investment be optimized?

#### **Written feedback:**

Stakeholders suggested the following: That lasting benefits would be achieved through investing Premium on income generating projects and tangible and more sustainable projects to diversify income source; that Fairtrade should share best practice stories from other SPOs so that others can learn from them; that good prioritization is needed which should be closely monitored; that members should be consulted in any development issues so as to ensure ownership; that Fairtrade should ensure that there is effective data collection disaggregated by gender so that investments can be analysed; that this could be achieved through strengthening the bonds between producers and buyers; through conducting inclusive needs assessments, prioritization and impact of projects prior to implementation and investing into long-term and potentially income generating projects; that a baseline assessment at year 0 is needed; that new SPOs can use Premium for operational costs but not those who have been in the system for more than 3 years; that more training on Premium use, monitoring and evaluation is needed; creating incentives for SPOs to showcase their Premium use e.g. through Fairtrade awards; not distributing Premium in cash; that collective assessment of needs is important and women's views have been taken into account; and that it would be useful to hire a professional to manage SPOs.

Other stakeholders who were not in favour suggested that that lasting benefits can be achieved through other ways and suggested the following: That the support for strategic Premium investments should be done via producer support services; that business issues are very individual and therefore financial management should not be interfered with in this way; that the IMS of each organization needs to ensure that there is proper monitoring of proper use of FP; and that training SPOs on better communication on the use of Premium would be useful.

A stakeholder mentioned that the fact that farmer members make decisions means that Premium use is already being optimized.

#### **Feedback from workshops:**

Stakeholders from Indonesia suggested increasing Premium fees in accordance with the raising inflation.

Stakeholders from Malawi said that this would be optimized through proper monitoring of projects. In addition, they suggested reducing the use of Premium use on operations and focus on long lasting projects. Participants from Mauritius said that Investment on Premium needs to be used judiciously by setting up a Premium surveillance committee to identify sustainable projects from which small farmers can benefit from. Participants from Ethiopia suggested having technical support and guidance on





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priority identification, planning, implementation and reporting. Those from Swaziland pointed out the importance of following up on Premium projects as a key component of ensuring impact. They said that the follow-up will help ascertain if the beneficiaries' needs are being met by the projects. SPOs with many projects should consider having a full time project officer or a dedicated officer to run the Fairtrade premium programs. SPOs should receive support to develop plans that are achievable.

Participants from Latin America and the Caribbean said that this could be achieved through carrying out a baseline study to identify the needs and projects that correspond to them and generate the impact. They added that FLOCERT needs to share information collected during field visits with FI. They also said that the development plan should contain impact indicators. They suggested making premium reporting mandatory. They were however against the formation of a premium committee because they felt that GA can decide on their control mechanisms.

Participants from Europe stressed the importance of having mandatory needs assessment as the basis for planning. Others said that some research recommends encouraging SPOs to use premium more in a closely aligned way with the Fairtrade rules. They suggested that S&P should revise the development criteria and make some of them "core requirements" or require them in year 3 and not year 6.

## **Consultation question 2:**

Can the Standard play a role to achieve higher impact by providing better guidance and/or requiring an inclusive strategic planning exercise as part of the decision making process on Premium use?

### **Written feedback:**

In general, stakeholders agreed that the standard can play a role and that better guidance was needed and suggested the following: That the standards need to require SPOs to specifically state the amount of Premium used in issues such as women empowerment, quality, environment etc.; that strategic planning should be included in the development plan; that examples of good practice on how Premium use has been effectively used by other SPOs would be helpful; that the standard needs to require a mechanism that shows how decisions on how the Premium is used are made as democratic and inclusive as possible; that this should be in line with the living income strategy which proposes a strategic Premium use in three steps: (1) Organization (investment in business/producer organisation), (2) Members' livelihoods (combines investment in families and farms), (3) Community (investment in community); including workers in the strategic Premium use; that the standard could require a structured implementation of projects with a greater focus on objectives of implementing a given project and the key result areas. A stakeholder said that this would be useful but it's worth noting that the SPOs are the ones who know how the Premium needs to be used.

Other stakeholders mentioned that the current standard provides sufficient guidelines; that higher impact cannot be achieved through standards but through monitoring and guidance; and that the PNs should take a leading role.

### **Feedback from workshops:**

Participants from Malawi said that the standard can play a role by ensuring that it provides very clear guidance however, a strategic planning exercise should not be mandatory process on deciding how Premium can be used. They also wanted to know whether SPOs would get non-compliance in case they had a strategic plan but projects decided on are still not showing impact of Premium.



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Stakeholders from Swaziland said that the standard needs to ensure that strategic planning is conducted and all Premium use should align with the strategic plans.

Some of the stakeholders from Latin America and the Caribbean said having this as a requirement would help achieve higher impact. Others however felt that this would not be viable. They said that more guidance and a follow-up on compliance with planned activities would be more useful.

Participants from Europe said that better guidance, best practice examples and availability of Premium use modules would be important.

### **Consultation question 3:**

Should the Standard suggest that achieving organizational sustainability is the key priority to secure the long term viability of SPOs, enabling them to manage their business efficiently on behalf of their members and to resource producer-led initiatives, geared towards increased farm profitability and sustainable livelihoods?

#### **Written feedback:**

Stakeholders who were in favour mentioned the following: That this would promote efficient Premium use, profitability, continuity and growth; that the Premium should be partly reinvested into the functioning of the organisation; that it should not be a core requirement but as best practice to have a long-term viability; that the criteria should focus on SPOs investing in their organizational capacity as a starting point so as to solve their institutional, operational, productive and marketing problems; and that including it in the standard would help producers to turn their farms into increasingly productive systems.

Stakeholders who were not in favour said the following: That it would not make sense to put it as a requirement in the standard, but could be done through PNs; that the requirement should not be too descriptive because it would lead to disempowerment; that the scope of organizational sustainability depends on several factors and each organization develops mechanisms of sustainability and efficiency differently.

#### **Feedback from workshops:**

Stakeholders from Ghana felt that additional guidance would be useful but said that an additional requirement would not be necessary. They added that the explanatory document is sufficient.

Agreement among stakeholders from Latin America and the Caribbean were divided. Those who said yes mentioned that some SPOs are used to the non-restriction in the use of the Premium. Those who did not agree said that this would require a baseline study. The Premium is not the only determinant but complements other resources to ensure long-term viability. It should be left for the SPOs to decide and not included as a requirement.

### **Consultation question 4:**

Can higher impact be achieved by further prescribing/earmarking the use of the Premium, and if so, what should it be earmarked for (i.e. productivity, community, workers)?



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### **Written feedback:**

In general most of the stakeholders were against earmarking via the standard. They explained the following: That it should be left to the SPOs to decide; that it is not about prescribing but the need to share the best practices and what works for a specific geography, commodity and market; that the Premium should be used depending on the needs and not necessarily earmarked; that this would counter Fairtrade's claim of empowering producers to make their own decisions; that earmarking is different for different markets and product and would be therefore difficult to define criteria for the SPO-Standard; and that clearer guidance on Premium use would be more helpful.

Those who were in favour of earmarking said that it should be earmarked for productivity. The following suggestions were given: That productivity is the key along with diversification and development of alternative income streams; defining three different areas of investments for the Premium (development of the community/social development, development of organization/infrastructure, economic and social development); that earmarking would help monitor Premium use; that examples of best success stories could be offered with a view of replicating; that the prescription should only mention suggested areas for use without necessarily giving specific projects/activities for implementation; that a balanced allocation of the use of the Premium is necessary, based on the priorities of the producer organizations; that this would help to help the SPO be better organized and to obtain better results.

### **Feedback from workshops:**

Participants from Indonesia were against earmarking, saying that the standard can only provide guidelines and the SPOs can decide on the priorities.

There was divided agreement among stakeholders from Malawi. Those who agreed said there should be classifications with a larger proportion of Premium being used on productivity projects. This is because producers do not prioritize productivity while allocating Premium which leads to lower sales. Those who did not agree said the standard already prescribes how Premium received should be utilized. Stakeholders in Ghana said guidance on Premium use is needed, but no earmarking. They added that this will not be necessary especially in case a Premium committee is established.

Stakeholders from Latin America and the Caribbean agreed but added that the GA should have the final decision.

Stakeholders from Europe said that producers should be encouraged to use the Premium in line with strategic areas, which are closely linked with sustainable development and better livelihoods.

### **Consultation question 5:**

Would the creation of a Premium Committee for premium management help to improve member participation in the development planning and decision making process?

### **Written feedback:**

Stakeholders who were in favour mentioned the following: That this would be useful but they would also need to be trained; that women and youth should also be included in the Premium committees; that this would be necessary as long as it does not bring in additional costs; that borrowing examples from the HL standard would be useful; that this would force members to inform themselves about the use of the Premium; that this would only be necessary for those SPOs with high sums of Premium or with over 300 members.



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Some SPOs mentioned that this already exists and seems to be working well.

Stakeholders who were not in favour suggested the following: That there should be a certain caution especially in case the Premium committees handle large sums of money because this would make them very powerful thus compete with the Board; that it could create a burden for small SPOs with little Premium volumes; that a steering committee would be sufficient; that management are capable of making similar decisions; that this should be for all members to decide; and that this would complicate the structure of SPOs even more and therefore the executive committee's decision should be enough.

#### **Feedback from workshops:**

Participants from Malawi said they would rather work with the current structures; adding another layer would not guarantee improved participation. Stakeholders from Ethiopia and Swaziland also said that management can make the decisions. Those from Ghana were in agreement but asked for additional guidance.

Although some stakeholders from Latin America and the Caribbean said yes, others felt that it should not be included as requirement in the standard.

Stakeholders from Europe felt that this was necessary and suggested including the management team.

#### **Consultation question 6:**

Which control mechanisms in the Standard can ensure premium projects (especially in the case of large Premium earners) are managed in a transparent, effective and cost-efficient way, or to minimize the risks of mismanagement and corruption?

#### **Written feedback:**

Stakeholders suggested the following: That establishing supervisory, Premium and governance committees, IMS and ICS would be useful; that the account should be audited by a qualified auditor and the SPOs should have good internal control mechanisms; that there should be continued sensitization of the community members on their roles during project implementation; that timely and regular reporting should be made obligatory; that there should be procedures and policies in place to ensure that Premium is used effectively; that there should be a democratically elected Board in place; that broadening the scope of FLOCERT audits wherever regular financial audits are not undertaken would be useful; that SPO management should be able to demonstrate that they have project management skills and qualified staff if Premium exceeds a certain amount; adding a requirement on corruption and making reference to national legislation on this topic; segregation of roles between the board, committee and management; that a proof of payment of the Premium in which all beneficiaries of the bonus are transparently mentioned would be useful; and that each expense must be justified by invoices clearly ordered and searchable by the FLOCERT auditors, the supervisory board and all the members.

One stakeholder pointed out, however, said that the current mechanism for validating development plans by the GA is very effective.

#### **Feedback from workshops:**

Stakeholders from Indonesia felt that the current standard is sufficient on this topic.



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Participants from Mauritius said that detailed FDP and reports verified by internal controllers, approved by the GA can ensure good management of Premium projects. Those from Ghana suggested establishing Premium committees and empowering the control committee. Stakeholders from Swaziland suggested having an internal audited report from the control committee and an external audited report on Premium use. They also said that having monitoring and evaluation tools in place specifically for all Premium projects would be useful.

Stakeholders from Latin America and the Caribbean said that external financial and procedural audit would be useful. The conditions that regulate the investment must be very clear and there must be a control mechanism that guarantees compliance. They added that there must be a clear procedure in the statutes of how to proceed in cases of corruption and non-compliance with the regulations governing the use of the Premium. They also said that the vigilance committee should monitor and ensure that the resources of the Premium are executed according to the development plan. Additional training would also be useful.

Stakeholders from Europe suggested borrowing ideas from the HL standard. Mandatory Premium reporting like in bananas was also suggested.

### **Consultation question 7:**

Can higher impact be achieved through joint investments by various SPOs?
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#### **Written feedback:**

Many respondents agreed but said that this would also depend on the region, commodity, volume of trade, management capability etc. Those on favour suggested the following: That this would cut of overhead costs through cost sharing; that it would help SPOs achieve higher impacts; and that it would be useful, but the organization needs democratic structures and a transparent administration that allows members and the board of directors to have real control over the management of the organization

Stakeholders mentioned the following: That this would need research and good examples where this is already applicable; that this should not be a standard requirement but rather be led by the PNs; that this would be useful for social Premium projects and if SPOs are based in the same community; and that different SPOs have different needs and might therefore not work.

#### **Feedback from workshops:**

Participants from Latin America and the Caribbean mostly agreed. They said that several SPOs could use the Premium to make impact projects, which contribute to the improvement of the quality of life of the producers and community. It could also help during negotiations. It should however not be mandatory criteria.

Stakeholders from Europe said that this happens in plantations and could be useful for SPOs. The possibility should be there to leverage investment in a community



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### **Consultation question 8:**

Would a mandatory annual Premium reporting be the right tool to have better access to information around Premium use and benefits that Fairtrade needs to effectively communicate on impact?

#### **Written feedback:**

Most stakeholders were in favour of this question. The following points were mentioned: That this has proven useful for other products e.g. bananas; that a standardized Premium reporting would be important, especially for the reporting to market partners; that the reporting could be structured in 3 categories as follows: (1) organization, (2) livelihoods (farms, members, workers) and (3) community; that SPOs should be obliged to present reports on the progress of the implementation of their strategic plans for the use of the Premium, highlighting their impact on the solution of their needs; and that SPOs would need a lot of guidance especially the first time they do it.

Stakeholders not in favour mentioned the following: That SPOs shouldn't be overwhelmed by administrative tasks; that the reporting could be done on a biannual basis; that annual reporting to the GA is sufficient as minimum requirement; and that it can be initiated as a voluntary practice before becoming a requirement.

#### **Feedback from workshops:**

Stakeholders from Ghana had differing opinions. Those who agreed said that the reports presented to the GA are not sufficient. They said that this would encourage more transparency. Those who did not agree said that the reports could be obtained from the ones presented to the GA and from FLOCERT reports.

Majority of the stakeholders from Latin America and the Caribbean agreed. They said that this would be good for communication and would not burden the producers since it is already prepared for the GA. Those who did not agree argued that it is not necessary because FLOCERT already have this information during audits and FI can get the information from them.

Participants from Europe said that this would be shared with the consumers and business clients, fulfilling their expectation toward Fairtrade, and increase the credibility as a system.



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## Topic 10: Cost of Sustainable Production and monitoring basic indicators from producers

### Consultation statement:

The lack of consistent and regular data on the costs of sustainable production (COSP) of SPOs makes it difficult to assess their economic performance and identify growth opportunities. Currently, cost evaluation is carried out under time and resource constraints, almost on a need-to-know basis. Such restrictions hinder the services that Fairtrade International provides.

The analysis and understanding of the data strengthens producers' negotiation position, facilitates pricing, and helps better planning. However, the collection of high quality data requires capacity at producer level and ownership of the process by producers.

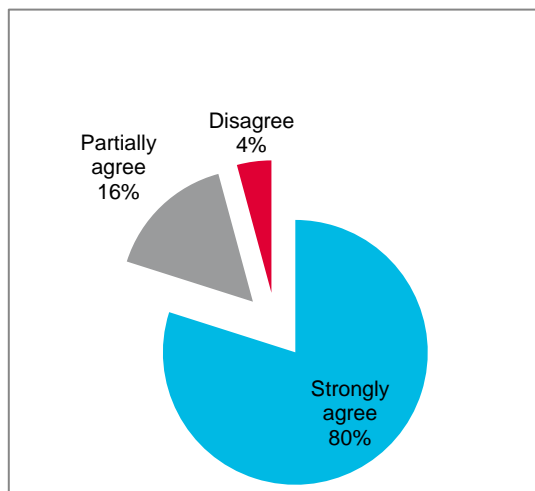
Moreover, monitoring of basic indicators such as number of producers, volumes of production, sales, trainings delivered to members, and premium use systematically, enables producer organization strengthening and business development as well as the communication of impact to the markets.

On the other hand, adding additional information requests increases the complexity of the standard, is costly and is not directly related with sustainability outcomes.

### Written feedback:

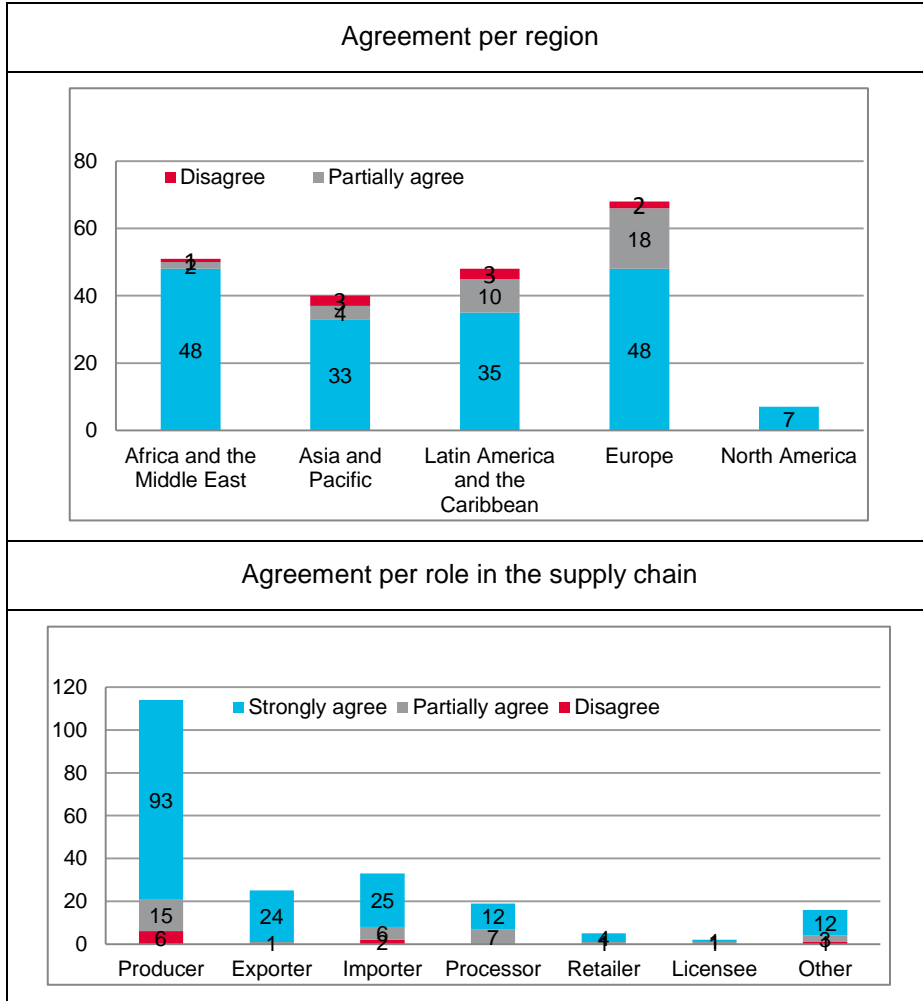
80% 'strongly agreed with the statement; only 16% partially agreed and 4% disagreed. The most cautious answers came from Latin America and Europe, with some reasons being the probable high costs for producers or organizations, the lack of focus on sustainability, and the biased focus (that introducing COSP requirements would be seen a mandated for the benefit of Fairtrade, and not responding directly to producer needs).

Do you agree with the description of the topic





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**Feedback from workshops:**

In Latin America and the Caribbean a majority (78%) agreed with the initial statement. The disagreements were about whether it is needed as a requirement, and the high costs for the organizations to implement data collection. Some reported that the information is already available and verified but it has been subject to updates of the Minimum Prices. At the same time, it was noted that the SPOs do not have precise data to analyze the profitability, and, SPOs have given information to the system but the information has not been returned.

In both Asia and Africa ‘strongly agree’ was the only response reported.

In Europe points were made that the SPO is the owner of their data and should therefore be the main beneficiary of collecting COSP data. This could be shown for example, by showing the link between such data collection and the living income strategy. It was also noted that COSP tools should be generated at the product level, that SPOs would require extensive trainings, and that the difference between auditing the information recorded and auditing background checks should be made clear.





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### **Consultation question 1:**

Should the Standard include requirements covering COSP and additional basic economic indicators, for at least key products (such as banana, cocoa, fresh fruit and coffee)?

#### **Written feedback:**

On the one hand around 75% of answers were affirmative, and some suggested including aspects such as friendly formats for cost collection, indicators at macro level (but without excluding farmers' costs), and there were a couple of suggestions to include sugarcane as a key product. On the other hand, 25% responded 'no', explaining that the requirement would complicate the standard, and it can bring conflicts if it shows that Minimum Prices are out of date or wrong. Some respondents recommended including it not as a requirement but as a best practice, in order to encourage producers; and if included, it should be actually useful to producers. It was recommended to start with a lead product, although, for some respondents, the requirement is almost included within the CODImpacts anyway.

#### **Feedback from workshops:**

In Latin America and the Caribbean most of the participants (71%) answered that the Standard should include the requirement. The support of PN is recommended to generate capacities to be able to obtain production costs information. The SPO should demonstrate financial management and profitability. There was recognition of the link with an IMS. It was suggested that socio-economic indicators for key products can be part of the requirement, but for other products there should be a different timeframe.

Those who disagreed said that it should not be a requirement but a voluntary best practice; others highlighted that such a requirement can create confusion. Also it was made clear that time would be needed to prepare for compliance with such a requirement.

In Asia 'no' was the only answer reported.

In Africa all replied with 'yes', with a suggestion that it should be extended to the priority products for each region, with sugar also being suggested for inclusion.

In Europe the answer was 'yes', if the right tools are in place for each product and producers are properly trained. It was acknowledged that the tool is important for developing prices quicker and easier and to be able to communicate impact to the market; it should be included in the standard but there are constraints such as the current capacity or knowledge of producers. It was noted that if it is required, it should be based on sampling at the PO level (macro data) and not at farmer level, and time should be given to build the necessary systems.

### **Consultation question 2:**

Should the Standard strengthen the current existing requirements (for example, records of members, Fairtrade sales, Fairtrade Development Plan and Fairtrade Premium reporting) and standardize the reporting of data through existing tools, such as CODImpact to address the current data needs?

#### **Written feedback:**

More than 80% answered yes. The existing tools were seen more reliable and systematic, and also as preferable starting points. It was underlined that data ownership should be clearly defined and ensured, and some comments highlighted that ideally it should be a self-reporting process, rather than



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having this data to be collected or gathered during audits. The few 'no' answers (10%), said that the reports should be simplified (or consolidated into a single report).

#### **Feedback from workshops:**

In Latin America and the Caribbean almost 60% disagreed with the proposal. The rationale was that the current standards are enough and there is no need to reinforce them or make them stricter. It was noted that with the audits there is already information available. On the other hand, there were comments about the need to adapt records according to the product, to standardize reports, and include incremental stages to the requirement. It was emphasized that SPOs should own their own data and therefore have production costs information and guidance on how to report.

In both Asia and Africa 'yes' was the only answer reported.

In Europe the response was also yes, although other systems might be collecting the same information. Duplication should be avoided. The possibility was also mentioned of combining with other available tools of information such as CODImpact or with other existing tools for reporting on activities.

#### **Consultation question 3:**

What capacities would the SPOs and PNs need, to be able to implement these ideas?

#### **Written feedback:**

Besides training, as the most commonly mentioned need, the list includes: data collection, analysis and management; computer skills; a current IMS; more human resources; minimum education levels; access to online reporting and better data systems.

#### **Feedback from workshops:**

In Latin America and the Caribbean the capacities that were pointed out include the following: technical assistance (in areas such as accountability, agronomy, finance and management), reliable data, field data collection, closer support and involvement via CLAC, management capabilities and skills, planning, and training for the collection of information. The need to know the purpose of the information was deemed very important, as was the need for a modern, optimal and simple system that facilitates the cost collection. A workshop to update SPO members was also seen as necessary.

In Asia no response was given to this question, while in Africa it was reported that an IMS system would be needed, together with software programs to collect and analyze the data, which should include GPS mapping information. Likewise, it was mentioned that regular access to information on Fairtrade sales was needed, as were capacities such as financial and human resources skills.

In Europe the opinion was that PNs do not have the sufficient resources to collect and provide this information directly, but they could support and even guide the producers. There were as well expressed concerns on the quality of the data. Intensive training was pointed as prerequisite.



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#### **Consultation question 4:**

How can the Standard enable the data collection? Would an option be through requiring this data as part of any IMS related requirements?

##### **Written feedback:**

Most of the answers were affirmative, only very few said 'no'. Apart from the IMS, it was mentioned that the use of software, logbooks, key indicators, and IT solutions could help to enable data collection.

##### **Feedback from workshops:**

In Latin America and the Caribbean an IMS was recognized as the medium for data collection; however, there were some disagreements about whether to include it in the Standard. Next, there were mentions of a possible system of costs for the SPOs or an information model that reports by region, together with monitoring, support and assessment data tools.

In Africa the wish was expressed for the tool to be offline and not as challenging as the Ecert portal. Another answer reported was to create a specific database/software to collect data and for analysis.

In Europe most were against a standard requirement, while it was acknowledged that the costs of an IMS should be considered.

### **Topic 11: Fostering continuous improvement**

#### **Consultation question 1:**

How can Fairtrade better incentivize producers to continue making improvements and promote best practice and innovation?

##### **Written feedback:**

The majority of responses covered the following four needs:

- More training and support services from the Fairtrade system (especially for smaller organizations and at the time of certification), including technical support on environmental and social development and financial support (via reducing/subsidizing producer fees)
- Higher economic returns in the form of Fairtrade Premium and sales differential
- More opportunities to collaborate between producer organizations, exchange ideas and learn from each other, such as via networking events, exchange visit or internships
- More recognition for producer organizations for their achievements for example in the shape of awards show-casing best practice and pioneers in certain areas

Other suggestions of incentives included increasing price for better performance and higher quality of products. Several comments focussed on the need to increase the Fairtrade market share (one suggested promoting country origin of products) and provide producers with better access to market information.

Specific standards-related feedback included suggestions to avoid new requirements which increase costs, to include more requirements on democracy and transparency, and to focus on requirements for an internal management system for continuous improvement and for a risk assessment and plan, and to include an innovation element in the development plan.



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### **Feedback from workshops:**

Awards and recognition (such as for management of Premium, innovative projects or quality of produce) were key themes mentioned as incentives for producers to improve performance in workshops in Swaziland, Malawi, Ethiopia and Germany. A common theme in the same workshops was also peer to peer exchanges across SPOs and even PNs.

In Mauritius and Ethiopia better access to producer certification funds was highlighted as a way to incentivize SPOs. Also it was suggested that traders can also play a role in promoting best practice through their support to SPOs.

### **Consultation question 2:**

Would it be useful to have different performance levels differentiated and recognized? How could this look like?

#### **Written feedback:**

The responses to this question varied greatly. Some supported the concept and contributed ideas on how to differentiate: by splitting results according to regions, products, farm size, years since established, capital and level of technology; by creating performance levels such as initial, intermediate, and excellent or bronze, silver and gold; by creating different Fairtrade price levels for quality; and by using audit results to compare. Those in favour said publishing performance levels would provide incentives to producers and enable traders to consider such levels which making sourcing decisions. One respondent suggested requiring reporting on efficiencies and performance as is done for Fairtrade sugar producers.

Many were against the idea or didn't understand the question; some thought that differentiation already exists through the compliance criteria ranks and therefore were confused by the question.

Those against the idea were very concerned about the concept of performance levels because such information would be difficult to gather and compare since farms have for example different water and soil conditions and social issues to start with. Also this could increase discrimination because struggling organizations could suffer.

Rather than comparing performance, many preferred the concept of supporting continuous improvement and show-casing top (and improving) performers.

#### **Feedback from workshops:**

While in Malawi it was suggested that various criteria such as quality of products could be assessed, in Mauritius the clear answer was that they are against introducing performance levels.

In Swaziland and Ethiopia the focus of discussion was more on the tools (monitoring tool and certificates of recognition) that would be needed to develop such a system rather on whether or not it would be useful.

The NFO workshop participants commented on the compliance criteria ranking system, explaining that they are designed in a way that there is no incentive to go beyond rank 3, which was considered a pity, in particular for those organizations that have been long in the system (over 6 years). It was highlighted that from a market perspective it is 100% expected that continuous improvement takes place. Therefore there was a suggestion to have transparency on the individual ranks of producers (that they are publicly made available) but there was also fear that this could have negative consequences on producers. They suggested that if ranks are made public for producers, they should also be made public for traders. It was also pointed out that organizations should be able to voluntarily share their results if they wish to and that NFOs could play a role working with the traders to support more producers towards greater continuous improvement.



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The NFOs also suggested that the ranking system could be used as a tool for tailor-made producer support. An idea suggested was to give reduction on certification fees to organizations with highest performance.

The question of what happens after year 6 was raised. An idea shared was to encourage organizations that have been longer in the system (more than 6 years) to move to up in the rankings. It was however expressed that it can't be expected that producers go through a path of continuous improvement if the traders do not put in effort. Another suggestion was to think about the concept of impact based standards for organizations after year 6.

### **Consultation question 3:**

How can best practice be promoted?

#### **Written feedback:**

Similarly to the responses to question 1, the focus was on the financial aspect (i.e. the Fairtrade Premium) and also on the following categories:

- educating/ training/ guiding;
- measuring and comparing;
- show-casing (best practice) documenting and learning; and
- recognizing/ rewarding (such as through Fairtrade awards).

#### **Feedback from workshops:**

As mentioned in response to question 1 awards and recognition, and peer to peer exchanges were key themes in producer workshops in Africa. In Indonesia the key request was for more PN support to promote best practice.

In the NAPP workshop it was suggested to take some successful SPO Premium projects, and use them as part of pilot projects. They would receive Fairtrade International and PN support, be monitored and then the system would be able to learn from them.

In the MEL workshop a suggested approach was to benchmark performance of the SPOs (in certain fields) against other SPOs in their environment (e.g. country), thereby incentivizing a positive learning and sharing culture between producer organizations. It was mentioned that other certification schemes apply this successfully, so they could be a potential source for information.

Another way suggested at the MEL workshop could be to inform producer organizations strategically. The latest household survey results, for example, show that yield improvements are mainly correlated to production inputs (more than training participation). Fairtrade could feed this information to the SPO leaders to take strategic decisions that will benefit its members. This linked to the idea of benchmarking against internal goals and external performance (other SPOs).

The outcome of the MEL workshop also supported requests from other workshops for more exchanges amongst peers. They explained that studies show that the most effective take-up of good practice happens on peer-to-peer level. For this reason it would be recommended to support and encourage farmers to share among each other. This could happen within an SPO (e.g. in meetings & workshops), or through technology (e.g. mobile apps).

According to MEL, another efficient way for Fairtrade is to partner up strategically with NGOs and government bodies. The cocoa board in Ghana for example proves to be a good mechanism to promote good agricultural practices among all farmers. Similarly, strategic programmes within the



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Fairtrade system have proven to be successful, for example the project on banana productivity improvement. Therefore, a systematic approach to programme delivery can be a good way to promote good practices.

#### **Consultation question 4:**

When the guidance in the Standard promotes best practice is this helpful and used by producers to improve performance?

#### **Written feedback:**

Over 100 respondents (mostly producers) clearly stated that yes the guidance is useful. A few asked for even more guidance since it is so useful. One clarified that it is useful to know what ultimate best practice can look like, so they know what to aim for.

Some gave more cautious responses stating that the guidance is only useful if it leads to high profits. They explained that they can put in efforts to improve performance, but if they do not see financial benefits, they lose out at their own costs. As such there were requests that guidance should take needs for competitiveness into account. One respondent asked for more practical advice rather than theoretical advice. Several reconfirmed that additional training and support services are also needed.

Around 10 stated clearly that no, the guidance was not useful to them. Several traders doubted whether producers use the guidance.

#### **Feedback from workshops:**

In the workshops in Mauritius and Swaziland feedback on the guidance was positive. In Ethiopia and Indonesia the response was more cautious, saying that it is not clear and “maybe” helps.

Feedback from the MEL workshop was that, in general, the guidance seems to be a good way to promote good practices. However, it could be more context sensitive (e.g. based on commodity or region) and include different examples (to show that there are often different solutions to one challenge and not only one best practice). The MEL team also suggested that it would be interesting to compare different ways of promoting good practices in the standard (language, adoption to context) and monitor over time if this can be related to improved performance.

## **Topic 12: Simplification of the Standard**

#### **Consultation statement:**

With every review there is an increased demand from stakeholders to add topics and requirements to the Standard. This list of topics for discussion also goes in the direction of adding new requirements. At the same time stakeholders are concerned that the standard is too long, complex and cumbersome.

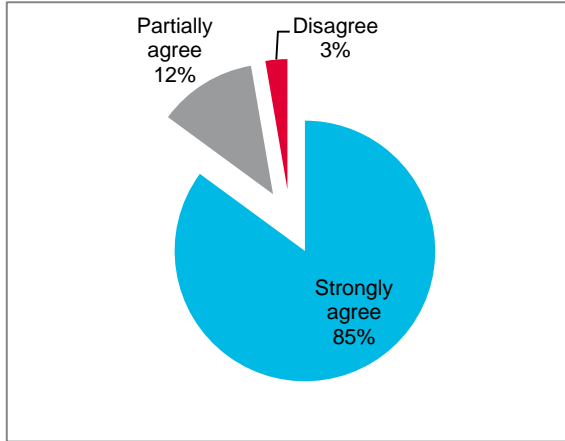
#### **Written feedback:**

With 85% of participants strongly agreeing with the statement, 12% agreeing and only 3% (6 participants) disagreeing, there is a clear understanding of the challenge to address important topics in the standard, while avoiding complexity and over-burdening producers.

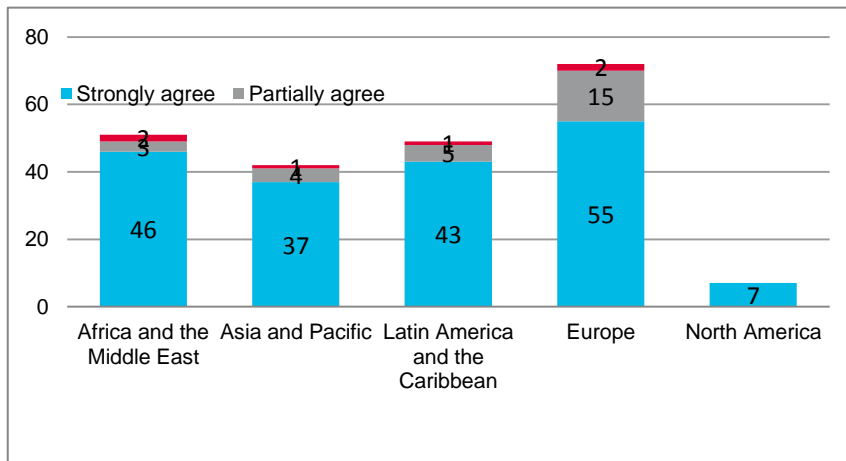


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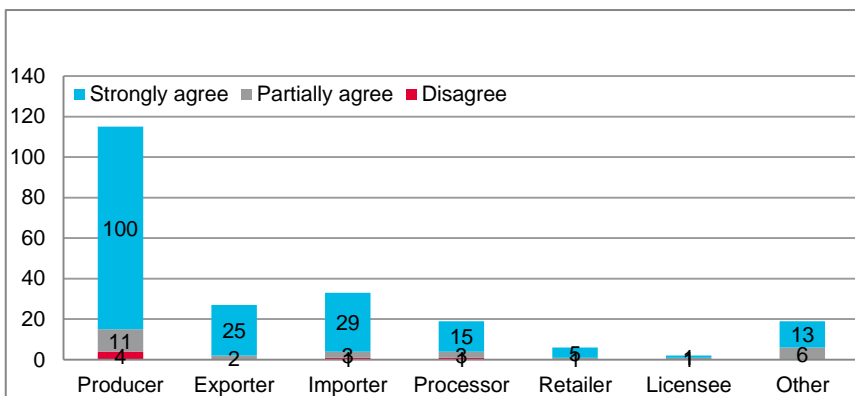
Do you agree with the description of the topic



Agreement per region



Agreement per role in the supply chain



Some respondents' comments confirmed their understanding of the situation by explaining that the standard needs to be long and complex because otherwise it might lack the necessary information or topics. As one participant, who partially agreed with the statement clearly explained; "Changing



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realities require adjustments, meaning new issues need to be addressed and added. Also, one of the reasons for the good reputation and robustness of the Fairtrade system is that it has a comprehensive, varied and credible standard that addresses most important issues.” Another said that the length of the standard is less important than the need for training and good guidance.

There were also a couple of comments comparing the complex standard to this consultation and asking for it to be simpler.

### **Feedback from workshops:**

All of the eight workshops where this topic was discussed strongly agreed with the statement. In Malawi, India and Sri Lanka there were requests to simplify the language; the explanation was that the standard and explanatory documents are very long and complex, and can be intimidating for farmers, especially for those with little education. In Malawi there were requests for translation into local languages. In Sri Lanka it was explained that the complex standard places a burden on producers and many have left the system because of it; it was therefore requested to not add any further requirements to the standard. Also the importance of considering the cultural background of producers more when developing the standard was emphasized.

The NFO workshop gave some suggestions on how to simplify the standard:

- Use infographics to present a summary of the standard
- Put all guidance in a separate document (if it makes sense – sometimes the guidance clarifies the requirement)
- Show the development requirements separately
- Use colours to separate years and topics
- Reconsider the structure of the standard
- Include the “simplification question” in each chapter for the 2<sup>nd</sup> round of consultation

### **Consultation question 1:**

Do you have any suggestions to simplify the standard?
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### **Written feedback:**

The main comments received were requesting a simpler, producer-friendly standard, with clearly-specified requirements, focusing on the following:

- The language should be less legal-sounding and plainly written. There were two suggestions asking producers to proof-read the standard before publishing to check it is clear. Also there were requests for better translations and also in local languages.
- Summaries of each section and highlighting main points and short explanatory documents, visuals/illustrations and films explaining the main points.
- Elimination of redundancies and repetitions.

Other common themes were about the structuring of the standard, including clearer alignment with the compliance criteria or merging the standard and the compliance criteria into one document. There were also some comments about ensuring the standard is adapted to reality and that the auditors know the reality of the region they are auditing. While some asked to combine the SPO standard with the product standards, others requested separating the requirements by product (or by organization type such as SPO 1<sup>st</sup> or 2<sup>nd</sup> grade etc.).





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The idea was raised of prioritising key points which require 100% compliance with the rest focussing on continuous improvements. This was closely linked to other ideas such as removing all the development requirements and ensuring the standard is outcome-based and going in the direction of impact-based standards.

#### **Feedback from workshops:**

There were repeated requests for clearer language, concise chapters, local language translations and less detail.

The workshop in Germany additionally suggested comparing and aligning environmental requirements with other sustainability schemes.

#### **Consultation question 2:**

Which topics/requirements in the SPO standard are not necessary?

#### **Written feedback:**

By far the main feedback received was that all requirements and topics are necessary. Another common reaction was that such a question is much bigger than it seems and to read the standard in addition to the consultation would take a lot of time.

Of those who responded directly, the most commonly mentioned topics/requirements considered not necessary were:

- Labour requirements for small-scale farmers
- Sections 3.1. Production and 3.2. Environmental Development since much of it is repeated in other product standards; its application would lead to the compliance in itself of all the sections that are currently taken into account (environmental management, pest management, waste management, biodiversity)

Other topics/requirements considered not necessary included:

- 3.2.29 and 3.2.30 on hazardous waste
- Development of requirements on modern slavery
- 3.2.39 on energy consumption
- GMO and biodiversity
- All development requirements

One other participant suggested the Fairtrade Development Plan should only be applicable from the moment the Premium is about to be received, in order to reduce the burden of compliance.

#### **Feedback from workshops:**

While the workshops in Swaziland and Mauritius responded that all the requirements are necessary, in Indonesia it was suggested that the requirements on GMO (because it's not relevant for their specific area and product) and labour at farmer level are not necessary.



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### **Consultation question 3:**

Which sections can be reduced/merged or simplified?

#### **Written feedback:**

The main feedback showed support for reducing and merging where possible. Many understood this is a complex and difficult task.

Individual suggestions were received to merge sections as follows:

- Production with trading
- Environment with labour
- Production with environment and pest management
- Development potential with governance section
- Gender equality and empowerment of women with the modern slavery legislation, creating sub-themes for each
- Management of production practices with environmental development
- Training in soil management and water management into a single training

Individual suggestions were also received to reduce the following:

- Section on governance
- Management of production practices
- Biodiversity
- Pest management
- Production
- Labour
- All chapters

Other suggestions were made to recognise other standards to reduce bureaucracy and to separate standards by product.

An additional comment explained that the production chapter is the most difficult and complex one “is not well reflected in the system (people do not think of these benefits when thinking of Fairtrade)”.

#### **Feedback from workshops:**

While in Malawi the feedback was that most farmers have not read the standard so they can't answer this question, in Swaziland they were cautious of suggesting changes because they didn't want to lose the meaning of the standard.

In Mauritius the participants suggested merging chapters 1 and 4.



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#### **Consultation question 4:**

How to organize the Standard in a simple and less complex manner?

##### **Written feedback:**

Most comments received confirmed this is a difficult task and gave advice to be pragmatic, clear, concise and short. Several respondents (mostly producers) said that the structure is clear as it is and that is not a problem, some said the lack of accompanying training is a problem.

Other suggestions included:

- Structure by topic and product
- Compare with the structure of other standard organizations (e.g. Utz)
- Ask auditors

Further advice on how to clarify topics included the creation of:

- explanatory documents for each topic
- materials similar to the games and playing cards used by Fairtrade ANZ which are shorter and less complex (from producer feedback)
- a standard app to be able to read it better on a mobile phone

##### **Feedback from workshops:**

The feedback from Malawi was to provide local translations, present information using visuals and less text, and to include only the most relevant topics for specific regions and producers. In Swaziland the participants suggested working together with business development advisors to simplify the standard, considering the SPOs they work with.