

Fairtrade  
Labelling  
Organizations  
International

# GROWING STRONGER TOGETHER

Annual Report 2009–10





## **FAIRTRADE'S VISION**

*A world in which all producers can enjoy secure, sustainable livelihoods, fulfil their potential and decide on their future.*

## **FAIRTRADE'S MISSION**

*To connect disadvantaged producers and consumers, promote fairer trading conditions and empower producers to combat poverty, strengthen their position and take more control over their lives.*

## **FLO'S PURPOSE**

*To provide the leadership, tools and services to inspire and empower more people to achieve Fairtrade's vision and mission.*

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# 2009 – A YEAR OF GROWING STRONGER

## AT A GLANCE...

FLO is a non-profit, multi-stakeholder organization responsible for the strategic direction of Fairtrade, setting the Fairtrade standards and supporting producers in the global south. Fairtrade strives for improved terms of trade and fair prices for farmers and workers in developing countries.

### Fairtrade History

- 1988 – Dutch development agency Solidaridad launches Max Havelaar, the first Fairtrade label
- 1988 to 1997 – Fairtrade grows to include 17 Labelling Initiatives worldwide
- 1997 – FLO is founded to unite LIs under one umbrella
- 2002 – FLO launches the FAIRTRADE Certification Mark
- 2004 – FLO-CERT established to certify producers and traders independently
- 2007 – FLO's Strategic Review
- 2008 – FLO embarks on global strategy to Strengthen, Broaden and Deepen the impact of Fairtrade

### Success in the South

- 827 Fairtrade certified farmer and worker organizations
- 60 countries where Fairtrade producers are present
- 11% increase in certified producer organizations
- 1.2 million farmers and workers benefit from Fairtrade sales

### Success in the North

- 27,000 Fairtrade products worldwide
- Over 70 countries where Fairtrade products are sold
- 8% increase in number of licensees
- 2,849 total number of licensees

### Market Overview

- 19 Labelling Initiatives and 2 Marketing Organizations
- 26 countries where Fairtrade is marketed and promoted by national organizations
- □ 3.4 billion global Fairtrade retail sales
- 15% annual growth

### Message from the Board Chairman

2009 was the first year of the implementation of our new strategy. The management of FLO did a fantastic job in setting up the new facilities and structures which will serve the Fairtrade movement and I would like to start this short statement by thanking them for their dedication and professionalism.

With these new services in place, Fairtrade will continue to improve the impact of our activities on the welfare and efficiency of the producers in the South. FLO, Labelling Initiatives and Producer Networks are making progress in working together within a global system, sharing best practices, using local resources for the benefit of all.

Strengthening the capacities of the Producer Networks in such a way that they will have the means and tools to fulfil their duties in the governance of Fairtrade and to assume an increasingly important role in the management of their organization is essential.



I would also like to thank our funding partners. The Strategic Fairtrade Funding Programme is a key element of the success of the implementation of our strategy. The ambition of Fairtrade is captured in the objectives of this multi-partner programme and will be achieved thanks to their support.

During this year of internal restructuring and facing the financial crisis, Fairtrade was able to continue to grow. The confidence of consumers in the promises of Fairtrade is such that even in an aggressive economic environment the sales of Fairtrade products grew. That is the result of the quality of the work of each part of the chain of Fairtrade services.

2010 is the new strategy's year of delivery. New services in place, a more global approach to our system and an evolution of our governance will allow us to deliver our ambition to deepen our impact and broaden our scope by strengthening our system.

Jean Louis Homé, Chair of the Board

CEO Rob Cameron on a visit to Fairtrade rice producers in Kaithal, India



### Message from CEO Rob Cameron

When I look back to the beginning of 2009, we were in the midst of the worst recession in 70 years and the situation looked bleak. With household budgets tightening, we worried that shoppers might buy fewer Fairtrade products and that businesses might falter. Instead, consumers across the globe bucked the trend and proved their deep commitment to giving producers a fair deal.

All Labelling Initiatives report growth in 2009 and campaigners continue to promote Fairtrade in new and innovative ways. Thanks to this support, new brands have embraced Fairtrade and long-standing partners have deepened their commitment. More global brands have made 100% commitments than ever before: Cadbury Dairy Milk, Starbucks, Nestle's Kit Kat, Green & Black's, and Ben & Jerry's.

But, the economic recession also highlighted the vulnerability Southern producers face in the current trade regime. Access to capital and credit, high costs remaining from the oil price spike, the impacts of climate change – these and many other issues were our call to action to grow stronger as a Fairtrade system and to broaden and deepen our impact.

In 2009 we began putting our new Strategic Model into action, implementing major change across our operations. To begin, we strengthened our senior leadership team to equip the organization with the management capacity it needs.

We established vital new departments. Strategy and Policy offers direction on Fairtrade's future developments to maximize our benefits to producers. Global Product Management provides

information, tools and strategy on our key products so we can better support producers and the market. Market Development is working on a harmonized approach to Fairtrade's brand and marketing activities. Global Account Management will strengthen relationships with global business partners. Existing departments are also being overhauled as Producer Services and Relations develops a new structure and new partnerships to extend both our reach and range of services to producers.

We began work on the new "empowerment model", one of the most ambitious programmes ever undertaken by FLO. At its heart is a major overhaul of existing Fairtrade Standards and the addition of new elements to strengthen and deepen producer impact. The empowerment model includes other elements led by FLO-CERT, PSR and our Strategy & Policy teams.

These are important activities but only insofar as they support delivery for producers. Our ambition is to increase the number of producers in the Fairtrade system fivefold, while delivering ten times the Fairtrade Premium and increasing Fairtrade sales tenfold, by 2015.

To achieve these ambitious targets, we need to work closely with our partners. We thank our funding partners for their ongoing support. Most important of all, our producer partners are gaining a stronger voice within the Fairtrade system. The Producer Networks now have greater capacity in terms of both finance and people. We have further capacity building planned and are working to strengthen producer representation in our decision-making and operations.

The need for Fairtrade is greater and more urgent than ever. Global actors are struggling to take on the pressing financial, environmental and structural issues facing our planet. But equally, our opportunity has never been greater. As more companies engage with Fairtrade the easier it becomes for others to join. Recognition of the need for sustainable development increases almost daily and Fairtrade is a simple, practical tool in the pursuit of sustainability.

We must be single minded in our determination to make the impact we know we can and achieve our 5-10-15 goals. We must focus on our role in the bigger context and start to shape the global conversations that will define all our futures. It is in our grasp to take a lead in creating a better world. We cannot afford to let this, the Fairtrade moment, pass us by.

In closing, I should like to thank the FLO staff, their FLO-CERT colleagues, the Labelling Initiatives, our Licensees, our many funders and supporters and above all the Fairtrade producers in this most testing of years for their unwavering support, unflinching effort and amazing achievements.

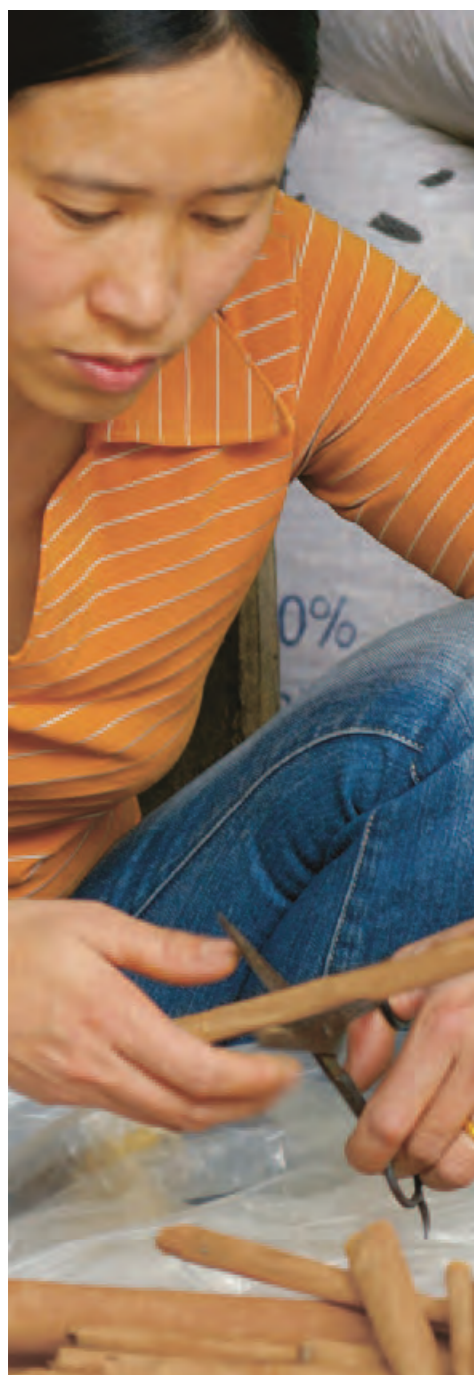
Rob Cameron, Chief Executive



# A Stronger FLO

## Achievements of 2009

Fairtrade's worldwide recognition gives us the opportunity, and responsibility, to set ambitious goals. Over the past year, the Board of Directors, staff and members got down to work on achieving the objectives of our Global Strategy. It is our aim to strengthen our operations, broaden Fairtrade's reach and deepen its impact for producers. It has meant making bold decisions and taking ambitious steps to go forward as a stronger movement. The achievements of 2009 are testimony to how FLO is moving from strategy into action as we pursue new markets and opportunities for producers.



Fairtrade's achievements in 2009 brought benefits to more producers of more products in more locations than ever before. Turning FLO's strategy into reality is the result of the combined efforts of the FLO Departments now in place to meet the development challenges facing disadvantaged producers. During 2009 we:

- Created a stronger leadership team with the skills and experience to drive Fairtrade's ambitious plans forward
- Put the foundations in place for the New Standards Framework to simplify the standards, improve economic returns for producers and help them strengthen their position
- Began a complete overhaul of our Producer Services to improve producer support
- Established a Strategy and Policy unit, Global Product Management and Global Account Management
- Extended our range of product categories
- Developed an Information Management System to provide access to reliable high-quality, system-wide data
- Signed major licensing agreements that will make a difference to thousands of producers

### Global Product Management

GPM was established as a central point of product information providing expertise, tools and product specific strategic direction. This will help connect producers to market and identify areas for improvement. The team now has managers for the "Big Six" Fairtrade products: coffee, tea, cocoa, bananas, cotton and sugar. In 2009, the first Product Advisory Council brought together experts from across the tea supply chain to provide product insight and advice to FLO. Other Advisory Councils are in the planning.

### Building Strong Business

*"Once companies meet producers in the field, Fairtrade sells itself. How producers are improving their own lives through trade opportunities is convincing and contagious. FLO is here to introduce companies to producers and open doors for both."*

Martin Hill, Director of Global Account Management

The goal of the newly created Global Account Management Unit (GAM) is to leverage deeper commitment from global business partners by opening up opportunities, streamlining engagement with Fairtrade and negotiating as a single global system.

One of the early achievements of GAM is Starbucks' success at doubling its Fairtrade certified coffee purchases.



### Ambitious New Standards Framework

For the first time in its history, FLO is revamping its standards. Better cost-benefit ratio, simplified compliance criteria and ensuring that FLO meets the needs of Fairtrade farmers, workers and traders: these are the key goals of the New Standards Framework. The new framework has three pillars: Production, Trade, and Business & Development which cover economic tools unique to Fairtrade and help to reinforce the Fairtrade Minimum Price and Premium.

### Scaling Up Producer Support

With the help of 43 Liaison Officers in the field, Producer Services and Relations (PSR) provided 856 certification advisory visits to Fairtrade producers and 536 to applicant organizations in 73 countries. PSR will also help producers to comply with the revised standards. This means working more closely with producers to design their own business and development plans, train them in key aspects and connect them to additional resources and partnerships to achieve the producer's own vision for their members and communities.

### FLO Opens Door for New Products

FLO's Strategy & Policy Unit has developed a clear process for new product development. It enables the expansion of new product categories, thereby giving more options to producers to sell under Fairtrade conditions while growing existing product categories. FLO will ensure the integrity of the process and be the key contact for champions of new product ideas. New categories currently considered include marine products, rubber and silk, as well as many more agricultural food products.

### Dual Certification Partnerships

FLO has launched two historic dual-certification partnerships. FLO and the Alliance for Responsible Mining (ARM) developed the first ever third-party independent certification for gold to bring social, environmental and economic development in artisanal and small-scale mining communities. The FLO Standards Committee also approved a pilot project for jointly labelled FSC/FLO timber products from small-scale community-based foresters.

### New Markets for Fairtrade

FLO and Fairtrade Label South Africa took a historic step by signing the first Fairtrade Marketing Organization agreement. The Czech Fair Trade Association (*Asociace Pro Fair Trade*) soon followed as the first national Fairtrade organization in Eastern Europe. In new Fairtrade markets, FLO licenses the Mark on products while local organizations are responsible for marketing and promotion. As Fairtrade continues to grow, a new Market Development Unit is now in place to combine brand management and market research activities globally and in countries without national Labelling Initiatives.

### Monitoring Impact

In July 2009, the Strategy and Policy Unit published the first Monitoring and Evaluation Report which provides insights ranging from how many producers are benefiting from Fairtrade to the volume of their Fairtrade sales. FLO will establish a comprehensive impact assessment system over three phases, with the ultimate aim to track and access timely analysis of Fairtrade impacts.

### A Full Fairtrade Herb Shelf

Responding to more than one hundred requests from farmers to expand the existing range of 25 Fairtrade herbs and spices, FLO amended its existing standard. As a result, certified farmers are able to offer any type of seed, root, flower or leaf that meets the definition of herb or spice. Producers and traders of herbs and spices have welcomed this change, which also expands consumer choice.

*"The farmers I work with in Vietnam are really excited about the new standard. It means they can finally stabilize their incomes by diversifying their product range beyond tea into cinnamon and ginger."*

Jaap Brands, founding member of Vietnamese Van Chan Bio Farmers Club.





# How We Are Governed

## Our Members

We often talk about Fairtrade in terms of *what* we do or *why* we do it; but *how* we go about our work is equally important. Fairtrade is one of the largest and most diverse multi-stakeholder initiatives in the world, with thousands of relationships in over 90 countries. As sales and recognition of Fairtrade grow, so does the number of people involved; from producers or funding partners right down the Fairtrade chain to consumers and grassroots campaigners.



### 3 Producer Networks

Producer Networks represent the interest of producers in the Fairtrade system. They are associations, which Fairtrade certified cooperatives or plantations can join if they wish.

### 19 Labelling Initiatives

Labelling Initiatives promote Fairtrade to businesses and consumers in their countries and license companies to use the FAIRTRADE Mark on consumer products.

### 2 Marketing Organizations

In new Fairtrade markets, Fairtrade Marketing Organizations are responsible for marketing and promoting Fairtrade in their countries.

Membership in these associations is not required for certification. The three regional networks in Africa, Asia & Latin America/Caribbean became full FLO members in 2006, recognizing the importance of producers being co-owners of the system.

There are currently Labelling Initiatives in 15 European countries, the U.S., Canada, Japan, Australia and New Zealand. We also have two Associate Members: Mexico and South Africa.

## 24 FLO Members

"It is very important that Fairtrade's governance is *participative*, so that all members can contribute their knowledge and experience to Fairtrade; and that it is *accountable* to all stakeholders for Fairtrade's performance and impact. Our current model dates back to 2006 and since then Fairtrade has grown almost four-fold, expanding into new products and regions. So now is a good time to review and update it."

**Ian Bretman,**  
Vice Chair of FLO Board

### ...exercise their voice within ASSEMBLIES

The Labelling Initiatives gather at least once a year at the LI Assembly, as do the three regional Producer Networks. The 24 members come together yearly to exercise their rights as owners of Fairtrade through the General Assembly. The General Assembly's role is to maintain the constitution and membership systems of the association and to approve the annual accounts.

### ...appoint the BOARD

FLO's Board of Directors decides on the long-term strategy for Fairtrade. The Board is made up of 14 people: five are elected by the Labelling Initiatives, four by the Producer Networks and five by the Board based on recommendations from the Board's Nominations Committee. Of these five, two are nominees of certified traders and three are independent, appointed for their relevant knowledge and experience. The Board appoints sub-committees to provide expertise and oversight in key areas, such as finance, standards and audit.

### ...are supported by FLO's LEADERSHIP TEAM

FLO's Leadership Team provides operational services and Fairtrade's strategic direction. FLO is led by the CEO, COO and FLO's Unit Directors and Heads from: Finance and Central Services, Producer Services and Relations, Strategy and Policy, Standards, Global Account Management, Global Product Management, Market Development, Communications and Human Resources.

### ...work with FLO-CERT

FLO-CERT is an independent certification organization responsible for certifying producers and traders against the Fairtrade Standards. It is the only ISO 65 accredited social certification body in the world.



# Fairtrade's Approach to Partnerships

## The Strategic Fairtrade Funding Programme

One of the key messages emerging from FLO's Strategic Review was the need to strengthen existing partnerships and develop new ones. Our approach is based on the principle that what is done is more important than who does it. By working together with organizations who have other areas of expertise, or access to other resources, we can add value to Fairtrade's work, that of our partners and, most importantly, deepen the impact of Fairtrade.

Through strategic partnerships we can ensure that disadvantaged producers have access to more benefits by engaging with Fairtrade, and that we will be able to deliver on our core objectives.

Key to the success of strategic partnerships is the identification of mutual objectives. The Millennium Development Goals (MDGs) provide a focus both for Fairtrade and for many of the most significant players in international development. We are working with several of these organizations to enhance our contribution to achieving the MDGs and thereby addressing the world's most pressing development challenges.

FLO's commitment to the MDGs is articulated in the Strategic Fairtrade Funding Programme, Phase I of which was successfully concluded in 2009. The Programme aims to attract coordinated funding for Fairtrade, thereby enhancing the effectiveness of development assistance. During this phase, we worked with five strategic funding partners (see below) to enhance Fairtrade's development impact. Phase II of the Programme runs from 2010-2013 and embodies our core strategic objectives: strengthening



the global Fairtrade system; broadening the scope of Fairtrade; and deepening the impact of Fairtrade.

Phase II of the Programme has already attracted significant support. One of its aims is to double the number of Fairtrade producers; another goal is a three-fold increase in the total value of the Fairtrade Premium paid to producers. Our intention to bring more of the benefits of Fairtrade to the poorest producers and producers in fragile states is also explicitly articulated.

As part of this Programme, and with funding partners who support specific projects, our relationships extend beyond a simple financial transaction and recognize the variety of ways in which organizations can work together to achieve mutual objectives. This approach extends to the many other important development actors with whom we are building relationships, including major international development banks, partly in the context of our new activities in the field of improving access to finance for Fairtrade certified producers.

### Strategic Funding Partnerships

- **UK Department for International Development**
- **ICCO** Inter-Church Organization for Development Cooperation, Netherlands
- **Irish Aid**
- **NORAD** Norwegian Agency for Development Cooperation
- **SECO** Swiss State Secretariat for Economic Affairs

### Project Funding Partnerships

- **Comic Relief**, UK
- **Friedrich Ebert Stiftung**, Germany
- **EED** Church Development Service, Germany
- **ICCO** Inter-Church Organization for Development Cooperation, Netherlands
- **MISEREOR** The German Catholic Bishops' Organization for Development Cooperation, Germany
- **HIVOS** Humanist Institute for Development Cooperation, Netherlands
- **Roskilde Music Festival**, Denmark
- **SNV** The Netherlands Development Organization

# The Fairtrade Chain

## From Producer to Consumer

A worker on a Fairtrade tea plantation in India. A cocoa farmer from the Caribbean. A shea butter cooperative in West Africa. How do their products reach consumers? How does the Fairtrade supply chain work? Standard-setting and certification represent the basic principles of the Fairtrade chain, which was set up to create fairness, transparency and accountability. There are seven major players involved in the supply chain who bring Fairtrade products to store shelves.

### Fairtrade Labelling Organizations International

In consultation with producers, traders and development experts, FLO sets and reviews the Fairtrade Standards. There are standards for small producers, hired labour, contract production and trade standards. FLO also provides business support to help producers strengthen their businesses and seize new market opportunities. There are 18 product-specific standards for small producers and eight for Hired Labour covering 20 product groups.

### FLO-CERT

FLO-CERT is the only ISO 65 accredited certification body for a social label. Before sales can begin, FLO-CERT inspects, audits and certifies producers and traders. Producers are certified against social, economic and environmental standards and traders are certified against trade standards.

The Fairtrade Minimum Price and Premium are paid to the producer by whoever buys the product first, whether it is an importer, exporter or processor. The certification system makes sure that the Fairtrade Minimum Price and Premium reach the producers by providing credibility, trust and transparency. There are now roughly 2,000 trader and producer organizations certified by FLO-CERT in 73 countries.

### Labelling Initiatives

LIs are the consumer-facing organizations that promote and market Fairtrade in their country or region. If a company wants to put the FAIRTRADE Mark on their product, a Labelling Initiative must license its use. Only then are Licensees permitted to use the FAIRTRADE Mark on their products. Labelling Initiatives can also conduct licensee trade audits. In non-LI countries, FLO is responsible for licensing.

Retailers, wholesalers or distributors can sell consumer-ready Fairtrade labelled and licensed products and do not have to register with FLO or a national organization.

By the time a consumer product bears the FAIRTRADE Mark, it has been checked all along the Fairtrade supply chain. When consumers see the Mark, they know that Fairtrade Standards have been met and because of their purchasing choice, the individual producers are receiving the benefits of Fairtrade.





# The Fairtrade Standards

## Socially and Economically Fair, Environmentally Responsible

In order to be a part of the Fairtrade system, traders and producers have to meet certain criteria. FLO is responsible for developing and maintaining the Fairtrade Standards. They are designed to tackle poverty and support sustainable livelihoods for farmers and workers in the world's poorest countries. They also serve to foster mutually beneficial and longer-term relationships between producers and traders.

Our standards apply to producers and their buyers in the supply chain. They include producer standards for workers/ Hired Labour and small-scale farmers organized in Small Producer Organizations or who sell through external bodies, which is known as Contract Production. There are also standards for the importer, exporter or processor who buys directly from the producer group.

### Unique to Fairtrade

**Minimum Price:** The first buyer of Fairtrade certified products has to pay producers the Fairtrade Minimum Price for their products or the market price; whichever is higher. This means it can serve as a safety net for farmers when world markets fall below a sustainable level. Minimum price only sets the minimum trading price; producers and traders can also negotiate a higher price, for example on the basis of quality, and for some products, FLO also sets different prices for organic crops, or for particular grades of produce.

**Fairtrade Premium:** An additional sum of money is paid on top of the agreed Fairtrade price. It is usually invested in social, environmental or economic development projects that are decided upon democratically by producers within the farmers' organization or by workers on a plantation. For example, education and healthcare, farm improvements to increase yield and quality, or processing facilities to add more value to the products. Even if the producer is paid more than the Minimum Price, the Fairtrade Premium remains the same.



### BENEFITS TO PRODUCERS:

- Long-term trading relationships
- Producers have greater control over the selling process
- Access to pre-financing
- The Fairtrade Minimum Price
- The Fairtrade Premium

### The FAIRTRADE Certification Mark

Fairness. Empowerment. Progress. Hope. A small Mark that says and does a lot.

When the FAIRTRADE Certification Mark was launched in 2002, there were questions: "What does the symbol represent?" "Is that a person in the middle?" "Is that an elephant under a setting sun?" "Does the blue symbolize loyalty?". Whatever people may interpret, what the Mark does and what it stands for is not left to the imagination.

The FAIRTRADE Certification Mark is now the most widely recognised ethical label in the world. When a consumer product bears the Mark it ensures that the product has been traded according to FLO'S international Fairtrade Standards.

There are roughly 27,000 products on store shelves around the world bearing the FAIRTRADE Mark. When consumers choose to buy a product labelled with the FAIRTRADE Mark, they are helping to reduce poverty and encouraging companies around the world to trade fairly.

The FAIRTRADE Mark is a registered trademark of FLO certifying that products meet the social, economic and environmental Fairtrade Standards.



These standards are set in accordance with the ISEAL Code of Good Practice.



## Fairtrade Certification

### Certification for Development

Millions of people around the world count on the FAIRTRADE Mark and the ethical value it adds to a product. All along the trade chain, from producer to consumer, cocoa bean to chocolate bar, all Fairtrade labelled products must be certified. It starts with a written application and ends with certification for a specific period of time. But in a globalized market that is growing ever more complex, how can people be sure that the FAIRTRADE Mark really is 'fair' ?

### People Need Reassurance

A producer wants to know that when his products are Fairtrade certified he will receive a fair price and premium to be able to improve his community and business. A trader wants to assure her buyers that her product was ethically produced. Consumers want to be certain that when they buy Fairtrade they are making a contribution to a better world.

That is why Fairtrade has robust standards and a rigorous certification process that makes sure these principles are upheld.

FLO-CERT works to ensure that producers and traders comply with the Fairtrade Standards and that producers receive the Fairtrade Minimum Price and Premium.

Certification has three basic steps: reporting, auditing and certification. A full Fairtrade audit can last a few days for a small organization or up to several weeks for the largest ones. Certification is financed through fees paid by producers and traders. The amount depends on the size of the organization, its complexity and the number of certified products it is seeking to sell.

Many industrial and business sectors certify the quality or technical standards of their products, or their services. Fairtrade Certification goes beyond that, also ensuring the ethical and social value of a product. It is the only certification scheme set up to tackle poverty and to enable the empowerment of farmers and workers in developing countries. Consumers can be assured that the international FAIRTRADE Mark can only be used when producers and traders have met the Fairtrade standards.

### ISO 65 CERTIFICATION

FLO-CERT is the only ISO 65 accredited social certification body in the world and follows the ISO norm in all its certification operations. ISO 65 is the leading, internationally recognized quality norm for bodies operating a product certification system. ISO 65 accreditation means that:

- A quality management system is in place
- Transparency in all processes
- Independence in the certification decision making



# Fairtrade Products

## Retail Sales Around the World

2009 was another year of positive growth for Fairtrade, as sales continued to increase across all LI countries. It's estimated that roughly 27,000 Fairtrade products are now sold in over 70 countries. According to recent surveys, consumer awareness of the FAIRTRADE Mark has exceeded 80% in some countries. And, despite the economic downturn, Fairtrade has achieved a 15% increase in global retail value, with estimated sales amounting to € 3.4 billion.

Country	2008 (in €)	2009 (in €)	Growth Rate
AUS/NZ	18,567,280	28,733,986	58%*
Austria	65,200,000	72,000,000	10%
Belgium	45,780,141	56,431,496	23%
Canada	123,797,132	201,978,074	66%*
Czech Republic	-	556,540	-
Denmark	51,220,106	54,436,609	6%
Estonia	-	295,045	-
Finland	54,445,645	86,865,284	60%
FLO** / Rest of World	130,722	18,099,255	-
France	255,570,000	287,742,792	13%
Germany	212,798,451	267,473,584	26%
Ireland	94,429,586	118,574,416	26%
Italy	41,284,198	43,382,860	5%
Japan	9,567,132	11,283,451	2%*
Latvia	-	153,500	-
Lithuania	-	315,380	-
Luxembourg	4,249,301	5,327,122	25%
Netherlands	60,913,968	85,818,400	41%
Norway	30,961,160	34,689,522	19%*
South Africa	-	458,075	-
Spain	5,483,106	8,030,724	46%
Sweden	72,830,302	82,662,331	25%*
Switzerland	168,766,526	180,160,263	7%
UK	880,620,304	897,315,061	14%*
USA	757,753,382	851,403,590	7%*
<b>GRAND TOTAL</b>	<b>2,954,368,443</b>	<b>3,394,187,360</b>	<b>15%</b>

\* Growth rate is based on the percentage increase as reported in the local currency and not on the value converted into Euro.

\*\* The FLO sales figure from 2008 did not represent the total retail values due to the unavailability of data, so the growth rate is omitted here.

New market sales figures from Czech Republic, Estonia, Latvia, Lithuania and South Africa were only introduced this year, so we cannot calculate growth rate for 2009.

FLO calculates the total estimated Retail Sales value based on both Out of Home sales and Retail Sales since this more accurately reflects what consumers spend on Fairtrade products.

Out of Home sales come from products consumed outside of the home; for example in restaurants and cafés. Retail Sales come from consumer products bought in stores and supermarkets.

In 2009, the following countries calculated the Out of Home sales value using the average Out of Home retail price; for example, the average price of a cup of coffee at a café: Canada, Finland, FLO, Germany, Ireland, Spain, USA.

The countries listed below calculated the Out of Home sales value using the average Retail price for consumer products bought in stores and supermarkets: Belgium, France, Italy, Japan, Sweden, Switzerland.

The rest of the countries do not separate the Out of Home sales from Retail Sales. Out of Home retail price often has a higher value per volume sold than the Retail Sale price found on products in stores. Therefore, the countries that use the Out of Home retail price for their calculation may have higher growth rates.

Out of Home sales make up approximately 19% of the total global estimated Retail Sales value.

# Fairtrade Prize Winning Products

## Excellence in Taste and Quality



**Alter Eco's Noir Intense Force Brute Pérou**  
Top place, Que Choisir  
Origin: Peru



**Hampstead Tea's Earl Grey Leaf Tea**  
Non Alcoholic Beverages Award,  
Soil Associations Food Awards  
Origin: India



**Rishi Tea**  
28 awards including 11 First Place,  
World Tea Championship  
Origin: China, India, Egypt



**The Fair Trade Spirits Company's FAIR.Vodka**  
World's Best Unflavored Vodka,  
New York Spirits Awards  
Origin: Bolivia

## AWARD-WINNING FAIRTRADE PRODUCTS

Fairtrade products are gaining recognition not only for ethical leadership but for excellence in taste and quality – thanks to producers' superior Fairtrade ingredients carefully crafted by partner businesses into award-winning products.



**Ethiquable's Spicy Banana Plantain Chips**  
Golden Archer Best Ethical Product,  
Belgian Committee of Distribution  
Origin: Ecuador



**Belvas's Chocolate Truffles**  
Palm, Quality Food Awards  
Origin: Dominican Republic, Paraguay



**Migros' Basmati Rice**  
Top rated, TESTBESTE  
Origin: India



**Gepa's Bio Cocoba Chocolate Spread**  
Very Good, ÖKOTEST  
Origin: Latin America



# Fairtrade Producers Around the World

## More Members and Steady Growth

Different continents have different opportunities and challenges. In order to be more effective in helping producers, it became clear that a more regional approach was needed. The three Producer Networks joined FLO in 2006. A major focus of FLO's global strategy is to significantly increase their role in Fairtrade. Membership is voluntary and many small producers are not part of a network. There are now 827 producer organizations in 60 countries; an 11% increase over 2008.



### Africa & Middle East

- **Producer Organizations:** 231
- **Members & workers:** 760,000
- **28 Producer Countries:** Benin, Burkina Faso, Cameroon, Comoros Islands, Côte d'Ivoire, Democratic Rep. of Congo, Egypt, Ethiopia, Ghana, Kenya, Madagascar, Malawi, Mali, Mauritius, Morocco, Mozambique, Palestine, Rwanda, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe



### Asia

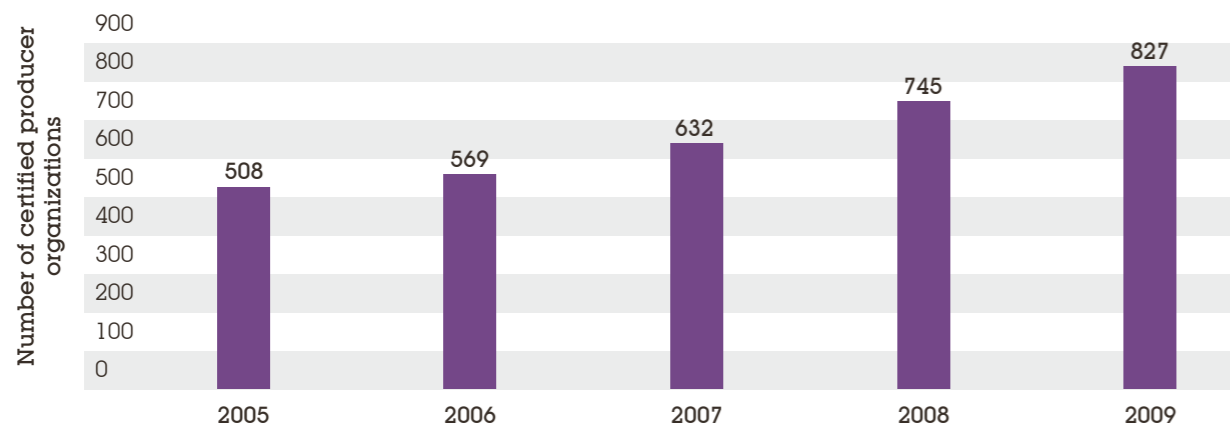
- **Producer Organizations:** 120
- **Members & workers:** 189,000
- **12 Producer Countries:** China, India, Indonesia, Kyrgyzstan, Laos, Pakistan, Papua New Guinea, Philippines, Sri Lanka, Thailand, Timor-Leste, Vietnam



### Latin America & Caribbean

- **Producer Organizations:** 476
- **Members & workers:** 280,000
- **20 Producer Countries:** Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, Windward Islands

## Evolution of certified producer organizations 2005–2009



# Sales in Volume per Fairtrade Product

## Upward Trend for Most Products

Fairtrade Standards now cover 20 product groups as the number of consumer products made from Fairtrade certified goods continues to grow. Cocoa and sugar saw strong leaps in sales thanks in part to 100% commitments by global chocolate and confectionary brands including Cadbury Dairy Milk, Nestlé UK's Kit Kat, Ben & Jerry's and Green & Black's. Coffee, the pioneering Fairtrade product, also experienced steady growth.

Product	Unit	Conventional   Organic	Total 2009	Growth Rate
Flowers and plants	1,000 stems		335,893	8%
Bananas	MT		311,465	4%
Sugar (cane sugar)	MT		89,628	57%
Coffee (roasted, instant)	MT		73,781	12%
Fruit juices	MT		45,582	62%
Cotton	1,000 items		23,346	-15%
Fresh fruit	MT		20,091	-24%
Cocoa (cocoa beans)	MT		13,898	35%
Wine	1,000 litres		11,908	33%
Tea	MT		11,524	1%
Rice	MT		5,052	8%
Honey	MT		2,065	0%
Nuts and oilseeds	MT		859	13%
Herbs and spices	MT		578	266%
Quinoa	MT		556	1%
Dried fruit	MT		541	-24%
Sports balls	1,000 items		118	-16%





# A United Voice

## Our Producers in Africa

An expanding Producer Network, better information for producers on new market opportunities and an increase in South-South trade are all part of the exciting work going on in Africa. In 2009, the first Fairtrade Marketing Agreement was signed by FLO and Fairtrade Label South Africa. Awareness is on the rise, and producers across the continent are investing their Fairtrade Premium in innovative projects, improving their business and the local community.

### African Fairtrade Network

The AFN has a mission: to promote Fairtrade in Africa, facilitate regional trade and increase opportunities for its members to sell their products. There are 231 certified producer organizations in 28 African countries and this figure continues to grow. There are four regional offices in East, West and Southern Africa and an office in Northern Africa is planned for later this year.

FLO and the Netherlands Development Organization (SNV) have been working together on trade and development issues since 2006. According to Lawrence Attipoe, Country Director for the organization in Zimbabwe, the relationship is an important one:

"A significant outcome of the partnership is the new support model to small producers and FLO's move towards a more market oriented pricing system. FLO's focus on developing capacities of producer groups is very commendable and appreciated by clients and partners. Also, the move to identify and jointly develop value chains with SNV rather than concentration on certification, will ensure more sustainable supply chains in the future."

Attipoe adds that the future of Fairtrade in Africa depends, among other things, on the development of local producer capacity, leading to the development

### A Partnership in Zimbabwe

of integrated value chains that enable processing of primary products for both the domestic and international Fairtrade markets.

"Our expectation is that FLO, within the boundaries of confidentiality, can share reasonable amounts of its market intelligence with us as a tool for developing strong value chains linked to existing and potential market opportunities. Up until now, FLO has not been very responsive in this rather important area of the partnership. In addition to working with partners such as SNV, FLO can also play a major role in ascertaining the capacity needs of identified producer networks, such as the AFN."

SNV appreciates FLO's passion for improving producer group capacity for sustainable business, but Attipoe adds they have been less impressed with the pace and cost of the certification process, especially for smallholders.

### Dates from Tunisia: Building on Success

It's five years since the Groupement de Developpement de l'Agriculture Bio-Dynamique (GDABD) decided to go for Fairtrade certification, motivated by the desire for sustainable production methods, better environmental practices and increased export sales.

Since then the Tunisian farmers have formed long-term trading relationships with European partners, improved the quality of their produce and have increased their exports, meaning that 75% of members' income now comes from overseas sales of their Fairtrade organic dates.

The cooperative is keen to build upon this success. Its vision is to increase Fairtrade sales further and to diversify into other markets such as North America and the UK.

*"With Fairtrade, we have a Minimum Price which is a useful tool to protect us from market price fluctuations. Last year we used the Premium to purchase netting to prevent damage to the crop from pests and the summer rains. That's why we are now producing better quality dates."*

Abdella Mesbah,  
President of the Cooperative

### Premium Use 2009

## AFRICA

**Total Fairtrade Premium ..... € 12.6 million**

Community ..... 22%  
Education ..... 16%  
Environment..... 0.2%  
Health..... 6%  
Business & Production..... 46%  
Women's Programmes ..... 3%  
Other / Not yet spent..... 3% / 4%

### Bridging the Gap and Dealing with Drought

The Waridi Flower Farm is located close to the Kenyan village of Kinanir. Many of its workers and their families live there. What separates the farm from the village is the Athi River, a waterway that is subject to flooding in rainy season but can also dry up for months at a time.

Both these situations have proven problematic for the local community - in rainy season they can't cross the river to get to work or to access other local services, whereas in periods of drought there isn't enough water for cooking and cleaning, or for feeding their livestock.

Waridi Flower Farm already carried out a project to build a footbridge over the river in 1999, and Fairtrade Premium money helped fund essential repair work to the bridge when it was severely damaged by flood. Local communities now have year-round access to local trading centres.

Last year, the company undertook another project to tackle the problem of drought and water shortage. Fairtrade Premium money was used to construct two weirs across the river. The weirs act as a dam, allowing water to be stored during drought time so the community has access to water during the dry season.

Work on the two weirs started in February last year and by the end of April both reservoirs were full with rainwater. It's now much easier for the villagers to get the water they need, and as problems of drought and water shortages continue to increase, Waridi Farm expects the weirs will be invaluable to the local community in the months and years to come.



*"Here, FLO can, and should do more to simplify the certification process, while maintaining its quality and credibility. Given the scope of work on the ground and the increasing wave of Fairtrade worldwide, FLO must increase the numbers and capacities of Liaison Officers to support integration of Fairtrade thinking into effective and integrated value chains. SNV remains committed to partnership with FLO to achieve these objectives."*

Lawrence Attipoe, Country Director,  
Zimbabwe / SNV Netherlands  
Development Organization







## A United Voice Our Producers in Asia

### Network of Asian Producers

Representation, coordination, exchange and collaboration for the empowerment of small scale farmers' and workers' organizations. That is the self-proclaimed mission of NAP, the Network of Asian Producers, which now has 96 member producer organizations in 12 countries.

Since its founding in 2005, NAP has been working to help even more Asian producers join the Fairtrade movement. It also works to ensure that Asian realities and conditions are taken into account when Fairtrade Standards are set without compromising on the basic principles of Fairtrade.

*"Producers often lose track of changes happening around them. These changes can be in the form of fluctuating market demand, in the quality of their product and of course to the economy in general. NAP is an important tool for information dissemination and building awareness. The relationship between FLO and the NAP has always been strong and we continue to cooperate in many areas such as producer support, information sharing and building strategic partnerships that share our cause across the globe."*

Binod Mohan, NAP Chairman

### Coffee in Papua New Guinea

Some of the world's best coffee comes from the small country of Papua New Guinea. Yha Hauka Kopi Pty Ltd. is one of four Fairtrade certified producers in the country. It is a small farmers' cooperative with 670 members that sells to traders in the U.S. and Australia.

Papua New Guinea is divided by a spine of mountains and a rugged rainforest region. The lack of basic infrastructure means that farmers spend a large part of their earnings on shipping by plane or boat. Others must often carry their harvest to the nearest road, sometimes walking half the day.

Yha Hauka Kopi was founded in 1986 to help the farmers market their coffee. It became Fairtrade certified in 2004. Since then, the Fairtrade Premium has helped the coop to achieve its vision of improving the livelihoods of its members and the people of the community.

### Premium Investments

- **Education:** The Yha Hauka Cooperative offers partial and full scholarships to cover school fees of the members' children.
- **Health:** Yha Hauka assists with hospital transportation and medical evacuation in case of emergencies. It also provides free transportation services for teachers, school and medical supplies, as well as transportation of patients.
- **Productive Investment:** Cooperative members are offered extension services, including advice on field practices. The cooperative also uses Fairtrade sales revenue to help pay the cost of airlifting coffee from growers in remote regions of the district. The coffee of these farmers had previously gone unsold due to the drop in coffee prices and the increase in airfreight costs.

### Premium Use 2009

#### ASIA

<b>Total Fairtrade Premium</b> .....	<b>€ 5.6 million</b>
Community .....	25%
Education .....	12%
Environment.....	0%
Health.....	18%
Business & Production.....	20%
Women's Programmes .....	4%
Other / Not yet spent.....	14% / 7%



### Small Producers in China

The first Chinese producer organization to join Fairtrade was Da Zhang Shan, an organic tea producer certified in 2001. Today, there are four small producer organizations for tea. However, one of FLO's newest members from China is a group of small farmers from Inner Mongolia who grow soybeans, peanut kernels and pulses.

The Jurihe/Zhaluteqi Nature Village Farmers' Association was certified in 2009. Its 39 members farm 21 hectares of land near the small village of Jurihe/Zhaluteqi, near Tongliao City in Inner Mongolia. Inner Mongolia is the third-largest subdivision of China and one of China's poorest rural areas. It has long, cold winters and short, warm summers.

In Jurihe, poverty is widespread. Children cannot get basic education. Schools are old and in need of repair. Children have to walk more than one hour to reach the school. In winter, temperatures drop below -20 degrees, adding to already difficult living conditions.

The Fairtrade Premium can be used by the Association to address these problems and help improve the lives of its workers and their families.

The Association sells its products to the DunHua Dewei Organic Products Co. Ltd, a Fairtrade certified exporter in the City of DunHua, which is about 600 kilometres from Tongliao.

*"Our farmers group is located in the poorest rural area of China with rough geographical conditions and wicked weather. Some of them are still worrying about their survival and basic education of their children. Although we are already solving these problems actively, our farmers group is young and faces a lack of capital support. So, we still have more to do, to change, to improve. And we are very happy that the Fairtrade certification is helping us to make that change together."*

DunHua Dewei Organic Products



# A United Voice

## Latin America and the Caribbean

The devastating earthquakes that hit Haiti and Chile in early 2010 mean that many producers in this region need Fairtrade more than ever. If there could be a positive aspect of the horrendous natural disasters, perhaps it would be the sight of Fairtrade producers and the wider Fairtrade family rallying together to help their neighbours in need. It is a great example of what is typical for the Latin America & Caribbean region: small producers working together to improve their lives.



### Coordinator of Fairtrade Small Producers in Latin America and the Caribbean

CLAC is the network of small producers representing roughly 300 organizations in 20 countries in the region. CLAC offers its members representation, coordination, exchange and collaboration, all with the aim of strengthening the region's small producer organizations within the framework of Fairtrade.

*"I believe there are two ways to see things. One way is to see Fairtrade only as a market tool to improve producers' income and strengthen our organizations through access to market, financing, and other forms of cooperation. The other equally important way is to see Fairtrade as a movement of which we are a part and to which we have contributed to change the attitude of the market and of consumers, creating more just relationships between producers and consumers, respect for human rights, quality production, respect for the environment and involving ourselves in democratic institutions."*

Raúl del Águila, President, CLAC

## Premium Use 2009

### LATIN AMERICA & THE CARIBBEAN

Total Fairtrade Premium ..... € 33.8 million

Community .....	24%
Education .....	4%
Environment.....	1%
Health.....	3%
Business & Production.....	36%
Women's Programmes .....	2%
Other / Not yet spent.....	18% / 12%



### CORA Cooperative: The future's bright & fertile!

Organic sugar cane farmers in Tebicuarymí, Paraguay had three things in mind when setting up the Cañeros Orgánicos Asociados (CORA) cooperative: improving the quality of life for farmers and their families, organizing the production and sale of their crops and improving the fertility and condition of the land.

Now, just one year after obtaining Fairtrade certification, the cooperative has already come a long way in meeting its objectives, and the whole community is reaping the benefits. In Tebicuarymí, good soil preparation and fertilizer are essential for farmers to yield a good crop. Yet the harvest is the only real source of income for most farmers, meaning they have virtually no money beforehand to invest.

Recognizing this problem, the cooperative decided to use some of its first Fairtrade Premium to help producers get out of this quandary. They bought special machinery that farmers can use to prepare the soil, and are also providing them with subsidized fertilizers, which do not have to be paid for until the harvest is over.

What's more, by hiring workers to help the farmers with the fertilizing and planting, CORA is not only helping its own producers but also the local community, since many men normally have to migrate for work or rely on fishing to sustain their families before harvest-time.

The local school children are also feeling the benefit of the Fairtrade Premium. Until recently the school didn't have electric lighting: fine on a sunny day, but the first sign of clouds led to hardly any light coming through the small classroom windows. So, CORA used some of its Premium money to buy electric lights for the school, with some of its members going to the school themselves to install them.

### Fairtrade Ends Washing Day Woes

For most of us, the thought of just one week without a washing machine is unbearable. Across the globe in Apartadó, Columbia, washing clothes by hand is a daily reality for most. But since last year an ingenious Fairtrade Premium project at the CORPONUI banana cooperative is helping to bring an end to the hard manual work of doing laundry, and is generating an additional source of income for its workers in the process.

Last year, the cooperative's Joint Body started using part of the Fairtrade Premium to give loans to workers for income generating projects. One such project is a washing machine rental service. The micro-enterprise consists of a series of portable washing machines that are rented out by the hour to housewives. The worker earns some extra money to support his family, the women are spared the arduous work of washing by hand and the whole community benefits from clean clothing.



# Fairtrade Around the World

## News and Highlights from Our Markets

Our national Labelling Initiatives and Marketing Organizations are the pillars of the Fairtrade system. Although Fairtrade depends on partnerships and collaborations with individual organizations to realise our goals, it continues to be a grass-roots social movement. Fairtrade would not enjoy the success it has today without the commitment and the support of hundreds of thousands of people around the world: ongoing proof of how we are truly growing stronger together.

### Fairtrade Campaigns

Fairtrade campaigners have been out in full force again. Highlights include:

- A world record in Fairtrade coffee drinking in Germany: 120,556 cups in just one hour
- A cross-border Nordic Fairtrade Challenge, in which 289,678 participants in Finland, Sweden, Norway and Denmark used Fairtrade products at 3,800 events
- A triumph for Fairtrade bananas in Luxembourg: 75,000 bananas were bought, distributed and eaten on Fairtrade Banana Day, almost double the original target of 40,000
- A fair boost for Boston commuters, as Fairtrade supporters in the U.S. distributed thousands of coupons for free Fairtrade beverages.

### Social Networking

Over the past 12 months there has been a flurry of web and social networking activity, boosting awareness of Fairtrade and the need for a better deal for producers and their families.

In "The Big Swap" campaign, UK consumers exchanged their conventional products for Fairtrade ones and registered each "swap" on an interactive webpage. This led to over a million and one Fairtrade swaps being made, and countless Fairtrade events being registered and documented.

2009 saw the launch of the award-winning international Fairtrade Towns website ([www.fairtradetowns.org](http://www.fairtradetowns.org)), combining the best resources, case studies and reports from the international movement. Since the launch in June, the site

has been visited by people from 81 countries and 580 members have joined the online community network.

In the online campaign "Cut It Out For Change!" Max Havelaar France asked people to cut the label off their clothing, sign an online video petition and in so doing encourage top brands to include Fairtrade cotton in their collections. Over 10,700 people have signed the petition so far.

This year's Fairtrade Breakfast was the largest ever. Over 110,000 participants joined Fairtrade Breakfasts in 21 countries around the world.

Many Fairtrade Labelling Initiatives have Facebook pages with thousands of people subscribed as fans.



### Accolades & Distinctions

- TransFair USA was named one of Entrepreneur Magazine's 100 Brilliant Companies for the second year in a row.
- "Fairtrade" was listed as one of the "words of the decade" by the BBC.
- November 2009: TransFair Germany was awarded the German Sustainability Prize, *Deutscher Nachhaltigkeitspreis*, in the category "Germany's most sustainable products / services".
- In July 2009, Fairtrade Sweden was awarded "Strongest Brand" by two major PR agencies, Hill & Knowlton and Westander.

*"Exceptional growth demands innovative approaches to fight poverty and to contribute to sustainable economic development. We believe that cooperation and collaborative efforts will create synergies and support each others' efforts. The challenge lies in how to manage growth and the quality of the Fairtrade Standards, as well as consumer demand and producers' capacity building. We believe FLO provides appropriate responses to these issues but will probably have to get even better to correspond properly to market growth."*

Carsten Schmitz-Hoffmann, GTZ – Deutsche Gesellschaft für Technische Zusammenarbeit GmbH

### Conferences

Our national organizations held conferences worldwide, showing Fairtrade's unique role in bringing people involved at all stages of the global trade chain together to talk about issues and opportunities.

- At the Fairtrade Foundation's Commercial Conference, banana farmer Cornelius Lynch spoke on the same platform as the Managing Director of Waitrose, one of the supermarket chains to stock his bananas.
- TransFair Germany held its second Fairtrade Conference in Berlin, alongside its first Fairtrade Awards ceremony, which honoured people and companies who demonstrate an outstanding commitment to Fairtrade.
- Max Havelaar Belgium's conference brought together producers, retailers and economic experts to discuss the global crisis and Fairtrade.



### Governments Show Support for Fairtrade

Not only the general public, but governments and public figures are also increasing their support for Fairtrade. Over the past year:

- The Czech Parliament's cafés started serving Fairtrade coffee.
- In Denmark, 12 master chefs wrote recipes based on Fairtrade ingredients for a "Fair Food" cookbook, with all proceeds going to Fairtrade.
- In Switzerland, two famous chefs became Fairtrade Ambassadors.
- 440 candidates running for the European Parliament elections pledged to support Fair Trade if elected and to ensure that the needs of marginalized producers and workers in the South are reflected across all European Union policy areas.
- The U.S. Secretary of State, Hillary Clinton, stopped at a Dublin café during Fairtrade Fortnight to enjoy a cup of Fairtrade coffee.



# FLO's Financials

## Statement of Accounts

The summarized key financial figures outlined below have been extracted from internal management reports and from the audited financial statements 2009. The latter, as in previous years, received an unqualified opinion (Deloitte). FLO's accounting practices comply with generally accepted accounting practices and relevant German legislation (KStG and HGB). The full audited financial statements are available on request from FLO's office in Bonn.



### INCOME STATEMENT 2009

	2009 (€'000)	2008 (€'000)
<b>INCOME</b>		
Membership fees.....	4,859	3,381
Grants – restricted.....	3,612	2,108
Grants – unrestricted.....	2,358	624
Interest & other income.....	386	366
<b>TOTAL INCOME.....</b>	<b>11,215</b>	<b>6,479</b>

### EXPENDITURE PER BUSINESS UNIT

Producer Services & Relations.....	4,377	2,850
Standards development & maintenance.....	1,218	725
Strategy & Policy.....	565	537
Communications, brand and product management.....	1,728	996
Governance & Central Support Services.....	2,776	1,135
<b>TOTAL EXPENDITURE.....</b>	<b>10,664</b>	<b>6,243</b>
Change in reserves.....	551	235

### SURPLUS

0 1

**Membership fees:** As a membership association, FLO receives membership fees from the national Labelling Initiatives. The membership fee is unrestricted funding and is calculated as a percentage of the licence fee income of the Labelling Initiative.

**Grants** were received from the funding partners mentioned on page eight. An amount of € 3.6 million is restricted funding: these funds can only be

used for specific purposes indicated by the funding partner. The remaining € 2.35 million is unrestricted funding.

**Expenditures** are presented per Business Unit. Governance & Central Support activities include coordination of a global multi-stakeholder governance system and services for our members, existing and potential funding partners and other stakeholders.

**Change in reserves** comprises: Net decrease of Producer Certification Fund of € 11,000 (being annual contributions of € 100,000 less payments of € 111,000 from the Fund to producer organizations). Net increase in other reserves of € 562,000 being the 2009 surplus, and transfers from the surplus brought forward and the operational reserve to a new general reserve.

### BALANCE SHEET 31 December 2009 (€'000)

	31.12.09	31.12.08		31.12.09	31.12.08
<b>FIXED ASSETS.....</b>	<b>186</b>	<b>116</b>	<b>EQUITY.....</b>	<b>1,066</b>	<b>514</b>
Intangible fixed assets.....	12	17	Restricted & designated reserves ...	249	483
Tangible fixed assets.....	145	70	General reserve.....	817	0
Financial assets.....	29	29	Surplus brought forward .....	0	31
<b>CURRENT ASSETS.....</b>	<b>2,587</b>	<b>2,590</b>	<b>DEFERRED INCOME.....</b>	<b>611</b>	<b>1,595</b>
Outstanding accounts			<b>PROVISIONS.....</b>	<b>317</b>	<b>102</b>
for services.....	878	466	<b>LIABILITIES.....</b>	<b>779</b>	<b>495</b>
Other assets.....	830	208	For supplies & services.....	655	415
Liquid funds.....	879	1,916	Other liabilities and accruals .....	124	80
	<b>2,773</b>	<b>2,706</b>		<b>2,773</b>	<b>2,706</b>

**Tangible fixed assets** relates to office equipment.

**Outstanding accounts for services** comprises outstanding membership fees.

**Other assets** relates to activities and expenses made in 2009 which are still to be reimbursed by funding partners (□ 665,000), as well as activities, accruals and costs related to 2010 already paid in 2009 (□ 165,000).

**Restricted & designated reserves** comprise the Producer Certification Fund (€ 249,000) through which, under specified criteria, certification costs can be subsidized in part for producers.

The **General reserve** was introduced in 2009 and replaces the former Surplus Brought Forward and the Operational Reserve, which was a designated reserve.

**Deferred income** consists of grants from funding partners for 2010, already received in 2009.

**Provisions** are for possible and foreseeable costs that have not materialized by the year-end.

**Liabilities** are outstanding bills and other regular costs for 2009, paid in 2010. All liabilities are short term and are settled in the first few months of 2010.



# Challenges and Expectations

## An External Perspective

As we embark on fulfilling our goal to strengthen, broaden and deepen the impact of Fairtrade, we feel the need to reach out to our partners and supporters for their insight into FLO's performance. Our intention is to gain valuable insight for ourselves, create a more outward-looking culture and to give our readers some external personal perspectives on challenges and expectations ahead.

### Mark Lee, Executive Director, SustainAbility

"FLO's new strategy embraces a more flexible approach to ethical sourcing and is better positioned to mainstream its ambitions and engage more consumers – and ultimately have more impact as a result."

"Recent market share gains for Fairtrade products and the expansion of product lines deeply impress. Yet amidst the array of competing certification schemes, FLO would benefit from stating more definitively the impact and outcomes that Fairtrade certification delivers. How much poverty has been alleviated and how exactly have producers been empowered? To what extent are consumers more aware of the impact of their purchases?"

"We would be delighted also to see FLO do more to build consumer awareness and demand for sustainably sourced products. This will be accomplished not only through improved marketing of the Fairtrade label itself, but by working with partners, especially manufacturers and retailers – and with other certification schemes to identify and pursue shared goals."

### Deborah McGurk, Trade Policy Unit, UK Dept. for International Development

"I expect FLO to energetically pursue the ambitious targets it has set itself. This includes supporting many more producers into Fairtrade in poorer and more difficult, conflict-affected countries; striving for gender equality in Fairtrade; and widening the range of standards. The stronger global Fairtrade Information Management System being developed will help inform work on how and where Fairtrade is achieving development impacts."

"The FLO strategy identifies the major challenges and identifies how they'll be tackled. Within that, to reduce the entry costs for a producer going Fairtrade, it's important to collaborate with various partners – other agencies providing technical expertise and market development; other Fair Trade efforts supporting producers and helping grow demand and consumer awareness; other sustainability and ethical labels where mutual recognition could help reduce the inspection burden on producers."

### Sasha Courville, Executive Director, ISEAL

"FLO has done a brilliant job of bringing its core stakeholders together around a cohesive and proactive strategic plan. As a work that is constantly in progress, FLO needs to strengthen its verification system. As ISEAL starts the process of developing its Verification Code, we welcome FLO's experiences and those of other ISEAL members in teasing out the challenges and opportunities to develop cost-effective and accessible certifications systems that meet the needs of supply chain companies and consumers in terms of acceptable and credible levels of assurance. There is no such thing as a perfect certification system – it is a question of identifying the priorities, managing stakeholder expectations and delivering to same."

"FLO needs to reach out to those outside of its traditional stakeholder base of producers, business and civil society organizations. FLO has the opportunity to make real inroads, given that it now has a solid base to build from. The Fairtrade community must recognise that part of its future success will depend on how well it can collaborate with the rest of the sustainability standards movement to achieve common sustainable development objectives and overcome common challenges, while at the same time preserving what is unique to Fairtrade."

### Hans Peter Egler, SECO

"FLO must remain among the leading initiatives for sustainable trade. We are at a cutting edge where it is going to be decisive on how sustainable trade in niche and mass markets will evolve. FLO needs to communicate its unique selling position to distinguish Fairtrade from other initiatives in a positive rather than in a defensive manner. FLO also needs to look beyond agriculture. Looking at Africa, we see a bigger potential in other services, manufacturing for example. We know this is a big challenge but the wider Fairtrade impact would be tremendous."

### Patricia Francis, Executive Director, International Trade Centre

"FLO possesses excellent organizational and technical skills for the Fairtrade certification process. However, producer groups most often lack the managerial, operational, as well as marketing and sales skills to run as efficient businesses. ITC has engaged in a dialogue with FLO to capacity build its Producer Networks so that they are able to manage and grow their business independently and sustainably. This is an area where ITC's enterprise competitiveness programmes can ideally complement FLO, in the field of export management, export value chain, export marketing and branding as well as e-solutions. ITC is looking forward to starting a joint pilot programme that will demonstrate the synergies and added value of a joint approach."

# FLO BOARD AND PARTNERS

## The FLO Board is made up of:

### Representatives from the Fairtrade Labelling Initiatives (LIs)

- Mr Ian Bretman is Vice Chair of FLO Board and represents Fairtrade Foundation UK.
- Mr Martin Rohner is CEO of Max Havelaar Foundation Switzerland.
- Mr Steve Knapp is Director of Fairtrade Labelling Australia and New Zealand.
- Mr Thomas Bullock is a board member of TransFair USA.
- Ms Judith Kyst is Secretary General of Fairtrade Mark Denmark. She is also co-founder and head of the board of the Danish Initiative for Ethical Trading and has a seat in the Consumer Counsel in Denmark.

### Representatives from Fairtrade certified producer organizations (at least one from each of the regional Producer Networks)

- Mr Binod Mohan represents producer organizations in Asia and is also Chairman of the NAP (Network of Asian Producers) and the Managing Director of Tea Promoters India, a Fairtrade certified tea estate.

- Mr Carlos Eugenio Vargas represents producer organizations in Latin America. Mr Vargas works for a Fairtrade certified banana cooperative in Costa Rica as co-ordinator for the compliance with Fairtrade standards and for commercial relations.
- Mr Raúl del Águila represents coffee producers in Latin America and is President of the CLAC, *Coordinadora Latinoamericana y del Caribe de Pequeños Productores de Comercio Justo* and the Managing Director of COCLA, a Fairtrade certified coffee cooperative in Peru.
- Mr Noel Oettle joined the Board in February 2010. He is a Board member of the African Fairtrade Network and represents producer organizations in Africa.

### Representatives from Fairtrade certified traders

- Mr Leo Ghysels is the Director of the Department of Producer Research at Oxfam Wereldwinkels Belgium.
- Ms Liz Jarman joined the Board in February 2010. She is Head of Grocery Product Development and Fairtrade at Sainsbury's, a UK supermarket chain.

### Independent experts:

- Mr Jean-Louis Homé is Chair of the Board of Directors. Mr Homé was Heineken's Director for African and Middle East operations from 1993 to 2002.
- Ms Molly Harris Olson is a Director of Eco Futures Pty Ltd, an Australian-based international policy firm working on building sustainable strategies with business, government and civil leaders.
- Ms Esther Guluma joined the Board in late 2009. She has over 30 years experience in the aid and development sector in Asia and Africa. Most recently Ms Guluma worked as the Regional Director for UNICEF in West and Central Africa.

### Our thanks also go to:

Mr Yorokamu K. "Abaine" Abainena and Mr Rick Peyser, who stepped down as Board members last year as their terms of office expired.

## Other Partners

FLO collaborates with the following organizations who share common principles on Fair Trade:

- **FTAO** Fair Trade Advocacy Office
- **WFTO** World Fair Trade Organization
- **EFTA** European Fair Trade Association
- **ISEAL** The International Social and Environmental Accreditation and Labelling Alliance
- **IFOAM** The International Federation of Organic Agriculture Movements

## Labelling Initiatives

There are Fairtrade Labelling Initiatives or Marketing Organizations covering the following countries:

Australia/New Zealand, Austria, Belgium, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, Norway, South Africa, Spain, Sweden, Switzerland, UK, USA.

**For full contact details please visit our website:**  
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## IN 2010 WE WILL:

- Streamline and revise Fairtrade Standards and Certification
- Launch our new Producer Services and Relations strategy
- Strengthen the Producer Networks
- Facilitate new financial opportunities for producers
- Identify new types of producer set-ups
- Invest in new partnerships
- Implement new Information Management System
- Review our governance & finance model

**Come join us on our journey to make a difference!**



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