



**FOR
PRODUCERS,
WITH
PRODUCERS**

ANNUAL REPORT
2011-12



FAIRTRADE
INTERNATIONAL

FOR PRODUCERS

WITH PRODUCERS

Fairtrade International (FLO) works to secure a better deal for farmers and workers in developing countries. We own the FAIRTRADE Mark - the product label that certifies international Fairtrade Standards have been met.

Our vision

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

We are a non-profit organization with partners and supporters all over the world. Our members are three producer networks (representing the interests of our farmers and workers) and 19 labelling initiatives who market and promote Fairtrade in consumer countries.

Our 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.

Cover photo:

Wilson Pedroso Lima is a Fairtrade coffee farmer at UNIPASV cooperative in Brazil.

→ Read his story on our blog.

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The → symbol means you can find more information about this subject online. Download the pdf version of this report at www.fairtrade.net, and click on the → symbols to get automatically directed to extra content.

FAIRTRADE IN 2011-12



 THE MOST WIDELY RECOGNIZED ETHICAL LABEL – GLOBALLY.



NEARLY **6 IN 10** CONSUMERS HAVE SEEN THE FAIRTRADE MARK AND OF THOSE, **9 IN 10** TRUST IT.



* according to a GlobeScan survey carried out in 24 countries.

PRODUCERS AT THE HEART OF FAIRTRADE

Raúl del Águila manages a coffee cooperative in Peru and has represented Latin American producers on our Board for the last six years.

As the end of my time on the Board of Fairtrade International approaches, I can only think about how far we have come. Back in 1998, producer representatives attended Board meetings as observers for the first time. Then 2000 saw a much greater achievement when producers acceded to the Board itself. I was among them, serving my first term from 2000 – 2003. Together with our labelling initiative partners, we led the development of the White Paper upon which today's successful model of Fairtrade is based. I am very proud of that, and it seems appropriate that I will finish my term at a time when we have decided our next big step. At our recent General Assembly, we finalized the draft constitution which will make producers 50 percent owners of Fairtrade, with an equal say in major decisions affecting the system.

For me, the crux of Fairtrade has always been that it is not a certification system; certification is simply a tool. Fairtrade is a change agent. It promotes a new way of being; producers farm more responsibly, companies do business more responsibly and consumers purchase more responsibly. It's so much more than buying a coffee; it's a path to improving transport, education, governance. And it works because it's about involving people throughout the whole system in deciding on and making this change.

I also know that Fairtrade works through the experience of my own cooperative, COCLA. We have gone from selling two percent of our coffee on Fairtrade terms to over 40 percent. The Fairtrade Premium has allowed us to develop an organic programme and improve our processing facilities. We've also co-invested with other community actors to open a service for victims of domestic violence.

Looking forward, I would like to see Fairtrade working more with young people. We can't bring about change overnight, it's a generational process. Adults find it hard to change their ways, but young people can. We need to instil values in children from an early age; in producer communities and in consumer countries. I would also like to see us getting stronger in advocacy, particularly supporting farmers and workers to hold their own governments to account.

I won't be resting when I leave the Board. I will continue as President of the Peruvian Network of Fair Trade and Ethical Consumption, and look forward to supporting Fairtrade in its most exciting stage yet as it moves to joint ownership with producers.

"Fairtrade is a change agent. It promotes a new way of being. And it works because it's about involving people throughout the whole system in deciding on and making this change."

Raúl del Águila, one of four producer representatives on the Board of Fairtrade International.



3

regional producer networks represent the interests of Fairtrade producers.

52

liaison officers offer support and training on the ground.

47%

of our budget is spent on direct services for producers.

The people we serve have a strong say in how Fairtrade is run. We took that to a new level last year, when the General Assembly voted unanimously to make producers equal owners of the global Fairtrade system.

Producer representation in the General Assembly will increase to 50 percent, giving producers an equal voice in Fairtrade's highest decision-making body.

"This decision is ground-breaking, it's a very progressive approach. We hope to get the message across to consumers on the importance of producer voices in any ethical certification scheme."

Bharath Mandanna, Chair of the Network of Asian & Pacific Producers (NAPP)

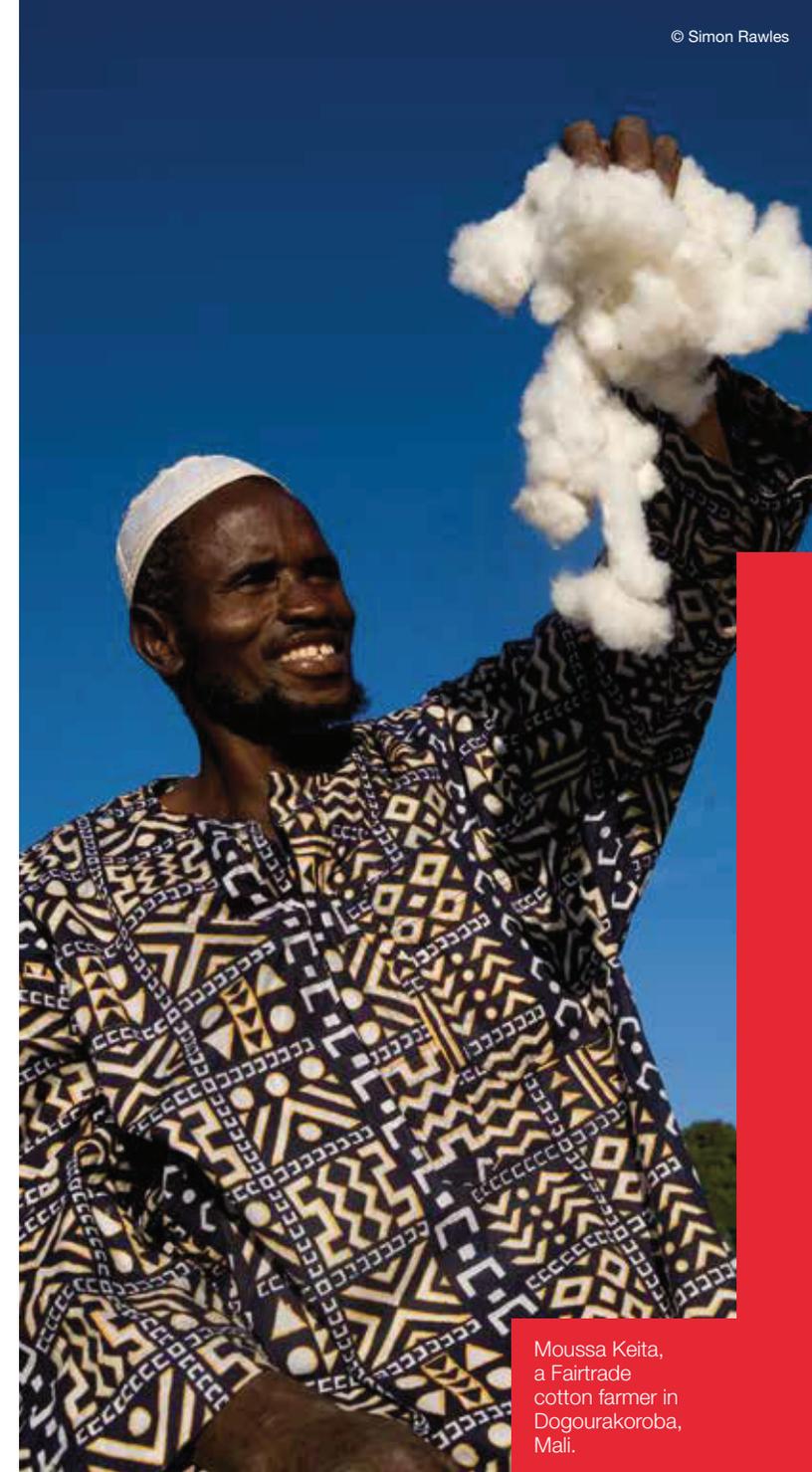
Producer networks have been full members of the Fairtrade system since 2006. Fairtrade producers are represented on the Board of Fairtrade International and its committees. The 50-50 decision marks a further strengthening of our unique ownership model.

At the same time, we continued to strengthen our services to producers in the field.

We supported producers in building new networks, so they can interact more with each other and have a stronger voice in the global Fairtrade system. One particular highlight is the new North African network, led by Nadia Fatmi, a farmer from Morocco.

We conducted an extensive producer-needs assessment to ensure our services address the most challenging issues producers face. We are evaluating the results and adjusting our services accordingly.

Our Producer Services and Relations staff and our network of locally-based liaison officers provide invaluable support to existing and potential Fairtrade producers. The growing strength of the producer networks, as well new partnerships with like-minded organizations, mean we can extend our services as Fairtrade grows.



Moussa Keita, a Fairtrade cotton farmer in Dogourakoroba, Mali.

PROGRAMMES THAT MEET PRODUCERS' NEEDS

Climate change poses a huge threat to farmers' livelihoods. Fairtrade farmers are actively responding to the challenge.

Fairtrade farmers made their voices heard at the 17th United Nations Framework Convention on Climate Change in Durban (→ COP17). Producers spoke at press conferences, side events and to Members of the EU Parliament about their struggles with climate change and their need for adaptation support.

Through our → **Producer Support Programme**, Fairtrade producers are accessing financial and technical support to help them adapt to climate change.

"We are using the Fairtrade Premium to source seeds of indigenous and exotic trees that we want to plant to improve the soil and attract more rain. It is possible for us to adapt to climate change if we get the right assistance."

Wildfred Kasitomu, a small-scale tea farmer who sells to Satemwa Tea Estate, Malawi.

We are assessing the feasibility of a standard to promote best practice in adaptation projects and assure investors that they are making a good and fair investment. We are also exploring ways for producers to access and benefit from the carbon market.

For small producer organizations to grow and flourish, they need access to credit. But that money is hard for farmers to come by. Two new funds will help Fairtrade farmers expand their farms and businesses.

The → **Fairtrade Access Fund** is the first investment fund to offer small farmer organizations longer-term loans, as well as technical support via mobile phones. Established in collaboration with Incofin Investment Management and Grameen Foundation, the Fund has a target launch size of 8-12 million USD, and is expected to reach 25 million USD by the end of its second year. The fund will be launched in Latin America and expand into Africa and Asia after two years.

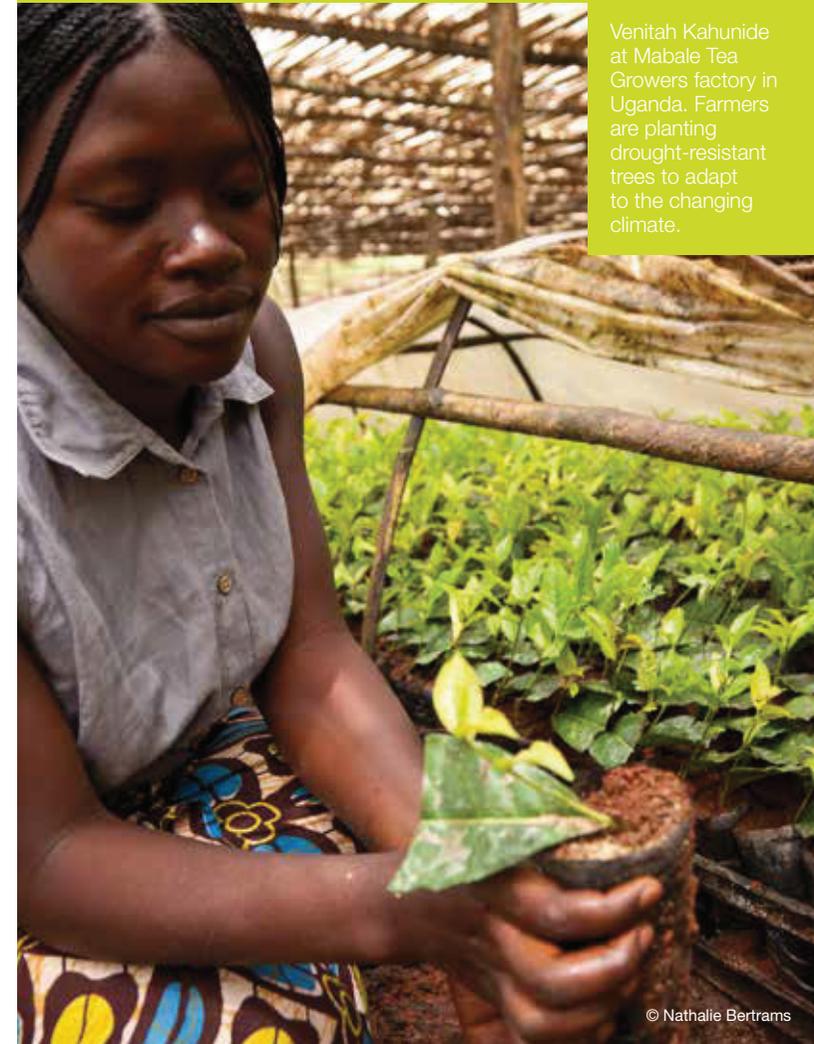
The **Africa Agriculture Trade Investment Fund** has been set up by the German development bank, KfW, in consultation with Fairtrade. Deutsche Bank will manage the €85 million fund for African producers, which is set to grow to €135 million in the medium-term.

91% of Fairtrade producers have financing needs. Over half of these require long-term finance.

\$25 MILLION Projected size of the new Fairtrade Access Fund.

Fairtrade is much more than a standard-setter.

Producers are investing in their businesses, improving their communities, and overcoming challenges through our innovative programmes.



Venitah Kahunide at Mabale Tea Growers factory in Uganda. Farmers are planting drought-resistant trees to adapt to the changing climate.

“Workers have benefited over the years from Fairtrade Premium projects and basic labour rights protection offered by the Fairtrade Standards and certification. But now it’s time to go beyond this, to bring worker participation to the heart of our model.”

Tuulia Syvänen, Executive Operating Officer at Fairtrade International

Workers should become active participants in the decisions that impact their lives.

That’s the bold ambition of our → **new workers’ rights strategy**. We want to move beyond the traditional CSR model based on standard-setting and auditing, to building the conditions for workers to negotiate their own wages and terms of work.

Key elements of the strategy

- Building improved employer-worker relations based on trust, respect and dialogue.
- Strengthening freedom of association so workers can negotiate their terms of work.
- More flexible rules on Fairtrade Premium use, adapted to workers’ needs.
- A clear framework for moving towards a living wage that covers workers’ basic needs.

We are implementing the new strategy in close collaboration with our Advisory Committee on Workers’ Rights and Empowerment, and our producer networks, who will help us adapt the strategy to each regional situation.

A full review of our Hired Labour Standard, plus a programme of partnerships, worker support and training will then bring the strategy to life.

Fairtrade is committed to eliminating child labour. We tackle its root causes and work to proactively prevent abuse and exploitation of children.

Fairtrade audits and certification are important tools to help detect and remediate cases of child labour – but policing isn’t enough to bring about real and measurable change. We work with Fairtrade producer communities to ensure the protection of children in their communities, and to actively improve the well-being of girls and boys. We encourage them to establish a child-inclusive, community-based monitoring and remediation system on child labour, in partnership with child rights NGOs.

Over the past 12 months we have:

- Provided in-depth trainings with relevant producer organizations.
- Held child labour forums with cocoa producers in Cote d’Ivoire and with cotton producers in Burkina Faso and India.
- Conducted focus groups with school-going girls and boys in a number of Fairtrade communities.
- Started piloting a new child labour training programme in high-risk countries.
- Built partnerships with child rights organizations.
- Informed relevant governments and other stakeholders of our approach.

50

Over 50 trainings on child labour and protection held in 2011.



Rosa Maribel Galecio Medina, worker at APPBOSA, Peru.

SETTING STANDARDS WITH PRODUCERS

Our participatory approach is what makes Fairtrade Standards so unique.

We consult both producers and business partners to regularly review our standards and prices, ensuring farmers receive the best prices and business opportunities. Producer networks are also actively involved: Fairtrade Africa managed the 2011 raisin price review, for example.

Around the world, Fairtrade Standards are known for their rigorous nature and highly credible development process. This translates to strong consumer trust in Fairtrade: nine in ten consumers who recognize the FAIRTRADE Mark also trust it, according to our → 2011 GlobeScan survey.

Our achievements have also been recognized by ISEAL, the global association for social and environmental standards. An independent assessment in 2011 confirmed that Fairtrade is in full compliance with the ISEAL Standard-Setting Code.

Over the past year we have continued to innovate our model to ensure Fairtrade Standards match the needs and reality of producers.

We completed the roll-out of our → [New Standards Framework](#) (NSF), making our standards easier to understand and enabling producers to determine their own development path. Workshops and training took place worldwide, with producers enthusiastic about the changes.

"I enjoyed the workshop and shared a lot with colleagues from other co-ops. With the NSF we are going to improve ourselves."

Cynthia Opoku, Wenchi Cashew Farmers & Marketing Union, Ghana

We are incorporating new tools into our standard and price reviews, broadening the benefits to producers beyond the Minimum Price and Premium. The cotton standard now includes elements that reward higher quality products, for example. And a new secondary products policy means producers can sell any by-products, such as essential oils, banana leaves or beeswax, on fair terms.

300

There are now Fairtrade Standards for over 300 raw products, three times more than in 2006.

78%

of Fairtrade prices & Premiums were revised in the last three years.

1400

producers were asked for their input on Standards in 2011 – almost half responded.



WORKING IN PARTNERSHIP



Luis Escobar Lara, 19, with Victor Samuel Galix, at COCAOL co-op in Honduras. Irish Aid has helped fund our work in Central America since 2006 and has now committed to continue doing so until June 2013.

© Sean Hawkey/APORTES

More technical expertise and assistance for farmers and workers through partners in the field.

Comic Relief and Evangelischer Entwicklungsdienst (EED) for example are helping us strengthen the producer networks in Africa and Asia respectively. The Arab Spring has opened doors for new partnerships, such as supporting women cooperatives with Moroccan NGO, Ibn Al Baytar. And we renewed our → **successful partnership in 11 African countries with SNV Netherlands Development Organisation.**

Our → **strategic funding partners** are providing coordinated funding and guidance to help us achieve our core objectives. Phase II of the programme runs until the end of 2013.

More sales for producers through commercial partnerships.

Businesses recognize the credibility of our system and our ability to deliver tangible benefits to farmers and workers. In 2011 we expanded existing relationships with companies like → **Cadbury** and **Ben & Jerry's**, and secured major new commitments from companies such as → **Mars** and → **Puma**.

Equally important are our ties with Fair Trade Organizations; companies that incorporate Fair Trade principles into their entire business. Their direct relationships with producers mean they understand the challenges farmers face and help them overcome them.

We know that by working with others we are stronger than we could ever be alone.

We work with organizations and businesses who share our vision, to deliver the benefits and services that producers need.

The Strategic Fairtrade Funding Programme

DFID - 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

Funding partners for projects in 2011-12

AFD - Agence Française de Développement

Comic Relief

EED - Evangelischer Entwicklungsdienst

Friedrich Ebert Stiftung

GIZ - Deutsche Gesellschaft für Internationale Zusammenarbeit

Irish Aid

SNV Netherlands Development Organisation

UNDP - United Nations Development Programme

MORE PEOPLE, DEEPER IMPACT: FAIRTRADE IN ACTION

There are **over 1.2 million Fairtrade producers** worldwide. For the first time farmers in Guyana, Lebanon and Uzbekistan have joined Fairtrade, bringing the number of Fairtrade producer countries to 66.

The number of producer organizations also grew, reaching 991. That's 10 percent more than in 2010. More than three quarters of these (76 percent) are small producer groups.

In 2011, Fairtrade producers received **65 million euros in Fairtrade Premium**, money they receive on top of the Fairtrade price and that they decide themselves how to spend. Small producer organizations are increasingly investing in the development of their businesses, for example through productivity and quality improvements, or investments in processing facilities.

As Fairtrade grows, it is increasingly important to monitor the impact of our work. We need to be held accountable for our results, and seek ways to improve our programmes further.

In 2011 we published the → **3rd edition of our monitoring report**, providing key data and insights into the size and location of the producer groups we work with, and Fairtrade's impact on their farms and businesses. We will publish the next edition later this year. We carried out in-depth impact evaluations of Fairtrade flowers in East Africa and Ecuador, and cocoa in Peru, the results of which will be published during 2012.

We are also moving into compliance with the ISEAL Impacts Code, an independent framework to further evaluate the social and environmental results of our work.

€65
MILLION

Total estimated Fairtrade Premium paid to producers in 2011.



Ramona Bernal,
Asobanu
cooperative,
Dominican
Republic.

Across the world, farmers and workers are reaping the benefits of Fairtrade. The map opposite shows just a few examples from the past 12 months.

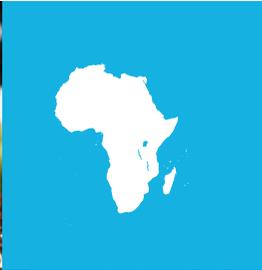
HIGHLIGHTS FROM OUR PRODUCER COUNTRIES



© Simon Rawles



© Natalie Bertrams



© Simon Rawles



→ Dominican Republic

CONACADO cocoa farmers have improved their productivity and are now among the largest exporters of high-quality cocoa in the world.

→ Colombia

A Dutch-Colombian public-private partnership means more Fairtrade sales and benefits for six banana cooperatives.

→ Paraguay

Manduvira sugar cooperative started building a first-of-its-kind producer-owned mill.

→ Ghana

Cocoa community New Koforidua is the first place in Africa to gain Fairtrade Town status. There are now over 1000 Fairtrade Towns worldwide.

→ DR Congo

Women affected by conflict are now selling their coffee on Fairtrade terms.

→ South Africa

Workers are learning about their rights and exchanging best practices through workshops and farm exchange visits.

→ Kyrgyzstan

We held the first ever Fairtrade producer conference in Central Asia, with UNDP. Uzbek dried fruit producers are expecting over 150 000 USD in Fairtrade Premium money.

→ India

Cotton farmers organized a football tournament to raise local awareness about Fairtrade's benefits. We are also working to increase domestic sales of Fairtrade products.

→ Vietnam

At Fairtrade's Asia Pacific Coffee Forum, Hop Tac cooperative met new buyers, learned how to improve their coffee and increased their Fairtrade sales.

Latin America
538

Africa
299

Asia
154

Total
991

Fairtrade producer organizations worldwide in 2011

FAIRTRADE SALES WORLDWIDE

Fairtrade sales continued to grow worldwide in 2011, reaching 4.9 billion euros.

Growth in new Fairtrade markets was particularly impressive: in South Africa sales almost trebled, continuing the strong growth they have experienced since 2009. In South Korea, sales reached 17 million euros in the first year since we set up a marketing organization there.



© Nathalie Bertrams

Estimated Retail Sales by Country

Country	2010 (in €)	2011 (in €)	Growth Rate
AUS/NZ	125,940,187	150,276,220	19%
Austria	87,000,000	100,000,000	15%
Belgium	72,000,000	77,000,000	7%
Canada	194,935,883	199,768,996	3%*
Czech Republic	2,704,370	2,859,432	6%
Denmark	62,535,857	74,908,637	20%
Estonia	606,247	496,640	-18%
Finland	93,001,210	102,673,112	10%
France	303,314,314	315,416,709	4%
Germany	340,000,000	400,544,747	18%
Ireland	138,000,000	158,864,349	15%
Italy	49,400,006	57,542,552	16%
Japan	14,434,289	19,386,202	29%*
Latvia	425,936	492,031	16%
Lithuania	751,776	624,091	-17%
Luxembourg	6,200,000	7,491,910	21%
Netherlands	119,000,000	147,300,000	24%
Norway	43,756,694	53,617,544	23%
South Africa	1,898,889	7,273,254	283%
South Korea	–	17,106,828	n/a
Spain	14,363,009	20,026,046	39%
Sweden	108,477,630	134,335,702	17%*
Switzerland	219,918,679	264,754,487	20%
UK	1,343,956,837	1,498,207,592	12%*
USA**	936,973,359	1,030,670,695	10%
Rest of world	39,443,874	74,741,866	89%
Grand Total	4,319,039,047	4,916,379,643	12%

* Growth rate is based on the percentage increase reported in the local currency, not the value converted into euros.

** All 2011 USA figures are projected sales based on figures from 2008-10 and market knowledge.

Fairtrade International 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 cafés and restaurants. Retail sales come from consumer products bought in stores and supermarkets.

In 2011 the following countries calculated their 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, Germany, Ireland, South Korea, Spain and countries with no national Fairtrade organization ("Rest of world").

The following countries calculated their out of home sales value using the average retail price for consumer products bought in

stores and supermarkets: Belgium, France, Italy, Japan, Sweden and Switzerland.

The rest of the countries do not separate out of home sales from retail sales. Out of home retail prices often have 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 relatively higher sales values.

Sales of our **top six products** grew steadily (more analysis on the following page) and sales of juice recovered well this year. Flowers, the seventh biggest Fairtrade product, also continued to experience good sales growth. Timber features for the first time, as → [FSC and Fairtrade certified wood products](#) were launched late last year.



Estimated Sales in Volume per Product

Product	Unit	2010 Total	2011 Total	Conventional		Organic	Growth rate
Bananas	MT	294,447	320,923	69%		31%	9%
Cocoa (cocoa beans)	MT	35,285	40,198	85%		15%	14%
Coffee (roasted, instant)	MT	87,780	98,073	53%		47%	12%
Cotton (lint)	MT	–	8,223	81%		19%	n/a*
Dried fruit	MT	673	955	59%		41%	42%
Flowers and plants	1,000 stems	327,053	362,067	100%		0%	11%
Fresh fruit	MT	18,398	16,165	62%		38%	-12%
Fresh vegetables	MT	–	474	99%		1%	n/a
Fruit juices	1,000 litres	25,468	38,775	95%		5%	52%
Herbs and spices	MT	408	255	34%		66%	-38%
Honey	MT	2,072	2,070	62%		38%	0%
Oilseeds and oleaginous fruits	MT	854	1,219	66%		34%	43%
Quinoa	MT	1,288	691	12%		88%	-46%
Rice	MT	5,048	5,718	69%		31%	13%
Sports balls	1,000 items	286	160	100%		0%	-44%
Sugar (cane sugar)	MT	127,149	138,308	88%		12%	9%
Tea	MT	12,370	13,398	83%		17%	8%
Timber	Cubic metres	–	324	100%		0%	n/a
Wine	1,000 litres	13,155	11,786	83%		17%	-10%**

As in previous years, these figures are calculated using estimated retail sales in consumer countries. Figures are estimates only.

* Previous reports showed the number of cotton items sold. From 2011 onwards we estimate the lint volume sold, using retail sales figures.

** The 2010 figure for wine is lower than previously published, due to a reporting error last year.

A CLOSER LOOK AT OUR SIX BIGGEST PRODUCTS

Bananas

Sales grew well in emerging markets such as Australia and New Zealand and remained stable in mature ones such as Switzerland, where market share has reached 55 percent. Worldwide a number of retailers have made 100 percent switches.

Colombia, Dominican Republic, Peru and Ecuador are the main producing countries.

Estimated Fairtrade Premium paid to banana producers in 2011: €13.9 million.



© Nathalie Bertrams

Cocoa

Existing cocoa partners are increasing their commitments to Fairtrade and we are forming partnerships with new ones. The Cadbury Dairy Milk launch in South Africa and the new collaboration with Mars were two of the highlights.

The majority of Fairtrade cocoa comes from West Africa, but we also have many new producer groups for speciality cocoa in Latin America.

Estimated Fairtrade Premium paid to cocoa producers in 2011: €6.9 million.



© Kennet Havgaard

Coffee

Growth has continued strongly across continental Europe, particularly in the out of home sector (cafés, restaurants and public procurement).

Latin America is the main source of Fairtrade coffee. However, around half of new applicants are from Africa and Asia.

In our → **2011 coffee standard review** we doubled the Premium to 20 USD cents/lb.

Estimated Fairtrade Premium paid to coffee producers in 2011: €28.9 million.



© Nathalie Bertrams



© Frédéric Raevens

Cotton

We have started reporting cotton volumes in lint, which makes our figures much more accurate and useful. We will soon be launching our new cotton model, which will allow significant growth in large mainstream markets from 2013 onwards.

97 percent of Fairtrade cotton comes from India and West & Central Africa.

Estimated Fairtrade Premium paid to cotton producers in 2011: € 1.1 million.



© Didier Gentilhomme

Sugar

As sugar is an ingredient in so many different Fairtrade products, the actual sales figure is probably much higher than indicated. Sales and producer numbers have grown rapidly over the past four years. Market share of bagged sugar will reach 42 percent in the UK in 2012 and Tate & Lyle has become the world's biggest Fairtrade Premium payer.

80 percent of Fairtrade sugar comes from ACP (Africa-Caribbean-Pacific) or Least Developed Countries, where sugar is often one of the most important sources of income.

Estimated Fairtrade Premium paid to sugar producers in 2011: € 7.4 million.



© Linus Hallgren

Tea

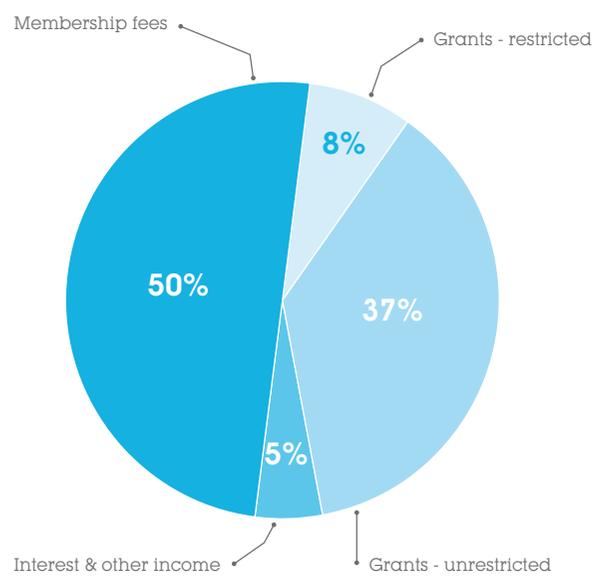
Fairtrade tea continued to experience healthy growth. Switches by supermarkets in the UK and the Netherlands were the main drivers. There's also increasing interest in herbal teas such as rooibos.

About 70 percent of Fairtrade tea comes from East Africa.

Estimated Fairtrade Premium paid to tea producers in 2011: € 4.6 million.

FAIRTRADE INTERNATIONAL'S FINANCIALS

Income



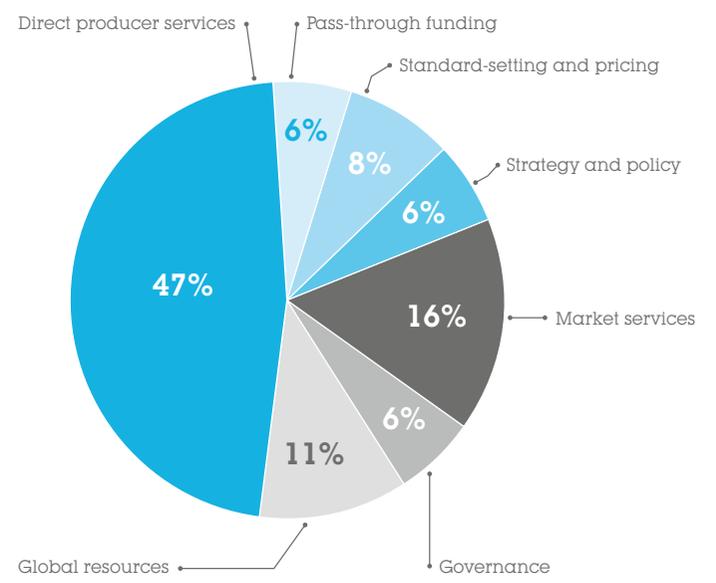
Membership fees: As a membership association, Fairtrade International receives membership fees from the national labelling initiatives. The membership fee is unrestricted funding and is calculated as a percentage of the licence fee income of each labelling initiative.

Grants: We received grants totalling €7.1 million from the funding partners mentioned on page nine. An amount of €1.3 million is restricted funding; these funds can only be used for specific projects approved by the funding partner. The remaining €5.8 million is unrestricted funding.

Statement of Accounts

The summarized key financial figures outlined below have been extracted from internal management reports and from the 2011 audited financial statements. The latter, as in previous years, received an unqualified opinion (Deloitte). Fairtrade International's accounting practices comply with generally accepted accounting practices and relevant German legislation (KStG and HGB).

Expenditure



Direct producer services: This comprises the Producer Services and Relations unit, funding of the Producer Networks, the [Producer Certification Fund](#), and specific producer services funded by funding partners (such as Irish Aid's funding of our producer support in Central America).

Market services: This includes managing global accounts, our work in new markets, brand management and communications.

Global resources: This unit develops cost-effective central services for areas such as HR, finance and IT, to ensure the best use of Fairtrade's resources.

Pass-through funding: As part of our agreement with DFID, a proportion of the grants we receive from them goes directly to funding Fairtrade Foundation UK's work.

Income Statement	2011 (€'000)	2010 (€'000)
Total income	15,805	13,771
Total expenditure	15,385	12,973
Changes in reserves	420	798
Surplus	0	0

Balance Sheet December 2011 (€'000)

	31.12.2011	31.12.2010		31.12.2011	31.12.2010
Fixed Assets	1504	1137	Equity	2284	1864
Intangible fixed assets	379	32	Restricted & designated reserves	10	110
Tangible fixed assets	156	136	General reserve	2274	1754
Financial assets	969	969			
			Provisions	410	402
Current assets	3419	3729			
Outstanding accounts for services	2712	1937	Liabilities	1710	822
Other assets	180	187	For supplies & services	1551	666
Liquid funds	527	1605	Other liabilities & accruals	159	156
			Deferred income	519	1778
	4923	4866		4923	4866

The sharp increase in **intangible fixed assets** is due to an investment in a global information management system.

Tangible fixed assets relates to office equipment.

Financial assets relates to an investment in the capital reserves of our subsidiary company, FLO-CERT GmbH.

Outstanding accounts for services comprises outstanding membership fees.

Restricted & designated reserves comprises the Producer Certification Fund through which, under specified criteria, certification costs can be subsidized in part for producers.

The **general reserve** was introduced in 2009 and represents accumulated unrestricted surpluses.

Deferred income consists of grants from funding partners for 2012, already received in 2011.

OUR GOVERNANCE AND MEMBERS

Board of Fairtrade International

Made up of representatives from producer networks, labelling initiatives, traders and independent experts, the board determines the long-term strategic direction of Fairtrade. Sub-committees provide expertise and oversight in key areas, such as standards and finance.

Esther Guluma remains on the Board but stepped down as Board Chair, having carried out the role with great enthusiasm and energy from October 2011 to June 2012. Molly Harriss Olson, an independent board member since 2008, has taken up the reins. Marike de Peña, director of a banana cooperative in the Dominican Republic is now Vice Chair, making her the first producer representative to fill this post. We are also pleased to welcome Wanja Lundby-Wedin, President of the Swedish Trade Union Confederation, and nominated by the labelling initiatives.

→ Board Members

- Molly Harriss Olson, Chair (independent)
- Marike de Peña, Vice Chair (producer network)
- Raúl del Águila (producer network)
- Frans De Bie (LI representative)
- Peter Gaynor (LI representative)
- Esther Guluma (independent)
- Liz Jarman (trader representative)
- John Kay (LI representative)
- Steve Knapp (LI representative)
- Wanja Lundby-Wedin (LI representative)
- Bharath Mandanna (producer network)
- Noel Oettlé (producer network)
- Chip Pitts (independent)
- Andrea Schlehüser (trader representative)

We're proud of our multi-stakeholder system. We know the importance of being held accountable to the producers, traders, NGOs and supporters, who have worked so hard to make Fairtrade what it is today.



Public Fairtrade Breakfast in Fribourg, Switzerland.



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Members

→ Three regional producer networks and → 19 national Fairtrade organizations are full members in our governance. Three marketing organizations market and promote Fairtrade in their countries, while Fairtrade International licenses use of the FAIRTRADE Mark.

We welcomed Fairtrade Label South Africa as a full member, raising their status from associate member and giving them voting rights in our General Assembly. Their success in establishing Fairtrade in a new market has been phenomenal. We want to replicate it in other countries, to expand Fairtrade's reach and more importantly, give producers new sales opportunities.

This year we have welcomed a new Fairtrade marketing organization in Hong Kong. We are also working with partners in producer countries such as India, Brazil and Kenya, giving producers more opportunities to sell their crops locally on fair terms.

In September 2011 → Fair Trade USA (FTUSA) announced its resignation from the international Fairtrade system as of the year end. We at Fairtrade International and our members regret Fair Trade USA's decision to pursue its own approach. We remain committed to a global vision that emphasizes

participation of all members in setting our direction, especially the producers that we serve. We are establishing a new organization in the USA that represents the diverse views of civil society, NGOs, businesses, and consumers. USA-based companies also now have the opportunity to use the global FAIRTRADE Mark on their products and remain part of the international Fairtrade system.

Staff

73 staff members, along with our network of locally-based consultants, offer producer support, set Fairtrade Standards, develop global product strategies and more.

Chief Executive Officer Rob Cameron moved on to seek new challenges in January 2012. We thank Rob for his commitment and energy during his four years at the helm. We are delighted that Harriet Lamb, currently Executive Director of Fairtrade Foundation UK and a key shaper of the Fairtrade system over the past decade, will take over the CEO position in October. An interim Executive Management Team drawn from senior management is running the organization in the meantime.

A word of thanks

We are grateful to the many people who make our work possible, whether loyal partners for many years or new supporters who have joined us on our journey.

Special thanks go to all our retiring board members: Ian Bretman, Michael Conroy, Jean-Louis Homé, Judith Kyst, Binod Mohan, Martin Rohner and Carlos Eugenio Vargas.

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