

## Project Assignment



### Fairtrade Lime Price & Premium Review

(10.02.2020) Update May 2020

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

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

Many small-scale farmers and plantation workers in developing countries depend on the production, processing and sale of fruit for their livelihoods. For limes, Fairtrade certifies both fresh and processed fruit and even organic limes. In many consumer countries, the Fairtrade market for limes has high potential for evolution and for bringing increased revenue to producers.

Most of the limes FMP and FP based on COSP were set many years ago (2004, 2007, 2008, 2011) and other limes prices were introduced by use of Price Extension from other existing prices. The final result are FMPs for fresh limes which vary between 0.49 and 1.16 USD per kg, and FPs varying between 0.02 and 0.23 USD per kg, depending on the origin. This situation creates a discrepancy and potentially an unfair context which should be addressed.

It is therefore clear that the FMP and FP for limes should be updated and adapted to the current trading practices, taking into account the latest market evolutions on this product. The latter is challenging for fresh products like limes, because the prices fluctuate broadly between the harvest and post-harvest periods and S&P cannot commit to regular Price reviews, due to limited resources, to keep the FMP and FP up to date.

Therefore, in this project, we will propose alternative price models where the FMPs are set as commercial prices instead of fix FMP based on COSP. The intention is to check with stakeholders the proposals and see whether there could be a better alternative price model for this product.

In case this is not accepted by the stakeholders, the Fairtrade prices for limes will be revised following the generic approach for FMP and FP development, implying COSP<sup>1</sup> analysis, and, if needed, another round of consultation before a final proposal is made.

#### Risk assessment:

- Fairtrade Limes is mostly sourced from two big countries, while also being produced in other countries/continents with drastically different conditions of production and parameters. A one size fit all approach will be difficult to put forward.

Mitigation: the alternative approaches proposed will be based in FMP set as commercial prices, which is adaptable to each origins' trading practices and prices levels.

- If none of the alternative models is accepted by stakeholders, a whole price review will be needed, including COSP collection, which will take additional time and resources.

Mitigation: project timelines includes two scenarios: one if stakeholders accept an alternative model, another if they do not accept any (and COSP needs to be collected).

- A price model based in commercial prices for products where there is no market prices available could derive in producers not having a safety net during negotiations of prices.

Mitigation: the project will consider other ways to bring security to producers, against the lack of FMP.

<sup>1</sup> By use of the Generic Fairtrade COSP tool ([here](#)) and guidance ([here](#)).

<p><b>Project Start Event:</b> Publication of draft project assignment</p>	<p><b>Project Start Date:</b> 20<sup>th</sup> December 2019</p>
<p><b>Project End Event:</b> Publication of new prices</p>	<p><b>Project End Date:</b> September 2020 or December 2020</p>
<p><b>Project Goal and Objectives:</b> <b>Goal:</b> Review the Fairtrade Minimum Prices and Premiums for all Lime products.</p> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• Propose alternative price models for Fairtrade limes.</li> <li>• Consult with all relevant stakeholders.</li> <li>• Implement alternative model if accepted by stakeholders.</li> <li>• Establishment of new FMP and FP for all lime products.</li> <li>• Clarification of the definition of limes products.</li> </ul> <p><b>NEW: Connection with Theory of Change (ToC):</b> Implementation of Fairtrade Minimum Prices and Premiums is one of the main interventions to achieve Fairtrade goals and Vision. The path to these goals might have several outputs and outcomes, such as empowering producers in negotiations, giving them security against price risk and volatility, increasing profitability and investment in the organizations and communities, fostering development in the communities, within many others. For more information on Fairtrade ToC, please follow this <a href="#">link</a>.</p>	
<p><b>Project scope:</b> The project will include a review of all Fairtrade prices for limes from all origins. This includes fresh limes, limes for processing, lime juice and both conventional and organic limes. It will also include the improvement of the definition of which products are considered as “lime” and their translations.</p>	<p><b>Out of scope:</b> Review of the Standards for Fresh Fruits or Prepared and Preserved Fruits and Vegetables Review of the FMP and FP for other lemons (other than Tahiti) or other citrus. Develop of a specific COSP tool for this project.</p>
<p><b>Project timelines and information on opportunities to contribute:</b> <b>October 2019 - January 2020</b></p> <ul style="list-style-type: none"> <li>• Preparation of the Project Assignment</li> <li>• Definition of the scope of the project with the project team</li> <li>• Research on Fairtrade limes transactions</li> </ul> <p><b>February - March, 2020</b></p> <ul style="list-style-type: none"> <li>• Draft consultation document</li> </ul> <p><b>April - May, 2020</b></p> <ul style="list-style-type: none"> <li>• Hold on due to COVID situation</li> <li>• Discussion with the PT about next steps</li> <li>• Translations</li> </ul> <p><b>May – June 2020</b></p> <ul style="list-style-type: none"> <li>• Public consultation*</li> </ul> <p><b>July, 2020</b></p> <ul style="list-style-type: none"> <li>• Analysis of responses</li> </ul> <p>➤ <i>If alternative approach is accepted by stakeholders:</i> <b>July - August, 2020</b></p> <ul style="list-style-type: none"> <li>• Preparing document for S&amp;P Director approval</li> <li>• Approval by S&amp;P Director and publication of new prices</li> </ul>	<p><b>Decision making process:</b> For minor projects, the Standards Committee has delegated the final decision to the Director Standards &amp; Pricing. In case there are sensitive issues during the process and there is a need to involve the SC, this will be flagged early during the project, to be included in a SC meeting.</p>

<p><b>September 2020</b></p> <ul style="list-style-type: none"> <li>• Date of validity of the new pricing model</li> </ul> <p>➤ <i>If alternative model not accepted:</i></p> <p><b>July 2020</b></p> <ul style="list-style-type: none"> <li>• Analysis of COSP received</li> </ul> <p><b>August, 2020</b></p> <ul style="list-style-type: none"> <li>• Preparation of 2<sup>nd</sup> public consultation</li> </ul> <p><b>September 2020</b></p> <ul style="list-style-type: none"> <li>• 2<sup>nd</sup> Consultation*</li> </ul> <p><b>October 2020</b></p> <ul style="list-style-type: none"> <li>• Analysis of responses from the 2<sup>nd</sup> Consultation</li> <li>• Preparing document for SC decision</li> </ul> <p><b>25<sup>th</sup>-26<sup>th</sup> November 2020</b></p> <ul style="list-style-type: none"> <li>• Presentation to the Standards Committee.</li> </ul> <p><b>December 2020</b></p> <ul style="list-style-type: none"> <li>• Publication of new prices.</li> </ul> <p>* More information will be provided closer to the consultation period on our <a href="#">website</a>. If you are identified as key stakeholder, you will receive an invitation to participate.</p>									
<p><b>Project Owner (Unit):</b></p> <p>Ricardo Guimaraes (Pricing Unit) <a href="mailto:r.guimaraes@fairtrade.net">r.guimaraes@fairtrade.net</a></p>	<p><b>Project Manager (contact point for the project):</b> Ester Freixa-Serra <a href="mailto:e.freixa-serra@fairtrade.net">e.freixa-serra@fairtrade.net</a></p>								
<p><b>Project Team:</b></p> <table border="1" data-bbox="261 1160 948 1675"> <tr> <td><b>Standards &amp; Pricing Team Members</b></td> <td>Alina Amador Ester Freixa</td> </tr> <tr> <td><b>Producer Networks</b></td> <td>María Trinidad, Sonia Murillo &amp; Joao Gasperini (Coordinadora Latinoamericana y del Caribe de Pequeños Productores y Trabajadores de Comercio Justo, CLAC) Iresha Sanjeewanie (Fairtrade Network of Asia &amp; Pacific Producers, NAPP)</td> </tr> <tr> <td><b>National Fairtrade Organizations</b></td> <td>Thomas Meyer (Max Havelaar Switzerland)</td> </tr> <tr> <td><b>FLOCERT</b></td> <td>Theresa Glammert-Kuhr</td> </tr> </table>	<b>Standards &amp; Pricing Team Members</b>	Alina Amador Ester Freixa	<b>Producer Networks</b>	María Trinidad, Sonia Murillo & Joao Gasperini (Coordinadora Latinoamericana y del Caribe de Pequeños Productores y Trabajadores de Comercio Justo, CLAC) Iresha Sanjeewanie (Fairtrade Network of Asia & Pacific Producers, NAPP)	<b>National Fairtrade Organizations</b>	Thomas Meyer (Max Havelaar Switzerland)	<b>FLOCERT</b>	Theresa Glammert-Kuhr	<p><b>Project Environment (stakeholder groups not part of the project team):</b></p> <p>Fairtrade-certified lime producers and traders Other NFOs Standards &amp; Pricing FLOCERT</p>
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