



## Pilot Project

# Fairtrade Bobby Beans Senegal and Morocco

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### List of Acronyms

|        |                                   |
|--------|-----------------------------------|
| FI:    | Fairtrade International           |
| FMP:   | Fairtrade Minimum Price           |
| FP:    | Fairtrade Premium                 |
| FTA:   | Fairtrade Africa                  |
| MH-NL: | Max Havelaar Netherlands          |
| NFO:   | National Fairtrade Organizations  |
| QE:    | Quick Entrance                    |
| SC:    | Standards Committee               |
| SPO:   | Small-scale Producer Organization |
| S&P:   | Standards & Pricing               |

## *1. Background*

Within the current Fairtrade products of green beans and peas, launched almost 15 years ago, bobby beans are a different product. It is a bulk product, purchased and sold as such, and the most frequently consumed pulse in several northwestern European countries like France, Belgium, Luxemburg, Germany, Sweden and the Netherlands. This is reflected in much lower prices, much bigger volumes and more competition compared to other green beans and peas.

Bobby beans were never sold in the Fairtrade market, mainly because Fairtrade handled the product in a similar way than fine beans and peas. Although standards and prices were set and potential partners identified, the product never took off due its special characteristics. Though interest existed, the current pricing model applied to bobby beans / green beans (commercial price + a 15% of the commercial prices as Fairtrade premium) doesn't fit in the market operations of this product, even not by committed companies and retailers.

The objective of this pilot is therefore to give bobby beans a real chance in the Fairtrade market and enable plantations and their workers to benefit from Fairtrade. The proposal is to consider - in a framework of a pilot project - bobby beans as a new product, different from the other products of fine beans and peas. The intention is to align Fairtrade bobby bean pricing model to the singular market reality of the product and at the same time increase volumes of sales and total Fairtrade Premium (FP) to be paid to workers.

Because of the current strong and committed interest by all stakeholders in the supply-chain supplied by producers from Senegal and Morocco, this is considered the very best moment to test a new price setting for bobby beans. In a pilot of three years, Fairtrade will look closely whether this adjusted approach will work out successfully.

The results of the research and consultation with key Fairtrade stakeholders was used as a base for this pilot proposal. The full proposal was presented to the Standards Committee (SC) in September 2020. The SC approved the overall proposal of a pilot, but requested that additional points related to workers and FP management and training of workers were included into the terms and conditions of the pilot. The requested revision of the text, as seen below, has been approved by the SC members.

## *2. Terms and conditions of the pilot project*

The following section describes the terms and conditions of this pilot project for introducing bobby beans as a separated product from the green beans products with a differentiated FP model.

- **Scope:** The pilot aims at introducing bobby beans as a single product in the category fresh vegetables with a different FP model as applied for the other fresh vegetables products. The FP model proposed is to set a fixed value of € 0.08 per kg to be paid on top of the market price. The pilot applies for any certified operator in the supply chains operating in Senegal and Morocco. Egypt and Ethiopia are producing bobby beans too, but within the pilot period no supply is foreseen for Fairtrade. All other standards and pricing conditions described in the standards remain the same and apply for those operators applying for the pilot.
- **Bobby beans Fairtrade prices:** The FP is set at € 0.08 per kg at ExW level. The Fairtrade price to be paid to producers is at least the market price when purchasing Fairtrade bobby beans. The table below summarizes the new price model to be applied to Bobby beans in the pilot:

| <i>Product</i>     | <i>Quality</i>      | <i>Form</i>  | <i>Country/Region</i> | <i>Producer Scope</i> | <i>Price level (INCOTERMS)</i> | <i>Currency/Unit</i> | <i>Fairtrade minimum price</i> | <i>Fairtrade premium</i> | <i>Date of validity</i>  |
|--------------------|---------------------|--------------|-----------------------|-----------------------|--------------------------------|----------------------|--------------------------------|--------------------------|--------------------------|
| <i>Bobby beans</i> | <i>Conventional</i> | <i>Fresh</i> | <i>Africa</i>         | <i>HL</i>             | <i>EXW</i>                     | <i>EUR / kg</i>      | <i>Commercial</i>              | <i>€ 0.08</i>            | <i>January 1st, 2021</i> |
| <i>Bobby Beans</i> | <i>Organic</i>      | <i>Fresh</i> | <i>Africa</i>         | <i>HL</i>             | <i>EXW</i>                     | <i>EUR / kg</i>      | <i>Commercial</i>              | <i>€ 0.08</i>            | <i>January 1st, 2021</i> |

- **Rationale:**
  - Being a bulk product, bobby beans have the potential to become a relevant product in the Fairtrade market. As there is big interest from both supermarket chains and a big trader, this is the moment to launch this product category.
  - Due to being a bulk product, bobby beans face a lot of competition in the market. A 15% premium, that Fairtrade launched for other green beans niche products does not fit for bobby beans.
  - Stakeholders consulted and involved in the Dutch Fairtrade market have expressed already their interest to launch Fairtrade bobby beans. Retailers in Switzerland and Belgium have also shown interest already. Volumes intended for the Netherlands might therefore be added soon with substantial sales in other supermarkets and countries.
  - The launch of bobby beans means the entrance of almost 3000 up to 9000 workers in the Fairtrade scheme.
  - It will be a challenge for the workers on the few plantations, that have no experience with financial funds, to handle this big FP amount properly. With only a few partners, this handling can be monitored and guided more easily.

- Although commitments of retailer and traders are strong, the approach of bobby beans is proposed to consider as pilot for three years. After that period the Fairtrade approach will be evaluated, including the impact for the workers and the intended increase of the market volumes.
- **Timelines:** This pilot project is planned to have an initial duration of 2 years with a possibility of extension for one more year. The pilot project is initially planned to start on January 2021 and to end on December 2022. If the pilot project is considered successful, the intention is to extend the duration for one more year and analyze adopting the new FP model for the new product for all origins and supply chains producing and trading bobby beans. By September 2022, the SC will be asked to decide on the extension of the project. In case the pilot is not extended, participants will be communicated about the termination of the pilot.
- **Additional requirement:** no additional standards requirements. The pilot is voluntary and restricted to Senegal and Morocco. The contracts with the producer groups will need to reflect the new price requirement and the suppliers will need to keep all evidence of records of purchased volumes of bobby beans, as well as the FP amounts received by producers. The existing HL standards requirements for management of FP and the conditions of employment apply fully as well as all other items of the HL standards.
- **Monitoring & success criteria of the pilot:** during the pilot key indicators will be collected to evaluate the pilots. The KPIs/indicators to be collected and evaluated are:
  - 1) Bobby beans sales volumes, prices and FP paid to producers and value sold under the pilot conditions → to evaluate impact of new price model.
  - 2) Number of workers impacted and total FP paid yearly → The intend of this item provide information about the total amount of FP generated and divide it by the number of workers. The value would be an indicator of the impact per worker of the FP generated.
  - 3) Wage level increase → Fairtrade follows closely the application of HL Standards item 3.5.4 to monitor improvement in wages of the workers.
  - 4) Training and supporting workers → workshops are organized and training provided to workers annually, at least, on FP management (HL Standards item 2.1) and conditions of employment (HL Standards item 3.5)
  - 5) Some queries from brands about the pilot → assess the interest from retailers and wider industry about the pilot new price model. This would be anecdotal feedback to support if the pilot should be or not extended or adopted to the product as a permanent pricing model.

The collection of the indicators mentioned above will be under the responsibility of Max Havelaar / Fairtrade Netherlands, in close cooperation with stakeholders and Flocert.