

Project Assignment Banana Price Review 2023

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:

During 2022, the banana industry has been affected by the continued effect of the sanitary crisis, with increases in maritime transportation costs, a drop in the volume transported by sea and the unprecedented increase in the prices of inputs and logistics services.

Considering these reasons, the Fairtrade Minimum Prices for banana will be reviewed in 2023, based on the partial collection of costs of production.

Risk assessment:

- There are different banana pricing work streams that run in parallel to the banana price review 2023; all of them with the same level of priority. We might face delays in delivering the banana price review project on time. No additional resources are available.
Mitigation plan: Pricing Unit has planned the banana workstreams in advance, defining clear timelines and deadlines, together with the Producer Networks.
- The costs of inputs and services of banana production has been increasing steadily . This might create the need of a last minute update of inputs and services rates, as it has occurred in 2022 and 2021.
Mitigation plan: Due to there is no an option for running a second round of cost data collection, the work with the technical round tables of banana is crucial to update the cost rates.
- The response rate of individual producers in previous banana price reviews was very low.
Mitigation plan: Pricing Unit and Producer Networks will closely work with producers and exporters that are part of the sample.

Project Start Event:

Development of Project Assignment

Project Start Date:

January 2023

Project End Event:

Announcement of SC decision on the price proposal 2023 for Fairtrade banana.

Project End Date:

October 2023

Project Goal and Objectives

Goal:

Update the Fairtrade Minimum Prices for banana based on the partial collection of costs of production .

Objectives:

- Collect and identify inconsistencies of data on costs of production and define the cost of production for each Fairtrade banana producing country.
- Define the price proposal for consultation together with the banana project team, starting from the cost of production

- Consult all banana stakeholders, receive their feedback and adjust the consulted price proposal accordingly.
- Develop price proposals that will be recommended to the Standards Committee
- Define the cost of the eight key inputs and services of the banana production
- Update the prorated tool for Fairtrade Minimum Prices and Fairtrade Premium for banana

NEW: Connection with Theory of Change (ToC):

This project relates to the first goal of Fairtrade International, which is to make Trade Fair, and that is by providing the tools to enable Fairtrade Minimum Price and Premium payment compliance. This is specifically, the intervention related to standards & certification for supply chain business.

Project scope:

- Banana quality: conventional and organic
- Price levels: Ex works and FOB-EXW differential
- Producer set-up: SPO and HL
- Geographical scope: worldwide

Out of scope:

- Incorporate the living income component in the price proposal for consultation or in the recommended price proposal to the Standards Committee (SC)
- Incorporate external costs of banana production in the price proposal for consultation or in the recommended price proposal to the SC
- Set or review the Fairtrade Premium
- Set or review Fairtrade Minimum Prices for domestic sales of banana
- Collect data on costs of production for non-Fairtrade producers.
- Compare production costs of banana between Fairtrade and non-Fairtrade banana
- Review or improve the exchange rate and consumer price index procedure
- Publish adjustments for 2023 on the existing Fairtrade Minimum Prices, which are valid from 1st January 2023 to 31st December 2023
- Human Rights and Environmental Due Diligence costs are not collected, not taken into account in the calculation of the cost of production

Project timelines and information on opportunities to contribute:

- Jan - Mar: Project Assignment
- 1Apr - 31May: Partial cost collection
- Jun: Analysis and preparation of price proposal for consultation
- 3Jul - 28 Jul: Consultation period
- Aug - Sep: Analysis, preparation of price proposal to the SC, wording of paper and PPT to the SC, delivery to the SC
- 20Sep: SC decision
- 4Oct: Price Announcement
- 1Jan2024: Start validity of announced Fairtrade Minimum Prices

Decision making process:

The Standards Committee will decide on the recommended price proposal for Fairtrade banana.

<p>* More information will be provided closer to the consultation period on our website. If you are identified as key stakeholders, you will receive an invitation to participate.</p>	
<p>Project Owner (Unit): Ricardo Guimaraes, Head of Pricing</p>	<p>Project Manager (contact point for the project): José Paredes, Senior Project Manager Pricing j.paredes@fairtrade.net</p>
<p>Technical Team Jose Madriz (CLAC) Jose Marulanda (CLAC) Red Banano and Mesas técnicas (CLAC)</p> <p>Project team: Silvia Campos Marike de Peña Cyrielle Digout Anna Pierides Corina Nienhaus Edward Akapire</p>	<p>Project Environment (Stakeholder groups not part of the project team): CLAC Fairtrade Africa NFOs Exporters Importers</p>