



# UNLOCKING THE POWER

ANNUAL REPORT  
2012-13



**FAIRTRADE**  
INTERNATIONAL

## Who we are

Fairtrade International 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 members are three producer networks (representing the interests of our farmers and workers) and 19 national Fairtrade organizations who market and promote Fairtrade in consumer countries.

## Our vision

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

Cover photo :

Kady Waylie is a Fairtrade cotton farmer in Senegal.

→ [Read about Kady and her cooperative 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](http://www.fairtrade.net), and click on the → symbols to get automatically directed to extra content.

# FAIRTRADE IN 2012-13

**1149**  
**PRODUCER ORGANIZATIONS**  
 WORLDWIDE,  
**16%** MORE THAN IN 2011 **↑**

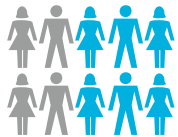


OVER **1.3** MILLION FARMERS AND WORKERS IN **70** COUNTRIES



PRODUCERS HAVE **50%** OF THE VOTES IN OUR DECISION MAKING ✓

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



\* according to a 2013 GlobeScan survey carried out in 17 countries.

Awarded by **We are a Fairtrade Town**

**1300** MORE THAN FAIR TRADE TOWNS IN OVER **20** COUNTRIES



OVER **€80** MILLION ESTIMATED FAIRTRADE PREMIUM PAID IN 2012



THE MOST WIDELY RECOGNIZED ETHICAL LABEL – GLOBALLY.

# UNLOCKING THE POWER OF THE MANY

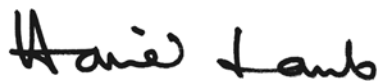
Tadesse Meskela, the passionate, visionary leader of Oromia Coffee Farmers' Cooperative Union in Ethiopia is always wrestling with the next initiative, from new quality drives to setting up a bank to overcome the farmers' chronic shortages of cash. As part of last year's Fairtrade Africa Conference, we visited Oromia's gleaming, state-of-the-art factory – paid for in part by the Fairtrade Premium. A farmer who came to deliver his coffee was happy to reel off a list of benefits from Oromia: his son is in school and his cattle have a shed. But grinning from ear to ear, he waved his arms at the building, pointing with pride at their biggest achievement: *"This is ours. We, the farmers, all own this."*

He summed up the essence of Fairtrade: the power of owning a stake, of being an active member in creating change. That's also why we are so proud that Fairtrade International is the world's only ethical certification scheme jointly-owned by the producers.

It is now 25 years since Fairtrade labelling was started by Mexican coffee farmers and Dutch activists. A trailblazing idea to put people at the heart of trade, thanks to which today over 1100 producer groups across 70 countries are now participating in Fairtrade – from the seven-member cooperative selling passion fruit in Vietnam, to groups like Kagera Cooperative Union in Tanzania, the first-ever Fairtrade coffee organization in Africa, which now represents over 60,000 farmers.

But we are constructively dissatisfied and keen to achieve more. Smallholders grow 70 percent of the world's food, but still make up half of the world's hungriest people. With internationally traded crops, the picture is of an hourglass that concentrates power and wealth: for example five million small-scale cocoa farmers sell to just four main traders who in turn sell to millions of consumers. That total imbalance of power helps explain why tea workers get as little as one percent of the price we pay for a pack of tea. Prices yo-yo up and down, with coffee prices falling by 53 percent in the past 18 months alone. At the same time, climate change is increasingly wreaking havoc with small famers' yields and crops.

That's why we need now to unlock the power of the many, enabling disadvantaged farmers and workers to grow profitable businesses and build thriving communities. As Oromia have shown, strength comes in working together to drive change. We want to enable more farmers and workers to partner with more companies and to connect with more citizens, who have shown again and again that they want to make their own contribution to trade justice.



Harriet Lamb, Chief Executive,  
Fairtrade International

*"For the past 25 years, we have taken the vision of the pioneering fair traders to the wider public, directly reaching over 1.3 million smallholders and workers. The model has been shown to work; now we need to take it wider. We seek to be at the cutting edge of reforming global trade in favour of justice, unlocking the power of disadvantaged producers and workers."*

Harriet Lamb,  
Chief Executive  
of Fairtrade  
International



# 1149 PRODUCER ORGANIZATIONS WORLDWIDE,

OF WHICH  
REPRESENT **80%**  
SMALLHOLDERS



In 2012, Fairtrade International and our members united behind a three-year strategic framework. In 2013-15, we will focus on building on our unique strengths, and delivering in these four key areas:

1

## Unlocking the power of smallholders

Our work with smallholders will be world-class, supporting them to organize and to build thriving businesses and communities. In cocoa, coffee, sugar and cotton we will only work with smallholders.

2

## Unlocking the power of workers

We will re-focus our efforts to make Fairtrade deliver real change for workers, in particular in bananas, tea and flowers. We will implement our workers' rights strategy, including progressing towards a living wage.

3

## Unlocking the power of citizens and companies

We will strengthen the grassroots social movement further, so we can increase producers' sales and ensure even greater impact. We will build mature markets and develop new ones, always continuing to innovate. We will find new ways to work with 100% Fair Trade Organizations, recognizing their unique contributions. And we will develop new ways of working in cotton, cocoa and sugar, where producers are pressing for sales that the current model cannot deliver.

4

## Unlocking the power of the people in the global Fairtrade system

We will strengthen our global Fairtrade system, increasing the voice of producers and working closely together across all countries to minimize costs and maximize impact.



# POWERING UP PRODUCERS

**Over the past 12 months we continued to transfer more responsibilities and services to the South, where they belong.**

Up to now producer services have been coordinated centrally by Fairtrade International, with locally-based staff working with producers in the field. But in a true display of producer leadership, producer networks have started to coordinate this important work themselves. Fairtrade Africa is leading the way, taking charge of producer services for the region throughout 2013. Their ground-breaking work is providing a blueprint for the other two networks to follow suit. In Latin America, the regional producer network, CLAC (Coordinator of Fairtrade Latin America and the Caribbean), has already begun preparations for the handover beginning in 2014.

“The unique relationship between the North and the South, a strong voice and role for producers and workers, makes Fairtrade different from all other competing ethical schemes. This is what real empowerment is about.”

Marika de Peña, Vice Chair of Fairtrade International and director of Banelino banana cooperative in the Dominican Republic.

**We believe strong democratic organizations are at the heart of development.**

Building strong producer organizations is what Fairtrade does best. Fairtrade Standards give producers a clear framework for building strong democratic structures, while the stable prices and Fairtrade Premium money allow them to plan for the future and build up their businesses.

But Fairtrade is more than just a standard-setter. Over the past 12 months we have continued to build up our unique competencies, focussing our efforts on four key programme areas (see opposite), which give producers the tools to strengthen their organizations further.

**53%** of Fairtrade Premium invested by small producers into improvements to their business (quality or productivity) or organizational development in 2011-12.

**83%** of producers satisfied with the services of Fairtrade liaison officers in the field, according to a 2012 survey.

Farmers and workers are not just beneficiaries but co-owners of Fairtrade.

Step by step they are taking the future into their own hands, becoming strategic partners in locally-led development.



Colmore Shillingford, Fairtrade banana farmer in the Windward Islands

### → Access to finance

The → **Fairtrade Access Fund**, a collaboration between Fairtrade International, the Grameen Foundation and Incofin Investment Management addresses small producer organizations' pressing need for financing opportunities. The fund has distributed its first nine loans, totalling US\$ 5.65 million, to cooperatives in Latin America, with more to come as the fund continues to expand.

### → Climate change adaptation and mitigation

Fairtrade farmers vulnerable to climate change are learning how to adapt, and to train others, through projects with technical partners. Two major projects are underway with Peruvian coffee farmers and East African tea farmers.

Fairtrade producers attended the UN climate change conference (COP18) in Doha to raise the voice of smallholders in the climate debate. We also entered → **a new partnership with The Gold Standard Foundation** which seeks to enable farmers to benefit from the carbon market.

### → Child labour

Our child-inclusive, community-based approach is showing promising signs of distinguishing Fairtrade as best practice in the sector, with invitations during the year from government, private and NGO sectors to receive presentations on our approach.

Listening to children, as well as ensuring producers are fully aware of our Standards, is central to our work. We have conducted focus groups with boys and girls in several countries and sectors with a high risk of child labour or forced labour, to learn about their aspirations and look at issues from their perspectives.

### → Workers' rights and trade union relations

Fairtrade has brought many benefits to workers through Fairtrade Premium projects and improved working conditions and labour rights protection. But we want to move beyond this, building the conditions where workers can organize themselves further and better negotiate their own terms of work.

We launched our new, progressive workers' rights strategy in 2012. A fundamental part of this is a full review of our Hired Labour Standard. Consultation is underway, including numerous workshops with workers and management this summer. The next stage of the strategy will focus on ways to improve the benefits of Fairtrade for workers on small farms.

We are also facilitating dialogue between workers and unions, and playing an active part in strengthening industrial relations.

**Our living wage work is a key part of our workers' rights strategy. We want to see improvement in wages in all countries and products in which we work and are committed to driving progress.**

- We are developing living wage benchmarks to stimulate wage dialogue, not only at local level, but across the supply chain.
- We have launched a pilot project to revise the Minimum Price for Fairtrade wine grapes, taking the local living wage level into account, to ensure that the prices producers receive allow them to pay fair wages to their workers.
- We also aim to collaborate with other certification schemes on our living wage work, many of whom are interested in our approach.

"Fairtrade has taught us that we must have quality of life, and contributes to a better understanding between our employer and us."

Banana workers, interviewed for a study into labour relations on Fairtrade certified banana plantations in Urabá, Colombia.



Jayanthi, a tea picker on Bogawantalawa Tea Estates in Sri Lanka.

# LEARNING TO GROW: ASSESSING FAIRTRADE'S IMPACT



By the end of 2012 there were close to 1.35 million farmers and workers in 70 countries participating in Fairtrade. We're proud that we're reaching more farmers and workers than ever. But we need to consistently monitor if Fairtrade is having the expected outcomes on their lives, to ensure we constantly learn and adapt accordingly.

Our model is one of continuous improvement: monitoring feeds learning, which in turn feeds improvement. To know if our actions are having the desired impact, we gather information from a wide variety of sources, including demographic studies, long-term impact studies and audit reports.

Our fourth edition of → **'Monitoring the Scope and Benefits of Fairtrade'**, provides detailed facts and figures on Fairtrade farmers and workers, revealing production volumes, hectares farmed, Fairtrade Premium usage and over 100 graphs, as well as highlights from recent impact studies.

→ A series of impact evaluations commissioned by Fairtrade over the past 12 months revealed positive results, as well as learnings for the future:

- Research by CEval, the German Center for Evaluation, looked at Fairtrade's impact on poverty reduction, comparing Fairtrade-certified producer organizations with non-certified farmers for six different products and regions. While results varied between the cases, the study confirmed that small-scale farmers in Fairtrade enjoyed slightly higher and more stable income than producers in the comparison group.
- An Institute of Development Studies (IDS) impact study into Fairtrade bananas showed that farmers in the Dominican Republic received higher and more stable pricing through Fairtrade. Seventy-five percent said they had savings in the bank and 48 percent said they could use savings instead of soliciting loans to cover unexpected costs.
- A Natural Resources Institute (NRI) study examined the impacts of Fairtrade on two cocoa cooperatives in Peru. One key result is that the farmers with longer-term membership in a Fairtrade cooperative benefited from higher cocoa production and income.
- A study by NRI and IDS studied the impact of Fairtrade in cotton. In Senegal, Cameroon and Mali, the Fairtrade Minimum Price played a key role in providing stability to cotton farmers (49 percent higher than the national base price in Senegal and Cameroon; 78 percent higher in Mali).
- Several studies indicate that more work is needed to ensure workers employed by small farmers benefit sufficiently from Fairtrade. This is an area where we actively seek to improve in future. A long-term NRI study in Malawi, where worker benefits at one small producer organization improved significantly between phase one and two, is providing important learnings in this regard.



# HIGHLIGHTS FROM OUR PRODUCER COUNTRIES

Across the world, Fairtrade farmers and workers are spurring their communities to action, stimulating economic growth, encouraging environmental best practices and contributing to the growth of democratic and empowered societies.



## → Nicaragua

The coffee farmers at UCASUMAN became one of the first recipients of a long-term Fairtrade Access Fund loan.

## → Peru

Farmers from Sonomoro coffee cooperative received training on climate adaptation and are passing their knowledge on.

## → Brazil

Pocos de Caldas is Brazil's first Fair Trade Town. The small city in south-east Brazil has been gathering support from local businesses as well as nearby Fairtrade farmers.

## → Morocco

The women of Tighanimine cooperative are challenging traditional gender roles while selling Fairtrade argan oil, a key ingredient in luxury cosmetics.

## → Ethiopia

Solidarity, strong democracy and Fairtrade support were essential when farmers at Fero cooperative faced unstable coffee prices.

## → South Africa

Stellenrust's Fairtrade wine was served at the 2012 Olympics and won its own double-gold medal at international wine awards.

## Thailand

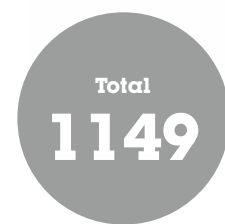
The Thai government has taken big steps to collaborate with Fairtrade and bring more Fairtrade benefits to Thai farmers.

## → Fiji

Over 60 Fairtrade sugar farmers took part in workshops on Fairtrade's Standards and approach on child labour and forced labour.

## → India

The success of the Khadroli cooperative has inspired several other sugar cooperatives in the region to join Fairtrade.



Fairtrade producer organizations worldwide in 2012

# POWERFUL PARTNERSHIPS

**Fairtrade is on the rise in new markets with producer countries leading the way, giving farmers more opportunities to sell their goods locally on Fairtrade terms.**

→ **Fairtrade Eastern Africa** launched in May in Kenya, to the delight of local producers, NGOs and the government. Locally-grown Fairtrade coffee is already on sale in Kenyan stores, as well as Cadbury Dairy Milk made with Fairtrade cocoa and sugar grown in Africa. The launch was closely supported by the continent's pioneering Fairtrade organization, Fairtrade South Africa, whose skyrocketing sales Fairtrade Eastern Africa hopes to emulate: first in Kenya, then in other countries in the region.

Across the world, Fairtrade partners are taking similar steps to push the Fairtrade movement forward. A new Fairtrade marketing organization has been set up in Brazil. Producers, businesses and NGOs in India have formed a coalition and are set to launch Fairtrade later this year. Partners in the Philippines, Argentina and Lebanon are all working to put their producers' Fairtrade goods on local store shelves too.

**86%** of Kenyan consumers are interested in buying Fairtrade products, according to a recent survey.

**14%** of all Fairtrade farmers and workers are found in Kenya, making it the country with the most Fairtrade producers worldwide.

**FAIRTRADE PRODUCTS  
NOW SOLD IN OVER  
125 COUNTRIES**



Whether it's driving Fairtrade in new countries, training farmers in the field or making supply chains fairer, Fairtrade producers, supporters and partners worldwide are joining forces to take Fairtrade further.



Coffee farmers at KNCU, one of Tanzania's oldest Fairtrade cooperatives.

OVER  
1,300

Fair Trade Towns in more than  
20 countries.

OVER  
3,000

companies work with  
Fairtrade worldwide.



**“Fairtrade is about sourcing in a responsible manner, being mindful of the importance that farmers play in our global society. Put simply, it’s the right thing to do.”**

Jostein Solheim, CEO of Ben & Jerry’s

**Commercial partners, NGOs and campaigners all continued to show their commitment to Fairtrade.**

A host of companies partnered with us in 2012-13, with major new commitments from Ben & Jerry’s, Kit Kat, Maltesers and Nespresso, to name but a few.

Both new and long-standing funding partners enabled us to deliver more services to farmers and workers, and to support us in driving Fairtrade forward in new markets and products. A list of funding and project partners is on page 19.

And dedicated campaigners continued to push for trade justice, urging their leaders to → **support smallholder farming**, pushing for → **Fair Trade to be part of the UN development goals beyond 2015**, and making Fairtrade the norm in their towns, schools and communities.



“All of us at Ben & Jerry’s heartily look forward to 2014, and with it a time when all of our products will be Fairtrade-certified across the globe. For us, Fairtrade is about sourcing in a responsible manner, being mindful of the importance that farmers play in our global society. Put simply, it’s the right thing to do.

After transitioning all eligible ingredients to Fairtrade in Europe in 2011, we are now working with Fairtrade International to do the same in the rest of the world. In early 2013 we committed to convert all our USA flavours to Fairtrade, and have already started to source the five base mix ingredients—sugar, cocoa, vanilla, coffee and bananas – on Fairtrade terms.

It’s no easy task, given the hundreds of ingredients, chunks and swirls that go into our ice cream. But we are proud to see the culmination of our efforts in sight. Whether it’s peanuts from Malawi, vanilla from Uganda, or sugar from Belize, we want to ensure the farmers who grow them get a fair deal.”

Jostein Solheim, CEO of Ben & Jerry’s

(Pictured above far right, together with Fairtrade producers and supporters in Boston.)

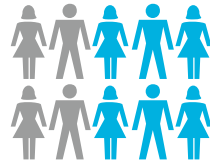
# FAIRTRADE SALES WORLDWIDE

Shoppers spent over 4.8 billion euros on Fairtrade certified products in 2012.

Sales continues to grow strongly across most markets. Germany has broken the half billion mark, with growth of 33 percent. And South Africa continues its strong upward trend, more than tripling its Fairtrade sales for the third year running.

Regrettably, Fair Trade USA withdrew its membership of Fairtrade International at the end of 2011. However, the strong sales across other markets meant this has only resulted in a slight dip (-4%) in total global Fairtrade sales. Total growth across all other markets exceeded 20 percent.

In mid-2012 we were pleased to establish → [Fairtrade America](#), our new member organization in the United States. Several major companies in the USA have now started using the international FAIRTRADE Mark, such as Ben & Jerry's, Divine Chocolate and Wholesome Sweeteners. We look forward to building on this further in 2013.



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



\* according to a 2013 GlobeScan survey carried out in 17 countries.

SHOPPERS  
SPENT  
BILLION **€4.8**  
ON FAIRTRADE PRODUCTS  
IN 2012



Enelesi Samu, a member of Kasinthula sugar cooperative in Malawi.

## Estimated retail sales by country

Country	2011 (in €)	2012 (in €)	Growth rate
Aus/NZ	150,660,362	188,045,618	25%
Austria	100,000,000	107,000,000	7%
Belgium	70,998,459	85,837,221	21%
Canada	199,768,996	197,277,194	-1%
Czech Republic	2,859,432	2,744,524	n/a**
Denmark	74,908,637	71,836,714	-4%
Estonia	496,640	1,061,938	114%
Finland	102,673,112	152,263,629	48%
France	315,416,709	345,829,378	10%
Germany	400,544,747	533,062,796	33%
Hong Kong	–	422,803	n/a
Ireland	158,864,349	174,954,927	10%
Italy	57,542,552	65,435,059	14%
Japan	59,327,333	71,419,147	17%*
Latvia	492,031	938,975	91%
Lithuania	624,091	846,027	36%
Luxembourg	7,491,910	10,320,006	38%
Netherlands	147,308,908	186,100,623	26%
Norway	53,617,544	64,413,576	20%
South Africa	7,273,254	22,263,619	220%*
South Korea	17,106,828	1,989,631	n/a**
Spain	20,026,046	22,274,635	11%
Sweden	134,335,702	178,951,375	28%*
Switzerland	264,754,487	311,590,237	15%*
UK	1,531,539,170	1,904,891,092	16%*
USA	–	53,116,711	n/a
Rest of world	74,741,866	47,487,290	n/a**
<b>Sub Total</b>	<b>3,953,373,166</b>	<b>4,802,374,746</b>	<b>21%</b>
<b>Fair Trade USA***</b>	<b>1,030,670,695</b>	<b>–</b>	<b>n/a</b>
<b>Grand Total</b>	<b>4,984,043,861</b>	<b>4,802,374,746</b>	<b>-4%</b>

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

\*\* Out of home sales data for these territories in 2012 was incomplete, therefore it was not possible to generate an accurate growth rate.

\*\*\* Fair Trade USA is no longer a member of Fairtrade International, following its withdrawal as of 31 Dec 2011. The 2011 sales figure is 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 2012 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, Estonia, Finland, Germany, Ireland, Latvia, Lithuania, Spain.

The following countries calculated their out of home sales value using the average retail price for consumer products bought in stores and supermarkets: Australia & New Zealand, Belgium, France, Italy, Japan, Norway, South Africa, 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.



Fairtrade coffee is now being sold in Kenyan stores.

# FAIRTRADE PRODUCTS GLOBALLY

Most major product categories continued to experience healthy growth in 2012. Sales of flowers grew by almost 50 percent, confirming their position as the seventh core Fairtrade product. Wine sales recovered well this year, as did those of herbs and spices.

The dip in some sales, particularly coffee, honey and fresh fruit, is due to Fair Trade USA's withdrawal (although most farmers continued to sell these products on fair terms and did not experience a drop in sales revenues). In other markets, sales of these products remained stable or grew, as illustrated by the growth rates in brackets.

Despite these positive results, some challenges remain. In some product categories, many producers are only selling a fraction of their total production on Fairtrade terms and are calling for new sales opportunities. As part of our response to this we are exploring new models for cocoa, sugar and cotton, which we aim to launch in 2014.

In total, Fairtrade Standards now cover well over 300 raw products and we regularly add new products to existing categories, often responding to direct requests from producers. Newcomers last year included star fruit, garlic, pomegranates and palm hearts.

We estimate that producers received over 80 million euros in Fairtrade Premium last year, money that they receive on top of the selling price and they decide themselves how to spend.

**MORE THAN**  
**1/2**

of bananas sold in Switzerland are Fairtrade.

**OVER**  
**40%**

of bagged sugar in the UK carries the FAIRTRADE Mark.

**EVERY**  
**5<sup>TH</sup>**

bunch of roses sold in Germany is Fairtrade certified.

FAIRTRADE STANDARDS FOR OVER **300** RAW PRODUCTS


















Feliciana Quintero, member of COOBANA, Panama.



OVER  
**€80** MILLION  
 ESTIMATED  
 FAIRTRADE  
 PREMIUM PAID  
 IN 2012




Estimated Fairtrade retail sales by product volume

Product	Unit	2011 Total	2012 Total	Conventional		Organic	Growth rate*	
Bananas	MT	320,923	331,980	69%		31%	3%	(11%)
Cocoa (cocoa beans)	MT	37,773	40,559	89%		11%	7%	(11%)
Coffee (green bean)**	MT	120,316	77,429	56%		44%	-36%	(3%)
Cotton (lint)	MT	8,223	8,963	74%		26%	9%	(9%)
Dried and processed fruits	MT	955	1,542	52%		48%	61%	(61%)
Flowers and plants	1,000 stems	362,067	536,632	100%		0%	48%	(51%)
Fresh fruit	MT	16,165	12,259	89%		11%	-24%	(15%)
Fresh vegetables	MT	474	364	98%		2%	-23%	(-23%)
Fruit juice	1,000 litres	38,775	37,165	96%		4%	-4%	(-4%)
Herbs and spices	MT	255	417	42%		58%	64%	(93%)
Honey	MT	2,070	1,319	89%		11%	-36%	(-15%)
Quinoa	MT	691	590	23%		77%	-15%	(-17%)
Rice	MT	5,718	5,623	63%		37%	-2%	(0%)
Sports balls	1,000 items	160	152	100%		0%	-5%	(-4%)
Sugar (cane sugar)	MT	135,522	158,986	93%		7%	17%	(25%)
Tea	MT	13,398	11,869	86%		14%	-11%	(-7%)
Wine	1,000 litres	13,300	16,427	89%		11%	24%	(23%)

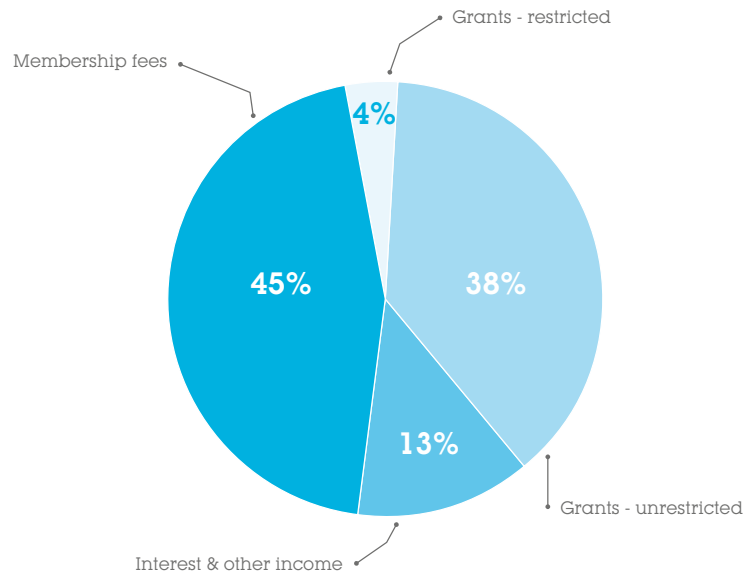
As in previous years, these figures are calculated using estimated retail sales of Fairtrade certified products in consumer countries. Figures are estimates only.

\* The figures in brackets show the average growth rate across all markets excluding the USA, in order to give a clearer indication of market trends.

\*\* We are now reporting estimated green bean equivalent sold, rather than volumes of roasted/ instant coffee. This is part of our efforts to report raw volumes rather than finished products wherever possible.

# FAIRTRADE INTERNATIONAL'S 2012 FINANCIALS

## Income



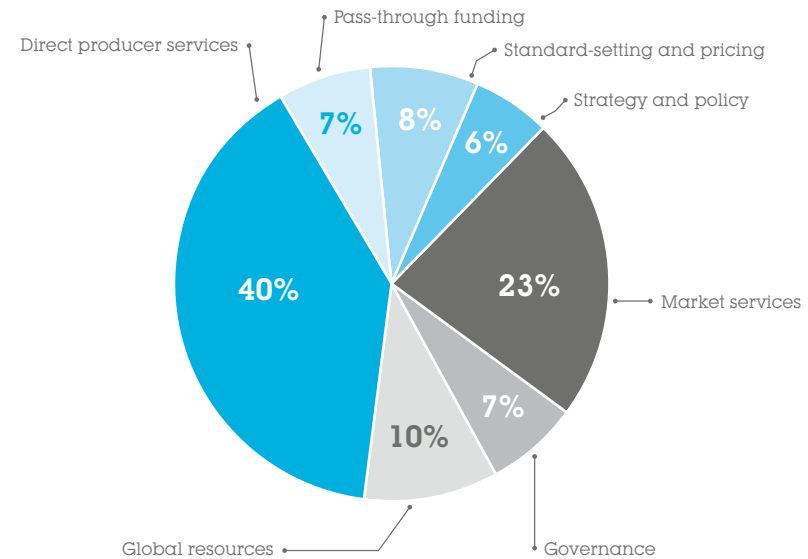
**Membership fees:** As a membership association, Fairtrade International receives membership fees from the national Fairtrade organizations. The membership fee is unrestricted funding and is calculated as a percentage of the licence fee income of each national Fairtrade organization. In 2012 there was an overall drop in membership fees received, due to the withdrawal of our member in the United States.

**Grants:** We received grants totalling €6.3 million from the funding partners mentioned on page 19. An amount of €561,000 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 2012 audited financial statements. The latter, as in previous years, received an unqualified opinion (DHPG). 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 and Africa).

**Market services:** This includes managing global accounts, our work in new markets, (such as Brazil, India and Kenya, as well as establishing a new organization in the USA), 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	2012 (€'000)	2011 (€'000)
Total income	14,972	15,805
Total expenditure	14,051	15,385
Changes in reserves	921	420
Surplus	0	0

### Balance Sheet December 2012 (€'000)

	31.12.2012	31.12.2011		31.12.2012	31.12.2011
<b>Fixed Assets</b>	<b>2141</b>	<b>1504</b>	<b>Equity</b>	<b>3205</b>	<b>2284</b>
Intangible fixed assets	875	379	Restricted & designated reserves	100	10
Tangible fixed assets	103	156	General reserve	3105	2274
Financial assets	1163	969			
			<b>Provisions</b>	<b>266</b>	<b>410</b>
<b>Current assets</b>	<b>3314</b>	<b>3419</b>			
Outstanding accounts for services	2130	2712	<b>Liabilities</b>	<b>1363</b>	<b>1710</b>
Other assets	239	176	For supplies & services	1233	1551
Liquid funds	944	527	Other liabilities & accruals	129	159
<b>Accrued income</b>	<b>24</b>	<b>4</b>	<b>Deferred income</b>	<b>645</b>	<b>519</b>
	<b>5479</b>	<b>4923</b>		<b>5479</b>	<b>4923</b>

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

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

**Financial assets** relate to an investment in the capital reserves of our subsidiary company, FLO-CERT GmbH, and investment in the Fairtrade Access Fund.

**Restricted & designated reserves** include 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 the upcoming financial year already received in the previous year.

# OUR GOVERNANCE AND MEMBERS

## Producers now have an equal say in running Fairtrade.

Following a ground-breaking vote in 2011 to increase producer representation, producer networks now have equal voting rights with national Fairtrade organizations in Fairtrade's highest decision-making body, the General Assembly. The new constitution of Fairtrade International was approved in January 2013 to reflect this change, and strengthens the voice of Fairtrade producers at all governance levels.

"Producers have always been involved centrally in everything that we do. In fact there is no major decision that is taken without their guidance and support. But there is a big difference between having a seat at the negotiating table (or even a few seats) and owning half of the board room."

Molly Harriss Olson, Chair of the Fairtrade International Board of Directors.

The new composition of the Board of Fairtrade International reflects producer equality in decision-making. It comprises four producer representatives, four market representatives and three independent members. The new constitution also empowers the board to take global decisions on matters of system-wide relevance.

## Members

Regional producer networks and national Fairtrade organizations are full members in our governance. Marketing organizations market and promote Fairtrade in their countries, while Fairtrade International licenses use of the FAIRTRADE Mark.

3 regional producer networks.

19 national Fairtrade organizations covering 23 countries, plus one applicant member in the United States.

5 Fairtrade marketing organizations in Czech Republic, Hong Kong, South Korea, Eastern Africa and Brazil.

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.

Members of Toledo Cacao Growers' Association in Belize, voting at their annual general assembly.





Producer representatives at Fairtrade's General Assembly.

PRODUCERS HAVE  
**50%** OF THE VOTES  
 IN OUR  
 DECISION  
 MAKING ✓

#### → Board Members (elected June 2013)

Chair: Molly Harriss Olson, Independent

Vice Chair: Marike de Peña,  
 Producer representative (CLAC)

Treasurer: David Clayton-Smith, NFO representative

Bharath Mandanna, Producer representative  
 (Network of Asian and Pacific Producers)

Chief Adam Tampuri, Producer representative  
 (Fairtrade Africa)

Noel Oettlé, Producer representative  
 (Fairtrade Africa)

Wanja Lundby-Wedin, NFO representative

Bernhard Herold, NFO representative

Franz de Bie, NFO representative

Esther Guluma, Independent

Alain Samné, Independent

#### Thanks and acknowledgements

We are grateful to the many people and organizations around the world who make our work possible.

Whether setting standards in Bonn, supporting producers in Madagascar, buying a Fairtrade banana in the supermarket (or dressing up as one in your Fair Trade Town!), you all play a role in making trade fairer.

Special thanks to all our funding and project partners:

#### → 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

#### Project partners in 2012-13

AFD - Agence Française de Développement

Brot für die Welt – Evangelischer Entwicklungsdienst

COLEACP/PIP

Comic Relief

GIZ - Deutsche Gesellschaft für Internationale Zusammenarbeit

Incofin and Grameen Foundation

KfW - Kreditanstalt für Wiederaufbau

Lidl

Nordic Climate Fund and Vi Agroforestry

Plan

SNV - Netherlands Development Organisation

TWIN Trading

Our thanks go to all our retiring board members: Peter Gaynor, Liz Jarman, John Kay, Steve Knapp, Chip Pitts, Andrea Schlehuber.

But most especially our thoughts turn to → Raúl del Águila, a long-serving board member, Fairtrade coffee producer and tireless advocate for trade justice, who died suddenly in February 2013. His leadership, knowledge and support are missed by the entire Fairtrade system.



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