



WORKING TOGETHER FOR FAIR AND SUSTAINABLE TRADE

ANNUAL REPORT 2017 – 2018



FAIRTRADE
INTERNATIONAL



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WHAT MAKES FAIRTRADE DIFFERENT?

- Fairtrade is 50 percent owned by farmers and workers themselves
- Fairtrade offers price stability through a Minimum Price for most commodities
- Fairtrade offers some of the highest Premiums in the industry for producers to invest in their businesses and communities
- Fairtrade producers are required to organize collectively, in cooperatives or workers' organizations with a democratic structure and transparent administration, so they have greater bargaining power and control over their businesses
- Fairtrade licensing fees support direct services to producers, from improving agricultural practices to better business management
- Fairtrade advocates with governments and partners with businesses to tackle global challenges and increase commitments to sustainable production and consumption
- The FAIRTRADE Mark is the most widely recognized ethical certification label globally¹

¹ According to 2015 Globescan research

FOREWORD

FROM CEO

Earlier this year, I met with Luis Martínez Villanueva, a Mexican coffee farmer and member of the Fairtrade certified cooperative UCIRI that dates back 30 years to the very start of our movement in the Netherlands in 1988. What struck me about Luis and UCIRI's history was the farmers' deep commitment to their own empowerment and to Fairtrade, even to the point of risking their lives in the face of retaliation from powerful interests in the supply chain. Talking to Luis made it all the more clear to me why Fairtrade's work is for and with producers.

Fairtrade believes that all farmers and workers and their families deserve to earn a decent living for what they produce. Rather than thinking of small-scale farmers or plantation workers as being at the bottom of the supply chain, we think of them as being at the centre.

So when we look at the difference Fairtrade makes, the most important measure is **whether farmers and workers are seeing greater benefits** from Fairtrade. Revenue from Fairtrade sales is a key indicator, as is the amount of extra funds or Fairtrade Premium earned by producer organizations to invest in their businesses or in community projects of their choice. In 2017, Fairtrade Premium earnings topped €178 million. One way we've expanded opportunities for producers is to allow companies to include more Fairtrade certified commodities as ingredients in composite products (via the Fairtrade Sourced Ingredient model).

Another difference we look for is the **shift in buying patterns to reflect sustainable values**. Retail sales



of Fairtrade products exceeded €8.4 billion in 2017, an increase of eight percent from the year before. The demand for sustainably produced food is growing, and the volumes of Fairtrade certified products and ingredients sold continue to rise. Fairtrade producers sold 15 percent more coffee, 11 percent more bananas and 57 percent more cocoa in 2017 than in 2016. Consumers are more aware and engaged than ever, with more than 2,000 Fair Trade towns worldwide, and more than 660,000 people taking action during the World Fairtrade Challenge earlier this year.

We can also see change through big-picture market trends. We're partnering with some of the biggest brands in the world, not only to increase what they source as Fairtrade, but also to **tackle persistent challenges that go beyond a set of certification standards** or one year's trade deals. This reflects pressure that consumers and advocates are rightly putting on brands and on certification schemes to make progress in reducing poverty, improving social conditions, and addressing climate change, among other things. Our work on living incomes for farmers and living wages for hired workers is growing and gaining momentum, thanks to commitment and persistence. These issues won't change overnight but we share some of our progress in this report.

Some of our priorities for the coming year are:

- Support increased sales of Fairtrade certified products, especially cocoa, coffee, banana, flowers and tea, to expand Fairtrade's benefits to farmers and workers;
- Continue on the path to living wages in Fairtrade banana plantations;
- Update the Fairtrade Minimum Price and Premium for cocoa (following on from the Cocoa Standard update in 2017) so that we enable more Fairtrade farmers to earn a living income from their produce;
- Continue implementation of global key performance indicators to track our effectiveness against the ambitious targets we set out to accomplish in our 2016-2020 strategy.

We also feel a sense of urgency to mobilize governments, civil society, businesses and consumers to take the actions necessary to support farmers and workers to overcome poverty. As one of our studies recently found, most Fairtrade cocoa farmers still aren't earning a living income in Côte d'Ivoire because it takes the whole industry working together to make significant change. Companies that choose to source more of their ingredients as Fairtrade, people who reach for a Fairtrade product on the supermarket shelf – each of these actions has a ripple effect. Together we can turn these ripples into a larger current that puts more power into the hands of farmers and workers to decide their own futures.

A stylized, handwritten signature in blue ink, appearing to read 'D. Soto'.

Darío Soto Abril

Global Chief Executive Officer
Fairtrade International



PRODUCERS ARE AT THE HEART OF FAIRTRADE

Women from SCINPA COOP-
CA cooperative in Agboville,
Côte d'Ivoire, husking cocoa.
Photo: Sean Hawkey

1,599 
PRODUCER
ORGANIZATIONS
ACROSS
75 COUNTRIES 

When you think of Fairtrade, you might think of your favourite Fairtrade coffee or chocolate, or perhaps bananas, tea, or any one of the many other products containing Fairtrade ingredients found on supermarket shelves around the world.

Fairtrade is actually a global system that represents more than 1.6 million farmers and workers around the world. By the end of 2017, Fairtrade had grown to almost 1,600 certified producer organizations in 75 countries.

Making sure farmers and workers have a seat at the global trade table is more than just talk for Fairtrade – our General Assembly includes producer organization representatives who hold 50 percent voting power. The General Assembly elects members to the Fairtrade International Board of Directors and guides the agenda for the Fairtrade system – for instance, by providing input into our 2016-2020 global strategy and monitoring our progress towards it. More recently, in 2018 the General Assembly reiterated the importance of actions to address climate change and improve working conditions and farmer incomes. It also approved a set of safeguarding standards to protect whistleblowers in the Fairtrade system.

Three regional Fairtrade Producer Networks support these organizations, through trainings and visits that build producers' capacity in everything from good agricultural practices to financial management to compliance with Fairtrade Standards for certification. Workshops or consultations on special topics such as climate change and gender rights are also provided across the regions (for more see page 12). At the same time, the Producer Networks also work to expand market demand for Fairtrade commodities by holding events and attending trade fairs.

SOME EXAMPLES OF SUPPORT SERVICES PROVIDED BY THE FAIRTRADE PRODUCER NETWORKS IN 2017:

- **CLAC** (representing farmers and workers in Latin America and the Caribbean): supported 652 producer organizations in organizational strengthening and standards compliance, such as market analysis and risk management training for 139 coffee producer organizations in Mexico, Guatemala, Honduras, Nicaragua, Colombia, Peru and Brazil.
- **Fairtrade Africa** (representing farmers and workers in Africa and the Middle East): trainings and visits to 535 producer organizations focused on climate change resilience, gender, and sustainable livelihoods.
- **NAPP** (representing farmers and workers in Asia and Pacific): 679 producer organizations received training and visits, including newly certified organizations in tea, cocoa, seed cotton, nuts, grapes and sports balls.



Having her own rice mill allows Phawadee Suphansai, a member of Organic Jasmine Rice Producer Group in northeastern Thailand, to bring her own specialty products to market.
Photo: Santiago Engelhardt



Cocoa farmer Ruber Acuna Vasquez is a member of ACOPAGRO cooperative in Peru.
Photo: Luca Rinaldini

FAIRTRADE SALES DRIVE CHANGE

**FARMERS AND
WORKERS
RECEIVED AN
ESTIMATED
€178 MILLION
IN FAIRTRADE PREMIUM
IN 2017** **FOR THE TOP 7
PRODUCTS**

Fairtrade certification is a pathway towards sustainable livelihoods for farmers and workers. Volume is key: the more producers can sell on Fairtrade terms, the more they benefit.

On top of the selling price, producer organizations receive an extra sum called the Fairtrade Premium. These funds go towards democratically chosen projects that benefit the producers' businesses and communities. In 2017, farmers and workers producing Fairtrade's top seven products earned €178 million in Fairtrade Premium – an increase of 19 percent over the previous year.

The following seven products represent more than 90 percent of all Fairtrade farmers and workers.

BANANAS

Bananas are one of the most successful Fairtrade products with 641,727 metric tonnes sold in 2017. That figure represents an increase of 11 percent on the previous year. The markets in the UK, Germany, Switzerland, the Netherlands, France and Sweden represent 80 percent of global retail sales. Between 2016 and 2017, sales in Germany and France grew by 20 percent and 24 percent, respectively.

- Max Havelaar Netherlands launched a campaign in early 2017 to allow consumers to find out what proportion of the bananas stocked by their local supermarket were produced on fair trade terms. Out of nearly 27,000 participants, 94 percent wanted their supermarket to sell more Fairtrade bananas. In the wake of the campaign, Max Havelaar urged supermarkets to meet consumer demand and source 100 percent Fairtrade bananas – which retailers PLUS, SPAR and Marqt already do.
- A study commissioned by Fairtrade found lower external costs to society and the environment from Fairtrade banana production in six Latin American and Caribbean countries, as compared to the overall banana sector (*The external costs of banana production: a global study*).

DID YOU KNOW?

Max Havelaar was the name of a novel written in 1860 criticising Dutch colonial and trade policies. The first Fairtrade organization started in the Netherlands in 1988 and took the name Max Havelaar. It still uses that name today as do two other national Fairtrade organizations (France and Switzerland).

COFFEE

From 2016 to 2017 the volume of Fairtrade coffee sold grew by 15 percent, reaching 214,106 metric tonnes. The fastest growing markets for Fairtrade coffee included Ireland, Finland and Denmark, with growth rates of 36 percent, 35 percent and 25 percent, respectively.

Efforts to improve the overall quality of Fairtrade coffees and to increase visibility among buyers have helped producers gain access to the specialty coffee market and win higher recognition both from brands and consumers. In addition to receiving training and targeted interventions to improve quality and productivity, Fairtrade coffee farmers are required by Fairtrade Standards to invest at least 25 percent of their Premium in improving productivity and quality. Looking ahead, Fairtrade's strategy for coffee will focus on opening new markets and continuing to promote the high quality of Fairtrade coffees.

COCOA

Fairtrade certified cocoa beans saw the highest growth in sales during the 2016-2017 period, with an impressive increase of 57 percent. Most of these sales came from Ghana and Côte d'Ivoire, the top two cocoa exporters globally, but Latin American producer countries have also seen steady growth.

The large jump in sales reflects the commitment of confectionary companies, chocolate brands and retailers to source more of their cocoa volumes on Fairtrade terms. Fairtrade is the only sustainable certification scheme that provides cocoa cooperatives with a guaranteed Minimum Price as well as a Fairtrade Premium of €200 per metric tonne of cocoa sold. In spite of these efforts, most cocoa farmers in West Africa do not yet earn a living income from cocoa farming. To make progress on this front, we developed the Fairtrade Living Income Strategy and are conducting a review of our cocoa price and Premium. (Read more about our work towards sustainable livelihoods on page 12.)



Tusno rakes coffee at the Koperasi Pedagog Kopi (KOPEPI) Ketiara cooperative in Takengon, Indonesia.
Photo: Nathalie Bertrams

SUGAR

Fairtrade sugar sales grew by 30 percent from 2016 to 2017, indicating a continued demand for Fairtrade sugar despite the abolition of caps on European Union beet sugar production that took effect in October 2017. The growth was due to increased use of Fairtrade sugar in composite products, including the start of Ferrero's three-year commitment to source 20,000 metric tonnes. We are exploring strategies to continue opening markets for sugar cane farmers and mitigate risks posed by competition from European beet sugar.

One such strategy is testing differentiated Premiums to encourage international and local brands to source and sell Fairtrade sugar where it is produced, specifically in India and southern African countries. Developing countries account for 77 percent of global sugar consumption, and are expected to be the primary source of future demand growth, particularly in Asia. In addition, Fairtrade is also continuing to build partnerships with other sustainability schemes, including with the Roundtable on Sustainable Biomaterials (RSB) supporting diversification into sugar cane-based bio-materials, and a separate partnership to increase sugar farmers' competitiveness and build new market opportunities.

TEA

European demand for conventional black tea has been declining in favour of coffee and other beverages, contributing to the 12 percent decrease in Fairtrade tea sales from 2016 to 2017. While other factors such as UK retailer Sainsbury's switching from Fairtrade to its own programme for tea also played a role, Fairtrade producers can also see growing opportunity in the increasing demand for herbal and specialty teas that can command a higher price. Fairtrade tea sales generated approximately €5.3 million in Fairtrade Premium in 2017 for farmers and workers to invest in projects of their choice. To support producers in boosting their sales on Fairtrade terms, as of 2018 businesses have the opportunity to source Fairtrade

tea in bulk quantities as part of the Fairtrade Sourced Ingredient model (read more on page 11). In addition, we will begin a review of the Tea Standards and Fairtrade Minimum Price and Premium in late 2018, and have developed a multi-year programme targeting the Assam and Darjeeling regions to improve working conditions and living standards as a priority.

FLOWERS

Fairtrade flower sales saw stable growth in 2017, with a total of 834.8 million Fairtrade flower stems sold internationally (an increase of 0.7 percent over the previous year). This translated into €6.77 million in Fairtrade Premium for projects benefiting Fairtrade flower workers and their communities. The main growth contributors were the markets in Germany, Finland and Norway. At the same time, there was a decline in several markets due to a reduction in commitments by a few retailers. Fairtrade has hired a Trader Manager to expand flower sales in Europe, which has already resulted in conversations with potential new commercial partners. At the same time, we are working on targeted initiatives to improve wages in the sector (read more on page 13).

COTTON

Cotton is a growing category for Fairtrade. Fairtrade producers sold about one-third more volume on Fairtrade terms in 2017 as compared to 2016, mostly driven by increased demand from major European markets on the sourcing side. Cotton farmers in Asia saw the most rapid growth in sales. We have been working on other initiatives to improve the market access for African producers as well, and continue to engage with the textile industry to raise the profile of Fairtrade cotton and its value in terms of supply chain transparency, traceability and credibility. The Fairtrade Textile Programme is supporting textile factories on their path to certification, spurred by growing interest in the Fairtrade Textile Standard. Eight fibres have been approved as 'responsible fibres' that can be used under the Textile Standard.










A worker picks tea leaves at the Satemwa Tea Estates in Malawi.
Photo: Chris Terry

OTHER PRODUCTS

Dozens of other products are Fairtrade certified – including rice, wine grapes, quinoa, nuts, spices, and even sports balls – providing tens of thousands of farmers and workers with better terms of trade. In 2017, seven new products were introduced, including persimmon, kale and brussel sprouts.



ESTIMATED VOLUME OF PRODUCTS SOLD BY FAIRTRADE PRODUCERS IN 2017

PRODUCT ¹	VOLUME	UNIT	GROWTH	CONVENTIONAL	ORGANIC
 Bananas	641,727	MT	↑ 11%	38%	62%
 Cocoa (Cocoa bean)	214,662	MT	↑ 57%	85%	15%
 Coffee (Green bean)	214,106	MT	↑ 15%	43%	57%
 Cotton (Cotton lint) ²	8,311	MT	---	27%	73%
 Flowers and Plants	834,750	1,000 Items	↑ 1%	100%	
 Sugar (Cane sugar) ³	207,222	MT	↑ 30%	77%	23%
 Tea (Camellia sinensis)	10,724	MT	↓ -12%	71%	29%

MT = metric tonnes

1. These volumes are for the seven products that account for roughly 90 percent of producers in the Fairtrade system. The volumes reported are of sales on Fairtrade terms regardless of ultimate market destination.

2. The source for the cotton sales volume figure reported here is different from the prior year, hence a direct comparison is not possible. The 2017 figure comes from the producer sales, reported by their customers and collected by FLOCERT, which is the same source used for the other products in this report. Due to the highly complex nature of the cotton supply chain, some transactions may not be reflected in the above figure. For reference, using the same market sales-based data source as in the previous report, the volume recorded in 2017 was 10,799 metric tonnes giving a growth rate of 33 percent.

3. The reported sugar sales volume for 2016 has been adjusted due to sales being reported after last year's publication deadline. Sugar harvest periods last approximately six months, vary by region, and usually don't coincide with a calendar-based sales reporting period. This mismatch between harvests and reporting period can result in the fluctuation of sugar sales figures on a yearly basis.



GROWING FAIRTRADE MARKETS

Mamtuben Charda harvests cotton as a member of Rapar and Dhrangadhra Farmers Producer Company in Gujarat, India.
Photo: Sean Hawkey

**GLOBAL FAIRTRADE
SALES REACHED
€8.49 BILLION
IN 2017**

Fairtrade products are sold all around the world – mostly in the global north, but increasingly also in producer countries. National Fairtrade organizations and Fairtrade marketing organizations are active in 32 countries raising awareness among consumers and advocating with companies and governments to increase commitments to more sustainable production and consumption. As with many other Fairtrade activities, this feeds into the larger global development picture as articulated in the UN's Sustainable Development Goals (SDGs).

On a global level, Fairtrade International recruited a seasoned private agri-business executive in early 2018 to lead efforts to bring more value to our commercial partners and sell Fairtrade products more effectively in global markets. Services to offer greater transparency in the supply chain will continue to expand over the next several years as we improve our information systems.

In 2017 we were proud to work with more than 2,400 licensees who used the FAIRTRADE Mark on about 30,000 different products. The Mark is a sign to consumers that farmers and workers benefited from the Fairtrade Minimum Price (where applicable, or the market price if that is higher) and received the Fairtrade Premium.

RETAIL SALES STAY STRONG

Retail sales of Fairtrade products neared €8.5 billion in 2017, a growth of eight percent from the previous year. The UK, Germany and the US were the largest Fairtrade markets according to retail sales, while more than half of markets with a national Fairtrade organization posted double-digit growth in 2017. Sales in countries without a national Fairtrade organization, i.e. newer Fairtrade markets, grew at a combined rate of 45 percent.

Country	2017 (in €)	Growth
Australia/New Zealand	226,040,305	-6%* ▼
Austria	304,000,000	13%
Belgium	145,000,000	8%
Brazil	10,539,685	**
Canada	296,557,255	11%*
Czech Republic/Slovakia	25,659,253	**
Denmark	134,317,800	15%*
Finland	233,532,569	23%
France	561,000,000	5%
Germany	1,329,345,276	15%
Hong Kong	4,563,458	**
India	2,764,715	**
Ireland	342,000,000	26%
Italy	130,032,000	16% ▼
Japan	93,687,248	4%*
Korea	30,478,322	**
Luxembourg	13,500,000	25% ▼
Netherlands	290,383,920	8%
Norway	120,795,621	22%*
Philippines	212,789	**
Poland	22,491,011	**
Spain/Portugal	35,243,798	12%
Sweden	394,375,476	6%*
Switzerland	630,583,295	12%*
Taiwan	7,377,960	**
UK	2,013,662,284	7%*
USA	994,122,992	5%*
Rest of world	96,287,099	

MORE THAN
30,000
FAIRTRADE

PRODUCTS
ON SALE
WORLDWIDE

These sales figures comprise estimated sales of consumer products in stores and supermarkets ('retail sales') and sales of products consumed in cafés and restaurants, etc. ('out of home sales'). The countries listed are those with a national Fairtrade organization or a Fairtrade marketing organization.

* Growth rate is based on local currency ▼ Growth rate reflects an adjusted 2016 figure

** Validated growth rates for countries with a Fairtrade marketing organization are not available due to a change in the reporting methodology.

MORE FAIRTRADE SALES, MORE CHOICES: FAIRTRADE SOURCED INGREDIENT MODEL

Fairtrade products make their way to supermarket shelves as single-ingredient products such as packaged cocoa or sugar or cut flowers, or they can be incorporated into multi-ingredient products – cocoa in a chocolate bar, sugar in a biscuit, or flowers in a bouquet.

We are collaborating with our stakeholders to find more flexible solutions to expand sales under Fairtrade terms, with the aim of increasing sales for Fairtrade farmers and workers. Since 2014, companies have been able to purchase Fairtrade certified cocoa, sugar and cotton for use as ingredients in a finished product (called the Fairtrade Sourcing Program). This makes a big difference to producers – in cocoa for instance, sales went from averaging 21 percent growth per year in the period 2010-2013 to averaging 38 percent growth in 2014-2017, including a 57 percent increase in the past year alone.

As of 2018, businesses can extend their commitment to sustainable ingredient sourcing to any other Fairtrade certified commodity, except bananas and coffee. This greater flexibility should yield more sales and more benefits for farmers and workers, while also allowing a greater choice of sustainable products for consumers than ever before.

A close-up photograph of a man with dark skin and short, curly hair, wearing a blue long-sleeved shirt. He is holding a large bunch of green, unripe bananas in his right hand, which is raised towards his head. He is looking directly at the camera with a slight smile. The background is a blurred green, suggesting a banana plantation.

TACKLING

GLOBAL

CHALLENGES

Workers like Robinson Ramirez Segura of the Sociedad Agrícola Prieto banana plantation benefit from financial assistance in building a house or buying school supplies. Photo: Stefan Lechner

Fairtrade has increased its focus on initiatives aimed at breaking down persistent barriers and accelerating positive change for farmers and workers. Our top priority is enabling producers to earn a decent living. Research shows that in most cases farmers and workers are doing better with Fairtrade than through conventional trade. Still, we have further to go until they all achieve a truly sustainable income.

Thanks to new options for partnership and a variety of funders, both commercial and public sector, we are also supporting farmers in fighting climate change and adapting to its effects, and tackling fundamental social issues such as gender empowerment and eliminating child and forced labour.

MOBILIZING INDUSTRY TO ACHIEVE SUSTAINABLE LIVELIHOODS

Fairtrade believes that all farmers and hired labourers deserve to earn a decent living from their work. The reality is that we're not there yet.

Choosing to buy Fairtrade products is the way consumers can contribute to this fairer economic model. But even with Fairtrade certification, farmers

with only a small percentage of sales on Fairtrade terms, or with low crop productivity or small farm sizes, can struggle to earn enough to support their households. Workers on plantations operating on small margins are also impacted if they can't sell a significant percentage of their produce as Fairtrade and receive the benefits in price and Fairtrade Premium that come with that.

Making real progress requires sector-wide agreements in key industries to dovetail together towards the goal of a decent living. If not, individual companies or plantations taking steps towards paying higher prices or wages risk being priced out of the market. In a context where retailers compete for customers by putting downward pressure on prices throughout the supply chain, it's the producers who lose sales and income in the end.

For smallholder farmers, Fairtrade has developed a Living Income Strategy, which we are focusing as a priority on cocoa in West Africa. In early 2018, we published a study of the household incomes of more than 3,000 cocoa farmers in Côte d'Ivoire (*Cocoa farmer Income: the household income of cocoa farmers in Côte d'Ivoire and strategies for improvement*). The finding that only 12 percent of Fairtrade cocoa farmers were earning a living income is driving our efforts to engage partners and change this situation. The Fairtrade Cocoa Standard was reviewed and updated in 2017, and a Fairtrade Minimum Price and Premium review is ongoing in 2018. We are also engaging with companies, governments and NGOs to press forward with programmes that will test out a holistic living income roadmap, including a 'living income reference price' that should enable cocoa farmers to achieve a living income given certain parameters of productivity and farm size.

For plantation workers, Fairtrade's approach has focused on three core pillars: 1) improving wages by increasing the volume of Fairtrade sales; 2) providing support to worker organizations and promoting mature systems of industrial relations for collective bargaining; and 3) advocating to influence public policies. As a founding member of the Global Living Wage Coalition, Fairtrade works with experts in the field to set living wage benchmarks in an increasing number of countries and regions – 20 to date. This allows

us to see where current wages meet or fall short of these targets, and develop programmes to address the gap.

Fairtrade has set 2020 as the target date by which we want to see significant progress towards living wages for banana workers. To help us do that, we adopted a strategic framework in February 2018, with the goal of developing an implementation plan in the same year. A living wage benchmark study was concluded in Ghana and next steps were discussed with employers and trade unions. One of the outcomes was the establishment of a joint working group on living wage by two major unions for agricultural workers, ICU and GAWU.

In addition, we revised our Standard for Flowers and Plants in 2017 to set a floor wage as a minimum above which base wages must be set at Fairtrade certified plantations. We are also testing out innovative models with commercial partners – one example is an initiative involving an African producer of young plants and its European buyer who have implemented a bonus fund model to allocate an additional few cents per cutting directly towards workers' wages.

We will continue our focus on cocoa, bananas and flowers, so we can apply the lessons learned to other sectors.



Flower harvester Rachel Kasyoka Kilumbu is an employee at Harvest Limited flower farm, near Nairobi, Kenya.
Photo: Nathalie Bertrams



Participants in the Women's School of Leadership for Ivorian cocoa farmers gained skills and confidence during the year-long programme.
Photo: Simon Rawles



Cane sugar farmers from Nakalang Padilla Workers Association in the Philippines, now know about climate adaptation measures such as reforestation and crop diversification.
Photo: Kuldeep Singh Chauhan

WORKING IN PARTNERSHIP ON CLIMATE CHANGE

With drastic changes in weather bringing about everything from drought to flooding to crop diseases, supporting farmers to adapt to and mitigate the effects of climate change are high priorities. In November 2017, Fairtrade participated in the COP23 climate conference, hosted by the government of Fiji and held in Bonn, Germany. Parbindra Singh, a Fairtrade sugar cane farmer from Fiji, shared his climate-related challenges and called for more attention to be given to climate fairness in global value chains.

Mitigation and adaptation activities are essential for farmers who need immediate responses to changing climate conditions. The Fairtrade Climate Academy, started by Fairtrade Africa in Kenya and funded by the Dutch National Postcode Lottery, equips coffee farmers with knowledge and skills to lessen the effects of climate change on their livelihoods. In 2018, Fairtrade expanded

“FAIRTRADE FARMERS ARE BETTER PLACED TO ADAPT AND MITIGATE THE EFFECTS OF CLIMATE CHANGE. BUT IT’S UP TO EVERYONE IN THE SUPPLY CHAIN TO REDUCE THEIR CARBON FOOTPRINT AND PLAY THEIR PART.”

**Parbindra Singh, sugar cane farmer,
chairman of the Fairtrade certified
Lautoka Cane Producers Association**

the academy to Ethiopia, replicating the model of farmer field schools, which allow farmers to learn from experts how to build their climate resilience and share this knowledge with other farmers in their cooperatives. As part of the project, a Climate Academy Guide is being developed for use by other African coffee organizations. In the Asia Pacific region, a Climate Academy is being launched in 2018 with coffee growers in Indonesia, Vietnam, Laos and India, thanks to funding from Max Havelaar Switzerland.

A project in Bolivia is following a similar approach, funded by Fairtrade Germany and Lidl. More than 300 producers from eight of the country's Fairtrade coffee organizations, including young people, are learning to improve agricultural practices, use organic coffee production systems, and train the next generation of leaders.

RESULTS OF A CLIMATE MITIGATION PROJECT IN BOLIVIA

- 80 percent of participating producers note that the use of sustainable agricultural practices has had a positive impact on productivity and/or quality of crops and on resilience to climate change
- 50 percent of producer organizations have analysed their climate risks and developed and implemented adaptation plans
- 320 coffee nurseries have been established on the plantations of participating producers, each with a capacity for 1,000 plants



ENGAGING WOMEN AND YOUNG PEOPLE IN THE FIGHT FOR POSITIVE SOCIAL CHANGE

Families and communities are stronger when women have the ability to earn a livelihood and have a voice in decision-making. The challenges of child and forced labour in agriculture must be addressed on multiple fronts, including by listening to young people themselves and developing approaches that enable a positive future. Fairtrade has a number of programmes that directly support communities to empower women, and protect and strengthen the rights of children and vulnerable adults.

Between 2017 and 2018, Fairtrade implemented five projects with gender-related components, including the flagship Women's School of Leadership for cocoa farmers in Côte d'Ivoire, funded by Compass Group UK and Ireland and the Co-op. The first cohort of 19 women and three men graduated in June 2018, and phase two is being planned to build on the new expertise of participants and engage more women. Fairtrade Africa's West Africa Cocoa Programme will be mainstreaming the concepts covered through the school – including women's and human rights awareness, financial management and negotiation skills – into Fairtrade's routine services to cocoa producers. A second school in the region is being established in the flower sector in Ethiopia in 2018, while Fairtrade's Producer Network in Latin America has replicated the model with women coffee farmers in Guatemala, with plans to extend it to cocoa farmers in the Dominican Republic in 2019.

I MANAGED TO CONVINCE THE COOPERATIVE MEMBERS THAT I WAS THE RIGHT PERSON [TO BE ELECTED CHAIRPERSON OF THE WOMEN'S ASSOCIATION OF MY COOPERATIVE] BY TELLING THEM WHAT I HAD LEARNT AT THE WOMEN'S SCHOOL OF LEADERSHIP. STANDING IN FRONT OF THE MEMBERS WAS NOT A PROBLEM, AS I HAD PRESENTED DURING THE TRAINING. I NOW HAVE THE OPPORTUNITY TO CONTINUE TRAINING OTHER WOMEN.

Yadua Adingra, cocoa farmer, CAYAT cooperative member and women's association chairperson, Women's School of Leadership participant in Côte d'Ivoire



Zeddy Rotich (on right) and other women who participated in Fairtrade's Women in Coffee programme in Kabng'etuny, Kenya, now own their own coffee bushes and bring in income for their families.
Photo: David Macharia

87% OF THE COFFEE GROWN BY A GROUP OF WOMEN COFFEE FARMERS IN KENYA IS NOW PREMIUM GRADE

Another example of how Fairtrade is empowering women farmers is a group of 300 women coffee farmers in Kabng'etuny, Kenya, who have more than doubled their productivity through a project called Women in Coffee. The three-year project, funded by the UK Big Lottery Fund and the Guernsey Overseas Aid Commission, focused on adoption of good agricultural practices (in Kabng'etuny), construction of biogas plants for cooking fuel and use of slurry from biogas plants as fertilizer (in Kapkiyai), and improved livelihoods and representation for women in both communities. The women in Kabng'etuny improved their coffee quality, with 87 percent of production achieving premium grade at the end of the three years, compared to only 25 percent at the start of the project. Two 'farmer field schools' are in operation to continue training more farmers. In addition, 250 women farmer participants in Kapkiyai now have an average of 250 coffee bushes each from their husbands, and were able to invest their Fairtrade Premium in building a greenhouse and an

office block for their cooperative. The women in these communities launched Zawadi Coffee, meaning 'gift' in Swahili, and participate in Kipkelion Union Champion Coffee, a value-added coffee roasted and developed for the Kenyan market.

Identifying, responding to and preventing child and forced labour risks, including gender-based violence, remained a key priority in 2017 to 2018. While producer organizations are supported to address and prevent non-compliances with Fairtrade Standards on these issues, some producer organizations choose to go further to enable the wellbeing of children and vulnerable adults. For example, sugar cane producer organizations in Belize, Paraguay and India, a cocoa cooperative in Ghana, and a flower producer organization in Kenya all employed Fairtrade's Youth-Inclusive Community-Based Monitoring and Remediation system to identify and eradicate labour issues.

This system was also used in an EU-funded study by the Government of Belize and supported by Fairtrade focusing on child labour and youth wellbeing in the sugar cane sector. One of the three Fairtrade certified sugar cane producer organizations in the country is part of a legislative review committee tasked with addressing gaps in the national laws on child labour. Fairtrade commissioned a separate study that engaged youth researchers to assess and report on the living and working conditions of young adult cane cutters in Belize. In Paraguay, three sugar cane producer organizations forged a cooperation agreement with the government to develop joint interventions to combat child labour. Fairtrade Africa staff are working with the Government of Ghana to review the national child labour monitoring system there.

JOINING GLOBAL INITIATIVES AND RAISING AWARENESS

Fairtrade works closely with other international advocates to press for change related to trade and getting a better deal for farmers and workers. For instance, in line with SDG 8 (decent work and economic growth), we signed on to the Global Deal, a multi-stakeholder partnership



led by the Organization for Economic Cooperation and Development and the International Labour Organization aimed at enhancing social dialogue for decent work and inclusive growth.

In the textile sector, through funding from the German government and with SDG 8 in mind, we are helping to assess and strengthen workers' rights in Indian textile mills and promote the Fairtrade Textile Standard. So far, 29 textile factories in India have been assessed, and 56 training sessions have transferred knowledge, skills and expertise to more than 2,000 textile workers and managers.

In pursuit of SDG 12 (responsible consumption and production), we are working closely with the Fair Trade Advocacy Office and other partners to raise awareness of and take action on sustainable choices for consumers and businesses in Europe as well as in India, a producer country where the consumer market for Fairtrade is growing. Through a grant from Brot für die Welt (Bread for the World), more than 200 existing and new Fairtrade certified producers in Asia received direct support to secure and maintain Fairtrade certification. Fairtrade organizations also worked to build consumer demand and business-to-business partnerships to drive Fairtrade sales for producers in Asia. Funding from development finance institution DEG supported market expansion in the Philippines, specifically by increasing certified producer numbers in-country, and building local consumer awareness of and access to Fairtrade products.

COCOA FARMERS IN GHANA DIVERSIFY FOR SUSTAINABLE LIVELIHOODS

In line with SDG 1 (no poverty), Fairtrade International and the International Trade Centre joined forces to improve the livelihoods of smallholder farmers in West Africa. In Ghana, we focused on supporting cocoa farmers to diversify into sustainable yam production for their own consumption and for sale on the local market.

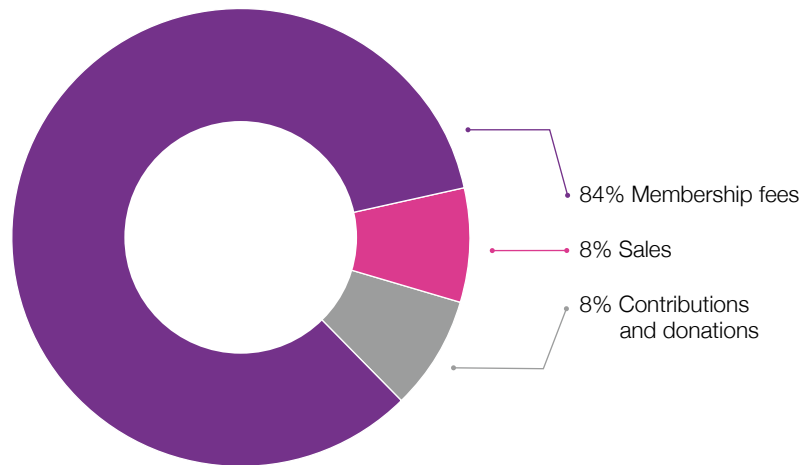
After the first harvest of yams produced as part of the 'Alliances for Action' project, the 270 participating farmers saw their average income increase by 22 percent. For women farmers, who made up half the group, the increase was 26 percent. Sixteen agroforestry and diversification plots were established, and more than 100 farmers were trained in sustainable capacity and product development. By increasing trade, crop and income diversification, food security and livelihood sustainability, this collaboration is enabling long-term social and economic benefits for a larger number of farmers, their families and the wider community.

FAIRTRADE INTERNATIONAL'S FINANCIALS

Statement of Accounts for 2017

The summarized key financial figures outlined below have been extracted from internal management reports and from the audited financial statements for 2017. The latter, as in previous years, received an unqualified opinion (KPMG). Fairtrade International's accounting practices comply with generally accepted accounting practices and relevant German legislation (KStG and HGB).

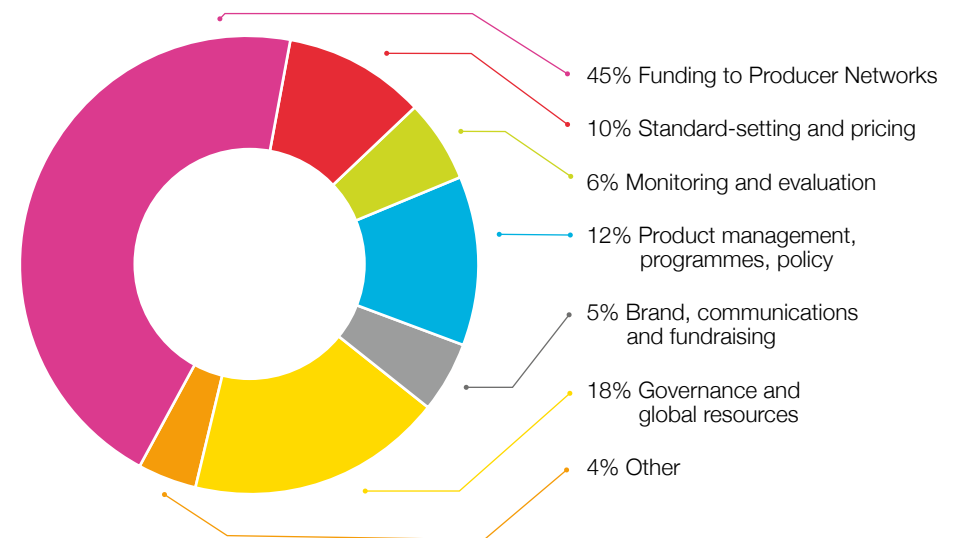
Income



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 (NFO).

Sales: This includes income from cross-border sales, international licensing and investments (dividend).

Expenditure



Funding to Producer Networks: Producer Networks provide support services to producers in their regions.

Governance and global resources: This includes costs associated with the Board and General Assembly, as well as with the global leadership team, finance, IT, human resources, legal services, and international licensing functions.

Income Statement	2017 (€'000)	2016 (€'000)
Total income	16,269	18,692
Total expenses	16,016	18,977
Income from investments	120	319
Taxes on income and interest	27	13
Earnings after taxes	346	0
Changes in reserves	0	21
Net income for the year	346	0

Balance Sheet December 2017 (€'000)

	31.12.2017	31.12.2016		31.12.2017	31.12.2016
Fixed Assets	1,232	1,794	Equity	2,477	2,131
Intangible fixed assets	18	538	Restricted and designated reserves	0	0
Tangible fixed assets	51	93	General reserve	2,477	2,131
Financial assets	1,163	1,163	Donations not used yet	0	175
Current assets	7,133	3,882	Provisions	443	178
Receivables	2,058	1,064	Liabilities	2,292	1,829
Other assets	117	163	For supplies and services	1,634	1,074
Liquid funds	4,958	2,655	Other liabilities and accruals	658	755
Prepaid expenses	34	38	Deferred income	3,187	1,401
	8,399	5,714		8,399	5,714

FAIRTRADE INTERNATIONAL'S FUNDING PARTNERS IN 2017

- European Union
- Brot für die Welt
- DEG
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

FAIRTRADE INTERNATIONAL'S BOARD MEMBERS

The Board of the international Fairtrade system, as elected by the General Assembly in June 2018:

Jean-Paul Rigau deau, Chair (Independent)
 Jeya Wilson, Vice-Chair (Independent)
 Melissa Duncan, Treasurer (NFO representative)
 Ian Bretman (NFO representative)
 Charbel el Fakhri (Producer representative)
 Uwe Hölzer (Independent)
 Bijumon Kurien (Producer representative)
 Miguel Ángel Munguía Gil (Producer representative)
 Merling Preza Ramos (Producer representative)
 Valentina Tripp (NFO representative)
 Christian Varga (NFO representative)



FAIRTRADE
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