

Fairtrade Sourcing Partnerships for cocoa and sugar: An introduction

This document is a brief summary ahead of the meeting where the Fairtrade Sourcing Partnerships proposal will be presented in more detail.

ATCB: Product Certification Model

Today, the Fairtrade Mark is on products that consumers buy. To get the Mark, Fairtrade asks that every possible raw product must be Fairtrade certified. This is the “All-That-Can-Be Fairtrade must be Fairtrade” rule (ATCB).



FSP: Raw Product Based Certification Model

What are Fairtrade Sourcing Partnerships (FSP)?

- ✓ Focused on **producers** and **the raw products they sell**, rather than on consumers and the final products they buy.
- ✓ **No changes to the Fairtrade Standards for cocoa and sugar:** Fairtrade Minimum Price and Premium remain the same.
- ✓ Increased producer sales through **long-term sourcing partnerships** between businesses and Fairtrade.
- ✓ No requirement to certify the composition of the end consumer product, or to label. **Unlabelled** is allowed.
- ✓ Complementary and **additional** to current product certification model.
- ✓ **A new Mark** can be used **on pack** (front or back of the product packaging) if **100% of the cocoa/sugar** for that product has been purchased as Fairtrade (no need to certify all the other raw products).



- ✓ **Off-pack:** businesses can communicate “X% of company’s cocoa is traded in compliance with Fairtrade” and additionally use the new Program Mark in their corporate communications.
- ✓ A new volume based fee model (x €/mt) with increased **investment in producer support**.
- ✓ **All businesses can participate** in Fairtrade Sourcing Partnerships.

Example of
Fairtrade
Cocoa Program



Why is Fairtrade introducing Fairtrade Sourcing Partnerships?

1. **Fairtrade's vision:** "A world in which all producers can enjoy a secure and sustainable livelihood, fulfil their potential and decide on their future."
2. **Producer need:** Producers are asking us to find ways to increase their Fairtrade sales. Fairtrade has had success in recent years but many cocoa and sugar farmers are only selling a small percentage of their production on Fairtrade terms. We need to create market access.
3. **Commercial feedback:** There is no prospect for growth in cocoa and sugar with the current All-That-Can-Be model. Businesses are setting sustainability strategies at raw product level and looking for partners. Fairtrade producers are losing out to other sustainability labels, such as UTZ and Rainforest Alliance.
4. **Fairtrade strategy "Unlocking the Power of the Many":** "We will innovate for impact and implement new business models for sugar, cocoa and cotton to dramatically increase impact and market access for small-scale farmers."
5. **Findings from a recent independent impact study:** Fairtrade can bring positive changes for farmers if producers sell a high enough share into the Fairtrade market and benefit from producer support.

Fairtrade is introducing Fairtrade Sourcing Partnerships because producers are not selling enough on Fairtrade terms, and current and prospective partners will not increase their Fairtrade sales under the current product certification (All That Can Be) model.

Fairtrade Sourcing Partnerships offer cocoa and sugar farmers significant new sales opportunities and the potential to deliver major impact in their farms and communities.

Where is the Fairtrade Sourcing Partnerships project now?

- The project started over 18 months ago and during this time, we have carried out research and consultation with partners. The proposal evolved considerably thanks to questions, ideas and suggestions from internal and external stakeholders; including letters from the RICE (Réseau Ivoirien du Commerce Équitable), the Sugar Advisory Council, the CLAC, feedback from leadership of Producer Networks at Board Executive level, contribution from NFOs and their senior staff.
- The proposal has been discussed with commercial partners at the national level (France, Netherlands, Switzerland, the UK, etc.) with international companies, and FTO.
- We carried out three phases of consumer research. The research shows that consumers will support the new model if it clearly benefits producers, and if Fairtrade and companies clearly communicate these benefits through their on-pack and off-pack communications. Given that both sugar and cocoa are mass balance products, the new Program Mark should not lead consumers to believe that the end-product necessarily contains Fairtrade cocoa or sugar.



- On top of the volume forecasts, an independent producer impact research was commissioned by the board of Fairtrade International. Fairtrade Sourcing Partnerships will drive producer impact through increased market access (producer sales) and an improved Fairtrade producer support model.
- In June 2013, the Fairtrade International Board approved the proposal and a further comprehensive process of engagement with producers, businesses and key Fairtrade partners. This is now on-going, and the engagement phase will last until the end of September.
- In October/November 2013, the Global Operations Team (GOT) will decide on the revised proposal which includes the feedback received. If any major risks are discovered, it will be referred to the Board for consideration.
- Once approved by the GOT, businesses can start partnering with Fairtrade under the Fairtrade Sourcing Partnership. Fairtrade will educate consumers by communicating transparently about the Fairtrade Sourcing Partnership, explaining producers' benefits.

Additionally

- Fairtrade continues to proactively engage with our current partners about the benefits of the existing product certification (All That Can Be) model.
- Fairtrade also develops Fairtrade markets in the 'South' where Fairtrade sugar has greater opportunities.
- The board of Fairtrade International approved to consider extending Sourcing Partnerships to new raw products (vanilla, nuts, etc.) in/for composite products.
- Fairtrade is developing new ways of working with 100% Fair Trade organizations, stressing their point of difference and recognizing their unique roles.
- Success of FSP will be closely monitored for reviews of the model as needed and as requested by the board of Fairtrade International.