The impact of Fairtrade labelling on small-scale producers

Conclusions of the first studies

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Summary report Max Havelaar France:

Karine Laroche & Barbara Guittard

From studies carried out by:

OREADE BRECHE (Dominican Republic: Conacado and Banelino; Peru: Cocla),

AVSF (Ecuador: Fopecafes; Peru: Aepromalpi; Bolivia: Cooperatives in the Yungas)
PREAMBLE

In 2005, Max Havelaar France and FLO initiated an in-depth reflection on the impact FTL (Fairtrade labelling) has on its major beneficiaries. The substantial work done until then, focusing on the effective guarantees offered by Fairtrade (the means (standards, prices...) and their direct results (verified through certification: volumes have been paid at the defined price, to democratic organizations...) only gave an incomplete overview of the sustainable and substantial changes brought by FTL to participating organizations and their members.

FTL’s impact assessment is thus aimed at better understanding its mechanisms and reality in order to 1/be able to better explain it and have more robust information, and 2/be able to improve its tools and operations.

Several studies have been carried out in parallel to the elaboration and improvement of a common methodological frame. These activities have been coordinated by FLO and supported by several structures: consultants specialized in Fairtrade or impact assessment (AVSF, IDS, Oréade-Brèche) and donors (MAE, F3E - also involved in the elaboration of the methodological frame – ICCO), and have benefited from the implication of FLO and some of its members (Labelling initiatives: Max Havelaar France, Belgium, Switzerland, Netherland, Fairtrade Foundation UK, Transfair USA, and producer organizations networks, particularly the CLAC).

This document is based on case studies; the latter have been carefully selected in order to come up with a “reasoned” sample. It is therefore not about studying a statistical number of cases (the sheer number would make the cost unbearable) but about studying a limited number of cases, representative of FTL.

The methodological posture adopted also implies the following:

- A crucial involvement of the producer organizations: it is indeed about studying the impact of FTL, and not that of the producer organizations themselves, nor to undertake an audit of the organization.

- The mobilization of external experts - bringing up new points of view and know-how concerning impact assessment - , as well as internal experts – knowledgeable on FTL’s mechanisms, the history of organizations, territorial and market dynamics...

- A methodological framework both flexible in terms of tools used by experts and offering a precise framework defining every potential area of change. This is aimed at enabling a comparison between studies, and at ensuring that if a change has not been mentioned, it is because it has not been observed and not because it has not been analyzed. A particular effort is also required on the attribution of the observed changes: whether they are really an effect of FTL (and more precisely of specific FTL tools: standards, stable commercial relations, price...), a result of the dynamism of the organization studied or a result of external support.

The latter point (attribution) is particularly sensitive, because FTL tools act most of the time in combination with others (sometimes in synergy), resulting in a real difficulty to specify impact fields for which FTL is the only or main cause. These nuances have been preserved in this document as much as they could be.

1 Impact is defined as : “A new situation created by a set of results and effects that induce significant, sustainable change in the lives and environment of people and groups for which a direct or indirect chain of causality can be established with the development initiative” (CIEDEL – F3E, 1999)

2 A large number of studies on the impact of FT have already been carried out, but their use is limited: most of them focus on specific aspects or adopt methodologies too different from one another to properly establish comparisons between them.
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INTRODUCTION

This report presents the main conclusions from the impact studies of FLO Fairtrade labelling (FTL) carried out within the production and organization model that has been key to its activity: small-scale producer organizations\(^3\).

FLO’s objectives, as outlined recently in the “white paper”, are as follows:

1. **Collective organization** as a necessary means to reach more ambitious objectives

2. **Economic stability**, in particular through longer term trade relationship and protection against excessive market insecurity

3. **Collective asset building**

4. **Economic empowerment**, which fosters social and productive investments, and which enables to pursue entrepreneurial activities and to negotiate with other stakeholders within the value chain

5. **Political empowerment** at local and regional level.

This report is based on six studies about FTL’s impact on small-scale farmer organizations, which are representative of the whole FLO system, as they group:

- The 3 most important FTL products (coffee, banana, cocoa) as well as a less important product (mango)

- Organizations that have been certified for at least 5 years, where FT represents a big part of their sales for at least 3 years prior to the time of the study (more than 25%)

- Key regions with regards to the main products, others less central for the same products, as well as less representative product in FTL:

  - Peru is the first Fairtrade coffee producer with nearly a third of Fairtrade certified coffee sold in 2007
  - The Dominican Republic is the first Fairtrade certified cocoa producer with nearly 40% of certified cocoa sold in 2007, and the first producer of Fairtrade certified bananas, with a fourth of Fairtrade certified bananas sold in 2007
  - Bolivia and Ecuador are relatively small producers of Fairtrade coffee
  - Mango is a more recent FT product; Peru is a significant exporter on the conventional market

- Organizations with not only local but also national reach in all 6 cases

The following organizations were part of the case studies:

- **Apromalpi** is a Peruvian association of 170 members founded in 1996 by a group of 40 mango producers to increase the family income and escape prices imposed by中间men and collectors. In 2003, after a one-year experience in conventional export, Apromalpi received Fairtrade certification. The area covered is 340 hectares of mango orchards, representing approximately 2 hectares per farm.

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\(^3\) The 2010 report will focus on FTL’s impact on the hired labour/plantation model.
• **Banelino** was founded and FT certified in 2000 by three groups of producers already selling under Fairtrade in the past. Today it accounts for about 8 to 10% of banana exports from the Dominican Republic. It is a first level producer organization, grouping 260 independent producers (about ¼ of all banana producers in the country) who own on average 3 hectares and who work with permanent employed staff (1 to 2 workers, 80% migrants from Haiti).

• **Cocla** is a federation of Peruvian coffee cooperatives, located in the department of Cuzco in Peru. Cocla groups 22 coffee cooperatives and was founded in 1967, with the aim to facilitate market access for its members. It is FLO-certified since 1996. It has 6800 coffee producer members. Cocla farmer members are small-scale, family producers who own on average 12 hectares farms, including 3.5 hectares of coffee (which classifies them as disadvantaged producers in their region). Producers deliver most of their coffee to the cooperatives and coffee accounts for 80% of their cash income.

• **Conacado** was the first organization in the Dominican Republic to be Fairtrade certified in 1996. It was created in 1988, in response to the demand from small cocoa producer associations in poor rural areas to export directly in order to increase their revenue. In 2008 it involved 13000 producer families. During the period 1997-2004 it sold less than 10% of its cocoa under Fairtrade conditions, and sells today a share of 47%. Producers work on small family farms (77% own less than 5 hectares), with a low level of equipment and a low recruitment of external labor, except during high season.

• **Fapecafes** is a federation grouping 4 producer organizations from South Ecuador, which exports Fairtrade coffee since 2003. There are about 1300 families. The majority of them are vulnerable small farmers. They are coffee producers with limited land access (between 3 and 6 hectares of coffee and 1 hectare in tenancy for rice or corn) and who occasionally search for labour work outside their farm (3 months per year), in banana plantation and shrimp culture during low season; some also have land for cattle (up to 10 hectares).

• **Fecafeb** is a Bolivian federation grouping 24 organizations, including 20 Fairtrade certified organizations, it has been in existence for more than 10 years. These organizations have about 4000 members, all coffee producers in recently colonized areas (Nor Yungas, Sur Yungas and Caranavi provinces) following the allocation of land by the agrarian reform to producers from the aymara community in the Altiplano region. They own between 0.5 and 2 hectares of coffee for the oldest areas and 6 hectares in total on average.

All those organizations are located in Latin America; the lack of African and Asian examples is questionable. However, it is important to highlight that two conditions are necessary to measure FTL impact: first, to have been involved with FTL for at least 5 years and second to have had a sufficient level of sales for at least 3 years. FTL has had a longer history in Latin America, and there is only a limited number of organizations fulfilling both conditions in Asia and Africa. A series of new studies is planned for 2009/10 to integrate other organizations and other continents in the assessment of impact.
Evolution of coffee prices

Three of those organizations produce coffee and have been impacted by the international market of coffee and the two crises that occurred in this market. Indeed, the price of Arabica coffee is largely influenced by the level of production and the product’s quotation in the New York board of trade.

The graph below clearly shows the first period of very low prices between 1990 and 1994, followed by an increase in prices between 1994 and 1998 and then another crisis starting in 2000, with very low prices until 2005. Since then prices have been going up, getting close to 126 USD cents per pounds, the FT minimum price - minimum price plus FT premium for washed Arabica; levels have been modified in 2008. This graph also illustrates the FT mechanism, which insures a stable minimum price when prices are low and matches the international price when it rises. The “price effect” corresponds to the price differential and contributes to the stabilization of the producer revenues.

This document follows a different plan than the one adopted in previous reports published by experts (they all respected the common FLO methodology); it is organized according to the objectives set out by FLO, in order to more clearly demonstrate accountability. It should facilitate answering the question asked by every stakeholder: does the label keep its promise? to which extent?

The document includes practical examples of field observations made during the case studies; conclusions match what has been observed and defended by the experts’ reports. The first part outlines FTL’s impact on the economic situation of producer families and on the organizations involved in FT, but also on the local territory. The second part details the strengthening of organizations. Finally the 3rd part shows the impact of FT on the wellbeing, public goods and collective services.
ACRONYMS

CLAC: Coordinadora Latino-Americana y del Caribe de pequeños productores del Comercio justo (Latin American and Caribbean coordination of small fair trade producers)

F3E: Fonds pour la promotion des Etudes préalables, des Etudes transversales et des Evaluations (Fund for the promotion of preliminary studies, transversal studies and evaluations, France)

FLO: Fairtrade Labelling Organizations

FT: Fairtrade

FTL: Fairtrade labelling – Referring to FLO’s labeling system, in the wider sense

ICCO: Inter-church organizations for cooperation in development: NGO from the Netherlands

JNC: Junta Nacional Del Café (National coffee coalition, Peru)

Lb: Pound (0.45kg)

MAE: French Ministry of Foreign Affairs

FTMP: FT Minimum Price

Nc: Information unavailable

Qq: quintal (45.36kg)

SFP: Semi-finished products

USD: US Dollar
1. From improved economic stability to local development

This chapter will focus on the effects of FTL on the situation of small producers, by paying specific attention to the conditions of production, associated to strategies and development perspective chosen by producer organizations.

1.1 FTL mostly contributes to stabilizing producer families income

1.1.1. A mechanism enabling a consolidation of the price received by the producer

The higher the differential with the conventional market, the more beneficial FTL’s « price effect » is (which is the surplus price that the producer receives from his sales on the FT market). As a result we observe a higher increase of revenues for products with high price variability (which often have an international reference/quotation), particularly when prices are at their lowest.

For Cocla producers, economic results linked to prices received from FT sales have a direct impact on members income. Indeed, in terms of perception, 56% of members consider that their income has increased during the last 10 years, whereas only 36% of non-members believe so. This ratio is the other way-round when it comes to the perception of decreased income. This perception matches the economic reality: producers receive a price on average 40% higher than what they would obtain if they sold their coffee on the local market. The price guaranteed by FTL is a floor price, applicable when the conventional market price is lower. When the latter increases again, so does the FT price. When prices are low, the differential between the FT price and the fluctuating market price (68% in average for the period 2000-2006), or the organic coffee price (53%) contributes to increasing the income of coffee producers in Cocla.

In Bolivia’s Yungas, following the boom in FT sales, cooperatives from Fecefeb have doubled their export volumes between 2000 and 2004 (from 54 to 100 containers) and have increased their average price from 74 to 105 USD/quintal which has had a very positive impact on families incomes. When international prices are low the differential between FTL or organic FTL and conventional is very important. In 2001, the price for a producer selling in FT + organic markets was 4 times higher than the price in the traditional local market, 3.8 times the price of conventional coffee sold by producer organizations, and 2.9 times the price of organic coffee. The prices received by producers belonging to FT certified organization have been increasing constantly, thus explaining a favorable impact on the trust they have in their organization.

Fairtrade coffee isn’t the only product generating better income for small producers families. With bananas, Banelino in the Dominican Republic has experienced similar results: during the summer months Banelino’s prices are 4 to 9 times higher than those on the local market, which decreases significantly due to a high offer on the international market and the decrease of European demand. 75% of producers report an improvement of their standard of living.

On the other hand, studies of FTL prices within the Dominican cocoa cooperative, Conacado, do not lead to the same conclusions because the price differential remained low between conventional and FT price (excluding premium), and has even been negative for two consecutive years.

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4 The conventional market refers to the classic market, outside FTL.
5 A quintal (qq) = 45.6kg (measure in Latin America for coffee).
6 Possible when some contracts are fixed in advance. However, even if the price effect is not insured, the possible prefinance of the harvest allowed by those contacts remains an advantage for producers.
It is important to highlight that three economic benefits for producers exist: a FTL «price effect», the FT premium and the organic differential\(^7\). Depending on the situation of each country and the market structure for some export products, minimum prices determined by FLO can or cannot lead to benefits for small-scale producers. However there are complementary systems bringing additional benefits to the families’ income.

### Effects of the premium on the producer price since 2006 at Cocla

<table>
<thead>
<tr>
<th>Average price (USD/qq)</th>
<th>Average organic price</th>
<th>Average FT price</th>
<th>Average conventional price</th>
<th>Social Premium distributed to producers</th>
</tr>
</thead>
<tbody>
<tr>
<td>75,91</td>
<td>70,99</td>
<td>66,06</td>
<td>1,58</td>
<td></td>
</tr>
</tbody>
</table>

Source: data from the Cocla co-ops

### Gap between FTL coffee export prices and conventional market export prices (in USD/qq)

Before receiving FT certification, Fapecafes was already shifting to organic, getting better prices (110 USD/bag in organic and 91 USD/bag at best outside FTL). The increase in price paid to the producer affected all of the producers involved with the organic certification within Fapecafes (more that 70% of the families). As a result in most cases studied we observe that the organic price differential increases the FTL price effect.

However, considering that FTL mechanism is a support for producers through price, the distribution of benefits is not systematically the same for everyone: it supports producers according to volume produced, and can also remunerate the capacity to improve quality. In the end it is the producer organization, with the opinion and approval of its members, which defines the mechanism of FTL benefits redistribution.

\(^7\) Increased price for a product that is organic certified, on top of FT.
1.1.2. FTL enables producers to reach decent standards of living

The FT guaranteed minimum price mechanism introduces an economic security and stability for the families of small FT producers.

In the Yungas of Bolivia, thanks to the increase in FTL sales (in volume), we observe that for all families involved in FTL, the sustainable life threshold has been reached\(^8\). Families selling 80% of their FTL coffee production earned 3620 USD/year on average, whereas in the region the sustainable life threshold is 1790 USD/family, vs 812 USD for the survival threshold\(^9\). A number of families can therefore save **1000 to 1500 USD per year**, enabling them to finance higher education for their children, or invest in a commercial activity in Caranavi or El Alto. In contrast, a non-FTL producer or one selling less than 30% of its production on the FT market does not reach the survival threshold and does not cover basic needs. During the period of low coffee prices, from 2000 to 2003, families who did not benefit from FT could not cover their basic needs.

In **Coca**, the net annual income for families was 2850 USD/year on average (about 150 USD/year higher than the income of non-members), the stability brought by FTL prices enabled producers to abandon less profitable activities such as the sale of labor or temporary migration; however in 2007 they did not invest in other crops for cash or for self-consumption nor in other activities outside agriculture (small trade, handicraft...).

In **Fapecafes**, in the South of Ecuador, as early as 2001 the price of FTL and FTL organic was three times higher than on the local market in harvest period, which enabled families to keep a decent level of life with revenues higher than the sustainable life threshold: more than 2700 USD/year (estimated at 2500 USD/year for an average family with 3 children).

In the case of **Conacado**, the FT minimum price (FTMP) allows to cover the costs of production (survival threshold) but not to reach the sustainable life threshold. The FTMP enables to generate a net positive result and to remunerate working days of the family at a level equal or higher than the local agricultural daily wage. However those revenues are not enough to reach the sustainable life threshold, which is to cover all of the needs of a typical Dominican family (of 5 members)\(^10\). Part of the needs is thus covered by production for self-consumption\(^11\). Besides, even if the FTMP does not guarantee sustainable conditions of life, it does not limit the investment mechanism in the production and influences indirectly the formation of savings ‘in kind’, by allowing for example to increase the number of cattle of the members, which constitutes a saving to be used in case of unexpected expenses.

Sustainable life thresholds are reached in most of the cases studied, due to remunerative FTL prices. However, for Conacado, the FTL price effect is low and only allows families to reach the survival threshold. The main economic effect of Fairtrade, on the long term, is to free producers from the risk of price variation, which forces them to look for work outside of their production zone on a periodical basis, or to sell their goods or small livestock to face unexpected needs. This stability allows producers to draft projects of evolution of their production system. Those evolutions are necessary to the modernization of their production model and to the search for a better profitability and a higher quality. This process will need some intensification of production, increase of productive capital and improvement of work productivity.

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\(^8\) In the Yungas, the sustainable life threshold has been defined as the costs of basic needs (see note 10), plus the education for 2 children in primary school and 2 children in high school (transport, accommodation).

\(^9\) The survival threshold corresponds to the basic needs of the family (food and other basic needs related to average spending on the market every week).

\(^10\) Indeed, between 2002 and 2004, the share transferred to the producers by the cooperative was low because of the low volumes exported through FTL (<10%) by CONACADO; then until 2006 the price on conventional markets went above the FT price but it was still not enough. Since then, the volumes of sales in FTL have increased and better effects should be observed.

\(^11\) Food produced on the farm for family consumption.
1.1.3. FTL enables producers to avoid de-capitalization in difficult situations

In Ecuador, during the 1999 economical crisis, small-scale producers have been particularly affected. In the coffee zones, non-fair trade producers have had to face harsh years of economic crisis and some have definitively abandoned their land to migrate to cities, others had to migrate temporarily to large coastal plantations or to the city to find seasonal work. Subsequently, outputs decreased severely for families not involved in FTL, who had adopted a strategy aimed at limiting risks: extensive production of natural coffee dried on the ground (unwashed), which limits to the minimum activities and investments in the coffee plantations (only one weeding per year, only one harvest without any selection of cherries). As a consequence Ecuadorian exports have diminished between 2000 and 2003, particularly for robusta (at their lowest prices were down to 10 USD per bag of 70kg).

As a contrast, FTL enabled a number of families in structurally vulnerable situations to maintain a sustainable farming activity and to initiate a capitalization process (purchase of cattle, increase of coffee production acreage). Those families have also been able to keep their children in school after primary school and can consider sending them to higher education (university).

On the other hand, some coffee producer families (not the most vulnerable) from the Southern provinces of Ecuador migrated to Spain during the 1999 crisis.

During bad economic situations, FTL diminishes risks of high de-capitalization and of farms being neglected or abandoned.

1.1.4. FTL contributes to making small scale farming more viable

Between 2001 and 2004, the average daily revenue\(^{12}\) for the production of FT coffee within Fapecafes reached a minimum of 15 USD/day, for all members, which is a lot higher than the local agricultural wage (outside of FT) of 5 USD/day and higher than the daily wage in banana plantations and shrimp farms (up to 10 USD/day). Coffee production then becomes the most interesting alternative, which greatly contributes to diminish, or even stop, structural temporary migrations for vulnerable families in cash flow deficit, and to maintain small scale agriculture.

Indeed, when producers are faced with cash deficit, cooperatives react by spreading coffee payment in time, and by services of credit and advances. Non-members have a lot less solutions and for some of them are forced to migrate in the hope of being hired for work.

<table>
<thead>
<tr>
<th>Cash flow deficit(^{13})</th>
<th>Members</th>
<th>Non members</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each year</td>
<td>27%</td>
<td>18%</td>
<td>23%</td>
</tr>
<tr>
<td>Some years</td>
<td>69%</td>
<td>59%</td>
<td>65%</td>
</tr>
<tr>
<td>Never</td>
<td>4%</td>
<td>23%</td>
<td>13%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Answers to cash flow deficit</th>
<th>Members</th>
<th>Non members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary migration</td>
<td>4%</td>
<td>22%</td>
</tr>
<tr>
<td>Credit from the cooperative</td>
<td>92%</td>
<td>-</td>
</tr>
<tr>
<td>Credits from traders</td>
<td>0%</td>
<td>35%</td>
</tr>
<tr>
<td>Labor sale</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Within Coca, sustaining agricultural activity is also supported by a higher mobilization of external labor during high season (family members staying the main source of labor). 52% of members saw their need in external labor increase due to evolution of the farms.

\(^{12}\) The overall margin of the activity is divided by the effective number of days spent by the farmer on coffee production.

\(^{13}\) Members experience slightly more cash flow tensions than non-members because of their higher dependency on coffee for income.
In the Yungas, activity linked to coffee production is more profitable for FT members in comparison to producers who do not benefit from FTL. Profitability, comprised between 23 and 35 USD/day\(^{14}\) in 2000 increased to 35-40 USD/day in 2004 (Mejillones cooperative). Outside FTL it remained at 10 USD/day (for AIPAC cooperative). This is partly explained by the increasingly productive work in the coffee plots of members from the FT organizations as well as by an increase of the percentage of coffee harvested. Indeed, during low price periods, producers do not harvest the last coffee cherries which do not mature in a synchronized way. The increase in the price paid to the producer therefore leads to an intensification of the workload on the farm, which translates into an increase in outputs.

FTL markets have strongly contributed to making production systems more profitable and attractive for farmers. They have also often brought new demands in terms of quality and the need for better practice of cultural operations, encouraging members to undertake productive investments so as to improve quality.

### 1.2 FTL favors investment in production and in quality improvement strategies

Through the case studies, we can observe how producer organizations elaborate strategies to increase value of the products. Opportunities with FTL act as a driving force by encouraging the mechanisms brought about by higher prices, which allow for reinvestment in farms.

Within Conacado, thanks to the production of hispañola\(^{15}\) cocoa, FTL enables members, especially those with small farms, to improve the economic profitability of their plantations. With sales on the FT market, more secure incomes allow producers to enter a process of productive capitalization by investing mostly in land in order to increase cocoa acreage (72% of the members). FTL also brings funds by supporting the financing of fermentation boxes for the associations, thus contributing to increase the offer of certified and fermented cocoa and to diversify the range towards semi-processed and more remunerative products (for which the share of FTL sales went from 8% in 2004 to 23% in 2007). Other external factors also contribute: technical support, renovation of cocoa plantations, other certifications (particularly organic).

### Dominican cocoa had a bad reputation for a long time on the international market because of its poor quality resulting from a bad post-harvest treatment: cocoa was not or only partly fermented, badly dried and stored. As a result the average export prices for Sanchez Dominican cocoa stayed below world prices. During the 80s, the State encouraged Dominican production to turn to fermented coca through policies. This latter is used for the production of high quality fine chocolate thanks to its prized fragrance and flavor. Its price is attractive and above the New York stock exchange price, which lists mainly unfermented quality.

Prices of FT products with a high added value make the difference. Since 2002 a small group within Conacado has been running a plant that produces semi-processed products made from cocoa (cocoa butter, cocoa liquor, powder\(^{16}\)…). In the graph below, we observe that Conacado prices are overall higher than the national average. For the semi-processed products, this observation can only be made for FT prices. The average differential in sale prices is clearly positive (151 USD/T) and three times as much as the standard market.

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\(^{14}\) Per day worked on coffee, not per each day of the year.

\(^{15}\) Hispañola cocoa is a better quality cocoa which has been fermented after harvest; unfermented cocoa is called Sanchez (both Dominican Republic terminology).

\(^{16}\) These products are necessary steps in the elaboration of chocolate.
In the case of Conacado, the choice of a quality strategy aimed at developing Hispaniola cocoa allowed for an increased sales’ dynamic on more remunerative markets. Beyond increasing cocoa value through fermentation, processing is another interesting strategy to increase the value added on the product for some Conacado members.

The increase in prices paid by Apromalpi thanks to sales in FTL drives forces amongst producers to improve orchards’ production. During the past few years, mango yields went from 8,5t per hectare to 10t per hectare, resulting from a progressive densification of the numbers of trees per hectares and of a better technical management. By using part of the FTL premium funds along with a fixed fee on each case of mangoes sold, Apromalpi has put in place a credit mechanism so as to finance its members’ productive activities.

Benefits from FTL are partly used to strengthen the entrepreneurial activity of Apromalpi (co-financing of investments in the packing unit, paying costs associated with new certifications and increase of the rotating...
It is important to note that the consolidation of the packing unit and its possible extension into a small mango pulp production plant is particularly appreciated and encouraged by local actors.

Cocla also invests to improve the quality of the coffee produced; the effort to improve the quality is found at all stages of coffee production with:

- a technical assistance program which trains the cooperatives technicians to improve the quality at producer level (production process and post-harvest process) and improve the coffee plantations;
- work at the cooperatives level to put in place collective infrastructures for post-harvest treatment including systems of coffee cherry treatment, drying areas for the coffee, adapted storage, equipment to measure humidity and quality of the coffee;
- investment in a quality control lab and a technical team who controls coffee quality;
- finally, Cocla has been investing since 1998 in electronic sorting machinery.

All of those efforts have been made possible essentially thanks to the fact that the quality of the coffee is better rewarded and FTL is one of the factors that contributes to this.

In certain cases the FTMP did not have a direct effect on the price to the producer (Conacado), however through its market opportunities it contributes to stimulate farm profitability and quality production.

In the case of Banelino, banana production is really profitable only once valued as organic and only the producers who have increased their work and land productivity can see their farm viable. Indeed, because of specific tariffs agreements given by the European Union to Dominican bananas, demand is more important, thus increasing the price on the export market, which reaches similar levels to those defined by the FTL system. The FT price, less attractive, becomes interesting with the differential added for the organic certified bananas. In 2006-07, the price paid to producers on the FTL and organic market was 38% higher than on the conventional FTL market. The shift to organic gives an incomparable added value to Banelino.

Although production costs linked to organic are 29% above those for conventional bananas, the gross added value for organic banana production remains above conventional bananas, outputs being equal. An increase in output is made possible by technical assistance and an eased access to inputs facilitated by Banelino. The FT premium has been invested in particular in collective production tools: a cable system for the transportation of bunches, packing units, workshops... The choice of the producer organization was to work on added value through quality and adding up of different certifications, starting with FT, then organic, and Globalgap. Between 2003 and 2006, volumes in FTL organic went from 37% to 75% of its exported production.

In the different case studies, we observe that FTL tools provide a real investment capacity to the producers and organizations. It is primarily used to improve farm productivity and to position the organizations on quality segments.

1.3 The improved stability and investment capacity brought by FTL favor autonomy strategies

For families of producers, FTL first reinforces the specialization of producers in cash crop productions (products sold for export on FT markets) through improvement of the profitability and use of good agricultural practices, or even organic production. Then, through price stabilization, FTL restores the capacity to take initiatives of diversification in agricultural activities, for food production, with the aim to give food security to the family, or for the diversification of income sources: cattle rearing, other FTL cash products, extra agricultural activities, production for the local market, etc.

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17 Credit fund used alternatively by the members
Producers in South Ecuador have specialized in shaded coffee culture for a century, the landscape does not allow the production of other crops like rice or corn as they would increase erosion. As a consequence they invested the surplus earned during high coffee prices in cattle for extensive rearing, in order to constitute savings for the family that can be tapped in times of low coffee prices. Since the 1999 crisis, the cost of life as well as the lack of profitability of the production for local markets forced all coffee producers to redirect their production towards self-consumption, by diversifying agricultural production (plantain, cassava, vegetable gardens); they produce up to 70% of their food consumption. In this particular context, access to FTL reinforced specialization towards coffee production, without resulting in dependence since local diversification initiatives developed autonomously.

In Bolivia’s Yungas, families produce less for family consumption, but have an increasingly well-balanced diet. Incomes have increased and families prefer to focus on non food productions. The majority of producers has stopped migrating towards the Altiplano region for other agricultural activities during the low season and have developed other activities in the Yungas alongside coffee (or due to good results of the coffee production): taxis drivers, shop manager in a village... This trend is general in the Yungas, with or without FT, because the development of commercial opportunities for the entire coffee sector and the development of this region have facilitated the access to a more complete and balanced diet.

In Peru, FTL has allowed a progressive mechanism of diversification of the products commercialized by Apromalpi, which first encouraged a concentration of all efforts on only one variety of mangoes (Kent), then a diversification of the different mangoes commercialized, and finally a diversification towards other fruits. The dependency level to export is still low at the moment with an important part of the mangoes still sold on the national market. Moreover, with the share of exportations increasing, diversification in the forms in which the mangoes are sold, as well as its distribution channels represent strategies to increase the autonomy of Apromalpi.

Until 2005, Apromalpi only sold Kent mangoes on the export market, which only represented 20 to 30% of its members’ production. As a result, because impact on family revenues was limited and because of the lack of alternatives for Edward mangoes, Creole mangoes and other agricultural productions, the risk of a progressive specialization towards Kent mango existed. In 2006, thanks to the trust established between the organization and its importers, tests on marketing of mango pulp were made, which led to an important market of mango pulp for the production of FT mango juice, thus allowing for added value on the Edward and Creole varieties. Beyond the market of direct export, Apromalpi became the main provider of fruits (mango, lime, papaya, and passion fruit) for a tropical jam production unit belonging to another cooperative, which led producers to develop diversification strategies on their farms.
In Cocla, even with an active promotion of diversification, land dedicated to coffee production keeps increasing and producers become dependent on coffee, which makes FTL prices stabilization extremely important. However, food production aimed at self-consumption is maintained (corn, beans, cassava, etc.) and most of the members consider they cover more than 50% of their food needs.

In the case of Banelino, the local agrarian context and high competition in the banana sector limit diversification. Following land reform, some producers lack security in their landholding rights, as they do not own definitive title deeds; possibilities of extension or acquisition of new land are very limited, making uncertain any investment project linked to land. Profitability of banana production requires a high level of investment; producers and the organization have concentrated on securing this activity before diversification.

In the development phase of the core work of producer organizations we observe, for all organizations studied, that they concentrate most of their efforts on the export market; even if individually, producers ensure food security for their families through a diversity of strategies. However, national markets are not yet targeted by producer organizations (or only on a small scale (Fapecafes) or specific cases (Cocla)). In order to reinforce national supply and food security of producer countries, a real approach of promoting and diversifying products on national markets needs to be adopted.

1.4 FTL has a regulating effect on the local market and contributes to modify its structure

An obvious effect of FT is the revaluation of local prices paid by intermediaries and local traders.

The improvement in revenues and socio-economic condition of mango producer families in Chulucanas is for a great part linked to the progressive increase in prices offered to producers thanks to the sales made through Apromalpi. It is interesting to note that, little by little, revenues from non-affiliated producers also improve thanks to the progressive increase in prices paid by intermediaries, attempting to match conditions offered by Apromalpi. On the one hand the organization offers a guaranteed minimum price way above the intermediaries’ conditions, and on the other hand the increase in volumes sold by Apromalpi reduces the offer available on the local market, and forces buyers to improve their buying conditions. The rise of Apromalpi has therefore allowed a progressive regulation of mango prices at the local level, firstly on the Kent variety and secondly for the local market of all varieties with the development of processing and buying of the excess volumes on the market.

Fecafeb’s cooperatives represent a strong competition with private actors on the local coffee market in the Yungas of Bolivia. The graph presents a recovery in the price paid by local traders, which cannot be explained in any other way than the regulating effect of sales made by FT organizations, that is 25% of the total volume locally. The FT price would have a «regulating effect» on the whole coffee chain in Caranavi, its impact extending to all families drawing their livelihood from coffee in the Yungas.
The FT price has a regulating effect on the entire coffee sector in Caranavi
(price in USD/quintal of green coffee exported or equivalent)

By absorbing 47% of the total cocoa exportations from the organization in 2007 (6350 tons and 16% of Dominican exports), FT sales from Conacado have participated to the evolution of the national offer and market structure (made up of producers organizations and large export companies). They have also allowed quality improvement thanks to an increase in Hispaniola cocoa exports of 165% and an increase in prices paid by intermediaries and export companies, as well as an improvement of the support and services to producers by the export companies.

For Cocla, price paid to the producer by the cooperative is on average 40% above prices paid by local traders, which has contributed to a decrease in the number of local private buyers. The gap between prices to producers from cooperatives and prices from local traders (price in USD/qq of coffee) is shown in the following graph. We can also see a driving effect of the FT price on the local market price.

Cocla’s prices in the Quillabamba region

Note : the average co-op price is an arithmetic average of the prices paid by the 4 cooperatives to the producers

Source : Data given by 4 coops (members of Cocla) and collected from the major local traders of Quillabamba

In Ecuador too, prices paid by the associations’ members of Fapecafes are clearly superior to those paid by local traders. They are pressured to pay a better price for lower quality coffees that the associations cannot
export (natural coffee). Prices paid to producers outside FTL are then 5 to 15% higher in comparison to neighboring villages (for a similar quality). Besides, creation of Fapecafes led some exporters to also position themselves on quality sectors: more than a hundred families from Balsas have been involved since 2003 in a project of certification/marketing of organic coffee. Volumes exported are still low but Fapecafes really stimulated competition on quality markets. We can wonder whether the prices paid by those structures are as advantageous for producers and what the effects of the development of competition for Fapecafes will be.

Finally, FTL indirectly contributes to the reorganization of the local or even national market by allowing producers to access the export market at better prices: some small-scale producer organizations increase their share of export, prices follow an upward trend on the national market, the quality of support services improves, etc. This has direct and indirect effects on the socio-economic development of the territory.

1.5 FTL contributes to local economic development through the creation of new activities and on farm employment

In Bolivia, we observe a macro-economic effect of FTL on the whole Caranavi region, which produces coffee but also fruits and tropical products. The increase in prices paid to the 20 000 producers of the region, as an indirect effect of FTL, has repercussions on the economical dynamism of the region. It influences trade, transport, and services in general. New alliances are being built between traders and some small organizations in order to offer them services for processing coffee (humid processing), which confirms the hypothesis. Development of the coffee sector injects dynamism into the local and regional economy. Besides, cooperatives have been considered worthy partners by the surrounding municipalities, including Caranavi, for the past few years, and the five organizations studied have negotiated with local authorities to invest in furthering the electricity network.

In Ecuador, until recently the agricultural sector was not or not really seen as a dynamic economic sector in local policies. With the development of FTL coffee producer associations, municipalities have been approached and now collaborate on financing of technical assistance and on co-financing productive infrastructures.

In the Dominican Republic, local associations of Conacado participate to increase the value of products derived from cocoa (chocolate, cocoa wine, vinegar...) by supporting the development of micro-enterprises led by women, in particular through the funding of trainings and infrastructures.

In Peru, it can be estimated that Cocla generates an activity benefiting to 18 % of the working population in the Convencion and Yanatile regions. This also leads to an economic dynamism essential for this isolated rural region.

### Estimation of jobs created by the COCLA network

<table>
<thead>
<tr>
<th>Employment</th>
<th>Cocla</th>
<th>Cooperatives</th>
<th>Farms</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full time employment equivalent</td>
<td>76(^{20})</td>
<td>159(^{21})</td>
<td>19 464(^{22})</td>
<td>± 20 000</td>
</tr>
</tbody>
</table>

\(^{19}\) 111 480 people above 15 years old (that we can use as an approximation of the active population)

\(^{20}\) Sum of the full time and seasonal jobs (estimated as lasting 5 months in a year)

\(^{21}\) Estimate of employment in the cooperatives, on the basis of data given by the 4 studied cooperatives; an average of the number of employees per active member has been calculated and multiplied by the total number of active members in Cocla

\(^{22}\) Estimate of on farm employment (including self employment) on the basis of : the number of active members, the results of the producer survey concerning the average number of (family) self-employment jobs generated (2.3), and the average number of jobs (per farm) for which hired personnel is sought (0.5)
In the Bolivian Yungas, during peak work in the coffee plot (weeding and above all harvesting) producers recruit seasonal workers coming from the Altiplano.

Within Conacado, because FTL has participated to the multiplication of the fermentation units funded by the FT premium, there is a higher capacity of post-harvest processing, which goes along with a higher need for labor. Besides, in the micro-enterprises created for the development of processed products, the wives and widows of producers can generate small revenues which add up to the family revenue.

In addition to the effects on strengthening the local network through the creation of employment and new activities, it can be observed in all cases studied that the producer organizations follow a growing curve, which leads to a multiplication of productive tasks at times of peak in the work load, which requires more agricultural labor.

However, even if FTL has an effect on local territorial development, it is not a panacea and does not claim to impact the whole local population. The leading effect on the local economic dynamism is more obvious for producer organizations that have been in the FTL market for longer. Besides, FTL tools bring fewer improvements to the living conditions of populations with most difficulties. In Cocla, some social groups benefit less or indirectly from FTL: the landless, very small producers, illiterate people, women (present in the cooperatives but still under-represented: 16% of members are women). This said, we cannot speak of a risk of islands of wealth. Improving the living conditions of these groups would necessitate specific interventions with additional tools, which could be sought from the authorities (local or national government), because the problem really is more a lack of basic services, society issues and problems within the country in general.
2. Stronger collective organizations, who take on a political dimension

Producer organizations, essentially first and second level cooperatives or associations, are the organizational basis on which the fair trade certification system relies. We will see in this part the progression of changes taking place in these organizations since FTL intervention started, as well as the necessary ingredients to their strengthening.

2.1 Producer organizations grow and reinforce themselves to constitute a tool representing and serving the interests of small producers

2.1.1 FTL, through remunerative and expanding markets, contributes to the structuring of producer organizations

The structuring of producer organizations and the constitution of umbrella organizations consist in a growing adhesion of the producers to the organization, on the basis of a greater trust from these producers in the organization. Understanding the essence of this trust is crucial to identify the effects of FTL on this structuring. FTL has obvious effects due to attractive prices and the possibility to more easily access organic certification, making the cooperative system attractive to producers.

Regarding Fapecafes, the emergence of the umbrella organization and its rapid strengthening is a direct consequence of PROCAP’s growing demand for FT coffee. PROCAP is one of its member cooperatives, the first to have entered the FTL market, and other local associations came to it willing to commercialize their coffee at similarly advantageous conditions. Regarding Conacado, it is the growth and security of its revenues closely followed by the offer of services that motivated members for joining the organization. The fact that the certification is supported by an umbrella organization strengthens this structuring effect. Regarding Fecafeb in Bolivia, the structuring was made clear by an increased number of members in cooperatives, their greater participation and the affiliation of new cooperatives to the Fecafeb.

- In 2006, the Fecafeb had 4,000 members grouped in 22 cooperatives, all FT certified, from a total of 20,000 coffee producers in Bolivia.

- Conacado has become the largest Dominican cocoa producer organization and groups ¼ of the country’s cocoa farmers.

- In the area of Cuzco, where Coclí is based, 28 cooperatives existed in 2003, grouping 5,600 members. This represents 34% of the Convencion Province coffee producers, and 38% of the amount of coffee exported by the region. Today it has 6,800 active members.

- Of the 1,500 farmer families of the Puyango County, PROCAP groups around 440 of them in 2005 and 90% of the county communities. For the other associations affiliated to Fapecafes there has been a growth of 10% to 15% per year. Fapecafes, as an umbrella organization, practices a policy of openness and grouped in 2005 all the organizations of the region, in the 3 provinces of El Oro, Loja and Zamora, in South Ecuador.

- Banelino groups ¼ of the country’s banana producers, covering 10% of the country’s banana exports. Most of the country’s small producers are part of one of the 6 FT producer organizations, easing the access of small producers to the export market.

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23 On average, the 3 associations studied grew 57% from 2000 to 2007 (in numbers of members)
By contributing to making producer organizations viable, FTL has indirectly contributed to reinforcing their legitimacy in the eyes of producers, translating into a growth in the number of members and into important capitalization efforts. An improved global efficiency of producer organizations can be observed, to which FTL indirectly contributes by making it attractive for new members to join the organization and thus growing volumes.

2.1.2 Producer organizations assume a representation role for rural producers, and negotiate support for their reinforcement

The organization’s link with an important number of small producers gives it strong and growing legitimacy to represent the rural world, which is all the more taken into account by the local authorities on the territory and by actors of social and economic development that its economic success is important. The organization then carries the voice of its members and promotes their interests externally. It participates in new areas of negotiation and obtains support contributing to reinforce its production capacities, its commercial stability and its sustainability strategy.

Conacado constitutes the reference institution for the State and operators of the Dominican cocoa sector and this reputation allows it to be solicited on important projects. Between 2002 and 2005, it led the project “Production of superior quality grains of cocoa to be used in the production of gourmet and organic chocolate in Europe”, co-financed by one of its largest clients and by a private foundation for an overall amount of GBP 414,000 over 2 years.

FTL has also had a result on the pre-financing of production activities at Cocla. Indeed, Cocla cannot carry out its activity without financing allowing it to pay an advance to producers at the moment of harvest, before the coffee has been sold. It is difficult for cooperative structures to gain the trust of private banking institutions (relatively low capitalization, poor knowledge of the cooperative sector by these institutions, etc.). FTL has a direct result on this point: practically half of the financers are linked to FTL (being either clients or funds financing activities linked to FTL) and bring nearly 30% of Cocla’s actual credit needs (was 50% in 2000).

### Source of pre-finance and share of the pre-finance linked to FT

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of buyers pre-financing contracts</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Number of companies pre-financing FT related operations</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total number of finance institutions</td>
<td>11</td>
<td>14</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>% of the total credit volume</td>
<td>49%</td>
<td>25%</td>
<td>32%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Source: OB, data from COCLA

Numerous FTL organizations have received or still receive technical assistance and ongoing support, with the objective of their organizational and commercial strengthening.

For Fapecafes, the improvement of its commercial service’s competitiveness, allowed by the umbrella structure, is a direct effect of the support-consulting action of NGOs. Fapecafes’ economic results gave it capacities to manage support programs multiplying opportunities for commercial development. The pertinent strategy of diversification of buyers corresponds to an institutional will to limit dependence on commercial actors. Moreover, Fapecafes and Procap received external support to access credits to finance
coffee collection at the time of harvest because European financial institutions of the alternative sector value FTL commercial contracts as partial guarantee for credits. These associations have therefore never faced important cash flow problems, neither have they faced the “coffee leakage” towards the local commercial circuit, due to a lack of working capital. Since 2004, Fapecafes accesses directly these credit lines with no external support. A cooperation project has also financed the construction of a plant to prepare the coffee for export, allowing Fapecafes to grow its assets, strengthening its commercial capacity.

**The Yungas cooperatives** in Bolivia, exporting on FTL markets for 10 years, only proceeded to internal restructuring after receiving external NGO support, which included training aimed at improving their management. These cooperatives previously worked without fundamental functional and operational management tools (decision-making structure, statuses…). 75% of the producer organizations have reformulated their statuses, created internal rules manuals, and clarified roles and functions. They defined rules for including new members, for setting up control comities, for valuing human resources, for compensating elected manager for their time… These tools form a basis for the organization to rely on, and are absolutely necessary for ensuring FT standards are abided by, as well as to include new members.

The contact between different stakeholders of the reinforcement of the organizations is eased and can lead to strategic alliances to access credit funds for producers managed by the cooperatives. Further than the harvest, Apromalpi was able to negotiate the pre-financing of parcel maintenance with a bank thanks to the guarantee of one of its importers, at attractive interest rates compared to the local market (an annual rate of 8% compared to 40 or 50% with local banks).

Concerning the **Yungas cooperatives**, it was necessary for the producers’ credit structure to evolve, and Fincafe was created (financial structure, constituted by the producer organizations as a part of Fecafeb), aiming at fulfilling the cooperatives credit needs. **Fincafe** aggregates funds in order to negotiate credit conditions for its members.

These examples of support confirm the necessary complementarities between FTL dynamics and cooperation projects. These support programs often start well before any FT certification, with the objective to develop the commercial capacities of the organizations. Entering FT networks then makes sense because of the many opportunities it presents. Joint NGO and funders work with the organizations (Belgian NGO VECO and the Belgian Technical Cooperation with Fapecafes, French NGO AVSF, Dutch bank Rabobank and importer Agrofair in Peru with Apromalpi, etc.) facilitated the strengthening of the associations capacities. Support actions were a decisive factor in successfully concretizing FTL’s structuring effects on first grade organizations. Later on, FTL contributed to the strengthening of the producer organizations autonomy from initial support programs.

It is important to state that the issue of producer organization development has been strongly debated during the study on Cocla. Indeed, for Cocla and the producers, their development is primarily the result of their efforts, of their capacity to organize, etc. Although the expected “learning” effects of FTL are not verified in the case of this large and mature institution, FTL is considered by the members as one of the leverages for development within their organization. It allowed regular growth of sales, brought pre-financing which is at the heart of the activity, financed the training policy through FT premium... It has in this way contributed to the diversification of supply, to improved quality, to the diversification of customers and to the global strengthening of the institution.

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24 More and more producer organizations are affiliated to Fincafe (8 in 2001 and 17 in 2005). The cooperative members show their trust by bringing funds to build up the equity (USD 273,420 of capital to be used as credit to finance export operations in 2004).
2.1.3 Stronger producer organizations develop training, technical assistance and credit services

Market opportunities and support institutions have contributed to structure and reinforce producer organizations which rely on their social basis and become reference institutions on their territory. Capitalization efforts are made thanks to the members and to more remunerative FT markets. Capitalization is an essential part of the process of cooperatives supporting their members. Depending on the priority objectives of the organization, the establishment of professional services for the members follows different paths.

Studies show that for large coffee and cocoa cooperatives (Conacado, Fapecafes, Cocla), the most developed services are oriented towards training, technical assistance, extension and support (through promoters) to access organic certification.

Umbrella organization Conacado takes a fee of 10 USD/t on FTL cocoa exported, which goes to a fund used for training; first grade member associations also contribute to training, technical assistance, and support the acquisition and renewal of certifications. FTL thus had direct effects on the development of services at the level of Conacado and its member associations.

In 2004-2005, in Ecuador, the member associations of Fapecafes developed their management capacity to ensure a minimum service of technical assistance (a few promoters) in each zone in order to follow up community groups on the improvement of quality, getting and maintaining organic certification. Associations find subsidies directly at local level or sometimes use FT premium to finance the salary of the technical personal. They also self-finance training activities on FTL at the community level, which include training on FTL principles and market related information.

In the case of Banelino, FTL has allowed to support the establishment of services in: logistics, export, pre-finance of inputs, and above all technical assistance and training (it is the service most valued by members). Producers observe that the pre-finance of inputs and the improvement of technical counseling offered by Banelino, make it easier for them to run their banana farms.

As a consequence, this evolution would constitute a secondary effect of FTL, the direct effect being the improvement of the organization’s services to its members.

Within Cocla, there is a budget allocated to training which is a strong component of Cocla’s activities and contributes to consolidating the competencies of elected representatives, to the professionalization of cooperatives and of Cocla, with trainings of technicians and of the cooperatives’ employees. The FT premium contributes to this budget and thus had a role in the consolidation of the institution.

The service of harvest pre-finance is absolutely crucial for the commercial cooperatives to be able to market the product, as well as for members. For the latter, it constitutes a compensation for cash flow needs and permits avoiding de-capitalization or taking a loan at usurer rates. For cooperatives, the possibility to ensure this service reinforces its attractiveness towards members and allows it to ensure its volumes by guaranteeing a partial advance payment; indeed, producers do not have to pay the totality of harvesting costs upfront, neither do they have to wait for the export, sale and payment to be over before they are paid.

Financing both the production and exportation campaigns of mangoes is necessary given the level of costs involved (production costs: 1000 to 1500 USD/hectare for mangoes in Peru; export costs include salaries for employees, packing material, transport to harbor, insurance, etc.). This enables to compensate for problems of anticipated sales on the local market, but also to problems linked to loans with excessive interest rates taking the harvest as collateral, which is the main problem for mango producers in Chulucanas. Mechanisms put in place by Apromalpi and allowed by FTL, ensure low costs credits to cover costs of plantation maintenance and pre-financing at harvest time. As a result, producers bring 100% of their
production to the organization (the part that can be exported on the organic and FT markets). For members, the improvement of the family cash flows assures the progressive disappearance of anticipated sales.

Within Fapecafes, producers have access to credit for financing productive investments (over 2 or 3 years); interest rates are similar to those on the international market (8% per year; largely inferior to the local market, where rates are over 12% per year). Access to FTL contributes to consolidating this type of service, as commercial advantages translate into an increased solvency of families, and a supplementary guarantee of reimbursement.

In general, coffee organizations in Bolivia try to pay an advance to their members before the harvest, from a mix of credits and own funds. But FTL pre-financing is not sufficient: even with a high proportion of FT exportations (60% of their volumes exported to 13 FT importers - for the 16 producer organizations certified at the time of the study), pre-finance does not exceed 30%.

Credit mechanisms are of great use to support developing the commercial activity of producer organizations and improve farm profitability. However, we can point to the fact that current mechanisms are not sufficient, and not systematic. Some organizations have made great efforts to respond to cash flow problems and developed new financial entities for their members. But new financial mechanisms and economic tools to support the farming cooperative sector associated with FTL should be reflected on and developed in order for this service to become more widespread.

2.2 FTL opens new commercial opportunities and contributes to legitimate producer organizations

Offer diversification and security, indirectly brought by FTL, have also contributed to increase the number of clients for Cocla. In total, Cocla established commercial relations with over 30 clients, who buy to Cocla on a regular basis. After its reorganization in the 90s, Cocla invested in developing its client network, which is well established since 2000. Today, it mainly aims at reinforcing its relations with existing clients. Cocla thus has a wide diversity of clients, with buyers of small lots, often specialty coffees, and very big buyers who can buy up to 40 000 qq. in one season.

By securing part of Cocla’s sales, FTL has facilitated a risk taking approach with clients outside FTL and the construction of a complex strategy to manage risks.

<table>
<thead>
<tr>
<th>Evolution in the number of clients</th>
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<td></td>
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<tr>
<td></td>
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<tr>
<td><strong>Number of clients per year</strong></td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td><strong>Number of FT clients</strong></td>
</tr>
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<td></td>
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<td>4</td>
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Source: Elaborated by OB, data from COCLA, Minag

Conacado developed its commercial capacities by working on three activities: post-harvest processing of cocoa beans, cocoa processing and certifications (organic then FTL and finally biodynamic). Because of the increase of its client’s portfolio and the development of a quality organic Hispaniola cocoa Conacado has taken more importance as a cocoa exporter nationally, and confirmed its leadership position. This has allowed it to compete with big exportation houses. Even if FTL has not directly been the promoter of the quality approach taken by Conacado, it represents (since 2005) a factor of commercial development on those markets.
For **Banelino** in the Dominican Republic, small producers started exporting through FTL. Small producers did not participate to the export market before 2001.

Increase of FT sales has been very important for **Fapecafes**, and sales on the conventional market, still being the majority in 2001 became marginal in 2004 (<15%). This has contributed to position Fapecafes among the 5 first exporters of green coffee in the country. However Fapecafes still maintains commercial relationships with medium importers who are likely to buy large volumes of non certified coffee in the case of a rapid increase in production.

In the different cases, FTL has enabled producer organizations to gain a stronger commercial credibility through to the opening of new markets and the diversification of reliable commercial partnerships, which can, in some cases, lead to financial advantages (pre-finance, contracts which can be used as guarantee). This contributes to increase the legitimacy of producer organizations as strong economic actors in the sector. Strengthened by this reinforced legitimacy, they take a more political dimension.

### 2.3 Producer organizations act as a voice representing the rural community and influence local and national policies

Producer organizations reinforce their notoriety and build their place in the national and international spheres to defend the interests of producers and contribute to define or reinforce the sector policies.

**Conacado** participates to the National Cocoa Commission (CNC) as a producer organization. Its institutional credibility partly depends on its development as a producer organization engaged with quality cocoa, and contributed to position itself as a real driving force for the improvement of Dominican cocoa. Its credibility spreads across the institutional environment of Dominican cocoa: support structures, export houses, and all professionals of the cocoa sector. In addition, **its social basis allowed it to stand as a real pressure group to contest the fiscal reforms decided by the CNC**. A particular example is the tax of 6 USD/qq deducted from cocoa sold (10 million USD in total) organized by the NCC; Conacado described this tax as unfair and illegal because it directly affects producers income. Those protests appeared in the media and were followed by political lobbying, which led the CNC to transfer back 10% of the tax in 2006. In this case, FTL contributed to
reinforce the legitimacy of the organization in its fight against social injustices directed towards small producers.

**Banelino** is known nationally and internationally for its socio-economic development mission, which it implements in great part thanks to FT. The organization is also an active member of the CLAC (see below), trough which it defends the interests of small producers, along with producers of other FT products.

In the Peruvian coffee sector, **Cocla** is a key economic actor with a real legitimacy towards public authorities and acting as an essential partner to local authorities. The cooperative is involved in several communal projects: development of fish farming, support programs for native communities in the north, etc. It had built its legitimacy before FT entered the picture, but FT contributed to reinforce Cocla. At the political level, Cocla is very much involved in defending the interests of small producers and cooperatives. It acts a role model and invests in sharing and spreading its experience. It has strongly contributed to creating the **Junta Nacional del Cafe** (JNC) in 1996, with the aim to support the emergence of a strong and sustainable cooperative movement after the coffee crisis.

The JNC groups 32 producer organizations (including 26 FT certified) which represents 58 cooperatives and around 28 000 families. It defends the coffee production sector with a sustainable development vision. The JNC currently plays an important role representing small coffee producers in front of the Peruvian government, and has notably worked on national propositions for the development of coffee. It has also contributed to the emergence of other representation bodies. We will only mention the Coordinadora Nacional de Comercio Justo del Peru (National Fairtrade Coordination in Peru).

Finally, **Cocla** plays an active role in the development of Fairtrade internationally and actively participates in the **CLAC**25 (*Coordinadora Latino-Americana y del Caribe de pequeños productores del comercio justo*), Cocla’s general manager is currently the president.

In Ecuador, **Fapecafes** has increased its legitimacy thanks to its success on a market stricken by the international coffee crisis and by the economic crisis in Ecuador. Indeed, the exportation sector recognizes a strong legitimacy to Fapecafes, which plays an important role on quality markets, leading to a substantial dynamism in the coffee sector in Ecuador. Producers appreciate their organization, and are aware of the economical and political power it has. Fapecafes is influential within Coracaf, the Ecuadorian coffee producers union, which was indirectly reinforced by the economical effects of FT at local level. Corecaf actively participates in the definition of a national coffee agricultural policy, with a proposal to reform the “coffee sector special law” so as to optimize the use of the “special coffee fund” formed with a 2% tax paid by exporters at FoB level.

**Affiliated association** also gained in legitimacy at local level (towards municipalities and other producer organizations) thanks to their economic results and their belonging to the umbrella organization. A number of the associations leaders were candidates to municipal elections in 2004 and some of them became town counselors. Those elected leaders are now promoters of the values institutionalized in the associations, like participation, transparency and democracy. Local governments are starting to realize the leading role that the agricultural sector can play in the Southern counties and particularly the coffee sector. We thus observe an indirect contribution of FTL to the improvement in the municipalities’ management capacities and its embracement of producer constraints.

In Bolivia, the reinforced legitimacy of the **Fecafeb** gives it a better political influencing capacity, at different levels on the territory. Beyond close relationships tied with municipalities in the coffee area, FT producer

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25 The CLAC is a consortium which groups 300 Fairtrade producer organizations (FLO and IFAT certified), that is 250 000 producers of 20 countries in Latin America and the Caribbean. Its aim is to “defend the land, rights, cultures and languages, organizational, environmental and future forms against economic globalisation”. The organization works on the following areas : organizational reinforcement, promotion of Fairtrade and small producers interests, producers identity, alliances with producers from other continents (Africa-Asia).
organizations gained the approval of a law directly inspired from the sector law proposal made by the Fecafeb. This law states as priority the establishment of coffee sector policies favoring small producers, aimed at improving the quality and the quantity coffee produced, the processing, the marketing and exportation of coffee. Beyond the capacity of Fecafeb to make proposals, the fact that the coffee sector is flourishing also played a role in the attention the parliament gave to it. Besides, producer organizations in the coffee sector are affiliated, through Fecafeb or directly, to the Cioec. This authority is lobbying, through a national platform, to put gender issues on the forefront, to avoid importing GM aid food, to implement a policy of “school lunches” for children which would favor Bolivian products.

Those examples illustrate a relatively new process of democracy in the market, in which small producers, till then put aside political decision making related to them and considered as unimportant economic actors, find themselves in a reinforced position or even of leader on the export markets, and make use of a new political influence. It is a significant change in the power struggle at the local, regional and national level that producers value particularly.

2.4 A pride and voice recovered

For Apromalpi producers, the fact of being organized and to get greater support from technical cooperation allows producers to have more social interaction, which differentiates them from the rest of the producers in the valley, giving them a better social status. In other words, the process of social change does not rely so much socio-economic conditions, than on being part of an experience seen from outside as a success. This position of innovative organization at the production and commercial levels allows them to acquire a know-how level similar to agricultural entrepreneurs in the area, thus breaking the myth of the dominated and dependant small producer. This contributes to improving the self-esteem of producers. Apromalpi is now a reference in the region of Piura, and neighboring organizations which never exported before and are not yet positioned on FTL now wish to follow Apromalpi’s experience.

For Banelino, the fact of being able to realize investments beneficial to the community and to reflect on development issues concerning producers or issues close to them is a motive for satisfaction.

Finally, FTL, thanks to its mechanism of economic support and through its opening of new export markets, supports small producer organizations’ social structure and reinforces their commercial base. It also facilitates access to financial support in the form of credit, which improves commercial capacities and producer support of the organization. However, support to reinforce the management capacities of producer organizations is a necessary element to the construction of democratic and transparency values of producer organizations and to their professionalization. For all organizations studied, there is satisfaction linked to the evolution of their situation, and FTL is seen as an essential lever of the organizations’ development by its members in bringing an improvement of self esteem.
3. **Investment in well-being, public goods and collective services**

FTL can generate changes beyond its initial target of producer families and producers’ organizations.

### 3.1 FTL benefits communities thanks to social projects, but still not sufficiently improves family living conditions.

When FTL tools contribute to the implementation of community projects, it brings benefits to members and in some cases also to other community members, even the most disadvantaged communities, and thus the reach of FTL is enlarged.

The premium is often linked to community projects development, but this is not the only use of the premium or source of financing for these projects, since producer organizations own funds also contribute; it is also possible to give priority to other objectives, such as production and to allocate the bulk of the premium to this.

In **Conocado**, social infrastructure is financed by premium funds, on average 50% of total costs, since 2005: the construction of roads which allow transportation of cocoa but also allow to open up territories, the construction or restoration of schools and run-down houses, electrification or potable water conveyance. Various donations are also made: for medical care, school equipment, etc. Conocado, through its member organizations, improves conditions in the most disadvantaged communities.

**Banelino** pursues numerous social objectives in order to contribute to the development of disadvantaged areas in which the organization has members. Between 2002 and 2006, the social expenditure of Banelino has increased considerably and has been channeled towards financing community projects: paying for medical or legal costs, paying teachers’ salaries, donations for the purchasing of equipment and school supplies. The benefits of these social actions reach beyond the families of producers and workers of Banelino, to the **bateyes**

With regards to investments in family assets and children’s education: with the improvement of quantities sold as FT by organizations of the **Yungas in Bolivia**, a large number of families can make savings, which are used, amongst other things, to finance their children’s university studies in La Paz. But this opportunity cannot be generalized to all cases studied. In the case of **Cocla**, improved revenues have allowed producers to invest in their coffee farms and to improve their everyday life, but they have not yet allowed members to spare more than non members.

Within the member organizations of **FECAFEB**, social services are being developed, such as a pension fund for members, and sewing workshops are being opened alongside grocery stores and guesthouses run by the wives of members. In **Apromalpi**, a fund has been created, to help families pay for funerals or to support them after a family member has died.

### 3.2 Food security is maintained and depends on strategies chosen by families.

In the first section of the document, it was showed that the stabilization of revenues generated by FTL for families allowed planning for the household food supply in different ways and guaranteed food security in the cases analyzed. (See 1.3. The improved stability and investment capacity brought by FTL do favor

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26 Villages or boroughs where numerous illegal Haitian immigrants live
27 Includes family savings and investment
autonomy strategies). However the studies do not look at the effect of FTL on the existence or non-existence of collective strategies for food security and it is difficult to draw conclusions; this, of course, does not exclude the possibility of producer organizations deciding funds or carrying out specific actions.

3.3 Working conditions gradually improve.

In the Yungas of Bolivia, the spread of post-coffee harvest mechanization has eased producers’ work. Moreover, the salaries of occasional workers in the coffee farms during seasonal activities (weeding and especially harvesting) have increased and the average income of occasional workers employed for the selection of coffee grains for export has more than doubled from 2000 to 2004. That is a net increase greater than the increase of producers’ incomes. Of course, this increase was parallel to the rise in the international coffee prices. This phenomenon clearly resembles the local dynamic; the workers are often family members who come from the highlands and the margins made in coffee were sufficient to allow this increase.

On the other hand, in Coclé, occasional workers are paid the legal minimum wage; their daily wage has not increased.

At Banelino, cabled networks for the transportation of banana bunches also allow the improvement of working conditions. In this same organization, the agricultural workforce is composed of 80% Haitian workers and 42% have been employed for over 5 years, whilst there is a high frequency of the turnover of staff in the region. This is explained by a higher wage than the legal minimum as well as other benefits in kind (meals, regularization of residence permit, social contributions, end of year bonus…) for which the organization takes responsibility.

By investing in more modern equipment for post-harvest processing, producers and their organizations have contributed to lessening the hardship of the work; this is a point to underline even though, to this day, the majority of producer organizations continue to practice manual methods of cultivation, maintenance and harvest.

3.4 FTL contributes to sustaining a form of agriculture which is respectful of the environment and optimizes this by encouraging the transition to organic production

3.4.1 FTL involves producer organizations which mostly practice manual methods of cultivation, with a low level of inputs, and generally diversified

Prior to certification, the agro-systems and processing methods already had a limited environmental impact. The small size of family-run farms and the methods of production which privilege manual practices, the use of organic fertilizers and mixed cropping are major assets when one looks at environmental sustainability.

In Peru, almost 85% of the coffee areas are grown under shade trees, in particular in the area of Coclé. The shade trees are ‘pacays’ (this is the local name, genus name is *Inga Vera*), and this has various agronomic consequences:

- the leaves create a shade which, if controlled well, limits the coffee plants’ exposure to the sun, as well as water loss and the fall of recently-blossomed flowers;
- the drop in temperature at night at these altitudes limits the development of weeds and the need to weed, the development of diseases and the need to use fungicides and insecticides;
the fall of pacay leaves produces a thick layer of humus which is a source of organic nutrition for coffee plants. Other crops can be combined (banana trees, legumes, etc.).

Also, all the work (from tree nurseries, to soil-preparation, planting the coffee saplings, coffee trees pruning, fertilization, and harvest) is done manually. This limits the process of erosion and contributes to maintaining biodiversity in the parcels.

In the case of Conacado, cocoa trees are grown under forest-cover and are often combined with semi-permanent crops (like banana trees) or food crops (taro, yam). The average density of cocoa trees is around 900-1000 plants per hectare (usually 1100 plants/ha in traditional plantations). Cultivation operations are carried out annually as follows:

- weed control: the producer allows a layer of leaves to form, which will limit the development of weeds;
- fertilization: fertility maintenance is allowed by composting empty cocoa pods;
- phyto-sanitary control: treatment is almost inexistent in Dominican cocoa plantations (except against rodents and birds) due to the very weak parasite pressure;
- post-harvest processing: after fermentation, the beans are dried in the sun. This takes place on wood or concrete drying areas;
- pesticides (weed-killer, fertilizers) are seldom used because of their cost or because of conversion to organic production; in this case, there is a need for more work and costs of production rise;
- mixed cropping: cocoa is grown in an agro-forestry system which integrates fruit trees and some food crops (plantain, yam, taro, cassava...).

Also, cocoa cultivation seems to be beneficial to the environment in the Dominican Republic since it plays a role in reforesting areas, which were cleared long ago. Cocoa trees are inserted into complex agro-systems and help preserve a vegetal cover as well as participating in the fight against water erosion (due to heavy rains). These agro-forests maintain fertility through the restoration of organic matter; they also offer habitats, which favor animal biodiversity.

FTL has allowed the formalization of certain agro-ecological practices and has encouraged the producers to go further in their handling of natural resources. This is translated eventually in going for organic certification.

3.4.2 From this starting point, the transition to certified organic agriculture is relatively easy, even more so since FTL values it economically

Due to the specific FTMP for organic, higher than the FTMP for conventional, producers are encouraged to put an organic certification in place - as long as a market for the latter exists. Furthermore, producers’ initial learning about the constraints of a certification mechanism facilitates the adaptation to a new one.

The transition to organic production is observed in all case studies:

- 78% of cocoa exports from Conocado were certified organic in 2007;
- more than 70% of Fapecafes producers were engaged in organic certification in 2004;
- all of the FT producer organizations in the Yungas are certified organic;
- in the case of Cocla, organic agriculture accounts today for around 45% of producers and 55% of production. It has therefore reached a new level of development where it can have a significant effect on the environment;
- while developing its objectives of improved quality, Banelino saw the share of organic exports rise from 37 to 75% of total exports between 2003 and 2006.
Even if we observe little negative impact on the environment with traditional cultivation systems (which may manage fertility maintenance well, not leave soils bare because of weeding, maintain adequate shade, etc.), the additional constraints brought by organic certification give the guarantee of better anti-erosive practices; which are otherwise rarely adopted because of the workload they create.

At Cocla, FTL favored the development of coffee areas as well as its industrial post-harvest processing; the outcome is mixed in the northern zone, where coffee cultivation comes with a risk of deforestation, leading to a loss of fertility and biodiversity. However, prior to the development of coffee cultivation, the clearing which was undertaken in the Amazonian rainforest contributed to the loss of ecological resources. Today, organic standards partially limit these negative effects.

### Equipment level for Cocla producers

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Cesspool for wastewater used in coffee washing</th>
<th>Compost pit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members</td>
<td>96%</td>
<td>100%</td>
</tr>
<tr>
<td>Non-members</td>
<td>17%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Source: producer survey

With regards to the processing activities of this same cooperative, they rely on mechanical methods without any use of chemical products. It uses electric energy, which is produced by a hydroelectric dam. The main waste is coffee hulls, which are used as a source of energy to dry the coffee and to warm up the henhouses in the winter. The remaining hulls are sold to produce natural fertilizers. Moreover, the plant of Cocla is submitted to organic standards, which guarantees little environmental impact. The infrastructure must respond to strict rules of environment protection (cesspits, use of pulp for compost, vermiculture). We can thus consider that the industrial activity of coffee de-hulling pollutes little, all the more so since it respects organic rules which demand the installation of cesspits.

Finally, the effects of FTL on natural resources management are completely combined with the results of the action of organic certification (and technical assistance). FTL and organic certification contribute to the process of quality improvement, as the consumers impose their standards and the price paid, along with the development premium, allow a real investment capacity to the producer organizations. This is made possible in the cases described thanks to the fact that the transition to organic-certified production has had relatively small impact on the yields. One might ask what the reaction of producers’ organizations would be if the transition to organic production required larger investments and a steady increase in the cost of production.

### 3.4.3 FTL supports producer organizations, which are better equipped to reach the scale required in order to implement an environmental territorial policy

Apromalpi participates on the local level to demands linked to permanent access to irrigation water, which is a crucial concern for mango producers of Chulucanas. The organization also participates in a social movement, which demands an improvement in the access to water through an extension of the irrigated perimeter, a promise not kept by past governments. Also, there is the demand to protect the watershed in the sierra of Piura, which would protect forest cover and control contaminations better. These challenges for sustainable management of water resources in a fragile environment are clearly identified by members of Apromalpi who also participate in protests, which have allowed them to open to public debate the State’s authorization of an open pit multi-metal mine in the sierra of Piura.
The production area of Banelino represents about 1/5 of the 5 000 hectares of banana plantations in the country, which gives it a significant environmental responsibility. Local environmental problems have been taken into account in order to develop a manual of good agricultural practices adapted to the issues of environmental preservation (risks of salinization, erosion...). Moreover, part of the premium funds is invested in sessions of environmental training and education (for producers, laborers, students of the community).

For some producer organizations, premium funds are used for environmental actions (projects of drinking water and wastewater systems, etc.). In the case of Cocla, 3% of the total budget of the premium contributes to financing environmental actions, of which the best known is the reforestation program.

Generally, it is possible to say that the requirements of FT and organic certification have facilitated a more general awareness on the part of producer organizations and their members of the importance of acting in favor of maintaining biodiversity and the durability of production systems. Strengthened organizations with and increased legitimacy, have more means and established social networks, which allow them to enlarge the scope of awareness raising to a wider area. However, we observe an impact of certification on producers and through localized actions (carried out by Cocla or Apromalpi), but the impact expected on a larger scale still remains light.
GENERAL CONCLUSION

Summary of the effects and conclusions on FTL tools

First of all, it seems important to summarize the main effects of FTL, consequences of the implementation of FT tools. As such, over time, impact of FT originates from these effects.

As presented in this report, 5 main effects have been identified: the «price effect», the «market access effect», the «regulation effect», the «organization effect», and the «organic effect».

The price effect relates directly to one of the main tools of FTL, the FT minimum price. It helps mitigating the income uncertainty for both producer families and organizations, and contributes to securing and strengthening both the activities of production and marketing. The minimum price plays a crucial role: by its sheer existence as much as by its level, even more so when the product is characterized by high price variations and represents an important share of the producers’ income.

The market access effect refers to the existence and development of markets for organizations specifically targeted by FTL. This effect is particularly noticeable in the absence of a strong price effect (when the FTMP is lower than the market price of the product, over a long period of time). It allows the development of sales for the producers and the organizations. It relates to the promotion activities of FTL towards consumers as well as their willingness to purchase such products.

These two effects are intertwined but their interactions are complex.

The regulation effect is a consequence of the two previous effects; it corresponds to the readjustment of business practices from the part of other local buyers, when a producer organization pays a higher price and buys a significant part of local production.

The organizational effect is linked to the fact that FTL focuses on one actor/tool which is essential in the dynamic of impact: a producer organization. FTL contributes to strengthening it, thus consolidating a tool designed to favor local development. The producer organization can then translate and adapt FTL tools according to local stakes, as well as use and concentrate other tools, dynamics and initiatives.

The organic effect is linked to the positive price differential created by both a higher guaranteed minimum price and by the consumers’ demand to encounter in shops products combining FTL and organic labels. The easier the shift to certified organic production - that is, implying no substantial change in agricultural practices, nor negative impacts on yields - and the better equipped the producer organization is to offer adequate technical support, the stronger the effect is.

Furthermore, no effect subsequent to the application of generic standards of FTL has been identified by the studies. This type of effect would probably need to be sought in the trust in FTL by Northern companies and consumers. It is also worth reminding that the studies have been carried out too early to assess the first effects of the new generic environmental standards which came into force in 2007.
Conclusions on the reach of FTL as a development factor

The first obvious conclusion is that FTL brings the proof that the impoverishment trend of small producers in developing countries and of the disintegration of their representation structures is not irreversible. FTL also proves that with a range of tools bringing concrete solutions to structural problems and clearly identified by product, a positive dynamic can take over.

It seems particularly important for us to emphasize this point, as many questions arise on the possibility and the means to solve the agricultural issues at stake to which our societies are confronted.

Then, it clearly appears that FTL substantially improves the well-being of families of producers, especially with regards to living conditions, new opportunities and possibility to make decisions on their future (including the choice of continuing farming with dignity). The guaranteed minimum price of FTL enables producers to free themselves from the risk of price variations, which in many cases forces them periodically to find work outside their production zone. The economic stability created allows them to invest on their farms and improves their profitability. Through this mechanism, FTL strongly contributes to supporting a rural agricultural model based on a family economy.

Nevertheless, FTL should not be presented as a substantial transformation factor: producer families can live in dignity, in better conditions, and gain hope, but they still cannot meet all needs beyond basic ones. In several cases they still face lingering difficulties to save and invest enough money. One of the key indicators revealing this aspect is the interest younger generations have in agriculture: even if they are aware of the improvement of the conditions of their parents, they still often perceive agriculture as a less interesting opportunity than others.

Besides, basing FTL mechanisms on producer organizations, representative and well-managed, greatly contributes to creating a leverage effect. This means that effects encompass the initial population (members) and furthermore, global FTL tools are used to respond to local development issues.

As a result FTL contributes to put at the forefront disadvantaged rural populations, neglected for a long time, lacking visibility, and suffering from a lack of representation. Producers who did not have a chance in the past are today given recognition and have means to recapture their own space within the international market. The organizations thus raise the voice of small producers and isolated rural populations to higher levels.

It is worth mentioning that we are talking about disadvantaged rural populations and not the most disadvantaged ones (at least to begin with). Indeed, FTL can bring elements of response tackling some issues, but cannot bring a response to all. In particular, people unable to produce crops because of a lack of land access (landless peasants, women (in most contexts)) or unable to join a producer organization (most of the time by a phenomenon of auto-exclusion, i.e. people with lowest education level) are often kept outside the dynamics of FTL.

Finally, FTL contributes to making producers take care of the issue of environmental protection, mainly by acknowledging the additional cost linked to a production associated with higher constraints. This clearly appears in the case of non-use of chemical inputs and of organic production, but still needs to be consolidated in the more global dimension of biodiversity and ecosystems protection.
Recommendations for FTL

One of the key challenges for FTL is to ensure a better association and cooperation with other structures offering technical support (NGOs in particular) and initiatives aiming at accompanying and reinforcing the capacities of producer organizations. Indeed, technical and financial partnerships (donors, banks) with producer organizations, adapted and systematized, would leverage the development impact of FTL and reinforce the guarantee of empowerment of both producers and producer organizations, while respecting the group’s own social dynamics.

One related stakes, which could potentially be used as a key success indicator, is the attractiveness of agriculture for young people. It has been observed that the young are particularly involved in the producer organizations Fapecafes and Fecafeb, while less commonly within others. Of course, many factors outside the scope of FTL contribute to the attractiveness of farming for younger generations. FTL will need to support wider reflections on these general topics, most notably, the agrarian issue land availability, but also the future of an agricultural model based on micro-holding.

Besides, a question arises about the coherence of the FTL system, regarding the competition created between small-scale producer organizations and plantations contracting labor (this point has been particularly raised with the banana sector). Because of their higher export capacity and economies of scale resulting from lower production costs, plantations compete with and can compromise the viability of small producer organizations, which may harm FTL as a whole.

The pace and scale with which FTL wants to initiate change is a crucial issue: to which extent does it want to go beyond stabilizing families’ incomes? The answer to this question will help to specify how to reinforce its tools and action so as to increase the actual results and impact.

This reinforcement shall partly rely on a better valuation of the producers’ collective structures, on the productive and commercial level as well as on the political and union levels. These structures are essential and play a vital role when it comes to FTL’s action oriented towards producers.