



Cafédirect's new coffees and teas, and Traidcraft's Geobars and boxed chocolates.

Mainstreaming Fairtrade – supermarket brands launched

One of the key objectives of the Fairtrade Foundation from the outset nearly 10 years ago was the 'mainstreaming' of fairly traded products. While the pioneering work of fair trade shops remains extremely important in making fair trade a reality for significant number of producers, the products have to be in the places where the majority of shoppers can easily find them.

The largest part of the mainstream food market is, obviously, the large supermarket chains and Fairtrade products can now be found in the vast majority of these outlets. Within this sector, Own Brand products represent a large and rapidly growing element of total sales that complement the activities of supplier brands.

The Co-operative Group started the trend for Own Brand Fairtrade products in March 2000 by launching a chocolate bar (jointly branded with Divine), followed by a roast & ground coffee, and other products are under development. Sainsbury's Own Brand range first appeared on the shelves in October 2001, with a roast & ground coffee from Colombia – and the company has announced plans for tea, chocolate, and drinking chocolate to follow in early 2002. Both companies also stock Fairtrade bananas, under their Own Brand name, in the majority of their stores.

Also in the mainstream market are independent food shops, many of which have maintained a strong commitment to Fairtrade through the years.

Which? report rates Fairtrade

The Consumers' Association Which? magazine looked at Fairtrade Labelling in November 2000. Commending the scheme for the benefits it brings to producers and the independent guarantee of clearly defined standards that is provided for consumers, it also warned shoppers to beware of products making similar sounding claims without the Mark. And in a professional blind tasting of leading coffee brands, a Fairtrade product was voted the favourite. The magazine's conclusion was that, 'considering the benefits Fairtrade products give, (the extra cost) is a small price to pay'.

Cocoa 1994 – 2001: Comparison of Fairtrade & New York Exchange Prices



It doesn't Costa lot

Costa Coffee, one of the leading high street coffee shops with over 280 outlets, became the first chain to offer customers the option of Fairtrade coffee and tea, under the Cafédirect and Teadirect brand, on a regular basis in November 2000. Their coffee buyer worked with Cafédirect and TWIN Trading to produce a unique blend of Fairtrade coffee to suit Costa's famous Italian-style espresso. Producers in Mexico, Peru, Cameroon and Tanzania will benefit from the extra Fairtrade coffee that Costa is selling. The extent of this depends on consumer requests – so remember to always ask for Fairtrade tea and coffee when ordering!



A Costa Coffee shop with Cafédirect and Teadirect on sale

© Cafédirect



A FAIRER FUTURE

The world of fair trade is undergoing rapid change as more consumers and companies respond to our message. This presents both opportunities and challenges in response to which the Foundation and its partners have been developing future strategies. A key feature of this work has been consultation and collaboration among the different parts of the fair trade movement, and also with other stakeholders.

International improvements

The Fairtrade Foundation is a leading member of Fairtrade Labelling Organisations International (FLO), which controls the standards that underpin the Fairtrade Mark, and inspects and monitors producers as the central element of the certification process. FLO also has an important role in organising support and development programmes for producers and enabling them to improve their access to markets. It is a unique international system operating across 36 producing and 17 consuming countries.

Over the past two years, FLO has undergone a major restructuring programme to improve its effectiveness and to enable producers and commercial partners to participate in determining the future direction of Fairtrade.

As part of this programme, the following changes have been introduced:

- There are now just two sets of standards – one for small farmer organisations and one for organisations with wage-earning employees. This will facilitate the development of new Fairtrade products, although there will still be specific trade rules for each product – especially the pricing system. Further work will be co-ordinated by a Standards & Policy Working Group that will report to the FLO Board.
- There is now a single Certification Unit which is separate from the team of Product Managers responsible for producer and market development, and from the Producer Support Network.
- The Certification Unit will manage the inspection of producers and control the audit process for Fairtrade products. Inspection work is increasingly carried out by experts from the producers' region. An independent certification committee has been established.
- Producers and other stakeholders are now represented in FLO's key decision making processes, including the Board, which includes four producer representatives and two commercial partners.

Find out more about FLO at www.fairtrade.net with links to the websites of the 16 other FLO members across the world.

The FLO Forum

Over 100 representatives from registered producer organisations came together in Germany in September 2001 for the first FLO Fairtrade Forum, together with traders, retailers, FLO members and staff and other key partners.

The Forum reviewed the restructuring process, approving the major changes, and elected stakeholder representatives to the new FLO Board. It also provided a valuable opportunity for networking, in-depth discussion of topical issues (such as developments in GM crops) and training sessions. The Forum will meet every two years with regional producer assemblies and product specific marketing meetings in between.

Foundation's strategic review

In another first, the Foundation held its own Assembly in London in September 2001. It was attended by over 60 stakeholders from the fair trade movement, NGOs, licensees, retailers and other interested parties. During the preceding months, the Foundation consulted widely on the key issues regarding its future role and objectives. These discussions provided valuable input into discussions among staff and trustees, culminating in a comprehensive plan approved by the Board of the Fairtrade Foundation in December 2001.

Two agreed priorities impact on all areas of the Foundation's work:

1. **Mainstreaming Fairtrade** – *consolidate and develop the place of Fairtrade products in the offerings of mainstream suppliers and retailers by –*
 - positioning the Fairtrade Mark as the unique independent consumer guarantee of Fairtrade standards. This requires strengthening all our systems and further clarification of the vision underlying the Mark and the values it represents as we seek to engage with a much broader and less instinctively supportive consumer base.
 - broadening dramatically the range of products that can carry the Fairtrade Mark while maintaining the core standards.
 - significantly increasing awareness of Fairtrade and the Fairtrade Mark among consumers by better use of



existing communications channels (retailers, licensees, NGO partners & the media) and developing new ways of delivering our message.

- ensuring that the Foundation has access to sufficient commercial experience at all levels of governance and staffing.
2. **Collaboration with key partners** – ensure co-ordination of policies, clear understanding of roles and responsibilities and avoid unnecessary duplication of work by –
- working more closely and effectively with the wider fair trade movement, particularly through the Fairtrade Leaders' Forum.
 - further developing close working relationships with key commercial actors and statutory bodies to achieve mainstreaming of Fairtrade.
 - capitalising on synergies with campaigning organisations, particularly through the Trade Justice Movement, to ensure that Fairtrade complements broader trade campaigns and vice versa.
 - ensuring that the governance of the Fairtrade Foundation is more responsive and accountable to the wider partnerships.



Raymond Kimaro (left) from the KNCU Fairtrade coffee co-operative in Tanzania, and member of the new FLO Board, giving out the "Fairy" awards at the Foundation's campaign day.

Raymond Kimaro:

The most conspicuous benefit of Fairtrade is the direct link from producer to consumer .

Countries with registered Fairtrade producers

Those marked with * are selling to the UK

Africa	El Salvador
Cameroon (*)	Guatemala (*)
Congo	Haiti (*)
Ethiopia (*)	Honduras (*)
Ghana (*)	Mexico (*)
Tanzania (*)	Nicaragua (*)
Uganda (*)	Paraguay (*)
Zimbabwe	Peru (*)
Asia	St. Lucia (*)
China	St. Vincent (*)
India (*)	Uruguay
Indonesia (*)	Venezuela (*)
Nepal	<i>NB: Dominica, St. Lucia and St. Vincent are countries of the Windward Islands</i>
Philippines	
Sri Lanka (*)	
Thailand	
Vietnam	
Latin America & the Caribbean	There are 350 producer groups registered with FLO in 37 countries, representing approximately four and a half million farmers and their families. They are supplying their products to hundreds of traders and processors in 17 countries with Fairtrade initiatives across Europe, North America and Japan.
Belize (*)	
Bolivia (*)	
Brazil	
Colombia (*)	
Chile (*)	
Costa Rica (*)	
Cuba (*)	
Dominica (*)	
Dominican Republic (*)	
Ecuador (*)	



I know if I sell to a Fairtrade buyer that I ll get fair treatment. I m sure that the buyer will be monitored and will buy at a fair price.

Alberto Rodrigueiz Hernandez, sugar cane farmer and member of Asoproducte in Costa Rica.



SUMMARISED ACCOUNTS

Statement of Financial Activities for the year ended 31 March 2001

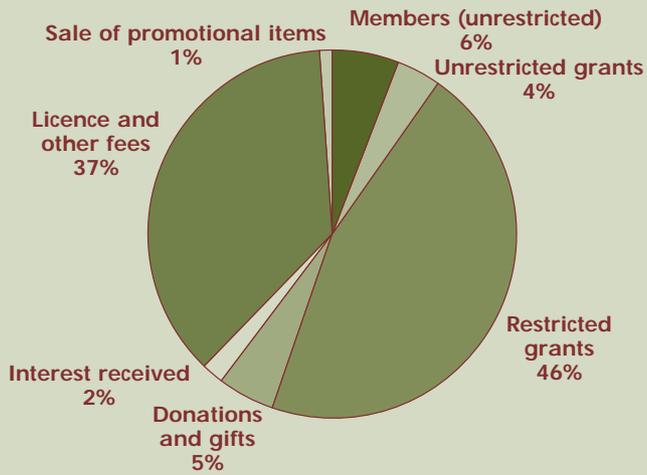
	Restricted £	Unrestricted £	2000-2001 Total £	1999-2000 Total £
Incoming resources				
Grants receivable	345 801	77 200	423 001	295 685
Donations and gifts	0	36 638	36 638	65 951
Interest received	4 485	6 969	11 454	4 252
Licence and other fees	0	278 355	278 355	156 830
Sale of promotional items	0	7 364	7 364	0
Total incoming resources	350 286	406 526	756 812	522 718
<i>Less cost of generating funds:</i>				
Fundraising	0	14 303	14 303	15 120
Cost of promotional items for sale	0	5 926	5 926	0
Total cost of generating funds	0	20 229	20 229	15 120
Net incoming resources available for charitable application	350 286	386 297	736 583	507 598
Charitable expenditure				
<i>Costs of activities in pursuit of charitable objectives:</i>				
Public education/awareness	344 327	32 291	376 618	214 980
Producer support	107 479	7 565	115 044	45 124
Fairtrade Mark development & monitoring	0	170 235	170 235	138 400
Management and administration	0	38 464	38 464	30 734
Total charitable expenditure	451 806	248 555	700 361	429 238
Total resources expended	451 806	268 784	720 590	444 358
Net incoming/(outgoing) resources before transfers	(101 520)	137 742	36 222	78 360
Net movement of funds	(101 520)	137 742	36 222	78 360
Funds brought forward	60 372	94 959	155 331	76 971
Transfers between funds	76 483	(76 483)	0	0
Total funds carried forward	35 335	156 218	191 553	155 331

Balance Sheet as at 31 March 2001

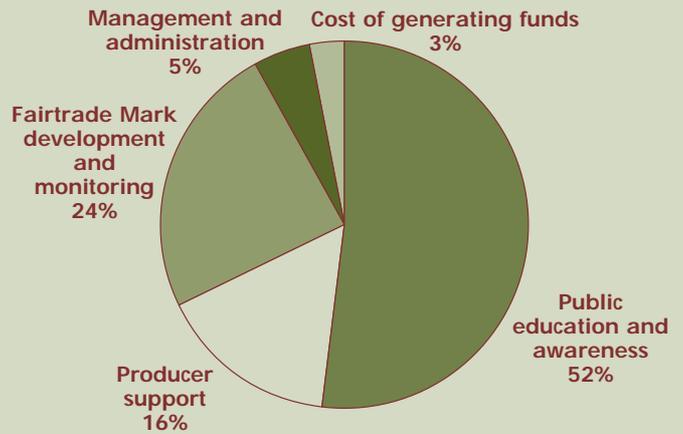
	31 March 2001		31 March 2000	
	£	£	£	£
Fixed assets:				
Tangible assets		8 563		6 256
Current assets:				
Debtors	26 743		24 446	
Cash at bank and in hand	187 682		150 100	
	214 425		174 546	
Creditors: amounts falling due within one year	(31 435)		(25 471)	
Net current assets		182 990		149 075
Net assets		191 553		155 331
Restricted funds				
Restricted funds in surplus	61 933		60 372	
Restricted funds in deficit	(26 598)		0	
		35 335		60 372
Unrestricted funds				
Unrestricted funds – designated	71 137		37 000	
Unrestricted funds	85 081		57 959	
		156 218		94 959
Total funds		191 553		155 331



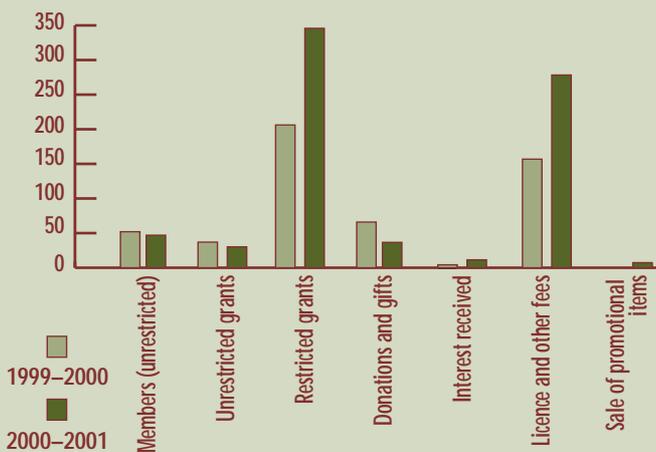
Analysis of Income



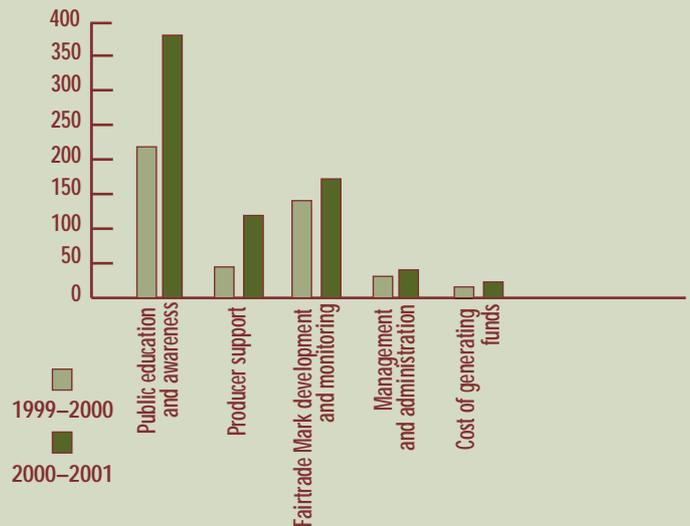
Expenditure by project



Income by year



Project expenditure by year



Trustees' statement

The full accounts were approved by the Trustees on 27 June 2001. They have been sent to the Charity Commission and the Registrar of Companies. The accounts have been audited by Jessa & Co., Registered Auditors, and received an unqualified opinion. These summarised accounts may not contain sufficient information to allow for a full understanding of the financial affairs of the charity. They are extracted from the annual accounts and these, including the auditor's report and the trustees' annual report, are available from the Company Secretary at the Fairtrade Foundation.

Signed on behalf of the Trustees of the Fairtrade Foundation, 22 February, 2002

Alastair Hanton, Chair, Fairtrade Foundation.

Auditor's statement

Auditor's statement to the Trustees of the Fairtrade Foundation

We have examined the summarised financial statements set out on pages 11 to 12.

Respective responsibilities of trustees and auditors

Trustees are responsible for the preparation of the summarised financial statements. We have agreed to report our opinion on the summarised statements' consistency with the full financial statements on which we reported on 27 June 2001.

Basis of Opinion

We have carried out the procedures we consider necessary to ascertain whether the summarised financial statements are consistent with the full financial statements from which they have been prepared.

Opinion

In our opinion the summarised financial statements are consistent with the full financial statements for the year ended 31 March 2001.

Signed by Jessa & Co., Registered Auditors, Buckingham House East, The Broadway, Stanmore HA7 4EB.
22 February, 2002



ACKNOWLEDGMENTS AND THANKS

Financial supporters

While the fees we receive from companies who use the Fairtrade Mark finance our monitoring and audit work, we rely on external financial support for other areas of our work such as awareness-raising, producer support and new product development. We are extremely grateful to the financial supporters listed below, and to the organisations and individuals too numerous to mention here, who gave smaller gifts and donations.

Financial supporters 1st April 2000 to 31st December 2001:



The Beatrice Laing Trust, Andrew Bonar Charitable Trust, The Bower Trust, Burdens Charitable Foundation, The William A. Cadbury Charitable Trust, CAFOD, Christian Aid, Stephen Clarke 1965 Charitable Settlement, The Cleopatra Trust, Community Fund, The Cruse Trust, Department for International Development, European Commission, Fairtrade Assistance, Sydney E. Franklin Deceased's New Second Charity, The Walter Guinness Charitable Trust, The Hilden Charitable Fund, Interbrand Foundation (gift in kind: design work), The John Ellerman Foundation, Miss K. M. Harbinson's Charitable Trust, The Henhurst Charitable Trust, Morel Charitable Trust, The Methodist Relief & Development Fund, NOVIB, Oxfam, The Paget Trust, The Philanthropic Trust, Public and Commercial Services Union, The Rainford Trust, The Rowan Trust, The SMB Charitable Trust, W. F. Southall Trust, The Staples Trusts, The Tisbury Telegraph Trust, The T.U.U.T. Charitable Trust, Unicorn Grocery, The United Reformed Church, The Scurrah Wainwright Charity, The Wyndham Charitable Trust, The Emma De Yong Charitable Trust.

In the early part of 2000 we received a substantial sum in donations still being sent in response to the Guardian Christmas Charity Appeal 1999.

Trustees

We wish to thank the Trustees of the Fairtrade Foundation, listed below, who provide invaluable advice and strategic direction to our staff.

Barry Coates, Chris Coe (from 1/01 to 11/01), Hilary Elliott (to 6/00), Alastair Hanton OBE, Liz Humphrey (from 3/01), Martin Kelly, Tammy Stewart-Jones, Adrian Stockman ACA (Honorary Treasurer, from 6/00), Michael Vincent (to 12/00), John Whitaker (from 11/01), Graham Young (Chair, to 5/01).

Staff (as at 31st December 2001):

Harriet Lamb	Executive Director
Ian Bretman	Deputy Director (Marketing and Operations)
Julia Powell	Communications Manager
Ron Hinsley	Fairtrade Mark Manager
Phil Thompson	Finance and Administration Officer

Hannah Durrant
Eileen Maybin
Sarah Garden
Dave Goodyear
Jeff Anderson
Abi Murray
Diana Gayle

Fairtrade Fortnight Co-ordinator
Press Officer
Campaigns Officer
Research and Volunteer Co-ordinator
Fundraiser
Communications Assistant
Administrative Assistant

The trustees and staff would like to take this opportunity to pay tribute to Phil Wells, Executive Director since 1994, who resigned at the end of March 2001. Phil's skillful leadership and dedication to our work made an immense contribution to the development of the Fairtrade Foundation.

Volunteers

Fairtrade could not possibly have grown so rapidly without the team of dedicated volunteers who help at the Fairtrade Foundation office. Our sincere thanks to all of them.

Volunteers April 2000 to December 2001:

Pirkko Ala, Pashmina Ali, Susan Allen, Clive Allen, Jeff Anderson, Kath Anderson, Mike Anison, Sarah Bancroft, Carmen Maria Barreda, David Bennett, Megan Bingham, Carole Bissett, Lydia Borde, Iñaki Borja, Christina Brannmark, Philip Camp, Katie Clare, Mary Pat Clasen, Kelly Crothers, Kirsty Cunningham, Ian Derry, Laura Divisia, Oliver Driscoll, Prudence Dwyer, Ron Ellis, Gillian Flinter, Ruth Forrest, Ian Gilbert, Susannah Gill, Katy Gold, Jenny Greeves, Sam Holden, Mike Hollis, Ashleigh Hurford, Mark Jackson, Ellen Jarlett, Kathy Johnson, Sasha Koura, Ingrid Layne, Marielle Leseur, Ian Liddell, Clare Lissaman, Amy Longrigg, Sara Martin, George Mayanja, Robin de la Motte, Amy North, Simon Osborne, Doy Owino, John Parlett, Stella Pentecost, Tamzin Pinkerton, Amanda Pitt, Mary Plumbly, Flora Roberts, Colette Robinson, Louise Robinson, Simona Rossi, Mark Rothfield, Britta Scherler, Anna Sermasi, Deepa Shah, Adrian Stockman, David Sunderland, John Taylor, Paul Thomas, Vicky Thompson, Howard Vickers, Cicely Warren, Hannah Wilde, Katie Wright, Tilaye Yeshanew.

Members

Our members give policy support and their supporters are key to taking out the message. Some members provide core finances.





HOW THE FAIRTRADE MARK OPERATES

The Fairtrade Foundation

The Fairtrade Foundation exists to ensure a better deal for marginalised and disadvantaged third world producers. Set up by CAFOD, Christian Aid, New Consumer, Oxfam, Traidcraft Exchange and the World Development Movement, the Foundation awards a consumer label, the Fairtrade Mark, to products which meet internationally recognised standards of fair trade.

For small farmers this means guaranteed better prices, which always cover the cost of production, no matter how low the world market price goes.

The security of the Fairtrade market has made it worthwhile for thousands of farmers to rehabilitate abandoned trees and bushes, and invest in social and environmental improvements. Farmers who had migrated in search of paid work have returned to their homes and villages.

For third world workers, Fairtrade has brought hope for the future, with new opportunities for children's education and basic social improvements.

(i) Fairtrade makes a real difference to people's lives:

- It challenges the conventional model of trade, and offers a progressive alternative for a sustainable future.
- It empowers consumers to take responsibility for the role they play when they buy products from the third world.

(ii) Fairtrade Mark products

The Mark can currently be found on a wide range of the following products:

- | | |
|---------------------|---------------------|
| ● Coffee | ● Tea |
| ● Chocolate & Cocoa | ● Bananas |
| ● Honey | ● Sugar |
| ● Orange Juice | ● Snacks & Biscuits |

Fairtrade Standards

The problems experienced by poor producers and workers in developing countries differ from product to product. The majority of coffee and cocoa, for example, is grown by independent small farmers, working their own land and marketing their produce through a local co-operative. For these producers, receiving a fair price for their beans is more important than any other aspect of fair trade. Most tea, however, is grown on estates, and the concerns for workers employed on tea plantations are fair wages and decent working conditions.

To reflect such differences, the Fairtrade Foundation, with its international partners, approaches each product with a strategy based on common principles.

(iii) Fairtrade production conditions:

- Small scale farmers can participate in a democratic organisation.
- Plantation workers can participate in trade union activities and have decent wages, housing, and health and safety standards.
- No forced labour.
- Programmes for environmental sustainability.

(iv) Fairtrade terms of trading:

- A price that covers the cost of production, including a 'premium' to be used by the producers to improve their living and working conditions, or to strengthen their organisations.
- Advance payment to avoid small producer organisations falling into debt.
- Relationships that allow long-term planning and sustainable production practices.

(v) Monitoring

The Fairtrade Foundation, with its partners, checks that registered producers and traders abide by these standards.





There has never been a better time to press our agenda – a fairer deal for those in the majority world who produce the goods we consume in the rich world.

George Alagiah,
BBC newsreader and journalist.



Fairtrade is the reason that the small farmers in our association still have a livelihood at all. The most important effect of Fairtrade is the feeling that we can challenge the dependence on big companies with all those inequalities.

Jorge Ramirez,
El Guabo banana group, Ecuador.



Fairtrade came at the right time when we were facing the problems of the World Trade Organisation ruling on bananas which will affect us all as small producers. I see Fairtrade as the way out for Windward Islands producers.

Nioka Abbot,
Windward Islands banana farmer.



Before, I was someone that took a box and loaded it onto a train. That was my only responsibility. I was just a farmer, who was an intermediary. In this new system, I have become an international businessman.

Arturo Gomez,
Costa Rican banana farmer.



If you want to make sure the producers get a better deal, it's now so simple – just look for the Fairtrade Mark.

Dame Judi Dench.



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