



MONITORING THE SCOPE AND BENEFITS OF FAIRTRADE: BANANAS

Monitoring Report 10th Edition





About Fairtrade International

Fairtrade International is a non-profit, multi-stakeholder association that promotes fairer conditions for international trade, empowers small-scale farmers and workers, and fosters sustainable livelihoods.

Fairtrade International develops and maintains the internationally-agreed Fairtrade Standards, owns the FAIRTRADE Mark, and supports the international Fairtrade system. Three regional Fairtrade producer networks representing 1.6 million farmers and workers co-own the international Fairtrade system, which also includes the independent certification body FLOCERT, and Fairtrade organizations in more than 30 countries that promote Fairtrade to business and consumers.

For more information, visit www.fairtrade.net



About FLOCERT

FLOCERT is a global certification body offering verification and supply chain services to ensure social and environmental standards. Founded in 2003 as the single certifier for Fairtrade, the company has six international offices, 125 employees and more than 120 auditors worldwide.

For more information, visit www.flocert.net

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Disclaimer

The monitoring data in this report are based on data collected by FLOCERT, and reported in some cases by producer organizations through the audit process and in other cases by other supply chain actors. Fairtrade International is not responsible for the accuracy of the data. The report has been compiled to the best of our knowledge and is provided for informational purposes only. Fairtrade International reserves the right to update the monitoring data as new information becomes available. The data are provided 'as is' and no warranty of any kind is given for the accuracy and reliability of the data. Fairtrade International will not be liable for any claims or damages related to the quality and completeness of the data, as far as it is permitted under law.

Cover Photo:

Louis Isma at the Fairtrade certified Bananos Fernández Muñoz SRL (BANAFEM) Association, Dominican Republic.

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173 BANANA
PRODUCER ORGANIZATIONS



REPRESENTING
25,000 FARMERS
AND WORKERS IN 18
COUNTRIES

90% OF ALL
FAIRTRADE BANANAS
COME FROM
LATIN AMERICA AND
THE CARIBBEAN



€31.3 MILLION IN
FAIRTRADE
PREMIUM
RECEIVED BY BANANA PRODUCERS



SALES VOLUMES
OF FAIRTRADE

BANANAS
GREW BY 11%



1. KEY DATA: FAIRTRADE BANANAS



173 PRODUCER ORGANIZATIONS

↑ 18% since 2016



25,000 FARMERS AND WORKERS

↑ 14% since 2016



3,310 OR 13% WOMEN FARMERS AND WORKERS

↓ 1% since 2016



38,300 HECTARES

↑ 5% since 2016



970,500MT OF BANANAS PRODUCED BY FAIRTRADE PRODUCER ORGANIZATIONS

↑ 17% since 2016



641,900MT OF BANANAS SOLD AS FAIRTRADE

↑ 11% since 2016



395,600MT OR 62% ORGANIC CERTIFIED BANANA SALES

↑ 17% since 2016



€31,326,300 PREMIUM EARNED

↑ 10% since 2016

EXCITING TIMES FOR THE SECTOR AMID UNPRECEDENTED GROWTH

The Fairtrade banana sector is going from strength to strength as demonstrated by the figures on the left. Sales figures are increasing, as are the number of certified producer organizations and the number of workers and farmers benefitting from that.

Last year, several European retailers announced further commitments to Fairtrade bananas. French supermarket Monoprix announced that they will sell only organic Fairtrade bananas in their stores. Superunie, a Dutch wholesale purchasing cooperative, is now selling only Fairtrade bananas. Lidl International also expanded their commitment to Fairtrade conventional bananas in seven European markets, besides their existing Fairtrade organic bananas.

Despite these positive developments, difficulties persist. Amid a strongly competitive retail landscape, big retailers continue to push banana prices down lower and lower to attract shoppers into their stores. Price wars can have devastating effects on workers and producers, who see their income reduced to below their cost of production in some cases. Low prices also impact on the environment in banana-producing countries since farmers lack the money to invest in things like more efficient water use and climate change mitigation projects.

For Fairtrade, this race to the bottom for banana retail prices presents both a challenge and an opportunity to continue innovating and engaging with companies to address the many issues that exist in banana supply chains.

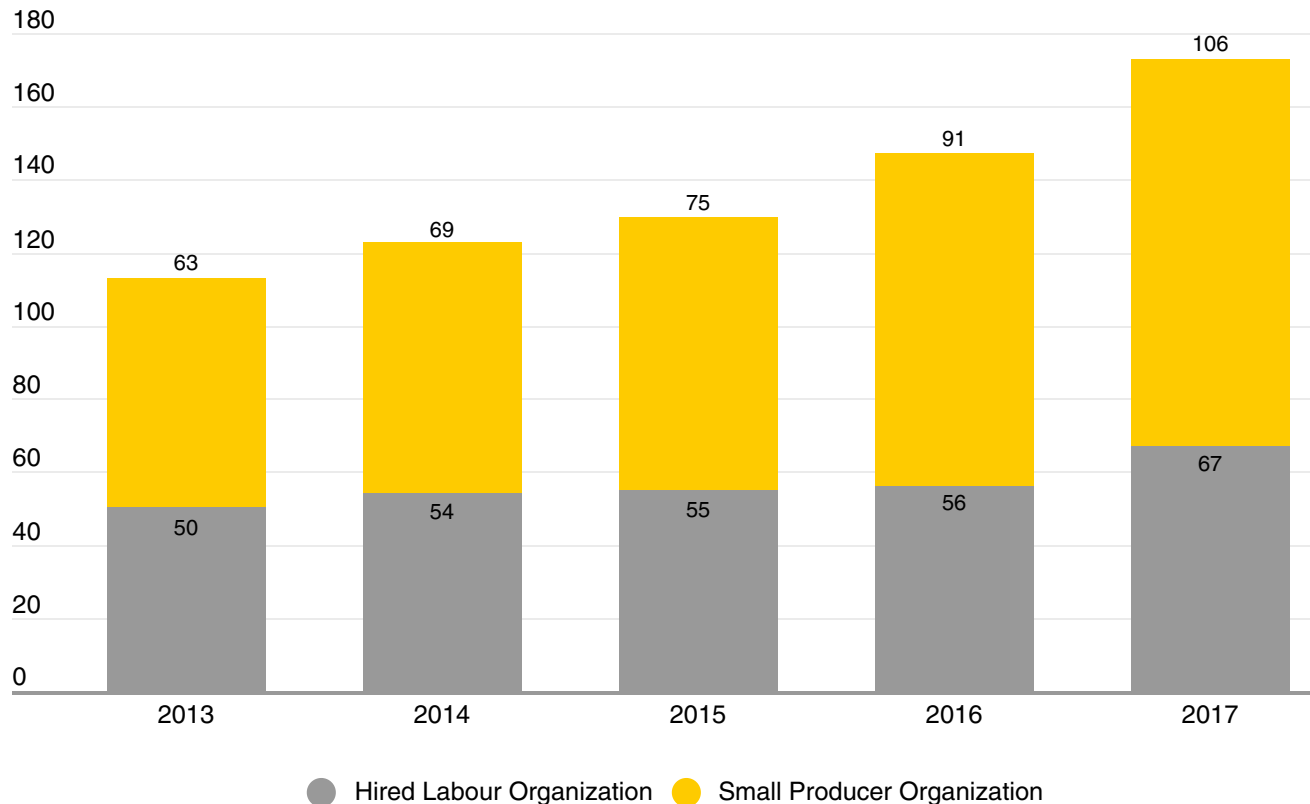
Notes:

Data from 2017.

Numbers above 10,000 are rounded to the nearest hundred.

Metric tonnes abbreviated to MT.

2. NUMBER OF FAIRTRADE CERTIFIED BANANA PRODUCER ORGANIZATIONS 2013-2017



COMPANIES ARE UNDER INCREASING PRESSURE TO ADDRESS RISKS IN THEIR SUPPLY CHAINS

Today, companies operating in the banana sector are under mounting pressure to address working conditions, human rights violations and environmental costs across their supply chains. High-profile abuses in the corporate supply chain have sparked a debate, driven by human rights organizations and trade unions, about corporate responsibility and the extent to which companies can be held responsible for the social and environmental costs of their purchasing practices.

Moreover, supply chain transparency is increasingly moving from a voluntary endeavour to a mandatory one, as an ever-growing number of countries pass legislation requiring accountability from companies on human rights due diligence along their supply chains.






Meanwhile, demand from consumers for products that do not harm people or the planet is increasing as a result of better and quicker access to information regarding company practices. For instance, close to nine out of ten consumers in a recent study (Trade Fair, Live Fair, 2019) said they want brands to take action on protecting the environment and another 84 percent said the same for global poverty.

In this context, global banana companies have been looking for ways to reduce risks in their supply chains and increase their contribution to the achievement of the UN Sustainable Development Goals (SDGs).

Climate change and the environment are high on the agenda. In recent years, companies in the banana sector have stepped up their efforts to cut down the use of plastic, from replacing labels and cluster bags to reducing the use of plastic bags at farm level.

In the quest to reduce risks and improve sustainability in their supply chains, banana companies are increasingly turning towards Fairtrade for our experience, support and strategies.

3. FAIRTRADE BANANA PRODUCING COUNTRIES

	Country	Premium received (€)	Volume sold as Fairtrade (MT)	Number of POs	Number of farmers	Number of workers	Total number of farmers and workers
	Dominican Republic	€9,767,984	199,873MT	49	2,094	3,417	5,511
	Colombia	€6,504,374	133,201MT	42	435	5,018	5,453
	Peru	€5,901,370	120,661MT	31	6,023	278	6,301
	Ecuador	€4,577,042	94,231MT	24	1,093	465	1,558
	Rest of the World	€4,575,532	93,956MT	27	740	5,461	6,201
	Total	€31,326,302	641,922MT	173	10,385	14,639	25,024

Notes:

- Data from 2017.
- Where there are fewer than three Fairtrade certified producer organizations in a country, the data are aggregated into the 'Rest of the World' category to protect the organization's data confidentiality.
- Metric tonnes abbreviated to MT.
- Producer Organizations abbreviated to POs.

FAIRTRADE: AN EXPERIENCED AND AMBITIOUS PARTNER IN THE FIGHT TO IMPROVE CONDITIONS IN THE BANANA SECTOR

Fairtrade's work with banana producers and workers began over two decades ago. Since then, we have made great progress in improving the living conditions of farmers and workers. The Fairtrade Premium has enabled many organizations to invest in their farms and become more competitive. It has also enabled communities to enjoy better infrastructure, services and economic opportunities (*see Bananera de Uraba producer story*), while workers in banana plantations can receive up to 20 percent of the Premium in cash payments. This figure rises to 50 percent if a majority are migrant workers.

Besides the Fairtrade Standards and Premium we also support banana producer organizations by delivering training on topics such as productivity improvement and climate change adaptation. We actively collaborate with trade unions and human rights organizations and lobby governments and companies to promote positive change for the sector.

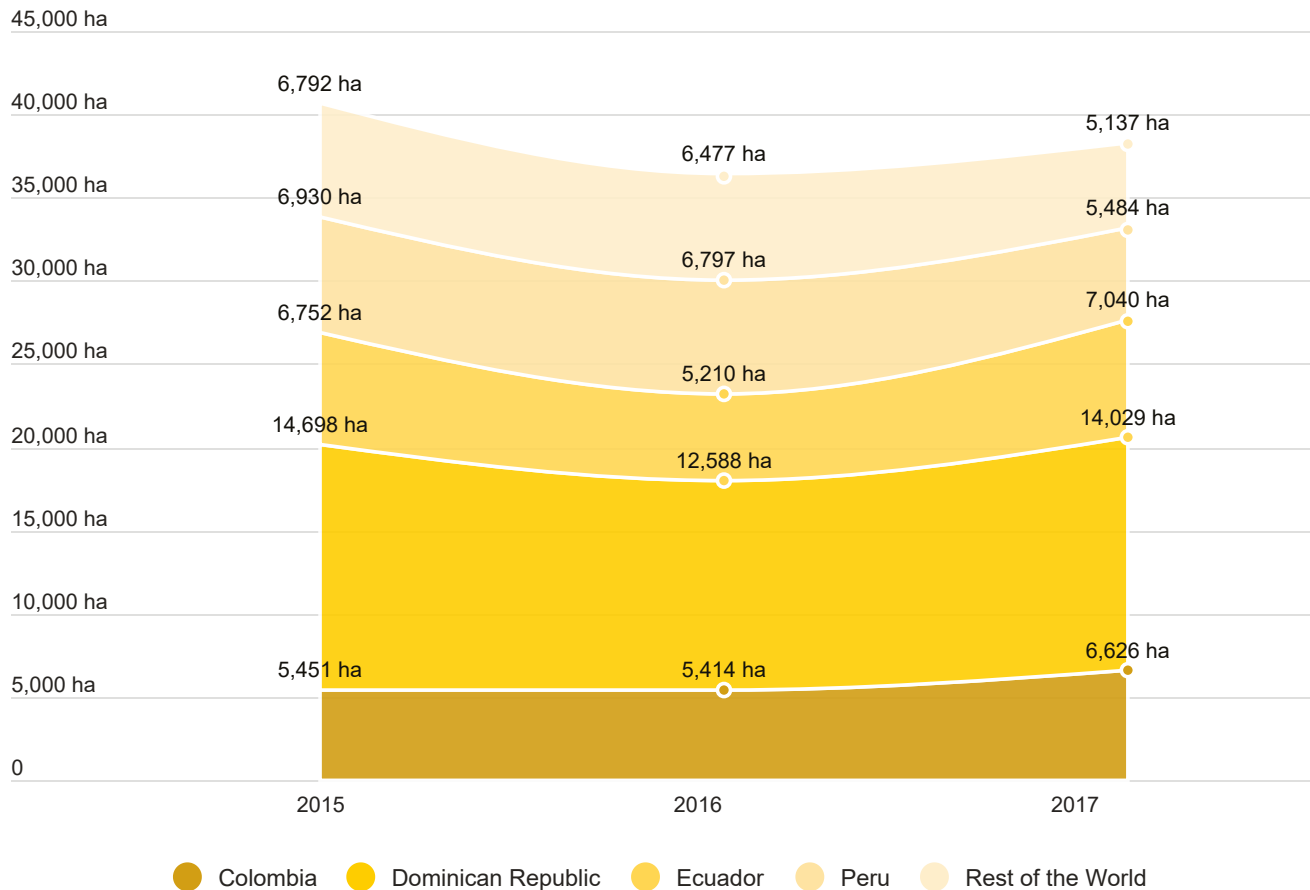
In spite of all this progress, one of the most pressing and unresolved challenges for the banana sector remains ensuring a living wage for banana workers.

In many producer countries, workers are paid the national legal minimum wage. While the Fairtrade Premium helps to compensate for low wages through cash payments, in-kind benefits, loans and scholarships, it is not intended to replace a real living wage¹. This is why Fairtrade wants to go further.

¹ A living wage allows workers to enjoy a decent standard of living by covering their essential needs and those of their family with something to spare to cover unforeseen events. Legal minimum wages are often far too low to achieve this and low wages leave farm and factory workers around the world, particularly in developing countries, entrenched in poverty.

4. AREA UNDER FAIRTRADE BANANA CULTIVATION 2015-2017

In 2017, the area of land under Fairtrade bananas certification was **38,316 hectares (ha)** - equivalent to the land mass of Saint Vincent and the Grenadines.



Our ambition is to achieve a living wage for all workers on Fairtrade certified banana plantations. The launch of the implementation of the Living Wage Strategy for Bananas in 2018 marked an important milestone in this direction.

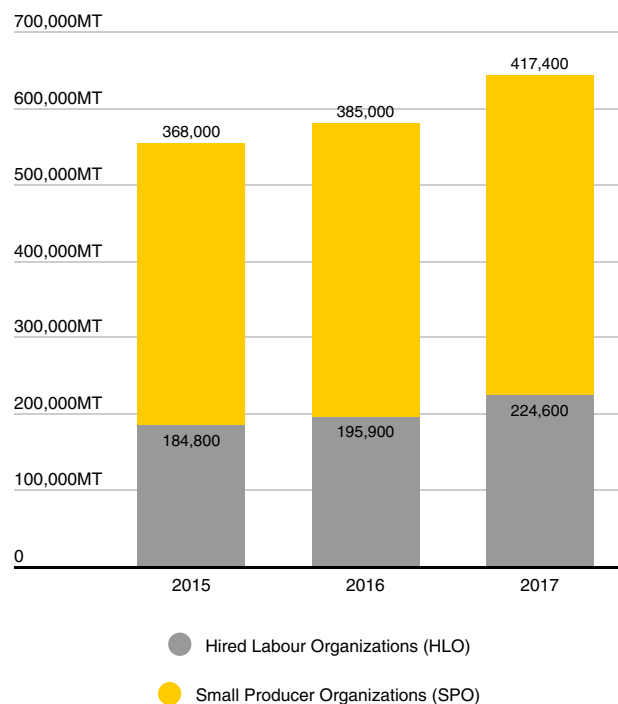
We are conducting a review of the Fairtrade Standard for Hired Labour in 2019 with emphasis on the banana sector. The review involves consultation with relevant stakeholder groups and is exploring the idea of setting a base wage level to ensure that Fairtrade banana plantations in each origin make a meaningful contribution to achieving a living wage for workers.

STEADY GROWTH IN CERTIFIED PRODUCERS

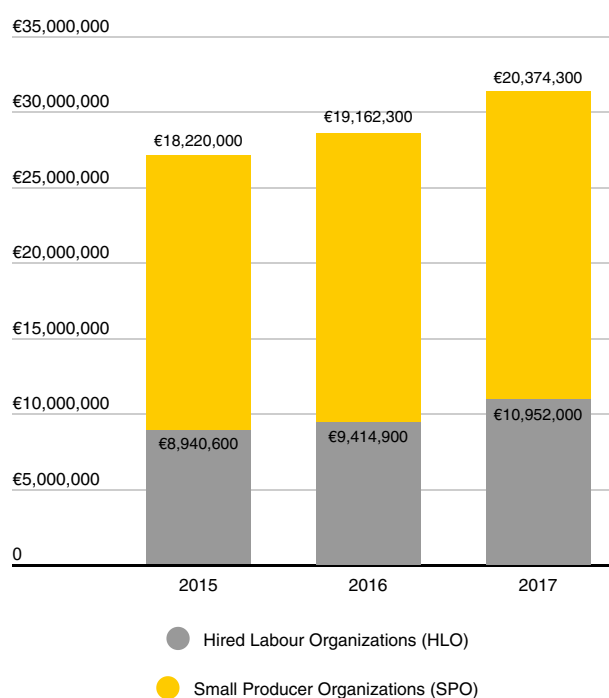
The number of Fairtrade certified banana producers continues to grow. Thanks to a 20 percent increase in the number of banana plantations from 2016 to 2017 there has been a commensurate 29 percent increase in the number of banana plantation workers. They now represent 58 percent of the total number of banana farmers and workers. The Dominican Republic and Colombia are the two countries with the largest share of producer organizations, largest share of production volumes and highest sales. Part of the country analysis shows that production in Ecuador increased 2.5 times largely due to a 60 percent increase in the number of small-scale producer organizations (SPOs, commonly known here as cooperatives).

5. FAIRTRADE BANANAS SALES VOLUMES AND PREMIUM RECEIVED 2015-2017

Fairtrade bananas volumes sold (MT)



Fairtrade Premium received (€)



ROBUST SALES, INCLUDING STRONG GROWTH OF ORGANIC BANANA SALES, DRIVE BENEFITS

Producers are steadily increasing their sales of Fairtrade bananas with an annual growth of 11 percent between 2016 and 2017. Fairtrade sales – notably from Ecuador – saw a significant increase of 34 percent. Fairtrade Premium earnings grew by 10 percent and topped €31 million, with Latin America and the Caribbean receiving the largest share (92 percent) reflecting their high production volumes. Sixty-five percent of the Fairtrade Premium was earned by SPOs. Sales of organic Fairtrade bananas have grown faster than conventional bananas increasing by 17 percent between 2016 and 2017. The latter only grew by two percent. Organic Fairtrade bananas account for almost 62 percent of total sales.

Banana cooperatives spent 40 percent of their Fairtrade Premium on providing services to farmers. These included implementation of on-farm best practices; provision of fertilizers and tools; health insurance; loans for home improvements and direct payments. At the same time, Premium investment in producer organizations fell, indicating increasing organizational stability. The organizational investment category includes costs for staff, facilities and infrastructure, as well as training and capacity building for staff and management. Of the 11 percent of Premium funds that producer organizations spent on community services in 2017, the majority (60 percent) went on social and economic services, such as support for vulnerable groups and community charities. Eleven percent was spent on education services.

Note:

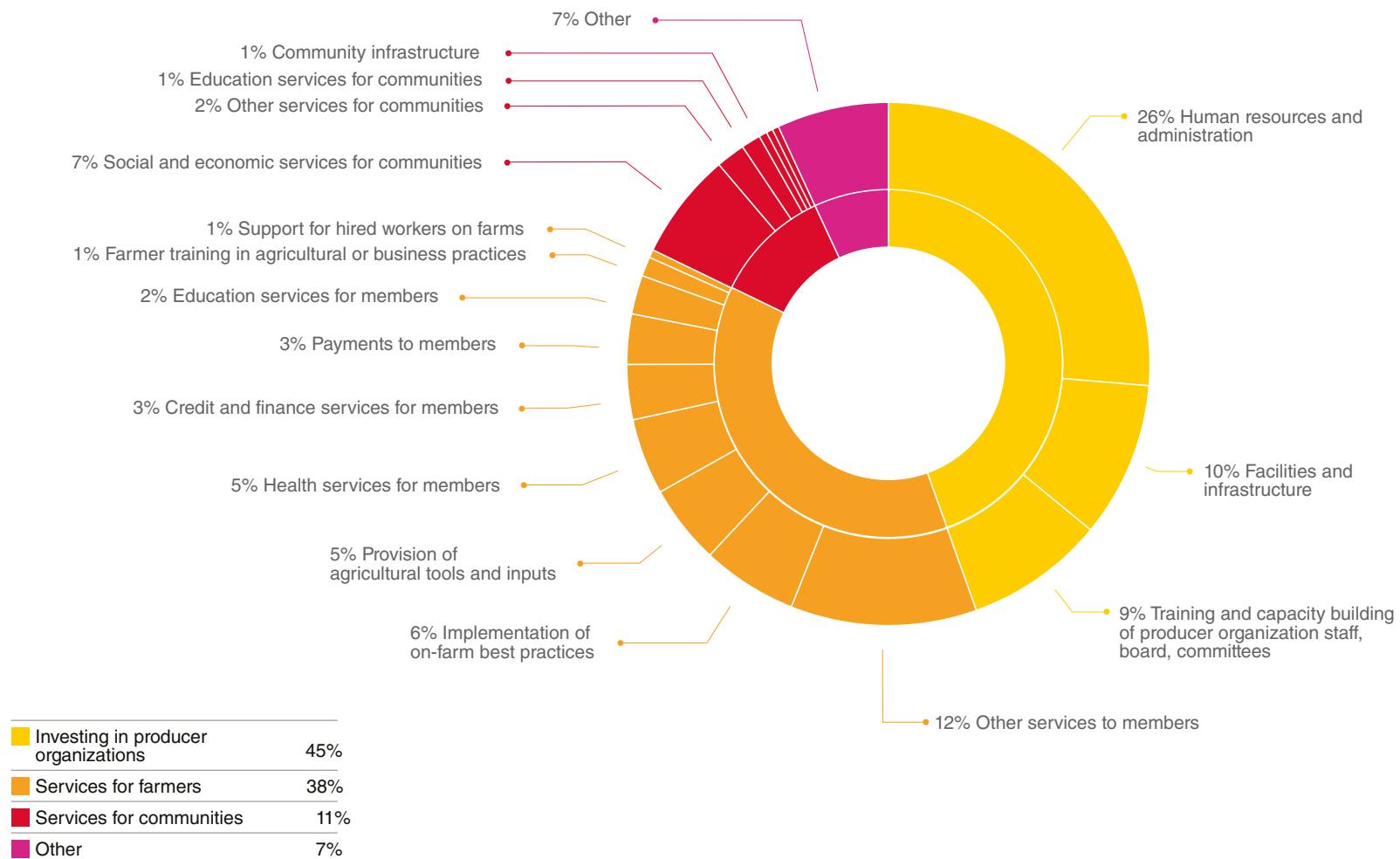
Data rounded to the nearest hundred.



EIGHTEEN COUNTRIES WITH FAIRTRADE BANANA CERTIFICATION

On banana plantations, a majority – 71 percent – of Fairtrade Premium funds are spent on services for workers and their families. Within this category, investment in worker housing forms the largest share. The category also includes spending on education services, direct payments to workers as well as financial and credit services for workers. Premium investment in services to communities saw an increase from 11 percent to 17 percent in 2016-2017. This includes education services, such as school buildings, as well as social and economic services, including rotating funds for the community, support for vulnerable groups, and community infrastructure investments, such as building roads.

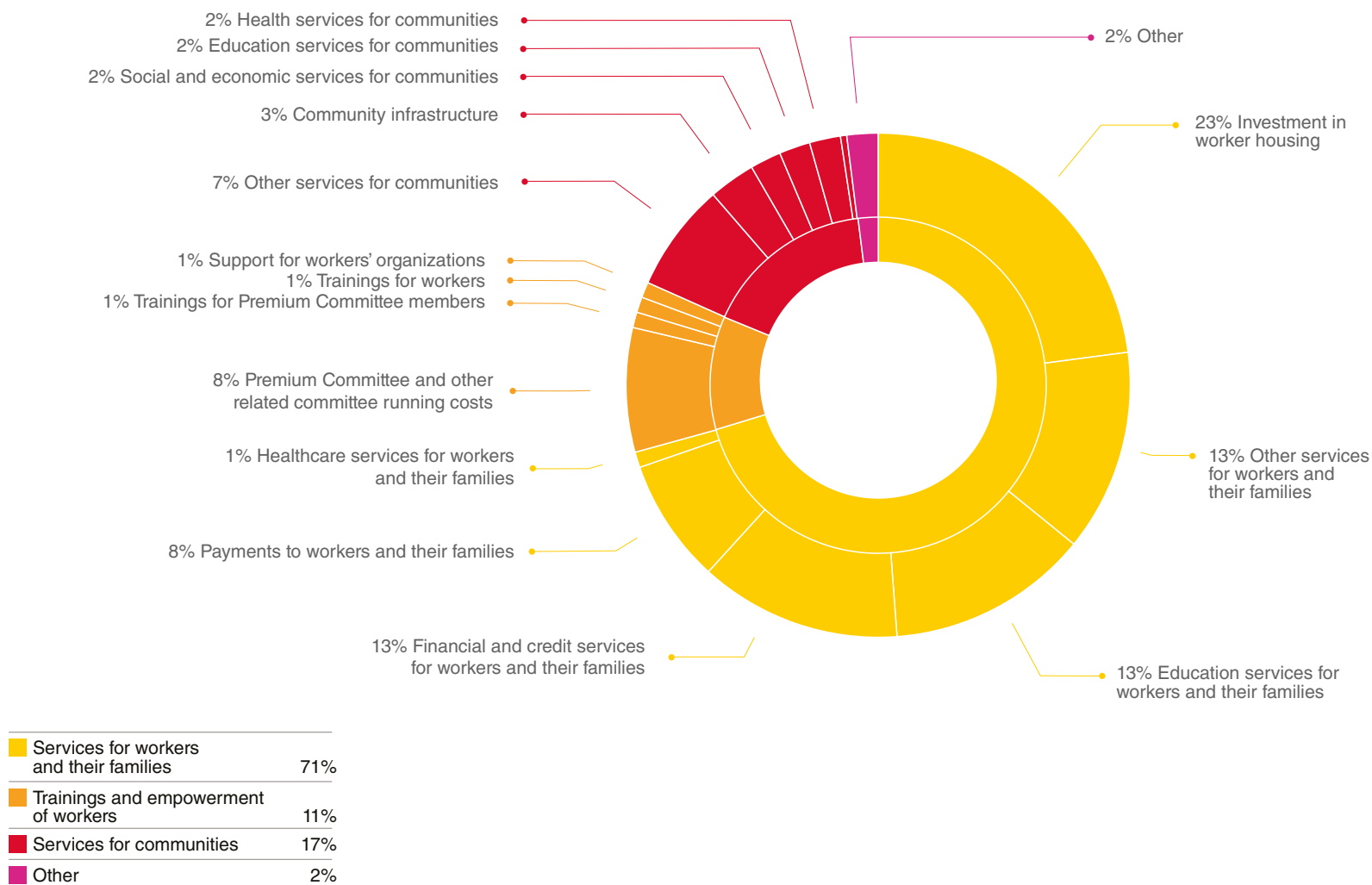
6. FAIRTRADE BANANA PREMIUM USE IN SMALL PRODUCER ORGANIZATIONS 2016-2017



Note:

Percentages may not sum due to rounding.

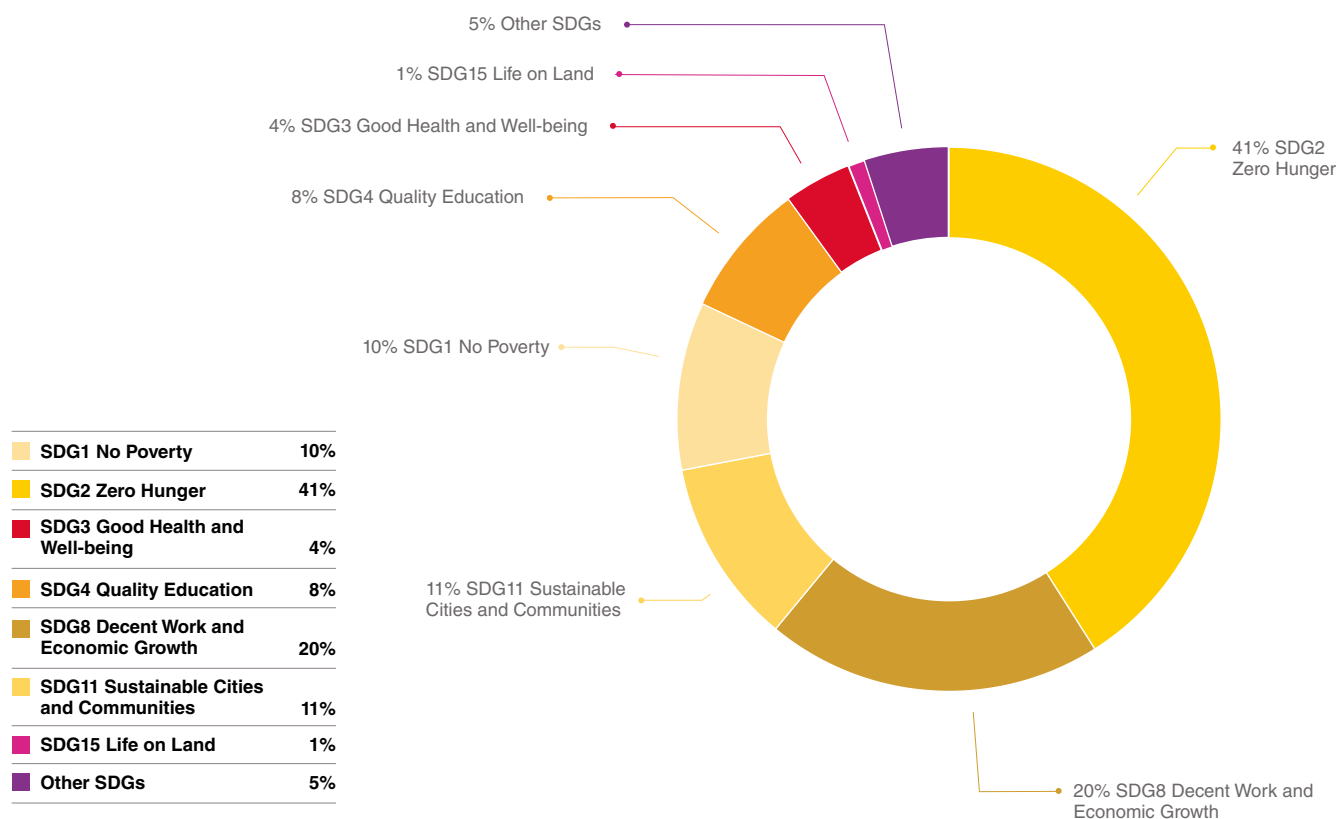
7. FAIRTRADE BANANA PREMIUM USE IN HIRED LABOUR ORGANIZATIONS 2016-2017



Note:

Percentages may not sum due to rounding.

8. FAIRTRADE PREMIUM USE IN RELATION TO THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)



HOW FAIRTRADE PREMIUM USE CONTRIBUTES TO THE SDGs

Fairtrade Premium investments made by banana producers contribute to many of the Sustainable Development Goals. Our analysis of Fairtrade's impact relative to the SDGs continues to evolve. While most activities can apply to more than one SDG, we are mapping each category of spending to a single SDG for the sake of simplicity.

SDG2 (zero hunger) aims to end hunger, achieve food security and improved nutrition, and promote sustainable agriculture. Forty-one percent of Fairtrade Premium funds invested by producers contributed to this goal, primarily through services to members, such as cooperative administrative costs; export and packing facilities; training for farmers in productivity and quality improvement, and the provision of fertilizers.

Twenty-one percent of Fairtrade Premium spending contributed to SDG8 (decent work and economic growth). This mainly included contributions to building or renovating worker housing; services for workers and their families, and administration costs associated with running elected Fairtrade Premium Committees. Eleven percent of Fairtrade Premium spending contributed to SDG11 (sustainable cities and communities). This included contributions to social or economic services for communities; investment in roads; support for vulnerable groups, community leisure or social facilities, and support for community charities.

SDG1 (no poverty) is central to Fairtrade's mission. Ten percent of Premium spending related to this goal and included funding for financial services, such as loans and rotating funds for workers, and direct cash payments to workers and members. Eight percent of Fairtrade Premium funds contributed to the achievement of SDG4 (quality education). This included the provision of scholarships and bursaries; school uniforms and books; loans for education and payment of school fees.

PRODUCER STORY

BUILDING SUSTAINABLE COMMUNITIES IN URABÁ, COLOMBIA

The story of Fairtrade bananas in Colombia began in 1990 when the first cooperative was certified in the Magdalena region. Today there are nine cooperatives and 33 plantations, producing 222,550 MT of bananas on 6,626 hectares of land. Sales and the Premium money generated from Fairtrade bananas benefit 435 farmers and 5,018 workers as well as their families and communities.

Over the last two decades, sales of Fairtrade bananas have opened up opportunities for farmers and workers in these rural communities. The investment of Fairtrade Premium funds in decent housing and income generation and educational projects have helped to break down the circle of poverty, giving children and young people alternatives to gangs and micro-trafficking in drugs.

Investment in housing and public infrastructure has been particularly strong among the Fairtrade certified plantations in the region of Urabá. Almost half of the Fairtrade Premium generated by them over the past decade has been invested in houses for plantation workers. These housing projects have been co-financed with subsidies from the Colombian government.

The Corporación Rosalba Zapata Cardona - the Fairtrade Committee of the Bananas de Urabá plantation - is a good example. Through its housing programme, the corporation has had a positive impact on nine out of every ten workers with the construction of new housing, the purchase of second-hand housing and home improvements.

Benigno Rivas works at Finca Madrigal, one the plantations of Bananeras de Urabá. His family is one of many who have benefitted from the programme. Thanks to it, the family have been able to renovate their bathroom, kitchen and patio. They've also plastered the exterior floor and the walls of their home.

"We feel better. These home improvements were only possible thanks to the investments by the Corporación. It has been a great support because we do not have the sort of money to undertake these kind of works," said Yadira Rivera, Benigno's wife.

In addition to the housing programme, the Corporación has also been investing Fairtrade Premium funds in infrastructure benefitting the entire community, including a children's playground, a park with skating facilities, a football camp and a centre for old people. Community projects like these have a huge impact. Through them, the entire community can enjoy healthy leisure time.

Other projects financed with Premium funds by the Corporación Rosalba Zapata Cardona include educational grants for plantation workers and their

families to pursue further education. In 2018, a total of 343 people received a grant through this programme. The economic prospects of the workers and their families have also been boosted by a credit programme that enables workers with business ideas to set up new enterprises. In 2018, nearly 161 million Colombian Pesos (more than €43,000) was invested in supporting budding entrepreneurs.

Roque Ditta was one of those who benefitted. Thanks to the credit programme, he was able to open a motorcycle repair shop in his neighborhood.

"We had dreamed about this idea and now it's been made a reality thanks to the support of the Corporación. In this sector, there are a large number of motorcycle users. We saw the need for a workshop to serve the demand that we have. It's working very well," explains Roque.

With many more ideas in the pipeline and sales of Fairtrade bananas on the rise, this vibrant community has lots to look forward to.

Photo:

Roque Ditta in his motorcycle repair shop, financed with Premium funds by the Corporación Rosalba Zapata Cardona, Colombia.
© Corporación Rosalba Zapata Cardona



RESEARCH INSIGHT

THE EXTERNAL COSTS OF BANANA PRODUCTION: A GLOBAL STUDY

To help the banana sector make the transition to sustainability, Fairtrade commissioned True Price and Trucost to prepare a first-ever study on the external social and environmental costs of banana production in the key origins of Colombia, the Dominican Republic, Ecuador and Peru. Fairtrade banana production was found to incur 45 percent lower external social and environmental costs compared to the sector average – US\$3.65 for Fairtrade versus US\$6.70 for a standard 18.14kg banana box. The external environmental costs were found to be similar for all producers.

The social costs of Fairtrade banana production are one-quarter of the sector benchmark (US\$1.05 versus US\$4.00 per standard box). This is largely due to the higher incomes/wages and superior social security benefits given to workers in Fairtrade. The biggest social costs across all four study countries are insufficient wages and social security for hired workers, and insufficient income for small producers and their families. Together, they amount – on average – to 33 percent

of the total external costs. The biggest environmental costs across all four study countries are land occupation (21 percent), climate change (10 percent) and water depletion (6 percent).

The study highlights that improving productivity can reduce external environmental costs as well as the social costs of insufficient income and wages. Banana producers can learn from highly sustainable producers in areas such as reducing climate change costs and minimizing land occupation² impacts.

True Price (2019)

² The use of land for various purposes can change the ecosystem, impact bio-diversity, etc., depending on the type of land use and the extent. Sourced from: Koellner et al. (2012): Principles for life cycle inventories of land use on a global scale. Available at: https://www.ecoinvent.org/files/20120512_principles_for_life_cycle_inventories_of_land.pdf, Accessed on: 29th May 2019.



**SOCIAL COSTS MAKE UP
60%**

OF THE BANANA SECTOR'S AVERAGE
TOTAL EXTERNAL COSTS



FAIRTRADE BANANA PRODUCERS INCUR

**45%
LOWER COSTS**

THAN THE SECTOR AVERAGE



**29%
HIGHER PRODUCTIVITY**

DUE TO A MORE SUSTAINABLE
PRODUCTION METHOD INTRODUCED BY
THE FAIRTRADE PRODUCTIVITY
IMPROVEMENT PROGRAMME
IN LATIN AMERICA



ABOUT THE DATA IN THIS REPORT

This report has two sources of data.

CODImpact is the data collected from producers during the audits. Since not all producer organizations are audited each year, the data is completed using the last available record. This is the data source for production volume, area of cultivation, number of farmers and workers, and Premium usage.

The second source of data is FLOTIS. This is the data collected from all Premium payers for all transactions in a given year for Fairtrade sales and Premium generated. The data has been extensively checked and cleaned. However, in a monitoring project of this magnitude there may be some areas of inaccuracy, such as:

- There may be missing information from Fairtrade certified producer organizations that is not taken into account because of quality.
- There may be missing information in some questionnaires from certified producer organizations that was not reported by auditors.
- There may be wrong data or data that were not validated.

The number of certified organizations is counted as the number of producer organizations at the end of the year with any of the following certifications statuses: certified, suspended or permission to trade.

Data on volumes produced, volumes sold and Fairtrade Premium income and expenditure are retrospective for a 12-month period preceding the audit. Since the majority of the audits for this data set took place during 2017, the majority of producer organizations have reported on time periods spanning 2016–2017. We thus use ‘2016–17’ to describe these data in the report. The product forms considered for all data related to bananas includes: fresh bananas, bananas for processing and puree.

Under the terms of confidentiality agreements with Fairtrade producer organizations, data may be publicly reported in aggregate form, but not used in ways that expose data belonging to a single producer organization, Fairtrade Premium payer or trader. Where there are fewer than three Fairtrade certified producer organizations in a country, and market-sensitive business information could be deduced, we do not report aggregated data on the producer organizations.

DISCLAIMER

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Photo:

Valentina Barros and Augusto Maldonado at the Fairtrade certified Cooperativa de Pequeños Empresarios de Banano (EMPRESBANCOOP) cooperative, Colombia.

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