

Fairtrade Foundation

Annual Review 2007/2008



 <p>FAIRTRADE</p>	<p>Guarantees a better deal for Third World Producers</p>
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Welcome



I'm writing this just a couple of days after visiting Newcastle, Gateshead, Sunderland, Hartlepool and Durham on one of my Patron's 'road shows'. What should have been a tight and tiring schedule felt like a breeze – as ever I was enthused by the commitment of business people, faith groups, Fairtrade activists and, above all, school children. It's the same wherever I've been. It's a reminder that the Fairtrade movement is rooted in an ever broadening coalition of people who want to exercise their consumer power to change the lives of people thousands of miles away. And what a change! I will never forget Alex and Fatima, the children of coffee growers in Nicaragua. With the help of the Fairtrade premium they are now skilled coffee tasters offering advice to farmers – an example of the way Fairtrade can lift communities into those value-added markets from which they have been frozen out for so long. But for every Fairtrade farmer there are countless others who languish in poverty. We are rightly proud of what we've achieved this year but they, and their communities, represent the challenge of the next year and many more after that.

George Alagiah
Patron





The Fairtrade Foundation is the independent charity organisation based in the UK that licenses use of the FAIRTRADE Mark on products in the UK that meet internationally agreed Fairtrade standards.

Our vision

Our vision is of a world in which justice and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full potential.

To achieve this vision, Fairtrade seeks to transform trading structures and practices in favour of the poor and disadvantaged. By facilitating trading partnerships based on equity and transparency, Fairtrade contributes to sustainable development for marginalised producers, workers and their communities. Through demonstrations of alternatives to conventional trade and other forms of advocacy, the Fairtrade movement empowers citizens to campaign for an international trade system based on justice and fairness.

Our mission

The Fairtrade Foundation's mission is to work with businesses, community groups and individuals to improve the trading position of producer organisations in developing countries and to deliver sustainable livelihoods for farmers, workers and their communities by:

- Being a passionate and ambitious development organisation committed to tackling poverty and injustice through trade
- Using certification and product labelling, through the FAIRTRADE Mark, as a tool for our development goals
- Bringing together producers and consumers in a citizens' movement for change
- Being recognised as the UK's leading authority on Fairtrade.

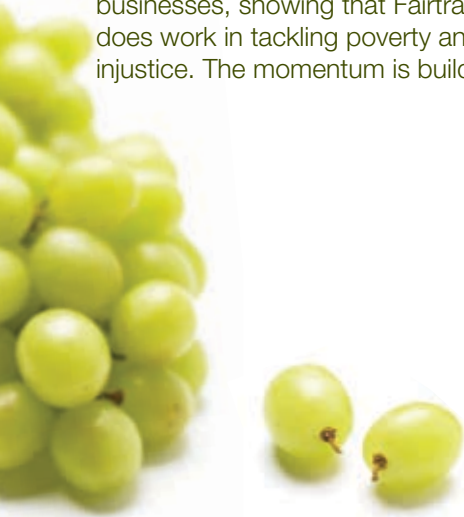


Fairtrade: our global impact



Today, we are poised to tip the balance in favour of Fairtrade

Our unique global movement is growing wings, creating change for seven million people across the developing world. As dedicated supporters and increasing numbers of the public show their appetite for Fairtrade, so farmers and workers are building long lasting relationships with businesses, showing that Fairtrade does work in tackling poverty and injustice. The momentum is building.



But millions of farmers are queuing up to join and the challenge is to take Fairtrade to the next level.

Cotton farmers I met in South India used to borrow from moneylenders who charged extortionate interest. Forced to sell the moneylenders their cotton, the farmers were cheated with weighted scales. So they used their first Fairtrade premium to buy their own scales, symbolising taking control over their own crops, businesses and lives. It's a story repeated round the world, and we must scale up so we can tip the balance of trade in favour of disadvantaged farmers and workers.

As each of us – citizens, shoppers, campaigners or businesspeople – drops our small pieces into the mosaic, we are building a vision of trade that puts people and the environment first. As Victor Perezgrovas, manager of a Mexican coffee coop put it: 'Many little raindrops falling in the mountains make the mighty rivers flow.'

Harriet Lamb
Executive Director



**1 in 4
bananas**
sold in the UK
are Fairtrade

Farmers and workers in these countries supply Fairtrade products to the UK market

Highlights 2007/08



1. Greater awareness

More people than ever in the UK recognise the FAIRTRADE Mark – 70%

2. Higher sales

Almost £500m spent on Fairtrade products in the UK in 2007



Africa
 Burkina Faso
 Cameroon
 Comoros
 Islands
 DRC
 Egypt
 Ethiopia
 Ghana
 Ivory Coast
 Kenya

Madagascar
 Malawi
 Mali
 Morocco
 Mozambique
 Namibia
 Rwanda
 Senegal
 South Africa
 Tanzania
 Togo

Tunisia
 Uganda
 Zambia
 Zimbabwe

Asia
 China
 East Timor
 India
 Indonesia
 Pakistan

Papua New Guinea
 Philippines
 Sri Lanka
 Thailand
 Vietnam

Caribbean
 Cuba
 Dominican Republic

Windward Islands

Latin America
 Argentina
 Belize
 Bolivia
 Brazil
 Chile
 Colombia
 Costa Rica

Ecuador
 El Salvador
 Guatemala
 Haiti
 Honduras
 Mexico
 Nicaragua
 Panama
 Paraguay
 Peru

3. More people

60 more producer groups started supplying Fairtrade products to UK markets from February 2007 to February 2008

4. More products

More than 1,800 new products were licensed to carry the FAIRTRADE Mark in the UK in 2007

5. Ambitious new plans

We published Tipping the Balance – our plan to increase the impact and reach of Fairtrade

Working for a fairer future: producers

From wells in Cameroon to classrooms in Bolivia, Fairtrade is changing lives. Over seven million people participating in Fairtrade – farmers, workers and their communities – benefit from the minimum price and the additional Fairtrade premium. Producers and workers are truly at the heart of Fairtrade, from the fields to the boardroom.



From February 2007 to February 2008, 60 new producer groups began selling to UK markets. That's more than one every week for that year. A single producer group can sometimes represent hundreds or even thousands of farmers. More than a third of those new groups are based in Africa.



“As smallholder producers, women and men, within the Fairtrade system, we consider it fundamental that we participate actively in building our future and the future of our children. We are achieving this through our representation in the governance of the Fairtrade Foundation.”

Merling Preza Ramos, Prodecoop, Nicaragua. Vice President of the Latin American and Caribbean Network of Fair Trade Small Producers (known as CLAC), and Board member of the Fairtrade Foundation.

Brewing progress in Tanzania

Tea from Rungwe Smallholders Tea Growers Association (RSTGA) in south west Tanzania finds its way into homes across the UK in Teadirect tea bags. Farmers have invested Fairtrade premiums in schools, water pumps, a community health fund and an HIV/Aids awareness programme.

Fairtrade partner Shared Interest, which provides business support, has assisted with the purchase of a vehicle (pictured below), allowing RSTGA to visit tea farm members in 114 villages, providing vital advice and training.

“We need to help our tea farmers by transporting them between farms to see other working methods. Without our new vehicle this would not be possible. We can now get to all of our members in a short period of time down the most rural of roads – even in the rainy seasons!”

Juma Liganja from RSTGA



Weathering climate change

Across the world Fairtrade farmers are feeling the worst of climate change, despite being among those contributing the least to carbon emissions.

2007 was a stormy year for producers in the Caribbean hit by Hurricane Dean and tropical storms Olga and Noel. Winds of up to 145 kmph caused flooding, homelessness and destroyed banana plantations (below). Many farmers were unable to harvest a single piece of fruit for several months.

The support and security that comes from long-term relationships through Fairtrade gives farmers like Conrad James, from St Lucia, the confidence to replant and rebuild. Conrad sent UK Fairtrade supporters the following message: 'I have a lot of work on my shoulders but I will keep growing bananas. I will build this up again. Just please keep buying Fairtrade bananas.' Today, he and others are selling bananas again.



2008 and beyond

We aim to double the number of producers selling Fairtrade goods in the UK, so that disadvantaged producers and workers reap deeper benefits from Fairtrade.

Sharing our vision: campaigns

Fairtrade is a unique grassroots social movement. All over the country, campaigners are inspiring others about the power of their shopping basket. Where people work, learn and worship, Fairtrade is increasingly on the scene. The growing network of campaigners helps drive the success of Fairtrade.

Towns, Cities, Villages and Islands

By May 2008, there were over 350 Fairtrade Towns. In October 2007, the City of London and Sunderland were declared the joint 300th.

The Fairtrade Town movement is now spreading across the globe (Brussels, Milwaukee in the US and Wolfville in Nova Scotia, Canada are just a few), whilst the EU has supported the development of the campaign across Europe.



“Fairtrade in the UK demonstrates the power of communities at its best. From schoolchildren to powerful business leaders, everyone can be involved in ensuring producers in developing countries get a better deal. Ordinary citizens are achieving extraordinary change for people working hard in developing countries, and I pay tribute to their sense of justice and their vision for a fairer world.”

Rt Hon Gordon Brown,
Prime Minister



Schools, Colleges and Universities

Enthusiasm for Fairtrade is growing from the canteen to the classroom and beyond. With support from the Department for International Development (DFID), we launched the Fairtrade Schools initiative. By mid 2008 more than 1,800 schools had registered with the campaign. An ever-growing number of colleges and universities are working towards Fairtrade status too, thanks to the hard work of student Fairtrade supporters.

At work

As more employees ask for Fairtrade in the office, bringing Fairtrade into the workplace has never been more popular. In 2007, our campaign website made it easier for workplaces to source Fairtrade drinks, snacks and even uniforms, working with a range of wholesale and catering suppliers.

In 2007, for the first time, more Fairtrade coffee was sold by cafés, restaurants and kiosks than by supermarkets and independent shops



Together in faith

More than 1,000 churches committed to Fairtrade in 2007. Now there are more than 4,000 Fairtrade churches, 37 Fairtrade synagogues and other places of worship in the UK. In February 2008, Canterbury became the 60th Fairtrade Diocese. We're now also working with Muslim organisations to build up Fairtrade campaigning.

“ How I rejoice in the vibrant network of faith communities across this country, united in their support for Fairtrade. I call on all businesses to take up this challenge – to listen to this powerful public movement – and make greater and faster progress to tip the balance of trade in favour of workers and farmers in developing countries. ”

Dr John Sentamu,
Archbishop of York



Fairtrade Fortnight

Our biggest annual campaign unites campaigners, companies, retailers, producers and the media.

The 2007 and 2008 Fortnights ran under the slogan Change Today, Choose Fairtrade. In 2008, 12,000 events included mainline rail stations, synagogues, mass banana eating world record attempts, flash mobs and the Choose Fairtrade Bus Tour.

The Fairtrade Fairground on London's South Bank reached 8,000 people. Visiting producers from countries as varied as Mali, Thailand and Dominican Republic toured the UK.



The Fairtrade Everyday Cookbook, a collaboration with Dorling Kindersley, and *Fighting the Banana Wars and other Fairtrade Battles* by Harriet Lamb were both published during Fairtrade Fortnight.



Fairtrade in the news

It's been a record breaking year for Fairtrade in the headlines with 9,200 hits recorded from 2007 to March 2008, covering mainstream newspapers and magazines, TV, national and local radio, web, and trade press. Highlights included Fairtrade producers on Ready Steady Cook and GMTV.



2008 and beyond

We aim to make the citizens' movement for change even stronger, working closely with grassroots campaign networks, NGOs and Fairtrade producer partners, to keep the focus on the need for fairer trade firmly in the public eye.

Building deeper commitment: companies

380 companies are now licensed to use the FAIRTRADE Mark on one or more products in the UK



As well as producer groups, companies participating in Fairtrade also have to meet rigorous standards set by Fairtrade Labelling Organisations International (FLO). As Harriet Lamb, Executive Director of the Fairtrade Foundation says: 'You can trust the FAIRTRADE Mark because we trust no one.'

In 2007 we worked with a range of companies from dedicated fair trade businesses to big brands. Tate & Lyle committed to switching to 100% Fairtrade retail cane sugar by the end of 2009, benefiting 6,000 sugar farmers in Belize.

- Waitrose started selling 100% Fairtrade bananas
- All Co-op hot drinks and sugar are Fairtrade
- Marks & Spencer now use Fairtrade sugar in all their preserves
- Virgin trains converted all its hot drinks to Fairtrade
- Top Shop and Fairtrade pioneer company People Tree created a Fairtrade cotton clothing range

The market for Fairtrade flowers bloomed in 2007, with more than 83 million stems sold. Workers in Kenya used the premium for medical services, education and clean water. Increased Fairtrade flower sales are also changing lives in Sri Lanka, Ecuador and Colombia.

Estimated value of goods made with Fairtrade cotton went from £6.6 million to £52 million in 2007

For full listings of all Fairtrade products, visit www.fairtrade.org.uk/products





“ At Tesco, we recognise that our customers care about Fairtrade and we have responded to their demands by broadening the range of products we offer made with Fairtrade cotton. I’ve personally championed changes to our purchasing practices and the importance of making Fairtrade a cornerstone of our sustainability policy. These are both vital steps in demonstrating our commitment to our customers, as well as to farmers and workers in developing countries. ”

Terry Green, CEO of Tesco Clothing and Hardlines

The first 100% Fairtrade nut company

In 2007, Liberation Foods was launched by Fairtrade pioneers Equal Exchange and Twin. Liberation is 42% owned by nut growers and gatherers in Africa, Asia and Latin America. More than 22,000 farmers and their families will benefit as well as having a powerful voice on the board of the company.

Fairtrade nut sales help preserve the rainforest by providing local communities with a means of earning a living that doesn’t involve cutting down precious timber resources. Casildo Quispe, a nut gatherer from Bolivia and one of Liberation’s directors says: ‘If we can’t protect our trees by selling brazil nuts, they will be cut down for wood and other companies will exploit the Amazon.’



2008 and beyond

We’re working to encourage more companies, big and small to sell Fairtrade products and make a deeper commitment to Fairtrade. We’ll champion dedicated fair trade businesses as examples of the best practice and pioneers of Fairtrade innovation.

Making our mark: awareness and sales

With increased recognition and understanding of the FAIRTRADE Mark comes increased demand for products. More people recognise that the everyday choices we make in the supermarket can help tackle poverty in the developing world.

The FAIRTRADE Mark is the pre-eminent ethical consumer label in the UK. In one study, twice as many people recognised the FAIRTRADE Mark compared to the next most known.

Coffee, tea, sugar and bananas were the bestsellers by volume in 2007, while sales of cotton products and wine were much higher than previous years.



70% of UK shoppers recognise the FAIRTRADE Mark



Sales of Fairtrade products grew by 72% in the UK in 2007



“ I know that Fairtrade works. I have seen for myself the positive impact on the banana growers in the Windward Islands since we decided at the end of 2006 to move Sainsbury's bananas to 100% Fairtrade. We have taken other steps at Sainsbury's to make Fairtrade the norm, for example since Spring 2008 all our Red Label tea and all our own brand sugar have been Fairtrade and 85% of the roses we sell are Fairtrade. But we are not doing this for altruistic reasons – we know that our customers support the objectives of Fairtrade in helping to guarantee farmers in the developing world a fair and stable price that allows them to plan for the future and invest in their communities.”

Justin King, CEO Sainsbury's



Sir Steve Redgrave visits Mali

Before launching Five G, his new menswear collection for Debenhams, Sir Steve Redgrave visited Mali to meet the farmers that grow the cotton. Awa Souka, a Fairtrade cotton farmer and mother of five children, spoke of how delighted she was with the new village school, built with the Fairtrade premium in 2005. The school's regular pupils number just over 100, compared to just 15 when children had to walk more than 10 kilometres to school. Awa's better income has bought four cows. 'We have milk from the cows and I can also buy clothes and soap'.



“Thanks to Fairtrade I can see that the farmers can begin to build a better future for themselves, knowing there is a burgeoning UK market for their cotton. We often forget how something so small as buying an item made with Fairtrade cotton has a thread that connects us to the farmers who originally picked the cotton in the fields in Africa. Our choices really can help them bring about positive change!”

Sir Steve Redgrave



2008 and beyond

We will work to ensure even more people buy core Fairtrade products such as bananas, coffee and tea regularly and open up opportunities for producers of new products such as lentils or olive oil.

Tipping the balance: the next five years

Fairtrade is a long term development process, and we're always seeking, in partnership with producers, to deepen the impact of Fairtrade for producers and their communities.

In 2007, we developed our vision and strategy for the next five years. With support from the Impetus Trust and strategy consultants OC&C, a rigorous analysis and widespread consultation process with all stakeholders resulted in Tipping the Balance, our vision for scaling up Fairtrade to 2012. These ambitious objectives focus on deepening the impact for those currently certified and bringing more producers into the Fairtrade network.

Supporting producers

We continue to work on expanding opportunities for producers in the poorest countries. Our partnership with Comic Relief, supported by £5 million over five years, will specifically focus on developing Fairtrade in Africa. The programme will support the development of the African Fairtrade Producer Networks, enabling more producers to join Fairtrade, and establishing Fairtrade standards for more products. The grant will also support the establishment of the first African Fairtrade labelling initiative in South Africa meaning people living in that country will be able to buy Fairtrade goods for the first time. In addition, starting in 2008, a pilot programme will concentrate on developing opportunities for farmers and workers in two least developed countries: Malawi and Madagascar.





Influencing change

Securing strategic support and investment from government is also crucial to the future of Fairtrade. We welcomed the report from the 2007 International Development Select Committee inquiry on fair and ethical trading, with evidence given by Fairtrade partners, NGOs and the Prime Minister of Dominica.

The report concluded the government should take a more proactive and strategic approach to Fairtrade, allocating long-term resources. In March 2008, DFID announced a two year £1.2 million contribution to scale up Fairtrade globally.

“What Fairtrade has done for us is ensure that the social stability of our country is maintained; that poor people, particularly in rural communities can enjoy a better standard of living as a result of a committed price in the UK market.”

Hon Roosevelt Skerit,
Prime Minister of Dominica



Reforming trade

The strong popular support for the Fairtrade movement gives the UK government the necessary mandate to seek wider international trade reform in favour of the most disadvantaged farmers and workers. We continued to be active in the Trade Justice Movement, with a particular focus on opposing the European Partnership Agreements being negotiated between Europe and African, Caribbean and Pacific countries.



“For all of us in the Fairtrade movement this is a pivotal moment. While the public support for Fairtrade continues to grow and retailers bring us a wider choice of Fairtrade products, we are unfortunately still waiting for governments across the world to reshape trade rules in favour of the poorest people on the planet.”

Barbara Stocking, Chief Executive,
Oxfam GB



2008 and beyond

By 2012 we want the global Fairtrade system to be known as a beacon of good practice in trade and development, enabling the voice of the poorest to be heard at the highest level.

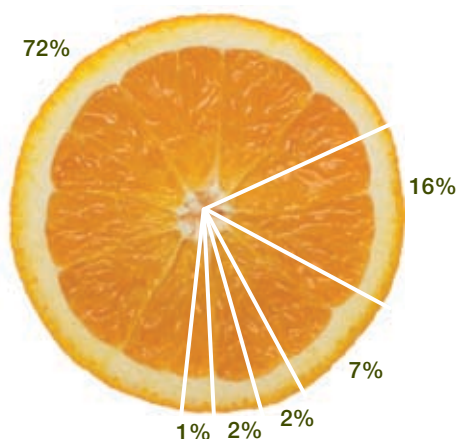
Our figures: summary of accounts 2007

UK income year ending 31 December 2007

Nearly three quarters of our income comes from licence fees paid by companies selling goods carrying the FAIRTRADE Mark. This is in line with our guiding principle that the Fairtrade system should be sustainable, covering the majority of the costs of its operations.

However, we rely on additional income to invest in developing new products as well as supporting the most disadvantaged producers to enter Fairtrade. This income is supplemented from other sources, principally grant income used to fund, amongst other things, public awareness activities. Grant income, which represents around one quarter of our total income, comes from government sources both UK and European Union, our member agencies such as Oxfam and CAFOD, and other grant funding organisations. Overall, for 2007, our income exceeded our expenditure – partly due to funding for our Africa programme from Comic Relief. This vitally needed income will be invested during 2008 to ensure we achieve the ambitious objectives set out in our strategy Tipping the Balance.

Where our money comes from	£000s
Licence fees	4,644
Other grants	1,061
Government grants	439
Member agency grants	102
Donations	116
Other income	93
Total income	6,455



UK income
72% Licence fees
16% Other grants
7% Government grants
2% Member agency grants
2% Donations
1% Other income

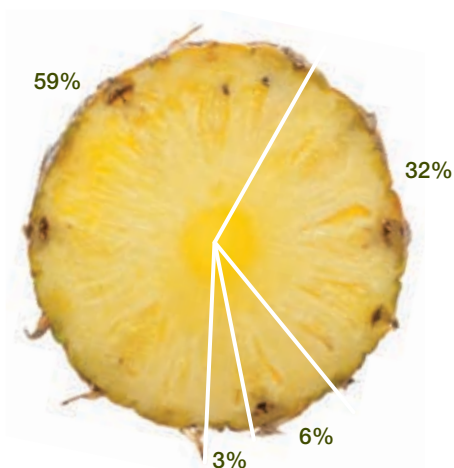
UK expenditure year ending 31 December 2007

About 60% of our expenditure is allocated to our core work of licensing the FAIRTRADE Mark on products, auditing companies and working with both licensees and retailers to develop the Fairtrade market, launch new products and build opportunities for producers. This expenditure includes the monies the Fairtrade Foundation pays to the global umbrella body Fairtrade Labelling Organisations International based in Bonn, Germany, which sets standards, supports producers and inspects and certifies both producers and traders.

A further one third of our costs goes to our public education and awareness programmes that help build and sustain the UK public's support for Fairtrade. It includes the work on Fairtrade Towns, Schools and Universities, Fairtrade Fortnight activities and supporter materials.

Our remaining expenditures include the money we spend on fundraising to secure and report on our grant income and the governance costs we incur in running the Foundation as a charitable organisation.

How we spent it	£000s
Certification, product and market development	2,812
Public education and awareness	1,559
Governance	297
Fundraising	142
Total expenditure	4,810



UK expenditure
59% Certification, product and market development
32% Public education and awareness
6% Governance
3% Fundraising

The figures above were extracted from the full audited unqualified annual accounts. Copies can be obtained from www.fairtrade.org.uk/accounts. The annual accounts were approved on 19 May 2008 and have been submitted to the Charity Commission and Companies House.

Thank you

Fairtrade Foundation members and supporters

Bananalink

CAFOD*

Christian Aid*

Methodist Relief and Development Fund

National Federation of Women's Institutes*

Nicaragua Solidarity Campaign

Oxfam*

People & Planet

SCIAF

Shared Interest Foundation

Soroptimist GBI

Tearfund

Traidcraft Exchange*

United Reformed Church

World Development Movement*

*Founder members

Thank you also to Public and Commercial Services Union, Mothers Union and ActionAid who supported Fairtrade Fortnight in 2007 and 2008.



Board members

Patron: George Alagiah OBE

Executive Director: Harriet Lamb CBE

Chair: Mike Gidney (Traidcraft Exchange)

Treasurer: Lynne Gregory (NCVO)

Janice Langley (National Federation of Women's Institutes)

Rosemary Byrde (Oxfam)

Merling Preza Ramos (Prodecoop, Nicaragua, representing Latin American and Caribbean Fairtrade network)

Ed Mayo (National Consumer Council)

Bert Schouwenburg (GMB London Region)

Nabs Suma (consultant on organic and certification issues)

Silver Kasoro (Mabale Tea Factory Company, Uganda, representing Africa Fairtrade Network)

David Clayton-Smith (independent marketing and communications consultant)

Grants received

£10,000 and over



Impetus Trust

The Rufford Maurice Laing Foundation

The Four Acre Trust

Oxfam GB

CAFOD

Christian Aid

£1,000 to £9,999

Methodist Relief and Development Fund

Tearfund

Shared Interest Foundation

United Reformed Church

The Beatrice Laing Trust

The Rainford Trust

Mrs F B Laurence Charitable Trust

Tinsley Foundation

The SMB Trust

The Raphael Trust

Plymouth and South West Cooperative Society

The Shell Foundation

The Fulmer Charitable Trust

The Scurrah Wainwright Charity

The Tory Family Foundation

The Simon Gibson Charitable Trust

The Paget Trust

The Triodos Foundation

The Scotshill Trust

The Bernard Sunley Charitable Trust

Triodos Bank

Thank you to the many funders and individual donors making donations of under £1,000.

Thank you to all organisations offering pro bono support, particularly OC&C Strategy Consultants for their work on our strategic review.

A huge thank you to all our volunteers in the office and around the UK.

Thank you to Shared Interest Foundation for their financial assistance in publishing this report

SHAREDINTEREST
FOUNDATION
Building a fairer world

Five big steps to tip the balance



Over the next five years, we will aim to tip the balance in trade by:

1

Increasing Fairtrade's impact on producers' lives

2

Shifting public opinion and consumer lifestyles to make Fairtrade the norm

3

Expanding business engagement with Fairtrade from compliance to deeper commitment

4

Growing Fairtrade's share of key markets to propel sales to a new level

5

Scaling up and developing the Fairtrade system.

Read Tipping the Balance, our vision, at www.fairtrade.org.uk/tipping





www.fairtrade.org.uk


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