



# Fairtrade Contract Production

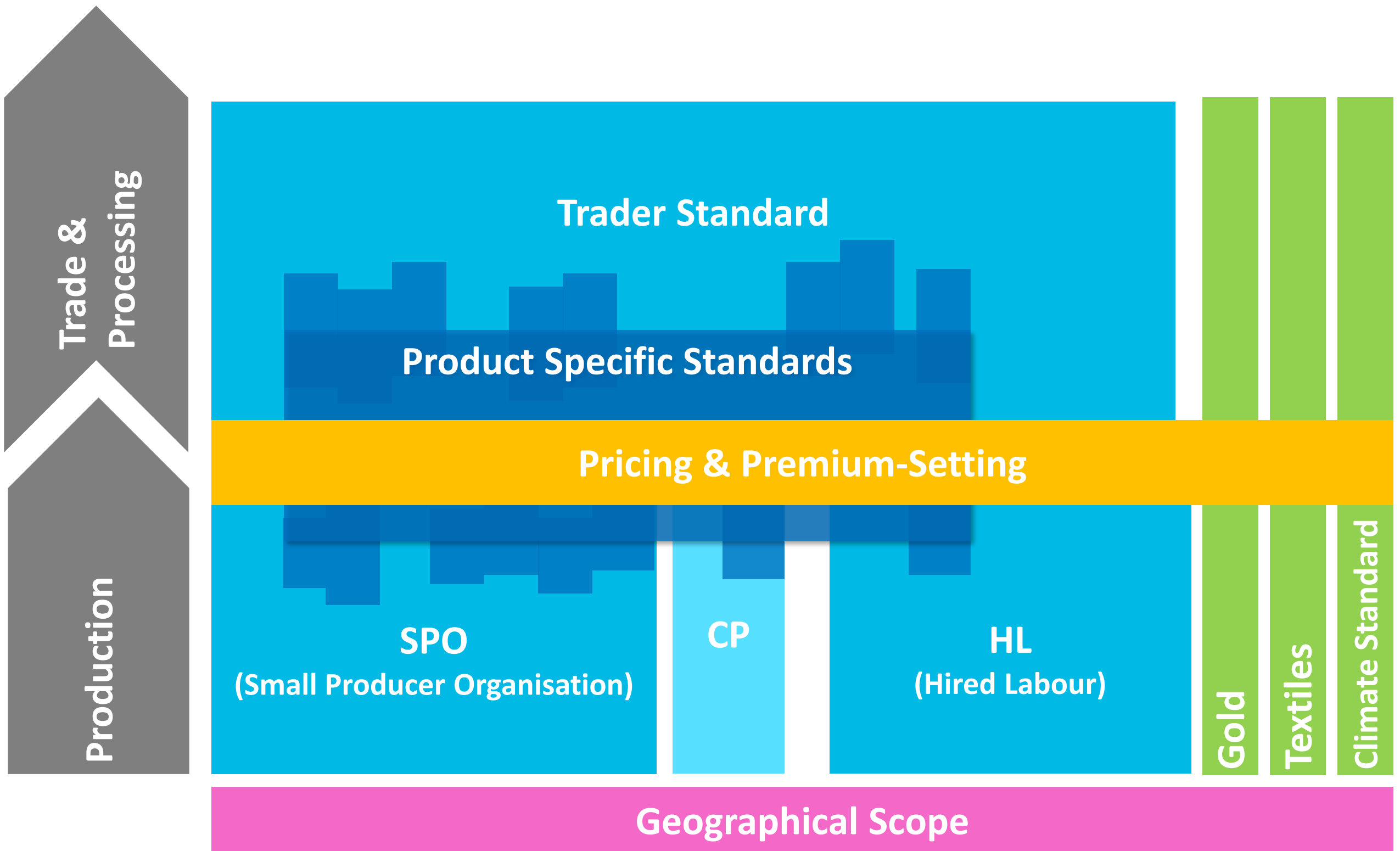
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# 1. Introduction: Fairtrade Standard Architecture





## 2. Fairtrade Contract Production Standard (I)

**DESCRIPTION:** CP-Standard is the standard for small-scale producers who are not yet democratically organized.

**CONDITION:** As a temporary measure, small-scale producers who are not yet organized can join Fairtrade if they have a partnership with an organization (such as an exporter or NGO) that will assist them to organize into autonomous producer organizations that are over time able to comply with the Fairtrade Standard for Small Producer Organizations.

### **SCOPE**

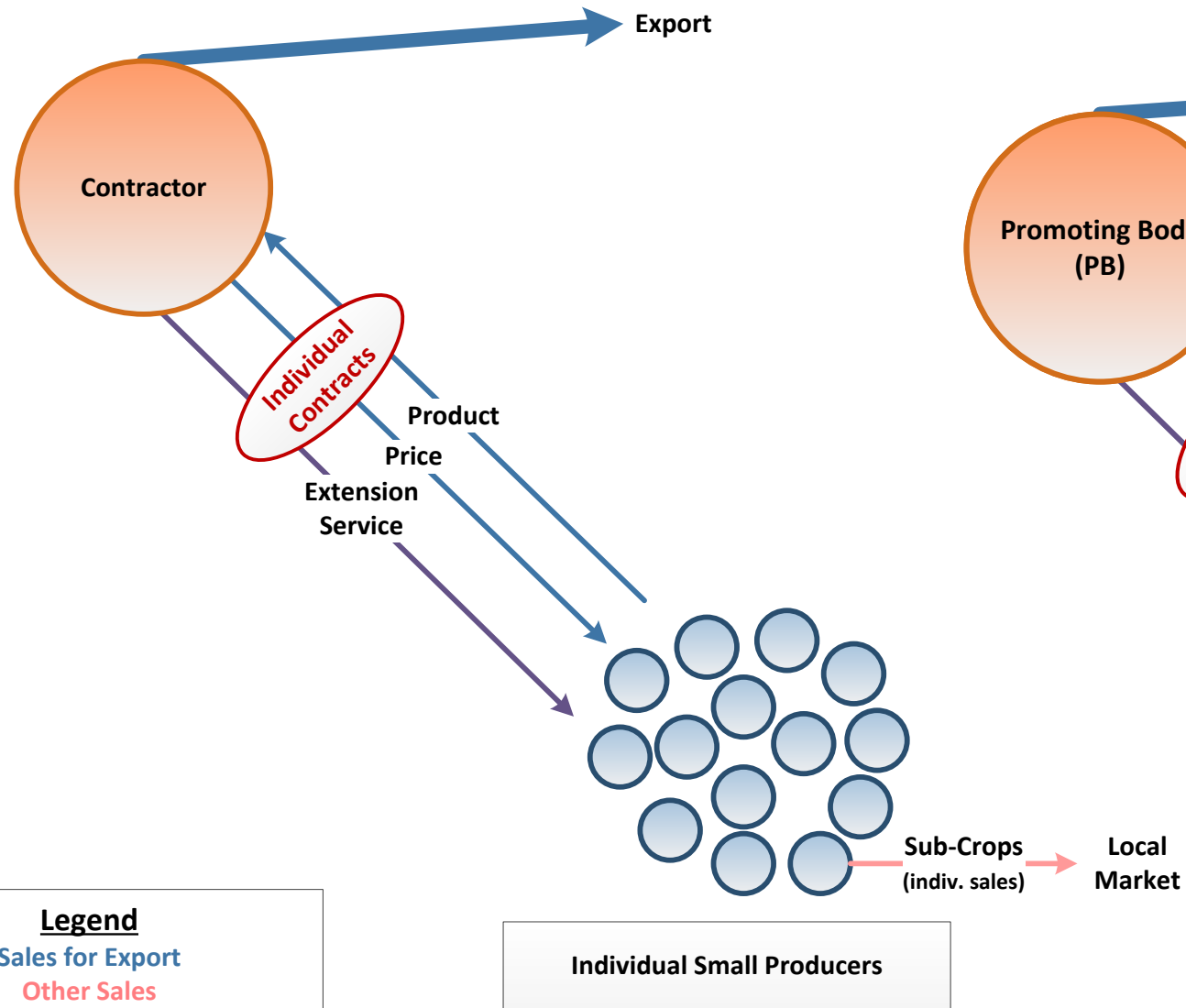
Cocoa in Oceania, Basmati rice and cotton in India as well as cotton, dried fruits, almonds, apricots seeds and walnuts in Pakistan. → very limited scope.

The Standard came into force in 2014.

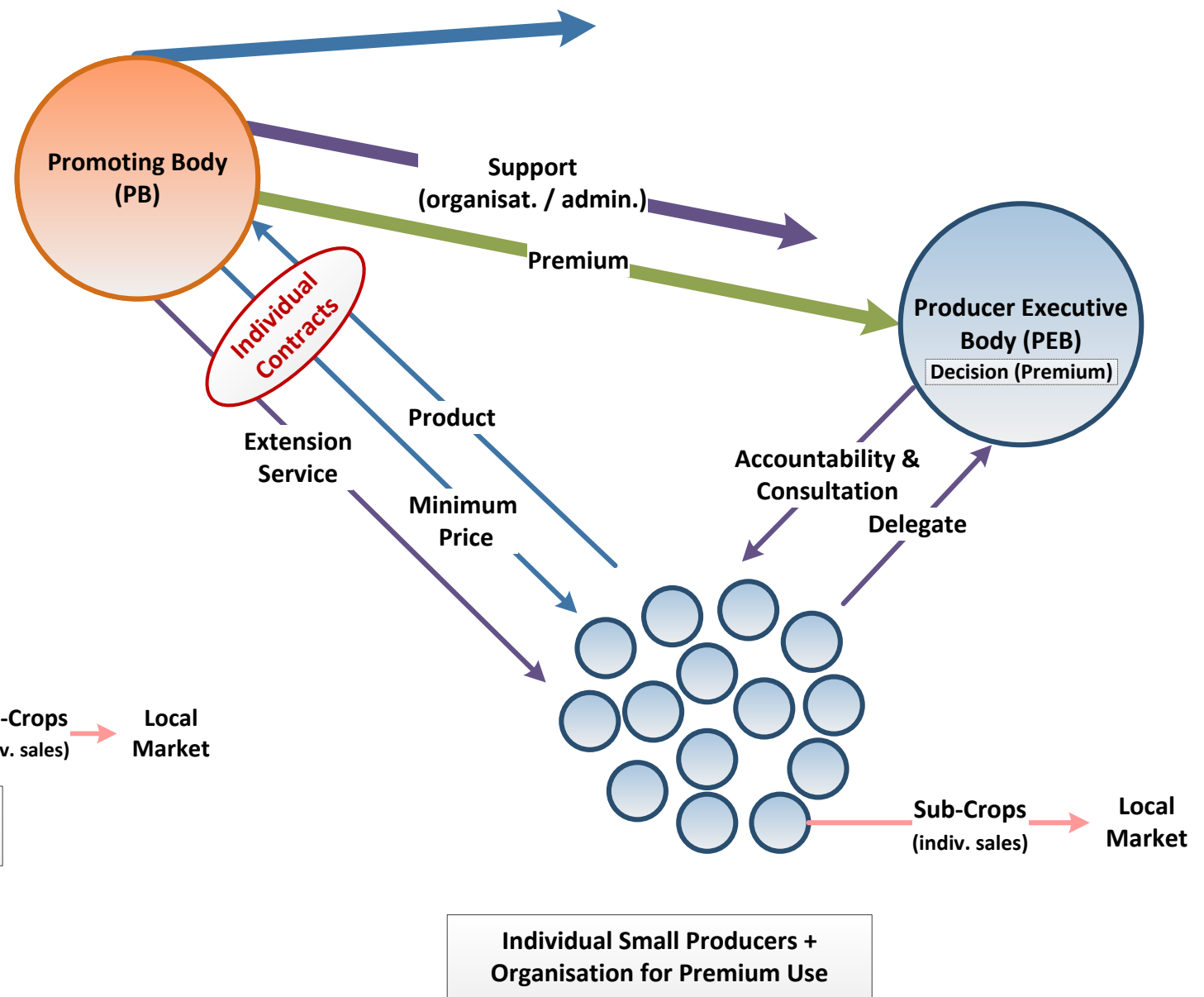
Current version 2011 available [here](#).

# 2. Fairtrade Contract Production Standard (II)

## CONVENTIONAL CP

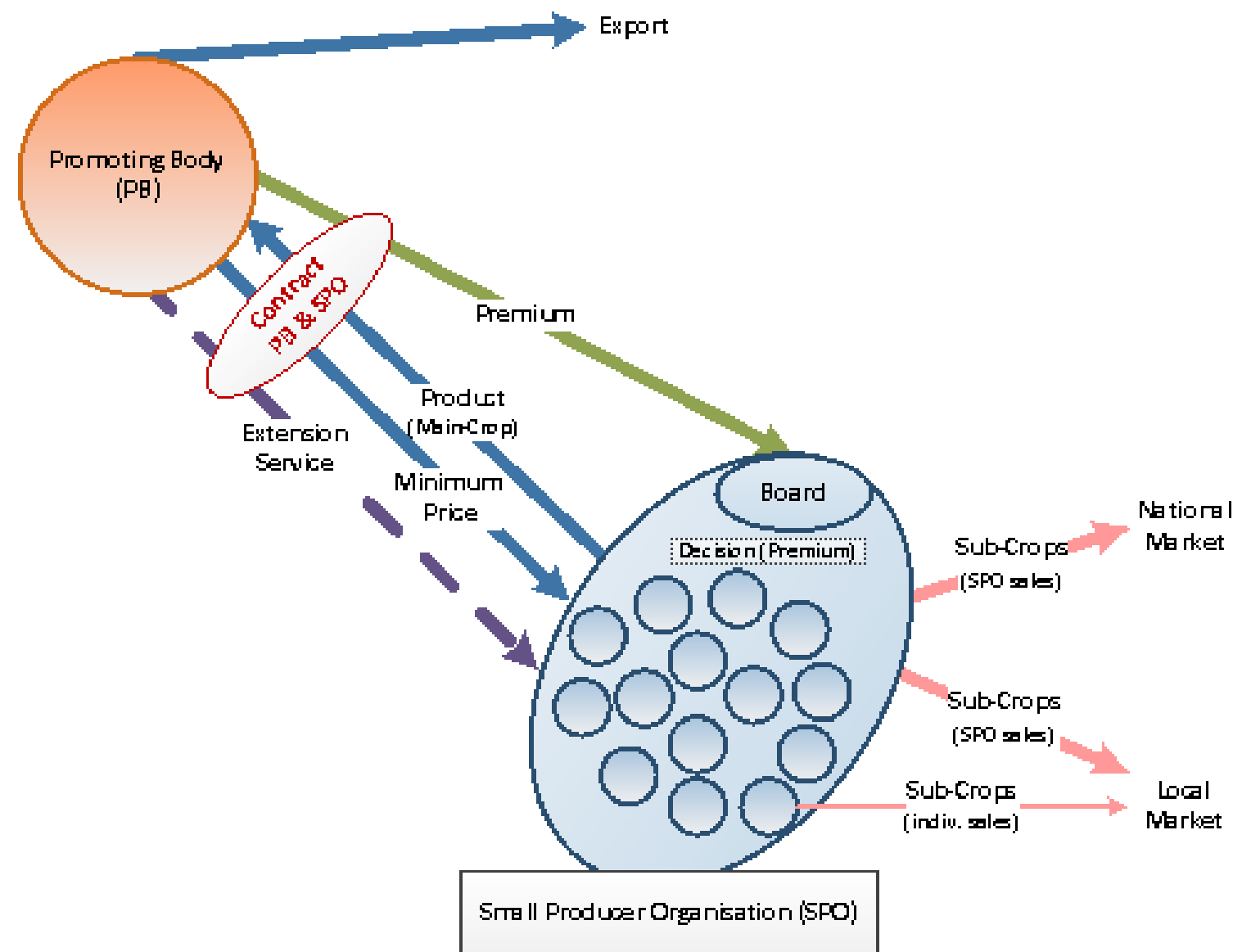


## FAIRTRADE CP



## 2. Fairtrade Contract Production Standard (III)

### FAIRTRADE CONTRACT FARMING DEVELOPMENT GOAL



# 3. Challenges with Fairtrade Contract Production

**The transition to a SPO is desirable from an empowerment perspective, but only in a few cases this transition was successful.**

**Reasons:**

- 1) Lacking management capacities of SPOs
- 2) No interest of PB in transition to SPO
- 3) PEB manages premium in sense of charity money

→ Only a few cases successfully managed the transition to a SPO. Up to date **y** organisations in the cotton & rice sector in India.

**Limitations of SPOs** (see next slide)

**Issue of fake SPOs**

## 4. Discussion with Helvetas, 2016

### **Limitations of SPOs**

- Little loyalty of smallholders to cooperatives → side selling
- Insufficient business management capacities
- Low efficiency
- Inadequate quality management systems
- Low flexibility in pricing/payments to members in order to avoid side selling
- Low availability of trade finance.

### **Recommendations to Fairtrade by Helvetas**

- 1) Drop the “dogma” to see cooperatives as good and the private sector (i.e. contract production) as bad
- 2) Allow flexibility on structural set up by letting local stakeholders decide on structures.



# 5. Example Rice India

