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## Fairtrade ANZ Capacity Building Policy

### Purpose

The purpose of this policy is to outline Fairtrade ANZ's approach to capacity building of local communities overseas, including focus areas for development work and the key mechanisms and tools available to support the development of agricultural communities.

The Capacity Building Policy is based on the Fairtrade model for development, which is underpinned by the Fairtrade Standards for Small-scale Producer Organisations, Contract Production, Hired Labour and Traders. The standards are designed to support the sustainable development of small producer organisations and agricultural workers in the poorest countries in the world..

The key objectives of the standards are to:

- ensure that producers receive prices that cover their average costs of sustainable production;
- provide an additional Fairtrade Premium which can be invested in projects that enhance social, economic and environmental development;
- enable pre-financing for producers who require it;
- facilitate long-term trading partnerships and enable greater producer control over the trading process;
- set clear core and development criteria to ensure that the conditions of production and trade of all Fairtrade certified products are socially, economically fair and environmentally responsible.

Fairtrade cannot achieve these aims alone; development partners, governments and consumers are essential to the success of Fairtrade and are considered as key enablers of this policy.

### Background

Fairtrade as a global system has a unique ownership model. National Fairtrade Organisations (market representatives) and Producer Networks (producer and worker representatives) are 50 percent co-owners of the system. Both parties execute their ownership rights through the global General Assembly. The General Assembly decides on membership issues, approves annual accounts, and ratifies new Board members and changes to the constitution. The General Assembly includes an equal number of delegates from National Fairtrade Organisations and Producer Networks with each delegate holding one vote. As a result, building local community capacity is at the heart of the Fairtrade system.

The shared ownership model means that members have an equal voice in the highest decision-making body of Fairtrade. This multi-stakeholder governance system sits at the core of Fairtrade's global efforts to build the capacity of all its members, and to enable the attainment of Fairtrade's vision of a world in which all producers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future. By increasing the capacity of producer members, Fairtrade increases the capacity of the system, fostering economic inclusion and prosperity for all its members.

Fairtrade ANZ has the mission to connect disadvantaged producers and consumers, promote fairer trading conditions and empower producers to combat poverty, strengthen their position and take more control over their lives. To achieve its mission, Fairtrade ANZ takes a proactive approach to capacity building that guides its operations and its development work with agricultural communities. The approach aims to assess, analyse and enhance the abilities of all its stakeholders to achieve measurable and sustainable results.

## Related Policies

- Partnerships Policy
- Gender Equality Policy
- Non-Development Policy

## Scope

This policy applies to:

- All personnel and associates of Fairtrade ANZ, including permanent, fixed term and casual employees, contractors, interns, volunteers and Board and Committee members who are directly or indirectly engaged with international development work.
- All partners and stakeholders, who are directly or indirectly engaged with Fairtrade ANZ's international development work.

## Policy

### Capacity Building Principles

Fairtrade ANZ aims to build the capacity of individual members in producer organisations as well as their organisations, promoting the principles of self-help, solidarity, honesty, openness, social responsibility, caring for others, democracy, equality and equity.

All international development projects undertaken by Fairtrade ANZ personnel and associates, as well as all partners and stakeholders engaged by Fairtrade ANZ, are required to comply with the following principles to promote capacity building of the local communities with which we work.

- Within its geographical scope<sup>1</sup> Fairtrade ANZ supports the capacity building processes of producer organisations based on and through compliance with the Fairtrade Standards, which provide a gradual and proactive approach to capacity building. The approach aims to support producer organisations to become self-sufficient, independent development actors in their communities.
- In delivering this support, Fairtrade ANZ is committed to the inclusion and representation of those who are vulnerable and affected by the intersecting drivers of marginalisation and exclusion, including but not limited to race, religion, ethnicity, indigeneity, disability, age, displacement, caste, gender, gender identity, sexuality, sexual orientation, poverty, class and socio-economic status.
- Fairtrade ANZ's support delivered in compliance with Fairtrade Standards includes capacity building in the following areas:
  - **Social Development:** For small-scale producers, Fairtrade Standards require an organisational structure that allows the producers to bring their product to the market. All members of the organisation need to have access to democratic decision-making processes

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<sup>1</sup> Timor-Leste and the Pacific Island States

and as far as possible participate in the activities of the organisation. The organisation needs to be set up in a transparent way for its members and must not discriminate against any particular member or social group.

- **Economic development:** The Fairtrade Standards require buyers to pay a Fairtrade Minimum Price and/or a Fairtrade Premium to the producer organisations they source from. The Fairtrade Minimum Price aims to help producers cover the costs of sustainable production. The Fairtrade Premium is money for the producers or for the workers on a plantation to invest in improving the quality of their lives. Premium money in this sense is meant to improve the situation of workers, farmers and local communities in health, education, environment, economy etc. The farmers or workers decide the most important priorities for themselves and manage the use of the Fairtrade Premium.
- **Environmental development:** Fairtrade Standards include requirements for environmentally sound agricultural practices. The focus areas are: minimised and safe use of agrochemicals, proper and safe management of waste, maintenance of soil fertility and water resources and no use of genetically modified organisms. Fairtrade standards do not require organic certification as part of its requirements. However, organic production is promoted and is rewarded by higher Fairtrade Minimum Prices for organically grown products.
- **Forced labour and child labour:** Forced labour and child labour are prohibited in the Fairtrade Standards.

## Tools for capacity building

Fairtrade ANZ develops and provides the following tools for capacity building to agricultural communities:

- **Gap assessment:** Fairtrade will conduct assessment of producer organisations and supply chains to determine compliance with Fairtrade Standards and to identify areas for capacity building.
- **Fairtrade certification advice:** As a result of the gap assessment process, Fairtrade will support small producer organisations to achieve, maintain and benefit from Fairtrade certification.
- **Training:** Fairtrade will design and provide training to small-scale producer organisations, and liaise with organisations that can provide specialised training. When relevant, it will use and promote the use of the [Fairtrade Producer Library](#).<sup>2</sup>
- **Gender equality:** Fairtrade promotes gender equality throughout its operations, development work, policies<sup>3</sup> and strategies.
- **Climate change resilience:** Fairtrade will support small-scale producer organisations' efforts to be aware, engaged and empowered in the face of climate change; it will deepen its impact through programs, access to market, product design and advice.
- **Protection of Children and Vulnerable Adults:** Fairtrade has a multi-layered approach to the protection of children and vulnerable adults<sup>4</sup>; which includes capacity building, training on child labour standards and support of producer organisations' efforts to work with their communities to assess, monitor and remediate child labour risks in their communities.

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<sup>2</sup> See the Fairtrade Producer Library here <http://producerlibrary.org/en/>

<sup>3</sup> See Fairtrade Australia and New Zealand's Gender Equality Policy

<sup>4</sup> See Fairtrade Australia New Zealand's Child and Vulnerable Adults Protection Policy

- **Market linkages:** Fairtrade will enable producers to leverage fair terms of trade through certification, corporate investments and participation in innovative and tailored sourcing programs or partnerships that reflect Fairtrade values of equity, inclusiveness and empowerment.
- **Access to market information:** Fairtrade will facilitate access to relevant information by addressing any communication gaps in the supply chain and conducting consumer market research to inform business decisions, as well as capacity building activities.
- **Strategic partnerships:** Fairtrade will facilitate linkages to relevant international development organisations and governments and will open new opportunities to leverage existing partnerships.
- **Monitoring, evaluation and learning:** Fairtrade aims to capture its impact both at origin and in market across a variety of social, economic and environmental indicators, in order to clearly articulate its impact to partners, donor agencies, businesses and consumers; and to continually evolve its approach to capacity building and to remain relevant in the face of market changes, with the overall goal of fostering economic development among rural communities.

## Responsibilities for relevant stakeholders

- Producer organisations must demonstrate a consistent commitment to improvement, and motivation to take ownership of their own development and capacity building process.
- Individual members of producer organisations will follow Fairtrade ANZ's "Code of Conduct for Training Participants" when participating in Fairtrade trainings or events.
- Fairtrade stakeholders will have open and clear communication channels to facilitate the implementation of this policy.
- Fairtrade ANZ will work to secure the resources and partners to facilitate the implementation of this policy.

## Definitions

**Capacity Building:** The process by which people, organisations and society systematically stimulate and develop their capability over time to achieve social and economic goals, including through improvement of knowledge, skills, systems, and institutions – within a wider social and cultural enabling environment.<sup>5</sup>

**Fairtrade Standards:** A set of best practices for members of agricultural supply chains, designed to support the sustainable development of small producer organisations and agricultural workers in the poorest countries in the world. It also includes requirements and voluntary best practices to ensure that Fairtrade products are traded in fair and sustainable ways that contribute to producer empowerment.

**Fairtrade Standard for Contract Production:** Applies to small-scale producers who are not yet democratically organized. As a temporary measure, they can join Fairtrade if they have a partnership with an organization (such as an exporter or NGO) who will assist them to form an independent organisation. The Contract Production Standard applies to cocoa in the Pacific; rice and cotton in India; and cotton, dried fruit, almonds, apricot seeds and walnuts in Pakistan.

**Fairtrade Standard for Hired Labour:** Applies to organisations which employ hired labour to supply Fairtrade certified products.

**Fairtrade Standard for Small-scale Producer Organisations:** Applies to small-scale producer organisations that supply Fairtrade products.

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<sup>5</sup> UNISDR. Terminology on DRR. Accessed online on 8 of November 2016. <https://www.unisdr.org/we/inform/terminology>

**Fairtrade Trader Standard:** Applies to traders who buy and sell Fairtrade products, and/or handle the Fairtrade price and premium. It defines rules around the product composition, traceability, use of the Mark, to ensure that the Fairtrade Marks are credible.

**Individual level:** Community capacity-building on an individual level requires the development of conditions that allow individual participants to build and enhance knowledge and skills. It also calls for the establishment of conditions that will allow individuals to engage in the "process of learning and adapting to change".<sup>6</sup>

**Institutional level:** Community capacity building on an institutional level should involve aiding institutions in developing countries. It should not involve creating new institutions, unless the basic frameworks and institutions do not exist. Wherever possible, it should focus on modernizing existing institutions and supporting them in forming sound policies, organizational structures, and effective methods of management and revenue control.

**Small-scale Producer:** farmers who are not structurally dependent on permanent hired labour and who manage their production activity mainly with family workforce.

**Small-scale Producer Organisation:** Organisational structure that allows the producers to bring their product to the market. All members of the organisation need to have access to democratic decision-making processes and as far as possible participate in the activities of the organisation. The organisation needs to be set up in a transparent way for its members and must not discriminate for or against any particular member or social group. Fairtrade defines a small-scale producer organization as an organization where at least two thirds (2/3 or 66%) of its members are small-scale producers.

**Societal level:** Community capacity building at the societal level should support the establishment of a more "interactive public administration that learns equally from its actions and from feedback it receives from the population at large." Community capacity building must be used to develop public administrators that are responsive and accountable.

## For More Information

For more information or to report any concerns/violations, please contact [info@fairtrade.com.au](mailto:info@fairtrade.com.au) or [info@fairtrade.org.nz](mailto:info@fairtrade.org.nz)

## Approval and Review

This policy will be reviewed once every 3 years.

Version	Approval Date	Key Changes
v.1	28 November 2016	
v.2	31 August 2019	Updated to include commitment to supporting vulnerable and marginalized persons and reflect updated standards, policies and definitions

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<sup>6</sup> UN. Definition of basic concepts and terminologies in governance and public administration. Accessed online on 8 of November 2016. <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan022332.pdf>