

**Twin / Twin Trading Ltd:
Working with smallholders on Fairtrade
and Organic supply chains – learnings for
biofuels
COMPETE WP3 meeting
Arusha 18th June 2008**

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Presentation overview

- Twin Overview
- Certification overview: Organic and Fairtrade
- Challenges and solutions in working with smallholders
- Learnings for biofuel feedstock production

Profile

- Founded 1985. Charity + trading arm
- Works with producer 35 smallholder coffee, cocoa, sugar fruit and nut producer organisations in Africa and Latin America to bring commodity to Northern Markets under fair trade terms
- Incubator of successful fair trade brands: Cafédirect 1991, Divine Chocolate 1998, Agrofair 2001, Liberation Foods 2007. All brands partly producer-owned.
- Producer member organisation since 2007
- Combines trading with producer partnership to build successful smallholder export organisations
- Fairtrade certification as foundation, organic as required

Strategic engagement for and on behalf of smallholders

1. Building capacity through tailor-made producer partnership programme
2. Information and influence through supporting producer networks and producer participation in policy advocacy
3. Market access through Twin's supply chains and brands
4. Innovation and added value through pioneering trading concepts, producer ownership
5. Sustainability: social – economic – environmental

Smallholders

- Farmers organised in cooperatives and unions of cooperatives: marketing and extension services
- 0.5 – 2 ha each, larger in sugar
- 1-2 export crops, rest subsistence or local market
- Low-input agriculture (mostly organic by default)
- Organisation size: 300 – 50,000 producers
- Usually own processing capacity: wet/dry processing, conditioning/grading, packing. Sugar is exception

Markets

- Conventional: local, regional, international
- Domestic value addition: coffee roasting...
- Direct export, marketing unions, parastatal (Tanzania)
- Fairtrade certified
- Organic certified
- Rainforest, Utz Kapeh, bird friendly

Organic

- No chemical inputs; natural methods only, promotion of soil and water conservation, intercropping etc.
- Producer / Consumer agenda
- EU regulation (law) / national standards + private label standards
- All operators along chain certified (except transporters and some warehouses). Yearly inspection
- Grower group certification through internal control system (ICS)
- Environmental starting point → incorporating social standards



Fairtrade

- Fairtrade Labelling Organisation (FLO): Standards + promotion, Germany
- FLO-Cert: certification, Germany
- Labelling initiatives: Fairtrade Foundation, Max Havelaar, Transfair, etc.: promotion + collect licensee fee
- Smallholders and plantations (fruit, tea, flowers)
- Exporters and importers inspected. Brands (licensees) submit trade data
- Democracy = minimum price, pre-finance, long-term trading relationships
- social standards → incorporating environmental standards

Smallholder challenges

- Low yields, ever decreasing farm size
- Competition / opportunism
- Market information
- Lack of capacity, skills exodus
- Lack of finance
- Certification costs: direct and compliance
- Climate change?!

Smallholder Solutions

- Value addition: quality, certified markets, diversification
- Capacity building: quality, market information, price risk management, financial management, governance
- (ethical) finance: Root Capital, Triodos, Oiko Credit, Shared Interest
- Efficiency, Scale!

Learnings for biofuels

- **Fairtrade biofuels?** Not yet!
- But we could learn from:
 - Producer governance structures
 - Management / processing / export structures
 - Training, credit, market access, carbon finance(?)
 - Social standards: smallholders and hired labour situations
 - Pricing systems to guarantee fair price to growers
- We could use:
 - Existing producer structures: diversification into biofuel markets
- Market synergies, use of crop residues (eg. Coffee husks in Brazil to NL electricity generation)
- Certification synergies: Fairtrade = equivalent sustainability certification system in biofuels

Learnings for biofuels (cont'd)

- **Organic biofuels?**
- Certainly not! But... Paraguay produces ethanol from organic cane...
- We could learn from:
 - Cultivation systems – low inputs → better carbon LCA?
 - Traceability systems
 - Grower group certification systems (ICS)
- Certification synergies: Organic = equivalent sustainability certification in biofuels (eg. Paraguay)

- Asante sana
- Thank you
- Gracias
- Merci



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