



BUSINESS FOR DEVELOPMENT

"FROM NOW ON, YOU ARE NO LONGER SMALL AND POOR," René Mendoza of Nitlapan imbues coffee farmers in Nicaragua, "but entrepreneurs of what will become prospering businesses." Nitlapan gives credits to farmers who don't really have anything, and the most critical success factor, according to René, is entrepreneurial spirit. "In the past decades, 'development' has become a matter of study, debate and policy, of dependence, charity and aid," René told me some years back, "but as soon as you can produce something, it's often quite simple, even if you're very poor and struggling to survive. The trick is to start seeing yourself as a businessman, and to learn and get what you need to make your business a success. It's the fastest way to development - without even having to use the tainted term."

This is exactly what Fair Trade has been trying to convey: that the best way to give small-scale producers in developing countries a real opportunity towards a better life is to give them a fair chance to produce and market their products. Judging from FLO's figures, in recent years, this message has been falling on fertile ground in Africa, Asia and Latin America. In 2005, FLO-Cert received over 400 applications from producer organizations for initial Fairtrade-certification. In 2005, the total number of certified organizations increased by 18% from 432 at the end of 2004 to 508 at the end of 2005. This figure includes both organizations of small-scale producers as well as plantations and factories in which the workers and management have formed so-called Joint Bodies that receive the Fairtrade premium payments. The Joint Bod-



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ies manage the investment of the Premium in social, economic and environmental projects. At the same time, they allow many workers to discover the advantages of becoming organized and working together to improve their lives. And in South Africa, the Joint Body is actually promoting entrepreneurship because it is linked to the government's program to make black workers co-owners of plantations owned by whites. Plantations must be at least 25% black-owned to enter Fairtrade.

Of course not every producer or worker is born an entrepreneur. That's why in 2005 FLO invested heavily in extending its local business advisory service. In particular, it entered into a strategic partnership with SNV, a major Dutch organization with 40 years of experience of providing business support in developing countries. Thanks to this partnership and to support from half a dozen other organizations, FLO could extend its network of so-called liaison officers from 9 to 15 by May 2006, supporting producers in over 35 countries.

Markets are what burgeoning businesses need most. **AGAIN IN 2005, MILLIONS OF CONSUMERS WORLD-WIDE SIGNIFICANTLY INCREASED PRODUCERS' MARKETING OPPORTUNITIES BY BUYING SOME 1,1 BILLION € WORTH OF FAIRTRADE-LABELLED PRODUCTS, 37% MORE THAN THE YEAR BEFORE.** All product lines expanded their markets, especially Fair Trade coffee in the U.S. (+ 70,9%) and the U.K. (+ 34%), bananas in Austria (+ 46%) and sugar in France (+ 125%). Non-food products did well too: sales of Fairtrade flowers, newly introduced last year in Canada, Germany and Belgium

surpassed even the most optimistic expectations. Thanks to continued strong sales in Switzerland and the U.K., a total of 113 million stems of Fairtrade flowers were sold in 2005. Textiles and other products made from Fairtrade-certified cotton, sold in 2005 for the first time, have caught consumers' enthusiasm. In fact, sales have been so successful that demand for Fairtrade cotton has been much bigger than supply, causing a scramble within FLO to find more organizations of small-scale cotton producers in West-Africa and Asia.

IN THIS REPORT, YOU'LL READ SEVERAL STORIES ABOUT SMALLHOLDER ORGANIZATIONS THAT, WITH THE SUPPORT OF FAIRTRADE, HAVE BECOME THRIVING BUSINESSES. There are many more examples. Just one, to whet your appetite: In the years of general Pinochet's dictatorship in Chile, his government considered co-operatives as breeding grounds for communism, and they were severely repressed. But since Pinochet was ousted from power, small-scale producers have been re-discovering the potential and merits of joining forces. It led beekeepers in the middle of the country to form the Cooperativa Valdívía, which developed a highly successful honey business. Early this year, with the election of Michèle Bachelet as Chile's new president, the co-operative had reason to celebrate, because one of Ms. Bachelet's priorities is the development of small and medium enterprise. Twenty years ago, the co-op's beekeepers were poor people struggling to survive. Today, they are seeking a meeting with Chile's president to convince her to make Fair Trade a cornerstone of her promotion of small-scale business.