



FAIRTRADE LABELLING ORGANIZATIONS INTERNATIONAL (FLO)

Headquarters: Bonn, Germany

BACKGROUND

Fairtrade Labelling Organizations International (FLO) is a multi-stakeholder umbrella association which reviews and develops fairtrade standards and certification schemes for 18 different product categories (such as coffee) under the Fairtrade logo. In 2007, approximately 1.5 million workers and farmers in 58 developing countries were involved in FLO's labelling initiatives and producer networks.

Countries of operation: 58 producer countries

Total income: €4.437 million (2007)

Employees: <60 (2007)

Website: www.fairtrade.net

ORGANISATIONAL STRUCTURE

FLO is composed of a General Assembly (GA) representing 20 Labelling Initiatives (such as Fairtrade Austria) and 3 Producer Networks (including the African Fairtrade Network). Both membership groups also have their own assemblies to facilitate discussion of issues primarily relevant to them. The GA elects FLO's Board of Directors, which is composed of five representatives from the Labelling Initiatives, four from Fairtrade Certified Producer Organizations (at least one each from Latin America, Africa and Asia), two from Fairtrade Certified Traders and two external Directors. FLO's Board of Directors appoints the Finance Committee, the Standards Committee and the Nominations Committee.

Accountability Initiatives signed up to 2007:

- ISEAL Code of Good Practice for Setting Social and Environmental Standards

ACCOUNTABILITY SUMMARY

TRANSPARENCY

Although FLO has no formal transparency policy, the *Standard Operating Procedure (SOP) of Development of Fairtrade Standards* provides guidance as to what information should be made available during the standards development process. FLO's policy on information disclosure is based on three classifications: high (non distribution beyond the Standards Committee), normal (information not to be circulated outside the Standards Committee except for the purpose of accomplishing a Standards Committee task) and none (information that can be freely distributed). However, no criteria are identified to guide what type of information falls into each category. In practice, information categorised as 'highly confidential' relates to issues such as market conditions and pricing, but no formal guidance is provided to staff. FLO does not identify a response timeframe for information requests, commit to explain any denials, nor offer any appeals mechanism in case of denials.

The Director and Manager of the Standards Unit are responsible for ensuring that relevant information on standards development is made available to stakeholders in line with the *Standard Operating Procedure*. All staff receive induction training and an introduction to the standards development process which includes issues of organisational openness and transparency. For Standards Unit staff, job training involves more specific components on information disclosure within the standards development process. The *SOP Development of Fairtrade Standards* is available in English on FLO's website.

2008 GLOBAL ACCOUNTABILITY REPORT RATINGS			
Dimension	Score	IGO Rank	2008 Rank
Transparency	54%	2=	6=
Participation: External Stakeholder Engagement	92%	2	2
Participation: Member Control	90%	8=	11=
Evaluation	52%	8	22
Complaints & Response: Internal	18%	9	27
Complaints & Response: External	41%	5	10
Overall	56%	7=	15=

= denotes tied ranking

PARTICIPATION – EXTERNAL STAKEHOLDER ENGAGEMENT

FLO has specific policies guiding which, when and how stakeholders are to be engaged in the process of revising and developing fairtrade standards: the *Standard Operating Procedure of Development of Fairtrade Standards* and the *Standard Operating Procedure Development of Fairtrade Minimum Prices and Premiums*. External stakeholders are involved at most stages of standards development; they can propose a project (standard or revision of a standard), feed into the planning of a project, inform the research underpinning a draft standard, and provide comments during the monitoring and evaluation of standards. FLO offers no specific commitment to making stakeholders aware of how much they will be able to influence the final decision/standard.

The Director and the Manager of the Standards Unit are responsible for ensuring stakeholders are engaged at appropriate times in compliance with organisational policy. The involvement of stakeholders is also part of the Constitution of the Association and therefore built into FLO's governance structure. Producers, FLO's main stakeholders, are represented at the Annual General Assembly, at the Producer Network Assembly and on the Board. Labelling Initiatives are represented in a similar way through the General Assembly, the Labelling Initiatives Assembly and through five seats on the Board of Directors. Stakeholders external to FLO Int'l also have two seats on the board, and each of the aforementioned stakeholder groups are also represented on the FLO Standards Committee which oversees the Fairtrade Standards development and revision process. *The Standard Operating Procedure Development of Fairtrade Standards* is made publicly available on FLO's website, but is only in English.

PARTICIPATION – MEMBER CONTROL

The General Assembly is FLO's governing body and is comprised of all full members. The Board of Directors has a set number of seats for different stakeholder groups, and each Director has one vote. The Producers Network Assemblies and the Labelling Initiatives Assembly are responsible for electing their representatives to the Board of Directors. The two directors on the Traders Board can be nominated by any Fairtrade registered trader and the two independent Directors can be nominated by any FLO member. In both cases these Directors are elected through majority vote. All appointments must be ratified by the General Assembly. However, FLO members cannot initiate a process of dismissal of all Board members.

EVALUATION

Ongoing monitoring and evaluation are built into FLO's main policy guidelines, such as its *SOP Development of Standards* and *SOP Minimum Prices and Premiums*. The Standards Unit undertakes a review of all standards at least every 5 years. The review cycle includes a formal comment period in which stakeholders may provide feedback. These comments are taken into account during the monitoring and review, and the Standards Unit continuously collates feedback from stakeholders. A review study may lead to a project proposal for the revision of a standard. However, there is no commitment to evaluating performance in relation to issue specific policies, administrative policies or FLO's strategic plan.

Responsibility for overseeing the monitoring and review of standards exists at several levels. The Standards Committee, has overall responsibility for ensuring reviews take place. On a day to day basis the Director and the Manager of the Standards Unit oversee the review process. Currently FLO does not provide specific monitoring and evaluation training to staff. FLO has no formal mechanisms in place for disseminating lessons learnt from evaluations within the organisation. The *SOP Development of Fairtrade Standards* and *SOP Minimum Prices and Premiums* are available on the website in English.

COMPLAINT AND RESPONSE – INTERNAL AND EXTERNAL COMPLAINTS

FLO does not have policies or systems set in place to address staff (internal) complaints regarding financial misconduct. It does not offer such complainants any kind of protection if they come forward with allegations of financial mismanagement or fraud. No leadership and training exists in relation to the handling of general complaints against organisational policies.

FLO's *Standard Operating Procedures (SOP) Complaints against fairtrade standards* details the process for handling complaints against both fairtrade standards and the certification process from both internal and external stakeholders. The SOP does not offer such complainants any kind of protection if they raise a concern against organisational policies or practices. Responsibility for overseeing the handling and investigation of such complaints lies with the Standards Unit Director, but no formal training is provided to staff on complaints procedures. The SOP is available in English on the FLO website and in hard copy upon request.

ONGOING ACCOUNTABILITY REFORMS

FLO has created a Strategy and Policy Director position for the purpose of widely disseminating monitoring and evaluation procedures within the organisation. An Information Management System to better capture learning is also being developed.

PERFORMANCE SNAPSHOT

FLO outperforms all sector averages in participation capabilities due to its inclusive approach to stakeholder representation, with key groups internalised in its governing structure. FLO is also relatively strong in transparency capabilities as it has a policy that addresses transparency in its key area of work, standards development. However, FLO's capabilities in both evaluation and complaints handling are comparatively weak, as its policies in neglect evaluation of key areas such as FLO's strategic plan. FLO is thus tied for 7th ranking among INGOs and 15th overall.

