

## FTA 200 Grading & Evaluation

### Introduction

- Only complete the yellow columns.
- Period considered: previous fiscal year of the level 1

Scope of the FTA 200 audit: the complete supply chain, from a given producer to the port in the country of origin, including the producer organisation, any packing and transformation facilities involved, as well as the exporter. In sum, the product supply chain is considered as a whole.

### A supply chain can comprise two levels of organisation:

#### Level 1

The producer organisation, owned and managed by small farmers (average cultivated surface of +/- 1 hectare) or by workers (in the case of plantations).

#### Level 2

An organisation neither owned nor managed by small farmers. This can be a private company that isn't owned by the Level 1 (a private company is considered to be owned by the Level 1 if a minimum of 51% of the shares are held by the Level 1) or an NGO that isn't owned by the Level 1 (same majority rule applies). This is without considering a management committee, an internal audit team or a third party cooperative structure that is owned by the Level 1.

### Evaluation Method

The Level 2 can be composed of several entities, in which case the final grade should be attributed in accordance with the Level 2 entity that has the worst performance on a given criteria.

If the Level 1 doesn't master a given criteria (minimum knowledge), the grade given cannot be higher than 0.75 as this incurs a systematic penalty of 0.25.

If the Level 1 masters a given criteria and wishes to be responsible for its management but cannot do so because of its relations with a Level 2 the grade given must be 0.

This said, the grade is not affected if the Level 1 is aware of the criteria and has decided independently and without pressure from the Level 2, for reasons related to cost efficiency or the optimisation of human resources, to delegate responsibility for the criteria to the Level 2.

### Examples:

If the Level 1 has no export capacity and must rely on a Level 2 organisation for export – even if the Level 2 masters the export procedures, the maximum grade given to this part of the supply chain cannot be higher than 0.75. A grade of 0.5 is given for good management, 0.25 for average management and 0 for bad management. The aim of this evaluation is to reward the strengthening in capacity of the Level 1.

If the Level 1 can export and wishes to take on board this part of the activity but is prevented from doing so by an exclusivity contract with a Level 2 organisation, the grade for the supply chain is 0. The aim of this evaluation is to reward the criteria that contribute to the most direct supply chain.

If the criterion in question is considered a progress criterion for the Level 1 but a set criterion for the Level 2, any non-conformity related to the Level 2 for the given criteria must result in a grade of 0 for the supply chain, regardless of the performance of the Level 1.

In general terms, to evaluate a criterion one must consider the worst grade given to a Level 2 and the best grade given to a Level 1 (when there is no Level 2). This evaluation method focuses on the shortcomings of the Level 2 organisations and gives merit to the strengths of Level 1 organisations.

Any grade below 0.5 must be accompanied by a comment in attributed space and must be reported with other non-conformities (major non conformity for the set criteria and minor non conformity for the progress criteria). For major non conformities, solutions must be provided for corrective action. For minor non conformities, solutions must be given for improvement.

Corrective action for non conformity should be sent to the organisations in question in the month following the audit and the situation must be rectified before the following audit.

Propositions for improvement are not binding and are without consequence for the Level 1 but they are for the Level 2 and must be implemented by the following audit. Applicable grade: 0.5 except if there is a contrary indication in the criteria.

Yellow columns: to be filled in for evaluation

Product: refers to the commercialised product

Supplies: refers to other materials used for the production and packaging of the product

The grade for each criterion is between 0 and 1: 0 / 0.25 / 0.5 / 0.75 / 1

A coefficient is then applied to each criterion (1 for progress criteria and 2 for set criteria).

A coefficient is then applied to each criterion (1 for progress criteria and 2 for set criteria).

4 gradings methods :

<b>Critère O/N</b>	
Mark	Explanation
0	No
1	Yes

Appliqué aux questions n°30, 31, 32, 38, 47, 63,66 ,67,68,69,70 et 108 :

<b>Critère GRADUEL</b>	
Mark	Explanation
0	No subject knowledge
0,25	Knowledge on the sujet. Willpower. Action started and/or action planification during the year
0,5	Already organized. No systematic procedure .
0,75	Systematic procedure and Management procedure system
1	Quality Quality procedure. Result obtained after 2 years existence.

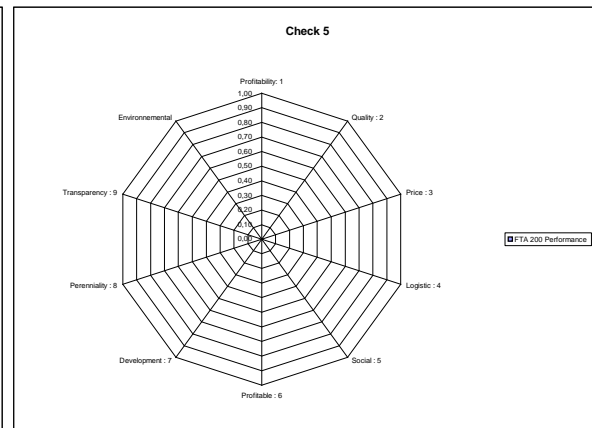
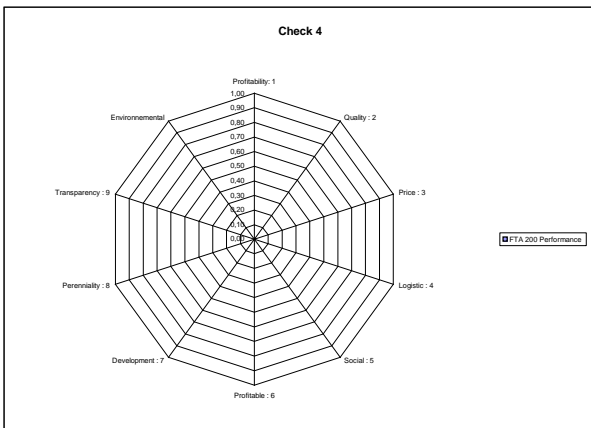
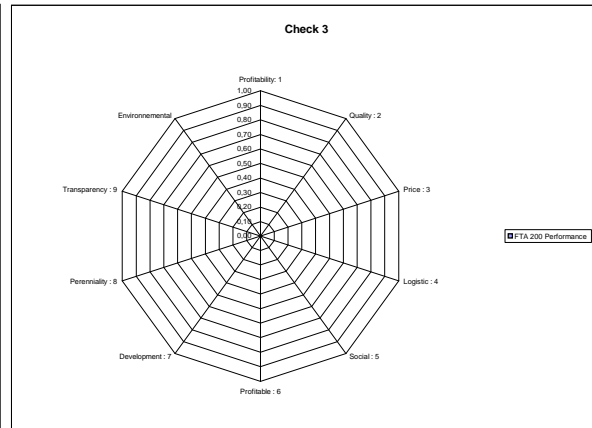
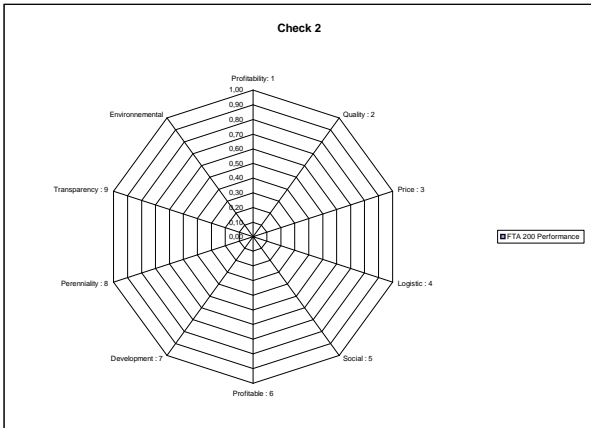
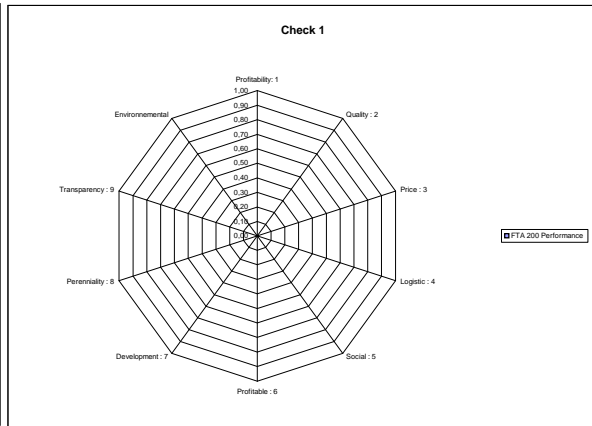
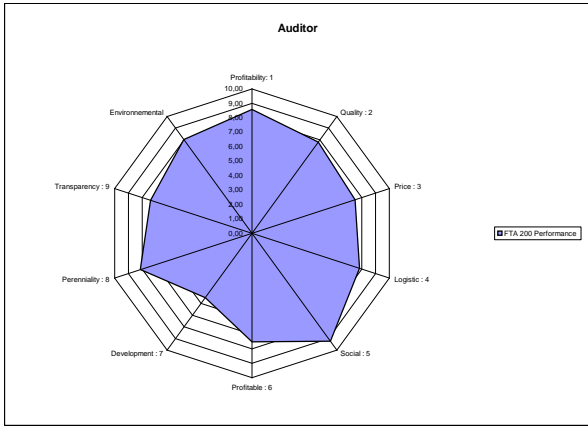
<b>Critère QUALITATIF 1 / 3 / 5 / 7 / 9</b>	
Mark	Explanation
0	Bad
0,25	Not suffisant
0,5	Average
0,75	Good level
1	Excellent

<b>Critère AGREGAT</b>	
Mark	Explanation
0 à 1 : 0 / 0,25 / 0,5 / 0,75 / 1	This criterious is always different. It help to give a 0 to 1 mark according to the steps results.

Level 1 :	APPTA	Supply chain:	Banana juice
Level 2 :	Florida Products	Date :	August 2006



Criteria :	Auditor :	Check 1 :	Check 2 :	Check 3 :	Check 4 :	Check 5 :
<b>Profitability : 1</b>	<b>N.Mounard</b>					
<b>Quality : 2</b>	<b>8,56</b>	0,00	0,00	0,00	0,00	0,00
<b>Price : 3</b>	<b>7,79</b>	0,00	0,00	0,00	0,00	0,00
<b>Logistic : 4</b>	<b>7,50</b>	0,00	0,00	0,00	0,00	0,00
<b>Social : 5</b>	<b>7,81</b>	0,00	0,00	0,00	0,00	0,00
<b>Profitable : 6</b>	<b>9,23</b>	0,00	0,00	0,00	0,00	0,00
<b>Development : 7</b>	<b>7,50</b>	0,00	0,00	0,00	0,00	0,00
<b>Perenniality : 8</b>	<b>5,52</b>	0,00	0,00	0,00	0,00	0,00
<b>Transparency : 9</b>	<b>8,13</b>	0,00	0,00	0,00	0,00	0,00
<b>Environnemental</b>	<b>7,37</b>	0,00	0,00	0,00	0,00	0,00
<b>Total FTA 200</b>	<b>8,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>





















3	1	89. % of the adding valor made by the level 1 (in % with the product final price) (source FTVR)	Level 1 income = at least 30% of the final product price = 1; from 25 to 29% = 0,75; from 20 to 24% = 0,5; from 15 to 19% = 0,25 and less than 15% = 0	0,25	0,25	15%: see FTVR	0	0	0	0	0	0	0	0	0	0
3	1	107. Fair Trade price/Conventional price for the producer (Source FTVR)	more than 100% up to the conventional price = 1; + than 0,75 = 0,75; + than 50% = 0,5; + than 25% = 0,25; - than 25% = 0	0,25	0,25	29%: see FTVR	0	0	0	0	0	0	0	0	0	0
3	1	108. Fair Trade price/Conventional price for the coop (Source FTVR)	more than 100% up to the conventional price = 1; + than 0,75 = 0,75; + than 50% = 0,5; + than 25% = 0,25; - than 25% = 0	0,5	0,5	69%: see FTVR	0	0	0	0	0	0	0	0	0	0
3	1	116. Level 1 and 2 accomplishments	Social, environmental and collective accomplishments	1	1	Great work done, especially in terms of production unit for cocoa	0	0	0	0	0	0	0	0	0	0
3	1	81. Number of persons who benefit the level 1 activity (producers or certified plantation employees)	More than 1000 workers: 1, between 500 and 1000 workers: 0,75, between 250 and 500 : 0,5, between 100 and 250 : 0,25, fewer than 100 : 0	1	1	1200 members	0	0	0	0	0	0	0	0	0	0
3	1	117. Visible improvements in the lifestyle of level 1 beneficiaries	Yes : 1, No : 0	0	0	Not for the moment, especially on banana, Alter Eco was a first import	0	0	0	0	0	0	0	0	0	0
3	1	88. Services provided for level 1 producers / employees ie; nursery, cafeteria, first aid, loans, etc.	Yes : 1, No : 0	0	0	Technical assistance but no other service provided	0	0	0	0	0	0	0	0	0	0
3	1	110. Does the level 1 organization cooperate with a second structure for the development of its social projects such as a government, associations, NGOs, Fair Trade members or an international or domestic company? :	Yes: 1, No : 0	0	0	No NGO associated	0	0	0	0	0	0	0	0	0	0
3	1	90. Is the cooperative opened to new members? For plantation, is the shareholder' equity opened to new shareholders?	Yes : 1, No : 0	1	1	Yes	0	0	0	0	0	0	0	0	0	0
3	1	82. increasement of the beneficiaries with the increasing of the sales (- voluntary output). Analysed of the level 1 organization turn over.	Members increasing. At least equal to the activity increasing (unless the activity is starting). Yes = 1 / no = 0.	1	1	Number increasing + big work of regularisation after non member corrective action from FLO in 2005	0	0	0	0	0	0	0	0	0	0
3	1	115. What capacity exists for reacting to sustainable development issues of the region on a large scale? Social criteria?	Qualitative assessment	1	1	Great potential in terms of development & environmental issues	0	0	0	0	0	0	0	0	0	0
3	1	114. What social and human orientations does the level 1 social project manager(s) have?	Qualitative assessment	1	1		0	0	0	0	0	0	0	0	0	0
3	1	91. Have the level 1 and 2 organizations implemented a continuous corporate improvement process, or are there any specific projects of this nature being planned?	Yes : 1, No : 0	0	0	Not for the moment	0	0	0	0	0	0	0	0	0	0
3	1	93. Are input materials suppliers linked to fair trade sectors or otherwise involved with ethical considerations?	Yes : 1, No : 0	1	1	N/A Bulk	0	0	0	0	0	0	0	0	0	0
3	1	99. Are the suppliers encouraged to be engaged in a ethical or fair way.	Yes for 100% of the buying furnitures =1; + than 75% = 0,75; + than 50% = 0,5; + than 25% = 0,25; - than 25% = 0.	1	1	N/A Bulk	0	0	0	0	0	0	0	0	0	0
3	29	<b>TOTAL DEVELOPMENT</b>		15	16		0	0	0	0	0	0	0	0	0	0

#### 4 Perennality

Codification	Questions - English	Grading	Note A	Points	Comments	Note C 1	Points	Note C 2	Points	Note C 3	Points	Note C 4	Points	Note C 5	Points
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## Non-compliance and corrective actions report

CONFIDENTIAL

Major non-conformities :

Non-conformity Report		
<b>SUMMARY :</b>	<b>Major</b>	<b>Minor</b>
Economic	3	3
Social	4	14
Environmental	2	2

**A) Major Non conformities :**  
Economic

**corrective actions :**

Criteria	Grading	Grade At Points	Comment	Grade Check 1	Points C1
49. Use of natural materials for the furnitures	Give priority to the use qualitative natural materials, price and availability (palm leaves, rice paper, vegetable ink...). For 100% of products: 1 / 50%: 0,5 / 0%: 0. Fair trade supplier: 1. If N/A, after research and justification: 1	0	0	No	0
12. Establishment of prices. Are members aware of actual product production costs and of their margin	It is essential that level 1 & 2 production facility management and management staff, as well as the level 1 employees who will receive training, master the production costs of given products and the methods for setting prices. This includes all production, financial and amortization costs. Management knows nothing of costs and methods for setting prices: 0 / learning: 0,25 / to be improved or to be propagated to all members: 0,5 / some short-comings or certain members require training: 0,75 / Management is aware of the issues and understands them completely: 1	0	0	Great difference between the good understanding of all issues by the management & a non-understanding of Fairtrade criteria, costs of production or organizational issues by individual producers.	
37. Reactivity between finalisation of orders and the end of the production cycle, respect of delays	Only applies to level 1, unless level 2 interferes (score = 0 in this case). Respect of delivery delays: average delay over the last 10 delayed deliveries. < 2 days : 1; from 3 to 5 days: 0,75; from 5 to 8 days: 0,5; from 6 to 10 days: 0,25, more than 10 days: 0. N/A=1 (if no deliveries realized for Alter Eco.)	0	0	The import of the first container has been delayed of 2 months.	

**Social**

Criteria	Explanation / Grading	Grade At Points	Comment	Grade Check 1	Points C1
80. Medium size of the farming for the concerned product and for the target producers of the region.	< to 0,25 hectare : 1 / < to 0,5 hectare : 0,75 / < 0,75 hectare : 0,5 / < to 1 ha : 0,25 / > to 1 hectare : 0 / Plantations : 0	0	0	2,66 hect	0
95. Are orders pre-financed (for co-operatives or producer associations)	50% pre-financing , Yes: 1, No : 0 (unless the producer can pre-finance as stated at left : 1)	0	0	Prefinancing was refused for the first container made by Alter Eco	
96. Prices set in coordination with producers (for co-operatives or producer associations) Price set in coordination with employees (certified plantation case)	Only for the level one, Do the producers are aware with the product cost structures, mainly with the production cost. Presentation to the producers members if an simplified exploitation account and discussion of this document. Yes=1 / no=0	0	0	Producers have very low knowledge of price setting system	
128. Transparency in management changes processes for level 1 associations and cooperatives	Is everyone aware of the succession and election procedures? Are they formalized and respected? Yes : 1, No : 0	0,25	0	The information on how the organization works is not understood by the members.	

**B) Minor Non conformities :**

**Economic**

Criteria	Grading	Grade At Points	Comment	Grade Check 1	Points C1
22. Organisation level of debt	Only applies to level 1. For levels of endebtment (short, medium, or long term) nil or less than 10% of the capital: 1 / 11 to 20%: 0,75 / 21 to 30%: 0,5 / 31 to 41%: 0,25 / more than 40%: 0	0	0	Short + medium +long term debts = 150% of the capital. Very indebted association	0
7. Certified audits of annual financial statements	Certified audits (by a comissionner, the local administration bureau for cooperatives... or any legal body) of annual financial statements are additional guarantees that a company's financial records are true and accurate. This criteria should only be considered if required by local law. Uncertified financial statements, for either both or only the level 2 (regardless of the status of level 1): 0 / certified financial records for both levels: 1 / non applicable: 1	0	0	Financial statements are not certified	
53. Use of recycled materials for the furnitures	Priority use of recycled materials, for equal price and availability. Yes: 1 / no: 0. Fair trade supplies: 1. If justified as N/A: 1	0	0	No	

**Social**

Criteria	Grading	Grade At Points	Comment	Grade Check 1	Points C1
85. Pension contributions for level 1&2 producers / employees	Yes : 1, No :0	0	0	No	0
100. Are sub-contractor social, hygiene and safety conditions verified?	Awareness and regular inspection of sub-contractor conditions. 1/ for more than 75% of the purchasing: 0,75/ for more than 50%: 0,5/ for more than 25%:0,25/ less than 25%: 0	0	0	No	0

109. Level 1 regional requirements and IDH criteria relating to the region's water, electric, sanitation and other infrastructures. Also, education, legal rights, etc: 0,5 (IDH rating inverse ratio)	The IDH (PNUD )inverted ratio index	0	0	HDI of 0,836. Very high but great difference of development between Talamanca & San Jose. Very disadvantaged area.		0
78. Total monthly pay for a level 1 member (pay for organizational activities and any second income)	For the level one beneficiaries. At least 100% more than the social local minimum ( or minimum salary making in the concerned sector) = 1; 50% more = 0,75; 25% more = 0,5, 10% more = 0,25, equal = 0.	0	0	In average 64 000 Colones (97€) compared to 135000 Colones as minimal monthly wages		0
119. Was this project implemented at the same time as the production activity and is it an integral part of the level 1 organization's activities?	Yes : 1, No : 0	0	0	Social objectives were linked to the development of Fairtrade and the premium management. The association was first created to find commercial outlets		
113. % of the adding valor maked by the producers (in % with the product final price) (source FTVR)	Producers income = at least at 20% of the product final price= 1; from 15 to 19% = 0,75; from 12 to 15% = 0,5; from10 to 11% = 0,25; less than 10% = 0.	0	0	4% of the final price: see FTVR		
89. % of the adding valor maked by the level 1 (in % with the product final price) (source FTVR)	Level 1 income = at least 30% of the final product price = 1; from 25 to 29% = 0,75; from 20 to 24% = 0,5; from 15 to 19% =0,25 and less than 15% = 0	0,25	0	15%: see FTVR		
107. Fair Trade price/Conventional price for the producer (Source FTVR)	more than 100% up to the conventional price = 1; + than 0,75 = 0,75; + than 50% = 0,5; + than 25% = 0,25; - than 25% = 0	0,25	0	29%: see FTVR		
117. Visible improvements in the lifestyle of level 1 beneficiaries	Yes : 1, No : 0	0	0	Not for the moment, especially on banana, Alter Eco was a first import		
88. Services provided for level 1 producers / employees ie; nursery, cafeteria, first aid, loans, etc.	Yes : 1, No :0	0	0	Technical assistance but no other service provided		
110. Does the level 1 organization cooperate with a second structure for the development of its social projects such as a government, associations, NGOs, Fair Trade members or an international or domestic company? : 0.5	Yes: 1, No : 0	0	0	No NGO associated		
91. Have the level 1 and 2 organizations implemented a continuous corporate improvement process, or are there any specific projects of this nature being planned?	Yes : 1, No : 0	0	0	Not for the moment		
124. Can level 1 members be converted to other activities should the business go bankrupt?	Qualitative assessment . Status of labor market and skill levels of producers or workers.	0	0	Seems very difficult. Members are fully dependent from the business they make through APPTA		
126. Is the level 1 decision process democratic (association, cooperative) or participative (enterprise)?	Yes : 1, No: 0	0	0	Democratic organization but General Assembly did not attend in 2006		

#### Environmental

Criteria	Grading	Grade At Points	Comment	Grade Check 1	Points C1
146. Water pollution		0	0	Water from Florida Products is released at a temperature between 25 & 30°C. No cooling system in place	
148. Awareness of sorting and waste processing programs and implementation thereof		1	0	Systematic transition to organic agriculture	