

**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

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).

**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 subject. 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.

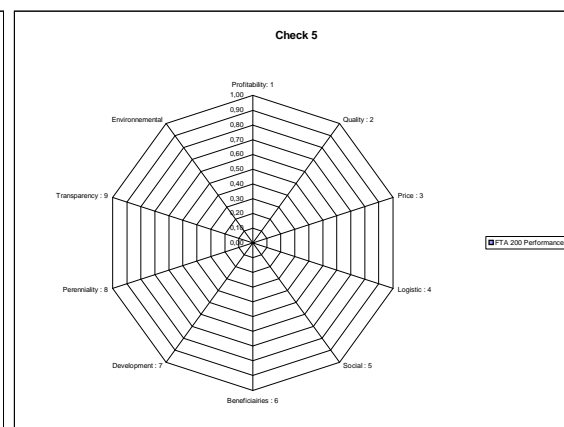
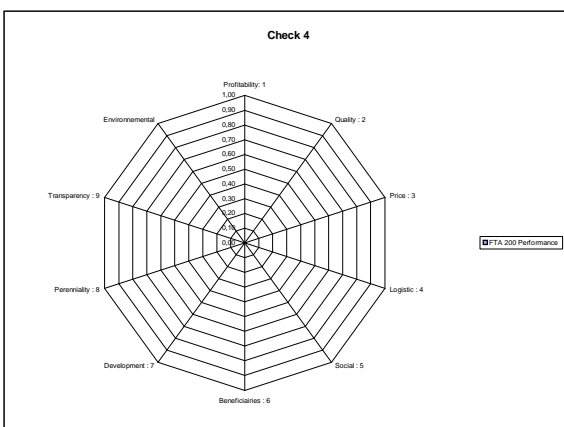
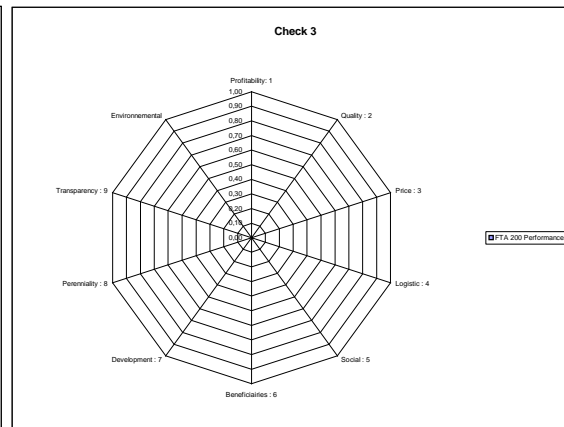
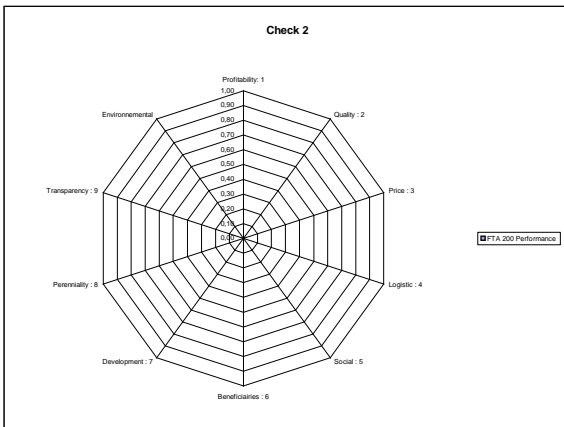
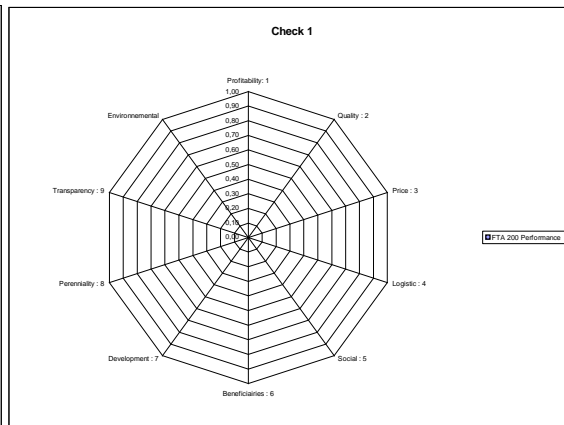
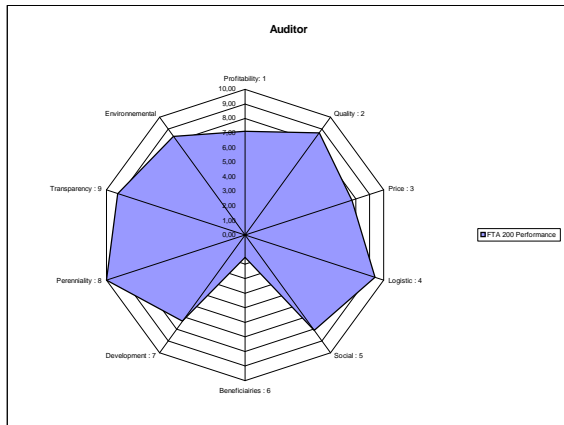
<b>Critère QUALITATIF 1 / 3 / 5 / 7 / 9</b>	
Mark	Explanation
0	Bad
0,25	Not suffisant
0,5	Average
0,75	Good level
1	Excellent

<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 :	Coagrosol	Supply chain:	Juice/Jam
Level 2 :	Hildebrand/ViaNectar/Fruto do Sol	Date :	September 2006



Criteria :	Auditor :	Check 1 :	Check 2 :	Check 3 :	Check 4 :	Check 5 :
Profitability : 1	N.Mounard	7,12	0,00	0,00	0,00	0,00
Quality : 2		8,65	0,00	0,00	0,00	0,00
Price : 3		7,71	0,00	0,00	0,00	0,00
Logistic : 4		9,38	0,00	0,00	0,00	0,00
Social : 5		8,08	0,00	0,00	0,00	0,00
Beneficiaries : 6		1,53	0,00	0,00	0,00	0,00
Development : 7		7,33	0,00	0,00	0,00	0,00
Perenniality : 8		10,00	0,00	0,00	0,00	0,00
Transparency : 9		9,21	0,00	0,00	0,00	0,00
Environmental		8,38	0,00	0,00	0,00	0,00
<b>Total FTA 200</b>		<b>154,74</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>







Codification	Questions - English	Grading	Note A	Points	Comments	Note C 1	Points	Note C2	Points	Note C 3	Points	Note A-1	Points	Note A-2	Points
2	1	5. Legal structure		1	Legal structure: registered corporate bylaws and registered legal entities are progress criteria for level 1 groups (especially in their first 5 years of being). But these structures must be able to prove that they are recognised by local authorities (interview with the latter or proof in writing) - criteria required for level 2's. If there is no legal structure for the level 2 (regardless of the status of the level 1); 0 / conformity of level 2 but not of level 1, without justification; 0,25 / with justification; 0,5 / in the process of conforming (justification); 0,75 / total conformity of levels 1 & 2: 1		1		0	0	0	0	0	0	0
2	2	6. Financial records		1	The existence of financial records : Cash flow statements, Operating accounts, Balance sheets, Books of accounts and cash books are all basic requirements even for level 1.No audit can occur without written records. No written financial records: 0 / accounting done but large incoherencies or unjustified gaps: 0,25 / ok but difficult to audit and difficult to see how the figures relate to reality: 0,5 / to be improved: 0,75 / management of bookkeeping: 1. For level 2, any lack of financial records or incomplete records (further to local accounting legislation) will result in a score of 0 for the organisation. If this is not the case, the influence of the level 2 is neutral		1		0	0	0	0	0	0	0
2	1	7. Certified audits of annual financial statements		0	Certified audits (by a commissioner, 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	0	0	0	0	0	0
2	1	9. Formalism and decision-making procedures		1	There should be formalized standards relating to decisions made by production facility management such as appointments, dismissals, shareholders' meetings, meetings with cooperative members and association meetings, acknowledged and adhered to by all persons. Document verification (minutes...). No formalized structures: 0 / weak structures: 0,25 / exists but incomplete: 0,5 / to be improved: 0,75 / 1 / Formalized procedures established and adhered to: 1. Required criteria for level 2		1		0	0	0	0	0	0	0
2	2	38. Is there a quality control system? At what levels?		0,5	Progress criteria for level 1, required criteria for level 2. Actions put in place for quality control. Gradual score. Formalisation and follow-up: 1 / Set up but not formalised: 0,5 / not satisfactory: 0		1		0	0	0	0	0	0	0
2	2	39. Formalisation and application of quality control procedures: HACCP / physio-chemical tests / micro-biological tests / residues (for bio products) / conformity with EC regulations (toys) / Food content (packaging / table art)		1	Progress criteria for level 1, required criteria for level 2. Gradual score. Set up and respect of the quality control procedures to conform to European standards. Annual tests...		1		0	0	0	0	0	0	0
2	1	8. Registered Trade Marks, respect of Product Provenance and Geographical Indications. Presence on the pack of Trade Marks such as INPI of the name, or rights of use for technical information related to the product		1	If models are registered, the risk of them being copied is greatly reduced and this ensures better legal protection to the production facility. For agricultural products with Provenance or Geographical Indication certifications, conformity must be verified. User rights on the certifications, on the name of the organisation or on the type of product must be verified. Models that aren't registered trade marks, non respect of certifications, risk of litigation: 0 / unknown but un-analysed risk: 0,25 / non-formalised respect: 0,5 / formalised respect but sustained risk: 0,75 / total respect, risk nil or non-existent: 1 (Models are trade marked, level 1 respects the user rights for product provenance and type). Criteria for level 2		1		0	0	0	0	0	0	0
2	1	54. Relevance of products in relation to the consumption demands of the western market		1	Yes: 1 / no: 0		1		0	0	0	0	0	0	0
2	1	52. Innovation and originality of products developed		1	Only applies to level 1. Development, at the local level, of exclusive and original products. Yes: 1 / no: 0		1		0	0	0	0	0	0	0
2	1	51. Technical levels of the products		0	Only applies to level 1. Technical level required, exclusive management of the product/production process on the local (fair trade) market: 1 / less than three suppliers with the same know-how: 0,75 / less than 10: 0,5 / less than 20: 0,25 / more than 20: 0		0		0	0	0	0	0	0	0
2	1	48. Product variety and vitality of the offer		1	Only applies to level 1. Number of product categories. 1 category: 0 / 2 (of which the smallest should represent at least 25% of the turnover): 0,25 / 3 (of which the two smallest should represent at least 35% of the turnover): 0,5 / 4 (diversification, with the three smallest categories representing at least 45% of the turnover): 0,75 / more than 4 categories (with the four smallest categories representing at least 55% of the turnover): 1		1		0	0	0	0	0	0	0



















1	26	TOTAL SOCIAL	13,25	21	0	0	0	0	0	0	0	0	0	0
2	18	TOTAL BENEFICIARIES	2	2,75	0	0	0	0	0	0	0	0	0	0
3	29	TOTAL DEVELOPMENT	18,75	21,25	0	0	0	0	0	0	0	0	0	0
4	8	TOTAL PERENNIALITY	8	8	0	0	0	0	0	0	0	0	0	0
5	19	TOTAL TRANSPARENCY	11	17,5	0	0	0	0	0	0	0	0	0	0
<b>(II)</b>	<b>100</b>	<b>TOTAL SOCIAL</b>	<b>53</b>	<b>70,5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

SOCIAL / 10	8,0769	0	0	0	0
BENEFICIARIES / 10	1,5278	0	0	0	0
DEVELOPMENT / 10	7,3276	0	0	0	0
PERENITY / 10	10	0	0	0	0
TRANSPARENCY / 10	9,2105	0	0	0	0
<b>SOCIAL / 10</b>	<b>7,05</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>



			145. Noise pollution	Operations in the production facility produce no significant noise levels in the area of the site (1)	The producer has foreseen problems and/or is acting to reduce noise emissions originating with site operations (0.5)		the producer is unaware of and has no action plan for controlling the potential impact its activities on the air (0)	0.5	0.5	N/A for coagrosol. Some noise pollution in the industry.	0	0	0	0	0	0	0	0	0	0
			146. Water pollution	Production operations of the organization have no significant impact on surface or ground water. There is no washing, water is not used in the production process and there is no stocking of dangerous products without secondary containment (2)	The producer is acting to diminish the potential impact of its activities on surface and subterranean water (functioning septic tanks or hookups to sewage treatment facilities, etc.) (1.5)	The producer anticipates and/or is acting to diminish the potential impact of its activities on water within buildings (1)	The producer is aware of problems but has not yet taken action to diminish the potential impact of its activities on water (0.5)	1	2	No problem noted	0	0	0	0	0	0	0	0	0	0
3	2		147. Production that threatens biodiversity	The production center is aware that protected species zones exist near the site and has implemented protective measures (2)	The producer is aware that protected zones or species exist further from the site and supports financially or with human resources biodiversity protection programs (1.5)	The producer is aware that protected zones or species exist near the site but has implemented no action to date (1)	The producer knows that protected zones or species do not exist near the site (0.5)	1	2	Great diversity in Coagrosol production	0	0	0	0	0	0	0	0	0	0
3	2		149. Environmentally sound packaging	The production center is aware of sorting and waste processing programs and has implemented them (for example, only one packaging, no plastic, replacement of plastic with paper...) (1)		The producer participates in programs aimed at using environment-friendly packaging (0.5)		1	1	N/A	0	0	0	0	0	0	0	0	0	0
3	3		148. Awareness of sorting and waste processing programs and implementation thereof	The production center has set up a waste sorting and processing programme (1)		The producer is aware of sorting and waste processing programs but has not implemented any (0.5)		1	1	Compost program of Acremir	0	0	0	0	0	0	0	0	0	0
3	3		150. Systematic transition towards certified organic farming (for all new producers. Gradual scoring; set up, training, formalisation)					0.5	0.5	Not systematic even if the cooperative tries to encourage the producers with higher farmgate prices	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>		<b>20</b>						<b>16,75</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Synthesis Environmental Part**

Total Environnemental	Total Environnemental	on 10 points				16,75
Critères d'exigence	Major	on 10 points				8,25
Critères de progrès	Minor	on 10 points				
Note sur 10 points	Note on 10 points					8,375

0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

## Non-compliance and corrective actions report

CONFIDENTIAL

Major non-conformities :

Non-conformity Report		
<b>SUMMARY :</b>	<b>Major</b>	<b>Minor</b>
Economic	0	9
Social	5	10
Environmental	0	0

**A) Major Non conformities :**                      **corrective actions :**  
**Economic**

**Social**

Criteria	Explanation / Grading	Grade	At Points	Comment	Grade	Check 1	Points C1
68. Are there hygiene regulations at the production facility? Posting, formalized? Training of the members and the employees.	Knowledge and implementation of regulations, including posting of rules in public areas, availability of equipment and training.	0,25	0,25	Good formalization in the HACCP. Manual but some hygiene criteria are not respected (see non conformities in the RQ)	0	0	0
101. Are the most disadvantaged members of local villages or the region within the organization? (level1)	100% : 1, 75% : 0,75, 50% : 0,5, 25% : 0,25 and less than 25 : 0	0,25	0,25	Coagrosol is more working with medium sized producers (around 20Hect) but has plan to include new members on the middle term with smaller surface under production	0	0	0
105. How urgent are the needs of level 1 members?	Very urgent : 1, Not urgent: 0	0	0	Not urgent	0	0	0
74. Level 1. Use of children for work during general time and holidays..	important = 1; frequent = 0,75; less frequent = 0,5; rarely = 0,25; never or just during no studying time.	0	0	No children work noted	0	0	0
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	Between 15 & 20 hectares per producer	0	0	0

**B) Minor Non conformities :**

Criteria	Grading	Grade	At Points	Comment	Grade	Check 1	Points C1
18. Stability of the growth of net results or of the cooperative's net disposable income	<b>Only applies to level 1.</b> Net result before tax (or equivalent for the cooperatives: net dividend distributed to the members or reinvested in the cooperative's activities). Over the last five years (or since the creation if the level 1 has been in place for less than 5 years). No drop in net result: 1 / drop of 5%: 0,75 / -6 to -10%: 0,5 / -11 to -20% / > -21%: 0	0	0	loss of 40Keur in 2005, Loss of 6Keur in 2004 & 235Keur of net income in 2003	0	0	0
26. Cooperative's net disposable result for its members / rentability for shareholder workers (plantations)	<b>Only applies to level 1,</b> unless the rentability of the level 1 is diminished by the level 2 (score of 0 in the case, serious non-conformity). Internal return on investment less than 1% per year over the last 5 years: 0 / 2 to 3%: 0,25 / 4 to 5%: 0,5 / 5 to 10%: 0,75 / more than 10%: 1. When the workers of the plantation are not shareholders: 0.	0	0	Negative net income in 2004 & 2005	0	0	0
22. Organisation level of debt	<b>Only applies to level 1.</b> For levels of endebtmnt (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	Very indebted group. 1MReal of debt for a shareholder's equity of 400KReal.	0	0	0
19. Capacity for auto-financing for the first level and for one container	<b>Only applies to level 1, unless the level 1's capacity for auto-financing is insufficient due to lack of auto-financing from level 2</b> (in this case, score of 0 for the organisation). Treasury balance always >0: 1 / <0 for a maximum period of one month: 0,75 / <0 for 1 to 2 months: 0,5 / <0 for 2 to 6 months: 0,25 / <0 for more than 6 months, chronically: 0	0	0	Very low level of cash. 26KReal	0	0	0
24. Ability of provide pre-financing for orders (level 1)	<b>Only applies to level 1, unless the level 1's incapacity for pre-financing is linked to the level 2.</b> Score of 0 in this case. Pre-financing capacity of small producers (or command for a small plantation). Pre-financing capacity for orders equivalent to more than four months of purchase from producers, from the previous fiscal year: 1 / for orders of 2 to 3 months: 0,75 / for 1 month: 0,5 / for less than 1 month: 0,25 / incapable of pre-financing: 0	0	0	Very low level of cash. 26KReal. Prefinancing can come from customers or bank debt	0	0	0
20. Capital and fixed assets (ownership of premises, of production tools and transport)	<b>Only applies to level 1.</b> Detention of 100% of the premises and production tools: 1 / 75%: 0,75 / 50%: 0,5 / 25%: 0,25 / 0%: 0	0	0	Coagrosol does not own the transformation centre. They use the service of Hildebrand for juices & ViaNectar for pulp	0	0	0
7. Certified audits of annual financial statements	Certified audits (by a commissioner, 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	No external certification	0	0	0
51. Technical levels of the products	<b>Only applies to level 1.</b> Technical level required, exclusive management of the product/production process on the local (fair trade) market: 1 / less than three suppliers with the same know-how: 0,75 / less than 10: 0,5 / less than 20: 0,25 / more than 20: 0	0	0	The technical aspect is in the hand of the processing industry.	0	0	0

44. Fixed costs / variable costs	<b>Only applies to level 1.</b> Weight of the fixed costs on the total: fixed costs > 50% of total costs of exploitation: 0 / 49 to 40%: 0,25 / 39 to 30: 0,5 / 29 to 20%: 0,75 / less than 20%:1	0,25	0,25	43% of ratio fixed costs/Variable costs		
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### Social

Criteria	Grading	Grade	Aud	Points	Comment	Grade Check 1	Points C1
69. Are all work areas clearly designated and inspected for hygiene standards? (level 1&2)	Inspection procedures, at regular intervals and in conformity to local regulations	0,25		0,25	An HACCP manual is in place but the application in the industry is not well respected. For non compliances see RQ		0
85. Pension contributions for level 1&2 producers / employees	Yes : 1, No :0	0		0	No pension system		0
70. Are regulations adhered to by employees? Are they trained to the social, hygiene, security and fire prevention.	Qualitative assessment of members' or employees' practices.	0,25		0,25	Apparently not enough because the manual is not fully respected		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	0,25		0,25	HDI of 0,792. Brazil & the State of Sao Paulo are part of the wealthiest area Alter Eco is working in		0
72 Isolation : electricity access, phone, road in service all the year... For the target population of the region	transport and road accessible all the year: no for 100% of the population=1; no for 75 % of the population = 0,75; no for 50% of the population = 50%.; yes for 75% of the population = 0,25; yes for all = 0	0		0	Accesible all year long		
102. Do level 1 members have an easy water access befor the FT intervention?	Water access (quality and quantity); less than 15mn walk access. No for all = 1; no for 75% of the population : 0,75; yes for 50% = 0,5; yes for 75% of the population = 0,25; yes for all = 0.	0		0	Yes for all		
103. Are level 1 members made aware of the urgency of getting children into schools?	Primary & secondary school access free or accessible for all. ( less than 30 mn walk or transport payed by the school ) No for all = 0; no for 75% of the children = 0,75; no for 50 % = 0,5; yes for 75% = 0,25; yes for all = 0.	0		0	Good awareness of the urgency of schooling		
104. Do level 1 members receive medical treatment with the possibility of family planning help?	First help center nearest than 30mn of walk, hospital < 1 hour driving, free or accessible for everyone. No for all or too expensive = 1; yes for 50% of the population, 0,5; yes for all, very good = 0	0		0	Medical centre available in Itapolis		
87. Health and insurance packages for level 1 producers / employees	Yes : 0, No :1	0		0	Yes, access to social security service		
79. Total monthly pay for a level 1 member (pay for organizational activities and any second income)	less than the local minimum wage (or 2 usd / day ). For all = 1; for 75% = 0,75; for 50% = 0,5; for 0,25% = 0,25; all under the minimum wage = 0. (without inactive, formation people...)	0		0	Around 1,200R\$/month compared to 350R\$/month as minimum wage even if it is quite usual in Brasil that small producers are above the minimum wage		

### Environmental

Criteria	Grading	Grade	Aud	Points	Comment	Grade Check 1	Points C1