

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 :

Critère O/N

Mark	Explanation
0	No
1	Yes

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

Critère GRADUEL

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.

Critère QUALITATIF 1 / 3 / 5 / 7 / 9

Mark	Explanation
0	Bad
0,25	Not suffisant
0,5	Average
0,75	Good level
1	Excellent

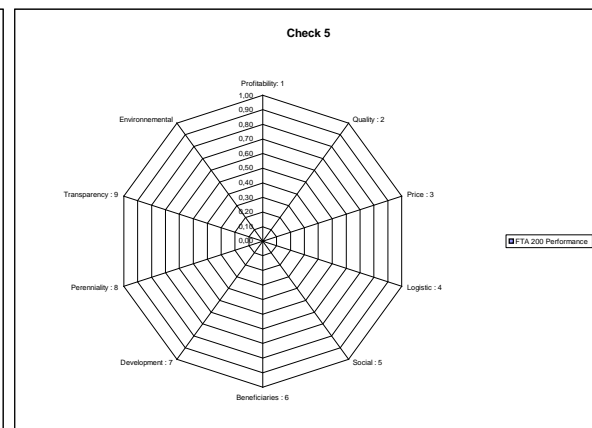
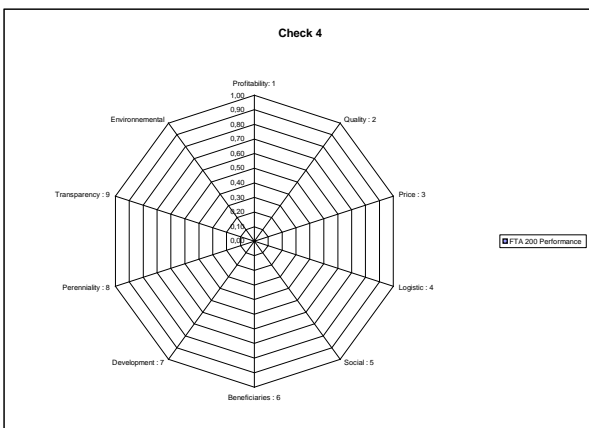
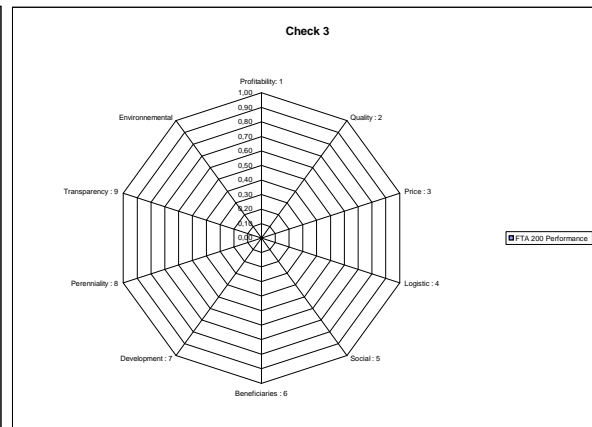
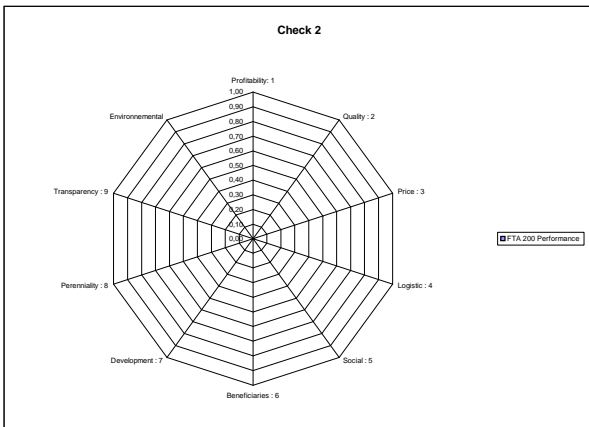
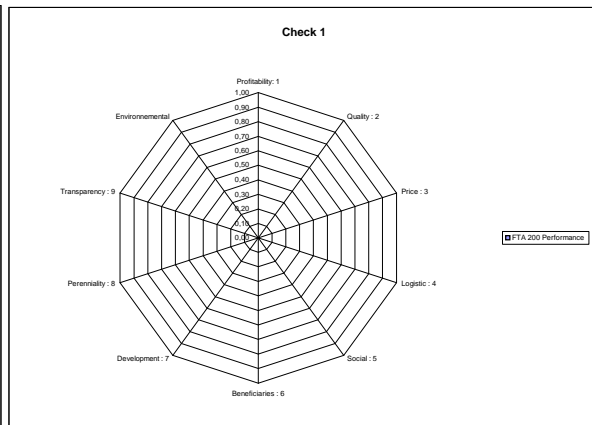
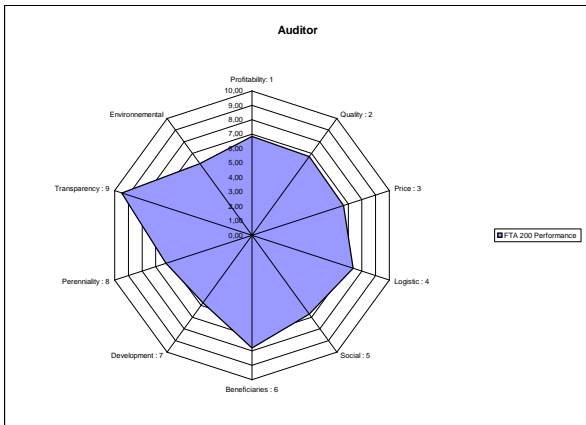
Critère AGREGAT

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 :	KOPAKAMA	Supply chain:	Coffee
Level 2 :	MISOZI	Date :	August 2007



Criteria :	Auditor :	Check 1 :	Check 2 :	Check 3 :	Check 4 :	Check 5 :
Profitability : 1	N.MOUNARD					
Quality : 2	6,83	0,00	0,00	0,00	0,00	0,00
Price : 3	6,73	0,00	0,00	0,00	0,00	0,00
Logistic : 4	6,67	0,00	0,00	0,00	0,00	0,00
Social : 5	7,34	0,00	0,00	0,00	0,00	0,00
Beneficiaries : 6	6,73	0,00	0,00	0,00	0,00	0,00
Development : 7	7,78	0,00	0,00	0,00	0,00	0,00
Perenniality : 8	5,78	0,00	0,00	0,00	0,00	0,00
Transparency : 9	6,25	0,00	0,00	0,00	0,00	0,00
Environnemental	9,47	0,00	0,00	0,00	0,00	0,00
Total FTA 200	6,13	0,00	0,00	0,00	0,00	0,00



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		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		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
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		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		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)		0	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...		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		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		0		0		0		0		0
2	1	52. Innovation and originality of products developed		0	Only applies to level 1. Development, at the local level, of exclusive and original products. Yes: 1 / no: 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
2	1	48. Product variety and vitality of the offer		0	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		0		0		0		0		0

1	26	TOTAL SOCIAL	10,5	17,5		0	0	0	0	0	0	0	0	0	0
2	18	TOTAL BENEFICIARIES	10,5	14		0	0	0	0	0	0	0	0	0	0
3	29	TOTAL DEVELOPMENT	13,75	16,75		0	0	0	0	0	0	0	0	0	0
4	8	TOTAL PERENNIALITY	5	5		0	0	0	0	0	0	0	0	0	0
5	19	TOTAL TRANSPARENCY	11,5	18		0	0	0	0	0	0	0	0	0	0
(II)	100	TOTAL SOCIAL	51,25	71,3		0	0	0	0	0	0	0	0	0	0

SOCIAL / 10			6,7308			0		0		0		0		0	
BENEFICIARIES / 10			7,7778			0		0		0		0		0	
DEVELOPMENT / 10			5,7759			0		0		0		0		0	
PERENITY / 10			6,25			0		0		0		0		0	
TRANSPARENCY / 10			9,4737			0		0		0		0		0	
SOCIAL / 10			7,13			0,00		0,00		0,00		0,00		0,00	0,00

Non-compliance and corrective actions report

CONFIDENTIAL

Major non-conformities :

Non-conformity Report		
SUMMARY :	Major	Minor
Economic	1	13
Social	2	17
Environmental	1	1

A) Major Non conformities : corrective actions :
Economic

Criteria	Grading	Grade	Points	Comment	Grade Check 1	Points C1
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)	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...	0	0	No HACCP available		0

Social

Criteria	Explanation / Grading	Grade	Points	Comment	Grade Check 1	Points C1
71. Is there a prevention plan against fire? And fire exits installations and materials	Are BIT standards or local regulations (if more stringent) applied?	0	0	No prevention plan available		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 child labour noticed		

B) Minor Non conformities :

Economic

Criteria	Grading	Grade	Points	Comment	Grade Check 1	Points C1
22. Organisation level of debt	Only applies to level 1. 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 important risk. In 2006, the level of debt was at 86%		0
19. Capacity for auto-financing for the first level and for one container	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 (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 capacity of auto-financing, especially with their level of debt		
24. Ability of provide pre-financing for orders (level 1)	Only applies to level 1, unless the level 1's incapacity for pre-financing is linked to the level 2. 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	No capacity. Only 1k€ of treasury		
57. Diversification of product outlets: local and/or international (please list)	Only applies to level 1. Less than 3 clients and a single distribution circuit: 0 / more than 3 clients but single circuit: 0,25 / more than 3 clients in at least 2 circuits (ie. Local / export / speciality): 0,5 / more than 5 clients in at least 3 circuits: 0,75 / more than 10 clients in at least 3 circuits: 1	0	0	Only one product & only one customer		
58. Diversification of trades (new products, new services for the producers)	Only applies to level 1. Development of new activity, new products, new services... Yes: 1 / no: 0	0	0	Not for the moment. Only tomatoes growing but marginal		
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	Not externally certified		
52. Innovation and originality of products developed	Only applies to level 1. Development, at the local level, of exclusive and original products. Yes: 1 / no: 0	0	0	No exclusive product developed.		
51. Technical levels of the products	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	Rwandan government gives a priority to fully washed arabica coffee. Quite numerous supplier are able to control the technique		
48. Product variety and vitality of the offer	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	0	0	Kopakama is only making coffee for the moment		
50. Repeat production of products: product development	Only applies to level 1. Regular renewal of the product range, of product development, regular innovations. Yes: 1 / no: 0	0	0	No renewal for the moment. Only arabica coffee		

1. Accessibility: condition of roads, delays / seasonal	Production facilities are often located in remote areas (topography, climate, poor equipment, conflicts). It is important to consider the risk of logistical difficulties and delays. 0 : high risk over an extended period of time (+ 1month) / 0,25 high risk for < 1month or low risk for > 1month / 0,5:medium risk for < 1month / 0,75: low risk / 1: no risk	0,25	0	The access can be quite difficult. Muddy roads, difficult during rainy season		
32. Rate of production / the extent to which it can be regularised	Only applies to level 1, unless level 2 interferes (score = 0 in this case). Gradual score. Capacity to ensure a regular production rate and a constant standard of quality for regular and demanding orders (be aware of and manage human factors, technical and logistical aspects of production and commercialisation). Good management and formalisation (purchase contracts, planning, documentation): 1 / non-formalised: 0,5 / not managed: 0	0	0	That is one of the major risk. Kopakama production capacity is very low & can vary from one year to another one. 2 containers available in 2006, only 1 in 2007		
34. Capacity to increase rate and capacity of production	Only applies to level 1, unless level 2 interferes (score = 0 in this case). In the event of large scale orders, reactivity and management of the production (delays, costs, quality) (track record and evaluation). Capacity to double deliveries: 1 / +75%: 0,75 / +50%: 0,5 / +25%: 0,25 / not possible: 0	0	0	That is one of the major risk. Kopakama production capacity is very low & can vary from one year to another one. 2 containers available in 2006, only 1 in 2007		

Social

Criteria	Grading	Grade	Points	Comment	Grade Check 1	Points C1
67. Are all work areas clearly designated and verified for safety? (level 1&2)	Inspection procedures, at regular intervals and in conformity to local regulations	0,25	0	Few signalization available		0
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	Few signalization available		0
84. Access to social security for level 1&2 producers/employees (public / via contributions)	Yes : 1, No :0	0	0	No		0
85. Pension contributions for level 1&2 producers / employees	Yes : 1, No :0	0	0	No		
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	Yes, good awareness		
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, egal = 0.	0	0	Average of 270kg of cherries per producer = 128FRW*270 = 46€ per year		
94. Do the level 1 and 2 organizations have stated social objectives?	Yes : 1, No : 0	0	0	No		
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	No		
120. Did this (level 1) project come into being as a result of a local initiative?	Yes : 1, No : 0 (both : 0,5)	0	0			
118. If yes, what type of project, and what proportion of funds available to level 1 is allocated to this project?	Cooperatives, producers associations or companies hold at 100% by the producers = 1. Plantations: + 50% of net profit before taxes = 1,49% to 40% = 0,75, 39% to 30% = 0,5, 29% to 20% = 0,25, less than 20% = 0.	0	0	No		
113. % of the adding valor made 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; from 10 to 11% = 0,25; less than 10% = 0.	0,25	0	11,27% Cf 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	47,62% cf FTVR		
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	0,25	0	24,83% cf FTVR		
117. Visible improvements in the lifestyle of level 1 beneficiaries	Yes : 1, No : 0	0	0	Still limited for the moment since the cooperative have sold since 2005 & volumes are low		
88. Services provided for level 1 producers / employees ie; nursery, cafeteria, first aid, loans, etc.	Yes : 1, No :0	0	0	No		
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	Not really. Coffee culture is almost the only activity of the producers		0

Environmental

Criteria	Grading	Grade	Points	Comment	Grade Check 1	Points C1
146. Water pollution		0	0	This issue has to be improved at the cooperative level. The water used in the washing station is only re-uses twice & then thrown away. No water waste management		