

FLO – Guidance Manual for Joint Bodies and Premium Use

Introduction

This Guidance Manual has been compiled on the basis of a broad evaluation of the experience to date of the application of the Joint Body approach within the Fairtrade labelling system. Related written documentation of training measures and background reports have been consulted and different people involved in the ongoing work with numerous Joint Bodies in Latin American, African and Asian countries have provided their views, reflections and comments to put together a comprehensive view of the approach. The core aim was to provide a better introductory tool for FLO certified producer partners as a means to give orientation when putting into practice the Joint Body concept. A great thank you to all who have contributed to this discussion!

The context for which these guidelines have been mainly developed is that for which FLO hired labour standards are applicable (e.g., plantations, factories). In these circumstances, the direct beneficiaries of Fairtrade and of the premium are the workers who are not shareholders of the plantation or external suppliers but are directly hired by the plantation as paid labour. Notwithstanding, it is clear to us that there is a need to better address new working realities related, for example, to shareholder and empowerment approaches as applied by some partners in South Africa.

In this sense it is understood that this Manual only serves as a first attempt to illustrate - in a more detailed way than the FLO standards can - the underlying philosophy of the Joint Body concept. In this context, we regard working with this rather unique approach as a continuous learning process - not only for the responsible workers and management representatives in the Joint Body itself, but for the Fairtrade movement in general. Our aim is to continuously integrate future experience into related documents as much as possible.

It is our conviction that to be a success story and tool for development, the work of the Joint Bodies needs be carried forward by an honest and sincere commitment from both sides involved, workers as well as their management, in order to find the best possible premium investment in favour of the workers and their people so that Fairtrade changes their lives for the better.

In this process FLO, through its Producer Support and Liaison department, aims at supporting our partners as much as possible. However, as a non-profit organisation, we depend to a great extent on external funding for our support operations. Therefore, FLO's field-level liaison structure currently only covers selected key regions and we currently do not have the resources to provide field-level accompaniment to all our certified producer partners.

I. Background: Philosophy and purpose of the Premium and the Joint Body

1. Aim of the premium

- a) Socio-economic development
According to the Generic Fairtrade Standards, the “*Fairtrade Premium is to be used for improvement of the socio-economic situation of the workers, their families and communities*”. Based on the above definition, the premium is not meant as a reward to the plantation or the workers for a good job and therefore must not be distributed among the workers either in cash or in kind. It is meant as a tool for enhancing the living conditions of the community, i.e. the workers’ community, their families and the larger community to which the workers belong, either within the plantation or outside in the surrounding hamlets/villages. A more in depth clarification of this idea will be given in chapter IV.
- b) Empowerment of the workers
The philosophy underlying the premium and the Joint Body concept is to empower the workers to think about, decide democratically and act upon their social problems and needs, to become capable of handling their own concerns and taking care of their own interests by themselves. They are not passive aid recipients, but autonomous actors for their own development. This capacity building aspect of the premium should not be overlooked: the premium management is an ongoing learning and empowerment process.
- c) Participation, transparency and democracy
The Joint Body as trustee of the premium is bound to respond to the workers and their community in general. It thus can provide a platform for promoting democracy and participation. The requirement that the Joint Body shall be representative of the whole workforce claims that all groups, even the weakest, have their say. This might be especially important with regard to women’s participation in decision-making in community matters. By requiring transparency and accountability for the premium management, the premium concept can set a public example of the responsible use of funds.

2. Meaning and rationale of “*Joint Body*”

The Joint Body (JB) concept is a unique and innovative form of conferring on both management and workers a shared responsibility for the social welfare of the workers and their wider community. It is an integral part of the Fairtrade concept in the hired labour context and has basically three intentions:

- a) Trust building between workers and management and the promotion of dialogue on the plantation. Management and workers congregate around the same table, not to negotiate on issues where interests between both parties might diverge such as salary, overtime or working conditions, but to achieve a common goal: to find the best way to spend the premium for the benefit of the workers and their communities. The workers on the JB do not find themselves in the role of subordinates who receive orders or instructions, but are equal partners with even a certain predominance, not only in numbers but also because of their privilege to have the final say, as stipulated in the Standards. For both sides this setting is entirely new and they probably have no experience in this kind of sharing responsibilities. It is a challenging, though eminently appealing, experiment for both management and workers, which can bring a new quality into industrial relations. It will hopefully give

rise to increased self-confidence among the workers and requires as well a change in attitude from the side of management: they must learn to accept the workers as valid interlocutors, first in community social matters, but this can also lead to increased worker participation in work-related issues.

- b) Making optimum use of the know-how available on both sides. The workers know their own and their communities' living conditions, their problems, interests and needs. They are part of, and have direct access to, the target group, whose lot the premium intends to improve. Management, on the other hand, brings expertise and experience in planning, organisation, financial and project management. Sometimes management can have useful perspectives on key development needs of workers; if this perspective is shared in a constructive, limited and non-dominant way, it can be quite helpful.
- c) Capacity building of the workers. As said above, the aim of the premium is not only to promote social and economic development of the workers community, it is also intended as a tool for the workers' capacity building and empowerment. Through the "exercise" of the premium management, the workers on the JB acquire new skills and experiences probably never previously offered to them. The training aspect in the JB concept is as important as the welfare aspect. It is not primarily a theoretical, classroom training, but a learning-by-doing experience, although formal training courses for specific know-how and techniques, which support and complement the practical learning process, are highly recommendable (see more details on this subject in Chapter III).

3. Role of management in the Joint Body

The participation of management in the JB is an integral part of the concept and management's commitment is crucial for the success of the scheme. But it is a delicate job to find the subtle balance between two possible extremes: either staying back, not getting involved, adopting an attitude of *laissez faire*; or overruling and marginalising the workers, leading the process and imposing its own views. The perils are on both sides: to be dominant and preponderant on the management's side, and acquiescent and submissive on the workers side. Especially if workers are insecure and need to build skills and self-confidence to fully play their part in the JB, management might be tempted to step into the void for the sake of efficiency. Both parties should be aware of the gap between management and workers and the cultural constraints that make it difficult for workers to be firm in front of management.

To strengthen the workers' position, and to prevent predominance of management, there are some mechanisms that might be useful: one is the presence of an external support person (this can be the FLO liaison officer) in the JB meetings as facilitator and mediator who keeps an eye on the balance of power. To be effective this person must be accepted by both sides as independent and neutral. Another mechanism is a high level of transparency of the JB work with regular consultations with the workers on important or conflicting issues. The support of the workers and the whole community can strengthen the position of the workers' representatives in the JB. And, of course, training and capacity building of the workers on the JB, including interaction and exchange of experiences among different JBs, are very effective tools for empowerment.

With this in mind, the role of management in the JB can be summed up as follows:

- Facilitate, guide, advise
- Encourage and support
- Question, i.e. provide feedback and encourage critical thinking
- Transfer know-how and train the workers (on the job training)
- Not take the lead; initiative and decision-making belong to the workers.

To meet these demands, management must dedicate substantial time and effort to the JB. Both factors are usually underestimated at the beginning, which can lead to frustration and even to a rejection of the concept. ("It does not work! Management's business is to produce and to make money, not to do social work!"). It is thus important to make the JB concept, and the meaning of management's involvement in it clear from the start to avoid misunderstandings and false expectations. Their JB involvement should be seen as part of the company's quality management. Training and awareness programmes should not only be conceived for the workers, but also for management and staff.

4. Function/duty of Joint Body

a) Premium management

The core responsibility of the Joint Body – as the democratically legitimised organization - is the management of the Fairtrade Premium on behalf of the workers. The JB must carry out its function in close consultation with the workers in a participatory and transparent process, where the JB's role is to:

- Facilitate: it invites and encourages the workers/community to analyse their problems and needs and to define their development priorities;
- Decision-making: after concluding the consultation process, the JB decides on the projects to be carried out, in which order of priority, and how much money is going to be used for each single project
- Plan and implement actions/projects
- Monitor and evaluate the impact of the ongoing activities and projects to make sure that they match the goals and use the resources well
- Inform the workers, the community and FLO of its decisions, the progress and results of the premium projects, and the financial situation.

Increasing premium amounts and the growing size and complexity of premium projects might at some stage surpass the management capacity of the JB, in the availability of time as well as in technical and administrative skills. In these cases it might be a good solution to hire an external professional as premium coordinator or project manager, who is paid by the premium and is fully responsible to the JB. The JB then becomes a sort of board of directors which decides on the projects, sets the guidelines for implementation and monitors the execution, entrusting the operational tasks to an external project manager.

Another possibility could be an agreement with a local development agency, community trust or NGO, where the latter gives technical and administrative support or carries out specific, clearly-defined activities on behalf of the JB. In this case the primary decision-making, the monitoring of progress and budget control cannot be outsourced, but must remain the responsibility of the JB.

In both of these outsourcing models, the JB is still responsible to the workers for the premium use and is bound to consult and inform the workers and the community. (The ideal would be that as the premium grows, so does the JB's capacity to handle it.)

b) Awareness creation on Fairtrade among the workforce

Another task of the Joint Body, as the ambassador of Fairtrade in the company, is to convey the Fairtrade concept and philosophy to the workers. This awareness creation is crucial for the workers to understand and accept the premium guidelines. But it should go beyond the sole purpose of preparing the ground for good premium decisions by trying to create a broader understanding of what Fairtrade means and aims at.

- c) Voice of the 'producer' (both workforce and management) to FLO: e.g. in case of dissatisfaction with FLO services/charges.

II. Transparency, accountability and participation in premium management

The Joint Body is managing the premium not for its own sake, but on behalf of, and for the benefit of, the workers and the community. It is the trustee of the premium. Transparency and accountability of the premium management are therefore fundamental.

- Transparency means that the financial situation of the premium is known by the workers, and the whole process of project identification and selection, decision-making and implementation is open and understandable for the workers who participate actively in this process. Proceedings and decisions of the JB should be transparent.
- Accountability means that the JB is responsible to the workers, not only for the financial aspects of the premium, but also for thorough and trustworthy project management, from project identification through implementation to evaluation. Its guiding principle is the well-understood interest of the workers, without discriminating or granting privileges to specific groups and without gaining any personal advantage.

To assure transparency and accountability, the Joint Body should make use of two means: consultation and information.

- a) Consultation: the identification of projects for premium use is a participatory process with the JB as facilitator. The workers and the community are encouraged to express their problems and needs and to propose actions for solving their problems. This democratic consultation process helps to identify people's needs and to generate ideas and ensures that the JB acts in agreement with its constituency.

Tools/examples of the consultation process:

- Meetings with all the workers, or with groups of workers who have similar conditions and interests (women, casual workers, migrant workers, workers living in the same village, etc.)
- Meetings with leaders of the surrounding communities
- Social census on the beneficiaries and their families (see Chapter V)
- Interviews and surveys (by means of questionnaires) for research on specific subjects (e.g. for planning of a project)
- Suggestion box for complaints and proposals
- Consultative referendums and opinion polls.

Ideally, consultation is an ongoing activity during the whole project management process. At each important stage, before pointing the way for the next decisive step, the JB should go back to the workers, inform them of the current situation and consult them about upcoming decisions. This is especially important in the process of establishing priorities and selecting projects. However, the JB must find the balance between consultation – an excellent way to foster democracy and participation, but also intricate and time-consuming – and decision taking, where it clearly has to show its leadership. The Fairtrade standards assign the power to decide on the use of the premium clearly to the Joint Body (Generic Standards 2.1.1.4). But the decision on a premium project should not go against the opinion supported by the majority of workers. And it should be possible as well that the Constitution stipulates the approval of strategic decisions by the Assembly of workers (see Chapter VI).

- b) Information: this is the counterpart of consultation. The JB reports to the workers on its activities on all important issues in a continuous communication process. The workers should particularly be informed on decisions regarding premium use and on progress, results and problems of planned or implemented projects. It is important for the motivation of the workers to know which projects have been financed by the premium and how they can benefit from them. It is in the interest of the JB itself to make public its achievements. This communication process also has an educational aspect, to improve the workers' understanding of the Fairtrade concept and the philosophy underlying the premium; it helps to explain certain decisions of the JB, which are not always popular, in the light of the premium philosophy and guidelines.

Two points, which need special attention, are financial accountability and transparency. Updated information on the financial situation of the premium – proceeds, expenditure and remaining balance – should be published periodically. The JB must open its records and books to the workers and make available the relevant information in a concise and understandable form. This social control of the financial management helps to prevent rumours and accusations of financial wrongdoing and is the best antidote to mismanagement and corruption.

Tools/examples for information:

- Again, meetings with workers and other beneficiaries in general assemblies or in groups are the most direct way of information. Especially in social contexts with high illiteracy and the preponderance of oral tradition, this is the main means of communication.
- A notice board, which is easily accessible to all workers, is an excellent information tool in plantations where most workers are able to read. To attract people's attention, the information on the notice board should be updated regularly. It is recommended that, as a minimum, the following information be published (in the local language), updated and maintained at defined and visible locations on the plantation: names and section of JB members, agendas and minutes of JB meetings, updated financial statement on the premium account.
- Other written information means are leaflets and newsletters.
- More sophisticated media, if the cost is in reasonable proportion to the premium funds, could be radio programmes or video recordings, especially for the information of a larger community.
- Copies of the Fairtrade Standards and all documents related to the functioning of the JB should be accessible to all workers, if applicable (preferably) translated into the local language.

III. Training and Capacity building

1. Training and capacity building for the workers

Capacity building is an instrument as well as an aim within the Fairtrade concept. As mentioned in the introduction, FLO's Producer Support and Liaison work strives to support the certified producer partners in the process of putting into practice the Joint Body approach. So far, however, FLO support personnel and FLO-related support services and structures are presently only available in key regions and its operations continue to depend to a great extent on the availability of external funds. Consequently, direct field-level support cannot be guaranteed by FLO. Therefore, this document has been compiled as a tool to facilitate this process despite our knowledge that written guidance cannot replace practical training and on-the-job experience.

One of the aims of the premium is capacity building and empowerment of the workers in order to enable them to become actors and owners of their development process. To make

the innovative and ambitious Joint Body concept a success, training and capacity building of the workers is an essential prerequisite as the workers may not be able to assume the tasks and responsibilities assigned to them in the JB concept without prior and ongoing training and assistance. The recommended tools are: training, assistance and sharing of experience.

a) Training

- Prior training: it is highly recommended that training events start before premium money begins to flow, in order to lay the ground for the complex and ambitious process of participatory premium administration. At this stage, recipients of the training are the whole workforce and the Joint Body, possibly also the union or workers' committee.
 - Training of the whole workforce should consist of basic information on the Fairtrade concept; the benefits of Fairtrade for the workers, especially the premium; and the composition, role and functions of the JB. It should also prepare the election of the workers' representatives on the JB, in order to guarantee a democratic process and a fair representation of all important sectors and interest groups.
 - Training of the JB at this stage consists of an initial introduction in its role and functions, in the Fairtrade concept and the premium. It should give guidance for the imminent tasks of the JB (how to get organised, how to start the consultation process, how to draft a constitution).
 - A short training session with the union or workers' committee at this stage is recommended. It should as well offer an introduction to the Fairtrade concept and emphasize the different role of the union/workers' committee as compared to the JB. Whereas the union/workers' committee takes care of workers' rights and working conditions in negotiation with management, the JB is responsible for the premium management. Both functions should be clearly distinguished and the union should not feel threatened or undermined by the JB.
- In-depth training of the JB. After the initial training, which gives just a basic understanding of Fairtrade and a first glimpse into the complex task of the JB, a more in-depth training should be offered. The goal of this training is to offer the JB, and especially the workers on the JB, the basic tools for carrying out its duties successfully. The training should focus on the following topics:
 - Leadership
 - Communication
 - Development concepts
 - Participatory needs assessment
 - Participatory project appraisal
 - Project planning
 - Project management
 - Financial management
 - Time management and structuring meetings.

It seems advisable that the training is divided over several sessions of about 2 days each, for example, to allow the gradual assimilation of the material and not to demand too much at once from the trainees who in most cases have a very basic school education and are not used to sitting in classrooms for a long time. 3 – 4 sessions in the first year should be adequate. The training should be as practical as possible and always relate to the actual context of the JB's work.
- Specific training for office holders such as chairperson, treasurer, secretary. This training enables the office holders to execute their specific tasks. A one-day workshop, organised jointly with other JB's to form groups for each office and very practically-orientated, seems sufficient.

- Ongoing training of the JB: after the basic training offered during the first year of office of a new JB, there will still be the need for refresher courses and further learning, as gaps in knowledge and the need for specific skills may appear in the course of carrying out the duties of the JB. The JB itself might then be in a position to define its needs for training that arise from practice. Suitable training modules could be developed for this purpose. Liaison officers may also be used for this purpose. It also must be borne in mind that over time a renewal of the JB will take place, old members retiring and new incumbents stepping in. This is another strong argument for ongoing training, and the training programme must take into account the gradual renewal of the JB.
- Train the trainers: hopefully, after the JB has gained a certain level of knowledge and experience, senior members will be able to impart training to the workers and even to the new or less knowledgeable committee members. These potential trainers could be especially trained in teaching skills.
- Responsibility for the training: training for JB members should be mandatory. Wherever possible, FLO strives to support the organisation with training events in the first year, after which it becomes a duty of the JB itself. FLO inspectors will check if adequate training has been done.
- If possible, the basic insight on Fairtrade and the JB concept should be imparted by the liaison person or another trainer mandated by FLO. Introductory information on Fairtrade is given during the inspection visits and is available on the FLO web page, as well as through supplementary documents such as this manual. Whenever possible, local resources should be contracted for training on general subjects such as leadership and communication, development and needs assessment, etc. as well as on specific skills such as accounting, project management, etc. These could be local consultants or NGOs with the necessary know-how and experience. The local liaison person could also be mandated for training, according to her/his capabilities and availability, not as a permanent task pertaining to the job description as liaison person, but on the basis of specific mandates. Support/assistance and (formal) training should be strictly distinguished, mainly because of organisational and financial considerations.
- Organisation and financing of training: for the financing, different models can be envisaged. As a rule, premium and company should share the cost of the training whenever this request seems reasonable in proportion to the available premium funds and in consideration of the company's financial situation. Where the costs of the training would be out of proportion to the available premium and/or the capacity of the companies, then external resources should be sought, e.g. from development agencies or local NGOs as part of a comprehensive agreement including training and funding. FLO will support related fundraising activities as much as possible. In any case, a contribution from the stakeholders (premium and company) is always considered as an investment into educational learning that benefits both the workers and the company (better skilled and motivated employees).
- Time for training: training of the workers and their representatives is a requirement contained in the Fairtrade standards (Generic standards 1.4.2.1). From this requirement it can be understood that the company is bound to give (paid) working time for the training. However, the total number of hours dedicated to training should be within reasonable limits, according to the actual conditions and circumstances of each company.

b) Assistance

- Role and function of the support person¹: Assistance or support should be clearly distinguished from (formal) training. While training is understood as a structured session with a clear content and programme, assistance/support is an ongoing coaching of the JB taking into consideration the agenda and dynamics of the JB in the development process. Of course this is also a form of training, not in a formal setting, but on-the-job training. If we understand the JB work as an ongoing learning process (learning by doing, also learning from mistakes), the support in this process is essential to make sure that learning opportunities are seized and used in an optimum way. It is the task of the support person to intervene in difficult moments, when the process is stuck or going round in circles; or when the JB – due to ignorance or pressure – runs the risk of losing focus. Also in conflicting situations (within the JB, e.g. between workers and management; or within the plantation, between JB and workers) the support person acts as mediator, trying to balance the power in case of predominance of one party.
- Form and intensity of assistance: due to the nature of the support described above, the best way seems to be present at the ordinary meetings of the JB and at the assemblies of the workers, where the JB consults and reports on its plans and activities. During the initial phase, when the JB tries to find its internal cohesion and its working method, more frequent visits (assistance at the JB meetings) could be recommendable. Also, when conflicting issues or far-reaching decisions are on the agenda, the support person should be invited to the meeting. If the relationship between workers and management on the JB or between JB and workers on the plantation is under strain or has deteriorated, the support person should offer mediation. The intensity depends, of course, on the availability of the person. But it must be emphasized that support and assistance, especially in the initial phase, are crucial for the success of the JB concept.
- Moments in the process that require special attention: the support person may be useful at especially sensitive moments, when risks of failure or opportunities for success are highest. Some of these very crucial occasions are:
 - During the first JB meetings; to help in structuring the meetings and developing a respectful and result-orientated culture of dialogue, empowering the workers who might feel overwhelmed by management.
 - In the communication with workers; especially in the first assemblies when the JB still lacks the skill to manage these meetings adequately and to communicate well.
 - In the first project planning process; to ensure thorough planning, not skipping planning steps, and understanding the financial implications of the project.
- Assistance in defining and organising training: training in the formal sense is not a chief task of the support person, with the exception of the introduction of the workers and the JB in the Fairtrade philosophy and concept. From his/her involvement in the process, however, the support person knows the weaknesses and strengths of the group and therefore should assist the JB in identifying training needs and opportunities, as well as supporting it in negotiations with training providers and with management on the time- and cost-sharing.
- Guiding role of the support person: the question of what influence FLO and the support person should have in the decision for the use of the premium is tricky.

¹ Support person here means a person mandated by FLO to give assistance and support to the JB, or any other trainer capable of assisting in this process. FLO has support personnel in place in many regions to assist and support producers with issues such as Joint Bodies. The JB is welcome to seek FLOs assistance to locate any other support personnel or organizations. JB's are also free to seek any support personnel or trainers of their choosing, however, FLO cannot assume responsibility for anyone not holding a contract with us.

The support person clearly has a guiding role in the decision process, to ensure that the funds are not misused or spent in violation of Fairtrade principles. He/she should intervene at an early stage to make the JB aware, by means of dialogue and persuasiveness, of any possible misuse or violation of the Fairtrade philosophy or standards which may put at risk the certification status.

c) Sharing of experience and learning

The sharing of experience and learning by interaction with other Joint Bodies can be a fruitful empowerment tool. This can be done in different ways:

- Training events with participants from several JBs: This possibility has already been mentioned in the section on the training of the office holders (chairperson, treasurer). It can be envisaged for other joint training activities as well and might be a means of cost sharing, when the nature of the programme makes joint training meaningful and the group size does not become too big.
- Field visits between JBs from different plantations to know each other and each other's work. To remain not just a social event (which also has its justification) such a visit must be well prepared by all the parties involved, the visitors and the host JB.
- Workshops with the participation of several JBs. This is a very effective way of sharing experiences and learning from each other. The workshop needs external facilitation and should be prepared together with the participating JBs or by a person who knows the experiences of the involved JBs well. The disadvantage is that only a limited number of delegates can participate, rather than the entire JB. To have maximum effect, the workshop should be followed by an internal meeting on each plantation where the experience is evaluated with the participation of the full JB.
- Forming of institutional platforms: this has been done in Sri Lanka with the "Consultative Body" which comprises representatives of all stakeholders of the FLO-partners in Sri Lanka (Joint Bodies, small farmer organisations, estate management, trade unions, etc.). Although it is understood that the Consultative Body has mostly distinct functions, experience shows that forming a common platform or forum exclusively for JBs for coordination and experience sharing could be useful. Another possibility could be that nearby JBs could form a joint working committee for joint projects with an area-wide impact.
- Organisation and financing of sharing events: whenever available, FLO liaison structures or FLO mandated organisations or experts could support the organisation of sharing events at least as long as no institutional platform exists. The financing should be shared among the participating JBs, proportional to their financial capacity (principle of solidarity).

2. Training and awareness creation for management and staff

The newness of the Fairtrade concept and the challenges it presents to management call for training and awareness creation also for management. It was said above that the involvement of management in the JB is crucial for its success, but also that this involvement is a very delicate balancing act avoiding both domination and laissez faire. To understand the Fairtrade concept properly with all its consequences, an introduction to these concepts should be given to the whole management at all levels, from the top through the middle management and technical staff to the supervisors. This training should be adapted to the levels of education and of responsibility of the recipients:

- The senior management should be made aware of the commitment the Fairtrade concept requires in terms of the time and cost dedicated to it. The time aspect, especially, should be thoroughly looked at from the start, because it is often disregarded or underestimated. To give time to the JB and other workers' committees to function properly, to have their regular meetings, trainings and assemblies with all

the workers within working hours and with full pay, needs important adjustments in the work organisation. A lack of clear understanding and commitment can generate serious conflict between meeting production targets and Fairtrade obligations, under which the JB work, in particular, may suffer.

- At the staff and supervisory level, the lack of understanding and appreciation of the Fairtrade concept often creates tensions in the workplace. The programme, with its workers committees and workers' capacity building, may generate suspicion among the staff who may fear that it could undermine their authority and power. The new culture of dialogue must be adopted at this level as well if bad feeling in the workplace and harassment of committee members by their immediate superiors are to be avoided.
- To understand their role in the JB and act accordingly, the management representatives on the JB must be prepared. The best way of training would be their participation in the training of the JB as outlined above, especially during the sessions when the JB concept and the specific roles of both sides are discussed.

IV. Criteria for project selection and suggestions for premium use

One of the main tasks of the JB is to find good projects to be financed with the premium. What are "good" projects? This chapter will provide criteria for the selection of projects and some suggestions for premium projects or areas.

1. General criteria

The basic principle is laid down in the Fairtrade Standards 2.1: "*The Fairtrade Premium is to be used for improvement of the socio-economic situation of the workers, their families and communities.*" This means that the premium must not be distributed in cash or in kind to individual workers. The aim of the premium is not individual monetary benefit but improvement of the social and economic conditions of the community, be it the workers community alone, the workers with their families, or the larger community (communities) where the workers live, either within the plantation or outside in the surrounding hamlets/villages. The community concept might cause difficulties in cases where a large group of workers are migrants, i.e. workers who do not live permanently on or around the plantation, but go back to their home villages after the season or after some years of having worked on the plantation. The interests and needs of this group should be taken into account in the premium discussion and projects for the specific needs of migrant workers should be of high priority (such as residence and work permits or language courses for foreigners). However, even if they live only temporarily in the area of the plantation, they form, and are part of, a community during that period and use the infrastructure and services of that community, or might have specific problems and needs which can be addressed by communal premium projects (e.g. housing, social facilities). Also the often heard argument: "we will not come back after going to our homes" sounds rather egoistic and is not valid insofar as there will always be a migrant population which could use the projects implemented for the "migrant community". The community concept should not be used ideologically, but practically: every human being is always part of one or another community, even if only temporarily.

To make the principle outlined in the standards more operational, we can break it down into the following criteria:

- *Communal* rather than individual benefit: preference will be given to projects which benefit the community rather than individual households or people; individual workers will benefit from the services offered by the premium projects and not directly by getting a share of the premium. Only exceptionally can projects with direct individual benefit be

accepted, when they respond to an urgent need of the majority of the community that cannot be satisfied by means of community projects (like housing). In this case loan schemes (revolving funds) seem more adequate than grants, since the funds used for this purpose have to be paid back to the community and do not privilege some people to the detriment of others who cannot benefit from these projects.

- *Lasting benefit*: the improvement brought about by the premium should have an enduring impact. This means not “eating up” the premium, not using the money for consumption, but for investment in long-term projects that are maintained over time. These projects should be sustainable, i.e. the running costs should be covered as much as possible by the project itself (e.g. in the case of a cooperative shop for basic foodstuff). If this is not possible, for example in social or educational projects, then the recurrent expenditure that is needed to maintain the project should be guaranteed from the start, either from the premium itself or from external sources.
- Satisfying *basic needs*: since the premium funds are always limited, it is essential to establish priorities and choose projects that respond to the most urgent needs of the community.
- The number of beneficiaries: the projects should not benefit a small group, but have a wider impact. Ideally, benefit should reach not only the workers, but also their families and the larger community. The idea is that the premium should not be used in a selfish way, just for a limited and privileged group, but that its benefits are shared in *solidarity with the wider community*, by which the workers learn to express their social responsibility. By choosing several projects that benefit different groups, a fair coverage of the beneficiaries can be reached. However, for marginalized or discriminated groups – even if they are few in number – specific projects that address existing inequalities and foster cohesion of the whole are highly recommended.
- *Additionality*: premium funds should not normally be used for purposes which are the responsibility of the company, the government or other institution.

2. Special cases

Can the premium be used, under certain circumstances, for company or government obligations, for instance for infrastructure on the plantation or for schools? There might be special cases that sometimes come up in practice, which need to be addressed:

- a) The Generic standards lay down the basic rule: “*The Fairtrade premium cannot be used for the running costs of the company and for the costs of the minimum requirements, for example such as those in the Conditions of Employment section.*” (2.1.1.5). This means that for infrastructure and other expenditure that is the company’s responsibility (legal requirements or Fairtrade minimum standards) no premium money can be used. To this the rule could be added that the premium money should not be used for indirectly subsidizing the plantation.
- b) Also, social projects over and above legal and Fairtrade requirements initiated by a farm before Fairtrade certification should not subsequently be transferred to the premium, since Fairtrade should bring additional benefit and neither substitute the farm’s social obligations nor the farm’s voluntary social commitment. A (partial) transfer of such projects should be possible, however, if the company has serious difficulties in maintaining these programmes.
- c) For infrastructure that benefits the company as well as the workers (dual benefit) and does not fall under point a), premium money may be used if the company provides at least 50% of the total cost. Example: dining hall or farm clinic, if these are not legal obligations.
- d) For social infrastructure that benefits mainly, or only, the workers (single benefit) and is above legal or Fairtrade requirements, premium money may be used. Examples: social hall or training centre for the workers. If such infrastructure is established on the plantation’s premises, the question of ownership must be addressed. If possible, the ownership should be legally transferred to the workers; if this is not possible, and

then the infrastructure in question belongs to the company and means an increase in its assets, a shared financing as proposed in point c) should be envisaged. The best solution seems to negotiate a joint venture between the company and the JB, the infrastructural investments being financed by the company and the equipment, as well as the operation of the project, by the premium.

- e) For infrastructure which is state responsibility, such as school buildings, and which the state clearly is not able to provide but is of urgent need to the community, a co-financing between all stakeholders (local government, company, local NGOs, premium) should be negotiated. The premium can then be used as leverage for releasing other public or private funds.
- f) In very special situations, and under clearly restrictive conditions which involve the agreement of the majority of the workers and the authorization of FLO, premium use should be allowed for loans to the company to meet legal or contractual obligations or for working capital needs. This has been practiced in India with good results. The procedure must make sure that the JB and the workers are not acting under pressure but decide freely to lend money to the company. Owners are thus negotiating with the workers and the premium again proves to be an empowerment tool.

In all these cases, points b) through f), a careful procedure involving the JB, the workers and FLO must be observed. A JB decision to use premium funds for any of these purposes should be submitted to the workers assembly for ratification. If in doubt, FLO, through its liaison officer could be consulted, for example, on the character of the project and the decisions made by the JB and the workers. In all cases, through the inspection and certification process, FLO retains the right to check that the procedures are followed properly and that the workers have decided freely and deliberately.

3. Suggestions for premium use

The following list gives examples of possible projects or areas of activities suitable for premium use. It is meant as a support in the generation of project ideas, but it is to be considered neither as a model or priority list, nor as exhaustive. And it is certainly not meant as a substitute for a thorough and systematic project selection and analysis as proposed in Chapter V of this document.

- Training and capacity building: from what has been said in Chapter III, it should be clear that a certain amount of the premium should always be used for training and capacity building for the workers as well as for the workers representatives (Joint Body, Workers' Committee, etc.). It could be recommendable to allocate a minimum percentage of the premium to this purpose in the yearly workplan, let's say 10 - 20%, although this depends on the premium funds available. Examples of this type of project, besides the training events mentioned in chapter III, are: training courses in basic education (reading and writing, completion of elementary and secondary school education, languages); in professional skills (computer use, tailoring, carpentry, driving, management of small business); or in practical skills for family and community service (healthcare, child care, nutrition).
- Education of children and youths: tuition fees, scholarships, school materials (beyond what is available/provided by the state and employer).
- Social/communal infrastructure in the communities: social hall or community centre, school buildings, etc. which further the aim of the premium. (For infrastructure on the plantation or for state responsibilities see conditions in Section 2.)
- Public utility services: drinking water and sewage systems, electrification (beyond what is available/provided by the state and employer).
- Social welfare: childcare, healthcare (preventive as well as curative), AIDS/HIV prevention, programmes for disabled or elderly people who are destitute or alone.
- Cultural development: library, video/TV equipment, sponsoring cultural activities such as music, dancing, theatre.

- Environmental protection and development: planting trees, garbage collection and waste recycling.
- Supply of basic goods at preferential prices: cooperative store.
- Leisure and sports: recreational facilities, sports equipment.
- Productive projects in cooperative form, if they respond to a local demand (the needs aspect), create employment and strengthen the local economy (service is the main goal, not profit): farming, vegetable growing, processing facility for local agricultural products, factory producing inputs for the company or other local industries.
- Revolving funds for loans for individual/family needs: construction and improvement of housing, transport, emergencies.
- Revolving funds for micro-credits for individual small business projects. Under certain conditions these can be a solution for communities with high unemployment or for migrant workers who plan to go back to their homes after some time. Problems of individual loans for investments in the home areas would be repayment control and monitoring.

Revolving funds seem especially attractive when premium flow is sporadic and unpredictable. Its benefit is continuous and can spread out to a growing number of people, even if no new premium is received. Revolving funds can be combined with, or strengthen, existing savings and loan schemes which are capitalized by premium inflow.

Loan schemes need an administrative structure and clear rules and guidelines (who can get a loan, for what reason, criteria for selection, maximum amount, interest rate, repayment procedure, monitoring, etc.). It is also advisable to fix a ceiling for the amount of the premium that can be used for loan schemes. If not, the whole premium might be used for individual loans and the idea of community is lost.

- Programs addressing/correcting gender inequality or promoting the participation of women (and similar programmes for marginalized groups).

V. Project selection and project management

This chapter aims at providing tools and tips for identifying and planning premium projects. While the first step (section 1) is highly recommended as an exercise for any JB to start with, the need for the further steps depends on the character and complexity of a project. For small and simple projects the planning might be easier and less rigorous. It is good to get into the habit of systematic project planning and management even for small projects, since the expertise gained can be very valuable in future undertakings. The project cycle, the process from initiating to finalising a project, goes through several stages. The basic steps in the project cycle are:

1. Project identification / needs assessment

The first questions that must be asked are: who is going to benefit from the project and what do they need? Thus we start with an inquiry about the people we want to serve, their living conditions, problems and needs. There are various tools for a social study:

- Census of the population that is intended to benefit from the premium. This is a very useful tool to identify the social and economic conditions of the beneficiaries: who and how many they are, where and how they live. The census should contain not only basic data (such as marital status, number, gender and ages of household members, educational level, employment situation, etc.) but also an inquiry on access to and quality of basic services (such as housing, water, health care, child care, education, etc.) and consumption habits (what goods and services, in what quantity, does the household consume).
- Map of communities where the workers live. The corresponding data might be included in the census. The drawing of the map (with the plantation in the centre and

the hamlets/villages in circles around, according to their location, distance and size) allows instant recognition of the geographic distribution of the beneficiaries, which makes the project identification much easier.

- Service map: analogous to the community map, for each village the basic communal services (such as school, roads, boreholes, social hall, clinic, shop, etc.) are sketched in, according to their location inside or outside the village.
- Other tools to identify people's problems and needs are questionnaires, interviews, suggestion boxes, meetings with groups according to geographic areas (people of the same community) and according to their interests (women, young people, migrant workers, etc.). A system of proposals and complaints from workers to JB might be useful as well.

2. Set priorities, define problem and objectives

Once the problems and needs of the workers, of the main interest groups and of the larger community are known, we must define the problem(s) we want to address and the results we want to achieve. That means we have to set priorities, not all problems can be solved at once. Which problems do we want to address first?

- a) Setting priorities: this is mainly a "political" decision, which means there are no objective scientific ways to decide what needs should be satisfied first. Therefore a debate among all the workers (consultation) is necessary to know what they want to be done first. The result of this consultation should be a ranking of the most pressing problems according to priority. In the ranking, the available resources should also be taken into account, like money, know-how, time. So we may decide to solve a small problem first, even though there is a bigger, more pressing problem that is beyond our capabilities for the time being.
- b) Identification of a clear problem: knowing a problem well means going beyond the symptoms (what we perceive as being the problem) to the roots (causes) of the problem. Health problems, for instance, might have their roots in malnutrition or in lack of hygiene. But we can investigate even further: what are the causes of malnutrition? Maybe poverty, maybe ignorance. Thus to attack the root of the problem and not only the symptoms, we have to go beyond the appearance.
- c) Defining objective(s): now we define what improvements or results we want to achieve. Objectives should be
 - Specific, precise, operational: we intend a clear result or improvement
 - Measurable: we should be able to check whether the intended results have been achieved
 - Attainable and realistic: the results should be within our reach
 - Time bound: we establish a timeframe or a deadline.

3. Define ways and means to achieve the objectives

Now we ask ourselves how we could achieve the intended results. We have to define coherent actions, called projects, to reach our objectives in the most effective and efficient way. Different solutions should be analyzed and compared, taking into account the following factors:

- Effectiveness: does the proposed solution really solve the problem?
- Efficiency: is the cost in proportion to the benefit? Is the effort in a reasonable proportion to the results?
- Cost: what will it cost to establish the project (investment, arising once)? What will it cost to run the project (running cost, arising every year)? From which sources will the running cost be covered?
- Capacity: are the human resources and the necessary skills available? Can we make use of other experiences with similar projects? Advice: start with small, less complex projects to gain experience and confidence.

- **Feasibility:** is the project likely to succeed? Does it require specific conditions? What are the risks involved? If the project is a business venture, its economic viability has to be analyzed in terms of cost and returns. A project is economically viable if the expected returns (proceeds from sales) cover or exceed the cost, so we also would need a cost analysis. For social projects such as a training centre or a clinic, which are not generating income, or at least not enough income to cover all the costs, we should estimate the operational cost, i.e. the expenditure which will arise every year to keep the project running.

4. Project planning

Now that we have defined our project, the next step is the planning: before starting to work on the project, we think of everything that has to be done to complete the project successfully and without unpleasant surprises. The project planning provides answers to the following questions:

- What has to be done (activities)? Divide the whole project into components.
- When is it to be done (time schedule)? Remember the seasons!
- Where is it to be done (location of the project)?
- How will it be done (definition of materials and techniques to be used, plans for constructions)?
- Who will do it (assignment of responsibilities and tasks)?
- How much will it cost (detailed budget)? Never start a project without having drafted a detailed and realistic budget! The budget is a list of all resources we need (manpower, materials, equipment, etc.) and their price. For large or expensive purchases we ask several suppliers for quotations, so we can compare prices and conditions. If for a large construction we intend to hire a contractor, various contractors must be invited to bid and the awarding of the contract must be done transparently and to a qualified contractor.

In this planning process not only the JB but the direct beneficiaries of the project (interest groups, community) should be involved.

A helpful planning tool is a flowchart, where the activities are listed in relation to a timetable. Some activities are carried out simultaneously, others successively.

Activity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1		xx	xxx									
2			xx	xx								
3					xxx	xxx	xx					

5. Project implementation

Only now, when everything is ready, can we start with the implementation of the project. If the planning has been done well, this should be quite easy. Of course the plan is not a straitjacket and must be adapted to changing circumstances or to unforeseen events, but it helps to carry out the project in an organised way.

6. Monitoring and evaluation

Monitoring ensures that the project is carried out properly and according to the plan. It is an ongoing control of the progress of the work and all the relevant factors. Special attention must be given to the control of quality, budget and time. If third parties are involved (contractors, suppliers), their timely compliance must be monitored.

Evaluation is the final assessment of the whole project, its implementation process and its results and impact. Have we achieved the desired results? Does the project fulfil our expectations? Evaluation helps to find out what went well and what went wrong. In particular, the difficulties and mistakes should be carefully analyzed because they help us to learn and improve for the future. We can review earlier decisions in terms of success and impact, so that in each successive round of project management the quality of the debate and the decisions taken keeps improving.

7. Reporting

The Joint Body is responsible to the workers and FLO for its administration. The workers should be informed periodically (for example, monthly) on the progress of the work. At the end of each project (when implementation is concluded and the project starts to operate) a report should be submitted to the workers and to FLO. The report should contain the main findings of the evaluation and a comprehensive financial statement. For ongoing projects, periodical reports should be presented, at least yearly.

8. Annual report and workplan

The annual report and workplan is a tool for long-term planning and for strategy discussion. The various activities and projects carried out by the JB should be coherent and reflect a long-term vision. The annual workplan obliges the JB to develop a long-term perspective. The first annual report and workplan must be drafted after the initial year of certification.

The report should list all activities and projects carried out during the year and compare the results and impact with the plan. It should contain the cost of each activity and a comparison of the effective cost with the budget. Activities contained in the plan and not carried out should be commented (why not carried out?).

The workplan contains a budget based on expected premium income and the activities and projects, including training, planned for the next year, together with the cost of each item.

The annual report and workplan are to be submitted to the workers for their discussion and approval, as well as to FLO for documentation purposes.

VI. JB Constitution

The Constitution or Statute has two functions:

- (1) To rule and regulate the functioning of the JB in its management of the Fairtrade premium;
- (2) To ensure the legal status of the JB and of the community of workers, in order to protect their property rights with regard to the premium. The workers, as the owners of the premium funds and of all properties acquired by the premium, need a legal form which entitles them to own money and other properties, to sign contracts and to engage in all business transactions necessary for the premium management. This aspect is very important and needs careful attention in order to find the appropriate legal form in each country, according to national legislation. The following considerations must be taken into account:

- The premium belongs to the whole workforce; i.e. every worker, from the moment of his/her entry into the company until the termination of his/her contract, is co-owner of the premium. Being employed by the company is the only condition and there is no admission fee. Retiring workers cannot claim their "share".
- The company has no property rights on the premium.

- The JB (which comprises workers and management representatives) is not the owner, but solely the trustee (the administrative board) of the premium and is responsible for its use to the owners (the workers).

The Constitution should be concise and understandable. Its content should be limited to the absolutely necessary, i.e.: (1) what the law requires for the legal form that will be used in each national context; (2) what the standards and guidelines of FLO require; (3) whatever is necessary to make the organisation viable and function well.

Basic elements of the Constitution:

- Name of the legal entity
- Membership/beneficiaries: all employees of the farm, from the moment of being contracted till termination of the contract, permanent and temporary workers alike. Membership is free (no fees) and unconditional. No worker, however, can be obliged to join this body (association, corporation or whatever) since freedom of association also means freedom not to join. If a worker does not join, he/she cannot exercise the right to vote in elections or in the General Assembly, but is still a beneficiary of the premium.
- Aim: to receive the Fairtrade premium and use it for the benefit of the workers, their families and communities
- Objectives: promotion of the well-being of the workers, their families and communities and capacity building of the workers
- Means: (community) projects for socio-economic development; training activities
- General Assembly (meeting of all members): this is the highest authority and has the following powers:
 - To approve and modify the Constitution
 - To elect and dismiss the workers' representatives in the Joint Body
 - To elect and dismiss the members of the internal auditing/control committee
 - To appoint the external auditor
 - To discuss and approve the annual report including the audited financial report
 - To discuss and approve the annual workplan and budget.
 - To decide on the dissolution and the disposal of funds in case of dissolution.

The approval of projects is in the competence of the JB. But divergent solutions should be allowed in the Constitution, such as the ratification by the Assembly of financial decision on a certain amount of money. Premium use for investments that are the responsibility of the plantation or the government cannot be decided by the JB alone but always need the approval of the majority of the workers (see Chapter IV.2). Workers must be consulted and informed on the use of the premium.

Define frequency and procedure of general meetings. Ordinary general meetings of all workers should take place at least once a year; extraordinary meetings whenever necessary. The general meetings are convened by the JB, the control committee or when a defined number of members (at least 10%) make a written request for a meeting.

- The Joint Body is the administrative board responsible for the management of the premium. It decides on the premium use (premium projects) in consultation with the workers, following agreed consultation procedures.
 - Composition of JB: a specific number of workers representatives (democratically elected by workers) and a specific number of management delegates, fewer than workers (appointed by management). If no Union or Workers Committee member is elected, the Union or WC may be invited to delegate an observer. Other stakeholder groups (e.g. surrounding communities) may be allowed to delegate observers.
 - Election of workers representatives: procedure of election; representation of relevant sectors and groups (gender, farm sectors, seasonal workers, communities where workers live); who is eligible; the majority of workers' reps should be general workers

and not supervisors or middle management (since management is represented by their appointees).

- Term of office, possibility of re-election, rotational election procedure (only part of the committee is replaced at any one time, to secure continuity in a system of rolling resignation and election); replacement procedures in case of premature withdrawal or dismissal of members.
- Office holders: Define office holders and their duties (e.g. chairperson, secretary, treasurer, etc.). Office holders should preferably be workers (for capacity building).
- Sub-committees can be formed for special tasks.
- Meetings of JB: frequency (adequate number of meetings per year in order to effectively administer the premium, minimum six meetings per year), quorum, procedure, agenda, minutes.
- Sanctions in case of persistent non-compliance (e.g. for not attending meetings).
- JB/workers' reps can invite external experts (from community, NGOs, government, etc.) at any time to JB meetings.
- Internal auditing/control committee, elected by Assembly, by same procedure and for same term as JB. Its function is to supervise the JB and especially the financial management by means of periodical checks and to report to the Assembly.
- Financial management and accounting should observe the following procedures:
 - Opening of bank account for the premium
 - Double signature: joint signature of at least one workers' rep and one management rep is mandatory
 - Establishment of a simple but adequate accounting system
 - All expenditure must be supported by a decision of the JB and documented in the minutes
 - Treasurer (or accountant) presents monthly financial statement to the JB
 - Books are periodically checked by an internal control committee which reports to the Assembly
 - Annual auditing of the premium accounts by an authorized external auditor, who checks not only the books but also the observance of the procedures, the legality of the expenditures and the efficiency of the finance management.
 - JB submits an annual financial report, together with the auditors report, to the Assembly and to FLO
- Procedure for application for premium funds: applications for projects to be funded may be submitted by any group which represents or reflects the interests of the majority or at least of a significant section of the workers or their communities.
- Procedures and criteria for project selection (see Chapters IV and V)
- Procedures for project planning and implementation
- Procedures for project monitoring, controlling and reporting
- Procedure for amendments to the Constitution
- Dissolution procedure and disposal of funds in case of termination of the company or termination of Fairtrade relationship. In case of dissolution, the Assembly decides on the continuation of the projects and on the use of the disposable funds. The Assembly should be allowed to distribute the liquid assets, minus debts and liabilities, in equal shares among the members.

VII. Guidelines for internal/administrative procedures

This chapter is closely related to Chapter V1 JB Constitution. Whereas Chapter V1 indicates which issues have to be regulated, but leaves open which solutions are adopted, in this chapter, practical ideas and suggestions are given.

- Office holders and their duties: JB office holders have specific tasks and respond to the whole JB for their fulfilment. It is recommended to have the following posts:
 - Chairperson (president, coordinator): his/her duties are to coordinate the work of the JB, convene the meetings, prepare the agenda (possibly together with the secretary), chair the meetings, supervise that all tasks and commitments assigned in the meetings are fulfilled properly, ensure a good working atmosphere in the JB, represent the JB before the workers, management, community, authorities, etc.
 - Vice-chairperson (not mandatory, but recommended): takes the place of the chairperson in case of absence.
 - Secretary: writes and sends invitations for the meetings, writes and distributes the minutes, keeps the JB file, receives and answers correspondence if no other JB member is given this responsibility.
 - Treasurer: responsible for financial management, does the book-keeping (or, if an external accountant is engaged, supervises the book-keeping), informs the JB and the workers on the financial situation, authorizes payments, is usually one of the signatories of the bank account (together with the chairperson), keeps the financial file.
 - According to special tasks, other office holders can be appointed or sub-committees can be formed, for instance for communication (to inform the workers, updating the notice board), project research or for directing specific projects.
- Regularity of meetings according to pre-established calendar (agreed with management)
- Procedure of meetings. Meetings should be result-oriented and limited to a maximum of two hours. To be effective and efficient, they should follow a strict procedure:
 - Take note of participants and quorum
 - Read, amend (if necessary) and approve agenda
 - Read and approve minutes of former meeting
 - Check if all tasks and commitments from last meeting have been carried out
 - Inform on premium account (once a month): proceeds, expenditure, balance
 - Inform on progress of projects
 - Proceed with agenda; it is recommended that each item is introduced by a brief update by the person in charge of the issue, then discussion and clear conclusions/resolutions. Open questions and/or tasks should be clearly stated and responsibilities for follow up assigned
 - Define or confirm (if schedule has been pre-established) date of next meeting.
- Records (minutes) of meetings. The minutes are the institutional memory and the legitimizing of the actions of the JB. All activities and commitments of the JB, especially financial commitments, must be supported by decisions recorded in the minutes. Minutes should contain the following elements:
 - Name of the organisation
 - Nature of the meeting (e.g. ordinary assembly or JB meeting)
 - Date, hour and place of the meeting
 - Number of minutes (if frequent meetings are held, to make sure that minutes are not lost)
 - Names of participant members and observers; names of absent members (excused, not excused)
 - Name of the person who chaired the meeting
 - Agenda (approved agenda with amendments if applicable)
 - Concise report on the conclusions and resolutions on each item of the agenda
 - Decisions should stand out clearly and all decisions on financial matters should state the purpose and the amount of the money to be spent. Decisions on new projects should always be accompanied by a budget
 - Assigned tasks

- Signature of the chairperson and the secretary, or, if desired, of all participating members. Usually the minutes are signed after approval by the next meeting.
- Establishment of JB file(s): the JB should keep a central file in a safe place on the plantation accessible to all JB members. The file is two-fold:
 - a) File of all the minutes and other documents such as Constitution, Fairtrade standards and other FLO documents, reports, projects, correspondence, etc. The file should be properly organised by item, to make the finding of documents easy. If projects originate a lot of documents, a separate file should be kept for each project. The responsibility for these files lies with the secretary, although project files might be kept by other JB members who have been appointed to direct projects.
 - b) Financial files, containing all the financial records and books, financial reports, bank documents, and all other documents supporting financial transactions (such as, quotations, receipts, contracts). The financial file can be divided into a central file for all activities related to the main premium account and separate files for each project. The responsibility for the financial files is incumbent on the treasurer (shared with the accountant, if an external accountant is engaged to do the technical book-keeping).
- Administrative costs of the JB: while infrastructure (office space, furniture, basic office stationery) should be supplied by the company, running costs (office materials, meetings, information materials, etc.) should be met by the premium. It is recommended that the contribution of the company to infrastructure, equipment and services be negotiated between the JB and management and confirmed by a written agreement.

VIII. Relationship with Trade Union or Workers' Committee

The social standards and premium are both Fairtrade tools for enhancing the workers' welfare and empowerment. Whereas defending the interests of the workers is the main responsibility of a workers' body (committee) formed on the plantation or in a factory - often in close relation with a union - managing the premium is the responsibility of the Joint Body. Therefore, the roles and duties of both bodies should be clearly distinguished and not confused. The presence of a JB must not undermine the workers' committee or union. To foster communication and coordination between the two bodies, and in case no union official or WC member has been elected onto the JB, one union or WC representative may be invited to sit on the JB as an **observer**.

The policy of FLO, and particularly the attitude of the liaison person towards unions and workers' organisations in general, depend on the level and quality of the organisation in each individual case. We could typify three different situations:

1. In principle, where unions exist and work effectively, they are the ideal partners of Fairtrade with regard to the first empowerment tool outlined above - the workers' organisation which defends the workers' rights and interests in the working context. A close collaboration and coordination of activities is highly recommended in these cases. However, this ideal situation exists in very few cases.
2. More frequent are the cases where unions exist, but are either not prepared or limited in their capacity to give real training and support to the workers in order to empower them. In this case it would be recommended that they seek contact with these unions and to try to convince them to intensify and improve their work, to really contribute to the empowerment of the workers. These contacts may be very fruitful, leading not only to a better relationship and understanding of Fairtrade by the unions, but to a close coordination and mutual support in the activities of both sides.
3. In some cases, however, no unions exist or the cooperation issue may be very difficult and too difficult to start with. In these cases special solutions may be required. Training and support should then possibly come from other sources, such as a local NGO

or even an individual consultant with the necessary expertise. The challenge of this model, evidently, is to make the process sustainable without depending for too long on external support. What must be clear is: it is likely that without support the process will not work.