



**GUIDE TO NATURLAND FAIR PREMIUM
ADMINISTRATION AND USE**





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Text boxes mark extracts from the Naturland Fair Standards 05/2024. Please refer to the latest version of the standards, which can be accessed via the following link: <https://www.naturland.de/en/naturland/what-we-stand-for/quality/naturland-standards.html>

1. What is the Naturland Fair Premium?

Extract of Naturland Fair Standards (05/2024): PRODUCERS in economically disadvantaged regions receive a fair trade premium from one of the trading partners in the supply chain who deals in Naturland Fair certified products. The guide value for the fair trade premium is at least 10% of the free on board (FOB) price of the agricultural raw material. Fair trade premium payments must be managed in a separate account and in a traceable manner.

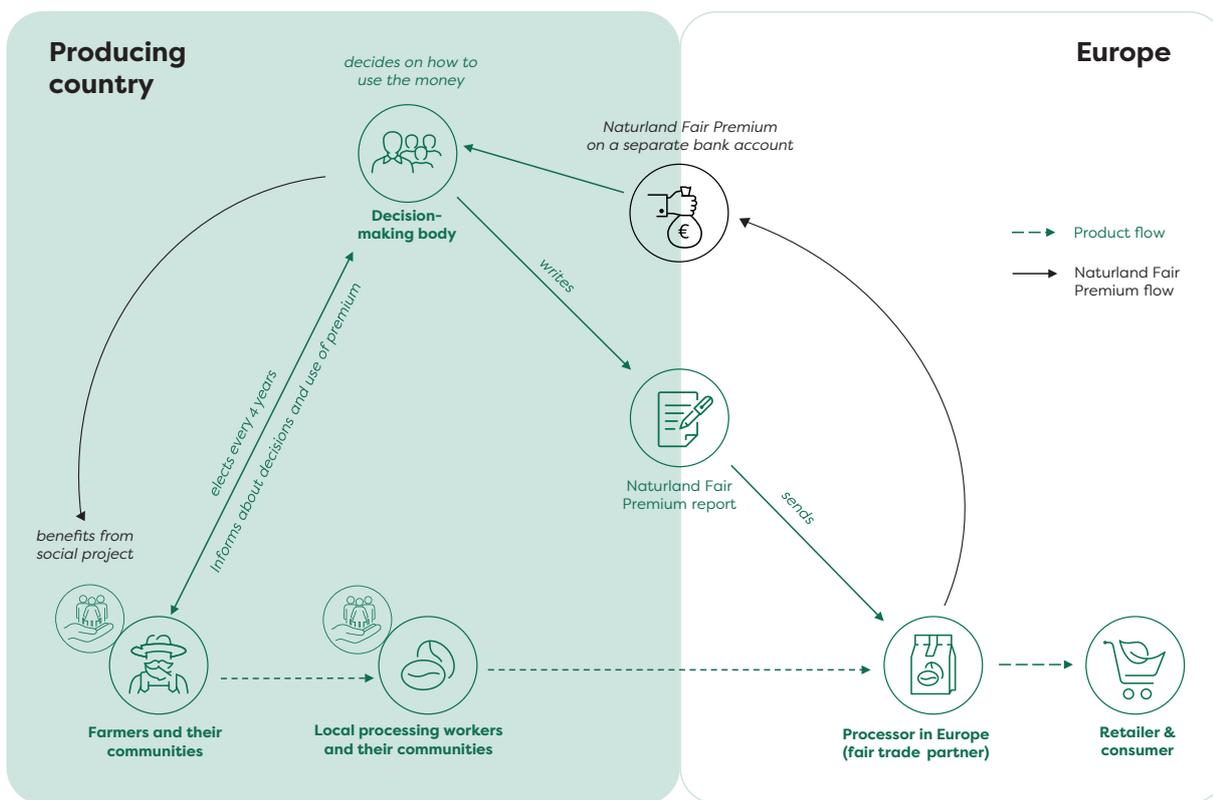


Figure 2: Procedures of Naturland Fair Premium payment, administration, and use along an exemplary supply chain of an agricultural product from a Non-OECD country exported to Europe

2. What is the Naturland Fair Premium used for?

This fair trade premium is used to finance social, educational, health-related and environmental measures, or as additional income for the smallholders. In the case of harvesting/collection of wild grown products and/or a lack of common infrastructure, other uses can be defined.



The Naturland Fair Premium is meant to finance projects that benefit the farmers, their families and communities, and/or the workers in production and processing. It is not meant solely as an additional income that would be paid additionally to the fair price of the products sold or for financing certification or administration costs. Instead, it is meant to be an additional fund for community development purposes (and therefore paid to an extra bank account).

For wild collection communities or when there is no perceived community or shared infrastructure, other areas of uses can be defined together with Naturland.

3. How to develop suitable ideas for Naturland Fair premium use

In order to find out which current needs and problems are to be addressed, it is important to speak to all potential beneficiaries and understand their specific needs. This implies to speak with different people of the community and get to know their different perspectives.

Remember:

Different groups have different needs: women workers, seasonal workers, migrant workers, temporary workers. Ask them separately.

Don't let the men dominate. Ask also the spouses and the children.

Some questions that you can ask your target group to identify potential uses for the Naturland Fair premium could be:

- Which problems do you face in your everyday life?
- When thinking about your community, what would you like to improve? What is missing?
- When talking to your neighbors or friends, which are the problems that you discuss with them?
- Thinking about your children or grandchildren – what would be needed to improve their life and future?

Figure 3: Group of sesame farmers in Uganda





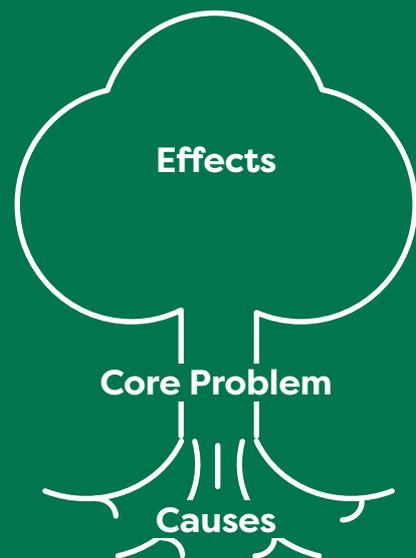
Figure 4: Ugandan Ankole Coffee Producers Co-operative Union (ACPCU) working on their strategy to use the fair premium

Exercise: The Problem Tree

A problem can be seen like a tree consisting of three parts: the roots, trunk and branches. The core problem is the trunk, while the roots represent the causes and the branches the (often visible) effects.

In a group or as an individual exercise, focus on one problem. Write down different aspects of this problem on cards. Then try to sort these aspects to the different parts of the tree. The roots/causes lead to the trunk/core problem, while its branches/effects stem from the problem. This exercise shows the often complex interrelations of problems. To solve a problem and reduce the negative (visible) effects, the causes have to be addressed.

If you build more than one problem tree, let workers, farmers and the community decide which problem should be prioritized. Based on the identified causes, you can then work on solutions and develop project ideas.



The question of how the premium money should be used is often a trade-off between different factors in favor or against a use: The investment can either ...

- ... have long-term effects. ... benefit the most vulnerable.
- ... have immediate positive impact. ... have multiple impacts.
- ... benefit most people.

Sometimes, an idea might check several of these criteria. In either way, the decision for the premium's use is not an easy one. This is where the decision-making body comes into play.

Some examples of how Naturland Fair members have used their premium:

At Urmatt, an organic rice company in Northern Thailand:

- In 2021, the decision-making body of the Dai village in Thailand decided to purchase a stereo set for the community to improve communication for the village.
- Another village, Wiang Chai, decided to repair the main road that farmers use when they go to their plots. In 2022, a part of the money for the Naturland Fair premium was used for health education in schools, such as check-ups for teachers and students, dengue prevention campaigns, Iodine supplementations and other prevention activities.
- The decision-making body of the third village, Tungpayamee, decided in 2021 to use the Premium money to replace the old chair in the meeting hall of the village, which is used for community meetings. In 2024, they also purchased more tables and fans for the community hall.

At Serendipalm, organic palm oil producer from Ghana:

- In 2021, the decision-making body of Serendipalm used the money from the premium fund (Naturland Fair, but also Fair for Life and Fairtrade International premium funds) to renovate several schools, support one school in equipping their computer laboratory, purchase a dental chair for the hospital and provide scholarships.
- Other ongoing projects have been e.g. the construction of a mechanized borehole for improved water supply.

3. What is the decision-making body and how is it set up?

A decision-making body, which is elected by the individual producers and/or employees of the PRODUCERS concerned at least every four years, is responsible for the decision-making processes regarding the use of the fair trade premium.



Independently of the type of organization and its structure, a small group of people called decision-making body (DMB) needs to be put in place. This group should represent the interest of all members of the organization. It is the group of people that will represent all the potential beneficiaries and is in charge of deciding democratically about the premium usage and its administration.



Figure 5: Shrimp farmers' meeting in Vietnam

Tasks of the decision-making body include:

- Identify a target group for the premium use
- Identify needs of the workers/communities
- Decide democratically on the use of the premium
- Plan the project of the selected premium use
- Supervise the implementation of the project
- Write regular reports on the premium usage for other stakeholders

Depending on the type of organization, farmers, workers, and management of the organizations should gather in a meeting and elect a DMB. In this meeting, all the members of the cooperative

or their representatives gather. It is called the “general assembly” or “plenary meeting”. The minutes of the meeting should be written, and a list of the participants with the signature of all of them should be made.



You can find more information on the online platform of the Naturland Academy:

Organization of the general assembly and election of the decision-making body, Naturland Academy

4. What are the principles of democracy?

The decision-making process concerning the use of the fair trade premium runs under democratic principles.



It is recommended that the organization writes a document named “terms of reference” describing how the decision-making process and the administration of the Naturland Fair Premium is planned.

The document should describe and regulate following points:

- The aim of the decision-making body
- The composition of the decision-making body after identifying the target group for the Naturland Fair premium
- The procedures for the election of the decision-making body (e.g. how often will the election take place, who is invited to vote, during which event will the election take place)
- Internal roles and responsibilities (e.g. who is responsible to organize the election of the decision-making body, the meetings of the decision-making body and to follow up on the projects)

This document also states that the decision-making process is in line with democratic principles:

- | | |
|---|--|
| 1. Representation of interest groups | 5. Organization's freedom, liberty and rights |
| 2. Electoral system | 6. Education of farmers and workers |
| 3. Farmers' or workers' involvement in decision-making | 7. Bill of rights |
| 4. Equality of committee members | 8. Transparency |

4.1 Representation of interest groups

In the composition of the decision-making body, care must be taken to ensure that different interest groups receive appropriate representation.



- Describe how the interests of migrant and seasonal/temporary workers are considered, if applicable.
- Clearly indicate that the composition of the DMB should represent all the members of the organization. Considering gender, work areas, community, union membership, and type of contract/worker (seasonal, permanent).

4.2 Electoral system

Although members of management may be elected, they may not have a majority of votes.



- Describe the procedure of how members of the DMB are elected (incl. period of term).
- Take into account that members of management may be elected as participants or observers of the body but shall have no majority. They rather have an advisory role than a decision-making role.

4.3 Farmers' or workers' involvement in decision-making

- Outline the objectives and composition of the DMB.
- Describe how farmers/workers are involved in the decision-making through a delegate system.
- Explain that decisions made by the DMB are approved in regular plenary meetings or at least communicated to farmers and/or workers.

4.4 Equality of committee members

- Make sure that the participation in the DMB is not restricted based on race, skin color, gender, sexual orientation, disability, marital status, age, HIV/AIDS status, religion, political opinion, language, property, nationality, ethnicity, or social origin.

4.5 Organization’s freedom, liberty, and rights

- Workers’ and employers’ organizations shall have the right to elect their representatives in the decision-making body in full freedom in order to organize their Naturland Fair Premium use administration and activities.

4.6 Education of farmers and workers

- Provide education, training and information among farmers and workers to promote participation and information on the DMB and, hence, increase the democratic control of the premium. This could, for example, be done during yearly general assemblies of farmers or through the ICS staff or extension workers.

Keep in mind:

Keep in mind: When farmers and workers are not well-informed about the whole Naturland Fair Premium procedures and opportunities, they cannot participate and might benefit less!

4.7 Rule of law

- Clearly indicate that the terms of reference written by the organization apply to all members of the organization. This means that no one including the organization’s management or the Naturland Fair Premium payer can bypass the terms of reference.

4.8 Transparency

The decision-making body informs both individual producers and/or employees (workers) as well as trading partners (upon request) regularly (at least once a year) about the use of the funds.



- Transparency means the decision-making body’s actions are clear to the interest groups, as are the results and outcomes.
- Informing all relevant interest groups about decisions and actions creates trust in the decision-making body and the democratic process.
- This is normally done through the report on the Naturland Fair Premium use (see next chapter and template in ANNEX).
- We recommend to inform members and workers in e.g. general assemblies or other suitable meetings.

5. How to write a report on the Naturland Fair Premium use?

The decision-making body informs both individual producers and/or employees (workers) as well as trading partners (upon request) regularly (at least once a year) about the use of the funds. It also ensures that the measures already implemented are evaluated. The results of the evaluations are recorded in reports.



The Naturland Fair Premium use should be transparent and clearly documented. A report is written in which the projects and activities and their implementation is described according to the decisions made by the DMB. The report has to be made available to the premium payer and other potential stakeholders. All farmers and workers have to be informed about the implemented projects, e.g. through the report or by oral information. Photos help to visualize the progress made and projects implemented. The report should include the following aspects:

- Description of each project that is planned, on-going, or concluded within the last reporting
- Timeframe of the financed projects' activities
- Amount spent, costs of the project
- If there were some unforeseen events that created a deviation from the original decision made, it should be explained in the report.

The following template (ANNEX) can be used for the report.

Annex: Template for a Naturland Fair Premium use report

Details on overall Naturland Fair Premium income received, expenditures and balance:

- A description of each project that is planned, on-going, or concluded within the last reporting cycle.
- Were the planned activities carried out? If not, why?
- When were they carried out?
- At what cost?
- Was the objective achieved or are any further actions needed?

Naturland Fair Premium Report

Name of Organization:
Year of Reporting:

Action	Report on activities	Budget planned	Amount spent	Explanation if any variation	Status	Evaluation
What did you do?	What activities were carried out?	What was the planned and approved budget?	How much has been spent to date?	If the budget planned and the amount spent differs, explain why.	Has the action been completed? If not, what is the current status and why?	Has the objective been achieved? What could have been done better?

Date of reporting to stakeholders:

Signature from Naturland Fair Premium Decision-Making Body's Representative:

Reporting has to be shared with premium payer and should, if possible, be made available to all farmers and workers. Photos help to visualize the progress made and projects implemented.

Sources

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Naturland Fair standards 05/2024

Picture sources

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Naturland is implementing the “Partner Afrika” Project in partnership with ROAM (Rwanda Organic Agriculture Movement), with a particular focus on the women’s group Ejo Heza in the KOPAKAMA cooperative (Karongi district, Rwanda)



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