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GLOSSARY

ANZ: Australia and New Zealand
CAGR: Cumulative Annual Growth Rate
CP: Contract Production producer organisations FMO: Fairtrade Marketing Organisation
FT: Fairtrade
FTI: Fairtrade International
HL: Hired Labour producer organisations NFO: National Fairtrade Organisations
PN: Producer Networks
SDG: Sustainable Development Goals
SPO: Small Producer Organizations

Cover photo: Ngakip, a member of the cooperative Koptan Gayo Megah Berseri. Photo by Nathalie Bertrams.
Above photo: Uzbekistan Fruits and Nuts. Photo by Lucy Russell
To the Stakeholders,

Fair Trade, the pursuit of trade justice, by bringing consumers and producers together, is undeniably beautiful. Fair Trade, which looks to usher in ubiquitous equity, is powerful. At the same time, Fair Trade, the oxymoron, in the modern context of supply / value chains is difficult.

With our aspiration to create market leadership in ethical trade in the Asia and Pacific region, NAPP has continued on a growth path, albeit marginally. With an intent to change the status quo to a point of inflexion, as part of the 2016-2020 strategy, NAPP will be embarking on an ambitious expansion plan. The quest is to become a serious regional player in Fair Trade, ethical certifications and the broader development sector.

We began 2016 as ‘Fairtrade Asia Pacific powered by NAPP’, an important piece of strategic and branding work that we accomplished in 2015. As we engage on the next phase of the strategy, we stood on the backbone of some leading experiences – successes and failures – of 2015. We began work aggressively on markets and partnerships to achieve this vision. We prepared and built our innovation canvas. The new strategic period, 2016-2020, we will embark on the execution.

The transition of the producer services to the Fairtrade Producer Networks in the South has finally been signed off. A scientific compensation approach was provided by the Hay Group, arguably one of the best global Human Resource Consulting Companies. This yardstick actually allowed the conversations to conclude positively as they took into account market practices, local realities as well as had greater alignment within the Fairtrade ecosystem.

We continue to work on thematic areas – institutional building, climate change adaptation and gender empowerment. NAPP will derive the value on number of members, number of critical touch points in a year, and the content of engagement and impact. Our work will revolve around building a shared values and vision. In 2016, we hope that we will be able to build a stronger cultural sensitivity as well as an ability to battle the seemingly inherent weaknesses to absorb cultural divides.

The year was a landmark one for NAPP because it moved from being a ‘secretariat’ to a professional service provider with a view to deepening impact. In line with the structural recommendations from Deloitte, NAPP-Singapore is now well-poised to function as the operational hub. We also will have two independent Directors on the NAPP Singapore Board, who will bring in their expertise and corporate governance experience to help catalyse and catapult NAPP into the organization that we wish to see.

In 2015, we did the NAPP ‘business model canvas.’ The project facilitated the understanding that we are merely channels: The real customers are the farmers and workers at one end of the spectrum and the consumers at the other end of the spectrum. I am confident that we as an organisation are today well on our way to align ourselves to the opportunities that the future has in store for us.

Our approach to partnerships has led to strong conversations with various stakeholders and we expect that in 2016 we will be poised to have more than ten strong local / regional / global partnerships that will allow catalysing the work of Fair Trade to the next level. NAPP’s strategic community partnership model based on Our People, Our Products and Our Places, and helps to determine the most effective partnerships for the Company.

Our approach is the process by which we propose to rapidly scale up our influence. Our partners are co-creators in the execution of the shared vision. Our partnership model is a powerful process that includes improving performance, develop potential, and follow a process of empowerment for greater development and impact. The most critical central function also took shape: Monitoring, Evaluation, and Learning. I am particularly enthused at what information for decision making comes from monitoring data and evaluation studies. The feedback loop of “learning” is helpful to reflect and build into stronger operations.

With all said and much to be done, I continue to enjoy taking NAPP forward – within the highly challenging milieu – to the next level of growth. I hope to get continued support of the NAPP Board, patience of the NAPP members and perseverance of the NAPP team so that together we are supportive and responsive to creating the social impact that we wish to see in the ensuing period to come.

Truly to Serve,

Ayan A Banerjee
CEO

Bharath Mandana
Chairman
HOW FAIRTRADE WORKS

Photo: Diagram of the international Fairtrade system. Courtesy: Max havelaar stiftung schweiz
2015: AT A GLANCE
HOW EFFECTIVE WAS NAPP

Delivering relevant value services to FairTrade farmers and workers

- 93% satisfaction rate among Fairtrade farmers and workers
- 247 Producer Organisations received trainings in 2015. 4,902 farmers and workers participated in the trainings, of which 13% were women.
- 2,042 producers and workers participated in 126 trainings on Fairtrade values and principles.

Building, securing and sustaining access to market for members

- 23 Producer Organisations received technical assistance in market access, productivity or product quality.

Advocacy

- Support was given to the producer network to participate in 9 international, 8 local, and 2 regional events.

Country Rankings

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<th>NO. OF PRODUCER ORGANIZATIONS</th>
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<td>1 India</td>
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<td>2 Sri Lanka</td>
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<td>3 Thailand</td>
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<td>2 Indonesia</td>
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<th>NO. OF FARMERS AND WORKERS</th>
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<th>GENDER BALANCE</th>
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<td>2 Philippines</td>
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Photo: Producer organisation Dustkul Bogi from Varganza Pardaali Holov standing next to grapes. Photo by Lucy Rusell.
NAPP: STRONGER ORGANIZATION

MISSION

NAPP’s mission is to serve as an organ of representation, coordination, exchange and collaboration for the empowerment of small scale farmers and farm workers from Asia and the Pacific within the framework of Fairtrade certification. NAPP facilitates the incorporation of more producers to be able to join the Fairtrade movement in Asia and the Pacific through an existing wide range of products and services. NAPP also works to ensure that Asian and Pacific realities and conditions are taken into account while setting Fairtrade Standards without compromising on the basic principles of Fairtrade.

With the Producer Support Services integrating seamlessly into NAPP, the organisation is expanding with a larger team compromised of experts and professionals.

NAPP: BRANDING AND POSITIONING

A new brand identity emerged for NAPP with the conceptualisation of the corporate logo – Fairtrade Asia Pacific, powered by NAPP.

CHANGING TRADE, CHANGING LIVES

NAPP is aligning with the FI 2016-2020 strategy that has an aim of ‘Changing Trade, Changing Lives’ and also contributing to the Sustainable Development Goals. The strategy acknowledges the challenges we face now and the world we want to head towards in alignment with the Fairtrade Theory of Change.

- **GOAL 1** Building benefits for smallholders and workers
  Focus on expanding markets for key products

- **GOAL 2** Deepening impact through services and programmes
  Focus on Gender Equality, Climate Resilience and Children & young people

- **GOAL 3** Building Fairtrade Markets
  Channelize global consumer power in emerging economies

- **GOAL 4** Influencing Government Policies
  Greater influence of farmers and workers in having a voice in key policy debates; focus on living income and living wages; foster coalition and partnerships

- **GOAL 5** Building a strong, global system
  Working as one, more focus of producer networks and having learning at the heart of impact

Photo: Man holding a football of his making. Amar Khawaja Industries, Pakistan. Photo by Transfair Germany.
The Fairtrade Theory of Change
NAPP’s approach to MEL has been driven by the global Fairtrade Theory of Change. We are systematically trying to understand how Fairtrade contributes to change as well as test underlying assumptions through our research and evaluations.

MEL Systems for Informed Action
The principles governing Monitoring, Evaluation, and Learning are aimed towards creating data access for all members of the system i.e. the Producer Networks as well as the Market side. We are collecting data annually to monitor progress and change over time through the development of data collection tools, sampling procedures, and creating synergies with other stakeholders.

Embedded Learning
A structured approach to learning was introduced in 2015 by ensuring that every programme and training focuses on what was learned and how can learnings be made actionable. Hence, learning has been embedded as a crucial part in all forms of reporting within the organization. Learning workshops have got an impetus this year with a focus on both learning for producers and learning for Fairtrade through studies. NAPP has adopted the Kirkpatrick Approach to learning which will be implemented through a combination of internal and external evaluations at various stages of training as well as follow up activities.
I am extremely happy as I have a certain kind of freedom as well as support from my family.

Ranjine, on her promotion from tea plucker to supervisor, Bio-Tea, Stassen Estate, Sri Lanka
7% GROWTH

Total cumulative annual growth rate (CAGR) of producer organisations in our region with base year as 2012 in 2015.
FARMERS & WORKERS

While farmers account for 61% of our membership, workers are only 39% of our membership. In terms of global representation, 51% of global Fairtrade workers are in Asia Pacific. Our region is crucial for the progress of Hired Labour strategy of Fairtrade.

Total farmers and workers have grown by 2%.

Photo: Van Chan Bio Farmers Club contributed by Didier Gentlihomme.
FARMERS AND WORKERS IN RELATION TO PRODUCER ORGANIZATIONS

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of Individual Farmers &amp; Workers</th>
<th>No. of Producer Organisations</th>
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World map: Free Vector Maps, Icons: Flaticon
GENDER BALANCE

Note: When we look at a combined figure of representation of farmers and workers by gender, it does not quite clearly reflect the diverse situation of the farmers and workers in the respective structures that they work in i.e. SPOs and HL plantations. For programme impact and delivery, percentage of women participation cannot be looked at in isolation. Consider the number of producer organizations it represents and look at the disaggregated figures for farmers and workers.

**FARMERS**
- Women: 10.4%
- Men: 89.6%

**WORKERS**
- Women: 44.7%
- Men: 55.3%

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“I WANT TO PROVE THAT WE CAN ACHIEVE BUSINESS SUCCESS WITH OUR WILL AND DETERMINATION. I WANT OUR COOPERATIVE TO BECOME INTERNATIONALLY RECOGNIZED AND PERFORM EVEN BETTER THAN OUR HUSBANDS’ COOPERATIVES.”

Yuyun Sri Wahyuni, Koperasi Kopi Wanita Gayo (KKWG) coffee farming organization, Indonesia
At NAPP, farming goes beyond the crop. It touches the entire farmer ecosystem to which human kind is intrinsically linked – circumstance, community, environment, food security, trade, livelihood, institutional systems and cultural values. Staple commodities and produce such as rice, coffee, tea and sugar have a human story behind them, involving hundreds of people across the world that people are dependent on but largely blinkered to. Therefore, bettering agricultural practices, strengthening the agricultural communities and seeking creative ways to build an association between agrarian and urban society is likely to shape human thought and lifestyle choices, ultimately securing our very futures.

The Minimum Price Guarantee
When the market price is higher than the Fairtrade Minimum Price, producers receive the current market price or the price negotiated at contract signing.

Advantage Fairtrade: Premium Impact
Proportion of Fairtrade farmers and workers in comparison to Fairtrade Premium receipts 10.8 million euros Fairtrade Premium to 2,67,700 farmers and workers in Asia & Pacific. Global premium receipts have grown by 13% from 2013 levels i.e. from 95 million Euros accruing to 1.5 million farmers and workers to 108 million Euros accruing to 1.6 million farmers and workers.
FT Premium per Year (in Euros)

£40.41 per Worker/Farmer

£56 per Worker

£15 per Farmer

FT Premium Distribution across Products

- 1% Other Products
  - Includes Dried Fruit, Flowers and Plants, Honey, Nuts, Oleo-derivatives and Oleaginous Fruit, Vegetables
- 1% Fresh Fruit
- 1% Sports Balls
- 1% Cocoa
- 1% Fruit Juices
- 3% Herbs, Herbal Teas & Spices
- 3% Rice

Coffee 41%
Seed Cotton 8%
Tea 21%
Cane Sugar 23%

“IT IS BECAUSE OF FAIRTRADE THAT I HAVE THE OPPORTUNITY TO SIT WITH THE MANAGEMENT AND WORKERS AT VARIOUS FORUMS TO DISCUSS OUR ISSUES AND HOW THE PREMIUM SHOULD BE UTILISED AS AN EQUAL. EVERYTHING IS DECIDED DEMOCRATICALLY AND IT GIVES US A VOICE.”

Lalita Inbarani on her promotion from tea plucker to supervisor, Bio-Tea, Stassen Estate, Sri Lanka
The thematic programs of NAPP on Gender, Child Rights, Climate Change, Capacity Building of SPOs, Access to Finance, and workers and farmers empowerment in the region follows the three pronged approach of building awareness and sensitization, providing supportive framework, and building capacity of producer organizations. Workshops and meetings were designed to familiarise producers with the mandate of the network, its relevance in the system and how they may benefit from it. They focused on identifying challenges, arriving at practical measures to address some, if not all, of them, and prioritising areas the network should focus on. Producers valued being part of the consulting process and the opportunity to be heard. Apart from the one-on-one support that producers received on certification, product network and national network meetings; here’s a glimpse of 2015.

Capacity Building and Awareness of Fairtrade

- Standards and Principles
- Garden Exchange
- Training the Trainer
- Productivity Trainings for Rice and Sugar
- Water Management
- Soil Management
- Knowledge Exchange

"I am very grateful for the training. Now I will explain others what is climate change and its impacts in our lives and livelihoods and how we can participate to become part of the solution. We will include in our development plan the adaptation measures we discussed in the workshop and want to serve as a model to adjacent communities."

Nelida Catuba “Gingging”, Secretary, NAPFWA, Philippines
NETWORKING AND MARKETING

56 producer organisations were supported to attend eight market-based events such as Fruit Logistica, BioFach America, Textile Exchange, Specialty Coffee Association of America (SCAA), BioFach Germany, Team Up, BioFach Shanghai and BioFach India.

First successful direct export by SPO

SPO Sambalpatti Mango Growers Association in Tamil Nadu took up the challenging task of exporting with Fairtrade support and were able to directly supply 350 tons of mango pulp to parts of Europe.

GO PUSH GO!

NAPP PRODUCERS IN INDIA JOINED PUSH A.K.A. PUSHPANATH KRISHNAMURTHY ON HIS 450KM WALK FROM PUDUCHERRY TO OOTY, WHERE HE HIGHLIGHTED FAIRTRADE AND TALKED ABOUT CLIMATE CHANGE. THE CAMPAIGN HIGHLIGHTED THE EXTRAORDINARY BUSINESS ACUMEN OF OUR PRODUCERS AND THE POWER OF THE COLLECTIVE. GO PUSH GO WAS A MARKETING CAMPAIGN FULLY OWNED, PLANNED, AND EXECUTED BY OUR PRODUCERS.
The women in our community feel closer and we now have a channel to express our interests, experiences and plans. The women say to me, ‘we may not have much education but we have big dreams’.

Rizkani Ahmad, Koperasi Kopi Wanita Gayo (KKWG) coffee farming organization, Indonesia

INNOVATIONS: CLIMATE STANDARD
PILOT BIOGAS PROJECT

The Chikballapur District in the state of Karnataka is one of the most underdeveloped areas in India. Here, traditional stoves made out of clay and stone are fuelled by kerosene and wood, causing deathly smoke. The Fair Climate Fund (FCF) has partnered with ADATS since early 2009 providing upfront financing to enable the production and dissemination of 18,000 biogas installations. The partnership is long term with an aim of monitoring and maintaining the biogas installations until the units are paid off and carbon income can be generated at a household level. This project is CDM & Gold Standard Certified.

“The respect with which everyone speaks to me now is overwhelming, including my husband.”

Lalita Inbarani on her promotion from tea plucker to supervisor, Bio-Tea, Stassen Estate, Sri Lanka

Photo: United Niligiri Tea Estates Co. Ltd. (UNTE), India. Contributed by Laura Restrepo Parrado.

Annual Report 2015
Recent estimates reveal that more than 80% of the products sold by NAPP producers under Fairtrade terms are sold in Europe and USA. In certain categories of products such as Tea and Sugar, close to 90% of products sold under Fairtrade terms are sold in Europe, primarily UK. The importance of European markets in existing Fairtrade sales of Asia & Pacific producers cannot be underscored enough. At the same time, the highly saturated European markets are recording dismal growths due to prevailing macroeconomic situation across Europe. Hence it is important that NAPP has a balanced strategic focus in potential markets across the globe.

Four target markets have been identified Europe, North America, Developed Asia (Australia, New Zealand, Japan, South Korea, Taiwan, Hong Kong), and Other Asia (India, Philippines, Thailand),

In the year 2015, NAPP built a progressive relationship with 17 Fairtrade organisations spread across the developed world. This relationship ranges from Fairtrade Foundation UK, Max Havelaar Switzerland, Fairtrade Germany, Fairtrade Australia, Fairtrade Belgium, Fairtrade Canada, Fairtrade Finland, Max Havelaar France, Fairtrade Italia, Fairtrade Japan, Stitching Max Havelaar Netherlands, Fairtrade Hong Kong, Fairtrade India, Fairtrade South Korea, Fairtrade Philippines, and Fairtrade America.

**MARKET STRATEGY**

1. Superior Customer value  
2. Differentiated products

3-pronged approach

**Product:** Provide high quality products, and make use of geographic advantage for specific crops.

**Practices:** The majority of NAPP produce is certified organic and many producers are on the path to organic as well. Some of the producers are bio-dynamic.

**People:** As a movement based on the philosophy of trade justice, people are at the centre of everything that we do. NAPP’s producers and workers are the decision makers and define the strategy and processes.
NAPP’s partnership ‘chakra’ ensures that we are able to co-create the necessary impact that we collectively wish to see and articulate the same to various stakeholders. The NAPP Model of Partnership is a holistic process based on co-creating a sustainable and effective partnership between the stakeholders. Our partnership model is a powerful process that includes improving performance, develop potential, and follow a process of empowerment for greater development and impact.

The Trade from Development Center – BTC, Belgium who came forward taking up the Sustainable Cocoa route to work with in Vietnam. The program is to Develop Sustainable Fairtrade Cocoa supply chain from Vietnam impacting at least 350 households. The two-year program begins in 2016.
**Key Partners**

- Who are our Key Partners?
- Who are our Key Suppliers?
- Which Key Resources are we acquiring from partners?
- Which Key Activities do partners perform?

**Value Propositions**

- What value do we deliver to the customer?
- Which one of our customer’s problems are we helping to solve?
- What bundles of products and services are we offering to each customer segment?
- Which customer needs are we satisfying?

**Customers**

- For whom are we creating value?
- Who are our most important customers?

**Channels**

- Through which Channels do our Customer Segments want to be reached?
- How are we reaching them now?
- How are our Channels integrated?
- Which ones work best?
- Which ones are most cost efficient?
- How are we integrating them with customer routines?

**Cost Structure**

- What are the most important costs inherent in our business model?
- Which Key Resources are most expensive?
- Which Key Activities are most expensive?

**Revenue Streams**

- For what value are our customers really willing to pay?
- For what do they currently pay?
- How are they currently paying?
- How much does each Revenue Stream contribute to overall revenue?

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**Business Model Canvas**

- **Key Partners**
  - FairTrade International System
  - Government
  - Civil Society
  - Implementing Specialists/Partners

- **Key Activities**
  - What Key Activities do our Value Propositions require?
  - Our Distribution Channels?
  - Customer Relationships?
  - Revenue Streams?

- **Value Propositions**
  - What value do we deliver to the customer?
  - Which one of our customer’s problems are we helping to solve?
  - What bundles of products and services are we offering to each customer segment?
  - Which customer needs are we satisfying?

- **Customer Relationships**
  - What type of relationships does each of our Customer segments expect us to establish and maintain with them?
  - Which ones have we established?
  - How are they integrated with the rest of our business model?
  - How costly are they?

- **Costs**
  - Is your business more...
    - Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
    - Value Driven (focused on value creation, premium value proposition)
    - Sample characteristics - Fixed costs (salaries, rents, utilities), Variable costs?

- **Channels**
  - Through which Channels do our Customer Segments want to be reached?
  - How are we reaching them now?
  - How are our Channels integrated?
  - Which ones work best?
  - Which ones are most cost efficient?
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- **Cost Structure**
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  - How much does each Revenue Stream contribute to overall revenue?

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**Types**

- Asset sale
- Usage fee
- Lending/Renting/Leasing
- Brokerage Fees

**Fixed Pricing**

- List Price
- Product feature dependent
- Customer segment dependent
- Volume dependent

**Dynamic Pricing**

- Negotiation (Bargaining)
- Yield Management
- Real-time Market

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**Examples**

- Personal Assistance
- Self Service
- Dedicated Personal Assistance
- Automated Services
- Communities
- Co-creation