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**MONITORING IMPACT OF FAIRTRADE  
INITIATIVES:** A Case Study of Kuapa  
Kokoo and the Day Chocolate Company

by Loraine Ronchi

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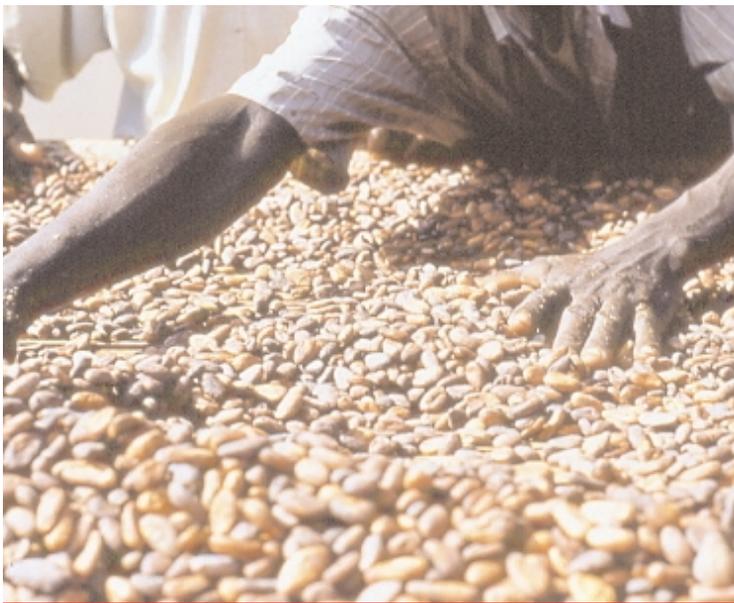


Photo: Brian Moody

**Twin was founded to address the imbalances in trade between Southern producers and Northern consumers**

## **MONITORING IMPACT OF FAIRTRADE INITIATIVES:** A Case Study of Kuapa Kokoo and the Day Chocolate Company

by **Loraine Ronchi**

### **ABOUT THE AUTHOR**

Loraine has been working with Twin and other Fairtrade organisations in the North and South as an independent consultant for a number of years. In addition, based in the School of Social Sciences at the University of Sussex in the United Kingdom, she conducts research on a number of market-related development topics.

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# 1. introduction

## 1.1 FAIRTRADE AND IMPACT MONITORING AND EVALUATION (M&E)

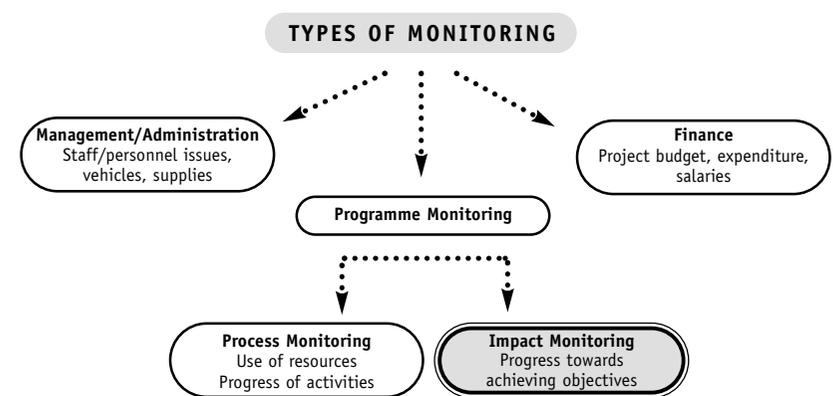
Recent years have seen a prominent interest in assessing the impact of Fairtrade initiatives (see Schuurman *et al* 1999, Ronchi 1999, Dietz *et al* 2000, Hopkins 2000). The numerous impact studies that emerged cover a wide variety of organisations and of products. They deal almost exclusively with impacts in the South and primarily provide a ‘snapshot’ of impact.

Having external assessors take stock in an objective fashion at a given point in time is a valuable undertaking, especially for Fairtrade, which enjoyed considerable growth in Europe in the last fifteen years. It is also important, however, to assess impacts as part of an internal ongoing process. This is so that the organisation itself can learn, on a continuous basis, about its own progress towards its stated objectives. To this end, some Fairtrade organisations began work on developing monitoring systems (as distinct from one-off impact assessments) in order to understand and track the impact on their stakeholders. Monitoring and evaluation (M&E), therefore, are two distinct, but related, exercises: **Monitoring** is the *systematic and continuous* collecting and analysing of information about the progress of a piece of work over time. **Evaluation** is an assessment conducted at one point in time that concentrates on *whether objectives of a piece of work have been achieved and what impact has been made* (Gosling *et al*, pp.12-13). The evaluation can be conducted based on the information collected from monitoring.

In 2000, Twin, with the support of the Department for International Development (DFID), initiated the development of a ‘monitoring and evaluation’ system with its partners in the Fairtrade chocolate initiative:

**Kuapa Kokoo**, a farmer-owned cocoa cooperative in Ghana, and the **Day Chocolate Company**, a Fairtrade company in the UK. The explicit aim of the work was to create a system that Kuapa and Day Chocolate would find useful in their own operations and the emphasis therefore lay on the monitoring component of M&E. Broadly speaking, monitoring can be classified into three types (Gosling *et al*, pp.81-85).

### DIFFERENT MONITORING TYPES



This report documents the **impact monitoring** process initiated by Twin.

## 1.2 PURPOSE OF THIS DOCUMENT

The challenge in sustainable M&E is to design a monitoring system that allows an organisation to track its own progress towards its own objectives, without imposing an onerous burden on the organisation. The work conducted with Kuapa and Day Chocolate draws on a wealth of expertise concerning effective M&E. Numerous guides on M&E, such as those cited in this work, are available and contain valuable information that does not need to be repeated here. Conducting M&E for Fairtrade, however, does give rise to certain particular challenges.

This document uses the case study of developing M&E for Kuapa Kokoo and Day Chocolate to highlight the challenges and approaches particular to monitoring impact for Fairtrade initiatives. It outlines the initial articulation of a methodology developed by Twin and its partners over six months. Its intended audience is twofold: first, for students, organisations, donors and policy units, it provides quality information on the impacts on producers and consumers of the Kuapa/Day Chocolate Fairtrade initiative in chocolate. The information provided is thorough (benefiting from the active input of stakeholders) and triangulated (verified by Kuapa, by Day Chocolate and by an independent consultant). Second, this document may be useful to M&E practitioners working with Fairtrade and Fairtrade organisations themselves who are interested in developing an internal impact monitoring system.

### 1.3 HOW IS M&E FOR FAIRTRADE DIFFERENT?

Conducting M&E of Fairtrade initiatives requires special considerations. In particular, there are five factors that should inform any Fairtrade M&E.

1. Although the basic premise<sup>1</sup> of Fairtrade is shared by all Fairtrade initiatives, the way in which they practice 'Fairtrade' is extremely diverse. Fairtrade umbrella bodies specify, in varying degrees, the standards of behaviour of a 'Fairtrade' organisation, but do not stipulate any specific model. Fairtrade initiatives can be organised in a variety of ways. For example, the Fairtrade organisation may be a consortium of several small producer organisations or it may be a single cooperative of 30 000 farmers. The way in which Fairtrade is conducted will clearly be different for two organisations of diverse size. This is to say nothing of the differences between a Fairtrade wholesaler of handicrafts and a village level cooperative of coffee producers! The implication for M&E is straightforward and of vital importance: There is **no fixed Fairtrade model**, therefore an M&E practitioner cannot enter an impact assessment or monitoring system design with any fixed notions of what the impact should be. The Fairtrade experience can provide poignant examples of what happens when a consultant enters with preconceived,

<sup>1</sup> For a more detailed articulation of the premise of Fairtrade, consult [www.ifat.org](http://www.ifat.org)

and often simplistic, notions of what Fairtrade should do and ignores what the Fairtrade organisation is doing. A key feature of Fairtrade M&E should therefore involve tracing the avenues of impact of Fairtrade by understanding the Fairtrade model in use by any particular organisation.

2. Fairtrade, as a development tool, is special in its explicit use of the market to provide assistance and support to producers in the South. This is the basic premise of Fairtrade. It links concerned consumers to producers in the South by facilitating trade in goods between them. We therefore have **two distinct groups of stakeholders**: consumers and producers. M&E in the development field, however, has almost exclusively focused on monitoring impacts in the South on the Southern partners. Fairtrade, in its alliance of consumers and producers, needs also to look at the impact on consumers, since this in turn impacts on producers (through demand for the product, awareness raising, etc.). Often, looking at the impact on consumers will involve the Northern organisation to monitor and evaluate itself. This has not traditionally been the case, with the onus almost exclusively on Southern partners to evaluate themselves or be evaluated.
3. Tracing the avenues of impact is an essential component of any Fairtrade M&E, and it also assists with the problems of **attribution** that can occur in Fairtrade. There is sometimes a difficulty in ascribing to Fairtrade a particular impact on producers. As with any development initiative, a change in the well-being of a producer can be attributed to a change in the government policy or in the climate or in world markets. In Fairtrade the question of attribution is further complicated because Fairtrade is often crucial in its support, not only of the producer, but also of the producer organisation. The producer organisation then conducts its own set of activities which impacts upon producers. Furthermore, Fairtrade is often conducted in conjunction with the supportive activities of other NGOs. Suggested ways for overcoming these problems of attribution are included in the sections below.
4. Related to the above points, practitioners of M&E for Fairtrade must be aware of the overemphasis the **'fair price'** has received in the literature regarding Fairtrade up to this point. The source of the overemphasis,

however, most likely lies in the intuitive appeal of the idea that ‘we pay more/they get more’. It is, after all, a consumer-based movement, and the consumer is more likely to relate to the idea of ‘improvement’ as an income raise. This is certainly the portrait of Fairtrade most often seen in the media. There can be no doubt that increased income is of vital importance to the producer. Development for many producers in the South, however, is as concerned with the strengthening of their communities and the organisations that represent them. The consequence of the overemphasis on price for the M&E practitioner is that it leads to a narrow view of the impacts of Fairtrade and may overlook much of the Southern organisation’s valuable work.

5. Finally, a certain sensitivity to the origins of many Fairtrade organisations needs to be present in the M&E process. Many organisations started at the grassroots level, and although always explicitly development-orientated, focused much of their early energies on the business of trading. As a result, it is often the case that much of the M&E groundwork, including articulation of specific objectives, collection of baseline data and indicator selection, was simply not done.

The M&E methodology outlined below therefore attempts to combine best practice M&E from other fields, with suggested solutions for the special challenges inherent to monitoring impact within Fairtrade.

## 2. methodology

### monitoring impact of Fairtrade organisations

#### 2.1 SETTING THE CONTEXT

The M&E practitioner or organisation member whose task it is to facilitate the M&E, has some homework to do first. Most M&E methodologies will include desk research as a preface to any work on assessing impacts. It is particularly important to research the environment in which Fairtrade entities operate in order to identify the actors, and at a later stage, to properly attribute impact to Fairtrade or to external factors. For Kuapa and the Day Chocolate Company, this meant contextualising their activities within the cocoa markets, and within the UK confectionery industry.

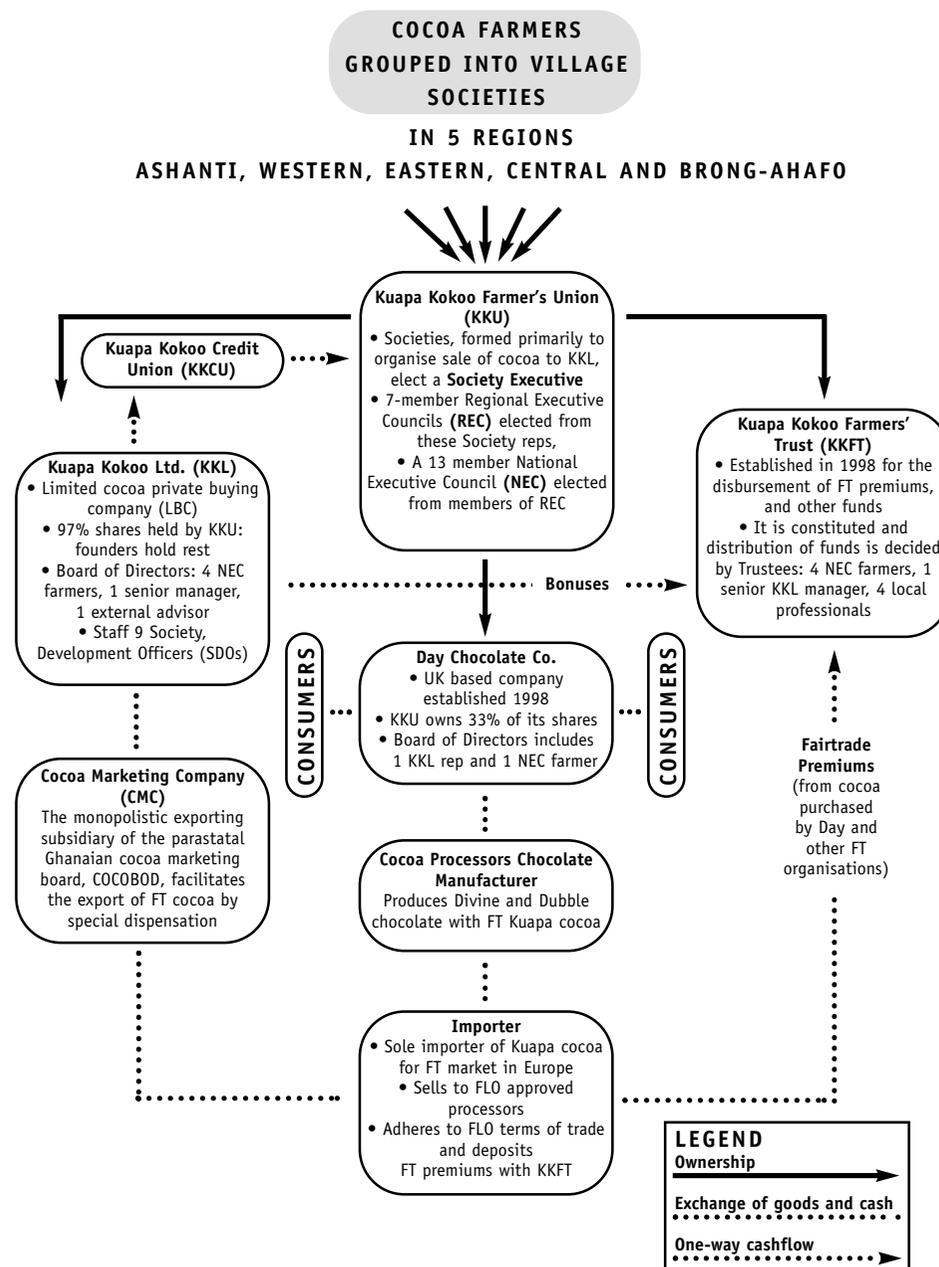
For Kuapa Kokoo, research on the Ghanaian context revealed that Ghana had been undergoing a liberalisation of its cocoa industry. At the time of Kuapa’s inception, the government began licensing private cocoa buying entities to interact with farmers. Only a few private licensed buying companies (LBCs) meeting strong organisational criteria were licensed. Kuapa was one of the LBCs chosen, and the only farmer-owned organisation represented.<sup>2</sup> As Ghana liberalises the export of cocoa, the story repeats itself, and Kuapa was one of the few entities to be granted the initial license to export. That Kuapa farmers were able to position themselves so advantageously draws attention to a possible impact. The original impetus for Kuapa to organise is actually due to an influential farmer, Nana Frimpong, and the early organisation was greatly assisted by other NGOs,

<sup>2</sup> This early research led to a special reference to Kuapa as an efficient organisation by World Bank researchers on the cocoa market liberalisation process (Schreiber and Varangis).

most notably, the development organisation SNV of the Netherlands. Attributing any impact to Fairtrade is possible in so far as Fairtrade premiums helped to support the establishment of a strong farmer's cooperative, KKU, which owns a viable cocoa trading company, KKL. This question is returned to below, but early deskwork raises a flag at this point.

To make M&E an internally designed process, members of the organisation should be involved in it as early as possible. If time permits, the research on the organisation itself is a good starting point for this involvement. In the fieldwork with Kuapa, having different elements from within the Kuapa family tell the story of their organisation was a valuable experience. Knowing as much as possible about the organisation makes the exploration of the avenues of impact much easier. To extend the metaphor, finding avenues will be more easily done if one knows the mapping of the terrain ahead of time. Having members of the organisation help in the mapping reminds the participants of all the areas of involvement before they start designing an M&E. An example of this mapping effort by Kuapa can be found below.

**THE KUAPA FAMILY AND FAIRTRADE IN COCOA**



## 2.2 SETTING OBJECTIVES

In defining 'impact' as a change relative to an organisation's objectives, the participatory definition of these objectives is an essential part to any impact M&E exercise. Objectives are defined as,

**...specific, time-bound and measurable goals for particular aspects of a piece of work which contribute to achieving the longer-term aims...programme or project objectives should indicate the desired impact of the project in terms of change...[t]he objectives of assessment, monitoring, review and evaluation define what the exercise is trying to achieve (Gosling *et al*, p.252).**

A first step for the M&E practitioner is to clarify with the organisation his/her own objectives. This was done for both Kuapa and Day Chocolate at the beginning of the M&E design process:

The consultant's field visit to Ghana in June 2001 has the following objectives:

- ☑ To design a sustainable, participatory monitoring system for the impact of Fairtrade premiums on farmers and their representatives with the Society Development Officers
- ☑ To supplement past impact studies with a pilot impact assessment based on Kuapa's objectives and activities
- ☑ To compile baseline information with which to contrast future M&E exercises

Just as the M&E conducted for Kuapa intends to monitor and reveal impacts of Kuapa activities on producers, the Day Chocolate M&E aims to monitor and inform on the impacts of Fairtrade chocolate on consumers. Information on whether the chocolate initiative has had an impact on consumer awareness and consumption of Fairtrade must be systematically collected and retained. Research conducted over the course of the M&E project with Day Chocolate in London therefore has the following objectives in mind:

- ☑ To design and implement a Market Information System (MIS) at Day Chocolate that would accommodate monitoring information collected on the impact of Day Chocolate activities
- ☑ To summarise existing Day Chocolate activities and impacts
- ☑ To pilot monitoring tools informing on the impact on consumers
- ☑ To compile baseline information on consumer awareness in relation to Fairtrade chocolate and Fairtrade in general

Since the goal of monitoring is to systematically collect information that can help improve the work of an organisation, the sustainability of any M&E system is important. To this end, building a system that is relevant to those operating it is an important part of the process. This is especially true for Fairtrade organisations whose previous contact with impact M&E is most likely to have been externally conducted at one particular point in time. Setting objectives with the organisation's members is a key place to start in building this sense of ownership. This is true for two reasons:

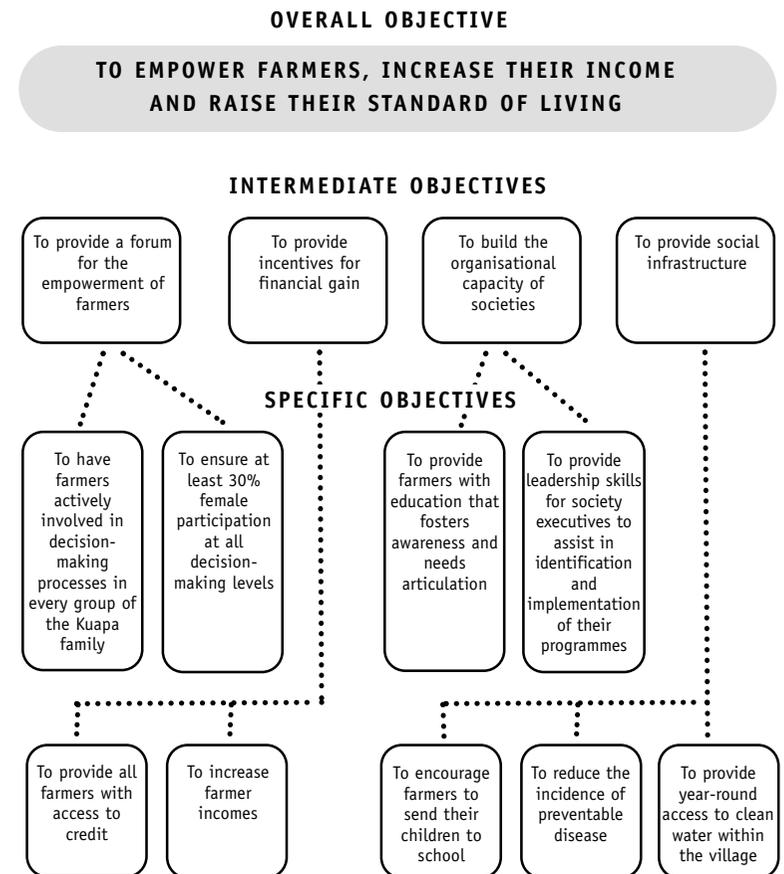
First, impact assessment conducted by external consultants often involves measuring progress or change in what the consultant perceives to be the objective, rather than according to the organisation's objectives.

An example from Kuapa's experience involves consultants entering with the preconceived notion that the impact of a Fairtrade initiative should be felt uniquely at individual income level. The consultants have set the objective. They then proceed to measure increments in individual income, find none and reported that the impact of the Fairtrade initiative has been negligible. What if, in reality, the objective was an improvement in community infrastructure? What if they had built a school? Has attendance among children improved? We cannot know. The detection of impacts has been completely missed! The problem lies in having an outsider determine the objectives for an organisation. It is not only patronising, it is also inefficient, leading to money and time invested in searching for impacts in the wrong places. Fairtrade M&E, due to the popular notions of 'fair price' etc., discussed above, is particularly subject to this type of misjudgment.

Second, setting objectives with members of the organisation can be a useful review or exercise in ‘taking stock’. It can be an opportunity for a Fairtrade organisation to update their objectives. After all, they are in full time occupation within the market place, and may not have another opportunity to do so. This was certainly the case with Kuapa, which had grown from an organisation with 900 members in 22 villages to 35 000 members in 650 villages in fewer than 8 years. This was less the case for Day Chocolate, which was only 2 years old at the time of the M&E.

At the time of the M&E work with Kuapa in Ghana, the Kuapa Kokoo Farmers Union had agreed to increasing its team of extension workers, known as Society Development Officers (**SDOs**). The newly formed team of nine SDOs therefore had the opportunity of working together as a team for the first time in reviewing the objectives and designing the M&E. Workshops were organised with Kuapa, involving not only SDOs, but members of the Union and the company management as well. Through an activity, the group was asked to consider, discuss and prioritise the objectives of Kuapa. The M&E and participation literature contains a wealth of creative activity ideas that can be borrowed. (The building of Kuapa’s ‘objectives tree’ was taken from Gosling *et al.*)

**KUAPA'S DEVELOPMENT IMPACT OBJECTIVES TREE**



The SDOs then participated in a **SMART** session to render the objectives **Specific Measurable Achievable Relevant and Time-bound**. The object of the exercise was not to render the objectives necessarily quantifiable, but to highlight the desirable nature of objectives and facilitate the selection of indicators.

## 2.3 TRACING AVENUES OF IMPACT

The work in tracing avenues of impact started with an open-minded approach to understanding an organisation's objectives. Where the organisation aims to achieve change is the direction in which the avenues should run. Accordingly, it is necessary to review the organisation's activities in order to:

- ✓ pinpoint the location of avenues of impact
- ✓ facilitate a look at its activities and how they correspond with the organisations' stated objectives

The variety of activities a Fairtrade entity, North and South, is normally involved in can be truly amazing. Almost equally amazing is the modesty with which these are conducted. It may take the practitioner several conversations to understand the full scope of activities!

The Day Chocolate Company launched itself into the highly competitive and concentrated UK confectionery industry in 1998. With a limited marketing budget, Day Chocolate needed to conduct market research on the UK palate and employ a variety of creative marketing strategies to even penetrate the market. The M&E exercise provided Day Chocolate with a small breathing space in which to take stock of all its various activities.

How Day Chocolate use their products and all they represent, to impact upon consumer awareness and behaviour, requires a look at the various activities in which Day Chocolate engages. In an attempt to understand and trace the various avenues of impact Day Chocolate and its products have had on consumers, these activities are broadly classified into six groups:

### Organisational Model of Day Chocolate

Day Chocolate is a limited joint venture company purposely set up for the mainstreaming of Fairtrade chocolate in the UK. Kuapa Kokoo producers have a staked equity amounting to one third of Day shares. Day owns the brands of two chocolate products: Divine (a solid milk chocolate bar) and Dubble (a crispy milk chocolate children's bar).

### The sale and distribution of the product itself

Divine is stocked in all major supermarkets across the UK. Dubble, since its launch in September 1998, has extended its distribution to independent newsagents and Blockbuster video stores, bringing the distribution total to some 15 700 retail outlets across the UK. This is one of the most successful efforts at mainstreaming a Fairtrade product.

### 'Divine Town' promotional activities

Day Chocolate designated and piloted six cities in the UK as 'Divine Towns'. The idea is to concentrate, at a single point in time, the promotion of Fairtrade and distribution of Divine within one city. The event is often attended by a celebrity presence and usually by considerable media attention. Divine Towns have so far been launched in Liverpool, Leeds, Edinburgh, Bristol, Cardiff and Brighton and Hove.

### Educational activities designed and supported by Comic Relief, centred around the children's bar 'Dubble'

Comic Relief, in fulfilling its commitment to promoting social justice and a call to action, designed a three-pronged education strategy, with the 'action' component provided by the ability to buy a mainstream Fairtrade chocolate bar, Dubble. The strategy is aimed at raising awareness of Fairtrade with school children in Key Stage 2 (7-11 year-olds) and Key Stage 3 (11-14 year-olds). The first of the Comic Relief activities was to sponsor a competition for the design of a chocolate wrapper for the new fairly traded children's chocolate bar, Dubble. The contest was launched in January 2000 on BBC Live & Kicking and in every school in the UK. The final submissions totalled 16 217 entries. Later the same year, the second, and main, educational effort was in the design and distribution of curriculum education packs for primary and secondary age students. The packs involve games, posters and resource sheets centred on the people and places involved in the chocolate commodity chain within the context of Fairtrade and shopping choices. In total, some 17% of all UK primary schools and 26% of all secondary schools actively requested the packs. Lastly, a web link program, Dubble Lives, between a school in the UK with one in Ghana ([www.dubble.co.uk](http://www.dubble.co.uk)) was initiated to promote sharing of life experiences at both ends of the chocolate chain.

**Day Chocolate competitions for free chocolate**

Day Chocolate sponsors competitions awarding one month's supply of chocolate to children and adults. The contests take primarily two forms: leaflets with contest entries and web-based competitions dealing with Divine and Dubble. The Dubble competition leaflets include information on the principles of Fairtrade and contest entrants are then tested on the material contained in the leaflet. Leaflet competitions have had a total distribution of 200 000. A similar competition dealing with Divine products was posted on the web. In the first two months alone, 422 entries came via the Divine website ([www.divinechocolate.com/competition.htm](http://www.divinechocolate.com/competition.htm)) and 550 from 'competition' websites. The latter figure is significant because whereas many of those who access the Divine website may have a standing interest in ethical issues, the competition websites can involve anyone. As such, the Day Chocolate contest is likely to be their first contact with Fairtrade<sup>3</sup>.

**Media Exposure**

Day Chocolate has sought and attracted considerable media exposure through the medium of its chocolate and the activities associated with the launch and distribution of its products. Day Chocolate has secured coverage everywhere from local newspapers to national television.

Tracing these activities delineated the different avenues of impact to be explored with Day Chocolate. It served two purposes:

- ☑ It allowed the company to take stock of its activities. In the words of Day Chocolate's Managing Director, "One of the outcomes of doing the M&E was appreciating how much we do in fact know"
- ☑ It uncovered some potential impact that had not previously been perceived. For example, the variety of supermarkets with Day distribution included discount stores. The website competitions attracted a variety of people. This pointed to a possible impact on changing the traditional, older and educated, consumer niche for Fairtrade. It led to the inclusion of research on a Day Chocolate consumer profile in the M&E

<sup>3</sup> One entrant wrote, 'I think the idea of Fairtrade is a terrific concept, which I had not heard of before...'

A similar activity was undertaken with the new SDO team at Kuapa in Ghana. Through revising their activities, SDOs reported feeling a greater sense of relevance in their work. By linking their many activities to the objectives they had helped define, they judged which of their activities were well focussed and expressed a desire to measure the impact of those activities and ascertain progress. For example, SDOs conduct many field visits to Kuapa Village Societies and undertake 'educational talks'. By identifying the objectives of 'building leadership skills and fostering awareness for farmers', they were able to fine-tune the topics of their discussion.

Finally, the mapping out of activities sign-posts the direction of impact monitoring and assessment. From the various activities outlined for each of the organisations, potential areas were identified and formed the focus of the actual design of monitoring mechanisms.

**2.4 FAIRTRADE PREMIUMS AND ATTRIBUTION**

One of the most frequently requested features of a Fairtrade impact assessment is an account of the size and use of the Fairtrade premiums. The level of interest in this question can be attributed to a few sources.

First, Northern donors fund most impact assessments and monitoring initiatives. In the North, Fairtrade premiums form the basis of most people's understanding of Fairtrade: buying a fairly traded good means producers are receiving a fair price in the form of higher returns than those of the conventional market. Although there is more to Fairtrade than just the price, for many, the premiums *are* Fairtrade.

Second, by supporting the growth and development of producer organisations which in turn undertake their own activities (and their own impacts), Fairtrade initiatives suffer from a difficulty in discerning what can be traced to Fairtrade or not. In light of these attribution problems in Fairtrade, discussing the Fairtrade premiums is appealing because the avenues of impact are so direct.

The importance of this exercise notwithstanding, it would not be realistic for a researcher to expect a neatly tabulated document stipulating the

Fairtrade premiums earned over the years. The process of tracking the size and use of the Fairtrade premium can be beset by a number of problems. First, what exactly is meant by a 'premium' is not as straightforward as it may initially appear. For historical reasons, for commodities listed on registers of the Fairtrade Labelling Organization (FLO), the Fairtrade 'premium' refers to the small differential applied to fairly traded goods within the Fairtrade minimum price and added to the world market price when this is above the Fairtrade minimum price. It does not therefore take into account any difference between the Fairtrade minimum price and the potentially low world price. In practice, however (especially in the South), 'premium' refers to the difference between the price paid for a fairly traded good and the price that good would have received on the conventional market. This is the definition of premium that is used in this work:

**Premium<sup>4</sup> = Total Fairtrade price - conventional market price.**

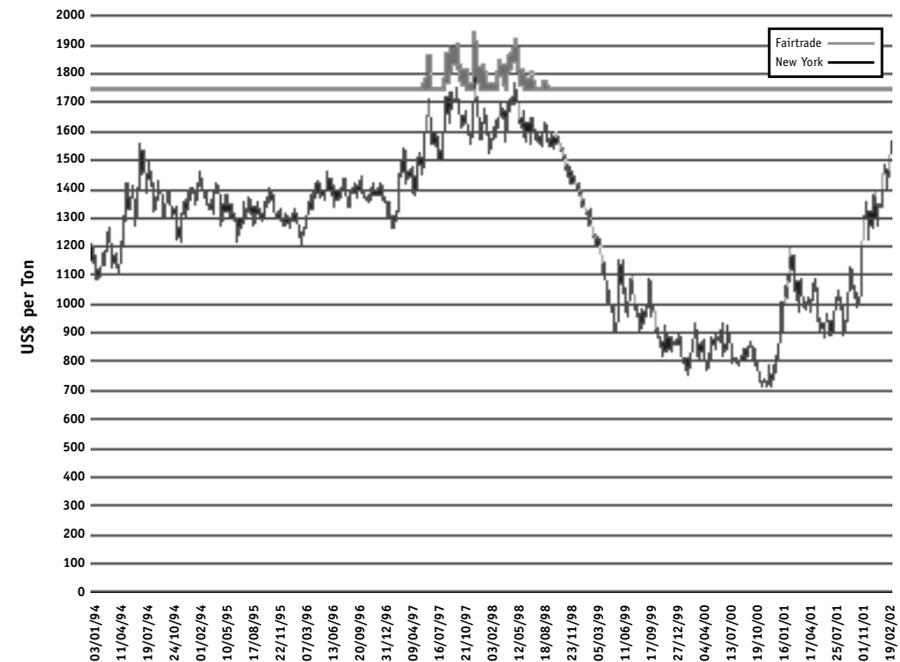
It should be immediately apparent that although the above definition for Fairtrade premiums served as the basis for the cocoa case study, this is not always a helpful way to proceed. This is especially true for Fairtrade products that are not traded on international commodity markets, nor fall under the regulation of FLO. The most obvious example is that of handicrafts. Efforts at evaluating the Fairtrade premium for handicrafts and similar goods have been made (see Hopkins 2000, Dietz 2000 *et al*) and this remains a problematic, but important, issue that needs to be addressed in attempts at evaluating Fairtrade impact.

Even with the facility provided by studying a commodity with a clear market price, two limitations to the process of calculating premiums remain, due to the volatility of these market prices. First, the volatility of the market can mean there will be many different market prices in one year. Calculating premiums will necessarily involve subtracting some average of the market price from the Fairtrade price. As such, the practitioner can be over or underestimating the premiums depending on when the actual sale is conducted. Second, a table showing how many dollars or pounds worth of premium has been earned does not inform on the benefits felt by farmers and Southern organisations from having at least a portion of their sales maintain a steady price. An example of this volatility and the stabilising influence of Fairtrade can be seen from the diagram opposite.

<sup>4</sup> Premium defined this way is sometimes known as a Fairtrade 'differential' to distinguish it from the small FLO premium

**COCOA 1994-2002: COMPARISON OF MINIMUM FAIRTRADE & NEW YORK 2ND POSITION PRICE**

Minimum Fairtrade Price = \$ 1600 per ton plus \$150 premium. When the New York price is \$1600 or above, then the Fairtrade price = New York price plus \$150 premium.



Source: Fairtrade Foundation

The M&E practitioner will quickly realise that the degree to which neatly organised information about the Fairtrade premium is prioritised within an organisation will vary greatly. As transparency and accountability are standards to be expected in any viable initiative, the information concerning Fairtrade premiums is almost sure to exist somewhere. It is often, however, the task of M&E exercises to compile that information in the form that a donor or an impact practitioner, as opposed to a sales manager, needs it.

The experience with Kuapa Kokoo suggests several sources from which this information might be compiled. The table below estimates the size of Fairtrade premiums for Kuapa over the eight years of its operation.

This information was indeed recorded over the years but in several different places. It could be gleaned from:

- ☑ Information on the good(s) in question and conventional markets, if any
- ☑ Records of accountants, business managers and directors of the Fairtrade cooperative/organisation
- ☑ The organisation's correspondence with importers
- ☑ FLO monitoring reports
- ☑ Partner organisations (in this case, Twin and SNV)
- ☑ Earlier studies of the organisation and its impact

Differences in the reported amounts may exist. The M&E practitioner needs to inquire into the sources of those deviations. For example, some reports operate on a financial year and another source may report on an agricultural season.

In the case of Kuapa, the question of calculating premiums is somewhat easier due to the availability of a clear-cut 'fair price'. Nevertheless, the task involves tabulating and cross-checking from the various sources above, the quantity of cocoa sold to Fairtrade markets. An average price is calculated and the premiums are then based on these price and sales figures. The result can only give an approximate idea, but it is accurate enough to describe the path of premiums. The tabulation can always be improved as more time and information become available.

#### FAIRTRADE PREMIUMS EARNED BY KUAPA 1993-2001

Year	Volume sold to Fairtrade (MT) <sup>5</sup>	Fairtrade premium *per MT	Total Premium (US\$)
1993-1994	50	470.89	23545
1994-1995	284	294.78	83718
1995-1996	550	272.34	149787
1996-1997	792	109.54	86756
1997-1998	598	77.56	46381
1998-999	350	612.38	214333
1999-2000	851	864.06	735315
2000-2001	451	663.42	299202
<b>Total</b>	<b>3926 MT</b>		<b>US\$ 1,639,039</b>

\* Recall: this is the (FLO) premium of \$150/ MT + difference between average annual world price for cocoa and the Fairtrade minimum price of US\$1500/MT (93-97) or US\$1600/MT (98-01) and does not include any Ghanaian quality differential.

The issue of the use of Fairtrade premiums remains. It should be clear why the initial work of tracing the avenues of impact is so important. They give an initial indication of premium use and therefore point to the direction in which impact may be found. This section supports or negates that initial indication. Data on premium use is collected from the above sources to paint a picture of the financial impact of Fairtrade.

The numbers show that in the first 3-4 years, out of US\$520 000 worth of Fairtrade premiums earned, some 58% was spent, the rest serving as capitalisation funds (FLO). Of the premiums spent, some 76% went towards building infrastructure for the trading company, KKL, and later, that of the Union. The remaining 24% went as direct income to farmers. The proportion of premiums spent (as opposed to saved or invested) remained around 58% from 1998 onwards, but the proportion spent on building up the company and the Union fell from the 76% above to only 57%. The nature of the support for the company also changed from grants to loans. During this time, the proportion given directly to farmers (via KKTF-see Kuapa Family, p.4) rose from 24% to 43% and again to 49% in 2000.

The composition of the share going directly to farmers changed. Throughout Kuapa's entire existence, about 25% of premiums went directly to farmers in the form of an income bonus. As the number of farmers exploded to 35 000 members, the additional proportion of premiums directed at farmers took the form of community based projects. KKFT accounts show that some 41 out of the 53 community project have been funded by Fairtrade premium earnings. These projects include the building of a school, provision of an ambulant medical clinic, building of sanitation services, 31 water projects and 7 corn mills for alternative income generation.

The process of examining the Fairtrade premiums leads to the conclusion that the expenditure of premiums is divided between supporting the development of a strong commercial trading company, the provision of income bonuses and the funding of community projects. It should be obvious, then, that the impact must be sought at these three levels.

<sup>5</sup> Source: FLO, verified by Kuapa, KKFT and importer records

Fairtrade practitioners of M&E need to be aware, however, of a tendency to either completely dismiss the role of Fairtrade in the development of producer organisations or to credit Fairtrade with everything concerning them. The first tendency usually follows from a financial analysis that concludes that the current viability of a Southern partner is not dependent on Fairtrade purchases. On this basis, the dismissal of Fairtrade can occur. It ignores, however, the role of both the Fairtrade premiums and non-financial Fairtrade support in organisational development of start-up entities that the conventional marketplace would never support.

Second, the tendency to attribute to Fairtrade everything that surrounds a certain initiative is equally prevalent. In addition to crediting other partners, tracing impacts must distinguish between those impacts directly attributable to Fairtrade and those attributable to the organisation Fairtrade has helped to build. To this end, it is perhaps helpful to make a distinction between direct and indirect impacts (Ronchi 2002, p.3). For example, direct impacts of Fairtrade can be traced through the financial and organisational factors that have ensured or impeded the development of Kuapa. The various services and programs offered by Kuapa as a result of its existence (and not funded by Fairtrade) are referred to as indirect impacts.

For example, the fact that KKL is a viable trading organisation owned by farmers has brought a sense of control to farmers at the village level, and not just to those farmers elected to Union positions. It is Kuapa farmers who weigh and administer the sale of cocoa at the village level, decreasing the incidence (or at the very least, the anxiety and perception) of cheating at the scales that appears to have been prevalent with private buyers or cocoa clerks in previous years. Farmers feel in greater control. Is that a Fairtrade impact? To the extent to which KKL's current strength depends on past Fairtrade support, it may, but it is the accountable and viable nature of KKL that provides this security. The impact is therefore indirect.

Although it may be difficult to quantify or even verbalise the impact of organisational development, this is an element which M&E must approach creatively. Even if the current financial viability of a Fairtrade organisation

is no longer dependent on Fairtrade, looking at the market in which the organisation operates might provide evidence of the chances of commercial entry without Fairtrade support. Furthermore, beyond the question of premiums, many Fairtrade organisations provide organisational support in the form of capacity building.

## 2.5 DESIGNING MONITORING MECHANISMS

The need for Fairtrade M&E to be in both the North and the South can make the process appear colossal. The combined efforts of the teams at Day Chocolate and Kuapa demonstrate that elements of cooperation (and a little imagination!) can facilitate the design of systems that are not overly burdensome, and hence, sustainable for an organisation. The following section highlights the challenges in M&E design in both the South and the North, and how these might be overcome for Fairtrade organisations.

Possibly the most challenging aspect of designing an M&E system is that of finding easy-to-collect, but relevant, indicators. Fortunately, the Fairtrade M&E practitioner can draw upon the experience of other M&E approaches. In the search for meaningful indicators, the participation literature can be particularly helpful. An entire family of related approaches to development work has arisen in the name of 'participation'. The basic idea behind participatory methods is to enable the people who are affected by a programme or policy to share and analyse their own condition. The important thing to realise is that an approach is not 'participatory' uniquely because of the methods or tools it uses, but rather because of an attitude change which 'hands over the stick' to those who are affected by a project. The traditional teachers/evaluators become the students and those who are traditionally taught/evaluated become the teachers (Chambers 1999).

Having articulated the organisation's objectives in a very specific fashion and identifying the activities that relate to them, some indicators will suggest themselves quite readily. Others, however, will not. When relevant indicators are not immediately apparent, the most valuable course of action is to speak to the people on whom the activity is meant to impact.

This is where the 'evaluated' become the teachers. A wealth of participatory techniques do exist to assist this process and examples include focus group discussions, semi-structured interviews in which key stakeholders participate, diagramming, and ranking and scoring.<sup>6</sup>

Kuapa had recently initiated a series of women's income generation (IG) projects. The projects included marketing vegetables, soap and palm oil production. Although the numbers could indicate whether any income was indeed being generated, it was not clear what the other impacts might be. To elucidate these, a diagramming exercise was designed in which the women drew two pictures on the ground: one of the day in which they participated in IG and one of day in which they did not participate in IG. Besides provoking much hilarity, the exercise revealed a series of unintended impacts: in terms of time spent on IG activities, there was an impact on the family as well. The impact on men and children seems to be minimised by thoughtful timing on the part of women: in the soap project, women work on Saturday, so children can replace them without missing school. Coping strategies in terms of household chores while women engage in IG projects vary across households. There does appear to be a trend of women getting up very early to complete missed tasks, and of the rest of the family taking on responsibility for these chores. Future M&E work therefore will include indicators concerning children and men, since this will in turn impact on women.

Second, even if a practitioner and the group have a particular genius for selecting indicators, the process of asking what an activity or programme means to the stakeholder will often reveal different interpretations of the impact.

Prior to field work with farmers, the author conducted two indicator workshops covering the qualitative and quantitative aspects of impact assessment work, with the SDOs. The importance of setting indicators at the needs assessment stage of any initiative was emphasised. As most of Kuapa's work has been underway for some time, however, without the early identification of indicators, the final list of potential indicators was

<sup>6</sup> References to material and guides to participatory techniques can be found on [www.ids.ac.uk/ids/particip/index.html](http://www.ids.ac.uk/ids/particip/index.html)

derived from several sources. First, a workshop eliciting indicators from the monitoring questions defined by SDOs, led to a list of potential indicators for each of the specific objectives. Second, information from past participatory exercises on Kuapa farmers provided preliminary farmer input into the selection of indicators. Indicators of development and farmer perceptions of wealth resulted from participatory exercises undertaken in the past.

E.g. The typical, and somewhat unimaginative, approach to measuring impacts on income and wealth, is to measure increments in the income of individual farmers. Anyone who has attempted this exercise can attest to its impracticability. Often, farmers do not keep receipts and income accounts for years past. Instead, past participatory activities with farmers (Amekudzi 1996) reveal what they consider wealth to be. One of the wealth criteria farmers consistently identify for a 'rich' farmer is the diversification of productive activities. Other indicators include the ability to save, to assist the community, to be philanthropic, and to have an iron roofed house. Accordingly, the Kuapa SDOs designed a semi-structured interview to conduct with village society members in which questions regarding these signs of wealth were included.

The monitoring questions and indicators were combined to create survey and interview guidance sheets for fieldwork with farmers. This pilot fieldwork served three purposes:

- ☑ To build capacity with the SDOs regarding participatory techniques
- ☑ To provide feedback on the relevance of indicators in order to suggest modifications to the data collection tools that would better reflect farmer experience
- ☑ To collect a baseline of impact information

This baseline is often missing with Fairtrade initiatives due to the absence of early M&E. An informative way to get around this difficulty is to include, where possible, non-beneficiaries of Fairtrade in the M&E. Overall, the identified objectives and their related activities suggested a division of the impact assessment into two separate types of research areas:

### 1. Project-based Impact Assessments<sup>7</sup>

- Water Project Impact Assessment
- School Block Impact Assessment
- Women's Income Generation Projects Impact Assessment
- Health Care Programme Impact Assessment

### 2. General Impact Assessment

- This was a triangulated study addressing Kuapa's financial and capacity building objectives for farmers

The interview guide sheets include a combination of quantitative and qualitative data collection techniques, using participatory tools such as diagramming and semi-structured interviewing in order to elicit impacts and accommodate indicators not specified at the outset. Each exercise attempted to include non-Kuapa members from the community. The general format includes one large interview conducted with 20-40 participants who select themselves (i.e. non-randomly selected) for the interview. This 'Society interview' is necessary due to the protocol of a visit to a village. Upon arrival there is a gathering, a welcome and an explanation of the purpose of the visit. This assembly is mandatory by custom and hence, the Society interviews were designed around this inevitability. The Society interview is usually followed up by executive focus or individual interviews as well as by cross-checking activities.

In a similar fashion, after clarifying the objectives and the avenues of impact, members of Day Chocolate formulated monitoring questions with respect to their impact on consumers:

- Has Day Chocolate increased consumer awareness of Fairtrade?
- What do these consumers understand by Fairtrade?
- Has the provision of Fairtrade information changed the consumption decisions?
- Has the provision of mainstream Fairtrade chocolate affected the UK chocolate industry serving the consumer?

<sup>7</sup> In addition to the above interviewing exercises, a usage count and informal semi-structured pilot interview was conducted for the construction of a sanitation facility (KVIP) for one village.

The task of the monitoring component of M&E is to design a system by which the answers to these questions could be obtained on a regular basis. After all, one of the criteria of the M&E is its sustainability. Therefore, as for Kuapa, initial design of an M&E is an excellent opportunity to build capacity within a Fairtrade organisation for ongoing M&E. To this end, tools that are easily applied at different points of time are required.

The M&E process for Day Chocolate started from the necessity of collecting information, over time, on what the impact of Day Chocolate has been on Fairtrade awareness and consumer behaviour. The most appropriate tool appears to be a tracking study. Tracking studies collect **tracking data**. They ask different samples of people a common set of questions over time. Tracking studies therefore require a core set of questions and a sample of people to survey.

Developing these two requirements for a tracking study, thereby allowing Day Chocolate to monitor their impact on consumers, became the task of the M&E. Preparing a sample of people for tracking studies requires certain background information on the Day Chocolate consumers. The M&E undertook to establish a consumer profile for Day Chocolate in order to allow them to easily target a set of people during the course of market research. The monitoring system therefore had three tasks to complete in enabling Day Chocolate to monitor its impact on consumers:

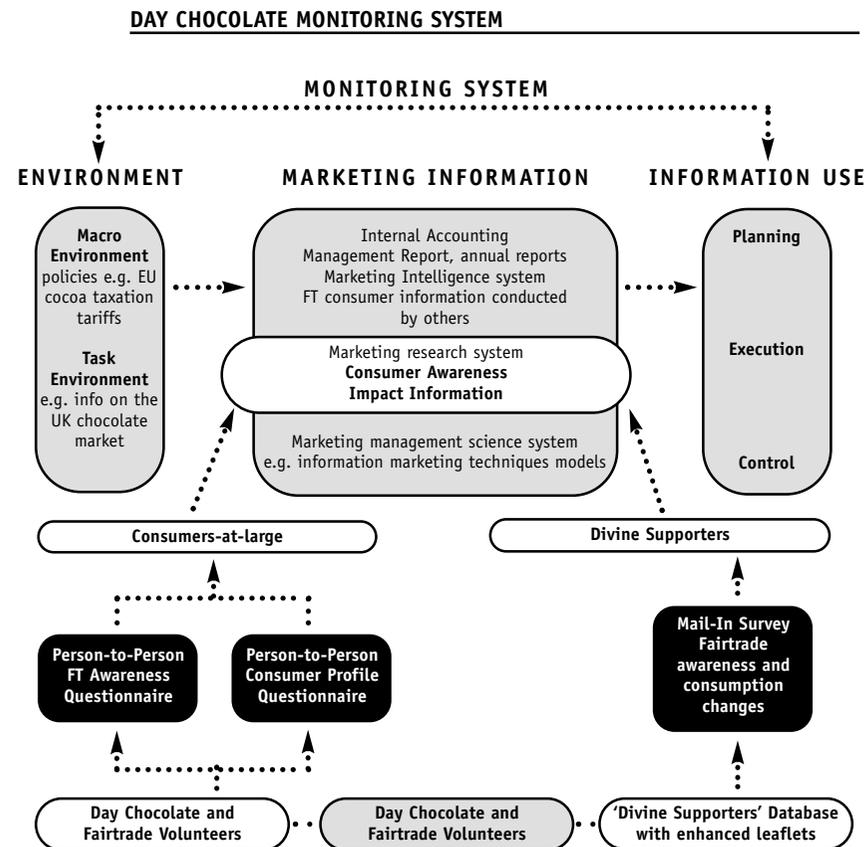
- To pilot a questionnaire
- To establish a consumer profile
- To pilot different samples

Furthermore in the interest of cost-effectiveness and sustainability, it was desirable the research to be easily conducted by the large pool of Fairtrade volunteers at Day Chocolate's disposal. To use potentially inexperienced surveyors requires, however, that the surveying process be simple. Simplicity, paradoxically, necessitates elaborate and thorough preparation of the sample and the questionnaire. Two survey methods were chosen to inform on Day Chocolate impact on consumers: the person-to-person interview and the mail-in survey. To effect this research, the M&E project

entered into a **partnership** with a student research group at the Department of Agricultural and Food Economics at the University of Reading. A group of final year students conducted consumer research according to Day Chocolate’s M&E objectives under the supervision of a Professor of Food Marketing.

The Reading partnership highlights an unrealised potential that seems to feature in Fairtrade. Most Fairtrade organisations will attest to being overrun by expressions of interest by ‘students’. The time and personnel required to deal with students can be understandingly overwhelming. As organisations with low or nonexistent research budgets, however, this opportunity for partnerships with these elements of civil society should not be overlooked by Fairtrade organisations. Selecting students under supervision or working with doctoral researchers ‘who are already professionals in their field’ can overcome valid concerns about research quality.

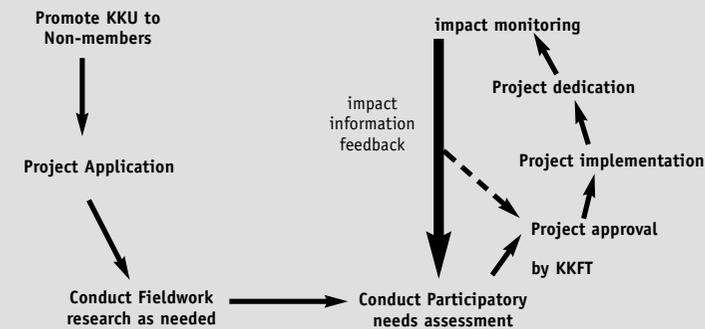
Day Chocolate entered into an academic partnership to pilot the tools for their M&E. Together with the work conducted by Reading, the complete monitoring system at Day included tested survey tools to assess their impact of Fairtrade awareness, a consumer profile to aid in the selection of samples during these surveys, redesigned Divine supporter leaflets and a market information system in which to retain the information.



The above diagram illustrates one final element essential to a sustainable M&E system. Namely, the refinement of how M&E information is used to inform on an organisation’s decisions. The team at Day Chocolate identified their strategic meetings as the moment when M&E information would be most useful to its decision-making. Accordingly, what was needed was a Market Information System (MIS) that would allow all that information to be easily accessible. That MIS was developed and is included in their monitoring system.

For Kuapa, workshops were held in which the SDOs designed project cycles for each of their activities, demonstrating where they thought any M&E information would be most useful. They also designed specific communication mechanisms to include the information in the project cycle. An example is included below:

#### ACTIVITY: VILLAGE PROJECTS



#### Relevant Objectives:

- To encourage farmers to send their children to school
- To reduce the incidence of preventable disease
- To provide year-round access to clean water within the village

#### Feedback Mechanism:

- A brief point-form summary of observed impact that might be relevant to approving future projects: The summary is to go to the SDO Manager who copies to the Project Manager and KKFT
- An informal presentation of the summary to SDO colleagues at monthly meeting to feed into needs assessments

Some of the challenges particular to Fairtrade M&E include the selection of indicators, missing baseline and the need to include Northern impact assessment. The work conducted with Day Chocolate and Kuapa Kokoo and outlined above illustrates these challenges and suggests possible solutions.

## 2.6 REPORTING IMPACT

The variety of recipients interested in impact information is particularly wide for Fairtrade: consumers wish to know how their purchases help, donors wish to know if their support is effective, competitors wish to know what it is to be 'fair', and so on. The guiding light in this bewildering array of interests in impact M&E should remain that of providing information that an organisation needs to improve the quality of its work. The prevailing mandate in the M&E Fairtrade chocolate work was for it to be *useful* to Kuapa and Day Chocolate. This entails referring back to the objectives the organisation wishes to achieve and informing on them. From there, the organisations use the feedback mechanisms discussed at the end of the above section to assist in decision making. Reporting impact information in relation to the organisation's objectives is illustrated below for the cases of Kuapa Kokoo and the Day Chocolate Company. Presenting impacts in this format, also demonstrates where the gaps are in terms of information on impacts.

Note from the following table that Kuapa are able to articulate positive impacts as well as indicating where improvement is needed. M&E can be a threatening experience for any organisation, but the only way an organisation can improve its work is to recognise those areas in need of improvement. Having internalised the process, it becomes less threatening. Furthermore, examples illustrating the earlier points concerning attribution to Fairtrade can be found in the table (see footnotes).

TABLE OF FAIRTRADE IMPACT IN GHANA

**KUAPA KOKOO OVERALL OBJECTIVE**

**“to empower farmers, increase their income and raise their standard of living”**

**INTERMEDIATE OBJECTIVE**

**To provide a forum for the empowerment of farmers**

**IMPACT**

- Kuapa is strongly representative at the national level in Ghana
- The ownership structure of Kuapa and Day Chocolate creates an increased sense of control over the developmental process, and this despite the fact that Day is responsible for only a small portion of their Fairtrade sales
- Only 57% of Village Societies have the required two female members on the Society Executive

**To provide incentives and opportunities for financial gain**

- Income effects at the individual level are found to be negligible
- Nevertheless, over 8 years, Kuapa has injected approximately US\$ 1 million as extra income to farmers<sup>8</sup>. This the equivalent to the annual primary schooling costs for some 245 000 children
- Survey responses indicate farmers have a low awareness of Kuapa as the source of their cocoa pricing benefits
- Awareness of KCCU credit facilities is high<sup>9</sup>
- Efforts at increasing farmer income through the provision of low-cost inputs was found to be ineffectual and even negative since the inputs were being offered at a time farmers would have to borrow to afford them

**To build organisational capacity of societies**

- Some 40% of Societies have at least initiated projects on their own
- The disbursement of Society Development Funds<sup>10</sup> (SDF) has been weak
- Society executives need training in keeping consistent records and minutes

**To provide Social Infrastructure<sup>11</sup>**

- The majority of Kuapa’s development activities impact on non-members of Kuapa as well as Kuapa members
- Over 100 000 people (members and non-members) in communities with Kuapa Societies have received free medical attention and prescriptions. The programme was executed at a cost equivalent to only 2% of the Fairtrade premium earned on purchases from Day Chocolate alone
- The quality of water and sanitation projects provide by Kuapa is highly appreciated by community members. Continued use of old water sources indicate the great need
- Interviews with parents, children and teachers indicate the school building project has emphatically improved pupil attendance and health and the quality of education
- Women’s IG have awakened an entrepreneurial spirit in the majority of participants and there are indications of increased well being among women, even as it has increased their workload. Control over earned resources appears limited

<sup>8</sup> Part of the financial gain to farmers is funded through Fairtrade bonuses, but part is funded through the profitable operations of KKL in conventional cocoa trade as well. KKL is no longer financially dependent on Fairtrade in this respect.

<sup>9</sup> Any impacts of KCCU as a credit facility share attribution with Fairtrade non-financial support (Iwin) and the initiative of KCCU itself

<sup>10</sup> These are funded by contributions from members and KKL on a per bag basis

<sup>11</sup> The community projects are funded by Fairtrade premiums and the lines of attribution are therefore fairly straightforward

## TABLE OF FAIRTRADE IMPACT IN UK

## THE DAY CHOCOLATE COMPANY OVERALL OBJECTIVE

“To improve the livelihoods of smallholder cocoa producers in Ghana”

## INTERMEDIATE OBJECTIVE\*

## IMPACT

**To mainstream a quality and affordable range of Fairtrade chocolate**

- The organisational model of Day Chocolate as a partnership between a Fairtrade organisation, producers and an ethically minded business overcomes the difficulties of market penetration for a small company in a highly competitive industry
- The mainstreaming of Fairtrade chocolate has been important in a sector (Fairtrade products) where it is not enough that the consumer be *willing* to buy, but also be *able* to affordably purchase
- The sale and successful distribution of the product itself to some 15 000 retail outlets communicates some (imperfect) message of good causes related to consumption through its packaging and store promotions

**To raise awareness of Fairtrade issues among UK retailers and consumers of all age groups**

- ‘Divine Town’ promotional activities result in heightened local media attention for Fairtrade
- Educational activities designed and supported by Comic Relief, centred around the children’s bar ‘Dubble’ enjoyed some success: 17% of all UK primary schools and 26% of secondary schools requested its PaPaPaa! Fairtrade educational packs. Besides winning awards, these were deemed by teachers to be a pedagogical success
- The design competition for the Dubble wrapper resulted in over 16 000 entrants. Although this represents a significant outreach, the requisite Fairtrade awareness for entry was low

**To be highly visible and vocal in the chocolate sector and thereby act as a catalyst for change**

- The website designed to link UK and Ghanaian school children is well-designed, although monitoring of its impact is weak
- Day Chocolate-sponsored competitions are generally effective instruments for raising Fairtrade awareness since entry to the contest usually requires reflection upon Fairtrade issues
- There are indications that the posting of competitions on non-ethically specific websites has had a significant impact on Fairtrade awareness: of 550 such entrants, a sample of 205 respondents indicated that 41% had never bought a Fairtrade product before. This is a higher percentage of first-time ‘Fairtraders’ than is found amongst identified ‘ethical shoppers’
- The consumer profile conducted as part of the M&E shows that marketing activities with discount retailers also seem to be changing the profile of the Fairtrade consumer from the traditionally older and educated niche of consumers
- With only 0.1% of the UK chocolate market share accounted for by Divine and Dubble, the desired catalyst to ethical practices has not yet materialised in the UK chocolate industry, although there are signs of growing influence: Day Chocolate won the *Business In the Community Award* for being a model to the confectionery industry and were invited to speak at the industry annual general meeting
- Fairtrade bodies across Europe have actively sought to increase market share through the production of supermarket own-brand products with Fairtrade ingredients. The joint bar between the Co-op supermarket chain and Day Chocolate is the first realisation of this model in the UK.
- The UK government formed a position with respect to Fairtrade that in only very small ways, finds its voice through Day products. Examples include the holding of a parliamentary group on Fairtrade in confection, chairing a corporate responsibility group and the decision to stock Day Chocolate products in parliament

\*with respect to consumer issues

### 3. conclusion

Designing a sustainable and participatory internal impact monitoring system is a universal challenge in development. To what extent has that been achieved with Kuapa and Day Chocolate? Day Chocolate continues its annual consumer research efforts in partnership with Reading and actively uses the information in its strategic meetings. The impact assessment with Kuapa has resulted in a reorganisation of their extension services to farmers to better achieve their objectives. Furthermore, the objective of the M&E itself to build capacity within Kuapa has been achieved. Cocoa extension workers in Cameroun have since been trained in M&E by two Kuapa SDOs.

The body of experience and expertise that has arisen in response to the challenge of sustainable M&E provides Fairtrade organisations with best practice on which to base their own M&E. It has not been the purpose of this document to review all the aspects of that best practice, but rather to suggest ways in which the challenges characteristic of Fairtrade might be overcome. In particular:

1. There are many **different models** of Fairtrade and the model must be clearly understood before any M&E is put in place to avoid imputing impacts or ignoring them altogether,
2. Since the well being of producers is intimately linked with **consumers** and therefore impact on consumers is an important part of any Fairtrade M&E, Fairtrade M&E needs to look at the impact of Northern Fairtrade entities on consumer awareness and behaviour,
3. Tracing the avenues of impact will help to clarify what can and cannot be **attributed** to Fairtrade,

4. Focussing exclusively on the **price/income component** of Fairtrade will lead to a narrow and imposed assessment of impact in Fairtrade organisations. This notwithstanding, impact M&E should include an overall picture of premiums earned and their use,
5. Acknowledging that many Fairtrade organisations did not begin life with an M&E implies that a lack of baseline and indicators and possibly a limited capacity in M&E will be additional challenges.

Each of these challenges is also the portal to opportunity for creative solutions and the empowerment of Fairtrade partners. If for example there is a lack of know-how in participatory methods of indicator selection, the process of finding these indicators is an excellent opportunity for capacity building within the organisation. The work with Kuapa and Day and past Fairtrade impact assessments have shown that impact of Fairtrade can be extensive. In the end, the only good methodology for Fairtrade M&E is one that allows itself to be led by what is actually happening on the ground on which both consumers and producers tread.

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