

Introduction

Best known for pioneering fair trade in the UK, Traidcraft comprises both a trading company, with product sales of about £11.7 million in 2014/15, and a development charity. Unlike other charity/trading company models, Traidcraft plc does not exist to raise funds for the charity. It is a social enterprise, proving that it is possible to run a successful business on fair and ethical principles.

Traidcraft Exchange – Traidcraft’s charity – is the UK’s leading international development charity focusing exclusively on trade. We manage programmes of development work that enable poor producers to grow businesses, find markets and engage in local and international trade. Working with a range of partner organisations, we help producers overcome the barriers that prevent them from selling their products and provide training and information services that develop their business skills.

Traidcraft plc – Traidcraft’s trading company – buys products from poor producer groups on a fair trade basis and markets these in the UK. Traidcraft Exchange benefits from the plc’s practical knowledge and experience of the needs and constraints faced by producers in developing countries. This enables us to develop more practical, appropriate and effective projects. Similarly, the plc benefits from Traidcraft Exchange’s international development experience, which helps it to provide appropriate support to its suppliers.

This unique structure gives us opportunities to influence opinion and behaviour in the charitable, business and public sectors. With a joint management team we combine our practical, commercial expertise with our deep-rooted developmental approach to trade. This makes us ideally placed to act as a catalyst and to influence opinion and behaviour across private, public and charitable sectors.

Our Mission and Values

Traidcraft Exchange’s mission is to *fight poverty through trade*. Our Foundation Principles represent our values and aspirations, and are fundamental to our work and policies:

- Traidcraft is a Christian response to poverty
- Traidcraft's mission is fighting poverty through trade
- Traidcraft respects all people and the environment
- Traidcraft abides by and promotes fair business practices
- Traidcraft strives to be transparent and accountable

Our History

A brief history of Traidcraft can be found in Annex 1.

Our Strategy

During 2010 we went through a process of strategic review, looking at the impact of our work and what we want to achieve over the next few years. This process convinced us that our mission remains as vital as ever.

In developing our strategy we looked ahead to 2020, but set specific targets on a rolling three-year basis. In the period 2011-2014 our key aims were to:

- Work with at least 400,000 direct beneficiaries (project participants and their families) each year, moving towards 500,000 by 2014;
- Demonstrate that at least 80% of those we work with report improvements in their income and well-being;
- Increase expenditure on our development work by 15% per annum;
- Develop and implement systems that enable us to monitor impact more effectively.

In addition we put greater emphasis on the environmental impact of our projects and helping people to cope with climate change, and pay closer attention to promoting the interests of women as important drivers of development.

We also wanted to ensure the people we aim to help through our projects don't just increase their incomes but also *flourish* as individuals and communities. For us this means going beyond the material aspects of poverty – also helping people to develop their self-worth, to feel more confident and valued, and to have hope for the future.

We are currently reviewing our strategy and new targets will be developed in due course.

Our Approach

Working with local partners and communities, and engaging with the private sector, other NGOs and governmental bodies, our interventions revolve around three inter-related areas:

- *Trade:* We help farmers, artisans and small enterprises to gain the confidence, knowledge and opportunities they need to work together effectively, find markets for their products, and engage successfully in trade, giving them greater security for the future.
- *Support:* We identify the services that farmers, artisans and small enterprises need to enable them to trade effectively. We work with local public and private service providers to equip them with business skills and ensure that appropriate and affordable business support is available where it is needed.
- *Influence:* We lobby and campaign for trade policies and practices that help – rather than hurt – poor people, and encourage those who feel powerless to speak up for their rights. We challenge injustice and encourage changes in government policies, corporate practices and public attitudes to trade, development and poverty.

Our Development Programmes

There are three strands to our development work: our Overseas Development Programme, our Supporting Social Enterprises Programme and our Policy and Advocacy Programme.

- *Overseas Programmes:* Our overseas programmes are based in East Africa and South Asia where we have regional offices. We have a wide range of projects that work in different sectors - everything from tea to bees - and we aim to identify and remedy many of the issues that small-scale producers face.

Through our projects we:

- Improve the provision of business services to poor producers
- Build the skills and capacity of small enterprises to develop viable businesses
- Enable farmers and artisans to find new markets for their crops or products
- Help farmers and artisans to form groups and work collectively
- Support farmers and artisans to cope better with climate change
- Enable small-scale farmers to increase productivity, decrease costs and make the most from their landholdings
- Encourage small businesses to adopt more responsible practices
- Enhance the policy environment in favour of poor people

- *Supporting Social Enterprises Programme*: The Supporting Social Enterprises Programme is a joint initiative between Traidcraft's charity and the fair trade business.

Traidcraft's fair trade business sells a wide variety of products from over 40 crafts producer groups and over 50 food producer groups in the developing world. All are social enterprises that have both business and social objectives.

As a fair trade company, Traidcraft plc already provides a number of benefits to the producer groups it buys from, including fair prices, credit when needed, and a commitment to long-term relationships. But the Supporting Social Enterprises Programme goes beyond this. It works with producer groups helping them to become more secure and profitable organisations. This in turn benefits whole communities because it creates more jobs, better food security and more money for families to spend on what they need.

The Supporting Social Enterprises Programme has 3 key aims:

1. Supporting and encouraging existing social enterprises to strengthen and grow their businesses so they are better able to provide decent incomes for the thousands of artisans, farmers and producers they work with.
 2. Achieving scale and depth in fair trade supply chains in order to extend the benefits of fair trade to more poor people, typically those excluded or disadvantaged in mainstream trade.
 3. Supporting social enterprises to adapt their practices in response to climatic changes, minimise their ecological footprint and address issues of vulnerability to future impacts.
- *Policy and Campaigns*: Our policy and campaigns work is all about creating far-reaching change by influencing the right people – those with the power to either protect or endanger the poor. This can mean MPs, MEPs (Members of the European Parliament), governments, and large companies that do business in the developing world. Our work comprises both research and campaigning. First we use our connections and expertise to get to grips with current issues. We look into what needs to change to better support the poor at a policy level - we find out the facts and try to get a balanced viewpoint. Then we go into campaign mode, calling on our fantastic supporter network to take action by post, email, social media and attending events. This work can have a great impact – it can bring far-reaching change that filters down to help millions of poor producers in the developing world.

Current activities focus on:

- *Purchasing practices*: In developing countries, the opportunity to sell to international buyers is a potential lifeline for millions of people. But the way in which companies buy the products that they sell on can have a negative impact on the poor involved in those supply chains. This includes the suppliers they choose, the way they treat them, and the prices they pay. Traidcraft is challenging the exploitation of the poor by the rich by promoting fair purchasing practices.
- *Trade policy*: International Trade is carried out within a system of rules and agreements. But the rules are stacked in favour of the rich. Traidcraft is campaigning to change those rules so that poor people can feel the benefits of trade.
- *Commodities*: Over the past twenty-five years the price of some tropical agricultural products has collapsed. The impact on many of the world's poorest people has been devastating. Traidcraft is working to build the capacity of producers and help them to improve the quality of their products. We are also working to link our trading, support and influencing work more closely by investigating the factors which cause these long term price declines and prevent farmers from receiving a

fair return for their work. These include issues such as global oversupply – sometimes caused by rich-country government subsidies, lack of competition amongst buyers, low levels of coordination amongst farmers and bad advice from aid donors.

- *Fair trade*: Traidcraft is a fair trade company, selling fair trade products. In addition to our trading activities, however, we are also working at the cutting edge of developing new product certifications and helping to promote fair trade.
- *Corporate accountability*: Companies control two-thirds of world trade and some are more powerful than nations. If we want to make sure that trade helps to end poverty, we have to look at companies and the rules and regulations that govern them. Company Law outlines what companies are legally required to do when they do their business, and what directors should consider when they make their decisions. Traidcraft is part of the CORE coalition, and campaigned during the debates around the passing of the Companies Act in 2006. We are now monitoring how the Act is put into practice, and researching with others how to work to create effective mechanisms that enable stakeholders which have been harmed to hold companies for their impacts, and seek redress.

Where we work

- *Overseas Programmes*: With overseas offices in Nairobi, Hyderabad and Dhaka, our trade-related development programmes focus on East Africa (primarily Kenya and Tanzania) and South Asia (India and Bangladesh). Our in-country offices enhance the legitimacy of our work, and enable our in-country staff to develop strong and effective partnerships with local organisations.
- *Supporting Social Enterprises Programme*: This programme currently focuses on enterprises in:
 - Africa (Ghana, Kenya, Malawi, Namibia and Cote D'Ivoire);
 - South Asia (India, Pakistan, Nepal, Sri Lanka, Burma and China);
 - Latin America (Peru, Chile and Guatemala); and
 - Middle East (Palestine)

Over the coming years we plan to explore extending this programme into Bangladesh and The Philippines.

- *Policy and Campaigns*: Our Policy and Campaigns activity is largely focused on the UK and Europe. However we draw on the experience and learning from our work in over 30 countries to inform our policy-related activities

Our Priorities

Traidcraft works on a number of cross-cutting issues in our projects that are vital to improving lives in the communities we work with. We believe that as these problems are addressed, we start to see wide-scale and sustainable change in the developing world.

- *Economic security*: Roughly 1 in 5 of the world's population lives in poverty. That's almost 1.5 billion people living on less than \$1.25 per day. Many of these people struggle to meet their families' most basic needs, like healthcare, education and nutritious food. These people are left very vulnerable – unable to cope when setbacks occur. Traidcraft gives poor people the skills, knowledge and information they need to earn a good income and secure decent work. We also work with poor communities around the world to build up savings and assets, helping them to become more resilient and better placed to cope if the worst happens.
- *Empowerment*: People living in poverty are often excluded from decisions that affect their lives. Other people decide on their behalf, ignoring their needs, beliefs and

opinions. The power to take charge of their own lives is taken from them. We believe that the cycle of poverty can only be broken if people living in poverty are empowered to speak out and be heard. Traidcraft helps to organise marginalised communities into groups so they can develop a collective voice. We provide support to help them work together to access training and services, plan for their future, and negotiate with local decision makers.

- *Gender equality:* Women in developing countries face gross inequalities and injustice. From poor education and nutrition to vulnerable and low paid employment, the discrimination that women suffer is all too common. Women make up a staggering 70% of the world's poor. Gender equality is an important end in itself, but it's also fundamental to reducing poverty. Evidence shows that women have a vital role to play as change-makers in their communities. Traidcraft considers the needs of both women and men when designing our projects. As we develop new projects we, ensure that the empowerment of women is not only taken into account, but put at the forefront of what we do.
- *Wellbeing:* Poverty is often defined as a lack of income. Yet poverty has many other dimensions such as a lack of empowerment, dignity, and freedom. At Traidcraft we want our work to reduce poverty but we also want it to improve people's 'wellbeing'. That is, we want people to have what they need – both material and non-material – for life to be good. Our development projects don't just increase people's incomes, but also help them to flourish as individuals and build strong communities. This means making sure that our work goes beyond the material aspects of poverty to help people develop their self-worth, to feel more confident and valued, to believe that they can work with others to bring about change, and to have hope for the future.
- *Environment:* Environmental damage is a serious threat to the developing world. In fact, 75% of the world's poor live in rural areas and most depend on natural resources such as forests or fisheries for their livelihoods. People in poorer countries also suffer most from the effects of environmental disasters and pollution. Traidcraft helps farmers to adapt to the effects of climate change by planting different crops or planting at different times. We help people to become more resilient to shocks or disasters by increasing their variety of crops and developing additional sources of income. We also help producers manage their natural resources sustainably by reducing water usage, reducing pollution, recycling water, and improving soil fertility.

Who we work with

Traidcraft plays a key role as catalyst and convenor, encouraging different actors to work together to develop approaches that lead to inclusive economic growth. We are members of a wide range of networks including BOND, Ethical Trading Initiative (ETI) and the CBI (through the trading company). We work with partners to use resources more effectively, access complementary expertise and skills, share our learning and expertise more widely, and influence best practice and policy development.

- *Non Governmental Organisations (NGOs):* All our overseas projects are developed and implemented in partnership with local organisations. These local organisations bring an understanding of the project context and the issues to be tackled. Traidcraft brings project design and management expertise, and experience in building the capacity of local organisations to support small enterprise development. This builds local capacity, ensures projects are appropriate to the local context, and increases the long-term sustainability of project impact. Our overseas offices enable us to develop stronger and more effective partnerships with local organisations.

We also sometimes work with other international NGOs to implement our projects, particularly those whose skills complement our own. For example, in Kenya, Christian Aid is helping farmers access and understand data on climate change to adapt their agricultural practices, whilst Traidcraft is helping those farmers develop stronger businesses and find new markets. This ensures our projects have the greatest possible impact, and enables us to learn from the experience and expertise of others. Amongst international NGOs, we are recognised for expertise in trade policy. Other international NGOs have sought and funded our policy expertise, including CAFOD, Christian Aid, Fairtrade Foundation and Oxfam.

- *Private sector:* Traidcraft has a strong track record of constructive engagement with the private sector as both trading and development partners. Through mobilising consumer opinion, modelling social accounting, promoting fair trade and encouraging responsible business practices, we have achieved positive change in corporate attitudes to trade and development. We work with private sector partners to pioneer new fair trade sectors (e.g. charcoal, rubber and palm oil), to bring commercial focus and greater impact to our development initiatives, and to build networks of local business service providers to ensure ongoing support to small enterprises. Our current private sector partners include: M&S, Fulwell Mill, BM Polyco, JC Atkinson (linked to the Co-operative Group), Finlays, Northumbrian Fine Foods, Rectella, Ringtons and Rivingtons amongst others.
- *Government bodies:* Traidcraft has a strong track record of policy engagement at UK, European Union and developing country level. In addition to being regularly invited to provide evidence and advice to various government bodies, we also engage proactively with them. For example, in July 2014 we enabled a debate in the House of Lords regarding the ratification of the UK-Colombia Bilateral Investment Treaty and in December 2014 we met BIS Minister Jo Swinson regarding our Justice campaign and the Coalition Government's Business and Human Rights Action Plan.

How we are funded

Traidcraft Exchange is not funded from the profits of Traidcraft plc, apart from a small contribution linked to licensed sales towards the Supporting Social Enterprises Programme. We are therefore highly dependent on the support and generosity of individuals, trusts, foundations and other grant-making bodies.

Traidcraft Exchange's income is roughly made up of 55% from large grant-giving organisations (such as the UK Government, European Commission, Comic Relief and the Big Lottery), 40% donations from individuals, and 5% from smaller grant making bodies (such as trusts and foundations) and other sources.

Value for money

We focus on increasing our impact rather than our physical size. As well as keeping our overheads low, we have few management layers and short communication lines enabling us to make decisions and respond to opportunities more quickly than larger-scale organisations. Being a charity and a business leads us to look continually for ways to work more effectively and efficiently from both a financial and developmental perspective.

- *The nature of our work:* Supporting small enterprises to grow delivers long-term and sustained benefits, and underpins inclusive economic growth and wealth creation.
- *Potential for scaling up:* The scale of potential impact is a key criterion when assessing project concepts. We choose projects in sectors that can be scaled up and replicated to transform the lives of millions of poor producers.
- *Effective project design:* When designing our projects we look to build local capacity of partners and business service providers, as well as harnessing the potential of private

sector resources and supply chains. For example, our ‘train the trainer’ approach has proved highly successful and cost-effective.

- *Efficient project delivery:* The formation of groups (a feature of most of our projects) enables small enterprises to achieve economies of scale and enables more cost-effective training. When possible, we use local consultants costing substantially less than international consultants. We look to achieve further efficiencies by working in partnership with other UK or overseas NGOs where we have similar areas of focus or complementary strengths.
- *Controlling overheads:* We are based in north-east England and Traidcraft’s charity shares premises, support services and other resources with the trading company. Working together also enables us to draw on a common pool of commercial/development expertise, private/public sector networks, and supporter groups to achieve our shared goals.
- *Good financial management:* Traidcraft’s finance department serves the £13 million trading company as well as the charity. It manages financial accounting and reporting for multiple projects funded by several different donors, including DFID and the European Commission. We have robust systems and controls to meet the various financial accountability and reporting requirements of our shareholders and donors. Our systems also cover our overseas offices to ensure that all in-country expenditure is properly accounted for.

Monitoring and Evaluation (M&E)

We have clear systems in place for M&E, enabling us to report accurately and derive learning to inform future work. We incorporate best practice in our methodology, and are currently working to make improvements in: data aggregation to assess organisational impact; data disaggregation to assess impact on different groups of people; assessing improvement in wellbeing; and assessing the impact of our policy work.

- *Project M&E:* Baseline data on quantitative and qualitative indicators are collected at the start of each project. Project staff meet regularly to review activities and monitor progress against plans, capturing learning which is shared with stakeholders and used to refine activities. Project review teams (involving beneficiary representatives) also meet regularly to discuss progress and recommend any necessary changes. Where possible, beneficiaries are involved in developing M&E methodologies for all projects to ensure appropriateness. Enabling beneficiaries to make their voices heard through participatory processes can be deeply empowering and help build confidence and address power imbalances.

Final project evaluations are carried out by independent consultants. These evaluations identify achievements, weaknesses and key learning, and recommend future activities or follow-up. Summaries of external evaluations are disseminated to project stakeholders to share final outcomes and learning. We embed learning from completed projects into the development of new ones.

- *Organisational M&E:* Traidcraft uses social accounting to demonstrate and validate our wider impact. Our externally audited social accounts document our achievements and include stakeholder feedback on our relationship with them. Project evaluations are analysed to identify key learning to shape future areas of work and refine our development approach. Progress against organisational targets and milestones is reviewed monthly by the senior management team, and quarterly by a wider staff group. A regular development conference attended by overseas staff and a bi-monthly MEL (Monitoring, Evaluation and Learning group meetings (including overseas staff by Skype) provide further opportunities for cross-organisational learning

We use a mix of complementary tools for collecting quantitative and qualitative evidence, disaggregating data as appropriate, by gender and other social differences (such as age or social status), and triangulating data to ensure the validity of our impact assessment.

Memberships

Traidcraft is affiliated to or a member of:

- The European Fair Trade Association (EFTA)
- The World Fair Trade Organization (WFTO)
- The Fairtrade Foundation
- British Overseas NGOs for Development (BOND)
- UK NGOs Trade Network
- The Ethical Trading Initiative (ETI)
- The Trade Justice Movement (TJM)
- The CORE coalition
- The Ecumenical Council for Corporate Responsibility (ECCR)
- Just Pensions

How to get in contact

Contact details for Traidcraft's UK and Overseas offices can be found in Annex 2.

Case Studies

A number of case studies on recently completed projects can be found in Annex 3.

Policy reports/submissions

Our Policy Unit has compiled a number of policy reports, and made various policy submissions to government and other bodies. Details of these can be found in Annex 4.

Annex 1: A brief history of Traidcraft

- 1979 Traidcraft plc, Traidcraft's trading company was established.
- 1986 Traidcraft Exchange (Traidcraft's charity) was established and began working on small-scale overseas development projects with producers and community organisations.
- 1990 Shared Interest (an ethical investment society) launches following a Traidcraft Exchange project.
- 1992 Six agencies, including Traidcraft Exchange, set up the Fairtrade Foundation
- 1993 Traidcraft Exchange starts working in South Africa, with its first formal partner organisation.
Traidcraft plc published the first full social accounts of any UK plc.
- 1994 Traidcraft Exchange starts working with partner organisations in Tanzania and the Philippines, followed rapidly by India in 1995.
- 1996 Traidcraft's lobbying has a major impact on the Government's policy on the role of business in development and the White Paper on International Development.
- 1998 Traidcraft Exchange's overseas work expands with projects in Bangladesh and Zambia. Traidcraft's Policy Unit is established in London to lobby government and mainstream business. The Policy Unit contributes to the development and launch of the Ethical Trading Initiative and the Institute for Social and Ethical Accountability.
- 1999 Traidcraft's Policy Unit coordinated a joint response by NGOs to the DTI's review of the UK Companies Act, encouraging legislation for greater transparency and accountability. Major organisational change as Traidcraft plc and Traidcraft Exchange moved to a unified board and one Chief Executive.
- 2000 Traidcraft's Policy Unit set up the 'Just Pensions' project in collaboration with War on Want, to encourage pension funds to invest responsibly.
- 2002 Traidcraft plc launches a "fair share" offer and reaches its goal of raising £3.25million. Traidcraft Exchange launches a new strategy to work with multiple partners in each country to increase its impact
- 2003 Traidcraft Exchange starts working in South East Asia, initially in Cambodia
- 2005 Traidcraft plc's annual sales top £15 million for the first time
Traidcraft Exchange secures several major grants from the EC allowing it to significantly expand its activities
- 2006 Traidcraft plc gains the Queens Award for Enterprise in recognition of its alternative approach to doing business that includes dialogue with all stakeholders
Traidcraft wins the ACCA Best UK Social Accounts Awards.
- 2008 Traidcraft Exchange's income exceeds £3 million for the first time.
- 2009 Traidcraft Exchange establishes an office in Hyderabad, to support its growing portfolio of projects in India.
- 2010 In response to the difficult financial climate, Traidcraft closes its South East Asia following the completion of our projects there.
- 2011 Traidcraft Exchange launches major new projects in South Asia and East Africa, including work in the tea sector in India, Bangladesh and Kenya.
International entrepreneur and philanthropist, Ram Gidoomal OBE, is appointed as Traidcraft's Chair.
- 2012 The Government announcement that the supermarkets watchdog would have the power to fine, from day one. Minister Jo Swinson praised Traidcraft supporters for 'their tireless campaigning'
- 2013 Traidcraft's first female Chief Executive appointed

2014 Traidcraft launches the world's first Fairtrade marked household cleaning range - made using FairPalm, fair trade palm oil.

Traidcraft voted one of the three most ethical companies in the UK.

2015 Traidcraft Exchange's 'Fair Necessities' appeal raised more than £1.2 million after the UK government matched every pound donated to double the total.

Annex 2: Contact details

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Annex 3: Case study 1 – Smallholder farmers in Bangladesh

General Context

Despite its relative success against the Millennium Development Goals, Bangladesh remains a very poor country. In the UNDP's 2012 Human Development Index it ranked 146 out of 187 countries, with 43% of its population living on less than \$1.25/day PPP and 58% of people experiencing 'multidimensional poverty'. 70-80% of the population live in rural areas and agriculture provides a livelihood to over 50% of people.

Specific need addressed by the programme

Traidcraft is working in key districts of northern Bangladesh where poverty is particularly acute. Our research shows that incomes for households in these areas is on average 20% lower than the national average and between 50-75% of the population exhibit signs of stunted growth. We work with small and marginal farming families – farmers who are farming less than half an acre of land – to address a constellation of interacting challenges they commonly face. These include:

- Low yields and poor productivity.
- Declining soil fertility and unbalanced use of chemical inputs.
- Poor access to appropriate services.
- Limited market access with high incidence of distress sales.
- Exposure to shocks and hazards associated with climate change.
- Low levels of social capital and disempowerment of women.

Programme Methodology – how we work

Our programme methodology is informed by a market systems approach. Whilst primary producers are the specific focus of our work, we ensure sustainability through informed analysis of whole value-chains and by influencing the working of the wider enabling environment. 'Group formation' is at the heart of our methodology. We support farmers to form strong democratic village-level groups of 25-30 members. We facilitate the linkage between these farmers' groups and the extension officers of the relevant government ministries, who in turn provide capacity building inputs on technical topics to the farmers. At the same time we introduce the farmers' groups to local business service providers who can provide them with good quality inputs and basic advice. We provide training to both the government officers and the business people on sustainable service provision. Tiers of representative farmers associations are built and supported at the district, regional and national level to represent the farmers' needs to policy-makers and relevant stakeholders. Throughout the whole approach we support and encourage the empowerment of women as rights-holders and change-makers.

Impact

To date the impact of our work has been encouraging and at times compelling.

- The independent evaluation of the first phase of the programme found that the 2,500 farming families involved had on average increased their incomes by 20%.
- We have since initiated a second phase of the programme which builds on the learning generated during phase one and scales-up our work to reach 11,500 new farming families directly. Independent review at the mid-term found that farmers' involved in this second phase had on average increased their household incomes by 53%. In addition, encouraging results in the area of women's empowerment are being seen with 32% of mixed groups being led by a female group president.

Funding and Programme Partners

This programme has been generously supported by DfID, the Big Lottery Fund, the European Commission, as well as various grant-making trusts and kind individuals.

Annex 3: Case-study 2 – Textile Artisans in India

General Context

The textile sector is critical to the Indian economy – it contributes 4% to GDP and provides direct employment to over 35 million people, including large numbers of women and marginalised groups such as tribal people. However, the sector is fragmented, comprising large numbers of individual artisans, who, despite their skills and productivity, experience acute levels of poverty and lack access to basic services. In addition, the sector is notorious for its negative environmental impact. As well as contributing to the depletion of natural resources and the degradation of ecosystems, it has detrimental effects on the health of artisans and their communities.

Specific need addressed by the programme

Traidcraft is working with Small and Medium Enterprises (SMEs) and clusters of textile artisans from across Rajasthan and Uttar Pradesh, two of India's poorest states. In recent years the rapidly expanding national economy and its burgeoning middle-class have strengthened demand for Indian textiles. Our programme seeks to work at both the demand and the supply ends to overcome constraints and to generate positive incentives to bring sustainable change to the sector. More specifically we seek to address the following needs.

- Small SMEs and individual artisans are fragmented and lack a common platform from which to influence policy and access government support.
- SMEs and artisans have limited knowledge of eco-friendly production practices that could present viable alternatives to the conventional practices which are often having detrimental effects on their health.
- SMEs and artisans lack financial literacy and often rely on informal loans at exploitative interest rates to cover their cash-flow requirements. This comprises the sustainability of their businesses and prevents productive investment for scale-up and growth.
- Consumers have limited awareness of the environmental footprint of the products they buy and have little opportunity to differentiate between those which are been produced responsibly and those which have not.

Programme Methodology – how we work

Our programme methodology has developed through many years of working with the textile sector and is informed by Traidcraft's own engagement in the market-place. Phase one of our current programme centred around the commissioning of a model textile park in Jaipur, Rajasthan for local SMEs and artisan clusters. The park was designed to the highest standards of environmental sustainability – with zero liquid discharge, rainwater harvesting and solar lighting. Phase two of the programme continues to build the capacity of textile artisans, enabling them to improve environmental sustainability throughout product lifecycles and at the same time address occupational health and safety issues. At the demand end, awareness is being built amongst Indian consumers of the environmental impact of buying habits and a consumer-facing eco-friendly product certification brand is being developed.

Impact

Independent review of phase one of the programme found that it had directly benefited 9,375 direct project participants, but indirectly reached many more. Awareness of occupational health and safety for textile workers has been raised nationally with toolkits disseminated to 900 SMEs and the issue included in the government's 12th five year plan. In phase two we are working directly with 12,000 artisans and 250 SMEs; through the sharing of learning and by generating of consumer demand for eco-friendly textile products, we seek to indirectly affect many many more.

Funding and Programme Partners

This programme has been generously supported by the European Commission's Switch Asia programme, the Indian Government, TRAIID, and various grant-making trusts and kind individuals and organisations.

Annex 3: Case-study 3 – Beekeepers in Tanzania

General Context

Tanzania is one of the world's poorest countries. In the 2014 UNDP 'Human Development Index' it ranked 159 out of 187 countries, with 68% of the population living on less than \$1.25 PPP per day. Agriculture remains the mainstay of the economy, providing livelihoods to 80% of the workforce¹. Beekeeping is a popular livelihood activity. National and regional demand for honey is strong, and this, coupled with the relatively low start-up costs, make beekeeping especially suitable for poor rural households.

Specific need addressed by the programme

Traidcraft is working with beekeepers in the coastal region of Rufiji and the inland western region of Tabora. Per capita GDP in these regions is amongst the lowest in the country and there are high levels of malnutrition with 30-40% incidence of stunted growth. Beekeeping in these areas is often conducted in government forest reserves making it particularly suitable for poor households who own very little land. Despite its popularity there are some common challenges that beekeepers face which our programme aims to help them overcome.

- Overall honey value-chains operate inefficiently. Products are moved through informal channels, whilst market speculation distorts farm-gate prices, and the supply of quality honey fails to match demand.
- Honey quality is compromised because beekeepers have inadequate technical knowledge, poor quality control, and lack the support services to help them develop their beekeeping into sustainable commercial enterprises.
- Meanwhile, limited engagement between beekeepers and the private sector has restricted beneficial trading relationships for honey producers, creating uncertainty in supply and unstable prices that follow as a result.

Programme Methodology – how we work

At the heart of our programme methodology is 'group formation'. Beekeepers are encouraged and supported to form into strong local level groups. These groups enable the beekeepers to achieve economies of scale, increase their negotiating power with buyers, and improve their beekeeping practices. Groups provide a platform from which they can access the technical support services of the government extension officers. Ordinarily these officers are unable to provide their services to individual small-scale beekeepers due to the large distances involved, poor infrastructure and inadequate departmental budgets. Providing services to groups of beekeepers at a time is more efficient and cost-effective. In addition, lead beekeepers are supported to become private service providers themselves: they then provide low-cost follow-on support to their fellow group members and neighbours.

Impact

The first phase of our work in Tabora resulted in the 1,500 beekeepers we were directly working with experiencing lower production costs, increased yields and an increase in prices received for their honey of over 100%! In the second phase of the programme we are continuing to work with the groups formed in phase 1 in Tabora, as well as supporting the formation of new groups in this region, and extending our programme reach to the coastal region of Rufiji. In total we are reaching 2,760 beekeepers. Already at the mid-stage of this second phase we are hearing similarly encouraging results – with increased yields, improved quality and higher prices resulting in people describing how they're now able to eat better, pay school fees, save and invest.

Funding and Programme Partners

This programme has been generously supported by DfID, Comic Relief and the European Commission.

¹ <http://www.ifad.org/operations/projects/regions/pf/factsheets/tanzania.pdf>

Annex 3: Case-study 4 – Fair Trade Palm Oil from Ghana

General Context

Palm oil is used in approximately 50% of all packaged food products available in UK supermarkets and it accounts for a third of all vegetable oil production world-wide. However, for many consumers palm oil remains synonymous with large scale-destruction of tropical rainforests and the resultant loss of biodiversity and increased global carbon emissions. Aside from crude oil and tobacco, there are few commodities as controversial as palm oil. Yet, in Ghana, the home of the oil palm plant, palm fruit are grown by small farmers and it provides both a local staple food and a source of income for thousands of poor families.

Specific need addressed by the programme

In the UK more than a £1 billion worth of annual trade is Fairtrade certified. Yet palm oil remained one of the most important food ingredients for which no fair trade standard existed. Given its ubiquity and the controversy that surrounds it, the need for a palm oil supply chain which consumers can trust was imperative. At the same time at the production end in West Africa, numerous factors contribute towards systemic market failure.

- Low agricultural productivity per acre due to under-investment and lack of technical know-how.
- Inefficient extraction processes at mills, often extracting less than half the available oil from fruits.
- Dangerous and unhealthy working conditions at mills.

Overall, an inability to compete with oil imported from the Far East entrenches a cycle of underinvestment, which stunts business growth and local development generally.

Programme Methodology – how we work

Traidcraft's combined structure as a development charity and successful trading company brings a strong commercial realism to everything we do. To develop the supply-chain of fair trade palm oil from Ghana we partnered with two commercial but mission-driven organisations, Fullwell Mill in the UK and Serendipalm in Ghana. This innovative programme involved working at various levels to ensure we achieved our complementary goals of development impact for Ghanaian palm fruit farmers and mill workers, and commercial viability of the whole supply-chain. Key steps included: extensive field work to understand the needs and challenges of both farmers and processors, market research at the UK-end to understand the demands and needs of UK consumers, and intensive work with intermediary manufacturers to ensure the final product range was fit for purpose.

Impact

As a result of this programme some important and far-reaching impacts have been achieved.

- Fair trade standards for palm oil have been developed and utilised. Traidcraft has launched the world's first Fairtrade certified cleaning range; sales have surpassed expectations.
- Serendipalm, our Ghanaian partner and processor, has strengthened business operations and management processes, resulting in improved extraction efficiency and an increase in annual output of close to 100%. These improvements at Serendipalm have in turn enabled it to increase its workforce. It now provides 200 well-paid jobs to local people (mainly women). On average Serendipalm pays 25% higher than local competitors. Its workers receive sick pay, paid holiday leave, basic health insurance, social security, free seedlings and loans. In addition it pays palm farmers 10% more than the industry standard for their fruit and provides agricultural extension services, seedlings and interest free loans to farmers.

Funding and Programme Partners

This work has been generously supported by DfID's Food Retail Industry Challenge fund, Fullwell Mill and Serendipalm – Dr Bronner's.

Annex 3: Case-study 5 – Supermarkets in Europe

General Context

In the UK four supermarket chains control over three quarters of the nation's grocery market. The picture is similar across the rest of Europe. These companies exert enormous buying power in global supply-chains which link European consumers with poor farmers and producers in developing countries.

Specific need addressed by the programme

In recent years the impact of unregulated corporate practices has been brought to the forefront of public consciousness by events such as the Rana Plaza disaster, the horsemeat scandal, the banking crisis, as well as the recent financial misreporting at Tesco. All these actions point to the need for more effective regulatory legislation and stronger enforcement. When we look at supermarkets specifically, we see that the disproportionate power they wield enables them to push excessive risks and unexpected costs further and further down their supply-chains. This has a huge impact on the lives of poor producers and farmers in developing countries, where fairer trading practices are desperately needed to ensure that people can trade their way out of poverty. Instead, people are working excessively long hours, for low pay and in unsafe conditions in order to meet the demands set by supermarkets. There are more than three million farmers/ producers producing items to be sold in European supermarkets to around 160 million consumers. Yet between these consumers and the producers/farmers sit just 110 supermarket buyers who make the key decisions about what, where, when and how to source. In such an unequal trading situation only enforced regulation can ensure the benefits of trade are more equitably distributed.

Programme Methodology – how we work

Traidcraft seeks to influence how trade happens and supports producers to trade more effectively – whilst at the same time Traidcraft itself trades. This enables us to make a unique contribution to the policy-making process because our perspective is informed by our own experience of the challenges faced in a competitive market-place. In addition, our recommendations are informed by extensive in-depth research which draws heavily upon the first-hand experience of developing world producers. We bring our recommendations to the table through constructive dialogue with businesses and policy-makers. At the same time we are fortunate to be supported by a national network of volunteer campaigners who mobilise to ensure their elected representatives at Westminster and in Brussels are informed and aware of the issues and potential solutions. We work through broad coalitions of committed organisations who offer a variety of perspectives and skill-sets: this diversity brings challenges, but ultimately strengthens the proposed solutions.

Impact

Our work to re-balance the inequitable power relations in supermarket supply-chains has had some significant impact.

- In 2013 the UK parliament passed a bill to set-up a 'Groceries Code Adjudicator' and appointed Christine Tacon to the post.
- Earlier in the process it had appeared likely that the adjudicator would lack 'the teeth' to actually fine businesses. Nimble campaigning by Traidcraft supporters ensured that this was not the case: during a Commons debate the minister responsible produced the 'toothless' toy watchdog given to her by our supporters to illustrate the pressure she was under to ensure the mechanism is sufficiently strong.
- Over 43,000 people from across 28 countries have taken action to demand an end to unfair supermarket trading practices. Traidcraft and coalition partners delivered these demands to Commissioner Barnier at the European Commission. The Commissioner has responded positively, but no actual action has yet been taken.

Funding and Programme Partners

This programme has been generously supported by a grant from the European Commission.

Annex 4: Policy reports and submissions

Reports

- *Justice campaign report and policy briefing (Sept 2014)*
- *Cashing in on Cashews (November 2013)*. This report explores how the EU's biggest supermarkets are driving exploitation of cashew workers in India and how these supply chains must be improved.
- *Effective Private Sector Development: Learning from Civil Society Experience (March 2013)*. The study was supported by CAFOD, as part of their 'Think Small' project, and brings together a collection of positive case-studies to demonstrate what can happen when we get private sector development right – and most importantly to begin to identify what are the common factors that can lead to a transformative impact on poverty.
- *Aid for Trade: Reviewing EC and DFID Monitoring and Evaluation Practices (December 2012)*. The study was supported by CAFOD as part of their Thinking Small work, which promotes support for poor producers and small businesses as a sustainable route out of poverty.
- *Seeds of Success: The importance of seed security for small cotton farmers (December 2011)*. Problems of seed supply have received relatively little attention from governments and development practitioners. This briefing aims to begin to redress that balance.
- *The New Resource Grab: How EU Trade Policy on Raw Materials is Undermining Development (November 2010)*. This report shows that EU trade policies are already having severe adverse impacts on developing countries and that these will become worse if the current EU proposals succeed.
- *Win Win: Achieving Sustainable Procurement with the Developing World (January 2010)* This report sets out a framework of guidance to help the developed world "buy better" from the developing world using economic, social and environmental performance as key success indicators.
- *The EU-India Free Trade Agreement: What MEPs need to know (August 2009)*
- *Economic Partnership Agreements: What MEPs need to know (August 2009)*
- *Material Concerns: How responsible sourcing can deliver the goods for business and workers in the garment industry (October 2008)*. This report demonstrates how retailers in the garment sector can improve working conditions in their supply chains as well as achieving commercial benefits.
- *The EU-India FTA: initial observations from a development perspective (October 2008)*. This report considers the consequences for India of liberalising its trade in goods, retail, financial services and government procurement.
- *Towards a Sustainable Cocoa Chain: Power and possibilities within the cocoa and chocolate sector (May 2008)*. This report sets out the challenges in the cocoa supply chain and provides solutions for business, public authorities and the governments of Ghana and the Ivory Coast.
- *Taking the Lead (May 2008)*. This report is a guide to good practice, highlighting companies who are already demonstrating consideration for responsible purchasing.
- *Rebalancing the Supply Chain: buyer power, commodities and competition policy (April 2008)*. This report considers to what extent competition policy can be used as a tool to tackle the effects of buyer power and corporate concentration on vulnerable commodity producers.
- *The EU Retail Sector: When is a market not a market? (October 2007)*.
- *A Fair Cup: towards better tea buying (October 2007)*. This report looks at the complex

supply chain bringing together some of the world's most powerful companies with some of its most vulnerable farmers.

- *A Fresh Perspective: sourcing vegetables from developing countries (June 2007)*. This report draws on research in Kenya with exporters, workers and small-holder farmers and suggests recommendations to company buyers, the UK government, consumers and investors.
 - *EPAs: building or shattering African regional integration (May 2007)*. Co-authored with African NGOs EcoNews and Seatini, this report examines the effect EPAs might have on integration within regions in Africa.
 - *Partnership Under Pressure: an assessment of the European Commission's conduct in the EPA negotiations (May 2007)*. Report revealing the dirty tricks that the EU has used to get poor countries to sign EPAs.
 - *The Cost of EPAs (May 2007)*. The latest information on EPAs, including an examination of their real costs, and the effect they will have.
 - *EPAs: New Deals New Danger (January 2007)*. Co-written with ACTSA and TUC, this briefing looks at the effect EPAs will have on workers.
 - *The Development Challenge of EPAs: Conference Report (October 2006)*. With ACP ministers as keynote speakers, the South Centre hosted this high level conference in October 2006. Read this report of what was said.
 - *Buying Matters (February 2006)*. Why are the buying decisions made by companies having an impact on poverty? Includes 'indicators for responsible purchasing'.
 - *EPAs: Through the Lens of Kenya (September 2005)*. Co-written by Traidcraft and Kenyan NGO EcoNews Africa. Find out why Economic Partnership Agreements could devastate the African economy. Includes original case studies.
 - *Why free trade won't help Africa (September 2005)*. Quick and easy to read colour guide to the impact of free trade on Kenya.
 - *The New Trade Battleground: the WTO, EU and Economic Partnership Agreements (September 2003)*. How the EU is using regional trade deals to push through measures that have been rejected at the WTO.
 - *Traidcraft Plc Case Study (November 2002)*. Outlines the model of Traidcraft Plc as a social business and assesses Traidcraft plc's social accounts, relationship with stakeholders and the fair trade standards which Traidcraft plc works to.
 - *Which way to Market? (April 2000)*. Examines the practical implications helping poor producers to access markets. How can producers with no bargaining power avoid exploitation and how do we ensure that the increased trade helps to end poverty.
- Executive Summary

Submissions to government and other bodies

- *Detailed response to the European Commission's consultation on the inclusion of Investor to State Dispute Mechanisms in the TTIP negotiations (June 2014)*
- *Submission to the EC Green Paper on unfair trading practices in food and non-food supply chains (April 2013)*
- *Briefing to High Level Forum for a better functioning food supply chain (October 2012)*
- *Legal Aid Bill Briefing - Lords report stage (March 2012)*
- *Briefing to EU High Level Forum regarding B2B code enforcement (November 2011)*
- *CORE response to BIS Consultation on Narrative Reporting (November 2011)*
- *Traidcraft response to BIS Consultation on executive remuneration (November 2011)*

- *Submission to DfID on its White Paper Consultation for “Eliminating World Poverty: Assuring our Common Future”* (May 2009)
- *Submission to IDC Enquiry into Cross-Departmental Working On Development And Trade* (September 2007)
- *Submission to IDC Enquiry into Fairtrade* (February 2007)
- *Submission to Competition Commission* (June 2006)
- *Submission to DTI on business reporting* (March 2006)
- *BOND submission to the House of Lords enquiry into the EU-Africa strategy* (February 2006)
- *Response to Company Law Reform White Paper* (June 2005)
- *Response to OFT report 'Supermarkets: The Code of Practice and Other Competition Issues.'* (May 2005). This letter outlines Traidcraft's concerns with the current situation of market dominance of some supermarkets, and prevalent buying practices. Traidcraft does not think that the current supermarket code of practice works and sees a greater need for public policy intervention.
- *Just Pensions Submission to FTSE4Good Making Socially Responsible Investment (SRI) Work for the Poor - Just Pensions Response to DFID* (January 2005). This paper sets out a comprehensive set of the questions that DFID should seek to answer in drawing up its SRI work programme.
- *Submission to the Operating and Financial Review (OFR) Working Group on Materiality: Consultation Document* (September 2003). This submission argues that company directors should be consider their economic, social and environmental impacts as well as reflecting the concerns of their stakeholders.
- *Response to EU Commission Communication - Modernising Company Law and Enhancing Corporate Governance in the European Union* (Sept 2003). This response to the communication advocates that whilst may of the proposed changes are welcomed the EU still needs to strengthen the accountability of companies to their shareholders and stakeholders (Third Parties).
- *Submission to the International Development Select Committee post-Cancun inquiry* (September 2003)
- *Comments on Commission of European Securities Regulators' Level 2 Implementing Measures for the Prospectus Directive* (February 2003). Traidcraft highlights their belief that the European Commission and CESR have pursued a narrow and short sighted approach to the Prospectus and related listing directives. To redress this Traidcraft proposes implementing measures which will ensure the EU listing regime entrenches investor focus on the short term, sets minimum standards of disclosure that fall behind best practice at other exchanges.
- *IDSC Enquiry into Trade and Development: Aspects of the Doha Agenda* (January 2003)
- *Response to Modernising Company Law White Paper* (November 2002)
- *IDSC Enquiry into the Food Crisis in Southern Africa* (October 2002)
- *Response to Financial Services Authority's Discussion Paper 14: Review of the Listing Regime* (October 2002). Traidcraft seeks to demonstrate the positive contribution that business can have on poverty alleviation in the developing world. In order for this to take place it is vital for companies to be open, transparent and accountable, particularly with regard to their significant environmental, social, ethical and economic impacts.
- *IDSC Enquiry into the Commonwealth Development Corporation* (July 2002)
- *Submission to the European Parliament on the EC CSR Green Paper* (March 2002).

This report highlights the weaknesses in the final version of the European Commission's proposals on CSR. It recommends that CSR should not be seen solely as a voluntary initiative but requires a strong regulatory framework in order to deliver improvements in corporate behaviour. It examines current limitations in existing CSR practice and highlights the experience of Fair Trade as a model for socially responsible supply chain management.