



KASFA and WFTO

A CASE STUDY

2019-2021

Initiated by the Balmore Trust and KASFA, implemented by KASFA and Thrive, and funded by the Scottish Government



Introduction

Malawian rice-farmers' association KASFA and the company which imports its rice, JTS, both wanted to become WFTO members, to help increase sales of KASFA's rice in the UK. KASFA

was fortunate to have the support of a Scottish Government grant to help it achieve its WFTO membership. Several organisations also came together to help KASFA achieve its goal:

Balmore Trust, which owns JTS, initiated the project, wrote and held the grant from the Scottish Government, and hosted quarterly meetings to monitor progress;

Thrive managed the grant and the project to help KASFA on its journey to WFTO membership and food safety certification, liaising with international stakeholders, including organising and leading the peer visit, and keeping everything as much to timetable as possible in the global pandemic of 2020-21;

JTS advised on its own needs as importer, rice-processor, wholesaler and retailer, including that KASFA needed food safety certification: ISO22000;

SFTF advised on the WFTO structure, reviewed KASFA's application for provisional membership of WFTO and KASFA's Local Living Wage Ladder. It also arranged online dissemination of learning from this project.

WFTO in Nairobi processed, reviewed and approved KASFA's application, including approving the choice of a nearby WFTO member for KASFA to visit, helping KASFA through the online application, and selecting, training and commissioning an auditor to audit KASFA;

Kahawa Coffee in Tanzania, a WFTO member, hosted KASFA and Thrive on a peer visit;

NASFAM in Malawi's capital, Lilongwe, the national smallholders' association supported KASFA in policy development and working capital, as KASFA's main customer, buying rice from KASFA and exporting it to JTS;

SGS in Nairobi, worked out how it could conduct a remote ISO22000 food safety audit to be followed by an in-person stage 2 audit once COVID-19 safety measures allowed;

USADF in Lilongwe, gave KASFA working capital and a new rice mill, both of which helped KASFA improve for both WFTO membership and food safety; and

Corra Foundation, liaised between Balmore Trust, Thrive and the Scottish Government on the grant, processed budget revisions and monitored the work through reports from Thrive.



The bulk of the work was done by KASFA. Becoming a member of WFTO is not a mere matter of filling in forms, but a matter of self-assessment against WFTO principles, self-assessment against WFTO criteria, identifying areas for self-improvement, developing a plan for these improvements, carrying out all these improvements within financial constraints, completing all necessary online forms (provisional membership application, Self-Assessment Report and Full membership application), visiting another WFTO member on a peer visit, educating board members and general members on Fair Trade and

WFTO, and liaising with WFTO and other direct partners in the project, in this case Thrive, WFTO, SGS and NASFAM. KASFA staff and board worked together in all this, and fitted in all this work alongside their core work of growing, harvesting, processing and selling rice and developing their business. The WFTO membership application process helped this business development of KASFA, as it helped bring about increased professionalism of KASFA.

KASFA became a full member of WFTO in 2021, also passing its stage 1 audit for ISO22000.

The process of becoming a WFTO member

DECISION: Balmore Trust and JTS assessed that sales of KASFA's rice would increase if KASFA's rice had a Fair Trade label on it. They chose WFTO labelling for demanding the most thorough Fair Trade standards, requiring fair business ownership and worker control, for example. JTS was already well on the way to achieving WFTO membership itself, and so was already familiar with WFTO standards.

PLANNING: Balmore Trust, JTS and KASFA reviewed KASFA's ability in 2018 to achieve WFTO membership, and realised that this would take a lot of work. While KASFA had excellent credentials on matters such as ownership of the business by its smallholder rice-farmers and its democratic structures, there was concern over sex equality within these structures (most members being women but most decision-makers being men), and there was concern over how to transfer some food processing from JTS in the UK to KASFA and therefore the need for KASFA to be certified in food safety.

FUNDING: It was clear to Balmore Trust and KASFA that the work of helping KASFA become a WFTO member would need funds, both to go through the whole application process of peer visit and all the different levels of application, and to make needed improvements along the way. KASFA is a busy organisation, and would need support in staying on-track on this journey to WFTO membership. So Balmore Trust and KASFA wrote a proposal to the Scottish Government, which generously approved a grant, to start in April 2019. The funding was for 2 years, and the race began to come up to the rigorous standards of the WFTO.



MANAGEMENT: KASFA has a small staff in a small office in Karonga, North Malawi. Work is busy, with an annual cycle of distributing certified seed to farmer-members, training farmers, running Market Activity Centres, buying the rice, milling the rice, selling it to NASFAM – and then starting all over again. Balmore Trust, Corra Foundation and the Scottish Government agreed that project management should be done by Thrive, a Scottish not-for-profit, whose Partnerships Director visited Malawi frequently and who would work closely with KASFA's Business Manager. For the first year, KASFA's management was supplemented by a fresh graduate in agricultural economics, who helped put together the compliance timetable that the project worked to.

MEETINGS: Thrive attended quarterly Balmore Trust Project Committee meetings and facilitated quarterly KASFA board meetings. Both moved online for the second year of work, as the COVID-19 global pandemic prevented international travel. As time went on, and the planning was in place, the quarterly Thrive-



KASFA meetings increasingly included KASFA staff and not board members, as the board delegated responsibility for implementation of the improvements and membership applications.

MORE PLANNING: Thrive and KASFA developed a compliance timetable that increasingly drove the agenda of meetings. Thrive kept KASFA to timetable by doing most of the direct liaison with WFTO, SGS and also sometimes USDA and NASFAM. KASFA diligently did most of what it had promised every quarter, with a busy workload often pushing some improvements off to the next quarter, but always getting there in the end.

IMPROVEMENTS: The improvements that KASFA had to make were wide-ranging. Some involved simply documenting what it already did – ensuring that records of accidents were put in a folder, for example. Some involved infrastructure repairs – repairing the potholes on the track from the main road to the warehouse, for example. Others involved developing policies, having the board approve them, implementing them and then documenting their implementation. KASFA implemented improvements big and small across 66 compliance criteria. This was the major part of the process, even for an organisation as well developed as KASFA was before embarking on the WFTO membership process.



VISITING A NEARBY FOOD-PRODUCING WFTO MEMBER:

KASFA is the first WFTO member in Malawi, and the nearest member that we found was in Tanzania. Being a coffee producer, this was another food production member, and so we spent 2 days there, speaking to farmers in a coffee cooperative and the owner of the company which buys from them and processes the coffee. 4 people from KASFA (2 board members, 2 staff members) found this very useful and inspiring, showing them how beneficial Fair Trade can be for farmers' income and social wellbeing, and raising questions such as the importance of growing organic.

QUALITY ASSURANCE – FOOD SAFETY

CERTIFICATION: It's not required by WFTO, but KASFA and Thrive decided that certification of some sort was the best way to prove

food quality standards, and JTS agreed. We considered reviving KASFA's 2018 ISO22000 certification, and then JTS said that British Retail Consortium certification would have more relevance for them. Then the global pandemic happened, and audit company SGS in Nairobi was unable to come and audit in person. Eventually they learned that they could do the first part of an ISO22000 audit remotely, and so we decided to go for ISO22000, after all. But KASFA had previously qualified under the 2005 ISO22000 criteria, and had to upgrade to the 2018 version of ISO22000, which further delayed the audit. Nevertheless, the ISO22000 stage 1 audit took place in 2021. Stage 2 is delayed until the global pandemic eases and travel is safer between Kenya and Malawi.

ONGOING WORK ALONGSIDE WFTO

APPLICATION: All the time that KASFA was working to qualify for WFTO membership, it was of course carrying its usual heavy workload, of supporting its farmers to plant, grow, harvest and process rice. And KASFA was making major changes itself, importing and installing a new rice mill, and negotiating with USADF for working capital. KASFA was as usual giving certified rice seed to its farmers, and then buying rice from these same farmers, working with NASFAM to be able to afford this, and so very pleased to get working capital from USADF for this purpose. But even with working capital from USADF and the buying power of NASFAM, KASFA found itself short of working capital. This matters for WFTO membership, because KASFA makes agreements with its farmers that it will buy their rice, and if it can't do so, then it breaks the WFTO principle of keeping agreements with its primary producers, the rice-farmers.

APPLICATION FOR PROVISIONAL

MEMBERSHIP: Thrive and SFTF reviewed KASFA's application for provisional membership. KASFA input its application to the online application form, and we were delighted when KASFA achieved provisional membership just in time for our first annual report to the Scottish Government!

MORE IMPROVEMENTS: All the way through this process, Thrive and KASFA went through the compliance criteria again and again, with Thrive constantly reminding KASFA of what it still had to do, and checking whether KASFA needed help with anything, such as a budget revision. KASFA's Business Manager was tireless in implementing the improvements needed, and the Scottish Government and Corra Foundation were helpful in approving budget revisions to allow infrastructure repairs instead of international travel to Scotland – which was impossible in the global pandemic.

LIVING WAGE LADDER: KASFA worked this out for its staff, with the support of SFTF, but in fact the new President of Malawi then raised the minimum wage to above this level, and KASFA then met this new legal obligation – unfortunately having to let go 3 junior staff, in order to afford the higher salaries for all other staff. WFTO allows members to delay calculation of a Living Wage Ladder for farmers for a couple of years.

SELF-ASSESSMENT REPORT (SAR): KASFA filled in the SAR online with only technical IT support from WFTO. WFTO was happy with the results in the SAR and, given the global pandemic, waived the requirement for a peer review – which would in any case be difficult in Malawi, as there is no other WFTO member in Malawi. This meant that KASFA could move straight to the WFTO audit.

PLANNING THE AUDIT: WFTO had no auditor in Malawi, since it had no members in Malawi. And so KASFA suggested a few people for WFTO to consider as auditor. WFTO selected and trained one. She audited KASFA in March 2021.

WFTO MEMBERSHIP: KASFA passed the audit in 2021, and is accepted as a WFTO member. All the hard work was worth it.

WHAT NEXT? CONTINUOUS

IMPROVEMENTS: KASFA knows the criteria in which it must keep improving. Perhaps most critically, it must have reliable capital to buy its farmers' certified rice.

NEXT STEPS – LABELLING:

Now that they are allowed to, KASFA, NASFAM and JTS will work together to ensure that KASFA's rice carries the WFTO logo on its packaging, and in publicity and advertising.

Lessons Learned

This is **thorough professionalisation** – form-filling is a small part of it!

This requires **systematic and dogged improvement** – you must be organised!

2 years is short – even just for the necessary applications (provisional membership application, Self-Assessment Review, Peer Review, Audit) – **3 years would be ideal!**

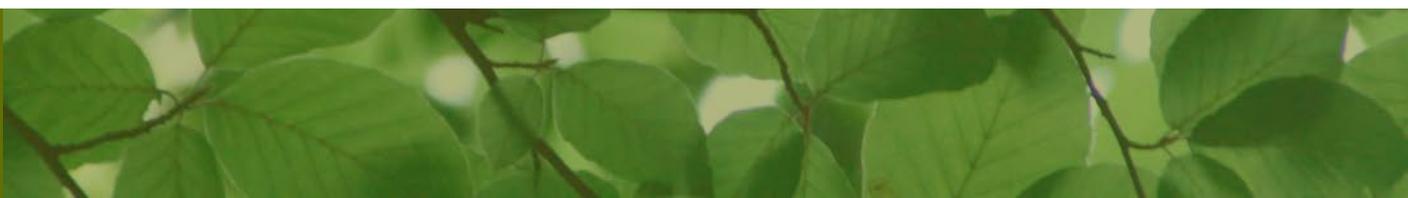
Importance of **leadership** – it is critical that the organisation's leaders are committed to getting Fair Trade certification

Management – the CEO (in KASFA's case the Business Manager) must make time for the process, perhaps supplemented by other staff time

External support – for KASFA, external support by Thrive was critical, keeping them to timetable, troubleshooting, liaising assertively with external parties overseas, liaising with WFTO, JTS and SGS, meeting all other stakeholders, and reporting to Balmore Trust and Corra Foundation. Thrive spent the equivalent of a **half-day a week on this external support**, over 2 years.

Trust between implementers – the Thrive consultant and KASFA's leaders and staff had to trust each other, telling each other honestly what was difficult, explaining each other's viewpoints, so that they could report difficulties to others and sort them – this was the case with lack of working capital which meant that KASFA could not buy all the certified rice grown, and so many KASFA members left; it was the case with some external investment, held up either by internal politics or by poor communication. Any process as complex, large and wide-ranging as WFTO membership needs good, honest discussion to discuss and solve problems.

Peer visit – this was important to inspire KASFA's people, with an understanding of what Fair Trade could bring to their farmers. The **peer visit inspired KASFA**. And it helped KASFA and Thrive understand the process, and the importance of liaising directly and fast with WFTO in Nairobi.



Direct communications – we learned from our peer visit how critical it was to **liaise directly with WFTO in Africa**, and that was good advice.

We alerted WFTO early on to our application, so that they were prepared for the speed with which we wanted to go through the application process. This helped us build up a relationship with WFTO and so overcome delaying factors

such as the difficulty of travel in Malawi during the global pandemic, the impossibility of sending an auditor from Kenya to Malawi during the global pandemic, and the need to train up a Malawian to become auditor.



Challenge – being the first WFTO member in a country means that if your peer visit and peer review are to happen, there will be the extra expense and logistics of international travel. In KASFA's case, the peer review was dispensed with, since the SAR showed good results and international travel was impossible in the global pandemic. Being the first WFTO member in a country also means that the auditor must either come from overseas or be specially selected and trained. WFTO in Nairobi chose the latter, in part because they hope for more WFTO members in Malawi.

Challenge – food safety is paramount for sales, and this requires continuous improvement in infrastructure, which is expensive. KASFA must keep going with such improvements, and this will require continuing good financial management to find the funds, each year.

Challenge – the external environment will throw surprises at you, and you must cope with them. In the first year of applying for WFTO membership, there were demonstrations all over Malawi, often violent in North Malawi, where KASFA is, about disputed election results. In the second year, the global pandemic took hold, growing worse and worse in Malawi.

Challenge – your budget may have to stretch to fund improvements that you hadn't foreseen. In KASFA's case, this was infrastructure repairs, to improve food safety.

Challenge – lack of working capital is KASFA's main weakness. It takes a long time to build up working capital, unless an external investor or lender can be found. KASFA's many other strengths meant that this weakness did not prevent them passing their WFTO audit, but it is undoubtedly an area in which they want to make continuous improvement.



Acronyms and Abbreviations

JTS – Just Trading Scotland

KASFA – Kaporo Smallholder Farmers' Association

NASFAM – National Smallholder Farmers' Association of Malawi

SFTF – Scottish Fair Trade Forum

SGS – founded as Société Générale de Surveillance in 1919

Thrive – Thrive Scotland

USADF – United States African Development Fund

WFTO – World Fair Trade Organisation

Credits

Report written by Cathy Ratcliff of Thrive

