



FAIRTRADE
FINLAND

Programme Results Report 2022

**Development Cooperation Programme 2022–2025:
“Dignified Opportunities NURtured through Trade and
Sustainability” (DONUTS)**

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Acronyms and abbreviations

CBA	Collective bargaining agreement
CCPC	Community child protection committee
CDI	Côte d'Ivoire
CLFZ	Child labour free zone
CLMRS	Child labour monitoring and remediation system
CR	Corporate responsibility
CSDDD	Corporate Sustainability Due Diligence Directive
CSO	Civil society organization
DAF	Dynamic agroforestry
EU	European Union
FAS	Food agroforestry system
FI	Fairtrade International
FIBS	Finnish Business & Society
FTA	Fairtrade Africa
HAF	Hazardous activity framework
HLO	Hired labour organization
HREDD	Human rights and environmental due diligence
KKCLMRS	Kuapa Kokoo child labour monitoring and remediation system
KPI	Key performance indicator
LEAP	Livelihoods Ecosystem Advancement Project
MEL	Monitoring, evaluation and learning
MEP	Member of the European Parliament
MFA	Ministry for Foreign Affairs
NFO	National Fairtrade organization
NGO	Non-governmental organization
NMW	National minimum wage
PN	Producer network
PO	Producer organization
PWD	Person with a disability
SDG	Sustainable development goal
SYL	National Union of University Students in Finland
SPO	Small producer organization
ToC	Theory of Change
TPLF	Tigray People's Liberation Front
UNFPA	United Nations Population Fund
VSLA	Village savings and loans association
WFP	World Food Programme

Summary

The report summarizes the progress and key initiatives in the first year of the Fairtrade Finland development cooperation programme “**Dignified Opportunities Nurtured through Trade and Sustainability (DONUTS)**”. Fairtrade is a global movement focusing on the empowerment of agricultural producers through more sustainable trade. The DONUTS programme, consisting of two phases (2022–2025 and 2026–2029), complements Fairtrade by addressing prevalent development challenges such as inequality, discrimination, and limited opportunities, with a focus on agricultural farmers and workers. It is inspired by the Doughnut Economics to support sustainable change in its rightsholders' lives, emphasizing sustainability in a holistic manner. The programme incorporates a human rights-based approach, integrating advocacy and global education into its Theory of Change (ToC). It recognizes the interconnectedness between the environment and human well-being, with a particular focus on vulnerable people across Africa and Latin America. The goal of the DONUTS programme (2022–2029) is to **ensure that the farmers' and agricultural workers' right to sustainable livelihoods is realized**. The goal is supported by three intertwined sustainability priority areas, **social, economic, and ecological sustainability**. **Cross-cutting objectives** focusing on youth, vulnerable groups, and gender equality, are integrated into the programme.

During 2022, the programme focused mainly on participatory project planning and strengthening its capacities through systemic risk management and building collaboration with the various partners. The programme faced several challenges resulting from the operational environment and due to insufficient staff resources. Therefore, overall progress towards the programme's objectives was rather modest, although there were signs of positive change in the project-level.

The main achievements in the **social sustainability priority area** included measures to address hazardous child labour in Ghana to increase risk resilience and efforts to build more inclusive producer organizations (POs) to support their role as members of civil society. The **economic sustainability area** focuses on living income and decent work themes. For example, various income diversification interventions were planned in the East African coffee projects and the West African cocoa projects and already reaching good results in the Latin American coffee sector. A living wage study in the South African wine sector was conducted showcasing the wage gap between the National Minimum Wage (NMW) and the estimated living wage. In the ecological sustainability area, some progress was made towards the adoption of clean energy solutions and dynamic agroforestry (DAF) practices. Furthermore, in Latin America, the projects in the coffee sector increased the use of sustainable agricultural practices among the rightsholders contributing to both economic and ecological sustainability areas.

The programme has a strong focus on **advocacy and communications** to reach wide audiences on both national and international levels with the aim of improving business practices and promoting sustainable consumption. In 2022, the main results in the **advocacy** component were increased engagement around the corporate responsibility (CR) themes at the European Union (EU) level and advocacy around public procurement. Furthermore, effective **communication** is essential to both raise awareness of the programme and the different development challenges around agricultural value chains. In 2022, the communications work managed to fulfil its objectives despite a challenging communications and media environment. Importantly, the previous programme's main results were summarized and shared through various communication channels.

In 2022, Fairtrade Finland expanded its personnel to accommodate the growing programme's management and administrative needs. The annual expenditure for 2022 was approximately 1.7 million euros, supported by funding from the Ministry for Foreign Affairs of Finland (MFA), national Fairtrade organizations (NFOs) and the private sector. Roughly 33 % of the total expenditure was derived from license fees and donations from corporate partners and NFOs. The administrative costs remained around 8 %.

In conclusion, the first year of the DONUTS programme demonstrated a determined commitment to advance its objectives in realizing the right to sustainable livelihoods for farmers and agricultural workers. Despite the various challenges, the programme managed to set up a foundation for effective implementation by careful project planning and capacity-building measures.



Worker Alima Mieso from flower farm Sher in Kenya © Marika Laine, Fairtrade Finland

1 Introduction



1.1. The Fairtrade System

The Fairtrade system is a multi-stakeholder, non-profit movement focusing on the empowerment of small-scale farmers and agricultural workers through fair and sustainable trade. Fairtrade Finland works to connect producers and consumers with the intent to promote fairer trading conditions and sustainable development while following **Fairtrade's vision: a world in which small farmers and workers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future.**

Fairtrade Standards form the cornerstone of Fairtrade's approach. They support the sustainable development of small-scale producer organizations (SPOs) and hired labour organizations (HLOs) in countries affected by unfair global trade structures. The standards consist of social, economic, and environmental requirements. Standards and certifications are vital tools to enable empowerment and development, but alone they are not sufficient to tackle persistent development challenges. Sustained, targeted and supplementary initiatives are needed to support farmers and workers to tackle deeply embedded and complex issues like climate change, displacement of people, exploitative work, child and forced labour, human trafficking, exclusion of immigrants or persons with disabilities (PWDs), and gender equality-related issues. This is why Fairtrade Finland implements its development cooperation programme called the Dignified Opportunities NURtured through Trade and Sustainability (DONUTS).

1.2. The DONUTS programme's Theory of Change and objectives

The DONUTS programme aims for holistic change in its rightsholders' lives by working with various value chain actors, such as producers, companies, civil society organizations (CSOs), consumers as well as duty-bearers while acknowledging the interconnectedness of both human rights and environmental aspects. Therefore, **the overarching development goal of the programme for 2022–2029 is to ensure that the farmers' and agricultural workers' right to sustainable livelihoods is realized.** Fairtrade Finland pursues this through three inter-linked priority areas:

1. Social sustainability: **inclusive and strengthened civil society.**
2. Economic sustainability: **farmers' and workers' economic rights are realized.**
3. Ecological sustainability: **farmers and workers live in harmony with the environment and climate.**

The priority areas have interdependent **Theories of Change (ToCs)** working as the basis of the programme and its goals. We have chosen Dr Kate Raworth's **Doughnut Economics Model** as a theoretical inspiration for the programme's problem analysis and ToC. The doughnut presents the boundaries for sustainable life on earth based on the social and economic foundation and the ecological ceiling. Hence, the programme's goal is to reach the area between the ceiling and the foundation where sustainable life can thrive. Each priority area has its own thematic areas or "wedges" with individual results chains covering activities, outputs, outcomes, and the long-term impact.



All human beings are born free and equal in dignity and rights. Everyone has the rights to a standard of living adequate for the health and well-being of themselves and their family, including food, clothing, housing and medical care and necessary social services.

Universal Declaration of Human Rights



The programme promotes three **cross-cutting focus areas** based on the values of the Fairtrade movement: **gender equality, support for vulnerable persons and youth.** At the same time, **environmental aspects** are integral to the programme as a whole priority area of its own. A human rights-based theme is central. Enabling the empowerment of rural people is in key position, as well as actively supporting and promoting civil society to represent farmers and workers in the programme countries.

Overall, we seek **transformative societal change** supporting a diverse group of farmers and agricultural workers in gaining a greater say in civil society and in supply chains. We engage with policymakers and businesses to encourage a change in power dynamics to become more favourable for disadvantaged people and persons in vulnerable positions. While our **communications** work focuses on the Finnish consumers, our **advocacy** component works directly with policymakers to influence wider change. Furthermore, we **collaborate** with national Fairtrade organizations (NFOs), Producer Networks (PNs), companies and other non-governmental organizations (NGOs) to strengthen our impact.

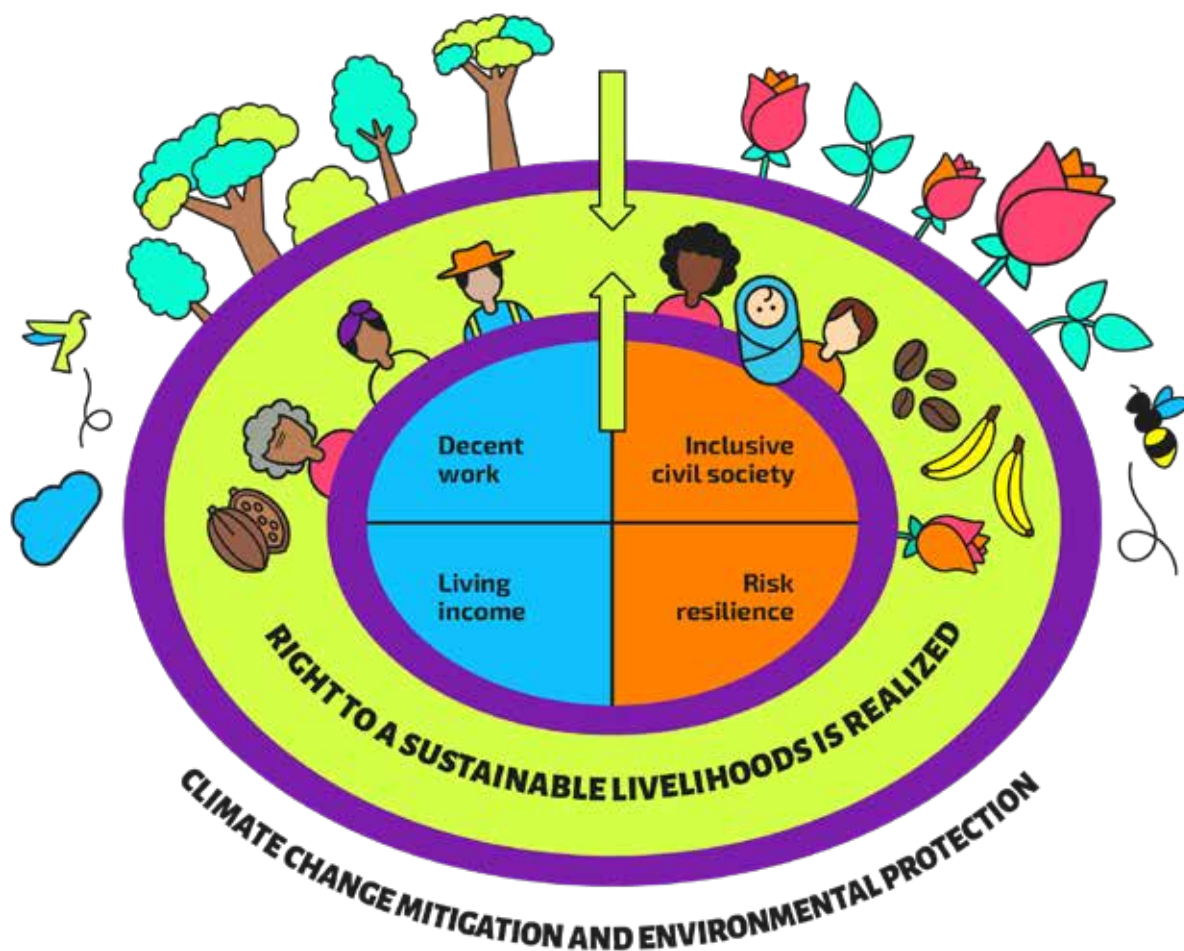


Figure 1. The Doughnut Economy is a model that seeks an environmentally safe and socially just space where humanity can thrive between social and planetary boundaries.

1.3. Rightsholders

The programme's direct rightsholders are Fairtrade small-scale farmers and agricultural workers. Their families and community members impacted by the programme are indirect beneficiaries. The table below shows all projects' direct and indirect rightsholders, and producer organisations (POs), meaning the SPOs and HLOs that were reached in 2022.

Projects	Rightsholders				of which (estimation)			POs	
A1: East Africa	Male	Female	Total	Indirects	Youth	PWDs	Children	SPOs	HLOs
Ethiopia: flower workers	1 623	3 232	4 855	19 420	16 990	375			7
Ethiopia: coffee, climate academy	2 388	2 113	4 501	18 004	2 060	1 235		21	
Kenya: flowers, green energy	278	332	610	2 440	102	9			2
Kenya: coffee, climate academy	2 047	952	2 999	12 000	2 575	550		5	
subtotal, East Africa	6 336	6 629	12 965	51 864	21 727	2 169	0		
A2: West Africa									
Ghana: cocoa, child rights and protection	769	559	1 328	2 795	88	4	848	2	
Ghana: cocoa, KKCLMRS ¹	296	155	451	209			99		
Ghana: cocoa, Sankofa 2.0	486	229	715	2 574	147	6		4	
CDI: cocoa, LEAP	4 947	445	5 392	15 152		200		4	
CDI: cocoa, income diversification	17	175	192	960	39	40		4	
subtotal, West Africa	6 515	1 563	8 078	21 690	274	250	947		
A3: Southern Africa									
Madagascar: vanilla	-	-	-	-	-	-	-	5	
South Africa: wine workers	499	669	1 168	4 672	144	15			16
subtotal, Southern Africa	499	669	1 168	4 672	144	15	0		
A1-3: Continental HREDD dialogue	-	-	-	-	-	-	-		
SUBTOTAL, AFRICA	13 350	8 861	22 211	78 226	22 145	2 434	947		
A4: Latin America									
Bolivia: coffee	171	67	238	952	21				
Honduras: coffee	1 806	562	2 368	11 669	549			6	
subtotal, LAC	1 977	629	2 606	12 621	570	0	0	16	
								67	25
PROJECT ACTIVITIES, total	15 327	9 490	24 817	90 847	22 715	2 434	947		92

Table 1. List of all projects and rightsholders

1.4. Analysis of the operating environment

The year 2022 was characterized by several serious global developments, including the Russian invasion of Ukraine in February, subsequent rising global inflation, and continued challenges caused by climate change, all while most countries were still battling the **long-term effects of the COVID-19 pandemic**. These developments have reinforced many latent challenges affecting the DONUTS programme countries, such as food insecurity, political polarization, and global economic instability. The **far-reaching consequences of the Russian invasion of Ukraine** affected the daily lives of farmer and worker households in Africa and Latin America. Disruptions in the supply of grain from Ukraine and Russia have had a particularly grave effect in the Horn of Africa, a region that is simultaneously suffering from prolonged record-breaking drought after a fifth failed rainy season². By September 2022, the World Food Programme (WFP) estimated that 22 million people in Ethiopia, Somalia, and Kenya were facing **acute food insecurity**.³

Rising **inflation** was felt across the DONUTS programme countries, most notably in Ghana and Ethiopia. By December 2022, inflation rate in Ghana had accelerated to its highest level since 2001, standing at a whopping over 30 %. The prices for some of the most essential things in life, such as housing, water and energy, rocketed as much as 79 %⁵. In Ethiopia, the inflation rate reached 34 %⁶. Fairtrade colleagues in these countries reported that transportation, services, products, and labour have become expensive for people across social classes, and for the lowest income groups, simply unaffordable. Finding additional income sources and brushing up financial management skills have become essential survival mechanisms for producers and workers. The Fairtrade Premium paid into communal funds for workers and farmers on top of Fairtrade product prices has proven exceptionally important in 2022.

In **Ethiopia**, the armed conflict (Tigray war) between the government and the regional rebel forces (Tigray People's Liberation Front, TPLF) ended with a peace agreement in November 2022, marking the two-year anniversary of the war. By 2022, the conflict together with climate shocks and the effects of the pandemic have led to more than 2,6 million people being displaced both internally and in surrounding countries. The United Nations Population Fund (UNFPA) estimates that women and girls are disproportionately affected⁷. Although the war did not have a direct impact on the project as its geographic locations were distant from where the acts of war took place, the conflict had indirect effects on the projects and rightsholders causing insecurity and contributing to high inflation throughout the country.

Kenya's general elections in August 2022 have been described as largely peaceful and transparent⁸ in contrast to some of the previous elections held in the country. Economic recovery from the pandemic has been sharp in Kenya, although slowed down by drought and inflation⁹. The participatory planning of the Kenyan coffee project was slowed down to some extent because of the elections. Changes in personnel in Fairtrade Africa (FTA) had, however, bigger influence on delayed project plan preparation.

In **Côte d'Ivoire**, the economic recovery from the COVID-19-induced slowdown has been rather steady, based on favourable production and relatively buoyant prices for the key export cocoa. Compared to Ghana, the local inflation rate remained manageable 5 % in 2022¹⁰. The main security threat has transitioned

Inflation 2022 ⁴	
Ethiopia	34,0 %
Kenya	7,7 %
CDI	5,3 %
Ghana	31,3 %
Madagascar	8,2 %
South Africa	7,0 %
Bolivia	1,7 %
Honduras	9,1 %
Finland	7,1 %

Table 2. Headline consumer price inflation, annual.



from political instability to attacks staged in the northern border regions by Islamist militants. **Ghana**'s economic crisis triggered widespread protests because of the government's management of the economy in 2022. By the end of the year, the local currency cedi was the worst performing currency in the world and Ghana's debt-to-GDP ratio had risen to over 80 %¹¹. The agriculture sector is one of the sufferers, bringing on a risk of worsening food shortages and a demanding environment for Fairtrade farmers.

Madagascar faced a severe humanitarian crisis due to six tropical storms in early 2022, causing flooding, landslides, displacements, and loss of life during one of the country's worst cyclone seasons¹². Food insecurity, malnourishment and extreme poverty remain persistent challenges in the natural disaster-prone country. **South Africa**'s post-pandemic recovery has been slow. At the end of 2022, there were still close to half a million fewer jobs than at the end of 2019, with women and youth persistently impacted. Socio-economic challenges were further exacerbated by rising

fuel and food prices, which disproportionately affected the poor. The labour market remained weak with the employment ratio increasing slightly to 39 % at the end of 2022. Electricity shortages have constrained South Africa's growth for several years and the scheduled power cuts (load-shedding) reached close to nine hours daily in 2022. The severe electricity shortfall has disrupted economic activities and increased the operating costs for businesses, including wine estates. This has affected project operations and caused challenges for the rightsholders.

Following the pandemic, **Bolivia** achieved a significant economic recovery and poverty reduction due to easing confinement measures and improvements in the international context, including rising prices of the main export products. The inflation rate has been one of the lowest in the region, in large part a result of price controls and increased subsidies for food and energy. Xiomara Castro became the first female president of **Honduras**, promising to defend human rights. The former president was extradited to the United States on drug trafficking and gun charges. Both countries continued to struggle with the coffee leaf rust, as well as the availability of labour, all of which are having a knock-on effect on the countries' coffee exports.

In **Finland**, the general public's attention and sympathy shifted towards Ukraine in early 2022. As safety became a concern in Europe, there was less space for solidarity towards other continents' struggles. In a tightening economy and saturated media environment, receptive audiences for development communications have been more challenging to reach. With rising electricity prices and inflation rates, Finnish consumers' consumption habits showed signs of reduction and weakening. This can lead to consumers prioritizing cheaper products than Fairtrade certified ones. Overall, the programme countries faced various challenges in 2022, ranging from environmental hazards, conflicts, and political instability. Inflation and rising food and fuel prices affected several contexts, showcasing the multiplicative effects of the Russian invasion of Ukraine.





Flower workers' children at school, Sher Flower Farm in Ethiopia © Marika Laine, Fairtrade Finland

2 Programme results and impact: progress towards objectives

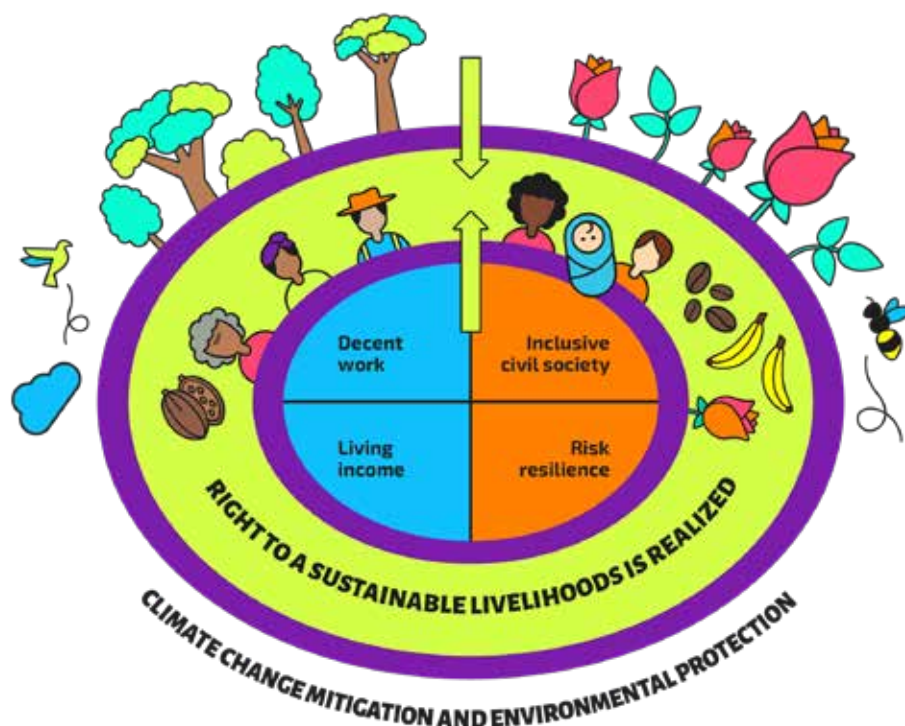


The first year of the programme consisted of staff recruitment, project planning and establishing joint ways of working with the various programme partners, as well as kick-starting most of the activities towards the end of the year. Only few projects continued directly from the previous programme, and thus progress towards achieving the programme's objectives was limited as plans and structures were gradually put into practice. Reflecting this, the different sustainability areas of the programme performed with variant progress. While some components of the different areas gained improvements through different projects, the overall progression towards the programme's objectives was rather modest. The programme was the most operative in terms of detailed planning and developing cooperation practices with partners while actual implementation requires more time to showcase results.

In early 2022, together with our partner organizations, we dropped some projects out of the programme, decreased the budget of most of the remaining projects and updated the programme document to reflect the final programme considering the Ministry for Foreign Affairs' (MFA) feedback from the application phase. The programme's ToC structure remained the same, although we simplified some parts according to the received feedback.

The programme's **advocacy and communications** components were rather active in 2022. We managed to influence new audiences through various social media platforms and events organized around different sustainability and development themes. Notably, the advocacy was vocal around CR themes in the national and international levels while communications focused more on Finnish consumers to showcase the realities behind mundane commodities, such as cocoa.

The first year of the programme was characterized by **operational challenges** which caused some delays in the planning of the projects. These challenges included for example turnovers in Fairtrade Finland and the partner organizations' personnel, prolonged recruitment of key staff members and delayed alignment to reporting guidelines. Consideration was put into establishing the appropriate programme-level monitoring and communication practices and general ways of working which evidently required time in the beginning of the year. Additionally, working with a bigger programme with multiple partners proved to be time-consuming and complex as compared to our previous programme. This urged us to find common ground between various partner expectations, rightsholders' needs and staff resources. Navigating with multiple partners and creating aligned collaboration is a continuous learning process which we have now started.



Nevertheless, the programme managed to set up the basis for most projects with project plans, necessary staff and clearly designed objectives. The programme emphasized participatory methods in its projects' planning phases to identify the needs and the interests of the rightsholders. This helps the programme to increase the rightsholders' accountability and ownership of the projects from the beginning. During the inception phases several **development needs** were identified as summarized in the figure below.

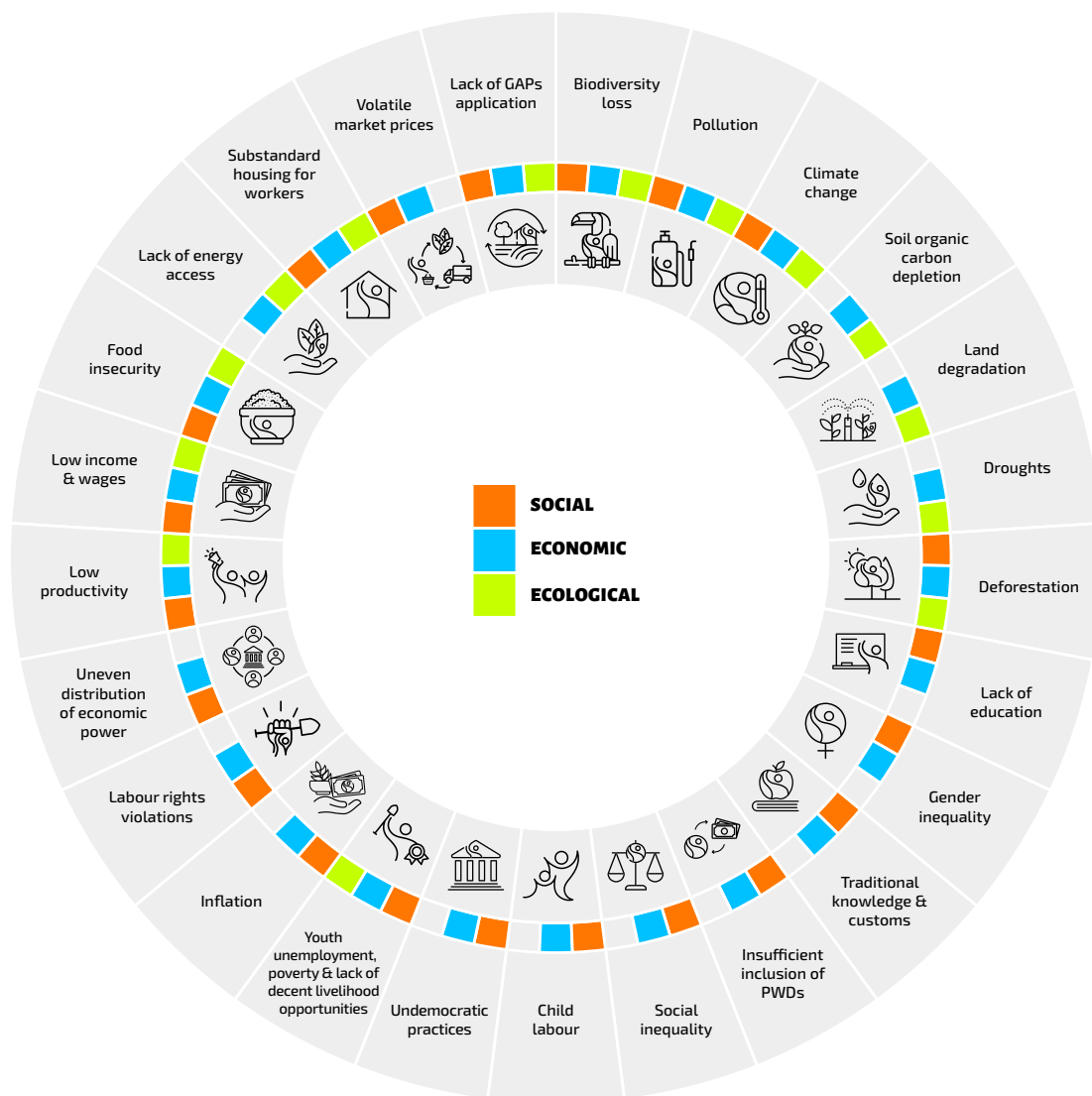


Figure 2. Development needs

Most of the projects began their implementation phases in Q4 while ongoing projects, like the Bolivian coffee project and the Kenya roses project, continued straight under the new programme. The Honduran coffee project phased out in 2022, as planned. The largest project in terms of budget, Livelihoods Ecosystem Advancement Project (LEAP) was in its inception phase whole year 2022. However, the project in the vanilla sector in Madagascar was not able to begin its inception phase due to decertification of certain farms and the key partners not being able to find common ground in terms of implementation structure of the project. Additionally, the human rights and environmental due diligence (HREDD) project was delayed due to insufficient staff resources.

The **evaluation** of our previous programme was completed in the reporting year (see 3.2 for the main evaluation findings) and the recommendations were considered in the projects' inception phases and implementation.

2.1. Social sustainability

An active and inclusive civil society is crucial to hold policymakers accountable for providing basic services, maintaining fair rules for business, and supporting communities. The programme's social sustainability priority area focuses on empowering civil society and enhancing social and human capital among its rightsholders. It addresses human well-being by reducing social shortfalls, such as gender inequality, discrimination and hazardous child labour. Importantly, it seeks to widen the space for civil societies by promoting good governance practices within the POs and by collaborating with various CSOs. The social sustainability priority area contributes to achieving the **Sustainable Development Goals (SDGs)** 1 (no poverty), 5 (gender equality) and SDG 10 (reduced inequalities). Moreover, its outcomes contribute to Finland's development policy priority of "Rights and Status on Women and Girls". The development policy priority includes support to the rights of PWDs, which is included in our programme as well.

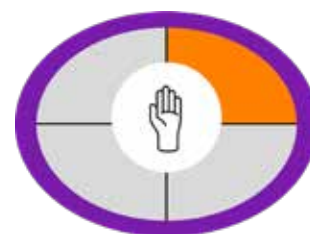
The results of the DONUTS programme are expected to have a more direct contribution to the intermediate outcomes, which can be achieved in a shorter term. The expected long-term impact goal of social sustainability priority area is to achieve **inclusive and strengthened civil society**. To reach this, two desired long-term outcomes are sought: first, to have **more democratic, inclusive & active POs** as members of civil society and second, to achieve **enhanced community resilience to risks**.

In 2022, particularly the inclusion of women, youth and PWDs were emphasized in the project planning phases. The programme was the most operative in supporting the building of inclusive POs in Ethiopia and Latin America and supporting the eradication of hazardous forms of child labour in Ghana. The issues around hazardous child labour were addressed through a multifaceted approach of advocacy, building community capacities, training educational agents and remediating the identified cases. A combination of different approaches at multiple local and national levels to address different challenges helps to build the ownership of the programme's risk resilience component. Furthermore, in our advocacy work we raised awareness around the challenges in cocoa production through a webinar aimed at companies and decision-makers.

Long-term outcome: More democratic, inclusive & active POs as members of civil society

In **East Africa**, **social sustainability** was included most firmly in the **flower project in Ethiopia**. The project concentrates on workers' rights and the efforts to enhance the rights of women with an additional focus on vulnerable groups. The project is expected to contribute of the programme's long-term outcome and in a shorter-term, to the **intermediate outcome of diverse farmers and workers have greater voice and influence within POs**. During the project's inception phase in 2022, participatory planning with stakeholders as well as gender and vulnerability analyses were conducted. These confirmed that the women still lack leadership positions in the flower farms and are vulnerable to different kinds of gender-based violence and sexual harassment. It was decided that to enhance **women's access to leadership positions and to address gender-based violence and sexual harassment**, the project will continue to build the trade unions' as well as the women committees' capacities in the flower farms. The analysis identified immigrants, PWDs, the elderly, and HIV-positive workers as vulnerable groups. It raised that often they are assigned to do simple tasks in the flower farms. Therefore, it was decided that the project will include **targeted activities to PWDs**, who will receive assistive devices manufactured by a local CSO.

In **Latin America**, the goal of more inclusive POs gained a strong focus in both coffee projects. In **Bolivia**, the project launched a Women's Leadership School to respond to women's needs in the coffee cooperatives. The participatory design raised high expectations of the school among the participants. In **Honduras**, the Cooperative Maturity In-



Honduras:

**91 % of SPOs
are stronger**

dex (developed by CLAC to measure the SPOs' governance and membership, operations and benefits for members) was used showing that 91 % of the SPOs were stronger than before the project (2020). Of the youth and gender committee members surveyed in the project evaluation, 63 % of women and 51 % of youth indicated that their management capacities had improved, bypassing the target levels of 60 % and 30 % respectively.

Advocacy in Finland: Together with Fairtrade Cities, Universities and member organisations, we organized three joint thematic communication days. For example, 10 out of 15 Fairtrade Cities and 4 out of 8 Fairtrade Universities took part in the International Women's Day social media campaign. By providing ready-made social media messages for our partners, our sustainability messages reached new target audiences through their channels.

Long term outcome: Enhanced community resilience to risks

The programme has two projects in **West Africa** focusing on the eradication of hazardous child labour which contributes to the programme's long-term outcome of enhanced community resilience to risks. In Ghana, the **Kuapa Kokoo Child Labour Monitoring and Remediation System (KKCLMRS) project**, which is a sister project of the dynamic agro-forestry (DAF) initiative **Sankofa 2.0**, had a late start in 2022¹³.

However, a comprehensive risk assessment to profile 182 communities within the implementation area was successfully conducted. Based on the results, forty communities with the highest risks of child and forced labour were selected as the target communities. Conducting the assessment assured the needs-based approach for the project and targeting of the subsequent implementation activities. The KKCLMRS project is situated within the same PO as the Sankofa 2.0 project, hence the two are somewhat aligned. The Sankofa 2.0 project is an ambitious multi-partner project with 15 different partners involved. In the project, a risk assessment on environmental disasters and hazards was conducted providing insights on how to manage and mitigate the risks in the future.

The **Ghanaian child protection and child rights project** strengthened its focus on mitigating hazardous child labour in the cocoa sector. The project had an inception phase to set up a work plan for the next phase, scheduled to start in July 2023. In 2022, discussions were held with key stakeholders in the two implementation areas on how to deepen and sustain the initial gains the project has made in, for example, creating a school environment in which the children feel safe. In this pursuit, the project has been in consultation with the relevant assemblies and directorates of education. It is in the process of establishing a standing task force of teachers to support the training and mainstreaming of alternative forms of discipline. Furthermore, the project intensified its engagement in the communities and managed to increase their commitment to protect children from harm. For example, the number of functional **community-level child protection committees (CCPCs)** has risen, providing significant support for awareness raising and child labour monitoring at the community level. CCPCs were previously absent in the Asetenapa cooperative but now they have been formed in nine out of the ten communities (bringing the total number of functional CCPCs up to 77). Through the **Child Labour Monitoring and Remediation System (CLMRS)**, the project engaged in continuous remediation of children who were identified as victims of hazardous child labour.



Ghana:
90 % of
communities with
child protection
committees

"Through the project, I was selected as a CCPC member and a community facilitator. This has helped me to actively engage my community members in child protection education, child rights, abuse and have supported with the referral of three children from their abusive stepmother to the Department of Social Welfare to be moved to a safe environment."

Abena Benewaa, a CCPC member from Edwinase Co-op Society, Ghana

The project's presence is gradually being deepened at the district and national level. It had a role in **advocacy work** through participating in the revision of policy documents such as Ghana's Hazardous Activity Framework (HAF) of the cocoa sector and the Child Labour Free Zone (CLFZ) policy. At the district level, the relationship with decentralized government agencies and departments has been deepened. There is now regular **sharing of information** between the project, the offices of the social welfare department and the communities. Finally, the project is collaborating with other projects within the implementation area strengthening **local structures for child protection**. This helps to ensure that the accountability of the project is held by the rightsholders.

"I am happy with the educational items (like a school uniform, footwear, school bags, notebooks, exercise books and mathematical set) and the bicycle I have received. With the bicycle, I am confident of being in school on time. My school attendance will be improved due the support. My dream is to be a professional football player and with this assistance I am certainly going to make my dream a reality".

Amos Opoku, a class six pupil of Anwianwia M/A Methodist School, Kodiekrom, Ghana



In **Honduras**, the share of SPOs which are implementing at least one protection policy (labour, gender, or child protection) increased from the baseline level of 42 % to 73 %, almost reaching the target level of 75 %. The project included a pilot with four voluntary SPOs to further deepen their commitment on child protection. By the end of the project, all of them had made concrete efforts to increase awareness and understanding of child protection such as having a child protection committee and conducting campaigns and trainings.

Overall, the priority area of social sustainability managed to see some progress in terms of POs' inclusion aspects and the various communities' resilience to hazardous child labour related risks in 2022. As many of the projects were still in their inception phases, the programme established a basis for the work to continue.



Honduras:

+74 % SPOs' protection policies

2.2. Economic sustainability

Social sustainability cannot be realized without considering the rightsholders' economic sustainability. This consists of for example living incomes, decent work, strong trade unions and improved negotiation positions for the POs to sell their products. The programme positions itself between commercial actors and CSOs to support various value chains to become fairer in terms of producers' voice and influence. By collaborating with trade unions, POs, commercial actors and CSOs, the programme can encourage structural change with various levels of society. The economic sustainability area contributes to the achievement of SDG 1 (no poverty), SDG 7 (affordable and clean energy) and SDG 8 (decent work and economic growth). Moreover, achieving its outcomes contributes particularly to the attainment of the current Finland's Development policy priority of "Sustainable economy and decent work".

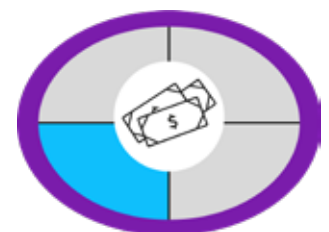
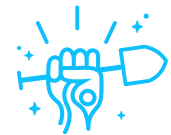
The expected long-term impact of economic sustainability is that **farmers and workers' economic rights are realized**. There are two expected long-term outcomes to be achieved before: **producers' right to a living income is realized** and **agricultural workers' right to decent work is realized**. Moreover, there are several intermediate outcomes to be achieved in a shorter term.

In 2022, the programme managed to achieve varying progress towards its objectives within the economic sustainability area. Most of the East African projects incorporated sustainable production aspects to their plans in achieving increased incomes, highlighting the interconnectedness between the economy and nature. The Kenyan flowers project provided fuel saving options and clean energy solutions, such as solar panels for households to reduce costs. In West Africa, the cocoa projects focusing on diversified incomes were mostly in their inception phases in 2022, but learnings from the previous phases were able to be integrated into the planning. In Southern Africa, an important achievement was the living wage study in the wine sector, but the implementation stagnated in the vanilla project in Madagascar due to various operational challenges. Finally, the project in Honduras showed significant progress towards increased incomes, workers' rights, and sustainable livelihoods, demonstrating a positive impact.

In 2022, our **advocacy work** was effective in reaching new audiences in regards of HREDD themes. As a partner of the Finnish corporate responsibility (CR) network FIBS, we continued to conduct trainings on companies' HREDD and the various stages of the due diligence process. According to FIBS experts, we succeeded in **raising the discussion on living wages and incomes to a new level**. We organized three webinars on the identification of human rights impacts, sector-specific collaboration, and rightsholder engagement in promoting living wages and living incomes. Roughly 300 representatives from Finnish companies and organizations participated in the webinars. Over 30 business experts took part in two small-group trainings on stakeholder engagement and living wages. The feedback was positive, with an overall rating of 4,7 out of 5 for the trainings and 4 out of 5 for the webinars. In response to requests from companies, we engaged in more in-depth collaboration on living wages and risk assessment with Alko, Kesko, and Finnfund.

Long-term outcome: Producers' right to living income is realized

In **East Africa**, there is a strong focus on improving farmers' income levels with the help of an environmental approach. For example, the **coffee project in Ethiopia** contributes to the long-term goal of producers' right to living income is realized. The previous programme included a project aiming for a more sustainable coffee chain in Ethiopia. During the new project's inception phase in 2022, it was decided to continue to support farmers' **adaptation to climate change** by supporting agroforestry and for instance, the provision of climate change resilient coffee seeds. As a new element, it was decided that a fuel saving stove production will be introduced. Additionally, it was chosen to focus on



training youth to make fuel saving stoves which would produce carbon credits for sale contributing to the programme's **intermediate outcome of producers have diversified income**.

The inception phase of **the coffee project in Kenya** showcased that there are a lot of similarities between the coffee projects in Kenya and Ethiopia. Like the project in Ethiopia, the Kenya coffee project will support both farmers' **adaptation to climate change** and to receive **income from carbon credit production**, for instance by supporting agroforestry. The **flower project in Kenya**, which supports the use of **fuel saving stoves**, **helped farmers to save money**, since farmers did not have to buy as much charcoal for fuel as before. A commercial **tree nursery** that was established in one of the flower farms, provides additional income for the workers. Tree nurseries will be established in other farms of the project as well.

"I have acquired Jiko Malkia (improved biomass cookstove) which has a lot of benefits compared to the one I was using before. It is very economical. I am able to save half on fuel cost."

Mary Wangeci, worker at Aquila Flowers, Kenya



In **West Africa**, the two cocoa projects in Côte d'Ivoire and the Ghanaian Sankofa 2.0 project focus mostly on economic sustainability. The LEAP project, which aims to support cocoa farmers' right to living income, was not able to begin implementation in 2022 due to a prolonged inception phase and the recruitment of staff.

The **Sankofa 2.0** project supports the Ghanaian farmers' **adaptation to climate** with the aim of diversifying farmers' incomes, investing in more environmentally friendly agricultural practices through the DAF systems and to improving the farmers' financial situations through, for example, Village Saving and Loans Associations (VSLAs). The project is a continuation of a previous phase in which DAF systems¹⁴ were introduced. The idea of DAF is to increase productivity and generate **additional income** for the cocoa farmers. This is done by planting various fruit trees alongside cocoa and timber trees to provide nutrients for the soil and food stock for the farmers. Therefore, DAF plots offer potential to restore soil fertility, provide shade for the cocoa trees and to increase the natural biodiversity, as well as build buffers around protected areas. For example, the interviewed farmers stated that the cocoa trees which were planted within DAF plots in the previous phase are growing faster than conventional ones. The year 2022 laid ground to the upcoming work by sensitizing the rightsholders on the different approaches to the establishment of DAF farms and their eligibility criteria.

The Income Diversification for Women is an empowerment and financial autonomy project set up by women's groups of four cocoa cooperatives (CAAM, Coobadi, Capresa and Coopaza) in **Côte d'Ivoire**. The reporting period consisted primarily of planning activities. This provided an opportunity to learn from the experiences of the previous phase and incorporate these into the subsequent activities. As a result from the previous phase, the communities' **perception of women** had begun to change, and they had started to gain more respect and confidence. For example, the women were perceived as equally capable as men, which is not always something which is taken for granted in patriarchal societies. Women's **improved skills in leading the operations** was noticeable, like negotiating with suppliers and supplying cassava in COOBADI, organizing work group rotations for farm maintenance at COOPAZA and conducting marketing of eggs through women traders' cells at CAAM. The achieved results provide a good foundation to continue the work towards achieving increased incomes for the Ivorian women.

In **Southern Africa**, progress towards the programme goals was stagnated. The project in **Madagascar**, which aims to improve productivity and widen livelihood options of local vanilla producers, was under contract negotiations with various stakeholders in 2022. Planning for the inception phase lasted for several months without reaching actual implementation let alone results. The vanilla SPOs faced several operational setbacks which however, should be fixed before entering into additional project operations. Challenges in the operating environment proved to complicate the situation more.

In **Latin America**, the two coffee sector projects focused on living income. In **Bolivia**, a business strengthening plan was prepared, validated and approved by all six participating SPOs. Additionally, a new Promoters' School was developed with nine training modules and replication of learnings by all organizations (farmer-to-farmer training). In **Honduras**, the share of SPOs which understand the concept of living income and its mechanisms doubled from 44 % to 87 %, clearly over the target level of 60 %. The majority (54,5 %; baseline 42 % and target 50 %) of the producers considered that their **livelihood is on high or very high sustainability level**. One reason for this might be the project's focus on climate change adaptation with around half of the organizations (47 %) developing and implementing adaptation plans. Before the project, none of the organizations had any plans. Another factor behind this is that 81 % of the producers had diversified their income sources during the project period (target 60 %). The diversification efforts included for example the cultivation of vegetables, fruit trees, timber, grains and herbs. This proved to be important during the difficult COVID-19 times.

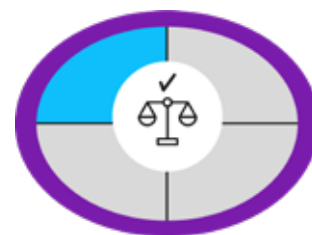


Honduras:

**81 % of SPOs
have diversified
income sources**

Long-term outcome: Agricultural workers' right to decent work is realized.

Decent work is a central theme in the Ethiopian flower project and the South African wine project. Based on the inception phase in 2022, it was confirmed that the **Ethiopian flower project** will continue its support to trade unions to improve workers' rights. This contributes to the long-term goal of realization of the agricultural workers' right to decent work. Particularly, trade unions will be trained to improve their negotiation skills. This is expected to contribute to the programme's intermediate outcome of more **favourable Collective Bargaining Agreements (CBAs) and working conditions for workers**. Moreover, it was decided that support to trade union officials, flower farm management and workers will continue of grievance handling procedures and their reporting. With functional and transparent grievance mechanisms in the flower farms, the project will contribute to the programme's **intermediate outcome** of **companies co-invest in addressing workers' rights violations**.



In **South Africa**, the inception phase of the new project to secure **decent work for the workers in the wine sector** was initiated. Besides analyses of stakeholders, gender, challenges, and human rights, the core of the inception phase was a study on the wage situation in the local wine farms. The study reviewed the current wage status, the requirements for actors in the value chain to pay farm workers living wages, as well as potential challenges and risks associated with the payment of a living wage. The study concluded that the setting of and the gradual increase in the national minimum wage (NMW) has positively contributed towards the payment of the living wage. However, while the living wage is almost reached for some individuals and households (permanently employed workers without dependents and dual income households), there is a considerable gap between the NMW and the living wage in most cases. The groups furthest away from the living wage levels were single income households (40 % below) and seasonal employees (27 % - 55 % below the estimated living wage). See the table below for more information.

Income scenario	NMW (rands)	Anker Living Wage 2022 (rands)	Status
A single permanently employed worker only responsible for themselves with no dependents	5 033	5 178	Living wage is not reached by R145
A single seasonally employed worker only responsible for themselves with no dependents and working nine months of the year	3 775	5 178	Living wage is not reached by R1 403
A family with one permanently employed and a seasonally employed partner (1,64 income earners as per the 2022 Global Living Wage Coalition report)	8 254	8 407	Living wage is not reached by R153
A family with a single permanently employed income earner	5 033	8 407	Living wage is not reached by R3 374
A family with one permanently employed income earner and one seasonally employed income earner employed for nine months of the year	8 808	8 407	Living wage is reached
A family with one seasonally employed income employed for nine months of the year	3 775	8 407	Living wage is not reached by R4 632

Importantly, the study argues that despite the recent inflation correction, the **Anker living wage calculation is outdated** and should be comprehensively recalculated to ensure that an up-to-date benchmark is available for the industry's stakeholders. Additionally, it was found out that the concept of living wage was not a well-known in the South African wine industry, possibly contributing to some worker groups not earning the living wage. The study examined local trade unions and their possible role in reaching living wages for the sector. All the worker representative groups interviewed confirmed that they have a freedom to join a union. However, only very few workers are union members. They mentioned the fragmentation of the trade unions, their lack of bargaining power, lack of membership benefits and the unions' aggressive approach as the main reasons for not joining a trade union. Preliminary findings were discussed with stakeholders at a roundtable organized at the Cape Wine Fair 2022 in Cape Town. These findings together with other analyses sharpened the project's approach which aims to create **improved industrial relations in the South African wine sector**. The expected results include that workers would have increased understanding on their rights and responsibilities, trade unions would become stronger, companies would have increased dialogue with rightsholders, and government would have increased cooperation in addressing the most salient issues related to labour relations.

Although the decent work component mostly focuses on plantations and HLOs, our coffee project in **Honduras** had a result area to improve cooperatives' workers' situation. Before the project, none of them had developed nor implemented action plans on workers' rights. By the end of the project 63 % of the workers' committees had the plans in implementation (target 50 %).

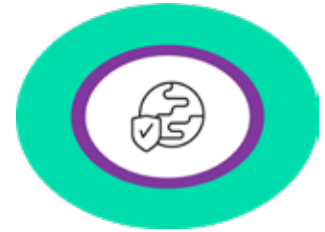
Overall, economic sustainability is mutually reinforcing with the social sustainability area of the programme. However, these cannot be achieved without considering the planetary boundaries and climate change. Hence, adopting a holistic approach is integral.

2.3. Ecological sustainability

Ecological sustainability is crucial for preserving biodiversity, maintaining ecosystem stability, and mitigating climate change. By prioritizing sustainable production and consumption practices and taking collective action, we can ensure a healthier planet for current and future generations. Thus, ecological sustainability is a necessity for social and economic sustainability, as climate change and environmental degradation pose an existential threat to producers' livelihoods, as well as to the global food system. Therefore, we emphasize the linkage between humans and ecosystems by providing support for producers in making their livelihoods more ecologically sustainable. This sustainability area contributes to the achievement of SDG 7 (clean and sustainable energy), SDG 13 (climate action) and SDG 15 (life on land). Achieving its outcomes contribute to the attainment of the current Finland's Development Policy's priority of "Climate change and natural resources".

The expected long-term impact of the ecological sustainability is that **farmers and agricultural workers live in harmony with the environment and climate**. The long-term outcome, to be achieved before the long-term impact, is that **actors in value chains mitigate climate change and protect nature**. Moreover, there are **several intermediate outcomes** that are expected to materialize in the shorter term with the programme's support.

Ecological sustainability is a key theme in most of the East African projects and the Sankofa 2.0 project in Ghana. Nevertheless, environmental themes are present in most projects as they are dealing with agricultural products and livelihoods, and hence, are affected by climate change. In 2022, the Kenyan flowers project showed significant progress in terms of promoting energy efficient solutions while the Ethiopian and Kenyan coffee projects took a strong focus on bringing environmental aspects into the projects' designs. Furthermore, the coffee project in Honduras managed to increase the use of sustainable agricultural practices among its' rightsholders. Environmental aspects are a core element of the advocacy component as well, through various CR and HREDD themes.



Long-term outcome: Actors in value chains mitigate climate change and protect nature

"I was using a candle or a lantern, which has been challenging due to the cost of paraffin. Sometimes you don't have money to buy paraffin meaning the child won't even do their homework. Since acquiring solar, the children do their homework without any disturbances."

Simion Omeri, propagation worker at Aquila Flowers, Kenya



In East Africa, the **Kenya flowers project** contributed to the topic's long-term outcome and the intermediate outcome of **producers use natural resources more sustainably**. With the help of a loan, 610 workers (332 women and 278 men) were able to receive clean energy solutions such as fuel saving stoves and gas cylinders for preparing food and solar panels for providing light. Additionally, a clean energy training manual was developed, a tree nursery established, and the flower farm workers received training on the need for adoption of clean energy solutions for environmental benefits. The project supported the setup of Ward Climate Committees within the farm locations. The Ward Climate Committees will serve as a vehicle to spearhead community awareness and sensitization initiatives linked to clean energy adoption, environmental stewardship, and climate change resiliency. Partnerships were formalised with sector stakeholders, like the Clean Cooking Association of Kenya, who has expertise in matters of policy advocacy and climate change awareness.

Moreover, the **projects in the Kenyan and Ethiopian coffee sector** will support the production of fuel saving stoves. These will decrease the risk of deforestation and reduce the need for charcoal. Additionally, many activities were integrated in the projects' plans to support coffee farmers' environmentally friendly production practices. Both projects decided to have a training of trainers -approach with promoter farmers, who will demonstrate sustainable land management practices such as planting trees and cover crops or enhancing the soil with various measures. Additionally, the Ethiopian coffee project decided to establish two new wetland areas with vetiver grass. Such areas were established in the previous project to protect rivers from the waste resulting from the wet processing of coffee cherries.

In **West Africa**, ecological sustainability ties closely together with cocoa cultivation. As cocoa is an important source of livelihood for many small-scale farmers, climate change poses a detrimental risk for cocoa farmers and the whole value chains. Many areas where cocoa is cultivated are prone to droughts, diseases, and erosion. Out of the cocoa projects, the Sankofa 2.0 project provides the most holistic approach to address the complex social, economic and ecological challenges related to cocoa and climate. In the project, the rightsholders were sensitized to the DAF and Food agroforestry system (FAS), as well as the island approach and their criteria for eligibility. With DAF plots, the farmers are expected to gain additional benefits from cocoa cultivation through carbon credit production and diversified income, as well as more resilient farming land. Therefore, maintaining the linkage between human well-being and the environment is essential in the project: DAF can improve the quality of produce while improving soil conditions, providing a suitable environment for different kinds of insects and flora, as well as fauna to coexist, hence improving the biodiversity of the area. With various species growing between and cocoa trees, the crops themselves are less prone to catch diseases as compared to monoculture.

In **Honduras**, the coffee project had a strong focus on sustainable agriculture. As a result of the project, 87 % of the producers implemented sustainable agricultural practices (baseline 61 %, target 70 %). Moreover, special focus was given to raise the awareness around the herbicide glyphosate use and its harmfulness to both humans and the environment. Most of the SPOs (80 %, with a baseline of 33 % and a target 45 %) developed strategies and actions for awareness raising in the communities. Among these were radio and television cooperation, roadside billboards, and information dissemination through different social networks and websites to increase people's understanding of the risks of the herbicide.

Together with Fairtrade International (FI), we had an impact on the content of the **European Union (EU) deforestation regulation**. We achieved significant changes that improve small-scale farmers' ability to meet the requirements of the law. The regulation initially applies to Fairtrade cocoa and coffee farmers.



Honduras:
sustainable agri-
cultural practices
+43 %

2.4. Cross-cutting objectives

Cross-cutting objectives of **gender, youth and vulnerable groups** are considered from the planning of the projects to their final evaluations. Additionally, environmental analyses were conducted as part of the overarching goal of ecological sustainability. As most of the projects were still in their inception phases in 2022, the cross-cutting objectives were analysed, and plans made on how to best secure them with the **twin-track approach**. We recognize that in addition to cross-cutting approach, **targeted measures** are sometimes needed to strengthen the positions of women, youth and vulnerable persons. All projects were expected to consider thoroughly what kind of issues prevented these groups of people from participating either in project planning or project implementation and to address these issues the best they could. Additionally, the programme staff were encouraged to identify people living with disabilities to support their inclusion. Therefore, the different findings gathered in 2022, as part of the various assessments, provide a solid foundation for the programme implementation.

In 2022, the projects in **East Africa** were under detailed planning except for the Kenya flowers project. During the planning, all three projects had a targeted outcome area included in the project plans to solely support the inclusion of women, youth, and vulnerable groups (particularly PWDs). The two projects in Ethiopia decided to continue cooperation with the NGO Ethiopian Centre for Disability, which started during the previous programme. Moreover, the two coffee projects' rightsholders decided to support youth by providing income generating opportunities from making and selling fuel saving stoves. In the Ethiopian coffee sector, despite significant efforts under our previous programme to encourage women's participation, only small steps were taken in terms of advancing women's inclusion in the cooperatives. The gender and vulnerability assessments made in 2022 suggested specific capacity building activities targeted at farmers to enhance the participation of women and PWDs in the cooperatives' activities.

In **West Africa**, there were signs of increased inclusion of women and people in vulnerable situations in the projects' activities. For example, the child rights and protection project in Ghana supported one of the POs to develop a gender policy in their organization. As a result, the PO now has a functional gender committee enforcing the policy. Furthermore, one child with hearing impairment was identified as part of the CLMRS process and was enrolled in a school suitable for children with special needs while receiving government support as a part of the process. Furthermore, in the income diversification project in Côte d'Ivoire, one person living with a disability together with women who had lost their husbands were actively taking part in the groups' activities, such as marketing. Additionally, in the Sankofa 2.0 project, a gender equity and inclusion assessment, as well as a social inclusion assessment were conducted to determine the current level of participation and representation of women and vulnerable groups. The assessments highlighted the unbalanced power relations between male cocoa farmers and vulnerable groups. For example, the gender assessment examined the double-role of women as "helpers" in the farm while being responsible for the household without remuneration. Usually, women were not in charge of the overall cocoa cultivation but given a minor role in the farm. In some cases, PWDs were not considered as competent as persons without disabilities, and hence, were seen as subjects of pity.

In **South Africa**, the wine sector project implemented a gender, youth and vulnerability assessment with the support of Fairtrade Gender Coordinator and the Commission for Gender Equality as a part of the inception plan. The main findings of the assessment are presented in the table and were considered in the project's approach.

- 71 % of the women felt that there was an uneven and unfair distribution of power when it comes to their work.
- Women indicated that normally they occupy general worker positions on the farm and are rarely considered for work that are generally seen as male jobs, such as tractor driver and forklift operator.
- Women felt that men are given more opportunities to advance in their career than women.
- When there is only limited work available (such as in the case of rains), women are told to stay at home. Men are often allowed to work overtime (with higher payment) while women are not.
- 63 % of the women felt overwhelmed by their responsibilities both at work and at home and they felt underappreciated.
- The youth expressed the desire to be taught skills as most of them started working on the farm immediately after they completed their school. Some of the youth dropped out of school and started to work on the farm instead.



In **Latin America**, the coffee project in Bolivia launched a gender equality awareness campaign in the reporting year, which considers three areas: 1) social and human protection, 2) political rights and 3) the economic and productive rights of women. The other coffee sector project in the region, in Honduras, had all cross-cutting objectives integrated in its implementation with twin-track approach. In some cases, the project merged the cross-cutting objectives, like an education component for young girls aiming to take better care of the environment with improved resource use and recycling. Furthermore, 93 % of the SPOs implemented a total of 41 small projects for the benefit of women and 40 projects for youth. As a targeted action, the project supported youth to have extra money from the sale of their own products with 26 % of them increasing their income. The project monitored the results with a gender focus and did not identify significant deviations in the application of sustainable agricultural practices among genders. To summarize, the diverse efforts to consider and include the cross-cutting objectives in the project plans provides a basis to continue the work towards achieving the objectives.

2.5. Advocacy and development communications

Our communication and advocacy work are closely intertwined supporting the programme's all three sustainability areas. Our advocacy work and development communication had five main target groups: **sustainability seeking consumers, active citizens, corporate decision-makers, politicians and civil servants working on CR-issues, and media.**

2.5.1. Advocacy

The programme's advocacy is an integral part of the ToC pushing political and business leaders to take bold steps in advancing **respect for human rights and the environment in global value chains.**

The main priority of our political work in 2022 was **CR-legislation**, which we influenced **both at the Finnish and EU-levels** in 2022. In February, the European Commission presented its proposal for the Corporate Sustainability Due Diligence Directive (CSDDD). We reached a significant milestone when the Finnish Parliament invited Fairtrade Finland to testify before the Economic Committee while preparing Finland's position on the CSDDD. We provided other statements, made appeals, maintained contact with decision-makers and authorities, and organized events to highlight the need for ambitious legislation that considers the most vulnerable in value chains, particularly farmers and agricultural workers. Our demands are reflected in the amendment proposals made by different committees of the European Parliament and, to some extent, in Finland's position as well.

We successfully brought the voices of pioneering companies into the discussion on CR-legislation. We mobilized several Finnish companies to support a letter from Fairtrade producers to EU decision-makers. In the Europe Forum in Turku, together with the Member of the European Parliament (MEP) Heidi Hautala, we organized a panel discussion where major Finnish companies shared their work based on the due diligence process for human rights and their wishes for amending the Commission's directive proposal. Additionally, we campaigned together with other CSOs in support of a national CR-law. Unfortunately, the Finnish government did not submit a proposal for the law, despite it being included in their programme, and chose to wait for the EU regulation.

We intensified our advocacy collaboration with Nordic Fairtrade organizations and Ethical Trading Initiatives by organizing a webinar for companies and decision-makers involved in **cocoa** production. Using international examples, we encouraged companies to take collective action to support more responsible cocoa production.



The process to make Pori's purchasing practices more sustainable was lengthy and faced several obstacles. However, a directive was finalized in June 2022. The sustainability section of Pori's Town Strategy emphasizes sustainable procurement and Pori's recognition as a Fairtrade City. The strategy specifies that sustainable procurement includes, among other things, respecting human and workers' rights. It states that Pori promotes ethical procurement. In SuomiAreena (the largest societal discussion festival in Finland) in 2022 Pori's booth provided information about their sustainability commitments and discussed the impact of public procurement and consumer choices. Pori procures approximately 10,000 kg of Fairtrade bananas annually.

To promote responsible public procurement, we assessed municipal decision-makers and procurement professionals' presence to remind them of their influence and power. In 2022, we continued our collaboration with The Finnish Organic Food Association Pro Luomu, The Nordic Swan Ecolabel (Joutsenmerkki) and EU Ecolabel. We organized a webinar on responsible procurement for municipal decision-makers, which was attended by approximately 50 municipal procurement officials. We participated in the Kuntamarkkinat (The Municipal Fair) event, where we had a joint booth and delivered presentations, reaching around a hundred municipal decision-makers and procurement professionals. Additionally, we participated in the market dialogue on responsible workwear and textiles for early childhood education organized by Keino, a network-based Competence center for Sustainable and Innovative public procurement in Finland. As a

part of the organizing committee of **Europe Forum in Turku**, we contributed to the Fairtrade aspects of the event. We reached several decision-makers, increasing their knowledge of responsible procurement.

Fairtrade Universities participated actively in our campaigns. We collaborated with the National Union of University Students in Finland (SYL) organizing joint webinars. The events involved discussions on the impacts of the climate crisis and Russian invasion of Ukraine on livelihoods and food security in Africa. We sought topics that would interest young people through SYL's Instagram account, where students asked questions that were then answered in the blog articles.

In the beginning of 2022, together with Save the Children and Pro Ethical Trade Finland, we conducted a survey targeting our key advocacy groups to assess the awareness of our advocacy work. The survey indicated that Fairtrade is **well known and considered knowledgeable in human rights-related issues** but there is room for significant improvement in communicating these messages to policy-makers and decision-makers. The survey provided us with a baseline for measuring the awareness of our advocacy work. We will repeat the survey biannually and we will particularly monitor two indicators:

- At least 80 % of the advocacy target group feels "well" or "fairly well" acquainted with the purpose of Fairtrade Finland's activities. (Baseline: 75 % ("well": 30 %, "fairly well": 45 %))
- Among the advocacy target group, 90 % perceive Fairtrade as either "highly knowledgeable" or "knowledgeable" in the area of corporate human rights responsibility. (Baseline: 85 % ("knowledgeable": 35 %, "highly knowledgeable": 50 %))

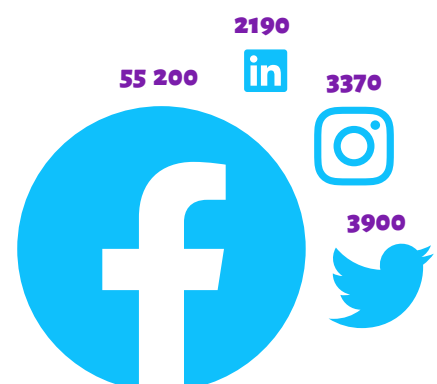
Overall, the programme's advocacy component was active in bringing more awareness around the CR themes to different levels of society, namely decision-makers, private sector entities and Finnish consumers. We focused on both national and international level policies through the CSDDD and by advocating on public procurement, a theme which can be often overlooked in the context of global value chains.

2.5.2. Development communications

The development communications support the programme's ToC by promoting **sustainable** consumption and increasing Finnish consumers' awareness on how different consuming habits intertwine with human rights and with various development challenges faced in the producing countries.

In 2022, our communications covered various programme themes, such as living income, climate change, biodiversity, hazardous child labour, gender rights, and more broadly human rights issues in the global production chains. Moreover, our development communications covered advocacy communication on COP27, EU legislation on deforestation, and corporate sustainability due diligence. However, due to the challenges in the operating environment where media was dominated by the pandemic, Russian invasion of Ukraine, and rising inflation, we reduced our communications in the first quarter of the year. Nevertheless, we were able to pick up the work after the media gained some more space.

Our main social media channels were Facebook, LinkedIn, Instagram, and Twitter. In addition, we reached new younger audiences through **TikTok** with the help of social media influencers. Influencer collaboration's topics were related to gender equality and the disadvantages of cocoa production. We emphasized developing our **LinkedIn** which proved to be an excellent platform to target businesses and corporate sustainability professionals. As a result, we managed to grow our followers by 46 % to 2 200. During 2022, the contents of **Instagram** collected more than three million impressions and the number of followers increased slightly compared to the previous year, being 3 370 followers. Fairtrade Facebook page has a loyal group of more than 50 000 followers. We collected **more than five million impressions with the content published on Facebook**. We used **Twitter**, especially for advocacy communication and building thought leadership.



Thought leadership was built with support from Fairtrade Finland's experts to showcase the programme's approach to various development challenges. Our experts wrote blogs about the challenges of cocoa production, the global effects of inflation, and the sustainable development work of higher education institutions. The articles were published, for example, on the channels of SYL, Fingo, and Kesko, and they received excellent visibility on the partners' social media channels. Moreover, we trained Finnish journalists on our advocacy themes. However, media coverage failed to increase in 2022 due to the turbulent media climate.

Despite the difficult times, **consumers' recognition of the Fairtrade mark rose to record levels**. The Fairtrade mark was recognised by 90 % of Finns (+3 %). Among young people, Fairtrade was recognised by 98 % (Kantar Public 10/2022). Trust towards Fairtrade remained at the same level as in 2021 (70 %). Instead, the uncertainty in society caused the net recommendation index to drop from a very good level (-6) to rather modest -15.



**Recognition: +3 %,
among youth: 98 %
Trust: 70 %**



Tractor driver Lukas September at Van Loveren Winery in South Africa ©Yodi Windvogel ©Fairpicture/Fairtrade

3 Process development and sustainability



This chapter looks at the achievements reached in 2022 in terms of programme management capacities, the monitoring, evaluation and learning (MEL) component, as well as risk management. These are reflected with the programme's overall sustainability.

3.1. Capacity building for programme management

With increased funding and a wider programme, we focused on increasing the management capacities of the partner organizations in 2022. For example, with the official launch of the programme we held a workshop in Kenya for the whole DONUTS programme team (Finland, Africa and Latin America teams) to provide a basis for the programme's requirements, objectives and ways of working. In Finland, we strengthened our monitoring structures by developing administrative instructions for checking and approving reports. Additionally, more systematic risk assessment with detailed annual reporting and quarterly discussions with Fairtrade Finland was established. With these steps, irregularities are documented and communicated both to the partner organizations' and Fairtrade Finland's management-level.

There were small signs of positive change in 2022. Communication from the partner organizations became **more frequent and more transparent** which enabled us to have a hot line for urgent matters and questions. Most quarterly reports were submitted on time despite inception phases taking more time than anticipated. Towards the end of the year, we began planning the next annual workshop (January 2023) by gathering learnings from the first year with concrete examples and themes. Furthermore, with the new programme, FTA hired a **HREDD Specialist** to support projects with their HREDD aspects, advise on human rights issues and to coordinate the regional HREDD dialogue project, set to begin its implementation in 2023.

By improving our operations and supporting the capacity-building of our partner organizations in terms of programme management, we can better ensure the smooth implementation and monitoring of the programme. Nevertheless, capacity-building is a continuous process to learn from as we actively collaborate with various partners and find common ways to share knowledge, act on the identified needs and interests and communicate the results.

3.2. Monitoring, evaluation and learning (MEL)

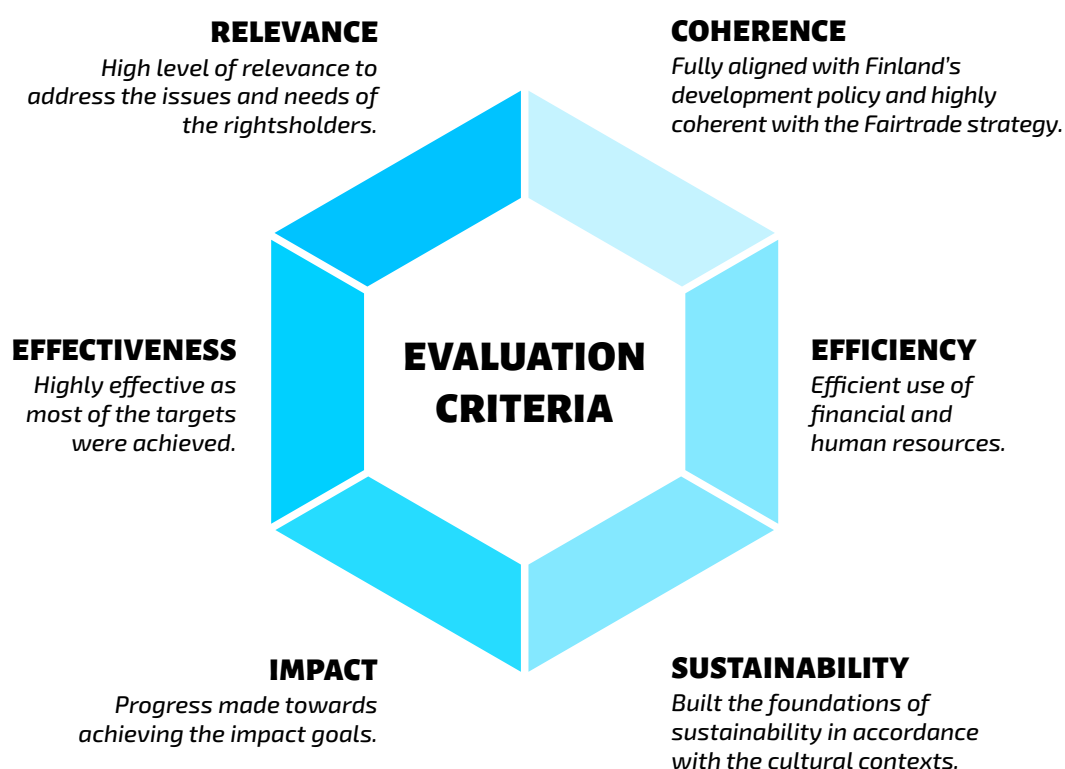
Systematic monitoring, evaluation and learning (MEL) is one of the key tools to achieve sustainable results in any development programme. In DONUTS, each project has a result matrix and / or logical framework with indicators. The joint indicator values in the project level feed into the programme level result matrix. The projects' result matrixes include common indicators from the DONUTS result matrix and their own specific indicators, allowing the programme to gather wider data.

Efforts to make the MEL more systematic and to **improve the MEL capacities** of implementers started in 2022. For example, the programme's MEL plan was finalized, and the results matrix was reviewed and updated to better depict the goals of the new programme. Moreover, monitoring plans were designed for individual projects which included, for instance, descriptions on how indicators' data are collected and who is responsible for the data collection. In 2022, the Programme MEL Manager at FTA, who was hired during the previous programme, continued to support the projects' staff particularly in result frameworks, projects' MEL plans and data collection.

The final evaluation of the previous development cooperation programme (2018–2021) was completed by SalvaTerra, a French consulting company specialising in environment, agriculture, forestry and rural development. The evaluation concluded that the programme had a **high level of relevance** to address the issues and needs of the smallholder producers and their organizations, as well as workers and their networks. Moreover, relevant working methods were adapted to mitigate the effects of the COVID-19 pandemic. According to the evaluation, the programme was **coherent** as it was aligned with Finland's development policy and its objectives were in line with Fairtrade's overall strategy and based on the global Fairtrade ToC. The available human and financial **resources** were **efficiently managed**. Furthermore, the programme **was considered to be effective**: most of its targets were achieved or even exceeded. The

2018–2021 programme reached roughly 280,000 direct and indirect rightsholders. Since many rightsholders perceived that their economic opportunities have expanded, the evaluation concluded that **progress was made towards far reaching positive effects or impacts**. Notably, **foundations of sustainability were built**. In accordance with the various cultural contexts of each country, the programme developed capacities, competencies and instruments that it sought to accompany the participating producers with. Therefore, the previous programme can feed into the DONUTS programme with its learnings, successes and influence.

Figure 4. Main findings of the evaluation of the development cooperation programme 2018–2021.



At the Fairtrade system level, FTA's MEL manager and Fairtrade Finland's representative participated in the work of FI's MEL Task Force. FI's digital tool to register all programmes' and projects' results, CODImpact, was reviewed in 2022 and was decided to be replaced by a system called TolaData in 2023. Furthermore, FI continued to develop Fairtrade's overall ToC and the related key performance indicators (KPIs). The most recent DONUTS result matrix includes a few system-wide KPIs and hence, the programme monitoring benefits from some of the data collected by FI and by the auditing body FLOCERT. This supports the programme to gather a wide range of data while contributing to the monitoring of FI's global strategy.

3.3. Risk management

Robust and well-planned risk management is important to support development programmes to produce sustainable results. The DONUTS' risk management was developed further in 2022 and early 2023 to become more systematic and involving staff at grass-root level more comprehensively.

The experiences of the inception phases and project implementation guided the projects to prepare their risk management plans in 2022. Moreover, the Programme Manager at FTA compiled an overall analysis of different project risks and their management. The risks can be divided into following main types: climate change or environmental risks, risks related to project management, political risks, staff turnover, financial risks, risk of limited participation of rightsholders (particularly of vulnerable groups), risks with implementing partners and the risk of decertification.

Decertification, meaning that POs do not remain compliant to Fairtrade Standards, is a general risk affecting **all the programme's projects**. For example, in the Ghanaian child rights and protection project, the risk of desertification was identified as a significant risk due to the prevalence of hazardous child labour in the cocoa sector. However, addressing hazardous forms of child labour and its root causes is a central theme in the project. Certain **financial risks connected to the operating environment**, like inflation and currency fluctuations materialized in most counties. Finally, **environmental risks** are present in most programme countries as droughts, erosion, deforestation and irregular weather patterns affect project implementation. Nevertheless, the projects described several measures to address the challenges, such as training on soil and water conservation.

Some more separate financial risks were identified in the Ghanaian child rights project and in few East African projects. The Ghanaian child rights project highlighted that the POs' and the municipal', as well as district assemblies' **limited capacities in terms of resources and finance** form a significant risk to the project's operations. The project responded by trying to find as cost-effective implementation mechanisms as possible and monitoring the operating environment and revising the budgets when needed. Thus, additional ways of supporting the sustainability of the project are sought to increase POs' and duty-bearers' capacities. In the Ethiopia flower project, **lack of hard currency's availability** was described as a risk that may cause some flower farms to leave Ethiopia in the future. Additionally, the risk of **mismanagement of funds** was raised by the coffee project in Kenya. The risk stated that SPOs and youth groups could mismanage the funds they have received from income generation activities and selling of carbon credits. The project plans to mitigate this by financial training.

Furthermore, in all **East African projects**, the risk of **political riots and instability** was described. In Kenya, political riots against the government were expected to affect particularly Nairobi, and not significantly the project areas. However, in Ethiopia, politically motivated riots and road blockages were perceived as a more serious risk that may affect the projects' implementation. Hence, continuous monitoring is required. So far, the incidents have affected the projects only occasionally. Political and environmental risks are contextual external risks that projects cannot prevent, but they are aware of them and have committed to address them the best they can. Moreover, the **turnover of staff** in FTA affected the coffee projects in Ethiopia and Kenya. Additionally, the projects in Ethiopia raised the risk of **low level of participation of the most vulnerable**, owing to the social norms. At the same time, support to the inclusion is strongly embedded in the Ethiopian projects to try to push their increased participation.

Based on our previous project in the **South African** wine sector, **volatile trade unions** were considered to be a major risk in the project concept phase. This proved to be the correct analysis. Fragmented trade unions with an aggressive or militant approach caused challenges for the project. There is a serious mistrust between trade unions and workers' committees, wine estates and the government. Sometimes, trade unions do not trust each other, making them unpredictable to work with. This is one of the things we aim to improve with the project, to find a unified spirit to work together for decent work.

All in all, the main risks that materialized and affected the programme implementation the most were connected to the **staff issues** in 2022. Personnel related challenges affected the programme throughout the year. At Fairtrade Finland, the team for the new programme was complete from April onwards, and some key people in the partner organizations, such as the DONUTS Programme Manager at FTA started also in April. Moreover, some programme field staff members resigned in the second half of the year

causing delays in project planning. One reason behind resignations was analysed to be salaries, as working for any CSO means a rather low salary compared to many other employers. Since inflation was very high in most countries, the salary issue became critical.

Furthermore, due to the delay of most of the projects' inception phases and hence, activities, many of the project expenditure rates fell below the budgets. Therefore, the programme team has been communicating with partners to find solutions on how to ensure that activities are kept on track in order to avoid such situations in the future. Nevertheless, considering high inflation and fluctuations in exchange rates, budgeting proved to be rather challenging in 2022.

3.4. Programme sustainability

Programme sustainability is built from the inception to the end of programme. Hence, involving rightsholders in the project planning in a participatory manner is crucial to ensure the project meets the needs of its owners. Fairtrade Finland belongs to the **Fairtrade system which provides a solid foundation and structures that contribute to the sustainability of the DONUTS programme**. In the system, farmers' cooperatives and workers' committees are central actors at the grass root level.

The **farmers' cooperatives** are important partners in the programme. The cooperatives not only sell the products but provide support to their members and their communities. For example, the Fairtrade premium has supported the cooperatives to implement relevant activities, such as training their members on different themes or building schools and roads. At the plantation side, workers have collective power in the form of **premium committees, workers' committees and trade unions**. In 2022, the role of premium committees was particularly significant in the Kenya flower project implementation. In the project, the loan funds that support the flower farm workers to purchase energy saving solutions for cooking and lighting are managed by the premium committees. The committees will hence continue to manage the funds long after they have received the support from the project. In other words, the **active, independent and democratic POs are already there to work within DONUTS, and thus, continue to work after the programme has ended**.

In DONUTS, much emphasis was given on the idea of **ownership and accountability** when it comes to planning and managing the projects. The approach is human rights based, underlying everybody's right to participate in the development. Rightsholders from different backgrounds and situations, such as migrants, single parents, PWDs among others, were encouraged to participate in the projects' workshops and meetings. POs were supported through capacity-building, policy development, negotiation and finding alternative sources of income to sustain their operations in a way that serves their farmers and agricultural workers. For example, one PO noted that with activities related to eradicating hazardous child labour, they can negotiate with potential cocoa buyers better.

Systematic risk management and MEL will contribute to the sustainability of the programme. The DONUTS programme aims to ensure the sustainability of its impacts by maintaining a results-based management approach in its operations while engaging in continuous risk management with the various programme partners. The programme's activities rely on participatory methods, emphasizing the role of the rightsholders.



Coffee farmer Meseret Regasa at Bale Kara primary Cooperative in Ethiopia © Marika Laine, Fairtrade Finland

4 Programme communications



The programme communications component focuses on **raising awareness of the programme** and its impact. In 2022, the programme communications continued its multichannel communication through our website, social media and partners' communication channels. Our main social media channels were **Facebook, LinkedIn, Instagram, and Twitter**. In addition, we reached new younger audiences through **TikTok** with the help from social media influencers.

We responded to more target group-oriented communication by renewing the website in 2021 and developing it further in 2022 in terms of content production and user experience. We investigated our online content from the perspective of search engine optimization, continued cost-free search keyword advertising (Google Ad Grants), and did monthly paid Google display advertising for the most important website content. We reached over 23 000 web users including over 32 000 sessions and 78 000 page views¹⁵. We started a newsletter automation project with our partner. The first newsletter concept produced was a B2B newsletter which covers a whole range of Fairtrade topics, including news from the development cooperation programme.

Furthermore, our digital communication focused on the **results of the previous programme and the launch of the DONUTS programme**. We produced video content from the wine project in South Africa through a collaboration with Fairtrade Sweden and FTA. Additionally, we produced a general Fairtrade brochure for Finnish target groups that includes development cooperation themes.

Our communications were strongly supported by our global Fairtrade network, and we worked closely with FI, FTA, and Fairtrade Sweden to get communications materials such as photos, producer stories, video clips and visualised data. In addition, we gathered communications materials during project visits to Ethiopia and Ghana. The gathered material included photos, interviews, and short stories. These materials were distributed with our B2B partners and used in our external communications. Thought leadership building and the sharing of communications materials gathered from the programme help to raise awareness of the programme's impact and importance.



5 Administration and finance

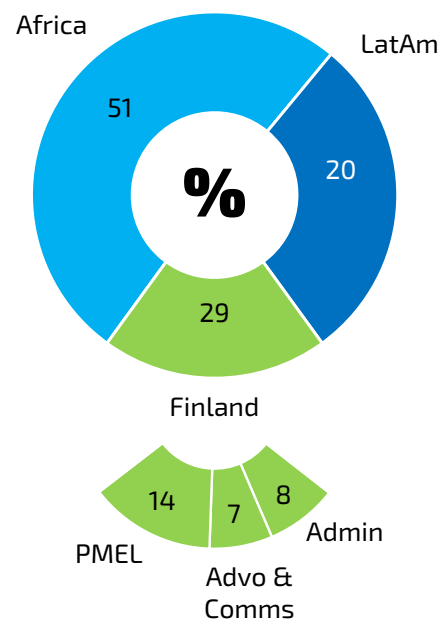


Fairtrade Finland obligates its partners to follow good accounting practices, governance principles and to abide by its policies. With various partners and fundings sources, Fairtrade Finland team adopted stricter administrative measures in 2022 to monitor the various funding streams. For example, financial documents are checked at least by two employees and fund request can only be paid by the Finance and Administration Director. Additionally, FTA called for tenders for auditing services in 2022. A new auditing company, Ernest & Martin Associates, was selected based on internal consultations.

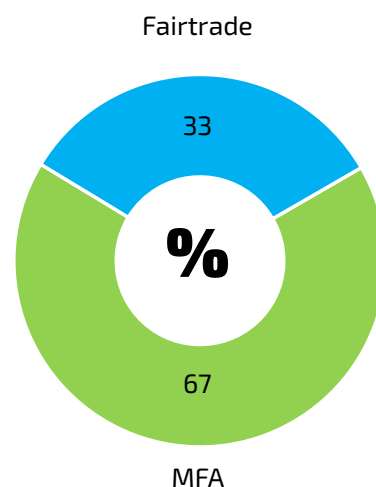
The programme's total **expenditure** in 2022 was 1.67 million euros. The programme's overall implementation rate in terms of budgeting and finance managed to reach 72 % due to the operational and strategic challenges despite most projects performing rather well. Some budgets were overrated compared to the activities conducted as many of the activities were done towards the end of the year. With limited timeframes and upcoming holiday and harvesting seasons, some of the activities were postponed to early 2023. Most of the projects were well on track (over 80 % rate) on budget expenditure. However, the rather low total budget expenditure is due to the delays in two of the programme's largest projects: LEAP and Sankofa 2.0. In addition, the delayed contractual negotiations in the Madagascar project pulled the total implementation rate lower. Main delays and challenges are explained in sections 1.4 and 2. Fairtrade Finland's administrative expenses reached 8 %. Roughly 72 % of the programme budget was used in the projects' field implementation.

When it comes to **funding**, 1.12 million euros of the programme expenses were financed by the MFA, forming the majority of the funding. The programme had a solid foundation with 33 % of funding coming from various companies and Fairtrade organizations in 2022. The main co-financing companies in 2022 were Mars, Gustav Paulig, Tony's Chocolonely, Lidl and several Aldi branches (UK, Germany and Switzerland).

Expenses 2022



Finance 2022



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13. The delays were partly due to the project being designed as part of the Sankofa 2.0 project which had a prolonged inception period. Additionally, the internal challenges of the implementing partner Kuapa Kokoo Farmers Union (KKFU) partly affected the project planning and implementation in 2022.
14. In Sankofa 1.0, different approaches to DAF were introduced: DAF, Food Agroforestry System (FAS) and the Island approach. The most ambitious approach is a full-scale DAF plot while the other two are simplified versions of DAF. FAS focuses mainly on food production for local consumption. FAS plots can be developed into a DAF plot. In the island approach unproductive farms are gradually rehabilitated (this approach targets farmers who are not willing to "start over" their farms with the FAS and DAF approaches).
15. some data were missing due to the technical issues on our website, so the figures would be bigger.

