Fairtrade International Training Manual 3.3
Fairtrade Premium Committee Premium Project Management
- June 2014 Update -

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The Training Manual *"Fairtrade Premium Committee Premium Project Management"* is a product of Fairtrade Labelling Organizations International e.V., Bonn, Germany. Fairtrade International is the worldwide Fairtrade standards setting and certification organization.

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1 WHAT CAN WE USE THE PREMIUM FOR?

The Generic Fairtrade Standards for Hired Labour state that Fairtrade leads to the empowerment of workers and the sustainable social and economic development of workers and their communities (intent and scope).

The Fairtrade Premium must benefit workers, their families and their communities through Premium projects that address their needs and preferences as decided and adequately justified by workers (Standard clause 2.1.19).

1.1 What do the Standards say?

1.1.1 **Socio-economic development** is a process resulting in changes which improve the capacity of a community to fulfil its aspirations.

1.1.2 **Empowerment** refers to the skills that individuals and groups need to identify their needs and priorities and to develop plans and projects to address these.

1.1.3 For **the workers, their families and communities** means that you can use the premium for three types of beneficiaries:
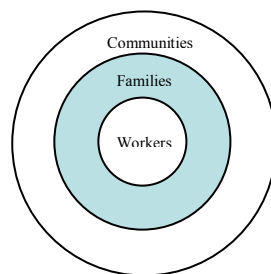
1.1.3a Either for the workers alone: a good example is training. This might include finishing school, language skills, craft skills such as carpentry, tailoring, computer skills, etc. Another example is a TV/DVD set for the workers' canteen or social hall.

1.1.3b Or for the workers and their families: examples would be a grocery shop for basic goods at reasonable prices, loans for improving houses, or scholarships for the workers' children. There are, of course, many more possibilities of benefiting the workers' families.

1.1.3c Or for the workers, their families and the community: in this case the benefit is extended to the larger community. This includes the neighbourhood, the village or the township. Examples would be building a school, a dispensary or perhaps a well. With a little imagination there are many ways to improve community life.

As a worker you will benefit in all three cases. You are always a part of the wider community and what is good for the community is good for you.

The community does a lot for you and many basic services are the result of a communal effort. The schools for your children, the hospital when you are sick, the water and

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electricity supply. All these and many more services would be unthinkable or very difficult to get if you had to care for them alone.

2   HOW CAN WE SPEND THE PREMIUM?

2.1   The premium should be used in the form of projects.

A project is a planned undertaking that uses money and other resources to attain well-defined objectives through a number of activities.

2.1.1   **Planned undertaking**: This means that before starting a project you have to think hard about what you are doing, how you are going to do it and what you want to achieve. It means writing down your plans. It means following your plans.

2.1.2   **Resources**: To carry out a project you usually need money. You may also need time, knowledge and certain skills.

2.1.3   **Objectives**: This means that you all know what you are trying to achieve. Without clear objectives the project has no direction. You must all agree on what you are trying to do.

2.1.4   **Activities**: A project usually consists of a number of activities. These activities may be done all at the same time, or some may have to wait while others are carried out. A time plan tells you what should be done when.

Projects are a result of a consultation process with workers about their needs and, aspirations.

The standards define the content of each project which must include (Standard clause 2.1.5):

- Purpose and objectives;
- Target groups(s)/beneficiaries;
- Activities;
- Roles and responsibilities;
- Project budget;
- Project start and end date;
- How the project will be monitored;
- Date of approval of project by General Assembly.

Projects can mean a lot of work, but they are the best way to assure that premium money is well-invested and comply with the objectives behind them. For major projects a risk assessment must be carried out.

At least 80 percent of premium money should be invested in sustainable projects. Sustainable means that whatever you spend the money on, it has a lasting value. So, if you

invest it in a project like a grocery shop or a training centre, the shop must continue to serve the community for a long time and the training must have a lasting value. Projects that involve individual disbursements of non-consumable goods are allowable when all workers have equal access to the funds in question. (Standard clause 2.1.19)

Up to 20 percent[1] of premium money per year may be distributed equitably among all workers in cash as a Fairtrade bonus. (Standard clause 2.1.20). This option needs to be approved by a general assembly of workers. However, it may not be used to supplement regular wages or to undermine collective bargaining processes.

It is recommended that FPCs make the implications of using premium money for cash bonuses clear to workers.

In this context it is also important to find out about and understand any possible implications of cash distribution as far as taxes or the legal status of the FPC – which may be set up as a charity, for instance – are concerned. These implications will likely differ from country to country due to the different legal frameworks.

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[1] In exceptional circumstances the percentage may be increased to up to 50%, such as where there is a majority of migrant workers in the workforce that cannot benefit from Fairtrade Premium projects. The request has to be submitted to and approved by the certification body. (Standard clause 2.1.20)

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3   HOW TO CHOOSE AND PLAN PROJECTS

Choosing a good project is not easy. This chapter should help you, but it is only meant as a guide. You know what you need; you need to make the choice.

3.1   Who are the beneficiaries?

It is always good to know who the project will help. For **workers** on a farm you can get this information from the personnel department or from surveys containing information relevant to the development strategy or FPC goals. It is good to know how many men and women will benefit, how many men and women are migrants, how many may need training or further education, where they live or where come from. It is especially good to know where the workers live so that any projects really help them with their daily lives. Some workers are seasonal and others temporary. How can you help them as well?

If the project is to benefit the **workers' families**, you need to know if they are married or live with a partner, the number and age of the children, if these children go to school or work, other family members in the household, etc. Then you might need to know about their housing situation: where they live (on farm, off farm), distance from the farm, in owned or rented houses, etc. You might have to ask people for more information with a questionnaire.
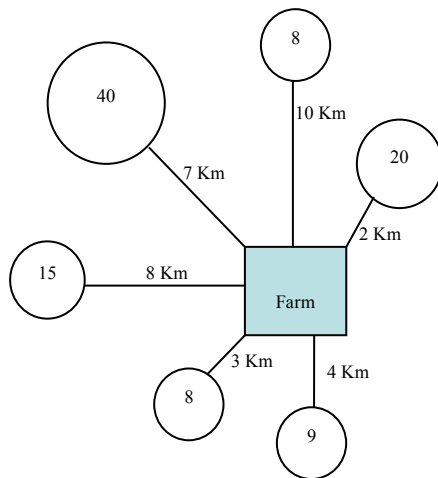
A little bit more complicated is gathering information on the workers' **communities**. First you need to know the different places where the workers live, how many people live in each of these places and how far they are from the farm and from each other. From this information you might draw a map with the farm in the centre and each place (village, neighbourhood, etc.) being represented by a circle.

The size of the circle corresponds roughly to the number of inhabitants. The number in the circle represents the number of workers living in each location. The length of the line between each place and the farm corresponds to the distance. This map lets you see who lives where and who will benefit from what.

This information gathering is called a **census**. It is recommended to do a census of workers and their families right from the start, and a community census as soon as you are ready to engage in community projects. For each individual project a thorough census on the direct beneficiaries should be made.

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3.2   What are the problems?

Once you know the (potential) beneficiaries, you want to understand their problems and needs. Proceed in the same way as in Step 1, starting with the workers and their families and then extend the inquiry to the communities.

To find out the problems and needs of the workers and their families the simplest way is to meet with them and ask them.

The FPC members can do this in their own work areas. If the workforce is not too large you can call for assemblies with all workers.

Remember:

- Different groups have different needs: women workers, seasonal workers, migrant workers, temporary workers. Ask them separately!

- Don't let the men dominate!

- Don't let the farm managers do this work! It is your responsibility!

- Ask the spouses and the children.

- You may need to draw up a special questionnaire if you need very detailed information.

It is more difficult if you are trying to understand the needs of the **communities**. The first thing you can do is meet with the workers. Group them by the main communities they come from and this will give you a rough idea of the main problems of each community. You can complement your map of the surrounding communities by adding more information, e.g. on the services each community has. You can even draw a map for each community: services available, quality of services, where and how far they have to go for services that are not available in the community.

If you want to do projects in the communities, you must find out the problems people face in each community. For this purpose, meeting with the community leaders or even with the whole community is very important. You may gather the whole community or meet different groups of the community separately. Make sure that all possible groups are involved. In these meetings you may work with the **Chapatti Method.**

3.2.1   The Chapatti Method

> Get everybody together and make sure everyone is comfortable. Start talking about the problems people face every day. Ask people to choose a simple object to represent their problems. A piece of wood might represent the lack of fuel to cook with. The community may use any objects they wish; it helps them to think from their own perspective.
>
> Ask everyone to put their objects on the ground in front of them. Don't put them in a straight line, but in the middle of the group.
>
> Provide people with "chapattis" (= round pieces of chart paper of different size). Let them place the chapattis under these objects to represent the size of the problem. Larger chapattis will indicate larger problems and smaller chapattis, smaller problems. Follow this up with a discussion on each problem:
>
> - What is the problem, the size and the urgency of the problem?

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- Why is it considered to be a big/small/urgent problem?
- What is the cause of the problem?
- Who is affected by the problem and how?
- What actions have people taken to solve the problem?
- Where they successful, not successful? Why?
- Future plans to deal with the problem?
- The community's contribution?
- Support expected from outside?

Think about the causes of the problem. Often people tackle only the symptoms and not the real cause. Take the health issue for example: people feel sick and weak and go to the pharmacy for medicines. But sometimes the real problem lies elsewhere. It could be malnutrition or polluted drinking water.

The problem tree exercise may help analyse complex problems and find the underlying causes.

3.2.2 The Problem Tree

Like a tree, the problem tree has three parts: a trunk, roots and branches.

The trunk is the core problem

The roots represent the causes

The branches represent the effects (often the visible bits).

This is a group exercise. Take one problem you have identified as important. Start by listing all the negative aspects of the problem. These should be written down on cards and posted so that everyone can see them (on a wall or on the floor). Once the most important issues have been identified, group the aspects that have some similarities or links.

1) Identify the core problem. Post it in the centre. Examine the remaining cards and how they are related to the core problem.
2) Some may be causes, they lead to the core problem. Place them below the core problem.
3) Others are effects, they stem from the core problem. Place them above the core problem.

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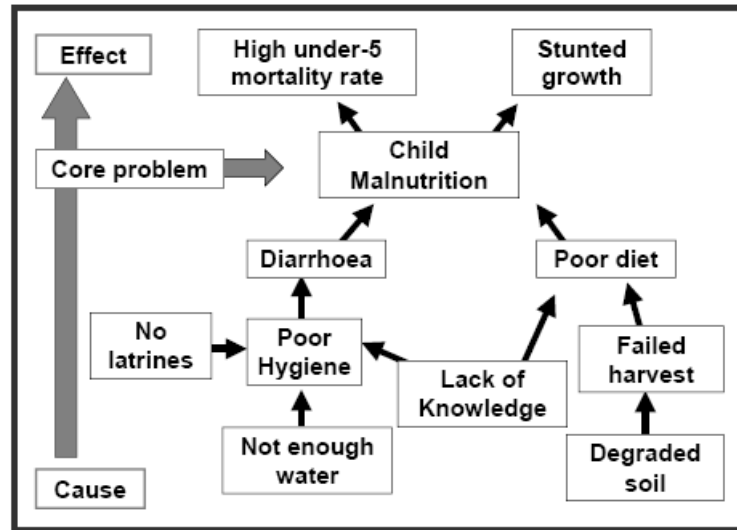
This exercise shows that things are often more complicated than they might at first appear.

To solve a problem, we need to know and address the main cause or causes.

Try to stick to the most important links.

If the problem tree becomes too cluttered, it will not be a useful tool.

Find a balance: enough detail so it contains the most important information, but simple enough to make the main causes and effects visible.

After you have identified the problems, try to rank them according to the importance and urgency people give them. Establish an order of priority. This is often a tricky task. There are no objectives or scientific criteria for deciding which problem is more important than another. This is a political choice. Let people discuss it. That's why consultation with the workers – and with the community if you want to support community projects – is so important.

It is important that workers know how the projects will be selected, and the project selection criteria should be included in the terms of reference of the FPC and approved by the GA.

3.3   Define your objectives

Once you know the problem and understand its priority, you need to define clear objectives. Clearly defined objectives make it much easier to design a project.

Distinguish two types of objectives:

1) The overall objective. It tells you what you want to improve. It can be fairly general and may not be achieved by this project alone. For example, you may aim to reduce child malnutrition in your community. Your project may be just one part of this bigger picture.

2) The specific objective. This refers to the real goals the project is expected to achieve. It helps you to define the activities that are necessary for your project. Your objectives should be **SMART**:

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- **S**pecific: be as precise and as exact as possible.
- **M**easurable: you should be able to check if the project worked
- **A**chievable: don't attempt something impossible.
- **R**elevant: will the project solve the problem?
- **T**ime-bound: when will the project be completed?

3.4 How do you achieve the objectives?

3.4.1 Think about the alternatives.

By now you should know what it is you want to do. The next question is - how do you do it?

There may be a number of ways to fix a problem, but some are better than others.

Let's take the example of a housing project. The objective is to improve the housing situation for workers and their families. There are many ways to do it.

1   Give individual loans for buying building material.

2   Develop a housing scheme on a piece of land bought with premium money.

If you opt for this second solution (housing scheme), there are still many ways to proceed:

2.1   Allocate a plot of land to each person to build a house.

2.2   Form a cooperative that builds the houses and sells them to the beneficiaries.

2.3   Form a cooperative that builds the houses and rents them to the beneficiaries.

You need to think about each option. As many people as possible should be considered when developing these ideas. Each point has its good and bad sides and everyone should have the right to comment.

You may wish to consider the following to help you:

1   **Effectiveness**: Which option will best solve the problem?
2   **Cost**: How much money will you need for each option? Do you have the money?
3   **Efficiency**: Is it a good use of the money?
4   **Capacity**: Is the necessary knowledge and experience available?
5   **Feasibility**: Is the project likely to succeed?

Advice: start with small, easy projects to gain experience and confidence. Remember that a risk assessment must be undertaken for all major projects and reported on at the General Assembly.[2]

3.4.2 Make your decision and plan.

Once you have made your choice, you need to define the results you want to see.

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[2] Simple risk assessment examples are given in Annex 1 WHAT IS RISK? In the "Explanatory Document for the Fairtrade Premium Committee in Hired Labour Situation".

For example: 20 workers trained in the computer programme Word; or 50 loans granted for buying building material; or two classrooms furnished in the local community.

To get the right results you have to plan:

- **WHAT**: Make a list of all the jobs you need to do to get to the right result.
- **WHO**: Make a list of all the people who will be responsible for each activity. This can be individuals or committees.
- **WHEN**: Make a calendar that tells you when each activity should start and how long it will take. Some activities can be carried out at the same time, others are carried out one after the other. It is especially important to define which activities need to be finalized in order to start others. Always think about external factors like the rainy season or agricultural cycles.
- **WHERE**: Make a note of where each activity needs to be done.
- **HOW**: When you spend money, you need to make sure that it is done in such a way that anyone can easily check what was spent and what was bought. You will need to agree a procedure for this.

To help you during the planning and evaluation process, Fairtrade provides you with two templates to prepare your annual Fairtrade Premium plan in order to comply with the requirement 2.1.15 and a template to report the activities carried out for the requirement 2.1.18.[3]

A complementary tool that can help the FPC in its planning activities is a calendar in the form of a matrix, naming the activities, the person(s) in charge of each activity and the timeframe in which each activity must be carried out:

3.4.3 **Project Activity Matrix (sample of computer training)**

Activity	Who	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1. Find classroom	A + B		xx	xx						
2. Hire instructor	Sub-committee		…x	xxx x						
3. Buy equipment	Sub-committee				xxx x	xx	xxx	xx		
4. Enrol students	C+ D				..xx	x				
5. Classes take place	Instructor						xxx x	xxx x	xxx x	xxx x

Finally, you must know what resources you need for the project. Resources are knowledge, people, equipment and material.

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[3] http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/2014-03-31_Premium_plan_report_template_EN.pdf

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Depending on the project, you may need some very special skills. These skills are not always available in the organization.

You may have to employ someone from outside to help you.

For example:

  1   You may need an architect to help design a building.

  2   You may need advice from an expert to help you design the project and carry it out.

  3   For a training centre you may need to hire an instructor

Some experts you will need to hire only for a short time - like an architect. Others you will need to hire for a longer time – like a teacher in a school.

You will need to have a simple way of dealing with these people: a standard way of finding them, hiring them, giving them contracts and paying them.

If you need to buy materials or furniture or computers, you will need a simple way of making sure that you get a good price, that you are buying the right things and that you get a receipt for everything. The management of the farm may be able to help you here.

3.4.4   **The Logical Framework Analysis**

The method described above is often called a logical framework. It takes you through the project step by step. It makes sure that you don't forget anything.

From top to bottom, the logical framework shows the steps that must be taken in order to achieve the project's ultimate goal. The following table shows a sample logical framework for a computer training centre.

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The Logical Framework Table

Objectives	How do I know if it has worked?	How can I prove that it worked?	Things that might help (+) or hinder (-)
Overall objective: Workers well trained on computer	**Impact**: Workers feel more capable and confident	Interviews with workers who attended the classes	+ Workers wish to learn – Not enough time for study
Specific project objective: Offer three basic computer courses to all workers in the company this year	**Outcome**: Three computer courses each of 48 hours over 12 weeks have been held	Training programmeand report of instructor verified by FPC for computer training project	+ Find a suitable room and a good teacher - Trainer leaves computers are stolen
Result 50 workers gain basic computer skills	50 workers have learnt • To start the computer • The basics of Windows and Word • To print	• Attendance list (how many took part?) • Test at the end of the course (how many passed?)	+ Students enrol, attend regularly and are able to follow - High absenteeism and drop out - Academic level too high
Activities: 1. Find classroom 2. Hire instructor 3. Buy equipment 4. Enrol students 5. Start classes	Note: No indicator in this column, instead inputs related to activities **Inputs**: 1. Classroom 2. Instructor 3 Tables and chairs 4. Computers and accessories		

Do not worry about the differences between impacts, outcomes and inputs! The important thing is to understand that there is a chain of events leading from your overall objective to the overall result.

The terms of the top line of our table need an explanation:

- **How do I know if it has worked?** At the end of the project you will want to make sure that the project was a success. You need some indicators that can be measured.
- **How can I prove that it worked?** You also need to prove that the project was successful. For each indicator you need at least one source of information.

- **Things that might help (+) or hinder (-).** At each stage of the project, there are things that you don't always control that may affect its success. Even if you are not able to influence these things, it is good to be aware of them.

3.5   Draft the budget

The budget is an estimate of the money you will need to realise the project. It is directly linked to the list of inputs you have established.

You must distinguish between once-off and recurrent expenses:

- Once-off expenses cover the initial start-up costs, mainly for buildings and equipment. These expenses occur only once. In the case of the computer training centre these are the costs for purchasing the computers and the furniture.
- Recurrent expenses cover the running costs of the project. They occur continuously as long as the project is in operation. In the budget these costs are calculated on a regular basis. In our computer training example, the recurrent expenses would be for the instructor, the renting of the room, maintenance of the equipment, internet access, stationery (paper, printing ink, etc.) and administrative costs.

You also need to understand whether the project will generate some income. Here you have to distinguish between business and social projects.

- Business projects generate income and should pay their way. A good example of a business project is a grocery shop. Although the main purpose of the shop is not to make a profit but to sell foodstuffs and other basic supplies at reasonable prices, it should always cover its full costs.
.
- Social projects provide social services to the community. They do not make profits. Typical social projects are health and childcare projects, educational and cultural projects. You may, of course, charge a small fee for these services, just to make people aware of the value of the service (what is completely free is often not appreciated). This is especially advisable for training projects, where the payment of a registration fee represents the commitment of the student. There will certainly be less absenteeism and fewer drop outs. However, a social project will never cover its costs fully. There will always be a need for a premium subsidy for this kind of project.

The budget for the running costs should help you to know how much money you must put aside every year to keep the project going. Table 6 shows a sample budget for a computer training project.

3.5.1 Sample Budget for a Computer Training Centre

Item	USD	Sub-total USD	Total USD
A. Expenditure			
1. Initial investment			
20 computers	12,000.00		
2 Printers	200.00		
20 Chairs and tables	3000.00		
Installations	300.00		
Contingency	150.00		
Total 1		**15,650.00**	
2. Running costs first year			
Rent for room	1080		
Instructor	4200		
Computer maintenance	500		
Stationery	500		
Internet connection	720		
Administration	400		
Total 2		**7400.00**	
Total A. Expenditure			**23,050.00**
B. Income			
Registration fee students	1800.00		
Total B. Income			**- 1800.00**
TOTAL PROJECT COST			**21.250.00**

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4   HOW TO WRITE THE PROJECT PROPOSAL

Now that you have all information ready, you can write the project proposal. This is the document that contains all relevant information and will help you complete the project. The following format may be helpful for writing the project proposal.

4.1   Format for Premium Project Proposal

1.	Name of the Organisation and of the Project

2.	Background and Justification of the Project

Questions to bear in mind:

- What is the social and economic situation in the area where the project will be implemented?
- What is the problem or need that is going to be addressed by the project?
- Why do you give this problem/need priority over others?
- Why did you choose this and not other possible alternatives to solve the problem?
- What are the advantages of this project idea compared to other options (in terms of effectiveness, efficiency, cost, complexity, risks)?

3.	Purpose and Objectives of the Project

Questions to bear in mind:

- What is the overall objective of the project?
- What will the project change (in the immediate future, in the distant future)?
- What are the specific objectives that the project shall achieve (SMART objectives: specific, measurable, attainable, relevant, time bound)?
- What are the indicators (qualitative and quantitative) showing whether and to what extent the objectives have been achieved?
- What are the external factors (assumptions and risks) that can affect the objectives?

4.	Target group(s)/Beneficiaries of the Project

Questions to bear in mind:

- Does the project benefit only the workers, or also their families, or the wider community as well?
- How many people and families will benefit from the project?
- How many communities and which communities will benefit?
- Does the project aim at a specific group (e.g. women, migrant workers, temporary/seasonal workers, youth, children etc.)?
- Are there groups/people that the project might harm or hinder?
- Has the project been discussed and agreed with the future beneficiaries?
- What is the contribution of the beneficiaries to the project (in money, labour, etc.)?

5.	Expected Results of the Project

Questions to bear in mind:

- What are the concrete (visible, tangible, measurable) outputs (results) of the project?
- What are the indicators to measure the results?
- What are the external factors that can affect the results?
- Could the project have undesired side-effects (social, economic, environmental, gender)?

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6.	**Activities, Roles and Responsibilities**
	Questions to bear in mind: ▪ WHAT activities will be necessary to achieve the results (starting with the preparation: inquiries, interviews, visits, talking to experts, etc.)? ▪ WHEN: in what timeframe must each activity be carried out (when should it start, how long will it take)? Which activities come first, which ones must be finished to start others? ▪ WHO is directing the project? Who will execute it? Will it be the whole FPC, an FPC-subcommittee or external people? Assign tasks and responsibilities. ▪ HOW are you going to organize yourselves? What will the procedures, rules and regulations of the project be? Do you need product specifications, designs, plans, etc.? ▪ WHERE: location of the project (on farm? outside? in a community?)
7.	**Resources (inputs)**
	Questions to bear in mind: ▪ What kind of expertise and skills do you need? ▪ How many people do you need with which profile? Do you need to hire personnel? ▪ What kind and quantities of equipment, material, etc. do you need? ▪ How much money do you need? (see 8. Budget below) ▪ Where can you find these resources?
8.	**Budget (total/annual)**
	Questions to bear in mind: ▪ Start from your list of inputs drawn up in 7. Resources above. ▪ What items belong to the initial investment (once-off expenses) and what items belong to the running costs of the project (recurrent expenses)? ▪ Make a list of the various cost categories (e.g. equipment, materials, inventories, salaries, fees, administration, etc.). Make a detailed list of all items within each category. For the running costs make an estimate for the first year of operation. ▪ Will the project generate income? If so, estimate the income for the first year. ▪ Add up all the expenditure and subtract the estimated income to obtain the net cost of the project. ▪ The running costs minus income will give you an idea of how much premium money you need to reserve each year for this project (for social projects only- business projects should not run at a loss). ▪ Establish a finance plan. Where will the funds come from (premium, own resources, external resources, loans)?
9.	**Project start and end date**
	Questions to bear in mind: ▪ Calendar of activities – matrix with times and responsibilities. ▪ Level of organization in the FPC and analysis of the actual time that FPC members are going to invest in the project to ensure its success; ▪ Be accurate about the time required, and consider the balance between their current work activities and the activities planned for the project.

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10.	**Monitoring and Evaluation**
	Questions to bear in mind: ▪ Who will monitor the project during the implementation and during its operation? ▪ What methods and tools will be used to monitor the project (budget expenditure, deadlines, quality, etc.)? ▪ Who will be responsible for the evaluation of the project (after it is finished, or when it has been going for a certain period of time)? ▪ Which indicators will be used to evaluate the project (impact, lessons learnt, etc.)?
11.	**Date of approval of project by General Assembly** (refer to the minutes of the meeting)

This is a big job. You may need to have someone working full-time on this in order to get it right. You may wish to employ someone to help you do this.

4.2 The Business Plan

If the project is a business, then it is a good idea to write a business plan as well.

The business plan makes you think about how to organize your business and shows if your business is economically viable. A good business plan should contain at least the following information:

▪ Mission statement: what do you want do to and why?
▪ The products or services you want to produce or sell
▪ The market (competition, your own position)
▪ The clients: who do you expect will buy your products/services?
▪ Marketing: how and where will you sell your products?
▪ Production techniques: how will you produce the products and services?
▪ Procurement: where will you get the inputs from (raw material, equipment, products for resale, etc.)?
▪ Cost of production
▪ Prices of your products/services
▪ Sales: your estimates of sales volumes
▪ Cost – benefit analysis: estimates of your costs and your income to know if the enterprise will be profitable
▪ Risk analysis: internal and external risks

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5   IMPLEMENTATION, MONITORING AND EVALUATION

5.1   Formal approval of project and budget

Once the project proposal is written, the General Assembly must formally approve the project with its budget. This decision must be clearly recorded in the minutes of the corresponding GA meeting. No project should be started before these formal requirements – written project proposal and formal approval by the GA as recorded in the GA minutes. This is required by the Generic Fairtrade Standard clause 2.1.15.

5.2   Implementation – the tendering process

If the project has been thoroughly planned and the written project proposal reflects the planning faithfully, the implementation of the project should not present any difficulties. The project activities begin now and should be carried out according to your schedule as expressed in the project activity matrix.

For hiring personnel, for contracting consultants and contractors as well as for procuring material and equipment, the FPC should establish and strictly observe a tendering procedure. This procedure ensures quality and cost effectiveness on the one hand, and transparency on the other. The following guidelines should be laid down in the procedure:

1   For each remunerated position to be occupied, the post with job description and profile should be advertised, inviting candidates to submit their application. Relatives and friends of FPC members should not be given the job without an open job advertisement.

2   Before tendering for services or products, the technical requirements and product specifications must be clearly defined by the FPC or the sub-committee responsible for the project.

3   For contracts (consultancies, construction or other works) at least three bids must be obtained through a tendering process.

4   For procurement of goods, material and equipment, at least three quotes must be obtained through the tendering process.

5   Generally, tendering should be open, i.e. inviting potential bidders publicly through the media. Restricted tendering (only a limited number of suppliers are invited) can be used in special circumstances, e.g. when contractors or suppliers have already rendered their services or sold their products in a satisfactory way. But even in cases of restricted tendering, at least three bids must be obtained.

6   The applications and tenders should be examined by a sub-committee of at least three members appointed by the FPC. One sub-committee member should be a management delegate.

7   All applications and tenders must be opened in the presence of the full sub-committee and recorded in the minutes.

8   The sub-committee pre-selects from among the applicants or tenders and makes a recommendation to the FPC, giving the reasons for its selection.

9   The FPC takes the final decision, which must be clearly recorded in the minutes.

5.3   Monitoring and Evaluation

The FPC must monitor and report annually on the activities carried out with Premium money and on the progress of existing projects to the General Assembly of workers. (Standard clause 2.1.18).

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The FPC is accountable to the workers as well as to the certification body for the administration and use of the Fairtrade Premium.

During the execution of the project, activities and progress should be continually checked to make sure things are going according to the plan. This is called monitoring. Monitoring allows you to detect problems and make corrections at an early stage. It also helps you to learn from your mistakes. If something goes wrong, you should make the necessary adjustments and make sure that the problem does not occur again.

What should be monitored?

- Budget: check if expenses (and incomes) stay within the budget
- Timeframes: check if activities are carried out within the schedule
- Compliance of contracts: check if your staff, your contractors and suppliers fulfil their obligations
- Compliance of procedures: especially the tendering procedures
- Impact and outcome: check if the project is achieving its objectives
- Output: heck if the expected results are coming good
- Quality: check the quality of the output

What are the tools of monitoring?

- Fairtrade Premium Plan
- Budget
- Timetable of activities
- Indicators in the logical framework
- Procedures and rules and regulations
- Contracts (where the obligations of your business partners are laid down)

The FPC is accountable to the workers for the Fairtrade Premium Plan, and for evaluating its success. Premium projects must be evaluated at least once during the implementation, after completion of the project, or on a yearly basis for on-going projects. Evaluation compares the plans and goals as described in the project proposal with the situation now. It means assessing the effectiveness of the project in achieving its goals. The logical framework is a useful tool for this exercise. Evaluation also helps to reflect on what we have learned with this project. By taking lessons learned (from successes as well as from failures) we can feed our experience into the next project cycle of planning, action and evaluation.

A proper evaluation has to look at the following aspects:

1. Is the project helping to solve the problems and address the needs?
2. Were the planned results achieved?
3. How effective and efficient was the execution of activities?
4. What is the cost/benefit analysis?
5. Can the beneficiaries identify real changes in their lives?
6. Do changes have a small, medium or long-term impact?
7. What is the difference in the lives of the project's beneficiaries?
8. What has to be improved?

The result of the evaluation should be documented and the results should be shared with the workers.

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Sources and references for further inquiry:

www.foodgrainsbank.ca – tips

http://lgausa.com/

www.niua.org/newniuaorg/cbis/_private/chapati%20diagram.pdf

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